What Happens When

FINTRAC COMES CALLING



WHAT DOES FINTRAC CONTACT LOOK LIKE

- FINTRAC Examination Tools
  - ECAR/SRAQ
  - Full Examinations
  - Modular Examinations
  - Scorecards
  - Monitoring Meetings



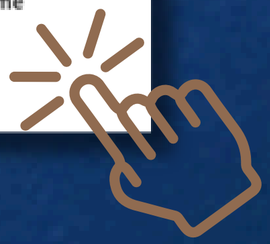
WHAT HAPPENS IF THINGS GO WRONG?

Nature of violation

Violation #1	**Failure of a person or entity to develop and apply written compliance policies and procedures that are kept up to date and, in the case of an entity, are approved by a senior officer – Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, paragraph 156(1)(b)** FINTRAC determined that Hub Capital Inc. did not document and apply the necessary measures in its compliance policies and procedures to meet all of its obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and associated Regulations. FINTRAC's examination determined that Hub Capital Inc. did not sufficiently develop and document its compliance policies and procedures in relation to reporting and know your client requirements. Also, Hub Capital Inc. had insufficient ongoing monitoring measures for its business relationships. Furthermore, the reporting timeframes and process for submitting suspicious transactions or attempted suspicious transactions and terrorist property reports were lacking or not accurately documented. Finally, its policies and procedures did not reflect measures to address the requirements under the Ministerial Directive on the Democratic People's Republic of Korea (DPRK) published on December 9, 2017. Violation #1 is classified by regulations as a Serious violation. The imposed penalty takes into account the criteria in section 73.11 of the Act and section 6 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations.
Violation #2	**Failure of a person or entity to assess and document the risk of a money laundering offence or a terrorist activity financing offence, taking into consideration prescribed factors – Proceeds of Crime (Money Laundering) and Terrorist Financing Act, subsection 9.6(2) and Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, paragraph 156(1)(c) and subsection 156(2)** Hub Capital Inc.'s risk-based assessment was incomplete as it did not thoroughly assess and document the money laundering and terrorist financing risks related to clients and business relationships, products and delivery channels, and geographic locations. In addition, the risk assessment did not document an adequate methodology for the assessment of its money laundering and terrorist activity financing risks, nor did it include a rationale to support the risk levels determined by the organization. Violation #2 is classified by regulations as a Serious violation. The imposed penalty takes into account the criteria in section 73.11 of the Act and section 6 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations.
Violation #3	**Failure of a person or entity that has employees, agents or mandataries or other persons authorized to act on their behalf to develop and maintain a written ongoing compliance training program for those employees, agents or mandataries or persons – Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, paragraph 156(1)(d) and (e)** Hub Capital Inc.'s compliance training program was incomplete because it did not address certain requirements, such as ministerial directives, ongoing monitoring and terrorist property reporting requirements. In addition, the training program failed to include a detailed plan that accurately outlines all the available training methods and the training frequency. Violation #3 is classified by regulations as a Serious violation. The imposed penalty takes into account the criteria in section 73.11 of the Act and section 6 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations.
Violation #4	**Failure to institute and document the prescribed review - Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, paragraph 156(1)(f) and subsection 156(3)** Hub Capital Inc. failed to adequately institute and document the prescribed review of its policies and procedures, risk assessment and training program. Specifically, the scope of the prescribed review did not cover the ongoing compliance training program. Furthermore, the prescribed review did not specify how the organization ensured that its compliance program was tested for effectiveness, nor did it demonstrate the conclusions of their review and how the deficiencies identified from previous effectiveness reviews were addressed. Violation #4 is classified by regulations as a Serious violation. The imposed penalty takes into account the criteria in section 73.11 of the Act and section 6 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations.

Nature of violation

Violation #1	**Failure to develop and apply written compliance policies and procedures that are kept up to date and, in the case of an entity, are approved by a senior officer – Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, paragraph 71(1)(b)** Immeubles Village Pointe-Claire Real Estate Inc. had not developed written policies and procedures with respect to applicable ministerial directives. Further, Immeubles Village Pointe-Claire Inc. had not applied written policies and procedures regarding requirements related to business relationships, the ongoing monitoring of these business relationships, and the determination of third parties. A review of customer files revealed shortcomings in the documentation of measures taken for, and the information obtained through, the ongoing monitoring of Immeubles Village Pointe-Claire Inc.'s business relationships.
Violation #2	**Failure to develop and maintain a written ongoing compliance training program – Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, paragraph 71(1)(d)** Immeubles Village Pointe-Claire Inc. had not developed or documented a training program.
Violation #3	**Failure to keep records of information used to verify customer's identity – Proceeds of Crime (Money Laundering) and Terrorist Financing Act, section 6 and Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, section 64.2** In 4 instances, Immeubles Village Pointe-Claire Inc. did not retain documents related to the identity of individuals conducting real estate transactions.
Violation #4	**Failure to keep records of information used to verify customer's identity – Proceeds of Crime (Money Laundering) and Terrorist Financing Act, section 6 and Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, subsection 65(4)** In 6 instances, Immeubles Village Pointe-Claire Inc. did not retain the paper copy of the document used to verify the existence of a corporate identity.



Violation #1	**Failure to submit suspicious transaction reports where there were reasonable grounds to suspect that transactions were related to a money laundering or terrorist activity financing offence – Proceeds of Crime (Money Laundering) and Terrorist Financing Act, section 7** FINTRAC determined that Century 21 Heritage Group Ltd. failed to submit 1 suspicious transaction report where there were reasonable grounds to suspect that a real estate transaction was related to the commission or attempted commission of a money laundering or terrorist activity financing offence. FINTRAC's examination identified a real estate purchase conducted by a client whom Century 21 Heritage Group Ltd. represented, where numerous money laundering and terrorist financing indicators were present. These indicators included: • Attempts to verify the information provided by a new or prospective client are difficult. • Foreign buyer, either an individual or company, or source of funds are from a jurisdiction with economic sanctions, strict bank secrecy laws, weak anti-money laundering regimes, or with a high level of political corruption. • Frequent change of ownership of same property, particularly between related or acquainted parties. • An individual is the owner, operator or employee of an entity in an industry that could be used as a venue for human trafficking for sexual purposes. • Use of real estate brokers/agents/developers, lawyers or notaries, wittingly or unwittingly, to accept false personal or financial information related to any aspect of a real estate deal, or to mortgage/loans. These indicators demonstrate that Century 21 Heritage Group Ltd. had reasonable grounds to suspect that the transaction conducted by the client it represented were in line with those related to the commission or attempted commission of a money laundering or terrorist financing offence. Violation #1 is classified by the regulations as a Very Serious violation. The imposed penalty takes into account the criteria in section 73.11 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and section 6 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations.

Financial Penalties

Why does it all matter?

https://www.canada.ca/en/financial-transactions-reports-analysis.html?q=penalties+real+estate&wb-srch-sub=t

2021	2022	2023	2024	2025	2026
$31,350	$22,770	$57,915	$132,000*	$149,886	$148,912
$66,742.50	$101,227	$156,750	$83,655	$117,975	$107,250
$123,915	$230,423		$57,750	$41,085	
$255,750	$275,385		$107,827.50	$36,155	
	$206,250			$107,250	
Total 2021 Fines: $536,993	Total 2022 Fines: $1,118,453	Total 2023 Fines: $214,665	Total 2024 Fines: $215,665	Total 2025 Fines: $536,993	

$110,000+ AVERAGE PENALTY

Let's Talk about Bill C-12?

- Enrollment
- Efficacy of Program By Legislation
- AMP Increases for Very Serious Infractions
    - Individuals Max $100,000 is now $4,000,000
    - Entity Max $500,000 is now $20,000,000



A quick check of your

FINTRAC PROGRAM

REALLY TRUSTED



Step 01:

APPOINT A COMPLIANCE OFFICER

- Qualified
- Empowered
- Properly Resourced
- Read Regulations & Guidance



STEP BY STEP

01 APPOINT A COMPLIANCE OFFICER

02 CONDUCT A COMPLETE BUSINESS RISK ASSESSMENT

03 DEVELOP WRITTEN POLICY & PROCEDURE DOCS

04 DELIVER TRAINING PLAN AND OPERATIONALZE P&P

05 CONDUCT AND DOCUMENT EFFECTIVENESS REVIEW

Step 02:

CONDUCT A COMPLETE BUSINESS RISK ASSESSMENT

- Consider Products, Services, Clients, Geographic Locations, Delivery Channels
- Identify inherent risks (NIRA – National Inherent Risk Assessment)
- Identify control measures where inherent risk is high
- Ensure residual risk is identified (& is comfortable level)



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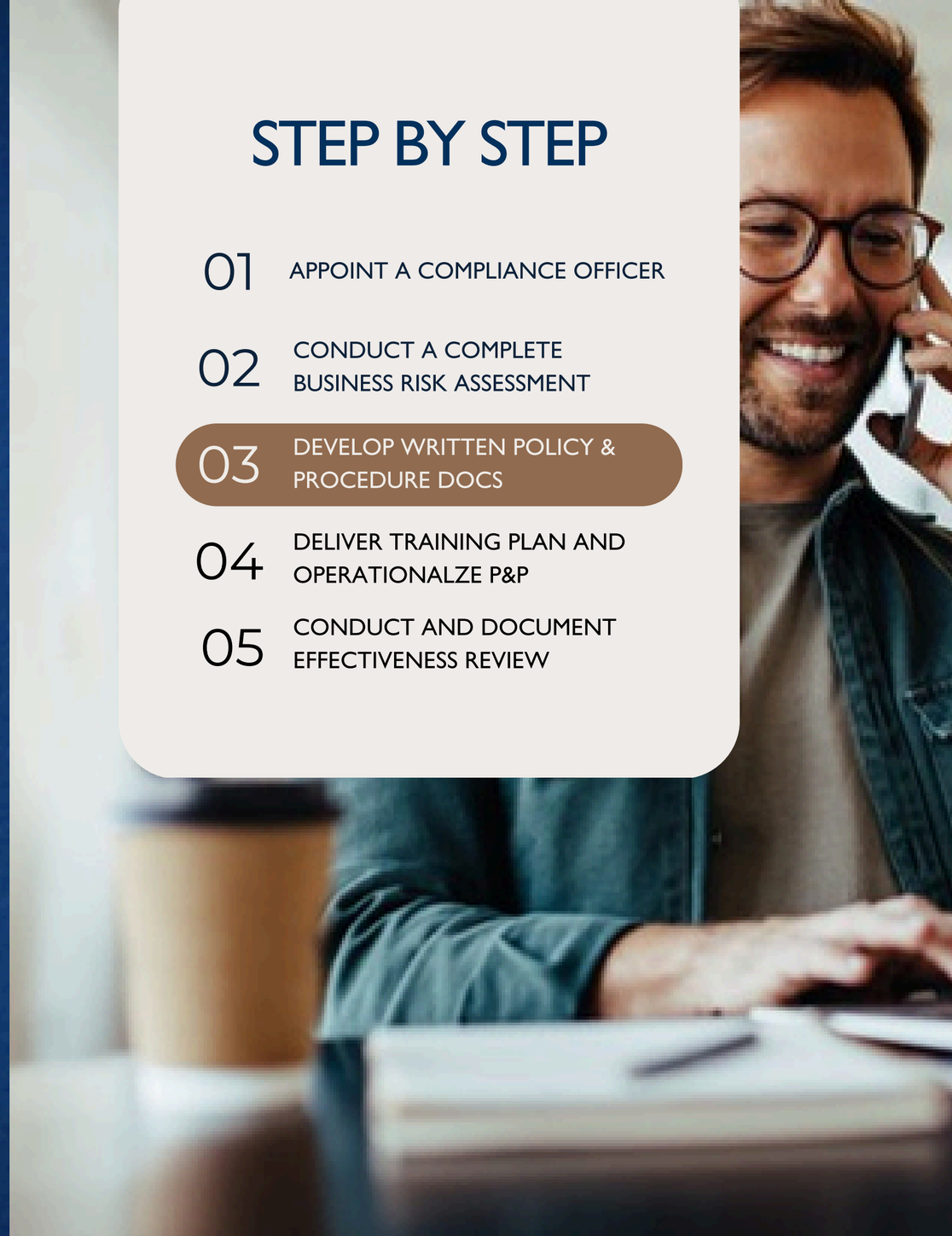
04 DELIVER TRAINING PLAN AND OPERATIONALZE P&P

05 CONDUCT AND DOCUMENT EFFECTIVENESS REVIEW

Step 03:

DEVELOP WRITTEN POLICY & PROCEDURE DOCS

- Write policies based on BRA that cover all regulatory requirements
- Write procedures that align with existing practices & ensure policy decisions are effected through procedure
- Develop and Implement Training plan to ensure staff are trained on all of the above



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05 CONDUCT AND DOCUMENT EFFECTIVENESS REVIEW

(Continue):

Step 03:

SPECIFICS OF P&P DOCS THAT ARE OFTEN ASKED ABOUT (OR NOT UNDERSTOOD)

- Ongoing monitoring (*)
- Consistent Risk Assessment (*)
- Enhanced Ongoing Monitoring (Adverse Media) *



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04 DELIVER TRAINING PLAN AND OPERATIONALZE P&P

05 CONDUCT AND DOCUMENT EFFECTIVENESS REVIEW

Step 04:

DELIVER TRAINING PLAN AND OPERATIONALIZE P&P'S

- Keep Records (ID, EDD, STR)
- Keep Program current (New Staff/Regs/Business Lines)
- Keep Training records



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05 CONDUCT AND DOCUMENT EFFECTIVENESS REVIEW

Step 05:

CONDUCT AND DOCUMENT EFFECTIVENESS REVIEW

- Qualified Reviewer
- Documented Process and Results
- Findings itemized and remediation plan created and effected



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How **ReallyTrusted** can help

FINTRAC EXPRESS
BY REALLYTRUSTED

FINTRAC EXPRESS

A complete A-Z FINTRAC compliance solution for real estate brokerages, trusted and tested in a FINTRAC examination.

MANUALS
Risk Assessment, Policy Manual and two Procedure Manuals

ACADEMY
A learning platform that offers practical courses built for your industry without excess policy & legalese.

APP
A web and mobile tool that helps you manage your AML compliance program.

EFFECTIVENESS REVIEW
Conducted by our 3rd Party Credentialed AML Specialist Partner



Other ReallyTrusted Services

- FINTRAC Examination Support
- ECAR Filing
- STR Filing
- Policy Interpretations
- FINTRAC Communications Support

Five Pillars Webinar

www.reallytrusted.com/5pillars

Q&A TIME!!!

REALLY TRUSTED

Contact us:
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Schedule your private consultation here: