

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING

Money laundering is the process whereby criminals introduce the proceeds of their criminal activities into the financial system in an attempt to disguise the true source of the funds. This enables the criminals to enjoy the benefits of their crime without any punishment. Thus it provides the incentive to commit more financial crimes.

In terrorism financing, funds may originate from legitimate or criminal sources. These funds are used to finance terrorist activities.

The Commercial Affairs Department which is in charge of the investigation of money laundering and terrorism financing has provided relevant information below so that charities will better understand the requirements to report suspicious transactions.

What is money laundering and terrorism financing?

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In terrorism financing, funds may originate from legitimate or criminal sources. These funds are used to finance terrorist activities and may not always be in large amounts.

What legislation does money laundering and terrorism financing fall under?

The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, commonly known as the CDSA, is the legislation passed to fight money laundering in Singapore.

Section 39 of the CDSA makes it compulsory for a person to lodge a Suspicious Transaction Report (STR) if he has "reason to suspect" that any assets is connected to criminal activity.

The Terrorism (Suppression of Financing) Act (TSFA) was passed in Parliament on 8 July 2002. The purpose of TSFA is to give effect to the International Convention for the Suppression of the Financing of Terrorism which Singapore signed on 18 December 2001 and the United Nations Security Council Resolution 1373.

The TSFA not only criminalises terrorism financing but also imposes a duty to ALL to provide information pertaining to terrorism financing to the Police. This obligation is laid out under Sections 8 and 10 of the TSFA.

What role does charities play?

All charities must be constantly alert so as not to unwittingly assist in the criminal schemes such as money laundering or terrorism financing. These efforts can also help to maintain the good name of the charity.

Preventive measures that can be taken by charities to combat money laundering and terrorist financing include:

- Maintaining financial transparency through proper financial accounting and independent audits,
- Maintaining good administrative, managerial and policy control over the charities' operations.

Charities should lodge Suspicious Transaction Report if there is a reasonable suspicion of money laundering or terrorism financing activity during the course of the charity's administration or operations.

What is a Suspicious Transaction Report (STR)?

A STR is made when a person suspects that any property is directly or indirectly connected to a criminal conduct, and the knowledge or suspicion arose during the course of the charity's administration or operations. While the "transaction" usually refers to a financial transaction, it can also extend to other activities which can be used to facilitate illicit activities.

What is the purpose of lodging a STR?

Information from each STR will be analysed to detect money laundering, terrorism financing or other criminal activities.

Who can lodge a STR?

Everyone can lodge a STR if, in the course of the charity's administration or operations if he or she has

(1) reason to suspect that any property represents the proceeds of, or is connected to a criminal activity; or

(2) possession, custody or control of property or information about any transaction (or proposed transaction) relating to any property belonging to terrorism or terrorist entity.

Identities of the STR lodger(s) are kept confidential.

Why should a charity lodge a STR?

STRs provide useful information for the detection of criminal wrongdoings. There are instances in which information from STRs have helped to prevent crime or stop existing criminal activities.

One is also legally obliged to lodge a STR if he/she has reason to suspect that any property is connected to criminal conduct, and if such suspicion arose in the course of trade, profession, business or employment. Failure to do so is a criminal offence, punishable with a fine of up to \$10,000. Depending on the circumstances, a failure to report could also be construed as an abetment of a criminal offence

Where and how can I lodge a STR?

(1) In Writing: Head, Suspicious Transaction Reporting Office, Commercial Affairs Department, 391 New Bridge Road #06-701, Police Cantonment Complex Block D, Singapore 088762

(2) Via Email: STRO@spf.gov.sg

(3) Via the web-based STR On-Line Lodging System (STROLLS). Alternatively, if your charity has a valid STROLLS user account, your authorised officer may lodge an STR via STROLLS. You may wish to email STRO@spf.gov.sg to find out if your charity has a valid STROLLS account.

The following information should be contained in the STR:

- (1) The particulars (e.g. name, NRIC / Passport No., Contact No. & Address) of the subject involved in the suspicious transactions;
- (2) A detailed account of the relevant facts and nature of the transaction, particularly the suspicious transaction;
- (3) Copies of the relevant documents, if available; and
- (4) Your name, NRIC / Passport No, Contact No & Address.

STRO will update the lodger on whether further action would be taken.

How can I obtain more information on anti-money laundering and counter-terrorism financing?

Detailed information can be obtained from the [CAD Anti-Money Laundering and Counter-Terrorism Financing Handbook](#) or [CAD's websites](#).

Other resources available on the internet:

1. Financial Action Task Force – Interpretative Note to Special Recommendation VIII on Non-Profit Organisations
2. Financial Action Task Force – Combating the Abuse of Non-Profit Organisations (International Best Practices)

The above information has been extracted and adapted from the websites of the Commercial Affairs Department, Singapore (<http://www.cad.gov.sg/amlcft/stro>).