



AML/CFT Obligations

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South China Morning Post 南華早報

Progress on fighting money laundering is encouraging

Friday, 18 April 2014, 3:14am (SCMP Editorial)

NO FINANCIAL CENTRE WANTS TO SEE ITS REPUTATION TAINTED BY ASSOCIATION WITH MONEY LAUNDERING. On the face of it more than 33,000 reports to Hong Kong authorities of suspicious financial transactions last year – an increase of 40 per cent over 2012 – could be deeply worrying. Thankfully, according to police and customs financial investigators, the increase can be partly attributed to a number of positive factors, including the enactment of tighter legislation against money laundering and terrorist financing.....

Nonetheless, these figures are a reminder that, as a free port with a low tax regime where it is simple to set up a company, Hong Kong is attractive to those who want to launder ill-gotten gains and evade tax,

The global financial crisis revealed a number of flaws in the international effort to combat money laundering, and Hong Kong was seen as part of the problem. The city could not continue to have its brand sullied in this way. Hence, as well as a new anti-money-laundering ordinance, it is also **GOOD TO SEE A JOINT EFFORT, WITH BANKS AND FINANCIAL INSTITUTIONS KEEPING A SHARPER LOOKOUT FOR SUSPICIOUS TRANSACTIONS AND POLICE EXCHANGING MORE INTELLIGENCE WITH OVERSEAS COUNTERPARTS.**



Your Risks

- ❖ Rock integrity of our financial system
- ❖ Affect International Trade
- ❖ FATF ME
- ❖ Violation of The Statute



Overview in Money Laundering

Money Laundering Cases



Overview in Money Laundering (sample case)

Further Exploitation

- Inter a/c transfer to create a transaction history
- Apply visa card via e-banking
- Collect card in person
- Visa cards were distributed to third party stooges
- Local visa purchases and defaulted upon reaching spending limit
- Loss around HK\$2 million



Overview in Money Laundering

Corporate bank accounts

- Use of newly opened shell company
- Company Address
- Cross border intermediaries to perform CDD
- Internet Banking



Some other Observations

- Repeated tries
- Impersonation
- Alibi defence



Some Suggestions

**Police Crime
Information
Releases**

The Law

**HKMA
Guideline**

Training on Staffs

**Good Bank
Practices**

AML



Thank You

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