



How to report suspicious transactions

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

FINTRAC operates at arms length from the police and other departments and agencies of government to whom it can provide financial intelligence (e.g., Canadian Security Intelligence Service).

Preventing organized crime and ensuring Canada's security is a responsibility we all share. The legal obligations for certain individuals and businesses are outlined in this brochure.

Why is reporting important?

From banks to life insurance companies, from securities dealers to accountants, many have a role to play in Canada's efforts to prevent money laundering and terrorist financing. These businesses, identified in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, are among the first that can come into contact with a financial transaction that is potentially linked to money laundering or terrorist financing.

The PCMLTFA requires that a report be filed with FINTRAC when there are reasonable grounds to suspect that a transaction is related to a money laundering or a terrorist financing offence. Effective June 23, 2008, this applies whether the transaction in question was carried out or simply attempted.

In addition, anyone can voluntarily provide information about suspicions of money laundering or terrorist financing to FINTRAC.

Who must report suspicious transactions?

The following persons and entities and their employees must report suspicious transactions to FINTRAC:

- financial entities (includes banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities);
- life insurance companies, brokers or agents;
- securities dealers, portfolio managers and investment counsellors who are provincially authorized;
- 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 or sales representatives (when they act as an agent regarding the purchase or sale of real estate);
- casinos (including those authorized to do business in Canada, with slot machines or roulette or card games, but excluding certain temporary charity casinos);
- effective December 30, 2008, dealers in precious metals and stones;
- effective December 30, 2008, British Columbia notaries; and
- effective February 20, 2009, real estate developers.

There are other obligations under the PCMLTFA such as client ID, record keeping and the implementation of a compliance regime.

FACT: Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the penalties for failing to report suspicious transactions include fines of up to \$2 million and imprisonment for up to five years. Alternatively, effective December 30, 2008, failure to report a suspicious transaction can lead to an administrative monetary penalty.

What information to report

To complete a suspicious transaction report, you will need certain information.

You will need information about you as the reporting entity and details about the person conducting or attempting to conduct the transaction and the transaction itself. If your suspicion was raised due to a series of transactions, you will need to include information on each transaction within the report (the report allows for information on more than one transaction to be included).

When to file a report

Once you have reasonable grounds to suspect a transaction, whether attempted or completed, is related to a money laundering or a terrorist financing offence, you must file a suspicious transaction report with FINTRAC within 30 days.

Identifying suspicious transactions

You are in the best position to know what are usual transactions for your business and therefore what is suspicious. It is important to remember that behaviour is suspicious, not people. As well, it is the consideration of many factors, not any one factor, that will lead to a conclusion that there are reasonable grounds to suspect that a transaction is related to a money laundering or terrorist financing offence. To learn more about how to recognize suspicious transactions and to consult a list of indicators, please see FINTRAC's *Guideline 2: Suspicious Transactions* available in the Guidelines section of FINTRAC's Web site.

How to file a Suspicious Transaction Report

FINTRAC has prepared a series of guidelines to help individuals and businesses submit their reports. These explain reporting timelines, how reports have to be sent, and what information has to be included. These guidelines are available on our Web site or a hard-copy version can be obtained by calling us.

As a reporting entity, you must submit your reports electronically to FINTRAC, provided you have the technical capabilities to do so (minimum technical requirements are outlined in FINTRAC's guidelines). These reports are filed using FINTRAC's secure reporting system (F2R). If you do not have the technical capabilities to send reports electronically, you must submit reports on paper using available forms.

For more information about this, see *Guideline 3: Submitting Suspicious Transactions Reports to FINTRAC*.

Completing Part G of the Report

Part G is a key part of the report. It allows you to tell us **WHY** you have suspicions about a specific transaction or transactions. You should provide as much detail as possible. Your explanation may include:

- indicators that you observed during the transaction;
- information about the person who requested the transaction including known aliases or associates;
- information as to why this is suspicious behaviour given the kind of business you are in; and
- if you include more than one transaction in the report, please indicate how they are connected.

In addition, for reports about attempted transactions, you need to explain why the transactions were not completed.

Contact us

For further information on FINTRAC, its activities, and on the steps involved in filing a report, visit our Web site (<http://www.fintrac-canafe.gc.ca>) or contact us:

Financial Transactions and Reports Analysis
Centre of Canada
234 Laurier Avenue West
24th floor
Ottawa, Ontario
Canada K1P 1H7
Toll-free: 1-866-346-8722