



FRAUD & WHITE COLLAR CRIME

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FRAUD AND WHITE-COLLAR CRIME IN HONG KONG: A 2025 OUTLOOK

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Hong Kong has long been recognised as a global financial hub, but its economic prominence also makes it a prime target for fraud and white-collar crime. In 2025, the landscape of financial crime in the city is evolving, driven by technological advancements, regulatory changes, and shifting criminal methodologies.

Current landscape of fraud and white-collar crime

The digitisation of financial services has led to a surge in cyber-related fraud. According to the Hong Kong Police Force's latest data (2024), reported cyber fraud cases increased by 22% year-on-year, with losses exceeding HK\$5.2 billion. Common scams include:

- Phishing and Business Email Compromise (BEC) scams: Fraudsters impersonate executives or vendors to deceive employees into transferring funds.
- Investment and cryptocurrency scams: Fake trading platforms lure victims with promises of high returns before disappearing with their funds.
- Romance scams: Social engineering tactics exploit emotional vulnerabilities to extract money from victims. Many of these fraudulent activities are characterised by their international and anonymous nature, often leveraging online platforms and instant messaging services.

Beyond traditional fraud, other significant white-collar crimes in Hong Kong include money laundering and bribery/corruption. Hong Kong's status as a major financial centre, coupled with no foreign exchange controls and rapid digital fund movements, makes it an attractive target for money launderers. Complex financial transactions are often employed to disguise illicit proceeds, with some cases involving the use of 'underground' money changers (money service operators) who, under the guise of providing foreign exchange services, facilitate the laundering of scammed funds. The Joint Financial Intelligence Unit (JFIU), a unit operated by the HK Police and HK Customs and Excise Department reported a 15% increase in suspicious transaction reports (STRs) in 2024, indicating heightened vigilance but also persistent risks.





Corporate fraud – including embezzlement, false accounting, and bribery – continues to plague businesses. The Independent Commission Against Corruption (ICAC) reported a 10% rise in private sector corruption cases in 2024, with procurement fraud and conflicts of interest being key concerns.

Legal recourses

Aside from reporting the matter to law enforcement agencies for their help in criminal investigation and possible “freezing” of crime proceeds in bank accounts and crypto exchanges, another avenue of recourse for victims of fraud and white collar crime is through civil legal means.

In Hong Kong, lawyers can help victims with civil claims against the criminals and/or parties who hold the crime proceeds in their bank accounts or digital wallets with the victim’s scammed funds. The available remedies include: asset freezing orders

(injunction), disclosure orders, tracing orders and legal action for judgment and enforcement to recover the scammed funds.

Recent legal developments and regulatory changes (2024-2025)

The period of 2024-2025 has seen intensified efforts by Hong Kong authorities to combat white-collar crime and market misconduct. The Securities and Futures Commission (SFC) has maintained a strategic focus on high-impact cases, conducting 468 investigations in the quarter ending 30 September 2024, across areas such as corporate disclosure, misgovernance, insider dealing, intermediary misconduct, market manipulation, and unlicensed activities. Disciplinary actions in 2023/2024 resulted in fines totaling HKD49.9 million (approximately USD6.4 million) against 14 individuals and 12 corporations.

Insider dealing and market manipulation are high on the SFC’s enforcement agenda. Notable actions in 2024 include a high-profile

prosecution for insider dealing against a hedge fund management firm and its executives, and a Market Misconduct Tribunal (MMT) order for a former chief executive to disgorge over HKD350 million (approximately USD45 million) for insider dealing.

The SFC has also collaborated with the Hong Kong Police Force (HKPF) to target largescale syndicates involved in ramp-and-dump and market manipulation schemes, leading to the first ramp-and-dump prosecution in the District Court in 2024.

Cooperation among regulatory and enforcement authorities has been a key theme. The SFC and the Stock Exchange of Hong Kong Limited (HKEX) have collaborated on disciplinary outcomes, and the SFC has joined forces with the Insurance Authority (IA) to investigate irregularities in the life insurance sector, including the first-ever joint operation with the IA on an SFC-licensed fund manager.

Furthermore, the Hong Kong Competition Commission (HKCC) and the ICAC have conducted joint operations against bid-rigging and corruption syndicates. The SFC and ICAC also launched a joint investigation into suspected misconduct in public office in November 2024.



Regulatory changes in 2025 are also targeting fraud prevention, particularly in response to the surge in scams in 2024. The Hong Kong Monetary Authority (HKMA) is strengthening its oversight through the relevant Anti-money laundering laws, which tightens controls on digital payment platforms and virtual assets. The HKMA has also issued enhanced fraud management guidelines, emphasising a risk-based approach and launching collaborative initiatives with banks to curb digital ecosystem scams.

A significant challenge emerging in 2025 is the rise of fraud perpetrated with the assistance of Generative AI (Gen AI), such as deepfake scams. These advanced tactics make scams increasingly convincing, especially authorised payment scams where victims are manipulated into willingly authorising transactions. Traditional detection methods are less effective against such sophisticated schemes, necessitating investment in advanced AI and biometric-based detection systems and enhanced data sharing among financial institutions.

Challenges ahead

The complex and often cross-border nature of white-collar crime presents significant challenges in Hong Kong. Detecting these crimes can be difficult due to intricate financial transactions that may take months or even years to unravel. The jurisdictional complexities of international cases further complicate investigations and enforcement efforts, often requiring cooperation with overseas law enforcement and regulatory bodies.

For regulated corporations, the intensified regulatory scrutiny and enforcement



actions mean a heightened need for robust compliance frameworks. The SFC's updated Guidance Note on Cooperation emphasizes the importance of voluntary and prompt self-reporting, provision of true and complete information, acceptance of liability, and implementation of rectification measures as factors considered in resolving matters and determining sanctions. This underscores the critical role of proactive internal investigations and a culture of compliance within organisations.

The rise of AI-driven cyber fraud also demands a reevaluation of existing fraud prevention and detection strategies. To combat such risks and threats, corporations should assess the legal and reputational risks associated with these new forms of fraud and consider the adoption of advanced technological solutions to fortify defenses. This includes understanding the implications of data sharing initiatives among financial institutions to combat these evolving threats.

Furthermore, for companies interested in operating virtual assets trading exchanges, the focus on virtual assets and their integration into the traditional financial system necessitates careful attention to

compliance with the AML/CFT Ordinance and guidelines issued by the HKMA and SFC. Organisations dealing with virtual assets must ensure they have the necessary licenses and robust risk management, due diligence, and customer protection measures in place. The SFC's A-S-P-I-Re Roadmap issued in February 2025 provides a framework for navigating this evolving landscape, emphasising access, safeguards, products, infrastructure, and relationships.

Conclusion

The landscape of fraud and white-collar crime in Hong Kong in 2025 is characterised by persistent traditional threats and the emergence of sophisticated, technologically advanced schemes. Law enforcement and regulatory bodies are responding with intensified enforcement, increased inter-agency cooperation, and updated guidelines to address these challenges. Corporations in Hong Kong should stay abreast of these developments. Proactive compliance, robust internal controls, and a willingness to embrace new technologies for fraud detection and prevention are essential to mitigate risks and ensure the integrity of their organisations in Hong Kong's dynamic financial environment.



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