

Hong Kong Customs detects largest money laundering case on record involving about \$14 billion

Hong Kong Customs mounted an enforcement operation codenamed "Daybreak" on January 30 and successfully dismantled a large-scale transnational money laundering syndicate which had laundered about \$14 billion through transnational trade activities, as well as a money laundering operation centre. A total of seven persons suspected to be connected with the case were arrested and about \$165 million worth of assets under the names of the arrested individuals have been frozen during the operation. This is the largest money laundering case shut down by Customs to date in terms of the amount of tainted money involved.

Acting upon intelligence, Customs officers identified a suspected money laundering syndicate and initiated a financial investigation. Customs discovered that the money laundering syndicate was family owned. It not only opened multiple companies and bank accounts in Hong Kong, but also recruited local persons through an intermediary to open shell companies and stogie accounts for dealing with a total of about \$14 billion of suspected crime proceeds.

The investigation also revealed that some of the tainted money originated from the proceeds of mobile application scams in India. On a pretence of exporting jewellery and diamonds to India, the money laundering syndicate turned the fraudulent proceeds into payments of goods so as to transfer the illicit gains from India to local corporate bank accounts under its control.

After in-depth investigations, Customs officers conducted the enforcement operation on January 30, and raided 11 premises across different districts in Hong Kong. Four Chinese persons and three non-ethnic Chinese persons, aged between 23 and 74, were arrested for a suspected conspiracy to "deal 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). They were believed to be the mastermind, core and grassroots members of the syndicate, and the intermediary who recruited the stogie account holders.

At the same time, Customs officers successfully cracked down on a money laundering operation centre at a commercial premises and seized a large quantity of suspected synthetic gemstones, a number of mobile phones, computers, company chops, cheque books, bank cards, bank documents and trading documents inside the arrestees' residential and various commercial premises.

An investigation is ongoing. The seven 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).