



STR Reporting

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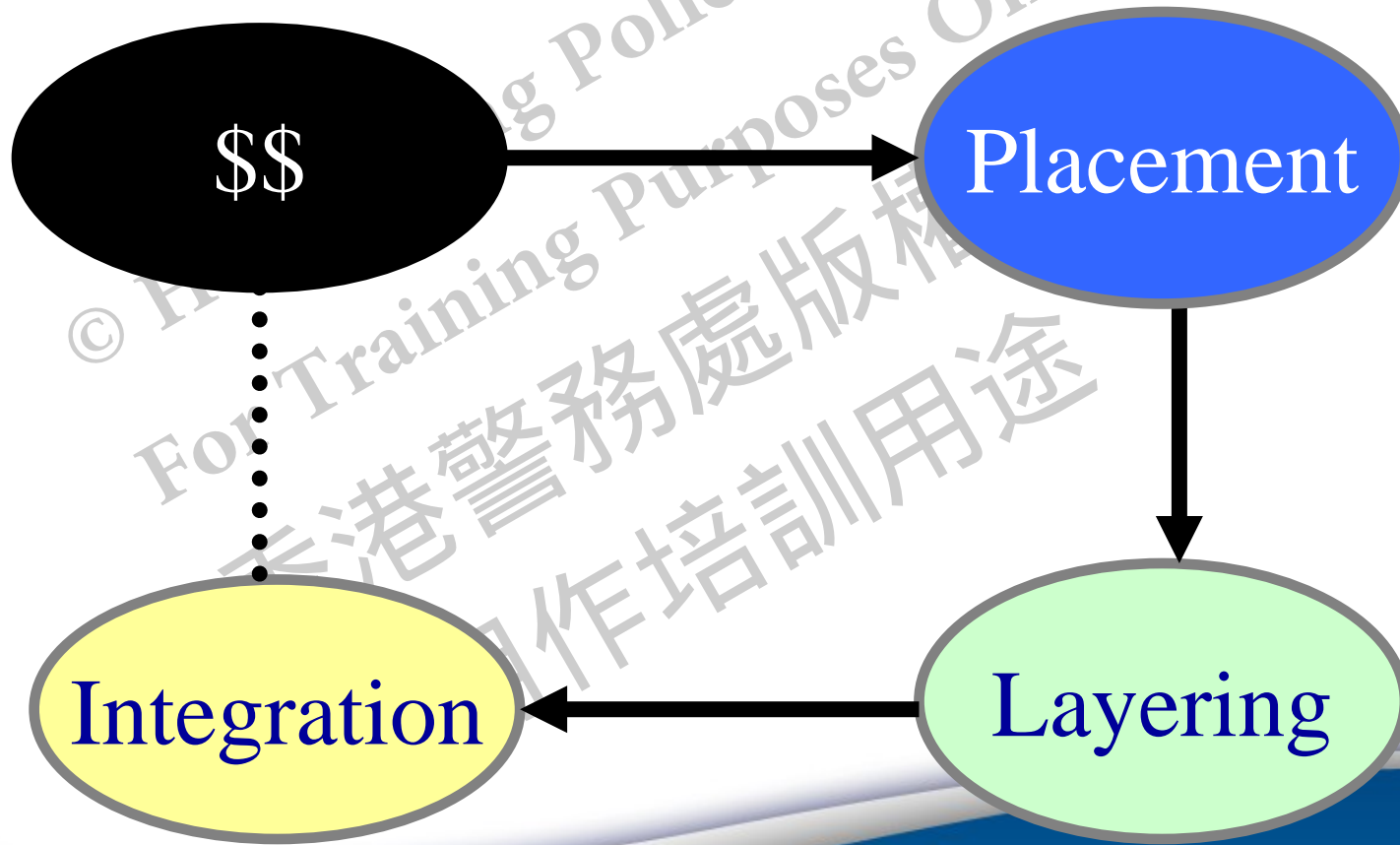
Contents

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- 'SAFE' approach
- Case Examples
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Usual ML Methods

3 Stages



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About JFIU



About JFIU

Joint Financial Intelligence Unit (“JFIU”)

- Set up in 1989
- Jointly operated by HKPF & C&E attached to NB
- Office: At the Police Headquarters
- Not a reporting centre / an investigative unit
- Major Responsibilities:
 - Receive
 - Analyze
 - Disseminateof Suspicious Transaction Reports (“STR”)





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Relevant Legislation



Relevant Legislation

Money Laundering Offence

- S.25 (1) of DTROP (Cap. 405) / OSCO (Cap. 455)
 - *Knowing* / Having reasonable grounds to *believe* that
 - Any property represents any person's proceeds of drug trafficking / indictable offence
 - *Deals* with that property
- **MAX PENALTY:**
 - Fine of \$5,000,000-HKD AND
 - Imprisonment for 14 years



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Relevant Legislation

Offence of Non-Disclosure

S.25A(1) of DTROP / OSCO & S.12(1) of UNATMO

Any person who knows / suspects any property represents proceeds of crime / terrorist property, shall make a report to an authorized officer (JFIU)

MAX PENALTY:

- Fine of \$50,000 AND
- Imprisonment for 3 months



Relevant Legislation

Statutory Protection

- S25A(3) of DTROP / OSCO & S12(3) of UNATMO
 - a) Not treat as **a breach of any restriction** imposed by contract or enactment, rule of conduct or other provision
 - b) Not render the person who made it **liable in damages for any loss**



Relevant Legislation

Tipping Off Offence

- S25A(5) of DTROP / OSCO & S12(5) OF UNATMO
 - Tipping Off
 - Any matter likely to prejudice an investigation
- **MAX PENALTY:**
 - Fine of \$500,000-HKD AND
 - Imprisonment for 3 years





The "SAFE" Approach

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The 'Safe' Approach

- How to identify a Suspicion?

- Screen
- Ask
- Find
- Evaluate



“SAFE” - Screen

- Screen customer background & transaction
- Identify suspicious indicators
 - Unusual Customer
(e.g. Clients from concerned jurisdictions etc.)
 - Unusual transaction
(e.g. Payments from un-related party etc.)



“SAFE” - Ask

- Ask appropriate questions to clarify suspicious circumstances, such as
 - Financial Background
 - Source of funds
 - Purpose for the transaction
 - Counterparties involved
 - Ultimate Beneficial Owner

“SAFE” - Find

- Find existing customers' records for review
- To find out if any suspicions from:

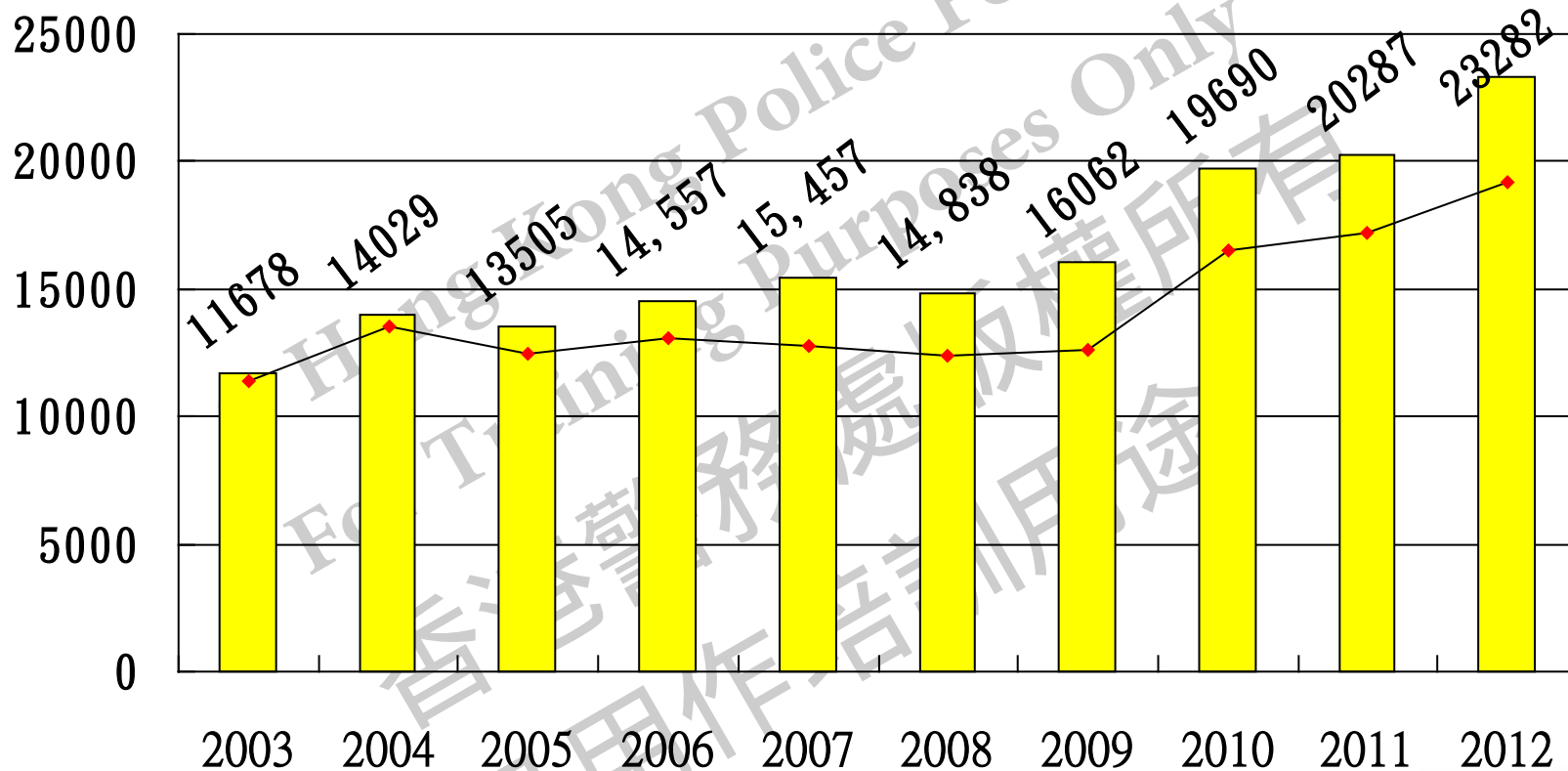
Individual Customer	Corporate Client
Occupation	Business Activity
Income	Revenue
Age	Incorporation
Previous Transaction	Transaction Counterparts

“SAFE” - Evaluate

- Ask yourself:
 - All steps in ‘Screen’, ‘Ask’, ‘Find’ were completed?
 - Is the transaction suspicious?
 - Having considered all circumstances, can the suspicion be eliminated?
 - If conclusion = genuinely suspicious

→ *File an STR*

STRs reported in last 10 years



• denotes reports made by banks





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Submit STRs



Submit STRs

- Means to submit STRs
 - S-box
 - By Post
 - By Fax
 - By Email
 - By Phone (Urgent case only)

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Submit STRs

Contents included in STR

- Personal Information of the subject
- Suspicious Activities
- Reason for suspicious
 - Any indicators?
 - Assessment and Analysis?
 - Explanation by customers, if any
- Additional information:
 - <http://www.jfiu.gov.hk/eng/what.html>



Reporting of STR

Feedback from JFIU

- Receipt
 - File reference
 - Contact person information
- Letter of Consent / No Consent





Contact Us

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