FINTRAC ML/TF indicators for crypto transactions

	ML/TF indicators	Level of verification	Implementation with Scorechain
1	Client portfolio only consists of privacy coins or has a high value in privacy coins (For example, Monero, Dash, Zcash).	Trading Platform / Blockchain Monitoring Tool	Yes
2	Client transfers Bitcoin in large volumes in exchange for privacy coins (For example Monero, Dash, Zcash, etc).	Trading Platform	N/A*
3	Client is unwilling or unable to provide information about the source of privacy coins they once held or currently have.	Customer Due Diligence / Blockchain Monitoring Tool	Yes
4	Virtual currency addresses match addresses on recognized watch lists such as the list of the Office of Foreign Assets Control (OFAC) or law enforcement.	Blockchain Monitoring Tool	Yes
5	Many individuals register with the exchange within a short period using a shared address, mobile device, phone number, IP addresses and other common identity indicators.	Trading Platform	N/A*
6	The client's virtual currency wallet or address is linked to fraudulent activity in media reports and/or cyber security bulletins.	Blockchain Monitoring Tool	Yes
7	A platform receives unusual or persistent requests from other exchanges/vendors/service providers in respect of a client's deposited funds.	Trading Platform	N/A*
8	A broker charges abnormally high commission fees compared to the industry standard.	Trading Platform	N/A*
9	The white paper is of poor quality, incomplete, misleading, and has limited information.	Due Diligence Process / Blockchain Monitoring Tool	Partially Yes **
10	Publicity is created around the initial coin offering (ICO) (advertisements, celebrity endorsements, social media ads), also known as pump and dump ICOs.	Due Diligence Process / Blockchain Monitoring Tool	Partially Yes **
11	The developers are anonymous or information provided about the ICO cannot be verified.	Due Diligence Process / Blockchain Monitoring Tool	Partially Yes **
12	There is no access to the smart contract, to the code or to technical information about the token's creation.	Due Diligence Process / Blockchain Monitoring Tool	Partially Yes **
13	There is no possibility to sell the investment or to exit the project to recover the invested funds.	Trading Platform	N/A*
14	A series of complicated transfers of funds to multiple addresses or wallets that seems to be an attempt to hide the source and intended use of the funds.	Trading Platform / Blockchain Monitoring Tool	Yes

N/A means Non Applicable regarding what a Blockchain Transaction Monitoring tool can cover. Reasons are: the concerned red flag indicators are off-chain related or can be done directly within the trading platform backend system.

** can be combined with enhanced due diligence*

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15	Transactions take place at the same time of day. Transfers from fiat to virtual currency and virtual currency to fiat.	Trading Platform	N/A*
16	High volume and frequency of transfers between different types of virtual currencies.	Trading Platform / Blockchain Monitoring Tool	Partially Yes **
17	Use of anonymous email address obtained through an encrypted email service by the client.	Trading Platform	N/A*
18	Funds are deposited or withdrawn from a virtual currency address or wallet with direct and indirect exposure links to known suspicious sources, including darknet marketplaces, mixing/tumbling services, questionable gambling sites, illegal activities (for example, ransomware) and/or theft reports.	Blockchain Monitoring Tool	Yes
19	Funds flow through a large number of intermediate addresses in a very short period of time prior to being deposited in a client's wallet, or just after being withdrawn.	Trading Platform / Blockchain Monitoring Tool	Yes
20	Virtual currency passes through mixers/tumblers and is transferred to multiple wallets, where the funds are cashed out.	Blockchain Monitoring Tool	Yes
21	The virtual currency's funds originated from an over the counter trade broker that advertises its services as privacy-oriented/anonymous.	Blockchain Monitoring Tool	Yes
22	Virtual currency address has links or hops from a wallet address that has appeared on online platforms indicating support for violent extremism or radicalization (including social media, ads on fundraising sites, sites on Tor or messaging sites).	Blockchain Monitoring Tool	Yes
23	The source of funds used for the purchase of large amounts of virtual currencies is unknown.	Trading Platform / Blockchain Monitoring Tool	Partially Yes **
24	The email address used in the transaction is linked to advertisements for the sale of virtual currencies on peer to peer exchange platforms. These advertisements may suggest that the client is buying and selling virtual currency on a commercial scale through a business as a non-registered money services business.	Trading Platform	N/A*
25	The client frequently receives funds from multiple payment processors.	Trading Platform	N/A*
26	The client makes frequent payments or transfers to companies, post office mailing services or uses money orders from agents of the Crown for the purchase of computer software or hardware.	Trading Platform	N/A*

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