

**For Discussion
on 7 December 2010**

Legislative Council Panel on Security

Police Measures against Cross Boundary Deceptions

Purpose

At the meeting of the Panel on Security on 2 November 2010, Members requested the Administration to provide information on the measures taken by the Police against cross boundary deceptions.

Major Types of Cross Boundary Deceptions

2. Reports of deception cases received by the Police vary in type. The three major types of cases that involve cross boundary deceptions include “street deception”, “telephone scam” and “lottery fraud”. The modus operandi of these three most common types of cross boundary deception cases and their respective trends are described in paragraphs 3 to 11 below.

Street Deceptions

3. The most common types of street deception that involve cross boundary deception include “spiritual blessing”, “money/mobile telephone borrowing”, “fake electronic parts” and “medicine/herbs/pills”.

Spiritual Blessing

4. “Spiritual blessing” usually involve a group of Mainland swindlers who entice their victims into surrendering their valuables or cash for use in some kind of ritual. The culprits will then swap the victim’s property for a worthless substitute and flee. Since 2007, the number of such cases has continued to decrease from 145 in 2007 to 7 in 2009, representing a decrease of 95% (138 cases). Although the Police received 12 reports of such cases in 2010 (between January and September), the number remains to be small.

Money/Mobile Telephone Borrowing

5. “Money/mobile telephone borrowing scams” usually involve a culprit asking a victim to lend him/her money or his/her mobile telephone,

on the excuse that the culprit is a tourist badly in need of cash, or the culprit's own mobile telephone is out of order or has run out of battery. The culprit then disappears with the victim's money or mobile phone. In most cases, the swindler takes the mobile phone to the Mainland for re-sale. In some of the cases, the culprit may swap his own fake mobile phone with the victim's mobile phone for safekeeping before disappearing. Money/mobile telephone borrowing was the most prevalent type of street deception in 2008, totalling of 127 cases or 61.4% of the total number of street deception cases for the year. However, such cases decreased significantly to 27 in 2009. The year 2010 (between January and September) has seen a further decrease of 6 cases to only 14 cases when compared with the same period last year.

Fake Electronic Parts

6. In a "fake electronic parts" scam, a group of swindlers first pay the victim a small amount of money for keeping watch on some electronic goods, and then leaves the scene. A second culprit then approaches the victim and persuades him to purchase the electronic parts together from the first culprit for a high value when the first culprit returns. The victim discovers subsequently that he has been tricked into buying goods of little worth. The number of such crime peaked in 2008 (41 cases) before dropping to 11 and 6 cases in 2009 and 2010 (January to September) respectively.

Medicine /Herbs /Pills

7. A "medicine/herbs/pills" scam is usually carried out in the street by culprits who approach the victim trying to sell medicine/herbs/pills by exaggerating their health giving properties or tempting the victim to buy products as a joint venture in return for potentially huge profits. The victim only gets some worthless stuff if he/she pays money for the products. The number of such cases has dropped significantly from the highest in 2007 (14 cases) to only 2 cases in 2009 and 3 cases in 2010 (January to September).

Telephone Deceptions

8. Telephone deceptions mainly involve a culprit calling the victim by telephone and assuming the identity of one of the victim's relatives, friends or business associates. The culprit claims that he/she is experiencing financial difficulties and in need of money. The victim is asked to deposit or transfer money into a designated bank account

provided by the culprit. In recent years, some culprits have posed as local or Mainland public officers and threatened the victims over the phone. They would claim that the victims' relatives, friends or business associates are in heavy debt or have been arrested by the public security officers in the Mainland and asked the victims to settle the debt or pay the bail money. The culprits threaten to harm the victims if money is not deposited into the designated bank accounts. Investigation reveals that such telephone deception cases are trans-boundary in nature and the telephone calls are made from the Mainland. In most of the cases, the culprits receive money from the victims through local bank accounts and remittance agencies.

9. The number of telephone deceptions decreased in 2009 to 1 495 (a drop of 7.9%), compared with the peak of 1 623 reported cases in 2007. The latest figure has shown a declining trend. There is a further 7.9% decrease in the number of cases in 2010 (January to September) compared with the same period in 2009. The total amount of reported losses has also decreased by 54.6%.

Lottery Scams

10. In "lottery scams", fraudsters purport to be members of lottery or betting companies. They contact victims by phone, email or letter and tell them that they have won a substantial amount of money in a lottery or betting game. To lure the victims into believing that they have really won a prize, the fraudsters often use the name of legitimate local or overseas lotteries, or provide an email address, a Hong Kong telephone number or a Hong Kong address that purports to represent a fictitious Hong Kong company. The victims are asked to deposit an "administrative fee" or a "levy" once or even several times into a designated bank account or remit the amount to the account through a remittance agency. The fraudsters will immediately withdraw the money from the account or transfer it to another account to make it difficult for the victims to trace or get back the money.

11. Lottery scams surged from 354 cases in 2007 to 784 cases in 2008 (an increase of 121.5%). To combat such crime, the Commercial Crime Bureau (CCB) of the Police has taken over all lottery fraud cases and adopted an effective strategy in tackling pursuable cases since October 2008. With the implementation of various measures, the relevant figure has dropped significantly to 515 cases (a decrease of 34.3%) starting from 2009 and the decreasing trend continues. The latest figures show that the number of cases in 2010 (January to

September) has dropped by 29.3%, compared with the same period in 2009, and the total amount of reported losses has also decreased by 8.3%.

Measures against Cross Boundary Deceptions

12. The Police adopt a four-pronged strategy to combat cross-boundary deceptions, which include conducting intelligence-led operations with prompt and effective investigations, maintaining close liaison with the Mainland and overseas law enforcement agencies, taking preventive and educational measures, and adopting a multi-agency approach.

Conducting Intelligence-led Operations with Prompt and Effective Investigations

13. The Police have taken specific combating measures against various types of cross boundary deceptions. As for street deceptions, the working group on street deception set up by the Police in 2001 takes an active role in formulating and implementing intelligence-led proactive strategies. It also liaises with the Mainland and overseas law enforcement agencies closely to facilitate the exchange of intelligence. Between September and November 2010, the Police conducted a series of intelligence-led operations to combat street deceptions that involve cross-boundary elements. They have resulted in the successful neutralization of three cross-boundary deception syndicates and the arrest of a total of 13 Mainlanders. The property involved worth over \$310,000.

14. To combat telephone deceptions, the Police commission the Regional Crime Unit, Kowloon East as the central unit for monitoring and combined analysis of the information of such cases to facilitate consolidated investigation. If it is found upon investigation that such deception syndicates are operated outside Hong Kong, the information will be sent to the jurisdictions concerned for follow-up actions.

15. As for detection of lottery frauds, the CCB has taken over the handling of all reports on lottery frauds from different regions since October 2008. This is to assess the overall situation of lottery frauds in Hong Kong more effectively. The CCB has also deployed a dedicated intelligence team to deal with lottery frauds and enhance the communication with other law enforcement agencies and remittance agencies involved in such cases. With the new strategy, the CCB successfully neutralized 41 criminal syndicates over the last few years

and arrested 119 persons who had been involved in processing money which amounted to HK\$ 70 million. Most of the suspects of these cases were Taiwanese people. Among them, 56 persons had been convicted of money laundering or theft and sentenced to 4 to 66 months' imprisonment.

Maintaining Close Liaison with the Mainland and Overseas Law Enforcement Agencies

16. The Police have been liaising proactively with Mainland law enforcement agencies to establish close communication channels and mechanisms for the exchange of intelligence on cross boundary deceptions. Joint operations with Mainland public security authorities have also been carried out to neutralise cross-boundary deception syndicates. Combating cross boundary crimes has also been listed as one of the major agenda items in the annual Guangdong - Hong Kong - Macao Tripartite CID Heads Meeting.

17. On 10 November 2010, the Police held a seminar on "Combating Lottery Fraud in Co-operation with Overseas Law Enforcement Agencies". The seminar was attended by representatives from law enforcement agencies of Japan, the United States, the United Kingdom, Australia and France, etc. At the seminar, the Police elaborated on the trend and modus operandi of lottery fraud and shared with overseas law enforcement agencies the measures taken by Hong Kong to combat such crime.

Implementing Preventive and Educational Measures

18. The Police have stepped up efforts to prevent cross-boundary deceptions through enhanced publicity. To increase public's awareness, the Police conducted more than 700 publicity activities on anti-cross boundary deceptions in various districts in 2010. The Police also disclose the modus operandi adopted by fraudsters and spreads anti-deception messages to the public through various media (like television programmes, publicity leaflets and posters). The Police hold regular talks at elderly centres, kai-fong associations and other organisations and places easy-pull stands displaying anti-deception messages at major immigration control points to enhance public's alertness.

19. Furthermore, the Police have enhanced overseas publicity by working with overseas media. For instance, as Chinese people living in

Australia are targets of lottery fraud from time to time, the Police have, in collaboration with an Australian television station, produced a lottery fraud alert this year to help Chinese there learn more and become aware of the fraud.

Adoption of Multi-Agency Approach

20. The Police maintain close contact with various sectors concerned and advise them to stay alert. For example, the Police Response Teams established in 2003 have liaised closely with banks in each district to combat street deceptions. Bank staff who come across elderly customers withdrawing unusually large sums of money will contact these teams promptly for follow up if they remain doubtful after making inquiries. In view of the fact that Hong Kong is, in most cases, the initial place where culprits of lottery scams collect crime proceeds, the Police have frequent contacts with the banking industry and remittance agents to keep them informed of the latest situation concerning lottery scams. This is to alert frontline staff to suspicious-looking foreigners who open bank accounts in Hong Kong. In September 2010, a seminar organised by the Police featuring lottery scams for banking practitioners attracted over 200 representatives from 60 banks.

Conclusion

21. There has been a decreasing trend in street deceptions, telephone scams and lottery frauds in recent years. This is largely attributable to the success of the territory-wide publicity efforts and successful neutralization of a number of crime syndicates owing to intelligence exchange with the Mainland and overseas law enforcement agencies. However, the Police will not be complacent. The Police will continue to monitor the situation and review their combat strategies from time to time.

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