

MEDIA RELEASE:

DFSA fines Ashish Bhandari USD 165,000 for involvement in anti-money laundering breaches and obstructing the DFSA

Dubai, UAE, 8 February 2021: The Dubai Financial Services Authority (DFSA) has today published a Decision Notice against Mr Ashish Bhandari, a former relationship manager at a DFSA Authorised Firm.

On 17 September 2020, the DFSA decided to take enforcement action against Mr Bhandari for being knowingly involved in breaches of Anti-Money Laundering (AML) legislation from 2011 to 2013 and for obstructing the DFSA in 2017 and 2018. The DFSA did not make a finding that Mr Bhandari had engaged in money laundering. The DFSA has fined Mr Bhandari USD 165,000 and restricted him from performing any function in connection with the provision of financial services in or from the DIFC.

Mr Bhandari referred the matter to the Financial Markets Tribunal on 18 October 2020. As a result of a settlement agreement reached with the DFSA, he has since withdrawn that referral.

The DFSA found that Mr Bhandari, who was a relationship manager with a private bank in the DIFC, was the director and registered beneficial owner of an off-shore entity registered in the British Virgin Islands (BVI), which had been set up with an introducer of his employer. Mr Bhandari arranged for the introducer's referral fees to be paid by his employer to the BVI entity without disclosing his involvement in the entity to his employer. Mr Bhandari was also instructed by certain of his clients to transfer money to the BVI entity. However, Mr Bhandari's employer thought the BVI entity was owned and controlled by the introducer. From the money transferred into the BVI entity, large sums were then transferred to Mr Bhandari's personal bank accounts outside the UAE. The DFSA found that, by not disclosing his outside activities and involvement in the BVI entity, he was able to maintain the fund routing arrangements and thereby retain clients.

Mr Bhandari's employer failed to take proper steps to verify the identity and ownership of the BVI entity in accordance with its AML obligations, instead simply accepting Mr Bhandari's assertions, which he must have known were inaccurate. The DFSA found that Mr Bhandari was knowingly concerned in breaches of AML legislation by concealing relevant information within his knowledge from the Authorised Firm and its compliance function.

Further, Mr Bhandari failed without reasonable excuse to comply with the DFSA's requests to provide information and provided false, misleading or deceptive information to the DFSA, or concealed information from the DFSA, with the intention of obstructing the DFSA's investigation.

The DFSA would like to acknowledge the cooperation and assistance provided by the Mauritius Financial Services Commission and the British Virgin Islands Financial Services Commission.

Bryan Stirewalt, Chief Executive of the DFSA, said: *"Employees at authorised firms have a duty to act with integrity and professionalism, even more important for those employees who are responsible for dealing directly with clients and investors. When called to give an account of their knowledge and actions, the DFSA expects complete honesty and transparency. Anything short of that will result in significant penalties and restrictions. The fine is higher than it would have been as the DFSA has previously imposed sanctions for highly similar misconduct. We expect standards to improve and we will hold to account those who fail to learn."*

The DFSA decided to take action against Mr Bhandari in order to maintain the integrity and reputation of the DIFC, and to protect direct and indirect users of the financial services industry in the DIFC. The DFSA acknowledges the cooperation and assistance provided by the Mauritius Financial Services Commission and the BVI Financial Services Commission to the DFSA's investigation.

A copy of the DFSA's Decision Notice can be found on the DFSA website under Regulatory Actions. <https://www.dfsa.ae/en/What-We-Do/Enforcement#Regulatory-Actions>

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Editor's notes:

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in and from the Dubai International Financial Centre (DIFC), a purpose built financial free zone in Dubai. The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic



finance, insurance, crowdfunding platforms, money services, an international equities exchange and an international commodities derivatives exchange. In addition to regulating financial and ancillary services, the DFSA is responsible for administering Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) legislation that applies to regulated firms and Designated Non-Financial Businesses and Professions in the DIFC. Please refer to the DFSA's website for more information.

Bryan Stirewalt was appointed Chief Executive of the DFSA on 1 October 2018, after nearly eight years as the DFSA's Managing Director of Supervision. In his role as Chief Executive, Bryan steers the work of the DFSA, further developing its capability as a robust regulator delivering world-class financial services regulation in the DIFC. Bryan plays a vital part in executing the DFSA's regulatory mandate and developing its risk-based supervision framework. Bryan also plays an active role in supporting the work of international standard-setting bodies. He serves as the Co-Chair of the Basel Consultative Group (BCG), which provides a forum for deepening the Basel Committee on Banking Supervision's engagement with non-member, global supervisors on banking supervisory issues. Through this role, Bryan also serves as an Observer at the Basel Committee on Banking Supervision.