

*The
Proceeds of
Crime (Money
Laundering)
and Terrorist
Financing Act*

What
you need
to know

FINTRAC
CANAFE

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

Canada

What You Need to Know

The Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC, collects, analyzes and discloses financial information and intelligence on suspected money laundering and terrorist financing activities. It was created as part of a Canadian government initiative to fight money laundering and terrorist financing, both domestically and internationally. Businesses and industries who must report to FINTRAC are required to “know their clients” and asking for ID is one way to do that.

Can I see some ID please?

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) requires financial institutions and others covered by the legislation to identify customers who conduct financial transactions such as: depositing funds, purchasing a life insurance policy or buying a money order.

The Act also requires them to keep records and identify their clients.

Why do I have to show ID now when I've been a customer here all my life?

The business you are dealing with is required by law to ask you for ID. By providing this information when requested, you will ensure that financial institutions and others can meet their legal obligation, and support the fight against money laundering and terrorist financing.

Money laundering

Money laundering is the process used to disguise the source of money or assets derived from criminal activity. This illegal activity can include drug trafficking, smuggling, fraud, extortion and corruption. Criminals must launder the profits and proceeds from these crimes to be able to enjoy them.

The scope of criminal proceeds is significant—the International Monetary Fund (IMF) estimated that some \$500 billion (U.S.) is laundered worldwide each year.

Money laundering occurs worldwide, and the techniques used are numerous and can be very sophisticated. Technological advances in e-commerce, the global diversification of financial markets and new financial products provide further opportunities to launder money and obscure the trail leading back to the underlying crime.

Terrorist financing

Terrorist financing operates somewhat differently from money laundering but no less insidiously. While terrorist groups do generate funds from criminal activities such as drug trafficking and arms smuggling, they also frequently obtain revenue through legal means. Supporters of terrorist causes may, for example, raise funds from their local communities by hosting events or membership drives. In addition, some charity or relief organizations may unwittingly become the conduit through which donors contribute funds that may eventually be used to commit a terrorist act. The funds are then routed to the recipient terrorist organizations through both informal networks and the formal financial system.

Terrorist activities constitute threats to our country's safety and security. An effective response involves, among other things, efforts to detect and curtail the flow of money needed to finance such activities.

What type of ID do I have to provide?

Under the *PCMLTFA*, you are required to provide valid identification such as a birth certificate, a driver's license, or similar type of document.

What other information may I be asked to provide?

There are other requirements that might prompt the business you are dealing with to ask you for more information about the transaction you are conducting. For instance, you may be asked whether or not you are acting on behalf of a third party while conducting your transaction.

Where can I get more information?

To find out more about the *PCMLTFA*, FINTRAC, and the fight against money laundering and terrorist financing, visit FINTRAC's Web site at: www.fintrac.gc.ca or call toll-free: 1-866-346-8722