



South African Reserve Bank

## **Media statement**

**Friday, 23 March 2018**

### **The South African Reserve Bank imposes administrative sanctions on five Authorised Dealers in foreign exchange with limited authority**

The South African Reserve Bank (SARB) has imposed administrative sanctions on five Authorised Dealers in foreign exchange with limited authority (ADLAs).

Authorised Dealers in foreign exchange (commercial banks) and ADLAs are persons authorised by the SARB to deal in foreign exchange and are regulated accordingly. However, ADLAs include Bureaux de Change and are authorised to deal only in certain limited, designated foreign exchange transactions, including travel related transactions.

The administrative sanctions were imposed after the SARB conducted inspections at the five ADLAs in terms of the FIC Act. The inspections found weaknesses in the control measures the ADLAs have in place to control anti- money laundering and combat the financing of terrorism.

The FIC Act mandates the SARB to ensure that ADLAs have adequate controls in place to combat acts of money laundering and the financing of terrorism. Flowing from these responsibilities, the SARB inspects ADLAs to assess whether they have appropriate measures in place as required by the FIC Act.

It should be noted that the administrative sanctions were not imposed because the ADLAs were found to have facilitated transactions involving money laundering or the financing of terrorism but because of weaknesses in their control measures.

The administrative sanctions imposed are as follows:

### **Ayoba Foreign Exchange (Pty) Limited**

- A financial penalty of R80 000,00 for failing to establish and verify clients' details (*better known as know – your– customer or KYC requirements*), in terms of section 21 of the FIC Act.
- A financial penalty of R50 000,00 for failing to provide appropriate training to its employees to enable them to comply with the provisions of FIC Act and the internal rules applicable to them, in terms of section 43(a) of the FIC Act.
- A financial penalty of R50 000,00 for failing to appoint a person with the responsibility to ensure compliance by it and its employees with the provisions of the FIC Act, in terms of section 43(b) of the FIC Act.
- A directive that it must, within 30 days from the date of the relevant Notice addressed to it, present a remedial action plan to the SARB, detailing the measures to be implemented to remedy and prevent the recurrence of non-compliance with the provisions of the FIC Act.

### **Tourvest Financial Services (Pty) Limited trading as American Express Foreign Exchange Services**

- A directive that it implement adequate processes and working methods in relation to the sanction screening of clients to ensure that it complies with its reporting duties, in terms of section 28A of the FIC Act.
- A financial penalty of R750 000,00 for failing to report cash transactions above R24 999,99 to the Financial Intelligence Centre, in terms of section 28 of the FIC Act. An amount of R250 000,00 of the financial penalty is suspended for a period of 12 months, provided that there is no recurrence of the relevant compliance failure during the period of suspension.
- A financial penalty of R80 000,00 for failing to identify and verify clients' details (*better known as know – your– customer or KYC requirements*), in terms of section 21 of the FIC Act.

- A financial penalty of R100 000,00 for failing to establish and verify another person's authority to act on behalf of the client, in terms of section 21(1)(c)(ii) of the FIC Act.

### **Imali Express (Pty) Limited**

- A financial penalty of R100 000,00 for failing to implement adequate processes and working methods in relation to the sanction screening of clients to ensure that it complies with its reporting duties, in terms of section 28A of the FIC Act.
- A financial penalty of R50 000,00 for failing to provide training to its employees to enable them to comply with the provisions of FICA and the internal rules applicable to them, in terms of section 43(b) of the FIC Act. The financial penalty is suspended in whole for a period of three months, on condition that the relevant deficiency is satisfactorily remedied within the period of suspension.

### **Forex World (Pty) Limited**

- A financial penalty of R260 000,00 for failing to establish and verify clients' details (*better known as know - your- customer or KYC requirements*), as well as to establish and verify the authority granted to another person to act on behalf of the client, in terms of sections 21(1)(a) and 21(1)(c)(ii) of the FIC Act, respectively.
- A financial penalty of R100 000,00 for failing to properly formulate and implement internal rules, or alternatively, to provide appropriate training to its employees to enable them to comply with the provisions of the FIC Act and the internal rules applicable to them, in terms of sections 42 and 43(a) of the FIC Act, respectively. The financial penalty is suspended in whole for a period of 12 months, provided that there is no recurrence of the relevant compliance failures during the period of suspension.
- A financial penalty of R50 000,00 for failing to report cash transactions above R24 999,99 to the Financial Intelligence Centre within the prescribed period, in terms of section 28 of the FIC Act. The financial penalty is suspended in whole for a period of 12 months, provided that there is no recurrence of the relevant compliance failure during the period of suspension.

## **Sikhona Forex (Pty) Limited**

- A caution not to repeat its failure to identify and verify corporate client's details (*better known as know - your- customer or KYC requirements*) in terms of section 21 of the FIC Act.
- A financial penalty of R130 000,00 for failing to:
  - identify and verify clients' details (*better known as know - your- customer or KYC requirements*) in terms of section 21 of the FIC Act; and/or
  - establish and verify the identity of that other person, where another person is acting on behalf of the client, in terms of section 21 of the FIC Act; and/or
  - establish and verify another person's authority to act on behalf of the client.
- A caution not to repeat its failure to report suspicious and unusual transactions to the Financial Intelligence Centre, in terms of section 29 of the FIC Act.

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