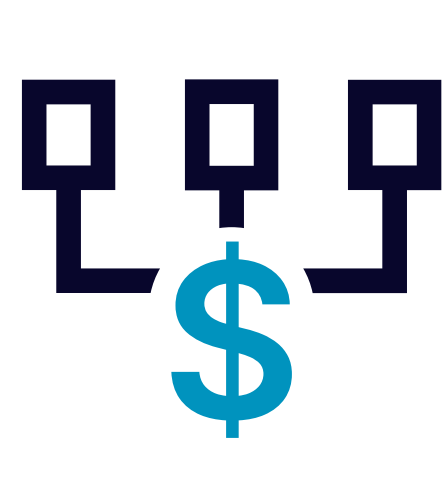


# 12 Red Flags on Funnel Accounts

National Money Laundering Risk Assessment, Department of the Treasury

“A funnel account involves an individual or business account in one geographic area that receives multiple cash deposits, often in amounts below the cash reporting threshold, and from which the funds are withdrawn in a different geographic area with little time elapsing between the deposits and withdrawals.” <sup>1</sup>



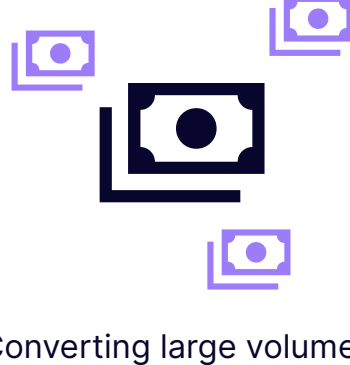
**A Significant Tool for Money Laundering:** Criminals use funnel accounts to conceal their illicit funds.

**In 2023, \$3.1 trillion** in illegal funds flowed through the global financial system <sup>2</sup>

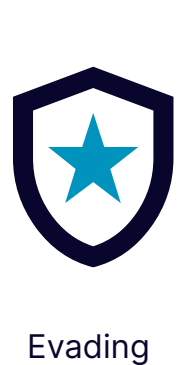
These accounts offer many benefits to fraudsters, including: <sup>3</sup>



Avoiding scrutiny of an AML investigation



Converting large volumes of cash into small denominations



Evading law enforcement

Funnel accounts are used in a variety of scams:



Elder Financial Abuse

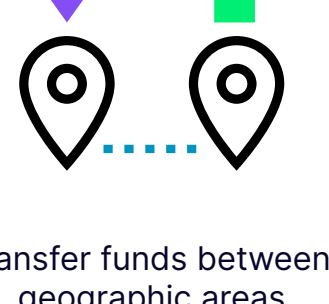


Romance Scams



Business Email Compromise

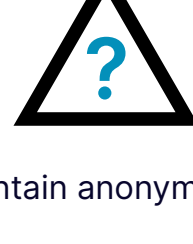
Money mules use funnel accounts to:



Transfer funds between geographic areas



Rapidly move funds



Maintain anonymity <sup>4</sup>



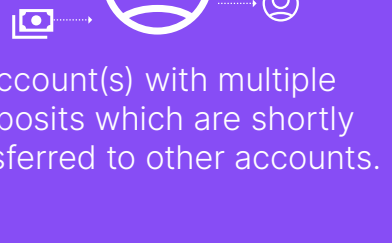
Human traffickers relied on funnel accounts to move more than **\$346.7 billion in illicit profits from sex trafficking and forced labor** in 2023. <sup>5</sup>

# 12 Red Flags on Funnel Accounts



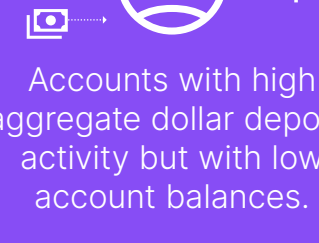
Understanding the signs of funnel account activity is essential to preventing criminals from continuing their potentially devastating schemes. <sup>5</sup>

01



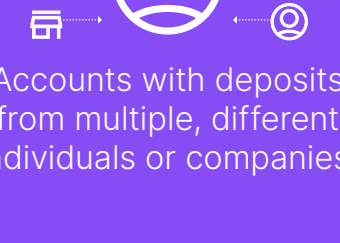
Account(s) with multiple deposits which are shortly transferred to other accounts.

02



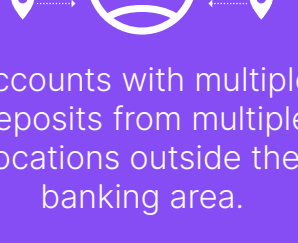
Accounts with high aggregate dollar deposit activity but with low account balances.

03



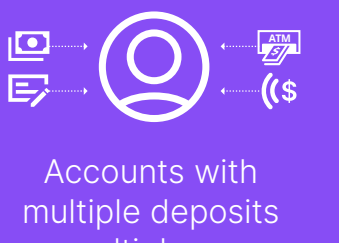
Accounts with deposits from multiple, different individuals or companies.

04



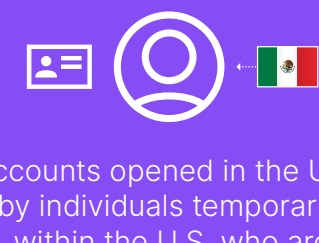
Accounts with multiple deposits from multiple locations outside the banking area.

05



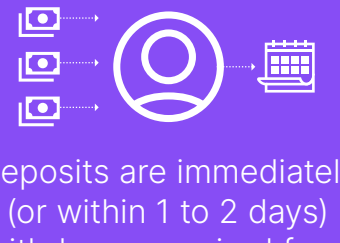
Accounts with multiple deposits from multiple sources.

06



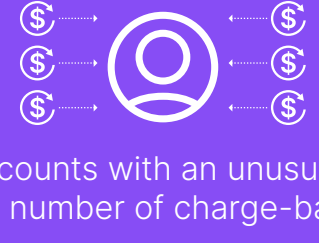
Accounts opened in the U.S., by individuals temporarily within the U.S. who are bearing immigration identity documents, then used to wire transfer funds back to Mexico.

07



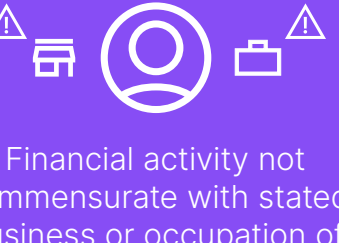
Deposits are immediately (or within 1 to 2 days) withdrawn or wired from the account.

08



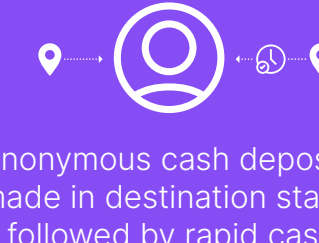
Accounts with an unusually high number of charge-backs.

09



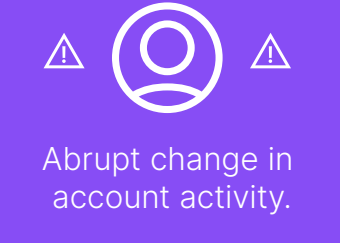
Financial activity not commensurate with stated business or occupation of the depositing individual.

10



Anonymous cash deposits made in destination states followed by rapid cash withdrawals made in source states.

11



Abrupt change in account activity.

12



Branch-shopping at various financial institutions to disguise the nexus of the deposited funds with movements across the U.S. international borders.



Nasdaq Verafin alerts you to potential funnel accounts and provides visual storytelling tools, such as geographic maps and balance graphs, to help strengthen your investigations.

[Learn More with our Feature Sheet](#)

### Sources:

1. Department of the Treasury, National Money Laundering Risk Assessment. February 2022, <https://home.treasury.gov/system/files/136/2022-National-Money-Laundering-Risk-Assessment.pdf>
2. Nasdaq 2024 Global Financial Crime Report, <https://www.nasdaq.com/global-financial-crime-report>
3. United States Government Accountability Office, Trafficking and Money Laundering: Strategies Used by Criminal Groups and Terrorists and Federal Efforts to Combat Them, December 2021, <https://www.gao.gov/assets/gao-22-104807.pdf>
4. FinCEN Advisory FIN-2020-A008, Supplemental Advisory on Identifying and Reporting Human Trafficking and Related Activity, October 2020, <https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2020-a008>
5. U.S. Customs and Immigration, Interstate Funnel Accounts: Raising The Money Off The Streets. Winter 2014, <https://www.ice.gov/sites/default/files/documents/Report/2015/cornerstone11-1.pdf>

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