

For discussion
on 6 March 2018

**Legislative Council Panel on Security
Initiatives for Preventing and Combatting
Deception Cases of Concern**

Introduction

This paper introduces the work of the Police's Anti-Deception Coordination Centre ("ADCC") and outlines the types and trends of deception cases worthy of attention and prevention.

Background

2. 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; any person charged with obtaining property by deception under section 17 of the same Ordinance is liable to imprisonment for up to 10 years. In addition, 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 proceeds of deception is liable to imprisonment for up to 14 years.

3. Although the overall crime figures have continued to fall in recent years, the number of deception cases still stand at a relatively high level, with their percentage in the overall crime figures rising from 5.9% in 2008 to 12.7% in 2017. The situations of certain types of deception cases, including online business fraud, telephone deception, corporate-level email scams, "online romance" scams, street deception cases, etc., are worthy of concern.

Anti-Deception Coordination Centre

4. To comprehensively coordinate Police resources, enhance collaboration with various stakeholders, reinforce the combat against various types of deception cases and raise the public's anti-deception awareness, the Police's Commercial Crime Bureau ("CCB") established the ADCC in July 2017. The ADCC operates round-the-clock with the following major functions:

- (a) monitoring and analysing the *modi operandi* and trends of different types of deception cases, with a view to formulating and implementing effective combating strategies;

- (b) coordinating anti-deception publicity work;
- (c) setting up a 24-hour telephone hotline “Anti-Scam Helpline 18222” to facilitate public enquiries and provide timely assistance; and
- (d) cooperating with the banking sector to intercept payments to fraudsters, so as to minimise the loss of victims.

5. In the past seven months since it came into operation, the ADCC has received more than 14 000 telephone enquiries, of which about half are general enquiries. Officers proactively provide anti-deception advice to members of the public, and assist those in need in making reports. The ADCC also co-operates with the banking sector to intercept payments to fraudsters. In about 660 requests for interception of payments, more than HK\$210 million have been successfully intercepted in 146 deception cases. In addition, the ADCC has also prevented 57 deception cases from happening.

6. Apart from providing assistance to the public, the ADCC is also responsible for coordinating the Police’s publicity work in combatting deception cases. The Police will analyse the trends of various types of deception cases and the profile of victims. The ADCC will coordinate with various units of the Police in formulating a comprehensive publicity strategy, and conduct crime prevention publicity in a focused manner for different target groups. The Police will continue to closely review the operation, manpower and effectiveness of the ADCC in order to make timely adjustment.

Types of deception cases of concern

Online business fraud

7. Over the past five years, online business frauds have shown a fluctuating trend, and their number rebounded noticeably in 2017. The relevant figures are as follows:

	2013	2014	2015	2016	2017
Number of cases	1 449	2 375	1 911	1 602	1 996
Amount lost (\$ million)	43.1	48.4	40.4	32.1	34.5

8. With online shopping and electronic transactions becoming increasingly common in recent years, online business frauds have soared. Among these, most worthy of noting is customer-to-customer online trading fraud, which involves fraud where the sellers and buyers conduct transactions in the name of individuals through online platforms. Victims often fail to collect goods, or receive counterfeit goods, after making payments. In 2017, this type of fraud accounted for nearly 80% of the total number of online business frauds, most of which involved the sale of concert or theme park tickets.

9. In response to the above trend, the Police have stepped up law enforcement actions. These included the arrest, in July and October 2017, of 35 local persons responsible for at least 160 cases of online trading fraud and online sale of fake theme park tickets, which incurred a loss of around HK\$900,000. At the same time, the Police have also, through different channels, reminded the public (especially netizens) to raise alertness while conducting transactions online.

Telephone deception

10. Although telephone deception has shown a downward trend in 2016 and 2017, the total amount of money lost remained at high level. The relevant figures for the past five years are as follows:

	2013	2014	2015	2016	2017
Number of cases	2 047	2 220	2 880	1 138	991
Amount lost (\$ million)	39.2	45.7	317.9	221.6	229.4

11. The three prevalent modi operandi of telephone deception are “Detained Son”, “Guess Who” and “Pretend Officials”. In “Detained Son” cases, fraudsters will call the victim, falsely claim to have detained the latter’s family member and demand a ransom. In “Guess Who” cases, fraudsters will call and ask the victim to guess the caller’s identity. Once the victim makes a response, the fraudsters will impersonate their relative or friend for swindle. In “Pretend Officials” cases, fraudsters will normally play a recording, posing as staff members of the Government, logistics companies, or other public or private organisations and falsely alleging that the victim is involved in criminal cases on the Mainland. The call will be diverted to another fraudster who pretends to be a “Mainland official” for swindle. In 2017, “Pretend Officials” cases accounted for about 70% of all telephone deception cases. Among the 618 victims suffering monetary loss from “Pretend Officials” cases, 75% were aged 30 or below, and about half were new arrivals who came to Hong Kong to study, work and visit relatives as well as new immigrants.

12. Telephone deception is generally a cross-boundary crime. To this end, the Police have been combatting the crime jointly with Mainland and overseas law enforcement authorities. For instance, the Hong Kong Police, in concerted efforts with the Guangdong Provincial Public Security Department and Foshan Public Security Bureau, neutralised a telephone deception syndicate in May 2017. Altogether seven Mainlanders were arrested for suspected involvement in at least 21 “Detained Son” cases occurred in Hong Kong which incurred a loss of around HK\$2 million. Besides, the Police arrested another 14 persons in Hong Kong in 2017 for suspected involvement in 32 “Pretend Officials” and “Detained Son” cases in which about HK\$27 million was swindled. The Police will continue to examine the trend of telephone deception and formulate publicity strategies targeting specific groups, such as Mainlanders and new immigrants who come to study and work in Hong Kong.

Corporate-level email scams

13. Although figures of corporate-level email scams have continued to fall in the past five years, the amount of money lost remained high. The relevant figures are as follows:

	2013	2014	2015	2016	2017
Number of cases	1 153	1 095	968	867	683
Amount lost (\$ million)	756.2	983.7	1 368.9	1 782.2	992.6

14. Fraudsters will hack into the email systems of companies to monitor their business dealings. Subsequently, they will send fraudulent emails by impersonating their senior staff or business partners to instruct the staff of the victim company to make payment into designated bank accounts. In 2017, the highest amount of money lost in a single corporate email scam was HK\$54.46 million. In addition, over 40% of victims of corporate-level email scams are Hong Kong companies, increasing by 5.9% comparing with 2016.

15. To combat cross-boundary email scam syndicates, the Police proactively exchange intelligence with overseas law enforcement agencies. In 2017, the ADCC successfully assisted an overseas company in intercepting a payment of around HK\$2 million. Subsequently, the Police also arrested a local woman suspected to have assisted the deception syndicate in opening 14 bank accounts for receiving crime proceeds, which amounted to HK\$16 million in total. The Police will continue to organise seminars for the commercial and banking sectors to explain the modus operandi of email scams, with a view to raising the sectors’ alertness against such scams.

Online romance scams

16. Over the past four years¹, the number of “online romance” scams and the amount of loss have continued to rise. The relevant figures are as follows:

	2014	2015	2016	2017
Number of cases	29	62	114	235
Amount lost (\$ million)	30.3	32.4	95.0	107.9

17. “Online romance” scammers will befriend the victim through online social platforms using false identities. Once the scammers have gained the victim’s trust, they will ask the victim for money on various excuses. Females account for 95% of the victims, and they generally possess higher academic qualifications, are computer-literate and able to communicate in English. Scammers of such cases are usually abroad and use offshore accounts to receive the money they swindled, making it more difficult for the Police to investigate.

18. In light of the upward trend of this type of deception case, the Police have strengthened their cooperation with overseas law enforcement agencies to combat such kind of cross-boundary crime. For instance, in October 2017, the Hong Kong police cooperated with the Malaysian police and neutralised a Malaysian-based syndicate, arresting 11 persons including the mastermind, and leading to the detection of at least 49 Hong Kong cases which incurred a loss of HK\$25 million. The Police will continue to carry on their targeted publicity and education work to remind the public to stay alert when making friends online through different media.

Street deception

19. Over the past five years, street deception cases have shown a fluctuating trend, and their number rebounded noticeably in 2017. Relevant figures are as follows:

	2013	2014	2015	2016	2017
Number of cases	76	50	56	25	90
Amount lost (\$ million)	5.4	1.6	4.3	2.2	8.0

¹ The Police began to maintain figures of “online romance” scams since 2014.

20. The main modi operandi of street deception include “Spiritual Blessing”, “Electronic Parts”, “Dropped Money” and “Selling Medicine”. In 2017, about 60% of the street deception cases were “Spiritual Blessing”, incurring a loss of about HK\$7 million and with all the victims being elderly persons. Fraudsters of “Spiritual Blessing” will falsely claim that the victim or their family members suffer from some illness or even “haunting by evil spirits”, using such as excuses to ask for money or valuables from the victims so as to spare their family members from misfortune, and swindle the victim’s belongings by swapping them by counterfeit ones.

21. The Police are committed to combatting street deception. In 2017, the Police arrested a total of 19 persons suspected to be involved in at least 35 street deception cases, in which 32 elderly persons were deceived and lost HK\$2.7 million in total. The Police also remind the public, particularly the elderly, through channels like the Police Magazine programme and the Senior Police Call, to stay alert at all times.

Concluding remarks

22. Combatting “Quick Cash Crime” is one of the Commissioner’s Operational Priorities for 2018, of which the Force’s collaboration with stakeholders in cracking criminal groups involved in deception through the support of the ADCC has been listed as a focus of work. The Police will continue to enhance public alertness and combat all types of deception through strengthening law enforcement, publicity and education, multi-agency co-operation, intelligence analysis and cross-boundary collaboration. The Police appeal to members of the public to stay alert at all times so as to avoid becoming fraudsters’ target. When there is a case of suspected deception, the public should report to the Police or call the “Anti-Scam Helpline 18222” for enquiry.

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Hong Kong Police Force
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