

# Anti-money Laundering and Counter Terrorism Financing

## Example red flag training material

This training material has been produced by the Joint Practice Group (JPG). The JPG is made up of representatives of five professional bodies, the Association of Chartered Certified Accountants, Chartered Accountants Ireland, Institute of Certified Public Accountants of Ireland, Association of International Accountants, and Chartered Institute of Management Accountants with input from the Garda National Economic Crime Bureau and the Garda Financial Intelligence Unit (“FIU”). The aim of this publication is to assist professional accountants and their staff in meeting the training requirements of the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021.

### Use of this document

This is an open-source document that may be used by any person for the purposes of assisting in understanding the requirements of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 to 2021 and to help identify potential money laundering risks with clients.

These examples are intended to be used as a teaching tool and to be accompanied by explanation from the presenter of a course to tease out the examples. The document should be used in conjunction with the [CCABI guidance](#) and by reference to the legislation. The nuance of some of the issues illustrated by the case studies is discussed in the CCABI document and this would include the issue of resignation and tipping off and the difference between professional scepticism and suspicion. Where an accountant or anti-money laundering reporting officer has any uncertainty, they should seek advice from their professional body or legal advisor.

A list of red flags for the accounting profession is produced by [FATF](#) and the list is summarised in an appendix to this document.

Appendix 2: contains a summary of the relevant legislation referred to in this material.

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## Case Study 1: Mobile Accessories and Repair Shop

*The outlet employs two full-time members of staff and specialises in mobile phone repairs. It also sells and buys second hand mobile phones and trades on eBay. 2020 figures show turnover was €36k & overall profit was €2k. The takings for the last 3 months were €3,000, €2,800 & €3,000 respectively and a high proportion of customers are using credit and debit cards. This is a non-audit sole trade engagement with income tax returns to be prepared for the principal. This is the first year that the practice has acted for the business.*

### Red flags – Under declaring income to avoid tax

- Staff to turnover ratio is not what you would expect. Could be under declaring income or underpaying staff.
- Are eBay sales being declared?
- Typically cash intensive business.
- Could be receiving and selling stolen goods.
- High proportion of customers using debit/credit cards could indicate cash is being kept off the books.
- Takings are round numbers and too consistent.

### Requirement to investigate further

Given that it is a typically cash intensive business the risk profile for AML should be set at high and the practice should ensure that they have Enhanced Due Diligence for the business. Enquiries should be made of the principal as to cash sales and Z reads from the cash registers should be requested. The shop should be physically visited. A robust commercial conversation may be undertaken with the client, including pointing out that the businesses activities and results will raise a red flag with Revenue and are likely to trigger a Revenue audit with a strong recommendation that they regularise their tax affairs. If unsatisfactory answers are provided, then no further investigation should be undertaken as this could be effectively tipping off. It is unlikely that given the sales figures and other information that this is a legitimate business, and a suspicion of tax evasion will have been formed.

### Reporting requirement

**AML:** The practice has a suspicion of tax evasion. They may also have a professional scepticism that there are employment law breaches, and possibly other criminal activity. Professional scepticism is a lower threshold than suspicion and is not reportable. A suspicious activity report should be filed on GoAML and on ROS for the suspected tax evasion but not necessarily for the other matters unless there is information to suggest that the threshold for suspicion has been breached in respect of those matters. A discussion on resignation being seen as tipping off, is included in the CCABI guidance, but the decision on resignation is one for the practice. It should be noted that aiding and abetting in the filing of a false tax return (under section 1055 TCA 1997) is an offence. Tax returns should not be filed by the accounting firm while there is a suspicion that they contain false information. Preparing a set of financial statements for a business that is actively laundering money can be seen as assisting in laundering.

**S59:** The practice has not yet come into possession of accounts or documents which indicates theft or fraud has occurred and therefore no report under S59 of the Criminal Justice (Theft and Fraud Offences) Act, 2001 will be required.

- S19:** The accountant in this situation, while they have a “suspicion”, they have not met the threshold for having information which they know or believe might be of material assistance in the prevention or securing the apprehension, prosecution, or conviction for a relevant offence under the Section 19 of the Criminal Justice Act 2011.
- S1079:** The requirements of Taxes Consolidation Act, 1997, Section 1079 are only applicable to audit clients and therefore the procedure for reporting relevant offences (tax offences) in this section is not applicable.
- ODCE:** As this is not a limited company, there is no requirement for a report to be made to the ODCE.

## Case Study 2: Unusual receipts and payments

*A manager within an accounting practice working on the affairs of an Irish car dealer, identified one large receipt into the business from Turkey and booked to "sales" and regular smaller payments to Turkey, booked to directors' current account. The business would deal only in locally or UK sourced secondhand cars. The client is unwilling to discuss the matter and simply tells the manager to record the transaction as per the details on the receipts and payments book.*

### Red flags

- Receipts and payments from a high-risk country which are not in the ordinary course of business.

### Requirement to investigate further

The car dealer is unwilling to discuss the matter.

### Reporting requirement

**AML:** The manager makes an Internal suspicious activity report to the firm's designated anti-money laundering reporting officer. The AMLRO will provide the manager with an acknowledgement of their report. The manager has no further responsibilities.

### Requirement for the AMLRO to investigate further

The AMLRO officer made enquiries of the other partners in the accounting practice and discovered that the recently separated spouse of the client has moved to Turkey with their children and the receipts were from the sale of a stock car she brought with her, and the payments are maintenance payments. The matter was documented and filed away securely, and no reporting obligations arose.

### Case Study 3: Nail Bar

*The Nail Bar does not accept card payments – owner states he will only take cash payments due to the costs of card transactions. The Nail Bar has been open since 2010. For the first seven years the average profit per annum was €60k. Since new owners have taken over in 2019 profits have increased to €200k per annum. Annual records show staff costs were €44k in 2019. Its operating hours are 9am until 9pm Monday to Saturday – Sunday open from 10am to 4pm. It has three full-time employees.*

#### Red Flags - Possible Drug Trafficking or Labour/Criminal exploitation

- Nail Bar is a high-risk sector for labour exploitation.
- Cash Intensive Business. No trail. Easier to avoid tax by under declaring income.
- Large increase in profits – with no logical reason why.
- Staff costs are low in comparison to working hours. Likely to be paid under the minimum wage.
- Fairly unusual hours. Small number of employees considering hours and profits.

#### Requirement to investigate further

Given that it is a cash business the risk profile for AML should be set at high and the practice should ensure that they have enhanced CDD for the business and that this is renewed and updated this year.

Enquiries should be made of the principal as to the reason for the increase in profit. The nail bar should be physically visited to ensure that the set up (workstations etc..) is consistent with what the client has informed. A review of wage records should be undertaken looking for indicators of underpayment and/or hours worked. A Google search on the business could be undertaken looking for indicators of inconsistencies. It is very unlikely that 2 or 2.5 people working full time could even cover the opening hours and generate that level of profit. A robust commercial conversation may be undertaken with the client, including pointing out that the company's activities and results will raise a red flag with Revenue and are likely to trigger a Revenue audit with a strong recommendation that they regularise their tax affairs. If unsatisfactory answers are provided, then no further investigation should be undertaken as this could be effectively tipping off. It is unlikely that given the wages information and other information that this is a legitimate business and a suspicion of tax evasion at a minimum and non-payment of minimum wage will be formed. A professional scepticism of possible people trafficking/using undocumented labour may also have been formed.

#### Reporting requirement

**AML:** The practice has a suspicion of tax evasion and non-payment of minimum wage and/or non deduction or declaration of PAYE. They may also have a professional scepticism that there are employment law breaches and using undocumented labour. Professional scepticism is a lower threshold than suspicion and is not reportable. A suspicious activity report should be filed on GoAML and on ROS for the suspected tax evasion and wage irregularities but not necessarily for the other matters unless there is information to suggest that the threshold for suspicion has been breached in respect of those matters. If the practice has breached the threshold for a S59 or a S19 report (i.e., actual knowledge) then the FIU have advised that a GoAML report should not be made. An AML report, we have been advised, is only made when there is only suspicion. When the practice has clear knowledge then a S19 and S59 report are made, and no AML report is made. Note that a practice may have knowledge of tax evasion (a S19 and S59 reporting offence) and suspicion of people trafficking or using undocumented labour, and, in those cases, separate reports will be made. Note that people trafficking or using undocumented labour while offences themselves, are not as such, money

laundering. However, a suspicion of laundering the proceeds from the crimes of people trafficking or using undocumented labour would give rise to an AML reporting requirement. A discussion on resignation being seen as tipping off, is included in the CCABI guidance, but the decision on resignation is one for the practice. It should be noted that aiding and abetting in the filing of a false tax return (under section 1055 TCA 1997) is an offence. Tax returns should not be filed by the accounting firm while there is a suspicion that they contain false information. Preparing a set of financial statements for a business that is actively laundering money can be seen as assisting in laundering.

- S59:** The practice has acted for the client for some years and therefore has come into possession of accounts or documents which indicates theft or fraud, or other offences covered by S59 has occurred and therefore a report under S59 of the Criminal Justice (Theft and Fraud Offences) Act, 2001 will be required. This report can be made to any Garda station but ideally will be made directly to **D/Chief Superintendent, Garda National Economic Crime Bureau, Harcourt Square, Dublin 2, D02 DH42.**
- S19:** The accountant in this situation, while having a “suspicion” of money laundering, may also have met the higher threshold for having information which they know or believe might be of material assistance in the prevention or securing the apprehension, prosecution, or conviction for a relevant offence under the Section 19 of the Criminal Justice Act 2011. Having information which indicates that a false statement has been made on financial statements or laundering of money has occurred, or false accounting has been perpetrated, are all reportable offences under S19. The specific circumstances need to be considered to conclude whether a report to GNECB under S19 will need to be made. **One single report may be made incorporating the reporting requirements under S59 and S19 as these reports are made to effectively the same entity (An Garda Síochána).**
- S1079:** The requirements of Taxes Consolidation Act, 1997, Section 1079 are only applicable to audit clients and therefore the procedure for reporting relevant offences (tax offences) in this section is not applicable.
- ODCE:** As this is not a limited company, there is no requirement for a report to be made to the ODCE.

## Case Study 4: Poor bookkeeping

*An audit client has notoriously bad manual bookkeeping, and frequently makes errors including errors in his VAT returns and PAYE returns. Every year the practice struggles to identify all the errors and the client always makes amendments to correct everything once the issues are pointed out to him. This year he forgot to carry across a number of weeks VAT from one column to another and his VAT was understated by a material amount. The understatement coincided with a period when he was experiencing cash shortages – he said that it was just a coincidence as he was under a lot of stress at the time, and it was the stress that led to the errors, and they were not deliberate. The final accounts for the year included accrual for the underpayment. Within about 2 weeks of the audit being completed and the audit report being signed, he confirmed in an e-mail that he had corrected the returns and all outstanding amounts were paid and up to date. The audit report was an unmodified report and they concluded reluctantly that proper accounting records had been kept, notwithstanding the number of the audit adjustments that needed to be posted, these were considered by the audit partner to be “late bookkeeping” rather than breaches of the requirement to keep adequate accounting records.*

### Red Flags – tax evasion

- The errors are always in his favour
- Poor record keeping
- A manual accounting system is more open to error and fraud
- Incorrect returns were filed with Revenue

### Requirement to investigate further

The accountant should have a professional scepticism of tax evasion however temporary the cash benefit from that is. The threshold for suspicion of tax evasion has probably not been met. The business has a history of all errors being corrected and the practice is comfortable that all material errors have been picked up. They have discussed the quality of the bookkeeping with the client and pointed out the Revenue audit risks.

The issue of “late bookkeeping” as opposed to the requirement in S282 of the Companies Act 2014 which is for “entries in (the accounting records) shall be made in a timely manner”, is outside the scope of this guidance document.

The practice is not obliged to enforce tax law by following up and looking for proof of payment of the tax amount post year end. However, if at the commencement of next year’s audit, the amount has not been paid then a reporting obligation may arise at that time.

### Reporting requirement

**AML:** The practice has not formed a suspicion of tax evasion or money laundering and a suspicious activity report need not be filed.

**S59:** The practice has not come into possession of accounts or documents which indicates theft or fraud, or other offences covered by S59 have occurred and therefore a report under S59 of the Criminal Justice (Theft and Fraud Offences) Act, 2001 will not be required. The fact that all “errors” were corrected means that there was no offence under S59.

**S19:** The accountant has not met the threshold for having information which they know or believe might be of material assistance in the prevention or securing the apprehension, prosecution,



or conviction for a relevant offence under the Section 19 of the Criminal Justice Act 2011. A report under S19 will therefore not need to be made.

**ODCE:** No breach of company law has been detected and therefore no report to the ODCE is required under Section 393 of the Companies Act 2014.

**S1079:** The requirements of Taxes Consolidation Act, 1997, Section 1079 are applicable to audit clients and in this case, there is evidence of a relevant offences (tax offences) being committed and the requirements in the section will therefore be followed. This will require that the client be formally written to, setting out the errors and if those errors are not remedied within six months the practice must resign their audit appointment and inform Revenue that they are resigning because of the requirements of S1079.

## Case study 5: Consulting fees

*A bookkeeper in the practice notices that a small company client had started to invoice a Cayman Island company for large amounts of consulting fees and at the same time was in receipt of slightly smaller consulting invoices from a US company. All the invoices are paid promptly and are to and from companies under common ownership but not in a group structure. The client is non-audit and has been a client of the practice for many years.*

### Red Flags – hiding the source of funds

- The transaction appears to be a way of moving funds from the Cayman Islands to the US but making it look like the funds came from Ireland.
- There appears to be no underlying business reason for the transaction.
- It is not an ordinary transaction for the company.

### Requirement to investigate further

Given that it is a business with links to a high-risk jurisdiction and with non-national beneficial owners, the CDD risk profile should be set as high and enhanced due diligence undertaken (or reassessed as high once this transaction was noticed). Identification documents need to be updated this year.

Enquiries should be made of local management as to the reason for the transaction, in the event of an unsatisfactory answer, a suspicion will be formed that the Irish company is being used in the layering process of money laundering. A robust commercial conversation may be undertaken with the client telling them in no uncertain terms the risks involved in such transactions, but this may not stray into the requirement to report suspicion of money laundering as this would be a tipping off offence. Where it is clear that the laundering is deliberate and done knowingly, the matter should not be investigated further because of the risk of tipping off. See [Section 49 of the Criminal Justice \(Money Laundering and Terrorist Financing\) Act 2010](#) for more information on tipping off.

### Reporting requirement

**AML:** The practice has a suspicion of money laundering, so a suspicious activity report should be filed on GoAML and on ROS for the suspicion of layering of criminal proceeds. A discussion on resignation being seen as tipping off, is included in the CCABI guidance but the decision on resignation is one for the practice. But it should be noted that preparing a set of financial statements for a business that is actively laundering money can be seen as assisting in laundering. If the practice has reached the threshold for a S59 or a S19 report (i.e., actual knowledge) then the FIU have advised that a GoAML report should not be made. In this case the practice appears to have reached this threshold, see S19 discussion below.

**S59:** The practice has acted for the client for some years and therefore may have come into possession of accounts or document which indicates theft or fraud, or other offences covered by S59 has occurred (false accounting) and therefore a report under S59 of the Criminal Justice (Theft and Fraud Offences) Act, 2001 may need to be made. This report can be made to any Garda station but ideally will be made directly to D/Chief Superintendent, Garda National Economic Crime Bureau, Harcourt Square, Dublin 2, D02 DH42.

**S19:** The accountant in this situation has met the threshold for having information which they know or believe might be of material assistance in the prevention or securing the apprehension, prosecution, or conviction for a relevant offence under Section 19 of the

Criminal Justice Act 2011. A report to GNECB under S19 may therefore need to be made. **The practice may make a single report under S59 and S19 as these reports are made to effectively the same entity (An Garda Síochána).**

**ODCE:** As this is a non-audit company, no report needs to be made to the ODCE under Section 393 of the Companies Act 2014.

**S1079:** The requirements of Taxes Consolidation Act, 1997, Section 1079 are only applicable to audit clients and therefore the procedure for reporting relevant offences (tax offences) in this section is not applicable.

## Case study 6: Purchase of property

*A limited company audit client is operating as an ethnic restaurant and trading out of a rented premises. During the year you are told that the client's Beijing resident uncle purchased the property from the Irish resident owner and continued to rent the property to his nephew at the same rent. The accountant was told that the uncle has a home in Malta and business interests in Scotland. The rent payments are made to a Scottish bank account in the name of a Scottish limited partnership. You do not act for the uncle and have no knowledge of his affairs. As far as you can determine the purchase was made by direct approach to the previous owner and a local solicitor did the conveyance, payment was made, you were told by electronic funds transfer from a bank in Malta.*

### Red Flags – multi jurisdiction payments

- Receipts and payments are made to different jurisdictions.
- The transfer of funds comes from a country where such capital transfers may be restricted.
- Some limited partnerships are opaque as to ownership and Scottish LPs have been reported to have been used to launder criminal proceeds in the past.

### Requirement to investigate further

As a cash business the restaurant will be classified as high risk for AML processes. As the uncle was not investing in the business itself, you do not have an obligation to carry out customer due diligence on the uncle. CDD should have been done on the uncle by the solicitor who did the conveyance. However, your client is making payments to a LP in Scotland which is financing an investment which you are told was funded from payments from a different country which may be listed as high risk. In the absence of any additional information, this is sufficient to trigger a red flag. The situation should raise a suspicion that the restaurant could be assisting the uncle launder criminal proceeds by turning a lump sum investment into “clean” rental income.

The accountant should make enquiries as to the status of the uncle and confirm this, if possible, through internet searches. Leases should be inspected to confirm the ownership of the building.

### Reporting requirement

- AML:** The practice has a suspicion of money laundering, and a suspicious activity report should be filed on GoAML and on ROS for the suspicion of layering of criminal proceeds.
- S59:** The practice has not come into possession of accounts or documents which indicate theft or fraud, or other offences covered by S59 have occurred and therefore a report under S59 of the Criminal Justice (Theft and Fraud Offences) Act, 2001 will not be required.
- S19:** The accountants in this situation, while having a “suspicion”, have not met the threshold for having information which they know or believe might be of material assistance in the prevention or securing the apprehension, prosecution, or conviction for a relevant offence under the Section 19 of the Criminal Justice Act 2011. A report to GNECB under S19 will therefore not need to be made.
- ODCE:** No breach of company law has been detected and therefore no report to the ODCE is required under Section 393 of the Companies Act 2014.

**S1079:** The requirements of Taxes Consolidation Act, 1997, Section 1079 are applicable to audit clients but in this case, there is no evidence of relevant offences (tax offences) being committed and the requirements in the section need not therefore be followed.

## Case Study 7: Secondhand agricultural equipment

*During the course of preparing financial statements for an independent agricultural machinery vendor, the client explained that they were experiencing a reduction in sales and profits and decided to enter the second-hand machinery market. They now purchase second-hand machinery through an agent in Germany, who arranges to ship the machinery directly to West Africa and payment is processed through a bank account in Cyprus and then transferred to the firm's Irish bank account. The firm is generating about 20% profit on each of the shipments after costs.*

### Red Flags – multi jurisdiction payments

- Fungible equipment is frequently used to undertake trade based money laundering ([Trade based money laundering is explained here](#)) .
- Receipts and payments are made to different jurisdictions.
- They are selling and processing payments in countries identified as high risk.

### Requirement to investigate further

The practice has to raise a red flag for the second-hand machinery transactions, they would be negligent not to do so. Payment of cash in one country which is turned into clean sales proceeds in another is a recognised method of laundering and moving criminal proceeds. The business owners may not be aware that they are facilitating laundering so any further investigation needs to be done with a light touch as it would be easy in circumstances such as this to tip off the client. A robust commercial discussion can be had, perhaps under the guise of identifying the internal control risks of such transaction, but if it is clear that the business is knowingly laundering criminal proceeds then this discussion should be truncated prior to the client suspecting that the practice will report them.

Ask for the name and details for the agent in Germany – demand CDD for that person (as he appears to have a management role you are entitled to ask for this). Look for details of the purchases and sales and compare to trade journals for reasonableness. Look for a list of the customers in West Africa and run them through a sanction check and google them to see if they are a legitimate business. Even if everything checked out, it would be hard to come up with a legitimate reason for not forming a suspicion of money laundering in this circumstance.

### Reporting requirement

**AML:** The practice has a suspicion of money laundering, and a suspicious activity report should be filed on GoAML and on ROS for the suspicion of money laundering. A discussion on resignation being seen as tipping off, is included in the CCABI guidance. It should be noted that preparing a set of financial statements for a business that is actively laundering money can be seen as assisting in laundering. Should the firm choose to resign their appointment it is best practice to mention this intention on the Suspicious Transaction Report and allow the FIU a period in which to contact the firm and request that they continue to act if such a continuation would assist in the FIU investigation.

**S59:** The case study does not indicate that the practice has come into possession of accounts or documents which indicates theft or fraud, or other offences covered by S59 has occurred and therefore a report under S59 of the Criminal Justice (Theft and Fraud Offences) Act, 2001 will not be required.

- S19:** The accountants in this situation, while having a “suspicion”, have not met the threshold for having information which they know or believe might be of material assistance in the prevention or securing the apprehension, prosecution, or conviction for a relevant offence under the Section 19 of the Criminal Justice Act 2011. A report to GNECB under S19 will therefore not need to be made.
- ODCE:** No breach of company law has been detected and therefore no report to the ODCE is required under Section 393 of the Companies Act 2014.
- S1079:** The requirements of Taxes Consolidation Act, 1997, Section 1079 are applicable to audit clients but in this case, there is no evidence of a relevant offences (tax offences) being committed and the requirements in the section need not therefore be followed.

## Case Study 8: Business investor

*During the year, a previously loss-making audit client received a large cash investment in their business and in return the investor became a consultant/director to the company. The consultant had a lot of contacts in Eastern Europe, and it was hoped that the company could expand into that market with his help. The arrangement broke down after the consultant failed to generate any material new sales and his invoiced consulting fees and expenses were nearly the total amount that he had invested. The consultant, you were told, walked away from the business, and signed his shares over to the existing owners for €1 – the business being loss making was really not worth anything at that stage.*

### Red Flags – investor turning cash lump sum into income

- The consulting fees were almost the same as the initial investment.
- False self-employment/payments to a shadow director without the deduction of tax.
- Non-operation of PAYE for the person concerned.

### Requirement to investigate further

As the investor became a beneficial owner of the business, the practice needs to CDD them. As they are operating in countries identified as high risk, the risk profile for the company and the beneficial owner will be high. If the investor refuses to provide CDD, it triggers an immediate reporting requirement through GoAML and ROS.

The practice needs to enquire as to the source of the investor's funds and anything other than a wholly satisfactory answer will trigger a reporting requirement.

### Reporting requirement

**AML:** The practice has a suspicion of money laundering, and a suspicious activity report should be filed on GoAML and on ROS for the suspicion of money laundering. A discussion on resignation being seen as tipping off, is included in the CCABI guidance. It should be noted that preparing a set of financial statements for a business that is actively laundering money can be seen as assisting in laundering. Should the firm choose to resign their appointment it is best practice to mention this intention on the Suspicious Transaction Report and allow the FIU a period in which to contact the firm and request that they continue to act if such a continuation would assist in the FIU investigation.

**S59:** The practice has not come into possession of accounts or document which indicates theft or fraud, or other offences covered by S59 has occurred and therefore a report under S59 of the Criminal Justice (Theft and Fraud Offences) Act, 2001 will not be required.

**S19:** The accountant in this situation, while having a "suspicion", has not met the threshold for having information which they know or believe might be of material assistance in the prevention or securing the apprehension, prosecution, or conviction for a relevant offence under the Section 19 of the Criminal Justice Act 2011. A report to GNECB under S19 will therefore not need to be made.

**ODCE:** No breach of company law has been detected and therefore no report to the ODCE is required under Section 393 of the Companies Act 2014.



**S1079:** The requirements of Taxes Consolidation Act, 1997, Section 1079 are applicable to audit clients and in this case, there is evidence of relevant offences (tax offences, non-deduction of PAYE) being committed and the requirements in the section will therefore need to be followed.

## Appendix 1: Listing of common red flags that may be encountered by an accountant in practice

See [RISK-BASED APPROACH GUIDANCE FOR THE ACCOUNTING PROFESSION \(fatf-gafi.org\)](https://www.fatf-gafi.org/publications/risk-based-approach-guidance-for-the-accounting-profession/) for further details.

- The business relationship is conducted in unusual circumstances
- Customers that are resident in geographical areas of higher risk
- Non-resident customers
- Legal persons or arrangements that are personal asset-holding vehicles
- Companies that have nominee shareholders or shares in bearer form
- Businesses that are cash intensive
- The ownership structure of the company appears unusual or excessively complex given the nature of the company's business.
- Non-face-to-face business relationships or transactions
- Payment received from unknown or unassociated third parties
- New products and new business practices, including new delivery mechanism, and the use of new or developing technologies for both new and pre-existing products
- Transactions with or through high risk countries, see [this list](#)
- Businesses with no commercial basis
- Industries or sectors where opportunities for ML/TF are particularly prevalent
- Clients conducting their business relationship or requesting services in unusual or unconventional circumstances
- Clients where the structure or nature of the entity or relationship makes it difficult to identify the true beneficial owner or controlling interests or clients attempting to obscure understanding of their business, ownership, or the nature of their transactions:
  - Use of shell companies
  - nominee shareholders or directors
  - Unusual complexity in control or ownership structures
- Remittance houses, currency exchange houses, bureaux de change, money transfer agents and bank note traders or other businesses offering money transfer facilities
- Operators, brokers, and others providing services in virtual assets
- Casinos, betting shops
- Dealers in precious metals and stones and high value watches and jewellery
- Businesses that while not normally cash intensive appear to have substantial amounts of cash
- Non-profit or charitable organizations with unusual transactions
- Clients using financial intermediaries, financial institutions that are not supervised
- Clients who appear to be acting on somebody else's instructions without disclosure
- Clients who appear to actively and inexplicably avoid face-to-face meetings
- Tight deadlines for no reason
- Clients with previous convictions for crimes that generated proceeds
- Clients with no address
- Clients who have funds that are obviously and inexplicably disproportionate to their circumstances

- The use of virtual assets to settle transactions
- Clients who offer to pay unusually high levels of fees for services that would not ordinarily warrant such a premium
- Unusually high levels of assets or unusually large transactions
- Inconsistencies with the accountants' understanding of the client's business or economic situation.
- ML/TF are particularly prevalent in the client's industry
- Misleading naming conventions that confuse ownership structures
- The relationship between employee numbers/structure and nature of the business is divergent from the industry norm
- Sudden activity from a previously dormant client
- Reason for client choosing the accountant is unclear, given the firm's size, location, or specialisation
- Frequent or unexplained change of client's professional adviser
- Client is reluctant to provide all the relevant information
- Using the accounting practice's client account
- The use of trusts to obscure ownership
- Many inter-company transfers within the group to disguise the audit trail
- Services that rely heavily on new technologies
- Transfer of real estate or other high value goods or assets between parties in a time period that is unusually short
- Transactions using unusual means of payment (e.g., precious metals or stones)
- Transfers of goods that are inherently difficult to value
- Successive capital or other contributions in a short period of time to the same company
- Transactions involving closely connected persons
- Payments received from un-associated or unknown third parties and payments for fees in cash where this would not be a typical method of payment
- Over or under invoicing of goods/services
- Multiple invoicing of the same goods/services.
- Falsely described goods/services – over or under shipments (e.g., false entries on bills of lading)
- Multiple trading of goods/services

## Appendix 2: Summary of The Relevant Legislation

### Section 59 - Criminal Justice (Theft and Fraud Offences) Act 2001

Where accounts of a firm or any declaration, /return/account/other document used or likely to be used to keep or audit the accounts indicate that an offence under the Act (certain exceptions in the Act) may have been committed by the firm or in the case of an incorporated or unincorporated body by a director, manager, secretary, other employee, self-employed individual then a report must be made to An Garda Síochána.

### Section 19 - Criminal Justice Act 2011

A person is guilty of an offence if they have information which they know or believe might be of material assistance in preventing commission of a relevant offence or securing the apprehension prosecution or conviction of another for a relevant offence (see appendix 3 for the list and explanation of relevant offences) and they fail, without reasonable excuse to disclose this to An Garda Síochána.

### Section 1079 -Taxes Consolidation Act 1997

If a company's statutory auditor while examining the company's accounts or certain information or documents for tax purposes becomes aware that the company is in the course of or has committed relevant offences, then the statutory auditor must give notice to the company to ask it to take action to rectify and unless that necessary action is taken, they should cease to be auditor or assisting in advising the company and inform the Revenue that they are resigning because of the requirements of S1079.

### Section 393 - Companies Act 2014

Where carrying out an audit on the financial statements of a company, information comes into the auditors' possession that offences specified in the legislation have been committed, the auditors must notify the Director of Corporate Enforcement\* and give particulars of the grounds on which they have formed that opinion.

\*Reference to the Director will change to reference to the Corporate Enforcement Authority following commencement of the Companies (Corporate Enforcement Authority) Act 2021.

## Appendix 3 Schedule of offences reportable under Section 19 of the Criminal Justice Act 2011

(Updated to date of issuance of document May 2022.)

Reference	Description*
An offence under section 58 of the Central Bank Act 1971 insofar as it relates to a contravention of section 17, 18, 23, 24 or 25 of that Act.	<p>A requirement for a holder of a banking licence to keep certain books and records</p> <p>A holder of a banking licence must make certain returns to the Central Bank</p> <p>The requirement for a bank licence holder to maintain certain specified capital ratios</p> <p>The requirement to hold a deposit with the Central Bank by holders of bank licences in certain circumstances</p> <p>The maintenance of accounts in relation to clearances with the Central Bank in certain circumstances</p>
An offence under section 37 (6) or 41 (1) of the Insurance Act 1989.	<p>Inserted by Central Bank and Financial Services Authority of Ireland Act 2003,</p> <p>Relates to payment or receipt of excess commissions</p>
An offence under section 20 (4) or 24 (4) of the Trustee Savings Banks Act 1989.	<p>Disclosure of honorarium and loans to trustees of the savings bank in annual financial statements and reporting by the auditor of non-inclusion of the amount so paid in their audit report.</p> <p>Keeping of books and records by Trustees.</p>
An offence under section 11 (3) or 13 (5) of the Unit Trusts Act 1990.	<p>Dealing with the surplus on the sale of units in a unit trust.</p> <p>Profiting from own trading</p>
An offence under section 25 (5) or 27 (4), or subsection (7) or (8) of section 35, of the Investment Limited Partnerships Act 1994.	<p>Failure to keep books and records and to provide them when requested by an authorised person.</p> <p>Failure to provide the Central Bank with information when requested</p> <p>Failure to keep proper books and accounts which leads to uncertainty in an insolvency situation.</p>
An offence under section 10 (16), 19 (1)(b), 30, 34, 35 (4), 46 (2), 54 (6), 56 (9), subsection (3), (5), (6) or (9) of section 52 or subsection	<p>Providing false information to the Central Bank in an application for authorisation under the Act</p> <p>Keeping of books and records</p>

Reference	Description*
(7) or (8) of section 79, of the Investment Intermediaries Act 1995.	<p>Provision of receipts</p> <p>False statement to auditors</p> <p>Obstructing an enquiry by the Central Bank into certain transactions</p> <p>Not taking reasonable steps to ensure compliance with client money rules and the rules regarding keeping proper accounting records</p> <p>A professional body providing false information to the Central Bank in certain circumstances</p> <p>The keeping of books and records and client accounts</p> <p>Misappropriation of client money</p>
7. An offence under section 12 (2) of the Consumer Credit Act 1995 insofar as it relates to a contravention of subsection (1) or (3) of section 97, or section 101, 102 or 127, of that Act.	<p>Issuing written authorisation to agents of money lenders or acting without such authorisation</p> <p>The provision of a money lending agreement / contract</p> <p>Charging negotiation fees in respect of money lending</p> <p>Tying a mortgage borrower to taking another product from the mortgage lender as a condition of the lending.</p>
8. An offence under section 29 (3), or subsection (7) or (8) of section 43, of the Investor Compensation Act 1998.	<p>Accepting investment orders for a firm after being told of the failure of that firm by the Central Bank.</p> <p>False statement or omission or destruction of papers</p>
9. An offence under section 14 (3) or 15 (2) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005.	<p>Repayment of funds by a UCITS in certain circumstances</p> <p>Making a personal profit out of USITS funds.</p>
<p>An offence under section 5 (2) of the Markets in Financial Instruments and Miscellaneous Provisions Act 2007 insofar as it relates to—</p> <p>(a) a failure to discharge a duty to which a person is subject under Regulation 40(1) or 112(1) of the European Communities (Markets</p>	<p>Retention of records and records of market transactions.</p> <p>knowingly or recklessly provide false information in relation to the authorisation process</p>

Reference	Description*
<p>in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007), or</p> <p>(b) a contravention of Regulation 19, 52, 159 or 187B of those Regulations.</p>	<p>Misappropriate client money</p> <p>A person who provides the Bank with information in purported compliance with a requirement of or under this Part, knowing the information to be false or misleading, commits an offence.</p>
<p>An offence under Regulation 20(2), 22(4), 58(9), 59(8), 60(6), 62(4) or 76(1) of the European Communities (Reinsurance) Regulations 2006 (S.I. No. 380 of 2006).</p>	<p>Having administrative and accounting procedures and internal control mechanisms.</p> <p>Maintenance of solvency requirements</p> <p>Non-compliance with certain directions of the central Bank</p> <p>Provision of a financial recovery plan in certain circumstances</p> <p>An SPRV failing to comply with the terms of its authorisation or rules</p> <p>Matters relating to the cessation of SPRVs</p> <p>Provision of false information</p>
<p>12. An offence under section 7 of the National Asset Management Agency Act 2009 insofar as it relates to a person other than a credit institution (within the meaning of that Act).</p>	<p>Breach of confidentiality for certain NAMA staff and officers</p> <p>Providing false or misleading information to NAMA</p>
<p>An offence under section 48 of the Central Bank Reform Act 2010.</p>	<p>Providing false or misleading information to the Central Bank including provision by the holder of a controlled function.</p>

## Company law offences

Reference	Description*
<p>14. An offence under section 60 (15), 295 or 297, or under paragraph (a), (d), (e), (f), (g), (i), (j), (k), (l), (m), (n), (o) or (p) of section 293 (1), of the Companies Act 1963.</p>	<p>Giving of financial assistance by a company for the purchase of its own shares</p> <p>Frauds by officers of companies which have gone into liquidation, including fraudulently soliciting credit for a company, removing or gifting assets just prior to the liquidation of the company</p> <p>Carrying on of the business of a company with intent to defraud creditors.</p> <p>Failure by an officer of a company to cooperate with and disclose fully and truly all relevant information to a liquidator and to deliver to the liquidator all property and books and records of a company and other offences by a director relating to cooperation with the liquidator.</p>
<p>15. An offence under any of the following provisions of the Companies (Amendment) Act 1986</p> <p>(a) section 22(1)(a) (insofar as it relates to a failure to comply with section 5 or 16 of that Act),</p> <p>(b) section 22(2) (insofar as it relates to a failure to take all reasonable steps to secure compliance with the requirements of section 3 of that Act or a failure to comply with section 13 of that Act), or</p> <p>(c) section 22(3).</p>	<p>The requirement to prepare financial statements in accordance with the certain principles such as going concern, consistency, and dis-aggregation.</p> <p>Disclosure of subsidiaries and associates and related matters.</p> <p>Where a director fails to take all reasonable steps to secure compliance with the requirements to prepare true and fair accounts and other matters and a directors report that includes certain specified disclosures.</p> <p>False statement on accounts</p>
<p>16. An offence under section 197, 202 (10), 242 or 243 (1) of the Companies Act 1990.</p>	<p>False or misleading statements to auditors or failing to provide information to auditors within 2 days of request.</p> <p>Not taking necessary steps to keep proper book</p> <p>False statement on any document required by the Companies Acts.</p> <p>Destroying any company documentation</p>
<p>17. An offence under section 37 (1) of the Companies (Amendment) (No. 2) Act 1999.</p>	<p>False statement on any return, statement, balance sheet or document.</p>



Reference	Description*
18. An offence under section 48 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005.	Untrue statements and omissions in prospectus.
19. An offence under Regulation 5 or 6 of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (S.I. No. 342 of 2005 ).	Insider trading or market manipulation offences.
20. An offence under Regulation 76(4) of the Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007 ).	Provision of false information

### Money laundering and terrorist offences

Reference	Description*
21. An offence under section 7, 8, 9, 10, 35, 37, 38, 42 or 49 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010.	<p>General money laundering offences: concealing or disguising the true nature, source, location, disposition, movement, or ownership of criminal property or proceeds or converting, transferring, handling, acquiring, possessing criminal property or proceeds etc.</p> <p>The requirement to do customer due diligence including enhanced CDD for politically exposed persons.</p> <p>The requirement to report suspected money laundering as defined in the Act and the offence of “tipping off.”</p>
22. An offence under section 13 of the Criminal Justice (Terrorist Offences) Act 2005.	Terrorist financing offences.

### Theft and fraud offences, etc.

Reference	Description*
23. An offence under section 4, 6, 7, 9, 10, 11, 15, 17, 18, 25, 26, 27, 28, 29, 33, 34, 35, 36, 37, 38,38A, 42, 42A,43, 44, 45 or 51 of the Criminal Justice (Theft and Fraud Offences) Act 2001.	<p>Theft, making gain or causing loss by deception, obtaining services by deception</p> <p>Unlawful use of computer, false accounting, suppression of documents,</p> <p>Possession of articles for use in theft and burglary when outside your own home.</p>

Reference	Description*
	<p>Handling stolen property</p> <p>Possession of stolen property</p> <p>Forgery and false instrument with the intention of deception or copying same</p> <p>Custody of forged or false instruments</p> <p>Counterfeit currency offences</p> <p>any fraud affecting the European Communities' financial interests, active or passive corruption</p> <p>Certain offences committed outside the state in relation to this Act</p> <p>Falsifies, conceals, destroys, or otherwise disposes of a document or record which would be relevant to investigation under this Act</p>
24. Conspiracy to defraud at common law.	An agreement by two or more by dishonesty to deprive a person of something which is his or to which he is or would be entitled and an agreement by two or more by dishonesty to injure some proprietary right of his, suffices to constitute the offence of conspiracy to defraud.
25. An offence under section 119 of the Registration of Title Act 1964.	Fraud in respect to obtaining title to property
26. An offence under section 17 (of the Criminal Justice Act 2011).	Destruction of documents relevant to a Garda investigation

### Bribery and corruption offences

Reference	Description*
27. An offence under section 1 of the Prevention of Corruption Act 1906.	Corruptly accepts or obtains, or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gift or consideration as an inducement or reward for doing or forbearing to do anything.
28. An offence under section 7 or 8 of the Prevention of Corruption (Amendment) Act 2001.	A corrupt act within or outside the state by a public official.

28A. An offence under section 5,6,7,8,9 or 10 Of the Criminal Justice (Corruption Offences) Act 2018.	Describes various corruption offences
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#### Consumer protection offence

Reference	Description*
29. An offence under section 65 of the Consumer Protection Act 2007.	participating in, establishing, operating, or promoting pyramid promotional schemes

#### Criminal damage to property offences

Reference	Description*
30. An offence under section 2, 3 or 4 of the Criminal Damage Act 1991 that occurred before the commencement of section 15 of the Criminal Justice (Offences Relating to Information Systems) Act 2017 and insofar as the offence relates to data (within the meaning of the Criminal Damage Act 1991) or a storage medium in which such data are kept.	Damage or threat to damage or possession of implements to be used to damage property.
30A. An offence under section 2,3,4,5 or 6 of the Criminal Justice (Offences Relating to Information Systems) Act 2017 in so far as the offence relates to data (within the meaning of that Act).	Accessing, interfering with, information system without lawful authority; interfering with, intercepting transmission of data without lawful authority. Use of computer programme, password, code, or data for above purposes.

#### Competition offence

Reference	Description*
31. An offence under section 6 of the Competition Act 2002, that is an offence involving an agreement, decision, or concerted practice to which subsection (2) of that section applies.	

\* The description provided is not intended to be a legal definition, it is an aide memoire of the requirements of the section which should be referred to for a full description of the offence covered.

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