

# Anti Money Laundering Seminar for Money Service Operators (MSOs)

---

## Vulnerability of MSOs in Telephone Deception

**Mr. Wilson TAM**

Chief Inspector

Regional Crime, Kowloon East

Hong Kong Police Force



服務為本 精益求精

We Serve With Pride & Care

# Content



- Telephone Deception in HK
- MSOs' Vulnerability
- HKPF's Initiatives
- HKPF's Recommendations



服務為本 精益求精  
We Serve With Pride & Care

# Hong Kong Police Force Telephone Deception (TD) Designated Unit

## Regional Crime Unit Team 3, Kowloon East

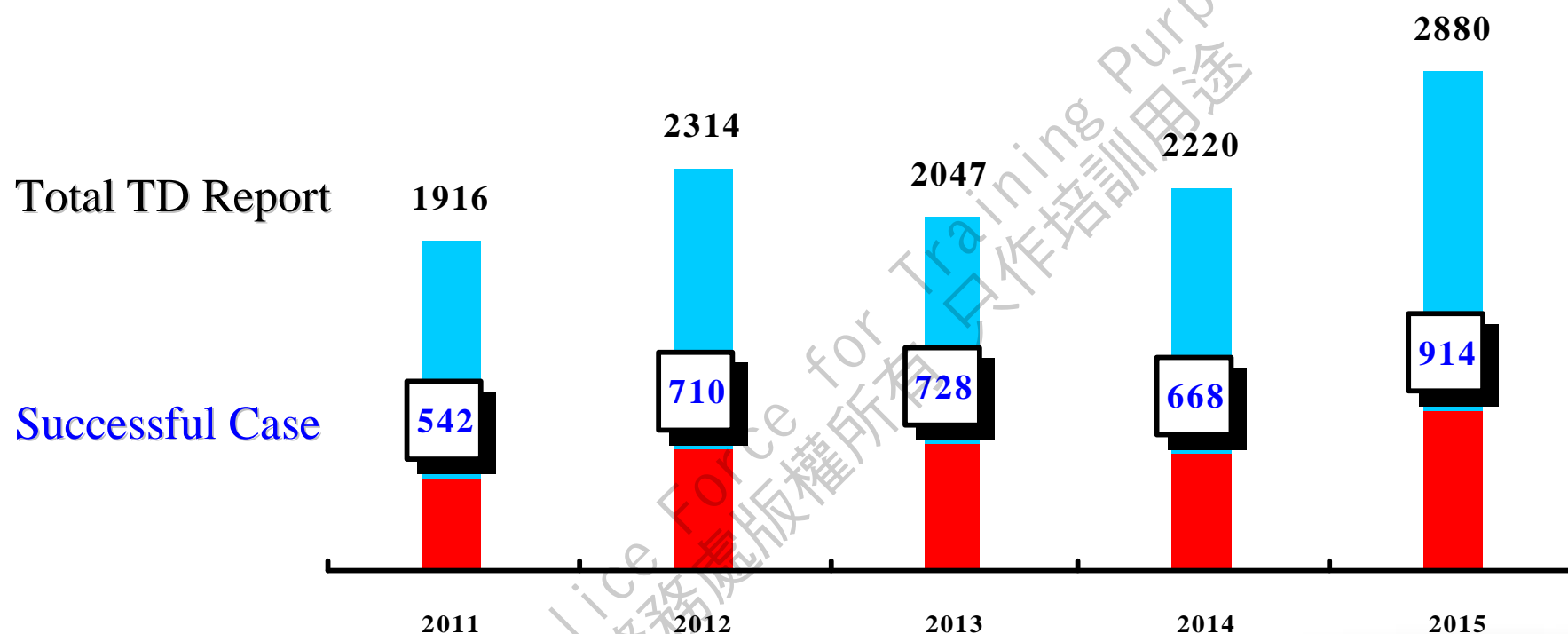
- Monitor situation
- Coordinate investigation
- Gather and analyze intelligence
- Formulate strategies
- Disseminate timely information
- Render expert opinion at Courts



服務為本 精益求精  
We Serve With Pride & Care

# Overview of TD in HK

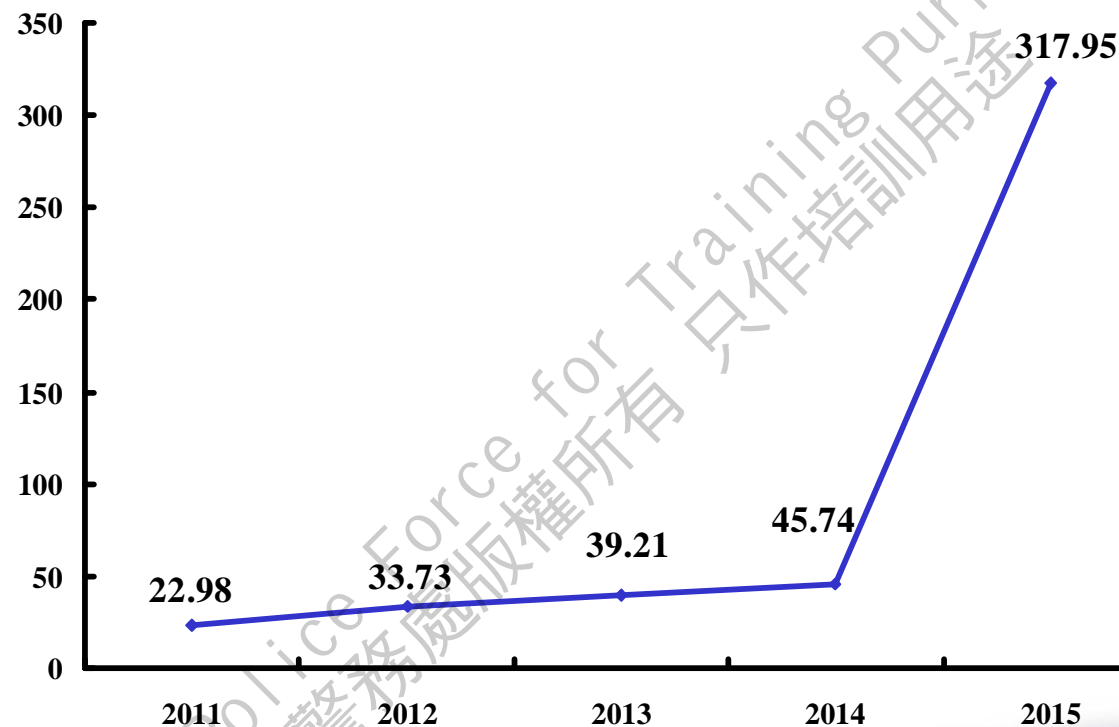
## Number of TD Report



服務為本 精益求精  
We Serve With Pride & Care

# Overview of TD in HK

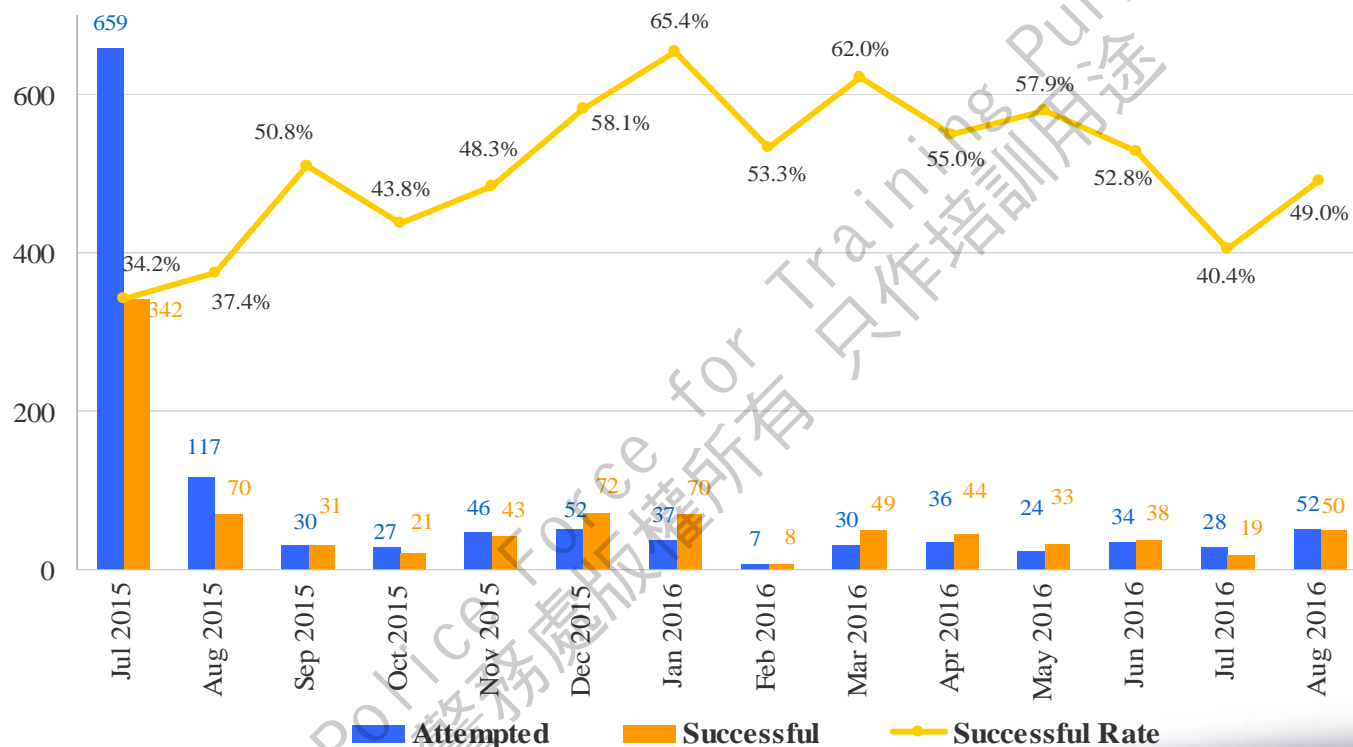
Monetary Loss (in HK\$ million)



服務為本 精益求精  
We Serve With Pride & Care

# Overview of TD in HK

## Monthly Breakdown



服務為本 精益求精  
We Serve With Pride & Care



# Overview of TD in HK

	2015 (Jan-Aug)	2016 (Jan-Aug)	Comparison	
Number of TD Reports	2,558	559	-1,999	↓ 78.1%
Monetary Loss (HK\$ millions)	262.98	122.44	-140.54	↓ 53.4%



服務為本 精益求精  
We Serve With Pride & Care

# Means of Fraudulent Transactions

- Remittance via local MSOs

- Transferal/ remittance to newly opened Mainland bank accounts of victims

- Local bank transferal

- Cash deposit in person

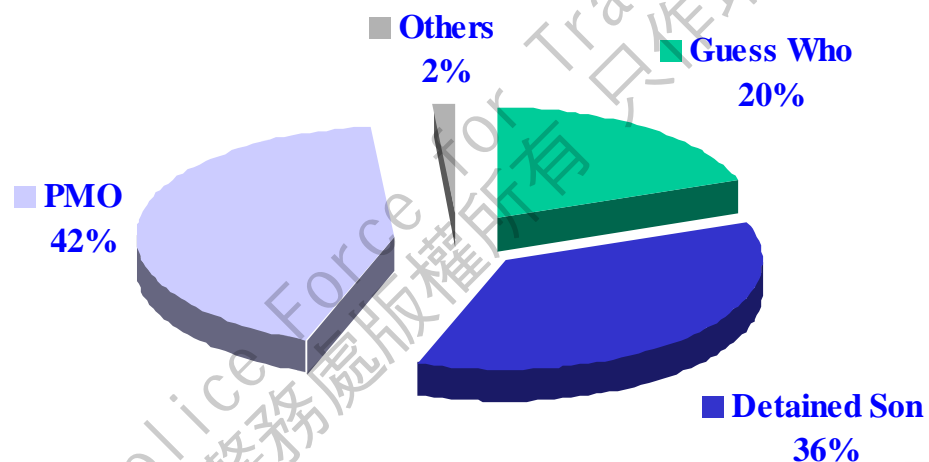


服務為本 精益求精  
We Serve With Pride & Care



# Common Modus Operandi

- “Guess Who”
- “Detained Son”
- “Pretend Mainland Official” (PMO)



服務為本 精益求精  
We Serve With Pride & Care

# “Guess Who”

---



服務為本 精益求精  
We Serve With Pride & Care

# “Guess Who”



**MSOs were abused in Money Laundering process.**



服務為本 精益求精  
We Serve With Pride & Care

# “Detained Son”



服務為本 精益求精  
We Serve With Pride & Care

# “Detained Son”



**MSOs were abused in Money Laundering process.**



服務為本 精益求精  
We Serve With Pride & Care



# “Pretend Mainland Official”



服務為本 精益求精  
We Serve With Pride & Care

# “Pretend Mainland Official”

1st layer

Pretend bank/utilities/telecom/express staff / **Immigration**



Victim



2nd layer

Pretend Police of China



3rd layer

Pretend Prosecutor of China



**Bogus website and fake warrant**

1



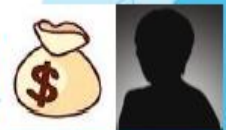
**Fraudulent transaction by e-banking**

2



**Deposit to given bank account / victim's own account**

3



**Collect money in person**

# Vulnerability of MSOs

- Take good advantages of MSOs: -

- Convenience

- Speedy

- Low Cost

- Simple Transaction Process



- Difficulties in identifying suspicious transactions

- Lack of handling/ reporting mechanisms



服務為本 精益求精  
We Serve With Pride & Care



# Initiatives of HKPF

## Operation “APPLESHINER”

- Coordinated by **Regional Crime Unit, Kowloon East** since June 2013
- Aims at enhancing **public awareness** and **MSOs’ alertness**
- **Crime prevention** campaign and **enforcement** at TD’s blackspots



服務為本 精益求精  
We Serve With Pride & Care

# Initiatives of HKPF

## Scams Response Teams

- Special Liaison Mechanism for Reporting **Suspected Scams/ Suspicious Transactions**
- Police District based



服務為本 精益求精  
We Serve With Pride & Care



# Compliments to MSOs

## Exercise Due Diligence

- Since 2013, 84 TD cases intercepted



## Cooperation with Police

- Whereabouts of crime proceeds
- Suspicious transactions
- Suspicious Mainland bank accounts



服務為本 精益求精  
We Serve With Pride & Care

# Recommendations by HKPF

**Record Keeping  
&  
Customer Due Diligence**

**Identify Potential  
Victims & Culprits**

**Identify & Report  
Suspicious  
Remittance**

**Delay/ Reject/ Terminate  
Suspicious Remittance**



服務為本 精益求精  
We Serve With Pride & Care

# Recommendations by HKPF

## Report to Police

Emergency

Non-urgent

**999**

**Police Station**

**Patrolling  
Officer**

**Scams Response  
Teams**

**Joint Financial  
Intelligence Unit**



服務為本 精益求精  
We Serve With Pride & Care



服務為本 精益求精  
We Serve With Pride & Care