

Hong Kong Customs detects first-ever money laundering case through transnational diamond trading with about \$500 million laundered

Hong Kong Customs mounted an operation codenamed "Gem Crusher" between December 19 and 20 and successfully smashed a large-scale transnational money laundering syndicate that had laundered about \$500 million. It was the first-ever money laundering case using transnational diamond trading detected by Customs. During the operation, Customs raided eight premises across multiple areas in Hong Kong, including four residential premises and four commercial units. Customs arrested four persons suspected to be connected with the case and has already arranged to freeze a total of \$8.2 million of assets held by the arrestees.

Customs officers targeted a suspected transnational money laundering syndicate and initiated a financial investigation, and engaged in intelligence exchange with Indian Customs early this year. The investigation revealed that the syndicate members established diamond trading companies in both Hong Kong and India. The syndicate was suspected to have exported synthetic diamonds of low value from Hong Kong to India, but lodged a false declaration as natural diamonds of high value, in 2021 in a bid to reasonably transfer significant amounts of suspicious funds from India to Hong Kong. The total amount of the suspicious transactions reached \$500 million in the captioned period.

After an in-depth investigation, Customs officers conducted the enforcement operation on December 19 and 20. Four persons, aged between 30 and 56, were arrested on suspicion of "dealing with property known or reasonably believed to represent proceeds of an indictable offence" (commonly known as money laundering) under the Organized and Serious Crimes Ordinance (OSCO). The arrested persons consisted of one Chinese male and three non-ethnic Chinese males. They were believed to be the masterminds, ring leaders and members of the syndicate.

Additionally, Customs officers seized a large quantity of suspected synthetic diamonds, a small quantity of natural diamonds, foreign currency cash equivalent to about \$1 million, a number of mobile phones, computers, company chops, cheque books, bank cards, bank documents and trading documents inside the arrestees' residential and commercial premises.

The investigation is ongoing. The four arrested persons have been released on bail pending further investigation, and the likelihood of further arrests is not ruled out.

Under the OSCO, a person commits an offence if he or she deals with any

property knowing or having reasonable grounds to believe that such property, in whole or in part, directly or indirectly represents any person's proceeds of an indictable offence. The maximum penalty upon conviction is a fine of \$5 million and imprisonment for 14 years while the crime proceeds are also subject to confiscation.

Members of the public may report any suspected money laundering activities to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account (crimereport@customs.gov.hk) or online form (eform.cefs.gov.hk/form/ced002).