

# Information Guide (“Guide”) on the Prevention of Money Laundering and Countering the Financing of Terrorism for Pawnbrokers



# Information Guide (“Guide”) on the Prevention of Money Laundering and Countering the Financing

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1 This Guide seeks to improve the awareness and understanding on issues relating to money laundering (“ML”) and terrorism financing (“TF”) and to inform pawnbrokers of the appropriate preventive measures to be adopted against such activities that might be conducted through your course of business. This Guide also highlights the key provisions, offences and obligations for compliance by pawnbrokers.

## National Risk Assessment

2 On 10 January 2014, the Monetary Authority of Singapore (MAS) issued its inaugural national risk assessment report on money laundering and terrorism financing risks in Singapore. The report serves to help regulatory authorities maintain an effective risk-based regime in regard to anti-money laundering and counter financing of terrorism (“AML/CFT”), as well as to prioritise and allocate public sector resources efficiently. The report also serves to help private sector stakeholders better understand the money laundering and terrorism financing risks in their own and related industries, assess the adequacy of their AML/CFT controls, and strengthen them where necessary.

3 The section of the report pertaining to the pawnbrokers’ regime can be found on page 70 of the [report](#)<sup>1</sup>. As pawnbrokers, you are urged to read the report for a better appreciation of the AML/CFT gaps relevant to the pawnbrokers industry, as well as the larger economic landscape of Singapore. This will better equip you to tailor your AML/CFT measures as necessary to counter such risks.

4 The fast-growing pawnbrokers sector is another risk area that has been identified for controls to be improved. Transactions in this sector are mainly cash-based and gold items make up 90% of all pledges. While this sector is domestically oriented and the individual loan/transaction amounts are generally small, debt repayment using illicit funds and pawning of stolen goods have been identified as channels of risk. The introduction of Part 5 and Third Schedule of the Pawnbrokers Act 2015 (“PBA”) seek to address these risks.

## Overview of Money Laundering (“ML”) and Terrorism Financing (“TF”)

5 ML is an illegal activity carried out by criminals to turn “dirty” money into what appears to be “clean” money. It involves converting cash or other property derived from illegal activities, into a form, which appears to have originated from legitimate sources<sup>2</sup>. Additionally, continual terrorist attacks in countries and cities in many parts of the world have increased the focus of governments worldwide on countering the act of terrorism and the financing of terrorism.

6 The Financial Action Task Force (“FATF”) is an independent inter-governmental body established in 1989 to develop and promote national and international policies to fight money laundering, financing of

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<sup>1</sup> The full report can be accessed at [https://rop.mlaw.gov.sg/files/SingaporeNRARReport2013\\_24032015.pdf](https://rop.mlaw.gov.sg/files/SingaporeNRARReport2013_24032015.pdf)

<sup>2</sup> To illustrate, while the loan/transaction money issued by a pawnbroker is “clean” money, the money used to repay the pawnbroker may be “dirty” money.

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terrorism and financing of proliferation of weapons of mass destruction. The FATF published a revised FATF Recommendations in February 2012 to combat money-laundering, terrorist financing and financing of proliferation of weapons of mass destruction. As a member of the FATF, Singapore has an obligation to develop and implement policies based on these recommendations

7 FATF’s recommendations are applicable to the pawnbroker sector. The other professional sectors that need to comply include the financial sector as well as the designated non-financial business and professions (“DNFBP”) such as the public accountants, real estate agents, casinos, company service providers, developers, lawyers as well as the non-profit organisations such as the charities. They have been identified as important gatekeepers to counter the threat of money laundering and terrorist financing.

## What is ML?

8 ML is a process intended to turn “dirty” money (which are normally proceeds from a criminal activity) into what appears to be “clean” money. It is done so with the intention to hide their illegal origins. With such an act, criminals can get to enjoy the proceeds without the fear of detection or prosecution, as there will not be any recognisable audit trail to trace back to the criminals/criminal activities.

- 9 If money laundering activities are left undetected, it will lead to the following consequences:
- a. There will be difficulty in taking prosecution action against key culprits as criminals are able to remove or distance themselves from the criminal activities that generated the proceeds;
  - b. Criminals will get to enjoy the proceeds of crime as such crime proceeds do not get confiscated even if the criminal is caught;
  - c. Criminals can fund further criminal activities by reinvesting the proceeds of previous crimes.

## What is TF?

10 TF is the provision, collection, use, possession or dealing with property for terrorist purposes. The source of such funds used can be either legitimate or illegal. These funds may not always be in large amounts.

## What legislation does ML fall under and what are Pawnbrokers’ obligations?

11 The **Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (“CDSA”)** is the primary legislation in Singapore to combat and criminalise money laundering, including assistance in

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and third-party laundering<sup>3</sup> of proceeds derived from drug dealing and other serious crimes<sup>4</sup>. The CDSA provides for the tracing and confiscation of such proceeds and its benefits.

12 Section 39 of the CDSA makes it mandatory for a person to lodge a suspicious transaction report (“STR”) with the Suspicious Transaction Reporting Office (“STRO”) if in the course of his trade, profession, business or employment, he has reason to suspect that any property he is dealing with is linked to crime. Failure to do so is an offence punishable with a fine of up to \$250,000 and/or imprisonment of up to three years if the offender is an individual, and if the person is not an individual, a fine of up to \$500,000. Pawnbrokers and their staff are subject to this obligation.

12A Further, when a pawnbroker encounters a situation where (i) customer due diligence (“CDD”) is to be performed and (ii) an assessment is to be made on whether an STR should be lodged<sup>5</sup>, under the PBA, the pawnbroker must document its considerations and decision for (ii). Failure to do so is an offence punishable with a fine of up to \$100,000.

## What legislation does TF fall under?

13 The **Terrorism (Suppression of Financing) Act (“TSoFA”)** was passed to give effect to the International Convention for the Suppression of the Financing of Terrorism which Singapore signed on 18 December 2001 and the United Nations Security Council Resolution 1373 (“UNSCR 1373”). The TSoFA criminalises terrorism financing, which includes the provision of and the dealing in properties and services for the purposes of succeeding terror activities<sup>6</sup>. Correspondingly, the transacting of properties and services with persons designated terrorists under TSoFA is prohibited. The TSoFA also imposes a duty to all to provide information pertaining to terrorism financing to the Police<sup>7</sup>.

14 Due to Singapore’s commitment in fighting terrorism, an Inter-Ministry Committee on Terrorist Designation (“IMC–TD”) was formed in 2012 to act as Singapore’s authority relating to the designation of terrorists. This Committee consists of members from the Ministry of Home Affairs (“MHA”), Ministry of

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<sup>3</sup> Engaging a professional money launderer (“PML”) to launder proceeds of crime. The Financial Action Task Force (“FATF”) released a report on PMLs which can be accessed at:

<http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>

<sup>4</sup> Please refer to drug dealing and serious offences specified in the First and Second Schedule of the CDSA. See also Part VI for laundering-related offences.

<sup>5</sup> The circumstances under which a pawnbroker must make such a decision include:

- a. Pawnbroker is unable to complete performing CDD measures required under the PBA for any reason.
- b. Pawner/Customer is unable/unwilling to provide any information requested by the pawnbroker, or decides not to proceed with relevant loan/transaction when requested to provide information.
- c. Relevant loan/transaction is part of an unusual pattern of loans/transactions with no apparent economic/lawful purpose.

<sup>6</sup> Sections 3 to 6 of the TSoFA expressly prohibit the following:

- a. Provision and collection of property for terrorist acts;
- b. Provision of property or services for terrorist purposes;
- c. Use or possession of property for terrorist purposes; and
- d. Dealing with property of terrorists or terrorist entity.

<sup>7</sup> This obligation is laid out under sections 8 and 10 of the TSoFA.

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Foreign Affairs, Monetary Authority of Singapore (“MAS”) and the Attorney General’s Chambers (“AGC”). The IMC-TD is the competent authority responsible for identifying persons or entities for designation as terrorists pursuant to United Nations Security Council Resolution (“UNSCR”) UNSCR 1373 (2001) who meet the criteria for designation under UNSCR 1373. Please refer to MHA’s IMC–TD website [here](#)<sup>8</sup>. You may also wish to receive updates on new information published on this website by subscribing to the website’s Rich Site Summary (“RSS”) feed<sup>9</sup>. For the purposes of countering terror financing, pawnbrokers are also required to adhere strictly to Part 5 and the Third Schedule of the PBA, as anyone who is guilty of an offence under this part will be subject to a maximum fine of up to \$100,000.

## **Which are the United Nations Security Council Resolutions (“UNSCRs”) in relation to terrorism and what are our obligations in relation to them? What happens if we do not fulfil them?**

15 Singapore is committed to implementing the United Nations Security Council Resolutions (“UNSCRs”). Among other measures, the UNSCRs may impose targeted financial sanctions against specific individuals and entities identified by the UN Security Council (or relevant UN Committees) as contributing to a particular threat to, or breach of, international peace and security.

16 There are a number of UNSCRs relating to terrorism. For example, UNSCR 1267/1989 and UNSCR 1988 set out measures against designated individuals and entities associated with Al-Qaida and the Taliban respectively.

17 Under the TSoFA, a terrorist is defined widely as any person who commits, or attempts to commit, any terrorist act or participates in or facilitates the commission of any terrorist act. It also includes any person set out in the First Schedule of TSoFA. All individuals and entities designated as belonging to or associated with the Al-Qaida and Taliban by the respective UNSCR Sanctions Committees are included as part of the First Schedule to TSoFA and listed online at the following URL:

- a. <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>

18 Under the TSoFA, an individual who contravenes sections 3 to 6 will be liable, upon conviction, to a maximum fine of \$500,000 or to imprisonment for a term not exceeding 10 years or to both. Where the convicted offender is not an individual, the maximum liable fine is either \$1 million or twice (2×) the value of the property or financial services/transaction in respect of which the offence was committed.

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<sup>8</sup> MHA’s Inter-Ministerial Committee – Terrorist Designation website: [https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-\(imc-td\)](https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-(imc-td))

<sup>9</sup> Such RSS feeds will send you alerts whenever updates had been made to the contents of the website.

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18A In addition, every person in Singapore and every citizen of Singapore outside of Singapore who has possession of or information relating to any property belonging to any terrorist or terrorist entity is required to inform the Police immediately<sup>10</sup>. Any person who contravenes this requirement will be liable, on conviction, to:

- a. (For an individual) A fine not exceeding \$250,000 or to imprisonment for a term not exceeding 5 years or to both, in the case where there was possession of the property in question or where the information came to the attention of the individual in the course of the person’s trade (such as in the case of pawnbroking).
- b. (For an individual) A fine not exceeding \$50,000 or to imprisonment for a term not exceeding 5 years or to both if (a) does not apply.
- c. (For non-individual) A fine not exceeding \$1 million or twice (2×) the value of the property in question, whichever is higher.

## **Are there any other UNSCRs that we have to take note of? What are our obligations in relation to them?**

19 There are also UNSCRs issued to address proliferation risks of weapons of mass destruction. More specifically, the “UN Lists”, excluding those on the Al-Qaida and Taliban, published on MAS’s website list the designated individuals and entities that pose proliferation risks by jurisdiction<sup>11</sup>.

20 Under these regulations, all natural and legal persons in Singapore:

- a. Are required to comply with targeted financial sanctions (freezing) requirements against such UN-designated individuals and entities; and
- b. Should ensure that they do not deal with designated individuals and entities (as defined in the respective UN Regulations) before engaging in any business or commercial activity. Screening the names of their customers against the names (and aliases) of designated individuals and entities would help natural and legal persons meet these obligations.

21 Amongst other provisions, the UN Regulations prohibit:

- a. The provision of funds, other financial assets or economic resources and services for the benefit of designate individuals and entities; and
- b. Dealing with property of designated in individuals and entities.

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<sup>10</sup> See section 8(1) of the TSoFA.

<sup>11</sup> The links to the UN Lists can be found at <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Targeted-Financial-Sanctions/Lists-of-Designated-Individuals-and-Entities.aspx>

22 Under the United Nations Act<sup>12</sup>, a person who commits any offence under the UN Regulations will be liable on conviction, in the case of an individual, to a fine of up to \$500,000 or to imprisonment for a term of up to 10 years or to both; or in any other case, to a fine of up to \$1 million.

## **How can I be kept updated on changes made to the Lists of Designated Individuals and Entities?**

23 MAS published a webpage titled “Targeted Financial Sanctions<sup>13</sup>”. This page highlights the targeted financial sanctions against specific individuals and entities identified by the UN Security Council (or relevant UN Committees) as contributing to a particular threat to, or breach of, international peace and security.

24 Pawnbrokers are required to comply with the sanctions requirements. In order to ensure that no one deals with designated individuals and entities defined under the United Nations Act, and the TSoFA, all persons should screen their clients against the lists found on this webpage titled “Lists of Designated Individuals and Entities<sup>14</sup>” before engaging in any business or commercial activity with them.

25 Pawnbrokers are strongly encouraged to subscribe to the updates on this webpage in order to receive alerts on updates made to the said lists.

## **Who can I approach for help on the UN Regulations and my obligations?**

26 All persons should seek independent legal counsel if you have any doubts about the interpretation and applicability of the UN Regulations or of your obligations. Further enquiries can be sent to the Registry of Pawnbrokers (“ROP”).

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<sup>12</sup> Please refer to the United Nations Act and the United Nations Regulations for details at Singapore Statutes Online at URL: <https://sso.agc.gov.sg/Act/UNA2001>

<sup>13</sup> This webpage can be found at: <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Targeted-Financial-Sanctions.aspx>

<sup>14</sup> This webpage can be found at: <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Targeted-Financial-Sanctions/Lists-of-Designated-Individuals-and-Entities.aspx>



## What is the role of the Suspicious Transaction Reporting Office (“STRO”)?

27 STRO<sup>15</sup> is Singapore’s Financial Intelligence Unit. It was formed in 2000 under the Commercial Affairs Department (“CAD”) of the Singapore Police Force (“SPF”). It is Singapore’s central agency for receiving, analysing and disseminating reports of suspicious transactions, known as Suspicious Transaction Reports (“STRs”). STRO will turn raw data in STRs into financial intelligence that can be used to detect money laundering, terrorism financing and other criminal offences. Where possible offences are detected, STRO disseminates the financial intelligence to relevant enforcement and regulatory agencies.

## What is a Suspicious Transaction Report (“STR”)?

28 An STR is made when a person suspects that any property is directly or indirectly connected to a criminal conduct, and the knowledge or suspicion arose during the course of the pawnbroker’s business. While the “transaction” usually refers to a financial transaction, it can also extend to other activities, which can be used to facilitate illicit activities. In the context of a pawnbroker, an example encounter would be a borrower turning up to pawn large amount of jewellery without accountable origin with an intention to repay the debt later with criminal proceeds. More examples on what are potentially suspicious transactions can be found at **Annex A** of this Guide. When a pawnbroker encounters a situation described in these examples or a similar scenario, it should consider making an STR.

## What is the purpose of lodging an STR?

29 Information from each STR will be analysed to detect money laundering, terrorism financing or other criminal activities by the STRO and ROP.

## How to lodge an STR?

30 STRs should be filed electronically using the STRO Online Notices And Reporting platform (“SONAR”)<sup>16</sup>. Information on obtaining a SONAR account and user guide can be found on the SPF’s website<sup>17</sup>.

31 STRs submitted to STRO should contain the following information:

- a. A detailed account of the relevant facts and nature of the transaction;
- b. Copies of the relevant documents, if available; and

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<sup>15</sup> More information on STRO can be found at: <https://www.police.gov.sg/Advisories/Crime/Commercial-Crimes/Suspicious-Transaction-Reporting-Office>

<sup>16</sup> The link to access the SONAR platform is at <https://eservices.police.gov.sg/content/policehubhome/homepage/stro-corppass.html>

<sup>17</sup> SONAR account information and user guide is at <https://www.police.gov.sg/sonar>



- c. Your name, NRIC / passport number, contact number and address.

## **What should I do if I encounter a suspicious customer/pawner or transaction?**

32 Pawnbrokers should take the following steps when encountering a suspicious customer/pawner or transaction:

- a. Not alert the customer/pawner of my suspicion or intention to lodge a STR against him.
- b. Decline to enter into a transaction with the customer/pawner.
- c. File an STR using the SONAR platform.
- d. Keep records relating to the suspicious transaction together with all internal findings, analysis and investigation carried out.

## **What are the consequences of not filing an STR?**

33 An STR shall be filed when there are grounds to suspect that any property could be associated with criminal activities, and such suspicion arose in the course of employment/business. Otherwise, you run the risk of being prosecuted for failing to file an STR.

34 You could also be prosecuted for abetting the commission of more serious offences like money laundering or terrorism financing, for allowing yourself to be the conduit for the movement of criminal proceeds, if that you knew or ought to have known, that these were criminal proceeds.

## **Will the suspect in my STR be in any trouble with the authorities?**

35 An STR is not an allegation of crime. It is also not an accusation that a person has committed a crime. It is essentially a suspicion that some property could be linked to criminal conduct. In many cases, there is nothing more than a suspicion, and there may well be no evidence of any criminal conduct.

36 STRO treats each STR as a piece of important information that could potentially lead to the detection of criminal conduct. Until then, it remains a piece of information. A suspect named in an STR will not automatically be “in trouble” with the authorities.

## **Will STRO arrest the suspect(s) featured in the STR?**

37 There may be some apprehension on the part of the STR filer that his compliance with the statutory obligation to file an STR may result in an innocent person getting into some kind of trouble, including being arrested.

38 STRO is unlikely to arrest a person based solely on information from an STR. STRO would have to verify that the information provided in the STR is accurate, check various domestic and (if necessary) international databases to see if any useful information can be obtained, and conduct further queries and analyses. If need be, STRO will launch a full investigation.

39 If an arrest is ultimately made, it would have been after a certain amount of work has been done, and supported by evidence collected independently rather than the plain information contained in the STR. Therefore, there, ought not to be any fear that law enforcement action is taken solely based on the STR, to the detriment of innocent parties.

## **Will my identity remain confidential?**

40 There are safeguards in place to protect the identity of the STR filer. Under section 56 of the CDSA, STRO is required to preserve the secrecy of information obtained under the CDSA, including STR information. There are strict measures in place to protect the identity of the STR filer.

41 Additionally, under section 40A of the CDSA, no STR information shall be admitted in evidence in any civil or criminal proceedings. Moreover, no witness in such proceedings shall be obliged to disclose the identity of the STR filer. If a document, which is in evidence, were to contain any entry that could lead to the discovery of the identity of the STR filer, the court shall cause those entries to be obliterated to protect the identity of the STR filer.

## **Will I be required to testify in court?**

42 If the concern with testifying in courts is that you would then be revealed as the STR filer, section 40A of the CDSA would provide ample assurance that the identity of the STR filer is protected. You may however, be required to testify in court as an ordinary witness (not as the STR filer) if there were certain facts that were specifically within your knowledge that is relevant to the trial.

## **Can I be sued for filing an STR against a person, and STRO subsequently finds that the STR was a “false alarm”?**

43 The key issue is whether you made the STR in good faith. Section 39(6) of the CDSA stipulates that disclosures made in good faith will not be treated as a breach of any restriction upon the disclosure imposed by law, contract or rules of professional conduct, and the maker shall not be liable for any loss arising out of the disclosure, or any act or omission in consequence of the disclosure.

## **Am I allowed to inform my customer that I filed an STR against him?**

44 You should **NOT** inform your customer that you or anyone else has filed an STR against him. This may constitute to “tipping off”, which is an offence under section 48 of the CDSA. “Tipping off” is an act when a person knows or has reasonable grounds to suspect that an authorised officer is acting in connection with an investigation and discloses to any other person information that is likely to prejudice that investigation.

## **Are there any measures that Pawnbrokers can take to detect and prevent money laundering and terrorist financing?**

45 Under Part 5 of the PBA, pawnbrokers shall be required to put in place programmes and measures to prevent money laundering and terrorism financing.

46 A pawnbroker must take steps to identify, assess and understand the money laundering and terrorism financing risks of its customers/pawners, the countries and jurisdictions where the customers/pawners come from as well as the countries and jurisdictions in which it is operating in. In order to achieve this, pawnbrokers will need to document its risk assessments and keep it up to date. When carrying out the risk assessment, all relevant risk factors will have to be considered before determining the overall level of risk and the appropriate type and extent of the mitigation to be applied. There should also be appropriate mechanisms in place to provide such risk assessments to the Registrar, when instructed to.

47 Pawnbrokers shall be required to develop and implement internal policies, procedures and controls (“IPPC”), which must be approved by its senior management, to manage and effectively mitigate the money laundering and terrorism financing risks identified or notified by the Registrar. Such IPPC include:

- a. Making appropriate compliance management arrangements, including the appointment of a compliance officer at the management level; and
- b. Applying adequate screening procedures when hiring employees.

48 Additionally, pawnbrokers shall have an ongoing programme to train employees on the internal policies, procedures and controls. An independent audit function should be in place to test such internal policies, procedures and controls with their implementation monitored and enhanced, if necessary.

### **Requirements applicable to branches and subsidiaries of pawnbrokers**

49 Pawnbrokers who have branches or subsidiaries, in Singapore and/or elsewhere, must develop and implement group-level measures, which must be observed by its branches or subsidiaries to prevent money laundering and terrorism financing. Pawnbrokers must also provide for:

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- a. Policies and procedures for providing and sharing information required for the purposes of customer due diligence measures under Part 2 of the Third Schedule of the PBA; and
- b. Safeguards on the confidentiality and use of information exchanged between the pawnbroker and its branches and subsidiaries.

50 For pawnbrokers that have branches or subsidiaries overseas in countries that have laws for the prevention of money laundering and/or the financing of terrorism that differ from those in Singapore, the pawnbroker must require the management of that branch or subsidiary to apply the more stringent set of laws, to the extent that the law of the host country or territory allows. If the branch or subsidiary is unable to fully apply the more stringent set of laws, the pawnbroker must report this to the Registrar and must comply with the directions as may be imposed by the Registrar.

## **Customer Due Diligence (“CDD”)**

51 All pawnbrokers are required to perform the CDD measures specified in Part 2 of the Third Schedule of the PBA.

52 Pawnbrokers are also required to have appropriate risk-management systems in place and be able to take reasonable measures to assess if a person relevant to a pawn transaction is a politically-exposed person or a family member or close associate of a politically-exposed person. For such instances, pawnbrokers are required to perform the measures specified in Part 3 of the Third Schedule of the PBA, in addition to the measures highlighted in the preceding paragraph.

53 Before the making of a relevant loan/transaction (i.e. a loan or aggregate of loans/sales exceeding \$20,000), the pawnbroker shall take reasonable measures to assess whether the relevant person is a terrorist or terrorist entity under the First Schedule of the TSoFA. If the pawnbroker has reasonable grounds to suspect that the customer is a terrorist or terrorist entity, the pawnbroker is required to perform the additional measures specified in Part 4 of the Third Schedule of the PBA.

## **Record Keeping**

54 In addition to the statutory duties under Section 23 of the PBA, pawnbrokers shall keep all documents and information (including any analysis performed) relating to a person that the pawnbroker obtained as a result of performing the necessary AML/CFT measures for a period of 5 years after the latest of the following dates:

- a. Date the item was pawned
- b. Date of redemption of a pledge
- c. Date of forfeiture of a pledge
- d. Date the pawnbroker ended any transaction or relationship with the person

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*[Note: This is a scenario not covered in (a)-(c). An example scenario may be that the police had seized the pledge, which was a stolen property, and the Court had ordered the property to be returned to the rightful owner. Other scenarios may occur.]*

- e. Date of occurrence of such other matter that is relevant to AML/CFT as may be prescribed  
*[Note: An example scenario may be the filing of an STR, which happened after the expiry of the redemption period. Another possible scenario may be the escalation of a pawnor’s status to one of a politically-exposed person.]*

55 Pawnbrokers must avail the documents kept and information required upon request by relevant law enforcement authorities.

## **Punishment for offences under Part 5 PBA**

56 A pawnbroker, which contravenes any requirement under Part 5 of the PBA, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000.

## **What is a Cash Transaction Report (“CTR”)?**

57 As a pawnbroker under the PBA, you are required to submit a CTR to STRO and a copy separately to ROP when:

- a. You sell any precious stone(s), precious metal(s), precious product(s) (“PSM”) to a customer and receive cash or cash equivalent exceeding SGD 20,000 as payment; or
- b. You conduct two or more sales of any PSM in a single day to the same customer, or to customers whom you know act on behalf of the same person and receive cash or cash equivalent in total exceeding SGD 20,000 as payment.

57A Any pawnbroker who fails to comply with the above requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD 20,000 and/or imprisonment for a term of up to two years.

## **How do I file a CTR?**

58 You can file a CTR (Form NP 784) electronically. All completed CTRs must be submitted within 15 business days (Mondays – Fridays, excluding Saturdays, Sundays and Public Holidays) after the date of the transaction. When you e-file CTR via SONAR, you agree for STRO to extend a copy of your report to ROP. Therefore, you need not separately mail your report to ROP.

58A For more information on CTR reporting, you may access the STRO website at the following link:

- <https://www.police.gov.sg/Advisories/Crime/Commercial-Crimes/Suspicious-Transaction-Reporting-Office>

### **How can I obtain more information on anti-money laundering and counter-terrorism financing?**

59 Detailed information can be obtained from the SPF’s website at:

- SPF’s website on AML/CFT (<https://www.police.gov.sg/Advisories/Crime/Commercial-Crimes/AML-CFT>)

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## Annex A

The following are examples / indicators of a suspicious customer<sup>18</sup> (including a pawner where applicable) or transaction which will guide you in determining if a situation is suspicious in order to guard against money laundering and terrorism financing, including through compliance with Part 2, paragraphs 2(1)(b), 3 and 13 of the Third Schedule to the PBA 2015:

### a. General

- Pawner admits or makes statements about involvement in criminal activities.
- Pawner does not want correspondence sent to home address.
- Pawner is accompanied and watched by another person / other people.
- Pawner shows uncommon curiosity about internal systems, controls and policies.
- Pawner presents confusing details about the loan/transaction or knows few details about its purpose.
- Pawner over justifies or explains the loan/transaction.
- Pawner gives conflicting accounts as regards the purpose of the loan/transaction.
- Pawner's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact pawner shortly after transaction was made.
- Pawner appears to be acting on behalf of a third party, but does not tell you.
- Pawner provides the particulars and contact details of owner of the pledge but the owner could not be contacted using the given contact details (or the contact details appear to be invalid).
- Pledge offered from pawning does not appear to be owned by the pawner but pawner insisted that it is his/hers (e.g. a male pawner offering a female watch for pawning and when queried, claimed that the watch is his).
- Pawner insists that a transaction be done quickly and that the identification and verification processes be done away with.
- The transaction does not appear to make sense or is out of keeping with usual or expected activity for the pawner.
- Pawner attempts to develop close rapport with staff yet appears to hide his true intentions.
- Pawner spells his or her name differently from one loan/transaction to another.
- Pawner provides false information or information that you believe is untrue.
- Pawner is the subject of a money laundering or terrorist financing investigation.
- There is information from a reliable source (that can include media or other open sources), that the pawner is suspected of being involved in illegal activity.
- There is adverse information concerning the pawner where he is listed on the UNSCR lists (terrorist, pirates, genocide), sanctions list or the customer appeared in media articles indicating his investigation, arrest, prosecution or conviction;

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<sup>18</sup> Reference to a customer includes a prospective customer/pawner.



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## **b. Knowledge of reporting or record keeping requirements**

- Pawner attempts to convince employee not to complete any documentation or verification required for the transaction.
- Pawner makes inquiries that would indicate a desire to avoid reporting.
- Pawner has unusual knowledge of the law in relation to suspicious transaction reporting.
- Pawner seems unusually conversant with money laundering or terrorist activity financing issues.
- Pawner is quick to volunteer that repayment funds are “clean” or “not being laundered.”
- Pawner appears to be structuring amounts (loans or payments) to avoid record keeping, client identification or reporting thresholds.

## **c. Identity documents**

- Pawner provides doubtful or vague and unverifiable documents (e.g. proof of purchase / original receipts that appear shady).
- Pawner does not resemble the photograph in his personal identification document
- Pawner produces seemingly false identification or identification that appears to be counterfeited, altered or inaccurate.
- Pawner refuses to produce personal identification documents.
- Pawner only submits copies of personal identification documents and is not able to produce the originals.
- Pawner expects the staff to establish identity using something other than his or her personal identification documents.
- All identification documents presented appear new or have recent issue dates.
- Pawner presents different identification documents at different times.
- Pawner’s residential address does not correspond with domicile or employment status.

## **d. Cash transactions**

- Pawner starts taking frequent loans in large amounts when this has not been a normal activity for the pawner in the past.
- Pawner makes multiple pledges in close successions for an aggregated loan of a substantial value, redeeming the pledges way before the due date and unable to provide a reasonable explanation on the source of funds used for repayment (such a behaviour, if repetitive, may attract a higher suspicion).
- Pawner uses notes in denominations to make repayments that are unusual for the pawner (i.e. repayment in notes of SGD \$1,000 or \$10,000).
- Pawner presents notes that are packed or wrapped in a way that is uncommon for the pawner.
- Pawner presents significant excessive funds for repayment without bothering to count them, which suggests that the source is doubtful.
- Pawner applies for a loan of an amount that is unusual compared with amounts of past transactions.