

Joint Financial Intelligence Unit Emerging Money Laundering Methods & Trends

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Joint Financial
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重要告示

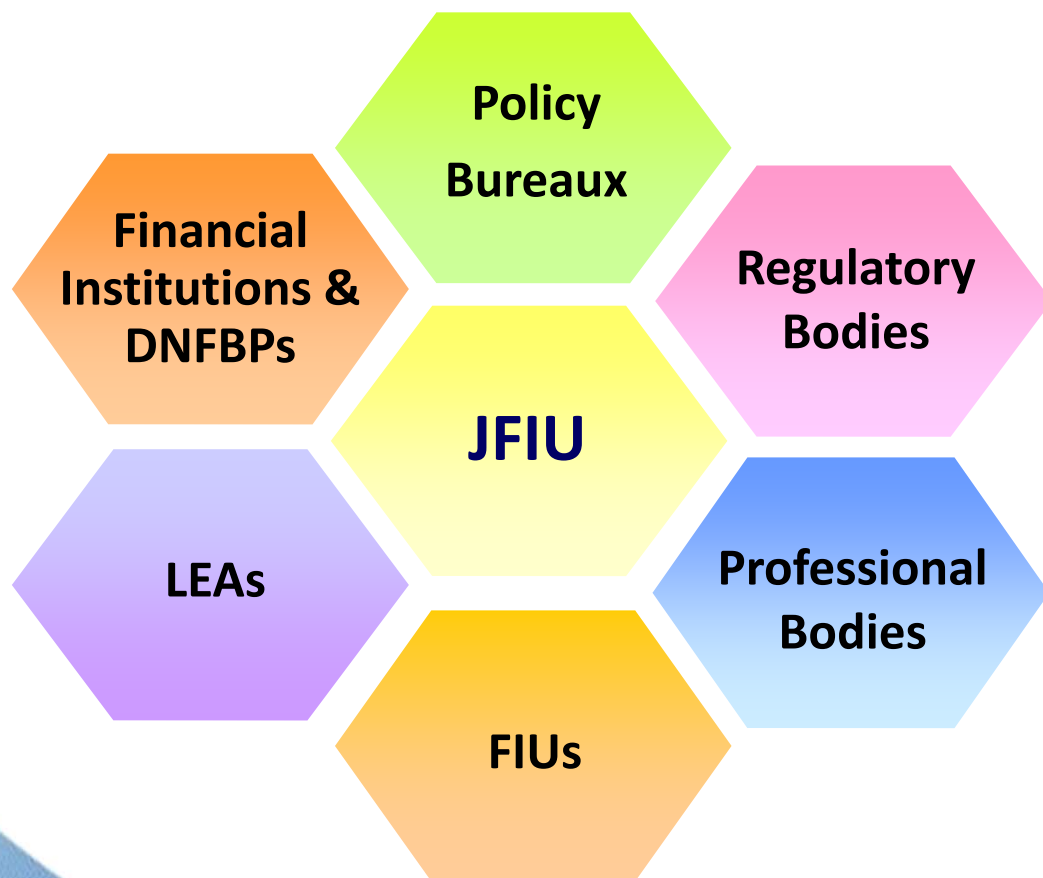
香港警務處持有並保留本簡報檔案包括版權在內的所有權益。除預先獲得警務處處長書面許可外，本簡報檔案只可用作個人學習及處理公務上用途。

內容總覽

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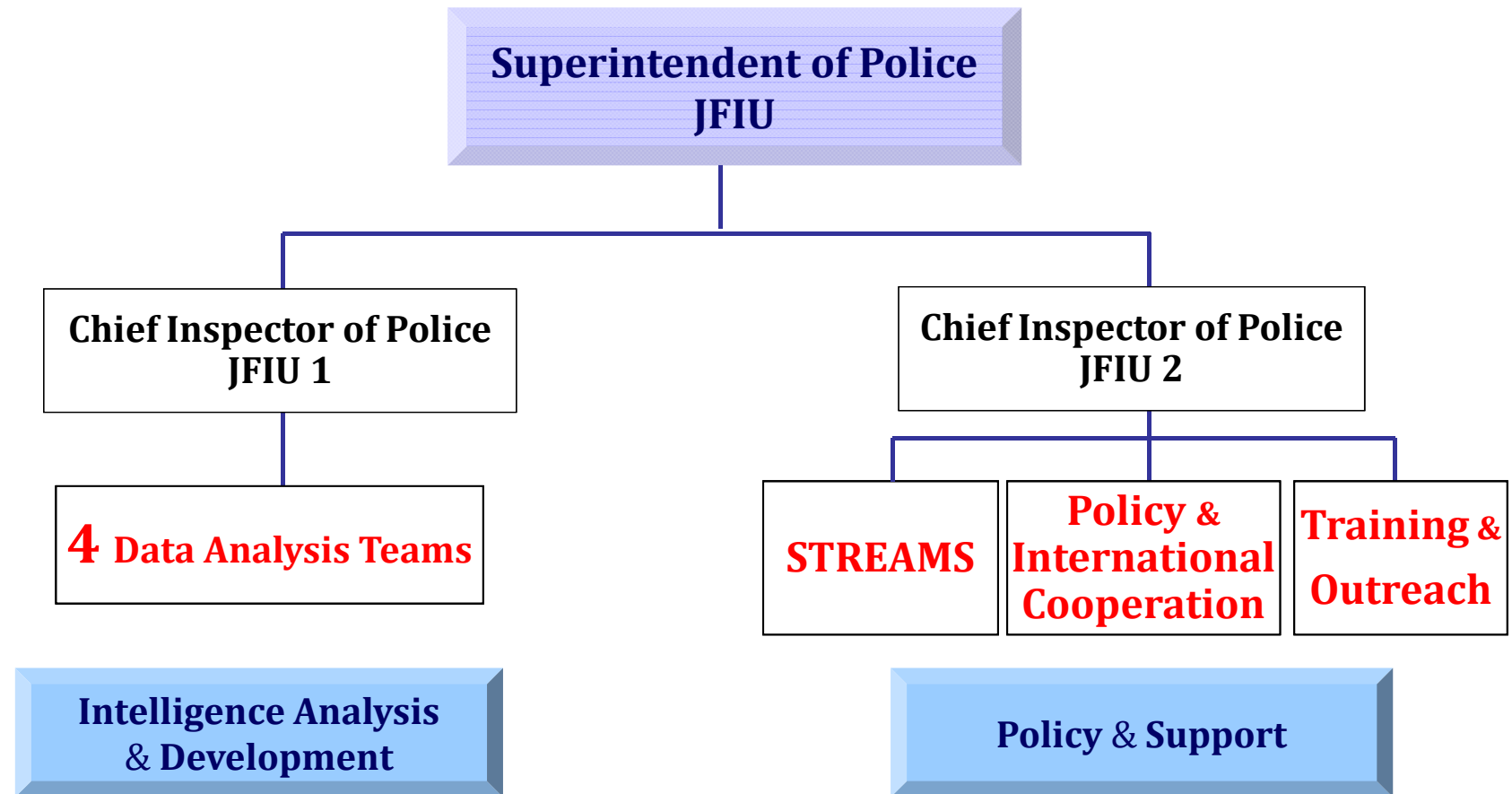
- 1. About JFIU**
- 2. Money Laundering – Definition**
- 3. Key Legislation**
- 4. Money Laundering Methods**
- 5. Challenges and Indicators**

About JFIU



- **Not** an investigative unit
- Receive, analyze and disseminate STRs
- International cooperation
- Typological study of money laundering / terrorist financing
- Training and outreach

Structure of JFIU



AML/CFT 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

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



Money Laundering - Definition

The term “Money Laundering”:

an act intended to have the effect of making any property:



- (a) that is the proceeds obtained from the commission of an indictable offence under the laws of Hong Kong, or of any conduct which if it had occurred in Hong Kong would constitute an indictable offence under the laws of Hong Kong; or
- (b) that in whole or in part, directly or indirectly, represents such proceeds,
not to appear to be or so represent such proceeds.

S.1 Sch.1 Cap. 615 AMLO

Money Laundering – Offence



- Any person who
- **knowing** / Having reasonable grounds to **believe** that
- any property represents any person's proceeds of drug trafficking / indictable offence
- **deals** with that property

Max penalty:

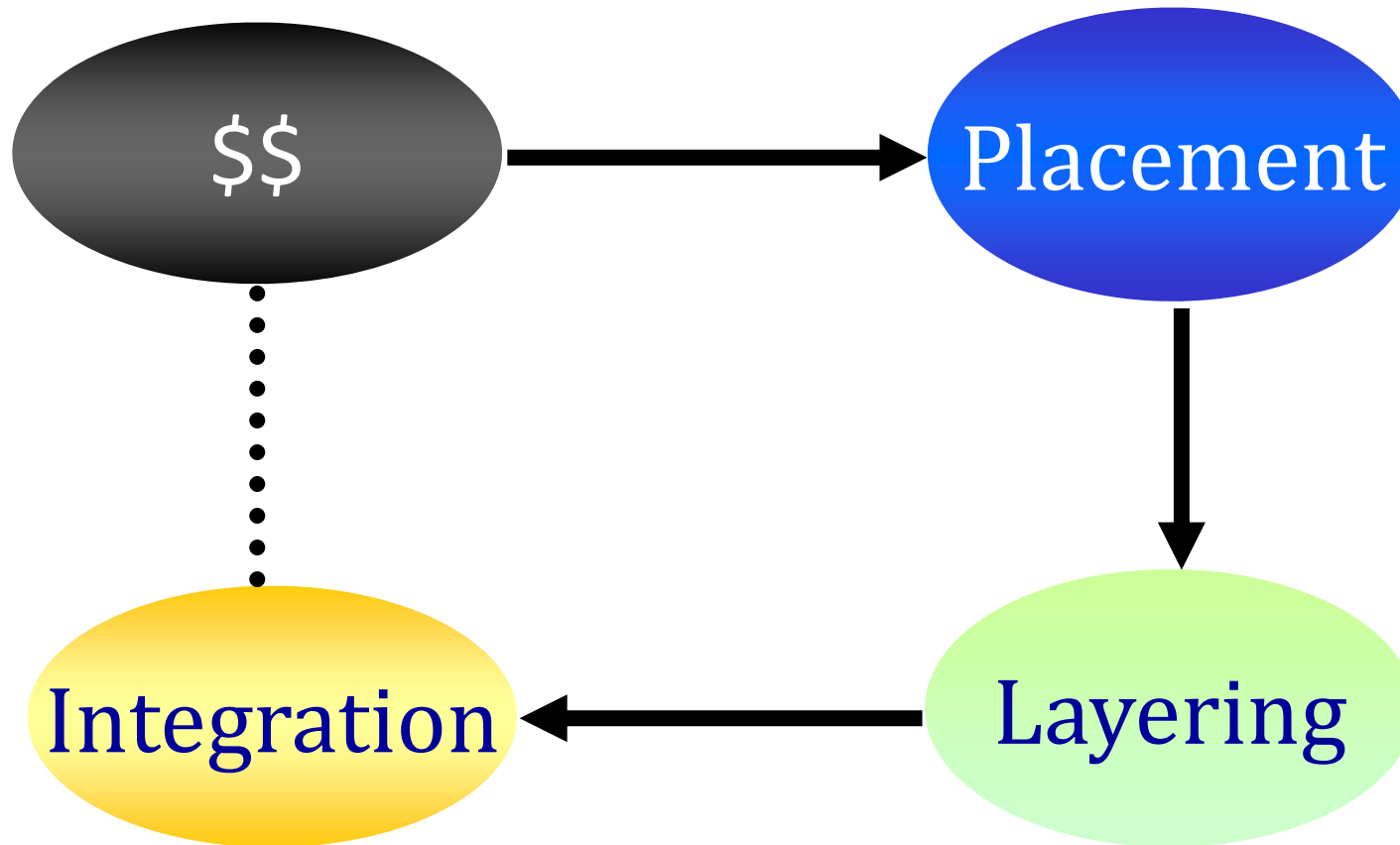
Fine of HKD \$5,000,000 and Imprisonment for 14 years

*S.25 (1) of Cap. 405 DTROP & Cap. 455
OSCO*

Money Laundering Methods



Money Laundering Methods



Money Laundering Methods

Placement



- Smuggling cash
- Business
- Remittance
- Valuables
- Currency
- Securities
- Banking System
- Real Estate

Money Laundering Methods

Layering



deposits

multiple transfers

multiple transactions

Money Laundering Methods

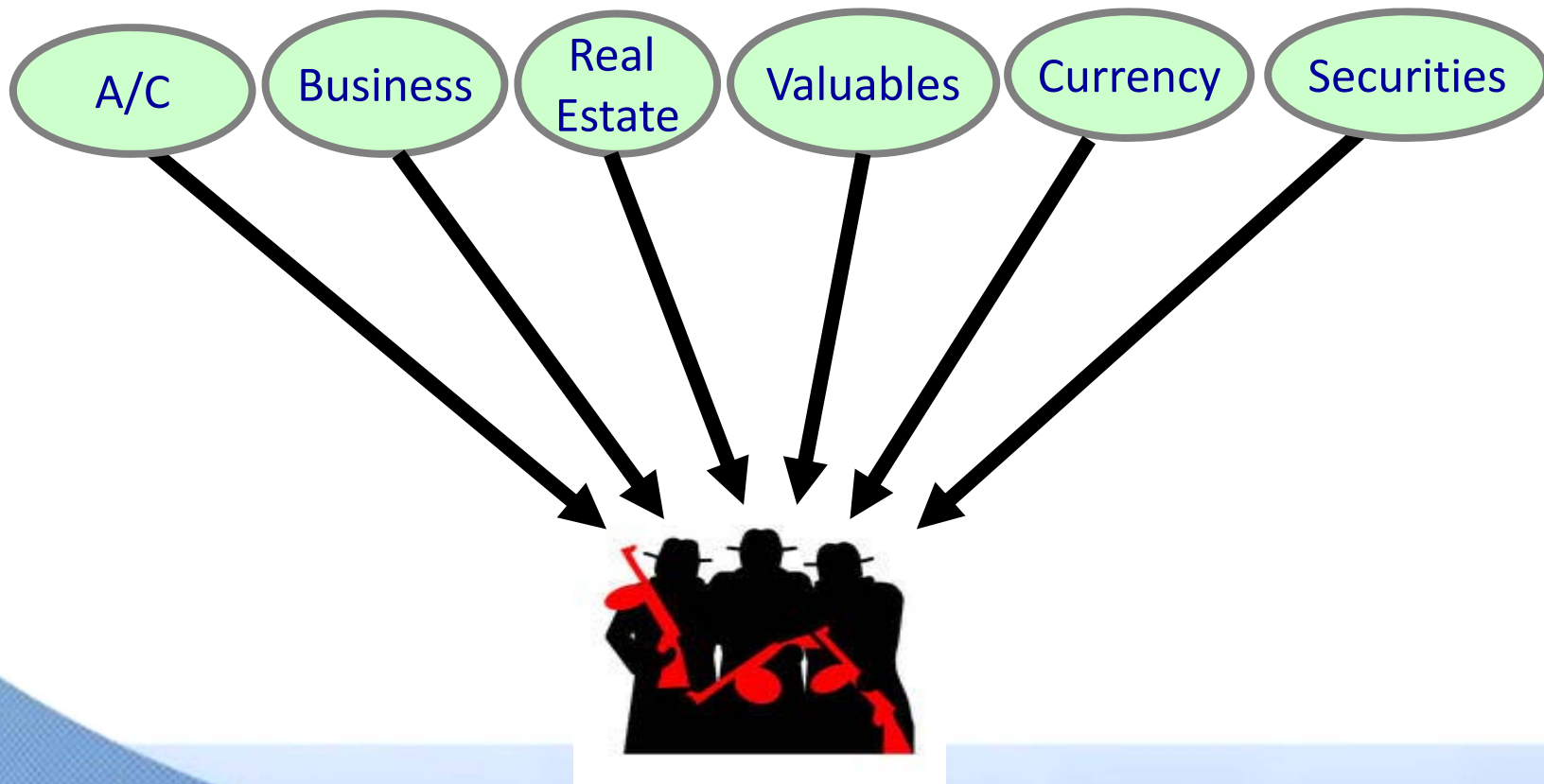
Integration

- Use layered funds to purchase 'clean assets'
- Liquid assets
- Fixed assets (e.g. real estate)
- Business



Money Laundering Methods

Integration



Importance of MSOs in AML

Business Characteristics

- One-off
- Cash Transactions
- Simple
- Worldwide



Challenges in Combating Money Laundering

Cross-border transactions



Non-local signatories



Corporate service providers



Offshore companies

Challenges in Combating Money Laundering



Use of Internet / high technology



Non-face-to-face account opening



E-banking



New payment methods

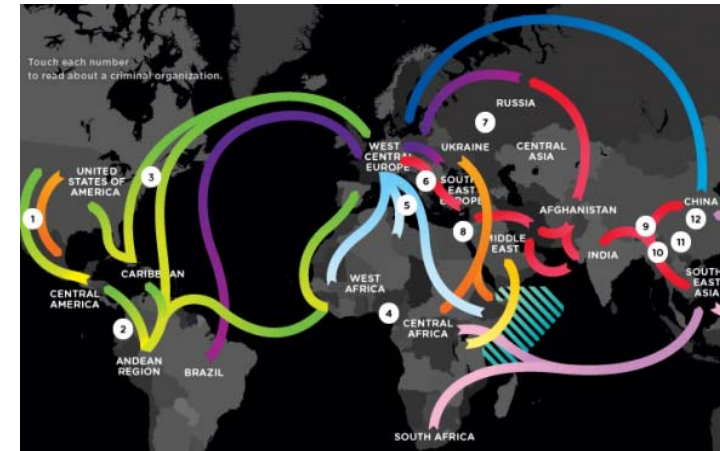
Challenges in Combating Money Laundering



Use of professional service



Complicated financial products



Transnational crime syndicates

Red-flag indicator



Some of the common red-flag indicators

- (i) Unusual large cash transactions
- (ii) Substantial increases in transactions of an individual or business without apparent cause,
- (iii) Customers who exchange or remit cash by means of numerous smaller transactions so that each transaction is unremarkable
- (iv) Reluctant to provide normal information
- (v) number of customers transferring funds to the same beneficiary without an adequate explanation.



Some of the common red-flag indicators

- (vi) Transactions inconsistent with the customer's usual business or apparent means without good explanation.
- (vii) Customers receipt of numerous transfers but each transfer is below the reporting /identification requirement in the remitting country.
- (viii) Customers sending and receiving transfers to/from tax havens, particularly if there are no apparent business reasons for such transfers





Thank you!



www.jfiu.gov.hk