

## C. Answers

### General

1. Answer: c

*A person commits the offence of money laundering when he/she deals with any property **knowing** or **having reasonable grounds to believe** it to be crime proceeds or terrorist property. If a person **knows** or **suspects** any property to be crime proceeds or terrorist property, he/she should report his/her knowledge or suspicion to the Joint Financial Intelligence Unit. Failing to report is an offence.*

2. Answer: a

3. Answer: b

4. Answer: c

5. Answer: a

### Sector Specific Questions

- (a) Accountants

6. Answer: b

*You need to conduct “CDD” when establishing business relationship with your clients. If after CDD is conducted and you found it suspicious, you should then make a STR to JFIU.*

7. Answer: a

*You should continue your effort of conducting “CDD” on Mr. X. It may be premature at this stage to make a STR.*

8. Answer: b

*You should make a STR to JFIU because the circumstances are suspicious enough to warrant such action (e.g. no income but with substantial cash; no documentary proof to support the claim).*

9. Answer: b

*Although the proposed transaction is not in line with the normal activities of the trust, it is advisable to obtain further information from Mr. Z before you come to a decision whether you should make a STR to JFIU or not.*

10. Answer: c

*A name hit against the terrorist list should give rise to suspicion that the transaction may be terrorist financing-related. A report should be made to JFIU. It is up to the Police to investigate the case.*

(b) Estate Agents

6. Answer: a

*You need to “Know Your Customer” before deciding whether you should establish business relationship with the customer.*

7. Answer: b

*If you consider the case still suspicious even though you have done "Know Your Customer", it is better for you to decline the transaction and report your suspicion to the Joint Financial Intelligence Unit. In declining the transaction, you may explain to the customer that it is in accordance with the anti-money laundering practices of your company, that you need to be satisfied with the result of "Know Your Customer" before proceeding with the transaction for the customer. In making a report, there is no need for you to establish the predicate crimes.*

8. Answer: c

*There are reasonable grounds for you to suspect that his assets are proceeds of crimes.*

9. Answer: a

*There is no time limit for reporting a suspicious transaction. The report should be made as soon as practicable once you have the knowledge or suspicion.*

10. Answer: c

*The suspicious activity indicators include (i) husband arrested for crimes, (ii) urgent disposal of property, and (iii) transaction not consistent with normal business/commercial activities.*

(c) Precious Metals and Precious Stones Dealers

6. Answer: b

*You need to “Know Your Customer” when establishing business relationship with your customers. Mr. Kan’s response to your suggestion of changing the method of payment should form part of your “Know Your Customer” process.*

7. Answer: c

*There are suspicious circumstances, which you cannot clear after doing “Know Your Customer”. The suspicious activity indicators include (i) new customer and unusual purchase, (ii) cash of foreign currency in large amount, and (iii) suspicious demeanour of the customer and his evasiveness. In declining the deal, you may explain to the customer that it is in accordance with the anti-money laundering practices of your company, that you need to be satisfied with the result of “Know Your Customer” before proceeding with the transaction for the customer.*

8. Answer: b

*There are reasonable grounds for you to suspect that the property of Mrs. Tsao may be proceeds of crime. Suspicious activity indicators include (i) husband involved in crimes, and (ii) making purchases in large amount.*

9. Answer: b

*You need to “Know Your Customer” before deciding whether the offer should be accepted or a suspicious transaction report be made.*

10. Answer: b

*The proposed transaction has no business sense at all and more "Know Your Customer" is needed. Suspicious activity indicators include (i) transaction with no business sense, and (ii) British Virgin Islands company is involved.*

(d) Trust and Company Service Providers

6. Answer: b

*You need to conduct "CDD" when establishing business relationship with your customers. If after CDD is conducted and you found it suspicious, then you should make a STR to JFIU.*

7. Answer: a

*You should continue to conduct "CDD" with a view to getting more information on Mr. Roberts. It may be a bit too early to say that the case is so suspicious that a STR should be made.*

8. Answer: b

*The circumstances (e.g. dividend in the form of traveller's cheques and cash; request the money to go through your company account) are suspicious enough to warrant a STR to be made to JFIU.*

9. Answer: c

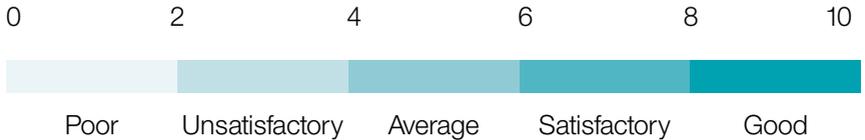
*Make a report to JFIU so that the case can be referred to the appropriate law enforcement agency for follow up action.*

10. Answer: c

*The transaction may be related to terrorist activities. A report should be made to JFIU.*

So, what is your score?

Please see the scale below:



If you get five or more correct answers out of a total of ten questions in the general and industry-specific sections, then you pass the test. Otherwise, you may need to go over this guide again, refer to your training or compliance officer, or consult the JFIU for further assistance.

Reference Materials:

- *Legal bulletin of the Hong Kong Institute of Certified Public Accountants*
- *Anti-money Laundering and Counter Terrorist Financing Guidelines of the Hong Kong Institute of Chartered Secretaries*
- *Practice Circulars of the Estate Agents Authority*

# **Report Suspicious Transactions**

## **Joint Financial Intelligence Unit**

Tel: **2866 3366**      Fax: **2529 4013**      Email: **[jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)**

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