



Recent Singapore decisions highlight sanctions and export controls enforcement

25 June 2024

The Singapore government has refused to renew the visa of the U.S.-born chief executive of a shipping company after the company was designated by the U.S. Treasury for breaching Russian sanctions. Separately, a Singapore company has been fined more than SGD1.1 million (approximately US\$840,000) on two charges of exporting strategic goods without the necessary export permits. The decisions highlight the readiness of the Singapore government to enforce violations of sanctions and export control laws and the stringent financial and legal penalties that may meet such a violation.

The Chief Executive and co-founder of shipping company Red Box Energy Services has said that authorities in the Singapore had denied him a work visa after the company was designated by the U.S. Treasury for breaching Russian sanctions. Philip Adkins told the Financial Times he felt the company was always compliant with all applicable international sanctions and that his former colleagues were engaged with OFAC, the Office of Foreign Assets Control, to delist two Audax heavy-lift vessels that delivered structures to be used in a sanctioned liquefied natural gas project under construction in Murmansk in northern Russia.

Some months earlier, Hydronav Services (Singapore) Private Limited (Hydronav), a Singapore company, had been fined more than SGD1.1 million (approximately US\$840,000) for exporting strategic goods without the requisite export permit, in contravention of Section 5 of the Strategic Goods (Control) Act 2022 (SGCA). Two employees of the company, Poiter Agus Kentjana and Wui Ong Chuan, were also fined for their involvement in these offences.

Poiter, who was Hydronav's sales manager, was fined SGD35,000 (approximately US\$26,000) (in default 14 weeks' imprisonment) on one count of exporting strategic goods without the requisite permits under section 5 SGCA and one count of engaging in a conspiracy to cheat under section 417 read with section 109 Penal Code 1871 (Penal Code). The court took one similar charge into account for the purposes of sentencing.

Wui, who was a director in charge of Hydronav's import and export operations, was fined SGD45,000 (in default 18 weeks' imprisonment) on one count of exporting strategic goods without the requisite permit

under section 5 SGCA, and one count of engaging in a conspiracy to cheat under section 109 Penal Code. Two other charges were taken into consideration for the purposes of sentencing.

Facts of the Case

Singapore Customs began investigations into Hydronav based on information received, which alleged that the company had exported strategic goods from Singapore to Myanmar without the necessary permit. The enquiries revealed that Poiter oversaw the sale of a multibeam echosounder system (EM system), a type of underwater sonar system used to map the seafloor, to an entity in Myanmar.

The EM system, procured from a company in Norway, consisted of sub-systems listed as controlled goods under the Strategic Goods (Control) Order (SGCO) 2017. The export of such goods requires a permit. The company did not obtain the necessary permit to export the EM system, even though both Poiter and Wui were aware that it would be subject to export controls under the SGCA.

Further investigation findings

Pursuant to their investigations, Singapore Customs also discovered that Hydronav falsely submitted a statement to the Norwegian authorities, stating that the goods were being exported to Indonesia. In that statement, Poiter fraudulently listed an Indonesian entity as the end-user, to deceive the Norwegian authorities into approving the export of the EM system from Norway to Singapore. He did so because of two of Hydronav's prior applications, which listed an entity in Myanmar as the end-user, had been previously rejected by the Norwegian authorities.

The cheating charges against Wui and Poiter related to their deceiving the company which sold the EM system to Hydronav, Kongsberg Maritime Pte Ltd, that the Indonesian entity would be the end-user for the EM system. Wui and Poiter also deceived Kongsberg into believing that the EM system was stolen in Indonesia, by submitting a false police report in Indonesia.

Lastly, in its investigations, Singapore Customs discovered that in July 2017, Hydronav had exported an Unmanned Aerial Vehicle (UAV) or drone, a controlled good listed under the SGCO 2017, to Myanmar for demonstration and without the requisite permit.

Significance

According to section 5 SGCA, anyone found guilty of exporting, transshipping or bringing in transit any strategic goods without the requisite permit is liable, on a first conviction, to a fine not exceeding SGD100,000 (approximately US\$74,000) or three times the value of the goods or technology in respect of which the offence was committed, whichever is the greater, or to imprisonment for a term not exceeding two years, or to both. The penalty for cheating under section 417 of the Penal Code 1871 is up to three years' imprisonment, a fine, or both.

The large financial penalty awarded against Hydronav highlights the willingness of the Singapore government to take severe action against persons who violate Singapore export control laws. The fines awarded against Poiter and Wui, in their capacity as senior officers of the company, also emphasise the

personal liability, including potential imprisonment terms, that may arise to persons who direct corporate entities to violate such laws.

Lastly, the multiple charges made against Poiter and Wu, encompassing both the unauthorised export of strategic goods and the conspiracy to cheat, suggest that a violation of export control laws may seldom occur without the commission of other offences, such as fraud or money laundering.

Recent developments in enactment of Singapore sanctions

Singapore is a member of the United Nations, and enforces all United Nations Security Council (UNSC) sanctions through domestic legislation. More particularly, the United Nations Act 2001 imposes UN sanctions requirements on non-financial institutions, while the Financial Services and Markets Act 2002 (FSMA) imposes UN sanctions requirements on financial institutions. An overview of the list of individuals and entities designated under UN sanctions appears [here](#).

In response to Russia's invasion of Ukraine, Singapore also implemented unilateral sanctions against Russia. Lastly, Singapore applies targeted financial sanctions against individuals and entities designated as terrorists by either the UNSC or the Singapore government, pursuant to the Terrorism (Suppression of Financing) Act (TSOFA).

Separate from its implementation of UNSC sanctions, it was reported in April 2024 that Singapore had launched a crackdown on sales of arms and weapons through its territory to Myanmar. This action by the Singapore government occurred after a [2023 report](#) by the U.N. special rapporteur on the human rights situation in Myanmar, Thomas Andrews, found that Singapore-based entities had become the third largest supplier of weapons to the military. The report detailed more than US\$1bn of arms transfers and related materials to Myanmar's ruling generals, known as the State Administration Council (SAC).

The report revealed that 138 Singapore-based firms were involved in the transfer of US\$254m in weapons materials to the SAC from 2021 to 2022. A spokesperson from the Singapore Ministry of Foreign Affairs (MFA) said at the time that the government appreciated the efforts by the U.N. "to provide information to aid Singapore's investigations into whether any offences were committed under Singapore law". The MFA spokesperson further stated that Singapore had taken a "*principled position against the Myanmar military's use of lethal force against unarmed civilians and has worked to prevent the flow of arms into Myanmar*".

By the time of his subsequent report to the Human Rights Council in March 2024, Mr Andrews noted that arms sales had dropped by 83 per cent. Myanmar opposition parties have praised Singapore for its principled stance, noting that it had deprived the SAC of significant procurement routes.

Following the imposition of sanctions by the U.S. on two Myanmar banks, the Monetary Authority of Singapore is understood to have communicated to various banks operating in Singapore that they should stop servicing accounts related to the Myanmar military regime.

Taken together, the Red Box and Hydronav decisions go to show that Singapore remains ready and vigilant to enforce violations and export control laws and punish them with a range of financial and legal penalties. This is only likely to continue.

The recent visit of leading U.S. sanctions officials in May 2024 to Singapore and Malaysia was intended to advance the U.S. Treasury's work in countering terrorist financing in the Middle East, as well as to discuss sanctions and export controls in Russia. A key topic was shipments via ship-to-ship transfers in international waters near Singapore and Malaysia, one of the busiest shipping lanes in the world. We expect collaboration between the U.S. and the local governments in Southeast Asia on these topics to continue, with enforcement to follow.

Hogan Lovells has extensive local, regional and global experience in sanctions-related work, including in providing legal advice to global technology companies, financial institutions, and educational institutions in designing policies and procedures to ensure compliance with Singapore sanctions and export control laws.

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