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CANADA

Stemming the Flow of Illicit Money: *A Priority for Canada*

PARLIAMENTARY REVIEW OF THE *PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT*

*Interim Report of the
Standing Senate Committee on Banking, Trade and Commerce*

The Honourable Jerahmiel S. (Jerry) Grafstein, Q.C., Chair
The Honourable W. David Angus, Q.C., Deputy Chair

and the Honourable Senators

Michel Biron
J. Trevor Eyton, Q.C.
D. Ross Fitzpatrick
Yoine Goldstein
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David Tkachuk

October 2006

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MEMBERSHIP

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and

The Honourable Senators:

Michel Biron

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Other Senators who have participated on this study:

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Dennis Dawson, Consiglio Di Nino, Leonard J. Gustafson and Donald H. Oliver, Q.C..

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Sheena Starky, Analyst

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Mathieu Boulianne, Administrative Assistant

Clerk of the Committee:

Dr Line Gravel

ORDER OF REFERENCE

Extract from the *Journals of the Senate* of Tuesday, May 16, 2006:

The Honourable Senator Comeau moved, seconded by the Honourable Senator Johnson:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to undertake a review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (S.C. 2000, c. 17) pursuant to section 72 of the said Act; and

That the committee submit its final report no later than September 28, 2006.

The question being put on the motion, it was adopted.

Paul C. Bélisle

Clerk of the Senate

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STEMMING THE FLOW OF ILLICIT MONEY: A PRIORITY FOR CANADA

PARLIAMENTARY REVIEW OF THE *PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT*

INTRODUCTION

Elements of Canada's anti-money laundering framework were originally contained in the *Proceeds of Crime (Money Laundering) Act* of 2000, which was renamed the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* in December 2001 following passage of the *Anti-Terrorism Act* and an expanded scope of the 2000 Act to include anti-terrorist financing measures. The Act fulfills Canada's obligations under the United Nations International Convention for the Suppression of the Financing of Terrorism.

Section 72 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* requires Parliamentary review of the administration and operation of the Act five years after the coming into force of that section, which occurred on 5 July 2000. In fulfillment of the statutory review requirement, in May and June 2006 the Standing Senate Committee on Banking, Trade and Commerce held hearings on Canada's anti-money laundering and anti-terrorist financing regime, and heard from a variety of private sector and federal public service witnesses. The comments below reflect the main elements of the presentations made to the Committee on this important topic to date, and inform our recommendations.

While the Committee was not able to examine exhaustively the full range of issues that are relevant to this Parliamentary review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, we understand the need for timely implementation of proposed legislative and regulatory changes, and have decided to table this Interim Report. When the proposed legislative changes are referred to us, we hope to be able to continue our study of this topic and to conduct our customary thorough review, particularly of those topics – including not-for-profit organizations, correspondent banking and politically exposed persons, among many others – that were not examined in any substantive manner during our spring 2006 review of the Act.

While witnesses were not able to provide the Committee with consistent or precise estimates of the amount of money that is being laundered each year or of the costs of money laundering and terrorist activity financing, we believe that it is probably in the tens of billions of dollars. The human and societal costs associated with money laundering and terrorist activity financing must also be remembered, since the costs are not simply economic. Clearly, the costs are significant, and we must ensure that Canada has the best possible anti-money laundering and anti-terrorist financing regime in place,

consistent with the protection of privacy, for the sake of Canadians, the sake of citizens worldwide and the sake of legitimate commerce.

CHAPTER 1: THE CURRENT REGIME

Part 1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* requires financial intermediaries to meet customer-identification, due-diligence and record-keeping requirements as well as to report suspicious and prescribed transactions. This Part of the Act is administered by the Financial Transactions and Reports Analysis Centre of Canada, which was established by Part 3 of the Act.

Part 2 of the Act, administered by the Canada Border Services Agency, requires the reporting of exported or imported cash or monetary instruments exceeding a specified value.

I. Reporting Entities

Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, specified entities and individuals are required to report certain suspicious transactions, electronic funds transfers, large cash transactions and cross-border currency movements as well as possession or control of terrorist property or information related to such property. These entities and individuals are:

- financial entities of all types, including chartered banks, credit unions, caisses populaires, and trust and loan companies;
- life insurance companies, brokers and agents;
- securities dealers, portfolio managers and investment counsellors who are provincially authorized;
- foreign exchange dealers;
- money services businesses, including alternative remittance systems;
- Crown agents accepting deposit liabilities and/or selling money orders;
- accountants, accounting firms, real estate brokers and real estate representatives in certain client-related activities;
- casinos, with the exception of some temporary charity casinos; and
- individuals transporting large sums of cash or high-value monetary instruments across borders.

The Act requires reporting entities to:

- implement a compliance regime;
- keep records of financial transactions;
- identify clients and determine the third parties involved in relevant transactions;
and
- report certain financial transactions to the Financial Transactions and Reports Analysis Centre of Canada and certain movements of cash or monetary instruments to the Canada Border Services Agency.

As well, the Financial Transactions and Reports Analysis Centre of Canada receives voluntary information from law enforcement and intelligence agencies as well as from the general public.

II. Reported Transactions

As noted earlier, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* requires reporting entities and individuals to make certain reports. In particular, reports that must be made to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) are those regarding:

- suspicious transactions related to either money laundering or terrorist activity financing, regardless of their monetary value;
- 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 of \$10,000 or more; and
- cash transactions of \$10,000 or more.

The Act also requires that cross-border movements of cash or monetary instruments of \$10,000 or more be reported to the Canada Border Services Agency (CBSA). The CBSA then reports such movements, as well as information about any seizure actions, to the FINTRAC.

Each month, the FINTRAC receives approximately one million financial transactions reports.

III. The Primary Agency to which Reports are Made

Created in 2000 as part of the National Initiative to Combat Money Laundering and as a consequence of the *Proceeds of Crime (Money Laundering) Act*, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is an independent federal agency funded by Parliamentary appropriations. The FINTRAC also contributes to the Public Security and Anti-Terrorism Initiative.

As Canada's financial intelligence unit, the FINTRAC collects, analyzes, assesses and – where appropriate – discloses information to law enforcement agencies, such intelligence agencies as the Canadian Security Intelligence Service (CSIS), and others to assist in the detection, prevention and deterrence of money laundering, terrorist activity financing and/or threats to the security of Canada.

Consequently, the FINTRAC has three main objectives:

- to use financial transaction reports and information from other sources in order to produce and deliver timely and insightful case disclosures of financial intelligence that are widely used and accepted by law enforcement and intelligence agencies;
- to ensure compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* by those financial intermediaries that are required to report to it; and
- to produce strategic financial intelligence that enhances awareness of the general and evolving patterns and trends used by money laundering and terrorist activity financing networks.

Once reasonable grounds exist to suspect money laundering and/or terrorist activity financing and/or threats to national security, the FINTRAC must disclose designated information to the appropriate law enforcement agency or the Canadian Security Intelligence Service, as the case may be, as well as to:

- the Canada Revenue Agency or the Canada Border Services Agency when the information is also determined to be relevant to an offence of evading – or attempting to evade – federal taxes or federal duties respectively;
- Citizenship and Immigration Canada and the Canada Border Services Agency when the information is also determined to be relevant to certain provisions of the *Immigration and Refugee Protection Act*; and
- more than three dozen foreign financial intelligence units with which the FINTRAC has information-sharing agreements when there are reasonable grounds to suspect money laundering or terrorist activity financing.

Designated information disclosed by the FINTRAC to law enforcement agencies, the CSIS, the Canada Revenue Agency (CRA), the Canada Border Services Agency (CBSA), Citizenship and Immigration Canada (CIC) or foreign financial intelligence units, as the case may be, includes:

- the name(s) and address(es) of the person(s) involved in the transaction(s) as well as date(s) of birth, citizenship and passport, record of landing or permanent resident card number(s);
- the name(s) and address(es) of the company or companies involved in the transaction(s);
- the name(s), address(es) and type(s) of business(es) where the transaction(s) occurred;
- the date(s) and time(s) of the transaction(s);
- the type(s) and value(s) of the transaction(s), including the amount(s) and type(s) of currency or currencies or monetary instrument(s) involved;
- the transaction, transit and account number(s); and
- the name(s) of the importer(s) or the exporter(s), as the case may be, of the currency or currencies or monetary instrument(s).

Should a law enforcement agency or the CSIS want the FINTRAC's full case analysis in order to investigate a money laundering or terrorist activity financing offence or other threat to national security, a court order must be sought. The FINTRAC will provide additional information pursuant to a court-issued production order.

IV. Data Retention and Disclosure

The *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* limits the information that can be disclosed, as well as to whom and under what circumstances, as indicated above. In particular, the Financial Transactions and Reports Analysis Centre (FINTRAC) is required to protect information from any unauthorized disclosure, with penalties for improper disclosure that can include up to five years in jail, a fine of up to \$500,000, or both.

Moreover, the Act places time limits on the FINTRAC's retention of financial transactions reports and other information, with most reports and information destroyed five years after receipt, except for information or reports that contribute to a case disclosure, in which case the time limit is eight years.

CHAPTER 2: THE DEPARTMENT OF FINANCE'S CONSULTATION PAPER

In preparation for Parliamentary review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, and in order to meet other domestic and international requirements, in June 2005 the federal Department of Finance released a consultation papers entitled *Enhancing Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*. The consultation paper outlined proposed changes to Canada's anti-money laundering and anti-terrorist financing regime and to the Act, including measures in five areas:

- expanding client-identification, due-diligence and record-keeping requirements;
- addressing gaps in the anti-money laundering and anti-terrorist financing regime through such measures as the reporting of suspicious attempted transactions and information sharing in order to detect terrorist activity financing through charities;
- improving compliance monitoring and enforcement, including the establishment of a registration regime for money services businesses;
- strengthening the ability of the Financial Transactions and Reports Analysis Centre of Canada to provide intelligence; and
- enhancing the coordination of Canada's efforts to combat money laundering and terrorist financing.

A variety of other proposals and technical changes were also discussed in the consultation paper (see Appendix A).

About 50 groups submitted comments to the Department by the deadline of 30 September 2005 (see Appendix B).

CHAPTER 3: THE DESIRED REGIME

I. Entities Covered

A. Registration or Licensing of Money Services Businesses

While money services businesses – such as payday lenders – are a reporting entity under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, some of the Committee’s witnesses expressed concern that their unregulated nature makes it hard to ensure that the obligation to report is being fully met. Consequently, they supported the development of a registration system for such businesses. Recommendations made by the Financial Action Task Force on Money Laundering – an intergovernmental body that sets international standards for combating money laundering and terrorist financing (see Appendix C) – require that money services businesses be either registered or licensed.

According to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and in the context of its risk-based compliance program, the highest risk occurs in unregulated sectors; these sectors include money services businesses. The FINTRAC told the Committee that unregulated sectors are “more difficult ... to find and keep track of. ... [T]here are no formal associations and there is no easy way ... to determine the number of money services businesses. That being said, ... many of (these businesses) provide useful and valuable financial services, and they are complying with their reporting and record-keeping obligations. Given that they are unregulated and are not a formal sector ..., less information is available. (The FINTRAC has) a harder time assuring (itself) that (it) know(s) who they are, that (it) know(s) all of them and that (it has) made visits and they are reporting. ... [S]ome of the money services businesses and foreign exchange dealers ... want to have some sort of registration system. They want a level playing field.”

As well, the Royal Canadian Mounted Police (RCMP) supported a registration system for money services businesses, since “[r]ecent investigations across Canada clearly exemplify how the absence of licensing or registration in Canada makes this sector highly attractive to money laundering criminals looking for alternatives to the regulated banking sector.”

Having just completed our study of consumer issues in the financial services sector, the Committee is aware of the significant growth of money services businesses and the role that they play in Canada’s financial system. We also support the need for Canada to meet international standards, when it is reasonable to do so, and believe that registration or licensing of money services businesses would be beneficial. For this reason, and consistent with Financial Action Task Force recommendations, the Committee recommends that:

- 1. The federal government develop a registration system for money services businesses.**

B. Dealers in Precious Metals, Stones and Jewellery

A limited number of the Committee's witnesses commented on the notion of a reporting requirement for those who deal in precious metals, stones and jewellery. In the view of the RCMP, "[a]s stricter regulations are imposed on businesses in the financial services industry, criminals are seeking alternative methods of laundering the money accumulated from criminal activity. Various characteristics of the (precious metals, stones and jewellery) industry make it highly vulnerable to criminal activity."

The Committee feels that, as pointed out by the RCMP, as more traditional channels for money laundering and terrorist activity financing become less attractive to those who wish to undertake these activities, other avenues for these activities – such as precious metals, stones and jewellery which can be high in value and easy to conceal – may become more desirable. Consequently, and consistent with the recommendations of the Financial Action Task Force, the Committee recommends that:

- 2. The federal government amend the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to require dealers in precious metals, stones and jewellery to report suspicious cash transactions above \$10,000 to the Financial Transactions and Reports Analysis Centre of Canada. The Act's customer due-diligence and record-keeping requirements should also apply to these dealers when they are involved in cash transactions exceeding \$10,000.**

C. Non-Face-to-Face Customer Identification

A number of the Committee's witnesses spoke about non-face-to-face channels by which consumers obtain credit cards, specifically by mail, over the telephone or through the internet, and about the challenges faced in fulfilling client-identification requirements. The Ad Hoc Industry Group informed the Committee that, "[i]n the last two years, 40 per cent of Canadians who have received credit cards have acquired them through those channels," and that consumers want alternative means of accessing credit. In the Group's view, and in the view of MasterCard Canada, this means of accessing credit can create problems in meeting client-identification requirements. They noted that the United Kingdom and the United States have established a process for effective money-laundering regimes in situations of non-face-to-face transactions. MasterCard Canada indicated that "the USA Patriot Act specifically recognizes that credit cards are not at high risk for money laundering or terrorist financing."

The Committee agrees with witnesses that, when compared with other transactions, credit cards present a relatively low risk for money laundering or terrorist activity financing. We also appreciate the benefits to consumers of being able to access credit in ways other than visiting a branch of a financial institution and recognize the problems that may be encountered in fulfilling client-identification requirements when interaction occurs by mail, over the telephone or through the internet. Moreover, we believe that Canada should learn from – and adopt – best practices used worldwide and employ a risk-based approach in implementing this country’s anti-money laundering and anti-terrorist financing regime. Consequently, and recognizing the relatively low risk associated with credit cards in terms of money laundering and terrorist activity financing, the Committee recommends that:

- 3. The federal government, within the context of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, ensure that customer-identification requirements as they relate to non-face-to-face transactions are appropriate to the risks associated with these transactions. To the extent practicable, these requirements should be consistent with the practices used by other industrialized countries regarding similar transactions.**

D. Life Insurance Companies

The Canadian Life and Health Insurance Association told the Committee that “[t]he Proceeds of Crime (Money Laundering) and Terrorist Financing Act applies equally to life insurers and deposit-taking institutions; yet, significant differences exist between the two types of reporting entities. ... Most life insurance products do not lend themselves to money laundering, only those with investment features or features of stored value and transferability. (As well,) [l]ife insurers are not usually involved in the initial placement of proceeds of crime; rather, their products might be used in the layering and integration stages of money laundering.” Moreover, we were informed that “the life insurance company does not see the client face-to-face. It is ... intermediaries who distribute the products that see the clients face-to-face, verify identification and perform other mandated functions. Legislation should recognize this reality and reduce duplication of accountability.”

The Committee has a long history of seeking efficiency and effectiveness, and believes that – if duplication of reporting is occurring – measures should be taken to ensure that duplication does not occur. Moreover, consistent with our earlier supporting comments a risk-based approach to implementing our anti-money laundering and anti-terrorist financing regime, we feel that legislative obligations for reporting entities should reflect the level of risk associated with the products they provide and the realities they face. From this perspective, and consistent with the approach taken by the Financial Action Task Force in its recommendations, the Committee recommends that:

- 4. The federal government, in considering amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, employ a risk-based approach in determining the level of client-identification, record-keeping and reporting requirements for entities and individuals that are required to report under the Act.**

E. The Legal Profession

A number of the Committee's witnesses mentioned that, in their view, solicitors should be subject to the provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. The Department of Finance told us that it "understands(s) (that the absence of coverage of the legal profession) is a serious gap in (Canada's) regime. Certainly the Auditor General has identified it and reinforced that point. There is plenty of anecdotal evidence through media reports as well as through typologies done by the (Financial Action Task Force on Money Laundering) to suggest that the legal profession can be vulnerable to abuse." In its view, the voluntary measures put in place by the legal profession fail to meet international standards.

The Department of Justice told the Committee that "[t]here are a host of different approaches in different countries to lawyer reporting. ... [W]e do not know the final shape of the answer to (the) question about whether imposing obligations on lawyers would fundamentally violate the right to counsel, solicitor-client privilege or even fundamental justice. ... [T]he question of how lawyers should be covered is of some interest to us in terms of Charter (of Rights and Freedoms) concerns and the like."

The RCMP said that "the exclusion of the legal profession poses a significant gap in Canada's regime. ... Anyone, including lawyers, who acts as a financial intermediary must accept responsibility to ensure (he or she is) not moving criminal or terrorist proceeds. Failure to have any segment of society accept this responsibility makes (it) the weak link and a potential target. ... [A] lawyer also has a responsibility toward society in general to see to it that any funds a law firm is asked to handle for its client were not obtained through unlawful means. ... A substantial percentage of (RCMP) investigations eventually lead ... to law firms that have been involved in certain questionable transactions."

The Canadian General Accountants Association of Canada argued that "the biggest mistake made with (the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*) was when the lawyers won the right not to be included. ... One of the key components ... of any money laundering process is the hiding of one's identity. ... If (someone has) an opportunity to use an intermediary who can protect (his or her) identity, (he or she) will use that intermediary."

The Federation of Law Societies of Canada provided an historical perspective on the legal exclusion, telling the Committee that when the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* was enacted in 2001, the obligation to report on the transactions of clients was viewed “as a threat to the fundamental Canadian constitutional protection of solicitor-client privilege and confidentiality.” The Federation noted that “through litigation ... an injunction was obtained (and) [t]he litigation has been put on hold because (the parties) have, with some significant consultation with the Department of Finance and the Department of Justice, come to some resolution of the problems”

The Federation continued by noting its proposal for the “model no-cash” rule and a model rule with respect to client identification and verification. Discussions have also occurred with respect to the manner in which electronic funds transfers might be addressed. The Federation assured the Committee that “(it) can answer the problem, and (it) can do it constitutionally.” Nevertheless, it also indicated that “[m]ost of the Supreme Court of Canada decisions that deal with solicitor-client privilege say this (privilege) is as absolute as possible. They do not say it is 100 per cent absolute. They say it is as absolute as possible, recognizing that there may be instances where you have to depart from that, for very good societal policy reasons.”

Both the Federation of Law Societies of Canada and the Department of Finance told the Committee that negotiations are ongoing in an effort to determine a mutually acceptable replacement regime. The Department assured us that “whatever solution the government comes up with will be consistent with the protection of (solicitor-client) privilege.”

The Committee is aware that the legal profession is required to report certain transactions in other countries, including the United States, the United Kingdom, and certain European Union countries. At the same time, we are cognizant of the constitutional realities within Canada and solicitor-client privilege. On balance, we believe that the public interest requires that means be found by which legislative obligations would apply to the legal profession while recognizing the principles of solicitor-client privilege. This belief is consistent with the intention of legislators when the Act was initially passed. In our view, self-regulation is not adequate in this situation. We join the Auditor General of Canada and a number of our witnesses in believing that this gap – for we feel that it is a gap that has the potential to undermine our anti-money laundering and anti-terrorist financing regime – must be addressed in forthcoming amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Consistent with Financial Action Task Force recommendations and bearing in mind our comments below about the privacy of Canadians and an increase in the number of reporting entities, the Committee recommends that:

5. **The federal government complete its negotiations with the Federation of Law Societies regarding the client-identification, record-keeping and reporting requirements imposed on solicitors under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. These requirements should respect solicitor-client privilege, the *Canadian Charter of Rights and Freedoms* and the *Quebec Charter of Human Rights and Freedoms*.**

II. Transactions Reported and Disclosures Made

A. Expanded Disclosure of Information by the Financial Transactions and Reports Analysis Centre of Canada

A number of the Committee's witnesses indicated that the information provided by the Financial Transactions and Reports Analysis Centre (FINTRAC) is somewhat limited in its usefulness. For example, the Department of Finance informed us that a 2004 audit by the Auditor General of Canada and an evaluation by EKOS Research Associates for the Treasury Board found that "the type of information (the) FINTRAC might include in its disclosures to law enforcement and intelligence agencies can, at times, limit their usefulness." The Department also highlighted the Auditor General's conclusion that "because (the) FINTRAC is limited in the kind of information ... it can disclose ... because of privacy issues(.) that limited information may not be enough for law enforcement (agencies) to make a determination as to whether they will follow that lead or not."

The Department's consultation paper mentioned that foreign financial intelligence units generally provide their law enforcement and intelligence agencies with more information about suspected financial transactions, and proposed to expand the information that the FINTRAC might disclose to include: additional publicly available information, including telephone numbers, names of related parties and background information from such open sources as media articles; additional account information; business numbers issued by the Canada Revenue Agency; the type of transaction; the type of report from which the information disclosed has been compiled; and the reasons for suspicion.

Public Safety and Emergency Preparedness Canada advocated "including more useful and relevant information in FINTRAC disclosures," a view that was supported by the RCMP when it told the Committee that "[o]ne of the key areas that must be addressed ... is the expansion of the current list of designated information that (the) FINTRAC is legislated to disclose to law enforcement and intelligence agencies. ... [T]he effectiveness of (the) FINTRAC disclosures (is) limited by legislative restrictions that constrain the information that can be disclosed. The most valuable addition would be a narrative underlying the rationale for disclosing and, more specifically, the reason for suspicion. ... Many private businesses ... make direct voluntary disclosures to the RCMP, and most of these disclosures contain more information than what is actually received from (the)

FINTRAC. ... [T]hey are accompanied by a brief explanation of why the institution considers the transaction suspicious. This narrative can save investigators considerable time and analytical effort.”

In this regard, it should be noted that the Committee was informed by the FINTRAC that “[w]here the analysis gives rise to reasonable grounds to suspect that the financial activity will be relevant to an investigation or prosecution of a money laundering or terrorist activity financing offence, a report is prepared detailing the rationale for disclosure.”

The Committee is aware that, at present, agencies to which the FINTRAC has made a disclosure can access additional FINTRAC information only after a court order has been obtained, and that the standard that must be met is “reasonable grounds to *believe*” – which is the standard typically used in criminal cases – rather than the “reasonable grounds to *suspect*” criterion that was suggested by the RCMP. In our view, if the Act is amended to expand the information that the FINTRAC can disclose, it must continue to be the case that more substantive details can be obtained only after a court order has been secured. Since we received testimony on the “reasonable grounds to suspect” issue from the RCMP only and since the standard that is being sought by the RCMP is lower than that which is generally applied in criminal cases, we are not prepared to make any recommendation on the RCMP’s proposed change without further evidence. In any case, we believe that the courts must continue to be the ultimate arbiter of whether more information will be disclosed by the FINTRAC to those granted a production order.

The Committee supports aspects of the proposal contained in the Department of Finance’s consultation paper, believing that certain additional information could be disclosed by the FINTRAC without compromising the privacy of Canadians. We do have concerns, however, that the greater is the information that is disclosed by the FINTRAC, the more likely it becomes that the privacy rights of Canadians may be violated. From this perspective, we believe that the reporting of additional information, the reporting of information by more entities, the disclosure of information to more agencies and/or the disclosure of more information to existing agencies should occur only after the most careful consideration of the potential impact of these actions on the privacy rights of Canadians. In our view, the detection and deterrence of money laundering and terrorist activity financing are critically important public policy objectives, but so too is the protection of privacy and personal information. Consequently, and bearing in mind both the testimony about the FINTRAC report that provides the rationale for disclosure and the privacy obligations of law enforcement and other relevant agencies, the Committee recommends that:

- 6. The federal government amend the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to permit the Financial Transactions and Reports Analysis Centre of Canada to disclose, to law enforcement and intelligence agencies, its rationale for disclosure as well as additional publicly available information.**

B. Two-Way Flows of Information

Some of the Committee's witnesses advocated a two-way flow of information within the extent of the law: between the FINTRAC and the law enforcement and intelligence agencies to which disclosure reports are made; and between the FINTRAC and the entities that are required to report to it.

Public Safety and Emergency Preparedness Canada argued for "a timely two-way exchange of information that furthers the investigational needs of law enforcement and allows feedback to (the) FINTRAC to refine the value of its intelligence." In an effort to determine the helpfulness of its disclosures, the FINTRAC told the Committee that it has started to include feedback forms in the disclosure packages it provides to law enforcement and intelligence agencies in order to gather information about the usefulness of its intelligence product.

The Canadian Bankers Association shared its view that "efforts to combat money laundering and terrorist financing would be significantly assisted if the legislation made it easier for reporting entities to receive more feedback from (the) FINTRAC about their reports. ... If (chartered banks) received more information back from (the) FINTRAC as to the kinds of information that (are) useful in an investigation, it would help ... to develop ... practices and procedures."

The Committee believes that everyone shares the same goal: detecting and deterring money laundering and terrorist activity financing as well as safeguarding the security of our country. While mindful of privacy considerations, we also feel that – in some circumstances – more information shared among the parties would result in more effective detection and deterrence. From this perspective, the Committee recommends that:

- 7. The federal government meet with representatives from the Financial Transactions and Reports Analysis Centre of Canada, law enforcement and intelligence agencies, and the entities and individuals required to report under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to develop an information-sharing protocol respecting how reports and disclosures under the Act might be modified in order to be more useful.**

C. Suspected Attempted Transactions

Financial Action Task Force recommendations address the reporting of suspicious attempted financial transactions. In expressing its concern about this issue, the Certified General Accountants Association of Canada said that “[a]ccountants should not be expected to become detectives as they attempt to establish the rationalization or intentions of their clients’ actions or questions. ... (The Association) strongly recommends that the guidelines provide specific criteria for determining those characteristics and circumstances that might lead a professional accountant to conclude that a client is attempting a money laundering offence. ... It is a very subjective test. It is not very objective. It requires the exercise of judgment – judgment that, as accountants, is not a normal part or course of ... professional training. ... [W]e are now talking about peoples’ motives, thoughts and intentions. ... Now (accountants) will be required to be like psychologists to try to guess what ... clients are thinking. ... [I]t places an undue burden on all reporting entities.”

The Committee has some sympathy for the view expressed by the Certified General Accountants Association, but also believes that Canada should – to the extent possible – meet reasonable international standards. We note that such other countries as Australia, the United Kingdom and the United States require the reporting of suspicious attempted activities. In our view, this area might be one in which Canada can learn from the best practices of other countries that have experience with this requirement. Recognizing the highly subjective nature of such a determination, we believe that – should the Canadian anti-money laundering and anti-terrorist financing regime require the reporting of suspicious attempted transactions – very clear guidelines must be provided to reporting entities in order to assist them in the identification of such transactions. For this reason, and consistent with Financial Action Task Force recommendations, the Committee recommends that:

- 8. The federal government, following the development of very clear guidelines about the identification of suspicious attempted transactions and after thorough consideration of the international experience with the identification and reporting of such transactions, amend the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to require the reporting of suspicious attempted transactions.**

D. White Label ATMs and Internet Banking

Some of the Committee’s witnesses, including the FINTRAC and the RCMP, mentioned the need to consider the use of “white label” ATMs and internet banking as possible tools used by those seeking to launder money and finance terrorist activities. According to the RCMP, “investigations continue to indicate that (white label ATMs) represent an ideal method to launder significant amounts of money.”

The Committee feels that those who launder money and finance terrorist activities are very creative, and will use whatever means are at their disposal to achieve their goal. Earlier, we recommended that the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* be amended to place certain obligations on dealers in precious metals, stones and jewellery, believing that this industry is vulnerable to criminal activity. We believe that emerging mechanisms for delivering financial services might also be vulnerable to such activity and, consequently, might be used to launder money or finance terrorist activities. For that reason, we must be ever-vigilant and always consider the means by which these types of activities might occur. From this perspective, the Committee recommends that:

- 9. The federal government meet with the Financial Transactions and Reports Analysis Centre of Canada, the Royal Canadian Mounted Police and other relevant stakeholders in an effort to determine the likelihood, nature and extent of money laundering and terrorist activity financing using such emerging methods of financial services delivery as white label ATMs and internet banking. Appropriate legislative and other actions should be taken once the likelihood, nature and extent of these activities is determined.**

E. Threshold Amounts and Domestic Electronic Transfers

The FINTRAC told the Committee about “concerns that criminals are making international electronic funds transfers below the current thresholds that trigger a transaction report to (the) FINTRAC” and indicated that there is a “need to assess the degree to which domestic electronic funds transfers are figuring into money laundering and terrorist financing schemes.” Regarding the reporting threshold in other countries, the FINTRAC informed us that “[i]n some cases, the objective reporting threshold is \$25,000 or \$30,000. In some countries, the threshold is \$2,000 or \$3,000. Each financial intelligence unit ... shares information according to the laws of its own country.”

The Committee, too, is concerned that international electronic funds transfers and cash transactions may be occurring just below the threshold amount of \$10,000 in order to avoid the reporting requirement. We question the extent to which these types of transactions would be considered to be “suspicious transactions.” We also wonder about the level of the objective reporting threshold, and the extent to which the Canadian threshold of \$10,000 is appropriate to activities in Canada and consistent with other countries. Consequently, the Committee recommends that:

- 10. The federal government examine the extent to which the objective reporting threshold of \$10,000 contained in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* is appropriate for Canada and consistent with other countries. Should the threshold be found to be inappropriate, the Act should be amended to establish an appropriate objective reporting threshold.**

III. Financial Transactions and Reports Analysis Centre of Canada

The Department of Finance informed the Committee that the EKOS Research Associates evaluation, which was mentioned earlier, also revealed some funding pressures for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). The Financial Transactions and Reports Analysis Centre told the Committee that it receives approximately one million financial transactions reports per month and that, as of 31 March 2005, the FINTRAC had made more than 442 case disclosures to enforcement and security agencies; the total dollar value of the financial transactions disclosed totaled \$32 billion. To date, the FINTRAC has conducted almost 400 compliance examinations to ensure that reporting entities and individuals are meeting their client-identification, record-keeping and transaction-reporting requirements, with the vast majority willing to take action when deficiencies are identified.

While the Office of the Superintendent of Financial Institutions (OSFI) has no legislated role with respect to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the Office informed the Committee that it shares, with the FINTRAC, the results of its anti-money laundering assessments on federally regulated financial institutions. Its assessments focus on whether: the institution has implemented the policies and procedures to comply with the Act; the institution has the framework of controls in place to report designated transactions to the FINTRAC; and the quality of the institution's controls and the supporting risk-management processes are adequate.

The Committee believes that the FINTRAC must be adequately funded in order to carry out its current and future activities, and that all federal agencies with a role to play in the success of Canada's anti-money laundering and anti-terrorist financing regime should be recognized for the contribution that they do – or could – make. Certainly, the OSFI has a long history of overseeing federally regulated financial institutions. Consequently, the OSFI could contribute to the detection and deterrence of money laundering and terrorist financing in Canada through providing the FINTRAC with information about processes, procedures and controls within federally regulated financial institutions that have reporting obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. As a result, the Committee recommends that:

11. The federal government ensure that the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is adequately funded to fulfill its responsibilities under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. As well, the government should examine the role, if any, that the Office of the Superintendent of Financial Institutions could play in providing the FINTRAC with information that would assist it in meeting its compliance obligations under the Act.

IV. Data Retention and Privacy Considerations

A. The Financial Transactions and Reports Analysis Centre of Canada

A number of the Committee's witnesses were concerned about the privacy of Canadians. The Financial Transactions and Reports Analysis Centre (FINTRAC) told the Committee that it "operate(s) at arm's length from those agencies to which (it) disclose(s) financial intelligence. This independence ensures balance between the need to safeguard the privacy of personal financial information and the needs of law enforcement and security agencies." The FINTRAC also indicated that "[t]he legislation was created to set out a careful balance between the needs of investigators and the privacy rights of Canadians. ... That balance was examined carefully and debated extensively when the legislation was passed." As well, it told us that "no outside agency has access to (its) databases."

Since the FINTRAC provides information to foreign intelligence units with which it has a memorandum of understanding, the FINTRAC indicated that "[t]he other organization must consult (it) before making any onward disclosure of (its) information." A related point was made by the Office of the Privacy Commissioner, when it questioned "whether those ... (memoranda of understanding) have been audited by (the) FINTRAC ... to ensure that the recipient adheres to the principles of protecting personal information."

The Office of the Privacy Commissioner told the Committee that the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* "is inherently intrusive and at odds with the protection of privacy. It treats everyone as a potential suspect. ... (The Office) understand(s) that money laundering both rewards and supports criminal activities and (the Office is) aware that the financing of terrorist groups threatens our security and the security of the rest of the world. (The Office is) not ... deny(ing) or ... question(ing) the need to combat money laundering or terrorist financing. (The Office is) ... ask(ing) whether this legislation is the best way to identify money launderers and people who fund terrorist groups and to subject them to the rule of law." The Office, however, was pleased that the legislation contains specified information retention schedules, and "[t]he five- to eight-year period does not necessarily cause (the Office) any great concern."

The Office of the Information Commissioner shared the view that "secrecy forever in all circumstances, with no public interest considerations, is not consistent with the

accountability of (the FINTRAC).” The Office commented on the *Access to Information Act* as well as the Act that is the subject of the current Parliamentary review, and indicated that provisions in statutes should not create “mandatory secrecy forever without regard to the careful balance between secrecy and openness contained in the Access to Information Act.” In its view, “information provided to (the) FINTRAC and information prepared by (the) FINTRAC pursuant to those reports must be kept secret forever, on a mandatory basis, under the Access to Information Act.” It recommended that section 85 be deleted from the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, believing that there is adequate protection for this information in the exemptions to the *Access to Information Act*.

The Committee is very concerned about the impact of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* on the privacy of Canadians, and believes that very careful consideration was given, during the original drafting of the legislation and subsequent amendments, to the appropriate balance between the needs of law enforcement and intelligence agencies on the one hand, and the privacy of Canadians on the other hand. From this perspective, we feel that any legislative changes – to the number or nature of reporting entities, the information that is reported, or the information that is disclosed – must be considered with due regard for safeguarding that balance. In the absence of contrary testimony, we support the five- and eight-year information retention periods for the FINTRAC that currently exist. From this perspective, the Committee recommends that:

12. The federal government collaborate with the Office of the Privacy Commissioner in the development of legislation to amend the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* with a view to ensuring that the proposed amendments meet domestic and international requirements without unduly compromising the privacy of Canadians.

Moreover, the Committee has some concerns about how, and the extent to which, the privacy of Canadians is protected once the FINTRAC provides the prescribed information to foreign financial intelligence units with which it has memoranda of understanding. While there is some comfort in the assurance that these units must consult with the FINTRAC before making onward disclosures of information that has been provided to them, we remain concerned about the measures in place in these foreign countries to protect the personal information and privacy of Canadians. It is from this perspective that the Committee recommends that:

13. The federal government amend the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to require that the Financial Transactions and Reports Analysis Centre of Canada can provide information only to foreign financial intelligence units in countries which have privacy legislation that is consistent with the *Privacy Act* in Canada.

While the Committee commends the FINTRAC for the contribution it makes to the detection, prevention and deterrence of money laundering, terrorist activity financing and/or threats to the security of Canada, we are mindful of the comments made by the Auditor General of Canada, in her November 2003 report, regarding review of the activities of Canada's security and intelligence agencies. Unlike the Canadian Security Establishment, the CSIS and the RCMP, the Financial Transactions and Reports Analysis Centre does not have an independent agency assigned to review its activities, beyond limited review by the Office of the Privacy Commissioner. These other security and intelligence agencies are subject to independent review, which is thought to be important in light of the intrusive powers that they have been given.

One focus of the Committee's review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* has been the identification of gaps and recommendations for corrective action. In our view, the absence of an independent agency to review the operations of the FINTRAC is a gap that should be remedied. We believe that the Security and Intelligence Review Committee, which reports to Parliament on the operations of the CSIS, has the independence and familiarity with security and intelligence agencies required to review the operations of the FINTRAC. For this reason, the Committee recommends that:

14. The federal government amend the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to require periodic review of the operations of the Financial Transactions and Reports Analysis Centre of Canada, with an annual report to Parliament. This review should be undertaken by the Security and Intelligence Review Committee, which should receive adequate resources to enable it to fulfill this broader mandate.

Finally, the Committee would be remiss if we did not commend the efforts of the other federal agency that receives reports under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*: the Canada Border Services Agency. It, too, is making a valuable contribution, as evidenced by the Agency's testimony to us. We were informed that "[e]nforcement of the (Act) by the (CBSA) from inception to April 30, 2006, has resulted in over 5,100 enforcement actions, involving more than \$132 million. ... As a direct result of the (National Initiative to Combat Money Laundering), more than \$34 million in suspected proceeds of crime were forfeited and thus taken out of circulation."

B. The Royal Canadian Mounted Police

Data collection and privacy issues were also discussed in the context of the work of the Royal Canadian Mounted Police. The RCMP informed the Committee that it has “rules and regulations internally in relation to how long (it) keep(s) certain information on file. ... [W]hen the (RCMP) investigate(s) proceeds of crime files, some of the information that relates to a particular individual must be kept for a certain amount of time. In fact, (the RCMP) ran into problems when (it) discarded some information and then 10, 15 or 20 years down the road needed additional information to substantiate before the court that an individual had been involved in crime for so many years. ... [M]ost of the time this information is put in context and (the RCMP) will keep it for the duration of the file. At other times, (the RCMP) will keep the information if the individual is the subject of interest in any other file within the organization. ... (The RCMP) keeps a piece of information to ensure that it fits in some puzzle somewhere so that (the RCMP) can complete the picture of the individual with whom (it is) dealing.”

The Committee was disturbed that we did not receive detailed information, from the RCMP, about its data retention rules and regulations. The RCMP did, however, maintain that its retention and disposal schedules conform with federal legislation and policies. This lack of detailed information is particularly troubling to us in the context of the request by the RCMP that the FINTRAC provide it with more information and that the standard of “reasonable grounds to suspect” apply regarding production orders. Quite simply, we do not believe that personal information about Canadians should be held for long periods of time and would hesitate, at this time and in the absence of detailed information about its rules and regulations, to recommend that the RCMP be provided with additional data by the FINTRAC, beyond the rationale for disclosure and publicly available information, or that the standard to be met for a production order be reduced. We expect to receive additional testimony on these issues, as well as many others, before we complete our final report. Consequently, the Committee recommends that:

15. The Royal Canadian Mounted Police make available publicly its rules and regulations regarding information retention and disposal. The rationale underlying the periods of time articulated in any rules and regulations that do not reflect legislated obligations should be justified to the Minister of Public Safety.

Finally, the Committee also commends the RCMP for the role it plays in Canada’s anti-money laundering and anti-terrorist financing regime, but is concerned that the RCMP may lack adequate resources. While we received testimony about resource constraints during our current study, we are reminded of our earlier study of consumer issues in the financial services sector, where we also felt that the RCMP lacked sufficient financial resources as well as commercial and technical expertise to fulfill its responsibilities. Certainly, the RCMP is a key agency in the fight against money laundering, terrorist activity financing and threats to our national security, and we believe that it is critically

important that the RCMP has the financial resources and expertise needed to pursue all cases that it believes are worthy of investigation. We feel that, with more resources, the RCMP could enhance its effectiveness in protecting Canadians against money launderers and those who finance terrorist activities. For this reason, the Committee recommends that:

- 16. The federal government provide the Royal Canadian Mounted Police with the additional resources needed to pursue investigation of the money laundering and terrorist activity financing cases that it believes are necessary to protect Canadians.**

CHAPTER 4: INTERNATIONAL DIMENSIONS

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) participates in such international fora as:

- the Egmont Group, an international association of financial intelligence units providing a forum for cooperation, communication, research and other initiatives;
- the United Nations Global Program against Money Laundering; and
- the Financial Action Task Force on Money Laundering, which establishes international standards for combating money laundering and terrorist financing (see Appendix C).

The FINTRAC also pursues bilateral relationships with individual foreign financial intelligence units through information-sharing agreements.

As noted earlier, the FINTRAC has signed more than three dozen memoranda of understanding which enable it to receive information from, and to share information with, its counterpart organizations in other countries.

Created by the Group of Seven countries in 1989 with Canada as a founding member, the Financial Action Task Force is now led by a Canadian president – Mr. Frank Swedlove – for the 12-month period which began July 2006. Moreover, as part of its activities, the Task Force uses a mutual evaluation process by member countries as part of its effort to ensure that its standards are implemented. The Canadian anti-money laundering and anti-terrorist financing regime will be assessed against the Task Force’s 2003 revised recommendations during the first half of 2007. According to the Department of Finance, “[i]t is critical that (Canada has) new legislation and regulations in place before that evaluation process can begin to reflect these (revised recommendations).”

CONCLUSION

As a global partner in making the world safer and more secure, and as a member of various international fora, Canada's anti-money laundering and anti-terrorist financing regime must meet not only our domestic needs but also reasonable international obligations. Crimes that underlie money laundering and terrorist activity financing – including fraud, embezzlement, drug trafficking and trade in arms – have harmful human, societal and economic effects, with domestic and international consequences.

The Committee believes that Canada should be an example worldwide – particularly as Canada assumed the presidency of the Financial Action Task Force on Money Laundering in July 2006 and as we undergo a mutual evaluation review by the Task Force in 2007 – and should have a sound and effective regime to detect and deter money laundering, terrorist activity financing and threats to our country. This regime must respect several principles: the appropriate entities and individuals must be required to report; the appropriate types and values of financial transactions must be reported; and the appropriate balance must continue to exist between providing law enforcement and other agencies with the information they need to do their jobs effectively and efficiently on the one hand, and ensuring that the privacy rights of Canadians are protected on the other hand.

Canada's anti-money laundering and anti-terrorist financing regime, which involves relevant departments and agencies in a comprehensive framework, must continue to be aligned with the full range of federal priorities – regarding anti-money laundering, anti-terrorist financing and privacy, among others – and must be consistent with appropriate international standards and responsibilities. It must also continue to evolve as the world continues to change, as new methods to conceal and move illicit funds are identified, and as domestic needs and international requirements are updated.

The Committee believes that the implementation of the recommendations in this report will result in a stronger anti-money laundering and anti-terrorist financing regime that will – ideally – reduce the human, societal and economic costs associated with money laundering and terrorist activity financing, thereby safeguarding our country, our way of life and our standard of living.

The Committee feels that, given the mobility of money and the probability that those seeking to launder money and finance terrorist activities will go to the country of least resistance, Canada must be - and must be seen as - an unreceptive country within which to undertake these activities. Canada must also support efforts directed toward the adoption of international standards by as many countries as possible. We believe that the implementation of the recommendations contained in this Interim Report is a first step in establishing a stronger anti-money laundering and anti-terrorist financing regime in Canada. We look forward to receiving the forthcoming amendments to the *Proceeds of*

Crime (Money Laundering) and Terrorist Financing Act in order that we may continue our examination of this topic.

APPENDIX A: The Department of Finance's Consultation Paper

The Department of Finance's consultation paper, *Enhancing Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*, is available at:

http://www.fin.gc.ca/toce/2005/enhancing_e.html.

APPENDIX B: Submissions Made Pursuant to the Department of Finance's Consultation Paper

Submissions made to the Department of Finance in response to its consultation paper, *Enhancing Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*, are available at:

http://www.fin.gc.ca/activty/consult/regime_e.html.

APPENDIX C: The Financial Action Task Force on Money Laundering and its Recommendations

Information on the Financial Action Task Force on Money Laundering is available at:

http://www.fatf-gafi.org/pages/0,2987,en_32250379_32235720_1_1_1_1_1,00.html.

The Financial Action Task Force's recommendations are available at:

http://www.fatf-gafi.org/document/28/0,2340,en_32250379_32236930_33658140_1_1_1_1,00.html#40re_cs

and at:

http://www.fatf-gafi.org/document/9/0,2340,en_32250379_32236920_34032073_1_1_1_1,00.html.

APPENDIX D: Witnesses

Wednesday, May 17, 2006

Department of Finance Canada:

Yvon Carrière, Senior Counsel, Financial Transactions and Reports Analysis Centre of Canada;
Lynn Hemmings, Senior Project Leader, Financial Crimes - Domestic;
Dan Hermosa, Legal Counsel, Law Branch;
Diane Lafleur, Director, Policy Sector Policy Branch.

Department of Justice Canada:

Stanley Cohen, Senior General Counsel, Human Rights Law Section;
Daniel Murphy, Senior Counsel, Strategic Operations Section, Federal Prosecution Service;
Paul Saint-Denis, Senior Counsel, Criminal Law Policy Section.

Public Safety and Emergency Preparedness Canada:

Jamie Deacon, Director General, National Security Policy;
Christine Miles, Director General, Law Enforcement and Borders Strategy.

Thursday, May 18, 2006

Office of the Superintendent of Financial Institutions Canada:

Nick Burbidge, Senior Director, Compliance Division;
Keith Martin, Director, Compliance Division;
Alain Prévost, General Counsel, General Counsel.

Financial Transactions and Reports Analysis Centre of Canada:

Yvon Carrière, Senior Counsel;
Sandra Wing, Senior Deputy Director.

Royal Canadian Mounted Police:

Pierre-Yves Bourduas, Deputy Commissioner, Federal Services and Central Region.

Canada Border Services Agency:

Maureen Tracy, Director General, Enforcement Programs Directorate, Enforcement Branch.

Wednesday, June 21, 2006

Financial Transactions and Reports Analysis Centre of Canada:

Horst Intscher, Director;
Sandra Wing, Senior Deputy Director;
Peter Bulatovic, Assistant Director, Tactical Financial Intelligence;
Yvon Carrière, Senior Counsel;
James Butcher, Assistant Director, Regional Operations and Compliance,
Operations Sector.

Office of the Privacy Commissioner:

Raymond D'Aoust, Assistant Privacy Commissioner;
Kris Klein, Legal Advisor;
Carman Baggaley, Senior Policy Analyst.

Office of the Information Commissioner of Canada:

J. Alan Leadbeater, Deputy Information Commissioner of Canada;
Daniel Brunet, Director, Legal Services.

Canadian Bankers Association:

Warren Law, Senior Vice-President, Corporate Operations and General Counsel;
Bill Dennison, Chief Anti-Money Laundering Compliance Officer, BMO Corporate
Compliance;
Stephen Harvey, Senior Director, Global Head, Anti-Money Laundering Programs
& Group Money Laundering Reporting Officer, CIBC.

The Ad Hoc Industry Group:

Debra Armstrong, Chief Counsel & Corporate Secretary, MBNA Canada Bank;
Ted Wilby, Assistant General Counsel, Capital One Bank (Canada Branch).

MasterCard Canada:

Jennifer Reed, Vice President, Public Affairs;
Bart Rubin, Counsel, Managing Regulatory Strategy and Canada Region.

Thursday, June 22, 2006

Certified General Accountants Association of Canada:

Everett Colby, Chair, CGA-Canada Tax and Fiscal Policy Committee.

Canadian Life and Health Insurance Association:

Jean-Pierre Bernier, Vice President and General Counsel.

Federation of Law Societies of Canada:

Kenneth G. Nielsen, Q.C., Chair, Committee on Anti-Money Laundering;
Jim Varro, Policy Counsel.