



# **Fraud and Money Laundering Intelligence Taskforce**

Presented by:

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Intelligence Section of Commercial Crime Bureau

# Agenda



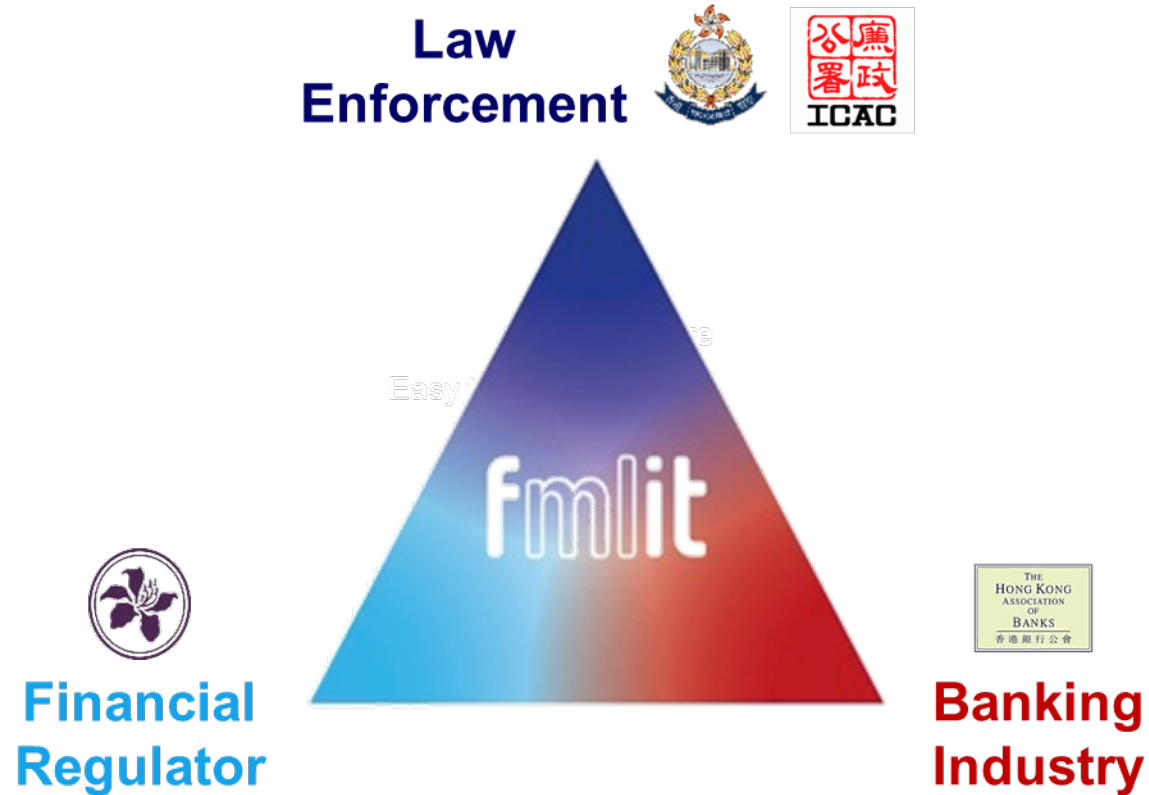
- Fraud and Money Laundering Intelligence Taskforce (FMLIT)
  - Three-tier Structure
  - FMLIT Alerts
  - Future Development
- Anti-Deception Coordination Center (ADCC)
- Bank Document Digitization System
- Q&A

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# Public-Private-Partnership (PPP)



- Law Enforcement**  
Prevention and Detection of Crime
- Regulator - HKMA**  
Promote the Integrity of Hong Kong's Financial System
- Banks**  
Safeguard the banking system from being abused for money laundering and illicit financial activities



# Structure of FMLIT

## Three-tier Structure

**STRATEGIC  
GROUP**

**CCB, FIIB, HKMA, HKAB & member banks**

Provide strategic directions and set priorities to  
FMLIT Operations Group

**OPERATIONS  
GROUP**

**All related Investigative Units**

Intelligence and data sharing on selected cases  
Focus on tactical intelligence

**ALERTS  
FUNCTION**

**Open to all AIs and SVF licensees in Hong Kong**

Dissemination of alerts and typology reports to  
the banking industry

fmlit

# FMLIT – Strategic Group

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STRATEGIC  
GROUP

- Meet every six months
- Discuss and review priorities and key threats
- Formulate overall directions for FMLIT
- Identify emerging strategic risks
- Provide advice on prevention and mitigation measures



# Performance Statistics

(As of 31 August 2021)

Number of cases presented	162
Number of Response Forms received	1,252
Number of entities screened	6,270
Number of entities/accounts previously unknown to police	579 persons 818 companies 12,083 accounts
Number of new STR received	741
Amount of asset frozen / restrained or confiscated	HKD 691.99M
Amount of loss prevented*	HKD 105.6M
Number of intelligence-led operation	85
Number of persons arrested	335
Number of prosecutions / convictions	17 cases (21 persons)

\* Represents money returned to victims without any civil injunction



# FMLIT – Alerts

# 3


## ALERTS FUNCTION

- 19 typology crime alerts have been published
- Early identification of risks and trends
- Enhance overall awareness and AML capabilities

### FMLIT Alert

#### Accounts used to receive funds from Fraud

26 August 2017  
2017 FRAUD 01



#### 1. BACKGROUND

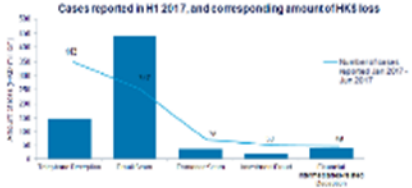
In July 2017, the Hong Kong Police Commercial Crime Bureau (CCB) and member banks of the Fraud and Money Laundering Intelligence Taskforce (FMLIT) were requested by the Fraud Experts Group (FEG) to provide an overview of red flags that had been identified in relation to bank accounts in Hong Kong used for receipt of funds from fraud.

The following information was requested for the period of January 2017 to June 2017:

- 1) Whether any accounts had been identified which have been used for the receipt of funds from fraud, and the type of fraud(s) identified; and
- 2) For each specific type of fraud, the red-flags identified (e.g. opened within the last 18 months, by Chinese mainland, account opened by use of two-way mobile, operating address is public housing address, if a company account, but no public address information can be found, change of directorship before or after transfer linked to fraud is received).

#### 2. TOP FIVE FRAUD TYPES

Based on information received from CCB, the top five frauds reported to the Hong Kong Police are Telephone Deception, Social Scam, Romance Scam, Investment Fraud and Financial Intermediaries-related Fraud. A breakdown of the number of cases and their respective amount of losses is provided.



Fraud Type	Number of Cases	Amount of Loss (HK\$)
Telephone Deception	100	100M
Social Scam	250	250M
Romance Scam	10	10M
Investment Fraud	20	20M
Financial Intermediaries-related	10	10M

#### 2.1. TELEPHONE DECEPTION

The value of the funds identified ranged from HKD 300 to HKD 21 million. The victim (perpetrator) POC used by criminals were primarily:

- 1) "Standard Mainland (Chinese) Official" (86.1%);
- 2) "Deceived Son" (13.9%); and

#### RED FLAGS

- names of victims were Mainland Chinese students and immigrants living in Hong Kong;
- names of victims were aged 30 or below, and 30.5% were aged over 60;
- some victims were asked to download malware; other victims were asked to make a residence via money changers; and additional accounts to accept accounts in Mainland China.

# Types of Alert

## Fraud / Deception

2017-FRAUD-01

2020-TD-01

2018-FRAUD-01

2021-Bankruptcy-01

2019-FRAUD-01

2021-TD-01

2019-EMAILSCAM-01

2021-SP-01

2020-SMS-01

2021-TD-02

2020-MuleAcc-01

## Trade-based ML

2018-TBML-01

2018-TBML-02

2018-TBML-03

## Illegal Bookmaking

2018-BOOKMAKING-01

2020-BOOKMAKING-01

2020-BOOKMAKING-02

## New Payment Method

2019-NPM-01

2020-PAYMENTAPP-01

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*Alerts relating to mule / stooge account network are highlighted in **RED***

# Use of FMLIT Alerts

## 01 Distribution channels

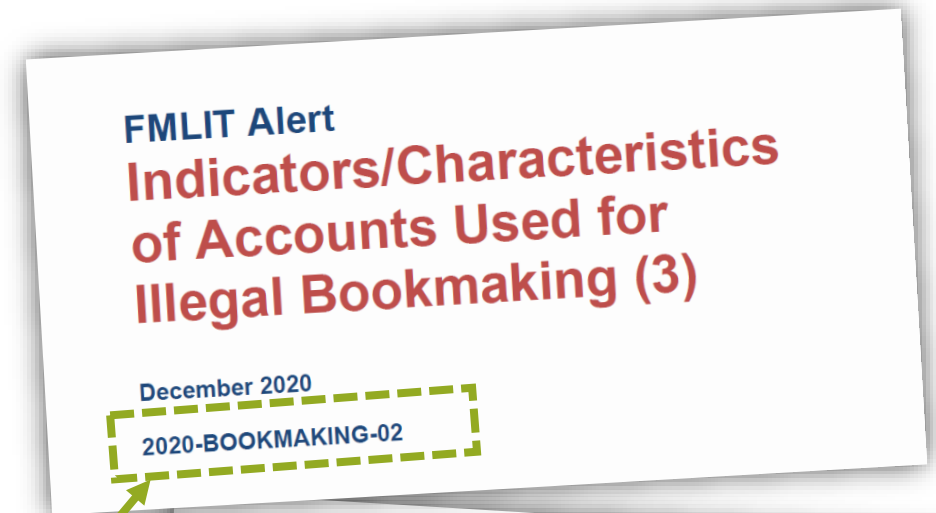
- The Hong Kong Association of Banks
- Hong Kong Monetary Authority
- The DTC Association

## 02 Use of risk indicators

- Apply the indicators in CDD, ongoing monitoring and review process

## 03 File STR

- Report any suspicious accounts / transactions to JFIU
- Quote the reference of the Alert in STR

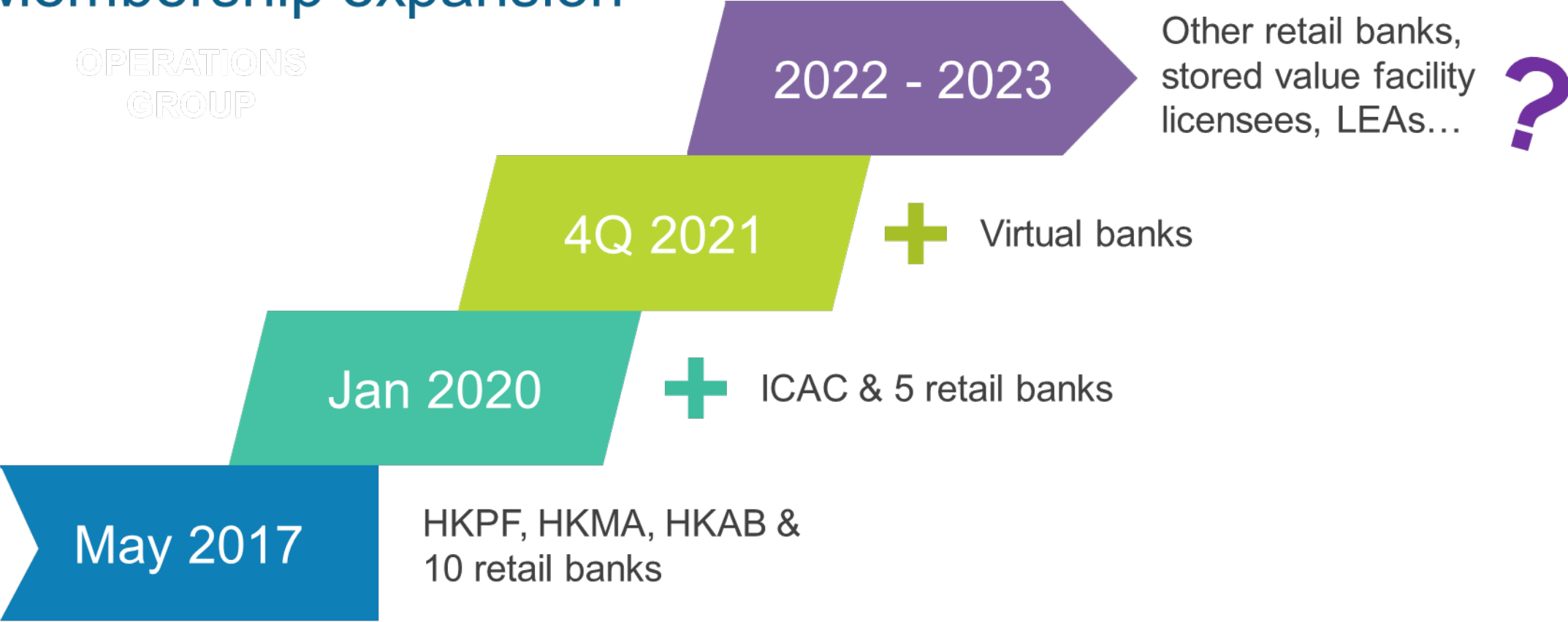


# Future Development

PowerPoint  
Presentation

## Membership expansion

OPERATIONS  
GROUP



# Future Development

## Capacity Building

**01** Centralized hub for dissemination of publicity materials



**02** Education seminar / Train-the-trainer workshop

**03** Devise performance indicators to assess and review FMLIT's contributions

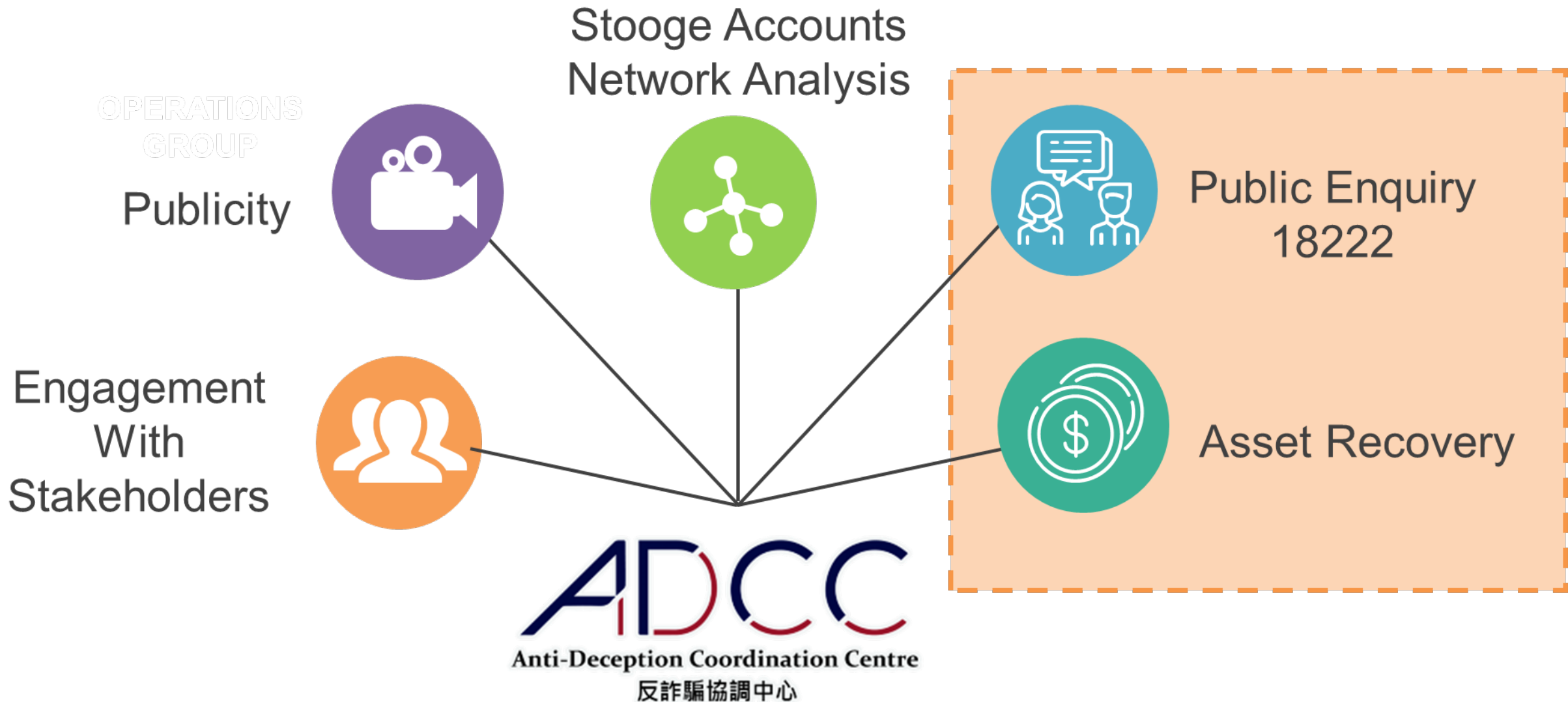
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# ADCC's Five-Pronged Approach

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Presentation



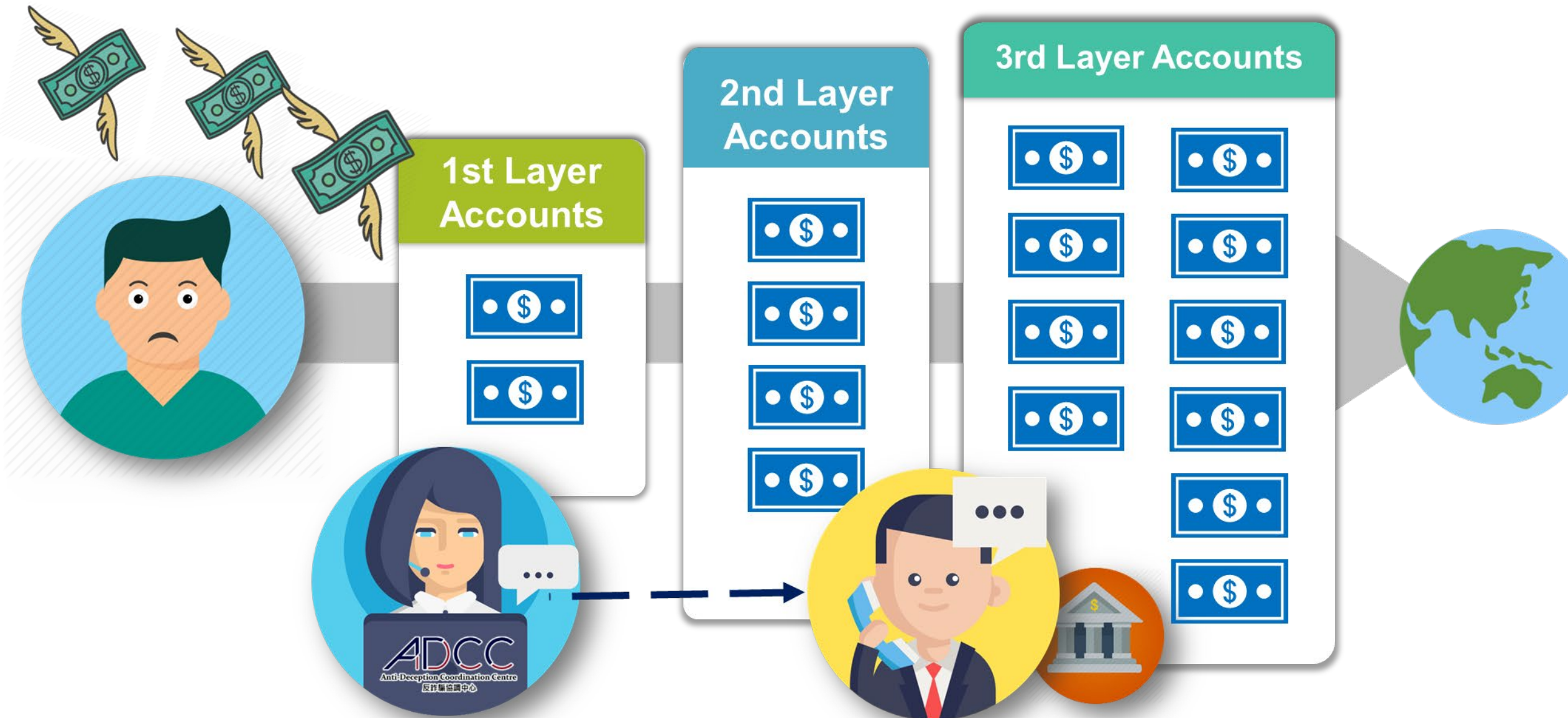
# Utilization of Public Enquiry Helpline

Call ADCC Helpline 18222 when:-

- 1) Client is suspected of having fallen prey to scam
- 2) Stooage account holder turned up at bank



# Asset Recovery – Stop Payment Mechanism



# No. of Stop Payment Requests made by ADCC

(Jan – Apr 2021)

	A Shift (0700 – 1400 hrs)	B Shift (1400 – 2230 hrs)	C Shift (2230 – 0700 hrs)
Working Days (Mon-Fri)	264	407	188
Non-working Days (including Sat, Sun and Public Holidays)	27	66	63
<b>Total</b>	<b>291</b>	<b>473</b>	<b>251</b>

*\* Figures including Virtual Banks*



A large number of stop payment requests were made to banks outside office hours



# 24/7 Stop-payment Mechanism

Direct contact after office hours and during holidays for stop-payment

- Either to contact compliance officer or 24/7 call centre operators

Information provided and action taken

- **Temporary frozen** the account (debit & credit)
- **Account balance**
- **Next layer account details** (account number, account holder name, transaction amount and date)



8 Virtual Banks



4 Conventional Banks



6 Conventional Banks  
in progress

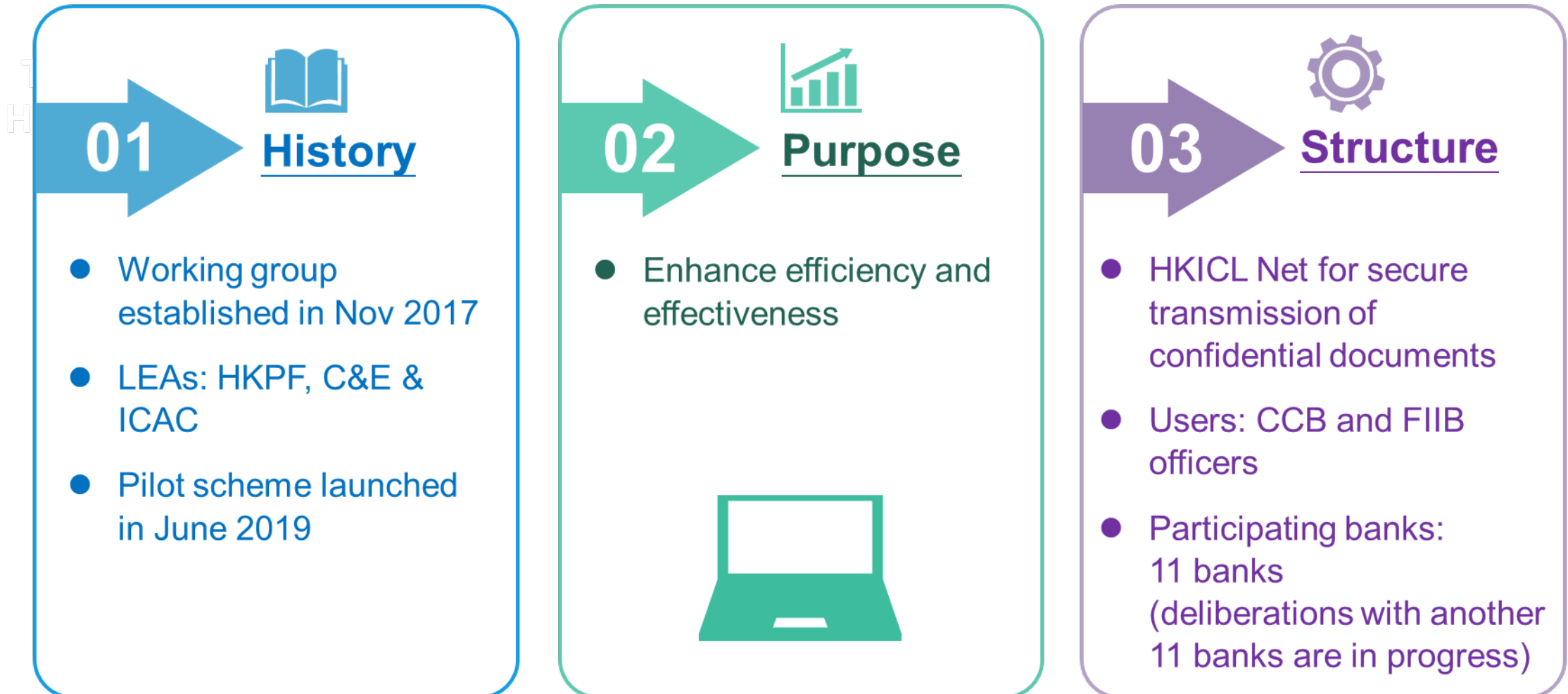
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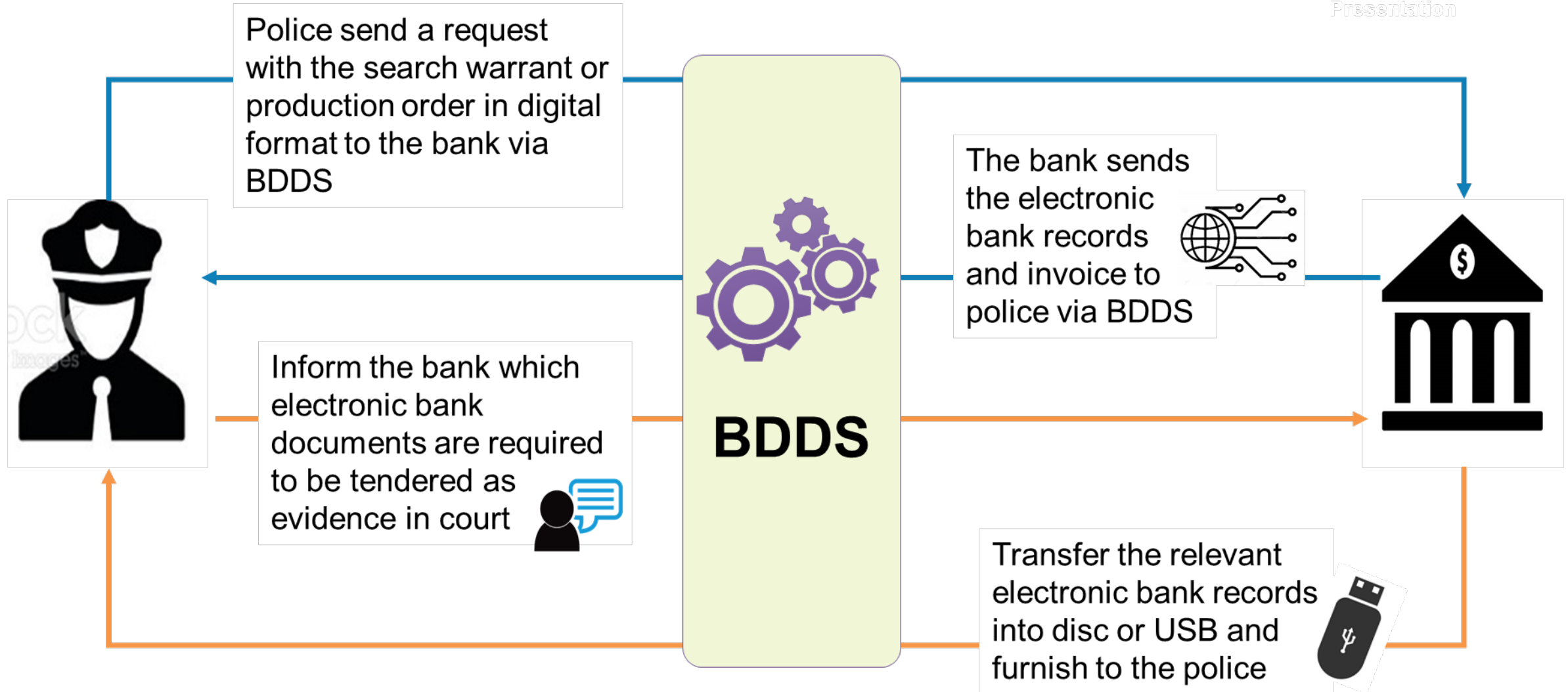
# Bank Document Digitization System (BDDS)

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# BDDS Workflow

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# Way Forward of BDDS

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# Q & A