

FINTRAC: Combating Money Laundering and Terrorist Financing

Who is FINTRAC?

FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, is Canada's financial intelligence unit. FINTRAC plays an integral role in Canada's efforts to combat organized crime and terrorism by providing intelligence relating to suspicions of money laundering and terrorist financing to law enforcement, intelligence agencies, and relevant government departments and agencies.

FINTRAC was established in 2000 under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* as an independent federal government agency operating at arm's length from the departments and agencies to which it can provide financial intelligence.

What does FINTRAC do?

To provide high-quality intelligence, FINTRAC collects reports on financial transactions from financial institutions and financial intermediaries, referred to as reporting entities, and subjects them to rigorous analysis.

ELEMENTS OF OUR COMPLIANCE PROGRAM

FINTRAC allocates its resources and initiatives where it has assessed that the greatest risk of noncompliance exists. Our compliance program contains six key functions.

- Reporting entity assistance
- Policy interpretation
- Risk assessment and targeting
- Quality and quantity assurance
- Examinations
- Disclosure of non-compliance to law enforcement

Another central aspect of FINTRAC's mandate is to ensure that reporting entities are compliant with their reporting obligations, as well as all other requirements under the *PCMLTFA*.

FINTRAC also aims to enhance public awareness and understanding of matters related to money laundering and terrorist financing.

Who has obligations under the PCMLTFA?

Currently, reporting entities such as financial entities (including banks, credit unions, *caisses populaires*), life insurance companies, securities dealers, money service and foreign exchange businesses, accountants, real estate representatives, and casinos have obligations under the *PCMLTFA*.

These obligations include the reporting to FINTRAC of any suspicious transactions, as well as cash transactions and international electronic funds transfers in amounts over \$10,000. Other requirements include the development of a compliance regime, the maintaining of records, and ascertaining the identity of clients.

How does this affect Notaries?

Draft regulations that were pre-published by the Government of Canada in June propose to extend reporting and other *PCMLTFA* obligations to new sectors, including BC Notaries.

How does FINTRAC ensure compliance?

FINTRAC adopts a cooperative approach to ensuring compliance. The Centre works collaboratively with reporting entities to assist them with

understanding their obligations, and seeks to build strong relationships with trade associations and other regulators.

FINTRAC provides assistance using various methods, including print and online publications, outreach and feedback sessions, and presentations at trade shows and conferences. Extensive guidance is provided on the FINTRAC Website, including FINTRAC Guidelines, which provide plain-language explanation of the regulatory requirements for each sector that must report to FINTRAC.

A risk-based approach is used to identify those reporting entities that are at the highest risk of being noncompliant. FINTRAC does conduct examinations of reporting entities and administers compliance questionnaires to verify entities' level of compliance with their obligations under the *PCMLTFA* and to identify any deficiencies. FINTRAC will work with reporting entities to resolve any deficiencies uncovered within a reasonable timeframe.

Although FINTRAC can disclose cases of noncompliance to law enforcement, generally this occurs when it is deemed the only course of action to address the noncompliance.

To learn more about FINTRAC and Canada's effort to combat money laundering and terrorist financing activities, visit FINTRAC's Website: www.fintrac.gc.ca. ▲

Source: Robby Judge and Christopher Lawton, Compliance Officers

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