

FINTRAC

Connecting
the **money**
to the **crime**

FINTRAC
CANAFE



Financial Transactions and
Reports Analysis Centre of Canada

Centre d'analyse des opérations
et déclarations financières du Canada

Canada 

What is FINTRAC?

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), is Canada's financial intelligence unit, a government agency created to collect, analyze and disclose financial intelligence on suspected money laundering and terrorist financing activities. Created in July 2000, FINTRAC is an integral part of our country's fight against the global crimes of money laundering and the financing of terrorist activities.

FINTRAC is an independent agency, operating at arm's length from the police and other departments and agencies of government to whom it can provide financial intelligence (e.g., the Canadian Security Intelligence Service).

What does FINTRAC do?

FINTRAC collects reports on financial transactions from numerous entities and subjects them to rigorous analysis. These reports contain information on suspicious or large cash financial transactions, international electronic funds transfers, as well as on the cross-border movements of currency and monetary instruments. When FINTRAC determines, on the basis of its analysis, that there are reasonable grounds to suspect its information would be relevant to investigating or prosecuting a money laundering or terrorist financing offence, it will disclose key identifying information to law enforcement. Likewise, when it suspects the information would be relevant to threats to the security of Canada, it will disclose the information to CSIS.

How does FINTRAC assist law enforcement and security agencies?

Although it operates at arm's length from law enforcement, FINTRAC's primary role is to provide law enforcement and CSIS with high quality leads to help them with their investigations and prosecutions.

FINTRAC uses skilled financial analysts and leading-edge technology to provide law enforcement with high calibre financial intelligence. This helps them to zero in on the likeliest suspects. If more information than what is contained in the initial disclosure is required, FINTRAC will disclose the remaining contents of its analysis if presented with a court order.

FINTRAC also expects to play a strong leadership role in the international fight against organized crime and terrorism. Factors such as the growth in world travel, trade and immigration, and the growing popularity of electronic transactions have aided organized crime and terrorist groups. In that vein, FINTRAC has the ability to exchange financial intelligence with its international counterparts after entering into Memoranda of Understanding with these organizations.



How does FINTRAC protect privacy?

FINTRAC is required by law to protect the personal information it receives from unauthorized disclosure. To that end, FINTRAC has put in place rigorous internal and external security measures to ensure that the reports and information it receives are held in the strictest of confidence. As well, the law provides for criminal penalties against any FINTRAC employee who unlawfully discloses information.

The creation of FINTRAC allowed lawmakers to balance privacy rights and the needs of the law enforcement and security communities.

Money laundering

Money laundering is the process used to disguise the source of money or assets derived from criminal activity. Profit-motivated crimes span a variety of illegal activities from drug trafficking and smuggling to fraud, extortion and corruption. The illicit profits and proceeds from these crimes must be laundered to be enjoyed. The scope of criminal proceeds is significant—the International Monetary Fund (IMF) estimated that some \$500 billion (U.S.) is laundered worldwide each year.

Money laundering is a global phenomenon, and the techniques used are numerous and can be very sophisticated. Technological advances in e-commerce, the global diversification of financial markets and new financial product developments provide further opportunities to launder illegal profits and obscure the money trail leading back to the underlying crime.



Who must report to FINTRAC?

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

- financial entities (includes banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities);
- life insurance companies, brokers or agents;
- securities dealers, portfolio managers and investment counsellors who are provincially authorized;
- persons engaged in the business of foreign exchange dealing;
- money services businesses;
- accountants and accounting firms (when carrying out certain activities on behalf of their clients);
- real estate brokers and sales representatives (when carrying out certain activities on behalf of their clients);
- casinos; and
- individuals, whether a Canadian citizen or not, and any entity who is importing or exporting currency or monetary instruments of \$10,000 or more.

What is reported?

- Suspicious transactions related to money laundering and terrorist financing;
- Terrorist property;
- Large cash transactions of \$10,000 or more;
- International electronic funds transfers of \$10,000 or more; and
- Cross-border currency or monetary instruments of \$10,000 or more.

There are also other regulatory requirements such as:

- Client identification;
- Record keeping; and
- The implementation of a compliance regime.

Terrorist financing

Terrorist financing operates somewhat differently from money laundering but no less insidiously. While terrorist groups do generate funds from criminal activities such as drug trafficking and arms smuggling, they also frequently obtain revenue through legal means. Supporters of terrorist causes may, for example, raise funds from their local communities by hosting events or membership drives. In addition, some charity or relief organizations may unwittingly become the conduit through which donors contribute funds that may eventually be used to commit a terrorist act. The funds are then routed to the recipient terrorist organizations through both informal networks and the formal financial system.

Terrorist activities constitute threats to our country's safety and security. An effective response involves, among other things, efforts to detect and curtail the flow of money needed to finance such activities.

Reporting Voluntary Information

In addition, FINTRAC can receive information about suspicions of money laundering or terrorist financing that is provided voluntarily.

These tips can be sent to FINTRAC by:

Facsimile: **1-866-538-0880**

(No long-distance charges will apply), or

Mail: **FINTRAC**

**234 Laurier Avenue West, 24th floor
Ottawa, ON, Canada K1P 1H7**

To learn more about FINTRAC

and Canada's effort to combat money laundering and terrorist financing activities, visit our Web site: www.fintrac.gc.ca

Or call: **1-866-346-8722**

NOTE: A Corporation/Entity Identification Information Record or report is required by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. This record, or report, must be completed by the REALTOR® whenever they act as an agent in respect to the purchase or sale of real estate. FINTRAC recommends that the Corporation/Entity Identification Information Record be completed when the offer is submitted. It is the responsibility of the broker to ensure that a record is kept for five years from the date it was created.

Transaction Property Address:

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Sales Representative/Broker Name:

Date:

A. Verification of Corporation

The existence of a corporation must be established within 30 days after closing.

1. Name of corporation:

2. Corporate Address:

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3. Nature of Principal Business:

4. Name of Directors:

As set out in certificate of corporate status or other record confirming corporation's existence.

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5. Type and Source of Verification Record:

Must confirm existence of the corporation (e.g., certificate of corporate status, published annual report, government notice of assessment). If record is in paper format, a copy must be kept. If record is an electronic version, a record of the corporation's registration number and type and source of record (e.g., Corporations Canada website) must be kept.

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6. Registration number of corporation:

7. Copy of corporate record showing authority to bind corporation regarding transaction:

(e.g., certificate of incumbency, articles of incorporation, by-laws setting out officers duly authorized to sign on behalf of corporation)

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B. Verification of Other Entity (if applicable)

The existence of another entity (e.g. partnership) must be established within 30 days after closing.

1. Name of other entity:

2. Address:

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3. Nature of Principal Business:

3. Type of Verification Record:

Must confirm existence of other entity (e.g., partnership agreement, articles of association).

5. Source of Record:

Record may be paper or an electronic version. If record is in paper format, a copy must be kept. If record is an electronic version, a record of the entity's registration number and type and source of record must be kept.

6. Registration number:

C. Verification of Third Parties (if applicable)

Complete this portion of the form if there is a third entity that is not the buyer or seller but is involved in the transaction (i.e., client acting on behalf of a third party). Note: where you cannot determine if there is a third party but there are reasonable grounds to suspect that the client is acting on behalf of a third party, you must keep a record that (a) indicates whether, according to the client, the transaction is being conducted on behalf of third party; (b) the reasonable grounds to suspect that the client is acting on behalf of a third party.

1. Name of third party:

2. Address:

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3. Date of Birth:

4. Nature of Principal Business or Occupation:

5. Incorporation number and place of issue (if applicable):

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6. Relationship between third party and client:

Individual Identification Information Record



NOTE: An Individual Identification Information Record or report is required by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. This record, or report, must be completed by the REALTOR® whenever they act as an agent in respect to the purchase or sale of real estate. FINTRAC recommends that the Individual Identification Information Record be completed for a buyer when the offer is submitted and a deposit made, and completed for the seller when the seller accepts the offer.

Transaction Property Address:

Sales Representative/Broker Name:

Date:

A. Verification of Individual

This section must be completed for clients that are individuals or unrepresented individuals who are not clients, but are parties to the transaction (e.g. unrepresented buyer or seller). Where an unrepresented individual refuses to provide identification after reasonable efforts are made to verify that identification, a REALTOR® must keep a record of that refusal and consider sending a Suspicious Transaction Report to FINTRAC if there are reasonable grounds to suspect that the transaction involves property from the proceeds of crime, or terrorist activity.

1. Full legal name of individual:

2. Address:

3. Date of Birth:

4. Nature of Principal Business or Occupation:

5. Type of Identification Document:
(must view the original, see below for list of acceptable documents)

6. Document Identifier Number:

7. Issuing Jurisdiction:
(Provincial, Territorial, or Federal Government)

8. Document Expiry Date:
(must be valid and not expired)

Acceptable identification documents: birth certificate, driver's licence, provincial health insurance card (not acceptable if from Ontario, Manitoba or Prince Edward Island), passport, record of landing, permanent resident card, old age security card, a certificate of Indian status, or SIN card (although SIN numbers are not to be included on any report sent to FINTRAC). Other acceptable identification documents: provincial or territorial identification card issued by the Insurance Corporation of British Columbia, Alberta Registries, Saskatchewan Government Insurance, the Department of Service Nova Scotia and Municipal Relations, the Department of Transportation and Public Works of the Province of Prince Edward Island, Service New Brunswick, the Department of Government Services and Lands of the Province of Newfoundland and Labrador, the Department of Transportation of the Northwest Territories or the Department of Community Government and Transportation of the Territory of Nunavut. If identification document is from a foreign jurisdiction, it must be equivalent to one of the above identification documents.

B. Verification of Third Parties (if applicable)

Complete this portion of the form if there is a third entity that is not the buyer or seller but is involved in the transaction (i.e., client acting on behalf of a third party). Note: where you cannot determine if there is a third party but there are reasonable grounds to suspect that the client is acting on behalf of a third party, you must keep a record that (a) indicates whether, according to the client, the transaction is being conducted on behalf of third party; (b) the reasonable grounds to suspect that the client is acting on behalf of a third party.

1. Name of third party:

2. Address:

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3. Date of Birth:

4. Nature of Principal Business or Occupation:

5. Incorporation number and place of issue (if applicable):

6. Relationship between third party and client:

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NOTES: (1) If individual identification is verified by an agent/mandatary, a written agreement must be in effect between the brokerage and the agent/mandatary. The brokerage must receive the following information in respect of the client identification document:

- (i) type of identification;
- (ii) identifier number of the identification document; and
- (iii) issuing jurisdiction.

(2) Where an individual is not physically present, the identification procedures outlined in FINTRAC Guideline B: Record Keeping and Client Identification for Real Estate Brokers or Sales Representatives must be followed. It may be found at www.fintrac.gc.ca.