

CROSS-BORDER STATUTES AND OTHER MEASURES TO CURB MONEY LAUNDERING IN SINGAPORE

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Introduction

1. “*Money laundering*” is the process whereby the proceeds of criminal activities are “*laundered*” or “*cleaned*” via a series of transactions through the financial system with the aim of concealing the true source of the proceeds.

2. The logic is simple enough – and ironic. The primary objective of a criminal organisation – money, or its accumulation – also represents the weakest link in its operations. A successful criminal organisation is, by definition, one that generates large surpluses of cash, but this in turn tends to raise suspicion and attract the attention of the authorities. It also leaves a “money trail” of incriminating evidence onto which investigators can latch and trace against the perpetrators of the predicate or underlying crime. “Dirty money” beyond his immediate needs is therefore of little use to the criminal unless further steps are taken to “clean” it.

3. Money laundering is a massive global phenomenon. It is by and large a reflection of the value of the underground criminal economy. Due to the clandestine nature of such activities, however, it is often difficult to estimate the actual sums involved. According to the Financial Action Task Force (“the FATF”),

¹ I am indebted to my colleagues, Senior State Counsel Ms Jennifer Marie, Deputy Senior State Counsel Mr Mathew Joseph, and State Counsel Mr Hay Hung Chun for their invaluable assistance in preparing this paper. Mistakes are, of course, all mine.

money laundering globally ranged between 2 – 5 % of the world's GDP. That is US \$ 590 billion and US \$ 1.5 trillion using 1996 statistics².

4. It is not difficult at all to appreciate the disastrous effects of money laundering. At its most basic level, there are immediate law and order issues for a society. The illegal proceeds are, after all, the fruits of underlying organised criminal activities – drug trafficking, fraud, smuggling, corruption, prostitution, gambling, extortion and the like. Next, as the ill-gotten proceeds are channeled into the financial system, other problems arise. For example, bank officials have to be bribed to turn a blind eye to the transaction and, as these nefarious activities move further up the chain, other incidental crimes have to be committed to cover the trail. This in turn generates a secondary layer of offences distinct from the initial predicate offences and therefore adds to the volume of criminal activity.

5. At its highest level, since money laundering activities by their very nature are hard to estimate, it complicates proper economic management due to lack of accurate data³. There are also other negative macroeconomic implications. As accumulated balances of laundered assets are likely to be larger than the annual flow, it increases the potential for destabilization either domestically or across borders and could be used to corner markets or even small economies. Other adverse consequences include interest and exchange rate volatility which in turn

² See generally FATF Website at: <http://www.fatf-gafi.org/>

³ *Macroeconomic Implications of Money Laundering*, IMF Working Paper 96/66 (Washington: International Monetary Fund).

affect the movement of funds. Multiply the above with increasing globalisation and the problem is indeed alarming.

6. In response to these serious threats posed by money laundering and the attendant activities, several initiatives have been taken at the international stage. Two of the most significant international instruments in the fight against money laundering are the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988 (“the 1988 Vienna Convention”)⁴ and the United Nations Convention Against Transnational Organized Crime 2000 (“the Palermo Convention”)⁵.

7. The 1988 Vienna Convention contains comprehensive anti-money laundering (AML) measures against drug trafficking. But what is more significant is that it is the first international instrument to deal with the issue of the proceeds of crime and to require states to criminalise money laundering and to take other measures to curb it. It can be seen as a prototype of the typical AML legislation that we see around today.

8. The Palermo Convention deals with transnational organised crime in general and some of the major activities engaged by such groups include money laundering, corruption and the obstruction of investigations or prosecutions. To supplement the Convention, 3 Protocols also tackle specific areas of transnational organised crime that are of particular concern to UN Member

⁴ Text may be found at http://www.unodc.org/pdf/convention_1988_en.pdf

⁵ “The United Nations Convention against Transnational Organized Crime and its Protocols”, UN Office on Drugs and Crime - http://www.unodc.org/unodc/en/crime_cicp_convention.html

States - the Trafficking in Persons, especially Women and Children Protocol, the Smuggling of Migrants Protocol and the Trafficking in Firearms Protocol.

9. No discussion on money laundering is ever complete without mentioning the global efforts against combating the financing of terrorism (CFT). The 1999 United Nations International Convention for the Suppression of the Financing of Terrorism⁶ requires states to take steps to prevent and criminalise the financing of terrorists. It provides for the identification, freezing and seizure of funds allocated for terrorist activities, as well as for the sharing of the forfeited funds with other states on a case-by-case basis. After 11 September 2001, these efforts have been further reinforced and supplemented by UN Security Council Resolutions 1373⁷ and 1390⁸.

10. Singapore has ratified and enacted legislations to comply with its obligations under the 1988 Vienna Convention and the 1999 United Nations Convention for the Suppression of the Financing of Terrorism. It has also put in place measures to comply with UN Security Council Resolution 1373 and other relevant resolutions in that area. Singapore has also signed the Palermo Convention and we are currently studying it with a view to ratification.

11. I now highlight the main features of AML/CFT regime adopted in Singapore in the light of these international instruments and developments.

⁶ <http://untreaty.un.org/English/Terrorism/Conv12.pdf>

⁷ <http://daccessdds.un.org/doc/UNDOC/GEN/N01/557/43/PDF/N0155743.pdf?OpenElement>

⁸ <http://daccessdds.un.org/doc/UNDOC/GEN/N02/216/02/PDF/N0221602.pdf?OpenElement>

A) THE CORRUPTION, DRUG TRAFFICKING AND OTHER SERIOUS CRIMES (CONFISCATION OF BENEFITS) ACT

12. The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act⁹ (CDSA) is the primary instrument for criminalising the laundering of benefits derived from corruption, drug trafficking and other serious crimes, as well as to allow for the investigation and confiscation of such benefits. Before the CDSA was passed, the money laundering regime was governed primarily by 2 separate Acts - the Corruption (Confiscation of Benefits) Act and the Drug Trafficking (Confiscation of Benefits) Act.

13. The Corruption (Confiscation of Benefits) Act was enacted and came into operation on 10 July 1989 to provide for a more effective mechanism in the confiscation and recovery of corruption benefits, in particular, in relation to unexplained benefits and benefits of persons who die or abscond while under investigation. In the case of the Drug Trafficking (Confiscation of Benefits) Act, which came into operation on 30 November 1993, it denies drug traffickers the benefits of their crime and also makes the laundering of benefits of drug trafficking an offence.

14. In 1999, the Singapore Parliament amended the Drug Trafficking (Confiscation of Benefits) Act by amalgamating it with the Corruption (Confiscation of Benefits) Act and extended the asset confiscation and AML provisions to cover other serious non-drug trafficking offences. This amended Act

⁹ Cap.65A, 2000 Rev Ed. See <http://statutes.agc.gov.sg/>

was re-named as the present CDSA. These amendments recognise the fact that transnational crime is not restricted to drugs or proceeds of drug trafficking.

Features of the CDSA

15. The basic themes of the CDSA are: to find or identify the illegal proceeds; to freeze it; and to forfeit it. This would take out the profit from the crime by denying the criminal his ill gotten gains. I will now look at the more salient features of the CDSA.

i) The Predicate Offences

16. The CDSA covers two main categories of predicate offences - “*drug trafficking offence*” and “*serious offence*”. A “*drug trafficking offence*” means one of the offences set out in the First Schedule to the CDSA. These include manufacturing, production, or importation of a controlled drug or cultivation of cannabis, opium or coca plants as defined in the Misuse of Drugs Act and also the offence of money laundering as defined in sections 43 and 46 of the CDSA. A “*serious offence*” is one set out in the Second Schedule of the CDSA. The Second Schedule sets out a list of 184 offences¹⁰ in other penal statutes. It also includes the offences of money laundering defined in sections 44 and 47 of CDSA.

17. An attempt to commit or an abetment to commit a “*drug trafficking offence*” or a “*serious offence*” is in itself a predicate offence. By providing for “*foreign drug trafficking offence*” and “*foreign serious offence*”, the CDSA also makes it

¹⁰ As of 9 September 2005.

clear that predicate offence committed overseas are caught by its provisions. The CDSA therefore has cross-border implications.

ii) Conviction-based confiscation

18. Confiscation under the CDSA is conviction-based, *i.e.* confiscation orders can only be made where a defendant has already been convicted of a predicate offence listed in the CDSA, *i.e.*, a “*drug trafficking offence*” or a “*serious offence*”. Where a defendant is convicted of a predicate offence, the court shall on the application of the Public Prosecutor, make a confiscation order against the defendant in respect of benefits derived by him from drug trafficking or criminal conduct, if the court is satisfied that such benefits have been so derived.¹¹

19. Although a confiscation order can only be made if there is a conviction, the CDSA provides that a person “*shall be taken to be convicted*” if he “*absconds*” under certain conditions. These conditions are that investigations must have commenced and that the person *dies* before proceedings were instituted or, if proceeding have been instituted, before conviction, or that the person cannot be found, apprehended or extradited 6 months after the start of investigation.¹² In such a situation, a confiscation order may still be made if the court is satisfied on the evidence adduced before it that such evidence, if unrebutted would warrant a conviction for the predicate offence.

¹¹ Sections 4 and 5, CDSA

¹² Section 26, CDSA

iii) *Property covered under confiscation order*

20. The confiscation order applies in respect of the benefits derived by the defendant (a) from “*drug trafficking*” where the defendant has been convicted of a *drug trafficking offence*, or (b) from “*criminal conduct*” where the defendant has been convicted of a *serious offence*. “*Drug trafficking*” and “*criminal conduct*” have been defined to cover conduct constituting the predicate offences (including the foreign equivalents) or the dealing with, assistance or arrangement to deal with, the benefits of such offences whether carried out in Singapore or elsewhere. The confiscation order therefore also apply to any property, whether it is situated in Singapore or elsewhere and again demonstrates the cross-border effects intended by the CDSA.

iv) *Presumptions of benefiting from crime*

21. If a defendant holds, or has at any time held, any property or any interest therein disproportionate to his known sources of income, and which he cannot explain to the satisfaction of the court, then he shall, until the contrary is proved, be presumed to have derived benefits from drug trafficking or criminal conduct. This effectively reverses the burden of proof and places the onus on the defendant to prove that the asset was acquired legally. As in other criminal provisions where the defendant has the onus of proving the existence of a fact, the standard to which he needs to prove is on a balance of probabilities¹³. This is a lower threshold than the prosecution’s standard which is proof beyond reasonable doubt.

¹³ Section 51 of CDSA also expressly provides for this for the avoidance of doubt.

v) *Third Party interests*

22. The CDSA recognises the rights of third parties which may be affected by a confiscation order¹⁴. Where an application is made for a confiscation order, a person who asserts an interest in the property may apply to the court before the confiscation order is made for an order declaring the nature, extent and value of his interest.

23. In the case where a confiscation order has *already* been made, a person may still apply for an order declaring the nature, extent and value of his interest. However, a person who has knowledge of the application for confiscation order or appears at the hearing of the application, shall not be permitted to make an application except with leave of the court.

vi) *Sums ordered to be confiscated enforceable as fines*

24. Section 14 of the CDSA provides that the amount ordered by a court to be paid under a confiscation order shall have effect as if the amount were a fine (and therefore recoverable as such). Where a defendant defaults in the payment of the amount, he shall be sentenced to serve default sentences in the usual course. The length of the default sentences would depend on the amount ordered to be paid. This may range from a term of not more than 2 years' imprisonment for an amount not exceeding S\$20,000, to a term of not more than 10 years' imprisonment where the amount exceeds S\$100,000.

¹⁴ Section 13, CDSA. Also such third party rights are recognised in other instances, for example where there is a production order. A person ordered to produce any material to any authorised officer may seek a variation of the order: s 32, CDSA.

vii) *Obligations of “financial institutions”*

25. The CDSA defines “*financial institution*” widely to include both natural and non-natural persons. It means a bank, a merchant bank, a finance company, the holder of a capital markets services licence under the Securities and Futures Act 2001, a licensed financial adviser under the Financial Advisers Act 2001, a company or society registered under the Insurance Act (Cap. 142) as a direct insurer carrying on life business, an insurance intermediary licensed under any written law relating to insurance intermediaries if the intermediary arranges contracts of insurance in respect of life business, and such other persons or class of persons as the Minister may by order prescribe. These obligations are as follows:

- *Duty to keep records*

26. Section 37 read with section 36 requires a financial institution to keep proper records of certain financial transaction documents¹⁵ for a 6 year period which will ensure that the “money trail” would be available during investigations.

- *Duty to disclose*

27. There is an obligation to make what is more commonly known in most jurisdictions as a “suspicious transaction report” (STR), which is a key source of intelligence for law enforcement authorities tackling money laundering.

¹⁵ These include documents relating to a person’s opening or closing of an account, the operation of an account, a deposit box, telegraphic or electronic transfer of funds, transmission of funds between Singapore and a foreign country or between foreign countries, loan application or records of customer identification: see s.36(1), CDSA.

28. Any person who fails to make a STR when he becomes aware or suspects that the transaction is tainted is guilty of an offence¹⁶. Such duty to disclosure shall not be treated as a breach of any restriction upon the disclosure imposed by law, contract or rules of professional conduct and the informant shall not be liable for any loss arising out of the disclosure or any act or omission in consequence of the disclosure¹⁷.

viii) Specific offences of money laundering

29. The CDSA also creates offences of money laundering, both in relation to predicate offences from which a person obtains the proceeds, and also where a person deals or agrees to deal with tainted money. The Act also makes it an offence for a person to acquire tainted money and to tip off anyone who is the subject of investigation.

- *Assisting another to retain benefits*

30. Sections 43 and 44 make it an offence for a person to enter into an arrangement, knowing or having reasonable grounds to believe that the arrangement would facilitate retention or control of benefits of drug trafficking or criminal conduct. The punishment is a fine not exceeding \$200,000 or imprisonment for a term not exceeding 7 years or both.

- *Concealing or transferring benefits*

31. Sections 46 and 47 make it an offence if a person conceals or disguises, or converts or transfers out of jurisdiction any property which is wholly or partially,

¹⁶ Section 39 (2) - liable on conviction to a fine not exceeding \$10,000.

¹⁷ Section 39(6), CDSA.

directly or indirectly, his (or another person's property which he knows or has reason to believe are) benefits of drug trafficking or criminal conduct. The punishment is a fine not exceeding \$200,000 or imprisonment for a term not exceeding 7 years or both.

- *Acquiring benefits*

32. Sections 46(3) and 47(3) make it an offence for any person to acquire property with no or inadequate consideration from another person when he knows or has reasonable grounds to believe that the property represents that other person's benefits of drug trafficking or criminal conduct. The punishment is a fine not exceeding \$200,000 or imprisonment for a term not exceeding 7 years or both.

- *Tipping off*

33. Section 48 makes it an offence for a person, if he knows or has reasonable grounds to suspect that an investigation in connection with the CDSA is underway, or a disclosure has been made to an authorised officer under the CDSA, and he discloses this to any other person which is likely to prejudice that investigation or proposed investigation. This offence of tipping off is an extension of the offence of prejudicing investigations under section 49. Both are punishable with a fine not exceeding \$30,000 or imprisonment for a term not exceeding 3 years or both.

34. Finally, **Part VII** of the CDSA contains other miscellaneous provisions relating to areas such as the burden of proof, compensation, modes of trial for

offences, composition of offences, powers of arrest and other miscellaneous offences like obstructing or prejudicing investigations.

B) COMBATING THE FINANCING OF TERRORISM (CFT)

35. Singapore's CFT framework is made up of 3 legislations. The UN (Anti-Terrorism Measures) Regulations 2001 came into operation on 13 November 2001 under the United Nations Act to give effect, *inter alia*, to UN Security Council Resolutions 1373 and 1390. The Monetary Authority of Singapore (Anti-Terrorism Measures) Regulations 2002 came into operation on 30 September 2002 under the Monetary Authority of Singapore Act. Its purpose was to give effect to Resolutions 1373 and 1390 specifically in relation to financial institutions. The Terrorism (Suppression of Financing) Act¹⁸ ("TSOFA") came into operation on 29 January 2003. The TSOFA gives effect to the 1999 United Nations International Convention for the Suppression of the Financing of Terrorism.

36. The main difference between these CFT legislations and the CDSA is that the latter deals with proceeds of criminal acts while the former deal with funds that may have been obtained legitimately; however such funds are destined for use by terrorists or for the purpose of terrorism. In this regard, the CFT legislations deal with, among other things, the provision or collection of funds knowing or having reasonable grounds to believe that they will be used to commit terrorist acts, dealing with property controlled directly or indirectly by terrorists,

¹⁸ Cap. 325, 2003 Rev Ed. See <http://statutes.agc.gov.sg/>

entering into or facilitating or providing financial services to terrorists, terrorist entities or terrorist controlled persons.

37. The TSOFA contains provisions for search warrants, restraint orders and confiscation, mutual legal assistance and extradition, and universal jurisdiction for some of the offences specific to the TSOFA¹⁹.

C) MUTUAL LEGAL ASSISTANCE AND EXTRADITION

38. As noted in the brief discussion above on the CDSA, some of its provisions actually have extra-territorial effect. One example is in the defining of predicate offences to include an equivalent foreign offence committed overseas. This would require investigators in Singapore to gather evidence outside of jurisdiction. Further, a Singapore court order may have to be enforced outside of jurisdiction or an offender may have to be extradited to Singapore for prosecution. Co-operation of another country and among countries at these various stages of the investigation and prosecution is therefore necessary.

39. The Mutual Assistance in Criminal Matters Act²⁰ (MACMA) was enacted to facilitate the provision and obtaining of international assistance in criminal matters between Singapore and places outside Singapore. These include the provision and obtaining of evidence, arrangements for persons to give evidence or assist in criminal investigations, the recovery, forfeiture or confiscation of property in respect of offences, the restraining of dealings in property, or the

¹⁹ The procedure in applying for these are slightly different from those in the CDSA.

²⁰ Cap.190A, 2001 Rev Ed. See <http://statutes.agc.gov.sg/>

freezing of assets, the execution of requests for search and seizure, the location and identification of witnesses and suspects, and the service of documents.

40. Requests under MACMA are made to the Attorney-General. Requesting states fall under two categories: “*foreign country*” and a “*prescribed foreign country*”. The latter refers to states with which Singapore has a treaty, Memorandum of Understanding (MOU) or other agreement to provide assistance in criminal matters²¹. MACMA also does not prevent the rendering of assistance through INTERPOL. In any event, requests in all cases are not acceded to as a matter of course. MACMA provides a check list against which a request will not be entertained, for example, where there is a lack of dual criminality or where there is breach of a term in the treaty, MOU or other agreement.

41. Although the scope and types of assistance that can be rendered is wide, MACMA is not to be used for extradition purposes. Extradition matters are governed by the provisions in the Extradition Act (Cap.103). There is a need to establish dual criminality before a person can be extradited from Singapore and the offence has to fall within the list of offences described in the First Schedule.

D) OTHER MEASURES

42. Apart from legislation, other AML measures have also been adopted with the emphasis on vigilance and surveillance, education, effective enforcement and strengthening the financial system.

²¹ Currently, the states are Hong Kong SAR, Malaysia, the UK and the USA. Under section 32 of the TSOFA, there is no need for any treaty.

- *Soft-law, Best Practices and Evaluations*

43. International groupings such as the FATF and other FATF-like regional organisations play an influential and significant role in combating money laundering. Since September 1991, Singapore had been an active member of FATF which was set up at the 1989 G-7 Summit meeting in Paris to examine and deal with the problems posed by money laundering.

44. By setting standards for national AML/CFT programs, mutual and self-evaluation of national AML/CFT measures that meet those standards, identifying and studying money laundering methods and trends, and in subjecting jurisdictions with inadequate AML/CFT measures to special attention and scrutiny under the Non-cooperative Country of Territory (NCCT) scheme, FATF had successfully promoted awareness in combating money laundering through this soft-law and international best practices approach.

45. Today, the FATF's 40+9²² Recommendations or "best practices" are acknowledged international benchmarks in AML/CFT and the awareness generated has resulted in the formation of other regional FATF-like organisations, including the Asia-Pacific Group on Money Laundering Group (APG) in 1997, of which Singapore is a founding member and in which it continues to play an active role.

²² Until October 2004, it was 40+8. The present 9th Special Recommendation focuses on the use of cash couriers in terrorism financing.

46. Apart from the FATF evaluations, the Financial Sector Assessment Program²³ (FSAP), a joint IMF and World Bank effort first introduced in May 1999 also aims to increase the effectiveness of efforts to promote the soundness of financial systems in member countries. The FSAP also adopts the FATF's 40+8 Recommendations as part of its evaluation process and in its latest report published in April 2004, it noted that Singapore's regulatory systems and supervisory practices exhibited a high degree of observance of international standards and code and that it had in place a sound and comprehensive legal, institutional, policy and supervisory framework for anti-money laundering and combating financing of terrorists.

47. Evaluations of such nature also afford invaluable opportunities for inter-agency groupings from the relevant ministries to learn more about what the other is doing, the issues they face and the improvements that can be made. This results in further enhancement to the efficiency and effectiveness of the money laundering regime already in place.

- *Dedicated Enforcement Agency*

48. Given the complex and multidimensional nature of money laundering transactions, it is essential to have specialist officers with advanced training from a dedicated agency to investigate such offences.

49. In Singapore, this responsibility falls on the Financial Investigation Division (FID) of the Commercial Affairs Department (CAD) - which is the white-collar and economic crime investigation agency in Singapore. Investigators in the CAD are

²³ <http://www.imf.org/external/np/fsap/fsap.asp>

highly qualified, being required to possess at least a basic degree in Law, Accountancy, Business Administration or Economics.

50. The FID comprises three other sub-units – the Financial Investigation Branch (FIB), the Proceeds of Crime Unit (PCU) and the Suspicious Transaction Reporting Office (STRO), each having a specialised area of responsibility. FIB investigates money laundering and other offences under the CDSA as well as offences under the TSOFA. PCU identifies and seizes proceeds of crime, managing such assets until they are restituted or confiscated under the CDSA. STRO receives and analyses suspicious transaction reports and provides financial intelligence information for the detection of money laundering, terrorism financing and other criminal offences.

51. The STRO is also a member of the Egmont Group²⁴ of Financial Intelligence Units (FIUs), an international grouping of FIUs established in 1995 to share information and provide assistance between jurisdictions. To date, the STRO has signed close to 10 MOUs to exchange information with and to render assistance to their counterparts in other jurisdictions, including those from some of the most important financial centres in the world. It is currently in advanced stages of negotiations to sign a MOU with a counterpart from a major European jurisdiction.

- *Education and training*

52. The CAD's FID maintains an active outreach program and conducts regular dialogue and feedback sessions with the financial, business and

²⁴ <http://www.egmontgroup.org/>

professional sectors. It has published an introductory booklet on the AML/CFT regime in Singapore entitled “*Anti-Money Laundering & Counter-Terrorism Financing*” which is now in its second edition²⁵. Apart from that, it also publishes a regular newsletter, “*Reports from STRO*”, which showcases sanitised suspicious transaction reports and cases to highlight valuable learning points in spotting suspicious transactions and making such reports.

53. The FID also plays an active role in the training and education of law enforcement officers both in Singapore and the region. It has been regularly invited to speak in various seminars and workshops regionally and internationally. Some of its engagements within the past year include the Workshop on Capacity Building in Combating Terrorism organised by the Commonwealth Secretariat in May 2004 in Singapore, the FIU Officials on AML and CFT Measures Workshop organised by the IMF in Singapore in July 2004, and the Egmont Training Seminar in Bangkok in October 2004.

54. More recently, the FID conducted training sessions for the inaugural 10-day Basic Training Course on Investigation in Anti-Drug Money Laundering for ASEAN Law Enforcement Officers held in Singapore between 21 February – 4 March 2005. In May 2005, an officer from the People’s Republic of China was on attachment training to the STRO under the ASEM Anti-Money Laundering Project of the United Nations Office on Drugs and Crime (UNODC).

²⁵ http://www.cad.gov.sg/pub/doc/cad_amlctf_book.pdf

- *Strengthening the financial system*

55. The Monetary Authority of Singapore (MAS) is the *de facto* central bank in Singapore. Given that money laundering is an activity which seeks to “clean” proceeds of crime through the financial sectors, it is therefore essential to have measures in place to safeguard against the adverse effects of money laundering activities on the financial system.

56. In its supervisory role, the MAS on 11 November 2002 issued a series of Notices and Guidelines²⁶ to the banking as well as the non-banking financial sectors - for example life insurers, financial advisers, money lenders and remitters - on the basic principles and policies essential to combating money laundering in each of their respective sectors. Through these Notices and Guidelines, the MAS emphasises the importance of basic but often overlooked principles such as know-your-customer (KYC) and customer identification/due diligence requirements and ensures that the financial sectors are well-equipped to detect and report and thus prevent money laundering activities.

57. The MAS also carries out regular off-site reviews and on-site inspections of financial institutions to monitor compliance with AML/ CFT measures. It is also the agency responsible for enforcing the Monetary Authority of Singapore (Anti-Terrorism Measures) Regulations 2002.

58. On 3 January 2005, the MAS issued a Consultation Paper on the Draft Notice on Prevention of Money Laundering and Countering the Financing of

²⁶ http://www.mas.gov.sg/masmcm/bin/pt1Anti_Money_Laundering_and_Countering_The_Financing_of_Terrorism.htm

Terrorism. This is meant as an update to MAS Notice 626 on AML measures in general. Among other things, the revised Notice has been expanded to cover both terrorist financing as well as money laundering and stipulates a more exhaustive regime of customer due diligence (CDD) measures that banks are required to perform. It also sets out more comprehensively the timing for completion of CDD measures, and the consequential steps to be taken should CDD measures cannot be satisfactorily performed.

Conclusion

59. I have attempted to give a brief overview of the efforts taken by Singapore to curb money laundering. I believe the legislation in place in Singapore share common themes with legislation from other jurisdictions which have adopted the various relevant UN Conventions and international best practices. However, legislation is just one part of the effort. A multi-pronged, holistic approach made up of other measures such as effective enforcement, international co-operation, continuing vigilance and education clearly play an equally important role in the fight against money laundering.