



Monetary Authority  
of Singapore

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# MAS Imposes Composition Penalty of \$1,100,000 on Asiaciti Trust Singapore Pte Ltd for AML/CFT Failures

Singapore, 22 July 2020 ... The Monetary Authority of Singapore (MAS) has imposed a composition penalty of \$1,100,000 on Asiaciti Trust Singapore Pte Ltd (ATSPL) for its failure to comply with MAS' Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requirements. These failures were identified by MAS in an inspection. ATSPL has paid the penalty in full and taken remedial actions to address the risk management deficiencies that led to the breaches.

2 MAS found that between 2007 and 2018, ATSPL committed serious breaches of MAS' AML/CFT requirements for trust companies. ATSPL did not implement adequate AML/CFT policies and procedures, and did not subject its AML/CFT controls to independent audits. These failings hindered ATSPL's ability to detect and mitigate ML/TF risks associated with its higher-risk customers. In particular:

(a) Procedures to determine if its business contact with trust relevant parties <sup>[1]</sup> presented a higher risk for money laundering or terrorism financing were inadequate. Consequently, ATSPL failed to establish, by appropriate and reasonable means, the source of wealth of an effective controller <sup>[2]</sup> (EC) of a fund. ATSPL had simply relied on the EC's representations regarding his source of wealth without obtaining information to adequately corroborate his claims.

(b) Enhanced monitoring of higher-risk customers was not conducted. In particular, ATSPL did not inquire into the background and purpose of unusually large transactions with no obvious economic purpose, undertaken by customers who were politically exposed persons <sup>[3]</sup>. Despite these unusual circumstances, ATSPL did not consider if there were grounds for suspicion that would warrant the filing of suspicious transaction reports.

3 The penalty amount took into account AT SPL’s response to MAS’ findings. AT SPL has taken remedial measures to address the deficiencies identified by MAS, including conducting a review of customer accounts and transactions, terminating a number of higher-risk trust accounts and filing suspicious transaction reports.

4 Ms Loo Siew Yee, Assistant Managing Director (Policy, Payments & Financial Crime), MAS, said: “Financial institutions must play their part in detecting and disrupting attempts to abuse our financial system for illicit purposes. Trust companies are required to implement robust AML/CFT controls, with policies and processes that effectively mitigate risks from vehicles or trust structures of customers . MAS will not hesitate to take action against FIs that fail to meet the standard required under our AML/CFT regulations.”

[1] Trusts are fiduciary arrangements that allow third parties, or trustees like TTSL, to hold assets for the benefit of beneficiaries. The relevant parties to a trust (“trust relevant parties”) as defined in MAS Notice TCA-N03) include any of the following: (a) The settlor, the person who creates the trust and transfers assets into the trust; (b) The beneficiary, the person who receives the benefits of the assets; (c) The trustee, the person who holds and manages the assets for the benefit of the beneficiaries; or (d) Any person who has any power over the disposition of any property that is subject to the trust.

[2] An effective controller in relation to a settlor or a trustee, means the natural person who ultimately owns or controls the settlor or trustee, or the natural person on whose behalf business contact is established or maintained, and includes any person who exercises ultimate effective control over a legal person or legal arrangement.

[3] Politically exposed persons are individuals who are or have been entrusted with prominent public functions either domestically, or in a foreign country or international organization. Such functions includes the roles held by a head of state, a head of government, government ministers, senior civil or public servants, senior judicial or military officials, senior executives of state owned corporations, senior political party officials, members of the legislature and senior management of international organisations.

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Additional Information:

### **Composition of AML/CFT offences**

MAS’ AML/CFT requirements for trust companies are set out in MAS Notice TCA-N03 on Prevention of Money Laundering and Countering the Financing of Terrorism – Trust Companies. Each breach of Notice TCA-N03 is an offence punishable under section 27B(2) of the MAS Act, where the maximum prescribed fine is \$1,000,000 per offence. The breach is compounded under section 176 of the MAS Act.

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