



Circular

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Prevention of Money Laundering

The illegal act of money laundering in various business activities has always been a matter of great concern to the Police Force, and much effort has been made to bring this crime to the greater awareness of the business community. The Estate Agents Authority has recently been requested by the Police Force to bring money laundering to the attention of estate agents, so that they may take appropriate precaution against its possible occurrence in property transactions.

The term “money laundering” covers all procedures to change, obscure or conceal the ownership or audit trail of illegally obtained money or property so that such money or property appears to have originated from a legitimate source. Generally speaking, an act of money laundering involves three stages:

- (a) Placement – the disposal of cash proceeds derived from illegal activities;
- (b) Layering – separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the source of money, subvert the audit trail and provide anonymity;
- (c) Integration – creating the impression of apparent legitimacy to criminally derived wealth and placing the laundered proceeds back into the economy.

According to provisions in the Organized and Serious Crimes Ordinance (Cap. 455) and the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap.405), where a person knows or suspects that any property directly or indirectly represents proceeds of a crime, he shall as soon as it is reasonable for him to do so disclose that knowledge or suspicion to the Police. Further, a person commits an offence if, knowing or having reasonable grounds to believe that any property directly or indirectly represents proceeds of a crime, he deals with that property. Contravention of these provisions may attract imprisonment and a fine.

For further information and reporting procedures, practitioners may call the relevant Police Hotline at 2866 3366.

This Circular should be made available for the information of all staff engaged in estate agency work