

Updates/Trends in AML/CFT

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Topics

SN	Topic
1	Money Laundering/ Terrorism Financing (ML/TF) Risks During Covid-19
2	Updates on Key Laws and Regulations
3	Deep fakes
4	Updates on Terrorism Threats

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ML/TF Risks During Covid-19

Key trends:

- Fraud/ Scams related to Covid-19.
- Lower inspection and supervision frequencies.
- Non face-to-face identification and verification
- Alternative payment modes

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Fraud/ Scams related to Covid-19

- Mar 2020 - 600 people (including the seller) were scammed \$189,000 for purchasing the surgical masks at \$0.24 a piece.
- Fake loan schemes totally S\$41.3 million between Jan – Mar 2020.
- Phone scam victims lost S\$110,000 in total to “Chinese Police”, courier companies, telecommunication service providers and government officers “investigating” the victims for Covid-19 related contraband.

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Fraud/ Scams related to Covid-19

- An overseas pharmaceutical company was defrauded of S\$6.64 mil over purchase of surgical masks and hand sanitisers.
- 39-year-old man received the money through a local bank and moved part of them out of Singapore.

4 Apr 2020

☰ THE STRAITSTIMES

SINGAPORE > Courts & Crime Education Ho

Man arrested for **money-laundering offences** linked to \$10.3 million Covid-19-related scam

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Fraud/ Scams related to Covid-19

29 May 2020



- 35-year-old man defrauded an overseas distribution firm of more than S\$917,000.
- He allegedly duped the firm into believing that he had 150,000 units of personal protection gowns to sell.

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Key Laws and Regulations

Corruption, Drug Trafficking and
Other Serious Crimes
(Confiscation of Benefits) Act
("CDSA")

Terrorism (Suppression of
Financing) Act
("TSOFA")

United Nations Act
("UN Act")

Amendments to
Sales of Commercial Property Act

Amendments to
Housing Developer Act

Precious Stones and Precious Metals (Prevention of Money Laundering and
Terrorism Financing) Act 2019
("PSPM Act")

Payment Services Act
("PS Act")

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Changes to CDSA and TSOFA (1 Apr 2019)

- Criminalising the possession or use of property reasonably suspected of being criminal proceeds, if the accused cannot satisfactorily account for it.
- For ML involving overseas crimes, the Courts can decide base on evidence presented by the Prosecution that a drug dealing or serious offence had indeed been committed in the overseas jurisdiction, without having to rely on foreign governments or experts.
- For TF, the scope of prohibited activities have expanded to include the financing of the overseas travel of an individual to any place to provide or receive any training in facilitating or carrying out any terrorist act.

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Changes to CDSA and TSOFA (1 Apr 2019)

Section	Offences (CDSA)	Penalties
39	Failure to report suspicious transactions	<p>Fine up to \$20,000 \$250,000 or imprisonment up to 3 years (individual)</p> <p>Fine up to \$500,000 (for corporate)</p>
43,44, 46, 47	<ul style="list-style-type: none"> Acquiring, possessing, using, concealing or transferring benefits of drug dealing Acquiring, possessing, using, concealing or transferring benefits from criminal conduct Assisting another to retain benefits of drug dealing/ drug dealing. 	<p>Fine up to \$500,000 or imprisonment up to 10 years, or both.</p> <p>Fine not exceeding \$1 million or twice the value of the benefits from criminal conduct in respect of which the offence was committed, <u>whichever is higher</u> (for corporate).</p>
48	Tipping-off offence	<p>Fine of up to \$30,000 \$250,000, or imprisonment of up to 3 years, or both</p>
33	Failure to co-operate with law enforcement agencies (Contravention of a production order)	<p>Fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.</p>

Changes to CDSA and TSOFA (1 Apr 2019)

Section	Offences (TSOFA)	Penalties
8	Failure to disclose: (a) possession, custody or control of any property belonging to any terrorist or terrorist entity (b) information about any transaction or proposed transaction in respect of any property belonging to any terrorist or terrorist entity	Fine up to \$50,000 \$250,000 or imprisonment of up to 5 years, or both (for individual, during the course of the individual's trade, profession, business or employment).
10	Failure to disclose information which may: (a) Prevent the commission by another person of a terrorism financing offence (b) Secure the apprehension, prosecution or conviction of another person, in Singapore, for an offence involving the commission, preparation or instigation of a terrorism financing offence	Fine up to \$50,000 (for individual <u>NOT</u> during the course of the individual's trade, profession, business or employment) Fine up to \$1 million or twice the value of transaction (for corporate)
10B	Tipping-off offence	Fine of up to \$30,000 \$250,000 , or imprisonment of up to 3 5 years, or both

Key Laws and Regulations – Amendments to Housing Developers (Control and Licensing) Act and Sale of Commercial Properties Act

- Property Developer:
 - Cannot maintain any account that is anonymous or has fictitious purchaser name.
 - Must conduct Customer Due Diligence.
 - Implement internal policies, procedures and controls against money laundering and terrorism financing.
 - Keep records.
 - File Suspicious Transaction Reports

Key Laws and Regulations – PSPM Act

WHO?



Regulated Dealer

- Manufactures, imports, sells, buying for resale precious stones/ precious metals/ precious products.
- Sells or redeems **asset-backed tokens**.
- Excludes:
 - Pawnbrokers (regulated under Pawnbrokers Act)
 - Financial Institutions (regulated under MAS)
 - Foreign dealers (who carry on a business for not more than 90 days in a year, e.g. exhibition, fair.)

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Key Laws and Regulations – PSPM Act

WHAT?



**Precious Stones/Precious Metals
Precious Products**

Precious Stones

- Diamond, Sapphire, Ruby, Emerald, Jade (including Nephrite and Jadeite), Pearl

Precious Metals

- Gold, Silver, Platinum, Iridium, Osmium, Palladium, Rhodium, Ruthenium
- Alloy with at least 2% in weight of precious metals

Precious Products

- Precious products (jewellery, watch, apparel, accessory, ornament or other finished products) that has at least 50% value precious metals/ stones.

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Key Laws and Regulations – PSPM Act

WHEN?



Designated Transactions

- **Sell** to a customer precious stones, metals, products, or asset-backed token > S\$20,000 in cash or cash equivalent*.
- **Sell** to a customer in **2 or more sales in a single day** precious stones, metals, products, or asset-backed token > S\$20,000 in total in cash or cash equivalent.
- For secondhand goods dealers, **buy** from a customer precious stones, metals, products where >S\$20,000 in cash or cash equivalent is received as payment.
- For secondhand goods dealers, **buy** from a customer in **2 or more purchases in a single day** precious stones, metals, products where >S\$20,000 in cash or cash equivalent is received as payment.
- **Redeem** from a customer an asset-backed token for cash or a cash equivalent > S\$20,000
- **Redeem** from a customer **2 or more redemptions** in a single day of any asset-backed token for cash or cash equivalent >S\$20,000

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Key Laws and Regulations – PSPM Act

Register with the Registrar of Regulated Dealers

Entity-based requirements

Conduct **ML/TF risk assessment** with measures to address the risks

Develop internal policies, procedures and controls ("**IPPC**"), including:

- **train** your employees
- conduct independent **audit** for regulated dealers which **conduct cash transactions exceeding S\$20,000**

Transaction-based requirements

Conduct Customer Due Diligence ("**CDD**")

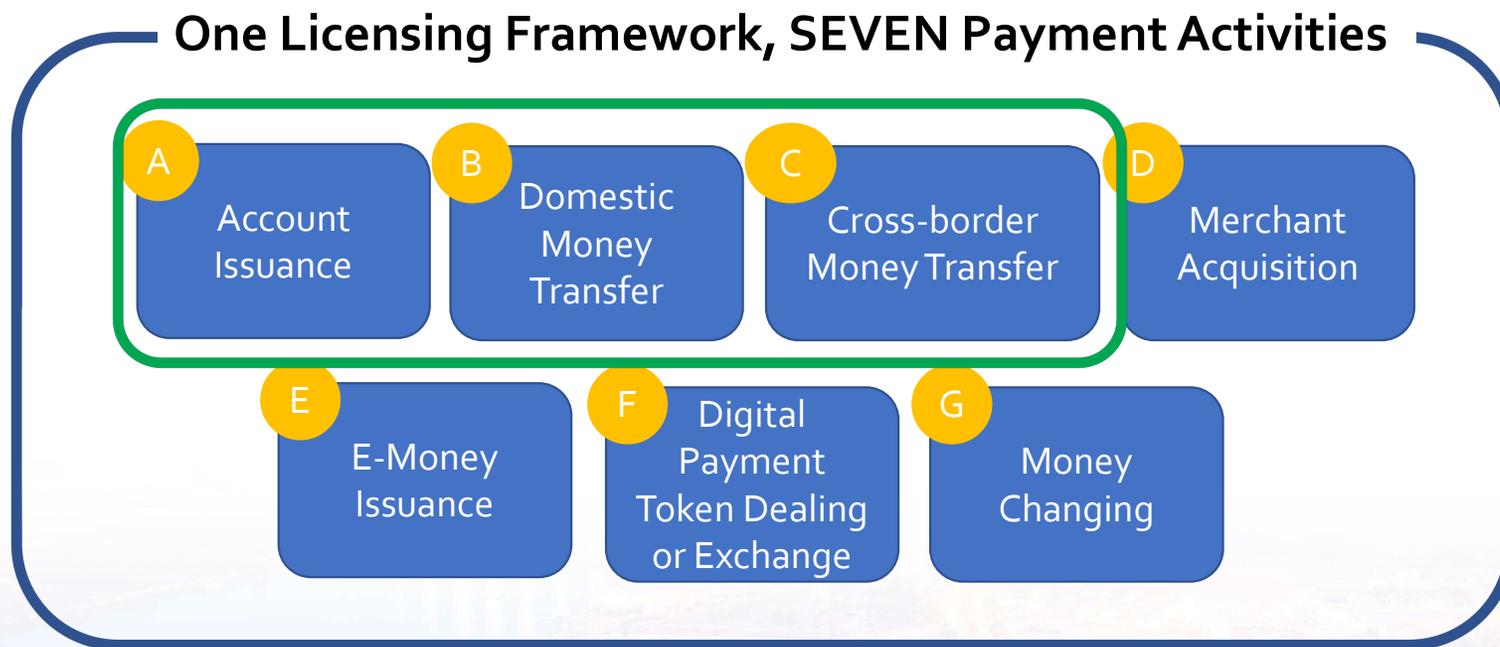
Conduct Enhanced Customer Due Diligence ("**ECDD**")

File Cash Transaction Reports ("**CTR**")

File Suspicious Transaction Reports ("**STR**")

Keep records for 5 years

Key Laws and Regulations – PS Act



Key Laws and Regulations – PS Act

SN	Activity	Description
A	Account Issuance	Issuing, maintaining or operating a payment account in Singapore, such as an e-wallet or a non-bank credit card.
B	Domestic Money Transfer	Providing local funds transfer services in Singapore. This includes payment gateway services and payment kiosk services.
C	Cross-border Money Transfer	Providing inbound or outbound remittance services in Singapore.
D	Merchant Acquisition	Providing merchant acquisition services in Singapore. This is where the service provider contracts with a merchant to accept and process payment transactions, which results in a transfer of money to the merchant. Usually the service includes providing a point of sale terminal or online payment gateway.
E	E-money Issuance	Issuing e-money in Singapore to allow the user to pay merchants or transfer e-money to another individual.
F	Digital Payment Token Dealing or Exchange	Buying or selling virtual currency, or providing a platform to allow persons to exchange virtual currency in Singapore.
G	Money Changing	Buying or selling foreign currency notes in Singapore.

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Fake photos



Nov 2016 – Punggol Waterway Terraces roof collapse

Fake photo – Face Swap

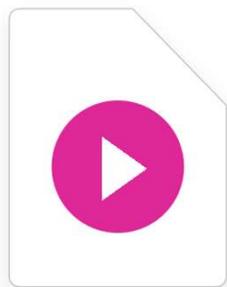


Be who you want to be!

Fake photo – Fake Person



Fake voice



Original voice



Synthetic voice

March 2019

CEO of a UK-based energy firm thought he was speaking on the phone with his boss, who asked him to send the funds to a Hungarian supplier

Criminal used AI-based software to successfully mimic the German executive's voice by phone.

US 243,000 was fraudulently transferred to the "Hungarian supplier".

Fake Videos



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Terrorism during Covid-19 Pandemic

FBI Uncovers Al-Qaeda Plot To Just Sit Back And Enjoy Collapse Of United States

NEWS · Terrorism · World · Government · Terror · Al-Qaeda · News · ISSUE 50-15 · Apr 15, 2014



عصا اخل اة اارشل اة اأوتحت اهسفن ري مردتل برغل ا جا رسلاو ن آل ا رظتنن

A recent al-Qaeda video shows a militant training to carry out his mission of lying back and watching America's status as a superpower erode.

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Terrorism during Covid-19 Pandemic

- Countries are committing resources (including security resources) to deal with the pandemic.
- Imminent economic crisis could create social unrest in weak states.
- Opportunities for recruitment and terrorist activities or terrorist acts.

15 Mar 2020

“..the healthy should not enter the land of the epidemic and the afflicted [/infected] should not exit from it”

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Terrorism Threat in Singapore

DO – Detention Order
RO – Restriction Order

Date	Nationality	Occupation	Order	Remarks
10-Feb-2020	Singaporean	17-year-old secondary student	DO	Radicalised by foreign online contact.
23-Sep-19	Indonesian	33-year-old domestic worker	DO	Radicalised. Also charged for Terrorism Financing: a. Retno Hernayani, collected a total of S\$100 on <u>two</u> occasions between March and April 2019, and provided a total of S\$140 on <u>two</u> occasions during the same period; b. Anindia Afiyantari provided a total of S\$130 on <u>five</u> occasions between February and July 2019; and c. Turmini provided a total of IDR 13 million (approximately S\$1,216) on <u>five</u> occasions between September 2018 and May 2019.
	Indonesian	36-year-old domestic worker	DO	
	Indonesian	31-year-old domestic worker	DO	
16-Sep-19	Singaporean	34-year-old Singaporean man	DO in 2018	Charged for Terrorism Financing - Hussein had provided SGD 1,059 and USD 62 (~ SGD 86) on 29 July 2016 and 3 September 2016 respectively to an individual overseas who was facilitating terrorist acts
25-Jul-19	Singaporean	36-year-old licensed money-changer	DO	Radicalised.
	Singaporean	47-year-old former delivery assistant	DO	Radicalised.
25-Jun-19	Singaporean	40-year-old unemployed	DO	Radicalised.
	Singaporean	39-year-old food deliveryman	RO	Radicalised.
	Singaporean	62-year-old production technician	RO	Radicalised.
15-Apr-19	Singaporean	35-year-old Singaporean	DO in 2017	Charged for Terrorism Financing - provided money amounting to \$450 to an individual in Turkey on 31 October 2014 for the publication of ISIS propaganda.
15-Feb-19	Singaporean	48-year-old businessman based in Malaysia	DO	Close associate of a Syria-based ISIS militant.
	Singaporean	28-year-old freelance car exporter based in Singapore	DO	Radicalised.
16-Jan-19	Singaporean	46-year-old freelance religious teacher	RO	Radicalised.

Radicalisation

- Led astray by ISIS social media posts and videos posted on YouTube, Google+, blogs, Facebook, Twitter, Whatsapp and Telegram (these have all been removed).
- Radical preachers – online and over the radio.
- “Influencers” or radicalized persons to win over others to their point of view.

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