

# Anti Money Laundering Seminar for Money Service Operators (MSOs)

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## Vulnerability of MSOs in Telephone Deception

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# Content



- Telephone Deception in HK
- MSOs' Vulnerability
- HKPF's Initiatives
- HKPF's Recommendations



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# Hong Kong Police Force Telephone Deception (TD) Designated Unit

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## Regional Crime Unit Team 3, Kowloon East

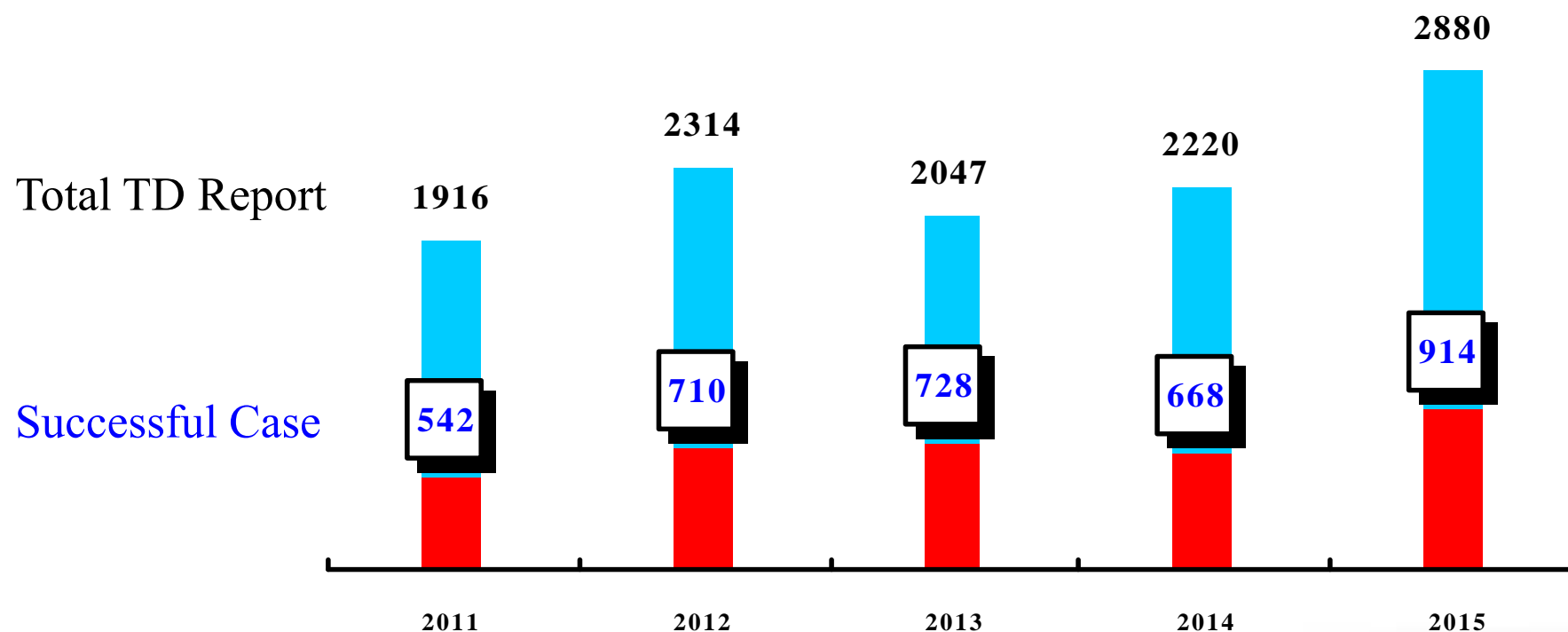
- Monitor situation
- Coordinate investigation
- Gather and analyze intelligence
- Formulate strategies
- Disseminate timely information
- Render expert opinion at Courts



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# Overview of TD in HK

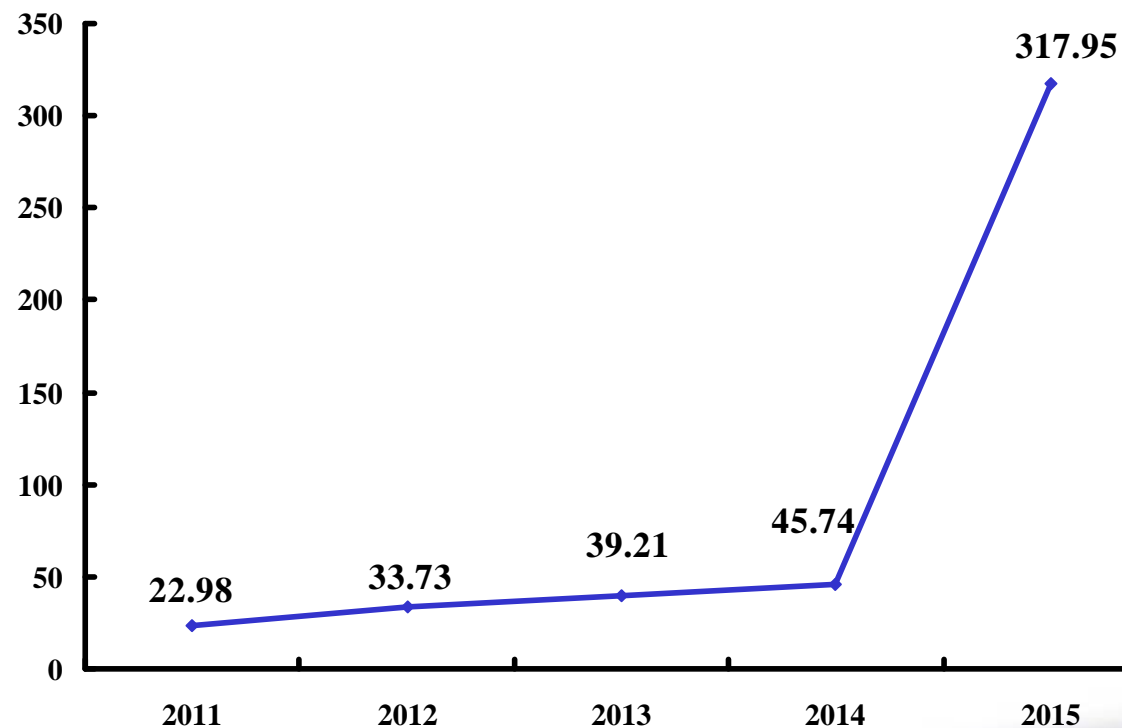
## Number of TD Report



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# Overview of TD in HK

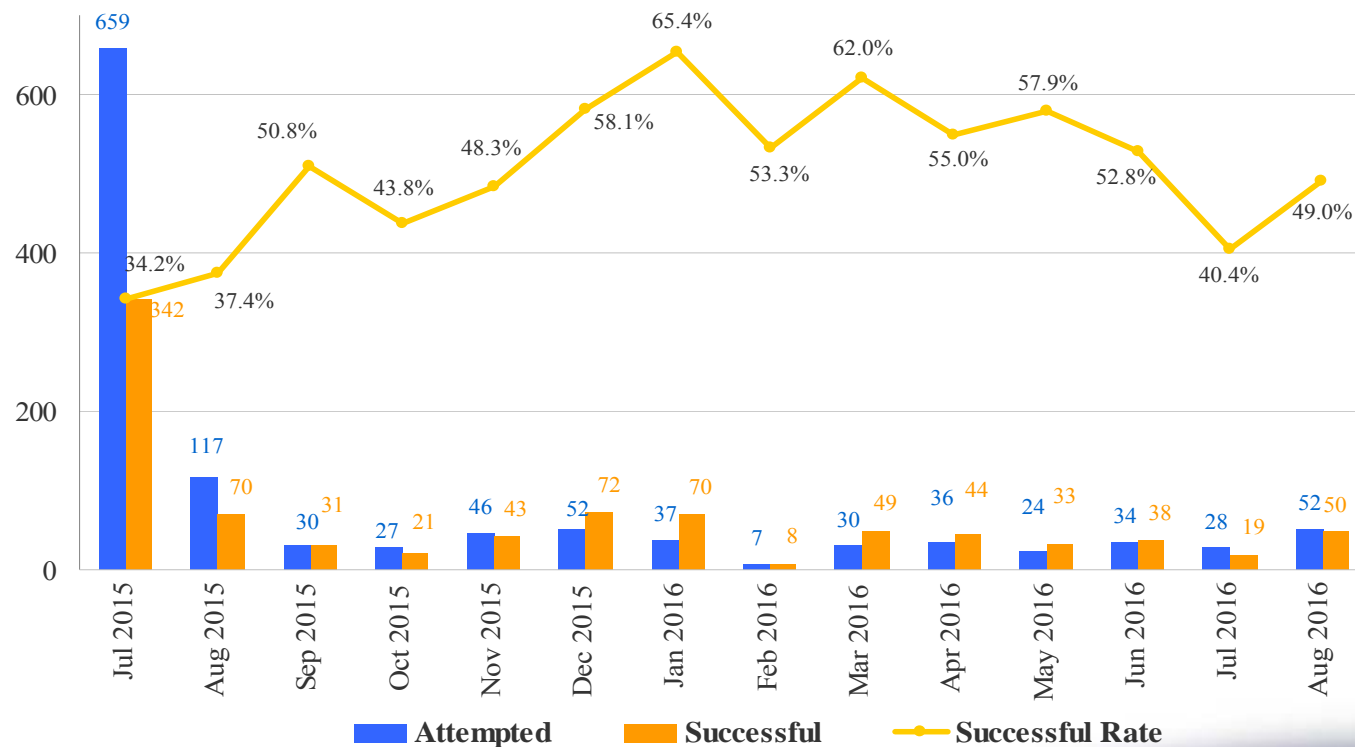
Monetary Loss (in HK\$ million)



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# Overview of TD in HK

## Monthly Breakdown



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# Overview of TD in HK

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|                                  | 2015<br>(Jan-Aug) | 2016<br>(Jan-Aug) | Comparison |        |
|----------------------------------|-------------------|-------------------|------------|--------|
| Number of TD Reports             | 2,558             | 559               | -1,999     | ↓78.1% |
| Monetary Loss<br>(HK\$ millions) | 262.98            | 122.44            | -140.54    | ↓53.4% |



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# Means of Fraudulent Transactions

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- Remittance via local MSOs
- Transferal/ remittance to newly opened Mainland bank accounts of victims
- Local bank transferal
- Cash deposit in person

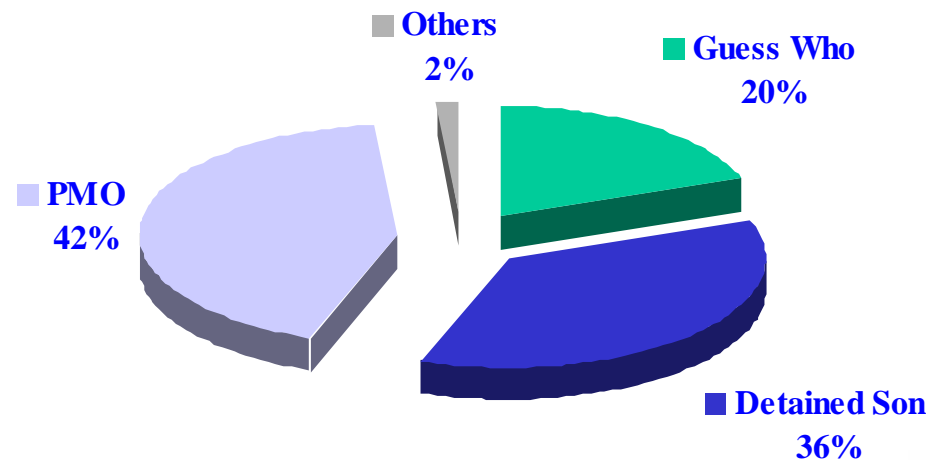


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# Common Modus Operandi

- “Guess Who”
- “Detained Son”
- “Pretend Mainland Official” (PMO)



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# “Guess Who”

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# “Guess Who”



**MSOs were abused in Money Laundering process.**



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# “Detained Son”



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# “Detained Son”

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**MSOs were abused in Money Laundering process.**



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# “Pretend Mainland Official”



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# “Pretend Mainland Official”

1st layer

Pretend bank/utilities/telecom/express staff / Immigration



Victim



2nd layer

Pretend Police of China



3rd layer

Pretend Prosecutor of China



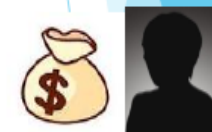
Bogus website and fake warrant

1



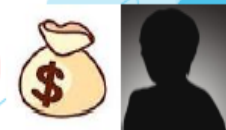
Fraudulent transaction  
by e-banking

2



Deposit to given bank  
account  
/ victim's own account

3



Collect money in person

# Vulnerability of MSOs

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- Take good advantages of MSOs: -

- Convenience

- Speedy

- Low Cost

- Simple Transaction Process



- Difficulties in identifying suspicious transactions

- Lack of handling/ reporting mechanisms



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# Initiatives of HKPF

## Operation “APPLESHINER”

- Coordinated by **Regional Crime Unit, Kowloon East** since June 2013
- Aims at enhancing **public awareness** and **MSOs’ alertness**
- Crime **prevention** campaign and **enforcement** at TD’s blackspots



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# Initiatives of HKPF

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## Scams Response Teams

- Special Liaison Mechanism for Reporting **Suspected Scams/ Suspicious Transactions**
- Police District based



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# Compliments to MSOs

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## Exercise Due Diligence

- Since 2013, 84 TD cases intercepted



## Cooperation with Police

- Whereabouts of crime proceeds
- Suspicious transactions
- Suspicious Mainland bank accounts



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# Recommendations by HKPF

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**Record Keeping  
&  
Customer Due Diligence**

**Identify Potential  
Victims & Culprits**

**Identify & Report  
Suspicious  
Remittance**

**Delay/ Reject/ Terminate  
Suspicious Remittance**



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# Recommendations by HKPF

## Report to Police

Emergency

Non-urgent

**999**

**Police Station**

**Patrolling  
Officer**

**Scams Response  
Teams**

**Joint Financial  
Intelligence Unit**



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