



Suspicious Transaction Reporting

Christine HUI

Senior Inspector of Police

2014-10-09



Joint Financial
Intelligence Unit



Important Notice

All rights, including copyright, in this electronic document 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. In browsing or otherwise using the materials, you agree to the conditions of usage set out in this paragraph.

重要告示

香港警務處持有並保留本電子文件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，本教材只可用作個人學習或處理公務上用途。若你瀏覽或使用本電子文件，即表示你同意遵守使用條件。

Content

- ❖ Introduction
- ❖ Legislation
- ❖ Importance of STR Filing
- ❖ Suspicious Transaction Indicators
- ❖ STR Quality
- ❖ STR Quantity
- ❖ STR Submission
- ❖ Conclusion



Joint Financial
Intelligence Unit



Introduction

The concentration of financial services in HK drives the significance of money laundering in the local marketplace.

SCMP Article dated 4 March 2014

- Money Laundering Huge in HK & Macau:

Crime Survey

(PwC's 2014 Global Economic Crime Survey)



**Joint Financial
Intelligence Unit**



Introduction

“ Hong Kong is known to be a conduit for mainland officials & businessmen to ‘cleanse’ illegitimate gains. As Beijing cracks down on corruption & excess across the mainland, Hong Kong has to step up surveillance against the influx of ill-gotten money. ”

SCMP Editorial dated 10 March 2014

- Step up the Battle against Money Laundering



**Joint Financial
Intelligence Unit**



Legislation

- ❖ **Drug Trafficking (Recovery of Proceeds) Ordinance (DTROP, Cap 405)**
 - ❖ **Organized & Serious Crimes Ordinance (OSCO, Cap 455)**
 - ❖ **United Nations (Anti-Terrorism Measures) Ordinance (UNATMO, Cap 575)**
-
- ❖ **Anti-Money Laundering & Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO, Cap 615)**



**Joint Financial
Intelligence Unit**



Money Laundering / Terrorist Financing

- ❖ Any person
 - **knowing** / having **reasonable grounds to believe**
 - any property
 - in whole/ in part or directly/ indirectly represents
 - proceeds of drug trafficking / indictable offence**
 - **deals** with that property
- ❖ Any person
 - **provide / collect** funds
 - **with the intention (knowing)** the funds (will) be used
 - to commit **terrorist act**



Joint Financial
Intelligence Unit



Legal Obligation to File STR

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

©Hong Kong Police Force
For Training Purposes Only
香港警務處版權所有
只用作培訓用途



Joint Financial
Intelligence Unit



Statutory Defence

- ❖ STR made BEFORE the act AND the act done **with consent** of an authorized officer (**JFIU**)

OR

- ❖ STR made AFTER the act
 - on his own initiative
 - as soon as reasonably practicable



Joint Financial
Intelligence Unit



Statutory Protection

- ✘ be treated as **a breach of any restriction upon the disclosure** of information imposed by contract or by any enactment, rule of conduct or other provision
- ✘ render **liable in damages for any loss** arising out of the disclosure
- ✘ reveal **the identity of any person** as the person making the disclosure



Joint Financial
Intelligence Unit



Offence to Disclose ...

- ❖ Tipping off
- ❖ Any matter likely to prejudice an investigation

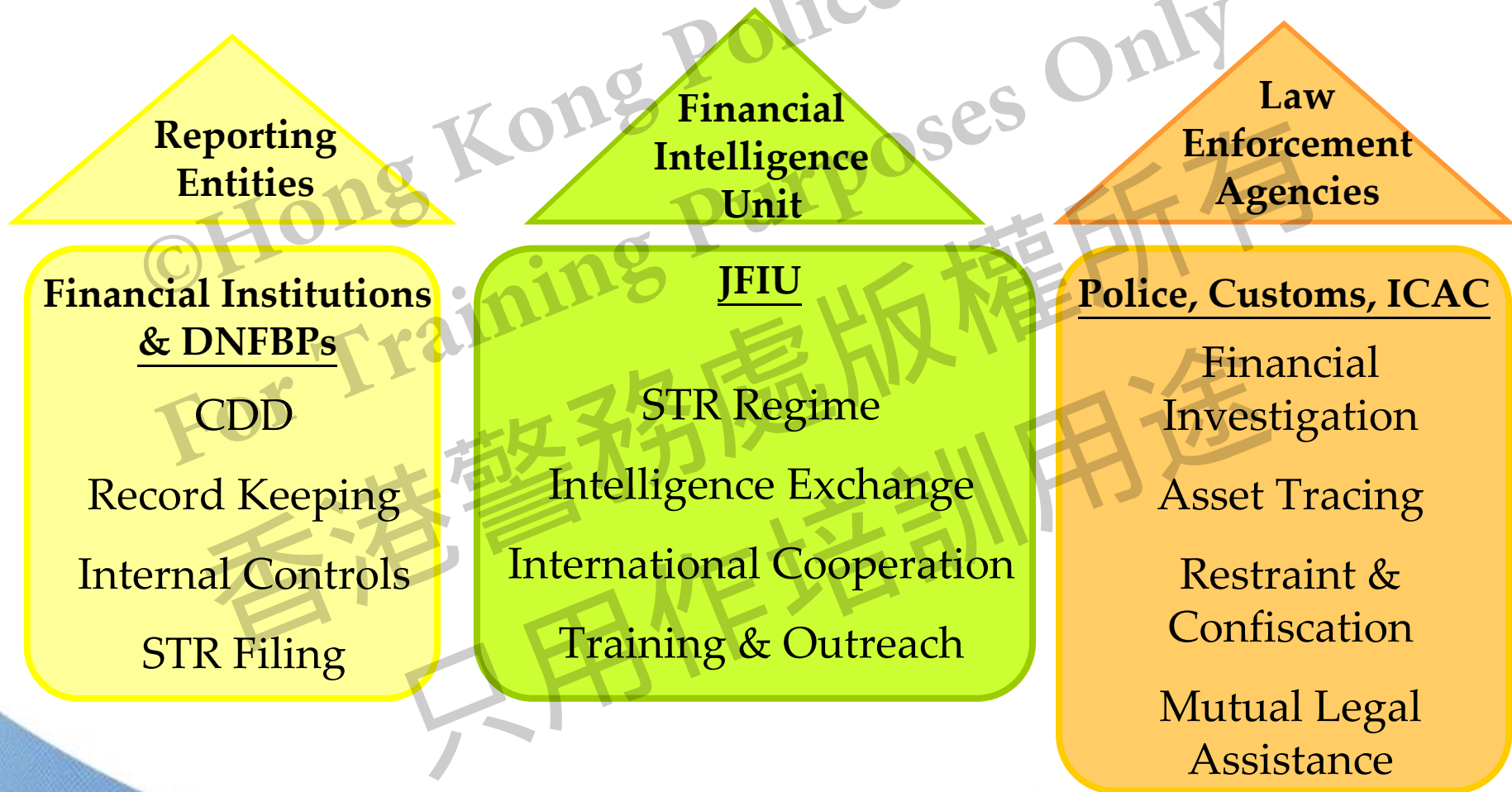
©Hong Kong Police Force
For Training Purposes Only
香港警務處版權所有
只用作培訓用途



Joint Financial
Intelligence Unit



Different Stakeholders & Roles

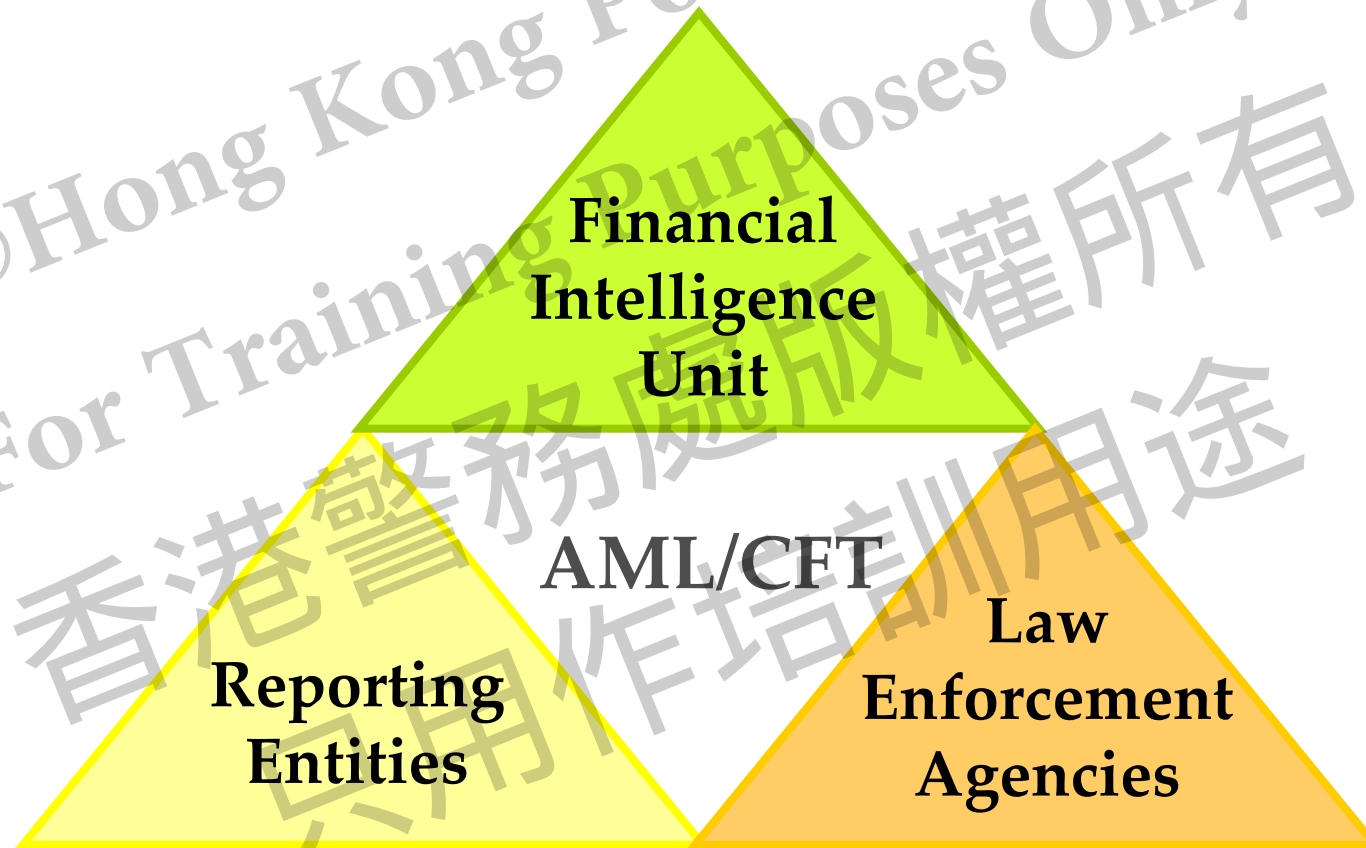


Joint Financial
Intelligence Unit



AML/CFT Partnership

©Hong Kong Police Force
For Training Purposes Only



Joint Financial Intelligence Unit

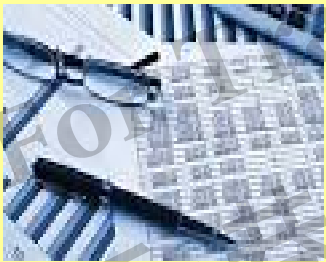


Importance of STR Filing

**Reporting
Entities**

**Financial
Intelligence
Unit**

**Law
Enforcement
Agencies**



STR



**Intelligence
Analysis**



**Financial
Investigation**

Information Flow



**Joint Financial
Intelligence Unit**



Money Laundering Typologies



Cross-border Transactions/ Operations



Joint Financial
Intelligence Unit



Money Laundering Typologies



Trust & Company Service Providers

- Non-resident company owners
- Correspondence Addresses
- Secretarial Services

Shell Companies

- Beneficial Ownership?



Trade Activities

- Trade Volume incommensurate with Investors' background
- Bulk purchase of stocks within short period of time



Joint Financial
Intelligence Unit



Money Laundering Typologies



Banking

- E-banking
 - Multiple Remitters
 - Overseas Remittance
 - Temporary Repository of Funds
 - 3rd Party Deposits
 - Co-mingling of Funds with Crime Proceeds
-
- Opening Accounts in Different Institutions
 - 3rd Party Signatory
 - Unlicensed Money Service Operators



Joint Financial
Intelligence Unit



Suspicious Transaction Indicators for Insurance Sector



Customer/ Beneficiary Background

- ❖ Scale of investment in insurance products inconsistent with the customer's economic profile
- ❖ Acceptance of very unfavourable terms unrelated to customer's health conditions or age
- ❖ Customer's repeated & unexplained changes in beneficiary
- ❖ Relationship between the policy holder and the beneficiary is not clearly established



Joint Financial
Intelligence Unit



Suspicious Transaction Indicators for Insurance Sector



Involvement of 3rd Parties

- ❖ Involvement of 3rd parties in paying the premiums/
in any other matters involving the policy
- ❖ Overpayment of a policy premium
with subsequent request to refund the surplus to 3rd party



Joint Financial
Intelligence Unit



Suspicious Transaction Indicators for Insurance Sector



Means of Payment

- ❖ Premium payment with large amount of cash
- ❖ Purchase of insurance product using a cheque drawn on a non-personal account
- ❖ Sudden request for change of payment pattern:
small policies based on a regular payment pattern
> substantial policy with a lump sum payment
- ❖ Unforeseen deposit/ abrupt withdrawal of funds
- ❖ Use of life insurance product // Use of bank account
(additional premium payments & frequent partial redemptions)



Joint Financial
Intelligence Unit



STR Content

- ❖ Subject's personal information
- ❖ Suspicious activities
- ❖ Why suspicious?
 - Any indicators?
 - Assessment & Analysis?
 - Explanation by customers, if any.



Joint Financial
Intelligence Unit



STR Quality

**Sufficient
Info?**

Suspicion?

**CDD &
KYC?**

**Precise &
Concise?**

Evaluation?



**Joint Financial
Intelligence Unit**

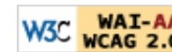


STR Submission



中華人民共和國香港特別行政區政府
The Government of the Hong Kong Special Administrative Region
of the People's Republic of China

ENGLISH 繁體版 簡體版



Best viewed with Microsoft Internet Explorer 6 (or above) or Mozilla Firefox 2 (or above).
為確保最佳瀏覽效果, 請使用 Microsoft Internet Explorer 6 (或以上) 或 Mozilla Firefox 2 (或以上) 瀏覽器。



Software required for opening documents
你可能需要的軟件

STREAMS/ S-Box

網址(D) <http://www.jfiu.gov.hk/eng/how.html> 移至 Links

Joint Financial Intelligence Unit
聯合財富情報組

GovHK 香港政府一站通 繁體版 简体版

SEARCH | SITE MAP |

Home
What's New
About JFIU
Matter of Interest
Legislation
Suspicious Transaction Report
How to Identify a Suspicion?
When to Submit a STR?
How to Submit a STR?
What to Report in a STR?
Typologies and Feedback
Statistics
Remittance Agents and Money Changers
Links
Secure Area Login
FAQs
Contact Us

Suspicious Transaction Report

How to Submit a 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 or (852) 2860 3413 (for urgent reports during office hours)

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

Download here

© Hong Kong Police Force 香港警務處版權所有

網際網路

STR Feedback

- ❖ Receipt Acknowledgement
 - STR No.
 - Contact Person
- ❖ Letter of Consent/ No Consent
- ❖ Quarterly Report



Joint Financial
Intelligence Unit



Conclusion

Compliance is not a 'check-the-box' exercise, but rather requires financial institutions to exercise their judgement, as informed by our guidance & assistance.

*Bill Fox,
ex-Director of FIU, US*



**Joint Financial
Intelligence Unit**





For Training Purposes Only

香港警務處版權所有
只用作培訓用途

Thank you!

www.jfiu.gov.hk



**Joint Financial
Intelligence Unit**

