

Singapore regulator says 1MDB-related penalties 'heavy enough'

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MAS says nothing new in latest DoJ lawsuit but adds that it will reopen the files and pursue the matter if any new leads come up.

SINGAPORE: The penalties Singapore handed out in relation to its probe into 1Malaysia Development Bhd-related fund flows were strong enough to send “deterrent” signals, said the city’s regulatory chief.

The fines were in line with domestic legislation, Monetary Authority of Singapore (MAS) managing director Ravi Menon told reporters at a briefing on Thursday, when asked if the penalties had been too light.

Following a two-year review into 1MDB, Singapore imposed a total of S\$29.1 million (RM90 million) in financial penalties on eight banks, including DBS Group Holdings Ltd, the country’s largest.

MAS also issued orders banning four former bank employees from financial activities, and has notified another three individuals of its intention for similar action.

The “naming and shaming” of involved financial institutions and bankers in MAS media releases has “a very powerful effect” because it holds the people responsible to account, Menon said. Heavy fines in the billions of dollars hurt shareholders of a bank rather than senior management, he said.

“In my view, that’s one of the failings of our current regime globally – that people continued to do wrong things because they are not being held personally liable and responsible,” said Menon.

Last year, the regulatory chief vowed stronger action to address the reputational damage Singapore had suffered due to lapses at banks in the city that were linked to 1MDB. The investment fund controlled by the Malaysian government has consistently denied wrongdoing.

MAS has found “nothing new” in the latest lawsuit filed June 15 by the US Department of Justice over 1MDB that warrants further action, Menon said. The DoJ is seeking to seize US\$1.8 billion (RM7.7 billion) of assets that it says were bought with funds misappropriated from 1MDB.

“But if any new relevant information or leads arise from ongoing investigations in Singapore or elsewhere, rest assured MAS will reopen the files and pursue the matter,” Menon said.

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