

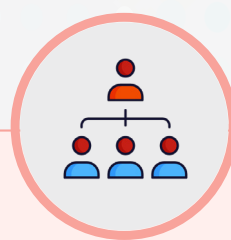
Spotting red flags in **UBO** identification.

Hidden beneficial ownership can signal attempts to avoid compliance with AML regulations. Look out for these red flags to identify risks and protect your organisation.



Nominee shareholders

Individuals or entities are used as stand-ins (or nominees) to obscure the true ownership of a company. This is often a deliberate tactic to **shield the actual decision-makers from scrutiny**. If you notice shareholders with no clear connection to the business or who appear to lack expertise in the industry, **dig deeper**.



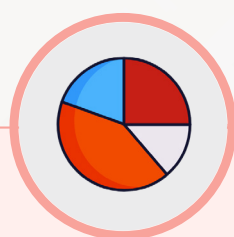
Layered ownership

Layered ownership structures are **intentionally complex arrangements where companies are owned by other companies**, often across multiple jurisdictions. While some businesses have legitimate reasons for complex structures, layers can also mask criminal activities or illegal ownership. **Each layer raises the risk of hidden UBOs**.



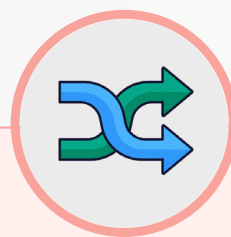
Offshore entities

Companies registered in offshore jurisdictions with **relaxed AML regulations can be a red flag**. Offshore jurisdictions can act as a shield for criminal organisations, offering anonymity and reducing accountability. **High-risk regions are particularly concerning** when paired with other red flags like lack of transparency.



Unusual ownership %

AML regulations typically require **stricter checks for ownership above certain thresholds**. Ownership stakes just below these thresholds (e.g. 24.9% instead of 25%) can indicate **attempts to avoid reporting requirements**. These small percentages might seem harmless but, when combined, they can **indicate larger patterns of concealment**.



Ownership changes

Rapid or repeated changes in ownership, such as frequent share transfers, can indicate attempts to obscure the true owner of the business. **Repeated shifts in ownership** can disrupt transparency, making it **harder to establish patterns or verify who is in control**. It can also indicate attempts to launder illicit funds.



Lack of transparency

When companies **fail to provide clear, verifiable information** about their owners, it's a major red flag. This could mean **missing documents, inconsistent records, or a blatant refusal to cooperate** with AML checks. It could indicate efforts to conceal criminal activities or a deliberate defiance of AML requirements.

[Request a demo](#) of our AML software at northrow.com and discover how you can effectively identify and avoid UBO red flags.