

Banker ignored red flags on 1MDB-linked accounts, became top paid
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The client adviser responsible for accounts linked to 1MDB at BSI Bank ignored concerns despite the transfer of hundreds of millions in US dollars without adequate reasoning, said the Swiss Financial Market Supervisory Authority (Finma).

The management of BSI Bank also ignored these warnings as the client adviser rose to become among the top paid bankers at the institution.

"The bank executed substantial transactions for the foreign sovereign wealth funds, in some cases involving hundreds of millions of US dollars, without adequately clarifying the background to them.

"The client adviser responsible for these relationships was repeatedly notably uncooperative in terms of compliance, particularly in dealing with the inadequate clarification of transactions," it said in a statement.

Finma revealed that the management of BSI Bank was informed about this compliance issue but instead of taking action against the client adviser, sided with the person.

"Management was aware of the situation but gave its support to the client adviser instead of the compliance department.

"Consequently, no corrective action was taken and bonuses, for example, were unaffected.

"In fact, the opposite was the case. The client adviser in question was one of the bank's top earners," it said.

Finma added that it had also previously warned the bank about its clients but the matter was not taken seriously.

"In the context of 1MDB, misconduct on the part of BSI was particularly serious.

"On numerous occasions, business relationships relating to 1MDB were discussed at top management level.

"This was particularly the case when at the end of 2013, Finma highlighted to the bank the many serious risks inherent in the client relationships and pressed the bank for further clarification.

"Nevertheless, the bank's board of directors and executive board knowingly and repeatedly expressed their intention to continue with these financially lucrative client relationships without adequately clarifying the numerous clear risk indicators or controlling the said risks," it said.

Breach of anti-money laundering rules

Finma concluded that BSI Bank was in serious breach of anti-money laundering rules and violation of the principles of adequate risk management.

"Right up to top management level there was a lack of critical attitude needed to identify, limit and oversee the substantial legal and reputational risks inherent in the relationships," 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.

Former BSI banker Yeo Jiawei is also facing multiple charges of money laundering and embezzlement in Singapore, linked to the 1MDB probe.

1MDB and 1MDB-linked businessman Jho Low were clients at the bank.