



# Anti-Money Laundering Seminar

## Significance of Suspicious Transaction Reports

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Joint Financial  
Intelligence Unit



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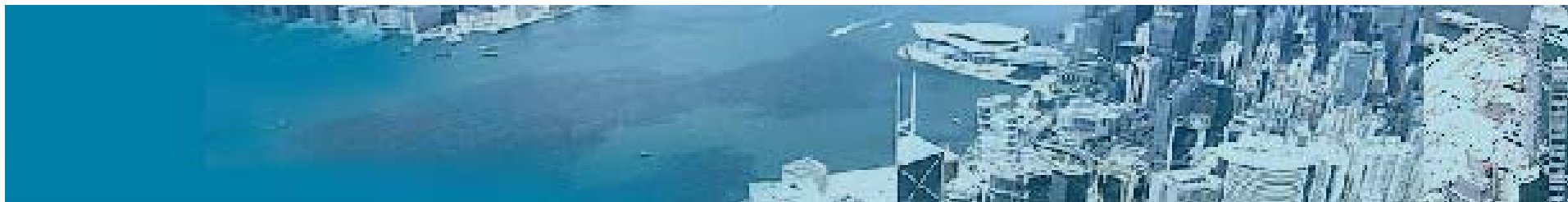
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# Overview of JFIU

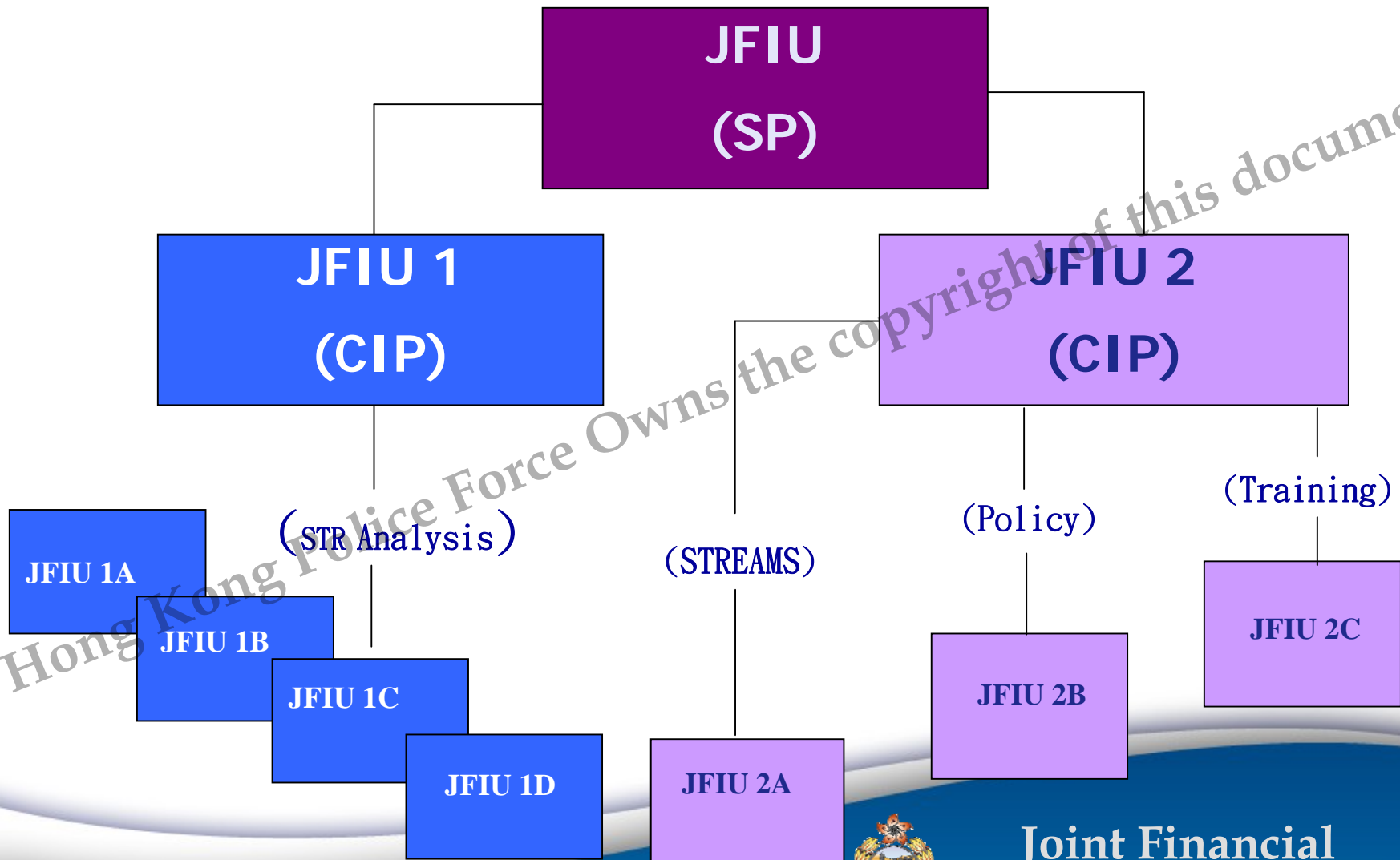
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# Organisation Chart of JFIU



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# Overview of JFIU

## Joint Financial Intelligence Unit (“JFIU”)

- Set up in 1989
- Not an investigative unit
- Jointly operated by HKPF & C&E
- Office: At the Police Headquarters
- Major Responsibilities:
  - Receive
  - Analyze
  - Disseminate



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# Overview of JFIU

- Major Responsibilities:
  - Sharing of intelligence with overseas FIUs  
LEAs & local LEA / Regulator
  - Study the trend and typology used by the  
criminals in ML/TF
  - Outreaching and training
  - Maintaining policy with standards set by  
International bodies



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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

## Legal Obligations to report STR

S.25 (A) of DTROP / OSCO & S.12(1) of UNATMO

*Any person who knows / suspects any property represents proceeds of crime / terrorist property, shall make a report to an authorized officer (JFIU)*

- **MAX PENALTY:**
  - Fine of \$50,000 AND
  - Imprisonment for 3 months



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# Relevant Legislation

## Statutory Defences to :

S25 (A)(2) of DTROP / OSCO & S12(2) of UNATMO

- No offence if:

1. STR made BEFORE the act

- And the act done with consent from an authorized officer (JFIU);

OR

2. STR made AFTER the act

- On his own initiative
- As soon as reasonably practicable



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# Relevant Legislation

## Statutory Protection

S25A(3) of DTROP / OSCO & S12(3) of UNATMO

- a) shall not be treated as **a breach of any restriction upon the disclosure** of information imposed by contract or by any enactment, rule of conduct or other provision
- b) shall not render the person who made it **liable in damages for any loss** arising out of-
- the disclosure / any act done / omitted to be done in relation to the property concerned in consequence of the disclosure.



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# Relevant Legislation

## Offence to Disclose the Disclosure

S25A(5) of DTROP / OSCO & S12(5) OF UNATMO

- Tipping Off
- Any matter likely to prejudice an investigation

- **MAX PENALTY:**

- Fine of \$500,000-HKD AND
  - Imprisonment for 3 years



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# Relevant Legislation

## Restriction on Revealing the Disclosure

S26(1) & (2) of DTROP / OSCO

***NO** witness in any civil or criminal proceedings shall be obliged-*

- a) to reveal that a disclosure was made;*
- b) to reveal the identity of any person as the person making the disclosure; or*

*Unless Court's opinion that justice cannot fully be done*



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# The “SAFE” Approach

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# The “SAFE” Approach

- How to identify a Suspicious Transaction?

- Screen
- Ask
- Find
- Evaluate

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# “SAFE” - Screen

- Screen customer & transaction
- Identify suspicious indicators
  - Deviated from the norm
  - Unusual Customer or Company profile  
(e.g. wealth is incommensurate with background)
  - Unusual transaction  
(e.g. U-turn, bulk cash transaction etc.)



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# “SAFE” - Ask

- Ask appropriate questions
- Clarify suspicious circumstances
  - Financial Background
  - Source of funds
  - Purpose for the transaction
  - Counterparties involved

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# “SAFE” - Find

- Find the customers' records
- Review information
- Analyze if any suspicions from:

| Individual Customer  | Corporate Client         |
|----------------------|--------------------------|
| Occupation           | Business Activity        |
| Income               | Revenue                  |
| Age                  | Incorporation            |
| Previous Transaction | Transaction Counterparts |



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# “SAFE” - Evaluate

- Evaluate information obtained
- Identify if any ‘Suspicious Indicator’
  - More than one indicator possible
  - More indicators appear → Greater Suspicious
- Possible Suspicious Indicators:
  - Activity does not match the profile
  - ‘Politically Exposed Persons’ (PEPs) related
  - Sudden change of transaction pattern
  - Complicated structure / background
  - From jurisdictions known less effective AML standards



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# “SAFE” - Evaluate

- Ask yourself:
  - All steps in ‘Screen’, ‘Ask’, ‘Find’ were completed?
  - Is the transaction suspicious?
  - Having considered all circumstances, can the suspicious be eliminated?
  - If conclusion = genuinely suspicious

→ *File an STR*



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# Case Example – RAMC

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# Case 1



**Suspect**

Lure the victim to deposit the fraud payment to the RAMC A/C from overseas



**Victim**

Withdraw the crime proceeds

Keep Records

Victim made the deposit to the said A/C

Request A/C no. to receive large remittance and agree to pay high rate of commission

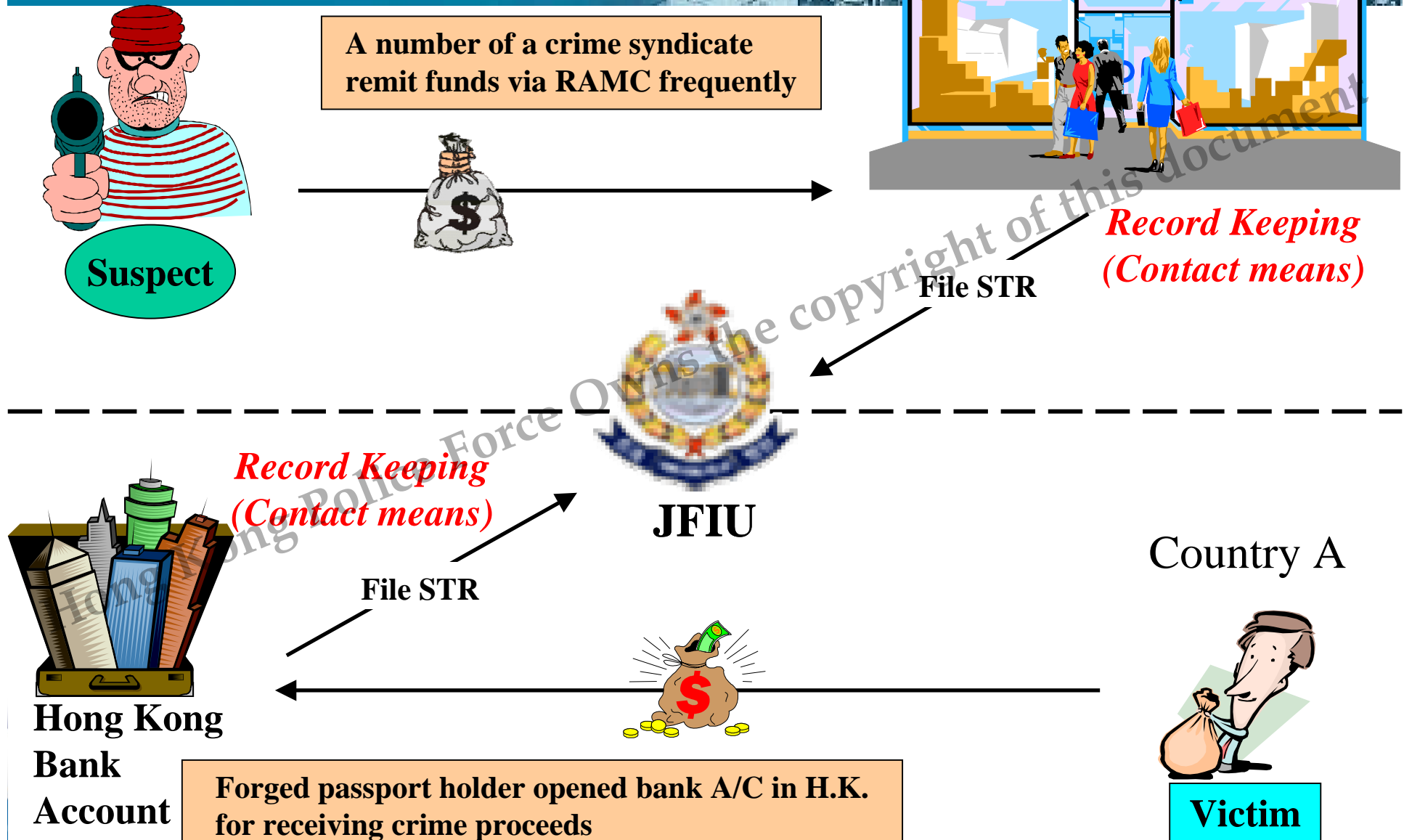
CDD / KYC

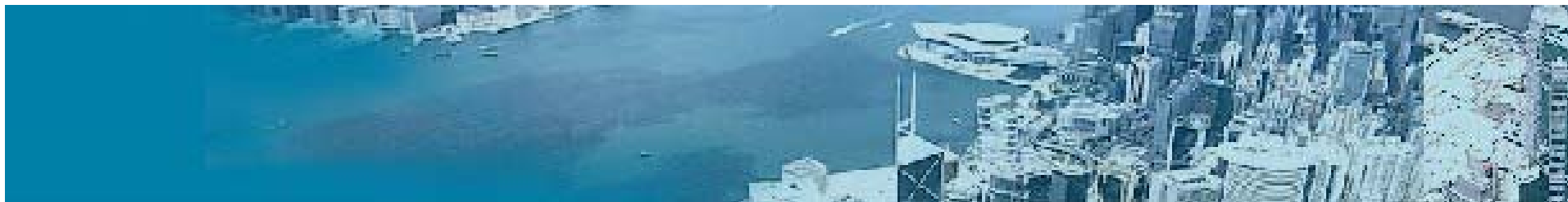


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# Case 2





# Reporting of STR

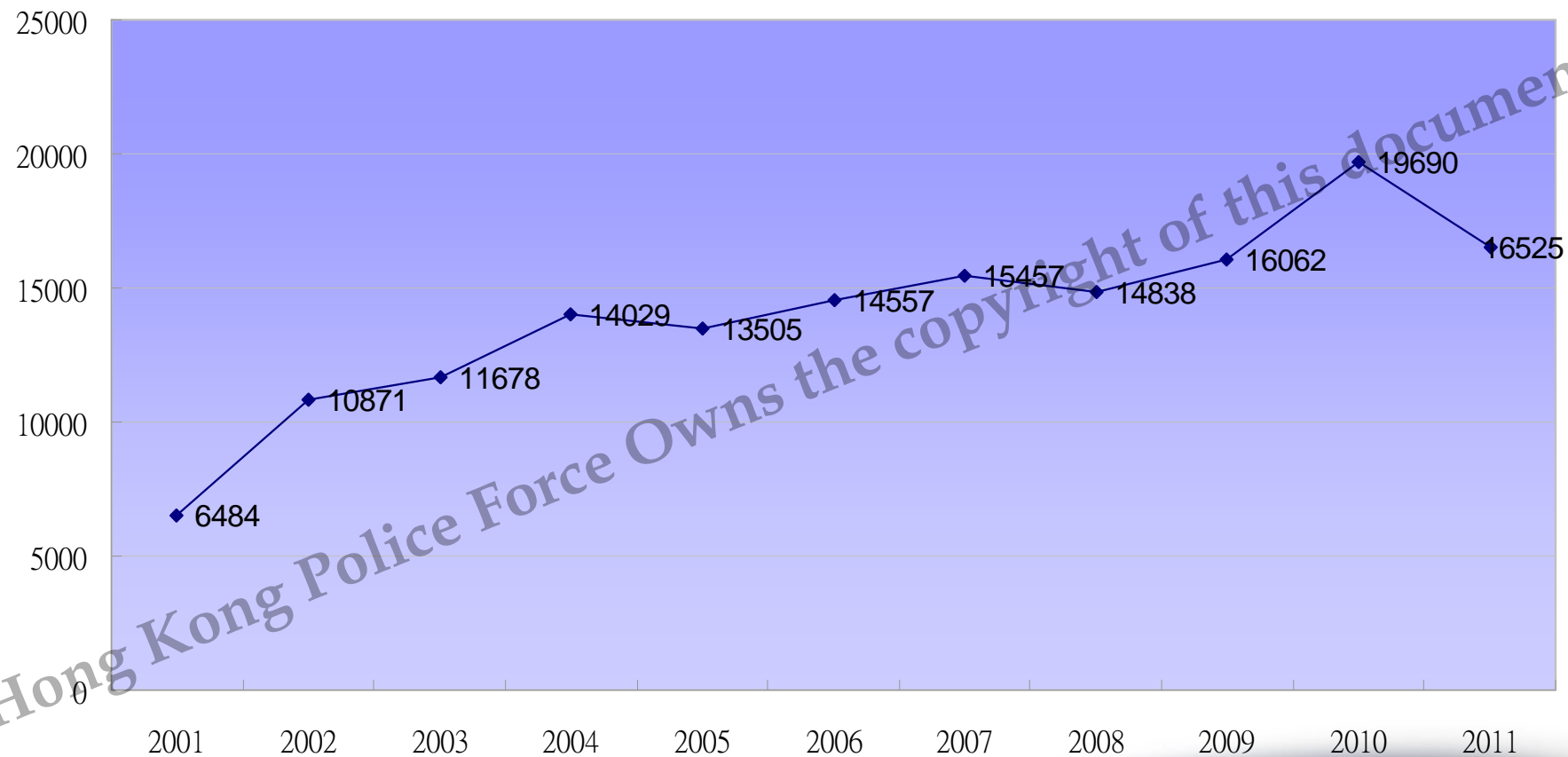
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# No. of STR reported in the past 10 years



Updated as at 2011-10-31



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# Reporting of STR

- STR Statistics

|                             | 2008  | 2009  | 2010  | Oct 2011 |
|-----------------------------|-------|-------|-------|----------|
| No. of STR Received by JFIU | 14838 | 16062 | 19690 | 16525    |
| No. of STR filed by RAMC    | 1824  | 2701  | 1667  | 868      |
| Percentage (%)              | 12.29 | 16.82 | 8.47  | 5.25     |



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# Reporting of STR

- **How to file a STR?**

- Suspicious Transaction Report And Management System (“STREAM”) (Web-based)
- Email
- Fax
- Post
- Verbal (Urgent only – follow up by hardcopy)

Post : G.P.O. Box No. 6555, General Post Office, Hong Kong  
Email : [jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)  
Tel : 28663366 28603355  
Fax : 25294013  
Website : <http://www.jfiu.gov.hk/eng/how.html>



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# Reporting of STR

網址(D) <http://www.jfiu.gov.hk/eng/how.html>

移至 Links



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SITE MAP



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Matter of Interest

Legislation

Suspicious Transaction Report

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[How to Submit a STR?](#)

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Typologies and Feedback

Statistics

Remittance Agents and Money Changers

Links

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Contact Us

## Suspicious Transaction Report

### How to Submit a STR?

Suspicious transaction reports can be made in one of the following ways:



- by e-reporting system, STREAMS

- by email to [jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)



- by fax to : (852) 2529 4013



- by mail, addressed to Joint Financial Intelligence Unit, GPO Box 6555 Hong Kong



- by telephone (852) 2866 3366 or (852) 2860 3413 (for urgent reports during office hours)

If you want to file STR via STREAMS, you have to complete [the application form](#) and return to JFIU either by fax (2529 4013) or email ([jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)). If you need any further information, please feel free to contact JFIU staff.

Download  
Application  
Form Here:



完成

網際網路

# Reporting of STR

## Feedback from JFIU:

- Acknowledgement of Receipt
  - File ref. of 10 digits
  - Details of contact person
- Receive of Consent / No Consent Letter
- Results:
  - Arrests / Prosecutions / Conviction of money laundering offence / Confiscation / Others
  - Q returns of useful feedback / STR figure



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# Latest AML Development in Hong Kong

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# On 1<sup>st</sup> April 2012.....

- AMLO (Cap 615) becomes effective
- RAMC is a Financial Institution
- Collectively known as “Money Service Operators” (“MSO”)



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# Latest AML Development

- Enhance AML Capacity of FIs:
  - Customer Due Diligence Requirement
  - Record Keeping Requirement
  - Internal Control & Procedures obligations
  - Suspicious Transaction Reporting
- Enforcement:
  - Licensing of money service operators
  - Regulatory authorities powers
  - Criminal offence



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# Thank You

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