



Financial Transactions and
Reports Analysis
Centre of Canada

Centre d'analyse des
opérations et déclarations
financières du Canada

FINTRAC

2008 ANNUAL REPORT

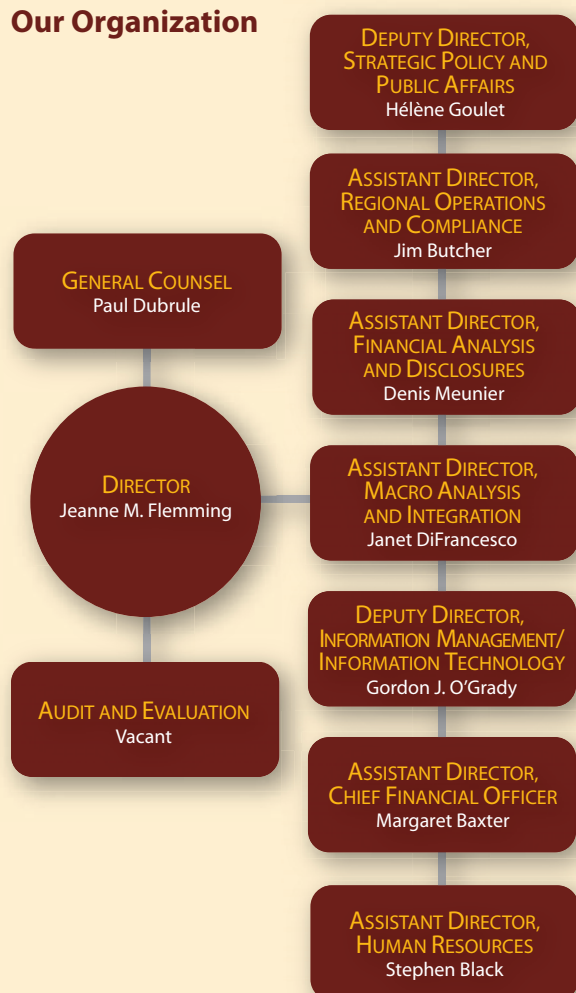


Canada



WHO WE ARE

Our Organization



OUR OBJECTIVE

To contribute to the safety of Canada by facilitating the detection, prevention and deterrence of money laundering, the financing of terrorist activities and other threats to the security of Canada.

OUR LEGISLATION

Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)

OUR ACTIVITIES

- Receiving financial transaction reports in accordance with the legislation and regulations and safeguarding personal information under our control.
- Ensuring compliance of reporting entities with the legislation and regulations.
- Producing financial intelligence on suspected money laundering, terrorist activity financing and other threats to the security of Canada.
- Researching and analyzing data from a variety of information sources that shed light on trends and patterns in financial crime.
- Enhancing public awareness and understanding of money laundering and terrorist activity financing.

OUR RELATIONSHIPS

DOMESTIC:

- Reporting entities and their representative associations
- National and provincial financial regulators
- RCMP, provincial and municipal police forces
- Canadian Security Intelligence Service (CSIS)
- Canada Border Services Agency (CBSA)
- Canada Revenue Agency (CRA)
- Department of Finance
- Department of Justice
- Public Prosecution Service Canada (PPSC)
- Public Safety Canada (PS)
- Foreign Affairs and International Trade Canada (DFAIT)
- Communications Security Establishment (CSE)
- Privy Council Office (PCO)
- Treasury Board of Canada Secretariat (TBS)
- National Coordinating Committee on Organized Crime (NCCOC)
- Canadian Association of Chiefs of Police (CACP)

INTERNATIONAL:

- Foreign financial intelligence units (FIUs)
- The Egmont Group of Financial Intelligence Units
- Other international organizations such as the Financial Action Task Force (FATF), the World Bank, the International Monetary Fund (IMF), the Caribbean Financial Action Task Force (CFATF) and the Asia/Pacific Group on Money Laundering (APG)



September 11, 2008

The Honourable James M. Flaherty, P.C., M.P.
Minister of Finance
L'Esplanade Laurier
140 O'Connor Street
21st Floor, East Tower
Ottawa, Ontario
K1A 0G5

Dear Minister:

Pursuant to section 71(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, I am pleased to present you with the seventh Annual Report for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). This report provides details on our operations and our achievements for the period from April 1, 2007 to March 31, 2008, as well as our priorities for 2008-09.

We continue in our commitment to promote compliance with Canada's anti-money laundering and anti-terrorist activity financing legislation and to deliver high-quality financial intelligence.

Yours sincerely,

Jeanne M. Flemming
Director



FINTRAC

2008 ANNUAL REPORT

**Financial Intelligence
and Public Safety**





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MESSAGE FROM THE DIRECTOR



In the few months since I became FINTRAC's Director, I have been impressed with the professionalism of the Centre's staff and what has been achieved in the eight years since its creation. Remarkable things still lie ahead, as we sharpen our focus and increase our output of financial intelligence.

As Canada's financial intelligence unit, we serve the entire country, providing our partners at the federal, provincial and municipal level with crucial information on the movement of proceeds of crime and terrorist activity financing. We are able to do this because FINTRAC is the central point for the collection of information concerning millions of financial transactions. With our sophisticated information technology tools and our experienced analysts, we are able to connect financial transactions in what are often elaborate webs of criminal and terrorist activity. In the production of financial intelligence, we are indebted to the thousands of financial institutions and intermediaries that have established compliance regimes throughout Canada. Working collaboratively with these entities, we are helping to create an environment that is hostile to money derived from criminal activity.

This past year, we have been working hard to implement Bill C-25, which amended the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA). These changes extended the range of information that we may disclose to our partners. It also provided for the creation of a money services businesses registry. In the coming year, Bill C-25 will also expand certain obligations to four new business and professional sectors, and will give FINTRAC the authority to levy administrative monetary penalties where there has been failure to comply with the PCMLTFA. These legislative amendments are important in strengthening Canada's anti-money laundering / anti-terrorist financing regime and our effectiveness.

The task we have been given is both daunting and vital. It is daunting because those undertaking money laundering and the financing of terrorist activity are devious in covering their tracks, sometimes using many financial intermediaries. It is only through our experience and with our technology that we are able to find the threads linking diverse and seemingly unconnected activities.

The task is vital because we are all, to a greater or lesser extent, victims of these crimes, none more so, of course, than those killed or maimed by terrorist activity. But laundered money is likely to flow, for example, from drug deals or from various types of fraud, all of which also leave a trail of victims in their wake.

FINTRAC's challenge, as we move forward, will be to live up to the expectations of our partners, both international and domestic, for the financial intelligence that they have come to value and rely on. We have gained the respect of our peers around the world and have become an important resource for Canadian investigators. We must capitalize on this and increase the quantity and quality of our contribution to their work.

Our success as an agency will be defined by the assistance that we are able to offer our partners. To a large degree, the growing demand for FINTRAC's intelligence speaks to this success, as FINTRAC is being asked to contribute to investigations in Canada and around the world. We will strive to meet this demand and we will measure our progress by the success of our partners as they investigate and prosecute the criminals behind the transactions.

A handwritten signature in dark ink, reading "Jeanne M. Flemming". The signature is fluid and cursive, with a large loop at the end.

Jeanne M. Flemming
Director

SAFEGUARDING PERSONAL INFORMATION

FINTRAC is entrusted with millions of records of financial transactions made by Canadians. This is why FINTRAC's governing legislation, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), sets the highest standards for the protection of personal information. We continue to uphold the most rigorous security measures. These are applied to every part of our operations, from controlling access to the Centre's physical premises, to handling, storing and retaining all personal data under our control.

THE PCMLTFA

Privacy protection measures in the PCMLTFA establish the Centre as an independent agency, which must act at arm's length from the law enforcement and national security agencies to which it provides financial intelligence. These measures ensure that FINTRAC can only disclose specific information as described in the Act, only to police and specific enforcement and national security agencies, and only when established legal thresholds are met.

A key provision of the recent amendments to the PCMLTFA requires that the Office of the Privacy Commissioner (OPC) conduct a review, every two years, of FINTRAC's measures to protect information it receives and collects. The first review was initiated in 2007-08. FINTRAC looks forward to the final report, and to responding to any recommendations that will help to further strengthen the Centre's measures to protect information.

PHYSICAL CONTROLS

FINTRAC develops and designs any new system or program with privacy protection in mind. The application of the Government of Canada's policy on privacy impact assessments (PIAs) allows the Centre to identify and mitigate privacy risks prior to the implementation of any new programs. Over the last year, the Centre has completed or updated three PIA reports, and obtained the OPC's guidance to help in ensuring the protection of the privacy of all Canadians.

An integrated security program is in place at all of FINTRAC's premises in Ottawa, Montreal, Toronto and Vancouver to protect against unauthorized access. In addition, employee access to our databases is recorded and monitored and access to these databases is governed by the "need-to-know" principle.

STAFF

All of our employees are required to have a high security clearance. As well, all employees receive ongoing training on their responsibilities regarding the protection of personal information entrusted to FINTRAC. There are severe penalties for improper disclosure of information, which can include up to five years in jail, a fine of up to \$500,000, or both.

EMERGENCY

We continue to build a comprehensive business continuity plan that will ensure our ability to carry out critical functions, including the protection of personal information, in the event of a temporary or longer term emergency.



THE YEAR IN REVIEW

In 2007-08, our responsibilities and our capacity both to gather and to provide financial intelligence were expanded with the amendments (and subsequent regulations) to our governing legislation, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), adopted in December 2006.

With the new provisions, our case disclosures can include a greater range of information relating to financial transactions, and the number of agencies to which we are authorized to make them has increased. Consequently, because our financial intelligence is enriched, its value in investigations is enhanced. Feedback from the law enforcement and intelligence communities already reflects this enhancement.

The success of this initiative is closely linked to the determined efforts of reporting entities to adapt to these new legal obligations. In the past year, we have worked tirelessly in close cooperation with the Department of Finance and with reporting entities and their representative associations to help them prepare for these changes during what has undoubtedly been a challenging period for financial institutions and intermediaries that are subject to the Act.

The impact of the implementation on our own operations was substantial as well. We increased our staff considerably to handle the workload and our IT professionals put in countless hours to recalibrate our systems to accommodate the new reporting requirements. They established platforms to support the money services businesses registry, effective since June 2008, and the administrative monetary penalties regime, which will take effect in December 2008.

Our macro-analytic capacity continued to grow, and was also expanded by the additional data received through Bill C-25 amendments. We were able to disseminate a number of new and well-received strategic intelligence products during the year.

Canada was subject to a mutual evaluation by the Financial Action Task Force (FATF) of the effectiveness of its anti-money laundering and anti-terrorist financing regime as it applied to the FATF's 40+9 Recommendations. In this assessment, Canada's legal system, law enforcement powers, international cooperation and measures to combat terrorist financing were all rated highly. In addition, regulatory changes that were introduced after the evaluation contribute to bringing the Canadian regime into compliance with FATF standards. FINTRAC will continue to work with other interdepartmental partners to improve the Canadian regime further.

Internationally, we provided key support for the establishment of the Egmont Group Secretariat in Toronto, which became fully operational in October 2007. This accomplishment emphasizes Canada's commitment to seeking multi-lateral solutions to the global problem of organized crime and terrorism. (See the Glossary to learn more about the Egmont Group.)

The appointment of Jeanne M. Flemming as agency head—subsequent to the retirement last December of Horst Intscher, FINTRAC's first director—provided a perfect opportunity to take stock of past achievements, and to reflect on the major tasks that lie ahead. Clearly, FINTRAC has successfully completed its early start-up and building phase and is moving to a new level of maturity.

Strengthening the Regime

Bill C-25 and subsequent amendments to the regulations under the PCMLTFA brought in changes that strengthen and broaden Canada's AML/ATF regime and improve its capacity for detection and deterrence.

Enhancements include the following:

- Suspicious attempted transactions must be reported.
- Correspondent banking relationships are subject to greater scrutiny.
- Transactions conducted by politically exposed foreign persons are subject to enhanced monitoring.
- Real estate agents and brokers, as well as accountants, are subject to expanded client due diligence and record keeping requirements.
- All reporting entities are required to conduct a risk assessment of their activities and to establish measures to mitigate those activities deemed to be at higher risk for money laundering and terrorist activity financing.
- Non face-to-face client identification requirements are expanded and strengthened for all sectors.
- Financial institutions that have subsidiaries or branches in non-FATF jurisdictions are required to apply policies and procedures that are consistent with PCMLTFA requirements.
- Certain reporting entities are required to maintain originator information for outgoing international wire transfers.
- Certain reporting entities are required to obtain information on the beneficial owners of corporations and other entities.

Money Services Businesses (MSB) Registration

Such a registration system within Canada allows for the identification of MSBs. It thereby helps law enforcement agencies to identify illegal operators and enhances FINTRAC's ability to monitor for compliance. The increased rigour makes the sector less attractive to potential money launderers and terrorist activity financiers, and it ensures that Canada continues to meet its international obligations under the Financial Action Task Force.

Administrative Monetary Penalties (AMPs)

This regime will provide FINTRAC with an additional tool to encourage compliance by reporting entities. It will provide a broader range of sanctions for those failing to comply, and it will create a level playing field for those that have established robust compliance regimes.

New Sectors

The expansion of certain requirements to dealers in precious metals and stones, notaries public in British Columbia, real estate developers and the legal profession will serve to further strengthen Canada's existing anti-money laundering and anti-terrorist financing regime. By bringing in new sectors that have been identified as being at potential risk, the ability for exploitation by money launderers and terrorist financiers is reduced. This creates increased international confidence in Canada's financial system and institutions as a whole.

FINANCIAL INTELLIGENCE

The Nature and Role of Financial Intelligence

Financial intelligence opens a unique window onto the complex and hidden channels of illegal money flows. In doing so, it gives law enforcement and intelligence agencies a crucial advantage in their anti-crime and counter-terrorism efforts.

The great value and great advantage of financial intelligence analysis is that it can provide a detailed picture of suspicious money movements as they criss-cross different institutions, sectors and regions of the country. It is also able to establish the complex links between individuals, businesses and accounts in a way that would not be possible through any other form of intelligence gathering or analysis.

Human intelligence might reveal an association among several individuals. But, if there are numerous transactions flowing between or among these individuals or the accounts that they control, it is financial intelligence that can establish that association in some detail. It may, for example, demonstrate joint interests in businesses or in jointly held accounts. It may also reveal an unexpectedly larger network of potentially illegal activity, one which is very often transnational in nature.

WHAT FIUS DO

Compared with traditional police and security investigations, the field of financial intelligence analysis is new. The first financial intelligence unit (FIU) appeared only in the early 1990s, while FINTRAC itself came into being in 2000.

FIUs are central national agencies responsible for receiving and analyzing financial information, and for providing disclosures on suspicious financial transactions to the competent authorities. By analyzing the reports they receive from financial institutions and intermediaries, FIUs can shed light on the movement of laundered money, and of funds used to finance either terrorism or threats to national or global security.

While these criminal activities are not new, their range, speed and complexity in a cyberspace world present new challenges to both national and global security and to traditional approaches to law enforcement. For the criminal and the terrorist, as well as for the rest of us, our global environment is conveniently shrinking.

ABROAD AND AT HOME

Internationally, and as a group, FIUs are contributing—and will contribute more—to global security and the stability of legitimate economies and the institutions that underpin them. It is important to note, however, that the primary responsibility of any FIU lies with the financial transactions taking place in its own country. Consequently, an FIU's effectiveness depends to a great degree on its national environment, and this includes, among other things, government support, the fair application of laws, and the cooperation of the FIU's partners. FINTRAC is particularly fortunate in its national environment, which provides a careful balancing of the needs of law enforcement and national security with the privacy rights of individual Canadians.

SUSPICIOUS TRANSACTIONS AND EMERGING TRENDS

As with all FIUs, the defining product of FINTRAC is financial intelligence of the highest possible quality delivered in a timely fashion. In its production of financial intelligence, FINTRAC benefits from being one of the few FIUs that has developed electronic systems that permit the automated receipt of high volumes of financial reports and the rapid and precise mining of information from the millions of reports of various types in our databases.

This store of data, with the addition of publicly available information and information provided voluntarily by police and security agencies, sheds a powerful light on the movement of suspected criminal money. Our analysts are able to detect connections among activities across different institutions, sectors and regions of the country.

The financial intelligence we produce falls into two general categories. The first is information about specific suspicious transactions, that is, those that suggest movements of illicit money. The second is information showing overall patterns and trends as they emerge in the ever-evolving world of money laundering and terrorist financing.

THE FOUNDATIONS OF QUALITY

The high standard of the intelligence FINTRAC produces depends first, on the quality of the information that we receive, and second, on the way that information is managed and utilized.

We receive more than twenty million reports annually. Thirty years ago, the processing of this data would have required an army of sorters, filers and compilers to collect and analyze such volumes, as well as an airplane hangar in which to store the records. Today however, FINTRAC is up to the task at hand thanks to the advanced technological infrastructure—electronic systems that we constantly revamp and upgrade—that lies at the core of our operations. As well, we have increased our complement of analysts by 30 per cent.

It is vital that FINTRAC receives reports that are complete and accurate. As a result, we are constantly communicating with the multitude of entities and individuals that report to us, and clarifying their reporting obligations and other requirements. The quality of the vast majority of the reports we receive speaks to the degree of their competence and hard work.

WHAT LIES AHEAD

Organized crime and terrorism are a threat to global and domestic security, and they undermine the stability of nations and economies. There is a strong, collective and committed effort both in Canada and around the world to fight against their power and profits.

As new ideas and advances in technology provide openings for criminal financial activities, so will they provide new opportunities for FINTRAC and its sister FIUs to detect and act upon them. Our goal will be unchanged: to produce the highest quality financial intelligence that will support the fight against money laundering and terrorist activity financing, and help make Canada a hostile environment to the criminals that profit from these activities.



Trends and Typologies: Strategic Analysis

With its analytical expertise and powerful technology, FINTRAC is uniquely positioned to provide its partners with information about evolving trends and patterns in money laundering and terrorist activity financing. By mining and analyzing our store of financial information in combination with other external sources of intelligence, we can produce important insights into existing and potential new forms of illegal money movement. This high-level intelligence not only helps FINTRAC to refine its own analytical processes, it also helps our partners to develop appropriate counter-measures in anticipation of events.

In 2007-08, we produced and disseminated a wide range of well-received strategic analysis products to our partners. Among these were “The Watch”, an environmental scan focused on money laundering and terrorist activity financing issues; “Backgrounders”, which present a general overview of emerging trends and typologies; and financial intelligence “Briefs” which provide a more in-depth assessment of our reports and disclosures. As in the past, “Perspectives” were also produced to offer a retrospective of our disclosures and reports, and to identify typologies and patterns of transactions in relation to a particular subject or theme.

STRATEGIC FINANCIAL INTELLIGENCE EXAMPLES PREPAID CARDS

Prepaid cards provide access to funds that are paid in advance by the cardholder or a third party. The use of prepaid cards is increasing in Canada and around the world, posing a challenge to the fight against money laundering and terrorist activity financing.

Prepaid cards present the same characteristics that make cash so attractive to criminals. They are portable, valuable, exchangeable and potentially anonymous. The wide variety of prepaid cards also means fund origins are difficult to trace and it is hard to ascertain whether the money is from a legitimate source.

GLOBAL SECURITIES INDUSTRY

To study how the global securities industry could be applied to money laundering activities, we reviewed both our case disclosures and our large cash and suspicious transaction reports from November 2001 to March 2007.

The review showed that the industry had been used for various criminal activities including drug trafficking, stock manipulation, and fraud. Frequently associated typologies are: the use of front companies; the use of professionals to facilitate the introduction of proceeds; the use of margin trading accounts and/or money orders; and the use of securities that fall under certain U.S. regulations. Although this last one is not directly applicable in Canada, Canadian criminals can still use it to launder their proceeds.

DIGITAL PRECIOUS METALS AND MONEY LAUNDERING

Digital precious metal operators (DPMOs) are Internet payment systems (IPS) providing digital currencies—purportedly backed by precious metals—that can be used for many kinds of financial transactions. DPMOs require the use of two service providers since, to establish and fund an account, a user must also use a digital currency exchange service (DCES) to remit real currency into digital currencies.

There is, of course, a legitimate market for such alternative payment systems, but the two-layer system creates a potential for illicit financial activities. These transactions have a high degree of anonymity because the accounts are not tied to banks. DCEs are not obliged to vet the funds they transfer, and DPMOs, therefore, cannot truly ascertain their origin. There is, as a result, considerable potential to disguise the origin and destination of funds, especially as there is a web of DCEs offering different options for receiving and sending funds, and also presenting a considerable challenge to auditors.

USE OF INVESTMENT COMPANIES AND TRUSTS FOR PURPOSES OF MONEY LAUNDERING AND TERRORIST ACTIVITY FINANCING

We reviewed our case disclosures from April 2005 to March 2007 to study how investment and trust companies and/or trust accounts in Canada, or associated with Canadians, could be applied to money laundering and terrorist activity financing. We also studied the use of professional intermediaries in creating such companies and/or accounts (e.g. legal trust accounts) and the way some transactions were facilitated.

The results suggested that while both companies and trusts could be used in different types of illicit financial activities, they appear mostly to be used in the layering stage of money laundering. The three typologies most often associated with these activities are: multi-jurisdictional structures of corporations and trusts, the involvement of non-financial intermediaries and professionals, and the use of nominees.

Our Financial Intelligence Disclosures

In general terms, FINTRAC's purpose is to assist the fight against organized crime and terrorism by providing financial intelligence to law enforcement and other designated authorities on money laundering, on the financing of terrorist activities, or on threats to the security of Canada.

While we are proud of the role FINTRAC plays in detecting and deterring criminal and terrorist activities, it is important to acknowledge that our contribution is part of a much larger and collaborative, multi-pronged effort that includes businesses, regulators, law enforcement, security agencies, and prosecutors. The financial intelligence we provide is one tool, albeit vital, that assists our partners in an often lengthy process that begins with investigations, follows through to charges, and ends with prosecutions, convictions and forfeitures.

In 2007-08, we were able to disclose to our partners 171 cases associated with money laundering (ML), 29 with terrorist activity financing and other threats to Canada's safety (TF/TH), and 10 with associations to both money laundering and terrorist activity financing (ML/TF/TH).

DISCLOSURES BY TYPE

ML	171
TF/TH	29
ML/TF/TH	10
Total	210

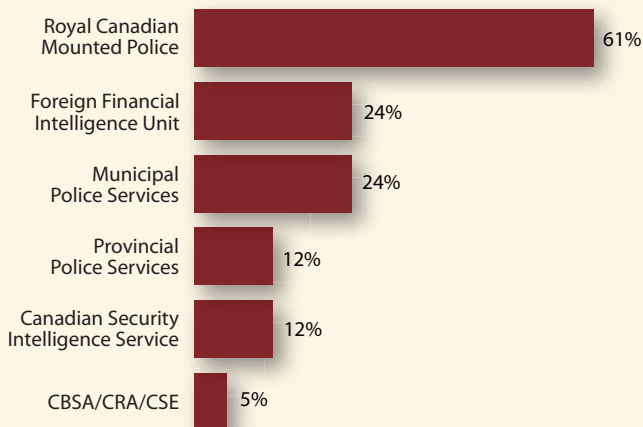


"The value of FINTRAC's analysis is two-fold. It confirms and corroborates commercial relationships between suspected individuals and entities in foreign countries, and it also identifies to the Service previously unknown individuals and entities who may be engaged in similar threat-related activities; thus providing us with new avenues of investigation."

—Canadian Security Intelligence Service

As the chart below illustrates, more than half of these 210 disclosures were delivered to the RCMP with the others being sent to municipal and provincial police forces, foreign FIUs, as well as to CSIS, CBSA, CRA and CSE. In total, our disclosures went to 300 recipients.

DISTRIBUTION OF DISCLOSURE RECIPIENTS IN 2007-08

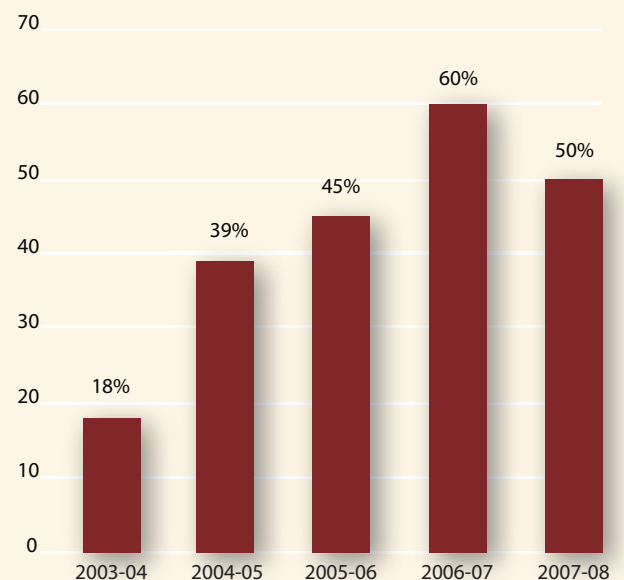


The percentages in this chart do not add up to 100% because FINTRAC disclosures are often destined to more than one recipient.

These numbers alone, however, give no sense of the millions of information sources, the complex and powerful technology, and the skilled analysis that lie behind any given disclosure.

FINTRAC's sophisticated data mining techniques are able, for example, to look for links among transaction reports received from a multiplicity of different reporting entities. In so doing they can uncover the trail left by money launderers who typically use several banks—sometimes more than a dozen in widely dispersed locations—to try to evade detection. As the next graph shows, half of our case disclosures this past year were based on reports from six or more reporting entities.

PERCENTAGE OF DISCLOSURES INVOLVING SIX OR MORE REPORTING ENTITIES



As the snapshot of sample cases on page 13 shows, the financial intelligence that FINTRAC discloses takes a variety of forms and is derived through many different methods. Often information provided to us by law enforcement and intelligence agencies leads us to comb through our databases to find connections that would otherwise elude investigators. What we are then able to disclose gives the investigators a valuable return on that initial lead.

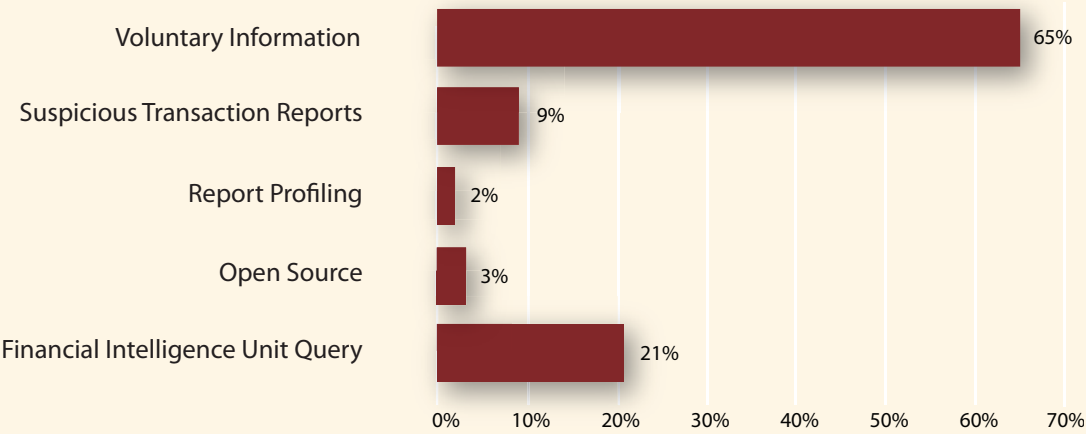
In other instances, our automated technology will find suspicious patterns of financial transactions, and these enable our analysts to construct a case that is wholly new to police and other disclosure recipients. Common to all cases, however, is the scope and detail of the intelligence that FINTRAC is able to provide.

LOOKING AHEAD

Looking to the future, if we are to increase FINTRAC’s effectiveness in producing timely and high-quality financial intelligence, we must always improve and update both the skills of our analysts and the tools they use in their work. In 2008-09, our focus will be on providing additional training and development for new analysts. We will continue to expand and refine our technologies, and to use increasingly effective means to

discern suspicious patterns from the financial information we receive. We will continue to enhance our collaboration with our partners. These efforts, together with the enriched content of disclosures made possible by the Bill C-25 amendments, cannot fail to magnify the impact of our financial intelligence on suspected money laundering and terrorist financing investigations.

DISTRIBUTION OF CASE ORIGINATORS FOR 2007-08



“The quality of FINTRAC’s analysis assisted in visualizing the dynamics behind the financial transactions conducted by the subject and an associated company. In addition, the disclosure assisted in the identification of new parties that were also involved in the transactions. The information provided in the disclosure confirmed some previously known facts but also assisted in the development of new investigative approaches.” [Translation]

—Service de police de la Ville de Montréal



Snapshot of our 2007-08 Cases

DRUG TRAFFICKING AND MONEY LAUNDERING

Laundering the proceeds of drug trafficking accounts for approximately a third of our cases. Huge sums are generated and hiding these proceeds becomes very difficult for criminals. Drug trafficking often involves large criminal organizations using complicated schemes to launder money.

SAMPLE CASE 1

From as early as 2002, FINTRAC had been making disclosures to law enforcement about individuals connected with an international criminal organization centred in Toronto.

Our analysis showed a Canada-wide network of businesses offering a myriad of financial services, many suspected of laundering drug proceeds. Our intelligence also confirmed that funds were ultimately being sent by various means to other parts of the world.

In 2007, after a lengthy joint U.S./Canadian investigation, the organization was completely dismantled.

In the United States, there was a seizure of cash worth more than US\$7 million as well as drugs. In Canada, police seized drugs, properties and more than \$350,000 in cash. In all, 23 people were charged in the United States with conspiracy pertaining to various drug-related offences, all of which carry a penalty of up to 20 years of imprisonment.

SAMPLE CASE 2

Towards the end of 2006, we received a number of voluntary information records about a network of individuals suspected of importing drugs and of supplying methamphetamine and ecstasy laboratories with precursor chemicals. Our analysis uncovered further suspects and suspicious transactions, both domestic and international. We were able to provide the investigating agency with considerable information about the laundering of profits through a complex system of bank accounts in Canada and Asia.

In December 2007, police arrested the mastermind of the complex drug syndicate and a dozen other individuals. Police also expected to charge another 100 people around the world. They seized drugs valued at more than \$150 million, and over \$8 million in cash and other property.

TERRORIST ACTIVITY FINANCING

The Centre is also mandated to disclose information that is relevant to investigations related to terrorist activity financing. Over the years, FINTRAC has provided a number of disclosures to police, the RCMP and CSIS that have included valuable financial intelligence regarding individuals and entities suspected of conducting or planning activities within Canada in support of terrorist groups. Some of the cases have also been generated from the analysis of publicly available information and suspicious transaction reports (STRs) information. A good example of such a case is provided on the next page.

SAMPLE CASE

Through our analysis of suspicious transaction information, we were able to identify certain previously unrecognized individuals as part of a known terrorist group. A few months after our disclosure of this information to law enforcement, the media reported that a joint U.S./Canadian investigation had led to a number of people being charged with multiple crimes, including conspiracy to obtain weapons and to provide them and other resources to this same terrorist group. We uncovered further suspicious transactions made by another two entities and eight individuals—none of whom had been arrested or even named in this context.

These suspicious transactions included third party deposits of cash, cheques and bank drafts, sometimes followed by payments to credit card accounts or lines of credit, and by electronic funds transfers to individuals and sometimes to non-profit organizations, both in Canada and abroad.

FRAUD AND MONEY LAUNDERING

Fraud, such as telemarketing fraud, mortgage fraud, Nigerian letter scams and investment fraud, feature prominently in our cases. Again we find huge sums being generated by these cases and some tragic stories of the old, the vulnerable and the weak being bilked out of their life's savings. Over the years, FINTRAC has helped by supplying valuable financial intelligence tracking the criminal proceeds, notably in cross-border cases jointly investigated by Canadian and U.S. law enforcement.

SAMPLE CASE 1

A Canadian police unit investigating a series of mortgage frauds provided FINTRAC with a voluntary information record identifying three individuals and two entities suspected of criminal involvement. In each case, a house would be sold and then immediately resold, sometimes within minutes, at an inflated price. Banks issued mortgages to fictitious buyers based on the inflated prices, and then were left holding the inflated mortgages. The profit was the difference between the funds needed to close the first sale, and the mortgage for the second.

FINTRAC was able to uncover four additional individuals, one of whom was sentenced to three and a half years in prison for his role in the scheme, which involved fraud totalling \$3 million.

SAMPLE CASE 2

In this particular scheme, victims were recruited as "company representatives" to collect funds from overseas customers from whom they received cheques, which they then deposited in their own accounts. They then wired 90% of the cheques' value to accounts in another country, keeping the remaining 10% as a commission. The cheques were then found to be counterfeit, and the victims became liable for repayment of these funds to the banks.

A voluntary information record from law enforcement identified a network of suspected individuals and businesses. Our analysis uncovered an additional seven individuals suspected of being involved, almost all of them located in the country to which the money was wired. During a period of just over two and a half years almost \$2.5 million and US\$1 million had found its way there.

In this case, we were able to play a key role by providing valuable information to the FIU of that country, as well as to law enforcement agencies, which are still investigating the suspects.

THREATS TO NATIONAL SECURITY

As the Canadian Security Intelligence Service has reported, espionage has not gone away and in some cases has increased. When CSIS supplies us with records, we step in to track funds, identify previously unknown suspects, and sometimes, prove initial leads groundless.

SAMPLE CASE

In this case, voluntary information we received identified individuals suspected of being involved in espionage activities under the direction of a foreign government. These individuals were suspected of circumventing Canadian export controls, through companies operated in Canada and abroad. The individuals were shipping restricted materials in a manner designed to avoid detection and circumvent applicable laws.

Analysis of FINTRAC's data holdings revealed a number of suspicious financial transactions associated with the individuals and companies. Additional companies identified by FINTRAC were also suspected to be associated to the same network. Some transactions, reported in electronic funds transfer reports involved monthly or bi-monthly electronic funds transfers.

These had been ordered, through local banks, from a company located in the foreign country, to one of the companies in Canada reported to be involved in the purchase of industrial machinery. The funds received from the foreign country would normally be transferred within a few days to various business accounts held in different financial institutions in Canada. Many electronic funds transfers passed between the same Canadian company and a number of other companies located in the same foreign country. Between 2002 and 2007, the transactions amounted, in total, to over \$35 million.

AUTOMATED DETECTION OF SUSPICIOUS TRANSACTIONS

The Centre has expended countless hours developing its own automated tools to detect patterns in suspicious transactions. These tools have the power to sift through millions of records in our database to extract likely cases for our analysts to pursue.

One such automated pattern search revealed a series of large cash transaction reports linked to an individual who had purchased casino chips worth more than \$7 million in just over a year. In the same period the individual had deposited more than \$3 million into a personal account. FINTRAC's disclosure to law enforcement of the information flagged by this technology proved to be the sole indication of this individual's suspicious activities.

"CFSEU-BC has frequently used FINTRAC disclosures in affidavits to support grounds for court-ordered investigational assistance; they have been particularly helpful to verify information and evidence gathered from other sources, and in the identification of assets held by nominees. Frequently the historical nature of these disclosures has provided investigational opportunities that were not considered by investigators engaged in the immediate and pressing needs of complex projects.

FINTRAC disclosures have been an invaluable summary tool [in training that the CFSEU-BC provides to other investigative teams and police units], as demonstrative of where financial crime investigations need to focus. Additional investigations could be launched and significantly advanced, where the resources and expertise of the recipient police units were matched to the information being provided by FINTRAC disclosures."

*—Combined Forces Special Enforcement Unit,
British Columbia*



WORKING IN PARTNERSHIP

As well as the myriad money laundering and terrorism operations already in existence throughout the world, there are always more that are ready to spring into being when a window of opportunity appears. FINTRAC and its partners have always recognized that the best defence springs from the strongest possible association among the forces and agencies opposing these operations. We are, of course, constantly working to strengthen these associations.

Reporting Entities

Financial intermediaries and others subject to the requirements of the PCMLTFA are always on the front lines of the effort to detect and deter money laundering and terrorist financing activities. Our close partnership with these reporting entities is, therefore, of the highest priority. They must have all the information, tools and advice they need to fulfill their obligations, and we must ensure that they have it. This has been particularly important in the past year as various Bill C-25 changes have taken effect, and it will remain so as we complete implementation of the new provisions in 2008-09.

ASSISTANCE AND OUTREACH

In the past year, because of the ongoing implementation of Bill C-25, we focused on preparing for the new systems of reporting, record keeping, and client identification. We delivered over 370 presentations and seminars to reporting entities, reaching over 18,000 people. Included were 24 information sessions on the new requirements of the PCMLTFA in 10 cities across the country.

We also published a significant amount of new and updated guidance materials, including guidelines that detail the unique legislative requirements of the eight different business sectors subject to the Act and industry-specific information sheets that summarize the changes.

We modified the toll free service already available to reporting entities to provide them with direct and timely access to our regional officers for information on questions they might have about complying with the law. As well, the content of our Web site was updated and streamlined and now supports additional types of software and operating systems. The site is now more responsive to the needs of reporting entities and other users.

A great amount of effort was directed at the preparation for the June 23, 2008 implementation of Bill C-25 amendments requiring all money service businesses (MSBs) to be registered with FINTRAC. In the course of the year, we prepared and sent out an information pamphlet to all known MSBs, and we also distributed the pamphlet at public information sessions. A new Web site was built to provide MSBs with registration information.

DATA QUALITY, TIMING AND VOLUME MONITORING

This year, FINTRAC received a total of 21,626,007 reports across all reporting sectors. The financial transaction reports we receive from reporting entities are now fully monitored by our electronic systems for data quality, and we are developing procedures to monitor timing and volume.

RISK ASSESSMENT

Our compliance approach focuses on those reporting entities and sectors at the greatest risk of not complying with their legal obligations. We intensified our collaboration with international partners, such as Australia, the United Kingdom and the United States to share our most effective compliance practices, particularly those related to risk assessment. This year, FINTRAC and Statistics Canada collaborated on a project designed to enhance our risk assessment model.

QUESTIONNAIRES AND EXAMINATIONS

Our questionnaires remain a key tool for assessing how well our reporting entities are complying with the law, and in 2007-08, more than 6,000 were sent out for response, including the recently introduced questionnaire for the life insurance sector. We conducted a total of 277 examinations during the fiscal year, and the national and provincial regulatory agencies with which we have memoranda of understanding (MOU) conducted 257 examinations for their respective sectors.

We disclosed five cases of suspected non-compliance to law enforcement for investigation and prosecution.

LOOKING AHEAD

From early days, our risk-based compliance program has included awareness activities, the monitoring of data quality, compliance questionnaires and examinations, as well as remedial action when we detect non-compliance.

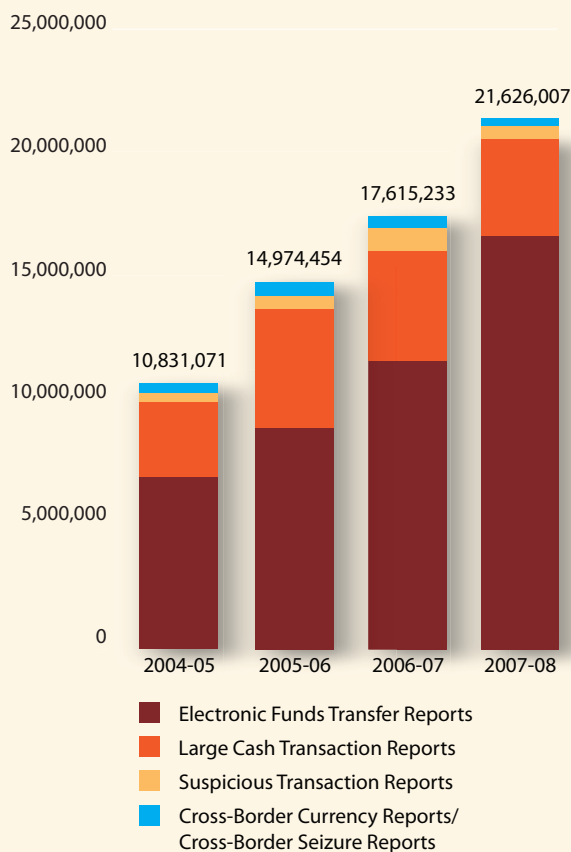
With Bill C-25, we have extended existing client identification, monitoring and record keeping requirements for reporting entities. In addition, FINTRAC is responsible for administering the new money services businesses registry, created as a result of amendments that came into force on June 23, 2008. The coming year will see the remaining systems and administrative arrangements put in place, the main piece being the administrative money penalties regime. As well, four additional business and professional sectors will fall within the ambit of the legislation and regulations.

From the scope and complexity of these new requirements, it follows that we must intensify our outreach activities to reporting entities. Equally, we must increase the number of compliance examinations, and we must then follow up these examinations by providing reporting entities with substantial feedback.

Internationally, we will continue to work with foreign countries to exchange compliance-related information and share compliance best practices. Domestically, we will ensure that law enforcement agencies understand and respond appropriately to our non-compliance disclosures.

Compliance with the legislation lies at the heart of our effectiveness. Every compliance activity, from report filing to non-compliance disclosures, supports the AML/ATF regime. As part of an essential continuum, compliance is the key to creating an increasingly hostile environment for criminals who would use Canadian financial instruments and Canadian institutions to legitimize their illicit funds, or to channel money destined to create terror.

REPORTS RECEIVED BY FISCAL YEAR AND TYPE



What Are Reporting Entities?

Reporting entities are those persons and organizations covered under Part I of the PCMLTFA who are required to meet a number of obligations, principally to:

- Implement a compliance regime
- Keep records of financial transactions
- Identify clients and determine the third parties involved in relevant transactions
- Report certain financial transactions to FINTRAC

Who Must Report

- Financial entities of all types (banks, credit unions, caisses populaires, etc.)
- Life insurance companies, brokers and agents
- Securities dealers (including portfolio managers and provincially authorized investment counsellors)
- Money services businesses (including foreign exchange dealers and alternative remittance systems, such as Hawala, etc.)
- Agents of the Crown that sell or redeem money orders
- Accountants/accounting firms and real estate brokers/sales representatives involved in certain client-related activities such as receiving or paying funds on behalf of a client
- Casinos (except some temporary charity casinos)

What Is Reported

- Suspicious transactions related either to money laundering or to terrorist activity financing regardless of dollar value, as well as suspicious attempted transactions (since June 2008)
- The existence of terrorist property in their possession or control, or information about a transaction or proposed transaction in respect of such property
- International electronic funds transfers involving \$10,000 or more
- Large cash transactions of \$10,000 or more
- Cross-border movements of \$10,000 or more in currency or monetary instruments

Domestic Partners

FINTRAC continues to nurture and advance relationships with many departments, agencies, law enforcement bodies, the intelligence community, and other stakeholder or regulatory groups. We participate in, and learn from, meetings and conferences, and we are often able to clarify our roles, responsibilities and priorities. We also advance the Centre's policy framework in order to ensure that we continue to align our priorities with those of the Government of Canada and of our partners in the AML/ATF regime.

Working with our partners, we continue to promote the sharing of information, and to gain access to databases maintained by the federal or provincial governments for law enforcement or security reasons, as allowed for in the PCMLTFA.

During this fiscal year, FINTRAC participated in various interdepartmental forums such as the Public/Private Sector Advisory Committee and the National Coordinating Committee on Organized Crime.

We have been, and continue to be, involved in external reviews and discussions with partners. For example, we participated in the *Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182* and the Public Safety and Anti-Terrorism Review, and continue to contribute to the Government's response to recommendations that relate to the Centre's activities.

The Centre also works to keep Canadians informed of the results accomplished on their behalf, through work on documents for Parliament, such as the Report on Plans and Priorities and the Departmental Performance Report, or through specific reporting and planning requirements such as the Strategic Review and the Management Accountability Framework.

"I am very pleased to report that there was absolute unanimity amongst all six participants that the FINTRAC Compliance [Training] Program was an exceedingly beneficial and productive exercise for us all... [We] were left with a greater understanding and an in-depth working knowledge of the area of AML/CFT Compliance, and importantly, how to go about ensuring proper compliance. FINTRAC should therefore indeed be very proud of the exemplary training module that it has developed, which sets out practices which can be adopted internationally."

—Sharda Sinanan-Bollers,
then Director of the St. Vincent and
Grenadines Financial Intelligence Unit



CORPORATE EFFECTIVENESS

21

As FINTRAC grows and matures, we have to make adjustments along the way. Two key areas, technology and human resources management, have especially preoccupied us this year, with the increased workload to implement the considerable legislative changes brought on by Bill C-25. We saw our recruitment efforts intensify significantly to successfully meet the challenge. Our workforce increased to 329 employees.

The Power of our Technology

From the beginning, technology has played a key role in all aspects of FINTRAC's operations. By doing all of the "heavy lifting" of sifting, sorting and assembling, our technology leaves analysts and compliance officers free to focus on the intellectual tasks of evaluating and drawing conclusions from the data.

Annually, our powerful systems collect, capture, cleanse, and move 20 million reports into appropriate databases, all within two hours of receipt. Because of this, we have been able to cut down our use of paper files drastically, and we are saving immeasurable amounts of staff time. (Indeed, if we had to key in these reports manually, we would need another thousand employees.) We then scan these huge volumes of reports—using analytical tools designed specifically for FINTRAC's unique requirements—and quickly zero in on patterns of possible suspicious transactions.

WORKBENCHES

In the last year, we have been developing a set of "workbenches" to make the work of our professionals even more efficient and productive. The Tactical Analysis Workbench, begun during the last fiscal year, integrates all our data and applications in one environment that is both easy to use and easy to navigate.

The Strategic Analysis Workbench, new this fiscal year, stores all the intelligence we receive or produce. When complete, our tactical analysts will be able to use this to obtain coherent pictures of everything we know about entities or organizations, and our strategic analysts will use it to uncover trends and patterns that will help to shape our future activities.

Work has also begun on the development of a Compliance Workbench. It will facilitate the input, searching and analysis of information about reporting entities and sectors, and facilitate the cycles of outreach and follow-up. It will encompass all the present functions of the Regional Operations and Compliance Directorate, as well as new functions, such as the money services business registration system and the administrative monetary penalties system.

Human Resources

To ensure the effective integration of new employees, we reintroduced our Corporate Orientation Program. We also continued our commitment to sound employer practices by investing in learning and development opportunities for employees and managers. Human Resources sponsored the participation of several employees in leadership and management development programs.

Results matter and our performance management and rewarding excellence programs recognize the contributions of employees. We embrace a flexible human resources management model, which captures the best of core public service practices and blends innovative approaches from other sectors. By investing in our people and recognizing their contribution, we are well positioned for the challenges and opportunities associated with the increasing complexity and maturation of some of our functions and we can ensure that we have the best people to face the challenges ahead. This year, we recognized 14 individuals and 11 working groups through our Reward Excellence Program.

LOOKING AHEAD

In the year ahead, we plan to develop further our data mining technologies and other tools, and we will direct more resources to the functions of strategic analysis. These will strengthen our ability to identify trends, typologies, patterns, and networks, and thus will support our tactical analysis and compliance operations.

As well, we expect to have fully implemented and customized our Web-based human resources system in the next year. In addition, we will complete an update of the accountability profiles across the organization.

We will also develop a human resources plan, including an official languages action plan, to help us address areas where there are opportunities for improvement. We will also support the development of FINTRAC's new governance structure, especially in the areas of values

and ethics, official languages, employment equity and organizational health. Together, all of these measures will ensure that our services remain efficient as the organization grows and will help reinforce the leadership capacity of our managers and leaders.

Finally, to draw all these threads together and to chart a comprehensive map for the future, this year, we will develop a strategic plan looking out at the next three to five years.

Budget Highlights

A full version of FINTRAC's financial statements will be available in the 2007-08 Departmental Performance Report published on the Treasury Board of Canada Secretariat Web site (www.tbs-sct.gc.ca).

HISTORY OF FINTRAC'S BUDGET AND PROJECTIONS

(Dollars in millions)

	2006-07	2007-08	2008-09	2009-10
Salaries	19.7	26.0	24.2	24.4
Employee Benefit Plan	3.2	4.1	4.2	4.3
Operations and Maintenance	17.3	21.4	23.4	18.5
Grants and Contributions	0.0	1.3	1.8	0.8
Total Approved Budget	40.2	52.8	53.6	48.0
Total Actual	39.4	51.1	-	-

A red maple leaf is positioned in the lower half of the frame, resting on a light-colored, textured surface. The background has a subtle, repeating pattern of small, light-colored dots. At the bottom of the image, there are faint, stylized circuit board traces in a light pinkish-brown color.

ANNEXES

**WHAT A FINTRAC CASE DISCLOSURE CONTAINS
GLOSSARY**

WHAT A FINTRAC CASE DISCLOSURE CONTAINS

FINTRAC's case disclosures consist of designated information that identifies individuals or entities and their transactions or attempted transactions. A disclosure can include any or all of the following:

- Name and address of the entity(ies) involved in the transaction(s);
- Name, address, electronic mail address and telephone number of each partner, director or officer of an entity involved in transactions or of an entity acting on their behalf;
- Name, address, telephone number and type of business where the transaction(s) occurred;
- Date and time of the transaction(s);
- Type and value of the transaction(s) including the amount and type of currency or monetary instruments involved;
- Transaction, transit and account number(s), as well as the type of account(s) involved;
- Name and address of all persons authorized to act in respect of the account (signing authority, power of attorney, etc.);
- Name of importer or exporter, in the case of importation or exportation of currency or monetary instruments;
- Name of any person or entity involved in importation or exportation transactions or any person or entity acting on their behalf;
- Name, address, telephone number and electronic mail address of person(s) involved in the transaction(s);
- Date of birth, citizenship, passport and record of landing or permanent resident card number of person(s) involved in the transaction(s);
- Telephone number and electronic mail address of any entities involved in transactions or any person or entity acting on their behalf;
- The fact that any persons or entities involved in transactions or a person or entity acting on their behalf have relevant criminal records or have had any relevant criminal charges laid against them;
- Relationships suspected on reasonable grounds to exist between any persons or entities suspected on reasonable grounds to be involved in transactions or persons or entities acting on their behalf and any other persons or entities;
- The fact that any persons or entities involved in transactions or persons or entities acting on their behalf have a financial interest in the entity on whose behalf the transaction was made;
- Name of the person who FINTRAC suspects on reasonable grounds of directing the suspected money laundering or terrorist financing;
- Grounds on which a person or entity made a suspicious transaction report when found relevant by FINTRAC;
- Number and types of reports on which a disclosure is based;
- Number and categories of persons or entities that made the reports;
- Indicators relied upon by FINTRAC to justify a disclosure; and
- Publicly available information.

Law enforcement or CSIS may seek to obtain FINTRAC's full case analysis by means of a production order granted by a court. Under Bill C-25, the Canada Revenue Agency can now seek a production order as well, but only in relation to an investigation relevant to a disclosure previously made to the CRA.

GLOSSARY

Canada Border Services Agency (CBSA)

A federal government agency responsible for providing integrated border services that support national security priorities and facilitate the free flow of persons and goods, including animals and plants, which meet all requirements under the program legislation.

www.cbsa-asfc.gc.ca

Canada Revenue Agency (CRA)

A federal government agency that administers tax laws for the Government of Canada and for most provinces and territories, as well as various social and economic benefit and incentive programs delivered through the tax system. www.cra-arc.gc.ca

Canadian Security Intelligence Service (CSIS)

Canada's national security agency that has the mandate to investigate and report on threats to the security of Canada. www.csis-scrs.gc.ca

Communications Security Establishment (CSE)

A federal government agency responsible for providing foreign signals intelligence in support of defence and foreign policy, and for the protection of electronic information and communication.

www.cse-cst.gc.ca

Cross-Border Currency Report (CBCR)

A report that must be filed with the CBSA by a person entering or leaving Canada advising that the person is carrying large sums of currency or monetary instruments (\$10,000 or more), or by a person mailing or sending such large sums into or out of Canada.

Cross-Border Seizure Report (CBSR)

A report filed with FINTRAC by a CBSA officer who seizes cash or monetary instruments for which reporting obligations were not met.

Egmont Group of Financial Intelligence Units

An international organization of over 100 FIUs, founded in 1995, whose members find ways to cooperate and share expertise, especially in the areas of information exchange, training and information technology. www.egmontgroup.org

Electronic Funds Transfer Report (EFTR)

A report that certain reporting entities must file with FINTRAC in respect of a transmission of instructions for the transfer of \$10,000 or more out of or into Canada in a single transaction or in two or more transactions totalling \$10,000 or more that it knows were made within 24 consecutive hours of each other by or on behalf of the same individual or entity, through any electronic, magnetic or optical device, telephone instrument or computer.

Financial Action Task Force (FATF)

An inter-governmental body, established by the G-7 Summit in 1989, whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist activity financing. www.fatf-gafi.org



Financial Intelligence Unit (FIU)

A national governmental agency established to combat money laundering and terrorist activity financing. FIUs fulfill this function by collecting reports on financial transactions and other information for the purpose of analyzing and disclosing intelligence concerning suspected proceeds of crime or potential financing of terrorist activity.

Large Cash Transaction Report (LCTR)

A report that a reporting entity must file with FINTRAC when it receives \$10,000 or more in cash in the course of a single transaction; or when it receives two or more cash amounts totalling \$10,000 or more that it knows were made within 24 consecutive hours of each other by or on behalf of the same individual or entity.

Memorandum of Understanding (MOU)

A document that outlines each party's roles and responsibilities with regard to the disclosure of information.

National Coordinating Committee on Organized Crime

A federal group composed of law enforcement agencies and federal, provincial and territorial policy makers. The Committee determines national policy priorities and assesses emerging concerns in the area of organized crime.

Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)

This statute establishes FINTRAC to collect, analyze, assess and disclose financial information with respect to money laundering and terrorist activity financing. Other parts of the Act require financial institutions and intermediaries to take prescribed customer due diligence, record keeping, transaction reporting and compliance program requirements and establish Canada's cross-border currency reporting system. Originally enacted as the *Proceeds of Crime (Money Laundering) Act* in June 2000, it was amended in December 2001, to add combating terrorist activity financing to FINTRAC's mandate. In December 2006, the Act was substantially amended to bring it in line with international standards by expanding its coverage, strengthening its deterrence provisions and broadening the range of information that FINTRAC may include in its financial intelligence disclosures.

Reporting Entities

Individuals or entities that must report suspicious and certain other transactions to FINTRAC.

Reporting entities include the following:

- Financial entities of all types (banks, credit unions, caisses populaires, etc.)
- Life insurance companies, brokers and agents
- Securities dealers (including portfolio managers and provincially authorized investment counsellors)
- Money services businesses (including foreign exchange dealers and alternative remittance systems, such as Hawala, etc.)
- Agents of the Crown that sell or redeem money orders
- Accountants/accounting firms and real estate brokers/sales representatives involved in certain client-related activities such as receiving or paying funds on behalf of a client
- Casinos (except some temporary charity casinos)

Royal Canadian Mounted Police (RCMP)

Canada's national police force. www.rcmp-grc.gc.ca

Stages in the Money Laundering Process

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.

Suspicious Transaction Report (STR)

A report that a reporting entity must file with FINTRAC in respect of a financial transaction that occurs or is attempted in the course of its activities and for which there are reasonable grounds to suspect that the transaction is related to the commission or attempted commission of a money laundering or terrorist activity financing offence.

Terrorist Property Report (TPR)

A report that a reporting entity must file with FINTRAC when it has in its possession or control property that it knows is owned or controlled by or on behalf of a terrorist group. This includes information about any transaction or proposed transaction relating to that property. This report is triggered by a requirement in the Criminal Code that requires the reporting of such information to the RCMP and CSIS.

Voluntary Information Record (VIR)

A record of information voluntarily submitted to FINTRAC about suspicions of money laundering or of the financing of terrorist activities.





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