



How to report suspicious transactions

FINTRAC
CANAFE



Financial Transactions and
Reports Analysis Centre of Canada
Centre d'analyse des opérations
et déclarations financières du Canada

Canada 

Reporting suspicious financial 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 arm's 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. In addition, anyone can voluntarily provide information about suspicions of money laundering or terrorist financing to FINTRAC.

Who must report suspicious transactions?

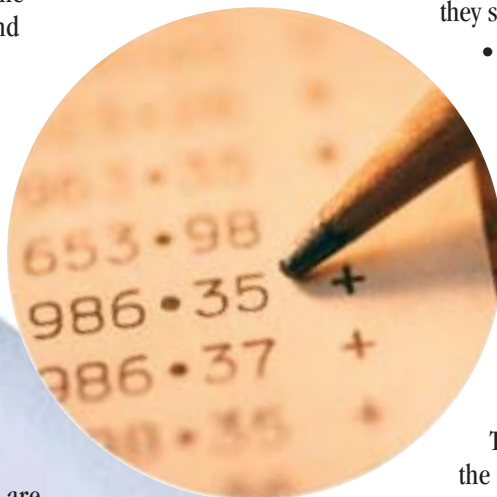
The following persons and entities and their employees must report suspicious transactions to FINTRAC:

- 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 counselors who are provincially authorized;
- persons engaged in the business of foreign exchange dealing;
- money services businesses (including 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 carrying out certain activities on behalf of their clients);
- casinos (including those authorized to do business in Canada, with slot machines or roulettes or card games, but excluding certain temporary charity casinos).

There are other obligations created by the PCMLTFA such as Client ID, record keeping and the implementation of a compliance regime.

FACT: The International Monetary Fund estimates the value of global remittances worldwide to be about \$500 billion.

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/or imprisonment for up to five years.



When to file a report

Once you have reasonable grounds to suspect a transaction 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 is normal 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* at http://www.fintrac.gc.ca/publications/guide/guide_e.asp.

Annual Monetary Fund
of money laundering
at \$500 billion (U.S.).

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 (www.fintrac.gc.ca). A hard-copy version can be obtained by calling us toll-free at 1-866-346-8722.

As a reporting person or 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 Web site. If you do not have the technical capabilities to send reports electronically, you may submit reports on paper using available forms and send them by standard mail.

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 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).

Completing Section G of the Report

Section 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.

Contact us

For further information on FINTRAC, its activities, and on the steps involved in filing a report, visit our Web site (www.fintrac.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