



Anti-Money Laundering Seminar

Emerging Money Laundering Methods and Trends

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2011-11-09



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Intelligence Unit



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Emerging Money Laundering Methods and Trends

- Definition of ML
- Common Method
- Legislation in HK
- Latest Development



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Definition

Money Laundering

All kinds of methods used to change the identity of illegally obtained money

Terrorist financing

The financial support, in any form, of terrorism or of those who encourage, plan, or engage in terrorism

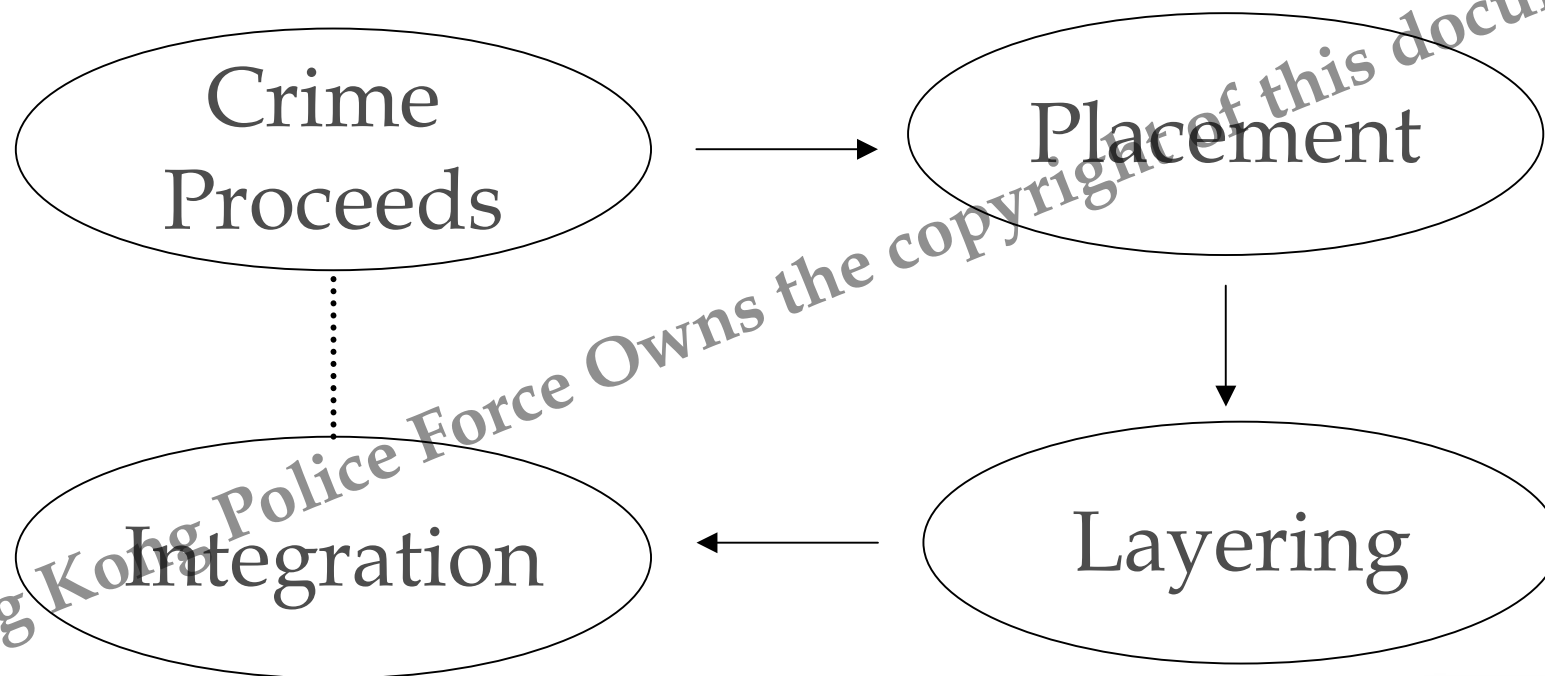


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Deal

Stage in Money Laundering



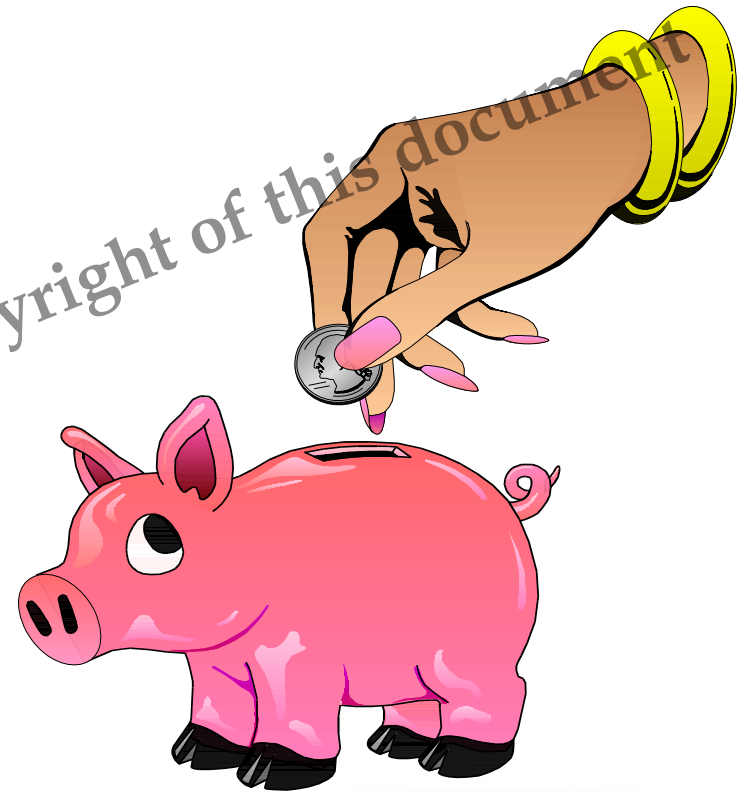
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Deal

Most direct method

- Deposit the crime proceeds to
 - Financial Institution; or
 - Designated Non-Financial Businesses and Professions

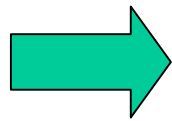


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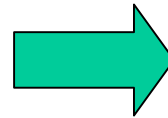


Initial Stage

\$ From
criminal
activities



Use different
methods/
channels



\$ From
legitimate
source

- Drug Trafficking
- Illegal gambling
- Fraud
- Blackmail
- Smuggling
- Tax evasion
- Corruption.....

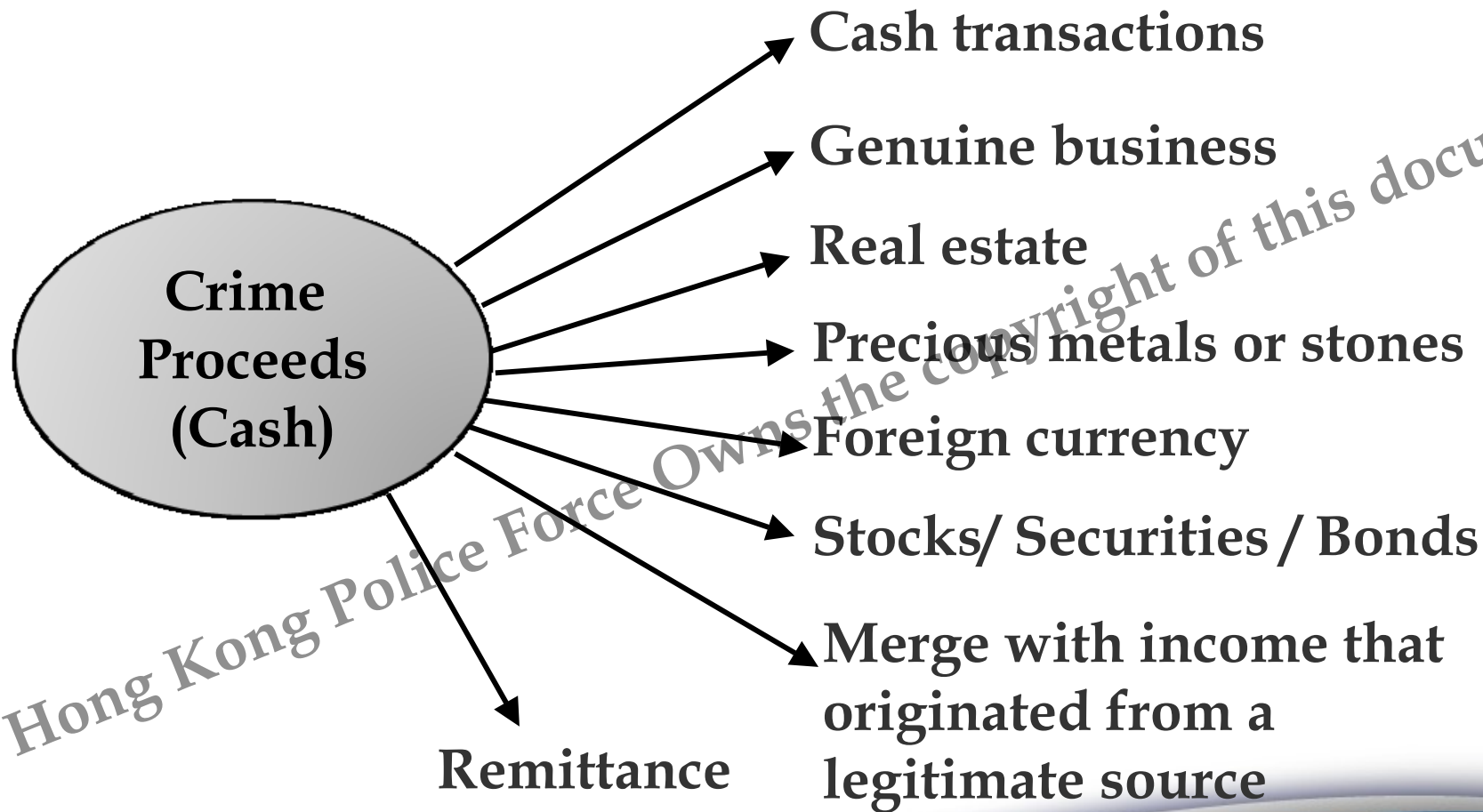
- Cash transaction
- Real property
- Vehicle/Vessel
- Securities
- Bonds/Funds
- Investment.....



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Initial Stage



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Common Method

- Cash transactions
- Layering
- Structuring
- Stoooge account
- Off shore company
- Casino
- Foreign currency

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Layering

Combination of several different techniques and vehicles

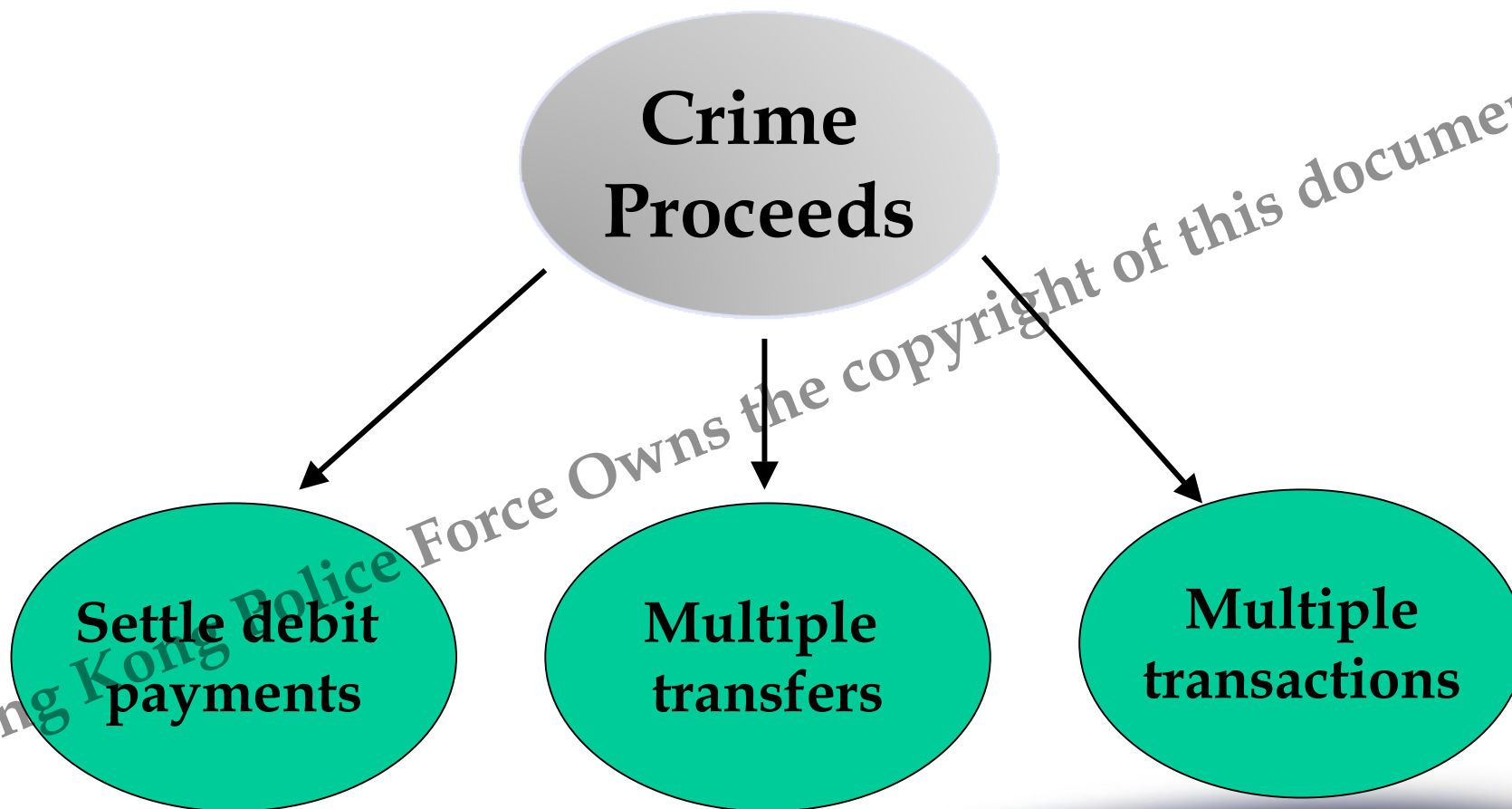
- Conduct multiple deposits / withdrawals / transfers in one or several accounts
- Conceal the source of fund from criminal activities
- Settle large amount of debit payment



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Layering



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Integration

➤ Source of fund is concealed and crime proceeds is merged with legitimate source;

➤ Placing the laundering proceeds back in the economy



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Integration

Operate shops with cash base transactions :



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Why RAMC?

Remittance Agents and Money Changers have the following characteristics:

- a) Walk-in / Occasional customers
- b) Simplicity
- c) Worldwide reach (in case of money remitters)
- d) Cash character of transactions



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Relevant Legislation

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Relevant Legislation

1. Drug Trafficking (Recovery of Proceeds) Ordinance, Cap. 405 (DTROP) since 1989
2. Organized and Serious Crimes Ordinance, Cap. 455 (OSCO) since 1994
3. United Nations (Anti Terrorism Measures) Ordinance, Cap. 575 (UNATMO) since 2002



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Relevant Legislation

Money Laundering Offence

- S.25(1) of DTROP (Cap. 405) / OSCO (Cap. 455)
 - *Knowing / Having reasonable grounds to believe that*
 - *Any property represents any person's proceeds of drug trafficking/indictable offence*
 - *Deals with that property*
- **MAX PENALTY:**
 - Fine of \$5,000,000-HKD; and
 - Imprisonment for 14 years



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Relevant Legislation

DEAL

- Receive / acquire the property
- Conceal / disguise the nature, source, location, disposition, movement, ownership or rights of the property
- Dispose / convert the property
- Bring into / out of Hong Kong
- Use the property to borrow money or as security for credit line



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Relevant Legislation

Terrorist Financing Offence

- S. 7 of UNATMO (Cap. 575)
 - *Provide / Collect funds (i) with the intention the funds be used or (ii) knowing that the funds will be used to commit one or more terrorist act*
- MAX PENALTY:
 - Indictment to a fine; and
 - Imprisonment for 14 years



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Relevant Legislation

Restrain and Confiscation

- *Conviction based proceedings*
- *Legal proceedings to be commenced*
- *Court to determine the amount of benefit under restrain from the convicted offence*
- *Court to issue Confiscation Order*



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Latest Development

Challenge ?

- Hi-tech & cyber oriented
- Complicated financial products
- Crime syndicates are international multiple professionals
- Transnational criminal activities



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Thank You

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