

2023 Industry Engagement Precious Stones & Precious Metals Dealers (PSMD) Sector

10 May 2023

MINISTRY OF LAW
SINGAPORE

Anti-Money Laundering/
Countering the Financing of
Terrorism Division

- **Music is playing in the background now. Please check your audio settings and volume for your speakers/headphones if you are not able to hear it, or exit and rejoin the session.**
- **Attendees are not required to switch on their videos. Your mic is muted for the session.**
- **If you face any Zoom technical difficulties, please ask in the Q&A Zoom feature.**



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Agenda

1. Quick Poll
2. Compliance Resources
3. Public Statements on Registration
4. Supervision and Enforcement Statistics
5. Kahoot! Quiz 1
6. Case Studies
7. Proposed Amendments
8. Kahoot! Quiz 2
9. Q&A Segment

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Compliance Resources - *myPal*



1. SCREENING MODULE

Regulated Dealers must assess if their customer or beneficial owner is a designated person under the United Nation Act or terrorist/terrorist entity under the Terrorism (Suppression of Financing) Act. This module allows name screening against the lists of designated persons and terrorist/entities in these Acts.

2. DIGITAL TRAINING MODULE

Short online videos are available for your new staff and refresher training. Topics range from introduction to money laundering/terrorism financing/proliferation financing, customer due diligence, record keeping, red flag indicators, cash transaction/suspicious transaction reporting etc.



Compliance Resources – ACD website



COMPLIANCE TOOLKIT

Quick guide for registered dealers on requirements relating to applications, notifications, regulatory submissions and compliance under the PSPM Act.

Download the Compliance Toolkit here:



Public Statements on Registration

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Use of Public Statements

Public statements should not cause the public to misconstrue that dealers are being regulated for matters beyond AML/CFT.

Unacceptable

Approved by Ministry of Law

Regulated by Ministry of Law

Licensed by Ministry of Law,
which is in compliance with the
PSPM Act

Acceptable

Regulated by the Ministry of Law
for purposes of anti-money
laundering and countering the
financing of terrorism **only**



Review public statements on registration and ensure that they are accurate and not misleading.

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Use of Ministry of Law Logo



You should not make unauthorized use of the Ministry of Law logo, including on:

- Websites
- Newsletters
- Articles
- Business cards
- Any form of publicity material



Remove the MinLaw logo immediately if you have been using it unknowingly.

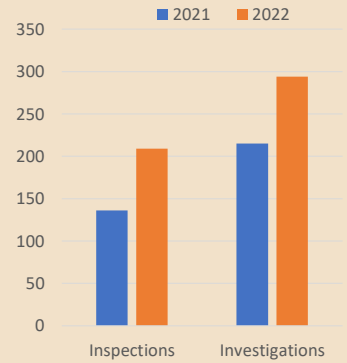
Supervision and Enforcement Statistics

Regulatory Supervision and Enforcement

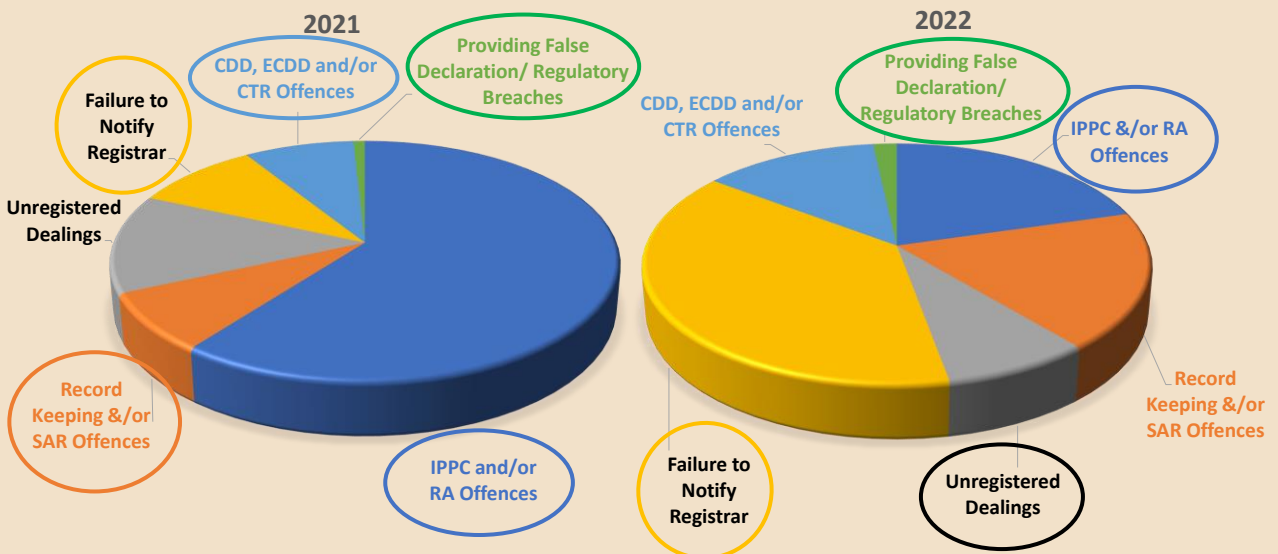
- Supervise PSMD sector for compliance with regulatory requirements
- Deliver fair and effective enforcement outcomes

Two Key Areas of Focus

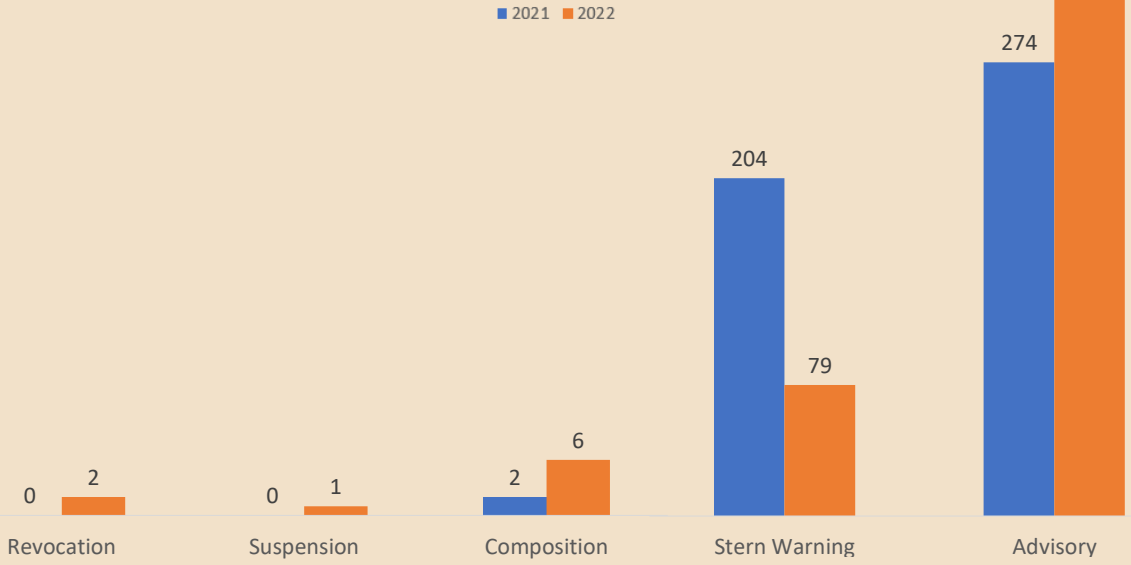
- Non-compliance with AML/CFT requirements
- Unregistered dealings



Offences Detected



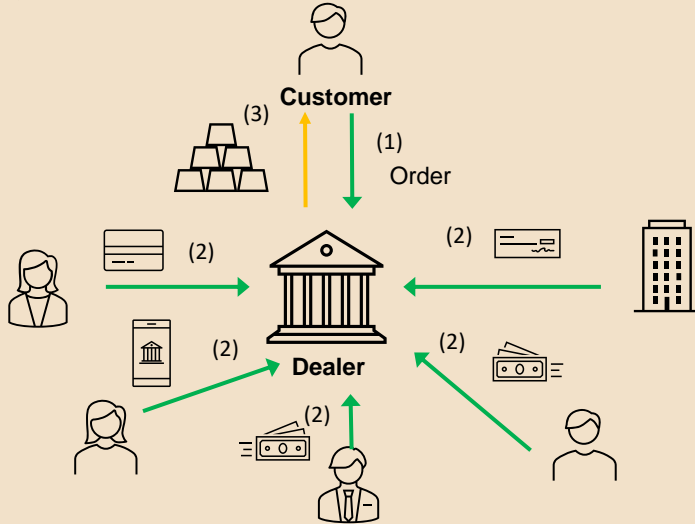
Enforcement Outcomes



Case Studies

Case Study 1

Payment received from multiple unrelated third parties

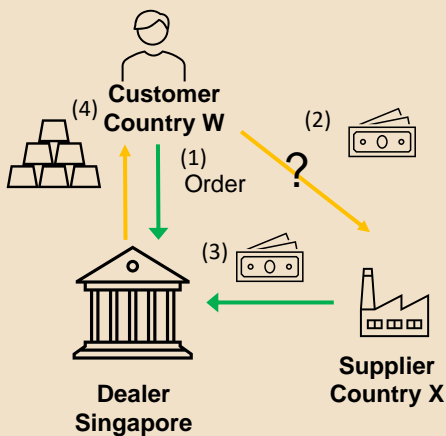


Dealer received payments from multiple unrelated third parties and accepted the customer's explanation that these are their agents **without any verification**.

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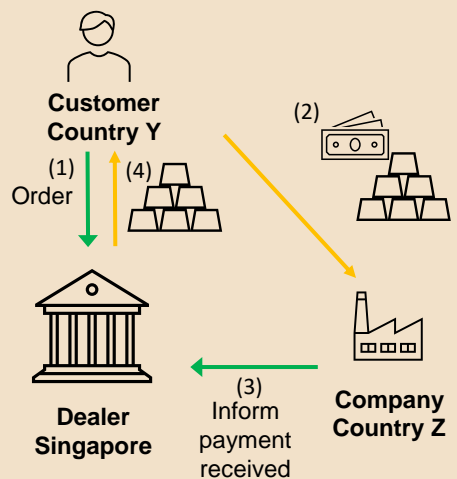
Case Study 2

Unusual payment arrangements



Dealer accepted the payment from a supplier for goods sold to another customer **without knowing why**.

Customer and supplier were not related and were in different countries.



Dealer accepted unusual payment arrangement **without understanding the ML/TF risk involved**.

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What are the risks?

Dealer may be used as a conduit for money laundering, e.g. to hide the origin of funds, to receive illicit funds, conversion of illicit funds into PSPM.

What should the dealer do?

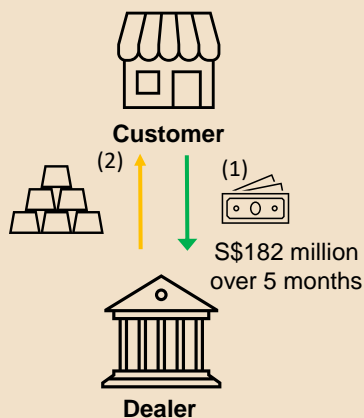
- ✓ **Enquire** on the reason for any unusual payment arrangement to understand if there is any apparent or visible economic or lawful purpose
- ✓ **Verify** the explanation by obtaining documents or check to independent sources of information
- ✓ **Assess** if there are any grounds for suspicion which warrant the filing of an STR



Before going into a new business practice, identify and assess the ML/TF risk which may arise and take appropriate measures to manage them.

Case Study 3

Customer transactions inconsistent with known profile



- Customer has a paid up capital of S\$1,000.
- Registered address is that of a corporate service provider.
- Low number of employees.

Dealer continued to deal with the customer even despite the following indicators:

- **New customer.**
- **Transactions amounts do not commensurate with the company profile.**
- **Surge in transactions over a short period.**



What are the risks?

Dealer may be used as a conduit for money laundering or other illegal activities, e.g. conversion of illicit funds into PSPM.

What should the dealer do?

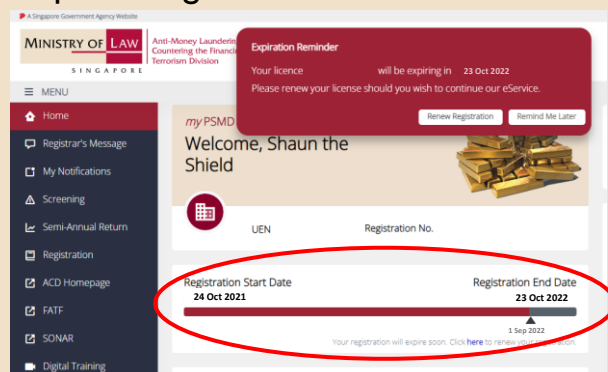
- ✓ **Monitor** the transactions with customers, especially for new customers
- ✓ **Assess** if they are in line with the customer's known business profile
- ✓ **Conduct** ECDD measures on customers or transactions assessed to present high ML/TF risk. Such measures include establishing SOW, SOF and obtaining objective supporting document and not just relying on customer's representation



Always pay special attention to customers with complex, unusually large or unusual patterns of transactions, during the course of business relations, that have no apparent or visible economic or lawful purpose.

Case Study 4

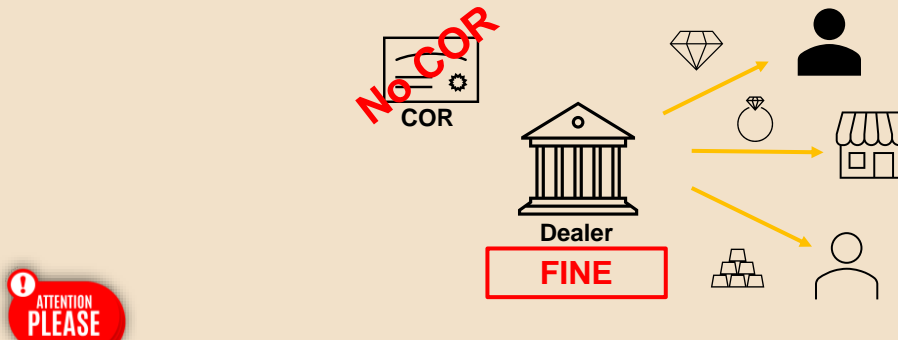
Carrying out regulated dealing with expired registration



Always **keep track of the expiry date of the certificate of registration** and ensure that the renewal application is made and registration fees are paid on time.

Case Study 5

Carrying out regulated dealing without registration



ATTENTION
PLEASE

Maximum Penalty for carrying out regulated dealing without registration attracts a fine not exceeding **\$75,000** or imprisonment not exceeding 3 years or both under Section 6 of the PSPM Act.

Case Study 6

Providing false information to Registrar or Authorised Officer

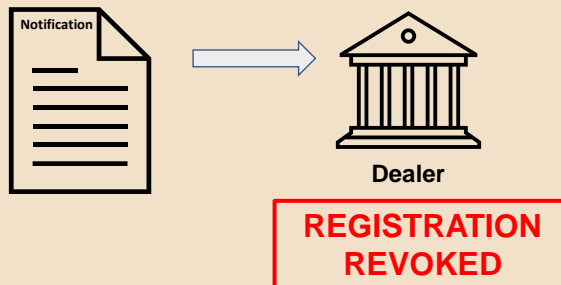


ATTENTION
PLEASE

Maximum Penalty for providing false information to the Registrar or an authorised officer attracts a fine not exceeding **\$50,000** or imprisonment not exceeding 2 years or both under Section 27 of the PSPM Act.

Case Study 7

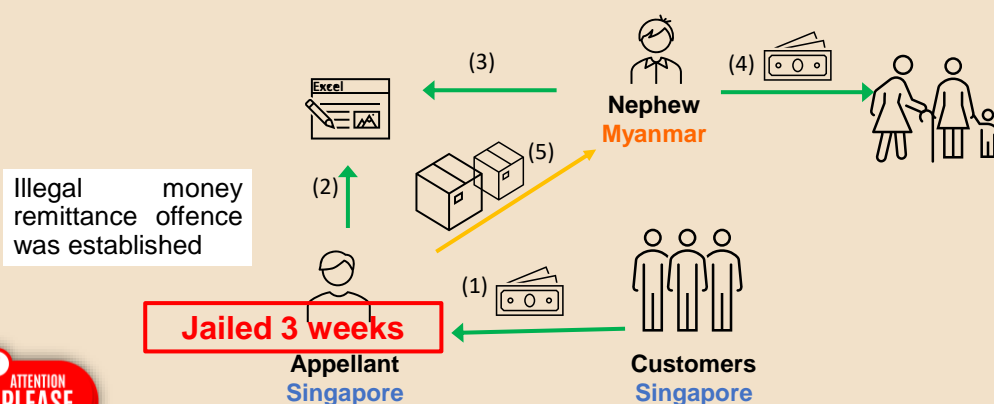
Failure to comply with written notice to provide information, or document required by Registrar



Maximum Penalty for obstruction of investigation attracts a fine not exceeding \$50,000 or imprisonment not exceeding 2 years or both under Section 28 of the PSPM Act.

Illegal Money Remittance Case (21 April 2023)

Vijay Kumar v Public Prosecutor [2023] SGHC 109



- Maximum Penalty for illegal money remittance activities attracts a fine not exceeding \$125,000, or imprisonment not exceeding 3 years or both under Section 5 of the Payment Service Act.
- If you suspect that your customers are conducting illegal money remittance activities, you should consider filing an STR and document your assessment.

Proposed Amendments

2023

- Group-wide programmes for ML/TF prevention
- CDD on transactions involving payment received in gold or digital payment tokens
- Cash equivalent definition

2024

- Proliferation Financing
- Precious products above S\$20,000
- Notices and documents via digital means
- Incomplete/ inaccurate cash transaction reports
- Misuse of registration status
- Cancel or suspend the registration of PSMDs that are not conducting regulated dealing and/or fall under prescribed circumstances.

Thank you!

