



Suspicious Transaction Reporting

Senior Inspector of Police
JFIU



Joint Financial
Intelligence Unit



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重要告示

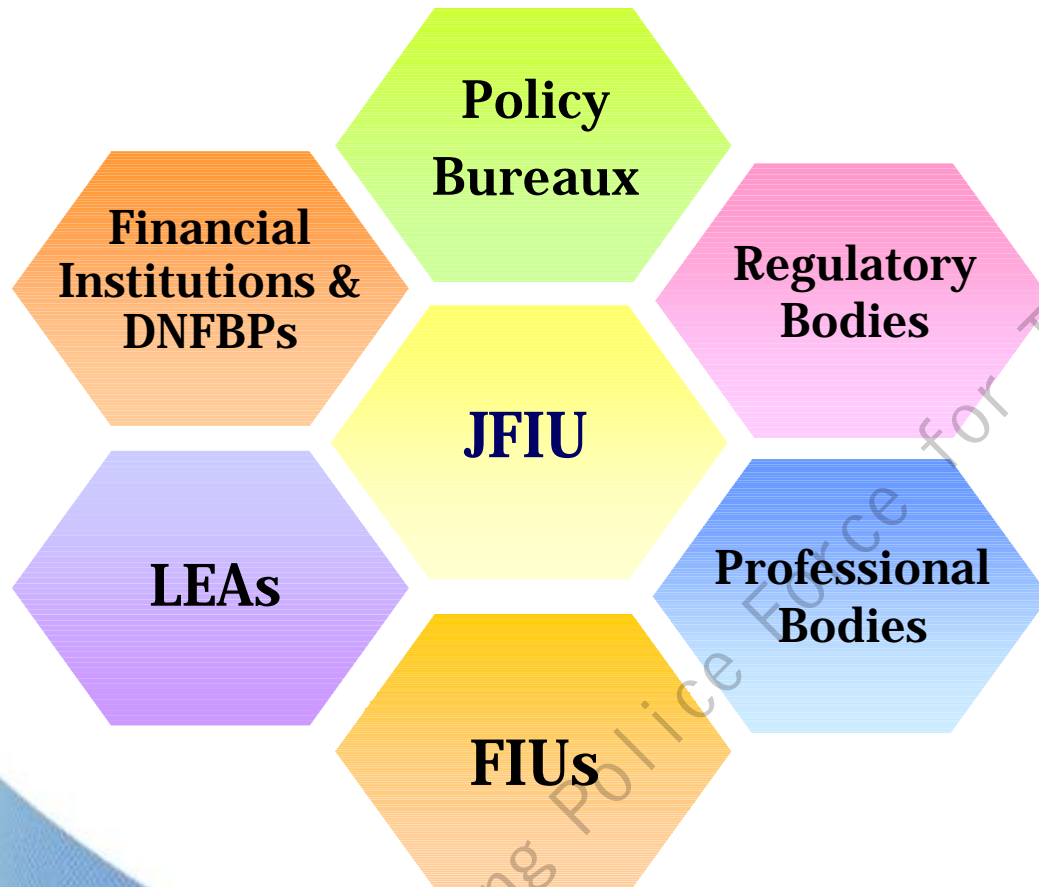
香港警務處持有並保留本簡報檔案包括版權在內的所有權益。除預先獲得警務處處長書面許可外，本簡報檔案只可用作個人學習及處理公務上用途。

Overview

STR

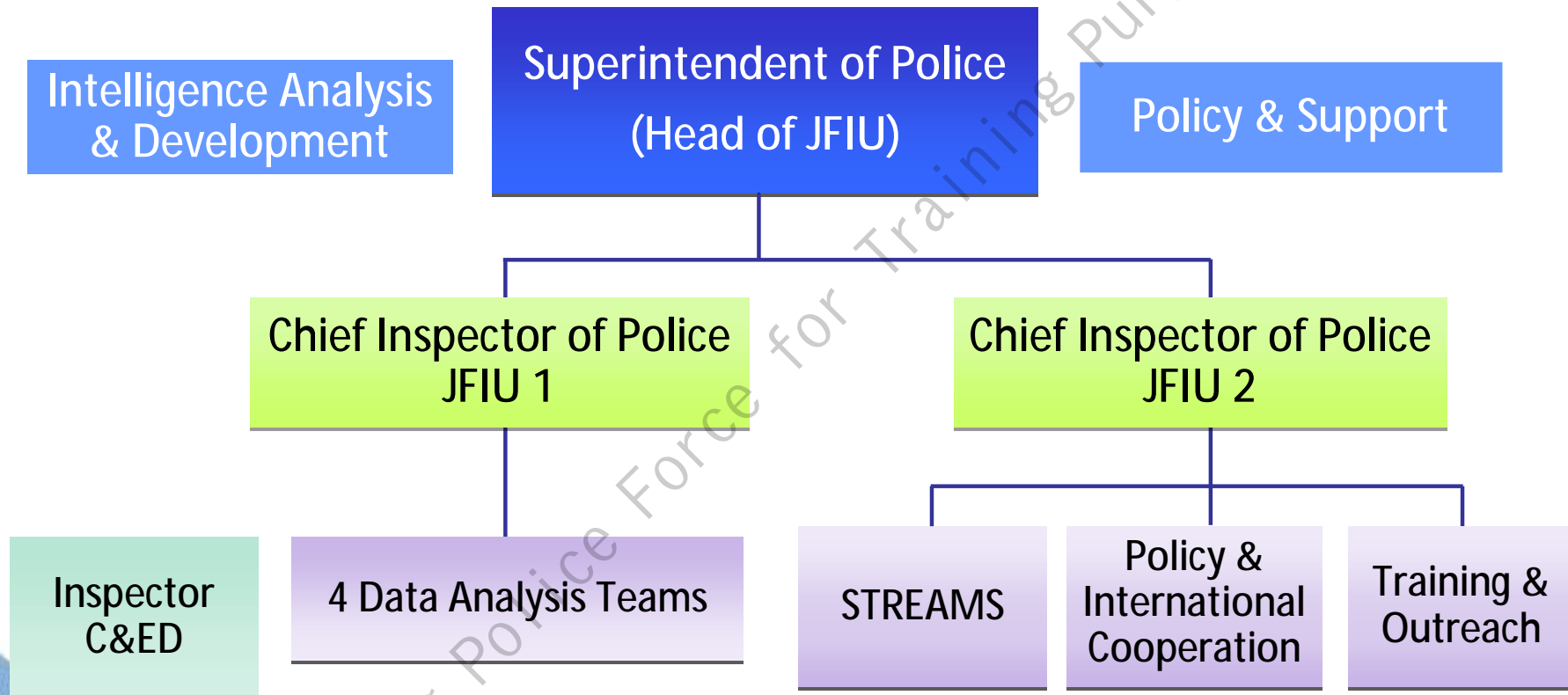
1. About JFIU
2. Key Legislation
3. Suspicious Transaction Reports (STRs)
4. Feedback on STRs
5. Case Sharing

About JFIU



- n **NOT an investigative unit**
- n **Receive, analyze & disseminate STRs**
- n **International Cooperation**
- n **Study ML/TF trend & typologies**
- n **Training & Outreach**

Structure of JFIU



STREAMS

(可疑交易報告管理系統)

*Suspicious Transaction
REport
And
Management
System*

AML/CFT 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

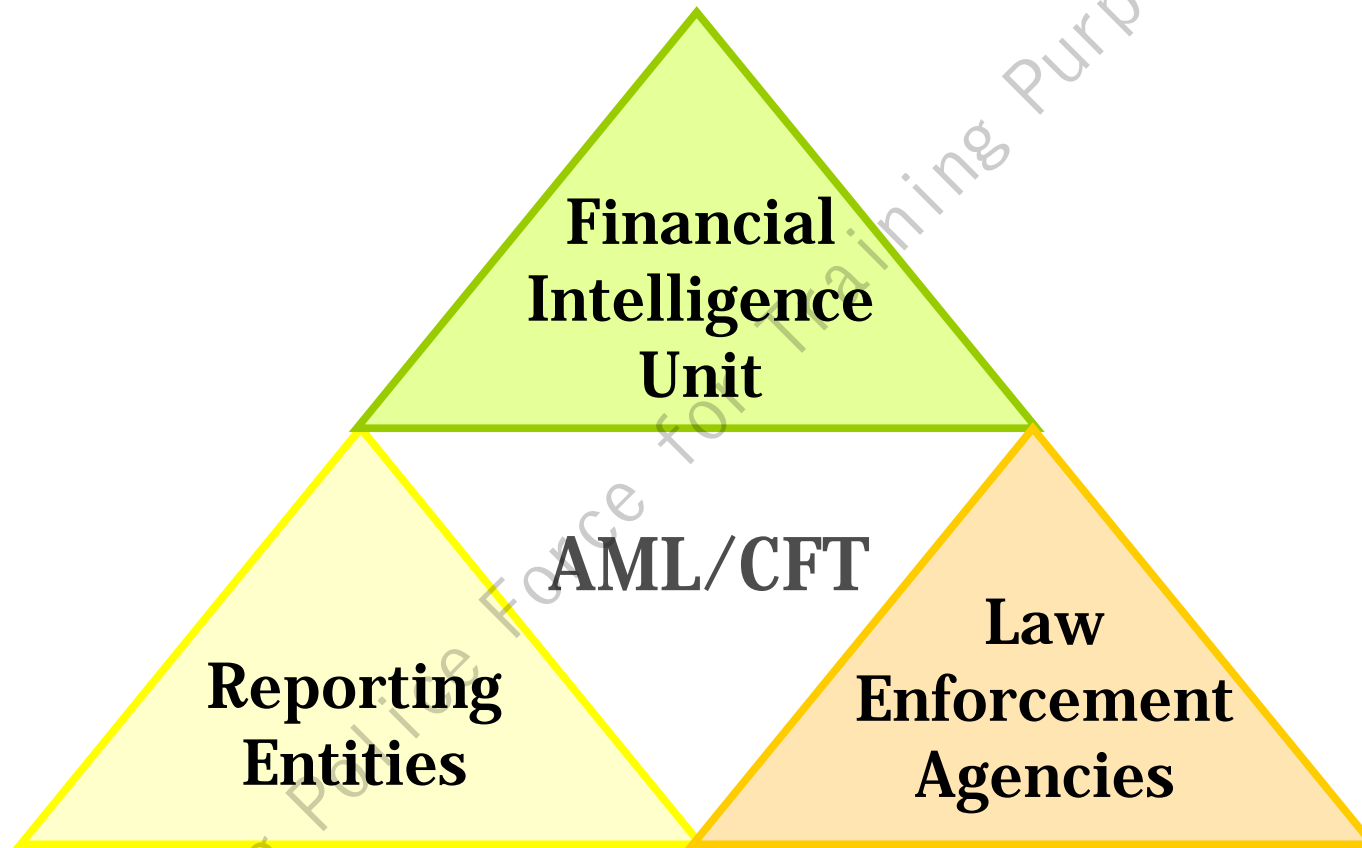
Reporting Requirement

- § Legal obligation
- § Applied to all
- § Knowledge & Suspicion-based reporting
- § NO threshold/ cross-boundary reporting

Reporting Requirement

- § Legal protection from civil or criminal liability
- § After reporting, no tipping off
- § Source of the report protected

Role of JFIU



Role of JFIU

Reporting Entities

**Financial Institutions
& DNFBPs**

CDD + KYC

Record Keeping

Internal Controls

STR Filing

Financial Intelligence Unit

JFIU

STR Regime

Intelligence Exchange

International Cooperation

Training & Outreach

Law Enforcement Agencies

e.g. Police, Customs, ICAC

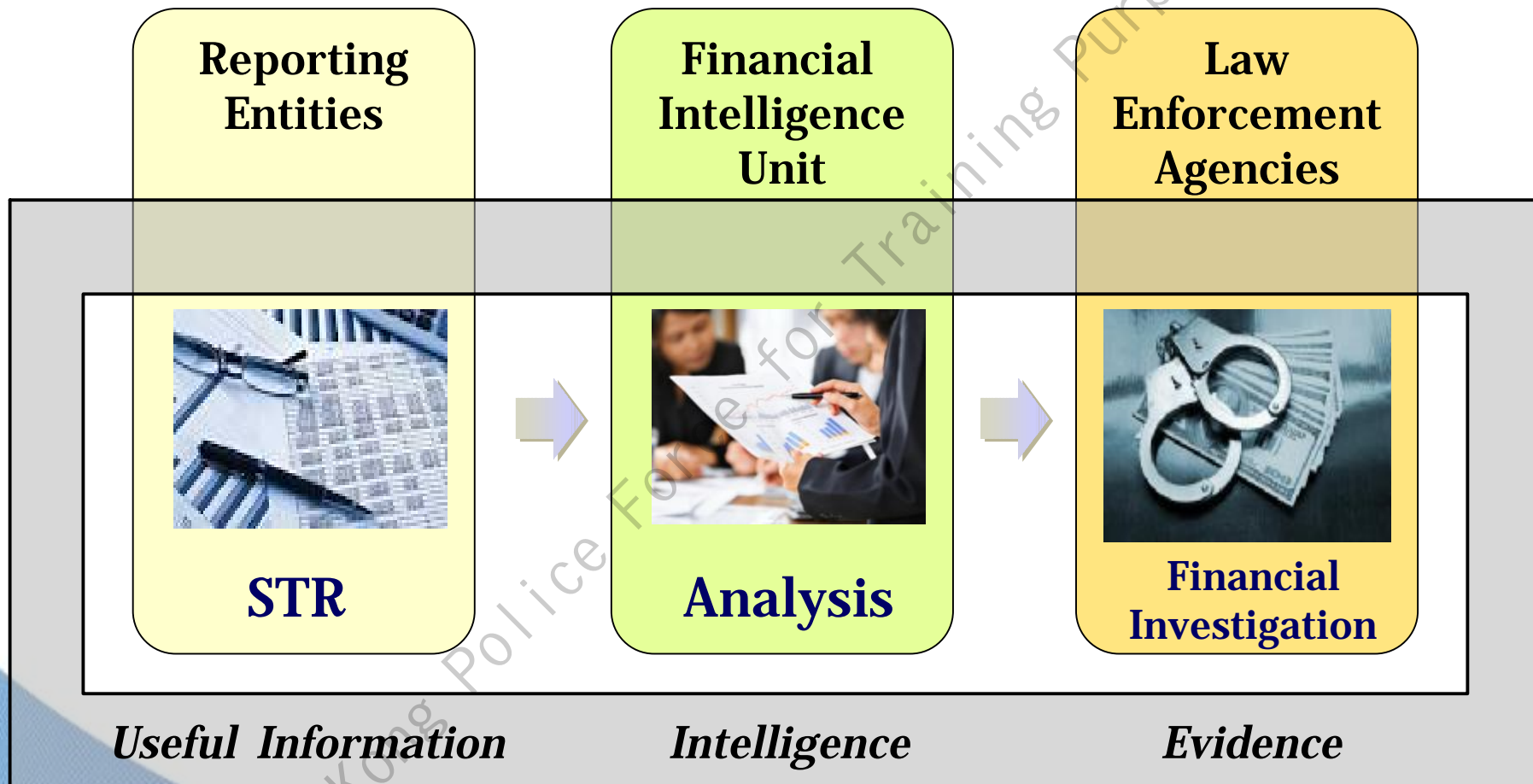
Financial Investigation

Asset Tracing

Restraint & Confiscation

Mutual Legal Assistance

Flow of Information





**To Report,
Or Not to Report ?**

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**



Red Flags – Insurance Sector

- **PEP / Senior political figure related**
- **Inconsistent with customer's economic profile**
- **Premium payment of an insurance policy in large amount of cash**



Red Flags – Insurance Sector

- **Repeated & unexplained changes in beneficiary's details**
- **Acceptance of unfavourable policy provisions**
- **Small policies (regular payment)**
 - >> **Substantial policy (lump sum payment)**

Feedback on the Quality of Suspicious Transaction Reports



Feedback on Quality of STRs

- § **Trigger event**
- § **Background details**
- § **Account opening documents**
- § **Details of transaction records**
- § **Source of public research**



Feedback on Quality of STRs

- § **Insufficient case details / particulars of reported subject**
- § **Excessive information**
- § **Repeated reporting w/o taking risk mitigation procedures**
- § **Insufficient CDD/KYC**



Expectation on STRs

- § **Executive summary in ‘suspected crime’ & ‘suspected indicator’**
- § **Do not use file attachment unless strictly necessary (except for policy application forms, transaction records, etc.)**
- § **Precise & concise**

Expectation on STRs

- § **Quote the investigation team, file ref. , STR no. (from legal enforcement agencies)**

- § **For the reports relating to frequent deposits & withdrawals of premium / loans, please provide:**
 - **forms of deposits/ withdrawals**
 - **bank account no.**
 - **credit card details, if any**

How to File Quality STRs?

SAFE Approach

Screen

subject entities' background & transactions

Ask

appropriate questions to clarify circumstances

Find

relevant records for review

Evaluate

whether suspicion is substantiated



Case sharing



Key Messages

- **Keep an vigilant eye on forms of payment.
Consider setting limits on payment methods**
- **Collect & verify information
from their customers**
- **Keep AML/CFT policies & procedures
under regular review**



Key Messages

- **Act as effective gatekeepers**
- **Ongoing monitoring
& transaction screening**
- **Cross-check
background of policy holders**



Methods 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



- 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.

STREAMS - Login Frame

Suspicious Transaction Report And Management System (STREAMS)

Username:

Password:

Database: SBOX-ACCESS

< Form > can be downloaded here



Thank you

www.jfiu.gov.hk

