



# Joint Financial Intelligence Unit & Suspicious Transaction Reporting

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**Woman Senior Inspector**



**Joint Financial  
Intelligence Unit**



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## 重要告示

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# Overview

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1. About JFIU

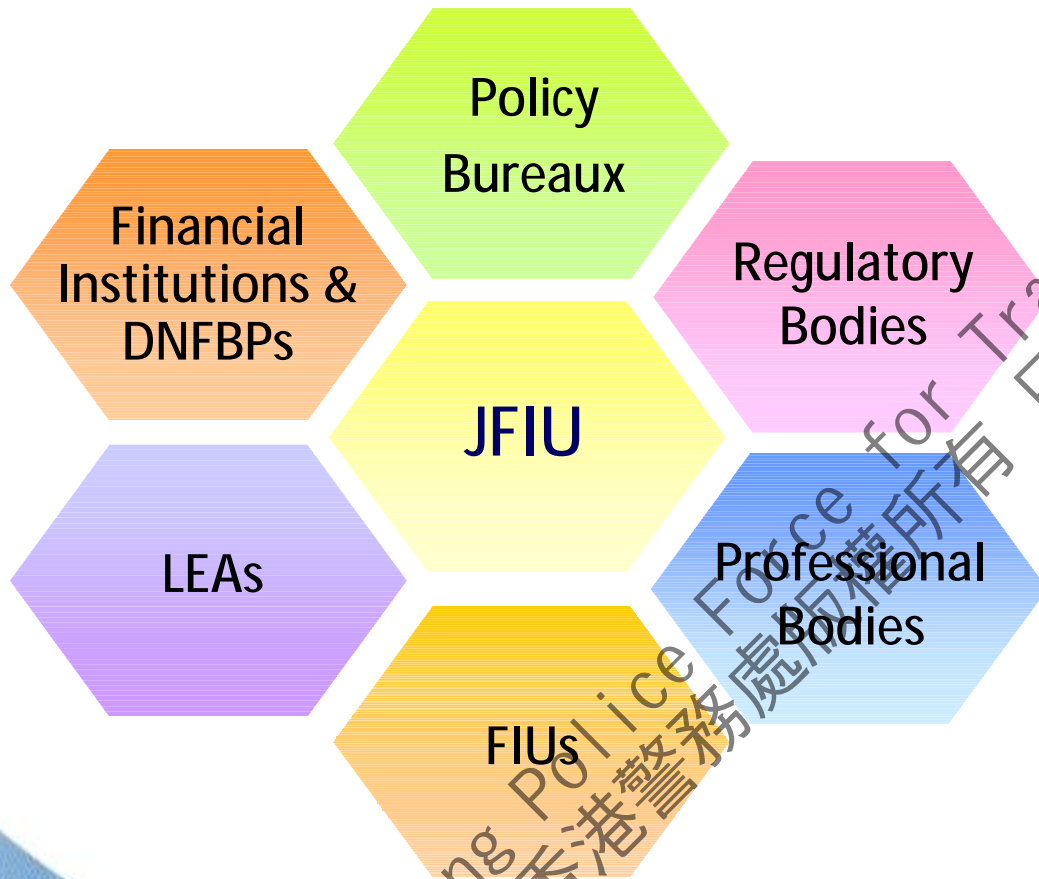
2. Key Legislation

3. STR

4. Challenges

5. Case Studies

# About JFIU



n Not an investigative unit

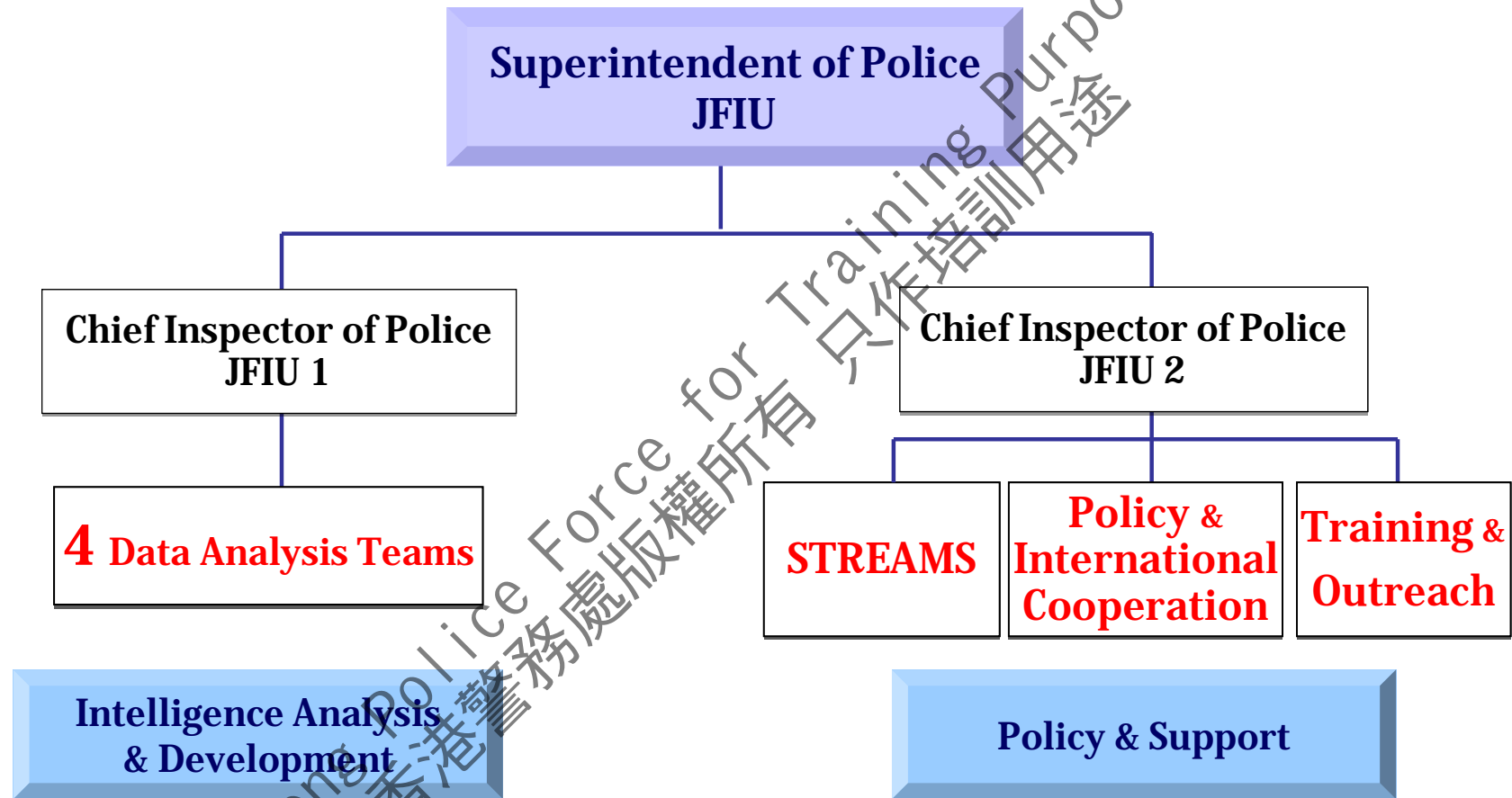
n Receive, analyze and disseminate suspicious transaction reports

n International Cooperation

n Study the trend and typology used by the criminals in ML/TF

n Training & Outreach

# Structure of JFIU



# AML/CTF Legislation

1989

**Drug Trafficking (Recovery of Proceeds) Ordinance (DTROP, Cap. 405)**

1994

**Organized & Serious Crimes Ordinance (OSCO, Cap. 455)**

2002

**United Nations (Anti-Terrorism Measures) Ordinance (UNATMO, Cap. 575)**

2012

**AML & Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO, Cap. 615)**



# Reporting requirement

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 at Level 5 (HK\$ 50,000)**

**& 3 Months' Imprisonment**

*S.25A(1) of Cap. 405 DTROP & Cap. 455 OSCO*

*S.12(1) of Cap. 575 UNATMO*

# Reporting requirement

- A legal requirement
- Applied to all
- Knowledge and Suspicion based reporting

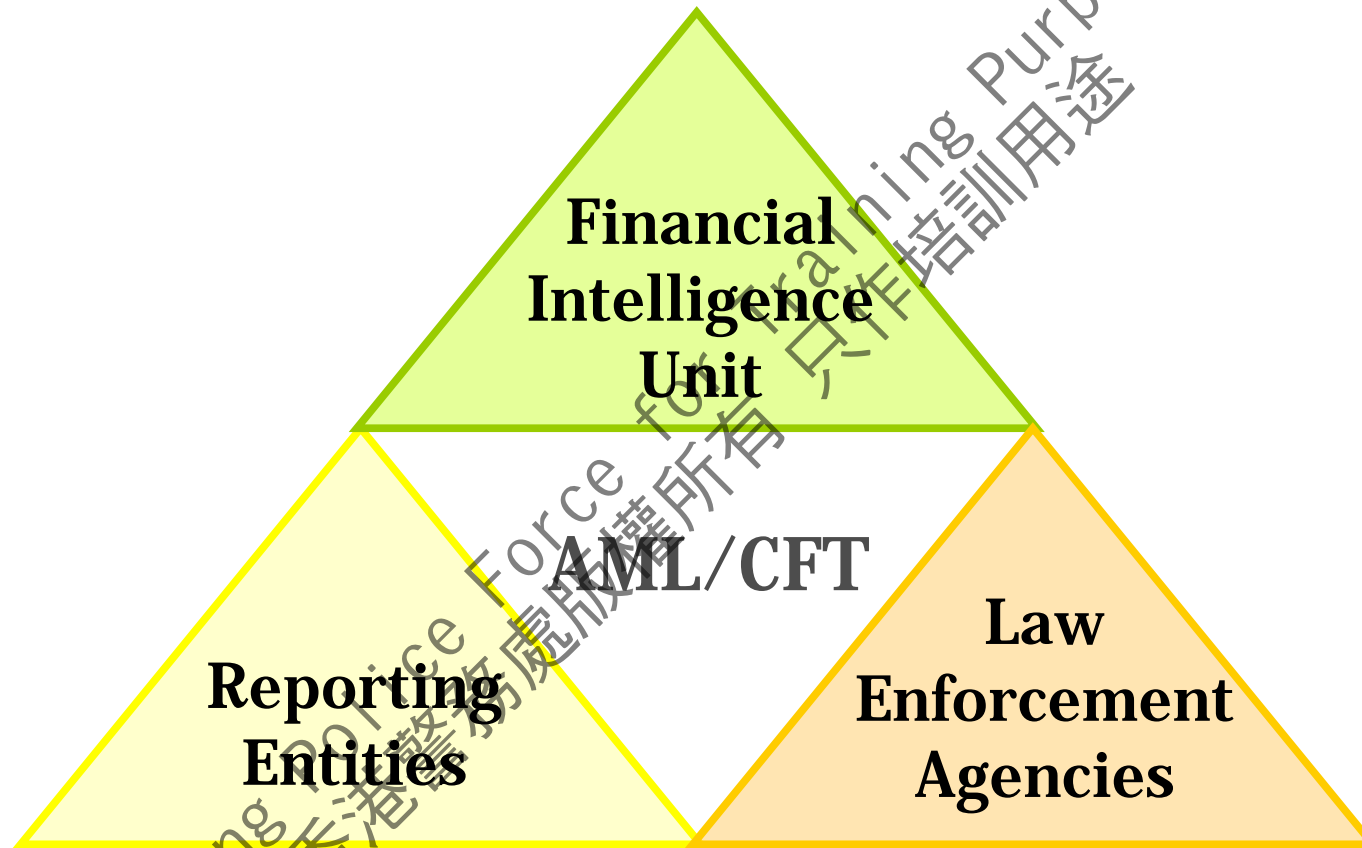
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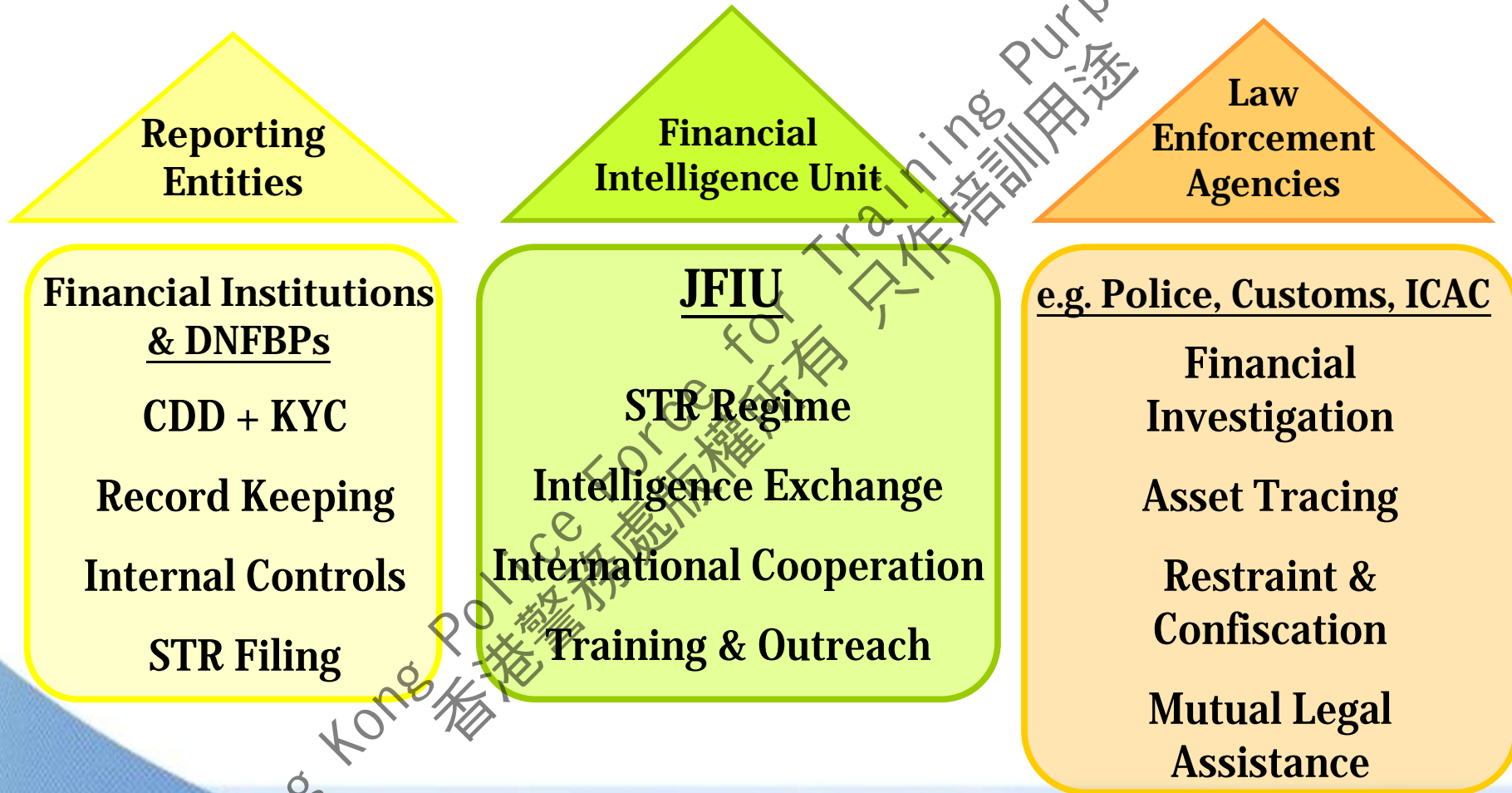
# Reporting requirement

- No threshold or cross boundary reporting
- Legal protection from civil or criminal liability
- After reporting, no tip off
- The source of the report is protected

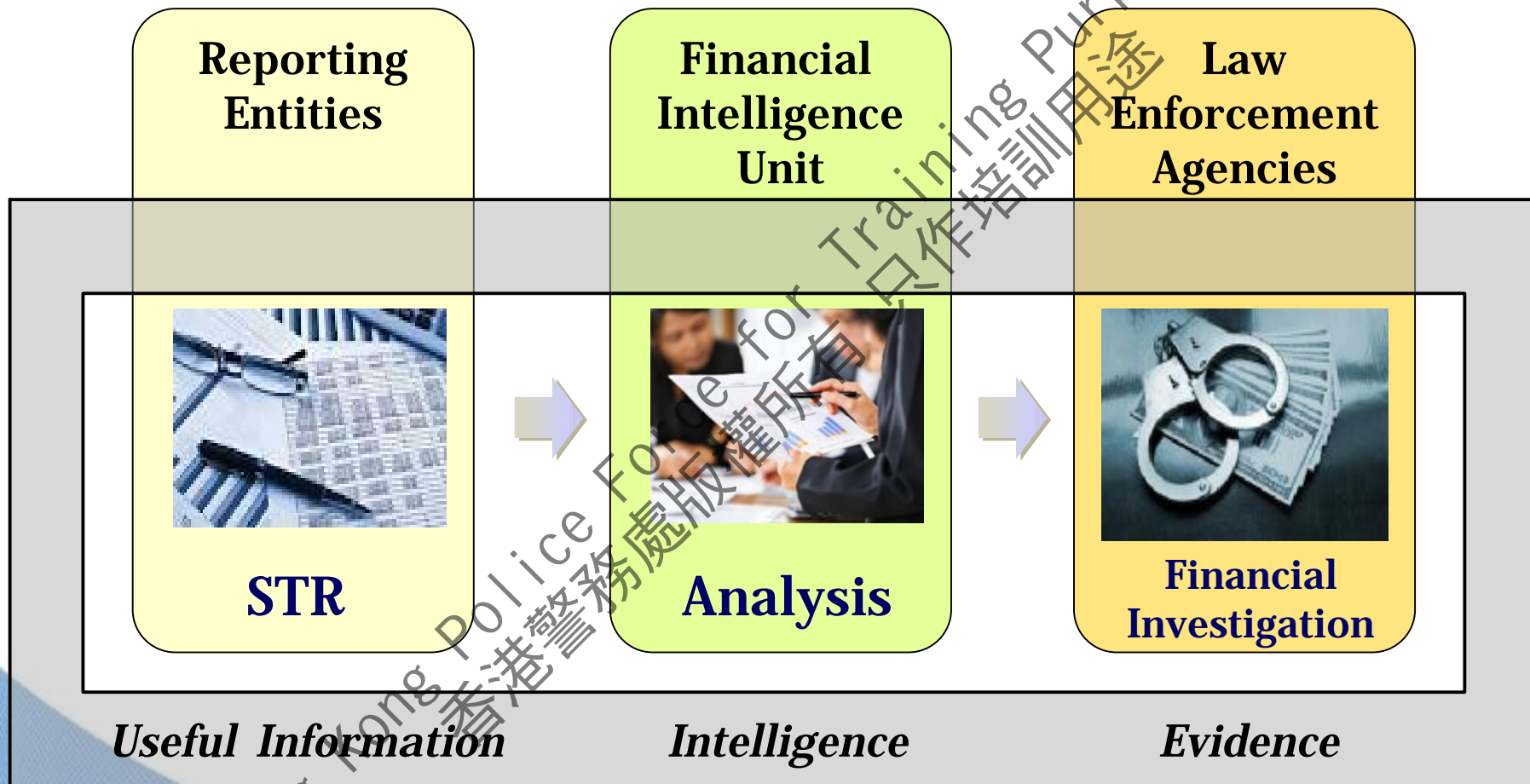
# Role of JFIU



# Role of JFIU



# Flow of information



# **STREAMS**

***Suspicious Transaction  
REport  
And  
Management  
System***

# Method of reporting

## 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](mailto: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](mailto:jfiu@police.gov.hk)). If you need any further information, please feel free to contact JFIU staff.

STREAMS - Login Frame

Suspicious Transaction Report  
And Management System (STREAMS)

Username:

Password:

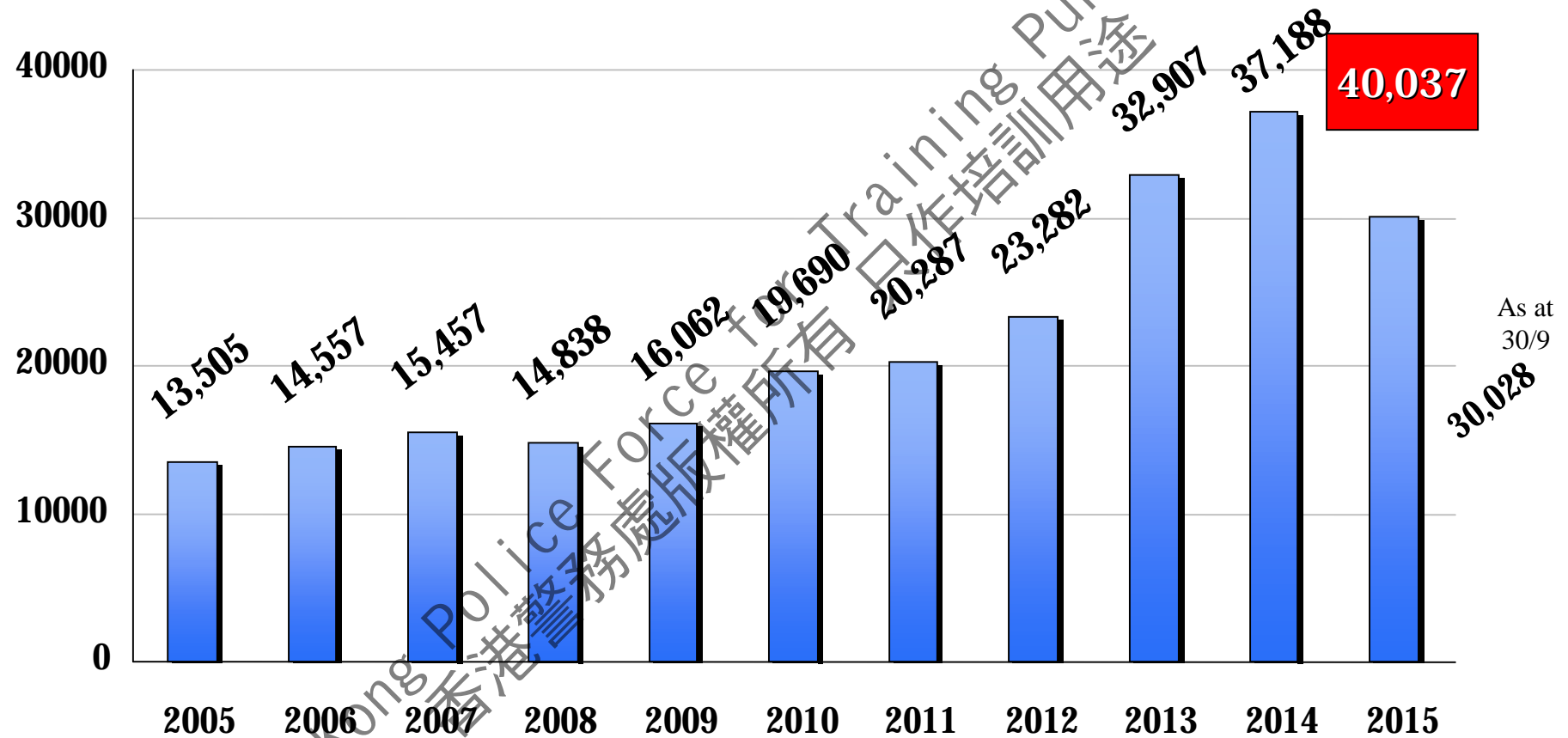
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Login Reset

< Form > can be  
downloaded here

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# STR Statistics



**Projected annual no. of STRs in 2015**

# STR Statistics

No. of STRs	2011	2012	2013	2014	*2015 (Jan-Sep)
<b>Annual Total</b>	<b>20,287</b>	<b>23,282</b>	<b>32,907</b>	<b>37,188</b>	<b>*30,028</b>
<b>Filed by Insurance Sector</b>	<b>204</b>	<b>341</b>	<b>401</b>	<b>446</b>	<b>*371</b>
	<b>1 – 1.46%</b>				





# To Report, Or Not to Report ?



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# What to Report in STR?



## CHECKLIST

- **Subject/ Organization/ Beneficial Owner's Particulars (in details)**
- **What Suspicious?**
  - Property involved
  - Account(s) & Transaction(s)
- **Why Suspicious?**
  - Suspected Crime(s) / Suspicious Indicator(s) / News
  - Assessment & Analysis?
  - Explanation by customers, if any.
- **Previous STR Ref. / Police Case Ref., if any**



# How to File Quality STR?

## **SAFE** Approach

**S**creen

subject entities' background & transactions

**A**sk

appropriate questions to clarify circumstances

**F**ind

relevant records for review

**E**valuate

whether suspicion is substantiated

# Recent Observations on Money Laundering Trend



# Challenges

## Cross-border Transactions



**non-local signatories**



**corporate service providers**



**offshore companies**

# Challenges



## Internet/ Hi-Tech Driven



**Non-face-to-face  
account opening**



**E-Banking**



**New  
Payment Methods**

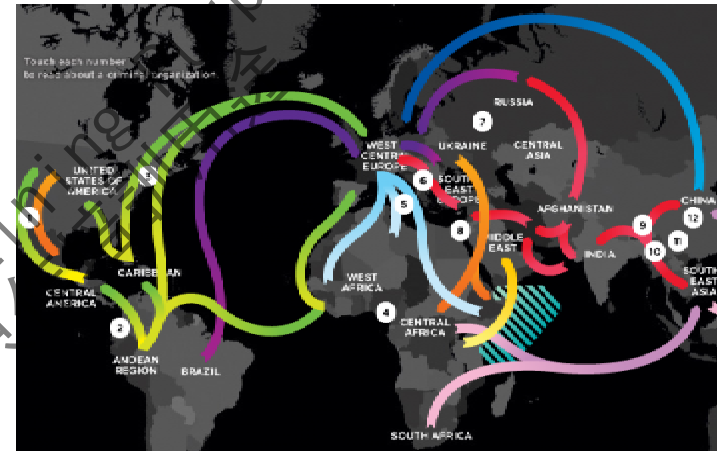
# Challenges



**Misuse of Professional Services**



**Complex Financial Products**



**Transnational Crime Syndicate**

# Red Flags – Insurance Sector

■ PEP or senior political figure related



KYC  
CDD

■ Inconsistent with customer's economic profile

■ Pay premium of an insurance policy in large amount of cash





# Red Flags – Insurance Sector

- Repeated and unexplained changes in beneficiary
- Accept very unfavourable policy provisions
- Small policies based on regular payment change to a substantial policy with a lump sum payment





# Case Study



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# Case Study 1 – Use of third party



**Third party**



**premium  
Payment**



**Customer**



**Pay out**



# Case Study 1 – Use of third party



Customer



Overpayment



Third party

Surplus



# Case Study 1 – Use of third party

## Suspicious Indicators

- (1) Purchase insurance products by third party's cheque**
- (2) Involvement of one or more third party in paying the premiums**
- (3) Overpayment with a subsequent refund request the surplus to a third party**



# Case Study 2 – Repository of fund



Customer

Additional premium payments



Partial redemptions

# Case Study 2 – Repository of fund

## Unforeseen deposits



## Abrupt withdrawals



# Case Study 2 – Repository of fund

## Suspicious Indicators

- (1) Make additional premium payments and frequent partial redemptions**
- (2) Unforeseen deposit or abrupt withdrawal of funds**
- (3) No legitimate reason of fund movement**







*Thank you!*

[www.jfiu.gov.hk](http://www.jfiu.gov.hk)