

'Loopholes' allow controversial deals Mugabe exploited lax laundering rules, experts say

Greg Torode

The reported purchase by Zimbabwe's President Robert Mugabe and his wife Grace of a luxury house in Tai Po shows Hong Kong still has trouble implementing tightened international curbs on money laundering, say bankers, lawyers and financial investigators.

While leading financial institutions will not deal with Mr Mugabe and his family to avoid the risk to their reputations, smaller banks, remittance agents and property lawyers may do so, whether willingly or out of ignorance.

All such businesses are supposed to report transactions involving so-called "politically exposed people" to Hong Kong police, according to recommendations adopted in 2004 by Hong Kong as a member of the international Financial Action Taskforce. Making a report to police does not necessarily prevent a deal, nor automatically trigger an investigation, but it does provide legal cover in case inquiries are launched later.

The taskforce's latest report says Hong Kong is not complying fully with requirements covering politically exposed people and their families. Local guidelines do not demand scrutiny by banks' or insurers' senior managers of accounts held by such people. Enforceable provisions involving the identification and verification of such figures have yet to be extended to money changers and remittance agents, according to its report, issued in July.

The report is generally positive about Hong Kong's legal set-up to fight money laundering, however.

One compliance officer at a leading Hong Kong finance house said: "Many of us are shocked at the way



King's Park Hill (above) and the house Robert Mugabe reportedly bought: Photos: SMP Pictures, Reuters



the likes of Mugabe and [ousted Thai prime minister] Thaksin Shinawatra can set up homes here with apparent ease. But sadly I'm not surprised ... there are so many loopholes lower down the chain that Hong Kong is still a good bolt-hole for these people, despite a lot of work in the government and private sector.

"When fat commissions are involved, due diligence too often goes out the window."

His comments were echoed by other financial investigators. They said Hong Kong still had a lot to do to meet tougher international requirements, particularly given the ease of banking and company registration.

Britain's *Sunday Times* news-

paper reported last month that the Mugabes had bought a house in Tai Po's JC Castle complex, an Emperor Group project. Records show it was bought through a shelf company in July for HK\$40 million, and that no mortgage was taken out on it. Mr Mugabe has denied buying a house in Hong Kong but says he rents a property in the city in which his daughter - and her friend stay.

Property filings also show that Thaksin's daughter Paetongtarn bought a luxury home in Ho Man Tin's King's Park Hill development for HK\$45 million in November, also without a mortgage. The purchase - the family's first in Hong Kong - was made weeks after Thaksin was sentenced in absentia to two years jail for abuse of power in a land deal.

With Mugabe the subject of international sanctions and Thaksin a fugitive from justice, local companies involved in every step of each deal should have filed transaction reports to the police force's joint financial intelligence unit. "A simple computer check is mostly enough to figure out if someone is politically exposed," one investigator said.

A police spokesman cited the taskforce's July report and said the force did not keep a tally of reports involving politically exposed persons. He would not say whether any had been received concerning the Mugabe or Thaksin properties.

Only a handful of prosecutions have ever been brought for failing to provide such a report.

A spokesman for the Financial Services and the Treasury Bureau said Hong Kong was committed to implementing the taskforce's recommendations and "actively participating in the international fight against money laundering".



Protesters against the planned development of the Tsim Sha Tsui bus terminal into a shopping mall express their views yesterday. Photo: Dickson Lee

Heritage plea for TST bus terminal

Joyce Ng

Activists have taken their campaign to save the Tsim Sha Tsui bus terminal to new heights - asking Unesco and international scholars to consider its historic value. Until now, the campaign has focused on the terminal's convenient access to the Star Ferry pier.

Our Bus Terminal, a four-member group, will fly to Hanoi next month to present a research paper at an annual Unesco seminar on heritage issues. Their paper will argue that the government is destroying the city's historic urban landscape by removing its first public transport interchange.

Meanwhile, the Central and Western Concern Group and an architecture professor from Hong Kong

University will speak at the Unesco seminar about the Urban Renewal Authority's redevelopment of Central's historic Graham Street market.

The terminal activists formed a network on the social networking site Facebook to promote their cause last year, after the government announced a plan to turn the terminal into a piazza with a five-storey shopping mall. It has gathered support from over 3,000 netizens.

Its chairman, Leslie Chan Kulong, said the bus terminal, which has been in operation since 1921, was the first of its kind in the city - a connection between a ferry pier, a railway station (since torn down), taxis and minibuses - which contributed to Tsim Sha Tsui's development.

He is glad the forum will draw international attention to their cause.

Transport hub

The Tsim Sha Tsui bus terminal has been in use since

1921

"I hope this will exert some pressure on our government to think twice before destroying the terminal and turning it into a soulless, open space."

The terminal is used by as many as 3,000 bus passengers per hour on weekdays, according to a count made by his group last month.

The transport flow comprised an

impressive part of the urban landscape, he argued in the paper, and the government's piazza plan would "delink the historic fabric".

Mr Chan's paper has won three As, one B and one C from an evaluation committee of scholars on heritage preservation organised by Unesco.

"An interesting paper, especially in the choice of transport infrastructure as the unit of analysis," said a committee member who gave it an A grade.

A spokeswoman for the Tourism Commission said the piazza plan was supported by the Yau Tsim Mong District Council and the tourism industry, and that a new transport interchange would be created near the adjacent Hong Kong Cultural Centre.