Anti-Money Laundering Seminar for Money Service Operators

Vulnerability of MSOs

shown in Telephone Deception Cases

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- **Regional Crime Unit Team 3 Kowloon East is the Force Designated Unit to staff the Telephone Deception (TD) crime occurred in the territories;**

- **Responsible for monitoring TD crime situation in HK;**

- **Coordinate the investigation of all TD cases occurred in HK;**

- **Gather and analyse the TD intelligence;**

- **Formulate strategies in combating TD crime;**

- **Disseminate useful information to the other departments and the members of public;**

- **Give expert opinion in the Courts of Hong Kong.**

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Content

- **An Overview of Telephone Deception in HK;**
- **The vulnerability of MSOs ;**
- **Introduction of Police Operation "APPLESHINER";**
- **Matters of interest;**
- **Recommendations from the Force Designated Unit.**

Overview of Telephone Deception

- In the first 8 months of 2013, Police received a total of 1,200 TD reports and there was about 5 reports per day;

- The TD figures accounted for 24.7% of all types of deception cases occurred in HK;

- There were 452 successfully deceived cases and the successful rate was about 38% involving a total loss suffered by victims at approximately HK$22.8 million;

- Almost the crime proceeds were remitted to the designated Mainland bank accounts through MSOs;

- There are two common modus operandi of TD:

  (1) "Guess who?" and (2) "Detained son".

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"Guess Who?"

- A swindler made a random call and asked a victim to "Guess who am I?". Once the victim answered, the swindler pretended as his/her relative/ friend with a view to gaining a trust. The swindler would then leave a Mainland phone number for future contact;

- On the next day, the swindler used the same number to call the victim again and alleged: being indebted; being detained by China Police; being hospitalized during accident; or any excuses to ask for urgent money;

- When the victim was deceived, the swindler would ask Victim to remit the money through a nearby MSO to a Mainland bank account. The money was eventually withdrawn on the same day in the Mainland;

- In the scam, the MSO was being abused in the process of money laundering.

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"Detained Son"

- A swindler also made random call to a victim and pretended to have his/her son or a family member detained for the reasons of indebtedness or causing trouble in the Mainland with a view to asking for a ransom;

- When the victim was being frightened and deceived, the swindler then ordered him/her not to hang up the phone; asked the victim to withdraw money in cash immediately; bring the money to a designated location for handover/ drop-off;

- The swindler then assigned a culprit to collect the money in person and remit the same to a Mainland bank account immediately through a nearby MSO;

- In the scam, the MSO was being abused in the process of money laundering as well.

Vulnerability of Money Service Operators

- Swindlers take the good advantages of "Convenience; Quick; Low cost; and Simple transaction process." of the MSOs to process/ deal with the deceived monies, so as to launder the proceeds of crime;

- Many MSOs encoutered great difficulties in identifying suspicious transactions, such as: lack of relevant knowledge; do not know the customer; lack of customer due diligent; lack of compliance; or other reasons etc;

- Some MSOs even have no or very weak mechanism in handling and reporting suspicious transactions, such as no guideline for customer enquiries; no standard procedures in identifying suspicous transaction and reporting the same etc.

Police Operation "APPLESHINER"

- **In order to tackle the TD crime, the Police Force conducted an Operation "APPLESHINER" in the territories in June and July 2013 respectively;**

- **The operation was organized and coordinated by the Regional Crime Unit Kowloon East to conduct a high-profile crime prevention campaign and to take intensive enforcement actions at the blackspots of TD Crime;**

- **The aims were to increase the public awareness in TD crime prevention and to enhance the alertness of the MSOs and their staff in identifying the potential victims; culprits; and their suspicious transactions, particularly to report police.**

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Matters of interest

- **Police will continue to liase with the MSOs closely for sharing relevant information with a view to avoiding the abuse of MSOs and curbing the money laundering activities;**

- **Over the year, there were 22 unsuccessful TD cases reuslted from the alertness of the MSOs or their staff, so that those TD crimes were intercepted and the victims were saved from the monetary loss as well;**

- **Moveover, Police will keep going to enquire with /investigate into concerned MSOs in relation to the whereabouts of the crime proceeds, the suspicious transactions and the crime information of suspicious Mainland bank account involved.**

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<u>Recommendations</u>

- **Practise good standard of record keeping and customer due diligent;**

- **Identify the potential victims and the suspicious transactions; <u>※</u>**

- **Identify the culpits and the suspicious transactions; <u>※</u>**

- **Make STR and consider to delay the transactions;**

- **Reject and terminate any suspicious remittance or transactions;**

- **In case of happening of a crime, report to the police immediately.**

<u>Report to Police</u>

🔸 **In case of emergency, call 999 for immediate assistance;**

🔸 **Report to nearby police station or police officer on patrol;**

🔸 **If a suspicious transaction is identified, the information can be passed to the Joint Financial Intelligence Unit;**

🔸 **In case of non-urgent inquiries on any matters relating to "Telephone Deception", please contact the designated unit on 2726 6285 during office hours between 9 am and 6 pm.**

~ End ~

Identify Victim and Suspicious Transaction in "Guess Who?" scam

- In general, most of the victims were middle-aged to elderly persons (yrs 50+), mainly housewives and retired persons;

- Victims were mostly nervous in the situations. They kept talking to the phone and looked acting upon someone's instruction in the remittances;

- They showed urgent needs to remit the money to Mainland bank accounts of their relatives/ friends, but they in fact did not know whose the account holders;

- The amount of remittances ranged from a few thousands to few ten-thousands, sometimes hundred-thousand odd;

- In a few occassions, victims repeatedly remitted the monies to the same designated Mainland bank accounts within a day or a few days, and the amount of remittance was gradually increased. ※

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Identify Culprit and Suspicious Transaction in "Detained Son" scam

- **The culprits collecting crime proceeds from victims were usually mainlanders aged between 18-30 years old. Almost of them were China Two Way Permit holders;**

- **During the remittance of crime proceeds, the culprits were mostly talking on the mobile phone and acted upon someone's instruction over the phone;**

- **They remitted mainly Hong Kong Dollars in cash to a Mainland bank account and the amount ranged normally from a few thousands to few ten-thousands, sometimes hundred-thousand odd;**

- **The culprits might be nervous when being questioned;**

- **They showed hesitate or refused to produce proof of identity upon request. ※**

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