

Money Laundering and Terrorist Financing Methods and Suspicious Transaction Reporting

Money Laundering and Terrorist Financing Risk Assessment
Financial Intelligence & Investigation Bureau
Hong Kong Police Force



© HONG KONG POLICE FORCE
香港警務處版權所有



Important Notice

All rights, including copyright, in this PowerPoint file are owned and reserved by the Hong Kong Police Force. Unless prior permission in writing is given by the Commissioner of Police, you may not use the materials other than for your personal learning or in the course of your official duty.

重要告示

香港警務處持有並保留本簡報檔案包括版權在內的所有權益。除預先獲得警務處處長書面許可外，本簡報檔案只可用作個人學習或處理公務上用途。

Agenda

- Financial Intelligence & Investigation Bureau
- Money Laundering & Terrorist Financing Methods
- Key Legislation
- Suspicious Transaction Reports
- Sectorial sharing
- Sharing and Case Studies



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Financial Intelligence & Investigation Bureau



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Financial Intelligence and Investigation Bureau

Financial Investigation Division

- Responsible for money laundering and terrorist financing investigations

Joint Financial Intelligence Unit

- Processes and analyses suspicious transaction reports
- Exchanges financial intelligence with other local and foreign law enforcement agencies (leas)
- Maintains close liaison with banks and other stakeholders

Headquarters

- Looks after AML/CFT policy and legislation matters, strategic analysis and ongoing territory-wide risk assessment, training and outreaching



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Methods of Money Laundering & Terrorist Financing



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



What is ML & TF?

“Money Laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardizing their source.”

“Terrorist financing is the financing of terrorist acts, and of terrorists and terrorist organizations.”



© HONG KONG POLICE FORCE
香港警務處版權所有



Methods of Money Laundering



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Methods of Terrorist Financing



© HONG KONG POLICE FORCE
香港警務處版權所有



Key Legislation



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Key Legislation

1989

Drug Trafficking (Recovery of Proceeds) Ordinance(DTROP, Cap. 405)
販毒(追討得益)條例 (第405章)

1994

Organized and Serious Crimes Ordinance (OSCO, Cap. 455)
有組織及嚴重罪行條例 (第455章)

2002

United Nations (Anti-Terrorism Measures) Ordinance (UNATMO, Cap. 575)
聯合國(反恐怖主義措施)條例 (第575章)

2012

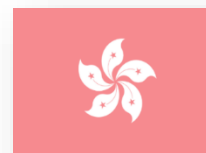
AML & CFT (Financial Institutions) Ordinance (AMLO, Cap. 615)
打擊洗錢及恐怖分子資金籌集(金融機構)條例 (第615章)



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Key Legislation (AML)

Any person

- **Knowing** or **having reasonable grounds** to believe
- Any property
- In whole or in part directly or indirectly represents **proceeds of drug trafficking / indicatable offence**
- **Deals with the property**

Maximum Penalty:

- **HKD 5 Million fine**
- **14 years' imprisonment**

S.25 of Cap. 405 DTROP

S.25 of Cap. 455 OSCO



Key Legislation (CFT)

Any person shall not

- **Provide** or **collect** directly or indirectly
- Any property
- **With the intention that the property be used or knowing that the property will be used**
- In whole or in part to commit **one or more terrorist acts**

Maximum Penalty:

- **14 years' imprisonment**

S.7 of Cap. 575 UNATMO



© HONG KONG POLICE FORCE
香港警務處版權所有

Key Legislation (STR)

Any person

- **Knows** or **suspects**
- Any property **represents / was used / is intended to be used in connection with the proceeds of drug trafficking or terrorist property**
- Should **disclose** that knowledge or suspicion to **an authorized officer (i.e. JFIU)**

Maximum Penalty:

- **Level 5 fine (HKD 50,000)**
- **3 months' imprisonment**

S.25A of Cap. 405 DTROP

S.25A of Cap. 455 OSCO

S.12 of Cap. 575 UNATMO



Key Legislation (STR Cont'd)

Where a person

- **Knows** or **suspects** that a disclosure has been made
- The person **shall not disclose to another person** any matter
- Which is **likely to prejudice any investigation** which might be conducted following that first-mentioned disclosure

Maximum Penalty:

- **HKD 500,000 fine**
- **3 years' imprisonment**

S.25A of Cap. 405 DTROP

S.25A of Cap. 455 OSCO

S.12 of Cap. 575 UNATMO



Suspicious Transaction Report



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有

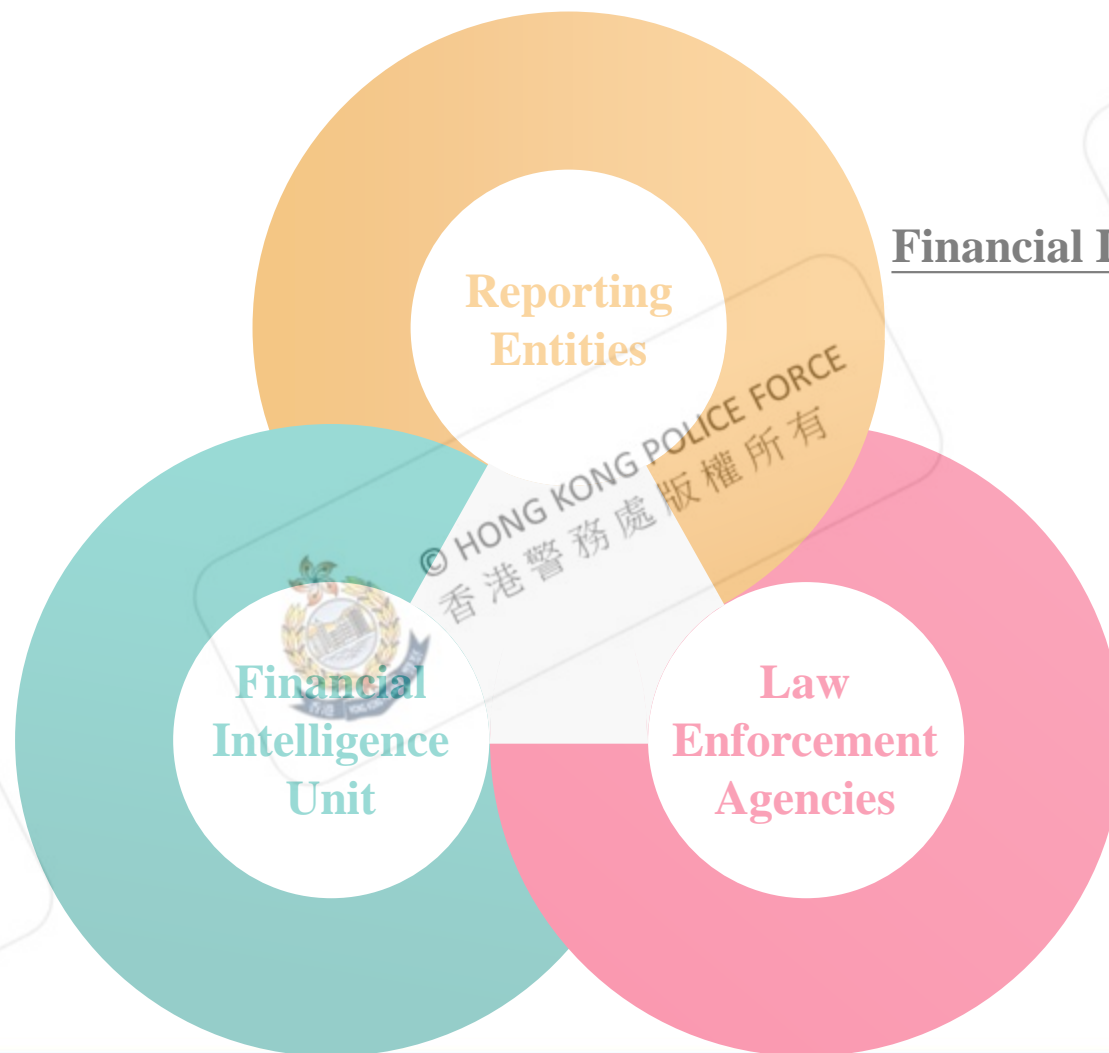


© HONG KONG POLICE FORCE
香港警務處版權所有



Mechanism of STR

Public-Private Partnership



Financial Institutions & DNFBPs

Police, Customs, ICAC

JFIU

Financial
Intelligence
Unit

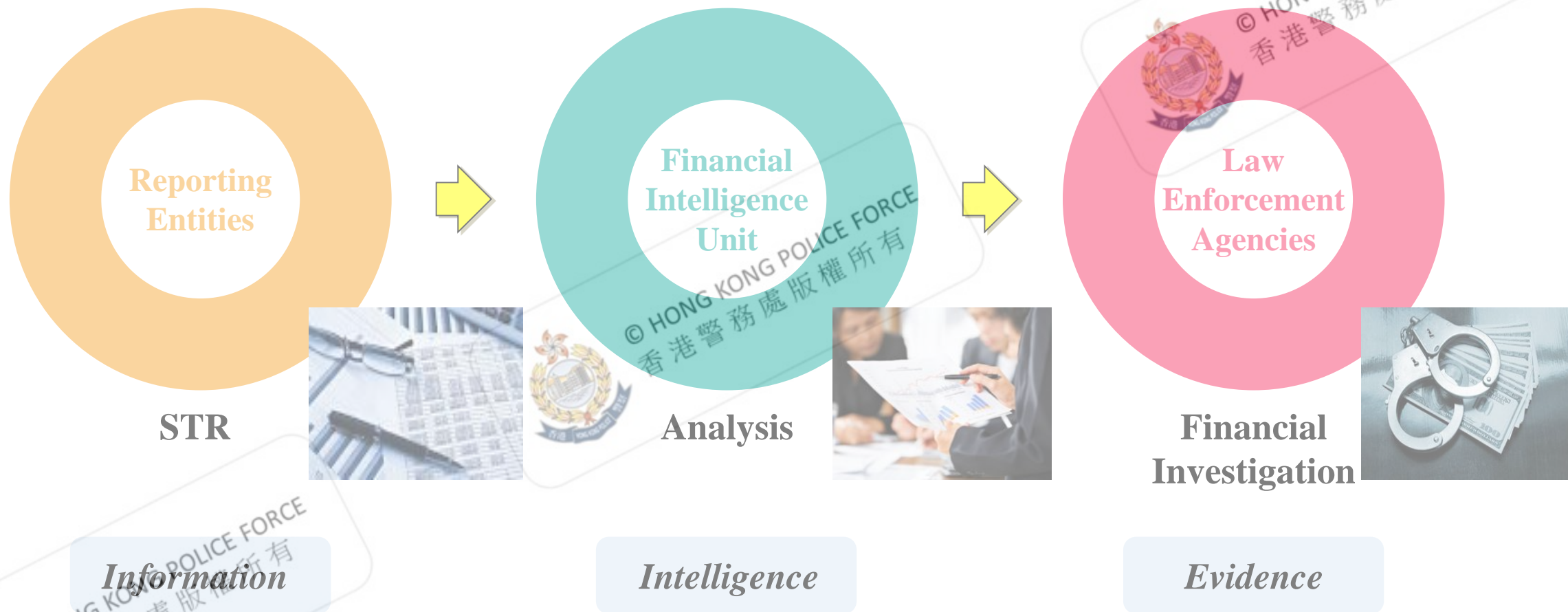
Law
Enforcement
Agencies



© HONG KONG POLICE FORCE
香港警務處版權所有

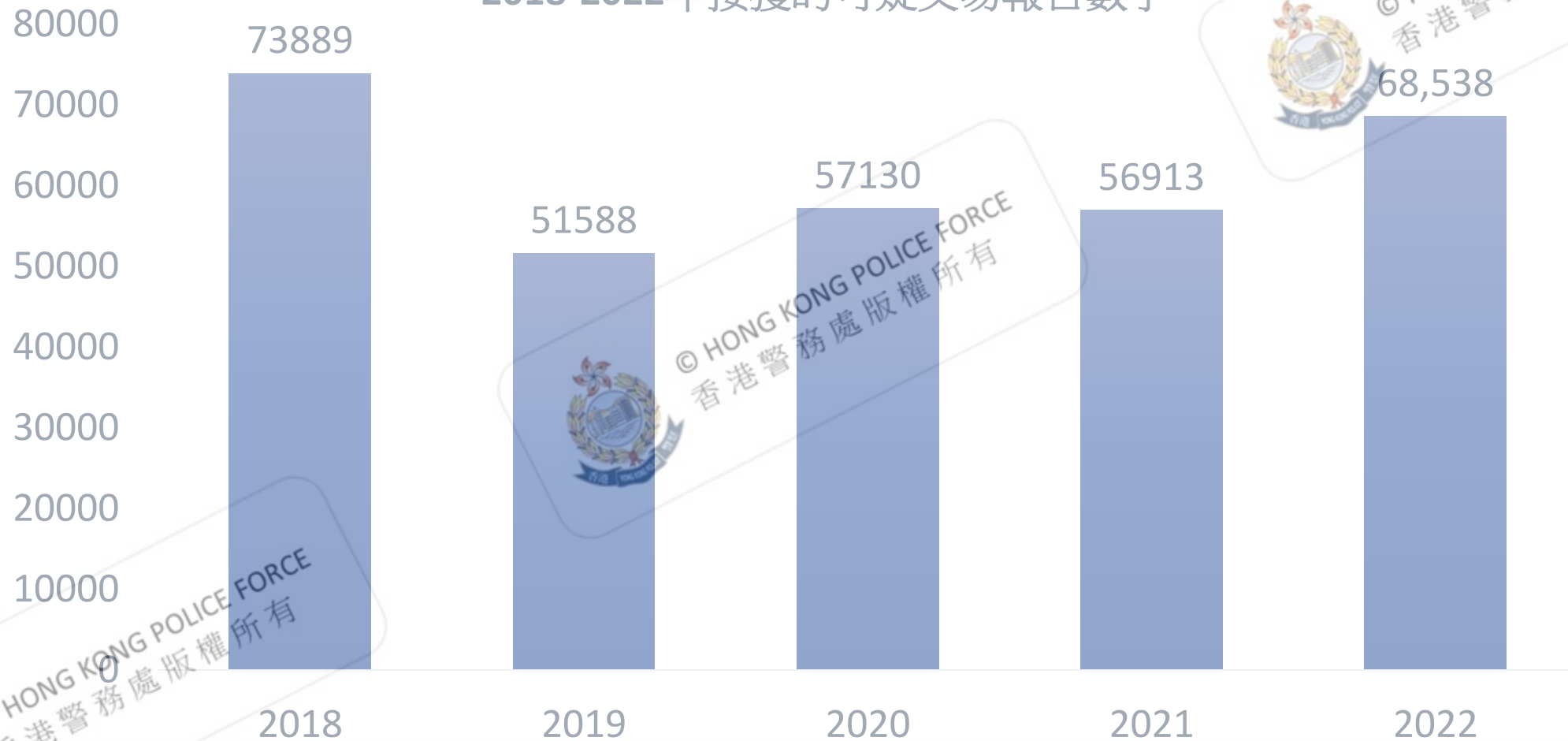


Mechanism of STR



Statistics of STR 可疑交易報告的統計資料

2018-2022年接獲的可疑交易報告數字



© HONG KONG POLICE FORCE
香港警務處版權所有



Statistics of STR 可疑交易報告的統計資料

2022接獲的可疑交易報告數字(不同行業)



© HONG KONG POLICE FORCE
香港警務處版權所有



Reporting of STR

How to submit an 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 (for urgent reports during office hours)



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

Suspicious Transaction
Report And Management
System (STREAMS)

STREAMS - Login Frame

Suspicious Transaction Report
And Management System (STREAMS)

Username

Password

Database:

SBOX-ACCESS

Login

Reset



Recommended Structure of STR

STR Summary Reporting Body Subject Organization Phone Address Account Transaction
 Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists Check Save Print

Subject

Sequence No: 1

English Name:	Family Name:	Given Name:	Middle Name:
Chinese Name:	CCC:	HKID:	
Other ID	Type:	if Others:	
ID No.:	Country:		
DOB:	Gender:	Occupation:	
Nature:			
Phone:			
Email:			
Address:			
Additional Information:			

STR Summary Reporting Body Subject Organization Phone Address Account Transaction
 Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists Check Save Print

Account

Sequence No:

Account Institution:			
Account Number:	Account Type:	if Others:	
Opening Date:	Closing Date:		
Balance:	Currency: HKD	Amount:	Date:
Related Person:	Role:	if Others:	
Related Company:	Role:	if Others:	
Additional Information:			



© HONG KONG POLICE FORCE
 香港警務處版權所有



Recommended Structure of STR Narrative

1) Triggering Factors



2) Background of Subject(s)



© HONG KONG POLICE FORCE
香港警務處版權所有



Recommended Structure of STR Narrative

- 3) Transactions
- 4) Reporting Entity's Enquiries & Open Source Information
- 5) Conclusion & Way Forward

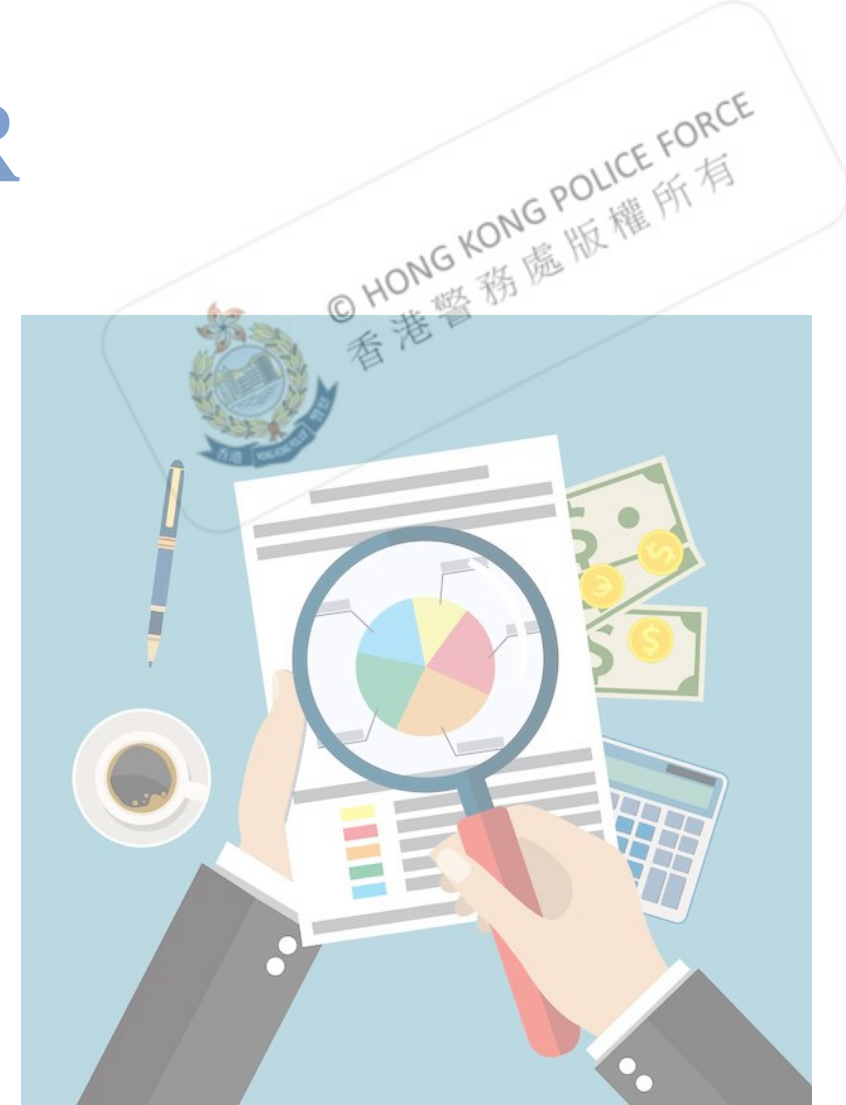


© HONG KONG POLICE FORCE
香港警務處版權所有



Feedback of STR

- Acknowledgement of receipt
- Consent / No Consent / N/A
- Quarterly STR analysis
- Meeting with stakeholders



© HONG KONG POLICE FORCE
香港警務處版權所有



Money Lenders



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Licensing of Money Lender

Money lenders must have a valid money lender's license



© HONG KONG POLICE FORCE
香港警務處版權所有

In Hong Kong, you can borrow money from:



Licensed banks



Deposit-taking companies



Money lenders



© HONG KONG POLICE FORCE
香港警務處版權所有



Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report 2022

Summary of Sectoral Threat Ratings

Sector	Rating in 1 st HRA	Rating in 2 nd HRA
Bank (incl' Virtual Banks)	High	High
Securities	Medium	Medium
Insurance	Medium-low	Medium-low
MSO	Medium-high	Medium-high
Accountants	Medium-low	Medium-low
Lawyers	Medium-low	Medium-low
Estate Agents	Medium-low	Medium-low
TCSPs	Medium	Medium
DPMS	Medium-low	Medium-low
SVFs	Medium	Medium
Virtual Asset Service Providers	Low	Medium-low
Money Lenders	Medium-low	Medium-low
Non-bank Credit Card Companies	N/A	Low
Standalone Financial leasing	N/A	Low



Sectoral Threat Assessment

0.04%

143 out of
351,950 STRs

STR

Conviction



2.48%

8 out of 323 cases

NIL

Confiscation

Restraint



NIL
© HONG KONG POLICE FORCE
香港警務處版權所有

產業風險評估：中低水平



Consumer Over-Indebtedness



Excessive exposure to misleading advertisement



Overspending



Ease of borrowing



Limited access to financial advice



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



Sharing and Case Studies



© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有



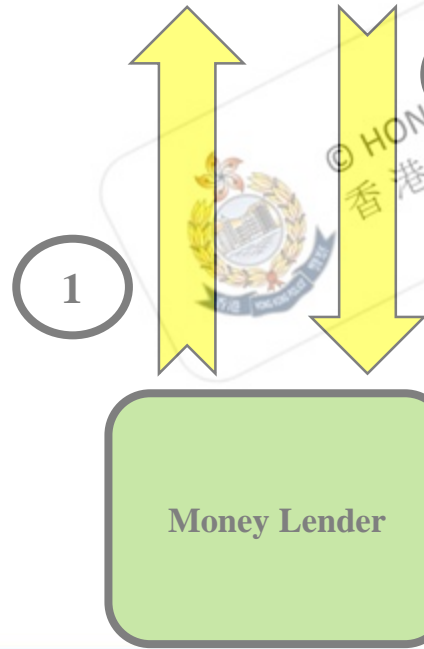
© HONG KONG POLICE FORCE
香港警務處版權所有



Case Study (1)



Loan



Crime Proceeds



© HONG KONG POLICE FORCE
香港警務處版權所有



Case Study (2)



Sell Drug



Loan



Money Lender

Crime Proceeds



© HONG KONG POLICE FORCE
香港警務處版權所有





© HONG KONG POLICE FORCE
香港警務處版權所有

Thank You!

© HONG KONG POLICE FORCE
香港警務處版權所有



© HONG KONG POLICE FORCE
香港警務處版權所有

