

F CANADA - BANQUE DU CANADA

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DOLLARS

CANADA

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The Fight Against Money Laundering



Why is the fight against money laundering so important?

- Size and scope of money laundering
- Motivation for laundering money pre and post terrorists activities, drug money, corrupt money, tax evasion
- Corruption and money laundering threats to international security
- proceeds of crime



Why is the fight against money laundering so important?

- Linkage of money laundering with corruption
- Role of offshore banking centers
- Domestic and exported laundered money
- Global Organization of Parliamentarians Against Corruption (GOPAC)



Policy and Legislative Design

- Must be tailored to specific needs of each jurisdiction
- Financial intelligence is essential to detect and deter money laundering and terrorist financing
- International standards set by Financial Action Task Force (F.A.T.F.)
- F.A.T.F. sets AML standards
 - 40 Recommendations on Money Laundering
 - 9 Special Recommendations on Terrorist Financing



Policy and Legislative Design

- Regular mutual evaluation exercises assess compliance
- Setting a big net
- Privacy issues
- Defining 'suspicious transactions'
- Solicitor/client privilege
- Financial intermediaries



Policy and Legislative Design

- Monetary instruments
- Onus - burden of proof re: seizures
- Telegraphic transfers and internet banking
- Domestic/offshore money laundering
- Asset recovery



Organization structures

- Financial Intelligence Unit (FIU)
- Department/agency
- Responsible Minister
- Agency independence
- Need for rules, regulations and guidelines especially for financial intermediaries



Implementation

- Political will
- The role of parliamentarians
- GOPAC anti-money laundering initiatives
- Inter-agency and international cooperation
- Awareness training



Implementation

- Financial resources
- Risk management
- Transparency & accountability
- Financial sector - 'know your customer'
- Reporting compliance by financial intermediaries

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The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)



What is FINTRAC?

- Canada's Financial Intelligence Unit
 - Collecting, analyzing and disclosing financial intelligence
- Legislation
 - *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*
 - *Client ID, Record Keeping and Reporting*
 - *Cross-Border Movement of Currency and Monetary Instruments*
 - *Terrorist Listing*



FINTRAC Business Process

RECEIVING INFORMATION

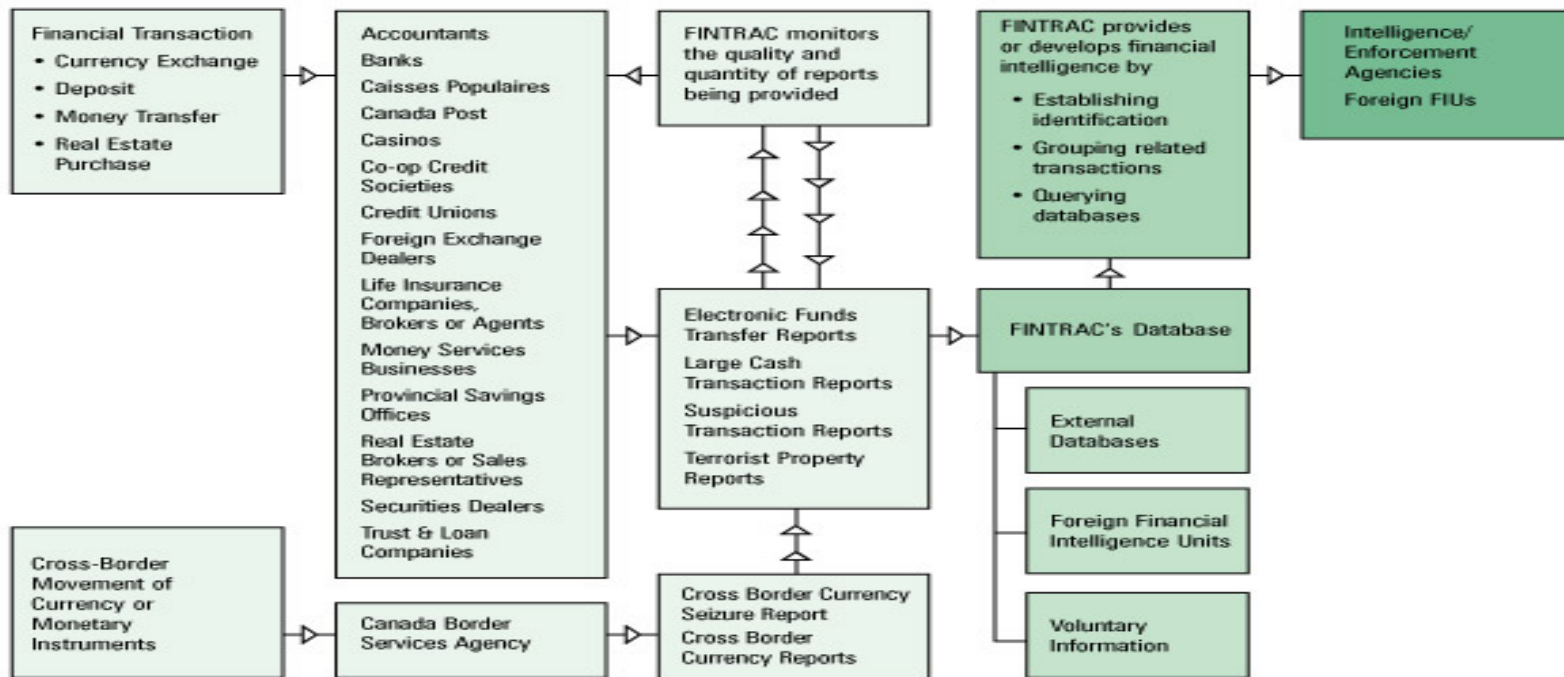
Information about financial transactions and other information is received from many different reporting entities.

CONDUCTING ANALYSIS

Reports are analysed along with other information, to develop financial intelligence in order to detect suspected money laundering and terrorist activity financing.

DISCLOSING INTELLIGENCE

Where appropriate, financial intelligence pertaining to suspected cases of money laundering, terrorist activity financing, or threats to the security of Canada, is disclosed.





International Relationships

- Bi-lateral (information exchange agreements)
 - Twenty-six Currently in Place: Aruba, Australia, Barbados, Belgium, Bulgaria, Cayman Islands, Colombia, Cyprus, Denmark, El Salvador, Finland, France, Guernsey, Israel, Italy, Latvia, Mexico, Monaco, Netherlands, Panama, Portugal, Singapore, Slovenia, South Korea, UK, & US
 - On-going negotiations with other countries.
- Multi-lateral
 - Egmont Group of Financial Intelligence Units
 - Co-Americas Representative to Egmont Committee
 - Member of all working groups
 - FATF (Canada to assume Presidency in June 2006)
 - CFATF/Asia Pacific Group
 - Continuing with technical assistance (in particular IT) to developing FIU's in other countries.