

Press release

LCQ8: Counterfeit Hong Kong banknotes

Wednesday, March 11, 2009

Following is a question by the Hon Wong Ting-kwong and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (March 11):

Question:

It has been reported that the Guangdong Provincial Public Security Bureau indicated that counterfeit Hong Kong banknotes with a total face value of over three million dollars were seized last year, and emphasised that there was no technology available on the Mainland "to produce counterfeit Hong Kong banknotes of such high quality", estimating that those counterfeit banknotes were most probably circulated into the Mainland through money exchanges in Hong Kong. In this regard, will the Government inform this Council:

- (a) of the respective numbers of cases of counterfeit Hong Kong banknotes being seized by and reported by members of the public to the Police last year, as well as the number and major denominations of the counterfeit banknotes concerned;
- (b) of the level of the imitation skills in respect of the counterfeit Hong Kong banknotes seized last year, and whether the general public and banknote authentication devices can tell if they are counterfeit banknotes;
- (c) whether the Police has found out if it is true that counterfeit Hong Kong banknotes were circulated into the Mainland through money exchanges in Hong Kong; if it is true, whether the Police will step up monitoring the related money exchange activities in Hong Kong; if not, of the reasons for that; and
- (d) of the measures taken by the Police to monitor counterfeit Hong Kong banknotes activities, and the effectiveness of the collaborative efforts of the Police and the Guangdong Provincial Public Security Bureau in combating counterfeit banknotes activities?

Reply:

President,

(a) The Police seized a total of 3,156 counterfeit Hong Kong banknotes in 2008. The relevant statistics on denomination are as follows:

Denomination	Number
\$1,000	383
\$500	556
\$100	1,029
\$50	691
\$20	359
\$10	138
Total	3,156

The Police do not maintain statistics on cases of counterfeit Hong Kong banknotes reported by members of the public.

(b) According to the Police, most counterfeit Hong Kong banknotes seized last year are of "average" or "poor" quality. In most cases, members of the public can distinguish the counterfeit banknotes by naked eye or touch. The banknote authentication devices currently used by banks can verify the authenticity of Hong Kong banknotes.

(c) With the increasing flows of trade and tourism between Hong Kong and the Mainland, there exist a large number of cash transactions in Hong Kong dollars. Therefore, the Police cannot preclude the possibility of counterfeit Hong Kong banknotes finding their way into such cash transactions in the two places. The Police will continue to enhance intelligence exchange with the law enforcement agencies in the Mainland and urge local money changers to stay vigilant in a bid to curb the circulation of counterfeit Hong Kong banknotes. Also, the Police will spare no efforts in combating offences related to counterfeit banknotes by taking swift and targeted actions to investigate such cases.

(d) The Police have been exchanging intelligence with the Hong Kong Monetary Authority (HKMA), the banking sector as well as the Mainland and overseas law enforcement agencies in order to keep a close watch on unlawful activities in connection with counterfeit Hong Kong banknotes. On receipt of report on counterfeit Hong Kong banknotes, the Police will carry out investigation promptly. In addition, the Police organise seminars on how to verify the authenticity of banknotes jointly with the HKMA, and educate the public and raise their awareness on how to distinguish counterfeit banknotes through television, newspapers and distribution of leaflets.

The Police have been working closely with the law enforcement agencies, including the Economic Crime Investigation Department of the Guangdong Provincial Public Security Bureau, in the Mainland to combat cross-boundary crimes involving counterfeit banknotes. In addition to exchanging intelligence, the law enforcement agencies of the two places also join forces to bring offenders to justice. For instance, a counterfeit Hong Kong banknotes syndicate was neutralised through the cooperation of the law enforcement officers of the two sides last June.

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