

Annex B: Examples of Cases Involving Breach of Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act

Case 1

1. RES A received a referral on a "high net worth" female Chinese national known as Client B who was interested to buy a \$23.8m property in Sentosa Cove. RES A conducted viewing of the property for Client B and subsequently referred Client B to Lawyer C for conveyancing.
2. Client B paid Lawyer C \$5.5m for the purchase but a day before the scheduled completion of the property purchase, Lawyer C told RES A that Client B had become uncontactable. RES A performed online searches on Client B and her company and found adverse news reporting that Client B and the company was involved in financial fraud. RES A told Lawyer C about the information upon which Lawyer C did her own online searches to verify the discovery.
3. RES A alerted his EA about the matter and the KEO told him to file an STR on the property transaction. Despite repeated reminders by his KEO to file the STR, RES A refused to do so. RES A was quoted as saying that "you do not get money out of it" and that he "hates to do paperwork".
4. Client B was sentenced to jail in China over her involvement in the financial fraud. Over \$27m of her crime proceeds was recovered in Singapore. RES A and Lawyer B were prosecuted and each fined \$10,000 by the Court for failing to alert the authorities that the monies used to purchase the property could have been proceeds from their client's criminal conduct.

Lesson learnt

5. After discovering the information on Client B, RES A and Lawyer C should have filed an STR with STRO with regard to the property transaction as the money involved in the purchase of the property could have stemmed from criminal activities.
6. Under Section 45(3) of the CDSA, failure to file an STR when a person knows or has reason to suspect that any property may be connected to a criminal activity constitutes an offence punishable by a fine not exceeding \$250,000 or imprisonment for a term not exceeding 3 years, or both.

Case 2

1. RES A received an email purportedly from Client B, expressing his interest to rent a private property in Singapore. Client B claimed that he was an American citizen who chanced upon RES A's real estate advertisement online.
2. Subsequently, a rental contract was drawn up by RES A after the terms of contract was agreed upon by both parties. The rental contract would take effect upon Client B's transfer of the first month of rental deposit to RES A's designated bank account. However, Client B failed to transfer the monies within the stipulated timeline.
3. A few weeks later, Client B contacted RES A and informed him that his business associate/relative had 'accidentally' transferred money into RES A's bank account in Singapore. RES A was then instructed to withdraw the money and hand it over to a person claiming to be Client B's friend in Singapore. There was no good explanation of how Client B's associate/relative had obtained RES A's bank account number, why the sum transferred bore no relation to the agreed rent, and why RES A was not asked to request his bank to simply reverse the transfer. Subsequently, RES A turned down the client's request when approached for assistance on another money transfer.
4. Investigation revealed that the monies transferred to RES A's bank account were proceeds of crime originating from fraud perpetrated in a foreign country. By transferring proceeds of crime, RES A may have wittingly or unwittingly facilitated money laundering in Singapore.

Lesson learnt

5. When instructed to pass the funds to an unrelated individual, RES A should have filed an STR with STRO as the remittance and subsequent instruction were deemed suspicious. He should have also considered asking his bank to reverse the transfer of funds (i.e. to return the funds to the originating bank account).
6. Under Section 45(3) of the CDSA, failure to file an STR when a person knows or has reason to suspect that any property may be connected to a criminal activity constitutes an offence punishable by a fine not exceeding \$250,000 or imprisonment for a term not exceeding 3 years, or both.