

MINISTRY OF LAW

S I N G A P O R E

**ANTI-MONEY
LAUNDERING/COUNTERING THE
FINANCING OF TERRORISM
DIVISION (“ACD”)**

**Enforcement Report
[October 2019 to March 2021]**



OPENING MESSAGE

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Regulatory enforcement serves an important role to mitigate the risk of money laundering and terrorism financing (“ML/TF”) within the Precious Stones and Precious Metals Dealers (“PSMD”) sector. The enforcement activities complement the regulatory requirements and supervision of the PSMD sector under the ambit of the ACD.

The overarching objective of ACD’s enforcement function is to foster high standards of compliance and deliver fair and effective enforcement outcomes to deter regulatory infractions and preserve trust in the PSMD sector. We strive to achieve this objective in various elements of ACD’s work, including supervision, enforcement and investigation.

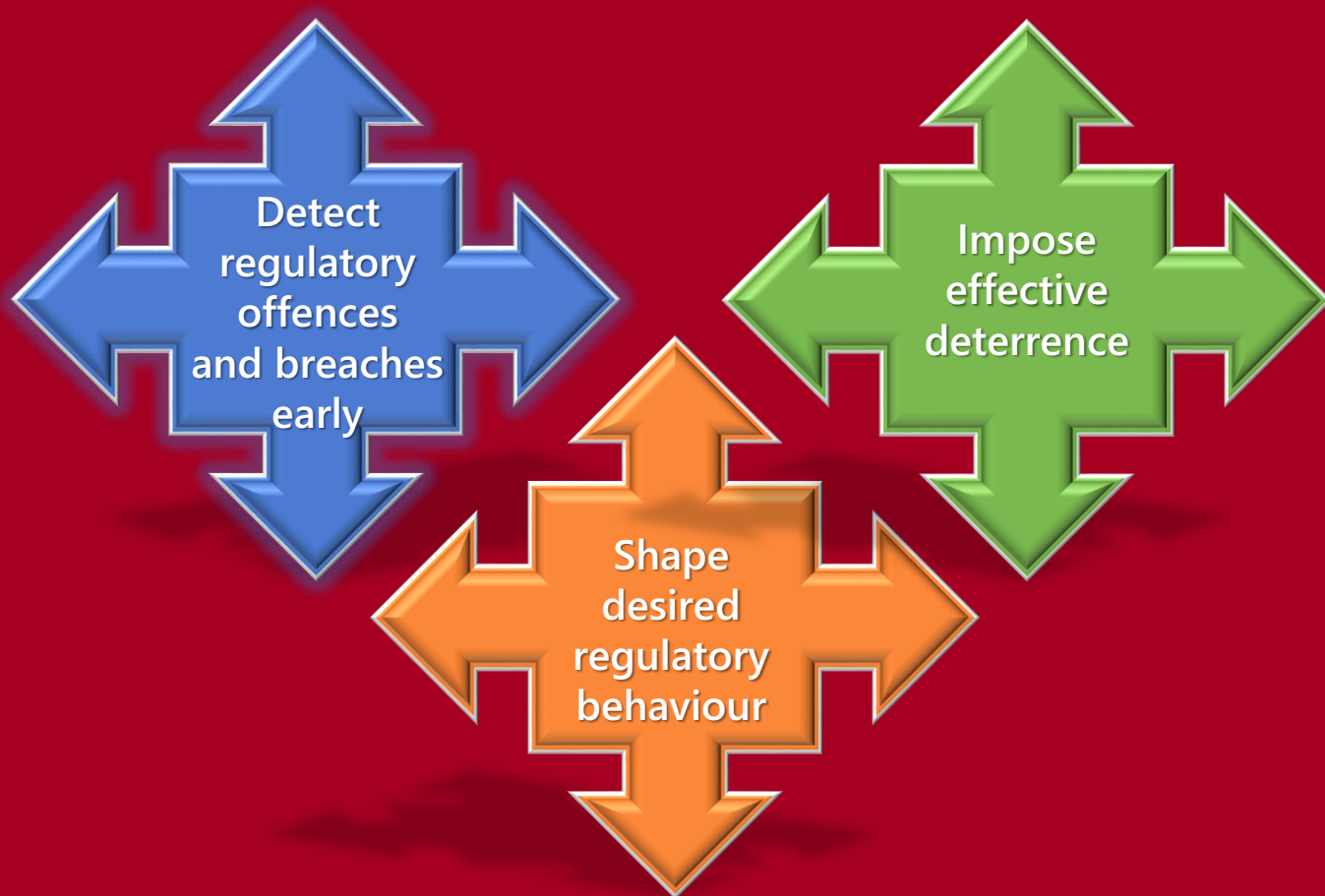
We work closely with many stakeholders to achieve our objectives. Our stakeholders include government agencies in Singapore’s Anti-Money Laundering and Countering the Financing of Terrorism Inter-Agency Committee (“IAC”), including the Attorney-General’s Chambers, the Commercial Affairs Department of the Singapore Police Force, and the Monetary Authority of Singapore.

The Enforcement Report provides an update on the enforcement activities undertaken by ACD and outlines some of ACD’s enforcement principles and priorities. We hope the Report helps to provide a better picture and understanding of the role of enforcement in mitigating the ML/TF risk in the PSMD sector.

ENFORCEMENT PRINCIPLES

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The overarching objective of ACD's enforcement function is to foster high standards of compliance and deliver fair and effective enforcement outcomes to deter regulatory infractions and preserve trust in the PSMD sector. Our enforcement approach is shaped by the 3 principles:



In addition to taking businesses and individuals to task for contraventions of law, enforcement actions can also be used to shape the behaviour of stakeholders and participants in the PSMD sector by deterring others from engaging in similar regulatory offences or breaches.

TWO KEY ENFORCEMENT AREAS OF FOCUS

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UNREGISTERED DEALINGS

ACD continues to proactively identify unregistered dealers and those that are no longer in the Register do not continue to operate as regulated dealers.

ACD publishes a list of registered regulated dealers on its website. The website also hosts a whistleblowing link to encourage reporting of unregistered regulated dealers.



COMPLIANCE WITH REQUIREMENTS OF THE REGIME



ACD evaluates the regulated dealers' level of compliance with AML/CFT regulations and identifies ML/TF concerns via risk-based supervision. Where appropriate, corrective actions and/or proportionate sanctions are imposed on the regulated dealers. Engagement is also undertaken to address weaker areas or common lapses uncovered during inspections.

ACD also re-inspects high risk businesses or those with poor compliance record on a more frequent basis and where appropriate, will not hesitate to take enforcement or regulatory action on recalcitrant or errant dealers to mitigate the overall ML/TF risk.

ACD's ACTIONS



ACD's ACTIONS

ASSESSMENT

- Evaluate and identify ML/TF concerns through routine supervision, off-site monitoring and on-site inspections.



REMIEDIATION

- Encourage remediation of deficiencies detected in a timely manner. Where remediation is not carried out in timely manner, appropriate enforcement action is taken.



Our Actions in systematically tackling non-compliance with requirements of the regime

REASSESSMENT

- Seeks to gauge the effect of supervisory actions and if compliance has strengthened over time. This may entail new areas for closer supervisory attention or inspections on a more frequent basis.

ENFORCEMENT

- Take timely, proportionate and dissuasive enforcement action against breaches and offences. E.g. prosecution, composition, financial penalties and/or cancellation of registration

ENGAGEMENT

- Communicate the regulatory obligations and expectations, including the lessons learnt and consequences of non-compliance through education, guidance and feedback.



2019 to 2021 ENFORCEMENT OUTCOMES

SUMMARY OF KEY ENFORCEMENT OUTCOMES

Enforcement & Investigations

Between October 2019 and March 2021, ACD carried out 284 enforcement checks and initiated investigations against 225 regulated dealers for a range of regulatory offences under the PSPM Act and the subsidiary legislation.

257 on-site inspections including 200 on-site reviews under the Compliance Review Programme (“CRP”) were also carried out to ascertain the regulated dealers’ level of compliance with the PSPM Act and the subsidiary legislation.

ACD continues to take firm and proportionate enforcement and regulatory actions against offences and breaches of the laws and regulations under its purview.



SUMMARY OF KEY ENFORCEMENT OUTCOMES

Reporting period: October 2019 to March 2021

Range of proportionate actions taken on offences and breaches of the PSPM Act and the Subsidiary Legislation



A regulated dealer was ordered to pay a Composition sum of \$12,000 in January 2021 for:

- Failing to comply with Customer Due Diligence (“CDD”) requirements under Section 16 of the PSPM Act
- Failing to comply with Cash Transaction Report (“CTR”) filing requirements under Section 17 of the PSPM Act

A regulated dealer was administered with a Conditional Warning in November 2020 for:

- Failing to comply with Notification requirements under Regulation 21 of the PMLTF Regulations



SUMMARY OF KEY ENFORCEMENT OUTCOMES

Reporting period: October 2019 to March 2021

Range of proportionate actions taken on offences and breaches of the PSPM Act and the Subsidiary Legislation



89 regulated dealers were administered with a Stern Warning:

- 60 regulated dealers for unregistered dealings under Section 6(2) of the PSPM Act
- 4 regulated dealers for failing to comply with CTR filing requirements under Section 17 of the PSPM Act
- 10 regulated dealers for failing to comply with Notification requirements under Regulation 20 and Regulation 21 of the PMLTF Regulations
- 15 regulated dealers for other AML/CFT breaches uncovered during Inspection

39 regulated dealers were issued with Advisory Notices as follows:

- 3 regulated dealers for unregistered dealings under Section 6(2) of the PSPM Act
- 10 regulated dealers for failing to comply with Condition of Registration requirements under Section 10(1)(a) of the PSPM Act
- 3 regulated dealers for failing to comply with Notification requirements under Regulation 20 and Regulation 21 of the PMLTF Regulations
- 23 regulated dealers for other AML/CFT breaches uncovered during Inspection



SOURCES OF INFORMATION

We adopt multiple channels to assist in the early detection of offences and breaches under our regulatory ambit. These include:



Self-reporting
by regulated
dealers



Public
feedback
and
complaints

Self-reporting by regulated dealers

Regulated dealers are encouraged to take personal accountability and responsibility to manage the ML/TF risk for their business. The ACD ‘Supervisory Expectation’ document for regulated dealers (<https://acd.mlaw.gov.sg/aml-cft-supervisory-expectations/>) emphasises the “AIM” expectations i.e. ‘Accountability for the ML/TF risk in their business’, ‘Investment in AML/CFT measures for their business’ and ‘effective execution to Manage the ML/TF risk of their business’.

Regulated dealers are also encouraged to self-report breaches or offences to ACD. Such information allows ACD to assess the need for regulatory action and to engage the regulated dealer on appropriate measures.

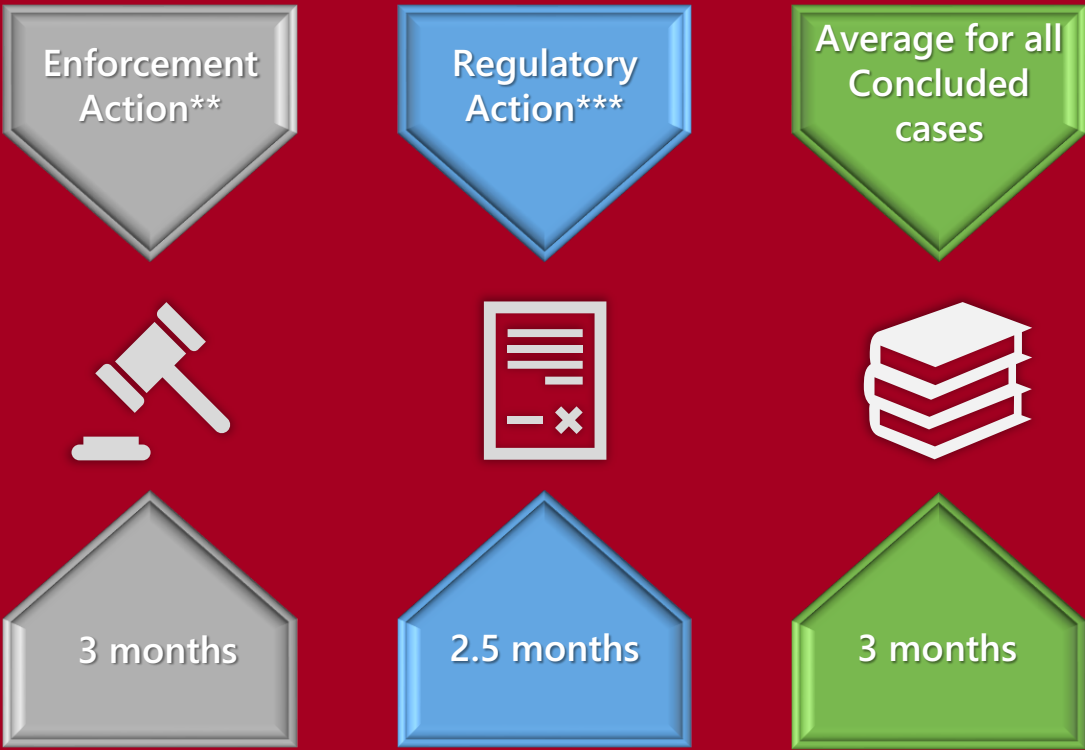
Public feedback and complaints

The public may provide feedback or information to ACD via ACD’s website (<https://acd.mlaw.gov.sg>), at the Ministry of Law’s website (<https://eservices.mlaw.gov.sg/enquiry/>), or in person at the MinLaw Services Centre or via phone (+65 6225 5529). If credible and sufficiently detailed, feedback and information from the public, including customers of regulated dealers, can be used to complement the enforcement capabilities.

AVERAGE TIME TAKEN FOR ACD'S REVIEWS AND INVESTIGATIONS

Reporting period: October 2019 to March 2021

Average Time Taken*



* The “average time taken” refers to the period between the date an investigation commences and when the case is closed. A case is considered closed when it is referred to AGC for criminal prosecution, or approved for regulatory action or a decision is made to take no further action.

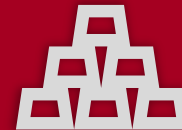
** Enforcement action against regulated dealers for ML/TF regulatory offences.

*** Regulatory action against regulated dealers for regulatory breaches under Sec 10(1)(a) PSPM Act.

FEATURED CASES

1. Case of Non-compliance with CDD & CTR Requirements

Case Summary



This case was detected through ACD's regular enforcement checks to detect unregistered regulated dealing.

Entity A failed to perform CDD before entering into several designated transactions. It had sold gold bullion to 3 different individuals on 4 occasions and received cash of above \$20,000 on each occasion. This would have required A to conduct CDD. Although A collected photographs of the particulars page of the passports of the 3 individuals, it failed to enquire on the source of funds used by the 3 individuals for the purchase of the gold bullion.

Entity A also failed to submit a CTR pertaining to the cash transactions to a Suspicious Transaction Reporting Officer, as well as a copy of the CTRs to the Registrar of Regulated Dealers.

Action Taken

A composition sum of \$12,000 was imposed on Entity A after taking into consideration the seriousness of the offences.

Maximum Penalty

- Failure to perform CDD measures attracts a fine not exceeding \$100,000 under Section 16(6) of the PSPM Act
- Failure to comply with CTR requirements attracts a fine not exceeding \$20,000 or imprisonment not exceeding 2 years or both under Section 17(4) of the PSPM Act



FEATURED CASES

2. Failing to comply with the duty to notify the Registrar.

Case Summary

This case was detected through ongoing monitoring of registration conditions.

Entity B, a registered regulated dealer, failed to comply with the notification requirements when it did not notify the Registrar at least 14 days before ¹ any changes to key personnel in entity B.

Action Taken

After a careful review of the specific facts and circumstances of the case, entity B was administered with a 12-months' Conditional Warning in lieu of prosecution for 3 counts of failing to comply with the duty to notify the Registrar of a change in particulars and circumstances.

Maximum Penalty

- Failure to comply with the duty to notify the Registrar of change in particulars and circumstances attracts a fine not exceeding \$75,000 under Regulation 21(4) of the PMLTF Regulations.
- ¹ *Wef 10 April 2021*, under Regulation 21(1)(d), a registered dealer must notify the Registrar within 14 days after various matters, including any change of any key personnel of the registered dealer.



FEATURED CASES

3. Case of Carrying out Regulated Dealings without Registration

Case Summary

This case was detected through on-going monitoring and feedback.

Entity C is a sole proprietorship dealing with jade products on Facebook and had conducted its sales via live streams although it was not a registered dealer. Upon realising its unregistered status, entity C took prompt remedial action in submitting an application to register and ceased any regulated dealing until it was successfully registered.

Action Taken

Entity C was administered with a stern warning in lieu of prosecution after a careful review of the specific facts and circumstances of the case.

Maximum Penalty

- Carrying out regulated dealing without registration attracts a fine not exceeding \$75,000 or imprisonment not exceeding 3 years or both under Section 6(2) of the PSPM Act.



FEATURED CASES

4. Case of Breach of Condition of Registration

Case Summary

This case was detected through a self report made by the entity itself.

Entity D, a registered regulated dealer, made a belated application to ACD to include a new business outlet (“new outlet”), after the new outlet came into operation. This was a breach of the registration condition which requires registered dealers in such a scenario, to submit an application to modify the conditions of registration before commencing operations at the new outlet.

Entity D promptly self-reported the breach, submitted an application to modify the condition of registration and suspended its business activities at the new outlet until the application was approved.

Action Taken

The entity was issued with an Advisory Notice after a careful review of the specific facts and circumstances of the case.

Maximum Penalty

- Breach of the Conditions of Registration under Section 10(1)(a) of the PSPM Act may result in a cancellation of registration or a suspension of the registration for a period not exceeding 6 months and/or a financial penalty not exceeding \$100,000.



INTERNATIONAL COOPERATION

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Financial Action Task Force ("FATF") Membership

Singapore is an active member of FATF which is a global ML/TF watchdog and AML/CFT standard setting body. As part of the AML/CFT IAC, ACD is an active FATF participant.



Effective Collaboration

ACD works with government agencies in the AML/CFT IAC to review and provide constructive and timely international cooperation and assistance to foreign counterparts for AML/CFT purposes.



2021/2022 PRIORITIES

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Some of our enforcement priorities for 2021/2022 are



**Regulated
dealings
via online
platforms**

Greater focus on online regulated businesses dealing via e-commerce platforms, social media and individual business platforms



**Higher
risk regulated
dealers**

Continue to monitor higher risk regulated dealers more closely and carry out appropriate targeted enforcement actions.