



# Joint Financial Intelligence Unit & Suspicious Transaction Reporting

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**Joint Financial  
Intelligence Unit**



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## 重要告示

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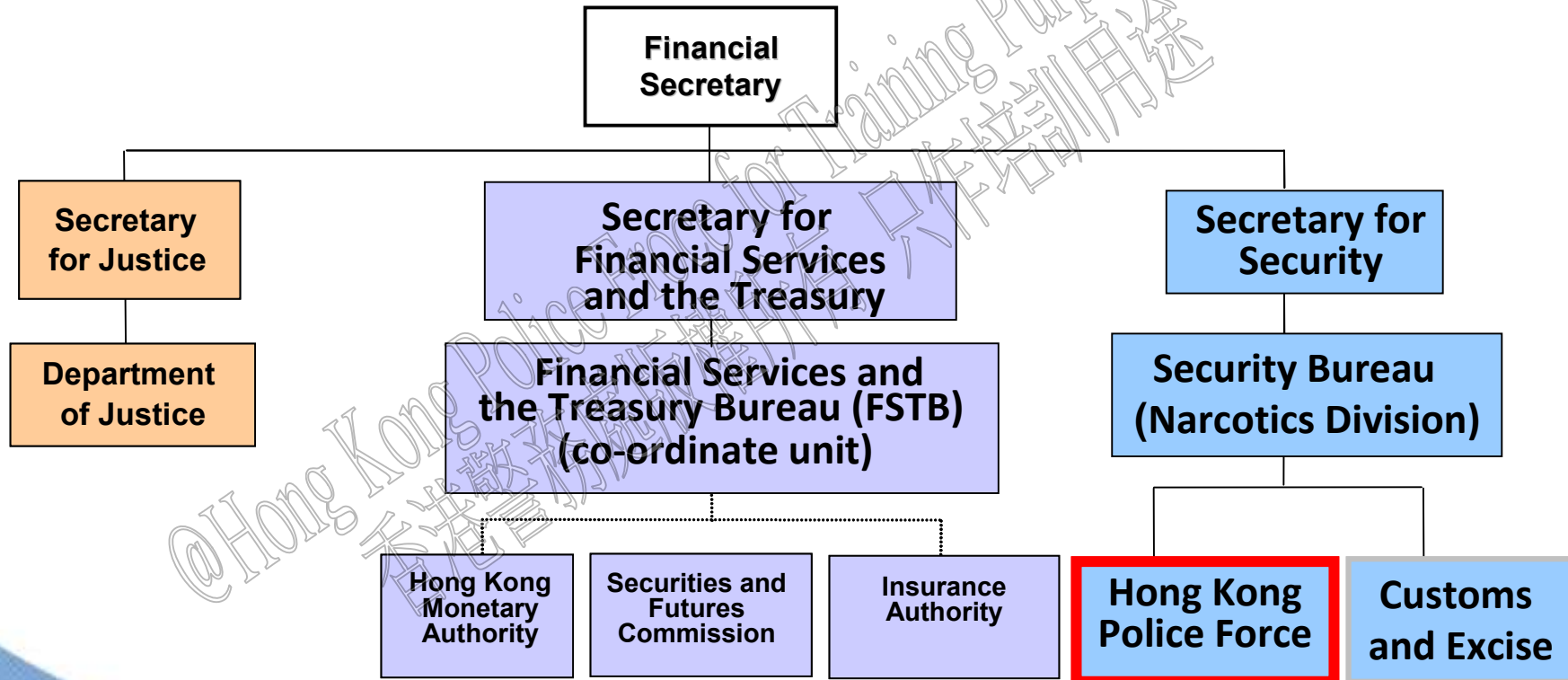
# Overview

## STR

1. About JFIU
2. Key Legislation
3. STR
4. Challenges
5. Case Studies

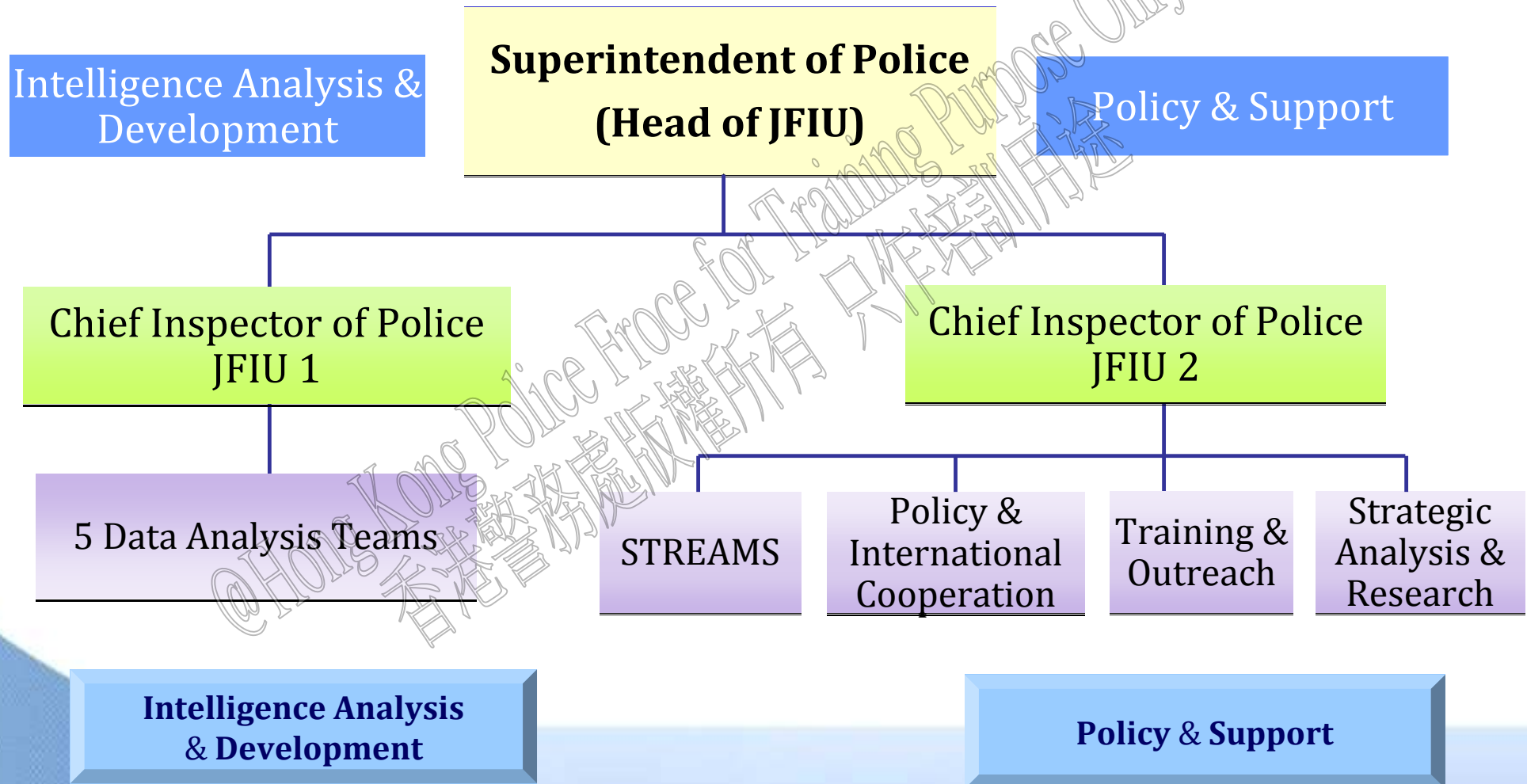
# Hong Kong AML/CFT regime

## HKSAR Central Coordinating Committee (CCC) on AML and CFT

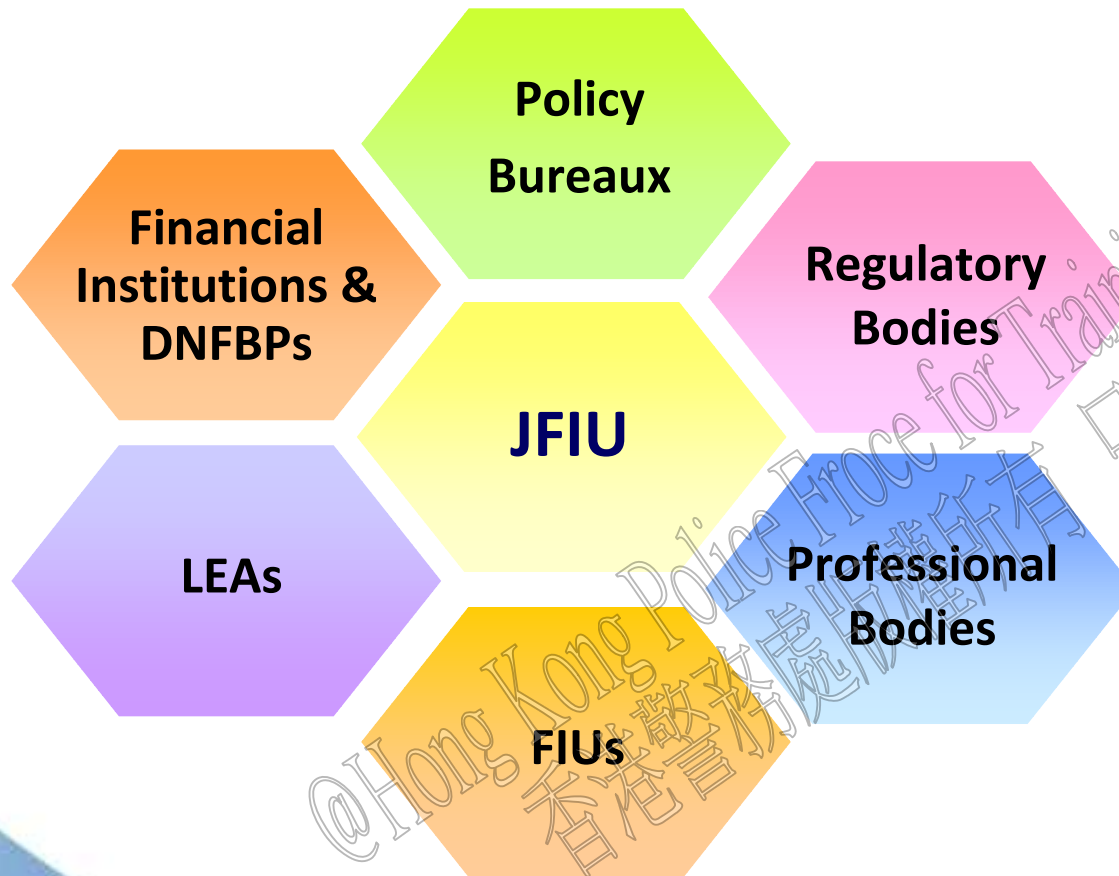




# Structure of JFIU



# About JFIU



- Not an investigative unit
- Receive, analyze and disseminate suspicious transaction reports
- International Cooperation
- Study the trend and typology used by the criminals in ML/TF
- Training & Outreach

# 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

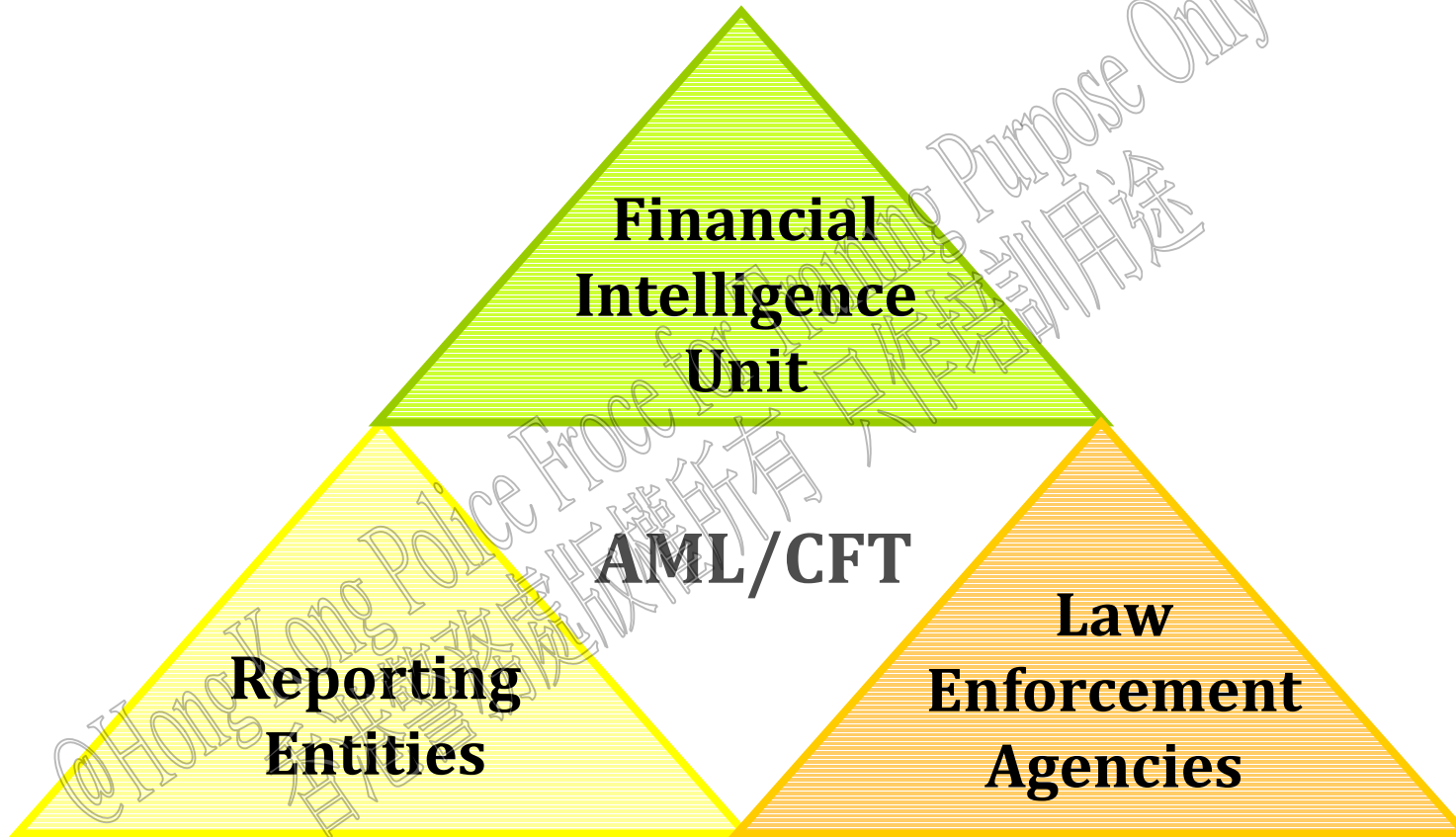
- A legal requirement
- Applied to all
- Knowledge and Suspicion based reporting

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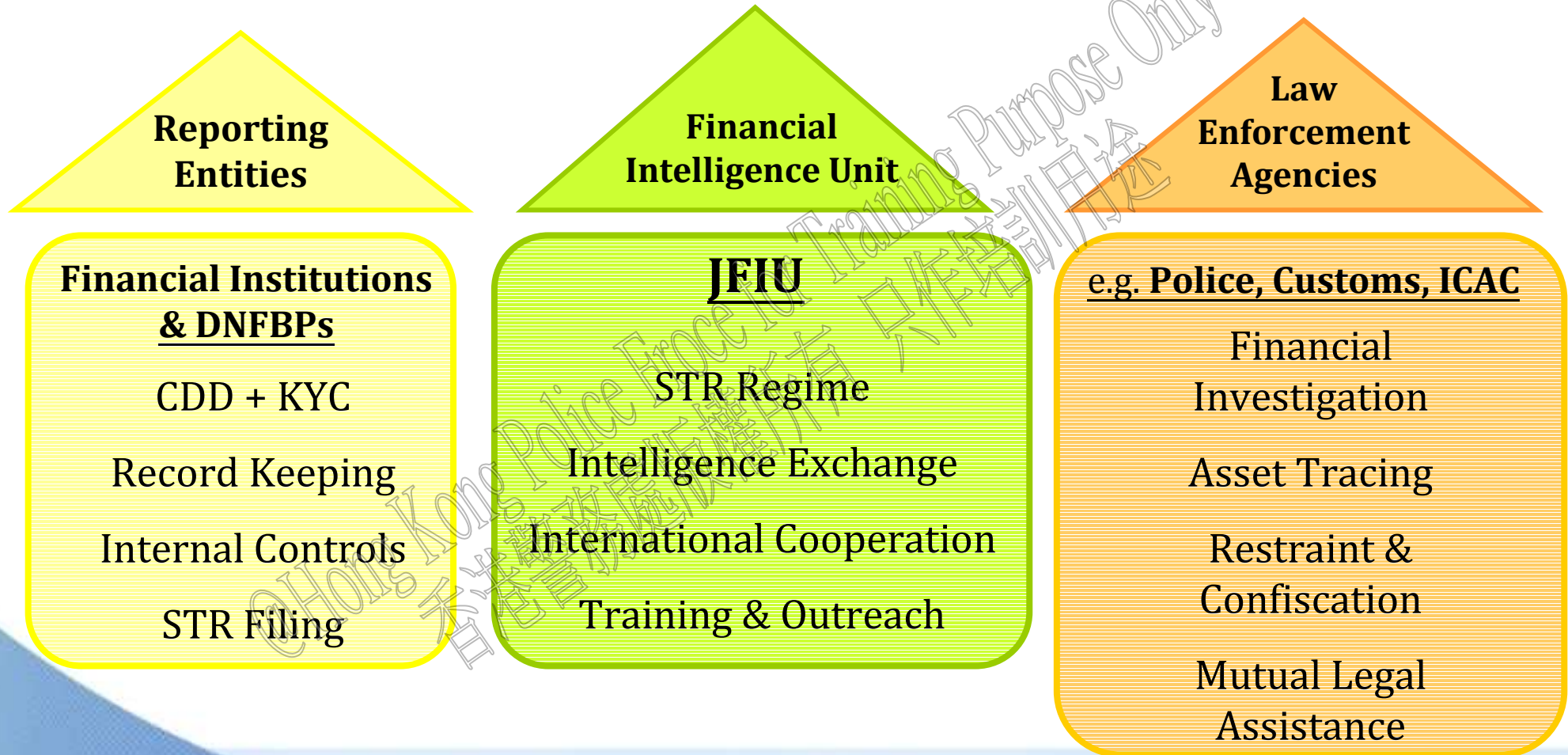
# Reporting requirement

- 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

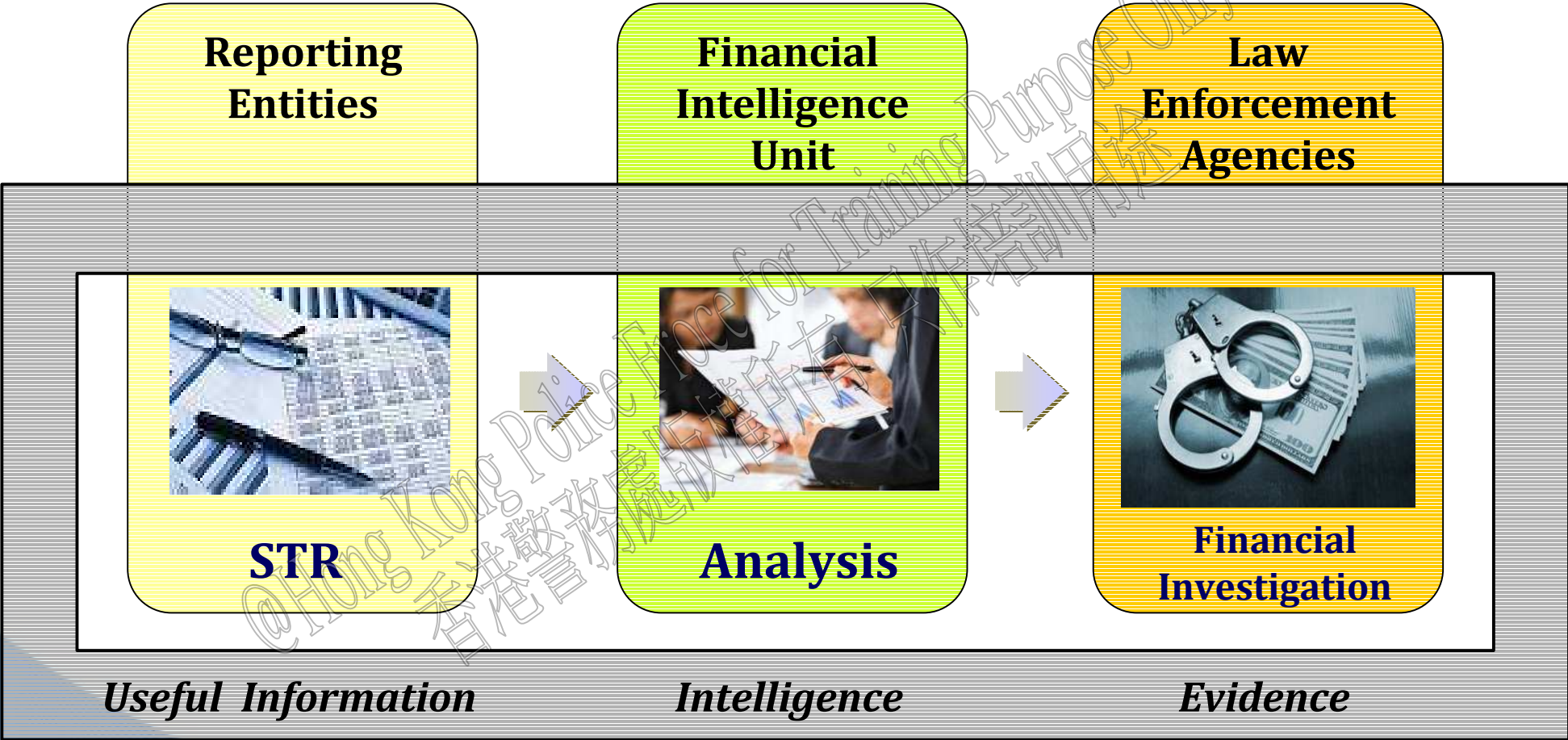
# Role of JFIU



# 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:

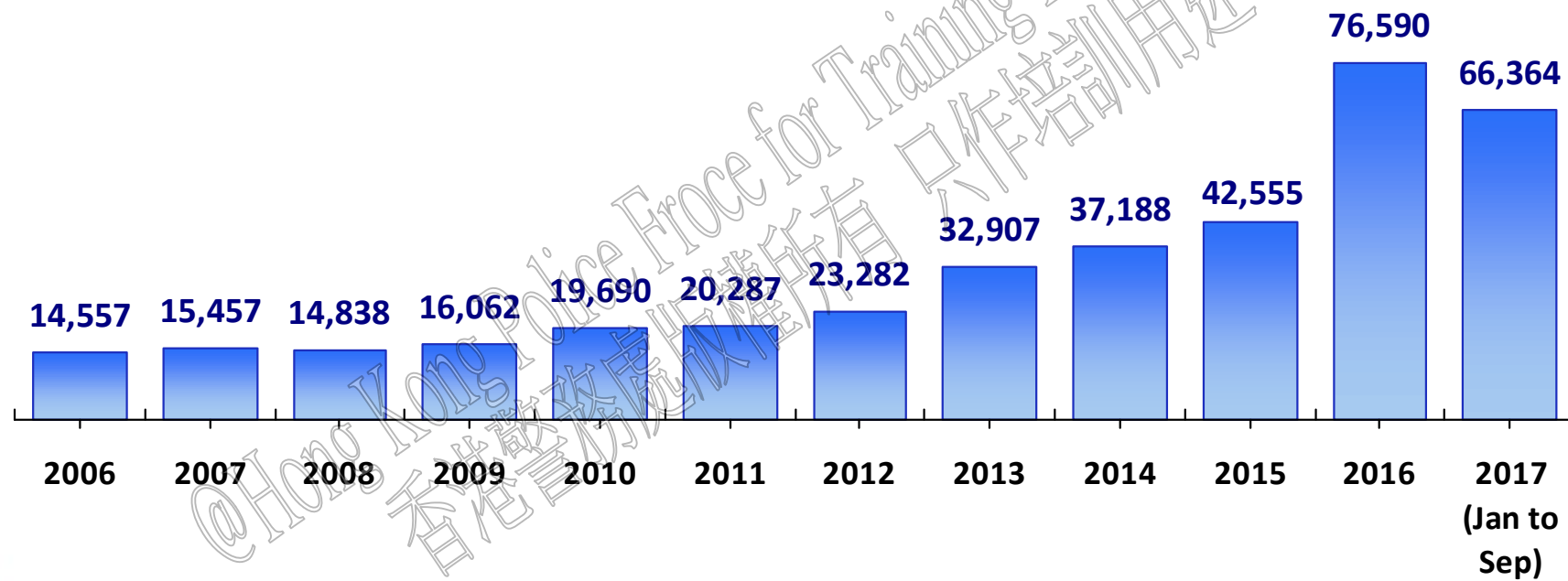
Database: SBOX-ACCESS

Login Reset

< Form > can be  
downloaded here

# STR Statistics

## STR received by JFIU



# STR Statistics

No. of STRs	2016	2017 (Jan - Sep)
<b>Annual Total</b>	<b>76,590</b>	<b>66,364</b>
<b>Filed by Insurance Sector</b>	<b>928</b>	<b>671</b>
	<b>1.01-1.21%</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**



# Red Flags – Insurance Sector

- **PEP or senior political figure related**
- **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**



**KYC  
CDD**



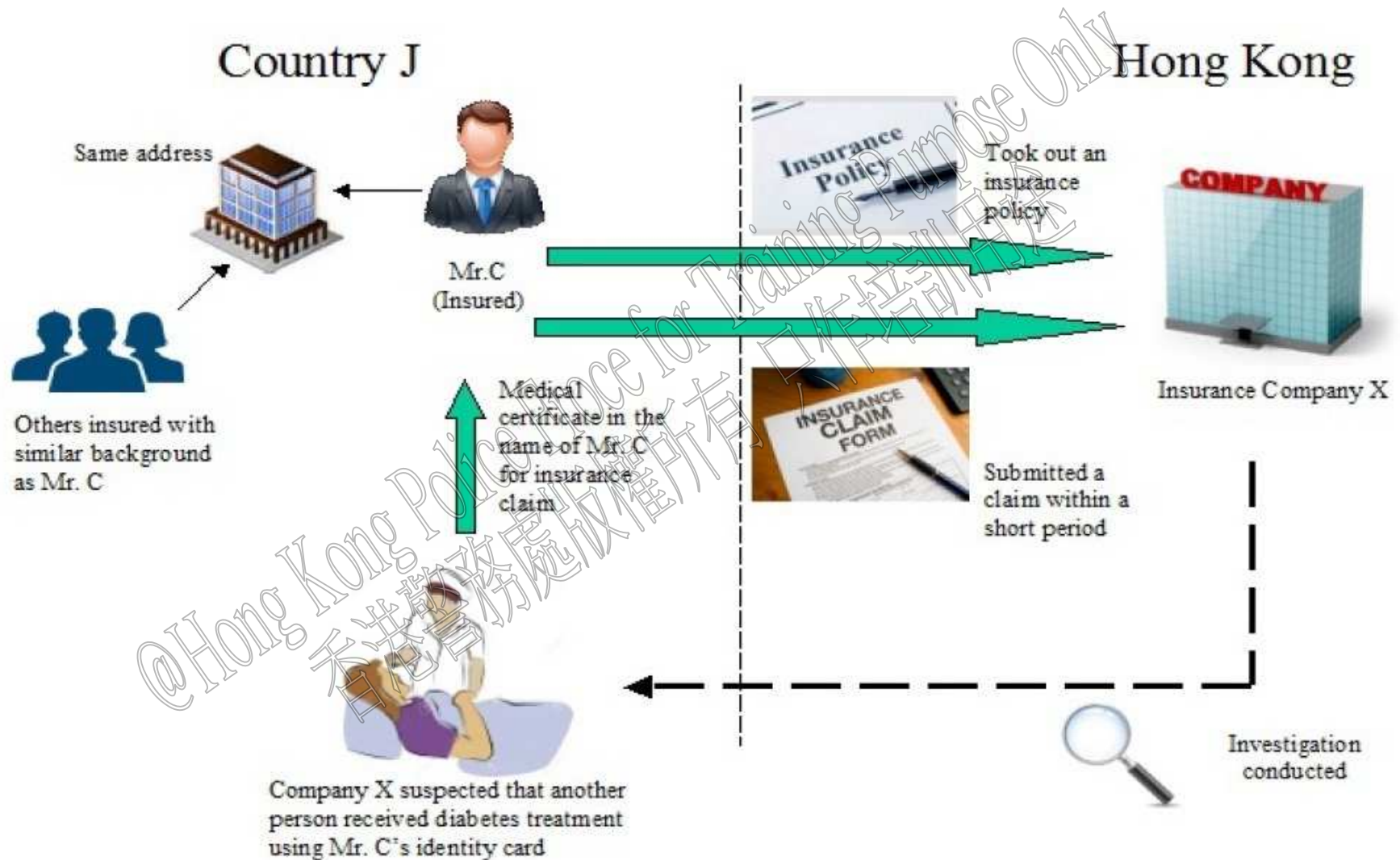


# Case Study

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# Case Study 1 – Fraud associated with claims



# Case Study 1 – Fraud associated with claims

## Key message

- (1) Ongoing monitoring and transaction screening are essential for insurance companies to proactively identify suspicious transactions from their policy holders; and
- (2) Insurance companies should crosscheck the background of the policy holders with a view to identifying any suspicious connection between customers at early stage, assessing and understanding the potential fraudulent claims or ML/TF risks.





# Case Study 2 – Repository of fund



**Policy owner**

**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!*



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