

FINTRAC

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

What is FINTRAC?

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

FINTRAC is an independent agency, operating at arms length from the police and other departments and agencies of government to whom it can provide financial intelligence, for example, the Canadian Security Intelligence Service (CSIS).

What does FINTRAC do?

FINTRAC collects reports on financial transactions from numerous entities and subjects them to rigorous analysis. These reports contain information on suspicious or large cash financial transactions, international electronic funds transfers, as well as on the cross-border movements of currency and monetary instruments. When FINTRAC determines, on the basis of its analysis, that there are reasonable grounds to suspect its information would be relevant to investigating or prosecuting a money laundering or terrorist financing offence, it will disclose key identifying information to law enforcement. In addition, when it also suspects the information would be relevant to a tax or duty evasion offence, FINTRAC will disclose it to the Canada Revenue Agency or the Canada Border Services Agency, as applicable. Similarly, when it suspects the information would also be relevant to the Communications Security Establishment's (CSE) mandate, FINTRAC will disclose it to CSE. Likewise, when it suspects that any information, whether related to money laundering or terrorist financing, would be relevant to threats to the security of Canada, it will disclose the information to CSIS.

How does FINTRAC assist law enforcement and security agencies?

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

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

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

How does FINTRAC protect privacy?

FINTRAC is required by law to protect the personal information it receives from unauthorized disclosure.

To that end, FINTRAC has put in place rigorous internal and external security measures to ensure that the reports and information it receives are held in the strictest of confidence. As well, the law provides for criminal penalties against any FINTRAC employee who unlawfully discloses information. The creation of FINTRAC allowed lawmakers to balance privacy rights and the needs of the law enforcement and security communities.

Who must report to FINTRAC?

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

- financial entities (includes banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities);
- life insurance companies, brokers or agents;

Money laundering

Money laundering is the process used to disguise the source of money or assets derived from criminal activity. Profit-motivated crimes span a variety of illegal activities from drug trafficking and smuggling to fraud, extortion and corruption.

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

- securities dealers, portfolio managers and investment counsellors who are provincially authorized;
- money services businesses (including foreign exchange dealers and alternative remittance systems, such as Hawala, Hundi, Chitti, etc.);
- agents of the Crown when they sell money orders;
- accountants and accounting firms (when carrying out certain activities on behalf of their clients);
- real estate brokers and sales representatives (when carrying out certain activities on behalf of their clients);
- effective February 20, 2009, real estate developers;
- casinos (those authorized to do business in Canada, with a slot machine or roulette or card games, but excluding certain temporary charity casinos);
- effective December 30, 2008, dealers in precious metals and stones; and
- effective December 30, 2008, British Columbia notaries public and notary corporations of British Columbia.

What is reported?

- Suspicious transactions whether completed or attempted, related to money laundering and terrorist financing;
- Terrorist property;
- Large cash transactions of \$10,000 or more;
- International electronic funds transfers of \$10,000 or more; and
- Effective September 28, 2009, disbursements of \$10,000 or more made by casinos.

There are also other regulatory requirements such as:

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

Reporting of currency or monetary instruments

Any individual, whether a Canadian citizen or not, and any entity, who is importing in or exporting from Canada currency or monetary instruments of \$10,000 or more, has to file a report with the Canada Border Services Agency.

Terrorist financing

Terrorist financing operates somewhat differently from money laundering. While terrorist groups do generate funds from criminal activities such as drug trafficking and arms smuggling, they also frequently obtain revenue through legal means. Supporters of terrorist causes may, for example, raise funds from their local communities by hosting events or membership drives. In addition, some charity or relief organizations may unwittingly become the conduit through which donors contribute funds that may eventually be used to commit a terrorist act. The funds are then routed to the recipient terrorist organizations through both informal networks and the formal financial system.

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

Reporting Voluntary Information

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

These tips can be sent to FINTRAC by:

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

(No long-distance charges will apply)

or mail:

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

To learn more about FINTRAC

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

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