

1MDB probe shows transfers within group controlling over 100 accounts

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Swiss Financial Market Supervisory Authority (Finma) said the 1MDB investigation showed funds were transferred within a client group that controlled over 100 accounts at BSI Bank.

Finma revealed this in detailing the "serious breaches of money-laundering regulations" by BSI Bank.

"In the context of the 1MDB case, the bank failed to adequately monitor relationships with a client group with around 100 accounts at the bank.

"Transactions were executed within the client group and with third parties without the bank adequately clarifying their commercial justification," it said in a statement.

An example, it said, was BSI Bank being contented with the explanation that a deposit of US\$20 million was a "gift".

"In another case, an account was credited with more than US\$98 million without any effort to clarify its commercial background.

"The bank executed transactions involving similar amounts even though in some cases the explanations and contractual documents obtained contradicted the purpose of the account as stated when it was opened," it said.

Furthermore, the Swiss financial regulator said BSI Bank also failed to conduct checks in pass-through transactions which were clearly indications of money laundering.

"The bank failed to properly document or carry out plausibility checks on these transactions or was happy to accept the explanation that the beneficial owner of all the accounts was the same person or that the transactions were being executed for 'accounting purposes'," it said.

Finma's announcement coincided with the Switzerland's Office of the Attorney-General (OAG) launching criminal proceedings against BSI Bank in Switzerland and Singapore authorities ordering the closure of BSI Bank in Singapore.

Finma said the transactions spanned across several continents and financial centres, prompting it to work with several foreign regulatory authorities.

"Cooperation with Singapore's financial market supervisory authority (Monetary Authority of Singapore) was particularly intensive.

"It carried out on-site investigations at the BSI subsidiary in Singapore in parallel to Finma's proceedings and identified comparable control failures there.

"The Monetary Authority of Singapore has also informed about its intention to withdraw the BSI's local licence and impose a fine of approximately S\$13 million," it said.

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