



Suspicious Transaction Report

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ABOUT JFIU



Financial Investigation Division

- Responsible for money laundering and terrorist financing related investigation and prosecution

Joint Financial Intelligence Unit

- Processes and analyses suspicious transaction reports
- Exchanges financial intelligence with local and overseas law enforcement agencies (LEAs) as well as overseas Financial Intelligence Units (FIUs)
- Maintains close liaison with banks and other stakeholders

Headquarters

- Looks after AML/CFT policy and legislation matters
- Conducts strategic analysis and ongoing territory-wide risk assessment
- Provides training and outreach

ABOUT JFIU



Financial Institutions &

Designated Non-Financial Businesses and Professions

Law Enforcement Agencies

Overseas Financial Intelligence Units



Policy Bureaux

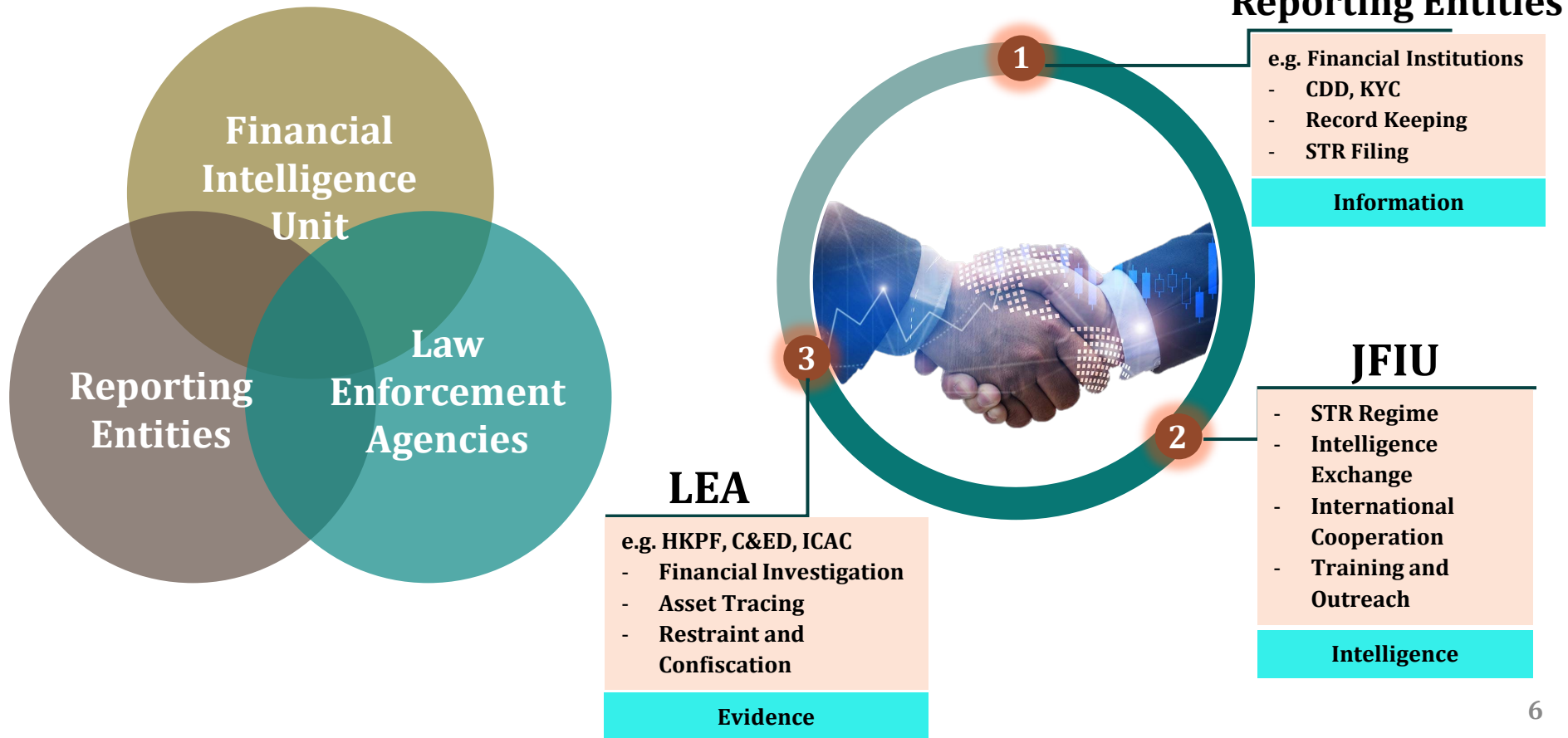
Regulators

Professional Bodies

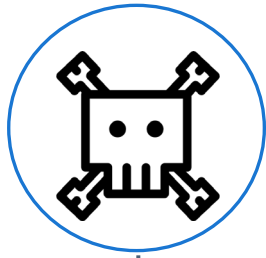
ABOUT JFIU



← Public-Private Partnership →



KEY LEGISLATIONS



1989

**Drug Trafficking
(Recovery of Proceeds)
Ordinance**

(DTROP, Cap.405)



1994

**Organised and Serious
Crimes Ordinance**

(OSCO, Cap.455)



2002

**United Nations
(Anti-Terrorism
Measures) Ordinance**

(UNATMO, Cap.575)



2012, 2018

**Anti-Money
Laundering and
Counter-Terrorist
Financing Ordinance**

(AMLO, Cap.615)

KEY LEGISLATIONS (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 that property**

Max. Penalty: HK\$5M Fine & 14-Year Imprisonment

DTROP

s. 25, Cap. 405

OSCO

s. 25, Cap. 455



KEY LEGISLATIONS (CFT)

Any person shall not

- **Provide or collect** by any means 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**

Max. Penalty: Fine & 14-year Imprisonment

UNATMO

s.7, Cap. 575



KEY LEGISLATIONS (STR)

Any person

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

Max. Penalty: Level 5 Fine & 3-month Imprisonment

DTROP

s. 25A(1),
Cap. 405

OSCO

s. 25A(1),
Cap. 455

UNATMO

s.12(1),
Cap. 575



KEY LEGISLATIONS (STR – TIPPING OFF)

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

Max. Penalty: HK\$500,000 Fine & 3-Year Imprisonment

DTROP

s. 25A(5),
Cap. 405

OSCO

s. 25A(5),
Cap. 455

UNATMO

s.12(5),
Cap. 575



STR Reporting

- **Legal Requirement**
- **Apply to everyone**
- **Knowledge and suspicion-based reporting**

Reporting Mechanism: -

- **No threshold or cross boundary reporting**
- **Legal protection from civil or criminal liability**
- **No tipping off**
- **The source of the report is strictly protected**



HOW TO FILE A QUALITY STR

『SAFE』

Screen

Subject entities' backgrounds & transactions

Ask

Appropriate questions to clarify circumstances

Find

Relevant records for review

Evaluate

Whether suspicion is substantiated



RISK INDICATORS

■ Client

- Politically Exposed Person?
- Company from high risk country?
- No known nexus with HK?

■ Transaction

- Payment from 3rd party/ cashier order?
- Unusual high/ low payment?
- Unexpected amount of transactions?
- Transacted with unrelated parties/ jurisdiction?
- Premature termination of insurance policy?



RISK INDICATORS

■ Previous Records/ Further Enquiries

- Background Check/ Open Source (*adverse news*)
- Failing to disclose specific role/ relationship/ ownership of income
- Unwilling to response to questions or answers are not convincing
- Unwilling to provide supporting document

■ Evaluation

- Information from client is incommensurate with your record in hand?
- Information from client could not be verified?
- The client appeared to be a stooge in the transaction?



STR REPORTING

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)

Suspicious Transaction Report And Management System (STREAMS)

STREAMS - Login Frame

Suspicious Transaction Report And Management System (STREAMS)

Username

Password

Database: SBOX-ACCESS

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.



RECOMMENDED STRUCTURE OF STR

- 1) Triggering Factors
- 2) Background of Subject(s)
- 3) Transactions
- 4) CDD/ KYC and Open Source Information
- 5) Conclusion and Way Forward



RECOMMENDED STRUCTURE OF STR

■ Triggering Factors

- Involved crimes (*e.g. Fraud/ Corruption/ Sanctions/ Terrorist Acts etc.*)
- Warrants/ Court Orders received
- Open source information (*e.g. News/ List of Regulatory Agencies etc.*)
- Pattern of suspicious transactions (*e.g. Large Tx/ Temp. Repository of Funds*)

■ Background of Subject(s)

- Individual: Age/ Occupation/ Income/ Tx History etc.
- Corporation: Date of Est./ Business Nature/ Office Address/ Expected Tx Amount etc.



RECOMMENDED STRUCTURE OF STR

■ Transactions

- Review period
- Fund movement pattern (*e.g. Sudden change?*)
- Total deposited/ withdrawal amount
- Suspicious transaction patterns (*e.g. unclear counterparties etc.*)

■ CDD/ KYC and Open Source Information

- Suspicious indicators (*e.g. KYC/ World Check etc.*)
- Links of open source information/ adverse news

■ Conclusion and Way Forward

- Conclusion of the report
- Follow-up actions (*e.g. Enhanced CDD measures/ Exit Relationship etc.*)



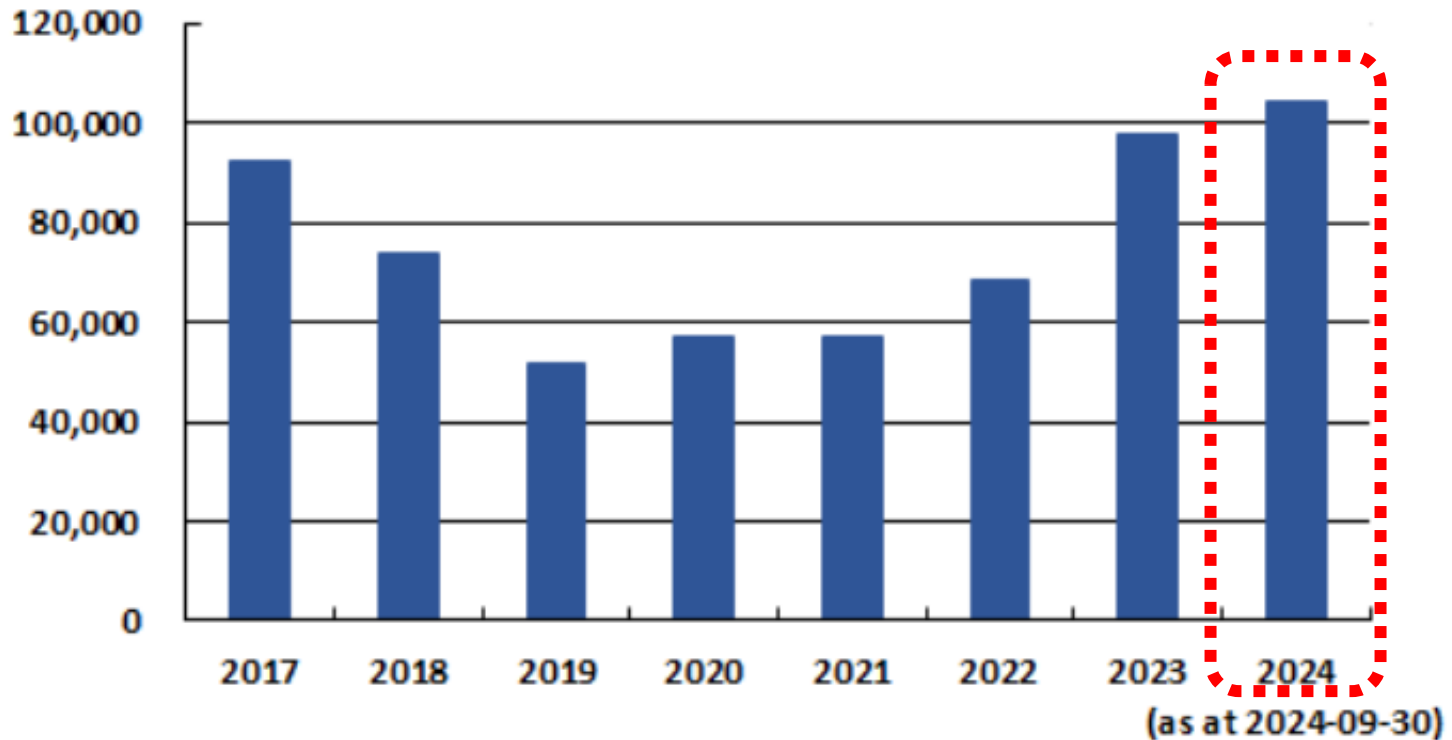
STR FEEDBACK

- 1) Acknowledgement of Receipt
- 2) Consent/ No Consent/ N/A
- 3) Quarterly STR Analyses
- 4) Meetings with Stakeholders



STR STATISTICS

STR received between 2017 and September 2024

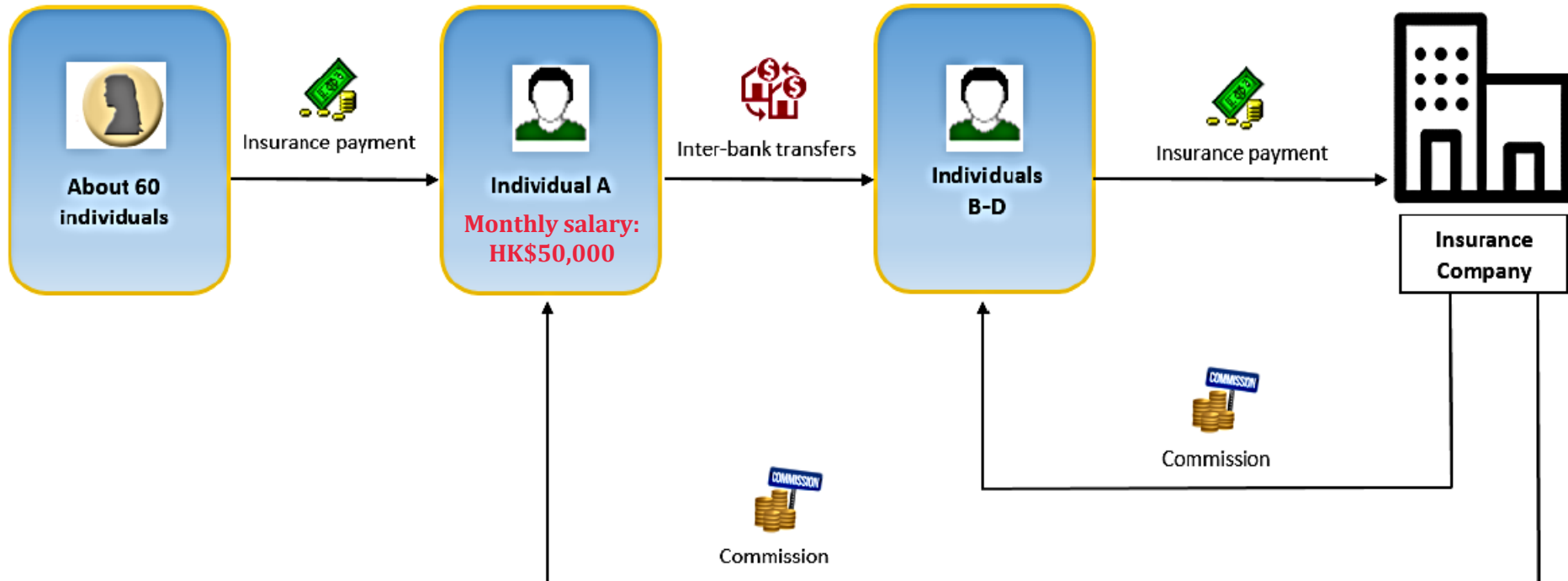


CASE SHARING



■ Importance of Effective Transaction Monitoring with Customer Due Diligence

- Ongoing risk-based transaction monitoring is the scrutiny of transactions to determine whether they are consistent with the account holder's background and if the transactions with their counterparts are dubious
- Below case was uncovered by the effective transaction monitoring involving substantial indirect transactions between four insurance agents and their clients, which aim at deceiving more commissions from insurance company



COMMON TYPOLOGIES



■ **Misconduct of Insurance Agents**

- Using personal bank accounts to receive insurance premium from policyholders and transferring the sum to insurance company on their behalf
- Violation of ‘Code of Conducts for Licensed Insurance Agents – 8.1 Handling of Premiums’

■ **Suspected money laundering committed by insurers**

- Using substantial cash deposits / PPS to settle insurance premium
- Withdrawing the policy applications during the cooling-off period
- Early surrender of life insurance despite significant loss incurred without good cause
- Similar transaction patterns of several policyholders (i.e. change of insurance payment methods and payment frequency, obtain refunds through insurance agents, etc.) involving the same insurance agents

THANK YOU!



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