



# Suspicious Transaction Reports (STRs)

**Crystal MAK**

Detective Senior Inspector of Police, JFIU



**Joint Financial  
Intelligence Unit**



## Important Notice

All rights, including copyright, in this PowerPoint file 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 and in the course of your official duty.

## 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。



# Agenda

- ◆ About JFIU
- ◆ Relevant Legislations
- ◆ STR Statistics
- ◆ Red Flag Indicators
- ◆ Filing Quality STRs

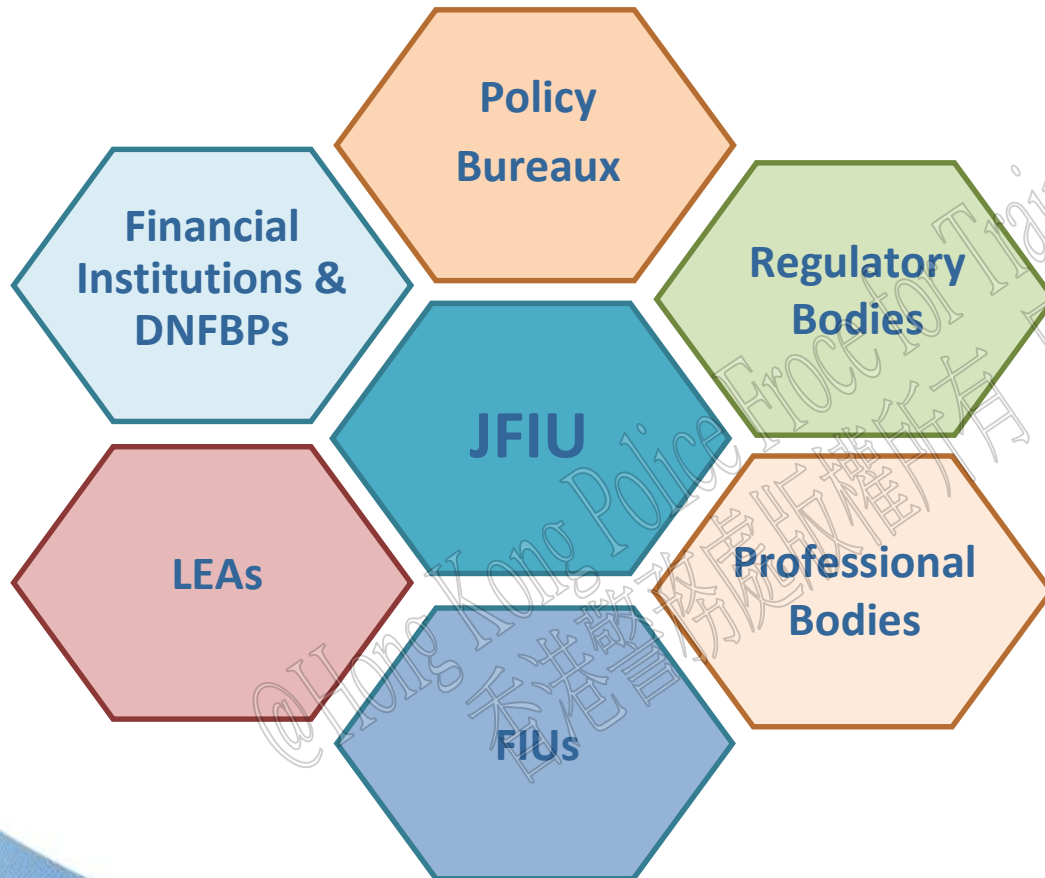


# Agenda

- ◆ **About JFIU**
- ◆ Relevant Legislations
- ◆ STR Statistics
- ◆ Red Flag Indicators
- ◆ Filing Quality STRs



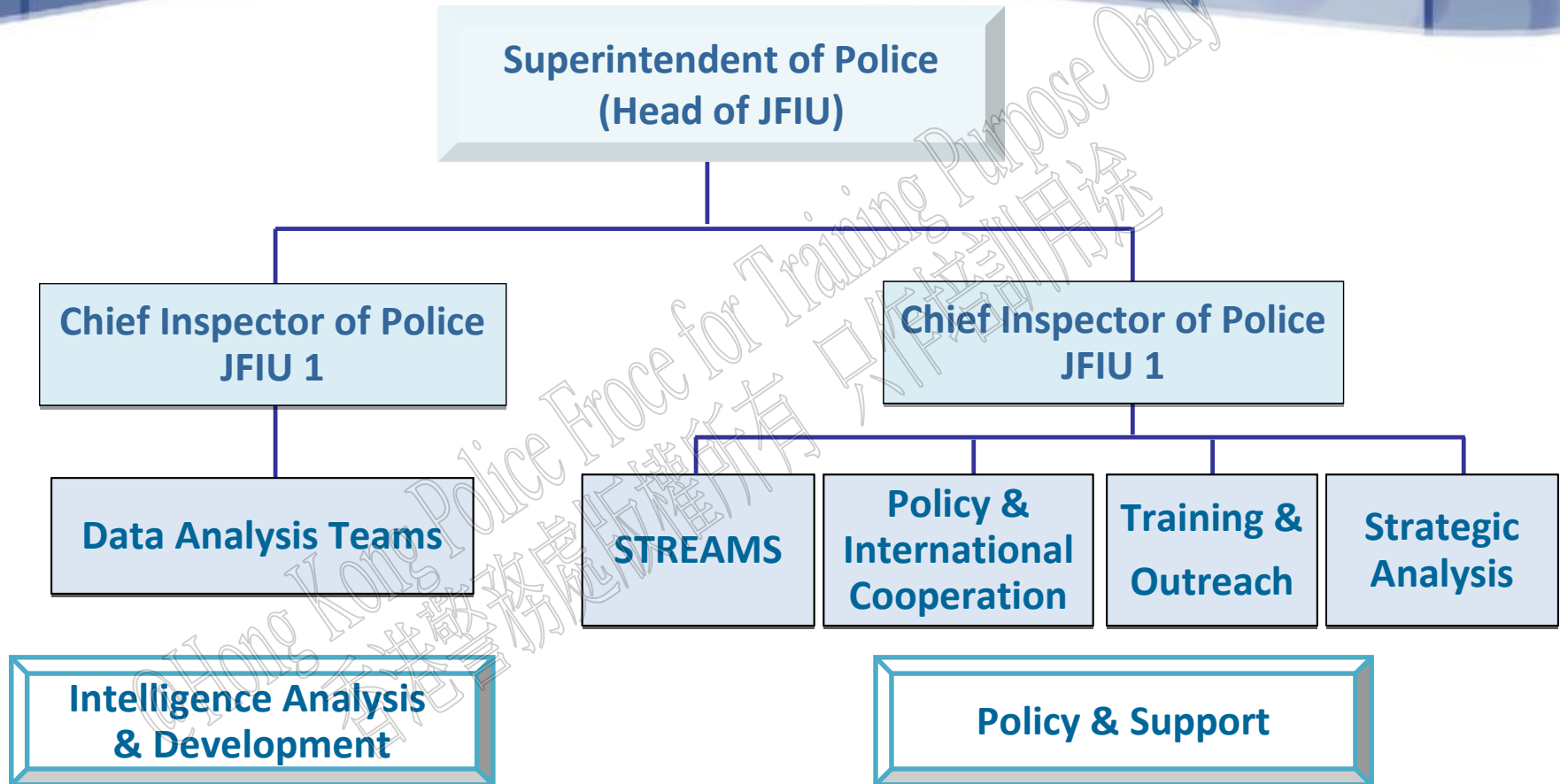
# Introduction of JFIU – Our Work



- Not an investigative unit
- Receive, analyze and disseminate suspicious transaction reports (STRs)
- International Cooperation
- Policy and Support
- Training & Outreach



# Structure of JFIU



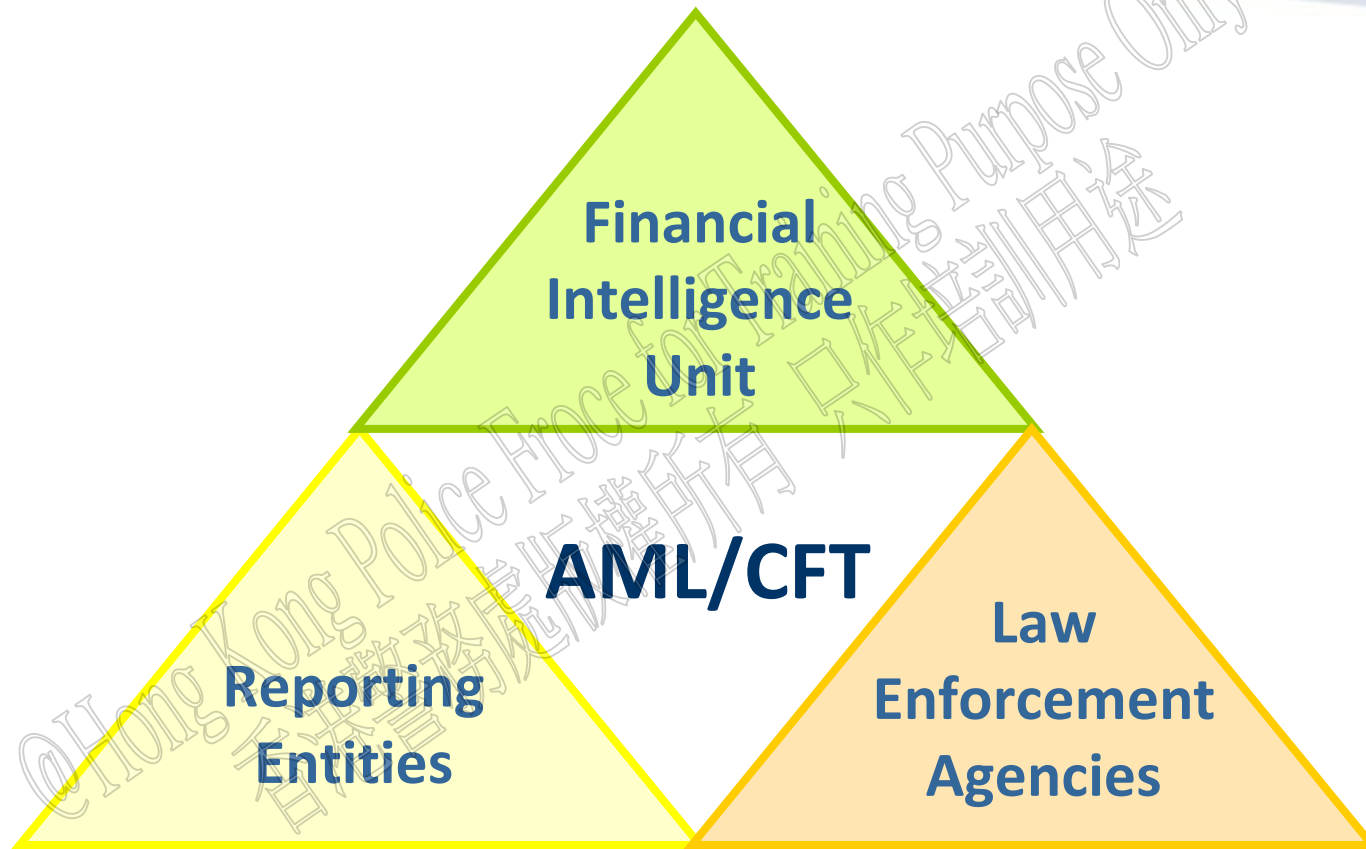
(including officers from HKPF and C&ED)



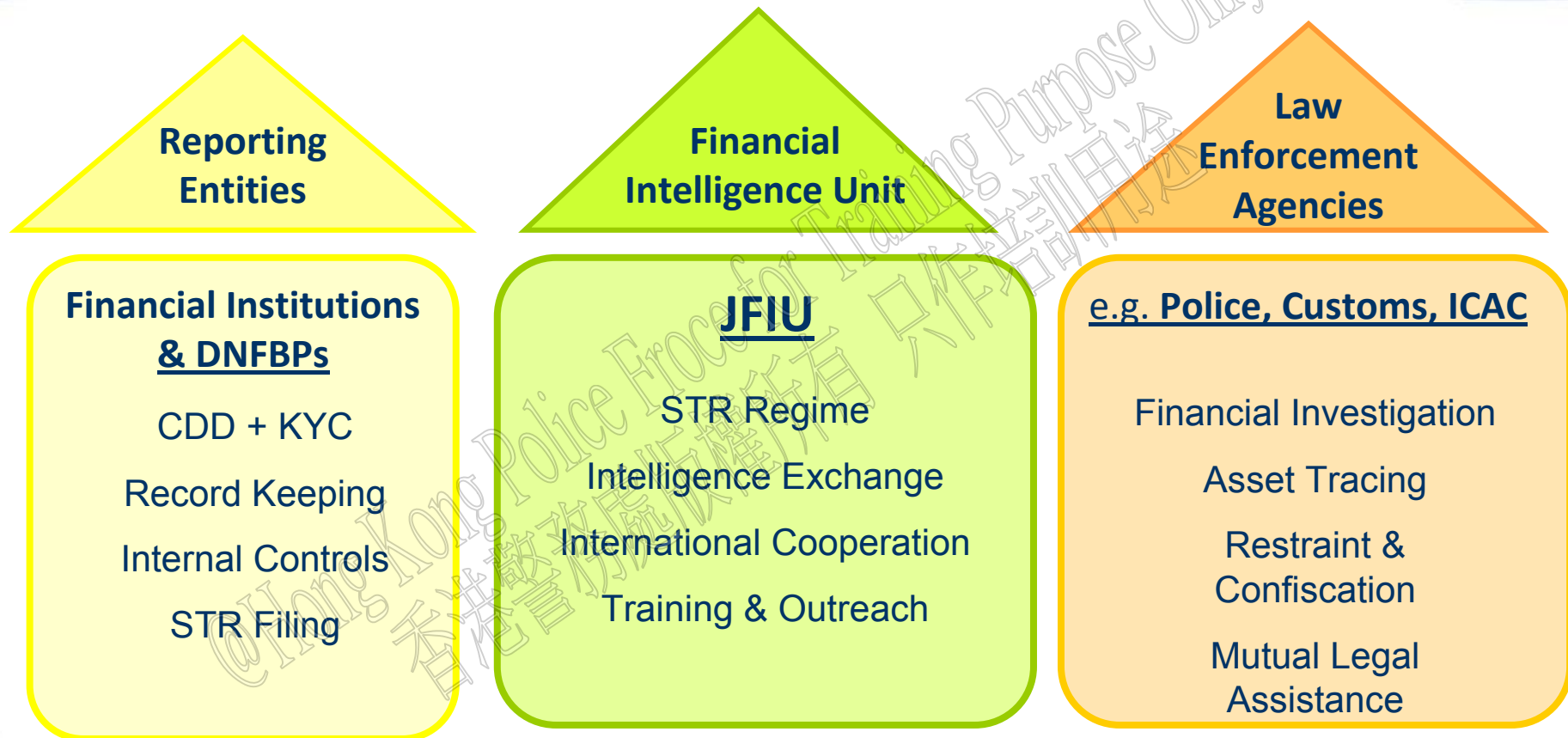
Joint Financial Intelligence Unit



# Role of JFIU

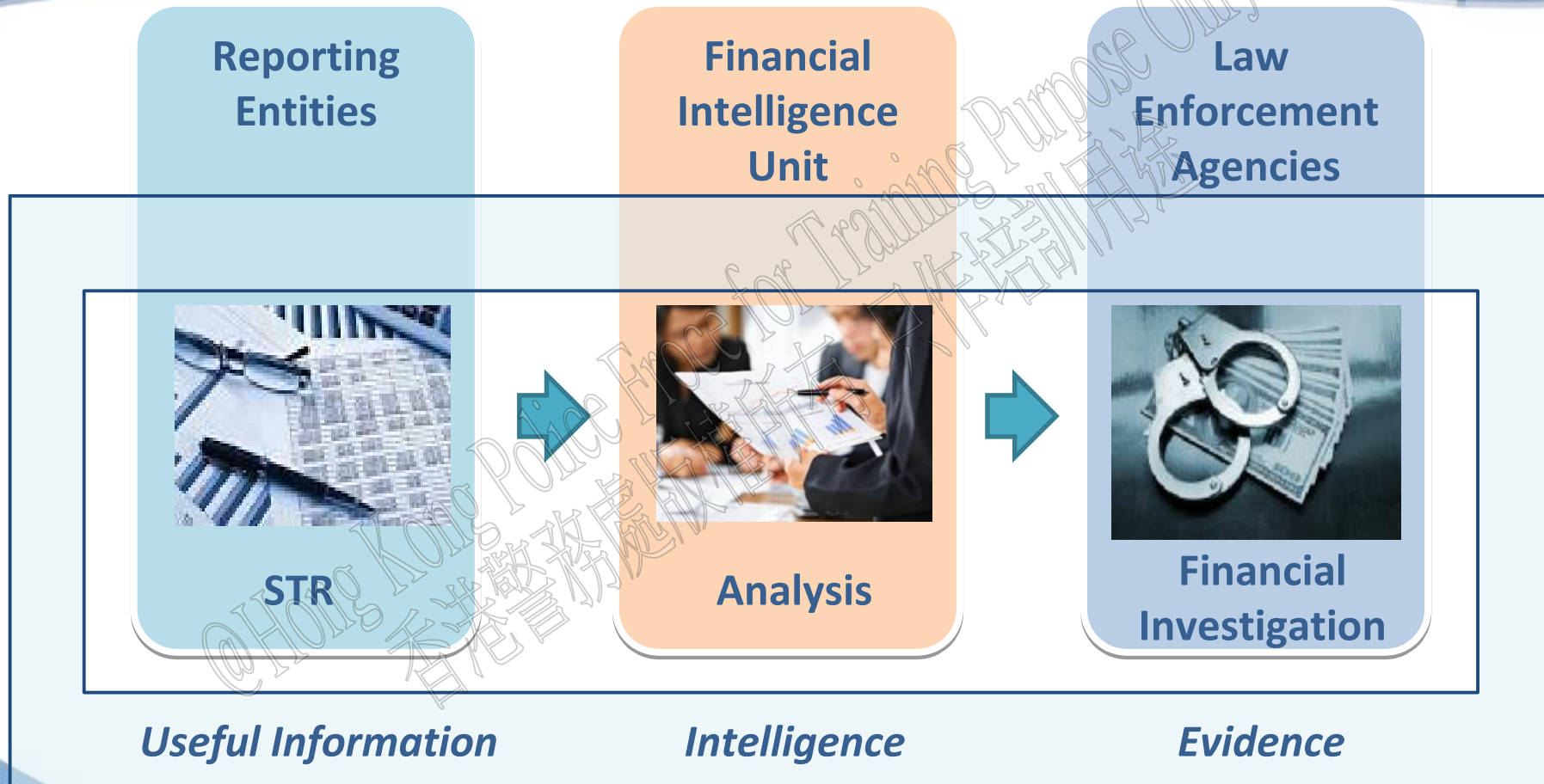


# Role of JFIU





# Flow of Information



# Agenda

- ◆ About JFIU
- ◆ **Relevant Legislations**
- ◆ STR Statistics
- ◆ Red Flag Indicators
- ◆ Filing Quality STRs



# Relevant Legislations

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

**Anti-Money Laundering and Counter-Terrorist Financing  
(Financial Institutions) Ordinance**  
("AMLO", Cap 615)



# Relevant Legislations

Any person **knows or suspects** any property represents the **proceeds of drug trafficking or serious crimes / terrorist property**, shall report to an authorized officer (JFIU).

**Max. Penalty:**  
**Fine at Level 5 (HK\$ 50,000)**  
**& 3 Months' Imprisonment**



S.25A of Cap. 405 DTROP

S.25A of Cap. 455 OSCO

S.12 of Cap. 575 UNATMO



**Joint Financial  
Intelligence Unit**



# Suspicious Transaction Reporting

- A legal obligation
- Applied to all
- **Knowledge** and **suspicion** based reporting
- **No threshold** for reporting
- **Legal protection** from civil or criminal liability
- **No tipping-off** after reporting
- The source of the report is **protected**



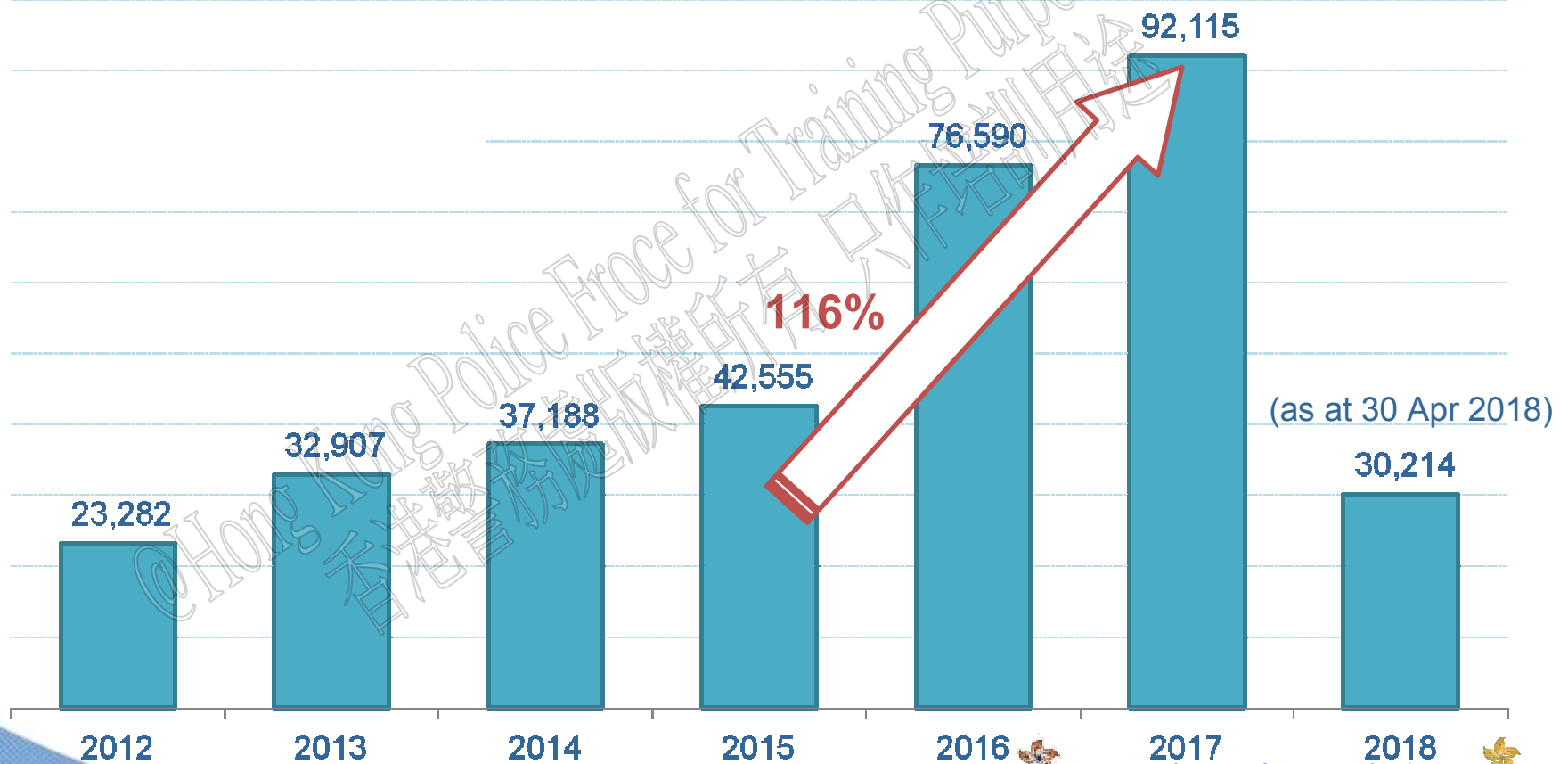
# Agenda

- ◆ About JFIU
- ◆ Relevant Legislations
- ◆ **STR Statistics**
- ◆ Red Flag Indicators
- ◆ Filing Quality STRs



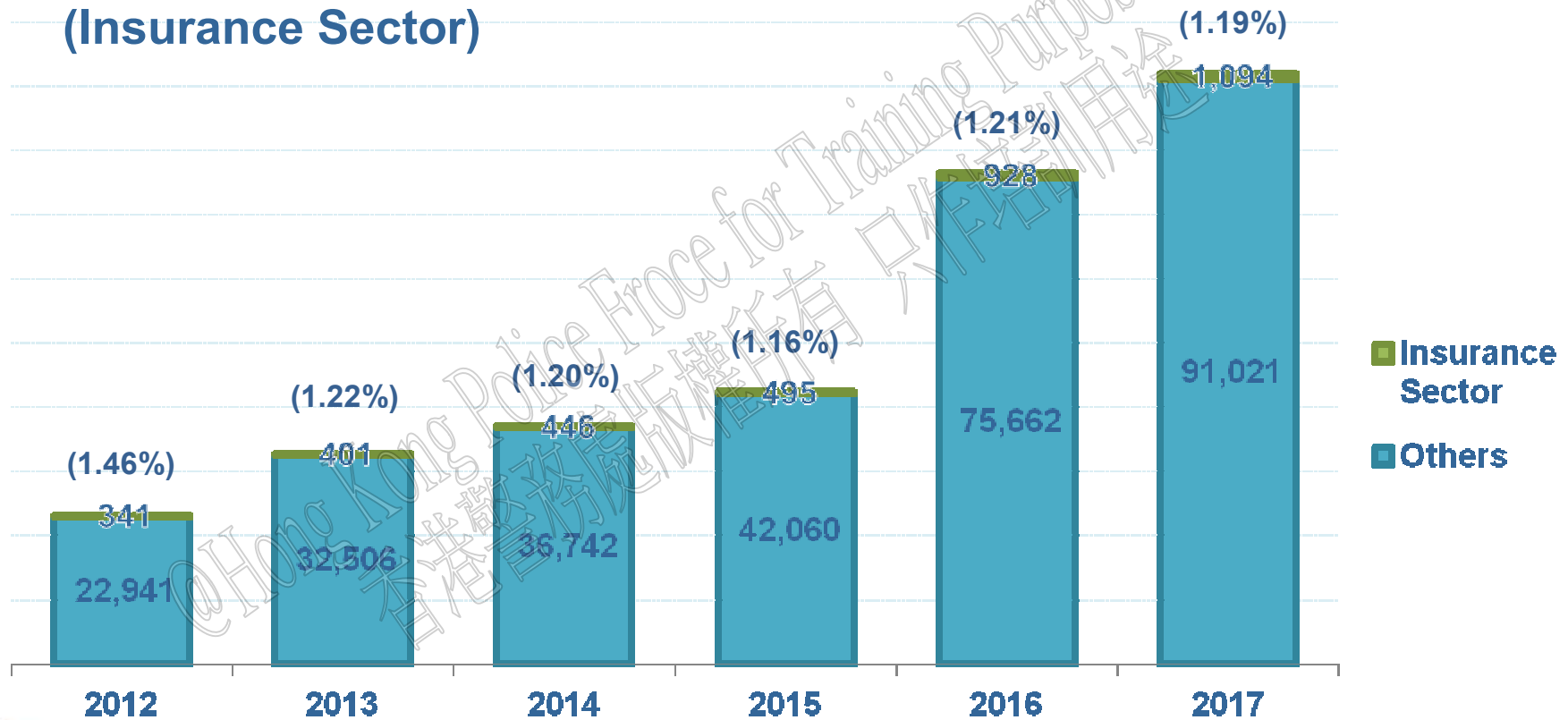
# STR Statistics

## No. of STRs Received from 2012 to Apr 2018



# STR Statistics

## No. of STRs Received from 2012 to 2017 (Insurance Sector)





# Agenda

- ◆ About JFIU
- ◆ Relevant Legislations
- ◆ STR Statistics
- ◆ **Red Flag Indicators**
- ◆ Filing Quality STRs





## To Report, or Not to Report?



# Red Flag Indicators

- Paying premium with **large amount of cash**
- Payment involving **third party's** cheques/ accounts
- Change of payment pattern e.g. regular payment → lump sum payment
- Scale of investment inconsistent with financial background
- Unusual use of insurance products
- Unclear relationship between the policy holder and beneficiary
- Adverse news of the policy holder / beneficiary



# Agenda

- ◆ About JFIU
- ◆ Relevant Legislations
- ◆ STR Statistics
- ◆ Red Flag Indicators
- ◆ **Filing Quality STRs**



# How to File Quality STRs?

## 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



# Recommended Filing Format

- **Reference on Filing Format:**

- HKMA's Guidance Paper on 'Transaction Screening, Transaction Monitoring and Suspicious Transaction Reporting (Revised in May 2018)'
- JFIU's STR Quarterly Analysis Issue 03/17



# Recommended Filing Format

## (1) Triggering Factors

- Offence (Fraud, corruption, sanctioned, terrorist financing etc.)
- Search warrants / court order served
- Publicly available information (Adverse news, SFC alerts etc.)
- Suspicious transaction / trade patterns (substantial cash deposits, repository of funds etc.)

## (2) Background of Subject(s)

- Individuals: age, occupation, reported salary, banking history etc.
- Corporate: incorporation date, business nature, expected turnover etc.



# Recommended Filing Format

## (3) Transactions

- Reviewing period
- Previous transaction/trade pattern (sudden change?)
- Total transaction/trade amount
- Suspicious transactions/trades (not simply large transaction no. / amount)
- Suspicious patterns





# Recommended Filing Format

## (4) Enquiries & Open Source

- Only if shows suspicion (KYC enquiry, positive world check etc.)
- Provide links of open source information

## (5) Conclusion & Way Forward

- Conclusion of report
- Follow up action (Further review, account closure etc.)



# Methods of Reporting

## How to submit an 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 (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.





*Thank You!*

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

Telephone: (852) 2866 3366

Email: [jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)



**Joint Financial  
Intelligence Unit**

