The August 2023 case and the tightening of practice

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In August 2023 the Singapore Police Force arrested ten foreign nationals and seized or froze assets eventually valued at more than S$ 3 billion in what became the largest money-laundering case in Singapore's history. The facts are set out in Part L, Chapter V.[1] For family offices the relevant finding was that at least one of the accused had used a Singapore family office structure with a tax incentive. The banks, corporate service providers and family office professionals who dealt with the group had not detected the source of the funds. MAS and the Ministry of Finance responded with a review of the family office sector that produced the class exemption proposal described above. An inter-ministerial committee on anti-money-laundering recommended tighter gatekeeping in its report of October 2024. Approvals under sections 13O and 13U slowed visibly during 2024 as MAS added questions on source of wealth to every application.[2]

For a crypto family the practical consequence is that the source-of-wealth narrative must be complete before the application. MAS asks for the origin of the family's wealth, the history of the business or investments that produced it, the tax treatment in the jurisdiction of origin and the on-chain evidence that connects the tokens to that history. A founder who can show the token allocation at genesis, the vesting

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schedule, the exchange records and the tax returns in which the gains were reported has a strong file. A family whose wealth came from early mining or from trading on exchanges that no longer exist has a weaker file and should expect a longer process and more questions. The blockchain analytics reports described in Part F, Chapter III and Part L, Chapter II are now standard attachments to a family office application. The banks that will hold the fund's accounts ask for the same material. The practice of Part P, Chapter IX on banking for crypto wealth applies in full.

Practice note

You can shorten the family office approval process by preparing the source-of-wealth file before the first meeting with the regulator. The file should contain a wealth narrative in chronological order and the corporate and token documents that support each step. Add tax returns or assessments from each country of residence during the accumulation period, a blockchain analytics report on the principal wallets covering the whole period and a bank reference from an institution that has already completed its own review. A file of this kind reduces the application time from twelve to eighteen months to six to nine months in my experience. Without it, the family office risks a polite refusal with no stated reason.

Notes

1. Singapore Police Force, media releases of 16 August 2023 and following on the arrests and seizures in the money-laundering investigation; the ten accused were convicted and sentenced between April and June 2024. ↩
2. Inter-Ministerial Committee on Anti-Money Laundering, report of 4 October 2024; MAS, statements on enhanced due diligence for fund tax incentive applications 2023–2024. ↩

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