



Anti-Money Laundering Seminar

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Joint Financial
Intelligence Unit



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Overview of JFIU



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Overview of JFIU

Joint Financial Intelligence Unit (“JFIU”)

- Set up in 1989
- Jointly operated by HKPF & C&E (44 staff)
- Office: At the Police Headquarters



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Overview of JFIU

Joint Financial Intelligence Unit (“JFIU”)

- Major Responsibilities (1) :
 - Receive
 - Analyze
 - Disseminate of Suspicious Transaction Report ('STR')
- Major Responsibilities (2) :
 - Study the trend used by the criminals in ML/TF
 - Outreaching and training



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Relevant Legislation



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Relevant Legislation

1. Drug Trafficking (Recovery of Proceeds) Ordinance, Cap. 405 ('DTROP')
2. Organized and Serious Crimes Ordinance, Cap. 455 ('OSCO')
3. United Nations (Anti Terrorism Measures) Ordinance, Cap. 575) ('UNATMO')



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Relevant Legislation

Money Laundering Offence

s.25 of DTROP / OSCO

- Knowing / Having reasonable grounds to believe that any property represents proceeds of drug trafficking or proceeds of indictable offence, **AND**
- Deals with that property
- MAX PENALTY:
 - Fine of HK\$ 5,000,000 AND
 - Imprisonment for 14 years



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Relevant Legislation

Legal Obligations to make STR

s.25A(1) of DTROP / OSCO

- Knows or Suspects any property represents proceeds of crime
 - Shall make a report to an authorized officer(i.e.JFIU)
-
- MAX PENALTY:
 - Fine of HK\$ 50,000 AND
 - Imprisonment for 3 months



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Relevant Legislation

Statutory Defence to ML

s.25A(2) of DTROP / OSCO

- if a person deals with property and that person has a defence to ML, provided if :

(1) STR is made BEFORE the act

OR

(2) STR is made AFTER the act



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Relevant Legislation

Statutory Protection on Disclosure

s.25A(3) of DTROP / OSCO

- shall **not** be treated as a breach of any conditions imposed by contract or by any enactment, rule of conduct or other provision
- shall **not** render the person who made it **liable in damages for any loss**



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Relevant Legislation

Offence to Disclose the Disclosure

s.25A(5) of DTROP / OSCO

- Tipping Off
- Any matter likely to prejudice an investigation
- MAX PENALTY:
 - Fine of HK\$ 500,000 AND
 - Imprisonment for 3 years



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The “SAFE” Approach



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The “SAFE” Approach

- How to Identify a Suspicious Transaction?
 - Screen
 - Ask
 - Find
 - Evaluate



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“SAFE”

- **Screen** the customers' background and transactions
- **Ask** appropriate questions
- **Find** out records for review



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“SAFE” - Evaluate

Evaluate

- Ask yourself:
 - All steps in ‘Screen’, ‘Ask’, ‘Find’ were completed?
 - Is the transaction suspicious?
 - Having considered all circumstances, can the suspicious be eliminated?
 - If conclusion = genuinely suspicious
→ File an STR



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“SAFE”

Could You Do More?

Case Example (1)

- Local bank received info from overseas bank that a fraudulent transaction in US currency deposited into an A/C.
- Local bank filed STR immediately
- Local bank did not inquire the overseas bank for any details
- SAFE Approach - Missing



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“SAFE”

Case Example (2):

- A/C holder unemployed
- Frequent small amount of cash deposits \$100 to \$500 on daily basis, inconsistent with A/C holder profile
- A/C maintains low balance before or after the transactions
- Cash deposits or ATM Transfers
- ATM Cash withdrawals
- Repository only – no other uses
- Loan Sharking



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“SAFE”

Substandard STRs

- “Large Cash Transaction”
- “Frequent or multiple remittances by same person”
- “Related to fraudulent transaction”



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Reporting of STR

Feedback from JFIU:

- Acknowledgement of Receipt
 - File ref.
 - Details of contact person
- Receive of Consent / No Consent Letter
- Results:
 - Arrests / Prosecutions / Conviction of money laundering offence



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Reporting of STR

- **How to file a STR?**

- E-reporting system (Suspicious Transaction Report And Management System)
- Email
- Fax
- Post
- Verbal (Urgent only – follow up by hardcopy)

Website : <http://www.jfiu.gov.hk>



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Thank You



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