



Seminar on Anti-Money Laundering  
& Counter-Financing of Terrorism  
*Customs and Excise Department – Inspector Jason NG*



聯合財富情報組  
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。



# Table of Content

---

1. Introduction of Joint Financial Intelligence Unit
2. Key Legislation
3. Detecting Suspicious Transactions
4. Statistics of STRs / STR Submission
5. Case Study



- 
1. Introduction of Joint Financial Intelligence Unit
  2. Key Legislation
  3. Detecting Suspicious Transactions
  4. Statistics of STRs / STR Submission
  5. Case Study



# Introduction of Joint Financial Intelligence Unit

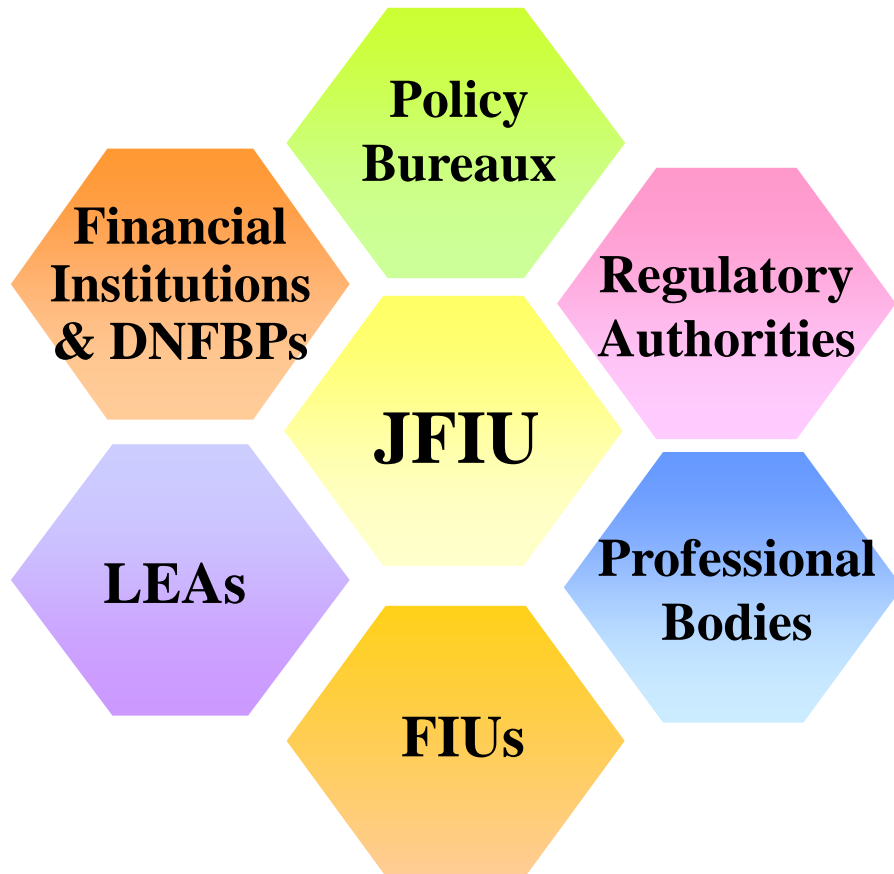
---

- Set up in 1989
- Co-staffed by officers of **HKPF** & **C&ED**
- **Sole agency** to manage the suspicious transaction reporting regime
- Intelligence Unit of LEA



# Responsibility of JFIU

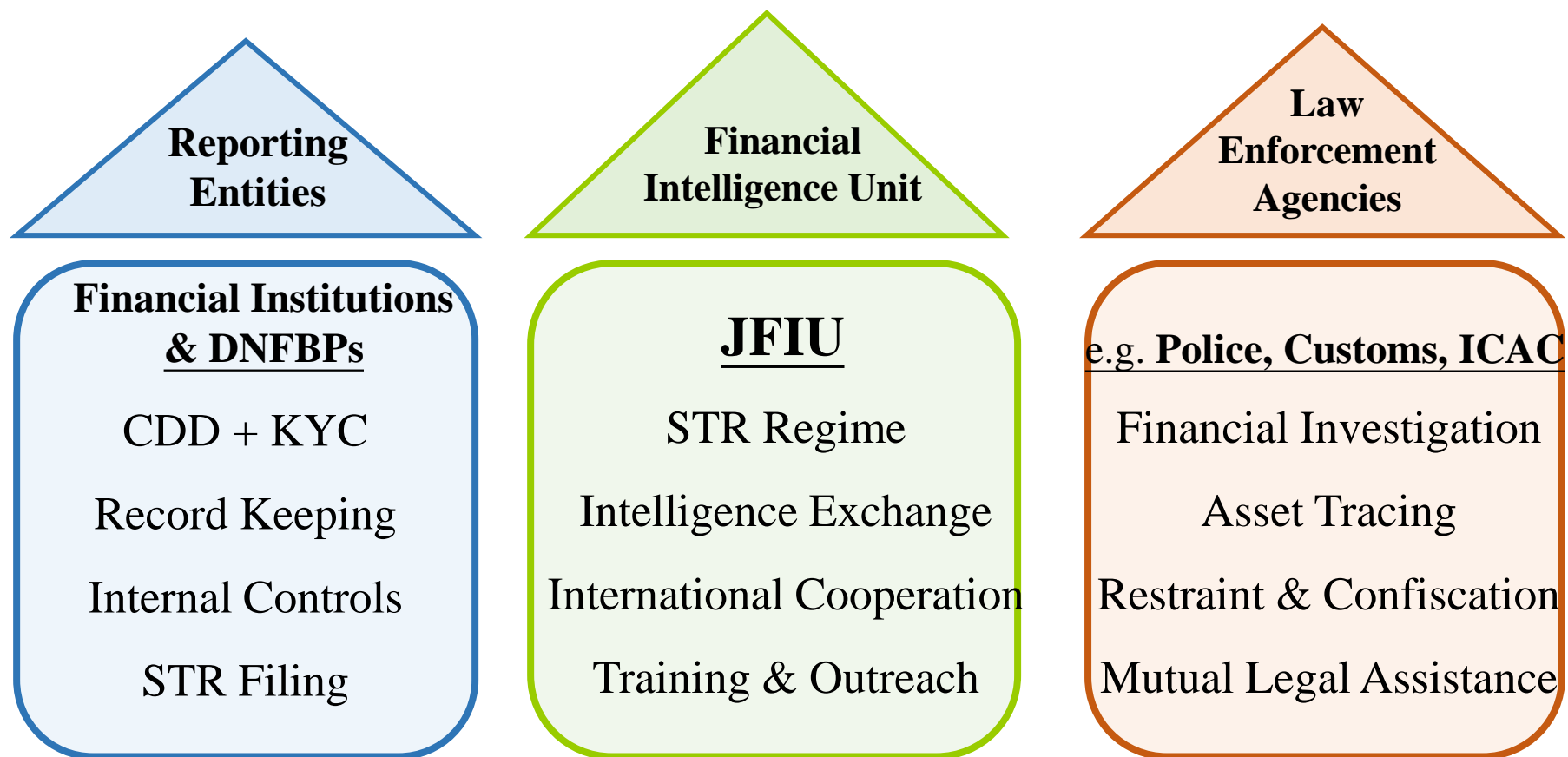
---



- **Not** an investigative unit
- Operation of the Suspicious Transaction Reporting Management System (STREAMS)
- Receive, analyze and store suspicious transaction reports and disseminate to the appropriate investigation team for processing
- Cross-departmental collaboration and international cooperation
- Academic research on money laundering and terrorist financing types
- Training and Outreach Activities



# Different Stakeholders in AML/CFT



- 
1. Introduction of Joint Financial Intelligence Unit
  2. Key Legislation
  3. Detecting Suspicious Transactions
  4. Statistics of STRs / STR Submission
  5. Case Study





# Key Legislation

---

1989

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

1994

Organized and Serious Crimes Ordinance (OSCO, Cap. 455)

2002

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

2012

AML & CFT (Financial Institutions) Ordinance (AMLO, Cap. 615)

2018

AML & CFT Ordinance (Amendment), Cap. 615

Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance (CBNI, Cap.629)

# Key Legislation

## Combating money laundering and terrorist financing

- Any person who **knows or has reasonable grounds** to believe that any property represents the **proceeds of crime**
  - Dealing with the property

*S.25 of Cap. 405 DTROP*  
*S.25 of Cap. 455 OSCO*
- Any person who directly or indirectly **provides or raises property**
  - With the **intention** to commit a terrorist act
  - Know that the property is used to **commit** a terrorist act

} (whether or not the property is actually used)
- **Maximum penalty: Fine of HK\$5 million and 14 years imprisonment**



# Key Legislation

---

## Legal Responsibilities for Reporting Suspicious Transactions

- Anyone who **knows or suspects**
- Any property represents the **proceeds of crime or terrorist property**
- Must be disclosed to an **authorized officer (Joint Financial Intelligence Unit)**
  - S.25A(1) of Cap. 405 DTROP*
  - S.25A(1) of Cap. 455 OSCO*
  - S.12(1) of Cap. 575 UNATMO*
- **Maximum penalty:**
  - **Fine of HK\$50,000 and three months imprisonment**



# Key Legislation

---

## Legal Defense

Anyone, who has made a report to an authorized officer (JFIU) and the disclosure relates to that act, **does not commit a money laundering offense** in the following two situations:

1. that disclosure is made **before he does that act and he does that act with the consent of an authorized officer**;  
or
2. The report was made after he had disposed of the property:
  - on his **own initiative**; and
  - **as soon as it is reasonable** for him to make it.



- 
1. Introduction of Joint Financial Intelligence Unit
  2. Key Legislation
  - 3. Detecting Suspicious Transactions**
  4. Statistics of STRs / STR Submission
  5. Case Study



# How to detect suspicious transactions

---



When to report



# How to detect suspicious transactions

---

## SAFE

**S**creen

**Screen the account for suspicious indicators**

**A**sk

**Ask the customer appropriate questions**

**F**ind

**Find out the customer's records**

**E**valuate

**Evaluate all the above information**



# Common Red Flags

---

## Transaction

- Source of funds/destination unknown/uncertain
- The transaction volume, frequency, mode, type, counterparty, and purpose are not commensurate with the client's background
- Large cash transactions/ Excessive funds
- Test transactions and predict monitoring thresholds
- Suddenly active trading occurs during a certain period of time





# Common Red Flags

---

## Customers and Accounts

- The purpose of opening an account, the expected transaction volume, and the expected balance **are not commensurate with the customer's background**, and are not commensurate with the actual current situation.
- CDD/KYC **response avoidance/rejection/no response**, suspicion cannot be ruled out

## Others

- Crime related
- LEA / Regulator / International Financial Institution, Inquiries / Notices / Referrals
- News reports

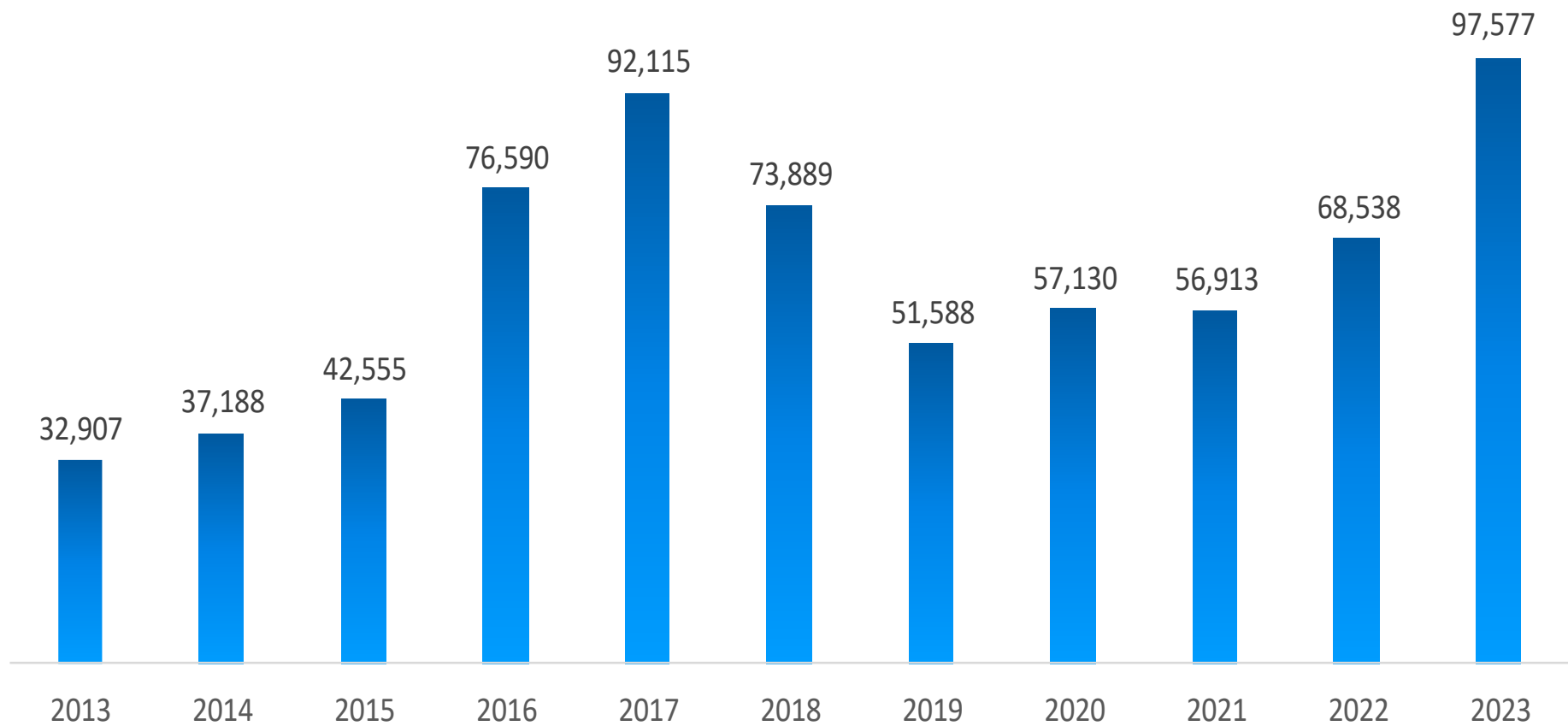


- 
1. Introduction of Joint Financial Intelligence Unit
  2. Key Legislation
  3. Detecting Suspicious Transactions
  - 4. Statistics of STRs / STR Submission**
  5. Case Study

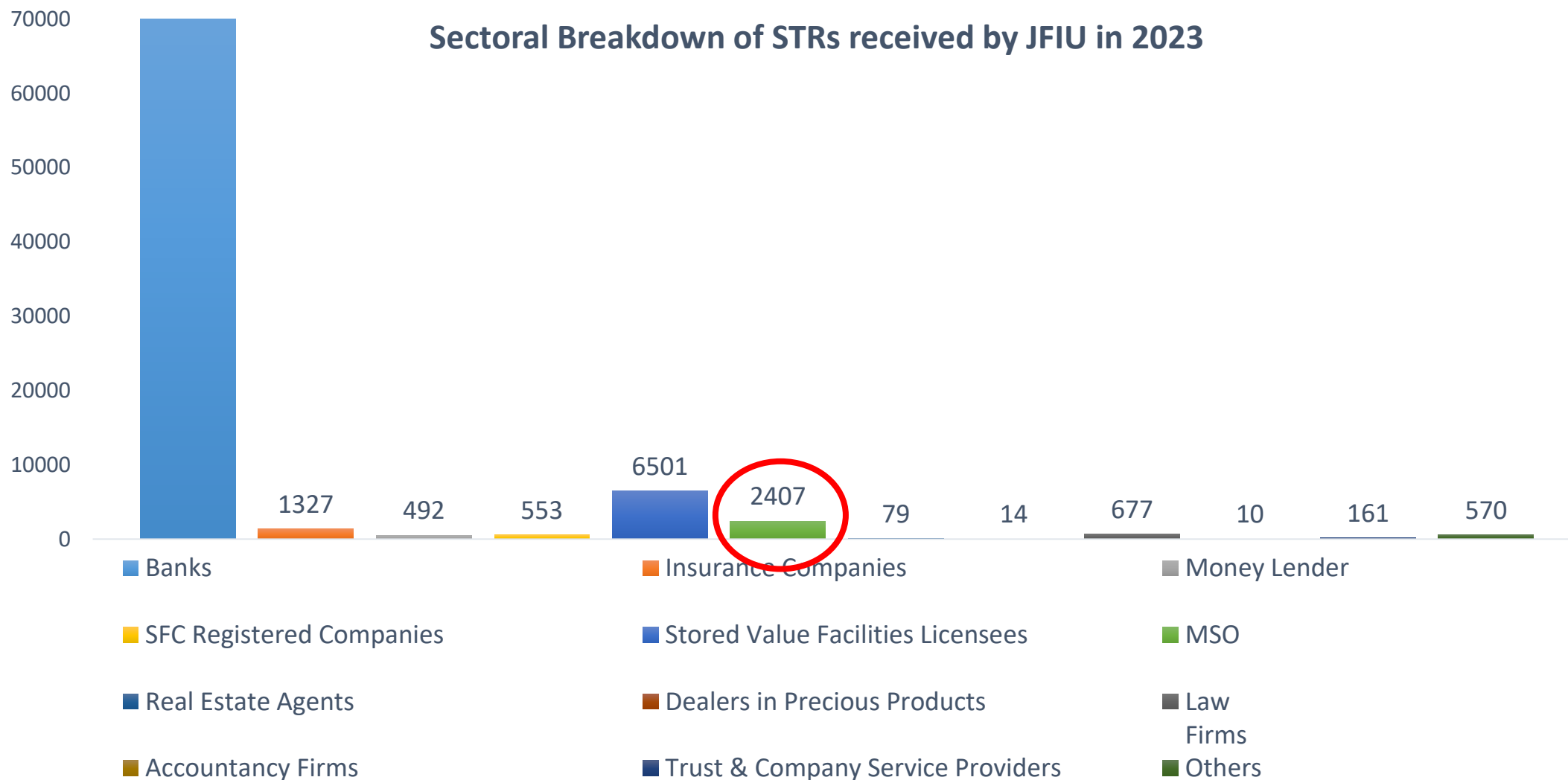


# Statistics of STRs

---



# Statistics of STRs



# How to Submit an STR to JFIU

Joint Financial Intelligence Unit  
The Government of the Hong Kong Special Administrative Region

繁體版 簡體版 Text Version SEARCH

Welcome to The Joint Financial Intelligence Unit (JFIU) website.

HOME

## How to identify a Suspicion

- How to identify a Suspicion?
- When to submit an STR?
- How to submit an STR?
- What to Report in an STR?
- Download**

(STR Summary) (Reporting Body) (Subject) (Organization) (Phone) (Address) (Account) (Transaction)  
(Suspected Crimes) (Suspicious Indicators) (Open Source Info.) (Entity Lists) **Check Save Print**

REPORT MADE UNDER SECTION 25A OF THE  
DRUG TRAFFICKING (RECOVERY OF PROCEEDS) ORDINANCE OR  
ORGANIZED AND SERIOUS CRIMES ORDINANCE/  
SECTION 12 OF THE UNITED NATIONS (ANTI-TERRORISM MEASURES) ORDINANCE  
TO THE JOINT FINANCIAL INTELLIGENCE UNIT ("JFIU")

STR Summary	
STR Number:	<input type="text"/>
Submission Number:	<input type="text"/>
Date of Submission:	<input type="text"/>
Acknowledgement Issue Date:	<input type="text"/>
Consent Letter Issue Date:	<input type="text"/>
Consent:	<input checked="" type="checkbox"/> None <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Consent Remark:	<input type="text"/>

Special Cases with Time Critical Nature:

\* Report Related to Existing Investigation:  Yes  No

Attachment:

No.	File Name	File Size
1		KB
Total		KB

STR Summary Reporting Body Subject Organization Phone Address Account Transaction  
Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists **Check Save Print**

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

# What to Report in an STR

---

- Details of the parties/organizations/beneficial owners
- What's suspicious?
  - Involving property, accounts and transactions
- Why is it suspicious?
  - Suspected crime/suspicious signs/information
  - Assessment and analysis?
  - Customer's explanation (if any)
- Previous suspicious transaction report number, customs or police case number (if any)



# Recommended Structure of STR Narrative

---

## 1) Triggering Factors

- Involved crimes (fraud/corruption/sanctions/terrorist acts, etc.)
- Warrants/court orders received
- Open source information (news/list of regulatory agencies, etc.)
- Pattern of suspicious transactions (large transactions/temporary repository of fund, etc.)

## 2) Background of Subject(s)

- Personal: Age, occupation, income, transaction history, etc.
- Corporate: Date of establishment, business nature, expected transaction amount, etc.

# Recommended Structure of STR Narrative

---

## 3) Transactions

- Reviewed period
- Fund movement pattern (sudden change?)
- Total amount deposited/withdrawn
- Suspicious transactions (Not limited to transactions of large amount/frequent transactions)
- Pattern of suspicious transactions



# Recommended Structure of STR Narrative

---

## 4) Reporting Entities' Enquiries & Open Source Information

- Suspicious indicators (KYC queries, world check, etc. → not necessary to report all queries carried out)
- Links of open source information

## 5) Conclusion & Way Forward

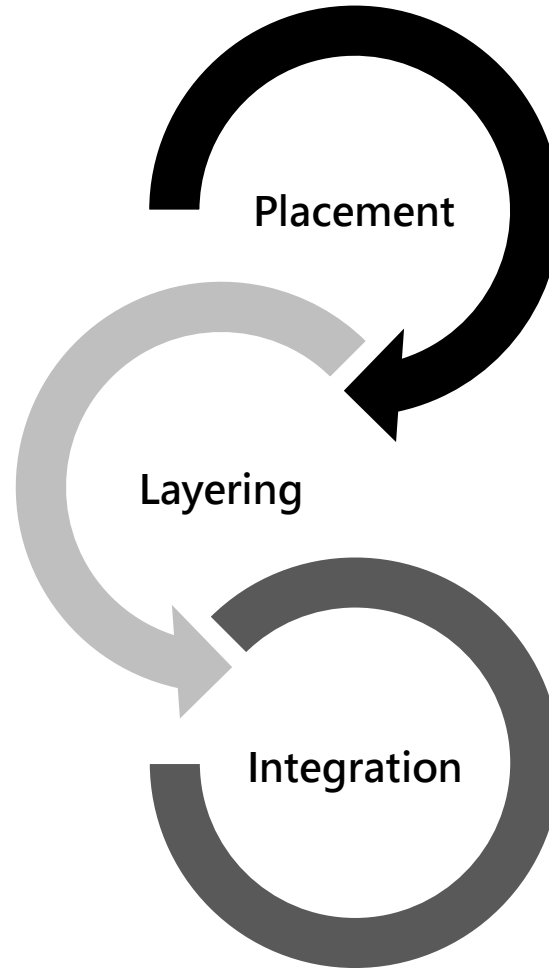
- Conclusion of the report
- Follow-up actions (Enhanced CDD measure, End of business relationship, etc.)

- 
1. Introduction of Joint Financial Intelligence Unit
  2. Key Legislation
  3. Detecting Suspicious Transactions
  4. Statistics of STRs / STR Submission
  5. Case Study

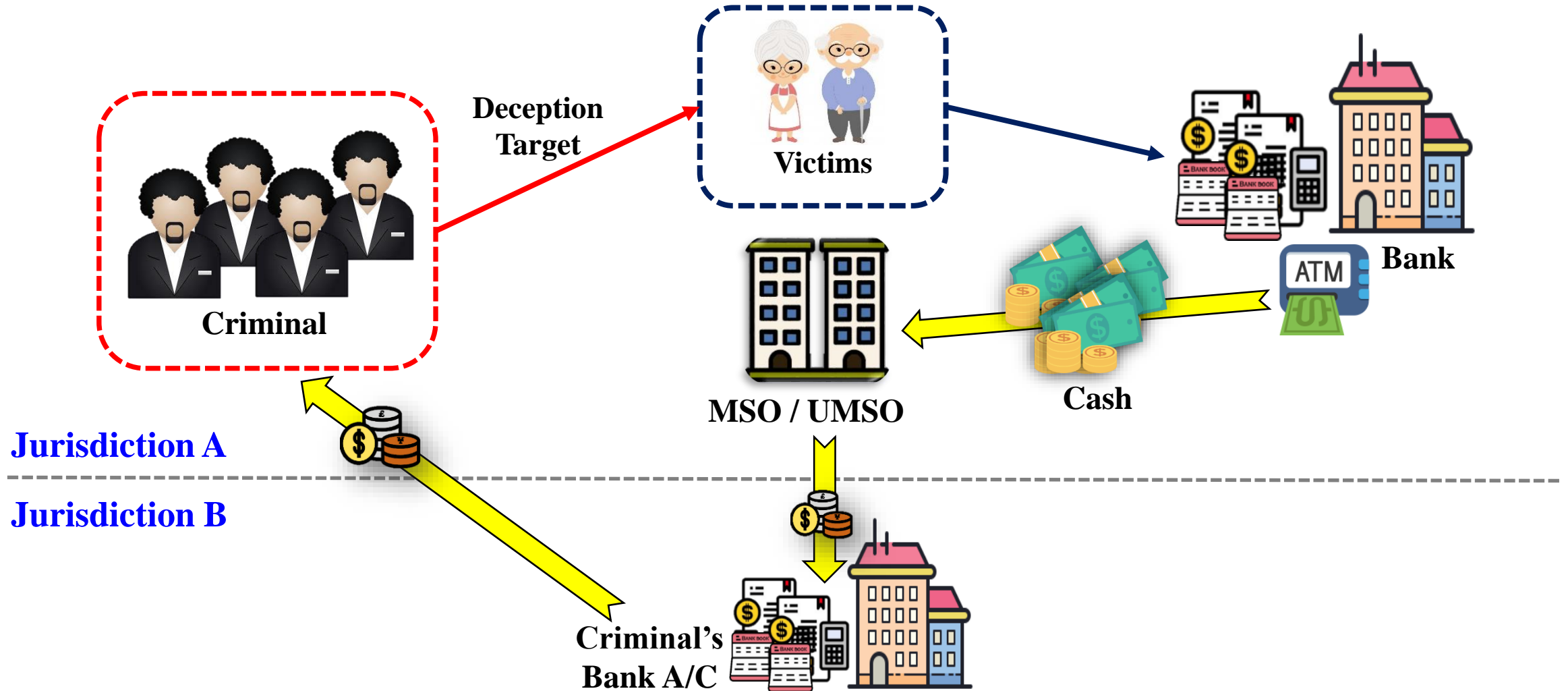


# Money Laundering Typology

---



# Case Study



# Contact Us

---



Tel : (852) 2866 3366  
Fax : (852) 2529 4013  
Email : [jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)  
Mail : GPO Box 6555 Hong Kong



聯合財富情報組  
Joint Financial  
Intelligence Unit

