



Anti-Money Laundering by STR Reporting

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2012-09-14



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 attached to NB
- Not an Investigative Unit
- Not a Reporting Centre
- A member of FATF; APG & Egmont Gp.



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Overview of JFIU

Joint Financial Intelligence Unit (“JFIU”)

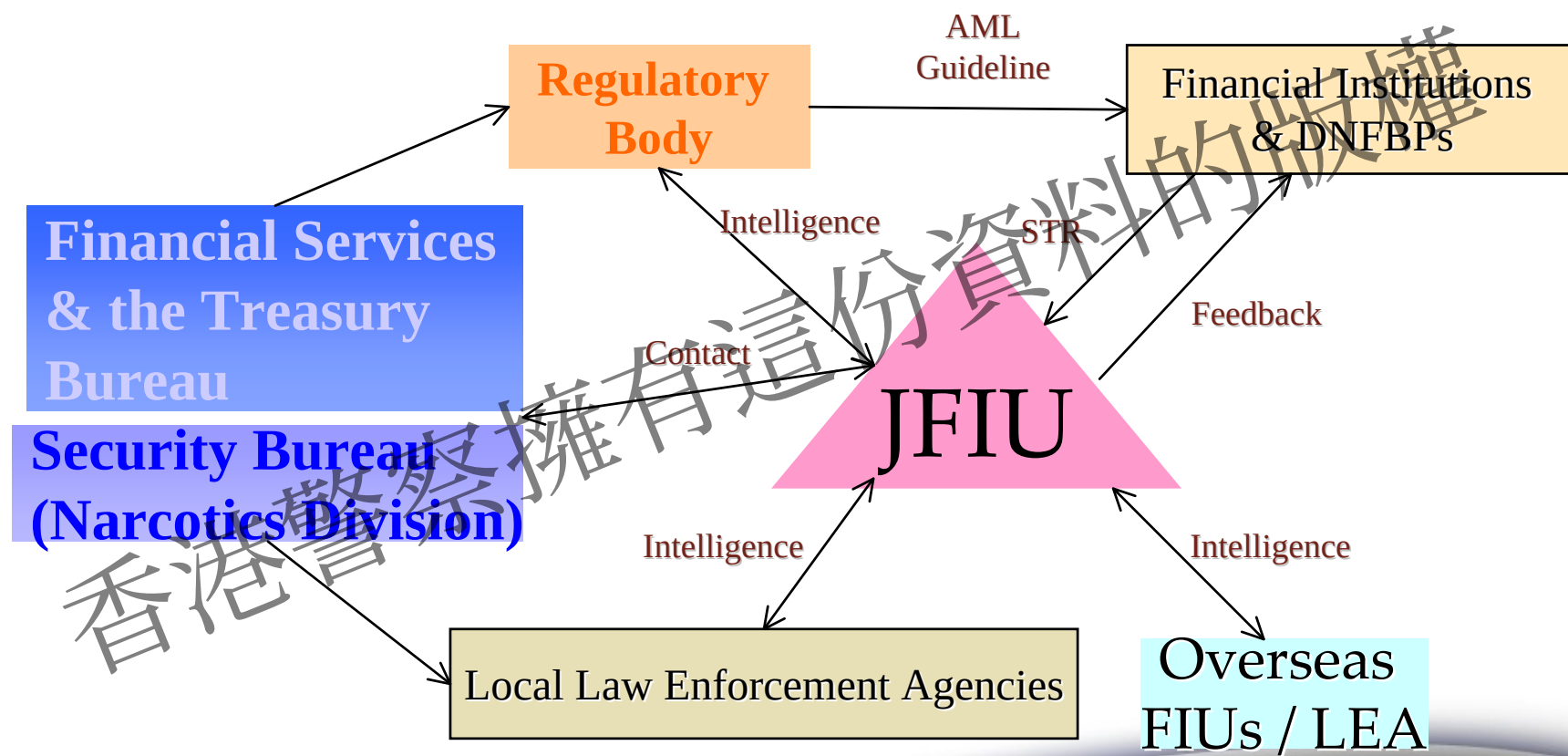
- Major Responsibilities (1) :
 - Receive
 - Analyze
 - Disseminate of useful STR
- Major Responsibilities (2):
 - Sharing of intelligence with overseas FIUs & local LEA / Regulators
 - Outreach and training to maintain the established international standards
 - International cooperation



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JFIU



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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
4. AML and CFT (Financial Institutions) Ordinance, Cap. 615 ('AMLO'), 2012



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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
- **MAXPENALTY:**
 - Fine of HK\$5,000,000 **AND**
 - Imprisonment for 14 years



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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

Offence of Non-Disclosure STR

s.25A of DTROP / OSCO

- Knows or Suspects any property represents proceeds of a crime
- Shall disclose a report to an authorized officer (i.e.JFIU), together with any matter that knowledge or suspicion is based

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



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Relevant Legislation

Knows / Suspects

Knows :

- Participation or Being told by someone who had first hand knowledge

Suspects :

- Subjective based
- No threshold reporting
- No crime involved
- No criminal activity related



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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 arising out of the disclosure**



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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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Relevant Legislation

Restriction on Revealing the Disclosure

- S26(1) 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; **Unless**
 - (i) Court is considered Justice to be done or
 - (ii) Any proceedings under s. 25 or s. 25(A)



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Relevant Legislation

New AMLO

- Client due diligence
- Record keeping
- Training
- PEP (person with prominent public function in a place o/s People's Republic of China)



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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 / corporate background and transaction to identify suspicion
- Ask appropriate questions to clarify
- Find out Existing records for review before
- Evaluation



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'SAFE' - Evaluate

- Ask yourself:
 - All steps in 'Screen', 'Ask', 'Find' were completed?
 - Is sufficient info. to support suspicion?
 - Having considered all circumstances, can the suspicion/risk be eliminated?
 - If conclusion = genuinely suspicious

→ *File an STR*



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Reporting of STR

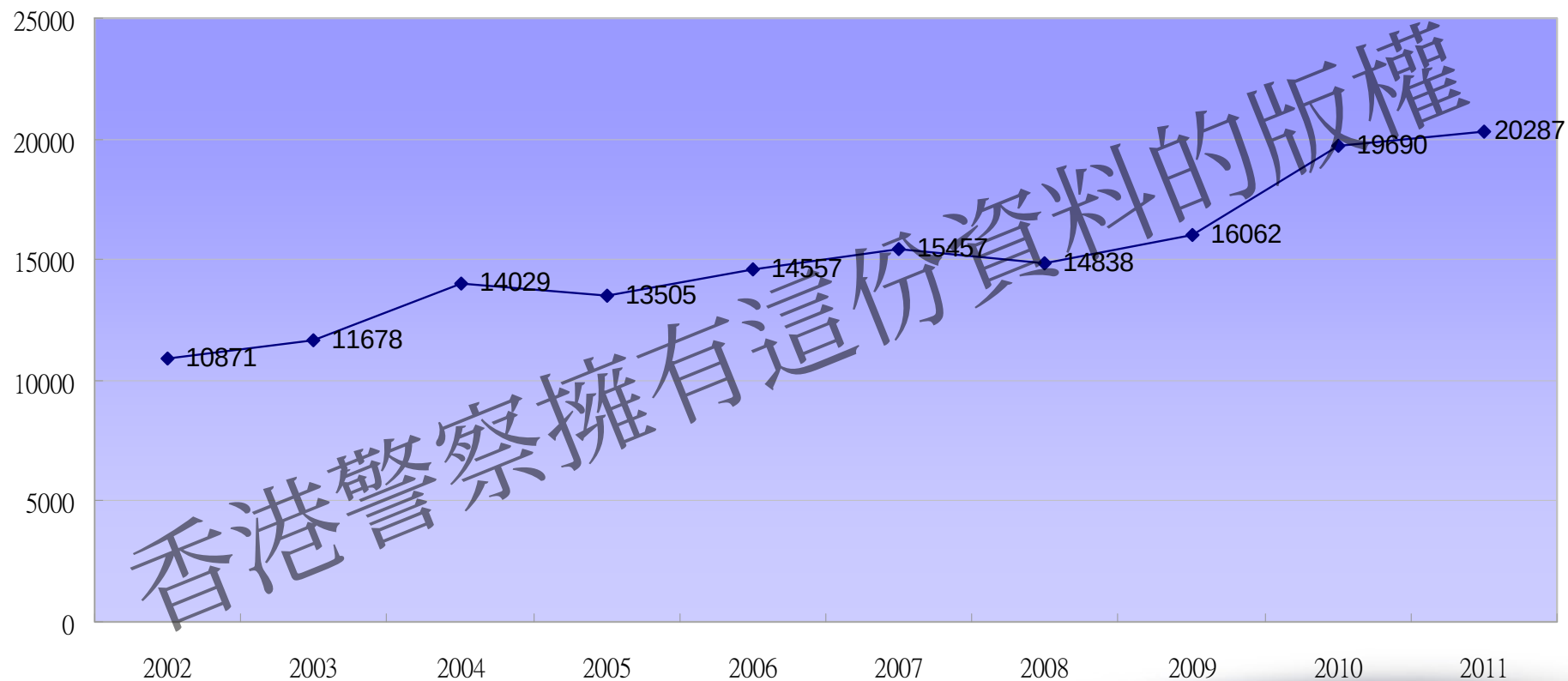
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STR reported in the past 10 years



As of 2011-12-31



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Reporting of STR

- STR Statistics

	2009	2010	2011	2012 up to 31/8
No. of STR Received by JFIU	16,062	19,690	20,287	15,838
No. of STR filed by Insurance Companies	111	154	204	217
Percentage (%)	0.69%	0.78%	1.01%	1.37%



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Red Flag Indicators

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Red Flag Indicators

- Politically Exposed Persons (PEPs)
- Fraudulent documents or ID presented by a customer
- Large insurance policy premiums not commensurate with customer's apparent means
- Customer accepts very unfavourable conditions unrelated to health or age
- Customer from high risk country
- Customers are legal persons whose structure hard to identify ultimate BO



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Reporting of STR

- **How to file a STR? (Risk-based assessment)**

- Suspicious Transaction Report And Management System (“STREAMS”) (e-Reporting) Since 2006
- 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
Tel : 28663366 28603355
Fax : 25294013
Website : <http://www.jfiu.gov.hk/eng/how.html>



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JFIU Website

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

移至 Links



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聯合財富情報組



Asia's world city HONG KONG

GovHK 香港政府一站通

繁體版 简体版

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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.

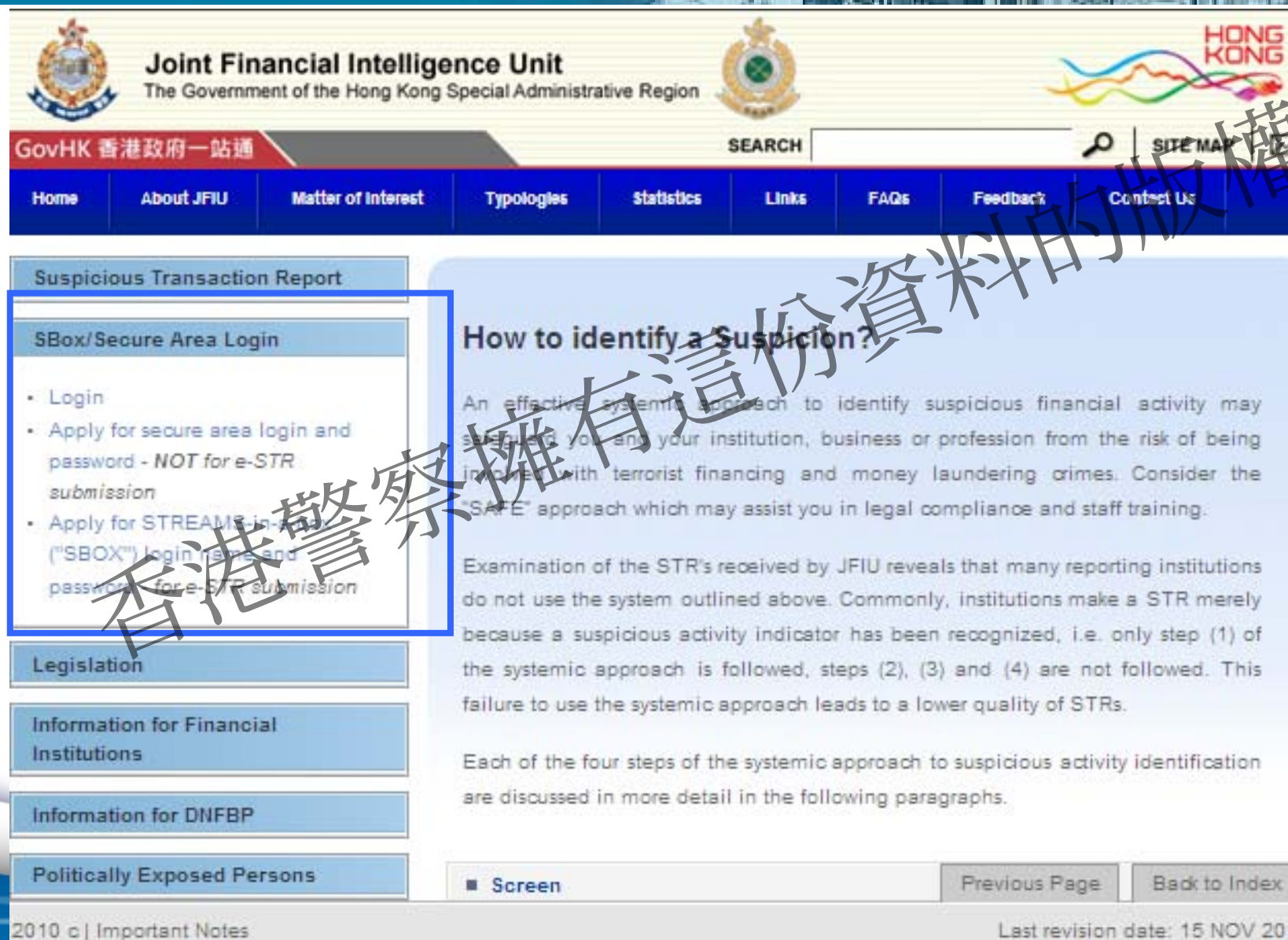
Download
Application
Form Here:



完成

網際網路

提交可疑交易報告



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The Government of the Hong Kong Special Administrative Region

GovHK 香港政府一站通

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SITE MAP

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Suspicious Transaction Report

SBox/Secure Area Login

- Login
- Apply for secure area login and password - **NOT** for e-STR submission
- Apply for STREAMS in-secure ("SBOX") login and password for e-STR submission

Legislation

Information for Financial Institutions

Information for DNFBP

Politically Exposed Persons

How to identify a Suspicion?

An effective systemic approach to identify suspicious financial activity may assist you and your institution, business or profession from the risk of being involved with terrorist financing and money laundering crimes. Consider the "SAFE" approach which may assist you in legal compliance and staff training.

Examination of the STR's received by JFIU reveals that many reporting institutions do not use the system outlined above. Commonly, institutions make a STR merely because a suspicious activity indicator has been recognized, i.e. only step (1) of the systemic approach is followed, steps (2), (3) and (4) are not followed. This failure to use the systemic approach leads to a lower quality of STRs.

Each of the four steps of the systemic approach to suspicious activity identification are discussed in more detail in the following paragraphs.

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提交可疑交易報告

REPORT MADE UNDER SECTION 25A OF THE DRUG TRAFFICKING (RECOVERY OF PROCEEDS) ORDINANCE OR ORGANIZED AND SERIOUS CRIMES ORDINANCE / SECTION 12 OF THE UNITED NATIONS (ANTI-TERRORIST MEASURES) ORDINANCE TO THE JOINT FINANCIAL INTELLIGENCE UNIT ("JFIU")		
NAME AND ADDRESS OF REGISTERED PERSON OR LICENSED TRADER		
SUSPICIOUS ACCOUNT NAME(S) (IN FULL)		
DATE OF OPENING		DATE OF BIRTH
OCCUPATION & EMPLOYER		
NATIONALITY		HKID NUMBER/ PASSPORT NUMBER
ADDRESS OF SUBJECT		
DETAILS OF TRANSACTION AROUSING SUSPICION AND ANY OTHER RELEVANT INFORMATION. PLEASE ALSO ENCLOSE COPY OF THE TRANSACTION FOR REFERENCE. PARTICULARS OF ACCOUNT HOLDER OR PERSON CONDUCTING THE TRANSACTION ARE TO BE GIVEN IN SEPARATE SHEET		
REPORTING OFFICER/TEL. NO.	SIGNATURE / DATE	ENTERED RECORDS



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Thank You

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