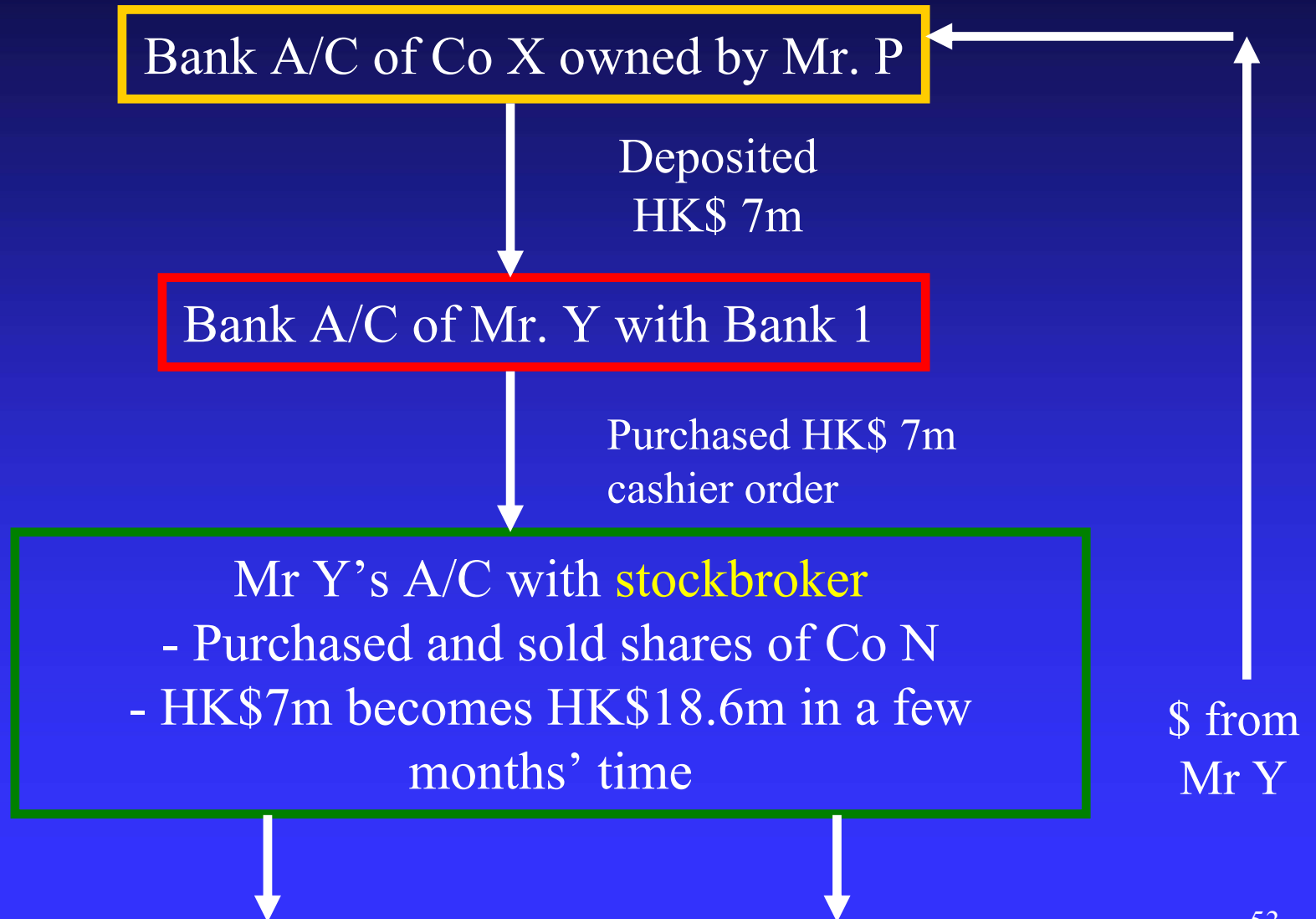


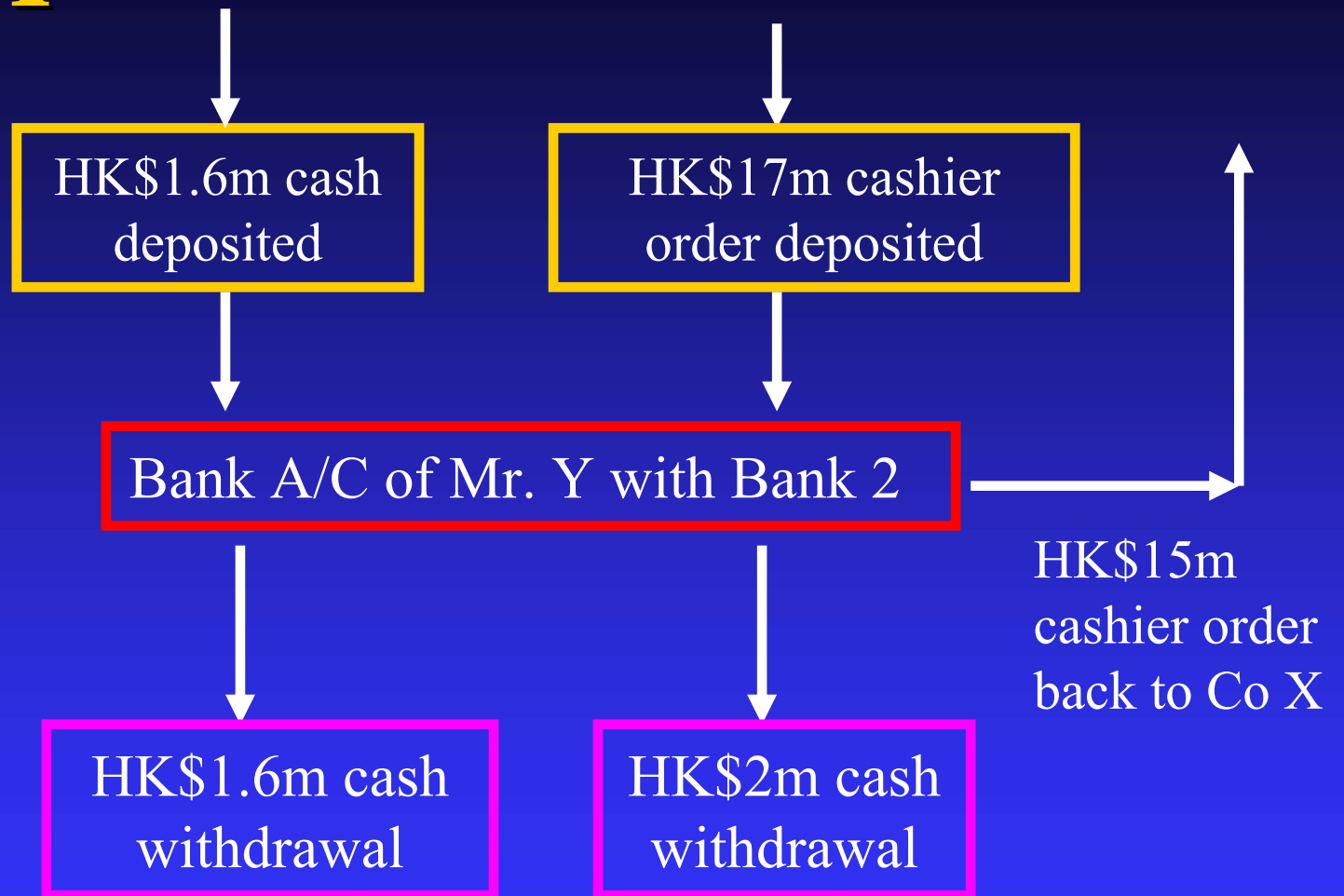
Module 6

Potential use of Securities and Futures Sector in ML/TF process

Case A



Case A



Case A

- ❖ Mr Y lived in a public housing estate in the New Territories. Occupation and business address: none recorded.
- ❖ The following anomalies should be identified:
 - Seemed to open an account to deal only in the shares of Co N
 - Knew nothing about Mr Y or his business that would have explained Mr Y's trading pattern
 - Residential address not commensurate with large trading volume
 - Share price of Co N +270% over a few months' time and Mr Y's transactions accounted for a large % of turnover

Case B

- ❖ Profits from illegal bookmaking were transferred from the bank account of the syndicate head's wife and sister-in-law to the share margin account of the syndicate head.
- ❖ Little or no trading occurred on the margin account
- ❖ Funds were then withdrawn as cash cheques and subsequently deposited into the bank account of the syndicate head
- ❖ Pay attention to the following :
 - ❖ A client deposited funds into the broker's account and requested for repayment of funds within a short period of time with no apparent reasons
 - ❖ Little or no trading was recorded during the period
 - ❖ The amount of funds deposited was not in line with the client's profile



Some key indicators of ML/TF activities

- ❖ Unusual pattern of transactions
- ❖ Unusual settlement where cheques were issued to third parties with no apparent reasons
- ❖ Transactions lack business sense