

## LCQ16: Telephone deception cases

Following is a question by the Hon Lo Wai-kwok and a written reply by the Secretary for Security, Mr John Lee, in the Legislative Council today (May 12):

Question:

It has been reported that telephone deception has become increasingly rampant. The Police recorded close to 1 200 telephone deception cases in 2020, representing an increase of 80 per cent when compared with 2019, and the amount of money involved in such cases in 2020 was \$570 million (with one of the victims suffering a loss of \$250 million), a substantial surge when compared with 2019 at \$150 million. In this connection, will the Government inform this Council:

(1) of the number of reports involving telephone deception received by the Police in each of the past three years, and the respective numbers of people arrested, prosecuted and convicted; the major obstacles hindering the detection of such cases;

(2) whether it has considered amending the relevant legislation (including raising the penalties) and enacting new legislation, so as to enhance the deterrent effects against telephone deception; if so, of the details; if not, the reasons for that; and

(3) whether it will enhance the cooperation with the banking sector and revise the relevant guidelines, with a view to boosting the success rate of intercepting the money defrauded and helping the victims recover the money defrauded; if so, of the details; if not, the reasons for that?

Reply:

President,

Deception is a serious offence. Any person who commits the offence of fraud under section 16A of the Theft Ordinance (Cap. 210) is liable to imprisonment for up to 14 years, while any person charged with obtaining property by deception under section 17 of the same Ordinance is liable to imprisonment for up to 10 years. In addition, any person charged with dealing with property known or believed to represent proceeds of indictable offences under section 25 of the Organized and Serious Crimes Ordinance (Cap. 455) for proceeds of deception is liable to imprisonment for up to 14 years and a fine of HK\$5 million.

(1) and (2) Numbers of telephone deception cases and arrested persons in the past three years from 2018 to 2020 are as follows:

	2018	2019	2020
Number of cases	615	648	1 193
Number of arrested persons	9	10	58

The Government does not maintain statistics on the penalties for persons convicted of telephone deception.

Section 27 of the Organized and Serious Crimes Ordinance stipulates that the prosecution may furnish information to the court regarding the following: the prevalence of the offence; the nature and extent of the benefit gained by the defendant; the nature and extent of the impact on the community and the victim(s); and the connection of the offence with the activities of a triad society that makes it an organised crime. Having regard to the information, the Court of First Instance or the District Court may pass a more severe sentence not exceeding the statutory maximum penalty for the offence in question. Since 2013, the Police have successfully applied to the court for enhancing the sentences of 84 defendants involved in 156 telephone deception cases under this legislation. The sentence of each defendant was enhanced by three to 20 months, resulting in 17 to 63 months of imprisonment.

Most telephone deception cases involve cross-boundary criminal activities. Apart from cross-boundary telecommunications services, fraudsters also use local anonymous pre-paid subscriber identity module (SIM) cards (commonly known as PPS cards) to place calls to victims, handle the money deceived or open "stooge bank accounts", making it more difficult for the Police to investigate. In this regard, the Government completed earlier this year a public consultation, and is currently in the process of making new regulations under the Telecommunications Ordinance (Cap. 106). The new regulations seek to implement the Real-name Registration Programme for SIM Cards to plug the current loophole caused by the anonymous nature of SIM cards, especially PPS cards, and facilitate the prevention and detection of crimes related to the use of PPS cards, thereby maintaining people's confidence in the integrity of the telecommunications services in Hong Kong.

(3) To reinforce the combat against deception and raise the public's anti-deception awareness, the Police's Commercial Crime Bureau established the Anti-Deception Coordination Centre (ADCC) in 2017, the duties of which include co-operating with the banking industry to intercept payments to fraudsters so as to minimise the loss of victims, and assisting victims to intercept overseas payments to fraudsters via the "International Stop-Payment Mechanism". In 2020, the ADCC, in collaboration with the banking industry, has successfully intercepted more than HK\$3.06 billion in some 830 deception cases where payments have already been made to local and overseas banks.

The ADCC actively provides training for local frontline bank staff to enhance their awareness of deception so that they will timely refer suspected scams to the Police for follow up. In 2020, it conducted 15 seminars for 1 300 frontline staff of six local banks to improve their ability to detect

deception. In the same year, bank staff detected over 100 ongoing deception cases in total, including about 30 telephone deception cases, and informed the ADCC of the cases to prevent victims from falling for scams.

The Police has maintained close dialogue and co-operation with the Hong Kong Monetary Authority (HKMA) and the banking industry to exchange information on the latest trends and typologies of different types of crimes (including telephone deception). The three parties also share information and intelligence through the Fraud and Money Laundering Intelligence Taskforce (FMLIT), a public-private partnership platform established under the Commercial Crime Bureau for preventing and deterring criminals from exploiting bank accounts for fraud and money laundering activities, and refer relevant cases to law enforcement agencies for follow up and investigation. Specifically, FMLIT has classified telephone deception as its short-term operational priority and shared related alerts and typologies with the banking industry.

With the support of the HKMA, the Hong Kong Association of Banks (HKAB) established in May 2020 the Fraud Risk Management Taskforce, which has since been encouraging banks to enhance public education on the prevention of telephone deception and other scams, and to remind the public of the common fraud typologies and preventive strategies. To further enhance banks' capability in combating fraud, the HKMA issued a circular in April 2021 to share good practices on the use of external information and data and how this could facilitate the work on combating fraud and money laundering, including interception of suspected fraudulent payments.

At the same time, to enhance the protection of customers' interests, since 2015, the HKMA has taken a series of measures to assist members of the public in identifying fraudsters impersonating as bank representatives, for example, by requiring all retail banks to provide customer hotlines for the public to verify the identity of callers claiming to represent banks, and to further remind customers to stay vigilant to calls purported to be from banks. Besides, the HKMA also launched educational video broadcasting through the official websites of the HKMA, the HKAB, banks and bank branches to raise public awareness of bogus phone calls.