

Examples of Suspicious Indicators or Red Flags in Real Estate Transactions



A purchaser pays for a deposit on a property using large amount of cash with undisclosed source of fund.



A customer (seller) offers to pay unusually generous commission or fees.



The purchased property is immediately resold, and the resale entails a significant increase or decrease in the purchase price.



A purchaser seals the deal on a property using cash.



A customer purchases the property in the name of a nominee other than his/her spouse e.g., in the name of a business associate or a relative.



Cash used to make a significant deposit for the purchase of a property and the balance is financed by an unusual source – for example, a third party, private lender or offshore bank.



A customer purchases a property without inspecting the property.

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A purchaser uses a different name on the contract, agreements or deposit receipts etc.



Funds received or sent to high risk-countries



A customer (property-owner) frequently changes his/ her instruction to an agent on how to handle property rental payments



Customer deposits cash to buy a property but then pulls out from the transaction and requests a refund by cheque



The deposit on a property is paid by an unrelated third party.



Introduction of unknown parties at a late stage of a transaction



A customer purchases many properties within a short period of time and does not seem to be particular of the location, condition, etc, of each property

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Complex transactions in which multiple properties are bought, re-sold or exchanged



Customer uses forged and falsified documents



The pattern of transactions changed since the business relationship was established



Customer buys property in the name of a third party, relative or minor

Note: The STR indicators are not limited to the examples listed above.

How to use this information?

- Share this information to improve staff/agents' awareness on examples of suspicious indicators/red flags in real estate transactions.
- Monitor for and identify suspicious transactions or clients.
- Use your internal reporting procedures to identify and report on any suspicious transactions to the FIU.

How to contact us?

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Source:

FIU Enforceable Guideline 1 - Suspicious Transaction Reporting (Annexures)