

Enforcement Actions Media Releases

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MAS Imposes Composition Penalty of S\$2.5 million on Swiss-Asia Financial Services Pte. Ltd. for AML/CFT Breaches, Reprimands its CEO and COO

Singapore, 7 May 2024... The Monetary Authority of Singapore (MAS) has imposed a composition penalty of S\$2.5 million on Swiss-Asia Financial Services Pte. Ltd. (SAFS) for breaches of MAS' anti-money laundering and countering the financing of terrorism (AML/CFT) requirements. MAS has also issued a reprimand to SAFS' chief executive officer (CEO), Mr Olivier Pascal Mivelaz, and its chief operating officer (COO), Mr Steve Knabl, for failing to discharge their duties and functions of ensuring that SAFS complied with MAS' AML/CFT requirements.

2 Between September 2015 to October 2018, SAFS, a wealth and fund management company, experienced significant growth in its business. However, its AML/CFT controls across a wide range of areas did not keep pace with the growth and had been inadequate, resulting in multiple breaches of MAS' AML/CFT requirements over the same period. This exposed SAFS to the risk of financial crime. The breaches uncovered during MAS' inspection included the following:

- (a) Failure to take into account certain relevant risk factors relating to the company's customers and business activities in its enterprise-wide risk assessment (EWRA);
- (b) Failure to perform customer due diligence (CDD) measures before establishing business relations. SAFS' practice was to establish business relations with customers before CDD measures were completed;
- (c) Failure to scrutinise multiple third-party transactions in customers' accounts even though the transactions were not consistent with SAFS' knowledge of the customers;

(d) Failure to identify a number of customers to be of higher money laundering or terrorism financing (ML/TF) risk even though there were red flags (e.g., a corporate customer with bearer share ownership ^[1]), resulting in failure to perform enhanced CDD measures on those customers. For other customers that the company had identified to be of higher ML/TF risk, SAFS failed to adequately establish the source of wealth and/or the source of funds of the customers and their beneficial owners. SAFS also did not obtain approval from its senior management to establish or continue business relations with some of these higher-risk customers;

(e) Failure to submit suspicious transaction reports in relation to several customers even though there was sufficient basis to do so (e.g., SAFS was aware of news reports of customers' alleged involvement in financial crime); and

(f) Failure to conduct any internal audit to monitor the effectiveness of the company's AML/CFT controls and its compliance with regulatory requirements.

3 MAS also issued a reprimand to Mr Mivelaz and Mr Knabl for failing to discharge their respective duties and functions of their offices as CEO and COO to ensure that SAFS complied with MAS' AML/CFT requirements. In particular, they had approved the inadequate EWRA. They also failed, over a period of four years, to ensure that regular internal audits were carried out to assess the effectiveness of SAFS' AML/CFT controls in view of the company's significant business growth during that time.

4 SAFS has taken the necessary remedial actions to address the deficiencies identified by MAS.

5 Ms Loo Siew Yee, Assistant Managing Director (Policy, Payments & Financial Crime), MAS, said: "Financial institutions (FIs) providing wealth management services to high net worth individuals must take commensurate measures to mitigate heightened ML/TF risks. The boards and senior management of FIs are expected to put in place adequate AML/CFT controls, actively oversee the implementation of the controls, and ensure that compliance and internal audit functions are working effectively and keeping pace with the FI's business growth."

^[1] Bearer shares are shares that are owned by the person holding the physical share certificate. As they provide a high level of anonymity, bearer shares are prone to misuse for illicit activities.

Additional Information:

Composition of AML/CFT offences

MAS' AML/CFT requirements for capital markets intermediaries are set out in Notice SFA04-N02 on Prevention of Money Laundering and Countering the Financing of Terrorism – Capital Markets Intermediaries. Each breach of Notice SFA04-N02 is an offence punishable under section 27B(2) of the MAS Act (Cap. 186), where the maximum prescribed fine is S\$1,000,000 per offence. The breach is compounded under section 176(1A) of the MAS Act 1970.

Reprimand of the directors – section 334(1) of the Securities and Futures Act 2001 (SFA)

MAS has the powers under section 334(1) of the SFA to reprimand a financial institution regulated by MAS, as well as its key officers.

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