

Enforcement Report

JANUARY 2021 TO DECEMBER 2024

Anti-Money Laundering / Countering
the Financing of Terrorism Division

OPENING MESSAGE

Regulatory enforcement serves as a cornerstone in the ongoing efforts to mitigate the inherent risks associated with money laundering, terrorism financing and proliferation financing (ML/TF/PF) within the Precious Stones and Precious Metals Dealers (PSMD) sector. Our enforcement activities are strategically positioned to complement and reinforce the robust regulatory requirements and supervisory mechanisms established by the Anti-Money Laundering/Countering the Financing of Terrorism Division (ACD) under the Ministry of Law, Singapore.

Our enforcement function serves to foster and promote high standards of compliance within the sector. By delivering fair and effective enforcement outcomes, we aim to deter regulatory infractions and preserve the trust that underpins the integrity of the PSMD sector. This multifaceted objective is pursued through a holistic approach that encompasses supervision, enforcement actions, and guidance to the sector.

ACD works in tandem with various government agencies within Singapore's Anti-Money Laundering and Countering the Financing of Terrorism Inter-Agency Committee, other relevant committees and working groups. These collaborative efforts involve key partners such as the Attorney-General's Chambers, the Commercial Affairs Department of the Singapore Police Force, and the Monetary Authority of Singapore.

The Enforcement Report serves to provide a snapshot of the enforcement activities undertaken by ACD between 2021 and 2024 and elucidates ACD's general enforcement principles and some of our priorities moving forward.

Mr Paramjit Singh
Registrar of Regulated Dealers
Ministry of Law, Singapore

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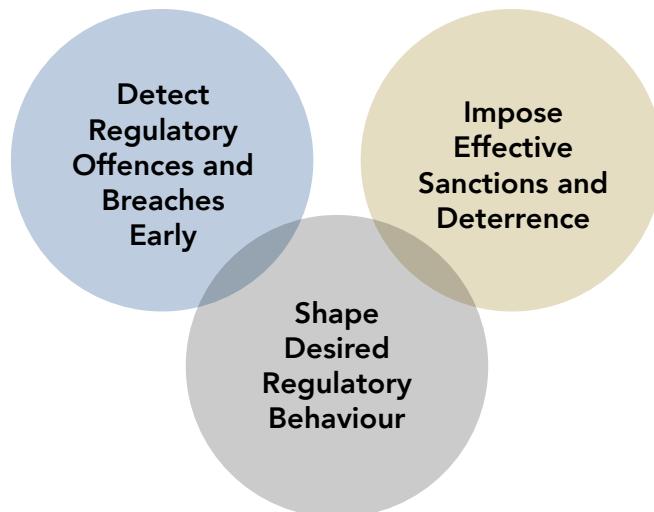
01 ENFORCEMENT PRINCIPLES

A. Our Objectives

- 1 Mitigate the PSMD sector's exposure to ML/TF/PF risks.
- 2 Protect reputation and preserve trust in the PSMD sector.
- 3 Achieve international standards and best practices set out by the Financial Action Task Force (FATF) for the PSMD sector.

B. Enforcement Principles

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



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

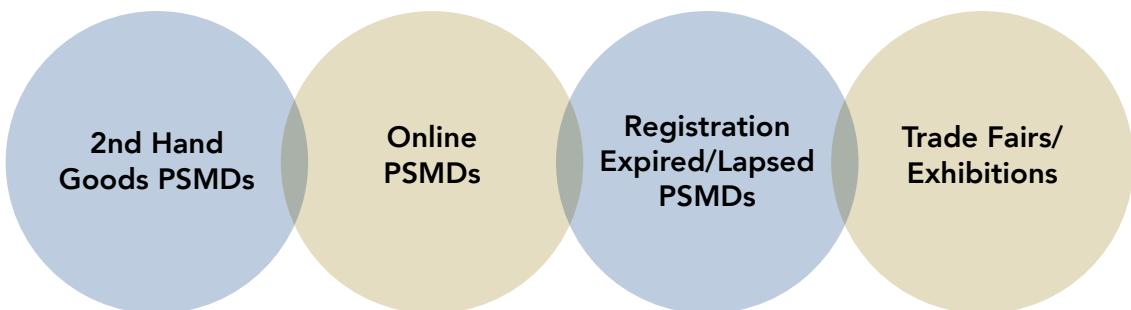
02 2021 / 2022 / 2023 / 2024 OUTCOMES

A. Enforcement, Inspections & Investigations

Enforcement Operations

222 enforcement operations were carried out on registered and unregistered PSMDs during the reporting period.

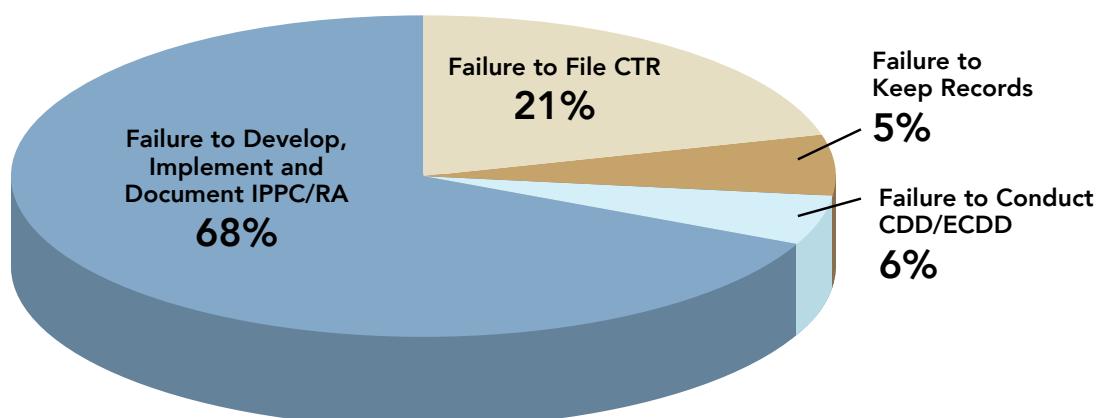
Types of Enforcement Operations



Inspections

777 inspections on registered PSMDs were carried out during the reporting period.

Common Offences Detected



Legend

CTR : Cash Transaction Report

CDD : Customer Due Diligence

ECDD : Enhanced Customer Due Diligence

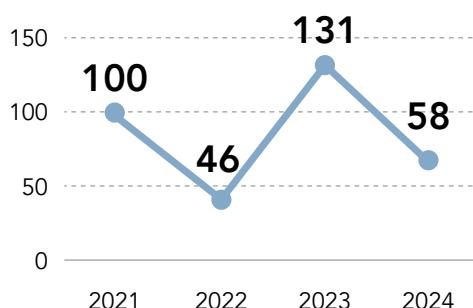
IPPC : Internal Policies, Procedures and Controls

RA : Risk Assessment

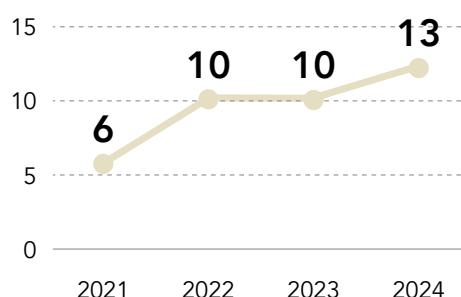
B. Investigations[#]

1,060* investigations were completed during the reporting period.

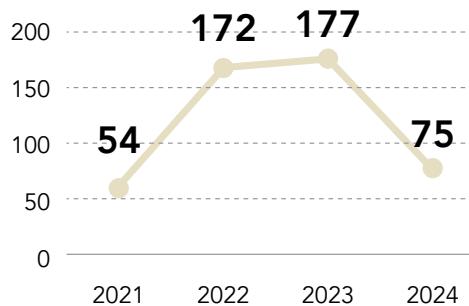
Common Offences Investigated



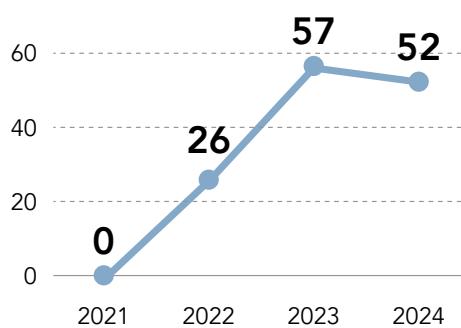
Unregistered Dealings



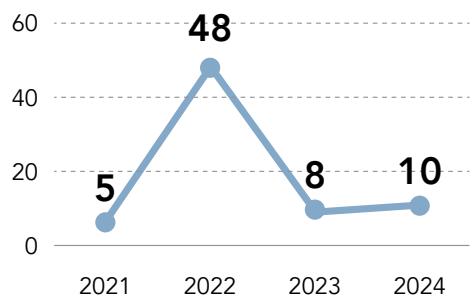
**Obstruction to Investigation/
Providing False Information/
Breach of Registration Condition**



Failure to Notify Registrar



Failure to Submit SAR/IPPC/RA



Failure to File CTR/Conduct CDD/ECDD

Legend

CTR	: Cash Transaction Report
CDD	: Customer Due Diligence
ECDD	: Enhanced Customer Due Diligence
IPPC	: Internal Policies, Procedures and Controls
RA	: Risk Assessment
SAR	: Semi-Annual Returns

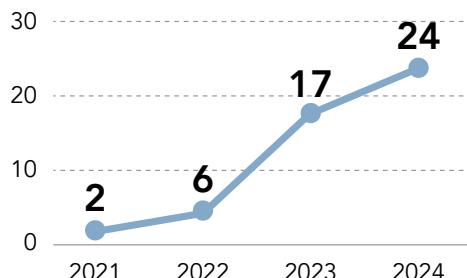
Footnotes

ACD conducts investigations when there is reason to suspect a breach of the requirements under the Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Act 2019 and the Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Regulations, whether arising from supervisory inspections of PSMDs, financial intelligence, or tip-offs, or targeted checks by ACD.

* Among the 1,060 investigations that were completed, some investigations comprised more than 1 offence.

C. Enforcement Actions

Composition

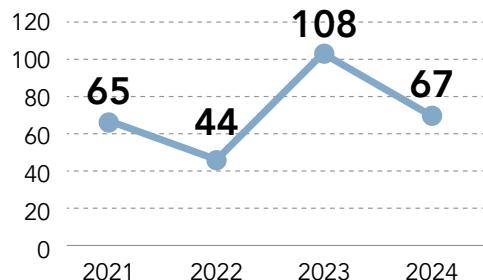


S\$639,250 in composition penalties offered during reporting period

Top 3 offences

- Unregistered dealings
- Failure to file CTR, conduct CDD/ECDD
- Providing false information

Warning



284 Warnings were issued during reporting period

Top 3 offences

- Unregistered dealings
- Failure to submit IPPC/RA
- Failure to submit SAR

Advisory

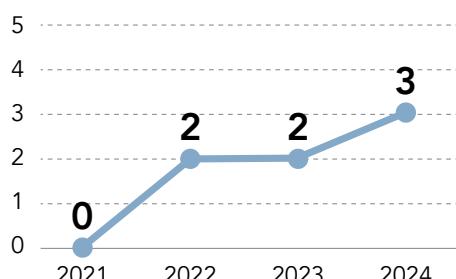


483 Advisories were issued during reporting period

Top 3 offences

- Failure to notify Registrar of change in place of business/particulars
- Unregistered dealings
- Failure to file CTR, conduct CDD/ECDD

Cancellation



7 Cancellations of Certificate of Registration for breach of registration conditions

D. Notable Cases

1. Composition Penalty for Providing False Information to Registrar

In Oct 2022, the Registrar imposed a composition penalty on a registered PSMD who provided false information to the Registrar during the renewal of the PSMD's registration.

2. Cancellation of Certificate of Registration

In Jan 2023, the Registrar cancelled the registration of an errant registered PSMD, after a key personnel of the registered PSMD was assessed not to be fit and proper. The aforesaid key personnel and others were subsequently convicted in Court for offences that include fraud and dishonesty.

3. Composition Penalty for Unregistered Dealings

In Oct 2023, the Registrar imposed a composition penalty on a registered PSMD and its compliance officer for carrying out unregistered dealings when the PSMD's registration lapsed.

Enforcement Actions Against Directors and Compliance Officers for Offences by Corporations

The Registrar imposed composition penalties against 5 individuals, and issued warnings and advisories against 4 other individuals, who were either officers of and/or involved in the management of the PSMDs for various offences under the Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Act 2019 and Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Regulations. The actions were taken as these individuals had either:

- (i) Consented, connived or conspired with others to effect the commission of the offence;
- (ii) Knowingly concerned in or were a party to the commission of the offence, whether by act or omission; or
- (iii) Known or ought reasonably to have known that the offence by the PSMD would be or was being committed and failed to take all reasonable steps to prevent or stop its commission.

These individuals were found liable for the same offences as the PSMDs.

Composition Penalty for Offences Relating to Conduct of CDD/ECDD and CTR Filing

The Registrar took enforcement actions against a total of 63 PSMDs for failing to perform or performing inadequate CDD and/or ECDD on their customers, and/or for failing to submit CTR within 15 business days after the date of the transaction with their customers.

The enforcement actions included the imposition of \$194,000 in composition penalties.

03 KEY AREAS OF FOCUS

Enforcement & Investigation

Compliance with Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) Requirements

Ensuring compliance with the PSMD regulatory regime is a critical focus area.

ACD evaluates the PSMD sector's level of compliance with the AML/CFT/CPF requirements and identifies ML/TF/PF concerns via a risk-based approach. Where appropriate, corrective actions and/or sanctions are imposed on the PSMDs. ACD conducts re-inspections, including on high-risk PSMDs who have poor compliance records and takes necessary enforcement or regulatory actions against any such PSMDs who fail to adequately mitigate their ML/TF/PF risks.

Unregistered Dealings

With the rise of online shopping platforms, there is an increasing risk of individuals or businesses using such online platforms to carry out sales or purchases of precious metals, precious stones or precious products without registering themselves with the Registrar.

ACD is committed to harnessing digital tools such as data analytics and machine learning to monitor, detect and identify errant unregistered PSMDs.

04 INTERNATIONAL COOPERATION

ACD collaborates with international regulators and enforcement agencies to combat cross-border ML/TF/PF.

FATF Membership

Singapore is an active member of the FATF, which is a global ML/TF/PF watchdog and AML/CFT/CPF standards setting body. ACD participates in and contributes to the FATF Plenary meetings, FATF standards training and Asia/Pacific Group on ML regional webinars as part of the Singapore delegation. ACD is also actively involved in the whole-of-government preparations and groundwork for Singapore's FATF mutual evaluation in 2025.

Purposeful International Engagements

ACD holds purposeful engagements with our foreign regulatory counterparts on matters that include the exchange of information on AML/CFT/CPF regulatory developments, regimes, experiences, and insights.

05 LOOKING FORWARD

Enforcement in the Digital Age

Data Analytics and monitoring systems powered by Artificial Intelligence can be used to enhance the risk-based approach by improving the efficiency, accuracy, and responsiveness in identifying and managing risks. These tools can sharpen our analysis of patterns and anomalies and enhance our decision-making and supervisory interventions.

Risk-Based Approach in Supervisory Inspections & Enforcement Operations

Risk-based supervisory inspections and enforcement operations involve prioritising supervisory efforts based on the likelihood and impact of non-compliance with the regulatory requirements. The risk-based approach leads to more efficient and effective allocation of resources and supervisory activities as these are calibrated and targeted on higher risk areas, activities and transactions.

Streamlining Regulation

Streamlining regulation involves ongoing reviews to make the regulatory framework simpler, more efficient, and less cumbersome, without compromising regulatory oversight, compliance, and risk management.

We continue to work with the regulated community and stakeholders to review and calibrate the regulatory framework, requirements and processes to meet international standards, enhance operational efficiency and remove redundant or outdated requirements or measures. These lead to enhanced compliance, risk management and reduced compliance burden for the regulated community.

