



Checklist to Identify
**Misuse of Corporate
Structures to
Strengthen AML/CFT
Compliance Measures**

Introduction



Combating the Financing of Terrorism (CFT) is a perpetual global priority. Since 2015, however, the frequency and sophistication of terrorist attacks have escalated. In tandem, methods of terrorism financing have evolved, exploiting legitimate sectors of the economy. Corporate structures such as companies, trusts, and partnerships play a vital role in global commerce. Yet, their inherent complexity and potential for anonymity make them vulnerable to misuse.

Terrorists and money launderers exploit these legal entities to obscure the origins of illicit funds, conceal the identities of Ultimate Beneficial Owners (UBOs), and move assets without detection. This calculated abuse of corporate vehicles not only finances illicit activities but also corrodes the integrity of the international financial system.

This checklist provides a practical framework for identifying and mitigating these critical risks.

Applicability

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Financial Institutions (FIs):

- » Banks
- » Money Service Businesses

Designated Non-Financial Businesses and Professions (DNFBPs):

- » Real Estate Agents and Brokers
- » Law Firms, Notaries, and other Legal Professionals
- » Dealers in Precious Metals and Stones
- » Trust and Company Service providers
- » Accountants and Auditors

Virtual Assets Service Providers (VASPs).

How to Use this Checklist

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Frontline Staff: Utilise this checklist during the client onboarding of legal entities and throughout the business relationship to identify red flags.

Compliance Team: Incorporate these indicators into internal policies and procedures. Verify the adequacy and accuracy of documentation based on these red flags.

AML Compliance Officer/MLRO: Provide compliance oversight and leadership. Review escalated cases and determine whether to file Suspicious Activity Reports (SARs) or Suspicious Transaction Reports (STRs).

Senior Management: Ensure that adequate financial, human, and technical resources are allocated for effective terrorism financing detection and prevention.

Detecting the Misuse of Corporate Vehicles for Illicit Proceeds: Yes/No Checklist

This checklist is designed for key personnel to detect the misuse of corporate vehicles for illicit purposes.

Legal Structure and Transparency	Yes	No
Does the corporate network utilise multiple layers of companies or trusts, especially across different jurisdictions, without a clear economic rationale?	<input type="checkbox"/>	<input type="checkbox"/>
Is the registered address of the business different from its actual operational infrastructure (e.g., a prestigious address with no physical presence)?	<input type="checkbox"/>	<input type="checkbox"/>
Are there multiple corporations within the structure that provide identical or vague non-commercial information?	<input type="checkbox"/>	<input type="checkbox"/>

Ultimate Beneficial Owner (UBO)	Yes	No
Is the identification and verification of the UBOs challenging due to the involvement of nominees, bearer shares, or other methods designed to create anonymity?	<input type="checkbox"/>	<input type="checkbox"/>
Is the information provided regarding the UBO or the legal entity inconsistent, incomplete, or inaccurate?	<input type="checkbox"/>	<input type="checkbox"/>
Does the business refuse or fail to provide adequate information upon request?	<input type="checkbox"/>	<input type="checkbox"/>

Transaction and Financial Activity

Yes

No

Are transactions inconsistent with the business's declared line of activity or its expected economic profile?

Are there frequent, high-value transactions, particularly to or from high-risk jurisdictions?

Are linked corporate accounts sending or receiving significant funds under vague descriptions such as 'donations', 'loans', or 'gifts'?

Is the corporation sending or receiving funds to businesses suspected of being involved in terrorism financing activities?

Trade/NPO and Shipping Specifics

Yes

No

Is the business involved in trade activities where transaction volumes are inconsistent with its stated scale of operations?

Are overly simple contracts used to justify complex or high-value trade transactions?

Does the trade finance activity lack transparency in the overall transaction chain?

Does the company's account receive or send funds to or from foreign NPOs, which are then rapidly transferred to another entity?

Is the corporate account used to raise donations without the proper licensing or registration required for charitable activities?

Is the company involved in transactions where funds flow to or from high-risk or unregulated VASPs?

Third Party Involvement

Yes No

Does the corporate structure use external intermediaries, particularly from secrecy jurisdictions to obscure ownership or control?

Are third-party payments made without a clear contractual basis or legitimate business reason?

Is there a heavy reliance on offshore legal or accounting firms that offer limited transparency?

Are nominee arrangements used to manage key operations or finances without a clear purpose?

Insider Risk Indicators

Yes No

Are employees, directors, or significant shareholders linked to entities previously flagged for terrorism financing or other financial crimes?

Have there been internal reports or concerns raised about suspicious behaviour or unusual instructions from management?

Is there evidence of undue influence or control being exerted by undisclosed third parties in decision-making?

Inconsistency in Business Operations

Yes

No

Is there a significant contradiction between the company's reported revenue and its transactional volumes or values?

Are there signs of front companies or shell companies with minimal or non-existent operational footprints?

Strengthen your AML/CFT defences

Ensure that every identified risk is managed, escalated, and resolved according to your policies

[Talk to our experts!](#)

How the RACI Framework helps in Task Delegation and role Clarity

A checklist is only effective when coupled with clear accountability. The RACI framework assigns roles and responsibilities to ensure that red flags are not just identified, but also escalated and acted upon correctly.

What is a RACI Chart?

A RACI chart is a responsibility assignment matrix used by regulated entities to clarify roles within any given process.

R = Responsible: The person or team who performs the task.

A = Accountable: The person who is ultimately answerable for the correct and thorough completion of the task.

C = Consulted: The individuals or groups who provide input or expertise.

I = Informed: The people who are kept up to date on progress or outcomes.

How This RACI Framework Helps Your Organisation

- » Assigns clear accountability for each control step, from onboarding to reporting.
- » Ensures that responsible teams handle the detection of risks at both the onboarding and monitoring stages.
- » Clarifies the compliance oversight and escalation path to the MLRO when risks are detected.
- » Prevents duplication of work and eliminates gaps in screening, escalation, or training responsibilities.
- » Supports cross-departmental alignment for system configuration, training, and governance.

RACI Chart for Detecting, Escalating & Reporting

Activity	Frontline Staff	Compliance Team	AML Compliance Officer/ MLRO	Transaction Monitoring Analysts	Senior Management
Verification of Identity	R	A	C	I	I
Identifying and Verifying UBO	R	A	C	I	I
Screen Nominees	R	A	C	I	I
Conduct Risk Assessment	I	R	A	C	C
Detecting Inconsistent Flows	R	C	I	A	I
Detecting Red Flags	C	A	R	R	I
Filing of SARs and STRs	C	R	A	I	I
Approval of AML/CFT Policies	I	C	R	I	A

Empower your teams with defined roles

Integrate the RACI framework to streamline responsibilities and enhance compliance

Get your RACI matrix!

Actionable Measures for Regulated Entities

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Strengthening UBO Verification

- » Utilise multiple independent sources to verify the identity of the natural persons who ultimately own or control the corporation.
- » Ensure UBO information is adequate, accurate, and kept up to date through periodic reviews.

Enhance Transaction Analysis

- » Conduct deeper analysis of transaction histories, looking for patterns that deviate from the client's established profile.
- » Apply enhanced scrutiny to all transactions connected to high-risk jurisdictions.

Reinforce the In-House Compliance Department

- » Implement robust fund detection and verification checkpoints at both the onboarding and transaction monitoring stages.
- » Embed concealment and misuse scenarios into the scope of internal audits.

Deliver Role-Specific CFT Training

- » Provide practical examples of fund manipulation and concealment methods relevant to your business sector.
- » Train screening teams on how to effectively investigate and resolve transaction-based alerts.

Best Practices: Checklist + RACI Driven Implementation

- » **Adopt a Risk-Based** Approach to mitigate exposure to terrorism financing.
- » **Implement a continuous employee training programme** to ensure all staff are aware of evolving TF typologies.
- » **Maintain and regularly test the efficacy** of internal controls designed to mitigate risks associated with corporate vehicles.
- » **Keep meticulous records** of all documentation, including legal ownership, directors, business purpose, and due diligence steps.
- » **Cooperate fully with competent authorities**, such as Financial Intelligence Units (FIUs), by providing all necessary information for investigations in a timely manner.
- » **Document every step** of the due diligence and investigation process to ensure traceability and accountability.
- » **Ensure full alignment** with all national and international AML/CFT laws and regulations.

Stay Compliant, Accurate, and Defensible

Meet and exceed global regulatory expectations by incorporating this checklist and RACI framework.

Get in Touch for customised RACI & Checklist!

AML Compliance Simplified!



As a real estate professional in the UAE, your daily focus is on high-value transactions: closing a deal on a luxury villa, securing a commercial lease, or facilitating an off-plan purchase. Each transaction is built on a foundation of trust and relies on the flow of significant financial assets. This constant movement of large sums of money is the lifeblood of the industry, but it is also what makes it a prime target for illicit actors seeking to launder the proceeds of crime.

This checklist enables **robust, efficient, and audit-ready execution of your Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) obligations**, under the framework of **UAE Federal Decree-Law No. (20) of 2018, Cabinet Decision No. (10) of 2019**, and the **Supplemental Guidance for the Real Estate Sector**.

It provides a clear roadmap to perform rigorous **Customer Due Diligence (CDD)**, identify the **Ultimate Beneficial Owner (UBO)** behind complex corporate structures, screen all parties against sanctions lists, monitor transactions for red flags, and file necessary reports like **Suspicious Transaction Reports (STRs)** and **Real Estate Activity Reports (REARs)** to the UAE's Financial Intelligence Unit (FIU) via the **goAML portal**. The built-in **Responsible, Accountable, Consulted, and Informed (RACI)** matrix clarifies ownership across your brokerage, from Senior Management and the AML Compliance Officer to your frontline agents.

Our Team

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Pathik Shah

Founder

CAMS, FCA, CISA, CS, DISA (ICAI), FAFP (ICAI)

Pathik is a Chartered Accountant with proven experience in governance, risk, and compliance. He helps companies with end-to-end AML compliance services, from conducting Enterprise-Wide Risk Assessments to implementing robust AML compliance frameworks. He has played a pivotal role as a functional expert in developing and implementing RegTech solutions for streamlined compliance.



Jyoti Maheshwari

Partner

CAMS, ACA

Jyoti is a Chartered Accountant and Certified Anti-Money Laundering Specialist (CAMS), with extensive hands-on experience in regulatory compliance, legal advisory, policy-making, tax consultation, and technology project implementation. Jyoti holds experience with Anti-Money Laundering regulations prevalent across various countries. She helps companies with risk assessment, designing and deploying adequate mitigation measures, and implementing the best international practices to combat money laundering and other financial crimes.

Our Team



Dipali Vora

Partner

CAMS, ACS

Dipali is an Associate member of ICSI and a Certified Anti-Money Laundering Specialist (CAMS). She has a strong background in the compliance domain, including Anti-Money Laundering, due diligence, secretarial audit, and managing scrutiniser functions. She currently assists clients by advising and helping them navigate through all the legal and regulatory challenges of Anti-Money Laundering Law. She helps companies to develop, implement, and maintain effective AML/CFT and sanctions programs.



Purva Buch

Senior Consultant

CAMS, LLB

Purva is a Certified Anti-Money Laundering Specialist (CAMS) and a Lawyer. She has substantial knowledge of Anti-Money Laundering Laws, Rules, Regulations, and AML Compliance Processes. Purva has been instrumental in drafting RegTech processes, corporate policymaking, and fulfilling various legal research and drafting requirements arising from AML laws and regulatory technology.

Service Matrix



Service	Common Drivers							Value Proposition
	Ensure legal compliance	Save time and costs	Need expert support	Automate compliance processes	Implement best practices	Crisis management	Change AML/CFT consultant	
goAML Registration	✓		✓					Streamlines the process of registering with the UAE FIU goAML portal. Ensures compliance and reduces administrative burden.
Enterprise-Wide Risk Assessment	✓	✓	✓		✓		✓	Identifies risk factors, gross risk, controls deployed and their effectiveness, residual risk, and need for additional controls.
AML/CFT Policy Drafting	✓	✓	✓		✓		✓	Provides tailored AML/CFT policy frameworks that are up-to-date with current laws, enhancing regulatory compliance.
In-house Compliance Department Set-up	✓		✓		✓		✓	Establishes a robust internal compliance structure, helps recruit the right resources and ensures ongoing compliance efficiency.
KYC Managed Services	✓	✓	✓		✓	✓		Outsourced KYC processes that speed up customer onboarding and maintain high compliance standards.
Ongoing AML/CFT Consulting	✓	✓	✓	✓	✓	✓	✓	Continuous expert advice tailored to address specific challenges, enhancing overall compliance strategies.
AML/CFT Health Check	✓		✓		✓	✓	✓	Conducts comprehensive reviews and assessments to pinpoint vulnerabilities and recommend improvements.
AML Training	✓	✓	✓		✓		✓	Offers comprehensive training programs that enhance the compliance skills of employees at all levels.
AML Software Selection	✓	✓	✓	✓	✓			Helps choose the best AML software that fits the company's needs, improving efficiency and cost-effectiveness.
Screening Software Validation	✓		✓	✓	✓			Tests and validates screening tools to ensure they meet regulatory requirements and operational needs.
Regulatory Reporting	✓	✓	✓		✓		✓	Streamlines the process of creating and submitting SAR, STR, PNMR, CNMR, DPMSR, REAR, HRC, and HRCA reports accurately and on time.

AMLVerse



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