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PROCEEDS OF CRIME (MONEY LAUNDERING) ACT

LOI SUR LE RECYCLAGE DES PRODUITS DE LA CRIMINALITÉ

**Proceeds of Crime (Money Laundering) Suspicious Transaction Reporting Regulations**

**Règlement sur la déclaration des opérations douteuses**

P.C. 2001-1500 28 August, 2001

C.P. 2001-1500 28 août 2001

Whereas, pursuant to subsection 73(2) of the *Proceeds of Crime (Money Laundering) Act*<sup>a</sup>, a copy of the proposed *Proceeds of Crime (Money Laundering) Suspicious Transaction Reporting Regulations* was published, substantially in the form set out in the annexed Regulations, as part of the *Proceeds of Crime (Money Laundering) Regulations, 2000* in the *Canada Gazette, Part I*, on February 17, 2001 and a reasonable opportunity was thereby given to interested persons to make representations to the Minister of Finance with respect to the proposed Regulations;

Attendu que, conformément au paragraphe 73(2) de la *Loi sur le recyclage des produits de la criminalité*<sup>a</sup>, le projet de règlement intitulé *Règlement sur la déclaration des opérations douteuses*, conforme en substance au texte ci-après, a été publié dans la *Gazette du Canada Partie I* le 17 février 2001 comme partie du *Règlement de 2000 sur le recyclage des produits de la criminalité* et que les intéressés ont ainsi eu la possibilité de présenter leurs observations à cet égard au ministre des Finances,

Therefore, Her Excellency the Governor General in Council, on the recommendation of the Minister of Finance, pursuant to section 73 of the *Proceeds of Crime (Money Laundering) Act*<sup>a</sup>, hereby makes the annexed *Proceeds of Crime (Money Laundering) Suspicious Transaction Reporting Regulations*.

À ces causes, sur recommandation du ministre des Finances et en vertu de l'article 73 de la *Loi sur le recyclage des produits de la criminalité*<sup>a</sup>, Son Excellence la Gouverneure générale en conseil prend le *Règlement sur la déclaration des opérations douteuses*, ci-après.

**PROCEEDS OF CRIME (MONEY LAUNDERING) SUSPICIOUS TRANSACTION REPORTING REGULATIONS**

**RÈGLEMENT SUR LA DÉCLARATION DES OPÉRATIONS DOUTEUSES**

INTERPRETATION

DÉFINITIONS ET INTERPRÉTATION

1. (1) For the purposes of the Act and in these Regulations, “casino” means a person or entity that is licensed, registered, permitted or otherwise authorized to do business under any of paragraphs 207(1)(a) to (g) of the *Criminal Code* and that has an establishment

1. (1) Dans la Loi et le présent règlement, « casino » s’entend d’une personne ou entité autorisée, par licence, permis, enregistrement ou autrement, à exercer une activité régie par l’un ou l’autre des alinéas 207(1)a) à g) du *Code criminel* et qui a un établissement, selon le cas :

- (a) that the person or entity holds out to be a casino and in which roulette or card games are carried on; or
- (b) where there is a slot machine, which, for the purposes of this definition, does not include a video lottery terminal.

- a) qu’elle représente comme étant un casino et où l’on peut jouer à la roulette ou à des jeux de cartes;
- b) où se trouve une machine à sous autre qu’un appareil de loterie vidéo.

(2) The definitions in this subsection apply in these Regulations.

(2) Les définitions qui suivent s’appliquent au présent règlement.

“accountant” means a chartered accountant, a certified general accountant or a certified management accountant. (*comptable*)

« comptable » Comptable agréé, comptable général licencié ou comptable en management accrédité. (*accountant*)

“Act” means the *Proceeds of Crime (Money Laundering) Act*. (*Loi*)

« comptant » ou « espèces » Pièces de monnaie visées à l’article 7 de la *Loi sur la monnaie*, billets émis aux fins de circulation au Canada par la Banque du Canada en vertu de la *Loi sur la Banque du Canada* ou pièces de monnaie et billets de banque d’un pays étranger. (*cash or currency*)

“cash” or “currency” means coins referred to in section 7 of the *Currency Act*, notes issued by the Bank of Canada pursuant to the *Bank of Canada Act* that are intended for circulation in Canada and coins or bank notes in the currency of countries other than Canada. (*comptant ou espèces*)

« courtier ou agent immobilier » Individu autorisé par licence, permis ou enregistrement délivré aux termes d’une loi provinciale à vendre ou à acheter des biens immobiliers. (*real estate broker or sales representative*)

“CICA Handbook” means the handbook prepared and published by the Canadian Institute of Chartered Accountants, as amended from time to time. (*Manuel de l’ICCA*)

« entité financière » Banque régie par la *Loi sur les banques*, banque étrangère autorisée — au sens de l’article 2 de cette loi — dans le cadre de ses activités au Canada, coopérative de crédit, caisse d’épargne et de crédit ou caisse populaire régies par une

“financial entity” means an authorized foreign bank within the meaning of section 2 of the *Bank Act* in respect of its business in Canada or a bank to which that Act applies, a cooperative

<sup>a</sup> S.C. 2000, s. 17

<sup>a</sup> L.C. 2000, ch. 17

credit society, savings and credit union and caisse populaire that are regulated by a provincial Act, an association that is regulated by the *Cooperative Credit Associations Act*, a company to which the *Trust and Loan Companies Act* applies and a trust company and loan company regulated by a provincial Act. It includes a department or agent of Her Majesty in right of Canada or of a province where the department or agent is carrying out an activity referred to in section 8. (*entité financière*)

“funds” means cash, currency, securities and negotiable instruments or other financial instruments, in any form, that indicate a person’s title or interest in them. (*fonds*)

“life insurance broker or agent” means an individual who is registered or licensed under provincial legislation to carry on the business of arranging contracts of life insurance. (*représentant d’assurance-vie*)

“money services business” means a person that is engaged in the business of remitting or transmitting funds by any means through any entity or electronic funds transfer network, or of issuing or redeeming money orders, traveller’s cheques or other similar negotiable instruments. It includes a financial entity when it carries out one of those activities with a non-account holder. (*entreprise de transfert de fonds ou de vente de titres négociables*)

“real estate broker or sales representative” means an individual who is registered or licensed under provincial legislation in respect of the sale or purchase of real estate. (*courtier ou agent immobilier*)

“trust company” means a company to which the *Trust and Loan Companies Act* applies or a trust company regulated by a provincial Act. (*société de fiducie*)

2. For the purposes of these Regulations, an individual acting on behalf of his or her employer is acting on behalf of any person or entity except where the individual

- (a) is depositing cash into the employer’s account;
- (b) is a legal counsel who is carrying out an activity referred to in section 5; or
- (c) is an accountant who is carrying out an activity referred to in section 6.

APPLICATION OF PART 1 OF THE ACT

3. Part 1 of the Act applies to life insurance brokers and agents.

4. (1) Every money services business is subject to Part 1 of the Act when it engages in any of the following activities:

- (a) remitting or transmitting funds by any means through any entity or electronic funds transfer network; and
- (b) issuing or redeeming money orders, traveller’s cheques or other similar negotiable instruments.

(2) For greater certainty, paragraph (1)(b) does not apply in respect of the redemption of any cheque payable to bearer.

5. Every legal counsel is subject to Part 1 of the Act when they engage in any of the following activities on behalf of any person or entity, including the giving of instructions on behalf of any person or entity in respect of those activities:

- (a) receiving or paying funds, other than those received or paid in respect of professional fees, disbursements, expenses or bail;
- (b) purchasing or selling securities, real property or business assets or entities; and
- (c) transferring funds or securities by any means.

loi provinciale, association coopérative de crédit régie par la *Loi sur les associations coopératives de crédit*, société régie par la *Loi sur les sociétés de fiducie et de prêt* ou société de fiducie ou de prêt régie par une loi provinciale. Y est assimilé tout ministre ou mandataire de Sa Majesté du chef du Canada ou d’une province lorsqu’il exerce les activités visées à l’article 8. (*financial entity*)

« entreprise de transfert de fonds ou de vente de titres négociables » Personne exploitant une entreprise qui remet ou transmet des fonds par tout moyen et par l’intermédiaire d’une entité ou d’un réseau de télévirement ou qui émet ou rachète des mandats-poste, des chèques de voyage ou des titres négociables semblables. Y est assimilée toute entité financière lorsqu’elle exerce l’une de ces activités avec une personne qui n’est pas titulaire d’un compte auprès d’elle. (*money services business*)

« fonds » Espèces, valeurs mobilières, effets négociables ou autres instruments financiers, quelle que soit leur forme, qui font foi du titre ou d’un intérêt à l’égard de ceux-ci. (*funds*)

« Loi » La *Loi sur le recyclage des produits de la criminalité*. (*Act*)

« Manuel de l’ICCA » Le manuel rédigé et publié par l’Institut canadien des comptables agréés, avec ses modifications successives. (*CICA Handbook*)

« représentant d’assurance-vie » Individu autorisé par licence, permis ou enregistrement délivré aux termes d’une loi provinciale à prendre des arrangements pour la conclusion de polices d’assurance-vie. (*life insurance broker or agent*)

« société de fiducie » Société régie par la *Loi sur les sociétés de fiducie et de prêt* ou société de fiducie régie par une loi provinciale. (*trust company*)

2. Pour l’application du présent règlement, tout individu qui agit pour le compte de son employeur est réputé agir pour le compte d’autrui, sauf dans les cas suivants :

- a) il dépose une somme dans le compte de son employeur;
- b) il est un conseiller juridique exerçant une activité visée à l’article 5;
- c) il est un comptable exerçant une activité visée à l’article 6.

APPLICATION DE LA PARTIE 1 DE LA LOI

3. Tout représentant d’assurance-vie est assujéti à la partie 1 de la Loi.

4. (1) Toute entreprise de transfert de fonds ou de vente de titres négociables est assujéti à la partie 1 de la Loi dans les cas suivants :

- a) lorsqu’elle remet ou transmet des fonds par tout moyen et par l’intermédiaire d’une entité ou d’un réseau de télévirement;
- b) lorsqu’elle émet ou rachète des mandats-poste, des chèques de voyage ou des effets négociables semblables.

(2) Il est entendu que l’alinéa (1)b) ne vise pas le rachat de chèques.

5. Les conseillers juridiques sont assujéti à la partie 1 de la Loi lorsqu’ils exercent l’une ou l’autre des activités suivantes pour le compte d’autrui ou lorsqu’ils donnent des instructions pour le compte d’autrui à cet égard :

- a) la réception ou le paiement de fonds, autres que ceux qu’ils reçoivent ou paient à titre d’honoraires professionnels, de cautionnements, de débours ou de dépenses;
- b) l’achat ou la vente de valeurs mobilières, de biens immobiliers ou d’entités ou d’actifs commerciaux;

**6.** (1) Every accountant is subject to Part 1 of the Act when they

- (a) engage in any of the following activities on behalf of any person or entity, namely,
  - (i) receiving or paying funds,
  - (ii) purchasing or selling securities, real property or business assets or entities, and
  - (iii) transferring funds or securities by any means;
- (b) give instructions on behalf of any person or entity in respect of any activity referred to in paragraph (a); and
- (c) receive professional fees in respect of any activity referred to in paragraph (a) or in respect of any instructions referred to in paragraph (b).

(2) For greater certainty, subsection (1) does not apply in respect of audit, review or compilation engagements carried out in accordance with the recommendations set out in the CICA Handbook.

**7.** Every real estate broker or sales representative is subject to Part 1 of the Act when they engage in any of the following activities on behalf of any person or entity in the course of a real estate transaction:

- (a) receiving or paying funds;
- (b) depositing or withdrawing funds; and
- (c) transferring funds by any means.

**8.** Every department and agent of Her Majesty in right of Canada or of a province is subject to Part 1 of the Act when it

- (a) accepts deposit liabilities in the course of providing financial services to the public; or
- (b) sells money orders in the course of providing financial services to the public.

#### REPORTING OF SUSPICIOUS TRANSACTIONS

**9.** (1) Subject to subsection (2), a report under section 7 of the Act concerning a financial transaction in respect of which there are reasonable grounds to suspect that the transaction is related to the commission of a money laundering offence shall contain the information set out in the schedule.

(2) The requirement to report information set out in the schedule does not apply to a person or entity in respect of information set out in an item of the schedule that is not marked with an asterisk if, after taking reasonable measures to do so, the person or entity is unable to obtain the information.

**10.** The report shall be sent to the Centre within 30 days after the person or entity or any of its employees or officers first detects a fact respecting a transaction that constitutes reasonable grounds to suspect that the transaction is related to the commission of a money laundering offence.

**11.** (1) The report shall be sent electronically in accordance with guidelines for report submissions that are issued by the Centre, where the sender has the technical capabilities to do so.

c) le virement de fonds ou de valeurs mobilières par tout moyen.

**6.** (1) Les comptables sont assujettis à la partie 1 de la Loi dans les cas suivants :

- a) lorsqu'ils exercent l'une ou l'autre des activités suivantes pour le compte d'autrui :
  - (i) la réception ou le paiement de fonds,
  - (ii) l'achat ou la vente de valeurs mobilières, de biens immobiliers ou d'entités ou d'actifs commerciaux,
  - (iii) le virement de fonds ou de valeurs mobilières par tout moyen;
- b) lorsqu'ils donnent des instructions pour le compte d'autrui à l'égard de l'une ou l'autre des activités visées à l'alinéa a);
- c) lorsqu'ils reçoivent des honoraires professionnels relativement à l'une ou l'autre des activités visées à l'alinéa a) ou relativement aux instructions visées à l'alinéa b).

(2) Il est entendu que le paragraphe (1) ne vise pas les activités exercées dans le cadre d'une mission de vérification, d'examen ou de compilation effectuée conformément aux recommandations du Manuel de l'ICCA.

**7.** Les courtiers ou agents immobiliers sont assujettis à la partie 1 de la Loi lorsque, dans le cadre d'une opération immobilière, ils exercent l'une ou l'autre des activités suivantes pour le compte d'autrui :

- a) la réception ou le paiement de fonds;
- b) le dépôt ou le retrait de fonds;
- c) le virement de fonds par tout moyen.

**8.** Les ministères et mandataires de Sa Majesté du chef du Canada ou d'une province sont assujettis à la partie 1 de la Loi lorsqu'ils exercent l'une ou l'autre des activités suivantes :

- a) lorsqu'ils acceptent des dépôts dans le cadre des services financiers qu'ils fournissent au public;
- b) lorsqu'ils vendent des mandats-poste dans le cadre des services financiers qu'ils fournissent au public.

#### DÉCLARATION D'OPÉRATIONS DOUTEUSES

**9.** (1) Sous réserve du paragraphe (2), la déclaration faite en application de l'article 7 de la Loi relativement à une opération financière à l'égard de laquelle il y a des motifs raisonnables de soupçonner qu'elle est liée à la perpétration d'une infraction de recyclage des produits de la criminalité doit contenir les renseignements figurant à l'annexe.

(2) Il peut être passé outre à l'obligation de fournir un renseignement figurant à un article de l'annexe qui n'est pas marqué d'un astérisque si, malgré des mesures raisonnables, la personne ou l'entité en cause est dans l'impossibilité de l'obtenir.

**10.** La déclaration doit être envoyée au Centre dans les trente jours suivant le jour où la personne ou l'entité, ou l'employé ou l'administrateur de celle-ci, prend connaissance d'un fait relativement à une opération qui donne naissance à un motif raisonnable de soupçonner que celle-ci est liée à la perpétration d'une infraction de recyclage des produits de la criminalité.

**11.** (1) La déclaration doit être transmise au Centre par voie électronique selon les directives établies par celui-ci, si le déclarant a les moyens techniques de le faire.

(2) A person or entity that does not have the technical capabilities to send the report electronically shall send it to the Centre in paper format, in accordance with guidelines for report submissions that are issued by the Centre.

PRESCRIBED INFORMATION

12. The prescribed information for the purposes of paragraph 55(7)(e) of the Act is

- (a) the following information concerning the client, importer or exporter, or any person acting on their behalf, namely,
  - (i) their date of birth,
  - (ii) their address,
  - (iii) their citizenship and passport numbers,
  - (iv) if the client, importer or exporter is a corporation, the date and jurisdiction of its incorporation, and
  - (v) the name and address of any person or entity on whose behalf the financial transaction, importation or exportation is conducted; and
- (b) in the case of a financial transaction, the following information, namely,
  - (i) the transit and account numbers,
  - (ii) the full name of every account holder,
  - (iii) the transaction number, if any,
  - (iv) the time of the transaction,
  - (v) the type of transaction, and
  - (vi) the names of the parties to the transaction.

COMING INTO FORCE

13. These Regulations come into force on November 8, 2001.

SCHEDULE  
(Section 9)

SUSPICIOUS TRANSACTION REPORT

PART A — Information on Place of Business where Transaction Occurred

- 1.\* Type of reporting person or entity, as described in paragraphs 5(a) to (h) and (k) to (m) of the Act, and, if reporting person or entity is referred to in paragraph (i) or (j) of the Act, type of business, profession or activity of reporting person or entity, as described in sections 3 to 8 of these Regulations
- 2.\* Identification number of place of business where transaction occurred (e.g., institution's identification number, licence number or registration number), where applicable
- 3.\* Full name of reporting person or entity
- 4.\* Full address of place of business where transaction occurred
- 5.\* Name and telephone number of contact person

(2) La déclaration doit être transmise sur support papier selon les directives établies par le Centre, si le déclarant n'a pas les moyens techniques de le faire par voie électronique.

RENSEIGNEMENTS DÉSIGNÉS

12. Pour l'application de l'alinéa 55(7)e) de la Loi, les renseignements suivants sont des renseignements désignés :

- a) relativement au client, à l'importateur, à l'exportateur ou à toute personne agissant pour leur compte :
  - (i) leur date de naissance,
  - (ii) leur adresse,
  - (iii) leurs citoyenneté et numéro de passeport,
  - (iv) si le client, l'importateur ou l'exportateur est une personne morale, la date de sa constitution en corporation et l'autorité législative compétente,
  - (v) les nom et adresse de toute personne ou entité pour le compte de laquelle l'opération financière, l'importation ou l'exportation est effectuée;
- b) relativement à l'opération financière :
  - (i) les numéros de transit et de compte,
  - (ii) le nom au complet de chaque titulaire du compte,
  - (iii) le numéro d'opération, le cas échéant,
  - (iv) l'heure de l'opération,
  - (v) le type d'opération,
  - (vi) les noms des personnes ayant pris part à l'opération.

ENTRÉE EN VIGUEUR

13. Le présent règlement entre en vigueur le 8 novembre 2001.

ANNEXE  
(article 9)

DÉCLARATION D'OPÉRATIONS DOUTEUSES

PARTIE A — Renseignements sur le bureau où l'opération a été effectuée

- 1.\* Le type de personne ou d'entité qui fait la déclaration, selon la description prévue aux alinéas 5a) à h) et k) à m) de la Loi, ou, s'il s'agit d'une personne ou d'une entité visée aux alinéas 5i) ou j) de la Loi, le type d'entreprise, de profession ou d'activité qu'elle exerce, selon la description prévue aux articles 3 à 8 du présent règlement
- 2.\* Le numéro d'identification du bureau où l'opération a été effectuée (par ex. le numéro d'identification de l'institution, le numéro de licence, de permis ou d'enregistrement), le cas échéant
- 3.\* La dénomination sociale au complet de la personne ou l'entité qui fait la déclaration
- 4.\* L'adresse au complet du bureau où l'opération a été effectuée
- 5.\* Le nom de la personne à contacter et son numéro de téléphone

**PART B — Information on Transaction**

- 1.\* Date of transaction or night deposit indicator
2. Time of transaction
3. Posting date (if different from above)
- 4.\* Purpose and details of the transaction, including type of funds, amount of transaction, currency of transaction, and, where applicable, number of other institutions or other persons and their names and account numbers
- 5.\* Disposition of funds, amount of disposition, currency of disposition, and, where applicable, number of other institutions or other persons and their names, account numbers and policy numbers
- 6.\* Method by which the transaction is conducted (in-branch or office, ABM, armoured car, mail deposit, courier, telephone or other)
7. Identification number of individual who first detected a fact respecting a suspicious transaction

**PART C — Account Information (where applicable)**

- 1.\* Account number
- 2.\* Branch number/transit number
- 3.\* Type of account (personal, business, trust or other)
- 4.\* Full name of each account holder
- 5.\* Type of currency of the account
6. Date account opened
7. Date account closed
- 8.\* Status of account (active, inactive or dormant)

**PART D — Information on Individual Conducting Transaction**

1. Individual's full name
- 2.\* Client Number provided by reporting person or entity, where applicable
3. Individual's full address
4. Individual's country of residence
5. Individual's personal telephone number
6. Individual's type of identifier (e.g., driver's licence, birth certificate, provincial health card or passport) and identifier number
7. Place of issue of individual's identifier (province or state, country)
8. Individual's date of birth
9. Individual's occupation
10. Individual's business telephone number
11. Individual's employer
12. Employer's full business address
13. Employer's business telephone number

**PARTIE B — Renseignements sur l'opération**

- 1.\* La date de l'opération ou l'indicateur de dépôt de nuit
2. L'heure de l'opération
3. La date d'inscription de l'opération (si elle est différente de la date de l'opération)
- 4.\* Le détail de l'opération et son objet, notamment le type de fonds, le montant de l'opération, la devise utilisée et, le cas échéant, le nombre d'autres institutions ou personnes en cause, leur nom et le numéro des autres comptes touchés
- 5.\* La façon dont il est disposé des fonds, le montant de cette opération, la devise utilisée lors de cette opération et, le cas échéant, le nombre d'autres institutions ou personnes en cause et le numéro des autres comptes ou de police touchés
- 6.\* La manière dont l'opération est effectuée (succursale ou bureau, guichet automatique, véhicule blindé, poste, messenger, téléphone ou autre)
7. Le numéro d'identité de l'individu qui, le premier, a soupçonné que l'opération était douteuse (numéro de l'agent du service à la clientèle)

**PARTIE C — Renseignements sur le compte (le cas échéant)**

- 1.\* Le numéro du compte
- 2.\* Le numéro de la succursale ou de transit
- 3.\* Le type de compte (personnel, commercial, fiduciaire ou autre)
- 4.\* Le nom au complet de chaque titulaire du compte
- 5.\* La devise dans laquelle les opérations sont effectuées sur le compte
6. La date d'ouverture du compte
7. La date de fermeture du compte
- 8.\* La mention que le compte est ou non actif ou qu'il est en veilleuse

**PARTIE D — Renseignements sur l'individu qui effectue l'opération**

1. Le nom au complet de l'individu
- 2.\* Le numéro de client que lui a attribué la personne ou l'entité qui fait la déclaration, le cas échéant
3. Son adresse au complet
4. Son pays de résidence
5. Son numéro de téléphone personnel
6. Le type de document ayant servi à son identification (par ex. le permis de conduire, le certificat de naissance, la carte d'assurance-maladie provinciale ou le passeport) et le numéro du document
7. Le lieu de délivrance du document ayant servi à son identification (province ou état, pays)
8. Sa date de naissance
9. Son métier ou sa profession
10. Son numéro de téléphone commercial
11. Le nom de son employeur
12. L'adresse commerciale au complet de son employeur
13. Le numéro de téléphone commercial de son employeur

**PART E — Information on Person or Entity Other Than an Individual on Whose Behalf Transaction is Conducted (where applicable)**

1. Full name of person or entity
2. Full name of each individual — up to a maximum of three — who is authorized to act with respect to the account
3. Type of business of person or entity
4. Full address of person or entity
5. Telephone number of person or entity
6. Incorporation number and place of issue, where applicable

**PART F — Information on Individual on Whose Behalf Transaction is Conducted (where applicable)**

1. Individual's full name
2. Individual's full address
3. Individual's home telephone number
4. Individual's business telephone number
5. Individual's type of identifier (e.g., driver's licence, birth certificate, provincial health card or passport) and identifier number
6. Place of issue of individual's identifier (province or state, country)
7. Individual's date of birth
8. Individual's country of residence
9. Individual's occupation
10. Individual's employer
11. Employer's full business address
12. Employer's business telephone number
13. Relationship of individual conducting the transaction to the individual on whose behalf the transaction is being conducted

**PART G — Description of Suspicious Activity**

- 1.\* Detailed description of the grounds to suspect that the transaction is related to the commission of a money laundering offence

**PART H — Action Taken (where applicable)**

- 1.\* Any other action taken as a result of suspicion

**REGULATORY IMPACT ANALYSIS STATEMENT**

*(This statement is not part of the Regulations.)*

**Description**

Money laundering is becoming increasingly difficult to deter and detect, and traditional means of investigating this activity are proving less effective. Law enforcement agencies in Canada have called on the federal government to introduce a legal framework to require the reporting of suspicious financial transactions. International anti-money laundering standards have been established by the Financial Action Task Force (FATF), of which Canada is a

**PARTIE E — Renseignements sur le tiers par rapport à l'opération, s'il ne s'agit pas d'un individu (le cas échéant)**

1. La dénomination sociale de la personne ou de l'entité
2. Le nom au complet de tous les individus ayant le pouvoir d'agir relativement au compte, jusqu'à concurrence de trois
3. La nature de son entreprise
4. Son adresse au complet
5. Son numéro de téléphone
6. Son numéro d'incorporation et le lieu de délivrance de celui-ci, le cas échéant

**PARTIE F — Renseignements sur le tiers par rapport à l'opération, s'il s'agit d'un individu (le cas échéant)**

1. Le nom au complet de l'individu
2. Son adresse au complet
3. Son numéro de téléphone personnel
4. Son numéro de téléphone commercial
5. Le type de document ayant servi à son identification (par ex. le permis de conduire, le certificat de naissance, la carte d'assurance-maladie provinciale ou le passeport) et le numéro du document
6. Le lieu de délivrance du document ayant servi à son identification (province ou état, pays)
7. Sa date de naissance
8. Son pays de résidence
9. Son métier ou sa profession
10. Le nom de son employeur
11. L'adresse commerciale au complet de son employeur
12. Le numéro de téléphone commercial de son employeur
13. Le lien entre l'individu et celui qui effectue l'opération pour son compte

**PARTIE G — Description de l'activité douteuse**

- 1.\* Une description détaillée des motifs de soupçonner que l'opération est liée à la perpétration d'une infraction de recyclage des produits de la criminalité

**PARTIE H — Mesure prise suite à la déclaration (le cas échéant)**

- 1.\* Toute autre mesure prise à la suite des soupçons

**RÉSUMÉ DE L'ÉTUDE D'IMPACT DE LA RÉGLEMENTATION**

*(Ce résumé ne fait pas partie du règlement.)*

**Description**

Il devient de plus en plus difficile de déceler le blanchiment de l'argent et de dissuader ceux qui y ont recours. De plus, les méthodes traditionnelles d'enquête sur ces activités s'avèrent moins efficaces. Les organismes canadiens d'application de la Loi ont demandé au gouvernement fédéral d'instaurer un cadre juridique exigeant la déclaration des opérations financières douteuses. Le Groupe d'action financière sur le blanchiment de capitaux a établi

member. Since money laundering is global in scope, it is important that Canada enhance its contribution to international efforts to deter and detect money laundering.

In response to these concerns, the federal government introduced the *Proceeds of Crime (Money Laundering) Act*. This statute, which received Royal Assent on June 29, 2000, creates a mandatory reporting system for suspicious and prescribed transactions and the cross-border movement of large amounts of currency and monetary instruments. The Act also provides for the establishment of a new independent anti-money laundering agency, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), which was established on July 5, 2000. In addition, the Act sets out a regulation making authority for carrying out the purposes and provisions of the Act, including the implementation of the reporting, record-keeping and client identification requirements.

In December 1999, the Department of Finance issued a Consultation Paper outlining the regulatory proposals to implement the Act. Proposed Regulations, which would expand upon the current *Proceeds of Crime (Money Laundering) Regulations* by prescribing the financial transactions that must be reported and enhancing the current client identification and record-keeping requirements, were pre-published in the *Canada Gazette, Part I* on February 17, 2001.

These Regulations, which formed part of that package of proposed Regulations, bring into force those sections of the Act which require financial institutions and other intermediaries to report financial transactions to FINTRAC where there are reasonable grounds to suspect that the transaction is related to money laundering. They prescribe an expanded set of reporting entities that includes lawyers and accountants, real estate brokers and sales representatives, life insurance agents and brokers, and money service businesses (money order vendors and money transmitters). It is recognized that in some instances certain information concerning financial transactions may not always be obtainable for reporting purposes. In such cases, financial institutions and other intermediaries are required to take reasonable measures to provide such information to FINTRAC. The Regulations prescribe a specific time limit for reporting suspicious transactions (section 10) and the format for doing so (sections 9 and 11). Reports must be submitted to FINTRAC in electronic format where the reporting entity has the capability to do so. In other cases, reports may be submitted in paper format.

These Regulations also outline the “designated identifying information” that FINTRAC may disclose to law enforcement authorities where it has reasonable grounds to suspect that that information would be relevant to investigating or prosecuting a money laundering offence.

Regulations with respect to client identification, record-keeping, the reporting of prescribed transactions and implementation of a compliance regime, which were pre-published in the *Canada Gazette, Part I* with these Regulations, are not included in this package. Comments received during the pre-publication period are currently being reviewed and it is anticipated that these requirements will be finalized in the coming months. These

des normes internationales de lutte contre les activités de blanchiment d’argent dont le Canada est membre. Le problème a une envergure mondiale; il importe donc que le Canada accroisse sa contribution aux efforts internationaux de détection et de dissuasion du blanchiment de l’argent.

En raison de ces préoccupations, le gouvernement fédéral a adopté la *Loi sur le recyclage des produits de la criminalité*. Cette Loi, qui a reçu la sanction royale le 29 juin 2000, instaure un régime de déclaration obligatoire des opérations douteuses et des opérations visées par règlement ainsi que des mouvements transfrontaliers importants de devises et d’instruments monétaires. La Loi prévoit également la création d’un nouvel organisme gouvernemental autonome de lutte contre le blanchiment de l’argent, le Centre d’analyse des opérations et déclarations financières du Canada (CANAFE), qui a été constitué le 5 juillet 2000. En outre, la Loi prévoit le pouvoir de prendre toute mesure réglementaire nécessaire à l’application de la Loi, notamment les mesures qu’exige la mise en oeuvre de déclarations d’opérations financières, la tenue de dossiers et l’identification des clients.

En décembre 1999, le gouvernement fédéral a publié un document de consultation décrivant les propositions réglementaires en vue de la mise en oeuvre de la Loi. Le règlement proposé, qui renforcerait le *Règlement sur le recyclage des produits de la criminalité* en prescrivant les opérations financières qui doivent être déclarées et en améliorant les exigences en matière d’identification des clients et de tenue de documents, a été publié au préalable dans la *Gazette du Canada* Partie I, le 17 février 2001.

Ce règlement, qui fait partie de l’ensemble des règlements proposés, permet l’application des articles de la Loi portant sur l’obligation des institutions financières et des autres intermédiaires de déclarer les opérations financières au CANAFE pour lesquelles où on a des motifs raisonnables de soupçonner qu’il y a blanchiment d’argent. Il élargit l’application du règlement à de nouvelles entités déclarantes, qui comprennent les conseillers juridiques et les comptables, les courtiers et les agents immobiliers, les agents et les courtiers en assurance-vie, les entreprises de transfert de fonds ou de vente de titres négociables (vendeurs de mandats-poste et services d’envoi d’argent). On reconnaît qu’il n’est pas toujours possible d’obtenir certains renseignements concernant les opérations financières aux fins des déclarations. Dans ces cas, les institutions financières et les autres intermédiaires financiers devront prendre des mesures raisonnables pour fournir ces renseignements au CANAFE. Le règlement prescrit un délai précis pour la déclaration des transactions douteuses (article 10), ainsi que le format à respecter à cet égard (articles 9 et 11). Les déclarations doivent être présentées au CANAFE en format électronique si l’entité déclarante est en mesure de le faire. Sinon, les déclarations peuvent être présentées en format papier.

Ce règlement décrit en outre « l’information d’identification désignée » que le CANAFE peut divulguer aux autorités policières lorsqu’il a des motifs raisonnables de soupçonner que l’information pourrait s’avérer pertinente pour l’enquête ou la poursuite découlant d’une infraction en rapport avec le blanchiment d’argent.

Les règlements qui se rapportent à l’identification des clients, à la tenue de documents, aux rapports concernant les transactions prescrites et à la mise en oeuvre d’un régime d’observation, qui ont été publiés au préalable dans la *Gazette du Canada* Partie I, avec ces règlements, ne sont pas inclus dans le présent ensemble. Les commentaires formulés durant la période de publication préalable sont actuellement soumis à un examen et on prévoit que

Regulations also do not address the requirements pertaining to the cross-border movement of currency and monetary instruments under Part 2 of the Act. It is anticipated that these requirements will be developed in the coming months and subsequently republished for comment.

In mid-February, FINTRAC circulated draft guidelines on suspicious transaction reporting and the form and manner of reporting to stakeholders for their comment. The suspicious transaction guideline will assist reporting entities in identifying the factors that should be considered in making a determination of whether or not a transaction is suspicious. FINTRAC has revised these guidelines to incorporate comments from stakeholders and they are now available on FINTRAC's Web site.

### **Alternatives**

In considering alternatives to the Regulations, the business practices of reporting entities were carefully considered. For example, in including professionals such as lawyers and accountants under the suspicious transaction reporting regime, the Regulations limit the scope of coverage to only specific financial activities.

As well, in developing the data elements to be provided to FINTRAC in a suspicious transaction report, the data collection practices of institutions and other intermediaries were taken into account in determining which information is to be provided on a mandatory basis and which is to be provided by taking reasonable measures. The majority of the information contained in the report is to be provided using reasonable measures. However, where the requested information has been obtained by the reporting entity, it must be provided to FINTRAC.

The Regulations effectively balance the interests of stakeholders in respect of compliance costs, the protection of individual privacy and the need to provide law enforcement with the necessary information to detect and deter money laundering.

### **Benefits and Costs**

The Regulations create a balanced and effective regime designed to deter and uncover criminal activity while recognizing the importance of protecting individual privacy and the need to minimize compliance burden.

Studies carried out by the Solicitor General of Canada have estimated that billions in criminal proceeds are laundered in and through Canada every year. The experience of other countries provides some insight into the benefits of financial transaction reports to law enforcement efforts. AUSTRAC's latest Annual Report notes that in a sample of 200 cases, the information provided in financial transaction reports either initiated or contributed to criminal investigations. The U.K. has estimated that, over the last four years, an average of 5,000 reports provided additional criminal intelligence value. Statistics show that, of the roughly 24,000 suspicious transactions reports received by Belgium's anti-money laundering agency between 1994 and 1998, approximately 1,400 cases were sent to judicial authorities of which 117 resulted in convictions against more than 200 people.

ces exigences seront parachevées au cours des mois à venir. En outre, ces règlements ne portent pas sur les exigences relatives aux mouvements transfrontaliers des espèces et des effets visés par la partie 2 de la Loi. Il est prévu que ces exigences seront élaborées au cours des mois qui viennent et qu'elles seront par la suite publiées au préalable en vue de la formulation de commentaires.

À la mi-février, le CANAFE a distribué aux parties prenantes une ébauche de lignes directrices relatives à la déclaration des opérations douteuses et au format et à la façon d'effectuer cette déclaration, afin d'obtenir leurs observations. Les lignes directrices sur les opérations douteuses aideront les entités déclarantes à définir les facteurs qui devraient être pris en considération pour déterminer si une opération est douteuse. Le CANAFE a révisé les lignes directrices afin d'intégrer les observations des parties prenantes; une nouvelle version est maintenant disponible sur son site Web.

### **Solutions envisagées**

Lors de l'examen des solutions de rechange aux règlements, on a vérifié de près les pratiques commerciales des entités déclarantes. Par exemple, en englobant des membres de professions libérales comme les avocats et les comptables dans le régime de déclaration des transactions, les règlements restreignent l'application à des activités financières particulières.

De plus, dans l'élaboration des éléments de données devant être transmis au CANAFE dans le cadre d'une opération douteuse, on a tenu compte des méthodes de collecte des données des institutions financières et des autres intermédiaires pour déterminer quelle information devait être communiquée de manière obligatoire et celle devant être communiquée par l'exécution de mesures raisonnables. La majeure partie de l'information qui figure dans la déclaration doit être fournie à l'aide de mesures raisonnables. Toutefois, lorsque les renseignements demandés ont été obtenus par l'entité déclarante, ils doivent être fournis au CANAFE.

Les règlements atteignent un équilibre entre les intérêts des parties prenantes à l'égard des frais d'observation, la protection de la vie privée et la nécessité de fournir aux organismes d'application de la Loi l'information nécessaire pour déceler et décourager le blanchiment de l'argent.

### **Avantages et coûts**

Les règlements créent un régime équilibré et efficace de détection et de découragement des activités criminelles, tout en reconnaissant l'importance de protéger la vie privée et la nécessité de réduire le fardeau de l'observation.

Lors des études réalisées par le Solliciteur général du Canada, on a estimé que des milliards de dollars résultant de la criminalité sont blanchis chaque année au Canada ou par l'entremise du Canada. L'expérience d'autres pays donne une idée des avantages des déclarations des opérations financières pour les forces policières. Le dernier rapport annuel de l'AUSTRAC fait remarquer que sur un échantillon de 200 cas, les renseignements contenus dans les déclarations des opérations financières ont déclenché des enquêtes criminelles ou ont contribué à ce type d'enquête. Le Royaume-Uni, par exemple, évalue qu'au cours des quatre dernières années, une moyenne de 5 000 déclarations ont fourni des renseignements supplémentaires utiles dans la lutte contre la criminalité. Les statistiques révèlent que, parmi les quelque 24 000 déclarations d'opérations douteuses reçues par l'organisme belge de lutte contre le blanchiment de l'argent entre 1994



The Regulations will impose additional compliance costs for financial institutions and other intermediaries. However, it is inherently difficult to measure the compliance costs with any precision. The majority of the costs associated with suspicious transaction reporting are related to the development and implementation of procedures and employee training. The Suspicious Transaction Reporting Guideline, prepared by FINTRAC, provides a general, though not exhaustive, list of suspicious indicators, as well as lists tailored to the businesses of each of the reporting entities, which may assist reporting entities in developing training materials. In general, the relative impact on costs is expected to be lower for regulated financial institutions than for other persons and entities covered under the Regulations. This is in part because financial institutions have been reporting suspicious transactions to police on a voluntary basis since 1993.

### **Consultation**

In December 1999, the federal government released a Consultation Paper on the Regulations to the *Proceeds of Crime (Money Laundering) Act* to industry and other key stakeholders for comment. Before the proposed Regulations were pre-published in February 2001, representations were received and extensive consultations held with many stakeholders, including the Canadian Bankers Association, the Credit Union Central of Canada, Confédération des caisses populaires et d'économie Desjardins du Québec, the Canadian Life and Health Insurance Association, the Independent Life Insurance Brokers Association, the Canadian Association of Insurance and Financial Analysts, the Investment Funds Institute of Canada, the Canadian Bar Association, and the Canadian Real Estate Association as well as individual financial institutions, provincial gaming authorities and casinos. Persons engaged in foreign exchange dealing and in the money services business were also consulted. Self-regulatory organizations such as the Canadian Institute of Chartered Accountants, the Certified General Accountants, the Investment Dealers Association of Canada, the Barreau du Québec, and the Chambre des Notaires du Québec also made representations. Provincial governments and agencies were also consulted. Finally, law enforcement authorities including the Royal Canadian Mounted Police and other representatives from the law enforcement community were consulted and these groups made representations to the federal government.

In addition, representations were received from many of these stakeholders in response to the Regulations pre-published in the *Canada Gazette*, Part I. With respect to suspicious transaction reporting, stakeholders have indicated that they would like considerable guidance to assist them in identifying suspicious transactions. Draft guidelines, including the Suspicious Transaction Reporting Guideline that provides a general, though not exhaustive, list of suspicious indicators, as well as lists tailored to the businesses of each of the reporting entities were released in February 2001 and will be revised in light of comments provided by stakeholders.

et 1998, environ 1 400 ont été transmises aux autorités judiciaires. Il en est résulté 117 poursuites qui ont mené à la condamnation de plus de 200 personnes.

Les règlements imposeraient des coûts d'observation additionnels aux institutions financières et aux autres intermédiaires. Toutefois, il est d'office difficile d'évaluer avec précision les coûts d'observation. La majeure partie des coûts associés à la déclaration des opérations douteuses ont trait à l'élaboration et à la mise en oeuvre des méthodes à employer et à la formation des employés. La ligne directrice relative à la déclaration des opérations douteuses, qui a été préparée par le CANAFE, offre une liste générale, quoique non complète, des éléments douteux, ainsi que des listes propres aux activités de chacune des entités déclarantes, qui peuvent aider les entités déclarantes à développer le matériel de formation. En général, on prévoit que l'incidence relative sur les coûts est inférieure pour les institutions financières réglementées que pour les autres personnes et entités visées par les règlements. Cette situation découle du fait que les institutions financières signalent, de manière volontaire, les opérations douteuses aux forces policières depuis 1993.

### **Consultations**

En décembre 1999, le gouvernement fédéral a publié un Document de consultation sur le règlement sur le recyclage des produits de la criminalité à l'intention de l'industrie et des autres parties prenantes, pour qu'elles présentent leurs observations. Avant la publication préalable des règlements proposés en février 2001, des observations ont été reçues et de vastes consultations ont été menées auprès de plusieurs parties prenantes, soit l'Association des banquiers canadiens, la Centrale des caisses de crédit du Canada, la Confédération des caisses populaires et d'économie Desjardins du Québec, l'Association canadienne des compagnies d'assurances de personnes, l'Independent Life Insurance Brokers Association, la Canadian Association of Insurance and Financial Analysts, l'Institut des fonds d'investissement du Canada, l'Association du barreau canadien et l'Association canadienne de l'immeuble, ainsi que d'institutions financières et des administrations provinciales de jeux et paris. Des personnes qui effectuent des opérations de change ou qui offrent des services de transfert de fonds ou de vente de titres négociables ont aussi été consultées. Des organismes d'autoréglementation comme l'Institut canadien des comptables agréés, l'Association des comptables généraux agréés du Canada, l'Association des courtiers en valeurs mobilières du Canada, le Barreau du Québec et la Chambre des notaires du Québec ont également présenté leurs observations. Les gouvernements et des organismes provinciaux ont aussi été consultés. Enfin, des organismes d'application de la Loi tels que la Gendarmerie royale du Canada et d'autres représentants des forces policières ont été consultés et ces groupes ont présenté leurs observations au gouvernement fédéral.

De plus, on a reçu des observations de bon nombre des parties prenantes en réponse à la publication préalable des règlements dans la *Gazette du Canada* Partie I. En ce qui concerne la déclaration d'opérations douteuses, les parties prenantes ont indiqué qu'elles ont besoin d'orientation afin d'être en mesure de déterminer les opérations qui sont douteuses. En février 2001, on publiait des lignes directrices provisoires, dont la relative à la déclaration des opérations douteuses qui présente une liste générale, quoique non exhaustive, des éléments douteux, ainsi que des listes propres aux activités de chacune des entités déclarantes. On reverra ces listes à la lumière des commentaires formulés par les parties prenantes.

Stakeholders have also indicated that they require sufficient time, once the suspicious transaction regulations are finalized, to implement changes to their systems and design and deliver training to their employees. In order to facilitate appropriate systems changes and training, the requirement to report suspicious transactions will not come into force until sixty days after the Regulations are published in the *Canada Gazette*, Part II.

In general, these Regulations have not been substantially revised since they were pre-published. In certain instances drafting language was changed, at the request of stakeholders, so that it might better reflect the nature of their particular industry. In particular, the schedule has been revised to make more explicit reference to the business practices of non-financial institution reporting entities such as casinos, life insurance brokers and agents and money services businesses.

Also with respect to the schedule, a number of stakeholders indicated that the suspicious transaction report should contain as few mandatory data elements as possible, given that some information may be impossible to provide if a transaction is found to be suspicious after the fact (for example, time of transaction, name of person conducting the transaction). In response to these comments, reporting entities will only be required to take reasonable measures to provide these data elements.

### ***Compliance and Enforcement***

FINTRAC will be responsible for ensuring compliance with the Regulations. However, implementation of the provisions in the Act which allow FINTRAC to conduct compliance audits of reporting entities will be brought into force concurrently with provisions in the next package of regulations to be finalized in the coming months.

FINTRAC will develop and promote a compliance policy that favours a co-operative approach. The emphasis will be on working with entities to achieve compliance rather than immediately taking action against those entities that are not fully in compliance with the Act. Only in cases where this co-operative approach has failed will FINTRAC consider referring such cases to the appropriate law enforcement agency. In those situations, the Act provides for a maximum fine of \$2,000,000 and a maximum jail term of five years for failure to report a suspicious transaction.

The Act allows FINTRAC to enter into arrangements with financial sector regulators, provincial governments and self-regulatory organizations for the purposes of carrying out compliance supervision. FINTRAC will work with other federal and provincial bodies and professional associations to identify areas of common interest and avenues for cost efficiencies, consistency of approach and sharing of information.

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Les parties prenantes ont en outre indiqué qu'elles ont besoin de temps suffisant, après le parachèvement des règlements sur les opérations douteuses, pour intégrer les changements à leurs systèmes et pour développer et offrir une formation à leurs employés. Afin de permettre une formation adéquate, l'exigence de déclarer les opérations douteuses n'entrera en vigueur que 60 jours après la publication des règlements dans la *Gazette du Canada* Partie II.

De façon générale, ces règlements n'ont pas fait l'objet d'une révision en profondeur depuis leur publication préalable. Dans certains cas, on a changé le langage employé, à la demande des parties prenantes, afin qu'il corresponde davantage à la nature du secteur concerné. Tout particulièrement, on a revu l'annexe afin de cibler plus précisément les pratiques commerciales d'entités déclarantes qui ne sont pas des institutions financières, comme les casinos, les agents et les courtiers en assurance-vie et les entreprises de transfert de fonds ou de vente de titres négociables.

Par ailleurs, toujours en rapport avec l'annexe, un certain nombre de parties prenantes ont indiqué que la déclaration d'opération douteuse doit contenir le moins d'éléments de données obligatoires possibles, car certains renseignements peuvent s'avérer impossibles à fournir si on s'aperçoit après coup qu'une opération est douteuse (par exemple, le moment de l'opération, le nom de la personne qui l'a effectuée). En réponse à ces commentaires, précisons que les entités déclarantes ne devront prendre que des mesures raisonnables pour communiquer ces éléments de données.

### ***Respect et exécution***

Le CANAFE sera chargé de l'application du règlement. Cependant, la mise en oeuvre des dispositions de la Loi autorisant le CANAFE d'effectuer des vérifications d'observation auprès des entités déclarantes entrera en vigueur en même temps que les dispositions du prochain ensemble de règlements qui doivent être arrêtés définitivement dans les prochains mois.

Le CANAFE collaborera avec les parties prenantes pour définir une politique d'observation axée sur la collaboration. Il s'efforcera de collaborer avec les entités pour faire appliquer le règlement au lieu de prendre immédiatement des mesures contre celles qui n'observent pas toutes les dispositions du règlement. Le CANAFE n'envisagera de saisir les autorités judiciaires des manquements au règlement que lorsque cette collaboration aura échoué. Dans ces cas, la Loi prévoit une amende maximale de 2 000 000 \$ et une peine d'emprisonnement maximale de cinq ans lorsqu'une opération douteuse n'a pas été déclarée.

La Loi permet au CANAFE de conclure avec des organismes de réglementation des institutions financières, des gouvernements provinciaux et des organismes d'autorégulation des accords relatifs aux fonctions de contrôle d'observation. Le CANAFE collaborera avec d'autres organismes fédéraux et provinciaux ainsi qu'avec des associations professionnelles pour dégager des domaines d'intérêt commun ainsi que des possibilités d'accroître la rentabilité, d'uniformiser les activités et d'échanger de l'information.

### ***Personne-ressource***

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**462.3** In this Part,

"designated drug offence" [Repealed, 1996, c. 19, s. 68]

"designated substance offence" « *infraction désignée* » "designated substance offence" means

(a) an offence under Part I of the *Controlled Drugs and Substances Act*, except subsection 4(1) of that Act, or

(b) a conspiracy or an attempt to commit, being an accessory after the fact in relation to, or any counselling in relation to, an offence referred to in paragraph (a);

"enterprise crime offence" « *infraction de criminalité organisée* » "enterprise crime offence" means

(a) an offence against any of the following provisions, namely,

(i) subsection 99(1) (weapons trafficking),

(i.1) subsection 100(1) (possession for purpose of weapons trafficking),

(i.2) subsection 102(1) (making automatic firearm),

(i.3) subsection 103(1) (importing or exporting knowing it is unauthorized),

(i.4) subsection 104(1) (unauthorized importing or exporting),

(i.5) section 119 (bribery of judicial officers, etc.),

(ii) section 120 (bribery of officers),

(iii) section 121 (frauds on the government),

(iv) section 122 (breach of trust by public officer),

(iv.1) section 123 (municipal corruption),

(iv.2) section 124 (selling or purchasing office),

(iv.3) section 125 (influencing or negotiating appointments or dealing in offices),

(v) section 163 (corrupting morals),

(v.1) section 163.1 (child pornography),

(vi) subsection 201(1) (keeping gaming or betting house),

(vii) section 202 (betting, pool-selling, book-making, etc.),

(vii.1) paragraph 206(1)(e) (money increment schemes, etc.),

(viii) section 210 (keeping common bawdy-house),

(ix) section 212 (procuring),

(x) section 235 (punishment for murder),

(xi) section 334 (punishment for theft),

(xii) section 344 (punishment for robbery),

(xiii) section 346 (extortion),

(xiii.1) section 347 (criminal interest rate),

(xiv) section 367 (punishment for forgery),

(xv) section 368 (uttering forged document),

- (xvi) section 380 (fraud),
- (xvii) section 382 (fraudulent manipulation of stock exchange transactions),
- (xvii.1) section 394 (fraud in relation to valuable minerals),
- (xvii.2) section 394.1 (possession of stolen or fraudulently obtained valuable minerals),
- (xviii) section 426 (secret commissions),
- (xix) section 433 (arson),
- (xx) section 449 (making counterfeit money),
- (xxi) section 450 (possession, etc., of counterfeit money),
- (xxii) section 452 (uttering, etc., counterfeit money),
- (xxiii) section 462.31 (laundering proceeds of crime), or
- (xxiv) section 467.1 (participation in criminal organization),

- (a.1) any indictable offence under this or any other Act of Parliament committed for the benefit of, at the direction of or in association with a criminal organization for which the maximum punishment is imprisonment for five years or more,

- (b) an offence against subsection 96(1) (possession of weapon obtained by commission of offence) or section 354 (possession of property obtained by crime), committed in relation to any property, thing or proceeds obtained or derived directly or indirectly as a result of

- (i) the commission in Canada of an offence referred to in paragraph (a) or (a.1) or a designated substance offence, or

- (ii) an act or omission anywhere that, if it had occurred in Canada, would have constituted an offence referred to in paragraph (a) or (a.1) or a designated substance offence,

- (b.1) an offence against section 126.1 or 126.2 or subsection 233(1) or 240(1) of the *Excise Act*, section 153, 159, 163.1 or 163.2 of the *Customs Act* or subsection 52.1(9) of the *Competition Act*, or

- (c) a conspiracy or an attempt to commit, being an accessory after the fact in relation to, or any counselling in relation to, an offence referred to in paragraph (a), (a.1), (b) or (b.1);

## **Guideline 1: Backgrounder**

**Guideline 1: Backgrounder**  
September 12, 2001

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# 1 Introduction

The objective of the Canadian legislation called the *Proceeds of Crime (Money Laundering) Act* is to help detect and deter money laundering and facilitate investigations and prosecutions of money laundering offences. This includes implementing reporting, record keeping, and client identification requirements for financial service providers and other specifically named entities that engage in businesses, professions or activities that are susceptible to being used for money laundering. The Act also created the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) as the agency responsible for the collection, analysis, and disclosure of information to assist in the detection, prevention and deterrence of money laundering in Canada and abroad.

This guideline has been prepared by FINTRAC to provide background information about money laundering and its international nature. It also provides an outline of the Canadian legislative requirements for record keeping, client identification and sending reports to FINTRAC. In addition, it offers an overview of FINTRAC's mandate and responsibilities.

This guideline uses plain language to explain common reporting situations under the *Proceeds of Crime (Money Laundering) Act* as well as the related Regulations. It is provided as general information only. It is not legal advice and is not intended to replace the Act and Regulations. For more information about money laundering or other reporting requirements under the Act and Regulations, see the other guidelines in this series:

- *Guideline 2: Suspicious Transactions* explains how to report a suspicious transaction. It also provides guidance on how to identify a suspicious transaction, including general and industry-specific indicators that may help when conducting or evaluating transactions.
- *Guideline 3: Submitting Reports to FINTRAC* explains when and how to submit reports.
- *Guideline 4: Implementation of a Compliance Regime* will explain the requirement for reporting persons and entities to implement a regime to ensure compliance with their obligations under the *Proceeds of Crime (Money Laundering) Act*. As the Regulations about the compliance regime are currently being finalized, Guideline 4 is not available at this time. It will be made available as soon as the related Regulations are finalized.

If you need more help after you read this or other guidelines, call FINTRAC's national, toll-free enquiries line at 1-866-346-8722.

Throughout these guidelines, several references are provided to additional information that may be available on external Web sites. FINTRAC is not responsible for the accuracy or reliability of the information contained on those external Web sites.

## 2 Money Laundering

### 2.1 What is Money Laundering?

The United Nations defines money laundering as “any act or attempted act to disguise the source of money or assets derived from criminal activity.” Essentially, money laundering is the process whereby “dirty money”—produced through criminal activity—is transformed into “clean money,” the criminal origin of which is difficult to trace. There are three recognized stages in the money laundering process.

- **Placement** involves placing the proceeds of crime in the financial system.
- **Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds. This stage may involve transactions such as the buying and selling of stocks, commodities or property.
- **Integration** involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

The money laundering process is continuous, with new dirty money constantly being introduced into the financial system.

Under Canadian law, a money laundering offence involves concealing or converting property or the proceeds of property (e.g. money), knowing or believing that these were derived from the commission of an offence referred to in Section 462.31 of the *Criminal Code*.

These offences include the following:

- illegal acts (apart from simple possession) in relation to various controlled drugs and substances
- bribery of judicial officers
- child pornography
- frauds against the government
- corrupting morals
- keeping a gaming or betting house
- betting, pool-selling and bookmaking
- breach of trust by a public officer
- forgery
- murder
- robbery
- secret commissions
- keeping a common bawdy house
- procuring juvenile prostitution
- fraudulent manipulation of stock exchange transactions



- possessing, issuing or circulating counterfeit money
- theft
- extortion
- fraud
- money increment schemes

A money laundering offence may also extend to property or proceeds derived from illegal activities that took place outside Canada.

## 2.2 Methods of Money Laundering

There are as many methods to launder money as the imagination allows, and the schemes being used are becoming increasingly sophisticated and complicated as technology advances. The following are some examples of common money laundering methods.

- **Nominees**  
This is one of the most common methods of laundering and hiding assets. A launderer uses family members, friends or associates who are trusted within the community, and who will not attract attention, to conduct transactions on their behalf. The use of nominees facilitates the concealment of the source and ownership of the funds involved.
- **Structuring or “smurfing”**  
Many inconspicuous individuals deposit cash or buy bank drafts at various institutions, or one individual carries out transactions for amounts less than the amount that must be reported to the government, and the cash is subsequently transferred to a central account. These individuals, commonly referred to as “smurfs,” normally do not attract attention as they deal in funds that are below reporting thresholds and they appear to be conducting ordinary transactions.
- **Asset purchases with bulk cash**  
Individuals purchase big-ticket items such as cars, boats and real estate. In many cases, launderers use the assets but distance themselves from them by having them registered in a friend’s or relative’s name. The assets may also be resold to further launder the proceeds.
- **Exchange transactions**  
Individuals often use proceeds of crime to buy foreign currency that can then be transferred to offshore bank accounts anywhere in the world.
- **Currency smuggling**  
Funds are moved across borders to disguise their source and ownership, and to avoid being exposed to the law and systems that record money entering into the financial system. Funds are smuggled in various ways (such as by mail, courier and body-packing) often to countries with strict bank secrecy laws.

- **Gambling in casinos**  
Individuals bring cash to a casino and buy gambling chips. After gaming and placing just a few bets, the gambler redeems the remainder of the chips and requests a casino cheque.
- **Black-market peso exchange**  
An underground network of currency brokers with offices in North America, the Caribbean and South America allows drug traffickers to exchange pesos for U.S. dollars. The dollars stay in the United States and are bought by South American (mainly Colombian) companies, which use them to buy American goods for sale back home (see <http://www.customs.gov/enforcem/pesos.htm>).

### 2.3 Importance of Combatting Money Laundering

The vast majority of criminals would not be in the “business” of crime if it were not for the tremendous profits to be made. There is a direct relationship between the profitability of most types of crime and their prevalence. A major objective of the battle against crime in Canada and elsewhere is, therefore, to deprive criminals of the profits from their efforts. Only by effectively laundering illegal assets can criminals use them and thereby benefit from their crimes.

The sheer magnitude of money laundering activities demonstrates the importance of implementing strong anti-money-laundering regimes in countries throughout the world. The International Monetary Fund has stated that the aggregate amount of money being laundered in the world could be somewhere between two and five percent of world gross domestic product, or between approximately C\$900 billion and C\$2.25 trillion. In Canada, money laundering is a multibillion-dollar problem. It is an integral element of organized criminal activity, and is the proven method by which organized crime groups seek to transform the proceeds of drug trafficking, contraband goods and people smuggling, extortion, fraud and other activities into apparently legitimately earned funds.

Laundered proceeds of crime provide seemingly legitimate financial support to drug dealers, terrorist organizations, arms dealers and other criminals to amass wealth and operate and expand their criminal empires. Investigations have revealed that those involved in money laundering attempts manipulate financial systems in Canada and abroad to foster a wide range of illicit activities. The economic and political influence of criminal organizations can potentially weaken the social fabric, collective ethical standards and, ultimately, the democratic institutions of society.

Money laundering activities have the potential to distort economic data and to cause economic growth to suffer. In fact, International Monetary Fund studies on the relationship between gross domestic product growth and money laundering in industrial countries have found evidence that significant reductions in annual gross domestic product growth rates were associated with increases in money laundering activities.

These are some of the reasons why Canada is serious in its commitment to combat money laundering. The increasingly international character of business and the often transnational nature of money laundering activities have resulted in stepped up international efforts and co-operation in the fight against money laundering.

## **2.4 International Efforts to Combat Money Laundering**

An important objective of money laundering activities is to remove the proceeds of crime from the jurisdiction in which they were obtained to help disguise their origins. This frequently involves the international movement of those proceeds, which is facilitated by the increasingly international character of business, financial and criminal activity. Although money laundering has become a large global phenomenon that affects all countries in varying ways and degrees, jurisdictional boundaries have made international law enforcement difficult. International co-operation and co-ordination have become essential to the deterrence, detection and prosecution of money laundering, leading to the development of many international initiatives over the past decade to address this issue.

Perhaps the most well-known of these initiatives is the Financial Action Task Force on Money Laundering (FATF), established by the G-7 countries in 1989. FATF is an intergovernmental body, comprising 29 countries and two international organizations, whose purpose is to develop and promote policies to combat money laundering. Canada has been a member of FATF since it was established. FATF has set out 40 recommendations that outline the basic framework for anti-money-laundering efforts. These recommendations define international standards covering the criminal justice system and law enforcement, the financial system and its regulation, and international co-operation. More information about FATF and its 40 recommendations can be found at <http://www.oecd.org/fatf>.

Other international anti-money-laundering initiatives include the following:

- the Egmont Group of Financial Intelligence Units
- the European Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime
- the Asia Pacific Group on Money Laundering (APG)
- the Caribbean Financial Action Task Force on Money Laundering (CFATF)
- the United Nations Single Convention on Narcotic Drugs
- the United Nations Convention on Psychotropic Substances
- the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
- the United Nations Convention Against Transnational Organized Crime

For more information about CFATF and APG, refer to <http://www.cfatf.org> and <https://www.imolin.org/apg.htm>. For more information on United Nations Conventions refer to <http://www.incb.org/e/conv/menu.htm>.

As a member of the FATF, a sponsoring country of the CFATF, and a signatory to the United Nations Conventions listed above, Canada is very active in the international fight

against money laundering. The adoption of the *Proceeds of Crime (Money Laundering) Act* is a further demonstration of Canada's commitment to fighting money laundering.

For more information on money laundering, you can also refer to the following Web sites:

- Royal Canadian Mounted Police (<http://www.rcmp-grc.gc.ca>)
- Financial Crimes Enforcement Network (<http://www.treas.gov/fincen>)
- United Nations Drug Control Program (<http://www.undcp.org>)
- Office of Drug Control and Crime Prevention (<http://www.odccp.org>)
- Australian Transaction Reports Analysis Centre (<http://www.austrac.gov.au>)
- International Money Laundering Information Network (<https://www.imolin.org/>)
- Moneylaundering.com (<http://moneylaundering.com>)

### **3 Canada's Legislation: *The Proceeds of Crime (Money Laundering) Act***

#### **3.1 Objectives of the Act**

The *Proceeds of Crime (Money Laundering) Act* has three key objectives:

- to implement specific measures to detect and deter money laundering and to facilitate investigations and prosecution of money laundering offences;
- to respond to the threat posed by organized crime by providing law enforcement officials with the information they need to deprive criminals of the proceeds of their criminal activities, while protecting individual privacy; and
- to help fulfill Canada's international commitments to fight transnational crime.

The specific measures include the following:

- **Record keeping and reporting**  
Reporting persons and entities (see Section 3.2 below) will have to keep certain records, ascertain client identification, and report suspicious transactions, as well as certain other financial transactions, to FINTRAC. Reporting requirements for suspicious transactions will come into effect as of November 8, 2001. The other requirements for record keeping, client identification and reports for certain other financial transactions will be phased in over the course of 2002.
- **Cross-border reporting**  
The import or export of currency or monetary instruments of a value greater than a certain amount will have to be declared to the Canada Customs and

Revenue Agency. This will come into effect at some time in the future, when related Regulations are brought into force.

- **Creation of FINTRAC**

FINTRAC is an independent agency, at arm's length from law enforcement agencies, responsible for collecting, analyzing and, in appropriate circumstances, disclosing certain limited information to law enforcement agencies. FINTRAC is required to ensure that personal information under its control is protected from unauthorized disclosure, and is subject to the *Privacy Act*.

These measures, once fully implemented, will contribute to maintaining the integrity of Canada's financial infrastructure. They also represent sound business practices for reporting persons and entities to help them minimize their risk of being exposed to money laundering and its negative consequences. Canada's regime supports the FATF's initiative to establish international standards aimed at improving national legal systems, enhancing the role of financial systems and strengthening international co-operation in the fight against money laundering. The measures will help detect and deter organized criminal activities in Canada and help ensure Canada is not used to facilitate money laundering.

The entire text of the Act can be found on the Internet at [http://www.parl.gc.ca/36/2/parlbus/chambus/house/bills/government/C-22/C-22\\_4/90102bE.html](http://www.parl.gc.ca/36/2/parlbus/chambus/house/bills/government/C-22/C-22_4/90102bE.html). The Regulations can be found on the Department of Finance Web site <http://www.fin.gc.ca>.

### **3.2 Who has to Report?**

The following persons and entities will have to report suspicious and certain other transactions to FINTRAC:

- financial entities (such as banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities);
- life insurance companies, brokers and agents;
- securities dealers, including portfolio managers and investment counsellors;
- persons engaged in the business of foreign exchange dealing;
- money services businesses (including Canada Post for money orders);
- legal counsel (when carrying out certain activities on behalf of their clients);
- accountants (when carrying out certain activities on behalf of their clients);
- real estate brokers or sales representatives (when carrying out certain activities on behalf of their clients);
- certain casinos; and
- employees of such persons or entities.

In addition, anybody, including law enforcement agencies, can voluntarily report information about suspicions of money laundering.

### **3.3 What has to be Reported?**

#### **Suspicious Transactions**

As of November 8, 2001, the reporting persons and entities (see Section 3.2 above) have to report transactions when there are reasonable grounds to suspect that the transactions are related to the commission of a money laundering offence. More information on reporting suspicious transactions can be found in *Guideline 2: Suspicious Transactions* and *Guideline 3: Submitting Reports to FINTRAC*.

The new legislation does not prevent persons and entities from reporting suspicions of money laundering directly to law enforcement, and FINTRAC encourages financial institutions to maintain established relationships with law enforcement.

#### **Reporting Certain Other Financial Transactions**

Depending on the type of activities they are involved in, these same reporting persons and entities will have to report the following financial transactions:

- large cash transactions involving amounts of \$10,000 or more;
- sending or receiving of international electronic funds transfers of \$10,000 or more;
- foreign exchange transactions at a rate that exceeds the posted rate, and the payment by an individual of transaction fees that exceed the posted fees; and
- any casino transaction of \$3,000 or more when an individual receives payment in casino cheques made out to third parties or without a specified payee.

These reporting requirements are not yet in effect, as the related Regulations are being finalized. Once this is done, this guideline, and the others, will be updated accordingly.

More information on sending reports to FINTRAC can be found in *Guideline 3: Submitting Reports to FINTRAC*.

### **3.4 Liability in Relation to Reporting to FINTRAC**

Reporting persons and entities are protected from criminal and civil legal proceedings for submitting suspicious transaction or other financial transaction reports in good faith to FINTRAC, as required.

Once the Regulations are finalized, reporting persons and entities will also be required to keep certain records after conducting specified transactions. These will also include specific requirements about identifying individuals with whom a reporting person or entity conducts a transaction.

Failure to comply with reporting and record keeping requirements can lead to criminal charges against a reporting person or entity. The following are some of the penalties:

- Failure to report suspicious transaction — conviction of this could lead to up to five years imprisonment, to a fine of \$2,000,000 or both.
- Failure to report a large cash transaction — conviction of this could lead to a fine of \$500,000 for a first offence and \$1,000,000 for each subsequent offence.
- Failure to retain records — conviction of this could lead to up to five years imprisonment, to a fine of \$500,000 or both.
- Failure to implement a compliance regime — conviction of this could lead to up to five years imprisonment, to a fine of \$500,000 or both.

#### **4 The Financial Transactions and Reports Analysis Centre of Canada**

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is an agency, independent from government. It operates at arm's length from law enforcement agencies, and collects, analyzes and discloses information to help detect, prevent and deter money laundering in Canada and abroad. FINTRAC receives and analyzes reports from financial institutions and other financial intermediaries.<sup>1</sup>

When FINTRAC determines that there are reasonable grounds to suspect that the information would be relevant to investigating or prosecuting a money laundering offence, it discloses only designated information to the appropriate police authorities.

When FINTRAC has made this determination, it may also, under specified circumstances, disclose designated information to the following agencies and departments:

- Canada Customs and Revenue Agency, when FINTRAC also determines that the information is relevant to a tax evasion offence;
- Canadian Security Intelligence Service, when FINTRAC also determines that the information is relevant to threats to the security of Canada; and
- Department of Citizenship and Immigration, when FINTRAC also determines that the information would promote the objective set out in paragraph 3(j) of the *Immigration Act* — to promote international order and justice by denying the use of Canadian territory to persons who are likely to engage in criminal activity.

FINTRAC is required to ensure that personal information under its control is protected from unauthorized disclosure. Information sent to FINTRAC may only be disclosed to the appropriate law enforcement authorities when FINTRAC determines that there are

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<sup>1</sup> Part 2 of the Act concerns cross-border movement of currency and monetary instruments. Regulations related to Part 2 of the Act are currently being developed. When these Regulations come into force, FINTRAC will also receive and analyze information that will be provided to the Canada Customs and Revenue Agency by exporters and importers of currency and monetary instruments, and will disclose designated information when appropriate.

reasonable grounds to suspect that the information would be relevant to investigating or prosecuting a money laundering offence. As specified by the Act, FINTRAC may disclose only key limited identifying information to law enforcement agencies. To obtain further information from FINTRAC, police must first get a court order.

The Act includes numerous safeguards to protect the privacy of individuals, including the following:

- the independence of FINTRAC from law enforcement and other agencies to which FINTRAC is authorized to disclose information;
- criminal penalties for any unauthorized use or disclosure of the personal information under FINTRAC's control;
- the requirement for police to get a court order to obtain further information from FINTRAC; and
- the application of the *Privacy Act* to FINTRAC.

FINTRAC's mandate includes enhancing public awareness and understanding of matters related to money laundering. FINTRAC may issue periodic reports indicating in general terms the usefulness of the aggregate data it receives, without commenting specifically on individual cases or reports.

FINTRAC also has responsibility for ensuring compliance with the reporting, record-keeping and client identification requirements. *Guideline 4: Implementation of a Compliance Regime* will contain more information about compliance once the related Regulations are finalized.

FINTRAC relies on financial analysts and analytical technologies to produce high-quality analyses and assessments about suspicions of money laundering. It participates in extensive research and international fora on the topic. In addition, FINTRAC uses a strategic approach to communicate information to stakeholders and to develop productive relationships with reporting entities, law enforcement and international agencies. FINTRAC is committed to being a centre of excellence on matters related to money laundering.

## **5 Comments?**

These guidelines will be reviewed on a periodic basis. If you have any comments or suggestions to help improve them, please send your comments to the mailing address provided below, or by email to [guidelines@fintrac.gc.ca](mailto:guidelines@fintrac.gc.ca).



## **6 Contact FINTRAC**

For further information on FINTRAC and its activities, and the guidelines, please go to FINTRAC's Web site (<http://www.fintrac.gc.ca>) or contact FINTRAC:

Financial Transactions and Reports Analysis Centre of Canada  
Ottawa, Ontario  
Canada K1P 1H7

Toll-free: 1-866-346-8722

Email: [info@fintrac.gc.ca](mailto:info@fintrac.gc.ca)

## **Guideline 2: Suspicious Transactions**

# Guideline 2: Suspicious Transactions

September 12, 2001

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# 1 General

The *Proceeds of Crime (Money Laundering) Act* requires reporting of suspicious transactions by the following persons and entities:

- financial entities (such as banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities);
- life insurance companies, brokers and agents;
- securities dealers, including portfolio managers and investment counsellors;
- persons engaged in the business of foreign exchange dealing;
- money services businesses (including Canada Post for money orders);
- legal counsel (when carrying out certain activities on behalf of their clients);
- accountants (when carrying out certain activities on behalf of their clients);
- real estate brokers or sales representatives (when carrying out certain activities on behalf of their clients);
- certain casinos; and
- employees of such persons or entities.

If you are one of these persons or entities, this guideline can help you meet your obligation to report suspicious transactions (i.e., transactions where there are reasonable grounds to suspect that it is related to a money laundering offence), to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). These reporting requirements come into effect on November 8, 2001.

This guideline, which has been prepared by FINTRAC, contains indicators of suspicious transactions that might be useful in helping you assess whether a transaction is suspicious and should be reported. It is not intended as a substitute for your own assessment, based on your knowledge and experience as well as the specific circumstances of the financial transaction.

This guideline uses plain language to explain common reporting situations under the *Proceeds of Crime (Money Laundering) Act* as well as the related Regulations. It is provided as general information only. It is not legal advice and is not intended to replace the Act and Regulations. For more information about money laundering or other reporting requirements under the Act and Regulations, see the other guidelines in this series:

- *Guideline 1: Background* explains money laundering and its international nature. It also provides an outline of the legislative requirements as well as an overview of FINTRAC's mandate and responsibilities.
- *Guideline 3: Submitting Reports to FINTRAC* explains when and how to submit reports.
- *Guideline 4: Implementation of a Compliance Regime* will explain the requirement for reporting persons and entities to implement a regime to ensure compliance with their obligations under the *Proceeds of Crime (Money Laundering) Act*. As the Regulations about the compliance regime are

currently being finalized, Guideline 4 is not available at this time. It will be made available as soon as the related Regulations are finalized.

If you need more help after you read this or other guidelines, call FINTRAC's national toll-free enquiries line at 1-866-346-8722.

Throughout these guidelines, several references are provided to additional information that may be available on external Web sites. FINTRAC is not responsible for the accuracy or reliability of the information contained on those external Web sites.

## 2 Suspicious Transaction Reporting

### 2.1 Who Must Report Suspicious Transactions?

If you are a **reporting person or entity** mentioned above, you must report suspicious transactions to FINTRAC. If you are a money services business, legal counsel, an accountant, a real estate broker or sales representative, or a casino, you are only subject to this when you engage in the following activities:

- If you are a **money services business**, you are subject to this when you remit or transmit funds by any means through any entity or electronic funds transfer network. You are also subject to this when you issue or redeem money orders, traveller's cheques or other similar negotiable instruments, except when the cheques are payable to the bearer.
- If you are **legal counsel**, you are subject to this when you engage in any of the following activities on behalf of any person or entity, or when you give instructions in respect of those activities on behalf of any person or entity:
  - receiving or paying funds, other than those received or paid in respect of professional fees, disbursements, expenses or bail;
  - purchasing or selling securities, real property or business assets or entities; and
  - transferring funds or securities by any means.
- If you are an **accountant**, you are subject to this when you engage in any of the following activities on behalf of any person or entity, or when you give instructions in respect of those activities on behalf of any person or entity:
  - receiving or paying funds;
  - purchasing or selling securities, real property or business assets or entities; and
  - transferring funds or securities by any means.

These accountant activities do not include audit, review or compilation work carried out according to the recommendations in the Canadian Institute of Chartered Accountants (CICA) Handbook.

- If you are a **real estate broker or sales representative**, you are subject to this when you engage in any of the following activities on behalf of any person or entity in the course of a real estate transaction:
  - receiving or paying funds;
  - depositing or withdrawing funds; and
  - transferring funds by any means.
  
- If you are a **casino** authorized to do business in Canada, you are subject to this if roulette or card games are carried on in your establishment, or if your establishment has a slot machine. In this context, a slot machine does not include a video lottery terminal.

Once you have determined that there are reasonable grounds to suspect that a transaction is related to the commission of a money laundering offence, a suspicious transaction report must be sent within 30 days. Please refer to *Guideline 3: Submitting Reports to FINTRAC* for more information about reporting timelines.

## 2.2 What are Suspicious Transactions?

Suspicious transactions are financial transactions that you, as a reporting person or entity, have **reasonable grounds to suspect** are related to the commission of a **money laundering offence**.

“Reasonable grounds to suspect” is determined by what is reasonable in your circumstances, such as normal business practices and systems within your industry. While the Act and Regulations do not specifically require you to implement or use an automated system for detecting suspicious transactions, you may decide that such a system would be beneficial to your business.

Under Canadian law, a money laundering offence involves concealing or converting property or the proceeds of property (e.g. money) knowing or believing that these were derived from the commission of an offence referred to in Section 462.31 of the *Criminal Code*. These offences include the following:

- illegal acts (apart from simple possession) in relation to various controlled drugs and substances
- bribery of judicial officers
- child pornography
- frauds against the government
- corrupting morals
- keeping a gaming or betting house
- betting, pool-selling and bookmaking
- breach of trust by a public officer
- forgery
- murder
- robbery
- secret commissions

- keeping a common bawdy house
- procuring juvenile prostitution
- fraudulent manipulation of stock exchange transactions
- possessing, issuing or circulating counterfeit money
- theft
- extortion
- fraud
- money increment schemes

A money laundering offence may also extend to property or proceeds derived from illegal activities that took place outside Canada.

For information about money laundering methods, see *Guideline 1: Backgrounder*.

### **2.3 How to Make a Suspicious Transaction Report**

Please refer to *Guideline 3: Submitting Reports to FINTRAC* for information on how to make a report to FINTRAC.

### **2.4 Liability in Relation to Reporting Suspicious Transactions to FINTRAC**

The requirement for you to report a suspicious transaction applies only when the transaction has been completed. If you decide or the client decides not to complete the transaction, there is no obligation to report.

As a reporting person or entity, you are not allowed to inform anyone, including the client, about the contents of a suspicious transaction report or even that you have made such a report, if your intent is to harm or impair a criminal investigation. This applies whether or not such an investigation has begun. In addition, no criminal or civil proceedings may be brought against you for making a report in good faith concerning a suspicious transaction.

There are penalties if you fail to meet the suspicious transaction reporting obligations. Failure to report a suspicious transaction could lead to up to five years imprisonment, a fine of \$2,000,000, or both. However, failure to report penalties do not apply to employees who report suspicious transactions to their superior.

## **3 Identifying Suspicious Transactions**

### **3.1 How to Identify a Suspicious Transaction**

Transactions may give rise to reasonable grounds to suspect that they are related to money laundering regardless of the sum of money involved. There is no monetary threshold for making a report on a suspicious transaction. A suspicious transaction may involve several factors that may seem individually insignificant, but together may raise



suspicion that the transaction is related to the commission of a money laundering offence. As a general guide, a transaction may be connected to money laundering when you think that it (or a group of transactions) raises questions or gives rise to discomfort, apprehension or mistrust.

The context in which the transaction occurs is a significant factor in assessing suspicion. This will vary from business to business, and from one client to another. As a reporting person or entity, or an employee of a reporting person or entity, you should evaluate transactions in terms of what seems appropriate and is within normal practices in your particular line of business. The fact that transactions do not appear to be in keeping with normal industry practices may be a relevant factor for determining whether there are reasonable grounds to suspect that the transactions are related to money laundering.

An assessment of suspicion should be based on a reasonable evaluation of relevant factors, including the knowledge of the customer's business, financial history, background and behaviour. Remember that **behaviour** is suspicious, not people. Also, it could be the consideration of many factors—not just one factor—that will lead you to a conclusion that there are reasonable grounds to suspect that a transaction is related to the commission of a money laundering offence. All circumstances surrounding a transaction should be reviewed.

### **3.2 Indicators of Suspicious Transactions**

As the reporting person or entity at which the transaction occurs, you have to assess whether there are reasonable grounds to suspect that a transaction is related to a money laundering offence. The lists that follow are provided to help assess whether or not transactions might give rise to reasonable grounds for suspicion. They are examples of common and industry-specific indicators that may be helpful when evaluating transactions.

The lists were compiled in consultation with reporting entities, law enforcement agencies and international financial intelligence organizations, but they are not intended to cover every possible situation. Furthermore, the indicators are not to be viewed in isolation. A single indicator is not necessarily indicative of reasonable grounds to suspect money laundering activity. However, if a number of indicators are present during a transaction or series of transactions, then you might want to take a closer look at other factors prior to making the determination as to whether the transaction must be reported.

The indicators have to be assessed in the context in which the transaction occurs. While each indicator may contribute to a conclusion that there are reasonable grounds to suspect that the transaction is related to the commission of a money laundering offence, it may also offer no indication of money laundering in view of factors such as the client's occupation, business, financial history and past

investment pattern. Taken together, the presence of one or more indicators as well as your knowledge of your client's business or financial affairs may help you identify suspicious transactions.

Some of the indicators provided could result in the transaction being aborted if the client requests a service that is prohibited by your business. Your policies, standards and procedures may already reflect these as inappropriate or questionable. As explained earlier, if a transaction is not completed, there is no requirement for you to report. However, the indicators detected during an aborted transaction should be considered, where possible, in subsequent dealings with the client if additional suspicious activity occurs.

There is no requirement under the *Proceeds of Crime (Money Laundering) Act* to close a client's account when you have reported or are preparing to report a suspicious transaction. This is entirely up to you and your business practices.

## **4 Examples of Common Indicators**

The following are examples of common indicators that may point to a suspicious transaction. Please read Section 3 (above) for general information about identifying suspicious transactions and how to use these indicators.

### **4.1 General**

- Client admits or makes statements about involvement in criminal activities.
- Client does not want correspondence sent to home address.
- Client appears to have accounts with several financial institutions in one area for no apparent reason.
- Client repeatedly uses an address but frequently changes the names involved.
- Client is accompanied and watched.
- Client shows uncommon curiosity about internal systems, controls and policies.
- Client has only vague knowledge of the amount of a deposit.
- Client presents confusing details about the transaction.
- Client over justifies or explains the transaction.
- Client is secretive and reluctant to meet in person.
- Client is nervous, not in keeping with the transaction.
- Client is involved in transactions that are suspicious but seems blind to being involved in money laundering activities.
- Client's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact client shortly after opening account.
- Client is involved in activity out-of-keeping for that individual or business.
- Client insists that a transaction be done quickly.
- Inconsistencies appear in the client's presentation of the transaction.
- Client appears to have recently established a series of new relationships with different financial entities.

- Client attempts to develop close rapport with staff.
- Client uses aliases and a variety of similar but different addresses.
- Client uses a post office box or General Delivery address, or other type of mail drop address, instead of a street address when this is not the norm for that area.
- Client offers you money, gratuities or unusual favours for the provision of services that may appear unusual or suspicious.

#### **4.2 Knowledge of Money Laundering Reporting**

- Client attempts to convince employee not to complete any documentation required for the transaction.
- Client makes inquiries that would indicate a desire to avoid reporting.
- Client has unusual knowledge of the law in relation to suspicious transaction reporting.
- Client seems very conversant with money laundering issues.
- Client is quick to volunteer that funds are “clean” or “not being laundered.”

#### **4.3 Identity Documents**

- Client provides doubtful or vague information.
- Client produces seemingly false identification or identification that appears to be counterfeited, altered or inaccurate.
- Client refuses to produce personal identification documents.
- Client only submits copies of personal identification documents.
- Client wants to establish identity using something other than his or her personal identification documents.
- Client’s supporting documentation lacks important details such as a phone number.
- Client inordinately delays presenting corporate documents.
- All identification presented is foreign or cannot be checked for some reason.
- All identification documents presented appear new or have recent issue dates.

#### **4.4 Cash Transactions**

- Client starts conducting frequent cash transactions in large amounts when this has not been a normal activity for the client in the past.
- Client frequently exchanges small bills for large ones.
- Client uses notes in denominations that are unusual for the client, when the norm in that business is much smaller or much larger denominations.
- Client presents notes that are packed or wrapped in a way that is uncommon for the client.
- Client deposits musty or extremely dirty bills.
- Client makes cash transactions of consistently rounded-off large amounts (e.g., \$20,000, \$15,000, \$9,900, \$8,500, etc.).
- Client consistently makes cash transactions that are just under the reporting threshold amount.
- Client conducts a transaction for an amount that is unusual compared to amounts of past transactions.

- Client frequently purchases traveller's cheques, foreign currency drafts or other negotiable instruments with cash when this appears to be outside of normal activity for the client.
- Client asks you to hold or transmit large sums of money or other assets when this type of activity is unusual for the client.

#### **4.5 Economic Purpose**

- Transaction seems to be inconsistent with the client's apparent financial standing or usual pattern of activities.
- Transaction appears to be out of the ordinary course for industry practice or does not appear to be economically viable for the client.
- Transaction is unnecessarily complex for its stated purpose.
- Activity is inconsistent with what would be expected from declared business.

#### **4.6 Transactions Involving Accounts**

- Opening accounts when the client's address is outside the local service area.
- Opening accounts in other people's names.
- Opening accounts with names very close to other established business entities.
- Attempting to open or operating accounts under a false name.
- Account with a large number of small cash deposits and a small number of large cash withdrawals.
- Funds are being deposited into several accounts, consolidated into one and transferred outside the country.
- Client frequently uses many deposit locations outside of the home branch location.
- Client makes multiple transactions on the same day.
- Activity far exceeds activity projected at the time of opening of the account.
- Inactive or dormant account suddenly sees significant activity.
- Unexplained transfers between the client's products and accounts.
- Multiple deposits are made to a client's account by third parties.

#### **4.7 Transactions Involving Areas Outside Canada**

- Client and other parties to the transaction have no apparent ties to Canada.
- Transaction crosses many international lines.
- Transaction involves a country where illicit drug production or exporting may be prevalent, or where there is no effective anti-money-laundering system.
- Transaction involves a country known for highly secretive banking and corporate law.
- Transaction involves a country known or suspected to facilitate money laundering activities.
- Use of a credit card issued by a foreign bank that does not operate in Canada by a client that does not live and work in the country of issue.

More information on which countries these characteristics may apply can be found at the following Web sites:

<http://www.oecd.org/fatf>

[http://www.state.gov/www/global/narcotics\\_law/1999\\_narc\\_report/index.html](http://www.state.gov/www/global/narcotics_law/1999_narc_report/index.html)

#### **4.8 Transactions Related to Offshore Business Activity**

Any person or entity that conducts transactions internationally should consider the following indicators.

- Accumulation of large balances, inconsistent with the known turnover of the client's business, and subsequent transfers to overseas account(s).
- Frequent requests for traveller's cheques, foreign currency drafts or other negotiable instruments.
- Loans secured by obligations from offshore banks.
- Loans to or from offshore companies.
- Offers of multimillion-dollar deposits from a confidential source to be sent from an offshore bank or somehow guaranteed by an offshore bank.
- Transactions involving an offshore "shell" bank whose name may be very similar to the name of a major legitimate institution.
- Unexplained electronic funds transfers by client on an in-and-out basis.
- Use of letter-of-credit and other method of trade financing to move money between countries when such trade is inconsistent with the client's business.
- Use of a credit card issued by an offshore bank.

## 5 Examples of Industry-Specific Indicators

### 5.1 Industry-Specific Indicators

In addition to the general indicators outlined above, the following industry-specific indicators may point to a suspicious transaction. Remember that **behaviour** is suspicious, not people. Also, it is the consideration of many factors—not any one factor—that will lead to a conclusion that there are reasonable grounds to suspect that a transaction is related to the commission of a money laundering offence. All circumstances surrounding a transaction should be reviewed.

Taken together, the general and industry-specific indicators that apply to your business may help you identify suspicious transactions. Depending on the services you provide, you may need information about indicators in more than one of the following sections. For example, if you are a financial advisor, you might sell life insurance products and securities. In this case, you would read the indicators in Section 5.5 (Life Insurance Companies, Brokers and Agents), as well as under Section 5.6 (Securities Dealers).

## 5.2 Financial Entities

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators.

The following indicators are for your consideration if you are an institution that opens accounts and holds deposits on behalf of individuals or companies. This includes banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities.

### Personal Transactions

- Client appears to have accounts with several financial institutions in one geographical area.
- Client has no employment history but makes frequent large transactions or maintains a large account balance.
- Client makes one or more cash deposits to general account of foreign correspondent bank (i.e., flow-through account).
- Client runs large credit card balances.
- Client visits the safety deposit box area immediately before making cash deposits.
- Client wishes to have credit and debit cards sent to international or domestic destinations other than his or her address.
- Client has numerous accounts and deposits cash into each of them with the total credits being a large amount.
- Client deposits large endorsed cheques in the name of a third-party.
- Client frequently makes deposits to the account of another person who is not an employer or family member.
- Client frequently exchanges currencies.
- Client frequently makes automatic banking machine deposits just below the reporting threshold.
- Client's access to the safety deposit facilities increases substantially or is unusual in light of their past usage.
- Many unrelated individuals make payments to one account without rational explanation.
- Third parties make cash payments or deposit cheques to a client's credit card.
- Client has frequent deposits identified as proceeds of asset sales but assets cannot be substantiated.
- Client acquires significant assets and liquidates them quickly with no explanation.
- Client acquires significant assets and encumbers them with security interests that don't make economic sense.

## Corporate and Business Transactions

Some businesses may be susceptible to the mixing of illicit funds with legitimate income. This is a very common method of money laundering. These businesses include those that conduct the majority of their business in cash, such as restaurants, bars and vending machine companies. On opening accounts with the various businesses in your area, you would likely be aware of those that are mainly cash based. Unusual or unexplained increases in cash deposits made by those entities may be indicative of suspicious activity.

- Accounts are used to receive or disburse large sums but show virtually no normal business-related activities, such as the payment of payrolls, invoices, etc.
- Accounts have a large volume of deposits in bank drafts, cashier's cheques, money orders or electronic funds transfers, which is inconsistent with the client's business.
- Business does not want to provide complete information regarding its activities.
- Financial statements of the business differ noticeably from those of similar businesses.
- Representatives of the business avoid contact with the branch as much as possible, even when it would be more convenient for them.
- Deposits to or withdrawals from a corporate account are primarily in cash rather than in the form of debit and credit normally associated with commercial operations.
- Client maintains a number of trustee or client accounts that are not consistent with that type of business or not in keeping with normal industry practices.
- Client operates a retail business providing cheque-cashing services but does not make large draws of cash against cheques deposited.
- Client pays in cash or deposits cash to cover bank drafts, money transfers or other negotiable and marketable money instruments.
- Client purchases cashier's cheques and money orders with large amounts of cash.
- Client deposits large amounts of currency wrapped in currency straps.
- Client makes a large volume of seemingly unrelated deposits to several accounts and frequently transfers a major portion of the balances to a single account at the same bank or elsewhere.
- Client makes a large volume of cash deposits from a business that is not normally cash-intensive.
- Client consistently makes immediate large withdrawals from an account that has just received a large and unexpected credit from abroad.
- Client makes a single and substantial cash deposit composed of many large bills.
- Small, one-location business makes deposits on the same day at different branches across a broad geographic area that does not appear practical for the business.
- There is a substantial increase in deposits of cash or negotiable instruments by a company offering professional advisory services, especially if the deposits are promptly transferred.
- There is a sudden change in cash transactions or patterns.
- Client wishes to have credit and debit cards sent to international or domestic destinations other than his or her place of business.



- There is a marked increase in transaction volume on an account with significant changes in an account balance that is inconsistent with or not in keeping with normal business practices of the clients account.
- Asset acquisition is accompanied by security arrangements that are not consistent with normal practice.
- Unexplained transactions are repeated between personal and commercial accounts.
- Activity is inconsistent with stated business.
- Account has close connections with other business accounts without any apparent reason for the connection.
- Activity suggests that transactions may offend securities regulations or the business prospectus is not within the requirements.

### 5.3 Businesses who Send or Receive Electronic Funds Transfers

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you are involved in the business of international electronic funds transfers, consider the following indicators.

- Client transfers large sums of money to overseas locations with instructions to the foreign entity for payment in cash.
- Client receives large sums of money from an overseas location via electronic funds transfer that includes instructions for payment in cash.
- Client makes frequent or large electronic funds transfers for persons who have no account relationship with the institution.
- Client receives electronic funds transfers and immediately purchases monetary instruments prepared for payment to a third party which is inconsistent with or outside the normal course of business for the client.
- Client requests payment in cash immediately upon receipt of a large electronic funds transfer.
- Client instructs you to transfer funds abroad and to expect an equal incoming transfer.
- Client shows unusual interest in electronic funds systems and questions limit of what amount can be transferred.
- Client transfers funds to another country without changing the form of currency.
- Large incoming wire transfers from foreign jurisdictions are removed immediately by company principals.
- Client sends frequent wire transfers to foreign countries, but business does not seem to have connection to destination country.
- Wire transfers are received from entities having no apparent business connection with client.
- Size of electronic transfers is out-of-keeping with normal business transactions for that client.
- Client conducts transactions involving countries known as narcotic source countries or as trans-shipment points for narcotics, or that are known for highly secretive banking and corporate law practices.
- Client makes electronic funds transfers to free trade zones that are not in line with the client's business.

More information on which countries these characteristics may apply can be found at the following Web sites:

[http://www.state.gov/www/global/narcotics\\_law/1999\\_narc\\_report/index.html](http://www.state.gov/www/global/narcotics_law/1999_narc_report/index.html)  
[http://www.ceemail.com/free\\_zones](http://www.ceemail.com/free_zones)

## 5.4 Businesses who Provide Loans

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you are involved in the business of providing loans or extending credit to individuals or corporations, consider the following indicators.

- Client suddenly repays a problem loan unexpectedly.
- Client's employment documentation lacks important details that would make it difficult for you to contact or locate the employer.
- Client has loans to or from offshore companies that are outside the ordinary course of business of the client.
- Client offers you large dollar deposits or some other form of incentive in return for favourable treatment on loan request.
- Client asks to borrow against assets held by another financial institution or a third party, when the origin of the assets is not known.
- Loan transactions are entered into in situations where the client has significant assets and the loan transaction does not make economic sense.
- Customer seems unconcerned with terms of credit or costs associated with completion of a loan transaction.
- Client applies for loans on the strength of a financial statement reflecting major investments in or income from businesses incorporated in countries known for highly secretive banking and corporate law and the application is outside the ordinary course of business for the client.

## 5.5 Life Insurance Companies, Brokers and Agents

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you provide life insurance as your main occupation or as one of the many services that you offer, consider the following indicators.

- Client proposes to purchase an insurance product using a cheque drawn on an account other than his or her personal account.
- Client requests an insurance product that has no discernible purpose and is reluctant to divulge the reason for the investment.
- Client who has other small policies or transactions based on a regular payment structure makes a sudden request to purchase a substantial policy with a lump payment.
- Client conducts a transaction that results in a conspicuous increase in investment contributions.
- Client cancels investment or insurance soon after purchase.
- Client shows more interest in the cancellation or surrender than in the long-term results of investments.
- Client makes payments with small denomination notes, uncommonly wrapped, with postal money orders or with similar means of payment.
- The duration of the life insurance contract is less than three years.
- The first (or single) premium is paid from a bank account outside the country.
- Client accepts very unfavourable conditions unrelated to his or her health or age.
- Transaction involves use and payment of a performance bond resulting in a cross border payment.

## 5.6 Securities Dealers

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you are involved in the business of dealing in securities or segregated fund products, including portfolio managers and investment counsellors, consider the following indicators.

- A new or prospective client is known to you as having a questionable legal reputation or criminal background.
- Normal attempts to verify the background of a new or prospective client are difficult.
- Accounts that have been inactive suddenly experience large investments that are inconsistent with the normal investment practice of the client or their financial ability.
- Any dealing with a third party when the identity of the beneficiary or counter-party is undisclosed.
- Client attempts to purchase investments with cash.
- Client wishes to purchase a number of investments with money orders, traveller's cheques, cashier's cheques, bank drafts or other bank instruments, especially in amounts that are slightly less than \$10,000, where the transaction is inconsistent with the normal investment practice of the client or their financial ability.
- Client uses securities or futures brokerage firm as a place to hold funds that are not being used in trading of securities or futures for an extended period of time and such activity is inconsistent with the normal investment practice of the client or their financial ability.
- Client wishes monies received through the sale of shares to be deposited into a bank account rather than a trading or brokerage account which is inconsistent with the normal practice of the client.
- Client frequently makes large investments in stocks, bonds, investment trusts or the like in cash or by cheque within a short time period, which is inconsistent with the normal practice of the client.
- Client makes large or unusual settlements of securities in cash.
- The entry of matching buying and selling of particular securities or futures contracts (called match trading), creating the illusion of trading.
- Transfers of funds or securities between accounts not known to be related to the client.
- Trades conducted by entities that you know have been named or sanctioned by regulators in the past for irregular or inappropriate trading activity.
- Transaction of very large dollar size.
- Client is willing to deposit or invest at rates that are not advantageous or competitive.
- All principals of client are located outside of Canada.
- Client attempts to purchase investments with instruments in the name of a third party.
- Payments made by way of third party cheques are payable to, or endorsed over to, the client.

- Transactions made by your employees, or that you know are made by a relative of your employee, to benefit unknown parties.
- Third-party purchases of shares in other names (i.e., nominee accounts).
- Transactions in which clients make settlements with cheques drawn by, or remittances from, third parties.
- Unusually large amounts of securities or stock certificates in the names of persons other than the client.
- Proposed transactions are to be funded by international wire payments, particularly if from countries where there is no effective anti-money-laundering system.

More information on which countries these characteristics may apply can be found at the following Web site: <http://www.oecd.org/fatf>

## 5.7 Foreign Exchange Dealers and Money Services Businesses

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you are involved in the money services business, including foreign exchange dealers, money remitters, issuers of traveller's cheques and post offices, consider the following indicators.

- Client exchanges currency and requests the largest possible denomination bills in a foreign currency.
- Client knows little about address and contact details for payee, is reluctant to disclose this information, or requests a bearer instrument.
- Client wants a cheque issued in the same currency to replace the one being cashed.
- Client wants cash converted to a cheque and you are not normally involved in issuing cheques.
- Client wants to exchange cash for numerous postal money orders in small amounts for numerous other parties.
- Client enters into transactions with counter parties in locations that are unusual for the client.
- Client instructs that funds are to be picked up by a third party on behalf of the payee.
- Client makes large purchases of traveller's cheques not consistent with known travel plans.
- Client requests numerous cheques in small amounts and various names, which total the amount of the exchange.
- Client requests that a cheque or money order be made out to the bearer.
- Client requests that a large amount of foreign currency be exchanged to another foreign currency.

## 5.8 Legal Counsel

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. Consider the following indicators if you are legal counsel and are carrying out certain activities on behalf of your clients, as explained in Section 2.1.

- Client appears to be living well beyond his or her means in light of his or her employment, profession or business.
- Client is conducting normal business transactions, but the transactions are not consistent with the nature of his or her employment, profession or business.
- Client is reluctant to discuss his or her financial affairs when this type of behaviour is inconsistent with the ordinary business practice of the client, or out of context with the nature of the transaction being conducted.
- Client requests anonymity.
- Client seems unconcerned about legal fees on an aborted transaction.
- Client wants you to co-ordinate international transactions, including currency exchanges, or to co-ordinate cross-border movement of funds when this type of transaction is inconsistent with the ordinary business practice of the client.
- Client asks you to establish a nominee company or a trust for deposits of funds in Canada or overseas when this type of transaction is inconsistent with the ordinary business practice of the client.
- Client makes unusual requests for placement of funds into trust account for safekeeping.
- Client refuses to discuss the business purpose of the transaction.
- Client seeks to obtain trust account information and is prepared to pay unusually high fees to use this information and account.
- Client offers to pay a much higher fee than is usually charged or than you quoted to get assistance on a transaction involving large sums.



## 5.9 Accountants

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you are an accountant, consider the following indicators when you are carrying out certain activities on behalf of your client, as explained in Section 2.1.

- Client appears to be living beyond his or her means.
- Client has business activity inconsistent with industry averages or financial ratios.
- Client has cheques inconsistent with sales (i.e., unusual payments from unlikely sources).
- Client has a history of changing bookkeepers or accountants yearly.
- Client is uncertain about location of company records.
- Company carries non-existent or satisfied debt that is continually shown as current on financial statements.
- Company has no employees, which is unusual for the type of business.
- Company is paying unusual consultant fees to offshore companies.
- Company records consistently reflect sales at less than cost, thus putting the company into a loss position, but the company continues without reasonable explanation of the continued loss.
- Company shareholder loans are not consistent with business activity.
- Examination of source documents shows misstatements of business activity that cannot be readily traced through the company books.
- Company makes large payments to subsidiaries or similarly controlled companies that are not within the normal course of business.
- Company acquires large personal and consumer assets (i.e., boats, luxury automobiles, personal residences and cottages) when this type of transaction is inconsistent with the ordinary business practice of the client or the practice of that particular industry.
- Company is invoiced by organizations located in a country that does not have adequate money laundering laws and is known as a highly secretive banking and corporate tax haven.

More information on which countries these characteristics may apply can be found at the following Web site: [http://www.oecd.org/daf/fa/first\\_en.htm](http://www.oecd.org/daf/fa/first_en.htm)

## 5.10 Real Estate Brokers or Sales Representatives

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you are in the real estate industry, consider the following indicators when carrying out certain activities on behalf of your clients, as explained in Section 2.1.

- Client arrives at a real estate closing with a significant amount of cash.
- Client purchases property in the name of a nominee such as an associate or a relative (other than a spouse).
- Client does not want to put his or her name on any document that would connect him or her with the property or uses different names on Offers to Purchase, closing documents and deposit receipts.
- Client inadequately explains the last minute substitution of the purchasing party's name.
- Client negotiates a purchase for market value or above asking price, but records a lower value on documents, paying the difference "under the table".
- Client sells property below market value with an additional "under the table" payment.
- Client pays initial deposit with a cheque from a third party, other than a spouse or a parent.
- Client pays substantial down payment in cash and balance is financed by an unusual source or offshore bank.
- Client purchases personal use property under corporate veil when this type of transaction is inconsistent with the ordinary business practice of the client.
- Client purchases property without inspecting it.
- Client purchases multiple properties in a short time period, and seems to have few concerns about the location, condition, and anticipated repair costs, etc. of each property.
- Client pays rent or the amount of a lease in advance using a large amount of cash.
- Client is known to have paid large remodelling or home improvement invoices with cash, on a property for which property management services are provided.

## 5.11 Casinos

Please read Section 3 and Section 5.1 (above) for general information about identifying suspicious transactions and how to use these indicators. If you are engaged in the casino business, consider the following indicators.

- Client requests a winnings cheque in a third party's name.
- Acquaintances bet against each other in even-money games and it appears that they are intentionally losing to one of the party.
- Client attempts to avoid the filing of a report for cash by breaking up the transaction.
- Client requests cheques that are not for gaming winnings.
- Client enquires about opening an account with the casino and the ability to transfer the funds to other locations when you do not know the client as a regular, frequent or large volume player.
- Client purchases large volume of chips with cash, participates in limited gambling activity with the intention of creating a perception of significant gambling, and then cashes the chips for a casino cheque.
- Client exchanges small denomination bank notes for large denomination bank notes, chip purchase vouchers or cheques.
- Client is known to use multiple names.
- Client requests the transfer of winnings to the bank account of a third party or a known drug source country or to a country where there is no effective anti-money-laundering system.

More information on which countries these characteristics may apply can be found at the following Web sites:

[http://www.state.gov/www/global/narcotics\\_law/1999\\_narc\\_report/index.html](http://www.state.gov/www/global/narcotics_law/1999_narc_report/index.html)

<http://www.oecd.org/fatf>

## **6 Comments?**

These guidelines will be reviewed on a periodic basis. If you have any comments or suggestions to help improve them, please send your comments to the mailing address provided below, or by email to [guidelines@fintrac.gc.ca](mailto:guidelines@fintrac.gc.ca)

## **7 Contact FINTRAC**

For further information on FINTRAC and its activities, or about reporting suspicious transactions, please go to FINTRAC's Web site (<http://www.fintrac.gc.ca>) or contact FINTRAC:

Financial Transactions and Reports Analysis Centre of Canada  
Ottawa, Ontario  
Canada K1P 1H7

Toll-free: 1-866- 346-8722

Email: [info@fintrac.gc.ca](mailto:info@fintrac.gc.ca)

## **Guideline 3: Submitting Reports to FINTRAC**

**Guideline 3: Submitting Reports to FINTRAC**  
**September 12, 2001**

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# 1 General

The following persons or entities must report suspicious and certain other transactions to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC):

- financial entities (such as banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities);
- life insurance companies, brokers and agents;
- securities dealers, including portfolio managers and investment counsellors;
- persons engaged in the business of foreign exchange dealing;
- money services businesses (including Canada Post for money orders);
- legal counsel (when carrying out certain activities on behalf of their clients);
- accountants (when carrying out certain activities on behalf of their clients);
- real estate brokers or sales representatives (when carrying out certain activities on behalf of their clients);
- certain casinos; and
- employees of such persons or entities.

If you are one of these reporting persons or entities, this guideline has been prepared by FINTRAC to help you submit these reports. It explains reporting timelines, how reports have to be sent to FINTRAC, and what information has to be included in these reports.

This guideline uses plain language to explain the most common reporting situations under the *Proceeds of Crime (Money Laundering) Act* as well as the related Regulations. It is provided as general information only. It is not legal advice, and is not intended to replace the Act and Regulations. For more information about money laundering or other requirements under the Act and Regulations, see the other guidelines in this series:

- *Guideline 1: Background* explains money laundering and its international nature. It also provides an outline of the requirements under the *Proceeds of Crime (Money Laundering) Act* as well as an overview of FINTRAC's mandate and responsibilities.
- *Guideline 2: Suspicious Transactions* explains how to report a suspicious transaction. It also provides guidance on how to identify a suspicious transaction, including general and industry-specific indicators that may help when conducting or evaluating transactions.
- *Guideline 4: Implementation of a Compliance Regime* will explain the requirement for reporting persons and entities to implement a regime to ensure compliance with their obligations under the *Proceeds of Crime (Money Laundering) Act*. As the Regulations about the compliance regime are currently being finalized, Guideline 4 is not available at this time. It will be made available as soon as the related Regulations are finalized.

If you need more help after you read this or other guidelines, call FINTRAC's national toll-free enquiries line at 1-866-346-8722.

Throughout these guidelines, several references are provided to additional information that may be available on external Web sites. FINTRAC is not responsible for the accuracy or reliability of the information contained on those external Web sites.

## **2 Reporting Requirements**

### **2.1 Reporting Timelines**

#### **Suspicious Transaction Report**

If you are a reporting person or entity (see Section 1 above), you have to file a suspicious transaction report when there are reasonable grounds to suspect that a transaction is related to the commission of a money laundering offence. There is no minimum threshold amount for reporting a suspicious transaction. *Guideline 2: Suspicious Transactions* has more information on how to identify a suspicious transaction.

As of November 8, 2001, you must submit suspicious transaction reports to FINTRAC, containing specific information (see Section 5 below). Once you have determined that there are reasonable grounds to suspect that the transaction is related to the commission of a money laundering offence, your report, including all required and applicable information, must be sent within 30 calendar days.

This 30-day reporting time limit begins when you or any one of your employees or officers first detects a fact about a transaction that constitutes reasonable grounds to suspect that it is related to the commission of a money laundering offence. If such a fact is detected at the time of the transaction, the reporting timeline begins at the time of the transaction. However, if the fact is not detected at the time of the transaction, the 30-day time limit could begin at some time after. For example, if the fact were detected during a review by corporate security after the transaction took place, the 30-day time limit would begin when corporate security detected the fact.

#### **Other Reports**

When regulations are implemented respecting large cash transaction reports, electronic funds transfer reports, foreign currency exchange transaction reports and casino cheques reports, additional supporting guidelines will be provided.



## **2.2 Means of Reporting**

### **Electronic Reporting**

As a reporting person or entity, you must submit all reports on suspicious transactions to FINTRAC **electronically** if you have the technical capabilities to do so. The minimum technical capabilities are as follows:

- A personal computer with the following characteristics:
  - 32 MB memory
  - 640 x 480 VGA video display (800 x 600 is preferable)
  - any operating system running the following Web browsers: Internet Explorer version 4.x or Netscape version 4.x (Windows® 95/98/Me/NT/2000, Linux, Apple Mac OS, or Unix); and
- An Internet connection

The same electronic reporting requirements will apply once reporting of large cash transactions, electronic funds transfers, foreign currency exchange transactions, and casino cheques come into effect.

See Section 3 (below) for more information on submitting reports to FINTRAC electronically.

### **Paper Reporting**

If you do not have the technical capabilities to send reports electronically, you must submit reports on paper. See Section 4 (below) for more information on submitting paper reports to FINTRAC.

## **2.3 Information to be Contained in Reports**

The information to be contained in reports depends on the type of report. At this time, only details of what has to be included in suspicious transaction reports are covered in this guideline. This guideline will be updated to include requirements for other reports once the related Regulations are finalized.

Your suspicion about there being a relation to a money laundering offence may be as a result of more than one transaction. In this case, include all the transactions that contributed to your suspicion in the same report. See Section 5 (below) for more information about what has to be included in a suspicious transaction report.

## 3 Electronic Reporting

### 3.1 Options for Electronic Reporting

As a reporting person or entity, you must report electronically to FINTRAC if you have the technical capabilities (see Section 2.2 above).

There are three options for electronic reporting:

- FINTRAC's secure Web site for low volume and low frequency reporting
- FINTRAC's secure Web site with public key infrastructure (PKI) for low volume but high frequency reporting
- Batch file transfer for high volume and high frequency reporting.

In general, Web site reporting will likely be more appropriate for entities with low reporting volume and frequency. If you, as a reporting person or entity, send on average less than one report per week, you will not need to do anything before you start to report. Simply complete and send your reports from the reporting area of FINTRAC's Web site (<http://www.fintrac.gc.ca>) (see Section 3.2 below).

If you, as a reporting person or entity, send on average at least one report per week over a 12-week period, you will have to apply for a public key infrastructure (PKI) certificate. For more information about PKI, see the reporting area of FINTRAC's Web site (<http://www.fintrac.gc.ca>).

Batch file transfers will likely be more efficient for larger entities with high reporting volume and frequency. If you send on average at least five reports per week over a 12-week period, you can use the batch file reporting mechanism. To do so, you will require a PKI certificate and specialized software available from FINTRAC. Consult the following specifications documents for more information about batch reporting:

- Standard Batch Reporting Instructions and Specification
- S.W.I.F.T.<sup>1</sup> format EFT Transactions – Batch Reporting Instructions and Specification

The batch file reporting mechanism will not be available before January 2002.

All these options provide for secure encrypted transmission to ensure data confidentiality and integrity. Reporting via batch, or through FINTRAC's secure Web site using PKI will require more advanced technical capability than explained in Section 2.2 (above).

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<sup>1</sup> S.W.I.F.T. is a trademark of S.W.I.F.T. SCRL ("SWIFT"), Avenue Adèle 1, B-1310 La Hulpe, Belgium.

## 3.2 How to Complete Electronic Reports

### Reporting via the Web

FINTRAC's Web site (<http://www.fintrac.gc.ca>) will eventually contain all the forms for all required reports. Senders will be able to select the appropriate one for the circumstances. As of November 8, 2001, only the suspicious transaction report will be available. Others will follow when the related Regulations are finalized.

The suspicious transaction report form contains completion instructions. Drop-down menus appear wherever a code or specific selection is required. In addition, details concerning formatting of a particular field may appear at the bottom of your screen.

See Section 5 (below) for additional completion instructions. It also includes details of what each field must contain for a suspicious transaction report.

### Reporting via Batch File Transfer

As explained in Section 3.1(above), additional instructions are provided in separate publications for those entities that want to report to FINTRAC via batch file transfer.

## 3.3 Acknowledgement of Receipt of an Electronic Report

FINTRAC will send you an acknowledgement message when your report has been received electronically. This will include the date and time your report was received and a FINTRAC-generated identification number. Please keep this information for your records.

## 3.4 Report Corrections

If your report contains incomplete information, FINTRAC may notify you. The notification will indicate the date and time your report was received, a FINTRAC-generated identification number, along with information on the fields that must be completed.

After receiving FINTRAC's notification, you should provide the necessary information to FINTRAC within the 30-day reporting deadline. In other words, this information should be sent to FINTRAC within 30 days of the time the suspicion was first detected. Your obligation to report will not be fulfilled until you send the **complete** report to FINTRAC.

## **4 Paper Reporting**

### **4.1 How to Complete Paper Reports**

If you do **not** have the technical capability (see Section 2.2 above), you must submit paper reports to FINTRAC. In this case, forms are available for paper filing as follows:

- A file can be accessed from <http://www.fintrac.gc.ca> and printed at your local library, or other public place with Internet access.
- Call 1-866-346-8722 for a copy to be faxed or mailed to you.

To ensure that the information provided is legible and to facilitate data entry, it would be preferable if paper reports were completed using word-processing equipment or a typewriter. If reports must be completed by hand, the use of black ink and CAPITAL LETTERS is recommended.

See Section 5 (below) for completion instructions. It includes details of what each field must contain for a suspicious transaction report, and indicates which parts of the form you may need to make copies of before you complete your report.

### **4.2 How to Send Paper Reports to FINTRAC**

There are two ways to send a paper report to FINTRAC:

- fax: 1-866-226-2346; or
- mail to the following address:  
Financial Transactions and Reports Analysis Centre of Canada  
Section A  
Ottawa, ON  
Canada K1P 1H7

### **4.3 Acknowledgement of Receipt of a Paper Report**

FINTRAC will not send you any acknowledgement when your paper report has been received.

## 5 Instructions for Completing a Suspicious Transaction Report

The fields in this section refer to the numbered areas on the *Suspicious Transaction Report* form, whether you are reporting electronically or on paper. As explained in Section 2.2 (above), completing a paper report is only permitted if you do not have the capability to report electronically.

All fields of the report marked with an asterisk (\*) **must be completed**. Some fields have both an asterisk and “where applicable” next to them. These must be completed if they are applicable to you or the transaction being reported. For all other fields, you have to make reasonable efforts to get the information. Reasonable efforts means that you tried to get the information requested on the report. If the information is available, you must provide it in the report. If the information was not available at the time of the transaction, and it is not contained in your records, the field may be left blank.

If you are reporting electronically, access the *Suspicious Transaction Report* form from the reporting area of FINTRAC’s Web site (<http://www.fintrac.gc.ca>). You will be asked if you are submitting a new report, or if this is a change to a previously submitted report. In the case of a change, you will need to provide the date, time and the FINTRAC-generated identification number for the previously submitted report.

If you cannot report electronically and have to use the paper form, enter the date and time when you begin completing it at the top of the form. If you have to file a correction to a report on paper, follow the instructions on the first page of the form. If you need to get a paper form, see Section 4 (above).

There are eight parts on the *Suspicious Transaction Report* form, but some are only to be completed if applicable. To report a suspicious transaction, follow the following five steps:

- Step 1 — Complete Part A to provide information about you as the reporting entity.
- Step 2 — Complete Part B1 to provide details about the transaction.
- Step 3 — Complete Part B2 to provide details about the transaction’s disposition. If the transaction’s disposition was related to an account, also complete Part C. If the transaction’s disposition was on behalf of a business or corporation, also complete Part E, **or** if the transaction’s disposition was on behalf of an individual, complete Part F.

If there was more than one disposition for the transaction, repeat this step for each disposition.

- Step 4 — Complete Part D to provide information about the individual conducting the transaction.

- Step 5 — Complete Part G to explain the reason for your suspicion. Also, complete Part H to provide information about any action taken, if applicable.

If you have to include more than one transaction in your report, repeat steps 2, 3 and 4 for each one. If you are reporting on paper, you may need to use extra copies of Parts B1, B2, C, D, E or F to complete your report.

The rest of this section will cover each part of the *Suspicious Transaction Report* form.

**Part A: Information about where transaction took place**

This Part is for information about you, the reporting person or entity creating the report. If you have multiple branch or office locations, the information in this Part should be about the branch or office location where the transaction took place.

No.	Field Name	Comment
*1	Reporting person or entity's identifier number	This is your institution or license number, or other identification number. For example, if you are a life insurance agent, enter your license number. If you have several branch locations, the identification number should refer to the branch or office where the transaction occurred.  If this field is not applicable to you, leave it blank.
*2	Reporting person or entity's full name	Enter the full legal (trade) name of your business or corporation. If you do not have a business name (for example, you are a reporting entity that is an individual), enter your full name.
*3-6	Reporting person or entity's full address	Enter your civic address, town or city, province and postal code. If you have more than one location, this information should be about where the transaction took place.
*7-9	Contact name	Enter the name of the individual FINTRAC can contact for clarification about this report.
*10	Contact telephone number	Enter the telephone number of the individual FINTRAC can contact for clarification. Include the extension if applicable at field 10A.
*11	Type of reporting person or entity	Enter the type of activity applicable to you. If you are involved in more than one activity type, indicate the one applicable to the transaction being reported. If there is more than one activity for one or more transactions on the report, check only one box to indicate your principal type of activity, and provide additional details in Part G.

**Part B1: Information about transaction(s)**

This Part is for information about the transaction(s) that led you to the suspicion of a connection to money laundering. Your suspicion could be based on a series of transactions. In that case, include in this report the information for each transaction that led to the suspicion.

If you are using the Web form and you need to enter more than one transaction, you will be able to get another set of transaction screens by indicating “next transaction.” Do this once you have finished entering all information for the first transaction at the end of Part D3.

If you are filing your report on paper and need to report more than one transaction, complete a separate Part B1 for each transaction. To do this, you can copy Part B1. Fill in the “Transaction \_\_\_ of \_\_\_” area at the top of Part B1 to distinguish between each transaction. When you provide the details of the transaction in Part D, the details of disposition in Part B2, as well as the additional details of disposition in Parts C, E, and F, as applicable, indicate to which transaction that information applies.

No.	Field Name	Comment
*1-3	When the transaction took place	<p>Enter the date (yyyy-mm-dd) and time (hh-mm) of the suspicious transaction. The time of transaction field can be left blank if it is not available after reasonable efforts.</p> <p>If the transaction was outside normal business hours, and you cannot provide the date and time, use the night deposit indicator field.</p> <p>The date of transaction field is mandatory, unless the transaction was outside normal business hours and the night deposit indicator is used.</p>
4	Date of posting	Enter the date (yyyy-mm-dd) the transaction cleared, if this differs from the date of the transaction provided above.
*5	Type of funds	Check the appropriate box to show the type of funds involved in the transaction. For example, if your client brought in cash, “cash” is the type of funds, or if your client is cashing in a life insurance policy, “life insurance policy” is the description of funds. If the selections provided do not cover the particular transaction, indicate “Other” and provide details in field 5L.
*6	Amount of transaction	<p>Enter the total of funds involved in the transaction. This is the total amount received to start the transaction. What happens as a result of that amount will be explained in Part B2 as one or more dispositions.</p> <p>If this amount was not in Canadian funds, you do not have to convert it but you must provide the currency information in field 7.</p>
*7	Currency	Enter the currency of the transaction, even if it was in Canadian funds. See Appendix 1 at the end of this guideline for the currency codes to be used.
*8-9	Other institution or person name, number and account number	Provide the name (including the identification number if applicable) and account number of any other institution or person involved in the transaction, where applicable. If more than one other person or institution was involved, put the information about the others in Part G.



*10	Method transaction was conducted	Check the appropriate box to indicate how the transaction was conducted. For example, if the transaction was done through an automated banking machine, check the “ABM” box. If the selections provided do not cover this particular transaction, indicate “Other” and provide details in field 10G.
11	ID number of the person initially identifying a suspicious transaction	Enter the identification number of the person who first identified the suspicious behaviour leading to the report. If that person does not have an ID number, this field may be left blank.

**Part B2: Information about transaction disposition(s)**

This Part is for information about the disposition of the transaction.

If the disposition was on behalf of the person conducting the transaction, check the “not applicable” box at the top of this Part. If the disposition was on behalf of a business or corporation, check that box and complete Part E to provide the information about the business or corporation. If the disposition was on behalf of another individual, check that box and complete Part F to provide the information about the individual.

There could be more than one disposition for a particular transaction. For example, your client could initiate a transaction in cash, send an electronic funds transfer (EFT) for part of it (disposition 1), order a bank draft for another part (disposition 2) and deposit the rest (disposition 3). In that case, make sure you include the information for each disposition. If you are including more than one transaction in this report, you must complete Part B2 for all dispositions for each transaction.

If you are using the Web form, and you need to enter more than one disposition for a particular transaction, you will be able to get another set of disposition screens by indicating “next disposition.” Do this once you have finished entering all information for the first disposition, at the end of Part C, E or F.

If you are filing your report on paper and you have to include more than one disposition, complete a separate Part B2 for each one. To do this, you can copy Part B2. Fill in the “Transaction \_\_\_\_ Disposition \_\_\_\_ of \_\_\_\_” area at the top of Part B2 to distinguish between each disposition. If you have to include more than one transaction in this report, indicate to which transaction the disposition information applies, based on the number you assigned the transaction in Part B1. When you provide the details of disposition in Parts C, E, and F, as applicable, also indicate to which disposition and which transaction that information applies.

No.	Field Name	Comment
*12	Disposition of funds	<p>This describes what happened to the funds involved in the transaction.</p> <p>If the disposition of funds was a life insurance policy, check that box and provide the life insurance policy number in field 12H. If the selections provided do not cover this particular disposition, indicate “Other” and provide details in field 12L.</p>
*13	Amount of disposition	Enter the amount of funds involved in the disposition. If the amount was not in Canadian funds, you do not have to convert it but you must provide the currency information in field 14.
*14	Currency	Enter the currency of the disposition, even if it was in Canadian funds. See Appendix 1 at the end of this guideline for the currency codes to be used.
*15–16	Other institution or person name, number and account number	Provide the name (including the identification number if applicable) and account number of any other institution or person involved in the disposition, where applicable. If more than one other person or institution was involved, put the information about the others in Part G.

**Part C: Account information (where applicable)**

This Part is for information about the account of the individual, business or trust on whose behalf the transaction's disposition was conducted, if it was in fact related to an account. As explained earlier, it is possible to have more than one transaction per report, and more than one disposition per transaction. Provide the account information, where applicable, for each disposition included in the report.

If you are using the Web form, and you need to enter more than one disposition for a particular transaction, you will be able to get another set of disposition screens by indicating "next disposition." Do this once you have finished entering all information for the first disposition, at the end of Part C, E or F.

If you are filing your report on paper and you have to include account information for more than one disposition, complete a separate Part C to provide information for each account involved. To do this, you can copy Part C. Fill in the "Transaction \_\_\_\_ Disposition \_\_\_\_" area at the top of Part C to distinguish between each disposition, based on the number you assigned the disposition in Part B2.

If the account information is the same from one disposition to another on the report, indicate "same as previous" at the top of Part C.

No.	Field Name	Comment
*1	Branch or transit number	Enter the branch number, transit number, or other appropriate identifying number of the entity where the relevant account is held, when applicable to the transaction.
*2	Account number	Enter the number of the relevant account.
*3	Type of account	Indicate the type of the relevant account. If the selections provided do not cover this particular transaction, indicate "Other" and provide details in field 3D.
*4	Type of currency	Enter the type of currency for the relevant account. See Appendix 1 at the end of this guideline for the currency codes to be used.
*5	Full name of account holders	Enter the full name of each account holder (up to three). If there are more than three, you need not provide more.
6	Date opened	Enter the date (yyyy-mm-dd) the account was opened.
7	Date closed	Enter the date (yyyy-mm-dd) the account was closed, if applicable.
*8	Status of the account	Indicate whether the account was active, inactive or dormant at the time of the transaction.

**Part D: Information about individual conducting transaction(s)**

This Part is for information about the individual who conducted the transaction. As explained earlier, it is possible to have more than one transaction per report. Provide this information for each transaction included in the report.

If you are using the Web form, and you need to enter more than one transaction, you will be able to get another set of transaction screens by indicating “next transaction.” Do this once you have finished entering all information for the first transaction, at the end of Part D3.

If you are filing your report on paper and need to report more than one transaction, complete a separate Part D for each transaction. To do this, you can copy Part D. Fill in the “Transaction \_\_\_” area at the top of Part D to distinguish between each transaction, based on the number you assigned the transaction in Part B1. If the individual who conducted the transaction is the same as the previous transaction, indicate “same as previous” at the top of Part D.

No.	Field Name	Comment
1–3	Individual’s full name	Enter the last name, first name and middle initial (if applicable) of the individual who conducted the transaction.
*4	Entity client number	Enter the client number you issued to the individual who conducted the transaction, if applicable.
5–9	Individual’s full address	Enter the civic address, town or city, province or state, country and postal code of the individual who conducted the transaction.
10	Country of residence	Enter the country of permanent residence of the individual who conducted the transaction.
11	Home telephone number	Enter the home telephone number of the individual who conducted the transaction.
12	Individual’s identifier	Check the appropriate box to show the document used to identify the individual who conducted the transaction. Please note that a Social Insurance Number is not acceptable. Also, in some provinces, a health card cannot be used. If that is the case in your province, please make sure another identifier is used.  If the selections provided do not cover the identifier used, indicate “Other” and provide details in field 12E.
13	ID number	Enter the number of the document described in field 12 that was used to identify the individual who conducted the transaction. Remember that a Social Insurance Number is not acceptable, and neither is a health card number in some provinces.
14–15	Place of issue	Enter the province or state and country of issue of the document used to identify the individual who conducted the transaction.
16	Date of birth	Enter the date (yyyy-mm-dd) of birth of the individual who conducted the transaction.
17	Individual’s occupation	Enter the occupation of the individual who conducted the transaction.
18	Individual’s business telephone number	Enter the business telephone number of the individual who conducted the transaction. Include the extension if applicable at field 18A.
19	Individual’s employer	Enter the name of the business, corporation or individual who is the employer of the individual who conducted the transaction.
20–24	Employer’s business address	Enter the civic address, town or city, province or state, country and postal code of the employer of the individual who conducted the transaction.

25	Employer's business telephone number	Enter the business telephone number of the employer of the individual who conducted the transaction. Include the extension if applicable at field 25A.
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**Part E: Information about business or corporation on whose behalf transaction was conducted (where applicable)**

This Part only applies if the transaction's disposition was conducted on behalf of a third party other than an individual, as indicated in Part B2.

If you are using the Web form, and you need to enter more than one disposition for a particular transaction, you will be able to get another set of disposition screens by indicating "next disposition." Do this once you have finished entering all information for the first disposition, at the end of Part C, E or F.

If you are filing your report on paper, complete a separate Part E for each disposition that was conducted on behalf of a business or corporation. To do this, you can copy Part E. Fill in the "Transaction \_\_\_\_ Disposition \_\_\_\_" area at the top of Part E to distinguish between each disposition, based on the number you assigned the disposition in Part B2. If the business or corporation information is the same from one disposition to another within a transaction, or from one transaction to another, indicate "same as previous" at the top of Part E.

No.	Field Name	Comment
1	Business or corporation name	Enter the full name of the business or corporation on whose behalf the transaction was conducted.
2	Type of business	Describe the type of business or entity on whose behalf the transaction was conducted.
3-7	Full address of business or corporation	Enter the civic address, town or city, province or state, country and postal code of the business or corporation on whose behalf the transaction was conducted.
8	Business telephone number	Enter the telephone number of the business or corporation on whose behalf the transaction conducted. Include the extension, if applicable, at field 8A.
9-11	Incorporation information	Provide the incorporation number, or registration number when applicable, for the business or corporation on whose behalf the transaction was conducted. Also provide the province or state and country of the incorporation number's place of issue.
12	Signing authority names	Provide the names of up to three individuals who have authority to conduct transactions through the account.

**Part F: Information about individual on whose behalf transaction was conducted (where applicable)**

This Part only applies when the transaction's disposition is conducted on behalf of a third party that is an individual. It contains information regarding that individual. If the individual conducted the transaction's disposition on his or her own behalf, this Part does not apply. In that case, information about the individual should be put in Part D. If the transaction's disposition was conducted on behalf of a business or corporation, Part E should be completed.

If you are using the Web form, and you need to enter more than one disposition for a particular transaction, you will be able to get another set of disposition screens by indicating "next disposition." Do this once you have finished entering all information for the first disposition, at the end of Part C, E or F.

If you are filing your report on paper, complete a separate Part F for each disposition that was conducted on behalf of an individual. To do this, you can copy Part F. Fill in the "Transaction \_\_\_\_ Disposition \_\_\_\_" area at the top of Part F to distinguish between each disposition, based on the number you assigned the disposition in Part B2. If you have to include more than one transaction in this report, indicate to which transaction the disposition information applies. If the individual information is the same from one disposition to another within a transaction, or from one transaction to another, indicate "same as previous" at the top of Part F.

No.	Field Name	Comment
1-3	Individual's full name	Enter the last name, first name and middle initial (if applicable) of the individual on whose behalf the transaction was conducted.
4-8	Individual's full address	Enter the civic address, town or city, province or state, country and postal code of the individual on whose behalf the transaction was conducted.
9	Home telephone number	Enter the home telephone number of the individual on whose behalf the transaction was conducted.
10	Office telephone number	Enter the office telephone number of the individual on whose behalf the transaction was conducted. Include the extension if applicable at field 10A.
11	Date of birth	Enter the date of birth (yyyy-mm-dd) of the individual on whose behalf the transaction was conducted.
12	Individual's identifier	Check the appropriate box to show document used to identify the individual on whose behalf the transaction was conducted. Please note that a Social Insurance Number is not acceptable. Also, in some provinces, a health card cannot be used. If that is the case in your province, please make sure another identifier is used.  If the selections provided do not cover the identifier used, indicate "Other" and provide details in field 12E.
13	ID number	Enter the number of the document described in field 12 that was used to identify the individual on behalf of whom the transaction was conducted. Remember that a Social Insurance Number is not acceptable, and neither is a health card number in some provinces.
14	Country of residence	Enter the country of permanent residence of the individual on whose behalf the transaction was conducted.
15-16	Place of issue	Enter the province or state and country of issue of the document used to identify the individual on whose behalf the transaction was conducted.
17	Individual's occupation	Enter the occupation of the individual on whose behalf the transaction was conducted.

18	Individual's employer	Enter the name of the business, corporation or individual who is the employer of the individual on whose behalf the transaction was conducted.
19-23	Employer's address	Enter the civic address, town or city, province or state, country and postal code of the employer of the individual on whose behalf the transaction was conducted.
24	Employer's telephone number	Enter the business telephone number of the employer of the individual on whose behalf the transaction was conducted. Include the extension if applicable at field 24A.
25	Relationship to individual	Check the appropriate box to indicate the relationship of the person conducting the transaction to the individual on whose behalf the transaction was conducted.  If the selections provided do not cover the relationship, indicate "Other" and provide details in field 25J.



**Part G: Description of Suspicious Activity**  
 This Part is to provide details of why you suspected that the transaction or the series of transactions were related to money laundering.

No.	Field Name	Comment
*G-1	Description of suspicious activity	Include a full description of the events that led to the suspicion of money laundering with as many details as possible.

**Part H: Action Taken (where applicable)**  
 This Part is for you to describe what action, if any, was taken by you, as a result of the suspicious transaction.

No.	Field Name	Comment
*H-1	Action taken	Identify whether you have taken or will take any action as a result of the suspicious transaction, in addition to reporting to FINTRAC. For example, if you are also making a report to a law enforcement agency, indicate this in Part H.

## **6 Comments?**

These guidelines will be reviewed on a periodic basis. If you have any comments or suggestions to help improve them, please send your comments to the mailing address provided below, or by email to [guidelines@fintrac.gc.ca](mailto:guidelines@fintrac.gc.ca).

## **7 Contact FINTRAC**

For further information on FINTRAC and its activities, and report submission, please go to FINTRAC's Web site (<http://www.fintrac.gc.ca>) or contact FINTRAC:

Financial Transactions and Reports Analysis Centre of Canada  
Ottawa, Ontario  
Canada K1P 1H7

Toll-free: 1-866-346-8722

Email: [info@fintrac.gc.ca](mailto:info@fintrac.gc.ca)

## **Appendix 1 — Currency Codes**