

Press release

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FINMA concludes final 1MDB proceedings

Rothschild Bank AG and one of its subsidiaries have been found to be in serious breach of money laundering rules in the context of 1MDB. Specifically, they were in breach of due diligence, reporting and documentation requirements. FINMA will appoint an audit agent to review enhancements already put in place by the institutions. This concludes the last of seven enforcement proceedings launched by FINMA in relation to 1MDB.

Rothschild Bank AG and its subsidiary Rothschild Trust (Schweiz) AG have been found to be in serious breach of Swiss anti-money laundering rules. The breaches relate to business relationships and transactions in the context of the alleged corruption scandal involving Malaysian sovereign wealth fund 1MDB. These are the findings of enforcement proceedings concluded by FINMA in July 2018.

Breaches of due diligence, reporting and documentation requirements

FINMA found that the bank and a subsidiary operating in the trust business had failed to adequately clarify the origin of assets in a significant business relationship. Although there were early indications that this client could be involved in money laundering activities, the institutions decided nevertheless to enter into the relationship and at a later stage considerably expand it. Given the inadequate clarifications carried out, it is FINMA's view that the institutions also breached their reporting requirements. They reported suspicions of money laundering to the Money Laundering Reporting Office Switzerland (MROS) only after a substantial delay. The bank also failed to adequately document a number of high-risk transactions.

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The institutions involved have already taken steps on their own initiative to implement a range of organisational measures aimed at improving compliance with anti-money laundering rules. FINMA will appoint an audit agent to review the appropriateness and effectiveness of these measures and of the internal control system for combating money laundering. The case outlined above is the last of seven cases relating to 1MDB in which FINMA has now concluded enforcement proceedings.