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FOR IMMEDIATE RELEASE

MEDIA RELEASE

Financial Penalties Imposed on Credit Suisse and UOB for 1MDB-Related Transactions

Singapore, 30 May 2017…The Monetary Authority of Singapore (MAS) announced today that it has completed its two-year review of banks involved in 1MDB-related transactions known to-date. In its latest regulatory actions, MAS has imposed financial penalties on Credit Suisse and United Overseas Bank (UOB), as well as issued Prohibition Orders (POs) against three individuals and served notice of its intention to impose the same regulatory action on three others.

Regulatory actions against Credit Suisse and UOB

MAS has completed the series of bank inspections targeted at 1MDB-related fund flows known to-date. The latest inspections of Credit Suisse and UOB revealed several breaches of anti-money laundering (AML) requirements and control lapses. These include weaknesses in conducting due diligence on customers and inadequate scrutiny of customers' transactions and activities. MAS did not however detect pervasive control weaknesses within these banks.

MAS has imposed on Credit Suisse and UOB financial penalties amounting to S$0.7 million and S$0.9 million respectively for breaches of MAS Notice 626 - Prevention of Money Laundering and Countering the Financing of Terrorism. It has directed the banks to appoint independent parties to assess and confirm to MAS that rectification measures have been effectively implemented. MAS has also instructed the management of Credit Suisse and UOB to take disciplinary measures, where appropriate, against errant staff. The banks are currently taking measures to address the weaknesses identified and strengthen their AML controls.

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Prohibition Orders against convicted bank employees

Further to its announcement on 13 March 2017, MAS has issued lifetime POs against Mr Jens Fred Sturzenegger and Mr Yak Yew Chee, as well as a 15-year PO against Ms Seah Mei Ying[1] with effect from 29 May 2017.

Mr Sturzenegger was the branch manager of Falcon Private Bank Ltd, Singapore branch (Falcon Bank), while Mr Yak and Ms Seah were employees of BSI Bank Limited (BSI Bank). Mr Sturzenegger has been convicted of financial crimes including providing false information to authorities in an attempt to cover up his knowledge of Falcon Bank's relationship with Mr Low Taek Jho. Mr Yak and Ms Seah were convicted of multiple counts of failing to report suspicious transactions and of forging reference letters at BSI Bank on behalf of Mr Low.

[1] Formerly known as Yvonne Seah Yew Foong.

All three individuals are prohibited from (i) providing any capital markets and financial advisory services; and (ii) taking part in the management of, acting as a director of, or becoming a substantial shareholder of any capital markets services or financial advisory firm in Singapore.

Prohibition Orders against Mr Kelvin Ang and officers of NRA Capital Pte Ltd

MAS has served notice of its intention to issue a PO against Mr Ang Wee Keng Kelvin[2], a former representative of Maybank Kim Eng Securities Pte Ltd (MKES). MAS also served notice of its intention to issue POs against the Chief Executive Officer of NRA Capital Pte Ltd (NRA), Mr Kevin Scully, and its former Head of Research, Mr Lee Chee Waiy[3].

Through Mr Ang's introduction, NRA was appointed to perform the valuation of PetroSaudi Oil Services Limited (PSOSL)[4]. On 24 May 2017, Mr Ang was convicted of an offence under the Prevention of Corruption Act for bribing Mr Lee with S$3,000 to expedite the preparation of the valuation report on PSOSL.

Mr Lee had been the primary person in NRA working on the valuation. Apart from accepting the bribe, he was also found to have applied inappropriate methodology and assumptions in the valuation of PSOSL. As CEO of NRA, Mr Scully had failed to ensure that his analyst, Mr Lee, had exercised sufficient care, judgment and objectivity in the valuation of PSOSL.

The proposed POs will prohibit:

(a) Mr Ang, for a period of 6 years, from (i) providing any capital markets and financial advisory services; and (ii) taking part in the management of, acting as a director of, or becoming a substantial shareholder of any capital market services and financial advisory firm in Singapore;

(b) Mr Lee and Mr Scully, for a period of 6 and 3 years respectively, from (i) providing any financial advisory services; and (ii) taking part in the management of, acting as a director of, or becoming a substantial shareholder of any financial advisory firm in Singapore.

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Most extensive anti-money laundering review to-date

MAS' supervisory review of financial institutions (FIs) involved in 1MDB-related flows is the most extensive it has ever taken. The review included detailed onsite inspections, offsite examination and analysis of information obtained from the FIs and foreign regulators, and close co-ordination with the Attorney-General Chambers and the Commercial Affairs Department. The review uncovered a complex web of transactions involving numerous shell companies and individuals operating in multiple jurisdictions, including the United States, Switzerland, Hong Kong, Luxembourg and Malaysia.

[2] Mr Ang was a representative of MKES from August 2009 to November 2015.

[3] Mr Lee was a representative of NRA from September 2008 to September 2015.

[4] Mr Yeo Jiawei, a former employee of BSI Bank Limited, had sought Mr Ang's help to obtain a valuation of PSOSL.

Singapore agencies responded expeditiously to requests for information or assistance from overseas law enforcement and regulatory authorities. In turn, Singapore submitted similar requests to, and received vital information from, many countries. The good progress achieved to-date would not have been possible without close international co-operation. Investigations are still on-going in many jurisdictions and Singapore will continue to render its assistance where needed.

Arising from its extensive review, MAS has shut down two merchant banks, BSI Bank and Falcon Bank, due to egregious failures of AML controls and improper conduct by senior management. Financial penalties of S$29.1 million in aggregate have been imposed on eight banks (BSI Bank, Falcon Bank, DBS, UBS AG, Standard Chartered Bank, Coutts, Credit Suisse and UOB) for various breaches of AML requirements. POs, ranging from 10 years to lifetime, have been issued against four former employees of financial institutions implicated in these transactions. MAS has notifed another three current and former employees of its intention to issue POs against them, ranging from 3 to 6 years.

Conclusion

Mr Ravi Menon, Managing Director, MAS, said, "The two-year long 1MDB-related review holds key lessons for both MAS and financial institutions in Singapore. MAS has enhanced its AML surveillance and taken unprecedented enforcement actions against errant institutions and individuals. Financial institutions have increased their risk awareness and strengthened their AML controls. Our financial industry is in a better position today than it was when the abuses stemming from the 1MDB-related flows took place. The price for keeping our financial centre clean as it grows in size and inter-connectedness is unstinting vigilance."

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