



Financial Transactions and
Reports Analysis Centre
of Canada

Centre d'analyse des opérations
et déclarations financières
du Canada

FINTRAC

ANNUAL REPORT 2011



Canada

FINTRAC'S MISSION

To contribute to the public safety of Canadians and help protect the integrity of Canada's financial system through the detection and deterrence of money laundering and terrorist financing.

OUR VISION

To be recognized as a world class financial intelligence unit in the global fight against money laundering and terrorist financing.

OUR RELATIONSHIPS

Domestic

- Reporting entities (REs) and their representative associations
- National and provincial financial regulators
- Royal Canadian Mounted Police (RCMP)
- Sûreté du Québec and Ontario Provincial Police
- Montréal, Toronto, Vancouver and other municipal police forces
- Canadian Security Intelligence Service (CSIS)
- Canada Border Services Agency (CBSA)
- Canada Revenue Agency (CRA)
- Communications Security Establishment Canada (CSEC)
- Department of Finance
- Department of Justice
- Department of National Defence (DND)
- Public Prosecution Service of Canada (PPSC)
- Public Safety Canada (PS)
- Foreign Affairs and International Trade Canada (DFAIT)
- 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)
- Egmont Group of Financial Intelligence Units
- Financial Action Task Force (FATF)
- Other international organizations such as the World Bank, the International Monetary Fund (IMF), the United Nations Office on Drugs and Crime (UNODC), the Caribbean Financial Action Task Force (CFATF) and the Asia/Pacific Group on Money Laundering (APG)



September 28, 2011

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 Subsection 71(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, I am pleased to present you with the tenth Annual Report for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). This report provides details of our operations and our achievements for the period from April 1, 2010 to March 31, 2011.

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

OUR ORGANIZATION

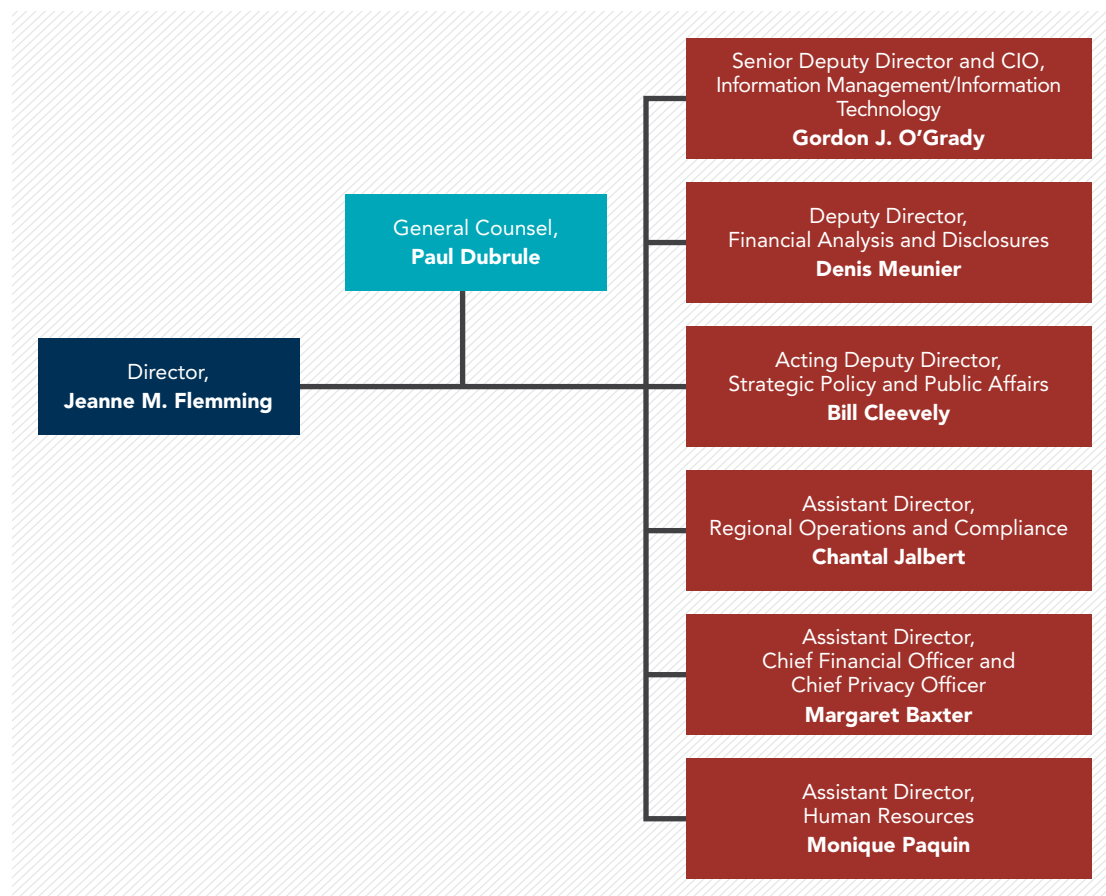


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MESSAGE FROM THE DIRECTOR



The key benefit that I hope the reader takes from this report is an understanding of FINTRAC's role as Canada's financial intelligence agency. That is, that its essential purpose is to support police, national security agencies, the Canada Revenue Agency, the Canada Border Services Agency and federal public safety policy makers by providing strategic and tactical intelligence that helps their investigations and informs their decisions.

In the more than ten years that FINTRAC has existed, we and our partners have come to recognize the usefulness and potential of financial intelligence to facilitate the detection, prevention and deterrence of money laundering, terrorist activity financing and other threats to the security of Canada. In too many other jurisdictions, financial intelligence is still both undervalued and underfunded. I have argued at a number of conferences that it is vital for financial intelligence to take its rightful place alongside traditional human and signals intelligence.

In the past ten years, there have been steady improvements both in our legislative framework and in our operational methods. Various audits and the first five-year Parliamentary review of our legislation have led to changes that allow us to do more for an increasing number of investigations. Our own experiences have led to a sharp rise in the number of cases we can produce, the speed with which we can produce them, and the richness of the intelligence that we can disclose. More and more police forces, as an integral part of their investigations, routinely seek our assistance to follow the money trail. And we contribute valuable intelligence to the Canada Revenue Agency that results in millions of dollars in reassessment of taxes.

The upcoming year will see the second Parliamentary review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) and we are ready to make our contribution to informed discussions that we hope will result in improvements to the PCMLTFA, as happened after the first review in 2006. These made us a stronger, more effective agency making a greater contribution to criminal investigations of money laundering, terrorist financing and threats to the security of Canada.

A continued top priority of mine has been to integrate FINTRAC even more closely with the security-intelligence community. This is in keeping with the recommendation of the Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182 to improve intelligence sharing between our partners and ourselves, especially where this concerns threats to the security of Canada. Also in this vein, we are fully supporting the Department of Finance's work in leading the government's initiative on identifying illicit financing threats from abroad.

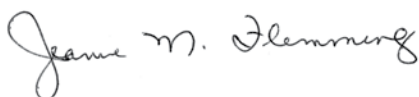
FINTRAC's ability to produce valuable financial intelligence is inextricably linked to a sound compliance program, which relies first and foremost on the information that we obtain from reporting entities. One of our vital functions is to work with business sectors to ensure that they comply with the requirements of the PCMLTFA to improve the quality of information they send to FINTRAC. The results are better information for us and, in consequence of that, better detection and deterrence of criminal and terrorist financing activities.

Our compliance program has sharpened, and has moved from the promotion of awareness that encourages the right behaviours among reporting entities to one that employs a refined risk-based compliance strategy. If we are to ensure a tailored compliance program that provides for the production of valuable financial intelligence, it is crucial to develop a new research and analysis capacity that improves the understanding of compliance risks, reporting trends and overall compliance.

Strategic intelligence looks at trends and typologies in money laundering and terrorist financing, and yields important information that helps us shape our business priorities. The *Trends in Canadian Suspicious Transaction Reporting* report, for example, showed that while financial institutions are good at reporting suspicious activity at the front end of the money laundering process, they are less effective in the way they report the later layering and integration stages. This is crucial information, and creates a new focus in our compliance program.

As one of the world's highly developed financial intelligence units, FINTRAC is able to make a major international contribution through the provision of training and technical assistance. We support our international partners in fortifying their anti-money laundering and anti-terrorist financing regimes, and in increasing their capacity in those areas where FINTRAC has gained valuable expertise. As Vice-Chair of the Egmont Group of Financial Intelligence Units and Chair of its Training Working Group, I have been fortunate to play a direct role in this foreign assistance.

In conclusion, I see the next few years as a period of even greater recognition of the potential of financial intelligence. Inevitably FINTRAC will evolve to become even more helpful to police, to national security agencies, and to its international partners, while protecting the privacy of Canadians.



Jeanne M. Flemming
Director

FINTRAC'S MANDATE

FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering and terrorist activity financing, while ensuring the protection of personal information under its control. The Centre fulfills its mandate through the following activities:

- Receiving financial transaction reports in accordance with the legislation and regulations and safeguarding personal information under its 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.

Strategic Priorities: 2009 to 2012

- 1 Align our financial intelligence products more closely with our partners' needs and identify emerging money laundering and terrorist financing trends.
- 2 Pursue policy and legislative opportunities to strengthen the anti-money laundering and anti-terrorist financing regime.
- 3 Refine our risk-based compliance program and fully implement the new legislative requirements.
- 4 Be innovative in our approach to operational processes to maximize our efficiency and effectiveness.
- 5 Promote excellence in our workforce and strengthen our management and human resources framework.
- 6 Enhance collaboration within the organization and with our partners and stakeholders.

COMMITMENT TO PROTECTING PRIVACY

At the heart of FINTRAC's mandate lies the protection of the personal information entrusted to it. The *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* lays down stringent rules that govern both the management and disclosure of the personal information contained in transaction reports and other records. FINTRAC may disclose such information only to prescribed entities including police and specific law enforcement and national security agencies, and then only when established legal thresholds have been met. All facets of FINTRAC's operations, therefore, are subject to rigorous security measures. These ensure the protection of the Centre's physical premises and IT systems, and include the handling, storage and retention of all personal and other sensitive information under its control.

FINTRAC's premises in Ottawa, Montréal, Toronto and Vancouver are protected by an integrated security system, and the IT system is protected by a multi-layered security system. Staff members receive intensive privacy training; they must retain a high security clearance level, and they have access to information only on a strict "need to know" principle. Any unauthorized disclosure of information would be punishable with severe penalties (up to five years in jail and/or a fine of up to \$500,000).

The Office of the Privacy Commissioner reviews FINTRAC's information protection measures every two years, and FINTRAC has a Chief Privacy Officer to strengthen the privacy management framework, and to oversee privacy-related activities. Before FINTRAC implements any new programs, it must identify and address any possible privacy risk by applying the Government of Canada's directive on Privacy Impact Assessments.

2010–11 MILESTONES

- FINTRAC made 777 disclosures of information suspected of being relevant to investigations of money laundering, terrorist activity financing and/or threats to the security of Canada. This represented a tripling of output over the past three years.
- For the third straight year, because of continued streamlining and automation of procedures, average disclosure delivery time dropped to 56 days.
- Strategic intelligence assessments included a major study on trends in suspicious transaction reporting. This document has been widely distributed to the financial services sector, providing them with important feedback on the usefulness of their reports and on areas where there is room for improvement.
- Because of amendments to the regulations related to the *Criminal Code* making tax evasion a predicate offence to money laundering, FINTRAC was able to build more cases for disclosure to the Canada Revenue Agency (CRA).
- A second major workshop was held for reporting entities in the financial services sector. It was aimed at increasing both their awareness of FINTRAC's role and the importance of their contribution to combating money laundering and terrorist financing (ML/TF).
- FINTRAC signed 11 new memoranda of understanding with foreign FIUs, bringing the total number of such memoranda to 73.
- Additional funding in Budget 2010 enabled FINTRAC to hire additional employees, reflecting the Government's enhanced efforts to combat ML/TF.

FINTRAC AND ITS PARTNERS

Financial intelligence is increasingly the key link that, nationally and globally, can do the most to expose crimes involving money laundering and terrorist activity financing. As the intelligence points out the money trail, so the trail itself can point out the players and the links between them.

WHAT IS MONEY LAUNDERING?

Money laundering is the process used to disguise the source of money or assets derived from criminal activity. 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.

Financial intelligence is the product of financial intelligence units (FIUs), which were brought into being to collect raw financial data, to subject those data to analysis and to disseminate the result. There are more than 130 FIUs in the world, though they are by no means identical or equally effective. FINTRAC, as Canada’s financial intelligence unit, is one of the most technically advanced, and has been from its inception ten years ago. As early as 2003, 99% of the then 2 million sent to FINTRAC were received electronically.

FINTRAC was initially created to help the police with their investigations of money laundering, and its work focused entirely on detecting, deterring and preventing that activity. In fact, the agency's front lobby used to display the phrase, "taking the profit out of organized crime." But after the terrorist attacks of September 11, 2001, in keeping with newly adopted international standards, FINTRAC's mandate was expanded to include tracking the financing of terrorist activities. The extension was logical. In both cases, money was being moved about the country, and often the whole world. If financial intelligence about such movements could illuminate the details of money laundering, then it could also illuminate the transactions that underpin terrorist activity. The sign in the lobby has been changed. It now reads, "Connecting the money to the crime."

FINTRAC has maintained its edge in the skills specific to the world of financial intelligence, and its product is both valuable and valued. In the decade of FINTRAC's existence, both the quantity and quality of data it receives and the intelligence it is able to provide have grown immeasurably in scope and complexity. The highly skilled staff members apply mining tools and methodologies to these data to find connections in apparently disparate strands. This process can expose the money trail that can lead to specific criminals, and give a wider picture of emerging trends in the techniques adopted by criminal and terrorist organizations to move money.

WHAT IS TERRORIST ACTIVITY FINANCING?

Terrorist activity financing is the use of funds to encourage, plan, assist or engage in acts of terrorism, where the primary motivation is not financial gain.

Three main differences distinguishing terrorist activity financing from money laundering:

- Requirement of terrorists to initially obtain or source their funds;
- Funds can be from legitimate sources, not just criminal acts; and
- Money is the means, not the end—the goal is to use funds to facilitate or implement terrorist activities.

Money launderers and those engaged in terrorist activity financing are constantly resourceful in moving illegal funds, frequently passing them through a dozen or more institutions to cover their tracks. As well as the obvious institutions such as banks, reporting entities include casinos, money services businesses and life insurance companies, among others. The data supplied by reporting entities are, of course, fundamental to the Centre's work and, given the wide range and size of these various groups, it is not surprising that a major part of its role is to ensure that these organizations comply with all aspects of the law. Compliance requires more than providing information about cash transactions.

Among the data that must be supplied to FINTRAC are suspicious transaction reports (STRs), large cash transaction reports (\$10,000 or more), terrorist property reports, and casino disbursement reports. Interestingly, while two-thirds of the world's FIUs receive only STRs, these reports comprise less than one percent of the reports FINTRAC receives.

FINTRAC, again unusual among FIUs, receives reports of international electronic funds transfers (EFTs) in amounts of \$10,000 or more. These have proved crucial to uncovering suspected terrorist financing, and play a part in about 90 percent of terrorism-related disclosures. International funds transfers have also shed light on organized crime that operates globally.

Voluntary information may be provided to FINTRAC by members of the public, but it is usually provided by its law and security partners as part of their own investigations. In the last year, there were 1039 such voluntary information records (VIRs) from partners, with an additional 147 provided by the public. That information, when combined with the results of FINTRAC's own data mining, may lead to a disclosure by FINTRAC to law enforcement.

Disclosures can be made to a partner only when FINTRAC has reasonable grounds to suspect that the information to be disclosed would be relevant to an investigation or prosecution of a money laundering or terrorist activity financing offence, or relevant to threats to the security of Canada. When it does show such grounds, then FINTRAC must make a disclosure.

In Canada, FINTRAC is the only agency that receives financial transaction data from across the country. Apart from this reported data, FINTRAC also has the authority to access law enforcement and national security data banks, as well as those that are publicly available. In addition, FINTRAC can receive information from foreign FIUs.

FINTRAC is not an investigative agency and therefore it does not have the power to gather evidence, seize and freeze assets, or lay charges. These powers rest with the police or the other agencies to which FINTRAC makes its disclosures.

Given the need to ensure the confidentiality of the vast amount of financial information received by FINTRAC, rigorous security and privacy protection measures are required and enforced by legislation, and are integral to all the agency's operations, whether in relation to data, staff, partners or physical property.

FINTRAC is an independent agency, and reports to Parliament through the Minister of Finance. Its governing legislation is the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Because of its role, FINTRAC also works in collaboration with the departments of Justice and Public Safety, and other departments that ensure the safety of Canadians.

The agency's key domestic partners are the Royal Canadian Mounted Police, all municipal and provincial police services, the Canadian Security Intelligence Service, the Canada Revenue Agency, and the Canada Border Services Agency. Internationally, its partners are other FIUs to whom intelligence may be disclosed when there are appropriate agreements (memoranda of understanding) in place. In its first two years, FINTRAC signed seven such agreements. There are currently 73 such agreements.

Globally, FINTRAC is part of a constellation of organizations and agencies engaged in the fight against money laundering and terrorist financing. In 1989, the then G7 established the Financial Action Task Force to organize and spearhead these efforts and, over the next decade, national FIUs began to appear. The Egmont Group is another important international organization. Now based in Toronto, Egmont is a group of FIUs whose goal is to facilitate international cooperation, especially information exchange, training and the sharing of expertise among FIUs. FINTRAC's Director is a Vice-chair of Egmont, the Chair of its Training Working Group, the Convenor of the Finance Reference Group and continues to be heavily engaged as a member of the Egmont Committee, which is the organization's steering group.

FEEDBACK FROM OUR PARTNERS

These disclosures have all contributed significantly to this ongoing high level investigation... [FINTRAC] disclosures are a very important part of this investigation.

—*Calgary Integrated Proceeds of Crime Unit,*
RCMP

VPD's targeting decision was also influenced by financial intelligence provided by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), indicating the targets were involved in activity consistent with money laundering and possession of the proceeds of crime.

—*Vancouver Police Department Gangs and Drugs*
Section news release

The disclosure revealed links between individuals of concern that were previously unknown to the Service. The transactions disclosed by FINTRAC also helped to better comprehend the business network of some suspected 'X' members in Canada.

—*Canadian Security Intelligence Service*

FINTRAC was able to provide new associates which the RCMP didn't know were not only associated to 'suspect' but would be his right hand men. FINTRAC was also able to show that some known associates of 'suspect' 3-4 years ago are no longer financially associated.

—*Commercial Crime Section, RCMP*

The information contained in the disclosure is very timely and relevant to the ongoing investigation. The information will be relied upon by the investigators to assist in obtaining judicial orders as well as to provide further avenues of investigation.

—*Toronto Integrated Proceeds of Crime Unit,*
RCMP

This disclosure was a follow-up to another disclosure received ten months ago on the same subjects. The new disclosure revealed new bank accounts that will help make a stronger case for a production order. [Translation]

—*Montréal Integrated Proceeds of Crime Unit,*
RCMP

As a result of the information provided, we were able to recommend to Citizenship and Immigration Canada that our subject be deemed inadmissible to Canada based on S.37 (1)b of the *Immigration and Refugee Protection Act*. We have also indicated that the subjects who are permanent residents be scrutinized further should they apply for citizenship.

—*Canada Border Services Agency*

FINTRAC has provided new leads in our investigation. [The information] further confirms the casino transactions known to our agency through investigation. Information was provided in a timely manner.

—*York Regional Police*

FINTRAC provided invaluable assistance in helping us trace the criminal proceeds in a \$3 million dollar international jewellery fraud scheme out of New York City. The offender was subsequently convicted and sentenced. It was a great example of cross-border cooperation between our two agencies.

—*FinCEN.*

OUR RESULTS

Our Financial Intelligence Disclosures

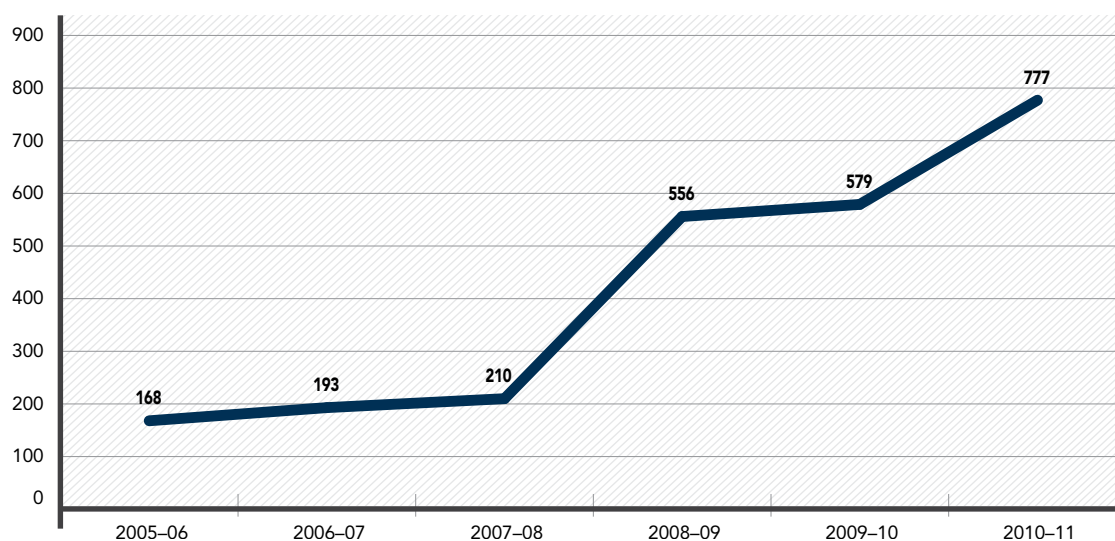
FINTRAC's disclosures of cases of suspected money laundering and terrorist financing are the product of its unique capability to access and analyze a vast range of financial transaction data. These disclosures not only provide important information about cases of suspected money laundering and terrorist financing, but they can also reveal a great deal about the crimes that these activities either support or are supported by. They uncover links between seemingly unrelated criminal operations, often international in scope, and thus offer valuable new investigative leads to law enforcement officials. In addition, FINTRAC's disclosures can assist investigative agencies in targeting their current investigations more effectively.

In 2010–11 FINTRAC made 777 disclosures of cases of suspected money laundering and terrorist financing, representing a tripling of output over the past three years. This remarkable achievement is largely due to the excellent work of our analytical team, coupled with more streamlined business processes and the continuous upgrading and enhancement of our technology.

CASE DISCLOSURES — HIGHLIGHTS OF 2010–11

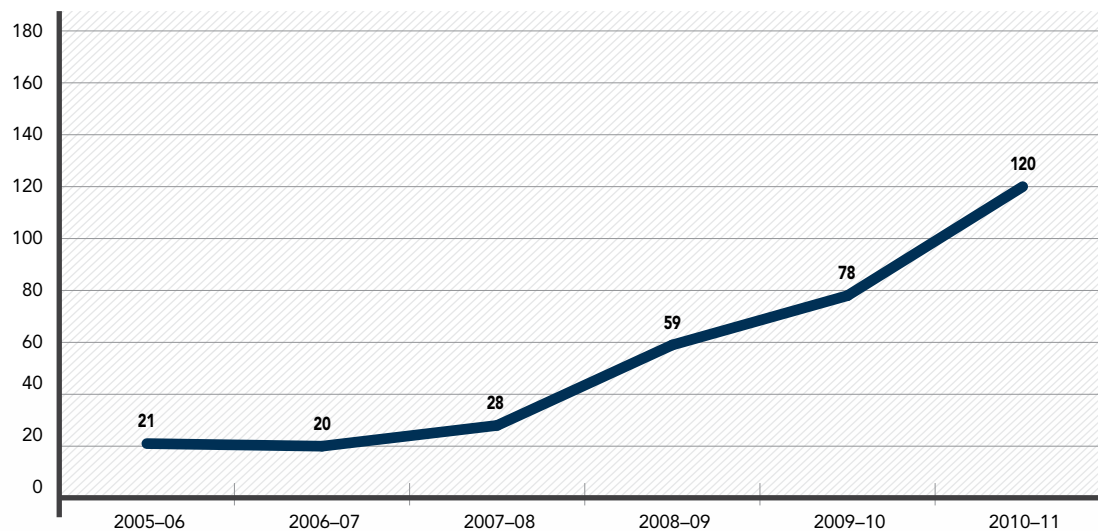
- FINTRAC made 777 case disclosures, 626 relating to money laundering, 103 to terrorist activity financing and other threats to Canada's security, and 48 related to all three areas.
- VIRs received from partners and the public rose to 1,186.
- Average turn-around times for disclosures dropped to 56 days.
- Tax evasion was made a predicate offence to money laundering, allowing FINTRAC to build more cases for disclosure to the Canada Revenue Agency.

FINTRAC Case Disclosures from 2005–06 to 2010–11

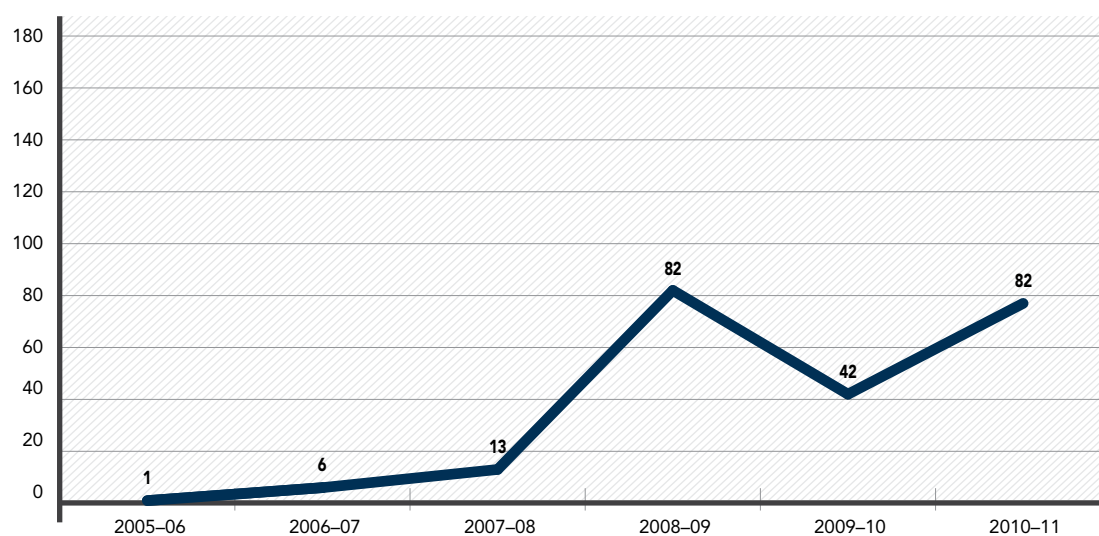


It is not only the police that are benefiting more and more from FINTRAC's tactical disclosures. As can be seen in the charts below, disclosures to the Canadian Security Intelligence Service, the Canada Revenue Agency and the Canada Border Services Agency have grown steadily since 2007–2008. In other words, there is a broader application of financial intelligence.

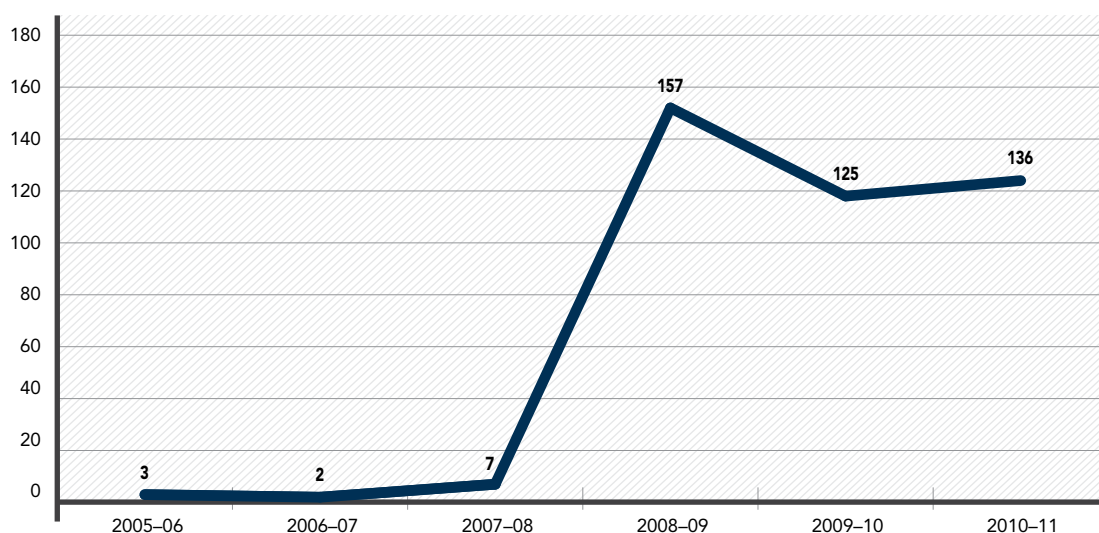
Canadian Security Intelligence Service



Canada Border Services Agency



Canada Revenue Agency



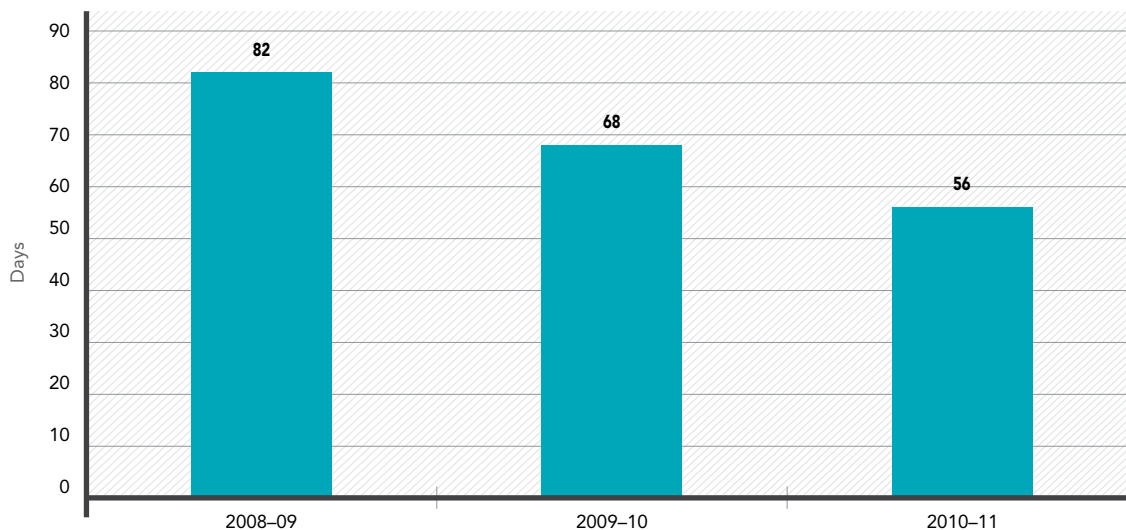
Over the course of the last three years, as a result of changes to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, FINTRAC has been able to share significantly more intelligence with the Canada Revenue Agency. A dual threshold, however, must first be met. The first criterion is that FINTRAC has reasonable grounds to suspect that the information would be relevant to a police investigation of money laundering or terrorist activity financing. The second is that the Centre also has reasonable grounds to suspect that the information is relevant to a tax offence.

Most FINTRAC disclosures to the CRA concern persons suspected of deriving taxable income from illegal activities, and may subsequently result in criminal investigations when suspected tax evasion has been established. In 2010-11, FINTRAC provided 136 case disclosures that helped the CRA to identify cases of significant tax non-compliance, and resulted in the reassessment of more than \$27 million in federal taxes.

Increased efficiency and demand for financial intelligence

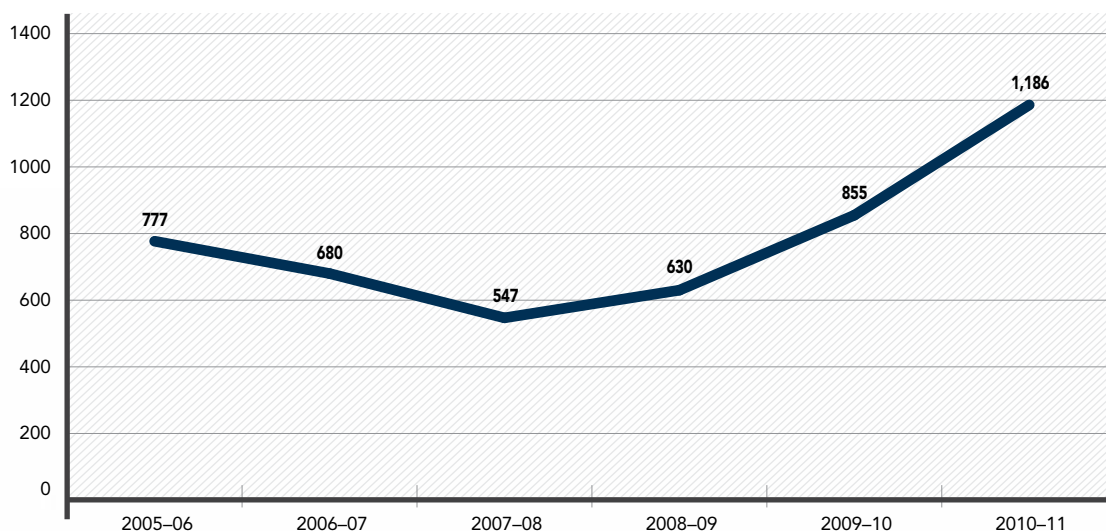
Increased efficiency in the production of case disclosures has resulted in much reduced turn-around times (see the following chart).

Disclosure Timeliness Average Turnaround Time from 2008–09 to 2010–11



The ever-strengthening relationships between FINTRAC and its partners are pinpointed by the volume of voluntary information received from law enforcement. This information is very often the critical starting point for the analysis of transaction data, analysis that ultimately may uncover possible money laundering and terrorist activity financing cases. Over the past four years, there has been a steady upward trend in the number of voluntary information records received.

Total Number of Voluntary Information Records Received from 2005–06 to 2010–11

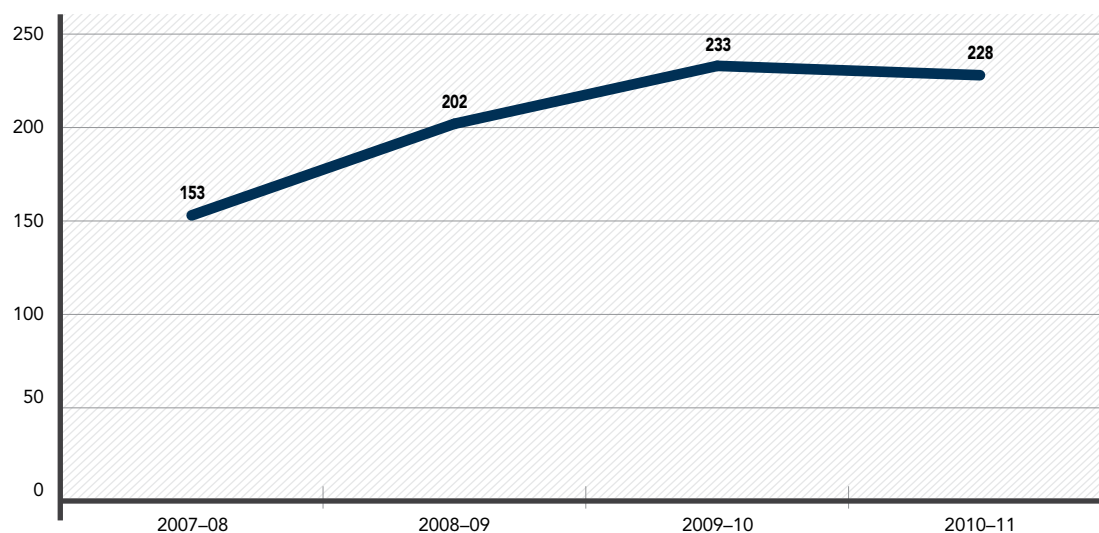


Because so many cases involve illegal movements of funds across international borders, foreign financial intelligence units are both a major source of information to FINTRAC and a major recipient of its disclosures. The exchange of tactical intelligence information flows from the terms of the 73 memoranda of understanding (MOUs) that FINTRAC has signed with other FIUs.

NEW BILATERAL AGREEMENTS WITH 11 FOREIGN FIUS SIGNED IN 2010–11

FINTRAC can now exchange tactical information about money laundering and terrorist activity financing with Belize, British Virgin Islands, Dominica, Grenada, Macedonia, Malta, the Netherlands Antilles, Saint Lucia, San Marino, Senegal and Serbia.

Number of Queries Received from Foreign FIUs from 2007–08 to 2010–11



WHAT A FINTRAC CASE DISCLOSURE CONTAINS

FINTRAC's case disclosures consist of designated information in respect of a financial transaction or an attempted financial transaction, or the cross border movement of funds or monetary instruments that identifies individuals or entities. A disclosure can include any or all of the following:

- The name(s) and address(es) of the company or companies involved in the transaction(s)
- The 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
- The name, address, telephone number and type of business where the transaction(s) occurred
- The date and time of the transaction(s)
- The type and value of the transaction(s) including the amount and type of currency or monetary instruments involved
- The transaction, transit and account number(s), as well as the type of account(s) involved
- The names and addresses of all persons authorized to act in respect of the account (signing authority, power of attorney, etc.)
- The name of the importer or exporter, in the case of importation or exportation of currency or monetary instruments
- Any person or entity involved in importation or exportation transactions, or any person or entity acting on their behalf
- The name, address, telephone number and electronic mail address of person(s) involved in the transaction(s)
- The date of birth, citizenship, and passport number; record of landing or permanent resident card number of person(s) involved in the transaction(s)
- The 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
- The person that FINTRAC suspects, on reasonable grounds, of directing the suspected money laundering or terrorist financing
- The grounds, when found relevant by FINTRAC, on which a person or entity made a suspicious transaction report
- The number and types of reports on which a disclosure is based
- The number and categories of persons or entities that made the reports, and
- The indicators relied upon by FINTRAC to justify a disclosure.

Disclosures may also contain publicly available information. In certain circumstances, police and CSIS may seek to obtain FINTRAC's full case analysis by means of a production order granted by a court. The Canada Revenue Agency can seek a production order as well, but only for the purpose of an investigation in respect of an offence that was the subject of the previous FINTRAC disclosure to the CRA.

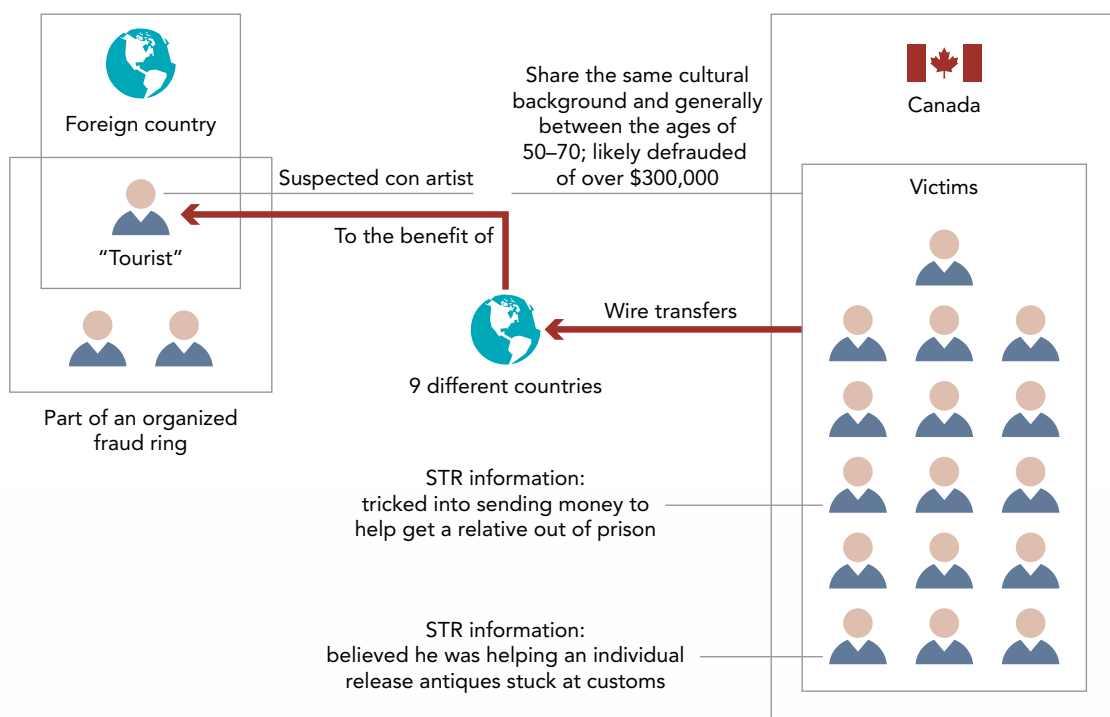
A SNAPSHOT OF OUR 2010–11 CASES

Case 1: International fraud

A foreign financial intelligence unit (FIU) submitted a query to FINTRAC about an individual who had identified himself as a “tourist” in that country, and who had received numerous suspicious electronic funds transfers from a person in Canada. The foreign FIU was not aware of any other financial transactions involving this individual or of any connection to a specific crime.

FINTRAC’s analysis revealed that over a six-year period the recipient of these transfers had also received wire transfers from 15 other persons in Canada. Furthermore, he had received these funds in at least nine different countries. The people in Canada were all of the same cultural background and were generally between the ages of 50 and 70. Further research revealed that an organized fraud ring had been targeting people of the same background worldwide. Suspicious transaction reports submitted to FINTRAC showed that one victim was tricked into sending money to help get a relative out of prison in a foreign country, and another was led to believe that he was helping an individual to release antiques held up at customs.

FINTRAC’s information and analysis revealed that the self-described “tourist” was actually a suspected con artist, and that he had received large sums of money from individuals in Canada. FINTRAC information also showed that two other fraudsters in the ring had likewise recently been in a country with which they had not previously been associated. As well, FINTRAC was able to identify suspected victims in Canada, with financial transactions showing that they had probably been defrauded of over \$300,000 dollars.



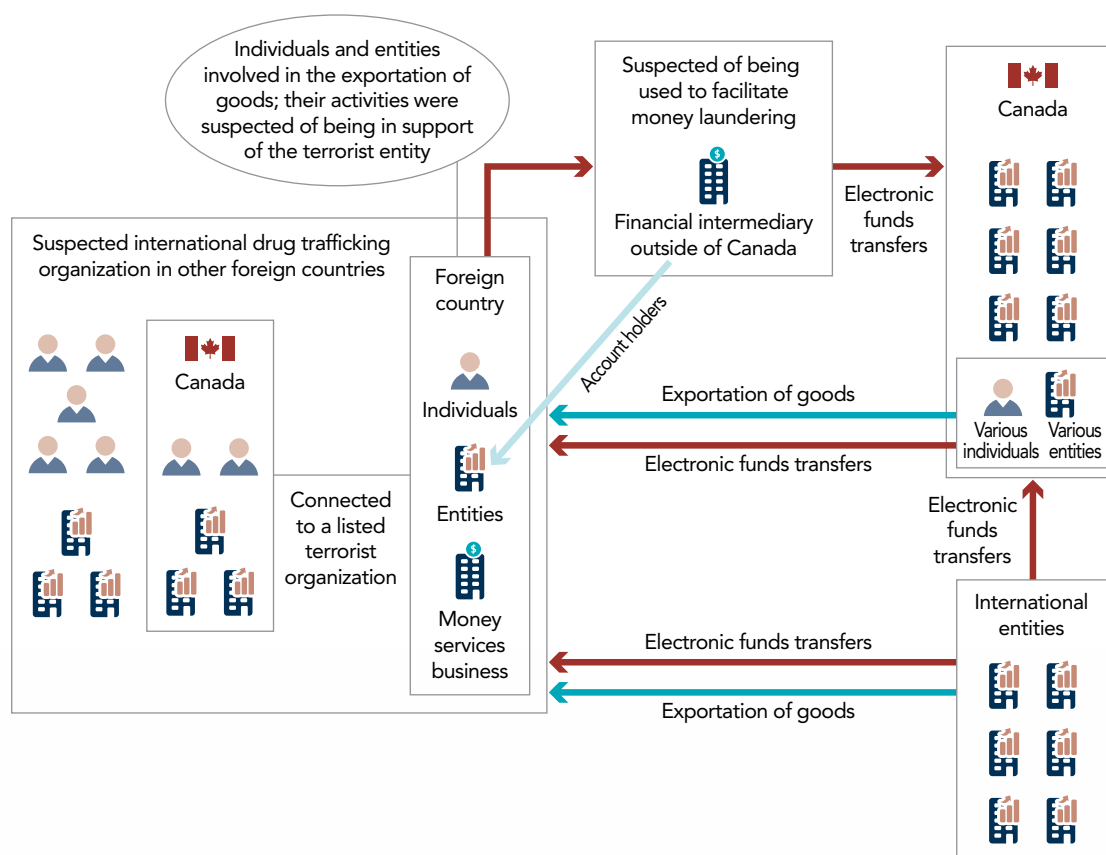
Case 2: Drug trafficking and terrorist activity financing

FINTRAC initiated this case from a review of open source information. From this, several individuals and entities were identified, including money services businesses, which were suspected of being part of a large international money laundering operation. A financial intermediary was suspected of being used to facilitate the money laundering activity of the organization.

FINTRAC assessed a number of intelligence reports that connected various entities and individuals of the suspected drug trafficking organization to a listed terrorist entity. A number of these individuals and entities were involved in the exportation of goods, and their activities were suspected of being in support of the terrorist entity.

FINTRAC found a number of transaction reports on the entities and individuals who had been identified in both the intelligence reports and in open source information. Analysis of the transactions revealed that many of the entities held accounts at the financial intermediary suspected of facilitating the money laundering activities. These accounts were used to transfer millions of dollars to various companies in Canada.

Further analysis of the financial transactions also identified additional associated entities and individuals, located both in Canada and abroad, whose financial activities appeared to be consistent with the activities of the suspected criminal and terrorist organizations.



Strategic Intelligence

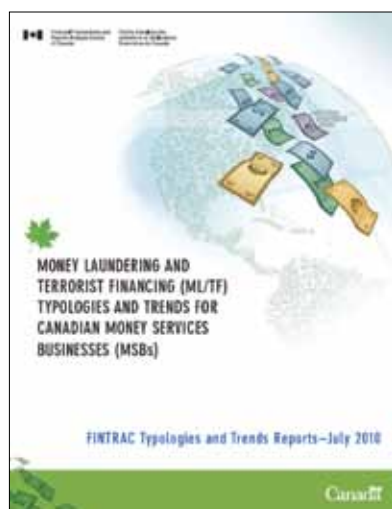
In addition to tactical intelligence, FINTRAC produces strategic financial intelligence. By applying highly sophisticated analytical techniques to its total data holdings, as well as to other information sources, FINTRAC identifies emerging trends and patterns used by criminal and terrorist organizations in money laundering and terrorist financing operations.

Strategic financial intelligence not only helps law enforcement and security agencies to direct their resources to deal with new types of threats, but also contributes to the development of appropriate legislative and regulatory amendments, where warranted. In addition, it enables FINTRAC to refine its own tactical analysis tools and methods.

The immense value of strategic financial intelligence is more and more appreciated, and the Centre, in response, has both steadily enlarged its analytical capabilities and increased the quantity and scope of its strategic intelligence products.

In 2010, FINTRAC disseminated a number of classified strategic financial intelligence assessments and briefs to domestic and international government partners. These documents, based on extensive reviews of case disclosures, reports and classified intelligence, deal with sensitive issues, including specific risks and threats that may undermine the Canadian and international financial systems.

In October 2010, FINTRAC released the third issue of the series devoted to money laundering and terrorist financing typologies and trends entitled *Money Laundering and Terrorist Financing (ML/TF) Typologies and Trends for Canadian Money Services Businesses (MSBs)*.



In November 2010, (released May 2011) FINTRAC produced *Trends in Canadian Suspicious Transaction Reporting (STR)* in the Typologies and Trends report series. This report presents the results of an analysis, using geospatial and text mining techniques, of some 300,000 suspicious transaction reports submitted to FINTRAC between 2001 and 2010. The results demonstrated that there were limitations in the transaction information supplied by reporting entities. A revised report, using even more sophisticated techniques, has been drafted and is due for release later in 2011.

FINTRAC has presented all these reports to reporting entities at various conferences and, in order to enable them to reach the broadest possible audience, has made them available on its Web site at www.fintrac-canafe.gc.ca.

Four new issues of another of the ongoing series, the *Money Laundering and Terrorist Activity Financing Watch*, have been distributed to Canadian government departments and agencies as well as to reporting entities. These public quarterly reports review national and international articles, highlighting any new financial mechanisms or technologies that could be exploited for money laundering or terrorist activity financing purposes in Canada.

FINTRAC's strategic intelligence continued to contribute to a number of international initiatives, including several being conducted under the auspices of the Financial Action Task Force. It played a significant role in the FATF's assessment of anti-money laundering and counter-terrorist funding regimes of specific countries. These assessments aim to identify countries that are not doing enough, or do not have the proper measures in place, to combat money laundering and terrorist financing. FINTRAC contributed to the FATF typology project on new payment methods, such as prepaid cards, online payment services and mobile payment services, and also gave a presentation on human trafficking/smuggling and money laundering to the joint FATF/Egmont Typology Expert Group meeting in South Africa in November 2010.



STRATEGIC ANALYSIS—HIGHLIGHTS OF 2010–11

- Studies produced for reporting sectors included *Money Laundering and Terrorist Financing Typologies and Trends in Canadian Money Services Businesses (MSBs)* and *Trends in Canadian Suspicious Transaction Reporting (STR)*.
- Classified assessments and briefs were provided to the Canadian security and intelligence community, including case reviews and reports in relation to countries of concern.
- There was continued development of analytical tools, including text mining and geospatial techniques, to help enhance the Centre's analytical capabilities.

In 2010–11, for one of the strategic financial intelligence briefs produced by FINTRAC and focusing on a country of money laundering interest, the Canada Border Services Agency provided the following feedback:

“This document will be very useful for CBSA to heighten awareness of transnational financial crimes in that region, and help us to recognize potential money laundering activities being undertaken by individuals brought to our attention for security screening.”

Following the dissemination of a financial intelligence assessment focusing on terrorist groups of interest, ITAC provided the following feedback:

“It answers a key intelligence gap for ITAC that could have some important larger policy implications.”

FINTRAC's Compliance Program

FINTRAC's compliance program works with reporting entities and other key stakeholders to make Canada's financial system stronger and more resistant to those that would abuse it to launder money or carry out terrorist activity financing. Our objectives are to ensure that reporting entities are complying with obligations under the PCMLTFA, and to improve the quality and quantity of report data that FINTRAC receives to support the production of case disclosures of financial intelligence and strategic analysis.

Specifically, FINTRAC's compliance program comprises numerous activities, of which the most prominent are: undertaking awareness activities to ensure understanding among reporting entities of their legal obligations under the PCMLTFA; providing technical support to facilitate reporting; building relations with regulators and key stakeholders; taking responsible enforcement actions that include monitoring and examination functions; maintaining a money services business (MSB) registry; and taking appropriate remedial action when non-compliance is detected, which may result in administrative or criminal penalties.

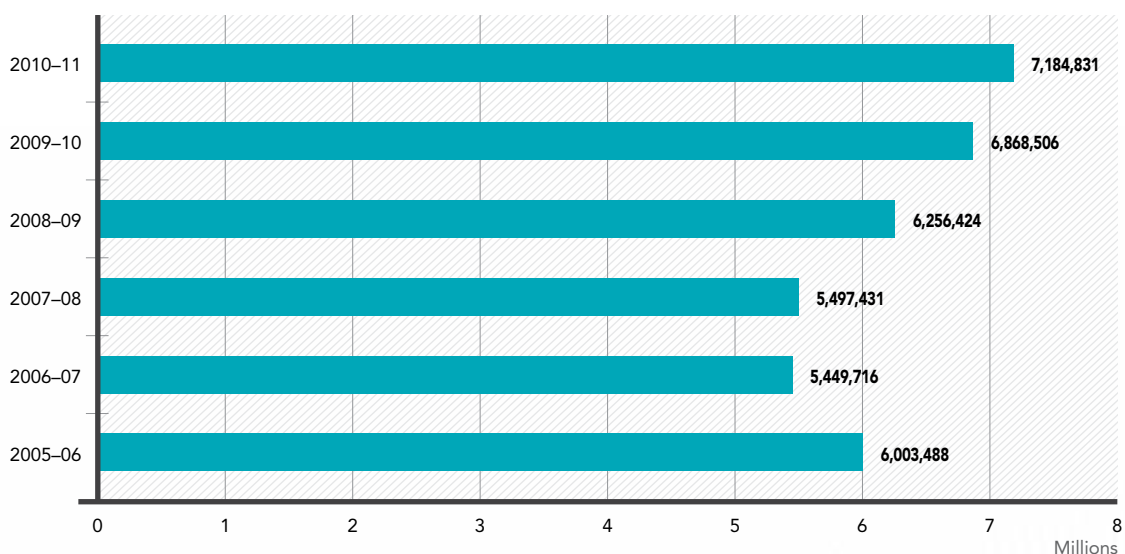
FINTRAC's Regional Operations and Compliance (ROC) directorate is made up of a group at FINTRAC's headquarters in Ottawa, and three regional offices located in Montréal, Toronto and Vancouver. Combined, ROC is responsible for ensuring that reporting entities comply, in a timely, complete and accurate fashion, with Part 1 of the PCMLTFA and related regulations.

ROC has evolved from its early years of promoting awareness and enforcing the right behaviours among reporting entities, to a robust compliance program that emphasizes greater enforcement activities. Today, ROC has matured yet further. It has refined and solidified its baseline compliance program while being responsive to an elevated scope of responsibilities resulting from legislative changes. These include the implementation and management of both a money services business registry, and an administrative monetary penalty regime.

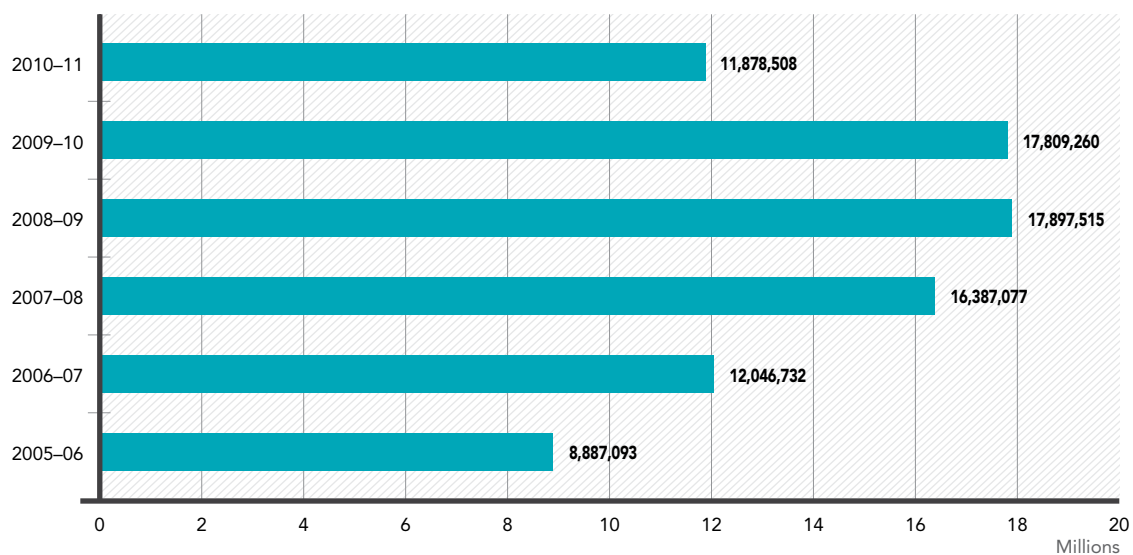
This year, FINTRAC received 19,265,355 reports. The following charts depict the reporting numbers for each report type from 2005–06 to 2010–11:

Breakdown of Reports Received by Type

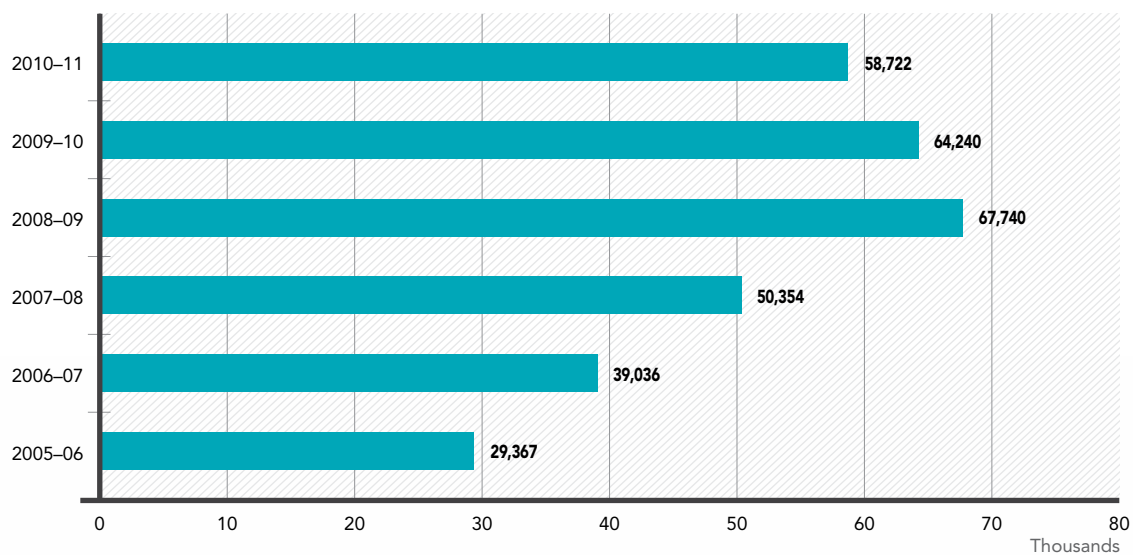
Large Cash Transaction Reports



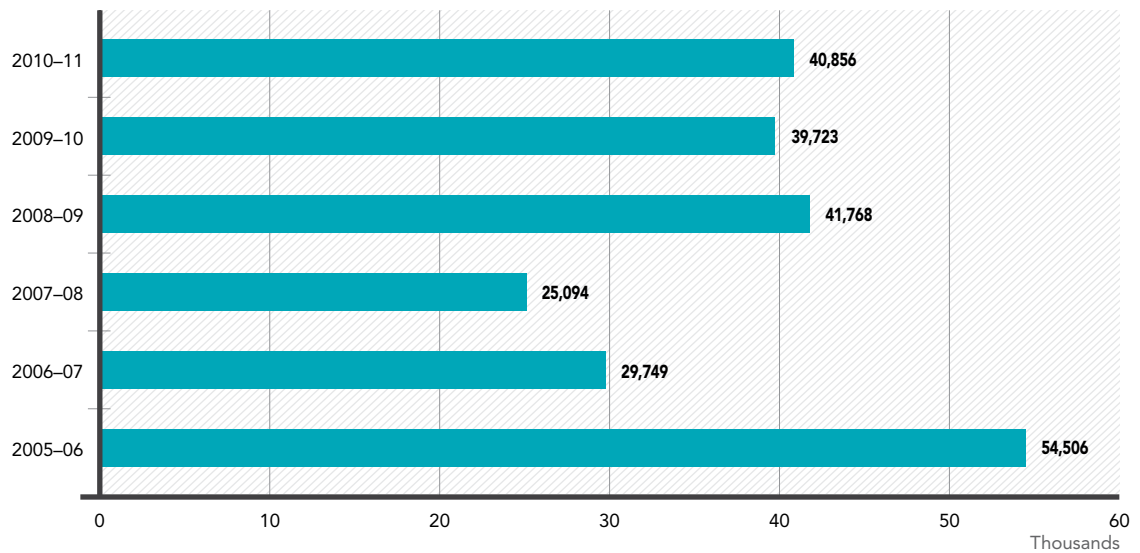
Electronic Funds Transfer Reports



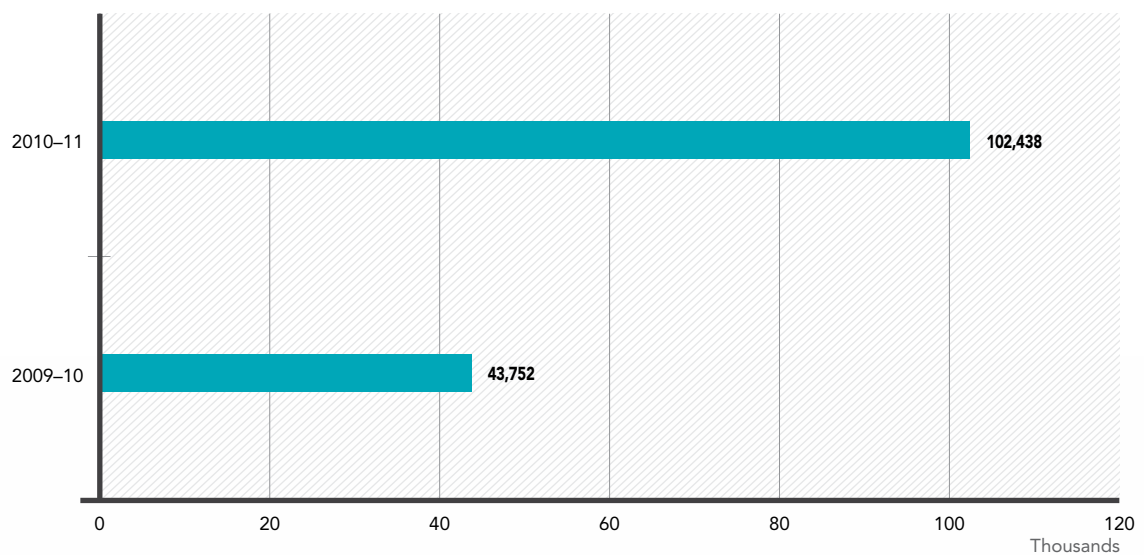
Suspicious Transaction Reports



Cross-Border Currency Reports/Cross-Border Seizure Reports



Casino Disbursement Reports *



* FINTRAC started receiving reports on disbursements of \$10,000 or more made by casinos on September 28, 2009.

Risk-based Compliance Enforcement

FINTRAC uses a risk-based approach to steer its enforcement strategy towards ensuring that the appropriate level of compliance activity undertaken is commensurate with the risk of non-compliance by the entities. We employ a stratification framework to tailor our compliance activities in accordance with assessed risks. This begins with understanding the characteristics of each of the reporting sectors, and looking at the likelihood of non-compliance as well as the potential impact or harm done by the non-compliance. Sectors that are considered to be at higher risk of non-compliance are subject to a greater degree of enforcement activities.

Understanding the importance of the large reporting entities in the identification and deterrence of possible money laundering and terrorist financing, we are focusing enforcement activities on the large reporting entities that are operating in the higher-risk sectors. By implementing cyclical enforcement actions, continued compliance with the legislated obligations is promoted.

While FINTRAC continues to leverage its suite of enforcement activities, examinations, whether onsite or through desk reviews, still remain the primary method by which to ensure that entities are complying with their legislated requirements. Where non-compliance is detected, appropriate enforcement action is undertaken. While our focus is on large entities and high-risk sectors, assessments of compliance are conducted in all sectors to promote general compliance, to maximize sector coverage, and to establish benchmarks against which we can evaluate future compliance levels.

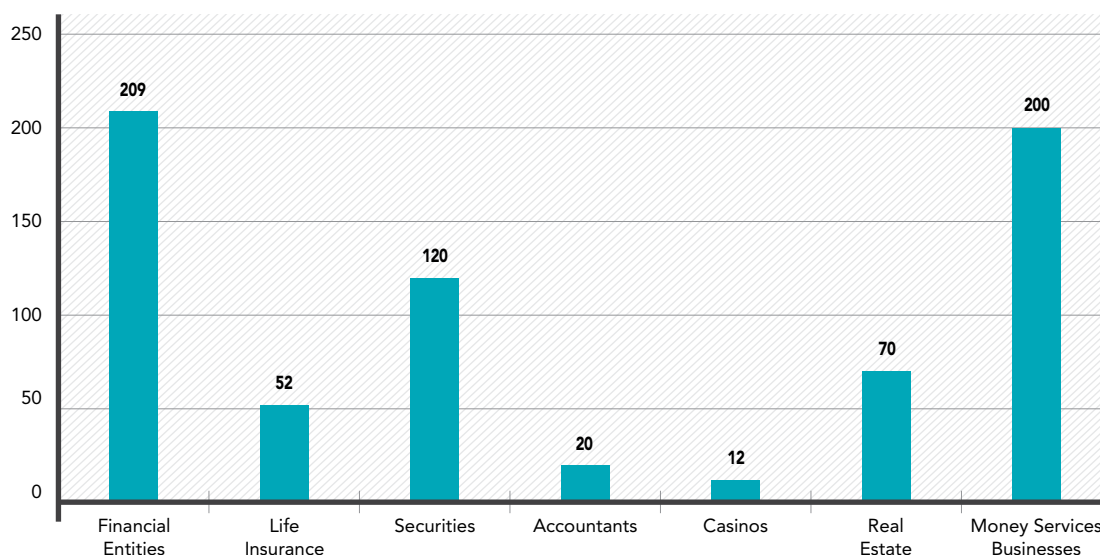
As part of FINTRAC's risk-based compliance program, we have this year begun using compliance assessment reports to gather information from entities on their level of compliance with regard to their obligations and legal requirements. These reports complement examinations, and the information provided assists us in better understanding the characteristics of each of the sectors.

Moreover, our compliance program ensures that FINTRAC receives the quality and quantity of financial information it needs to analyze and disclose on cases of suspected money laundering and terrorist activity financing. By working with reporting entities to ensure their compliance with legislative obligations, our compliance program, by extension, serves as a deterrent for those who would attempt to use Canada's financial system for money laundering and terrorism financing purposes. In 2010–11, we also initiated strategic investments to enhance our compliance program. These investments were made to improve the delivery of enforcement activities, as well as activities designed to support and facilitate compliance among reporting entities.

FINTRAC also maintains strong partnerships with national, provincial and international financial and other regulators, and has entered into 19 memoranda of understanding (MOUs) with these regulators. The MOU with the Office of the Superintendent of Financial Institutions (OSFI), for example, enables OSFI to share information with FINTRAC related to the compliance of federally regulated financial institutions (FRFIs) with their anti-money laundering/anti-terrorist financing obligations. These arrangements have substantially increased efficiency and reduced the regulatory burden on reporting entities.

The administrative monetary penalties program continued to encourage change in non-compliant behaviour. In its second year of implementation, an additional eight reporting entities who have received a penalty have been publicly named on the FINTRAC Web site, after having been issued a notice of violation, bringing the total number to 15 listed names. In addition, one non-compliance disclosure (NCD) was submitted to law enforcement during the year, bringing the total number to 35 NCDs issued to date.

Total Number of Examinations by Sector in 2010–11: 684



Compliance Promotion

It is essential to ensure that reporting entities fully understand the requirements of the PCMLTFA. FINTRAC remains steadfast in responding to ongoing inquiries from reporting entities, and in particular, providing feedback on their overall quality, timeliness, and volume reporting performance and findings that surface from examinations.

We continue to promote the self-service tools available on the FINTRAC Web site as an effective approach for guiding reporting entities on such topics as common examination deficiencies, and responses to frequently asked questions on the legislation and the related regulations.

In 2010–11, FINTRAC responded to a total of 4,868 inquiries from calls and emails initiated by reporting entities, which marks an increase in contacts of 32.5% over last year. The increase can, in part, be explained by the new money services business registration renewal process, which started in June 2010. In addition, this year brought in another 183 new money services businesses that registered with FINTRAC, bringing the registry total to 955.

Furthermore, FINTRAC responded to 248 policy interpretation requests, as well as published an additional three FINTRAC Interpretation Notices on its Web site to provide plain language technical interpretations and positions on certain provisions of the legislation. We will remain vigilant in our efforts to monitor, enhance and educate the reporting sectors on compliance obligations.

A key highlight during the year was the workshop FINTRAC hosted in November 2010 in Montréal themed “Establishing the Links”. This workshop built on the successes of a similar event held in Toronto the previous year, and was attended by over 100 representatives from the financial services, securities, and money services business sectors from Quebec and eastern Canada. A key part of the workshop was to show reporting entities how valued their reports are and how FINTRAC uses them to produce financial intelligence. Presenters from FINTRAC, the RCMP, the Sûreté du Québec, and the Public Prosecution Service of Canada spoke to the importance of financial intelligence in supporting investigations and prosecutions, and homed in on the significant value of suspicious transaction reporting.

FINTRAC continues to enhance its collaboration with our domestic and international partners through the delivery of compliance presentations to the law enforcement community and targeted reporting stakeholders, as well as providing compliance training sessions, funded by Foreign Affairs and International Trade, to eight countries from the Caribbean and Latin American region.

ENSURING COMPLIANCE—HIGHLIGHTS OF 2010–11

- A November 2010 workshop for reporting entities in the financial services sector focused on providing feedback on the importance of the reporting entities’ contributions to combating money laundering and terrorist activity financing. Officials from the Public Prosecution Service of Canada, the RCMP, the Sûreté du Québec and other police forces assisted with the presentations.
- FINTRAC conducted 684 examinations of reporting entity compliance (376 on-site and 308 desk examinations).
- A new compliance assessment report, which is a mandatory online questionnaire for assessing compliance, was refined for distribution to nine reporting sectors.
- 301 new additional entities were enrolled in our reporting system.
- 183 money services businesses were added to our registry.
- ROC responded to 248 policy interpretation questions.
- It published three FINTRAC Interpretation Notices, bringing the total to seven on the FINTRAC Web site.

What are reporting entities?

Reporting entities are those persons and organizations under 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 or agents
- Provincially authorized securities dealers, portfolio managers and investment counsellors
- Money services businesses (including foreign exchange dealers and alternative remittance systems, such as Hawala, Hundi, Chiti, etc.)
- Crown agents accepting deposit liabilities or selling money orders
- Accountants and accounting firms, when carrying out certain activities on behalf of their clients
- Real estate brokers and sales representatives, when acting as agents in the purchase or sale of real estate
- Casinos, except some temporary charity casinos
- Real estate developers, when they sell a new house, a new condominium unit, a new commercial or industrial building, or a new multi-unit residential building to the public
- Dealers in precious metals and stones, when they engage in the sale or purchase of precious metals, precious stones or jewellery in an amount of \$10,000 or more in a single transaction
- British Columbia notaries, when carrying out certain activities on behalf of their clients

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
 - 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
 - Disbursements of \$10,000 or more made by casinos
-

FINTRAC's Global Contribution

FINTRAC is an active participant in the global anti-money laundering and anti-terrorist activity financing effort both multilaterally and bilaterally. Multilaterally, the agency works with international organizations, which include the Egmont Group of Financial Intelligence Units and the Financial Action Task Force, among others. Bilateral relationships involve interactions between FINTRAC and other FIUs, and usually flow from memoranda of understanding governing the exchange of financial intelligence.

FINTRAC has contributed extensively to developing and implementing a number of initiatives with the Egmont Group, of which it became a member in 2002. FINTRAC's Director is currently vice chair of the Egmont Group, and is the Chair of the Training Working Group and the Convenor of the Finance Reference Group. She is also heavily engaged as a member of the Egmont Committee.

Of particular importance, as Chair of the Training Working Group, FINTRAC has taken a leading role at Egmont to leverage the global training reach that this forum offers. As such, FINTRAC has demonstrated its commitment to technical assistance and training by contributing actively to Egmont training products.

Furthermore, FINTRAC also demonstrates this commitment by offering technical assistance directly to foreign counterparts.

FINTRAC's Participation in International Training and Technical Assistance Initiatives in 2010–11

- FINTRAC assisted the Egmont Group in acquiring funding from Canada's Counter Terrorism Capacity Building Program to deliver up to 12 sessions of the World Bank/Egmont Tactical Analysis Course (TAC). The TAC is an Egmont Training Working Group product that provides tactical analysis training to FIU analysts to give them the basic knowledge and skills required to perform an FIU's core functions. Five sessions were delivered over the past year in the following FATF-Style Regional Body (FSRB) regions: Asia Pacific Group (APG), South American Financial Action Task Force (GAFISUD), Inter Governmental Action Group against Money Laundering in West (GIABA) (delivered in English and French), and Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).
- As Chair of the Training Working Group, FINTRAC helped to develop and deliver a Mutual Evaluation training course to help participants from member FIUs prepare for their evaluation against the FATF's 40 plus 9 recommendations. The Training Working Group also developed a Strategic Analysis training course to which FINTRAC is directly contributing some expertise. The pilot project is planned for late 2011.
- As Chair of the TWG, FINTRAC facilitated the acquisition of funding from Canada's Counter-Terrorism Capacity Building program and assisted in the production of a money laundering and terrorism financing awareness video. The video can be found on the Egmont Group Web site at <http://www.egmontgroup.org/library/egmont-videos>
- FINTRAC delivered its International Compliance Program, having received funding from the DFAIT's Anti-Crime Capacity Building Program (ACCBP). This course supports international partners in the implementation of a national anti-money laundering/anti-terrorist financing compliance regime by providing them with tools, guidelines and policies that can be adopted into a participating jurisdiction's compliance program. Participation included FINTRAC's international colleagues from the FIUs and supervisory authorities of Chile, Peru, Colombia, Belize, Jamaica, Dominica, Grenada and Antigua and Barbuda. FINTRAC's course was lauded in the Antigua Observer.

Corporate Effectiveness

Human Resources

The cornerstone of FINTRAC's effectiveness is a capable and committed workforce. It is a high priority to create a healthy and stimulating working environment that encourages learning, that values diversity, and where employees' opinions are both sought and listened to.

In 2010–11, 69 new employees were hired. Selection criteria linked to job requirements and a comprehensive assessment of candidates' knowledge, experience and abilities ensure that the organization attracts the talent necessary to fulfill its evolving mandate.

Employee development opportunities are an important component of retention and succession management. A number of corporate learning opportunities were offered, emphasizing communication, values and ethics, well-being, and the management of change. Employees complete an individual learning plan whose purpose is to identify learning opportunities that support them in their current role and their career development.

FINTRAC held its first Awards and Recognition Ceremony, which recognized excellence, leadership, initiative innovation, teamwork, and work in the community. The Employment Equity and Multiculturalism Committee organized a "World Tour" event celebrating FINTRAC's diversity and its commitment to democracy, equality and mutual respect. The focus of the Official Languages agenda was the introduction of a comprehensive second language training program that responded to operational needs and provided career development opportunities for employees.

The Code of Conduct and Ethics is being aligned with the forthcoming Values and Ethics Code for the Public Service. Focus groups for employees have clarified, where necessary, the behavioural indicators associated with its values.

The Centre will formalize its People Management Framework in the coming year, and participate in the 2011 Public Service Employee Survey to assess progress and identify opportunities for continued improvement.

FINTRAC Demographics (as of March 31, 2011)

Number of employees (including non-full time equivalents):

342

Designated Groups	
Representation of women:	52.05%
Representation of visible minorities:	16.08%
Representation of persons with disabilities:	5.26%
Representation of Aboriginal persons:	1.46%

Information Management and Information Technology

Technology is integral to all aspects of FINTRAC's operations, and creates a seamless process that begins with the receipt of data, and leads to the ultimate disclosure of financial intelligence to one or more of its business partners.

Reporting entities submit thousands of daily reports electronically. Within hours, these reports are available for analysis, at which time powerful business analytical software combs FINTRAC's enormous data holdings, searching for the connections or patterns that point to possible money laundering or terrorist financing activity. When there is such a pattern or connection, analysis results can be prepared quickly for disclosure, and these disclosures are created in formats that are compatible with those of the recipients. Practice and advanced technology make perfect and, in recent years, the turnaround time for the end-to-end process has been greatly reduced.

In 2010–11, significant investments were initiated to enhance the systems that support the compliance program. Collectively, these investments serve to ensure that a risk-based approach is the basis for the delivery of an effective compliance program.

Information technology solutions are targeted at providing support for compliance research and analysis, for enforcement activities such as examinations, and for improving access to key compliance databases. These investments in information technology solutions align and enable a more tailored and efficient compliance program. An improved understanding of compliance risks, reporting trends, and overall compliance among reporting entities is foundational to ensuring a tailored compliance program that provides for the production of valuable financial intelligence.

FINTRAC is constantly upgrading and improving its technology infrastructure to enhance its capabilities, as well as to keep its data secure and to prevent unauthorized access. This year, the batch reporting system was upgraded. The replacement is reliable and secure, has maintenance and support contracts in place, and is sufficiently flexible to accommodate any likely business or legislative changes. The core production computing infrastructure was replaced with new and more powerful processing capability. The Oracle server software, which manages our core data repositories, was also upgraded.

In the coming year, the document management system will be upgraded, as well as the desktop operating system, and productivity tools. A five-year evergreening strategy is in place that will ensure that the entire technology infrastructure is maintained at optimal operating performance.

Security

As FINTRAC has matured we have established ourselves as a trusted partner with law enforcement and the intelligence community. With our goal to allow for enhanced sharing of information, FINTRAC has been moving steadily to a more secure operating environment and increasing the level of security of our secure networks and facilities.

FINTRAC has revised its Security Policy, and has developed a comprehensive Departmental Security Plan that meets current Treasury Board requirements. It has also implemented strengthened security review measures for contracting goods and services.

Resource Management

FINTRAC has a robust system of controls ensuring that its financial and material resources are managed both efficiently and in accordance with the highest standards of accountability.

The operational planning process to link strategic priorities, operational plans and budgeting more directly has been revitalized, thus facilitating reporting throughout the fiscal year, and also helping to illuminate progress made towards spending, operational plans and strategic priorities. A new asset management system will strengthen the asset management framework.

A newly created senior-level Internal Audit and Evaluation Committee (IAEC) serves as an internal advisory body. The IAEC provides a forum for discussion of issues that arise from relevant audits, evaluations and risk assessments, and helps to determine whether or not additional effort is required for existing plans and products.

2010–11 Budget Highlights

In accordance with the Government's commitments made in *Budget 2010*, FINTRAC received an additional \$3.5 million in 2010–11 to ensure compliance with the PCMLTFA, and additional capacity to meet responsibilities related to tax evasion becoming a predicate offence to money laundering under Canada's *Criminal Code*. This explains the increase in total approved budget in 2010–11 over the previous fiscal year.

History of FINTRAC's Budget

(dollars in millions)

	2008–09	2009–10	2010–11	2011–12
Salaries	25.2	26.8	28.2	29.3
Employee Benefit Plan	4.5	4.5	4.6	5.4
Operations and Maintenance	24.0	19.7	22.6	21.7
Grants and Contribution	1.2	1.4	0.8	–
Total Approved Budget	54.9	52.4	56.2	56.4
Total Actual	50.6	49.9	50.9	–

ANNEX

Glossary

Canada Border Services Agency (CBSA)

The 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)

The 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, which has the mandate to investigate and report on threats to the security of Canada. www.csis-scrs.gc.ca

Casino Disbursement Report (CDR)

A report that a casino covered by the PCMLTFA must file with FINTRAC when it makes a disbursement of \$10,000 or more in the course of a single transaction, or when it makes two or more disbursements totalling \$10,000 or more that it knows were made within 24 consecutive hours on behalf of the same individual or entity.

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 a reporting entity 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 international 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 Assessment

A FINTRAC publication based on an extensive review of FINTRAC's data and other information sources (classified and publicly available), which provides a strategic/macro-level financial intelligence perspective on ML/TF issues of interest to the Canadian security and intelligence community.

Financial Intelligence Brief

A FINTRAC publication that identifies risks/vulnerabilities associated with financial mechanisms used for money laundering and terrorist activity financing, and that provides case examples from FINTRAC's database.

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.

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

This statute establishes FINTRAC as the agency authorized to collect, analyze, assess and disclose financial information to assist in the detection and deterrence of money laundering and of the financing of terrorist activities. 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 PCMLTFA 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.

Royal Canadian Mounted Police (RCMP)

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

Suspicious Transaction Report (STR)

A report that a reporting entity must file with FINTRAC in respect of a financial transaction that occurs or that 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.

Threats to the Security of Canada

Threats to the security of Canada are defined in the *Canadian Security Intelligence Service Act* as:

- a. espionage or sabotage that is against Canada or is detrimental to the interests of Canada, or activities directed toward or in support of such espionage or sabotage;
- b. foreign influenced activities within or relating to Canada that are detrimental to the interests of Canada and are clandestine or deceptive, or involve a threat to any person;
- c. activities within or relating to Canada directed toward or in support of the threat or use of acts of serious violence against persons or property for the purpose of achieving a political, religious or ideological objective within Canada or a foreign state; and,
- d. activities directed toward undermining by covert unlawful acts, or directed toward or intended ultimately to lead to the destruction or overthrow by violence of the constitutionally established system of government in Canada.

Voluntary Information Record (VIR)

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

Contact Information:

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24th Floor, 234 Laurier Avenue West
Ottawa, Ontario K1P 1H7
Canada

Telephone: 1-866-346-8722 (toll free)
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ISSN: 1709-0210
Cat. No. FD1-2011E-PDF

