

For discussion
on 11 November 2016

Legislative Council Panel on Security Combating Telephone Deception

Introduction

This paper briefly outlines the trend of telephone deception as well as the Police's strategy and measures for combating the offence.

Legislation

2. Telephone 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. Besides, a person charged with obtaining property by deception under section 17 of the same Ordinance is liable to imprisonment for up to 10 years.

3. Any person charged with dealing with property known or believed to represent proceeds of indictable offence under section 25 of the Organized and Serious Crimes Ordinance (Cap. 455) for handling criminal proceeds of telephone deception is liable to imprisonment for up to 14 years.

Crime Trend

4. The number of telephone deception cases has been on the rise over the past ten years, with an increase of 65.7% from 1 738 cases in 2006 to 2 880 cases in 2015. The Government and the Police are highly concerned with the trend. Following a series of publicity and enforcement actions, the number of such cases has dropped since late 2015 to mid-2016.

5. From January to September 2016, the Police received a total of 732 telephone deception reports, a drop of 72.1% compared to the same period in 2015. The total amount of loss was HK\$154.56 million, a decrease of HK\$133.04 million or a drop of 46.3% compared to the same period last year. Figures on telephone deception cases since 2006 are at [Annex](#).

Modi Operandi

6. There are three main modi operandi of telephone deception: “Detained Son”¹, “Guess Who”² and “Pretend Officials”. Among these, “Pretend Officials” is the most common modus operandi recently. In such cases, fraudsters called the victims and pretended to be staff of express delivery companies, banks, public utilities or telecommunications companies, claiming that the victims had violated Mainland laws. Such calls would then be diverted to the fraudsters’ accomplices posing as Mainland law enforcement agents, who would either instruct the victims to log into a fraudulent Mainland law enforcement agency’s website showing that the victims were wanted, or who would send a bogus warrant to the victims by facsimile. The victims were subsequently asked by the fraudsters to prove their innocence by transferring money to a designated bank account on the Mainland.

7. The Police noticed a recent resurgence of “Pretend Officials” cases. Fraudsters have also changed their deception tactics by first playing a recording upon calling the victims, posing as staff members of the Hong Kong Immigration Department (ImmD) and claiming that there were documents to be collected. In addition, the victims were falsely alleged to be involved in criminal cases on the Mainland. Once the victims responded, the fraudsters would pose as “Mainland official” and then give instructions to the victims, telling them to transfer money to a “secure bank account” on the Mainland as the so-called “investigation cash deposit”, and subsequently luring the victims to disclose their banking details and passwords with different excuses. In some cases, fraudsters even changed their call number display to ImmD’s hotline number to gain the trust of victims. In September alone, there were 52 deception cases recorded by the Police which involved impersonating ImmD officers, with fraudsters successfully defrauding victims of money in 33 cases, representing a significant increase of more than three-fold over the eight cases recorded in August and a loss of over HK\$10 million. Recently, the Police also discovered several cases where deception syndicates sent their members to impersonate police officers or other law enforcement agents to collect money from the victims in person.

¹ “Detained Son” refers to calls made by fraudsters to victims claiming that their children or family members are being detained in an attempt to demand a ransom.

² “Guess Who” refers to calls made by fraudsters to victims asking them to guess the caller’s identity. Once the victims have made a response, the fraudsters would then impersonate their relatives or friends to cheat them out of money with various excuses.

Combat Strategies and Measures

8. Combating “Quick Cash Crime” is one of the Commissioner of Police’s Operational Priorities. “Targeting criminal groups involved in deception, particularly telephone, Internet and social media deception” has been listed as a key operational area. The Police combat telephone deception mainly through the following strategies:

Designated Subject Team

9. To enhance their professional capabilities in the investigation of telephone deception cases, the Police have designated the Regional Crime Unit of the Kowloon East Region as the Force Designated Subject Team of Telephone Deception (‘the Designated Subject Team’) for the co-ordination of territory-wide efforts against such crimes in investigation, intelligence gathering, publicity and education, application for enhancing sentence and external co-operation. The Police have also mobilized various Police units, including the Criminal Intelligence Bureau, Cyber Security and Technology Crime Bureau and Commercial Crime Bureau to assist the Designated Subject Team and other investigative units in pursuing all areas of enquiries such as tracing sources of fraudsters’ telephone numbers, analyzing the dissipation routes of money deceived, tracking IP addresses and other leads of enquiry and gathering intelligence from cyber platforms.

Intelligence Gathering

10. The Police closely monitor the trend and changes of all telephone deception cases and maintain close liaison with local, Mainland and overseas law enforcement departments for exchanging intelligence and taking intelligence-led law enforcement actions.

Publicity and Education

11. The Police have stepped up their multi-pronged publicity by disseminating information on the latest modi operandi and preventive messages on various common types of scams to the public through different channels, including leaflets, publicity banners, Hong Kong Police (HKP) Mobile Application, Police Public Page, HKP YouTube Channel, press conferences, and TV/radio interviews, etc. At the same time, the Police collaborate with different media by, among others, sending reminder SMS to more than six million phone numbers on prevention of telephone deception through mobile network operators, and co-operate with District Fight Crime Committees, telecommunications companies, banks, public utility companies, remittance

agencies, Hong Kong Housing Authority, hospitals and so on in a bid to raise public alertness on various deception tactics, remind the public to be vigilant at all times, stay calm upon receiving suspicious calls, carefully verify the caller's identity and not to arbitrarily disclose personal information to others.

12. Between January 2015 and September 2016, the Police's Designated Subject Team paid visits to over 1 500 local money exchange shops and remittance agencies. Communication with banks and money exchange shops was also enhanced to remind staff members of banks, money exchange shops and remittance agencies to identify potential victims as early as possible and take the initiatives to report such cases. From 2013 to September 2016, a total of 89 telephone deception cases were uncovered by local remittance agencies in which 89 potential victims were successfully stopped from transmitting sums amounting to HK\$4.1 million.

13. Since some of the telephone deception victims are Mainland exchange students and new arrivals, Regional Crime Prevention Offices have been working in collaboration with tertiary institutions to display publicity posters on campuses, send anti-deception e-mails to students and organise anti-deception seminars. Moreover, the Designated Subject Team has co-operated with the Hong Kong Mainland Students Association to disseminate telephone deception prevention messages to over 25 000 of its members in Hong Kong through the association's social media platform.

Multi-agency Co-operation

14. The Police endeavour to combat telephone deception with a multi-agency approach by, among others, discussing with the Office of the Communications Authority (OFCA) on the measures to help the public identify fraudulent calls. To this end, from August 2015 onwards, the OFCA has required the insertion of "+" sign in the calling number display of mobile phones for incoming calls originating from outside Hong Kong.

15. The Police maintain close liaison with the Hong Kong Monetary Authority to share information about the latest trend of using "stooge bank accounts" for laundering criminal proceeds, so as to facilitate the industry's exercise of due diligence in a more effective manner and report of transactions relating to suspicious bank accounts.

16. On another front, the Police are collaborating with City University of Hong Kong to develop a mobile application to assist in the identification of fraudulent calls. The development of such mobile application has been completed in the third quarter of 2016, and preparation is underway for the

commencement of a three-month trial programme.

Cross-boundary Collaboration

17. Telephone deception in Hong Kong is mainly a cross-boundary criminal activity as, in most cases, offenders make fraudulent calls from outside Hong Kong to evade detection. To combat syndicated telephone deception activities and tackle the crime at the source, the Police, in addition to liaising with relevant Mainland law enforcement units to step up intelligence exchange and mutual assistance on telephone deception cases, have been maintaining regular communication and co-ordination with such units in a joint effort against such crimes. Furthermore, the Police, in collaboration with Mainland and overseas law enforcement departments, have carried out joint operations against cross-boundary telephone deception syndicates. For example, in October 2015, the Police worked hand-in-hand with the Ministry of Public Security, the Guangdong Public Security Bureau and the Indonesian police to neutralise eight fraudulent call centres in Indonesia, arresting 224 persons (138 Taiwanese and 86 Mainlanders). At the same time, based on intelligence provided by the Hong Kong Police, the Guangdong Public Security Bureau further arrested 23 Mainlanders on the Mainland on suspicion of setting up fraudulent call centres in the Philippines. The telephone deception syndicate concerned was involved in at least 431 cases of “Pretend Officials” in Hong Kong, of which about \$118 million was deceived in 231 cases.

Achievements of Local Enforcement Actions

18. From January 2015 to September 2016, the Police detected 85 cases of “Detained Son” in total and arrested 44 two-way permit holders from the Mainland, a Macanese man and a Hong Kong man residing in the Mainland. All of them were instructed by deception syndicates to come to Hong Kong as “money collectors”. During the period, the Police also arrested 55 locals for involving in 96 cases of “Guess Who” as well as two locals for involving in six cases of “Pretend Officials”.

19. Apart from the investigation tactics mentioned in paragraph 9 above, the Police have also deployed the Major Incident Investigation and Disaster Support System in conducting data analysis, leading to successful detections. For example, in April 2015, the Police mounted an operation codenamed “Whippletree” against a local telephone deception syndicate specializing in the modus operandi of “Guess Who” and arrested 79 people. The mastermind and four core members have been sentenced to two to 45 months’ imprisonment. The remaining arrested persons are released on bail pending advice from the

Department of Justice. The cross-boundary joint operation against telephone deception syndicates which took place in October 2015 as mentioned in paragraph 17 above is another operational success attributable to the use of similar data analysis. The Police closely examine each case and criminal prosecution has been taken in respect of cases with sufficient evidence. To achieve a stronger deterrent effect, applications will also be made to the court by invoking section 27 of the Organized and Serious Crimes Ordinance to enhance the sentence of fraudsters.

20. From January to September in 2016, the court accepted the Police's applications for enhancing the sentences of nine defendants involving in 12 telephone deception cases. The sentence for each defendant was enhanced by four to 15 months, resulting in 24 to 40 months of imprisonment.

Conclusion

21. The Police will continue to proactively combat telephone deception. Upon receipt of any suspicious calls, members of the public shall carefully verify the caller's identity and shall not disclose their personal data arbitrarily. If ever in doubt, they are advised to report to the Police.

**Security Bureau
Hong Kong Police Force
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Figures of Telephone Deception Cases from 2006 to 2016

Year	Number of Cases
2006	1 738
2007	1 623
2008	1 429
2009	1 496
2010	2 019
2011	1 916
2012	2 314
2013	2 047
2014	2 220
2015	2 880
2016 (January to September)	732