



Anti-Money Laundering by STR Reporting

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Joint Financial
Intelligence Unit



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Overview of JFIU



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Overview of JFIU

Joint Financial Intelligence Unit (“JFIU”)

- Set up in 1989 at Police HQs
- Jointly operated by HKPF and C&E
- Not an Investigative Unit
- Not a Reporting Centre
- Law Enforcement Model



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Overview of JFIU

Joint Financial Intelligence Unit (“JFIU”)

- Major Responsibilities (1) :
 - Receive
 - Analyze
 - Disseminate of useful STR
- Major Responsibilities (2) :
 - Sharing of intelligence with overseas FIUs & local LEA / Regulators
 - Study the trend used by the criminals in ML/TF
 - Outreach and training



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AML Legislation in HK



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Relevant Legislation

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



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Relevant Legislation

Money Laundering Offence

s.25 of DTROP / OSCO

- Knowing / Having reasonable grounds to believe that any property represents proceeds of drug trafficking or proceeds of indictable offence, **AND**
- Deals with that property
- **MAX PENALTY:**
 - Fine of HK\$5,000,000 **AND**
 - Imprisonment for 14 years



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Relevant Legislation

Offence of Non-Disclosure STR

s.25A of DTROP / OSCO

- Knows or Suspects any property represents proceeds of crime
- Shall make a report to an authorized officer (i.e.JFIU)
- **MAX PENALTY:**
 - Fine of HK\$50,00 AND
 - Imprisonment for 3 years



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Relevant Legislation

Statutory Defence to ML

s.25A(2) of DTROP / OSCO

- if a person deals with property and that person has a defence to ML, provided if :

(1) STR made BEFORE the act

- And the act done with consent from JFIU

OR

(2) STR made AFTER the act

- On own initiative; &
- As soon as reasonable practicable



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Relevant Legislation

Statutory Protection on Disclosure s.25A(3) of DTROP / OSCO

- Not treat as **a breach of any conditions** imposed by contract, rule of conduct or other provision
- Not render the person who made it **liable in damages for any loss**



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Relevant Legislation

Tipping Off Offence

s.25A(5) of DTROP / OSCO

- Tipping Off (i.e. to disclose to other person)
 - Any matter likely to prejudice an investigation
- **PENALTY:**
 - On conviction on indictment : Fine HK\$500,000 & 3 years' imprisonment
 - On summary conviction : Fine HK\$100,000 & 1 year imprisonment



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The 'SAFE' Approach



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The 'SAFE' Approach

- To identify Suspicion Transaction by :
 - Screen
 - Ask
 - Find
 - Evaluate



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'SAFE'

- Screen customer background and transaction
- Ask appropriate questions
- Find out Existing records for review



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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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Reporting of STR



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Case Example – Securities



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Case Example

- Mainlanders opened bank accounts in HK for investment purpose
- Accounts received HK\$20 Million
- Amounts transferred to securities company which was the sponsors for a listing company
- Funds were sourced from a BVI account
- Company address of BVI & listing entity was the same
- SFC investigated and fined HK\$38 Million and banned 3 staff from 4 to 12 months



JFIU Website

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

移至 Links



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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



- 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). If you need any further information, please feel free to contact JFIU staff.

Download
Application
Form Here:





Thank You



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