Integrity Shocks: 1MDB and the 2023 Money Laundering Case

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

A financial centre lives on the trust of people who will never inspect it. Depositors, counterparties, correspondent banks and foreign regulators assume that money passing through Singapore has been checked by institutions that know their clients and by a supervisor that knows its institutions. Twice in the past decade that assumption was tested in public. Between 2015 and 2017 the misappropriation of funds from 1Malaysia Development Berhad, the Malaysian state investment fund known as 1MDB, revealed that private bankers in Singapore had moved hundreds of millions of dollars for the fund's associates. In August 2023 the police arrested ten foreign nationals in simultaneous raids and seized or froze assets that eventually exceeded three billion Singapore dollars, in one of the largest operations against money laundering ever undertaken anywhere.

This chapter examines both cases and the responses they triggered. It begins with the flows of 1MDB money through Singapore banks and with the criminal cases against individual bankers. It then describes the supervisory action of the Monetary Authority of Singapore, which closed two banks and penalised six others. The third section turns to the case of 2023, the work of the Inter-Ministerial Committee that followed it and the penalties imposed by MAS on nine institutions in July 2025. The

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

fourth section draws the lessons for onboarding and checks on the source of wealth, while the fifth asks why the reputation of the centre has become an explicit object of regulation.

The Geneva volume tells the same story from the other side. Its chapter on the fight against money laundering records that the Swiss Financial Market Supervisory Authority acted against BSI and Falcon, the very banks that MAS closed in Singapore, and that the Swiss bank BSI disappeared into a competitor as a result.[1] The two centres were thus exposed to one scheme through the same institutions. Their responses, set out at the end of this chapter, reveal both a shared standard and two very different styles of enforcement.

Essentials

More than 4.5 billion US dollars were diverted from the Malaysian fund 1MDB after its creation in 2009, part of which passed through private banks in Singapore. MAS closed the Singapore operations of BSI Bank in May 2016 and of Falcon Bank in October 2016, penalised eight banks a total of 29.1 million Singapore dollars and barred several bankers for periods of up to life. The courts convicted individual bankers of money laundering, forgery, cheating and failure to report suspicious transactions. The case of August 2023 led to ten convictions, forfeitures of more than 940 million Singapore dollars, an Inter-Ministerial Committee report in October 2024 and new legislation against money laundering. In July 2025 MAS imposed composition penalties of 27.45 million Singapore dollars on nine institutions, finding that all nine had failed to pursue red flags on the source of wealth of their clients.

Notes

1. Ressos, *Genève, place financière internationale*, partie H, chapitre IV, section « Les affaires qui ont marqué la place », on the FINMA decision of 24 May 2016 against BSI and the FINMA release of 11 October 2016 against Falcon in connection with 1MDB. ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com