# Inflows and the risk of illicit funds

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## Why a safe haven attracts illicit funds

The attributes that make Singapore attractive to honest wealth also make it attractive to criminals. Stability, strong property rights and a respected financial system allow illicit proceeds to acquire the appearance of legitimacy. The Inter-Ministerial Committee on Anti-Money Laundering put the point directly in the foreword to its report of October 2024: trust is the cornerstone of a sound financial centre, and that trust "can also be undermined by criminals seeking a safe haven for their illicit assets".[1] The same report described Singapore as "a destination of choice for companies and individuals to do business and invest their wealth", attributing this to political and economic stability, the rule of law and pro-business policies.[2]

The risk takes several forms. Proceeds of corruption may arrive with politically exposed persons from the region, as the 1MDB affair showed. Proceeds of fraud, illegal gambling and cybercrime may arrive with persons who present themselves as entrepreneurs. Funds subject to sanctions may arrive through intermediaries. Chapter E.VI examines 1MDB and the response of MAS, Chapter H.III the anti-

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money laundering framework and Chapter H.IV the sanctions regime. This section concentrates on the link between the inflow of wealthy people and the risk of illicit funds.

## The 2023 case as a case about inflows

The money laundering case of August 2023 illustrates that link with unusual clarity. On 15 August 2023 the police arrested ten suspects in simultaneous raids across Singapore. According to the Inter-Ministerial Committee, they had registered foreign and local companies, used them to obtain work passes that legitimised their stay and opened bank accounts to funnel illicit funds, which they used to buy property and precious products such as gold bars, luxury watches and jewellery.[3] Elements of the case had first come to light through reports of suspected forged documents used to substantiate the sources of funds in bank accounts.[4]

More than S$3 billion of suspected illicit assets, including cash, crypto-assets and luxury goods, were seized or made subject to prohibition of disposal orders in what the Committee called one of the largest operations of its kind undertaken globally. By July 2024 all ten subjects had been convicted and sentenced to between thirteen and seventeen months' imprisonment. More than 90 per cent of the property seized from them, worth more than S$940 million, was forfeited to the State. All ten were deported and barred from re-entering Singapore.[5] Investigations continued against seventeen persons outside Singapore, involving about S$2 billion of seized assets. By 18 November 2024, fifteen of them had agreed to surrender assets of about S$1.85 billion.[6] On 4 July 2025 MAS imposed penalties totalling S$27.45 million on nine financial institutions for breaches of anti-money laundering requirements connected with the case.[7]

The case was about inflows in three respects. The suspects were foreign nationals who used Singapore's openness to business and to skilled immigrants to establish themselves. They used corporate vehicles and work passes, which are instruments designed for legitimate investors, to obtain residence. They also placed their funds in the very assets that the inflow of honest wealth had made fashionable: high-end property, luxury goods and accounts with private banks. Chapter E.VI examines the

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supervisory consequences for banks. The broader lesson for this chapter is that a policy of welcoming wealth needs a matching capacity to examine where the wealth comes from.

## Gatekeepers beyond the banks

The report of the Inter-Ministerial Committee shows how the authorities understood the channels of the inflow. Its typology of laundering through real estate describes a criminal who sets up a shell company, routes funds through a lawyer's client account, buys a property through a real estate salesperson with a mix of illicit money and a bank mortgage, obtains tax advice from an accountant, then sells the property and uses the proceeds to buy jewellery and luxury watches.[8] Each step involves a professional who is not a bank. The Committee therefore placed the emphasis on gatekeepers across the economy and on the misuse of companies.

Among the measures reported by the Committee, the Ministry of Manpower and the Accounting and Corporate Regulatory Authority enhanced their exchange of data to mitigate the risk of bad actors using corporate structures and work passes to legitimise their identity in Singapore.[9] This measure goes to the heart of the residence question. It means that the immigration authorities and the company registry now look together at whether a company exists mainly to justify a pass. Chapter H.III describes the other legislative changes of 2024, including the reforms of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act.

## The family office channel

The single family office, which became the preferred vehicle for wealthy newcomers, also became a subject of scrutiny. Some of the persons involved in the 2023 case were linked to family offices that had received tax incentives.[10] MAS responded by tightening the screening of applicants for the incentives and by reviewing the regulatory treatment of single family offices, which Chapter E.III describes.[11] The sector continued to grow after these changes, although official replies to Parliament no longer report the steep annual increases of 2022 and 2023.

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## Sanctions and politically exposed wealth

Two other forms of risky inflow deserve mention. After Russia's invasion of Ukraine in February 2022, Singapore imposed financial measures against Russia, an unusual step for a state that generally applies only sanctions decided by the United Nations Security Council.[12] Wealthy Russians who might have considered Singapore as an alternative to Western financial centres therefore found its banks cautious. Chapter H.IV examines these measures and the questions of secondary sanctions they raise.

Politically exposed persons from the region are a more permanent concern. A financial centre that serves the wealth of Southeast Asia, China and India will inevitably hold assets of politicians, officials and their families. Most of these assets are legitimate, although some are not. The obligations of banks to identify politically exposed persons and to apply enhanced due diligence to them, set out in MAS notices, are described in Chapter H.III. For the subject of this chapter, the decisive point is that a safe haven for honest wealth must be an unsafe haven for stolen wealth, and that this requires the capacity to freeze, confiscate and return assets when foreign states request it.

# Notes

1. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, Foreword by the IMC Chairperson, Indranee Rajah (mas.gov.sg, accessed November 2026): "Trust is the cornerstone of a sound financial centre and business hub. […] At the same time, this trust can also be undermined by criminals seeking a safe haven for their illicit assets." ↩
2. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, "Proactive Prevention": "Today, Singapore is a destination of choice for companies and individuals to do business and invest their wealth", success stemming from "political and economic stability, strong rule of law, and pro-business policies and regulations". ↩

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3. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, "Key Facts of August 2023 Money Laundering Case": arrest of ten suspects in simultaneous raids on 15 August 2023; they had registered foreign and local companies, used them to secure work passes "to legitimise their stay" and to open bank accounts "to funnel their illicit funds", and used the funds "to purchase properties and precious products, such as gold bars, luxury watches and jewellery". ↩
4. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, "Key Facts": elements of the case had been identified from reports "on the use of suspected forged documents to substantiate sources of funds in bank accounts, filed by financial institutions and other companies"; covert police probe from early 2022. ↩
5. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, "Key Facts": "More than $3 billion of suspected illicit financial and physical assets, including cash, cryptocurrencies and luxury goods were seized or prohibited from disposal in this AML operation, one of the largest undertaken globally"; all ten convicted by July 2024 and sentenced to "between 13 and 17 months"; more than 90 per cent of seized properties, "approximately more than $940 million", forfeited; all deported and barred from re-entering. ↩
6. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, "Key Facts": "investigations are ongoing against 17 persons who are not in Singapore, involving approximately $2 billion of seized assets". Wikipedia, "2023 Singapore money laundering case" (accessed November 2026), citing *The Straits Times*: by 18 November 2024, 15 of the 17 had agreed to surrender about S$1.85 billion in assets. ↩
7. Wikipedia, "2023 Singapore money laundering case" (accessed November 2026): on 4 July 2025 MAS imposed S$27.45 million in penalties on nine financial institutions for AML breaches related to the case. ↩
8. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, typology diagram (placement, layering, integration): shell company

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bank account; lawyer receiving monies in a client account; mortgage from a bank; purchase of a property through a real estate salesperson "using a mix of dirty money and clean money from the mortgage"; conveyancing by a lawyer; tax advice from an accountant; sale of the property and purchase of jewellery and luxury watches. ↩

9. Inter-Ministerial Committee on Anti-Money Laundering, *Report*, October 2024, "Timely Detection": ACRA and MOM enhanced their bilateral data exchange "to mitigate the risks related to bad actors legitimising their identity in Singapore by using corporate structures and work passes", using data analytics to identify potential misuse of companies for fraudulent work pass applications. ↩
10. Parliamentary reply by Gan Kim Yong, Chairman of MAS, 2 July 2024, as reported by Caproasia, 15 January 2025: six SFOs awarded tax incentives were linked to the case. ↩
11. MAS requirements for screening reports on applicants for the section 13O and 13U incentives and MAS work on the licensing treatment of single family offices; see Chapter E.III. ↩
12. Ministry of Foreign Affairs, announcement of sanctions against Russia of 28 February 2022, and MAS, "Financial Measures in relation to Russia", 5 March 2022; see Chapter H.IV for the verified sources. ↩

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