



BCREA CoP Webinar: FINTRAC Q&A Session – September 2023



Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)



SAFE CANADIANS,
SECURE ECONOMY

CANADIENS EN SÉCURITÉ,
ÉCONOMIE SÛRE

- a federal government agency with a mandate to facilitate the detection, prevention and deterrence of **money laundering** and **terrorist financing**, while ensuring the protection of personal information under its control.
- acts at **arm's length** and is **independent** from the police services, law enforcement agencies and other entities to which it is authorized to disclose financial intelligence.
- enforces the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act and Regulations*



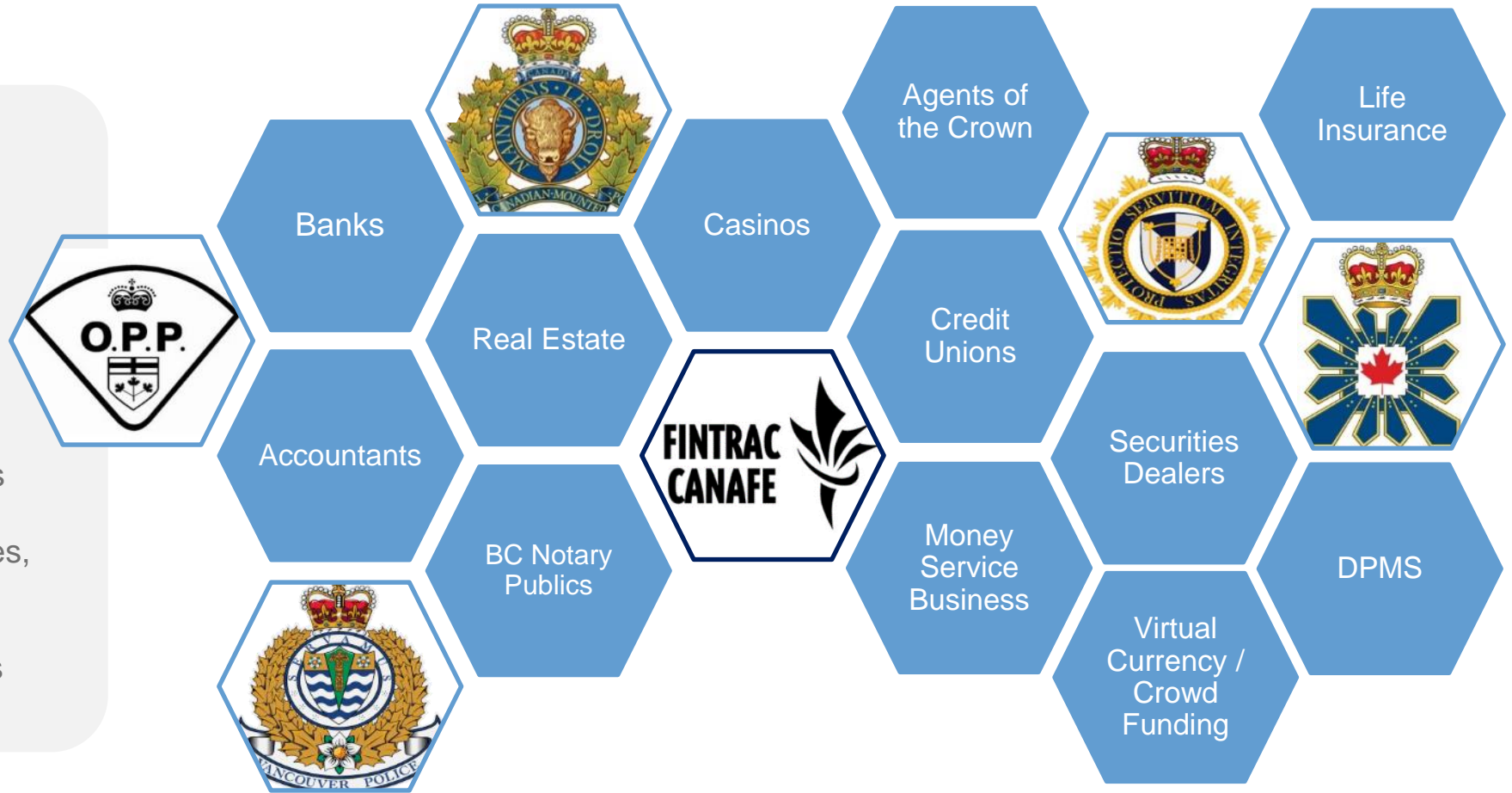
Anti-Money Laundering and Anti-Terrorist Financing in Canada

WHAT IS...



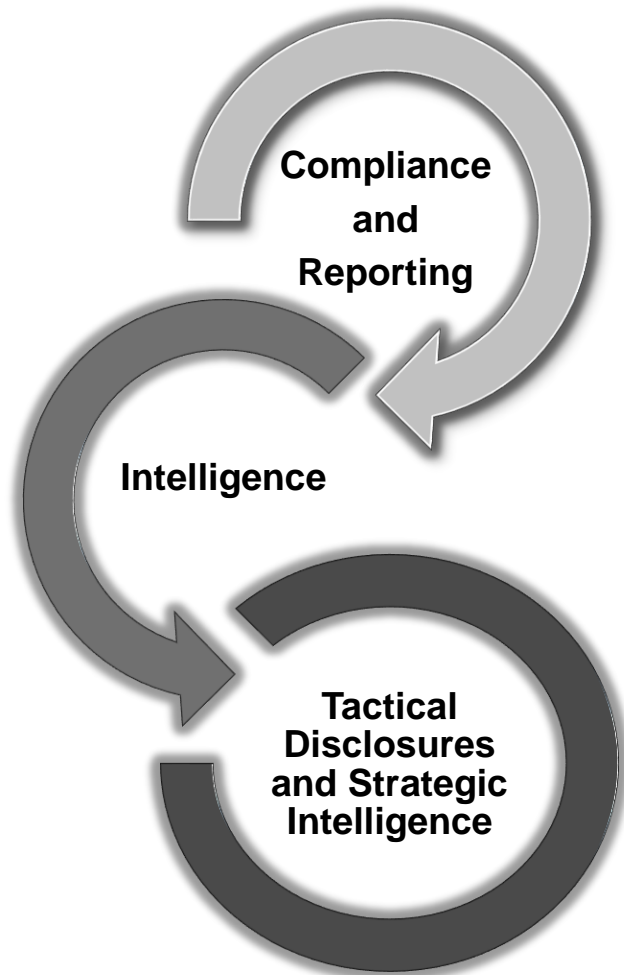
Money laundering is the process used to disguise the source of money or assets derived from criminal activity. Profit-motivated crimes span a variety of illegal activities from drug trafficking and smuggling to fraud, extortion and corruption.

Terrorist financing provides funds for terrorist activity. It may involve funds raised from legitimate sources, such as personal donations and profits from businesses and charitable organizations, as well as from criminal sources.





Canada's Financial Intelligence Unit and Compliance Regulator



FINTRAC roles and functions:

- **Compliance Sector** provides guidance and ensures that reporting entities are meeting their obligations under the PCMLTFA and its regulations, through assessment and enforcement activities.
- **Intelligence Sector** analyses and compiles financial information received by FINTRAC from reporting entities to be used in intelligence disclosures to designated recipients.
- **Strategic intelligence** is created and published by FINTRAC in the form of trend and typology reports used to educate the public, including the reporting entities, and the security and intelligence community on money laundering and terrorist financing issues.

Questions

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Answers

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Where do I find training and how do I fill out these forms?

“Can real estate educational programs/licensing programs (i.e. UBC) incorporate KYC training?”

“Are there better ways or is there a way to identify the latest training materials? Like an update bulletin of “what's new”?”

“Why are the forms so long and confusing? Wouldn't simplified, cleaner forms be more effective in getting better compliance?”

“Can there be a questionnaire/info sheet issued by the government saying that these are the required questions that Real Estate agents will need to ask purchasers?”



When are my obligations triggered?

“Is FINTRAC compliance required in commercial leasing?”

“Regarding developers of 5 or more new houses, do they have to be in the same subdivision? Regarding units in a strata, are we alluding to units in the same strata?”

“If a developer hires an agency/broker/sales representative and the buyer also has an agent, who is responsible for the regulatory compliance? Should the buyer agent share the forms with the developer agent?”

“Do the IDs have to be up to date and the FINTRAC forms redone if the IDs expired during the time prior to the sale of the home is completed?”

“Is a bank draft considered a payment method that warrants a submission of the large cash transaction reporting? Would it only apply to physical cash?”



When are my obligations triggered?

“Could you clarify on the receipt of funds and the onus of who should be reporting the transaction to FINTRAC (if needed)? For example, if the lawyer receives in trust versus real estate agent versus developer receives a cheque from client directly.”

“You mentioned politically exposed persons (PEPs) should be classified as high risk. Does this apply to domestic PEPs as well as foreign ones, and also to a close associate of a domestic PEP?”

“Our understanding is that a transaction is fine if a client brings a hockey bag of cash to a developer that is not represented by any agent. Could you clarify why this is acceptable?”

“Why is “student” an acceptable occupation for transactions?”



Questions about Suspicious Transaction Reporting

“Should we continue the transaction and report if we are pressured at the last minute, or stop the transaction and report a STR?”

“If you are a listing agent and you suspect the buyer is attempting to use a real estate transaction to launder money, what are your responsibilities as the listing agent?”

“Could there be more transparency in terms of how an STR helped FINTRAC in an investigation or a case study to help further emphasize the importance of why real estate should be diligent in reporting?”

“Would not submitting STRs increase the chance of getting audited by FINTRAC?”



Questions about FINTRAC Compliance Examinations

“Have there been any developers that have been examined by FINTRAC?”

“How far back will FINTRAC examine the paperwork?”

“What percentage of brokerage gets audited?”

“After an exam, how soon/often will FINTRAC return for another exam?”

“Do you have names of companies or individuals to do the two-year assessment?”

“Can a Compliance Officer conduct an independent review given the size of the brokerage is about 50 people?”



Is FINTRAC Listening and Working with the Industry?

“Which is better from a compliance/training perspective - 180 pages from the brokerage and for them to update/maintain or training sessions/materials that direct individuals to go to FINTRAC's website to review the links?”

“There are some broken links on the FINTRAC website that make it difficult to navigate. Also it is difficult to understand the guidance on the website”

“Has FINTRAC considered visiting brokerages to help with the compliance programs/how to comply versus strictly coming in to review for two weeks and then potentially issue a monetary penalty? Or alternatively contracting with recognized firms to provide this service to brokerages/real estate entities?”



FINTRAC Modernization and New Approaches

- Working more closely with Provincial Regulators and Associations
- Providing Clear Guidance
- Providing Direct Education
- Trying New Approaches:
 - Welcome Letters to New Brokerages
 - E-CAR Pilot Project
 - Compliance Meetings



Resources:

FINTRAC Website:

- [Real estate brokers or sales representatives, and real estate developers \(canada.ca\)](http://canada.ca)
- [Policy interpretation database: Financial Transactions and Reports Analysis Centre of Canada \(fintrac-canafe.gc.ca\)](http://fintrac-canafe.gc.ca)
- **Send Questions to FINTRAC -**
Email: guidelines-lignesdirectrices@fintrac-canafe.gc.ca
Telephone: 1-866-346-8722 (toll free)

