

Strengthening the CSP Industry

Corporate Service Providers Outreach 2022

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AGENDA

1) **Current Operating Landscape**

- Steps that need to be taken

2) **Refined Supervisory Approach**

- Progress made in supervision since May 2015
- Suite of tools used by ACRA to support risk-based supervision
- Refined supervisory approach

3) **Enhancements to Regulatory Framework**

- Overview of proposals for consultation

4) **Panel Discussion**



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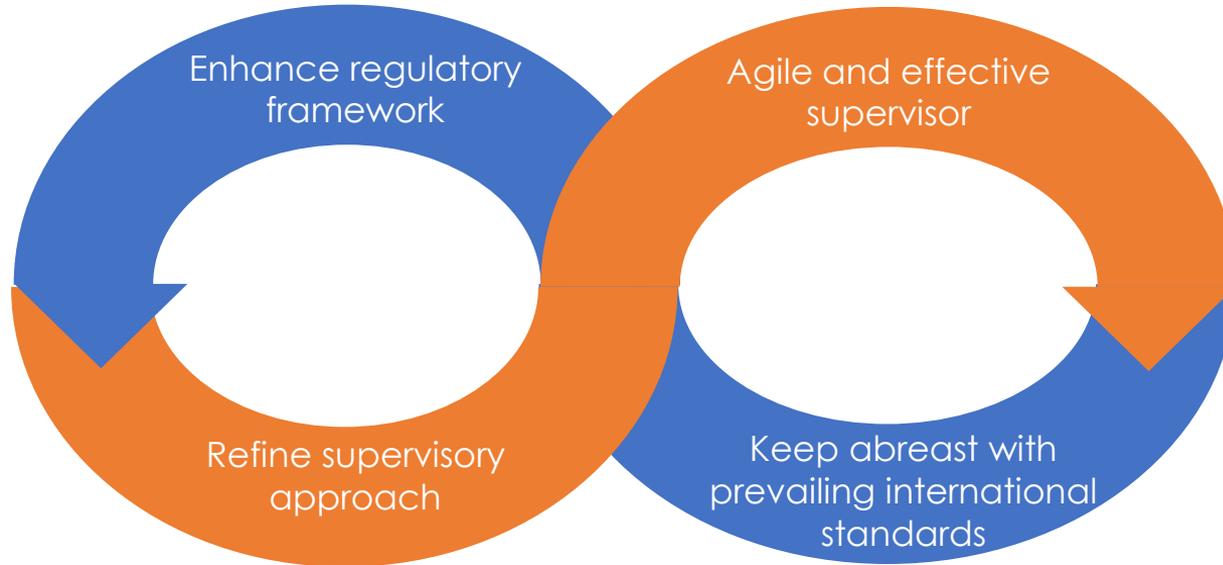
Current Operating Landscape

Current operating landscape



Need to refine supervisory approach and enhance regulatory framework

Steps that need to be taken

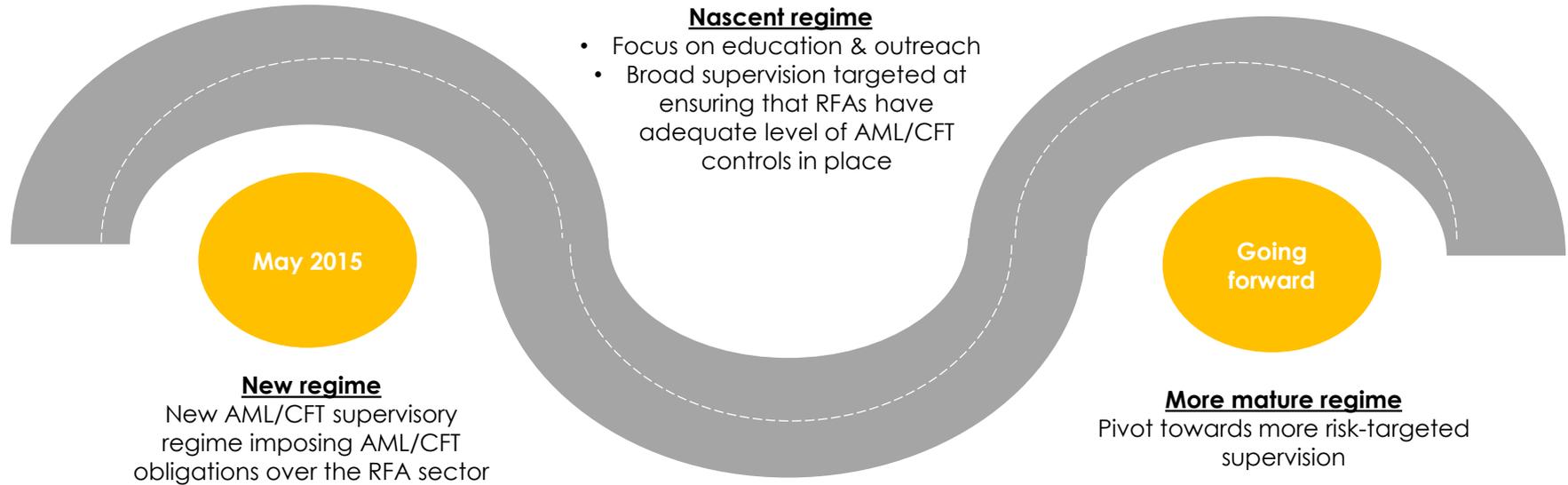




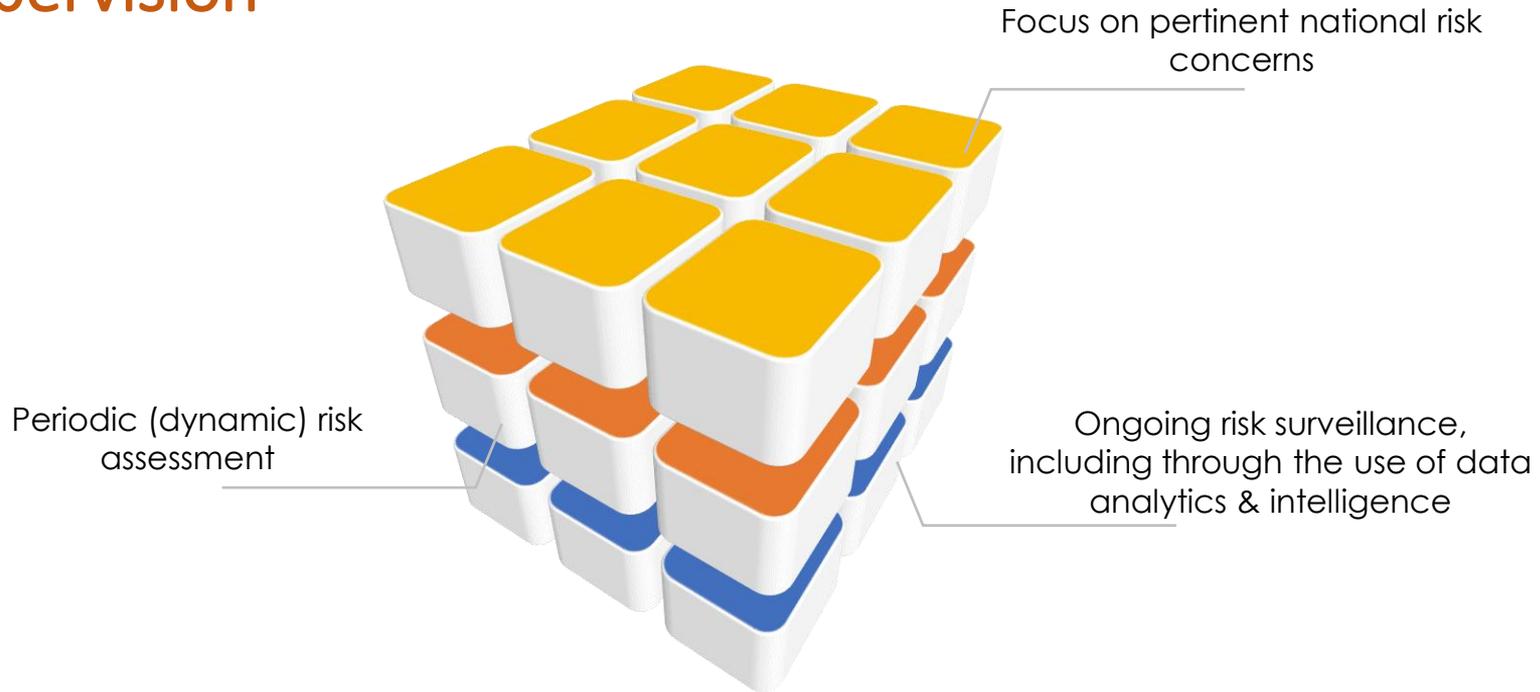
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Refined Supervisory Approach

Progress made in RFA supervision since May 2015



Suite of tools used to support risk-targeted supervision



Landmark Decision on Criminal Liability of 'Money Mule' Company Nominee Directors

A recent Singapore High Court decision has clarified the situations in which nominee directors can be convicted of money laundering offences in banking and wire fraud, and the appropriate penalties to be imposed.

The Singapore High Court decision of *Abdul Ghani bin Tahir v. Public Prosecutor* is the first reported prosecution of a company director for his negligent acts in relation to the use of the company's bank accounts in money laundering offences under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA). It is also the first reported case in which a director has been sentenced to imprisonment for failing to exercise due diligence under the Companies Act (CA).

4 S'poreans, 1 Malaysian director charged with conspiring to launder over \$2 million

One of them, Tan Hock Keat, a 34-year-old Malaysian, had allegedly taken instructions from an unidentified man to open corporate bank accounts in the name of shell companies.

Tan was previously the director of DM Advisory, a Singapore-based company that provided corporate secretarial services.

He is accused of engaging bank officer Phua Wee Hao, a 33-year-old Singaporean, to recruit nominee directors for the shell companies.

Woman jailed 4½ years for cheating banks of about \$1.8 million

"In exchange for agreeing to be registered as company directors, these individuals were typically promised a portion of the funds disbursed from the loan applications," the DPP said.

The duo knew that the appointed directors were simply nominees who did not operate the companies and, in most cases, financially incapable of obtaining the loans, said the court documents.

After an individual agreed to the arrangement, Lee would arrange for a "shelf company" to be purchased from a corporate secretarial service provider.

Jail for duo who cheated two banks by concealing foreign interests behind S'pore firms

Koryagin was a director in MEA Business Solutions, which helped foreign clients incorporate companies and set up bank accounts in Singapore.

He had a pool of Singaporeans whom he engaged to serve as local resident directors for these firms, the Corrupt Practices Investigation Bureau (CPIB) said in a statement.

This was done to fulfil the regulatory requirement of having at least one director in the firm who is ordinarily a Singapore resident.

Local resident director of company fined after firm's account received US\$1 million in email scam

By LAKEISHA LEO

A director of a company was fined S\$4,000 for failing to exercise reasonable diligence in the discharge of his duties, after the firm's bank account received US\$1 million from an email scam, said the police on Tuesday (Sep 28).

Gurdev Singh, 72, was convicted on Sep 23 of an offence under the Companies Act, said the Singapore Police Force (SPF) in a news release. Two other similar charges were taken into consideration for sentencing.

He has also been disqualified from being a company director for three years.

In November 2018, the Commercial Affairs Department received information that Wimpy Electronics' bank account had received US\$1 million from a foreign victim of an email scam.

More than US\$500,000 was later recovered and returned to the victim, said the police.

Investigations showed that Gurdev had a standing arrangement with a corporate services provider in Singapore to provide nominee directorship services as "local resident director" of companies incorporated in the country by foreigners.

Refined supervisory approach



3

Enhancements to Regulatory Framework

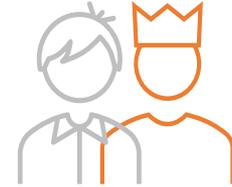
Enhanced regulatory framework



Support effectiveness
of our supervisory
approach



Ensure we remain
aligned with prevailing
international standards



Mitigate key risk
concerns for the sector
(*misuse of shell companies
and nominee
arrangements*)

New Corporate Service Providers Bill and Subsidiary Legislations

Public Policy Consult Scheduled to be Issued Shortly

Proposals refined through closed focus group discussions



- Closed-door focus group discussions held with key industry representatives including from ISCA and CSIS
- Consensus that regulatory enhancements are timely and necessary
- Proposals include refinements arising out of discussions with industry



Overview of Proposals for Consultation



Uplift supervisory sanctions toolkit

Increase in financial penalty and an expansion of powers to sanction



Close off gaps & tighten AML/CFT requirements

Level playing field for all CSPs in Singapore



Tackle the misuse of shell companies & nominee arrangements

New qualification criteria for individuals providing nominee directorships by way of business

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