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By Fax and By Mail
(Fax no.: 2509 9055)

Ms Flora Tai
Clerk to the Bills Committee on the
Drug Trafficking and Organised Crimes (Amendment) Bill 2000
The Legislative Council
3/F, Citibank Tower, 3 Garden Road
Hong Kong

Dear Ms Tai

Drug Trafficking and Organised Crimes (Amendment) Bill 2000

The Legal Working Group of the Life Insurance Council under the Hong Kong Federation of Insurers has considered the above Bill and is seriously concerned about the various amendments made to sections 25 and 25A of the Drug Trafficking (Recovery of Proceeds) Ordinance and the Organized and Serious Crimes Ordinance:

1. The new section 25(1A) creates a new offence of dealing in realisable property having reasonable grounds to "suspect" that the property in whole or in part represents a person's proceeds from drug trafficking or an indictable offence.
2. The amended section 25A alters the test for requiring a disclosure that property, inter alia, represents any person's proceeds of drug trafficking or of an indictable offence from "knows or suspects" to "knows or has reasonable grounds to suspect".

We find it unacceptable to alter the existing test from "reasonable ground to believe" to "reasonable ground to suspect" that requires a lower mental element. This represents a fundamental shift of responsibility from the law enforcement agencies to the financial institutions. All insurers in Hong Kong are now following the Anti-moneylaundering practice guidelines issued by the Office of the Insurance Commissioner. To replace such a well-established government guidelines with the test of reasonableness which is vague and unclear would impose an unreasonable and excessive burden on the financial institutions, in particular to require thousands of front line staff to ascertain what is reasonable outside the scope of the guidelines. We believe the existing system works well and we see no reason to alter the status quo.

We urge the Bills Committee to take our comments into account in its consideration of the above Bill.

Yours sincerely

Calvin Wong
Chairman, Legal Working Group
Life Insurance Council

CW/JW/vc

c.c.: The Hon. Mr. Bernard Chan