



Financial Transactions and  
Reports Analysis Centre  
of Canada

Centre d'analyse des opérations  
et déclarations financières  
du Canada

# FINTRAC ANNUAL REPORT 2021-22

Safe Canadians,  
Secure Economy



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Over the past year, the Centre supported a number of national priorities, including the federal government's efforts to combat Russian-linked money laundering related to sanctions evasion following the Russian Federation's unprovoked and unjustified invasion of Ukraine. We also contributed to 335 major, resource intensive money laundering and terrorist financing investigations as well as many hundreds of other individual investigations at the municipal, provincial and federal levels across the country.

– Sarah Paquet, Director and CEO, FINTRAC

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# 2021-22 HIGHLIGHTS

## FINANCIAL INTELLIGENCE

**2,292**

### UNIQUE DISCLOSURES OF FINANCIAL INTELLIGENCE

to law enforcement and national security agencies, the second highest total since the Centre became operational in 2001

**1,937 DISCLOSURES**

related to money laundering

**191 DISCLOSURES**

related to terrorist activity financing and threats to the security of Canada

**164 DISCLOSURES**

related to money laundering, terrorist activity financing and threats to the security of Canada

### 757 FINANCIAL INTELLIGENCE DISCLOSURES

related to Canada's public-private partnerships created to combat money laundering in British Columbia, human trafficking for sexual exploitation, online child sexual exploitation, the trafficking of illicit fentanyl and romance fraud



### TOP THREE PREDICATE OFFENCES

related to financial intelligence disclosures:

- **33% drugs**
- **23% fraud**
- **15% human smuggling/trafficking**



### CONTRIBUTED TO 335 MAJOR, RESOURCE INTENSIVE INVESTIGATIONS THROUGHOUT CANADA

and many hundreds of other individual investigations at the municipal, provincial and federal levels across the country



### 97% OF FEEDBACK FROM DOMESTIC LAW ENFORCEMENT AND NATIONAL SECURITY AGENCIES

indicated the Centre's financial intelligence was valuable and actionable



### RECEIVED 2,168 VOLUNTARY INFORMATION RECORDS

from law enforcement and national security agencies

## STRATEGIC INTELLIGENCE

**PUBLISHED** a *Special Bulletin on Russia-linked money laundering related to sanctions evasion*

**SHARED** updated money laundering indicators associated with human trafficking for sexual exploitation in support of Project Protect

**PUBLISHED** a *Special Bulletin on Ideologically Motivated Violent Extremism*

**DEVELOPED** a new *Sectoral and Geographic Advisory on Underground Banking through Unregistered Money Services Businesses*

## STRATEGIC COORDINATION AND COLLABORATION

**Engaged** regime partners and stakeholders through the Advisory Committee on Money Laundering and Terrorist Financing and its working groups, such as the Guidance and Policy Interpretation Working Group

**Advanced** the work of the Public-Private Collaboration Steering Committee, which FINTRAC co-chairs with the Bank of Nova Scotia

**Served** as a key partner within the Counter-Illicit Finance Alliance of British Columbia (CIFA-BC)

**Supported** broader efforts to enhance transparency in national security through the National Security Transparency Advisory Group

## COMPLIANCE

- **Conducted 231 engagement and outreach activities** with businesses and stakeholders across Canada
- **Responded to 7,664 enquiries** from businesses
- **Issued 365 policy interpretations** to assist businesses with compliance
- **Issued 15 Notices of Violation** to businesses
- **Published significant new and updated guidance** to support businesses in implementing the regulatory amendments that took effect in June 2021
- **Signed compliance Memoranda of Understanding** with the Society of Notaries Public of British Columbia, the Organisme d'autoréglementation du courtage immobilier du Québec, the Financial Services Regulatory Authority of Ontario, and the British Columbia Financial Services Authority
- **Conducted 259 compliance examinations** across the country
- **Provided 7 Non-compliance Disclosures** to law enforcement

## GLOBAL LEADERSHIP

**WORKED WITH INTERNATIONAL PARTNERS** to combat money laundering and terrorist activity financing



**268 QUERIES**

received from foreign financial intelligence units

**258 DISCLOSURES**

to foreign financial intelligence units

**78 QUERIES**

sent to foreign financial intelligence units

**PLAYED** a leadership role in the Global Coalition to Fight Financial Crime with FINTRAC's Director and CEO co-chairing the Law Enforcement/Financial Intelligence Unit Working Group

**RECEIVED** an overall satisfaction rate of 94% in relation to FINTRAC's financial intelligence in a survey of 17 foreign financial intelligence units

**COLLABORATED** with international partners in the Russia-related Sanctions and Illicit Financing FIU Working Group to track the movement of funds around the world and identify opportunities to target individuals and entities subject to sanctions

**CONTRIBUTED** to the Egmont Group of FIUs with the Centre's Director and CEO chairing the Egmont Information Exchange Working Group

**SHARED** content and expertise in relation to a Financial Action Task Force project on the Financing of Ethnically or Racially Motivated Terrorism

**CANADA OBTAINED** several important upgrades on its Financial Action Task Force Follow-up Report

## CORPORATE STRENGTH

- **KEPT** employees safe and ensured that FINTRAC could continue to deliver on its mandate throughout the second year of the global pandemic
- **CONTINUED** the implementation of a multi-year Digital Strategy aimed at transforming the Centre into a leading digital organization
- **MODERNIZED** the Centre's Telework Directive to facilitate the transition to a hybrid working model that is flexible-by-design
- **FINALIZED** FINTRAC's new Workplace Wellness and Culture Action Plan, which is focused on mindful leadership; open communication and transparency; healthy, respectful and inclusive workplace; talent acquisition, development and retention and tracked its progress
- **FINTRAC'S OMBUDS OFFICE** provided direct and critical support to staff, and valuable advice to the Director and CEO, in relation to the challenges brought about by the global pandemic and other issues



# MESSAGE FROM THE DIRECTOR AND CHIEF EXECUTIVE OFFICER

I am proud to share the real and tangible results that FINTRAC achieved in 2021–22 in helping to protect the safety of Canadians and the security of our financial system and overall economy.

Over the past year, the Centre supported a number of national priorities, including the federal government's efforts to combat Russian-linked money laundering related to sanctions evasion following the Russian Federation's unprovoked and unjustified invasion of Ukraine. We also contributed to 335 major, resource intensive money laundering and terrorist financing investigations as well as many hundreds of other individual investigations at the municipal, provincial and federal levels across the country.

With the information that we receive from Canadian businesses, we were able to generate 2,292 financial intelligence disclosures last year in support of money laundering and terrorist financing investigations across Canada and around the world—or more than six disclosures every day. In total, FINTRAC has provided more than 24,000 financial intelligence disclosures to Canada's law enforcement and national security agencies since it became operational in 2001.

Our financial intelligence very often contains hundreds and even thousands of financial transaction reports in each disclosure, which speaks to the complexity of connecting the flow of illicit funds involving organized criminal groups. For example, the 382 disclosure packages that we provided to municipal, provincial and federal law enforcement in British Columbia in 2021–22 were focused on 890 individuals and, in total, contained more than 30,000 transaction reports, with some reports including numerous transactions. The approximate value in the transactions relevant to money laundering investigations was \$2.88 billion.

Our disclosures are often provided to a number of agencies simultaneously when we have authorization to do so. Our ability to provide multiple disclosure packages means that we can help Canada's law enforcement and national security agencies connect criminal activities and operations across a number of domestic and international jurisdictions by following the money.

The Ontario Provincial Police recognized FINTRAC's contribution to Project Southam, a 15-month investigation into Greater Toronto Area-based organized crime groups that had allegedly been importing high volumes of cocaine into Canada for the purpose of trafficking, as well as participating in other criminal activities, including mortgage fraud. Through this investigation, municipal, provincial and federal law enforcement worked together, along with a number of American agencies, to seize 92 kilograms of cocaine, 21 litres of GHB, a handgun, more than \$370,000 in Canadian currency, and a large amount of cryptocurrency. Twenty-two people were charged with 139 offences, including laundering the proceeds of crime.

It's not difficult to imagine the harm to our communities that these organized crime groups have caused, and would continue to cause in the future without the dedicated network that was brought together to stop them.

Many of the recipients of our disclosures have told us that they will not start a major project-level investigation without seeking out our financial intelligence. Ninety-seven percent of the feedback that we received last year from law enforcement and national security agencies indicated that our financial intelligence was both valuable and actionable.

Law enforcement and national security agencies continue to seek out our financial intelligence in record numbers. In 2021–22, we received 2,168 voluntary information records from Canada’s law enforcement and national security agencies. These records contain information on alleged criminals and terrorist financiers and are often the starting point for our analysis and the financial intelligence that we are able to generate and disclose.

We also worked with our federal partners over the past year to support a number of public-private partnerships, which are producing important results for Canadians. In collaboration with Canada’s banks, which are leading Projects Protect, Guardian, Chameleon, Athena, and Shadow, FINTRAC is playing a key role in helping to more effectively combat money laundering in British Columbia, the laundering of proceeds stemming from online child sexual exploitation, the trafficking of illicit fentanyl, romance fraud and human trafficking for sexual exploitation. In total last year, we were able to provide 757 disclosures of actionable financial intelligence to Canada’s law enforcement agencies in relation to these five public-private partnerships.

The results that we achieve would not be possible without the dedicated efforts of businesses across the country. Even with many public health restrictions still in place in Canada’s provinces and territories last year, businesses continued to report suspicious transactions at historic levels, allowing us to keep producing actionable financial intelligence for Canada’s law enforcement and national security agencies in support of their money laundering and terrorist financing investigations. I want to recognize and thank businesses for their commitment to protecting Canadians and Canada’s economy.

We work extensively with businesses to ensure they understand and are able to fulfill their obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. In addition to publishing comprehensive and sector-specific guidance, we undertake hundreds of outreach engagements and respond to thousands of questions every year from businesses across the country. As part of our extensive outreach to businesses last year, we launched a National Anti-Money Laundering/ Anti-Terrorist Financing Real Estate Virtual Forum to help those engaged in this sector better understand the threats they are facing and how to work with FINTRAC to address them.

We also produce valuable strategic intelligence to inform businesses, our federal partners, our international counterparts and Canadians about the nature and extent of money laundering and terrorist financing in Canada and throughout the world. Through the use of analytical techniques, we are able to identify emerging characteristics, trends and tactics used by criminals to launder money or fund terrorist activities. Over the past year, we published Special Bulletins on Ideologically Motivated Violent Extremism and Russia-linked Money Laundering related to Sanctions Evasion, as well as updated indicators in relation to the Laundering of Proceeds for Human Trafficking for Sexual Exploitation.

We continued to work with businesses over the past year to implement the significant legislative and regulatory changes that came into effect in 2020 and 2021. These changes have strengthened Canada’s Anti-Money Laundering and Anti-Terrorist Financing Regime by covering dealers in virtual currencies and foreign money services businesses, extending obligations related to beneficial ownership and politically exposed persons to all business sectors, and requiring all businesses subject to our Act to report virtual currency transactions of \$10,000 or more to the Centre. These changes have also paid off internationally, with Canada obtaining several important upgrades on its most recent Financial Action Task Force Follow-up Report.

I want to acknowledge the significant support that we received from the Government of Canada in Budget 2022 to modernize and further strengthen FINTRAC. With the nearly \$90 million in additional funding announced in the federal budget, we are implementing new regulations that add businesses offering crowdfunding platforms and certain payment service providers as regulated entities under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. We are also working to enhance and modernize our compliance program, transform our key systems and technology as part of FINTRAC’s foundational Digital Strategy, and strengthen and expand our partnerships with other organizations and jurisdictions that have a stake in combatting money laundering and terrorist financing.

I would also like to thank our talented and dedicated employees for their hard work and the impressive results that are captured in this annual report. I am proud to work with such capable professionals who are recognized here in Canada and internationally for their knowledge, expertise and commitment to the global fight against money laundering and the financing of terrorism.

**Sarah Paquet**

Director and Chief Executive Officer

# FINTRAC'S MANDATE

As Canada's financial intelligence unit and anti-money laundering and anti-terrorist financing regulator, FINTRAC helps to combat money laundering, terrorist activity financing and threats to the security of Canada.

The Centre produces actionable financial intelligence in support of investigations of Canada's police, law enforcement and national security agencies in relation to these threats. FINTRAC also generates valuable strategic financial intelligence, including specialized research reports and trends analysis, for regime partners and policy decision-makers, businesses and international counterparts. This strategic financial intelligence shines a light on the nature, scope and threat posed by money laundering and terrorism financing.

The Centre is able to fulfill its financial intelligence mandate by working with Canadian businesses to ensure compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and associated Regulations. Compliance with the Act helps to prevent, detect and deter criminals from using Canada's economy to launder the proceeds of their crimes or to finance terrorist activities. It also ensures the Centre receives the information that it needs to produce financial intelligence for Canada's police, law enforcement and national security agencies.

FINTRAC's financial intelligence is in high demand internationally, as is its supervisory knowledge and expertise. The Centre is regularly asked to lead international conferences and workshops and to contribute to global research projects, training and bilateral and multilateral capacity building initiatives.

In fulfilling its core financial intelligence and compliance mandates, FINTRAC is committed to safeguarding the information that it receives and discloses to Canada's police, law enforcement and national security agencies. The Centre understands that the protection of privacy is critical to maintaining Canadians' confidence in FINTRAC and Canada's broader Anti-Money Laundering and Anti-Terrorist Financing Regime.

## What Is Money Laundering?

Money laundering is the process used to disguise the source of money or assets derived from criminal activity. There are three recognized stages in the money laundering process:

- 1. Placement** involves placing the proceeds of crime in the financial system.
- 2. Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the trail and the source and ownership of funds. This stage may involve transactions such as the buying and selling of stocks, commodities or property.
- 3. Integration** involves placing the laundered proceeds back into the economy to create the perception of legitimacy.

The money laundering process is continuous, with new 'dirty' money constantly being introduced into the financial system.

## What Is Terrorist Activity Financing?

Terrorist activity financing is the use of funds, property or other services to encourage, plan, assist or engage in acts of terrorism, where the primary motivation is not financial gain.

Two main differences distinguish terrorist activity financing from money laundering:

- Funds can be from legitimate sources, not just criminal acts; and
- Money is the means, not the end—the goal is to use funds to facilitate or implement terrorist activities.



# FINTRAC'S DIGITAL STRATEGY

FINTRAC's broader modernization efforts are underpinned by its long-term Digital Strategy. With the support of significant new funding in Budget 2022, the Centre is focused on upgrading its information technology systems in order to keep pace with the rapid technological innovation taking place in the financial sector and all sectors around the world. FINTRAC's Digital Strategy is focused on ensuring the organization is able to leverage new and emerging technology, add business value, improve performance, enhance digital services, enrich the user experience and explore modern new ways to deliver on the Centre's mandate.

## BUDGET 2022 UPDATE

### FINTRAC DIGITAL STRATEGY FRAMEWORK

#### ESTABLISHING DIGITAL FOUNDATIONS

Establish foundational digital capacity, processes and infrastructure



Product Management



Digital Architecture Foundations



Continuous Security



Upgrade Core Assets

#### AUTOMATING CORE BUSINESS

Speed up core business through digital automation and analytics



Reporting Entities

Legs and Regs, Compliance Modernization



Law Enforcement and National Security

Intelligence Modernization

#### BUILDING A DIGITAL OFFICE

Create a better work experience by building a digital office



Enterprise Collaboration Platform



Enterprise Resource Platform

FINTRAC's Digital Strategy Framework has three objectives. The first is establishing the digital foundations for the Centre's capacity, processes and infrastructure. This means stabilizing and modernizing the organization's digital architecture, its security and its core assets. It also means adopting a product management model that increases agility within the Centre's information technology delivery processes, further enabling the adoption of innovative solutions.

The second objective of FINTRAC's Digital Strategy Framework is to speed up core business through digital automation, analytics and artificial intelligence. Externally, this means providing a more modern, targeted and responsive user experience for businesses when they are interacting with the Centre, including in relation to future legislative and regulatory amendments. It also means ensuring that FINTRAC's financial intelligence is increasingly timely and responsive in support of the complex money laundering and terrorist financing investigations of Canada's law enforcement and national security agencies.

The third objective of FINTRAC's Digital Strategy Framework is to enhance the Centre's internal Digital Office in order to create a better user experience for staff via enterprise-wide collaboration and resource platforms. Over the next three years, the Digital Office will include a new suite of secure and integrated collaboration solutions and will modernize the Centre's financial, human resources and information management tools and processes.

Over the past year, FINTRAC made considerable progress in operationalizing its long-term Digital Strategy, including enabling the implementation of significant new legislative and regulatory changes; launching the modernization of the Centre's intelligence analytics suite; completing an initial Cloud Frameworks, Governance and Strategy; employing more agile methodologies and Cloud tools than ever before; increasing capacity at an unprecedented pace in order to accelerate transformation and deliver on investments; creating new partnerships with external vendors and Shared Services Canada and Public Services and Procurement Canada to support key initiatives; stabilizing existing information technology infrastructure; and enhancing learning, growth and progress around the Centre's foundational architectures that will drive the digital automation of its core business going forward.



In April 2021, the Halton Regional Police Service Drug and Human Trafficking Unit recognized FINTRAC's contribution to Project Lynx, a seven-month investigation that targeted a highly organized and sophisticated network involved with drug trafficking, importing and money laundering. The drug network had associations to various organized crime groups across southern Ontario that facilitated its importation and trafficking of cocaine and fentanyl throughout Halton Region and Greater Toronto and Hamilton Area. As a result of the investigation, seven individuals were arrested and charged with 40 offences. Police also seized over \$1.1 million in currency, weapons, two cars, three Rolex watches and 21 kilograms of drugs, including 17 kilograms of cocaine, 3 kilograms of fentanyl, and 1 kilogram of MDMA (ecstasy).

# FINTRAC FINANCIAL INTELLIGENCE

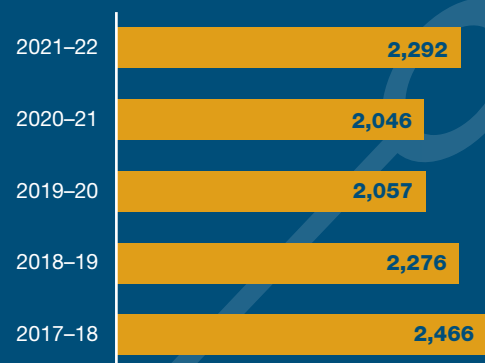
As part of its core mandate, FINTRAC provides actionable financial intelligence to Canada's law enforcement and national security agencies to help them combat money laundering, terrorist activity financing and threats to the security of Canada.

In 2021–22, the Centre generated 2,292 unique financial intelligence disclosures in support of money laundering and terrorist financing investigations across Canada and around the world. This is the second-highest number of disclosures that FINTRAC has produced in a single year. In total, the Centre has provided more than 24,000 financial intelligence disclosures to Canada's law enforcement and national security agencies since it became operational in 2001.

Given the complexity of connecting the flow of illicit funds often involving organized criminal groups, FINTRAC's financial intelligence very often contains hundreds or even thousands of financial transaction reports in each disclosure. A financial intelligence disclosure may show links between individuals and businesses that have not been identified in an investigation, and may help investigators refine the scope of their cases or shift their sights to different targets. A disclosure can pertain to an individual or a wider criminal network, and can also be used by law enforcement to put together affidavits to obtain search warrants and production orders.

In March 2022, the Royal Canadian Mounted Police recognized FINTRAC's contribution to Project Divergent, a four-year investigation into a large-scale international drug importation and trafficking operation connected to the Hells Angels. The investigation led to charges against 22 individuals in Manitoba, British Columbia and Ontario and the significant disruption of a supply chain of drugs and firearms into Canada. Project Divergent also resulted in the seizure of 110 kilograms of cocaine, 41 kilograms of methamphetamine, 3 kilograms of fentanyl, 14 handguns, 5 assault-style rifles and more than \$445,000 in cash.

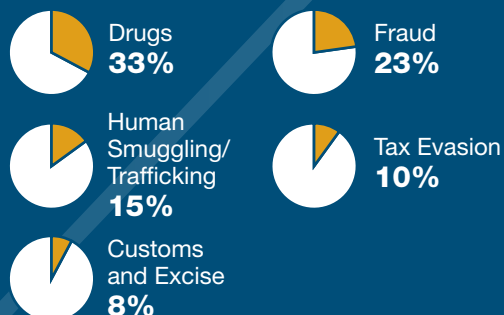
## Financial Intelligence Disclosures



FINTRAC's financial intelligence is also used to reinforce applications for the listing of terrorist entities, negotiate agreements at the time of sentencing and advance the government's knowledge of the financial dimensions of threats, including organized crime and terrorism.

Of FINTRAC's unique disclosures, 1,937 were related to money laundering, 191 were related to terrorist activity financing and threats to the security of Canada, and 164 were related to money laundering, terrorist activity financing and threats to the security of Canada.

## Top Five Predicate Offences Related to Case Disclosures: 2021–22



## Disclosure Packages by Recipient: 2021–22

Royal Canadian Mounted Police	<b>3,053</b>
Municipal Police	<b>1,202</b>
Provincial Police	<b>793</b>
Canada Border Services Agency	<b>599</b>
Canadian Security Intelligence Service	<b>331</b>
Foreign Financial Intelligence Units	<b>258</b>
Canada Revenue Agency	<b>216</b>
Provincial Securities Regulators	<b>59</b>
Revenu Québec	<b>19</b>
Communications Security Establishment	<b>12</b>
Department of National Defence	<b>5</b>
Competition Bureau	<b>1</b>

More than 38% of the Centre's disclosures last year were provided proactively to Canada's law enforcement and national security agencies, which means the individuals or networks identified in the financial intelligence may not have been known to these agencies before FINTRAC's intelligence was received. This was the highest number of proactive disclosures generated in a single year since the Centre was created and was key in fulfilling FINTRAC's money laundering and terrorist financing 'detection' mandate.

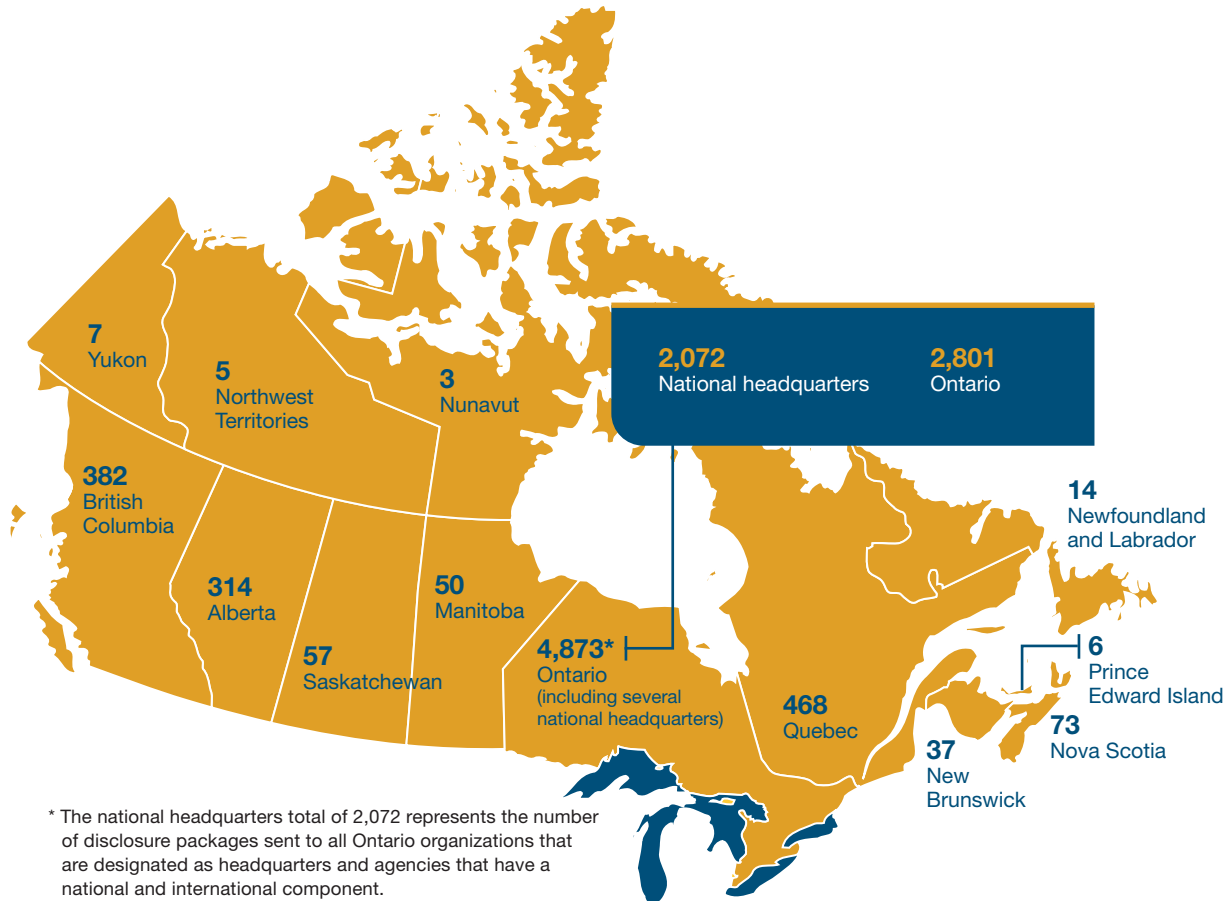
In 2021–22, FINTRAC's financial intelligence was used in a wide variety of money laundering investigations where the origins of the suspected criminal proceeds were linked to drug trafficking, fraud, human smuggling/trafficking, tax evasion, and other criminal offences.

Throughout 2021–22, the Centre's financial intelligence contributed to 335 major, resource intensive investigations as well as many hundreds of other individual investigations at the municipal, provincial and federal levels across the country. Canadian law enforcement agencies—particularly the Royal Canadian Mounted Police—continue to be the main recipients of FINTRAC's financial intelligence.

FINTRAC's disclosures are often provided to a number of agencies simultaneously when there is authorization to do so. The ability to provide multiple disclosure packages means that the Centre can help law enforcement and national security agencies connect criminal activities and operations across a number of domestic and international jurisdictions by following the money.

In June 2021, the Toronto Police Service recognized FINTRAC's contribution to Project Brisa, an investigation into a major international drug-smuggling ring that transported more than 1,000 kilograms of cocaine, crystal meth, and cannabis between Mexico, California and Canada using modified tractor trailers. The investigation included federal Canadian and American law enforcement agencies as well as agencies throughout southwestern Ontario and across Canada. The largest international drug investigation in the history of the Toronto Police Service, Project Brisa resulted in 182 charges against twenty individuals. It also led to the seizure of 444 kilograms of cocaine, 427 kilograms of marijuana, 182 kilograms of crystal meth, 300 oxycodone pills, 21 vehicles, a firearm and \$966,020 in cash.

## Disclosure Packages by Province/Territory: 2021–22



While FINTRAC is an arm's length financial intelligence unit, the Centre maintains productive working relationships with Canada's law enforcement and national security agencies, among others, to ensure that its financial intelligence is relevant, timely and valuable. Throughout 2021–22, FINTRAC participated in numerous operational meetings with municipal, provincial and federal law enforcement agencies, security commissions and other federal and provincial organizations.

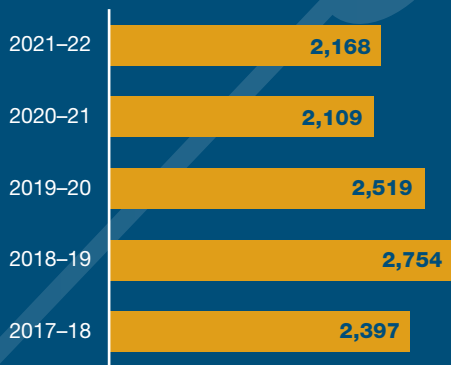
The Centre engaged in monthly meetings with the Counter-Illicit Finance Alliance of British Columbia (CIFA-BC) and actively contributed to the five working groups, including chairing or co-chairing two of the groups, that were established under the CIFA-BC banner on the subjects of underground banking, money mules, illicit cannabis, money services businesses and illegal gambling.

Over the past year, FINTRAC also met with a number of agencies across the country to strengthen collaborative efforts in combatting money laundering and terrorist activity financing. Some of these agencies included Vancouver-area law enforcement such as the Abbotsford

Police, the British Columbia Securities Commission, Calgary's Integrated Market Enforcement Team, the Calgary Police, the Alberta Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, various elements of the Royal Canadian Mounted Police (including Montréal's Integrated Proceeds of Crime Unit), the Canada Border Services Agency, the Canada Revenue Agency, the Ontario Provincial Police, numerous municipal police forces across Ontario, the Sûreté du Québec, and the Service de police de Châteauguay.

In 2021–22, the Centre also presented information on the role and value of financial intelligence in relation to the investigation of money laundering, terrorist activity financing and other types of financial crime at numerous courses, including the Royal Canadian Mounted Police's Proceeds of Crime Course and Fraud Investigators Course, the Ontario Police College's Drug Investigative Techniques Course, the Canadian Police College, and l'École nationale de police du Québec. FINTRAC also spoke to its role in helping to combat terrorist financing and threats to the security of Canada with the Canadian Special Operations Forces Command.

## Voluntary Information Records



Working closely with Canada's financial institutions and law enforcement agencies, FINTRAC is harnessing the power of financial intelligence to help identify perpetrators—and broader networks—linked to these appalling acts. Project Protect is a clear and tangible example of the critical role that Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime is playing in protecting the safety of Canadians and the integrity of Canada's financial system.

— Sarah Paquet, Director and CEO,  
FINTRAC



FINTRAC always seeks feedback on its financial intelligence from disclosure recipients at the municipal, provincial and federal levels. Over the past year, the Centre received 231 disclosure feedback forms, 97 percent of which indicated that FINTRAC's financial intelligence was actionable. This is a clear and significant measure of the effectiveness of, and results achieved by, FINTRAC under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Examples of the feedback that the Centre received last year can be found in Annex A.

Throughout the year, FINTRAC received 2,168 voluntary information records from Canada's law enforcement and national security agencies, as well as from members of the public. Voluntary information records provide critical information on alleged criminals and terrorists and are often the starting point for the Centre's analysis. These records are used by FINTRAC to establish connections between individuals and entities and to develop actionable financial intelligence for disclosure recipients. The significant volume of voluntary information records received year-after-year, particularly from law enforcement at all levels, is a clear indication of the value that is placed on FINTRAC's financial intelligence.

## Results through Public-Private Partnerships

It takes a strong, equipped and committed network to defeat modern, international criminal and terrorist networks. The best example of the extensive collaboration that takes place within Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime is its successful public-private partnerships. These partnerships are aimed at more effectively combatting the laundering of proceeds stemming from human trafficking for sexual exploitation, online child sexual exploitation, romance fraud, the trafficking of illicit fentanyl, and money laundering in British Columbia and across Canada. By working with Canadian businesses and law enforcement agencies throughout Canada, FINTRAC has been effective in following the money to identify potential subjects, uncovering broader financial connections and providing intelligence to advance national project-level investigations. In total, in 2021-22, FINTRAC was able to provide 757 disclosures of actionable financial intelligence to Canada's law enforcement agencies in relation to the five public-private sector partnerships.

## PROJECT PROTECT:

### Combatting Human Trafficking in the Sex Trade

Launched in 2016, Project Protect was the first public-private partnership created by Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime. Inspired by Timea Nagy, a survivor of human trafficking and leading activist for victims and survivors, this innovative project targets the money laundering associated with human trafficking for sexual exploitation.

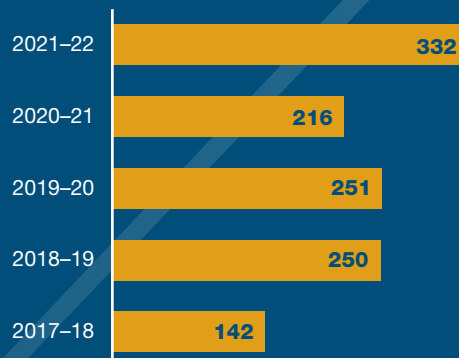
Project Protect is an important element of the Government of Canada's National Strategy to Combat Human Trafficking: 2019–2024 and, since its inception, has played a key role in helping to protect and rescue some of Canada's most vulnerable citizens.

Through Project Protect, FINTRAC worked closely with Canada's financial institutions to develop an Operational Alert in December 2016, *Indicators: The laundering of illicit proceeds from human trafficking for sexual exploitation*, in order to increase awareness and understanding of money laundering in relation to human trafficking for sexual exploitation.

In July 2021, following a strategic analysis of its financial intelligence since the beginning of Project Protect, the Centre developed a new Operational Alert with additional indicators, *Updated Indicators: Laundering of Proceeds from Human Trafficking for Sexual Exploitation*, in consultation with Canada's financial institutions and the Royal Canadian Mounted Police. These additional indicators are meant to further assist businesses in identifying and reporting to FINTRAC financial transactions related to the laundering of funds associated with human trafficking for sexual exploitation.

As a result of these efforts and the ongoing commitment of Canadian businesses, FINTRAC received thousands of suspicious transaction reports related to Project Protect

### Disclosures Provided in Relation to Project Protect



in 2021–22. With this information, the Centre was able to provide 332 disclosures of actionable financial intelligence, including thousands of transaction reports, to Canada's municipal, provincial and federal law enforcement agencies in support of their human trafficking investigations. More than 90% of these disclosures were provided proactively, meaning the individuals or networks identified in the financial intelligence may not have been on any law enforcement radars before FINTRAC's intelligence was received.

In November 2021, the York Regional Police Major Crime Bureau recognized FINTRAC's contribution to Project Eonni, a year-long human trafficking investigation that led to the discovery of seven victims and charges against six people. Authorities taking part in the investigation executed 20 search warrants at locations across the Greater Toronto Area, most of which were suspected of being sex trade operations. Officers seized more than \$4 million from accounts operated by the accused, approximately \$3 million in illegal cannabis and 34 firearms with ammunition.



In December 2021, the Ontario Provincial Police recognized FINTRAC's contribution to Project Wrigg, a human trafficking investigation that was initiated following the sexual assault and trafficking of a female victim across Toronto, Montréal and Edmonton. The investigation resulted in the identification of numerous other potential victims in Ontario and Quebec and led to the arrest of six individuals who were charged with 51 offences.

Given the innovative nature of this first public-private sector partnership and the overwhelming support and interest that it has received across Canada and throughout the world, FINTRAC is regularly asked to provide its insight and expertise on the key role that financial intelligence plays in combatting human trafficking for sexual exploitation at numerous conferences, training sessions and workshops.

For example, the Centre provided a number of presentations on Project Protect across Canada in 2021–22, including to the Ontario Provincial Police, Correctional Services–Ontario, the Canada Border Services Agency, the Department of Justice Canada, and the Canadian Police College’s Human Trafficking Investigators Course. FINTRAC also presented a human trafficking case study at the Association of Certified Financial Crime Specialists Financial Crime Summit, along with Scotiabank and a Detective Constable from York Regional Police.

On July 31, 2021, FINTRAC hosted a virtual panel discussion with Timea Nagy and Tamas Miko to recognize World Day Against the Trafficking in Persons. Hundreds of participants joined the discussion in which these two courageous individuals shared their experiences as survivors of human trafficking and emphasized the importance of the public and private sectors working together to combat these terrible crimes.

Internationally, the Centre continued to work closely with the Australian Transaction Reports and Analysis Centre (AUSTRAC), sharing insight and best practices related to Project Protect. This included providing a presentation on this seminal public-private partnership to the Australian Fintel Alliance Executive Board in November 2021. In addition, FINTRAC provided a number of significant international presentations related to Project Protect, including at the United Nations, the Organization for Security and Cooperation Europe, the International Law Enforcement Training Network, and the Finance Against Slavery and Trafficking (FAST) initiative.

FINTRAC also led a presentation on the critical role played by financial intelligence units in public-private partnerships targeting human trafficking at the plenary for the Cercle des Cellules de Renseignement Financier Francophones du Group Egmont in the fall of 2021. FINTRAC is an active participant in this group, which is dedicated to French-speaking financial intelligence units whose focus is on combatting money laundering and terrorist financing.

A sanitized human trafficking in the sex trade case can be found in Annex B.

FINTRAC's financial intelligence was recognized by the Royal Canadian Mounted Police in Newfoundland and Labrador in relation to a federal investigation into an organized crime group and their illicit activities.

# project broken

## details of the investigation

Project Broken, an ongoing investigation since May 2017, netted significant results in December 2020 when three individuals were charged. In March 2022, the last of the accused was sentenced. The RCMP NL Federal Serious and Organized Crime Unit identified the structure of the organized crime group and its inter-provincial drug trafficking network, which was responsible for the importation of large volumes of cocaine into the province and the laundering of monies associated with the operation. The investigation led to the largest single seizure of illicit cash by police in the history of Newfoundland and Labrador, over \$840,000, with other items seized including six kilograms of cocaine, firearms and vehicles. The total value of all items seized, including cash, is approximately \$1.4 million.

### charges

- Conspiracy to traffic in a controlled substance
- Possession of cocaine for the purpose of trafficking
- Possession of a controlled substance
- Trafficking in a controlled substance
- Possession of a restricted firearm (handgun) without being a licensed holder
- Possession of a firearm (handgun) with serial number removed
- Careless storage of a firearm (shotgun and rifle)
- Laundering the proceeds of crime
- Possession of the proceeds of crime

### partners

Financial Transactions and Reports Analysis Centre of Canada, Centre d'analyse des opérations et de renseignements financiers du Canada, Royal Canadian Mounted Police, Newfoundland and Labrador, Canada Border Services Agency, Canada Revenue Agency, Agency of Services to Citizens, Financial Transactions and Reports Analysis Centre of Canada, Newfoundland and Labrador, Correctional Services Canada.

Canada

In March 2022, the RCMP Newfoundland and Labrador Federal Serious and Organized Crime Unit recognized FINTRAC’s contribution to Project Broken, a multi-year organized crime

investigation that began in 2017 and resulted in more than a dozen convictions, including for money laundering, against five individuals. Project Broken focused on an organized crime group based in the St. John’s Metro area and its inter-provincial drug trafficking network. The investigation led to the largest single seizure of illicit cash by police in the history of Newfoundland and Labrador, over \$840,000. Other items seized included six kilograms of cocaine, firearms and vehicles.



## PROJECT SHADOW:

### Targeting Online Child Sexual Exploitation

In December 2020, FINTRAC published an Operational Alert, *Laundering of Proceeds from Online Child Sexual Exploitation*, in support of the public launch of Project Shadow, the fifth public-private partnership involving FINTRAC, the Royal Canadian Mounted Police and Canadian businesses.

Co-led by Scotiabank and the Canadian Centre for Child Protection, and supported by Canadian law enforcement agencies and FINTRAC, Project Shadow targets the laundered funds associated with online child sexual exploitation, a heinous crime directed at vulnerable children. The project, itself, is aimed at improving the collective understanding of online child sexual exploitation and strengthening the detection of the facilitation and the laundering of funds related to this illicit activity. Ultimately, by following the money, Project Shadow is helping law enforcement identify and charge the perpetrators of these terrible crimes, and protecting countless victims and survivors in Canada and around the world.

The Centre's Operational Alert and its indicators were developed from an analysis of FINTRAC's financial intelligence and in consultation with Scotiabank, the Canadian Centre for Child Protection and the Royal Canadian Mounted Police's Sensitive and Specialized Investigative Services. It is meant to assist businesses subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* in better identifying and reporting to FINTRAC financial transactions related to the laundering of funds associated with online child sexual exploitation.

Although most perpetrators commit child sexual exploitation offences for sexual gratification and not for financial gain, there are significant financial dimensions to

these despicable crimes. For example, online child sexual exploitation includes payments, purchases and proceeds associated to the access, consumption, production, and distribution of the illicit material. There is also increased risk of virtual currencies being used as payment for online child sexual exploitation material.

FINTRAC's Operational Alert is assisting businesses in better identifying and reporting suspicious transactions associated with online child sexual exploitation. With the reporting received from Canadian businesses since the start of Project Shadow, FINTRAC was able to provide 75 disclosures of actionable financial intelligence in 2021–22 in relation to online child sexual exploitation to the Royal Canadian Mounted Police (primarily the National Child Exploitation Crime Centre) and municipal and provincial law enforcement agencies across Canada. More than 88% of these disclosures were provided proactively to these agencies.

Given the significant interest in both the public and private sectors, as well as internationally, in coming together to combat this heinous crime, FINTRAC was asked on numerous occasions throughout the year to share its expertise on money laundering associated with online child sexual exploitation, including with the Canadian Credit Union Association, the Canadian Money Service Business Association, the Canadian Police College and the Certified Financial Crime Specialists Association. The Centre also engaged in numerous operational meetings on Project Shadow, including with the Royal Canadian Mounted Police, the Canada Border Services Agency's National Targeting Centre, the United States Financial Crimes Enforcement Network, and its Five Eyes partners.



In December 2021, the Barrie Police Service recognized FINTRAC's contribution to Project Harwich, a human trafficking investigation that led to the arrest of two individuals and eight human trafficking-related charges, including in relation to trafficking in persons and assault causing bodily harm. Police indicated that, as a result of Project Harwich, multiple people have been rescued from this terrible life.

## PROJECT CHAMELEON:

### Tackling Romance Fraud

Launched in 2017, Project Chameleon is a public-private partnership that focuses on financial transactions and the laundering of criminal proceeds stemming from romance fraud, an illicit activity that has cost many seniors and other vulnerable Canadians their life savings. Romance fraud involves perpetrators expressing false romantic intentions toward victims to gain and then take advantage of their trust and affection in order to access their cash, bank accounts and credit cards. Project Chameleon has mobilized businesses, FINTRAC and law enforcement with the goal of identifying the perpetrators and helping to protect victims and their money.

In 2018–19, in consultation with the Canadian Anti-Fraud Centre, FINTRAC published an Operational Alert, *Laundering of the proceeds of romance fraud*. This alert included indicators of money laundering associated with romance fraud and was aimed at assisting Canadian businesses in identifying this illicit activity and reporting suspicious transactions.

Over the past year, FINTRAC was able to provide 73 financial intelligence disclosures, including thousands of transaction reports, to municipal, provincial and federal law enforcement agencies in relation to Project Chameleon. More than 80% of these disclosures were provided

proactively and included information on individuals or networks that may not have been on any law enforcement radars before FINTRAC's intelligence was received.

In November 2021, the Ontario Provincial Police recognized FINTRAC's contribution to a lengthy and complex investigation into an alleged romance fraud. A total of 22 victims were identified through the investigation, which resulted in charges against an Etobicoke man for fraud, 15 counts of identity theft, 18 counts of possession of credit card data, nine counts of possession of a credit card and six counts of possession of an identity document. The investigation thwarted a \$50,000 loss to the first victim.

In many instances, FINTRAC was able to link perpetrators who were transacting with numerous victims from reports received from different financial institutions. The suspicious transaction reports that the Centre received from businesses also helped to build a clearer view of romance fraud networks that are operating in Canada and abroad.

In 2021–22, FINTRAC presented information on Project Chameleon to students at the Ontario Police College and a Royal Canadian Mounted Police Fraud Investigators Course.

## PROJECT GUARDIAN:

### Countering the Trafficking of Fentanyl

As part of the Federal Action on Opioids, a nationwide collaborative approach led by Health Canada, FINTRAC contributed to the launch of Project Guardian in February 2018 as a public-private partnership aimed at combatting money laundering associated with the trafficking of illicit fentanyl.

Through a strategic analysis of its financial intelligence, and in collaboration with Canada's financial institutions and the Royal Canadian Mounted Police, FINTRAC developed a comprehensive list of money laundering indicators showing how drug traffickers exploit the financial system to acquire fentanyl and launder the proceeds of this illicit activity. These indicators were then published in FINTRAC's Operational Alert, *Laundering of the proceeds of fentanyl trafficking*, to help businesses identify financial transactions that may indicate the trafficking of fentanyl and related

money laundering, thus triggering the requirement to send a suspicious transaction report to the Centre.

As a result of Project Guardian and the committed efforts of Canadian businesses, FINTRAC received thousands of suspicious transaction reports associated with the trafficking of illicit fentanyl in 2021–22. With this information, the Centre was able to generate 214 disclosures of actionable financial intelligence, including thousands of transaction reports, in support of the money laundering and fentanyl/drug trafficking investigations of Canada's municipal, provincial and federal law enforcement agencies. FINTRAC has generated more than 800 financial intelligence disclosures in relation to the illicit trafficking of fentanyl since the inception of Project Guardian.

In January 2022, the Winnipeg Police Service Organized Crime Unit recognized the Centre's contribution to Operation Phoenix, an investigation into a large-scale firearms and drug trafficking network that resulted in the arrest of twelve people in Winnipeg, Edmonton and the Greater Toronto Area. The investigation resulted in the seizure of 6 kilograms of fentanyl, 30 kilograms of methamphetamine, 15 kilograms of cocaine, 100 kilograms of marijuana and roughly 40 firearms.

In 2021–22, FINTRAC became a member of the Canadian Intelligence Service's National Fentanyl Working Group and worked to strengthen its partnership with the Canada Border Services Agency in order to more effectively target the distributors and importers of chemical precursors associated with fentanyl.

Internationally, the Centre also became a member of the United Nations IONICS program, a secure online communication platform dedicated to real-time communication of incidents involving suspicious shipments of, trafficking in, or illicit manufacture or production of new psychoactive substances, including fentanyl-related substances and other non-medical synthetic opioids. FINTRAC also contributed to the Financial Action Task Force's study on Illicit Proceeds Generated from the Fentanyl and Related Synthetic Opioids Supply Chain. The objective of the study is to raise global awareness of how the proceeds of this illicit trafficking are laundered by drug trafficking organizations.

Throughout the year, FINTRAC provided numerous presentations in relation to its work on Project Guardian, including at the United Nations, the American State Department, the Financial Action Task Force, the Canadian Intelligence Service Canada and the Drug investigations Techniques Course at the Ontario Police College.

During the first year of the pandemic, there was a 95% increase in apparent opioid toxicity deaths (7,224 deaths) compared to the year before (3,711 deaths). This is approximately 20 deaths per day. Since then, deaths have remained high.

**Opioid- and Stimulant-related Harms in Canada, Public Health Agency of Canada (March 2022)**

**OPERATION PHOENIX**

FINTRAC's financial intelligence was recognized by the Winnipeg Police Service Organized Crime Unit in relation to an investigation into firearms and drug trafficking.

**PARTNERS**

- Winnipeg Police Service
- Edmonton Police Service
- AT Bureau of Ottawa, Toronto, Montreal and Vancouver
- Canada Border Services Agency
- Royal Canadian Mounted Police
- Ontario Provincial Police
- Corporation Services of Canada
- Financial Transactions and Reporting Analysis Centre of Canada

**DETAILS OF THE INVESTIGATION**

In May of 2021, the Winnipeg Police Service Organized Crime Unit began the initial stages of an investigation into firearms trafficking. The project, dubbed Operation Phoenix, progressed throughout the summer of 2021, where investigations learned that large amounts of drugs were also being trafficked by the network. Twelve people were arrested at various locations, including Winnipeg, Edmonton, and the Greater Toronto Area (GTA). Two of those arrested face charges related to smuggling large quantities of drugs and contraband into Stony Mountain Penitentiary and Collins Bay Institution through the use of drones. The drugs trafficked included methamphetamine, fentanyl, cocaine, marijuana and contraband. The institutional value of the drugs and contraband seized at Stony Mountain Penitentiary is estimated at \$700,000.

In total, sixteen search warrants were executed: four in Winnipeg, three in Anola, Manitoba, two at Stony Mountain Penitentiary, four in Alberta, and three in the GTA. Seizures included:

- ROUGHLY 40 FIREARMS
- 30 KILOGRAMS OF METHAMPHETAMINE (\$2.8 MILLION)
- 15 KILOGRAMS OF COCAINE (\$3.8 MILLION)
- 100 KILOGRAMS OF MARIJUANA (\$500,000)
- 1 KILOGRAM OF CUSTODY AGENT (\$1,200)
- 6 KILOGRAMS OF FENTANYL (\$2.75 MILLION)
- NUMEROUS BANK ACCOUNTS FROZEN
- SMALLER AMOUNTS OF HEROIN, ECSTASY, AND PSYLOCYBIN (\$330,000)
- 11 VEHICLES
- 4 SNOWMOBILES
- 3 TRAILERS
- 1 BOBCAT
- \$361,000

Canada

## PROJECT ATHENA:

### Combatting Money Laundering in British Columbia and Across Canada

With additional funding announced in Budget 2019, FINTRAC enhanced its participation in Project Athena, a public-private partnership created to improve the collective understanding of the money laundering threat, strengthen financial systems and controls, and disrupt money laundering activity in British Columbia and across Canada.

As part of the national launch of Project Athena in December 2019 at FINTRAC's second Casino Forum, the Centre published an Operational Alert, *Laundering the proceeds of crime through a casino-related underground banking scheme*, to assist businesses in identifying and reporting suspicious transactions that may be related to the activities of professional money launderers and money laundering organizations. These individuals and groups specialize in transforming the proceeds of crime into 'clean money' on behalf of criminals and organized crime groups, and regularly use the underground banking system to avoid detection.

FINTRAC's alert and its indicators were developed from an analysis of the Centre's financial intelligence, in collaboration with the Combined Forces Special Enforcement Unit in British Columbia. With enhanced suspicious transaction

reporting facilitated by the alert, FINTRAC was able to provide 63 disclosures of actionable financial intelligence in 2021–22 in support of the money laundering investigations of Canada's police and law enforcement agencies.

While FINTRAC continues to receive suspicious transaction reporting in relation to Project Athena, this initiative has transformed into a permanent public-private partnership aimed at combatting money laundering and financial crime in British Columbia. Referred to as the Counter-Illicit Finance Alliance of British Columbia (CIFA-BC), this initiative is focused on enhanced collaboration and strategic information exchange between the public and private sectors with the goal of protecting the economic integrity of British Columbia. Through the CIFA-BC initiative, FINTRAC regularly engages with stakeholders from across the private sector, as well as representatives from the three levels of government, to share its knowledge of the trends and methodologies employed by organized crime groups to launder their proceeds of crime in British Columbia. In 2021–22, the Centre participated in all five working groups established under the banner of CIFA-BC, serving as the Chair or Co-Chair for two of these groups.



In January 2022, the Toronto Integrated Market Enforcement Team (IMET) recognized FINTRAC's contribution to an investigation that led to the arrest and sentencing of two Toronto company directors involved in a fraudulent investment scheme. Each individual arrested in this case were each charged with one count of fraud and one count of proceeds of crime. The co-accused were the directors and controlling minds of InvestTech FX, which deceived more than 1,900 investors from around the world, including Canada. As part of their sentence, the co-accused were required to pay \$650,000 in restitution.

## Strategic Intelligence

With the information that FINTRAC receives from its regime partners and businesses across the country, the Centre is able to produce valuable strategic intelligence in the fight against money laundering and terrorist activity financing. Through the use of research and analytical techniques, FINTRAC is able to identify emerging characteristics, trends and tactics used by criminals to launder money or fund terrorist activities. The goal of the Centre's strategic intelligence is to inform Canada's security and intelligence community, regime partners and policy decision-makers, businesses, Canadians, and international counterparts about the nature and extent of money laundering and terrorist activity financing in Canada and throughout the world.

Over the past year, FINTRAC produced and disseminated to regime partners a number of strategic financial intelligence assessments and reports on a range of specific money laundering and terrorism financing trends, typologies and mechanisms in order to improve the detection, prevention and deterrence of these activities. Some of this strategic financial intelligence was focused on trade-based money laundering, transnational professional money laundering, illicit finance methods, use of money mules in the laundering of proceeds of crime, and money laundering methods related to cryptocurrency. Throughout the year, the Centre also provided ongoing strategic financial intelligence to the Department of Finance Canada, the lead of Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime, on a broad spectrum of money laundering and terrorist financing issues.

In June 2021, FINTRAC published a Special Bulletin on Ideologically Motivated Violent Extremism. With the Government of Canada's February 2021 addition of four ideologically motivated violent extremism (IMVE) organizations to the *Criminal Code* list of terrorist entities, FINTRAC analyzed the IMVE-related financial transaction reporting that it had received from businesses and found patterns in terrorist financing behaviour of IMVE threat actors. For example, organized IMVE threat actors in Canada use both personal and business accounts to conduct their financial activities. Personal and business account transactions showed connections between members of IMVE threat actors, and individuals and companies charged with crimes such as fraud, robbery, assaulting police officers, drug trafficking and weapons offences. This Special Bulletin is meant to increase the awareness and understanding of Canadian businesses of ideologically motivated violent extremism, as well as observed patterns in terrorist financing behaviour of these threat actors. This, in conjunction with additional indicators such as transactions with links to IMVE threat actors listed as terrorist entities or adverse media reporting, will assist businesses in addressing their own risks related to terrorist financing and in submitting suspicious transaction reports to FINTRAC.

On the issue of ideologically motivated violent extremism, FINTRAC also continued to engage with its domestic and international partners, including through its contributions to initiatives under the "Roadmap for a Renewed United States-Canada Partnership" which is focused on strengthening bilateral cooperation and information sharing between the United States and Canada in order to more effectively address and prevent domestic violent extremism.



In June 2021, the Nova Scotia RCMP Federal Serious and Organized Crime Unit recognized FINTRAC's contribution to an 11-month investigation that disrupted a significant drug trafficking ring and resulted in approximately 100 charges against 14 individuals. As a result of the investigation, police also seized a large quantity of drugs, firearms and money, including 3.5 kilograms of cocaine, 110 kilograms of benzocaine and other cutting agents, 400 pills (including heroin and steroids), 310 cannabis plants, 10 firearms, a conducted energy weapon, 2 sets of body armour, and \$369,000 in cash.

In March 2022, following the Russian Federation's unprovoked and unjustified invasion of Ukraine, FINTRAC published a Special Bulletin on Russia-linked Money Laundering Related to Sanctions Evasion to increase the awareness and understanding of Canadian businesses about the characteristics of financial transactions related to the laundering of the proceeds of crime that may also be connected to the evasion of sanctions measures that have been imposed under the *Special Economic Measures Act* (SEMA). This Special Bulletin is meant to be used by Canadian businesses to identify and assess their money laundering and terrorist financing risks, apply controls and measures to mitigate these risks, and effectively detect and report suspicious transactions to FINTRAC.

At the end of the fiscal year, FINTRAC finalized a Sectoral and Geographic Advisory focused on Underground Banking through Unregistered Money Services Businesses along with a new video. Based on FINTRAC's analysis of suspicious transaction reports and financial intelligence disclosures to law enforcement related to underground banking, the Sectoral and Geographic Advisory looks at key attributes of underground banking in Canada, particularly as it is carried out by unregistered money services businesses in Metro Vancouver, the Greater Toronto Area, and, to a lesser extent, in the Calgary-Edmonton Corridor. Its aim is to assist businesses and Canadians in better protecting themselves against illicit activities associated with underground banking, and to facilitate the reporting of suspicions of money laundering or terrorist financing to FINTRAC. This will help prevent organized crime and other criminal actors from abusing Canada's financial system and impede their ability to enjoy the benefits of their laundered proceeds of crime.

Throughout the year, FINTRAC also delivered numerous presentations to public and private sector stakeholders in relation to its strategic financial intelligence initiatives, including on the illicit use of cryptocurrencies, trade-based

money laundering, Canada's terrorist financing landscape, ideologically motivated violent extremism, and underground banking through unregistered money services businesses.

In order to support international efforts to combat money laundering and terrorist financing, the Centre contributed to a number of global strategic financial intelligence initiatives, including a Financial Action Task Force project on the Financing of Ethnically or Racially Motivated Terrorism. The project was focused on raising public awareness about ethnically or racially motivated terrorism and its financing, drawing the attention of anti-money laundering and anti-terrorist financing experts to the financing of ethnically or racially motivated terrorism, identifying its common structural characteristics and patterns, and providing good practices to relevant authorities on how to counter this threat. FINTRAC also supported a Financial Action Task Force report on the Islamic State of Iraq and the Levant (ISIL), Al-Qaeda and Affiliates Financing Update and an ISIL financing typologies presentation to the Global Coalition Counter ISIL Financing Group.

## Strategic Coordination and Collaboration

FINTRAC's strategic work encompasses operational policy coordination and collaboration. The Centre works closely with the Department of Finance Canada and other regime partners and international organizations, sharing its strategic and operational expertise on money laundering and terrorist activity financing and its knowledge of Canada's national security priorities, to identify potential enhancements to legislation and regulations with a view to strengthening Canada's overall regime. Over the past year, FINTRAC contributed to broader regime efforts in relation to beneficial ownership, incorporating lawyers within the regime, ransomware, cyber security, human trafficking, illicit opioids and various national security issues.



In December 2021, the RCMP's War Crimes Section acknowledged FINTRAC's contribution to Project Arrow, an investigation of an Australian man living in British Columbia who pleaded guilty to charges of wilful promotion of hatred. The investigation was launched in June 2020 after a complaint was received through the Department of Justice Canada under Canada's War Crimes Program.

FINTRAC's financial intelligence and anti-money laundering and anti-terrorism financing expertise helps inform broader Government of Canada policy discussions and decisions. The Centre engaged regime partners and stakeholders through the Advisory Committee on Money Laundering and Terrorist Financing and its working groups, such as the Guidance and Policy Interpretation Working Group, on the implementation of regulatory amendments. FINTRAC also contributed to broader efforts to enhance transparency in national security through the National Security Transparency Advisory Committee (NSTC) Working Group, which includes national security experts from the federal government, academia and civil society organizations.

Throughout 2021–22, the Centre continued to support the work of the Public-Private Collaboration Steering Committee, which FINTRAC co-chairs with Scotiabank, and comprises an executive committee that also includes representatives from Royal Bank and HSBC. This committee consists of members from across Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime and some of Canada's largest financial institutions and provides a coordination of efforts, which are focused on expanding the boundaries of strategic information sharing within existing legislative authorities. It also serves as a forum to explore further opportunities for innovative collaboration and experimentation. Over the past year, FINTRAC supported work with key public and private sector stakeholders in relation to detecting shell companies through financial transactions; sharing knowledge and best practices in addressing money mules; and the mapping of information flows between regime stakeholders.

Over the past year, FINTRAC continued to work with the Financial Crime Coordination Centre (formerly known as the Anti-Money Laundering Action, Coordination and Enforcement or ACE team), which is bringing together dedicated experts from across intelligence and law enforcement agencies to strengthen inter-agency coordination and cooperation and to identify and address significant money laundering and financial crime threats.

FINTRAC also supported the work of the Commission of Inquiry into Money Laundering in British Columbia throughout the year. Since the Commission began its work, the Centre has dedicated significant resources to respond to its requests and provided documents and expert interviews covering a wide range of topics in support of the Commission's mandate. For example, FINTRAC provided the Commission with over 100 document packages totalling approximately 2,150 pages, including compliance documentation and strategic intelligence reports. Numerous senior FINTRAC officials also appeared before the Commission in 2020 and 2021 to provide information on the Centre's mandate and to respond to questions from Commission counsel.

In 2021–22, FINTRAC was actively engaged with the National Security and Intelligence Review Agency (NSIRA), which began a review of the Centre's Intelligence Sharing Regime as it relates to terrorist activity financing. Preliminary planning for the review was underway at the end of March 2022, with the majority of the review process to take place in the next fiscal year. The Centre was also engaged with the National Security and Intelligence Committee of Parliamentarians. After participating in the first wave of reviews conducted by the committee, the Centre worked with other members of the security and intelligence community to ensure that FINTRAC was transparent and responsive to the committee's requests for information.

# COMPLIANCE

As part of its core mandate, FINTRAC administers a comprehensive, risk-based compliance program to assist and ensure that thousands of businesses fulfill their obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and associated Regulations.

These obligations allow for certain economic activities to be more transparent, which helps deter criminals and terrorists from using Canada's financial system to launder the proceeds of their crimes or to finance terrorist activities.

Compliance with the legislation also ensures that FINTRAC receives the information that it needs to generate actionable financial intelligence for Canada's law enforcement and national security agencies. Financial transaction reporting statistics from 2021–22 can be found in Annex C.

The global pandemic continued to have a significant impact on FINTRAC's approach to compliance in 2021–22. However, the Centre effectively mobilized and adjusted its operations to ensure that it was adhering to varied public health restrictions in jurisdictions across the country while still delivering on its critical compliance mandate. This included consulting and engaging with businesses on the implementation of new legislative and regulatory changes that came into effect in June 2021.

As FINTRAC plans for the implementation of the cost recovery model announced by the federal government in 2021, the Centre launched a multi-year modernization initiative called R.I.S.E. (Respond, Innovate, Strategize, Evolve) to pursue compliance activities that are more targeted and effective in meeting the diverse needs, expectations and capacities of businesses. The R.I.S.E. initiative is also meant to ensure that FINTRAC's workforce is prepared and equipped for new ways of working, including with greater automation, new digital tools and advanced data management solutions that will allow it to keep pace with the innovative technologies that businesses are using and looking to implement.

## Canadian Businesses Covered Under the Act

- Accountants
- Agents of the Crown
- British Columbia notaries
- Casinos
- Dealers in precious metals and precious stones
- Financial entities
- Life insurance
- Money services businesses
- Real estate
- Securities dealers

As part of this modernization initiative and to ensure that FINTRAC has a sound, evidence-based understanding of the needs of each business sector, the Centre launched a comprehensive research project with businesses, associations and relevant stakeholders over the past year to seek their views on how to improve the reach, accessibility, responsiveness and impact of FINTRAC's compliance program. The findings of this research will play a critical role in assisting the Centre to identify, scope and validate improvements based on whether they meet the needs and expectations of businesses, and to prioritize modernization investments of meaningful value to businesses within and across the sectors it supervises.

In addition to delivering on these broader initiatives, FINTRAC's compliance program remained focused on its three pillars: assistance, assessment and enforcement.



Canada Revenue Agency

Agence du revenu du Canada

In December 2021, the Canada Revenue Agency acknowledged FINTRAC's contribution to an investigation that led to an individual pleading guilty to one count of tax evasion under the *Income Tax Act*. The sentence included a fine of \$83,499 and an 18-month conditional sentence.



## Assistance to Businesses

FINTRAC is committed to working with businesses across the country to assist them in understanding and complying with their obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and associated Regulations.

### Comprehensive Guidance

In addition to publishing comprehensive and sector-specific guidance for businesses subject to the Act, FINTRAC provides timely and targeted guidance in relation to legislative and regulatory changes and other compliance-related issues on an ongoing basis.

Over the past year, the Centre provided substantial new and revised guidance to businesses regarding the regulatory changes that came into effect in 2020 and 2021. These changes were intended to strengthen Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime by, among other things, including dealers in virtual currencies and foreign money services businesses, as well as extending obligations related to beneficial ownership, politically exposed persons and the requirement to report large virtual currency transactions to all business sectors.

In early 2021, FINTRAC published a delivery schedule involving a staggered implementation approach for the reporting obligations coming into force in June of that year. This approach was meant to account for changes to IT systems by both FINTRAC and businesses, as well as the drafting of new and revised guidance to assist businesses in understanding and fulfilling their legal obligations in advance of coming into force dates. In total, throughout the year, the Centre published 54 guidance documents and provided approximately 100 policy interpretations in relation to the regulatory amendments. In addition, between April 2021 and March 2022, FINTRAC published several messages to businesses on the notices and advisories section of its website focused on the coming into force of the new regulations, including its compliance expectations, the reporting of large virtual currency transactions and the changes in the reporting of international electronic funds transfers. The Centre also published its revised FINTRAC Assessment Manual, which captured the new regulatory amendments and its current practices.

In January 2022, with the stabilization of the global pandemic, FINTRAC announced the withdrawal of temporary COVID-related support that was provided to businesses subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. This included the end of flexibilities that were offered in early 2020 related to reporting; verifying the identity of an individual, or confirming the existence of a corporation or entity other than a corporation; and expectations for record keeping and re-verifying client identification. Businesses that were unable to comply with their legal obligations were encouraged to submit a voluntary self-declaration of non-compliance to the Centre.

Following the invocation of the *Emergencies Act* on February 14, 2022, certain businesses were required to take specific actions in relation to the financial activity of individuals who were engaged in the illegal blockades. For example, crowdfunding platforms and certain payment service providers were required to register with FINTRAC when they were in possession or control of property that was owned, held, or controlled by an individual or entity engaged in an activity prohibited in the *Emergency Measures Regulations*. These same entities were also required to report certain types of transactions when there were reasonable grounds to suspect that these transactions were related to the commission, or attempted commission, of a money laundering or terrorist activity offence and when certain thresholds set out in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations were met. FINTRAC worked quickly to enable their registration and reporting, and supported businesses affected by the *Emergency Economic Measures Order* to comply with their obligations. However, given that the registration process involves time for the business to complete the form and for FINTRAC to validate the information and verify eligibility with criminal checks (approximately 30 days), no new organization had been approved when the *Emergencies Act* was revoked.

Following the Russian Federation's unprovoked and unjustified invasion of Ukraine, FINTRAC also worked closely with its domestic partners, including Global Affairs Canada and the Department of Finance Canada, in relation to guidance for Canadian businesses to help counter Russian-linked money laundering related to sanctions evasion.

## Outreach and Engagement

Over the past year, FINTRAC continued to implement its Compliance Engagement Strategy, which sets the priorities for the Centre's engagement activities. Based on this strategy, FINTRAC undertook 231 outreach and engagement activities in 2021–22 with businesses, industry associations, provincial regulators, federal departments and regulators, stakeholders and international partners through virtual and onsite meetings, presentations, conferences, fora, training, and other exchanges of information. The Centre also conducted consultations on a number of issues, including new and revised guidance, reporting forms and the implementation of regulatory amendments.

Through the Guidance and Policy Interpretation Working Group, which is a sub-committee of the Advisory Committee on Money Laundering and Terrorist Financing, and sector-specific consultations, FINTRAC shared its draft guidance in relation to the regulatory amendments that came into effect in June 2021 and gained valuable insight on the needs and expectations of businesses. In addition, the FINTRAC Reporting Working Group was used to collaborate with, and seek feedback from, business sectors on the implementation of changes to the Centre's reporting systems and forms related to the regulatory amendments. In particular, members of this working group were consulted throughout the development of the new large virtual currency transaction form.

In 2021–22, in order to strengthen collaboration, cooperation and information sharing in the fight against money laundering and terrorist financing while reducing burden on businesses, FINTRAC signed new compliance Memoranda of Understanding with the Organisme d'autoréglementation du courtage immobilier du Québec,

the Financial Services Regulatory Authority of Ontario, and the Society of Notaries Public of British Columbia. In August 2021, the Real Estate Council of British Columbia amalgamated with the British Columbia Financial Services Authority (BCFSA) and a revised MOU was signed shortly after to ensure the continued sharing of compliance information related to the real estate, life insurance and financial entity sectors in British Columbia.

Throughout 2021–22, FINTRAC also leveraged its relationship with the British Columbia Gaming Policy and Enforcement Branch and provided regulatory feedback on proposed changes to the British Columbia *Gaming Control Act*. These activities were supported through the sharing of compliance observations, as well as delivering presentations on compliance and new regulations.

In early 2022, FINTRAC hosted its first National AML/ATF Real Estate Virtual Forum. This major event was made available on demand from March 18 to April 30, 2022, and consisted of 22 sessions, recorded in English, French and in a bilingual format. Designed for the real estate sector, the forum offered comprehensive presentations and discussions on the legislative obligations, including the importance of suspicious transaction reporting, and the critical role that Canada's AML/ATF Regime plays in protecting Canadians and Canada's economy. Various real estate regulators, associations and law enforcement stakeholders took part in a panel discussion, provided additional resources, and publicized the forum to their members. Approximately 3,000 registrants from across Canada participated in the forum.

Over the past year, FINTRAC also created a high-level summary of the regulatory changes that came into force in June 2021 for the real estate sector, and worked with real estate associations and provincial regulators to share the document with their members and licensees.



In June 2021, the New Zealand Police announced that a wealthy Chinese-Canadian businessman had agreed to forfeit more than \$60-million to the New Zealand Government, in a record settlement under a law that enables that country's authorities to confiscate proceeds of crime. It was reported that the investigation into the accused also involved the New Zealand Police and China's Ministry of Public Security, as well as FINTRAC and the Royal Canadian Mounted Police.

Maintaining regular and constructive dialogue with Canada's financial institutions is critical to the success of Canada's AML/ATF Regime given these organizations provide approximately 90% of the reporting that FINTRAC receives every year. Over the past year, the Centre's regional offices in Toronto, Vancouver and Montréal undertook 121 proactive engagement activities with Canada's largest financial institutions and with small- and medium-sized banks on examinations, follow-up examinations and reports monitoring.

As of April 1, 2021, FINTRAC took over as the sole supervisor of Canada's financial institutions' AML/ATF obligations from the Office of the Superintendent of Financial Institutions (OSFI). The transition was formalized with a joint FINTRAC-OSFI information session to the financial sector on the new model and expectations going forward, as well as an overview of the continued collaboration that will take place between FINTRAC and OSFI in the anti-money laundering and anti-terrorist financing space.

Following this transition, the Centre developed a new monitoring framework for large banks to ensure that it remains up-to-date on the state of the banks' AML/ATF programs; entity-specific risks are identified early; and that the Centre's interventions are risk-based, timely, targeted and value-added. This framework also allows for the identification of cross-institution themes, trends and emerging risks of which all financial institutions and FINTRAC need to be aware. At least once every three months, the Centre meets with each large bank to monitor the ongoing state of their anti-money laundering and anti-terrorist financing program and what they are doing to identify and address risks to the financial system.

In 2021–22, FINTRAC also worked closely, and on an ongoing basis, with the Canadian Bankers Association. The Centre held regular meetings with the Association to discuss regulatory amendments, policy interpretations and

updates to business sectors. In addition to a dedicated meeting on the modernization of FINTRAC's compliance program, the Director and CEO of FINTRAC met with the Executive Council of the Canadian Bankers Association as well as its Risk Committee.

As well, over the past year, FINTRAC's Director and CEO and officials met on several occasions with the Canadian Life and Health Insurance Association, and the Centre provided presentations on its mandate and regulatory changes at conferences hosted by the Canadian Credit Union Association, the Canadian Prepaid Providers Organization, the Alternative Investment Management Association, and the Association of Certified Fraud Examiners (which included FINTRAC's Director and CEO as the keynote speaker).

In 2021–22, FINTRAC also provided presentations at dozens of virtual events to share information with large, cross-sector audiences in relation to its examination and enforcement activity, particularly in light of the new regulatory amendments. These presentations also provided businesses with the opportunity to ask questions and share concerns with the Centre, enabling them to better understand what is expected of them in the prevention of money laundering and terrorist financing. Key events included the Canadian Institute's 20<sup>th</sup> Annual Canadian Forum on Anti-Money Laundering and Financial Crime; the Association of Certified Anti-Money Laundering Specialists' 9<sup>th</sup> Annual Anti-Money Laundering and Financial Crime Conference (which included FINTRAC's Director and CEO as the keynote speaker); the About Business Crime Solutions Money Laundering in Canada Conference; and Osgoode Hall's 13<sup>th</sup> National Symposium on Money Laundering and Financial Crimes. FINTRAC also contributed to the Financial Crime Coordination Centre's inaugural anti-money laundering conference in Canada, moderating a panel of three financial institutions on judicial authorizations, trends and challenges from the perspective of a financial institution.



In November 2021, the Alberta RCMP Integrated Market Enforcement Team recognized FINTRAC's contribution to a complex investigation that uncovered an alleged fraudulent investment company that defrauded victims in Alberta and British Columbia of more than \$1,000,000. Two individuals were charged with fraud, theft and laundering the proceeds of crime.

## Policy Interpretations Provided



## Number of Queries Answered



## Policy Interpretations

In 2021–22, FINTRAC provided 365 policy interpretations to clarify its approach to the application of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Common interpretations were related to regulatory changes, ascertaining identity, reporting international electronic funds transfers, and determining whether a business was considered a reporting entity under the Act. Approximately 100 policy interpretations were provided in response to questions related to the regulatory changes which came into force in June 2021.

A majority of policy interpretations were responses to the money services businesses sector (49%), the financial entity sector (19.5%) and the real estate sector (7%).

FINTRAC's policy interpretations, many of which involve complex business models, are generally posted on its website without identifying information, to assist other businesses that may have similar questions.

Policy interpretations related to the regulatory amendments were also discussed at the Advisory Committee on Money Laundering and Terrorist Financing, the FINTRAC Reporting Working Group, the Virtual Currency Dealers Working Group and the Guidance and Policy Interpretations Working Group.

## Responses to Enquiries

Throughout 2021–22, FINTRAC responded to 7,664 enquiries from businesses in every reporting sector on a broad range of issues, including reporting obligations, access to reporting systems, the registration of money services businesses, and the requirements associated with the regulatory amendments, which came into force in June 2021.

## Money Services Business Registry

Businesses that exchange foreign currencies, transfer money, cash/sell money orders or traveller's cheques, or deal in virtual currency must register with FINTRAC before offering these services to the public. Moreover, they must renew their registration every two years. Individuals convicted of certain offences under, among other statutes, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the *Controlled Drugs and Substances Act* or the *Criminal Code* are ineligible to register a money services business in Canada. Should such a determination be made, the registration is either denied or revoked. Money services businesses are also required to respond to demands for information from FINTRAC or their registrations are revoked. In total, there were 114 revocations in 2021–22.

FINTRAC also undertakes a validation initiative every year to confirm the existence of specific money services businesses and determine where entities may potentially be operating without being registered (*i.e.*, illegally) with the Centre. In 2021–22, FINTRAC conducted 169 validations on money services businesses in Canada that were suspected of being unregistered. This resulted in 23 new entities registering with FINTRAC and three being considered for an enforcement action. The remainder were either confirmed as not operational or were part of the ongoing validation process at the end of the fiscal year.

In total last year, 846 new money services businesses registered with FINTRAC and 305 businesses were renewed. In addition, 227 businesses ceased their registrations and 239 registrations expired. As of March 31, 2022, 2,465 money services businesses were registered with the Centre.

## Assessment

In addition to assisting businesses in understanding their obligations, FINTRAC has a number of different assessment tools in place to verify the compliance of more than 24,000 businesses across the country.

In recent years, the Centre has shifted to an assessment approach to ensuring compliance, where the emphasis is on a more holistic view of the overall effectiveness of a business's compliance program, including the impact

of non-compliance on the objectives of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and FINTRAC's ability to carry out its mandate. When the Centre's Compliance Program was first established, its examinations focused more on technical compliance. As the program matured, FINTRAC has continued to evaluate the essential requirements and obligations during its examinations; however, the Centre also assesses the processes in place for businesses to identify money laundering and terrorist financing risks and apply appropriate mitigation measures. In addition, FINTRAC considers any relevant factors and circumstances that impede the efforts of businesses or affect their obligations, as well as reduces the harm caused by the non-compliance. With this more comprehensive assessment approach, the Centre aims to encourage businesses to better understand their money laundering and terrorist financing risks and requirements, as well as the important role they play in the fight against these threats to Canadians and Canada's economy.

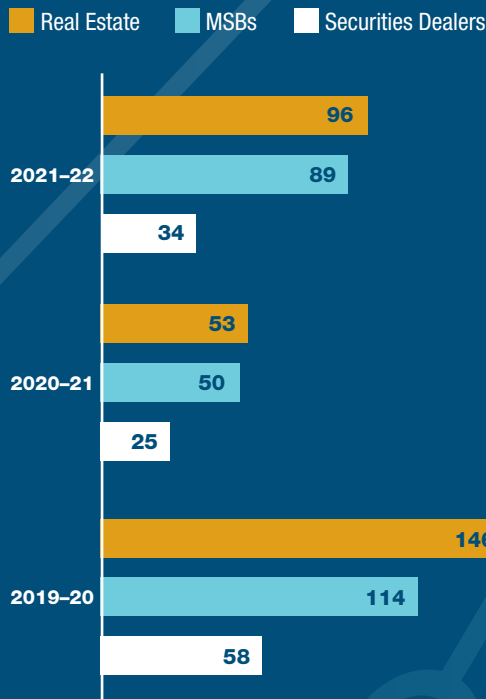
## Data Quality of Financial Transaction Reports

FINTRAC monitors the quality, timeliness and volume of the financial transaction reporting that it receives from businesses across the country. Over the past few years, the Centre has invested heavily in validating and monitoring reporting data, including improving its business processes to increase the effectiveness of its monitoring.

In 2021–22, FINTRAC received a total of 33,085,162 financial transaction reports from businesses. The Centre rejected 213,373 reports for not meeting quality requirements. It accepted 589,861 financial transaction reports for which it subsequently issued a warning to businesses about the quality of those reports.

When issues relating to reporting data quality, timing or volume are identified, FINTRAC addresses them through engagement, an examination or another compliance activity. Through this type of data monitoring, the Centre is also able to identify over-reporting and follow up with businesses to remove or delete from their database those reports that should not have been received.

## Largest Number of Examinations by Sector (Top Three)



## Compliance Examinations

Examinations are FINTRAC's primary instrument for assessing the compliance of businesses subject to the Act. The Centre uses a risk-based approach to select the businesses that will be examined every year, focusing a significant portion of its examination resources on businesses that report large numbers of transactions or are at a higher risk of being deficient or exploited by money launderers or terrorist financiers. Consistent with its transition from an audit to an assessment approach over the past few years, FINTRAC has undertaken more complex, lengthy and in-depth examinations of larger businesses in higher-risk sectors in order to determine how effectively they are fulfilling their compliance obligations.

The global pandemic continued to have a significant impact on FINTRAC's ability to conduct compliance examinations in 2021-22, particularly in relation to the public health restrictions that were in place in provinces throughout the country during a large part of the fiscal year. However, through the use of innovative new practices, the Centre was able to conduct 259 compliance examinations across Canada last year. The largest number of examinations was focused on the real estate sector (96), accounting for 37% of FINTRAC's total number of examinations over the past year. This was followed by money services businesses (89) and securities dealers (34).

FINTRAC regularly reminds businesses of its Voluntary Self-declaration of Non-compliance, a mechanism for informing the Centre when businesses face instances of non-compliance. Promoting open dialogue and transparency without the threat of a penalty, such notices allow the Centre to work collaboratively with businesses in addressing non-compliance that they have identified. In particular, this mechanism helps to ensure that FINTRAC receives reporting that it otherwise might not have, information that is critical to the production of actionable financial intelligence for Canada's police, law enforcement and national security agencies.

In 2021-22, FINTRAC received 224 Voluntary Self-declaration of Non-compliance notices. The majority of these declarations, which came from financial institutions, involved reports that had not been provided. The Centre worked closely with these financial institutions to ensure that the financial transaction reporting was submitted accurately to FINTRAC.

## Follow-up Activities

Follow-up activities can take a number of forms, including a recommendation to examine a particular business in the near future or requiring an entity to provide regular updates on its progress in addressing the deficiencies that have been identified by the Centre.

Follow-up examinations are an assessment tool that FINTRAC leverages, when appropriate, to determine if a business has addressed previous instances of non-compliance. In 2021–22, the Centre conducted 20 follow-up examinations. Of these, no further activity was required in nine cases as the businesses demonstrated a positive change in their compliance behaviour. The remaining 11 examinations resulted in enforcement action or a recommendation for additional follow-up activity.

FINTRAC has established a process for monitoring financial entities' compliance with their action plan commitments following an examination. The process constitutes ongoing feedback to entities on the actions they take to strengthen their compliance program and address exam findings. An action item is considered closed once the financial entity can demonstrate that it has taken all appropriate corrective measures. The Centre's ongoing engagement with financial entities following an examination reinforces positive compliance behaviours and promotes higher rates of compliance during follow-up activities.

## Enforcement

FINTRAC is committed to working with businesses to assist them in understanding and complying with their obligations. However, the Centre is also prepared to take firm action when it is required to ensure that businesses take their responsibilities seriously. This includes imposing administrative monetary penalties when warranted and providing non-compliance disclosures to law enforcement. Businesses must never lose sight that Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime is about protecting Canadians and the integrity of Canada's financial system.

## Administrative Monetary Penalties

In 2008, FINTRAC received the legislative authority to issue administrative monetary penalties to businesses that are in non-compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Under the legislation, penalties are intended to be non-punitive and are focused on changing the non-compliant behaviour of businesses. The administrative monetary penalties program supports FINTRAC's mandate by providing a measured and proportionate response to particular instances of non-compliance.

In 2019, the Centre published its updated Administrative Monetary Penalties policy, which outlines clearly and transparently the penalty process and FINTRAC's method of calculating penalties for non-compliance with the Act and associated Regulations. The Centre also developed and published a number of specific guides that describe its approach to assessing the harm done by the 200 violations prescribed in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations*, as well as FINTRAC's rationale in determining the corresponding penalty amounts.

With the changes to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* in 2019, FINTRAC is required to publicly name all persons and entities that receive an administrative monetary penalty.

In 2021–22, FINTRAC issued 15 Notices of Violation of non-compliance for a total of \$3,497,176. Eight Notices of Violation were issued in the real estate sector for a total of \$1,517,176, four in the financial entity sector for a total of \$1,683,000, two in the money services businesses sector for a total of \$74,250, and one in the dealer in precious metals and precious stones sector for a total of \$222,750.

FINTRAC has issued 122 Notices of Violation across most business sectors since it received the legislative authority to do so in 2008.

## Non-compliance Disclosures to Law Enforcement



## Non-compliance Disclosures to Law Enforcement Agencies

Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, FINTRAC may disclose cases of non-compliance to law enforcement when it is extensive or if there is little expectation of immediate or future compliance. In 2021-22, the Centre disclosed seven such cases.

In November 2021, the Royal Canadian Mounted Police Greater Toronto Area Integrated Money Laundering Investigative Team announced that it had charged an individual from Markham, Ontario with four counts of knowingly providing false or misleading information, contrary to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), following a non-compliance disclosure from FINTRAC.

**PROJECT GAINSBOROUGH**

FINTRAC's financial intelligence was recognized by the Ontario Provincial Police in relation to an investigation into the large-scale distribution of illegal marijuana products and cocaine trafficked in the London, Ontario area.

**Charges**

21 individuals charged with a total of 118 offences under the Controlled Drugs and Substances Act, Cannabis Act and Criminal Code, including charges related to organized crime. As a result of the investigation, police seized:

- 495 kilograms of illegal cannabis resin/oil
- 7,166 kilograms of illegal cannabis bud
- Approximately 10,000 packages of illegal cannabis edibles
- 2,773 kilograms of illegal cannabis shake
- 185 kilograms of illegal cannabis shatter
- 15,343 illegal cannabis plants
- 65 kilograms of psilocybin
- 124 grams of cocaine
- 28 oxycodone pills
- 50 hydromorphone pills

Grow equipment valued at more than **\$653,000**

- 6 firearms and ammunition
- \$53,000 in cash
- 6 vehicles (combined value of approximately **\$163,000**)

**Details of the investigation**

The Ontario Provincial Police Organized Crime Enforcement Bureau and the London Police Service began their 16-month investigation, dubbed Project Gainsborough, in June 2020 after investigators became aware of the large-scale distribution of illegal cannabis and cannabis derivatives and the trafficking of cocaine in the region. As part of the investigation, two clandestine cannabis extraction labs in Middlesex County and Brantford were located and dismantled by police. On November 3, 2021, approximately 200 officers aided in the search of 15 locations across several cities in southern Ontario. During those raids, several thousand kilograms of illegal cannabis products worth **\$32 million** were seized alongside valuable grow equipment, firearms, cash, and vehicles.

**Partners**

A special thanks to the Toronto Police Service, Saint Thomas Police Service, Hamilton Police Service, Peel Regional Police and Woodstock Police Service for your assistance. And thank you to the Financial Transactions and Reports Analysis Centre of Canada or FINTRAC who also assisted with this investigation.

— Deputy Commissioner Chuck Cox

In November 2021, the Ontario Provincial Police recognized FINTRAC's contribution to Project Gainsborough, a 16-month investigation into a drug trafficking

network across Ontario that concluded with significant seizures of illegal cannabis, its derivatives and other drugs with an estimated value of more than \$32 million. A total of 21 members or associates of the alleged criminal organization were arrested and charged with 118 offences, including in relation to organized crime. Police seized 495 kilograms of illegal cannabis resin/oil, 7,166 kilograms of illegal cannabis bud, approximately 10,000 packages of illegal cannabis edibles, 2,773 kilograms of illegal cannabis shake, 185 kilograms of illegal cannabis shatter, 15,343 illegal cannabis plants, 65 kilograms of psilocybin, 124 grams of cocaine, 28 oxycodone pills, 50 hydromorphone pills, grow equipment valued at more than \$653,000, six firearms and ammunition, more than \$53,000 in currency, and six vehicles valued at \$163,000.



# GLOBAL LEADERSHIP

FINTRAC works with its allies and partners in a global effort to combat international money laundering and terrorist activity financing. As a Centre that is recognized for its expertise and global contribution, FINTRAC is regularly asked to lead conferences and workshops and contribute to international research projects, training and bilateral and multilateral capacity building initiatives.

Recognizing the transnational nature of money laundering and terrorist activity financing, FINTRAC cooperates with foreign financial intelligence units to protect Canadians and the integrity of Canada's financial system. Through over 100 bilateral agreements, the Centre is able to disclose financial intelligence to financial intelligence units worldwide when appropriate thresholds are met. At the same time, foreign intelligence units are able to share their information with FINTRAC, which broadens its analyses of international financial transactions. In 2021–22, the Centre received 268 queries for information from foreign financial intelligence units in relation to money laundering and terrorist activity financing, and provided 258 disclosure packages. For its part, FINTRAC sent 78 requests to foreign financial intelligence units seeking further financial intelligence to broaden its own analysis.

In recent years, FINTRAC has developed a survey to gauge the level of satisfaction among international partners with the Centre's financial intelligence, focusing on the 17 foreign financial intelligence units that, in total, receive more than 70% of FINTRAC's disclosures. In 2021–22, the survey results showed an overall satisfaction rate of 94% in relation to FINTRAC's financial intelligence. The majority of respondents also indicated that the Centre's proactive disclosures aligned with their mission/mandate every time or almost every time.

FINTRAC works closely with the Department of Finance Canada, other regime partners, foreign financial intelligence units and international organizations to help enhance global knowledge of money laundering and terrorist financing issues and to combat the threat posed by these and other financial crimes.

Over the past year, FINTRAC was a founding member of the Russia-Related Illicit Finance and Sanctions (RRIFS) Financial Intelligence Unit Working Group, which was established as a coordinated international response by Canada's Five Eyes partners and Western European allies in response to the Russian Federation's unprovoked and unjustified invasion of Ukraine. The RRIFS Financial Intelligence Unit Working Group is concentrated on coordinating the production of actionable and timely financial intelligence in relation to priority targets of investigation in member countries relating to Russia-linked money laundering, with a particular focus on sanctions evasion.

In 2021–22, FINTRAC was also a founding member of the International Financial Action Strike Team, along with its Five Eyes partners, including Australia, New Zealand, the United Kingdom and the United States. The purpose of this international team is to deepen the exploitation of financial intelligence to combat priority financial crimes by bringing together subject matter experts to discuss specific operational files and propose coordinated operational approaches. The International Financial Action Strike Team also provides an avenue for law enforcement to connect and collaborate with financial intelligence units on investigative matters.

Throughout the year, FINTRAC continued to be a leading participant and presenter at the Australian Transaction Reports and Analysis Centre (AUSTRAC) led Five Eyes Public-Private Partnership Roundtable, a forum meant to increase strategic financial intelligence sharing among Five Eyes financial intelligence units. In 2021–22, FINTRAC presented research on money laundering and terrorist financing risks associated with virtual currency as well as key findings and lessons learned in relation to its participation in Canada’s public-private partnerships combatting online child sexual exploitation (Project Shadow) and money laundering in British Columbia and across Canada (Project Athena).

In 2021–22, FINTRAC also contributed to the important work of the Global Coalition to Fight Financial Crime, a public-private coalition that is focused on enhancing the fight against financial crime globally by identifying weaknesses in the current system and advocating for tangible reform. In addition to FINTRAC’s Director and CEO serving as a Co-chair of a sub-group on Law Enforcement, Financial Institution and Financial Intelligence Unit Collaboration, the Centre led the development of a best practices paper on how financial intelligence units and law enforcement agencies can work collaboratively to ensure that financial intelligence is exploited to the fullest extent possible in order to disrupt financial crime.

Over the past year, FINTRAC also served as a member on a joint United States-Canada Working Group focused on countering ideologically motivated violent extremism as part of the “Roadmap for a Renewed United States-Canada Partnership.” Focused on strengthening bilateral cooperation and information sharing in order to more effectively address and prevent domestic violent extremism, the working group conducted an assessment in 2021–22 of the threat posed by ideologically motivated violent extremist groups and actors, which included a focus on the financing associated with this threat.

As part of its mandate to combat the financing of terrorism, FINTRAC also delivered a presentation on the financing typologies of the Islamic State of Iraq and the Levant (ISIL) to the 15<sup>th</sup> meeting of the Global Coalition to Counter ISIL Financing Group, co-led by the United States, Italy and Saudi Arabia. This two-day meeting was attended by more than 120 participants from 50 member countries. In addition, FINTRAC provided a presentation to the

United Nations Counter-Terrorism Executive Directorate on terrorist financing risks and threats as part of Canada’s participation in the Directorate’s review of the implementation of United Nations Security Council Resolutions on counter-terrorism.

Throughout 2021–22, FINTRAC’s international outreach included numerous presentations on Project Protect, Project Shadow and the critical issue of survivor inclusion across the globe to the United Nations, the Organization for Security and Co-operation in Europe, the International Law Enforcement Training Network, and the Finance Against Slavery and Trafficking (FAST) initiative. The FAST initiative is a multi-stakeholder project based at the United Nations University Centre for Policy Research that works to mobilize the financial sector against modern slavery and human trafficking.

FINTRAC is also a member of the Egmont Group, which is comprised of 167 financial intelligence units worldwide. As part of its contribution to the group, the Centre has led or participated in projects including the development of typologies, the delivery of technical assistance and the provision of training.

FINTRAC’s Director and CEO took over as Chair of the Egmont Information Exchange Working Group in early 2021. The mandate of this working group is focused on improving information sharing among financial intelligence units by identifying new trends and methods related to money laundering and terrorist financing; sharing best practices and expertise among financial intelligence units; and seeking new and innovative ways to develop and share financial intelligence. FINTRAC’s Director and CEO also serves as a member of the Egmont Committee, which acts as a steering/advisory group for the Chair of Egmont.

As part of its work on the Egmont Information Exchange Working Group over the past year, FINTRAC contributed to a project aimed at developing approaches to identify professional money laundering networks and patterns by pooling insights from financial intelligence units in relation to previous “laundromat schemes” and other trade-based money laundering schemes. Referred to as “Conclusions from Large-Scale Cross-Border Money Laundering Schemes,” the project resulted in the development of digital indicators in identifying high-risk transactions, a shell company database and a case book.

FINTRAC also provided insight and content on an Egmont/ Financial Action Task Force report titled, Trade-based Money Laundering Trends and Developments, and companion report, Trade-based Money Laundering: Risk Indicators. These reports were aimed at helping public and private sector organizations detect trade-based money laundering, and included recommendations to address the risks associated with trade-based money laundering.

In 2021–22, FINTRAC also contributed its expertise and content to Egmont’s project on Extreme Right-Wing Terrorist Financing. This project examined financing typologies, methods and cases related to extreme right-wing terrorism, while promoting multilateral information sharing and identifying areas where financial intelligence units can contribute to the successful detection and investigation of this evolving and increasing threat.

FINTRAC is also an active member of Canada’s delegation to the Financial Action Task Force (FATF), an international body that sets standards and promotes the effective implementation of legal, regulatory and operational measures for combatting money laundering and terrorism financing. In 2021–22, the Centre contributed to the review of several mutual evaluations and follow-ups and supported the improvement of FATF standards and processes. FINTRAC also worked closely with the Department of Finance Canada in the preparation and revision of Canada’s submission for its Fourth Enhanced Follow-Up Report to the FATF. Canada sought re-ratings for recommendations where substantial progress had been made since its 2016 mutual evaluation report. In October 2021, the FATF recognized Canada’s overall progress and agreed to move it from enhanced follow-up to regular follow-up. In addition, FINTRAC supported the FATF’s broader strategic review in preparation for the next round of FATF mutual evaluations.

Over the past year, FINTRAC also contributed to a number of FATF guidance, policy and research initiatives. For example, the Centre supported the development of the FATF Risk-based Guidance for the Real Estate Sector by providing input, including relevant case studies, about how the sector is used to launder the proceeds of crime, as well as examples of activities that improve the compliance of businesses in the real estate sector. FINTRAC also contributed to the FATF’s Updated Guidance for a Risk-based Approach to Virtual Assets and Virtual Assets Service Providers.

In 2021–22, the Centre supported FATF projects related to digital transformation of anti-money laundering and anti-terrorist financing operational agencies, including contributing to the development of three reports: “Opportunities and Challenges of New Technologies for AML/CTF”, which aims to increase awareness of, and identify opportunities to leverage, emerging and existing technology-based solutions (published in July 2021); “Stocktake on Data Pooling Analysis and Data Protection”, which examines commercially available or emerging technologies that facilitate advanced anti-money laundering and anti-terrorist financing analytics within regulated entities (published in July 2021); and “Partnering in the Fight against Financial Crime: Data Protection, Technology and Private Sector Information Sharing”, which shared lessons learned across jurisdictions about private sector information sharing initiatives (published in July 2022).



In June 2021, the Alberta RCMP Integrated Market Enforcement Team acknowledged FINTRAC’s contribution to an investigation that led to charges against a Calgary-based financial advisor for fraud and secret commission, following allegations the advisor was trading in multi-million dollar client accounts without their knowledge and without discretionary authority.

# PROTECTING PERSONAL INFORMATION

In fulfilling its core financial intelligence and compliance mandates, FINTRAC is committed to safeguarding the information that it receives and discloses to Canada's police, law enforcement and national security agencies. The *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* strikes a careful balance between FINTRAC's receipt and disclosure of personal information to support essential criminal and national security investigations and the rights of Canadians to be protected from unnecessary invasions of their privacy.

The safeguarding of personal information is critical to FINTRAC and clear principles for the protection of privacy are set out in its governing legislation, including strict limitations on the information that can be received and disclosed, clear requirements for maintaining and disposing of records, and a biennial audit of FINTRAC's protection of information by the Office of the Privacy Commissioner. These principles are reinforced by the Centre's own operational policies and security measures.

## Protecting Privacy

FINTRAC does not have direct access to the bank accounts or any other financial information of Canadians. The Centre receives information from businesses only as specified under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. The legislation also establishes that FINTRAC can only make a financial intelligence disclosure to appropriate police and prescribed law enforcement and national security agencies. Furthermore, the Act clearly defines what information may be disclosed and sets out specific thresholds that must be met before the Centre can disclose it. Any other disclosure or improper use of information is prohibited and can result in severe penalties, including a fine of up to \$500,000 and/or up to five years' imprisonment.

In order to protect the reports that it receives from Canadian businesses, FINTRAC's premises and information systems are guarded by multi-layered

and integrated security systems. All personnel must maintain a high-level enhanced security screening as a condition of employment. As well, employees have access to sensitive information on a need-to-know basis only and are reminded regularly of their responsibilities to protect personal information. The Centre's Code of Conduct, Values and Ethics reinforces employees' legal obligations in relation to safeguarding information.

Given that information protection is integral to FINTRAC's mandate, the Centre requires its personnel to have a heightened awareness of security, privacy, information management and access to information as well as to participate in mandatory access to information and privacy training. FINTRAC's Access to Information and Privacy Office provides regular advice and guidance to all FINTRAC employees to further ensure that the Centre manages its personal information holdings effectively and in accordance with the *Privacy Act*. The Centre also publishes monthly information notices regarding access to information and privacy protection on its intranet site. In addition, new personnel receive mandatory security briefings and training in relation to information and privacy protection.

The *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* establishes retention and disposition rules for the personal information that FINTRAC receives. The Centre is diligent in disposing of reports 10 years after their receipt if they are not used in a financial intelligence disclosure.

## Office of the Privacy Commissioner Audit

FINTRAC is the only federal agency whose governing legislation requires a biennial audit by the Office of the Privacy Commissioner on the measures it takes to safeguard the personal information that it receives and collects under the Act. In 2021–22, the Office of the Privacy Commissioner finalized its fourth review of FINTRAC's privacy protection measures, focusing on the Centre's policies and procedures related to administrative, physical and information technology security controls to protect information from unauthorized use and disclosure. The review also looked at IT controls in place on the IT infrastructure at Shared Services Canada where FINTRAC's electronic data holdings are housed.

FINTRAC accepted the Privacy Commissioner's final audit report, which highlighted a number of areas of strength in relation to the Centre's integrated security framework. These include established principles to guide its security activities (e.g., need-to-know principle, access control criteria, security and change management to approved configurations and the separation of duties); continuous threat and risk management, rigorous personnel security screening, security zones, electronic access control devices, identification cards and mandatory security awareness training; and robust network security configurations, including network zoning and separation between systems.

The Office of the Privacy Commissioner's audit did note that FINTRAC's existing monitoring of its systems should be strengthened to better detect potential unauthorized access by the Centre's employees. The Office of the Privacy Commissioner also observed that FINTRAC's Business Continuity Plan did not address the protection of personal information.

The Centre has a number of measures in place to monitor its systems and has, in recent years, completed a variety of initiatives, including the introduction of new technology, to further its existing capability. In addition to existing controls, FINTRAC has procured additional technology to enhance its ability to detect inappropriate internal activity on its systems. The Centre's Business Continuity Plan was also updated to ensure the personal information holdings are continuously protected.

The Office of the Privacy Commissioner's audit also identified issues in relation to the receipt, collection and retention of personal information that does not meet reporting thresholds, particularly in relation to terrorist property reports, large cash transaction reports and electronic funds transfer reports, as well as information collected as part of the Centre's compliance examinations.

FINTRAC has taken a number of concrete steps to limit the receipt and retention of reports that do not meet the legislated threshold for reporting. For example, the Centre recently updated its guidance for businesses in relation to reporting under the 24-hour rule. As well, as part of changes to its reporting systems, FINTRAC is updating various reporting forms to minimize the receipt of reports that do not fall under this rule. The Centre also works extensively with businesses to inform them of their obligations, including the types of information they should and should not provide to FINTRAC. In addition, FINTRAC has in place robust front-end screening for incoming reports to ensure they meet legislated reporting thresholds and do not contain unnecessary and/or excessive personal information.

The protection of privacy is a clear priority and a critical result of FINTRAC's work. While helping to protect the safety of Canadians and security of Canada's economy, the Centre is determined to meet all of its obligations under the *Privacy Act* and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

# CORPORATE STRENGTH

As FINTRAC's responsibilities and operations continue to grow in scope and complexity, its ability to deliver on its mandate is tied directly to its adaptability, the skills and dedication of its employees, and the tools and resources that it provides them to do their work. As an organization committed to excellence, the Centre is focused on the effective management of its human, technological and financial resources.

## Protecting the Health and Safety of Employees

FINTRAC continued to mobilize and reorient its operations effectively in 2021–22 to keep its people and workplace safe in the face of the ongoing COVID-19 global pandemic, while ensuring that it was able to deliver on its critical financial intelligence and compliance mandates. Throughout the past year, the Centre managed its onsite presence to respect local and federal public health restrictions and to ensure that its employees could maintain appropriate physical distancing in the workplace. This included employees working remotely where they could do so effectively. FINTRAC also updated its comprehensive *Safe at Work Playbook* and a Manager's Toolkit on an ongoing basis to ensure that employees were aware of, and respected, the extensive measures that were in place to keep them safe. The Centre also continued to make available non-medical masks and sanitizer; maintain established rigorous cleaning procedures; and manage technology-enabled contact tracing and reporting protocols, as well as a building access management application to monitor building occupancy. As a result of these extensive efforts, FINTRAC avoided workplace transmission of the virus while delivering results for its partners and Canadians, including generating the second highest number of financial intelligence disclosures for Canada's law enforcement and national security agencies in its history.

In addition to keeping its people safe over the past year, the Centre focused on supporting their mental health and well-being. FINTRAC's Ombuds and Champion for Mental Health were actively engaged in assisting, supporting and listening to individual employees and promoting, more broadly, information and advice to help staff manage the significant personal and professional challenges associated with the global pandemic.

## Workforce Expertise, Engagement and Excellence

Through tailored engagement activities and robust people management initiatives, FINTRAC continues to attract, develop, retain and maximize the contributions of one of the most dedicated and talented workforces in the federal government.

Throughout 2021–22, the Centre continued to implement its five-year People and Culture Strategy, *Our Talent, Our Future*, launched in 2019. Based on the vision and priorities laid out in FINTRAC's Strategic Plan, *Our Talent, Our Future* is focused on promoting a culture of accountability through empowerment and change; preparing FINTRAC for the future through continuous growth and modernization; and collaborating to strengthen results. This work will help ensure the Centre remains an employer of choice that empowers its employees through dynamic and challenging work, complemented with flexible work-life balance and an overriding commitment to mental health and well-being. Ensuring that FINTRAC is able to attract, develop and retain a talented and high-performing workforce is key to its continued success.

In support of its five-year People and Culture Strategy, the Centre developed a new streamlined Telework Directive to facilitate the transition to a hybrid work model that is flexible-by-design and that includes employee-requested telework arrangements where it is operationally and functionally feasible. While ensuring that FINTRAC is able to deliver on its mandate for its partners and Canadians, the flexible-by-design approach will enhance the Centre's ability to attract top talent, including under-represented minority groups and those with disabilities who may be unable to come into the office.

In 2021–22, FINTRAC also implemented its new Staffing and Talent Acquisition Policy Suite which is intended to modernize, simplify, and streamline staffing activities and enhance the Centre's ability to identify and hire top talent. This new policy suite has seen the Centre shift from a rules-based system to one that is flexible, innovative and results oriented. It also encourages broad managerial discretion and the customization of resourcing strategies, while ensuring fairness and transparency.

In support of its new Staffing and Talent Acquisition Policy Suite over the past year, FINTRAC launched its first enterprise-wide talent acquisition process for future leaders. It also continued to source high calibre talent through its readily available Xpress Talent Pools and Prospective Talent Rosters. In addition, the Centre enhanced its catalogue of psychometric assessment tools as a means of providing hiring managers with additional insights to make their hiring decisions and select the right talent. As well, FINTRAC continued to enhance the experience of potential candidates by increasing the quality and timeliness of its responses and providing comprehensive post-assessment feedback. The Centre also increased its focus on diversity and integrating employment equity in all of its staffing strategies.

Over the past year, FINTRAC established new partnerships with universities and other non-government organizations in order to support student hiring, and participated in a number of targeted recruitment initiatives and various student outreach activities to recruit and hire entry-level individuals with the right skill-sets, including the Canada School of Public Service Career Fair and Indigenous Resource Centre job fairs. In addition, FINTRAC participated in its fifth Federal Safety, Security and Intelligence Career Fair, held virtually for a second year, to highlight the Centre's career opportunities.

In 2021–22, the Centre also participated in a neurodiversity recruitment initiative with Specialisterne through a pilot project established by the Office of Public Service Accessibility. The initiative enabled FINTRAC to recruit, conduct enhanced security screening, and integrate five individuals with cognitive disabilities in professional positions.

Despite the challenges and restrictions associated with the global pandemic, the Centre was able to hire 116 new employees and provide 176 meaningful work term opportunities to students last year.

As an organization committed to expertise and excellence, learning and development opportunities for staff remained a priority for FINTRAC throughout the past year. The Centre's Talent Management Program, in particular, is designed to support ongoing growth, development and retention, and it helps the organization to better understand and take into consideration employee strengths, areas of development and career aspirations.

Over the past year, FINTRAC participated in the Executive and Leadership Development Program, which is managed by the Office of the Chief Human Resources Officer within the Treasury Board of Canada Secretariat in partnership with the Canada School of Public Service and the Public Service Commission of Canada's Personnel Psychology Centre.

In 2021–22, FINTRAC also led the pilot for the Pinkcareer's Incubator Leadership Development Program, which includes participants from Shared Services Canada and the Correctional Service of Canada. This six-month program targets emerging women with leadership aspirations, passionate women who are newly responsible for leading people or projects, and high potential women who are ready to take on increased responsibilities in their current role. This year's cohort included of nine exceptional, emerging women leaders from across FINTRAC.

The Centre also implemented a robust training series aimed at its senior leaders. Referred to as the Agency Manager's Forum, this regularly-held series seeks to strengthen and empower FINTRAC's leadership cadre through a wide variety of training, including in relation to leadership character, linguistic insecurity, performance management, conflict management and driving change.

In addition to providing extensive sector-specific training to staff, the Centre continued with its “FINTRAC 101” series, which offers employees an opportunity to learn about the work of other sectors and increase their knowledge of issues within the money laundering and terrorist financing landscape. Held almost monthly in 2021–22, these sessions focused on topics such as terrorist financing typologies, money laundering associated with cryptocurrency and how to accelerate digital transformation.

Throughout the year, FINTRAC also provided a number of virtual “Take Me With You” opportunities to employees, allowing interested staff to observe governance committees and other meetings to promote greater transparency and improve information sharing across the organization. FINTRAC’s “Take Me with You” program helps employees understand where their work fits within the bigger picture and how it contributes to the success of the Centre, enhances efficiency and transparency through the broader sharing of information and knowledge, and promotes career development and empowerment by expanding networks, breaking down silos, and giving employees greater ownership of their work.

In 2021–22, a number of employees also took part in FINTRAC’s Mentorship Program, a program designed to connect employees with experienced colleagues and executives across the Centre to support professional development goals, as well as to cultivate relationships and foster an exchange of knowledge regarding valuable experiences and perspectives within and between sectors. In addition, four employees took part in exchange assignments through the FINTRAC Exchange Program, which promotes collaboration, capacity building and leadership development within the Centre’s highly engaged and talented workforce.

As part of the Centre’s commitment to being an employer of choice for Canadians, FINTRAC continued to make significant progress in advancing its enterprise-wide Workplace Wellness and Culture Action Plan. Designed by an employee-led committee, the Workplace Wellness and

Culture Working Group, the plan is based on Centre-wide feedback from staff compiled through the 2019 Public Service Employee Survey, a 2020 Workforce Assessment, a 2020 Pulse Check Survey, employee and student exit interviews and recommendations from the FINTRAC’s Ombuds Office. The Workplace Wellness and Culture Action Plan focuses on Centre-wide initiatives tied to health, wellness and culture, and is focused on four key themes: Mindful Leadership; Healthy, Respectful and Inclusive Workplace; Open Communication and Transparency; and Talent Acquisition, Development and Retention. Between June 2021, when the plan was launched, and the end of March 2022, more than 80% of the initiatives were completed in three of these four key themes.

FINTRAC is committed to providing a workplace that is inclusive, safe and healthy. Following broad consultations with a diverse segment of its workforce, the Centre developed and implemented a new values statement that aligns with its Code of Conduct, Values and Ethics. The new values statement reinforces the core values of the organization to foster a workforce that is respectful and inclusive, and one that embraces its diverse backgrounds. In addition, managers, employees and representatives of FINTRAC’s Occupational Health and Safety Committee completed mandatory training on Preventing Harassment and Violence in the Workplace provided by the Canada School of Public Service by December 2021.

FINTRAC also houses an Ombuds Office as part of its commitment to a respectful workplace. Created in May 2019 and reporting to the Director and Chief Executive Officer of FINTRAC, the Ombuds Office provides a safe, respectful and judgement-free resource to support staff and, when needed, guide parties to resolve problems as quickly and as informally as possible. FINTRAC’s Ombuds Office has provided direct and critical support to staff, and valuable advice to the Director, in relation to the significant challenges brought about by the global pandemic and the many personal and professional adjustments that all staff members have had to make.



As part of its efforts to ensure a workplace that is inclusive, safe and healthy, FINTRAC is committed to supporting diversity, employment equity and multiculturalism. The Centre promotes diversity and employment equity through its job posters, selection processes, job fairs and open houses. FINTRAC's Staffing and Talent Acquisition policy suite also provides strong support for employment equity by embedding, directly in its policies, a series of flexibilities that can be used to customize appointment processes to meet the Centre's employment equity needs, including the ability to integrate employment equity as part of the candidate profile and the ability to limit an area of selection to an employment equity group, increasing the chances of attracting members of that group.

Over the past year, FINTRAC announced the nomination of its new Employment Equity, Diversity and Inclusion Champion (formerly known as the Employment Equity and Multiculturalism Champion) and the re-launching of its employee consultation body, known as the Employment Equity, Diversity and Inclusion (EEDI) Working Group. Sixteen employees from across the Centre have joined this working group since its creation. FINTRAC's national training standards also include mandatory diversity, equity and inclusion training. A learning path for employees will unfold over a three-year period, beginning with members of the EEDI Working Group, with additional training requirements to be added for those in supervisory positions.

In 2021–22, FINTRAC developed a Leadership Pledge on Employment Equity, Diversity and Inclusion, a key commitment outlined in the Centre's Workplace Wellness and Culture Action Plan. The Leadership Pledge outlines how FINTRAC will address systemic racism and discrimination, as well as stipulating the individual actions, organizational commitments, and underlying beliefs that are needed to move forward when it comes to diversity, equity and inclusion. Every member of the Executive Cadre will sign on to the Leadership Pledge in the next fiscal year and be held accountable to its commitments.

FINTRAC also continues to raise awareness, highlight designated group contributions, promote diversity, equity and inclusion training opportunities, and mark important moments of remembrance throughout the year. For example, to highlight International Women's Day in 2022, the Centre hosted an internal panel discussion in which panelists participated in a "Never Have I Ever" style activity. Other initiatives included spotlighting women who are breaking the barriers to gender equality, as well as creating a mural of employees who have taken a stand to Break the Bias. The results of both initiatives were published on FINTRAC's internal website and made available to all staff members.

**PROJECT ELK**

FINTRAC's financial intelligence was recognized by ALERT Edmonton in relation to a criminal investigation into an Edmonton-based drug trafficking network that was involved in drug importation.

**Details of the investigation**

ALERT Edmonton's organized crime team spearheaded Project Elk in November 2019. In August 2020, ALERT introduced a six-kilogram cocaine shipment that originated in Toronto. The seizure precipitated a series of search warrant executions in which six homes in Edmonton and one home in Saskatchewan County were searched. Eight suspects were arrested and charged in October 2021.

**Partners**

- ALERT Edmonton
- Edmonton Police Service
- Royal Canadian Mounted Police
- Financial Transactions and Reporting Agency, Centre of Canada

**Charges**

- Trafficking a controlled substance
- Conspiracy to commit trafficking a controlled substance
- Possession of a loaded/restricted/prohibited firearm
- Conspiracy to commit assault
- Providing a false statement to police
- Conspiracy to commit trafficking a controlled substance for a criminal organization
- Protection for the purpose of trafficking
- Instruction of a criminal organization
- Transfer of a prohibited firearm

**Seizures**

- Several firearms
- Large volumes of cocaine, morphine, and cannabis
- \$95,000 in cash
- \$200,000 in offence related property: three vehicles, jewelry, diamond rings, and Rolex watches

“The drug trade doesn't pay in the end, if you're not able, you're ending up in jail, and you're only hurting the people around you. It's not the glamorous lifestyle that is romanticized for the sake of TV and movies.”  
— Inspector Kevin Bangs, ALERT Edmonton

Canada

In November 2021, the Alberta Law Enforcement Response Teams acknowledged FINTRAC's contribution to Project Elk, a two-year cross-country investigation into an Edmonton-based drug trafficking network. Eight suspects were charged with offences ranging from drugs and firearms, to conspiracy to commit an indictable offence and commission of an offence for a criminal organization. Law enforcement also seized \$2,000,000 in drugs, cash and other proceeds of crime, including five firearms, 10 kilograms of cocaine, 17 kilograms of a cocaine buffing agent, 4.7 kilograms of methamphetamine, 2.9 kilograms of cannabis, three vehicles, diamond rings and Rolex watches.

To recognize Black History Month, employees were invited to attend a “Courageous Conversation” session about micro-aggressions, privilege and the notion of allyship. This was an opportunity for employees to discuss racism in a respectful and open environment. Those who participated were encouraged to challenge their pre-conceived notions surrounding diversity, inclusion, equity, explicit versus implicit racism, and how racism is manifested in Canada. This session was the first of many that will help employees develop their anti-racism knowledge and skills.

Over the past year, FINTRAC also partnered with the Coalition of Innovation Leaders Against Racism, including providing sponsorship, taking part in their annual mentorship program, leveraging their platform for internal diversity data, and participating in one of their pillar programs. The Coalition aims to create opportunities to support innovative leaders in the Black, Indigenous and Persons of Colour community while ending systemic racism and other barriers to participation in the economy by establishing best practices and scaling network partner programs. The Coalition’s five pillars are youth development, job opportunities, venture and capital, community and leadership, and inclusive innovation and technology.

FINTRAC also provided funding in support of the Government of Canada’s commitment to reconciliation, to the implementation of the Many Voices One Mind Action Plan, and to Indigenous public servants through its sponsorship of the Knowledge Circle for Indigenous Inclusion. The Knowledge Circle supports the Champion for Indigenous Federal Employees and the implementation of the Many Voices One Mind Action Plan outcomes for Indigenous inclusion by leveraging cultural competency, encouraging collaboration, and enhancing coherence.

In 2021–22, FINTRAC continued to promote and support bilingualism through a variety of activities and initiatives, including group training, awareness activities and events and language programs. Throughout the year, dozens of employees across the Centre’s Ottawa, Montréal, Toronto and Vancouver offices participated in part-time language training. As well, a number of employees took part in the Centre’s Language Buddy System, which allows staff to practice and improve their second language skills with the help of a volunteer coach in a more informal setting.

Over the past year, FINTRAC’s Official Languages Working Group focused on fostering a culture and work environment where employees feel free to communicate in the official language of their choice, providing feedback on official languages issues and concerns, and developing employee engagement and awareness initiatives to promote official languages across the Centre. Together with FINTRAC’s Official Languages Champion, the Working Group hosted a Centre-wide event to celebrate the Journée de la Francophonie, launched a new Official Languages Newsletter, and provided regular messages and updates via FINTRAC’s Official Languages Portal, which includes various tips, tricks and other resources to promote bilingualism in the workplace.

To celebrate Linguistic Duality Day in September 2021, FINTRAC welcomed a guest speaker from a not-for-profit organization called Canadian Parents for French. The session focused on the modernization of the *Official Languages Act*, provided various tools and resources to develop second language skills, and included tips to increase confidence when using a second language. The Centre also hosted three sessions throughout the year on linguistic security with a guest speaker from the Office of the Commissioner of Official Languages. During the presentation, tips for building a linguistically inclusive workplace were shared in order to increase the number of employees who are comfortable using both official languages in the workplace.

## FINTRAC Demographics

FINTRAC is proud to be an inclusive employer that attracts and retains a talented workforce that is reflective of Canada's rich diversity. The Centre has in place an electronic self-identification form and questionnaire to capture its demographic data and make it easier and more convenient for employees to participate. What follows is an updated demographic picture of the organization.

Number of Employees<sup>1</sup>: **483**

Designated Group Representation	FINTRAC Employees	Workforce Availability <sup>2</sup>	Federal Public Service <sup>3</sup>
● Women	56.7%	58.4%	55.6%
● Visible minorities	22.9%	20.2%	18.9%
● Persons with disabilities	6.2%	8.5%	5.6%
● Indigenous peoples	1.0%	2.5%	5.2%

Official Languages Representation	FINTRAC Employees	Canadian Population <sup>4</sup>	Federal Public Service <sup>5</sup>
● First official language—English	66.4%	75.4%	69.1%
● First official language—French	33.6%	22.8%	30.9%

1 Indeterminate and term employees (including those on leave or interchange); does not include students

2 FINTRAC's workforce availability is based on the occupational groups at FINTRAC on March 31, 2022, and the Canadian Citizen Workforce Population based on 2016 Census statistics and 2017 Canadian Survey on Disability

3 Source: Employment Equity in the Public Service of Canada for Fiscal Year 2020 to 2021

4 Source: Office of the Commissioner of Official Languages, based on 2016 Census data

5 Source: Annual Report on Official Languages 2019–20—Canada.ca

## Leveraging Technology

FINTRAC depends on a sophisticated information technology infrastructure to receive, store and secure over 30 million new financial transaction reports every year. FINTRAC's systems support the heavily technology-enabled Compliance Framework, allowing businesses to submit financial transaction reports, facilitating the tracking and recording of compliance, and enabling businesses to meet their legislative and regulatory obligations. At the same time, this infrastructure allows intelligence analysts to filter the information, analyze it and generate actionable financial intelligence for Canada's police, law enforcement and national security agencies. This is only possible with modern systems that can manage the high volume of information, make the connections and produce the needed results, all in real-time or close to it.

As the COVID-19 global pandemic continued throughout 2021–22, FINTRAC focused on ensuring that it had the appropriate tools, technology and systems in place to continue to securely deliver on its critical intelligence and compliance mandates. The Centre was able to onboard more than 200 employees with new virtual environments, upgrade remote and desktop technologies for better performance, introduce new remote features and build a vaccine attestation application. FINTRAC also continued to reconfigure its physical office space, including its existing network connections, to ensure that it was able to respect local public health restrictions and keep its staff safe and healthy. These extraordinary efforts, and many others that were led by FINTRAC's IM/IT professionals and supported by its IT Security Team and Shared Services Canada,

continued to provide the secure foundation upon which the Centre was able to produce the same, uninterrupted level of results for its regime partners and Canadians throughout the global pandemic.

As it managed the challenges and impacts associated with COVID-19, FINTRAC also worked effectively to deliver on the information technology requirements in relation to the implementation of the significant legislative and regulatory changes that came into effect in June 2021. This included, among other things, creating and publishing hundreds of pages of new and revised guidance for businesses; developing a new large virtual currency transaction reporting form in consultation with Canadian businesses; and implementing considerable systems changes to accommodate new reporting to FINTRAC.

Throughout 2021–22, the Centre's focus remained on the modernization of its information technology systems in order to keep pace with the rapid technological innovation that is taking place in the financial sector and all sectors around the world. More information of FINTRAC's multi-year Digital Strategy, aimed at transforming the Centre into a leading digital organization, can be found earlier in this report.

The Centre also continues to explore ways to apply advanced analytical methods and leverage machine learning. This is meant to provide FINTRAC with greater and deeper insights into money laundering and terrorist activity financing, facilitate the development of automated solutions and support operational objectives.

## Resource Management

FINTRAC's resources are managed on the basis of effective policies and planning, reliable financial and non-financial information and sound analysis.

### FINTRAC's Budgets by Fiscal Year

	2019–20 (in millions)	2020–21 (in millions)	2021–22 (in millions)	2021–22 and 2020–21 Variance (in millions)
Salaries	\$41.1	\$44.3	\$47.5	\$3.2
Employee Benefit Plans	\$4.8	\$5.9	\$6.7	\$0.8
Operations and Maintenance	\$14.2	\$30.1	\$36.0	\$5.9
Total Approved Budget*	\$60.2	\$80.3	\$90.3	\$10.0
Total Actual Expenditures	\$55.3	\$61.7	\$77.0	\$15.3

\* Totals may not add due to rounding.

Between 2020–21 and 2021–22, FINTRAC's total approved budget increased by \$10.0M (\$12.5%). The voted budget, including salary and operations and maintenance, increased by \$9.1M, while the statutory budget for the employee benefits plan increased by \$0.8M. The increase in the voted budget is primarily attributable to an increase in funding announced in the July 2020 Economic and Fiscal Snapshot to address program pressures and modernization and strengthen Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime. FINTRAC's budget also increased based on the funding announced in Budget 2019 to strengthen Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime, and to contribute to the Government of Canada's national strategy to combat human trafficking.

Compared to last fiscal year, FINTRAC's total expenditures increased by \$15.3M (24.8%) in 2021–22. Increased personnel costs are the largest factor of the increasing expenses. Salary costs were higher than in 2020–21 following growth in the number of full-time employees. Operating costs for professional and special services also increased across various categories, including legal services, project management services and other professional services. In addition, expenses increased in various categories related to the acquisition of equipment, information, repair and maintenance and telecommunications.

# ANNEX A: THE VALUE OF FINTRAC DISCLOSURES

## What our Partners Say



I appreciate the time the analyst(s) took to provide this cohesive and thorough disclosure. I found it comprehensive and the information will immediately provide grounds for a production order that we expect to catapult our file. ”

– **Royal Canadian Mounted Police**



AUSTRAC and the Australian Federal Police have found this disclosure incredibly useful for progressing the investigation. FINTRAC’s response has given Australian authorities additional avenues for advancing criminal asset investigative activity involving the primary targets of interest...The disclosure contained a thorough amount of detailed and relevant financial intelligence to the investigation, particularly around the flow of funds obtained from fraudulent activity. The summary and charts made this disclosure easy to digest quickly. ”

– **Australian Transaction Reports and Analysis Centre**



The documents are extremely helpful in providing a monetary trail specifically related to human trafficking. The report was provided in a timely manner and is very detailed. This investigation is unique in that the victim is deceased, so this information is crucial. ”

– **Toronto Police Service**



The information received from FINTRAC will be essential to the CBSA in pursuing our investigation. This information identified specific transactions related to purchases made by Canadian companies and various individuals under investigation. In addition, FINTRAC was able to identify other individuals who may be linked to this investigation, whom had not yet been identified. If I could give a grade for the quality of information received, it would be an A+++ or perfect. ”

– **Canada Border Services Agency**

“

The subject received numerous deposits involving large amounts of money, and production orders will be sent to these institutions. Your information was used in the drafting of these documents. In the end, we managed to seize large sums of money and a piece of land as proceeds of crime. We want to thank you for your cooperation. ”

– **Service de police de la Ville de Gatineau**

“

Extensive financial and open source analysis conducted by FINTRAC provided information that was relevant and timely, and that has enhanced DAWE’s [Australian Department of Agriculture, Water and the Environment] understanding of an international wildlife trafficking network. This includes the extent of the network’s geographical reach into source and destination countries for illegally trafficked wildlife including Australia, Canada, Spain and Malaysia. While a number of the network’s nominated associates are already known to DAWE, FINTRAC information provided additional insight into the nature, duration and status of these relationships. It also generated a number of new intelligence leads that are now the subject of DAWE enquiries. Transaction details provided to DAWE and AUSTRAC may also provide indicators and opportunities to monitor future suspect transactions. ”

– **Australian Transaction Reports and Analysis Centre**

“

Outstanding information that is extremely valuable to the ongoing investigation. ”

– **South Simcoe Police Service**

“

As a newer member of the London Police Human Trafficking Unit, I was initially intimidated by the FINTRAC reports as they contain a large amount of data. After reading through the first FINTRAC report, I quickly learned how valuable they are for our investigations. FINTRAC has assisted in advancing this investigation with judicial authorizations and confirming of our leads into other possible suspects. Thank you for all your work! ”

– **London Police Service**

# ANNEX B:

## PROJECT PROTECT – SANITIZED CASE

Launched in 2016, Project Protect was the first public-private partnership created by Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime. Inspired by Timea Nagy, a survivor of human trafficking and leading activist for victims and survivors, this innovative project targets the money laundering associated with human trafficking for sexual exploitation.

Through Project Protect, FINTRAC worked closely with Canada's financial institutions to develop an Operational Alert in December 2016, *Indicators: The laundering of illicit proceeds from human trafficking for sexual exploitation*, to increase awareness and understanding of money laundering in relation to human trafficking for sexual exploitation. In July 2021, following a strategic analysis of its financial intelligence since the beginning of Project Protect, the Centre developed a new Operational Alert with additional indicators, *Updated Indicators: Laundering of Proceeds from Human Trafficking for Sexual Exploitation*, in consultation with Canada's financial institutions and the Royal Canadian Mounted Police.

As a result of these efforts and the ongoing commitment of Canadian businesses, FINTRAC received thousands of suspicious transaction reports related to Project Protect in 2021–22. With this information, the Centre was able to provide 332 disclosures of actionable financial intelligence, including thousands of transaction reports, to Canada's municipal, provincial and federal police forces in support of their human trafficking investigations. More than 90% of these disclosures were provided proactively meaning the individuals or networks identified in the financial intelligence may not have been on any law enforcement radars before FINTRAC's intelligence was received.

What follows is a sanitized case example that has been drawn in part from suspicious transaction reports that were received and analyzed to produce financial intelligence for Canadian law enforcement agencies. It should be noted that names, dates and some facts have been altered or omitted as required under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

### Phase One

The case began with a Voluntary Information Record to FINTRAC from a law enforcement agency regarding a suspected human trafficking operation spanning across three cities in a province.

Once FINTRAC confirmed that the information in the Voluntary Information Record was related to suspected money laundering, an Intelligence Analyst searched FINTRAC's extensive database for relevant information. The Centre responded to the Voluntary Information Record, identifying that the subjects conducted large cash deposits in the late night and early morning hours (between 10 p.m. and 6 a.m.), and purchased online advertising from merchants offering sexual services. Both of these activities are indicators of human trafficking. The initial disclosure in this case also included an Electronic Funds Transfer Report referencing the purchase of a property. The investigation would later reveal that this was one of multiple properties where victims were being exploited.

The law enforcement agency used designated information provided in FINTRAC's disclosure to corroborate their own information and to obtain judicial authorizations such as production orders for accounts held by disclosure subjects.



## Phase Two

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Less than a year later, as the investigation progressed, a second Voluntary Information Record was submitted to FINTRAC in support of the investigation. This record included new human trafficking patterns and information that had become known to law enforcement. For example, the law enforcement agency noticed online advertisements for sexual services across eight cities that contained common contact information, as well as purchases of rental properties across the same eight cities. The law enforcement agency also included the suspected roles of individuals within the human trafficking operation. Some of the suspected roles included recruiter, high-level member of the organization, and a driver who would physically move the victims from one location to another.

FINTRAC provided the law enforcement agency with a second financial intelligence disclosure that identified three additional subjects not listed in the Voluntary Information Record. The financial intelligence within this disclosure was used to corroborate the suspected roles within the operation. For example, a driver involved in the physical movement of victims would have purchases for taxis, fast food restaurants or pharmacies. Those coordinating the criminal operations that were involved in laundering funds would conduct purchases of drafts issued to themselves at other institutions or to others within the operation. They would also purchase the rental properties where the victims were living and being exploited.

## Phase Three

---

A few months later, law enforcement observed that some of the properties where victims were living and being exploited were being sold rapidly. The law enforcement agency submitted an urgent Voluntary Information Record to FINTRAC to track the flow of funds. The Centre responded in a timely manner disclosing outstanding and relevant transactions within the database that met its legislative threshold.

## Phase Four

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FINTRAC has a triage process that involves analyzing every Suspicious Transaction Report received for key words relevant to the Centre's operational priorities or to an ongoing law enforcement investigation. The Project Protect team reviews the Suspicious Transaction Reports relevant to human trafficking for the purposes of sexual exploitation.

In this phase of the investigation, FINTRAC proactively identified a new Suspicious Transaction Report that was relevant to this ongoing law enforcement investigation and disclosed it to the appropriate law enforcement agency.

## Phase Five

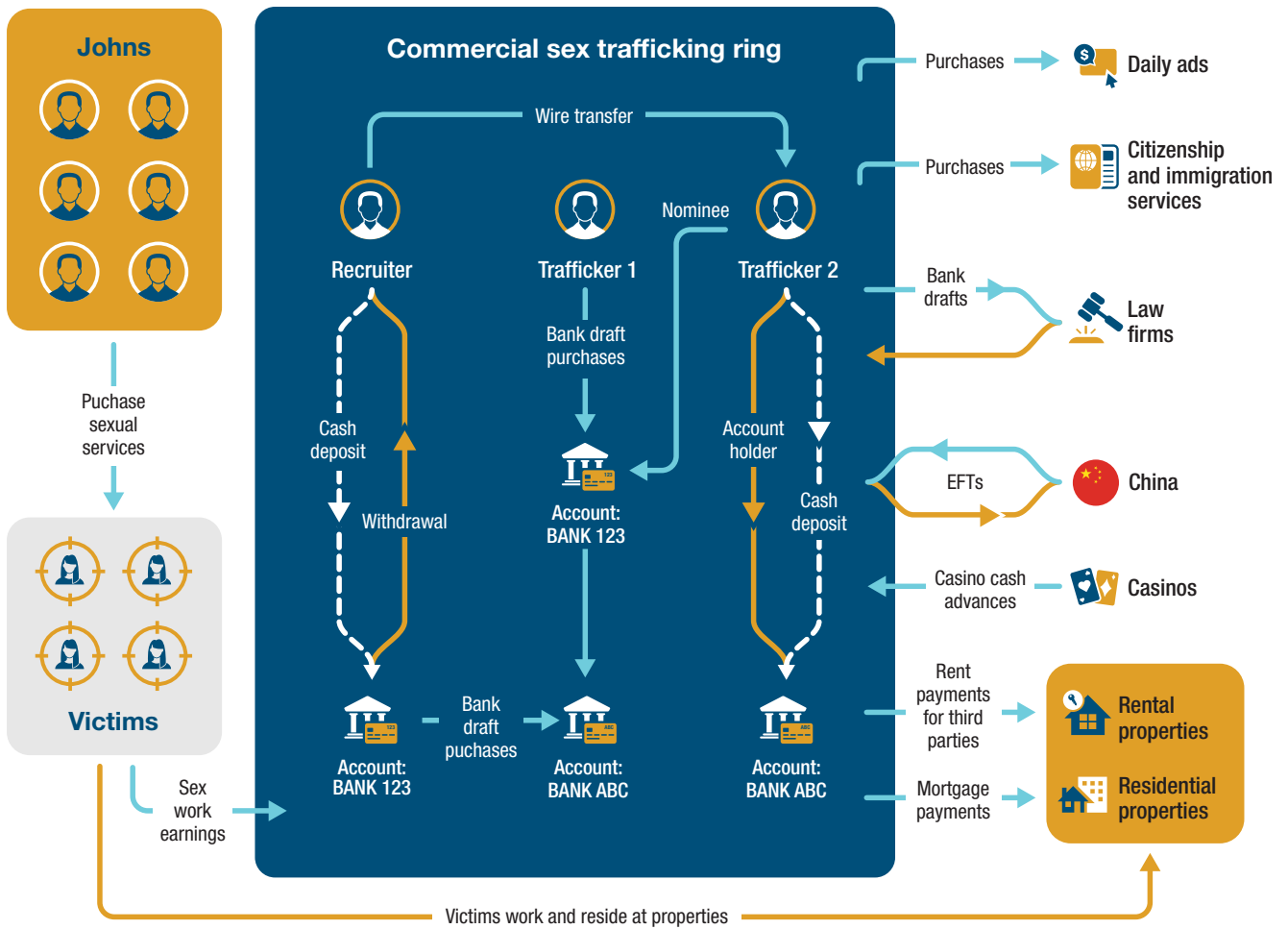
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At this point, the arrests in the investigation had been made, charges were pending and the court date was set. A final Voluntary Information Record was submitted two months prior to the set court date. The law enforcement agency was looking to verify if there were any signing authorities or beneficiaries of the proceeds of crime. In this final phase, FINTRAC was able to provide a disclosure containing financial intelligence on four additional subjects. These additional subjects were not included in the Voluntary Information Record and were acting as signing authorities on the accounts held by human trafficking victims. FINTRAC disclosed this information prior to the court date.

## Results Achieved

As a direct result of the joint investigation involving federal, provincial and multiple municipal agencies, a commercial sex trade organization was dismantled. Multiple persons were charged with over 30 criminal offences. According to the lead law enforcement agency, the commercial sex trade organization transferred victims between apartments in various cities, providing sexual services to clients responding to online advertisements. The investigators also restrained properties and vehicles. Most importantly, the survivors of human trafficking were all provided support through victim services.

Overall, this case demonstrates how financial intelligence can corroborate victim testimonies in human trafficking investigations. This ensures that investigations are victim-centered and not victim-built. By following the money in this case, FINTRAC was able to help investigators in a number of Canadian communities identify and target the perpetrators of human trafficking and assist the survivors of this heinous crime.



# ANNEX C: FINANCIAL TRANSACTION REPORTS

## Large Cash Transaction Reports

2021–22	<b>7,220,383</b>	A large cash transaction report is submitted to FINTRAC when a business receives \$10,000 or more in cash in the course of a single transaction, or when it receives two or more cash amounts totalling \$10,000 or more (each of which is less than \$10,000) made within 24 consecutive hours by, or on behalf of, the same individual or entity.
2020–21	<b>6,069,896</b>	
2019–20	<b>9,738,058</b>	

## Electronic Funds Transfer Reports

2021–22	<b>25,065,370</b>	An electronic funds transfer report is submitted to FINTRAC upon the transmission of instructions for the transfer of \$10,000 or more out of or into Canada in a single transaction, or in two or more transactions totalling \$10,000 or more (each of which is less than \$10,000) made within 24 consecutive hours, by or on behalf of the same individual or entity, through any electronic, magnetic or optical device, telephone instrument or computer.
2020–21	<b>23,507,176</b>	
2019–20	<b>21,031,401</b>	

## Suspicious Transaction Reports

2021–22	<b>585,853</b>	A suspicious transaction report is submitted to FINTRAC in respect of a financial transaction that occurs or is attempted, and for which there are reasonable grounds to suspect that the transaction is related to the commission or attempted commission of a money laundering or terrorist activity financing offence. Unlike other reporting obligations, there is no monetary threshold associated with the reporting of a suspicious transaction.
2020–21	<b>468,079</b>	
2019–20	<b>386,102</b>	

## Cross-Border Currency Reports/Cross-Border Seizure Reports


2021–22	<b>12,628</b>	A cross-border currency report is filed with the Canada Border Services Agency by a person entering or leaving Canada carrying a sum of currency or monetary instruments of \$10,000 or more, or by a person mailing or sending such large sums into or out of Canada. The CBSA then submits the report to FINTRAC. A cross-border seizure report is submitted to FINTRAC by a CBSA officer upon the seizure of cash or monetary instruments.
2020–21	<b>13,049</b>	
2019–20	<b>53,265</b>	

## Casino Disbursement Reports

2021–22	<b>153,195</b>	A casino disbursement report is submitted to FINTRAC when a casino makes a disbursement of \$10,000 or more in the course of a single transaction, or in the course of two or more transactions totalling \$10,000 or more (each of which is less than \$10,000) within 24 consecutive hours received by, or on behalf of, the same individual or entity. This report is not limited to cash disbursements.
2020–21	<b>29,043</b>	
2019–20	<b>208,603</b>	

## Large Virtual Currency Transaction Reports

2021–22	<b>60,361</b>	A large virtual currency transaction report is submitted to FINTRAC when a business subject to the PCMLTFA receives virtual currency in an amount equivalent to \$10,000 or more in a single transaction, or when a business receives two or more amounts of virtual currency that total \$10,000 or more within a consecutive 24-hour window, and when the business knows the transactions were conducted by the same person or entity; were conducted on behalf of the same person or entity (third party); or are for the same beneficiary.
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