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FinCENnews

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FinCEN Sees Growth in Suspected Money Laundering in Commercial Real Estate Industry

The Financial Crimes Enforcement Network (FinCEN) today released an assessment showing considerable growth in money laundering-related suspicious activity reporting associated with the commercial real estate industry. An examination of a sampling of Suspicious Activity Reports (SARs) filed over a 10-year period found that the growth in filings began to accelerate in the 2003-2004 period. This increase correlates with an expansion of the real estate market and closely tracks similar trends seen in FinCEN's recently-issued Mortgage Loan Fraud study.

FinCEN's analysis was based on a review of a random sampling of SARs involving commercial real estate-related transactions in which the SAR narratives described transactions or activities involving suspected money laundering and related illicit activity. The types of illicit activity described in this group of SARs were found to fall into five categories: structuring, money laundering, international transfers, tax evasion and miscellaneous illicit activity. FinCEN published this assessment to highlight these reported activities in order to assist financial institutions in focusing their diligence and compliance efforts.

Among its findings, FinCEN found that property management, real estate investment, realty, and real estate development companies were the most commonly-reported entities associated with commercial real estate-related money laundering. The most commonly-reported activity appears to be money laundering to promote tax evasion. There also may be an increasing trend towards using commercial real estate-related accounts to launder money for politically-exposed persons and for promoting informal value transfer systems.

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[Money Laundering in the Commercial Real Estate Industry: An Assessment Based Upon Suspicious Activity Reporting Filing Analysis \(December 2006\)](#)