

Hong Kong Customs takes disciplinary actions against four licensed money service operators for breaching statutory requirements

The Customs and Excise Department (C&ED) today (September 3) took disciplinary actions, including issuing public reprimands and ordering remedial actions, against four licensed money service operators (MSOs) for breaching the statutory requirements as stipulated in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

Officers of the C&ED earlier discovered four MSOs failed to comply with the requirements of the Ordinance. One MSO failed to keep the related records of the remittance transaction, and to establish and maintain effective procedures for determining whether a customer or a beneficial owner of a customer is a politically exposed person, and to notify the Commissioner of the C&ED of a change in particulars of a bank account for provision of money service within a specific period of time.

One MSO failed to keep the related records of the remittance transactions, and to identify and verify the beneficial owner's identity of the originator or the person's authority to act on behalf of the customer before carrying out remittance transactions.

One MSO failed to identify and verify the customer's identity or the beneficial owner's identity of the customer, and/or the person's authority to act on behalf of the customer, before establishing business relationship with customers, and to record the recipient's address and/or the time of receipt of instruction before carrying out remittance transactions, and to notify the C&ED of the date of cessation of the money service operation at the premises specified in the licence within a specified period of time.

One MSO failed to notify the C&ED of a change in particulars of bank accounts for provision of money service within a specified period of time.

With regard to the above-mentioned contraventions, the C&ED has earlier prosecuted the MSOs. The department today further took disciplinary actions against them in order to send a deterrent message to the industry. The relevant Statement of Disciplinary Action is available on the website of the C&ED (eservices.customs.gov.hk/MSOS/common/enforcenew?request_locale=en).

The C&ED reminds all MSOs to comply with the statutory requirements as stipulated in the Ordinance. The maximum penalty upon conviction is a fine of \$1 million and imprisonment for seven years.

In addition, the C&ED may take disciplinary action such as issuing a public reprimand, imposing a pecuniary penalty and ordering a remedial action

against MSOs. The pecuniary penalty would not exceed the amount that is the greater of \$10 million or three times the amount of the profit gained or costs avoided (whichever is the greater).