



# Suspicious Transaction Report

Jacky SUN

Senior Inspector of Police  
*Joint Financial Intelligence Unit,  
Financial Intelligence and Investigation Bureau*



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## 重要告示

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# SUSPICIOUS TRANSACTION REPORT

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# ABOUT FIIB



## Financial Investigation Division

- Responsible for money laundering and terrorist financing investigation and prosecution

## Joint Financial Intelligence Unit

- Processes and analyses suspicious transaction reports
- Exchanges financial intelligence with local and overseas law enforcement agencies (LEAs) as well as overseas Financial Intelligence Units (FIUs)
- Maintains close liaison with banks and other stakeholders

## Headquarters

- Looks after AML/CFT policy and legislation matters
- Conducts strategic analysis and ongoing territory-wide risk assessment
- Provides training and outreach

# ABOUT FIIB

**Financial Institutions &**

**Designated Non-  
Financial Businesses  
and Professions**

**Law Enforcement  
Agencies**

**Overseas Financial  
Intelligence Units**

**JFIU**

**Policy Bureaux**

**Regulators**

**Professional Bodies**



# ABOUT FIIB

## ← Public-Private Partnership →

### Reporting Entities

#### F.I. & DNFBPs

- CDD/ KYC
- Record Keeping
- Internal Control & Measures
- STR Filing

### JFIU

#### JFIU

- Processing of STRs
- Intelligence Exchange
- International Collaboration
- Training & Outreach

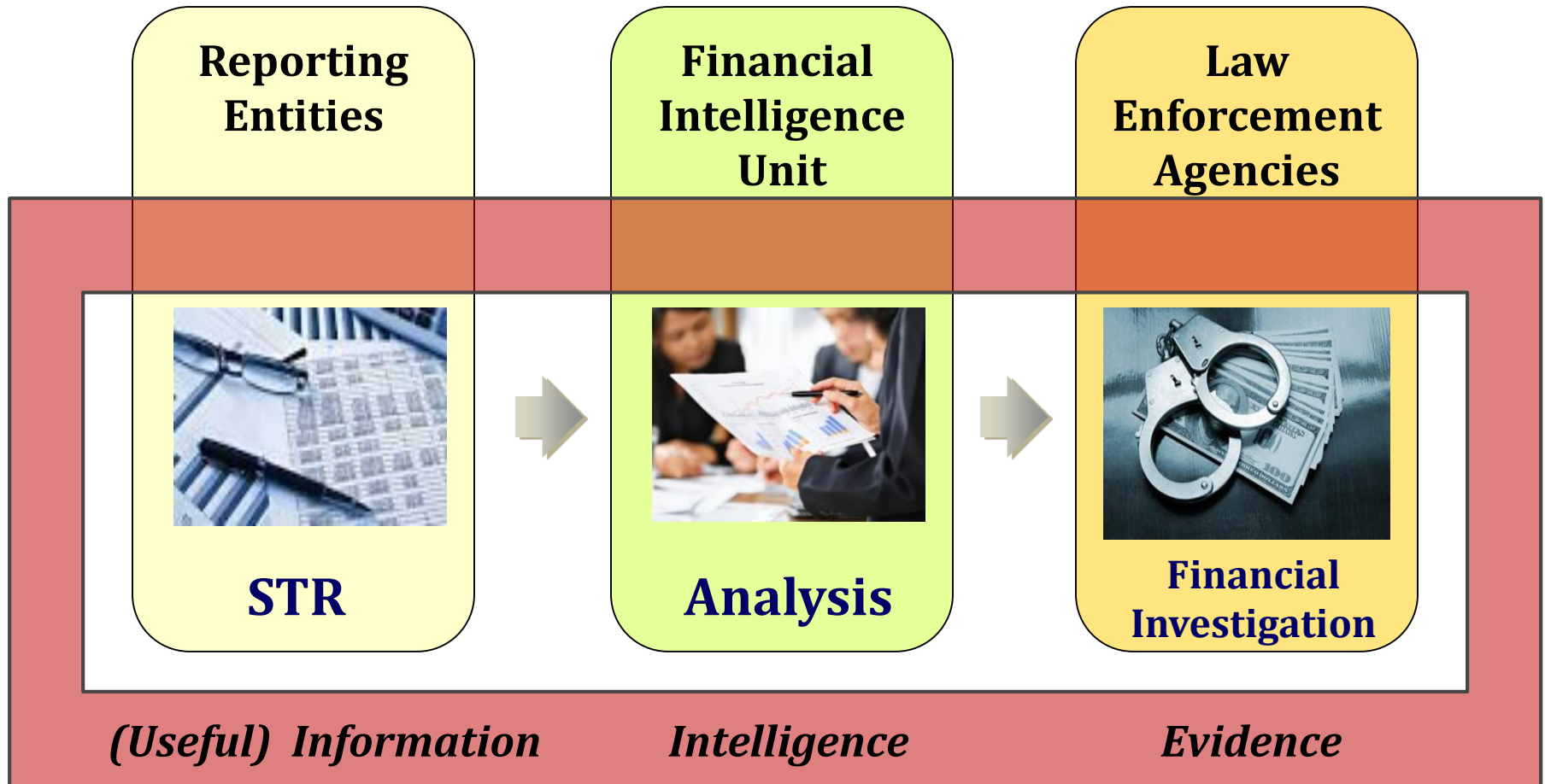
### LEAs

#### HKPF/ C&ED/ ICAC

- Financial Investigation
- Asset Tracing
- Restraint & Confiscation
- Mutual Legal Assistance

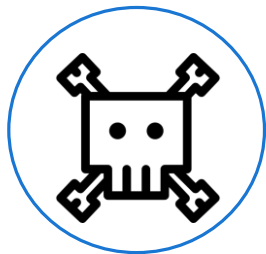


# ABOUT FIIB





# KEY LEGISLATIONS



1989

**Drug Trafficking  
(Recovery of  
Proceeds)  
Ordinance**

(DTROP, Cap.405)



1994

**Organised and  
Serious Crimes  
Ordinance**

(OSCO, Cap.455)



2002

**United Nations  
(Anti-Terrorism  
Measures)  
Ordinance**

(UNATMO, Cap.575)



2012, 2018

**Anti-Money  
Laundering and  
Counter-Terrorist  
Financing  
Ordinance**

(AMLO, Cap.615)





# KEY LEGISLATIONS (AML)

**Any person - Knowing or having reasonable grounds to believe**

- Any property
- In whole or in part directly or indirectly represents proceeds of **drug trafficking / indicatable offence**
- Deals with that property

*Max. Penalty: HK\$5M Fine & 14-Year Imprisonment*

**DTROP**

s. 25, Cap. 405

**OSCO**

s. 25, Cap. 455



# KEY LEGISLATIONS (CFT)

Any person shall not

- **Provide or collect** by any means directly or indirectly
- **Any property**
- **With the intention that the property be used or knowing that the property will be used**
- **In whole or in part to commit one or more terrorist acts**

*Max. Penalty: Fine & 14-Year Imprisonment*

UNATMO

s.7, Cap. 575



# KEY LEGISLATIONS (STR)

Any person

- **Knows or suspects**
- **Any property represents/ was used/ is intended to be used in connection with the proceeds of indictable offence/ drug trafficking / terrorist property**
- **Should disclose that knowledge or suspicion to an authorized officer (i.e. JFIU officers) as soon as reasonable.**

*Max. Penalty: Level 5 Fine & 3-Month Imprisonment*

**DTROP**

s. 25A(1),  
Cap. 405

**OSCO**

s. 25A(1),  
Cap. 455

**UNATMO**

s. 12(1),  
Cap. 575



# KEY LEGISLATIONS (STR – **TIPPING OFF**)

Where a person

- **Knows** or **suspects** that a disclosure has been made
- The person **shall not disclose to another person** any matter
- Which is **likely to prejudice any investigation** which might be conducted following that first-mentioned disclosure

*Max. Penalty: HK\$500,000 Fine & 3-Year Imprisonment*

**DTROP**

s. 25A(5),  
Cap. 405

**OSCO**

s. 25A(5),  
Cap. 455

**UNATMO**

s. 12(5),  
Cap. 575



# STR CONTENT

- **Legal Requirement**
- **Apply to everyone**
- **Knowledge and suspicion-based reporting**

## **Reporting Mechanism:-**

- **No threshold or cross boundary reporting**
- **Legal protection from criminal liability**
- **After reporting, no tipping off**
- **The source of the report is protected**



# HOW TO FILE QUALITY STR

『SAFE』

**Screen**

**subject entities' backgrounds & transactions**

**Ask**

**appropriate questions to clarify circumstances**

**Find**

**relevant records for review**

**Evaluate**

**whether suspicion is substantiated**



# RISK INDICATORS

## Client

- Politically Exposed Person?
- Company from high risk country?
- No known nexus with HK?

## Transaction

- Payment from 3rd party/ cashier order?
- Unusual high/ low payment?
- Unexpected amount of transactions?
- Transacted with unrelated parties/ jurisdiction?
- Premature termination of policy?





# RISK INDICATORS

## ■ Previous Records/ Further Enquiries

- Background Check/ Open Source (*adverse news*)
- Failing to disclose specific role/ relationship/ ownership of income
- Unwilling to response to questions or answers are not convincing
- Unwilling to provide supporting document

## ■ Evaluation

- Information from client is incommensurate with your record in hand?
- Information from client could not be verified?
- The client appeared to be a stooge in the transaction?



# STR 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)

Suspicious Transaction  
Report And Management  
System (STREAMS)



If you want to file an STR via STREAMS, you have to complete **the application form** and return to the 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 the JFIU.



# STR REPORTING

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

## Subject

Sequence No: 1

English Name:	Family Name:	Given Name:	Middle Name:
Chinese Name:	CCC:	HKID:	
Other ID	Type:	if Others:	
	ID No.:	Country:	
DOB:	Gender:	Occupation:	
Nature:			
Phone:			
Email:			
Address:			
Additional Information:			

[STR Summary](#)
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## Account

Sequence No: 1

Account Institution:			
Account Number:	Account Type:	if Others:	
Opening Date:	Closing Date:		
Balance:	Currency: HKD	Amount:	Date:
Related Person:	Role:	if Others:	
Related Company:	Role:	if Others:	
Additional Information:			

# RECOMMENDED STRUCTURE OF STR

- 1) Triggering Factors
- 2) Background of Subject(s)
- 3) Transactions
- 4) CDD/ KYC and Open Source Information
- 5) Conclusion and Way Forward



# RECOMMENDED STRUCTURE OF STR

## ■ Triggering Factors

- Involved crimes (*e.g. Fraud/ Corruption/ Sanctions/ Terrorist Acts etc.*)
- Warrants/ Court Orders received
- Open source information (*e.g. News/ List of Regulatory Agencies etc.*)
- Pattern of suspicious transactions (*e.g. Large Tx/ Temp. Repository of Funds*)

## ■ Background of Subject(s)

- Individual: Age/ Occupation/ Income/ Tx History etc.
- Corporation: Date of Est./ Business Nature/ Office Address/ Expected Tx Amount etc.



# RECOMMENDED STRUCTURE OF STR

## ■ Transactions

- Review period
- Fund movement pattern (*e.g. Sudden change?*)
- Total deposited/ withdrawal amount
- Suspicious transaction patterns (*e.g. test payment/ counterparties etc.*)

## ■ CDD/ KYC and Open Source Information

- Suspicious indicators (*e.g. KYC/ World Check etc.*)
- Links of open source information/ adverse news

## ■ Conclusion and Way Forward

- Conclusion of the report
- Follow-up actions (*e.g. Enhanced CDD measures/ Exit Relationship etc.*)



# STR FEEDBACK

- 1) Acknowledgement of Receipt
- 2) Consent/ No Consent/ N/A
- 3) Quarterly STR Analyses
- 4) Meetings with Stakeholders





# Case Sharing

## *HKSAR v. Carson YEUNG CFA*

- “Clean” property is misconceived. Property that was not proved to be the proceeds of crime does not necessarily mean that the property must be “clean”. The offence is dealing with *property* which a defendant knows or has reasonable grounds to believe represents the proceeds of an indictable offence. Even if there is nothing to show that the property is “tainted” the offence is nevertheless committed if the defendant has the requisite *mens rea* based on reasonable grounds to believe that he is dealing with proceeds either directly or indirectly
- the requirement to prove a predicate offence would render section 25(1) inoperative in many cases where there were reasonable grounds to believe that the property in question was proceeds but where that could not in fact be proved. This is especially so given that there is often an international dimension to money laundering and the offence captures dealing in Hong Kong with property which may have come from overseas and which may in whole or in part indirectly represent the proceeds of crime
- Both the relevant International Conventions and the Financial Action Task Force (“FATF”) recognize that countries have diverse legal systems and local issues and, accordingly, they seek to set minimum standards only. More stringent provisions may be required in order to combat money laundering derived from that offence: there is no consistent international requirement of proof of the predicate offence in money laundering offence.



# THANK YOU!



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

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

Tel.: +852 2866 3366