

## **S'pore authority fines banks over 1MDB-related deal**

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Standard Chartered Bank and Coutts & Co Ltd and their Singapore branches were fined S\$5.2 million and S\$2.4 million respectively for breaching anti-money laundering (AML) requirements, announced the Monetary Authority of Singapore (MAS).

The breaches occurred in the context of 1MDB-related fund flowing through these banks, said MAS in a statement today.

Both the banks' Singapore branches - Singapore Branch (SCB) and Singapore Branch (Coutts) - were also named.

Coutts was fined partly due to lack of due diligence measures for politically exposed persons (PEPs), revealed MAS.

Last month, MAS had closed Falcon Private Bank Ltd (Falcon Bank) for its links with the 1MDB-related funds flow. It also fined DBS Bank Ltd (DBS) and UBS AG, Singapore branch (UBS) for breaches of MAS' AML requirements.

On May 24, MAS closed Swiss bank BSI's operations in the city-state over its dealings with the troubled Malaysian investment fund.

MAS said its inspection against SCB in relation to its 1MDB-related fund flows, had revealed significant lapses in the bank's customer due diligence measures and controls for ongoing monitoring, which resulted in numerous breaches of MAS' AML regulations.

"While the regulatory breaches were serious, MAS' inspection did not find pervasive control weaknesses or wilful misconduct at SCB," it said.

"MAS has instructed SCB's management to take disciplinary action against those officers who failed to perform their duties effectively.

"MAS has imposed on SCB financial penalties amounting to S\$5.2 million for 28 breaches of MAS Notice 626 - Prevention of Money Laundering and Countering the Financing of Terrorism," it said.

In the statement, MAS linked Coutts' weakness to lack of due diligence against the politically exposed persons but did not reveal the identities of the PEP.

"The relationship for these PEP customer's accounts were established between 2003 and 2009.

"The failure to exercise the necessary enhanced due diligence on these accounts was the result of actions or omissions of certain officers who have since left the bank.

"These officers include Yak Yew Chee and Yvonne Seah, who had left Coutts to join BSI Bank Limited in late 2009.

"MAS has imposed on Coutts financial penalties amounting to S\$2.4 million for 24 breaches of MAS Notice 1014 - Prevention of Money Laundering and Countering the Financing of Terrorism," it said.

Coutts International was sold by Royal Bank of Scotland to Union Bancaire Privee in March 2015 and is in the process of winding down its Singapore operations, according to Reuters.

UBP said in a statement the acquisition of Coutts International was an assets-only transaction and therefore UBP does not inherit Coutts' "legal issues or liabilities".

Reuters was not immediately able to contact Coutts.

MAS said it is nearing completion of its supervisory examinations of the financial institutions through which 1MDB-related fund flows took place and will provide a final update in early 2017.

"MAS has taken tough regulatory actions against various financial institutions this year for AML control lapses. These action send a strong signal that we will not tolerate abuse of Singapore's financial system for illicit purposes," said MAS managing director Ravi Menon.

"The supervisory investigations into the intricate web of international fund flows has been a learning experience for financial institutions as well as for MAS," he said.

"Our financial sector will emerge cleaner and stronger from the lessons learned," he stressed.

### **MAS alleges Leisner made false statements**

Meanwhile, MAS has also [proposed](#) that former director and representative of Goldman Sachs (Singapore) Pte (GS S'pore) Tim Leissner from taking part in capital market management in the city state for 10 years.

MAS alleged that Leissner made false statements on Penang-born billionaire Jho Low on behalf of Goldman Sachs (Asia) LLC, without the latter's knowledge or consent.

According to media reports, SCB in a statement said: "We regret that 1MDB-related transactions passed through Standard Chartered Bank Singapore accounts from 2010 to early 2013. We reported the suspicious transactions, both before and at the time we exited the accounts in early 2013, and have been fully cooperating with the authorities investigating this matter."

"Most importantly, we have raised staff awareness of the vital role we play in our fight against financial crime. These efforts have been driven by our Financial Crime Risk Mitigation Programme, a global initiative launched in 2013 that is designed to deliver

significant and long lasting enhancements across the entire organisation in people, processes and technology to strengthen our financial crime compliance capabilities.

“The bank will be donating the profits relating to these transactions to charitable causes in line with our community efforts in Singapore.”

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