



Financial Intelligence Unit

"Reporting Obligations"

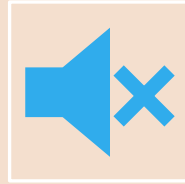
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What is Money Laundering?

“Is the method in which illegally obtained money is altered to make the transaction look legitimate.”

- Sections 9, 10, 11 Proceeds of Crime Act



CONCEALING



MAKING ARRANGEMENTS



ACQUISITION, USE AND POSSESSION

Terrorism and Terrorist Financing

Offence of Terrorism

Terrorist Financing



Section 14, Anti-Terrorism Act



Section 15, Anti-Terrorism Act

TERRORISM

- A person or terrorist entity who carries out any act that has the purpose by its nature or context, to intimidate the public or to compel a government or an international organization to do or to refrain from doing any act; and that is intended to cause —
 - death or serious bodily harm to a civilian
 - serious risk to health or safety of the public or any segment of the public;
 - substantial property damage; whether to public or private property,
 - Serious interference with or serious disruption of an essential service, facility or system, whether public or private; not being an interference or disruption resulting from lawful advocacy or from protest, dissent or stoppage of work
- is guilty of an act of terrorism.

TERRORIST FINANCING

- A person carries out an act terrorist financing if he directly or indirectly, lawfully and willfully provides or collects funds or provides financial services or make such services available where the intention is that those funds are to be used to carry out an act of terrorism.



Proliferation (Part II ATA)

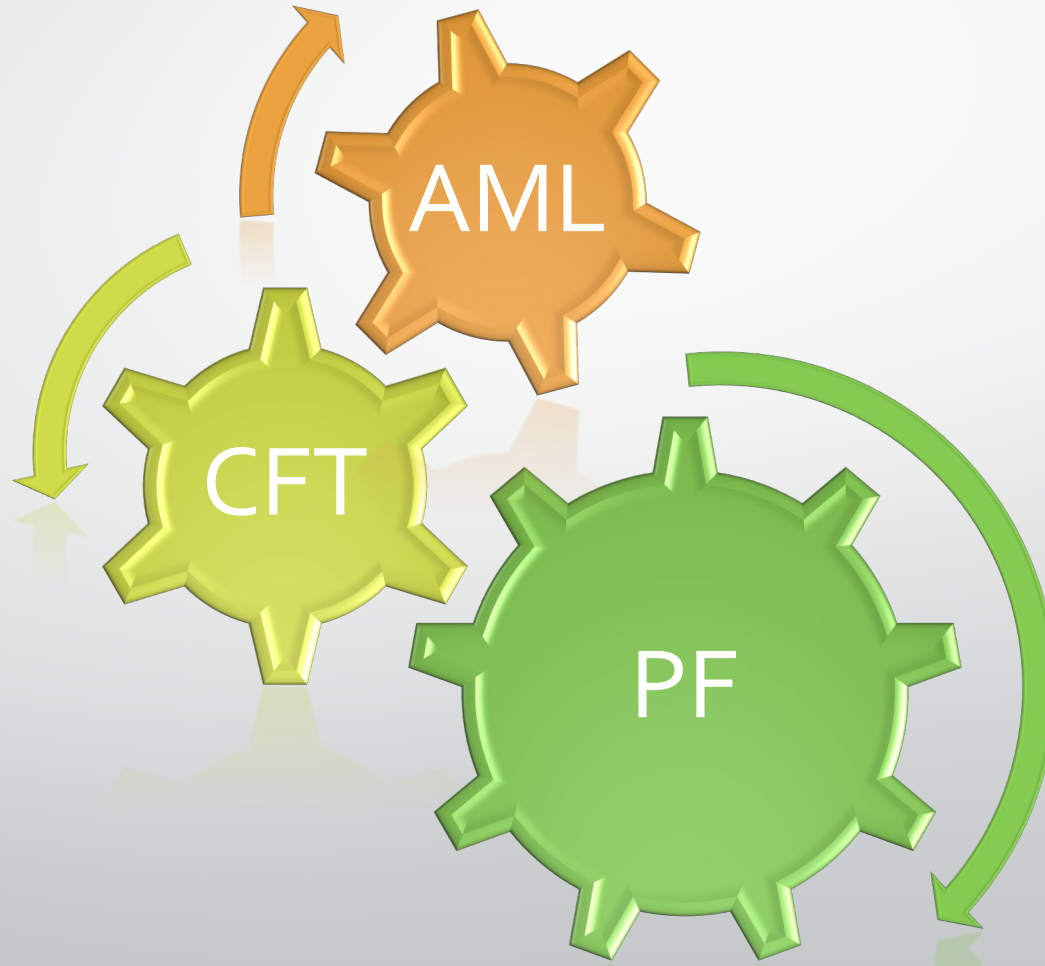
Offence of Proliferation

- Proliferation involves the transfer and export of technology, goods, software, services or expertise that could be used in nuclear, chemical or biological weapon-related programs, including delivery systems; it poses a significant threat to global security.

Proliferation Financing

- Proliferation financing is the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, transshipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.

Effective Controls



Obligations to the FIU



S.25 FTRA
STR Filing



S.70(3) ATA
Terrorist Property Reports



S. 4(2)(d) FIUA
Production Orders Request

Terrorist Property Reports S.70(3) ATA

- Every financial institution shall report, every three months, to the FIU-
 - (a) If it is not in possession or control of terrorist property , that it is not in possession or control of such property; or
 - (b) If it is in possession or control of terrorist property, that it is in possession or control of such property, and the particulars relating to the persons, accounts and transactions involved and the total value of the property.
- New requirement
- It is expected that these be filed every 3 months
- Filing is done through the FIU's e-filing portal caseKonnect©
- There is penalty for failing to make the report (Imprisonment for 5 years)
- Reports submitted in a timely manner

Suspicious Transactions Reports S.25 FTRA

- Financial institutions to report suspicious transactions.
 - (1) Notwithstanding any other law, where -
 - (a) any person conducts or seeks to conduct any transaction by, through or with a financial institution (whether or not the transaction or proposed transaction involves cash); and
 - (b) the financial institution knows, suspects or has reasonable grounds to suspect that the transaction or proposed transaction-
 - (i) involves the proceeds of criminal conduct as defined by the Proceeds of Crime Act;
 - (ii) is related to an offence under the Proceeds of Crime Act;
 - (iii) is an attempt to avoid the enforcement or any provision of the Proceeds of Crime Act: or
 - (iv) is an identified risk,

the financial institution shall, as soon as practicable after forming that suspicion, report the transaction or proposed transaction to the Financial Intelligence Unit (hereinafter referred to as a "suspicious transaction report").

Identifying a Suspicious Transaction



Screen



Ask



Find



Evaluate

The "SAFE" Approach (Joint Financial Intelligence Unit, Hong Kong)

Reporting a Suspicious Transaction

Facts

- Is any event, action or occurrence or element that exists or is known to have happened or existed
- It cannot be an opinion
- Who, What, Where, When and Why

Context

- Clarifies the incidences, explains the situation or the transaction
- Use circumstances surrounding the transaction to understand its context
- Clear, concise chronological and complete

Key Players in the Reporting Process

Employee

MLRO

FIU

Penalties for Failure to Report Suspicious Transaction (s. 49 FTRA)

- A financial institution which intentionally fails to submit a report to the Financial Intelligence Unit as required by the Act commits a summary offence and is liable to imprisonment for a term of up to five years or a fine of up to \$500,000.00.
- Regulators also have administrative penalties for any failures under the FTRA.



- A person commits an offence if he knows or suspects that –
- Any disclosure under this Part has been made
- An action has been taken by the FIU in relation to anything under this Part: and
- He makes a disclosure to another person which is likely to prejudice any investigation which might be conducted following the disclosure.



Production
Orders
S.4(2)(d) FIUA

- FIU may require the production of such information excluding information subject to legal professional privilege that the FIU considers relevant to fulfil its functions.
- Returned in a timely manner
- Information requested is provided
- Proper record keeping
- Try to avoid defensive filing

What is expected?



STR to be filed “as soon as practicable”



All information must be in the STR



Clear and concise in narrative



STRs to be filed by the MLRO



MLROs must ensure that they are conducting thorough internal investigation prior to filing



Avoid defensive filing



No manual STRs, all STRs now filed through the e-filing portal



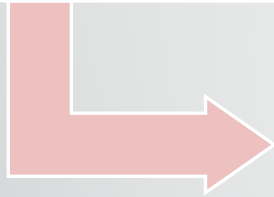
Auditors to Report Suspicious Transactions S.25 FTTRA

- Notwithstanding any other law, any person who, in the course of carrying out the duties of that person's occupation as an auditor, has reasonable grounds to suspect, in relation to any transaction, that the transaction is or may be relevant to the enforcement of the Proceeds of Crime Act, shall report that transaction to the Financial Intelligence Unit.

Role of the FIU



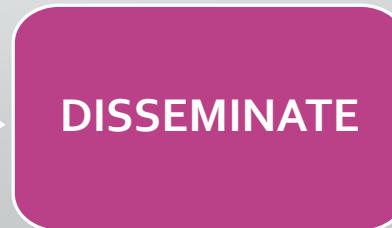
- The FIU receives information from FIs and DNFBPs, LEAs, regulators and foreign FIUs



- The FIU has the authority to obtain additional information which is facilitated by issuing production orders to FIs and other agencies.



- The FIU uses the information obtained to conduct strategic and operational analysis of the information.



- Information once analyzed is disseminated to relevant authorities.

Questions

Answers



Thank
you!