

**WEALTH TALKS**

# Family Office **Fraud**

**26 OCT 2022** **4:00 PM SGT**

**XXIV**  
OLD BUILDINGS

**SPENCER WEST**

**TAURUS**  
WEALTH

**KPMG**

## Speakers

**Zac Lucas**  
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Group CRO  
Taurus Wealth

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Partner  
KPMG in Singapore

**David Brownbill**  
King's Counsel  
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## Agenda

- Family Offices and Financial Risk Management
- Private Equity Investment – Financial Due Diligence
- Financial Fraud – Legal Consequences ➔



## Financial Risk Management

- Single Family Office Typologies
- Direct Investment Trends (Public Equity vs. Private Equity)
- In-House vs. Outsourced CIO/CRO
- SFO Risk Management Strategy
- MFO Risk Management Strategy
- Industry Risk Management Strategy ➔

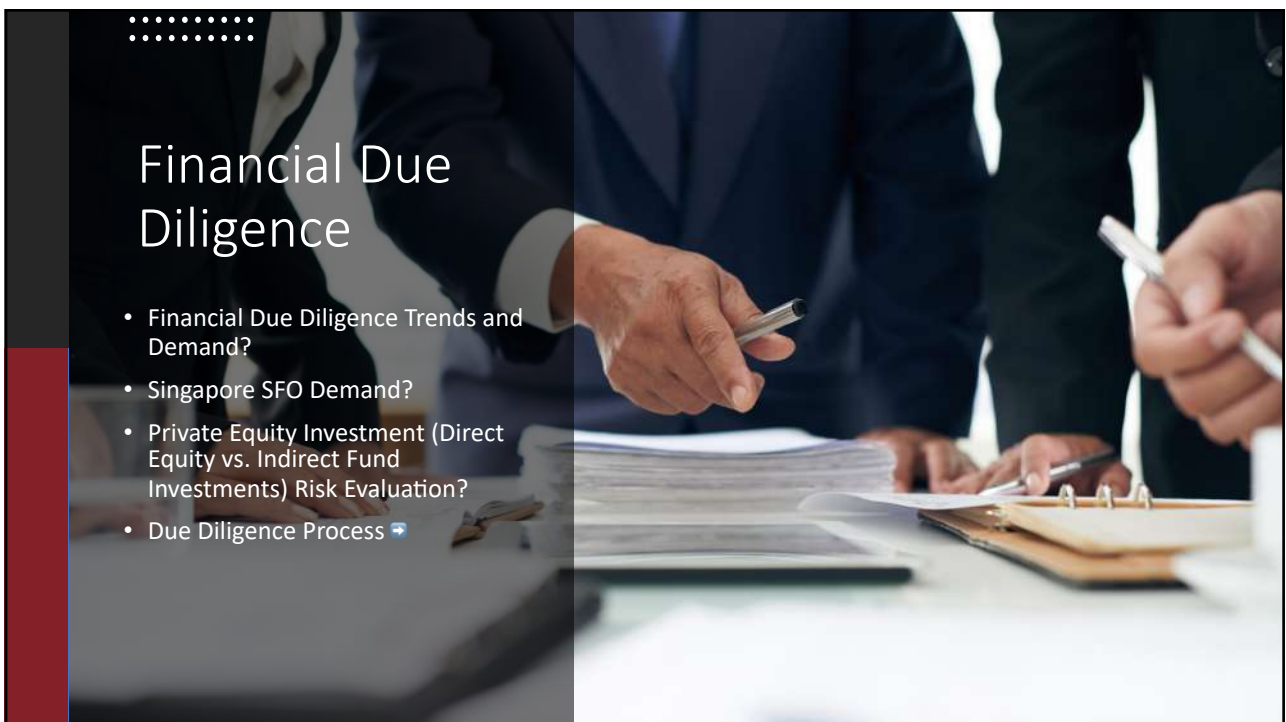




The slide features a background image of two men in business attire sitting outdoors. One man is holding a tablet. The slide has a dark grey header with a grid of white dots. A red vertical bar is on the left side.

## Financial Risk Management

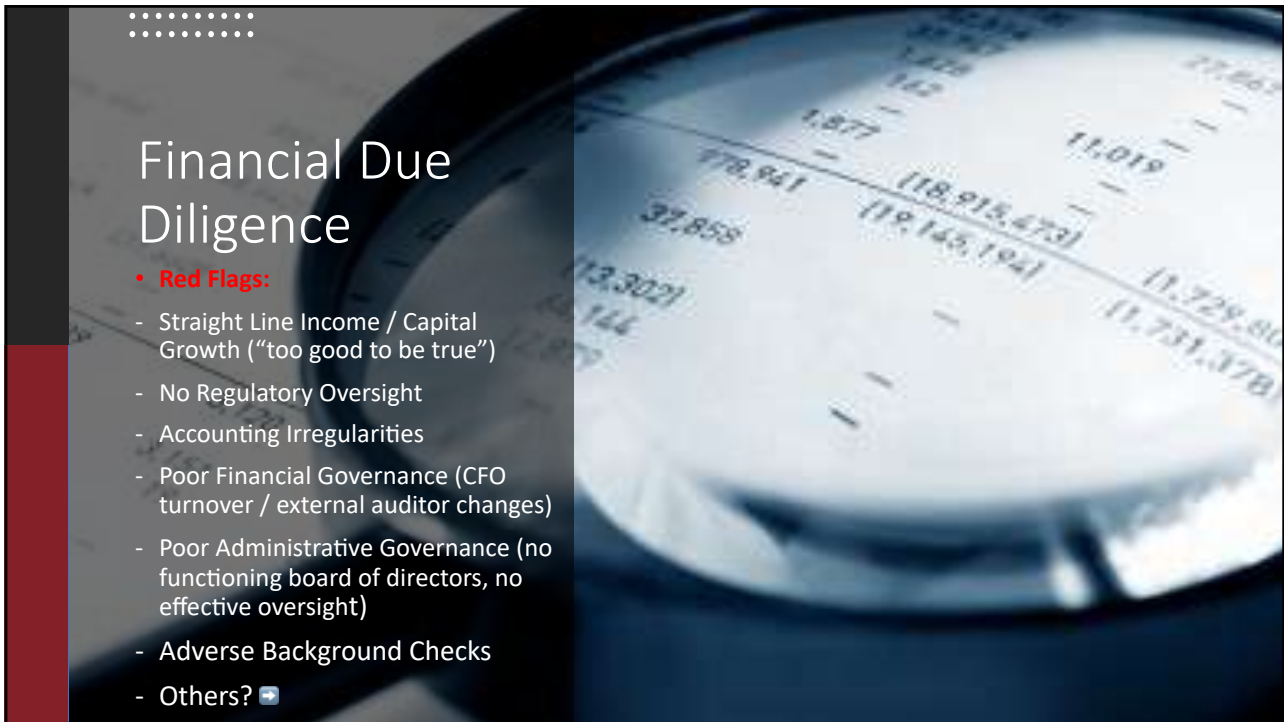
- SFO Risk Management Evaluation (adequate?)
- Key Pitfalls
- Best Practices ▾



The slide features a background image of several people in business suits sitting around a table, looking at documents. The slide has a dark grey header with a grid of white dots. A red vertical bar is on the left side.

## Financial Due Diligence

- Financial Due Diligence Trends and Demand?
- Singapore SFO Demand?
- Private Equity Investment (Direct Equity vs. Indirect Fund Investments) Risk Evaluation?
- Due Diligence Process ▾



Financial Due Diligence

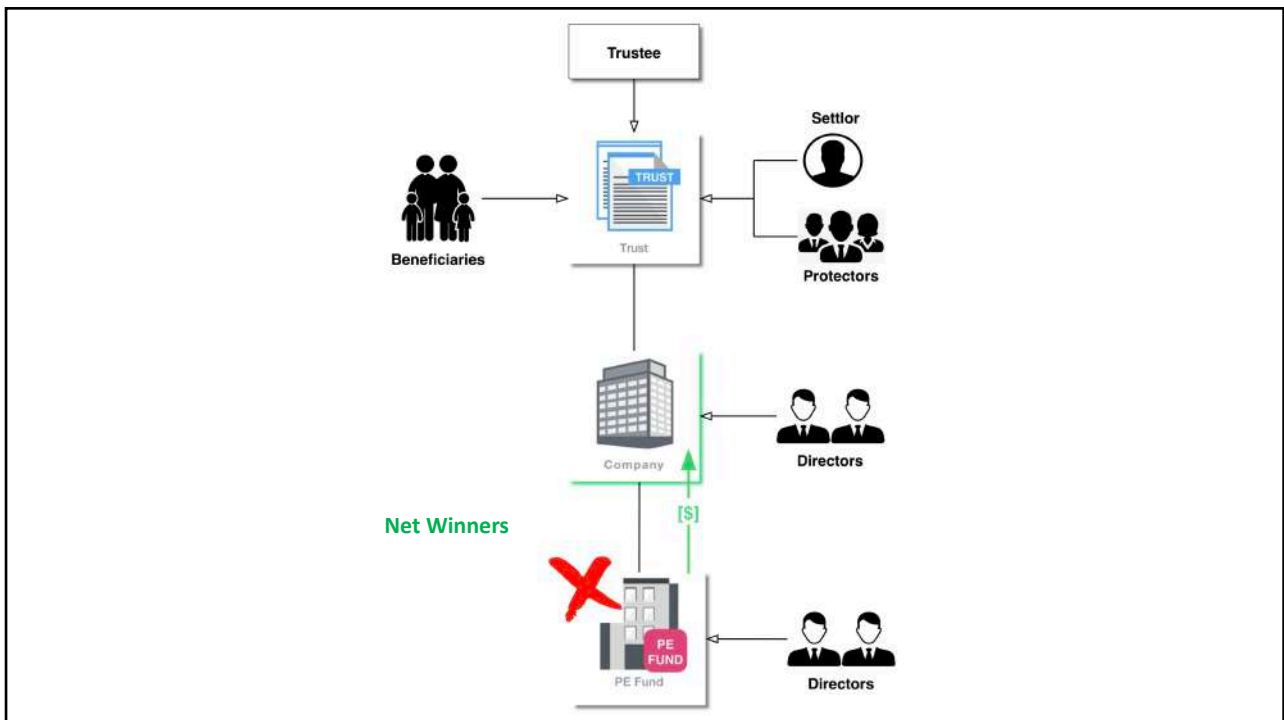
- **Red Flags:**
  - Straight Line Income / Capital Growth (“too good to be true”)
  - No Regulatory Oversight
  - Accounting Irregularities
  - Poor Financial Governance (CFO turnover / external auditor changes)
  - Poor Administrative Governance (no functioning board of directors, no effective oversight)
  - Adverse Background Checks
  - Others? ➔

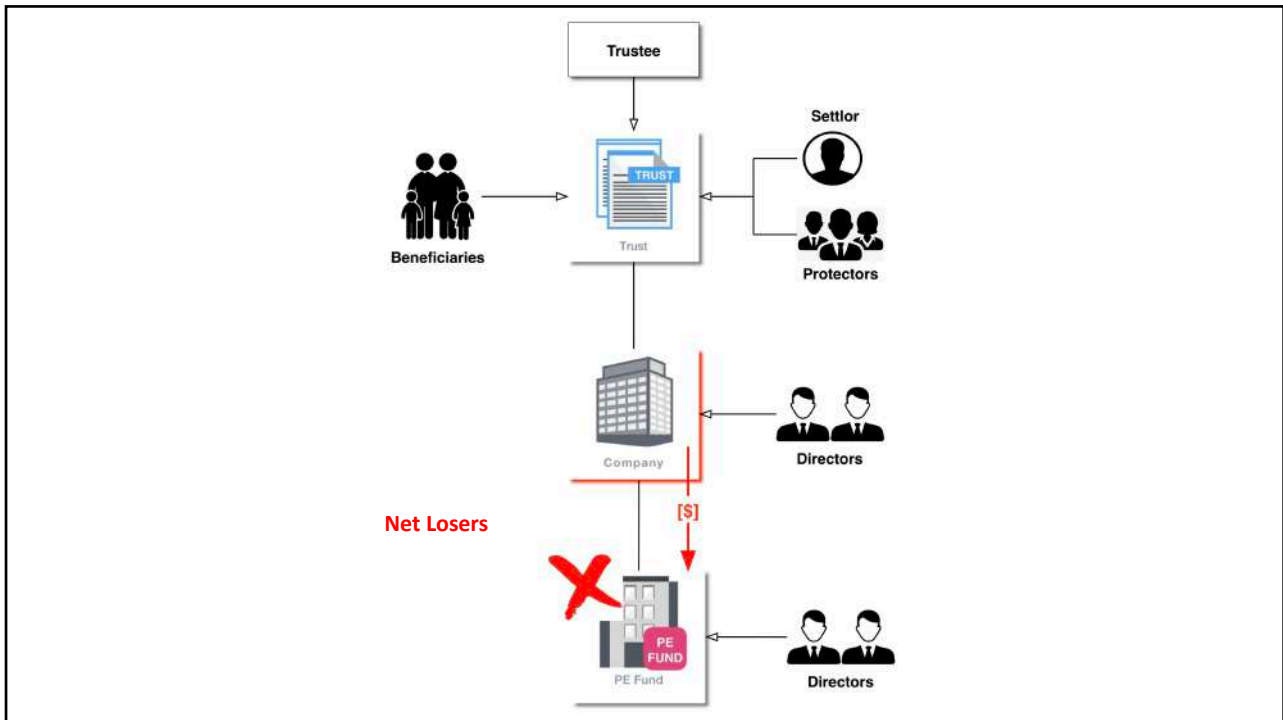


Financial Fraud  
Legal Consequences

## Legal Consequences

- Net Winners
- Net Losers





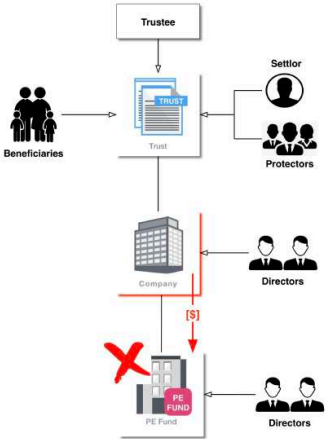
## Net Winners

The diagram shows a flow of assets from a PE Fund back to a Company. A green arrow labeled '[S]' indicates a transfer from the PE Fund to the Company, which is marked with a red 'X'. The Trustee oversees the Trust, which is managed by Settlor and Protectors. The Company is managed by Directors, and the PE Fund is also managed by Directors.

**Insolvency Clawback:**

- Voidable Preference
- Undervalue Disposal
- Fraudulent Trading
- Knowing Receipt
- Unjust Enrichment
- Conspiracy
- Constructive Trust

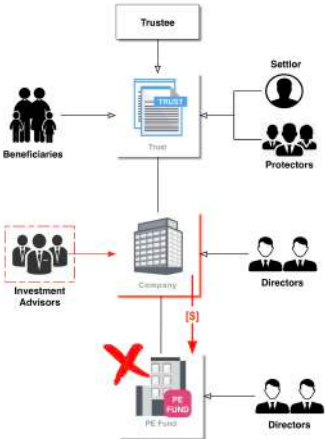
# Net Losers



### Liability Scope:

- Trustee
- Investment Power Holders
- Underlying Company Directors

# Net Losers



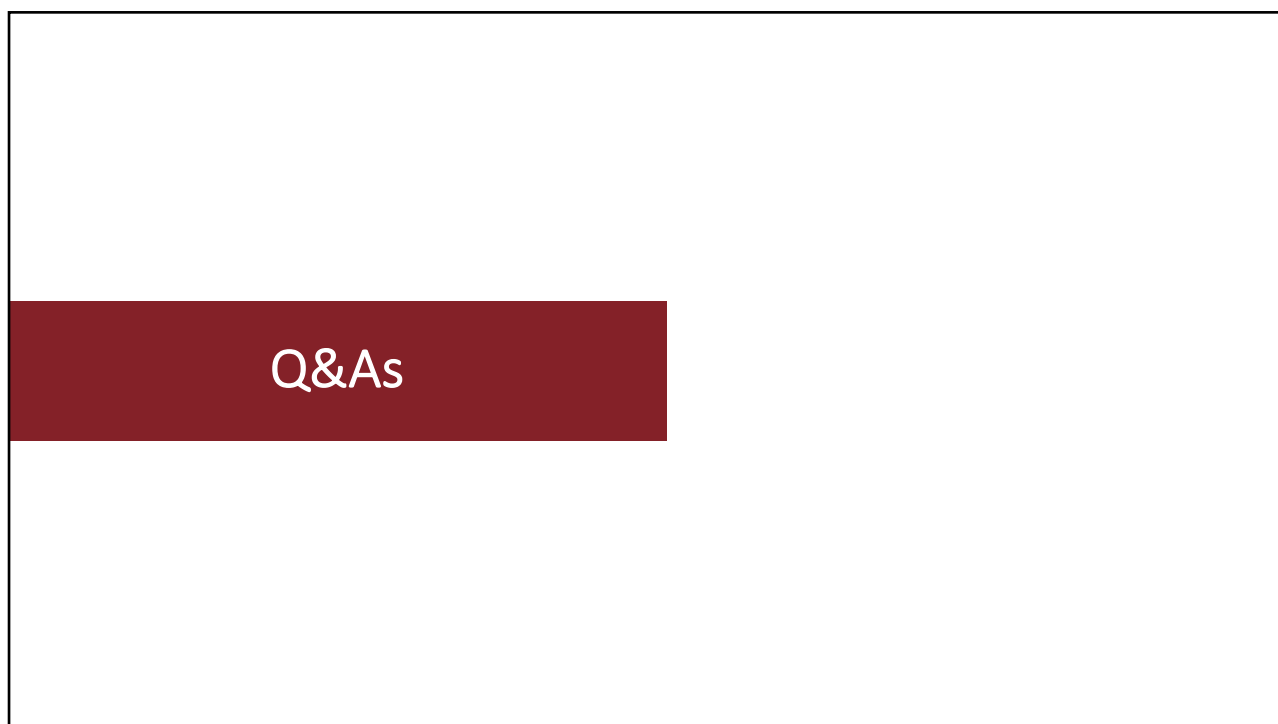
### Liability Scope:

- Trustee
- Investment Power Holders
- Underlying Company Directors
- Third Party Investment Advisors



Best Practice

- SFO Effective Governance and Control Framework
- Private Equity Due Diligence Protocols
- Direct Due Diligence Processes
- Effective Ongoing Monitoring
- Others? ➤



Q&As



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