

Swiss AG initiates criminal proceedings on Falcon Bank over 1MDB

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Switzerland's Office of the Attorney-General (OAG) has initiated criminal proceedings against Falcon Private Bank for failing to prevent offences related to 1MDB.

"The decision to open proceedings is based on information revealed by investigations in the 1MDB case and on issues raised in the decision of the Finma (Swiss Financial Market Supervisory Authority) from early October 2016.

"The OAG suspects deficiencies in the internal organisation of Falcon Private Bank.

"It is believed that due to these deficiencies, the bank was unable to prevent the commission of the offences currently under investigation in the criminal proceedings related to 1MDB," it said in a statement this evening.

Finma yesterday revealed around US\$3.8 billion of 1MDB-linked funds **passed through** Falcon Private Bank.

The OAG said under Article 102, paragraph 2 of the Swiss Criminal Code, a legal entity can be prosecuted if it is suspected of not taking all reasonable organisational measures required to prevent natural persons from committing offences, in particular money-laundering or corruption offences.

This is the second bank that the OAG has initiated criminal action against after BSI Bank, which also handled 1MDB-linked funds.

The OAG said that like in the BSI Bank case, information from Finma indicated that Falcon Private Bank could have prevented the money-laundering offences.

"The information suggests that the offences of money-laundering currently under investigation in the 1MDB case could have been prevented had Falcon Private Bank Ltd been adequately organised," he said.

Yesterday, Finma announced the confiscation of 2.5 million swiss francs (RM10.6 million) in illegal profits from Falcon Private Bank which was obtained through its dealings with 1MDB.

The Monetary Authority of Singapore (MAS) had also **ordered** Falcon Private Bank out of the city state for money laundering offences linked to 1MDB.

In May, MAS revoked BSI Bank's licence and ordered it out of Singapore while Finma ordered the bank's **dissolution** in Switzerland after the acquisition by EFG International.

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