

# **Financial Transactions and Reports Analysis Centre of Canada**

**For the years 2007-2008 to 2009-2010**

**Report on Plans and Priorities**

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The Honourable James M. Flaherty  
Minister of Finance



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## **SECTION I – OVERVIEW**

## 1.1 Director's Message

FINTRAC is a significant contributor to the success of Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime, as well as an important element in the international fight against money laundering and terrorism financing.

The past year has seen a continuation of the pattern of dramatic growth in the scope and complexity of the cases that FINTRAC discloses to law enforcement and national security agencies. In 2005-06 we disclosed 168 cases, and the aggregate value of the transactions contained in those disclosures exceeded \$5 billion, compared to \$2 billion the previous year. These disclosures were made to law enforcement agencies across the country, and to CSIS, to assist in their investigative efforts. In 2006 we also observed a significant rise in the publicly reported prosecutions of money laundering cases that involved an intelligence contribution from FINTRAC, including Canada's largest ever single money laundering conviction in Vancouver last spring.

There have also been some other very important developments for us over the past year. During the spring and early summer, Parliament conducted its Five Year Review of our legislation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, which resulted in a number of important recommendations for mandate changes and enhancements. These recommendations were reflected in the amendments contained in Bill C-25, which received Royal Assent in December 2006 and will usher in a strengthened regime. New entities and professions are being brought under coverage of the *Act*; deterrence and compliance provisions are enhanced with the requirement to register money services businesses and with the authority to levy administrative penalties on reporting entities for non-compliance with the *Act*; and, FINTRAC is being given expanded authority to disclose information, thus contributing to continued enhancement of the intelligence disclosures that it makes.

An important challenge for FINTRAC in the coming years will be to implement these legislative enhancements so as to produce even richer financial intelligence disclosures for police and national security agencies and to further strengthen our compliance work with reporting entities. Implementation of these changes will not only intensify the national effort to combat money laundering and terrorist financing, but will also entail growth of our organization, and technological changes to support our work. FINTRAC has an excellent base of outstanding human resources, and leading edge technologies. As we have shown in the past, we are up to the task, and we have already begun our implementation work leading to a stronger FINTRAC and a more robust regime to combat domestic and international money laundering and terrorist financing.

## **1.2 Management Representation Statement**

I submit for tabling in Parliament, the 2007-2008 Report on Plans and Priorities (RPP) for Financial Transactions and Reports Analysis Centre of Canada.

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the TBS guidance;
- It is based on the department's approved Program Activity Architecture as reflected in its MRRS;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat in the RPP.

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Name: Horst Intscher  
Title: Director

## 1.3 Summary Information

### Overview

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is Canada's Financial Intelligence Unit (FIU) and a key partner in Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Regime.

### Mission

The Centre's mission is to provide law enforcement and intelligence agencies with financial intelligence on money laundering, terrorist activity financing and other threats to the security of Canada, while ensuring that personal information under its control is protected.

### Mandate

FINTRAC's mandate is defined in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*. It is an independent agency, operating at arm's length from the police and the agencies to which it provides financial intelligence.

FINTRAC's mandate focuses on three key activities: the first is to receive and analyze financial transaction reports and information from other sources to produce financial intelligence on suspected cases of money laundering, terrorist activity financing and other threats to the security of Canada. The second is to ensure compliance with FINTRAC's governing legislation - the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* - by those financial institutions and businesses covered by the *Act*. The third is to produce financial intelligence that sheds light on the patterns and trends that characterize the evolving methods used by money laundering and terrorist financing networks.

With the Royal Assent of Bill C-25 – *An Act to amend the PCMLTFA and the Income Tax Act and to make a consequential amendment to another Act*, the Centre's mandate has been changed and enhanced, namely through the addition of a registry for money services businesses and the expansion of other compliance measures, as well as disclosure authorities.

### Strategic Outcome

FINTRAC has a single Strategic Outcome that reflects its mandate and defines its long-term and enduring benefit to Canadians.

Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.
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## **Program Activity**

To achieve this Strategic Outcome, FINTRAC undertakes a single Program Activity. The Program Activity encompasses all of the Centre's initiatives.

### **Collection, Analysis and Dissemination of Financial Information**

Technology-driven financial intelligence analysis and case disclosures that are widely used and accepted by law enforcement and intelligence agencies supported by a program that fosters compliance by the reporting entities.

### **Financial Resources (\$ millions)**

<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
\$55.4	\$48.6	\$47.2

### **Human Resources**

<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
271	271	271

## Priorities

FINTRAC is accountable to Parliament through the Minister of Finance and contributes to the fight against terrorism and organized crime in Canada and abroad through the achievement of the following three ongoing priorities:

Priority	Type	Planned Spending* (\$ millions)		
		2007-08	2008-09	2009-10
<p><b>Deliver timely and high quality financial intelligence to law enforcement, security and intelligence agencies, and foreign financial intelligence units.</b></p> <p>Financial intelligence analysis, and case disclosures that are widely accepted and used in investigations by law enforcement, the Canadian Security Intelligence Service (CSIS), the Communications Security Establishment (CSE), the Canada Revenue Agency (CRA), the Canadian Border Services Agency (CBSA) and foreign financial intelligence units.</p>	Ongoing	33.9	29.7	28.9
<p><b>Ensure compliance with the PCMLTFA.</b></p> <p>Increased compliance with the law by reporting entities through more robust detection and deterrence of non-compliance. This will be accomplished through a risk based compliance program comprised of: awareness activities; the monitoring of data quality; compliance questionnaires; examinations; and, by taking appropriate remedial action when non-compliance is detected.</p>	Ongoing	16.2	14.2	13.8
<p><b>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</b></p> <p>Provide strategic intelligence, advice and analysis that enhance awareness and understanding of money laundering and terrorist activity financing and inform the development of effective Canadian and multilateral counter-strategies.</p>	Ongoing	5.3	4.7	4.5

\*Breakdown represents costs directly attributed to each priority as well as a pro-rated portion of other direct and indirect costs, such as corporate services, security, accommodation, and IT support and maintenance.

### 1.4 Link to Government of Canada Outcome Areas

Strategic Outcome	Program Activity	Link to Government of Canada Outcome area
Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.	Collection, Analysis and Dissemination of Financial Information	Safe and Secure Communities

FINTRAC is an essential component of the community of organizations and functions that combat organized crime and terrorism under Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Regime. The Centre's role is to facilitate the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad by analyzing reported transactions and other information and making case disclosures of financial intelligence to the appropriate law enforcement agency, security and intelligence agency, or foreign financial intelligence unit, when there are reasonable grounds for suspicion of relevance to the investigation or prosecution of money laundering or terrorist activity financing offences.

By ensuring the compliance of financial institutions and other reporting entities with their obligations under the *PCMLTFA*, the Centre helps to create a formidable deterrent to those who would use legitimate financial channels to launder money or to finance terrorism. In Canada, banks and other financial services businesses maintain internal compliance regimes that ensure that the trail of financial transactions can be followed, and that law enforcement agencies can effectively pursue cases of suspected money laundering and terrorist activity financing, thereby strengthening Canada's capacity to detect and deter money laundering and terrorist financing.

Money laundering and terrorist activity financing are transnational in nature, necessitating the participation of all countries for their successful detection and deterrence. FINTRAC's work with international bodies such as the Financial Action Task Force (FATF) and the Egmont Group contributes to the development of international AML/ATF policies and standards and the promotion of operational cooperation among FIUs. The operational links the Centre has forged with other FIUs throughout the world are a vital part of FINTRAC's contribution to the domestic and international fight against terrorism, money laundering and organized crime.

## **1.5 Operating Environment**

Since its establishment, FINTRAC has developed into a significant contributor in the domestic and international fight against money laundering and terrorist activity financing. The Centre has rapidly enhanced its expertise and capabilities and established credibility with disclosure recipients, reporting entities and foreign FIUs, while building a robust set of information in its data holdings for analysis and the production of financial intelligence. The growing sophistication of analysis has, in turn, led to case disclosures of an increasingly relevant and more complex nature. FINTRAC, and its core intelligence product, are considered a valued addition to Canadian and international security and intelligence efforts and are increasingly shown to be making a difference in investigations and prosecutions.

For the planning period ahead, the Centre's operating environment will be shaped by a number of important domestic and international considerations including the development and implementation of new programs and activities. With the passage of Bill C-25, the Centre will be operationalizing the legislative enhancements to the *PCMLTFA* to produce even richer financial intelligence disclosures for police and national security agencies and further enhancing its compliance work with reporting entities. Implementation of these changes will also necessitate organizational growth and technological changes to the Centre's operations. Special attention will be placed on areas such as recruitment, training and development, and organizational alignment.

### **FINTRAC's Operations**

Receiving Royal Assent in December 2006, the legislative amendments contained in Bill C-25 will have a significant impact on the Centre's operations over the next three years, including the expansion in the number of reporting entities, the creation of a money services businesses (MSB) registry, and the development and implementation of the administrative monetary penalties (AMP) regime. The legislative measures also increase the range of information that may be included in FINTRAC's financial intelligence case disclosures, as well as add partners that, under certain prescribed conditions, can receive those case disclosures, namely the Communications Security Establishment, the Canada Border Services Agency, and the Charities Directorate of the Canada Revenue Agency.

Of course, new legislation is not the only driver of change. On a continuing basis, those that would launder money or finance terrorism are developing new methods and finding new venues for their activities. To meet this challenge, FINTRAC maintains a research and analysis capacity supported by advanced technological tools to monitor the use of new technologies to launder money and finance terrorist activities and assesses their level of risk.

Indeed, on an ongoing basis the Centre continues to develop and roll out information technology advances to support its operations. Going forward, emphasis will continue to be placed on updating and refining tactical intelligence analytical tools, and on expanding capacities that support FINTRAC's compliance activities relating to the reporting of financial transactions, managing reporting entity relationships, conducting and assessing compliance examinations, and using risk assessments to guide those activities. As well, systems will be developed to more

fully automate the management and analysis of strategic level information in order to support improvements to the Centre's internal business processes, as well as to provide partners and policy makers with FINTRAC's unique perspective on trends and typologies relating to money laundering and terrorist activity financing.

### **Further Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime**

Combating money laundering and terrorist activity financing requires the coordinated action of several parties. FINTRAC's financial intelligence plays an important and specific role that complements those of a wide range of partners, including the Department of Finance (which has the policy lead), the RCMP, CSIS, CSE, CBSA, CRA and provincial and municipal police forces who investigate criminal activity, and the Department of Justice and provincial prosecutors who prosecute offences. The effectiveness of the regime relies to a considerable extent on the active engagement of the partners and their integration of FINTRAC's case disclosures with their own intelligence, investigative and prosecutorial efforts.

The financial intelligence FINTRAC provides is figuring in an increasing number of investigations and prosecutions of money laundering and terrorist activity financing. Law enforcement and intelligence partners continue to provide laudatory feedback on the intelligence they are receiving from the Centre, as previously unknown suspects are identified and linkages established that may otherwise not have been known to investigators. FINTRAC's intelligence product will be further improved by recent legislative changes that broaden the content of the disclosures to allow more contextual information to be provided to investigators. FINTRAC is committed to complementing these legislative measures with ongoing efforts to tailor case disclosures to meet the needs and preferences of recipients.

The production of timely, high quality financial intelligence is dependant on reporting entities fulfilling their obligations to report and ensuring that the reported data is of high quality. FINTRAC employs outreach and awareness programs to promote and facilitate compliance among reporting entities. During the planning period, FINTRAC will strive to maintain extensive and positive relationships already established with a range of industry associations and individual reporting entities and strengthen feedback mechanisms, especially during the introduction of the MSB registry and the AMPs regime, as well as new technology solutions. The Centre will also place an emphasis on developing contacts and relationships with new sectors (such as dealers in precious metals and stones) that will be required to report as a result of the proposed regulatory amendments.

FINTRAC has established a fully functional compliance program, with the current focus being placed on compliance examinations and ensuring that reporting entities are familiar with their obligations. This, along with the establishment of a dedicated data quality team, continues significantly to improve the quality and quantity of reports received by FINTRAC. The Centre receives virtually all financial transaction reporting in an electronic format, an important element of its success to date. New systems introduced in 2006-07 allow the Centre to develop more efficient processes to review and address data quality issues. One of the new features of these systems includes the ability for FINTRAC to return reports to reporting entities (REs) for data

quality corrections. This represents a significant step forward in adopting a more proactive approach to deal with data quality issues, one which is critical to the Centre's mandate of analysing the information it receives and providing high quality financial intelligence.

Money laundering and terrorist financing are global phenomena. International collaboration is an essential component of any effective AML/ATF regime given the frequently transnational nature of money laundering or terrorist financing activity. FINTRAC has complemented its domestic activities with a concerted effort to support international AML/ATF organizations, develop strong bilateral relationships with foreign FIUs and assist in the development of emerging FIUs. The Centre also continues to work with international partners to establish the Egmont Group Secretariat in Toronto and to provide technical assistance. Finally, during the course of 2007, FINTRAC will be participating in the FATF's Mutual Evaluation of Canada's AML/ATF regime. This evaluation will bring forward suggestions for further improvement and provide some direction to ongoing activities and new enhancements.

The Centre's enabling legislation was carefully developed to ensure the highest level of protection for personal information while also making it possible for some information to be disclosed to law enforcement and to intelligence agencies to facilitate the detection and deterrence of serious criminal activity. FINTRAC takes protection of privacy very seriously. The protections begin with the very nature of the institutional arrangements that establish FINTRAC as an independent and arm's length entity that receives and analyzes reported financial transaction information and requires that such information can only be passed on to law enforcement and national security agencies if particular tests are met. A key provision of the *PCMLTFA* is the capacity for the Office of the Privacy Commissioner to review FINTRAC's measures to protect personal information. This measure was recently strengthened with the newly enacted requirement under Bill C-25 that requires the Commissioner to conduct audits every two years. The Centre will continue to cooperate with the Office of the Privacy Commissioner to ensure the highest standards of privacy protection and maintenance.

## 1.6 Departmental Plans and Priorities

This section provides details on FINTRAC's plans and priorities. It provides information on how the Centre will implement its plans to achieve the priorities for the planning period. Also included is an approximation of the resources allocated to the achievement of each of the Centre's three priorities.

For 2007-08, FINTRAC's three main priorities remain unchanged as they continue to reflect and address the Centre's most significant commitments and challenges.

### **Priority #1 - Deliver timely and high quality financial intelligence to law enforcement, security and intelligence agencies, and foreign financial intelligence units.**

***Anticipated Result:***

Financial intelligence analysis, and case disclosures that are widely accepted and used in investigations by law enforcement, the Canadian Security Intelligence Service (CSIS), the Communications Security Establishment (CSE), the Canada Revenue Agency (CRA), the Canadian Border Services Agency (CBSA) and foreign financial intelligence units.

***Resources (\$ millions):***    2007/08 - \$33.9    2008/09 - \$29.7    2009/10 - \$28.9

FINTRAC is uniquely placed to provide valuable financial intelligence on suspected money laundering and terrorist financing that assists the intelligence and investigative efforts of law enforcement, security and intelligence agencies, and foreign financial intelligence units. The production and disclosure of timely and relevant financial intelligence is central to the achievement of the Centre's strategic outcome.

The production of tactical financial intelligence begins with the receipt of financial transaction reports from financial intermediaries and institutions. The Centre also receives information voluntarily provided by police and other disclosure recipients, as well as cross-border currency reports and currency seizure reports from CBSA. FINTRAC analyzes this information, along with other information, to uncover patterns of suspected money laundering and terrorist activity financing. Where it is determined that there are reasonable grounds to suspect that the intelligence would be relevant to the investigation or prosecution of a money laundering or terrorist activity financing offence, or a threat to the security of Canada, it is disclosed to the appropriate law enforcement or intelligence agency.

Continuing to strengthen FINTRAC's capacity to deliver high quality and timely case disclosures and financial intelligence is a priority for the Centre. To meet this priority the Centre actively continues to: increase its analytical capacity through the use of technology; enhance

information sources as specified under the *Act*; and, to develop the knowledge and expertise of its analysts, thereby increasing the breadth and depth of its case disclosures.

### *Financial Intelligence Analysis*

As a result of recent legislative and upcoming regulatory changes, FINTRAC will begin to provide financial intelligence to the Communications Security Establishment and Canada Revenue Agency, Charities Directorate. The legislative changes have also expanded the scope of designated information to be provided, which means the Centre's disclosure recipients will receive an even more comprehensive financial intelligence product. Over the planning period, FINTRAC will implement the information expansion to its case disclosures, while also consulting with disclosure recipients to ensure that the new information is provided in a format that will be of most assistance to them.

### *Technology Driven Collection, Analytics and Case Management*

Obtaining and creating leading edge information technology is critical to uncovering suspect financial transactions within FINTRAC's analytical database. As part of the Centre's commitment to finding the best technological tools to enhance the detection of patterns of suspected transactions among the millions of transaction reports, FINTRAC will continue to develop, implement and enhance its suite of IM/IT solutions.

In 2007-08 and future years, system development activities will include the addition of new tools and methods of viewing information for both tactical and strategic analysis, more automation of analytical business processes, and enhanced automation in the production of disclosure packages and developing more electronic exchanges of information with partners. Changes will also be made to existing systems to enable analysts to access the new information to be received as a result of the legislative amendments that were passed in December 2006.

### *Domestic and International Relationships and Communications*

To further enhance the information sources available for analysis, FINTRAC will continue to work with other federal partners and law enforcement agencies to access databases maintained for law enforcement purposes as permitted by legislation. In addition, because money laundering and terrorist activity financing are frequently transnational in character, the Centre will continue to expand and intensify its relationships with foreign FIUs. These measures will contribute directly to the richness and completeness of the intelligence FINTRAC provides to domestic recipients of its products.

FINTRAC will also ensure that it maintains its highly positive international image in the global fight against money laundering and terrorist activity financing by continuing to be involved as a member of international fora, particularly with the Egmont group. The establishment of the permanent Egmont Secretariat in Toronto later this year will be an important landmark in this regard.

The Forty Recommendations and the Nine Special Recommendations of the FATF are the international standard for detecting and preventing money laundering and the financing of

terrorist acts. In 2007, Canada's anti-money laundering and anti-terrorist financing regime is being evaluated, based on these FATF recommendations.

The Department of Finance is the lead in coordinating the Mutual Evaluation of Canada's AML/ATF regime and FINTRAC is actively engaged in the process. During the last planning period, FINTRAC contributed to the development of the Mutual Evaluation Questionnaire and assisted with the preparations for the onsite visit by the FATF assessors. Over the current planning period, assessors will develop Canada's Mutual Evaluation Report. FINTRAC will have the opportunity to contribute to the development of the report throughout the process as part of Canada's delegation to the FATF. The Canadian delegation will also attend the FATF Plenary meeting in October 2007, when Canada's Mutual Evaluation Report will be discussed and approved.

**Priority # 2 - Ensure compliance with the PCMLTFA.**

<b><i>Anticipated Result:</i></b>			
Increased compliance with the law by reporting entities through more robust detection and deterrence of non-compliance. This will be accomplished through a risk based compliance program comprised of: awareness activities; the monitoring of data quality; compliance questionnaires; examinations; and, by taking appropriate remedial action when non-compliance is detected.			
<b><i>Resources (\$ millions):</i></b>	2007/08 - \$16.2	2008/09 - \$14.2	2009/10 - \$13.8

The quality of FINTRAC's financial intelligence is greatly influenced by the quality and quantity of reports the Centre receives from reporting entities. As part of FINTRAC's Collection, Analysis and Dissemination of Financial Information program activity, the Centre's compliance program seeks to promote and facilitate compliance with the law by reporting entities and to detect and deter non-compliance. This not only has the effect of improving the quality and quantity of reports received by FINTRAC for analytical purposes, but it also has a strong deterrent effect, as it makes it more difficult for those who would launder money or seek to raise funds for terrorist activity to carry out their illicit activities unnoticed. Ensuring compliance also means that records relating to clients and transactions will be available to support investigations by law enforcement.

*Compliance*

FINTRAC currently has in place a fully functional national compliance program. Throughout the next few fiscal years, FINTRAC will continue to maintain its current national compliance program, while implementing the new initiatives flowing from Bill C-25. During the planning period, the Centre expects to finalize the development of the operational design for a registration system for Money Services Businesses and an administrative penalties regime, as well as

implement new enhanced due diligence measures. Reporting entity sectors will also be expanded to include dealers in precious metals and stones, real estate developers and notaries in British Columbia.

The introduction of these new measures will require the development of guidance for reporting entities. In addition, outreach activities will be conducted with reporting entities in order to inform them of their new legislative and regulatory obligations. New communication products will also be developed as required.

A cooperative approach remains the cornerstone of FINTRAC's compliance program. However as reporting entities have developed a better understanding of their obligations under the *Act*, the Centre has begun to refocus its compliance activities to invest more of its compliance resources into examinations. Examinations are selected using a risk-based approach focusing activities on those reporting entities at highest risk of non-compliance.

Efficiencies in conducting examinations and ensuring compliance are realised through information sharing agreements with industry regulators. These agreements assist in reducing the examination burden on reporting entities and they take advantage of the expertise held by regulators in their respective sectors.

In the last fiscal year, FINTRAC established a dedicated team for ensuring data quality. As a result, reports are monitored for quality with a view to detecting and reducing reporting errors. FINTRAC automatically provides electronic feedback on every report filed electronically. This feedback highlights to reporting entities any data quality issues that may be present.

**National Regulators, Provincial Regulators and Self-Regulating Organizations that have signed MOUs to share compliance information with FINTRAC.**

The Office of the Superintendent of Financial Institutions (OSFI)  
The Alberta Gaming and Liquor Commission (AGLC)  
The Alcohol and Gaming Commission of Ontario (AGCO)  
The British Columbia Gaming Policy Enforcement Branch (GPEB)  
The Saskatchewan Liquor and Gaming Authority (SLGA)  
The Investment Dealers Association (IDA)  
The Nova Scotia Credit Union Deposit Insurance Corporation (NSCUDIC)  
The Nova Scotia Alcohol and Gaming Authority (NSAGA)  
The Deposit Insurance Corporation Ontario (DICO)  
The Manitoba Credit Union Deposit Guarantee Corporation (CUDGC)  
The Financial Institutions Commission of British Columbia (FICOM)  
The Office de stabilisation de la Fédération des caisses populaires acadiennes  
The New Brunswick Credit Union Federation Stabilization Board  
The New Brunswick Department of Justice, Insurance Branch  
The Saskatchewan Credit Union Deposit Guarantee Corporation and  
Autorité des marchés financiers

Also in 2007-08, and stemming from the passage of Bill C-25, FINTRAC will develop and implement a strategy for entering into MOUs for the exchange of compliance-related information with international partners.

FINTRAC's compliance examinations continue to demonstrate that the vast majority of reporting entities want to, and do in fact, comply with their legislative obligations. To date, it has been necessary to disclose seven cases of non-compliance to law enforcement for investigation and prosecution. In some cases, this has resulted in the laying of charges.

#### *Technology Driven Collection, Analytics and Case Management*

FINTRAC's Compliance program uses information from many sources to evaluate reporting entity compliance with the *PCMLTFA*. Enhanced automated solutions are being developed to record and manage all of the reporting entities assessments. In 2007-08 and future years, system development activities will include building an integrated suite of tools in the form of a case management system for Compliance officers and the development of automated support for the MSB registry.

#### *Domestic and International Relationships and Communications*

In light of the recent legislative changes and the upcoming regulatory amendments, the Centre will undertake extensive consultations and awareness activities to raise awareness of FINTRAC's mandate and programs with senior representatives of a range of industry associations and individual reporting entities to provide feedback with respect to their compliance as well as on typologies and indicators.

### **Priority # 3 - Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.**

#### ***Anticipated Result:***

Provide strategic intelligence, advice and analysis that enhance awareness and understanding of money laundering and terrorist activity financing and inform the development of effective Canadian and multilateral counter-strategies.

***Resources (\$ millions):***    2007/08 - \$5.3    2008/09 - \$4.7    2009/10 - \$4.5

Using the Centre's rich database of financial transactions and other information, FINTRAC can provide valuable insights into general patterns, trends and typologies related to money laundering and terrorist activity financing. The analysis of aggregated transaction reports and case disclosures identifies patterns and trends in the methods used by criminal and terrorist networks to launder and acquire funds. When combined with input and expertise from its key partners, stakeholders and other external sources of information, anticipate emerging financial

and technological methods that could be used in money laundering and terrorist activity financing. These insights are shared with federal partners, the reporting entity sectors and law enforcement, helping to support their own efforts. Based on its research and analysis, and on consultations with its partners and stakeholders, the Centre will continue to produce strategic intelligence to provide a unique and informed perspective on the nature of money laundering and terrorist activity financing occurring in Canada.

#### *Technology Driven Collection, Analytics and Case Management*

As FINTRAC's databases and the number and complexity of its disclosure products increase, the amount of information that must be reviewed in order to develop strategic products also increases, necessitating investment in automation.

In 2007-08, FINTRAC will continue to enhance tools for strategic analysis to support more and more sophisticated analysis.

#### *Domestic and International Relationships and Communications*

Over the planning period, FINTRAC will continue to seek out opportunities to solicit input from its partners and stakeholders on how well its intelligence products meet their needs. Internationally, the Centre is viewed by its peers as a leader. As such, it often receives requests to provide international technical assistance. FINTRAC will continue to provide assistance to other FIUs, based on the Centre's capacity and a strategic assessment of where its contribution can bring maximum benefits.

FINTRAC has a mandate to enhance public awareness and understanding of matters related to money laundering and terrorist activity financing most specifically with reporting entities subject to the *Act*. A public that is knowledgeable, alert, and aware of money laundering and terrorist activity financing is, in itself, a deterrent. To facilitate the dissemination of strategic information targeted to specific audiences, the Centre will continue to work to identify and communicate with stakeholder audiences.

**SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY  
STRATEGIC OUTCOME**

## 2.1 Analysis by Program Activity

This section provides the description of FINTRAC's program activity Collection, Analysis and Dissemination of Financial Information. This program activity supports the achievement of the Centre's Strategic Outcome and Priorities. Also included are descriptions and expected results of the sub-activities that support the program and the performance measures that will be used to assess the Centre's program.

### Strategic Outcome

Financial Intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.

### Program Activity Name

Collection, Analysis and Dissemination of Financial Information

### Financial Resources (\$ millions)

2007-2008	2008-2009	2009-2010
\$37.0	\$33.1	\$33.3

### Human Resources

2007-2008	2008-2009	2009-2010
220	221	222

### Program Activity Expected Result

Technology-driven financial intelligence analysis and case disclosures that are widely used and accepted by law enforcement and intelligence agencies with a program that fosters compliance by the reporting entities.

### Sub-Activities supporting the Program Activity

<b><i>1.1 Program Sub-Activity: Technology driven Collection, Analytics, and Case Management</i></b>	
<b><i>Description</i></b>	<b>Technology driven Collection, Analytics, and Case Management</b> includes activities to obtain, develop, enhance, support and operate IT systems and tools in support of the Centre's priorities.
<b><i>Related Priorities</i></b>	Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.  Ensure compliance with the <i>PCMLTFA</i> .  Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.
<b><i>Expected Result</i></b>	Effective, efficient and secure automated solutions that optimally support FINTRAC's Compliance, Tactical Financial Intelligence and Strategic Financial Intelligence functions.

<b>Indicators</b>	<ul style="list-style-type: none"> <li>a) Reporting entity access to and use of automated solutions.</li> <li>b) Client satisfaction with automated solutions.</li> <li>c) Internal tracking of IT automated solution performance.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data and monitoring, surveys and feedback from IT system users and reporting entities.

**Financial Resources (\$ millions)**

<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
\$18.7	\$14.6	\$14.1

<b>1.2 Program Sub-Activity: Financial Intelligence Analysis</b>	
<b>Description</b>	<p><b>Financial Intelligence Analysis</b> encompasses the production and disclosure of timely and relevant tactical financial intelligence that enhances the capacity of Canadian law enforcement, and intelligence agencies and foreign financial intelligence units to detect and deter money laundering, terrorist activity financing and other threats to the security of Canada.</p> <p>It also disseminates strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public to enhance awareness and understanding of money laundering and terrorist activity financing and to inform the development of effective Canadian and multilateral counter-strategies.</p>
<b>Related Priorities</b>	<p>Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.</p> <p>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</p>
<b>Expected Result</b>	Strategic financial intelligence and disclosures of tactical analysis that are widely accepted and used to combat suspected money laundering, terrorist activity financing and threats to the security of Canada.
<b>Indicators</b>	<ul style="list-style-type: none"> <li>a) Feedback from partner agencies indicating that FINTRAC disclosures contributed to investigations/prosecutions of money laundering, terrorist financing and threats to the security of Canada.</li> <li>b) Feedback from internal and external (including international) recipients that indicates that FINTRAC's strategic analysis products contributed to their improved understanding of money laundering, terrorist financing and threats to security, especially in the Canadian context.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data and feedback from disclosure and strategic analysis product recipients.

**Financial Resources (\$ millions)**

<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
\$8.0	\$8.2	\$8.4

<b>1.3 Program Sub-Activity: Compliance</b>	
<b>Description</b>	The <b>Compliance</b> function promotes and facilitates compliance with the law by reporting entities and detects and deters non-compliance. Key activities to accomplish this include awareness activities, the monitoring of data quality, a risk assessment function, examinations, and taking appropriate remedial action when non-compliance is detected.
<b>Related Priorities</b>	Ensure compliance with the <i>PCMLTFA</i> .
<b>Expected Result</b>	A sustained high level of compliance by reporting entities across Canada with their obligations as mandated by the <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)</i> .
<b>Indicators</b>	<ul style="list-style-type: none"> <li>a) Quality and volume of financial transaction reports submitted to FINTRAC by reporting entities.</li> <li>b) Continuing Compliance Improvement by reporting entities– Number of examinations completed and compliance issues identified.</li> <li>c) Number of compliance support functions provided to raise the awareness of reporting entities and assist them in meeting their obligations under the <i>PCMLTFA</i>.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data and monitoring.

#### **Financial Resources (\$ millions)**

<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
\$7.4	\$7.4	\$7.9

<b>1.4 Program Sub-Activity: Domestic and International Relationships and Communications</b>	
<b>Description</b>	<b>Domestic and International Relationships and Communications</b> strengthens FINTRAC's relationships with domestic and international partners in support of the Centre's priorities. It includes domestic activities to build partnerships and increase understanding of disclosure recipients' strategic priorities; pursues access to domestic law enforcement and national security databases; advises on and supports development of national and international policy initiatives; and works with relevant domestic partners to increase awareness of FINTRAC's compliance capabilities. This function also seeks out opportunities for the exchange of information by negotiating new information sharing agreements with foreign financial intelligence units (FIUs), promoting operational cooperation and providing technical assistance to emerging FIUs.
<b>Related Priorities</b>	<p>Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.</p> <p>Ensure compliance with the <i>PCMLTFA</i>.</p> <p>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</p>

<b><i>Expected Results</i></b>	Strong and mutually beneficial domestic and international relationships in support of strengthening detection and deterrence of money laundering and terrorist financing in Canada and abroad. Increased awareness and understanding of money laundering, terrorist activity financing and enhancements to Canada's AML/ATF regime among FINTRAC's stakeholders, partners and the general public.
<b><i>Indicators</i></b>	<ul style="list-style-type: none"> <li>a) Extent and impact of FINTRAC involvement in key national fora such as Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime, the Public Security and Anti-Terrorism (PSAT) Initiative, the National Coordinating Committee on Organized Crime (NCC), the National Integrated Interagency Information System (N-III) Federal Partners Interoperability Working Committee, and with other key stakeholder and regulatory groups (e.g. OSFI, CBA);</li> <li>b) Extent and impact of FINTRAC involvement in key international fora such as Egmont Group of Financial Intelligence Units (FIUs) and the Financial Action Task Force (FATF); and</li> <li>c) Survey results indicating the percentage of the general public with a "good" or "very good" understanding of Canada's anti-money laundering and anti-terrorist financing regime.</li> </ul>
<b><i>Performance Measurement Strategy</i></b>	Analysis of data from internal systems, survey, and monitoring.

**Financial Resources (\$ millions)**

2007-2008	2008-2009	2009-2010
\$2.9	\$2.9	\$2.9

## 2.2 Corporate Support

**Corporate Support** at FINTRAC consists of four sub-activities: Agency Management and Corporate services; Security and Privacy Protection; Accommodation; and IM/IT Support and Maintenance. In each of these areas, the Centre continues to be actively engaged in advancing the principles of sound resource management and effective decision-making.

<b>Corporate Support Activities</b>	
<b>Description</b>	FINTRAC's <b>Corporate Support</b> activities support all of the Centre's program activities and priorities. Corporate Support consists of: Agency Management and Corporate services; Security and Privacy Protection; Accommodation; and IT Support and Maintenance.
<b>Related Priorities</b>	<p>Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.</p> <p>Ensure compliance with the <i>PCMLTFA</i>.</p> <p>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</p>
<b>Expected Results</b>	<p>Key Expected Results</p> <ul style="list-style-type: none"> <li>• FINTRAC's financial results accurately reflect the Centre's financial position.</li> <li>• Motivated and skilled workforce.</li> <li>• High quality staff.</li> <li>• FINTRAC's facilities meet all organizational and security requirements.</li> <li>• FINTRAC's operations are within applicable regulations, policies, acts and guidelines.</li> <li>• Corporate Support activities are efficient i.e. deliver services at reasonable cost and turn-around times relative to peers.</li> <li>• Cost-effective and robust service delivery and technology infrastructure.</li> <li>• Robust security and protection of privacy of information.</li> </ul>
<b>Indicators</b>	<p>Key performance measures</p> <ul style="list-style-type: none"> <li>• Financial statements confirm financial results.</li> <li>• Knowledgeable observers are of the view that FINTRAC has high quality staff.</li> <li>• Operational controls are in place and FINTRAC is operating within applicable policies, acts and guidelines.</li> <li>• External reviews of FINTRAC's corporate support functions.</li> <li>• Internal tracking of IM/IT service delivery and infrastructure performance.</li> <li>• Internal tracking of security incidents and breaches.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data, monitoring and external reviews.

### Financial Resources (\$ millions)

2007-2008	2008-2009	2009-2010
\$18.4	\$15.5	\$13.9

## Human Resources

2007-2008	2008-2009	2009-2010
51	50	49

In 2007-08, FINTRAC will receive expanded responsibilities and commence a period of organizational growth. For the Centre to strengthen organizational effectiveness and achieve its priorities while effectively managing this growth phase, it will be critical for the Centre's Corporate Support functions to plan and undertake a number of important initiatives. For the planning period, these initiatives will include:

- Improving the Centre's integrated planning process to enhance decision-making. The Centre's planning approach will be based on the Program Activity Architecture;
- Ensuring that human resources (HR) planning is an important and integral component of the Centre's business planning process, thus ensuring that the best HR decisions are made to help achieve business goals and priorities.

In addition, FINTRAC will continue to build on its commitment to being an exemplary employer and sustaining an effective, high performing and healthy work climate. In this regard, FINTRAC will examine its Code of Conduct against the new government Code to ensure consistency while maintaining an emphasis on the values required within the context of the *PCMLTFA*. Awareness training in values and ethics will be integrated into the Centre's orientation program and will continue to be a cornerstone of FINTRAC's operations.

To maintain a motivated and skilled workforce during the planning period, the Centre will place a special emphasis on the recruitment and selection of new employees. FINTRAC will also seek opportunities to strengthen the Centre's position with respect to Official Languages and Employment Equity.

Another very important foundation for FINTRAC as an organization is its commitment to the protection of personal information. In 2007-08, FINTRAC will continue to maintain a robust and effective security program, including a full suite of policies and procedures to protect privacy, and prevent the unauthorized disclosure of information.

One key provision in the amendments to the *PCMLTFA* is that the Privacy Commissioner is mandated to conduct a review of the privacy protection measures taken by FINTRAC every two years. Given the priority that the Centre places on protection of information, FINTRAC welcomes the opportunity to benefit from any recommendations that may result from these reviews.

FINTRAC also seeks to excel in the provision of administrative services including accommodations, procurement, asset management, mail services, information management and translation services. While respecting government policies on accommodation, FINTRAC pays market rent to Public Works and Government Services Canada for the office space it occupies. As such, expenditures for leasing of its office space and associated office fit up costs are part of the operating budget. The Centre also requires special security enhancements in the facilities it

occupies. In 2007-08, FINTRAC will continue implementation of its integrated facilities plan to ensure that the Centre's facilities meet security requirements, accommodate new employees and contribute to organizational effectiveness.

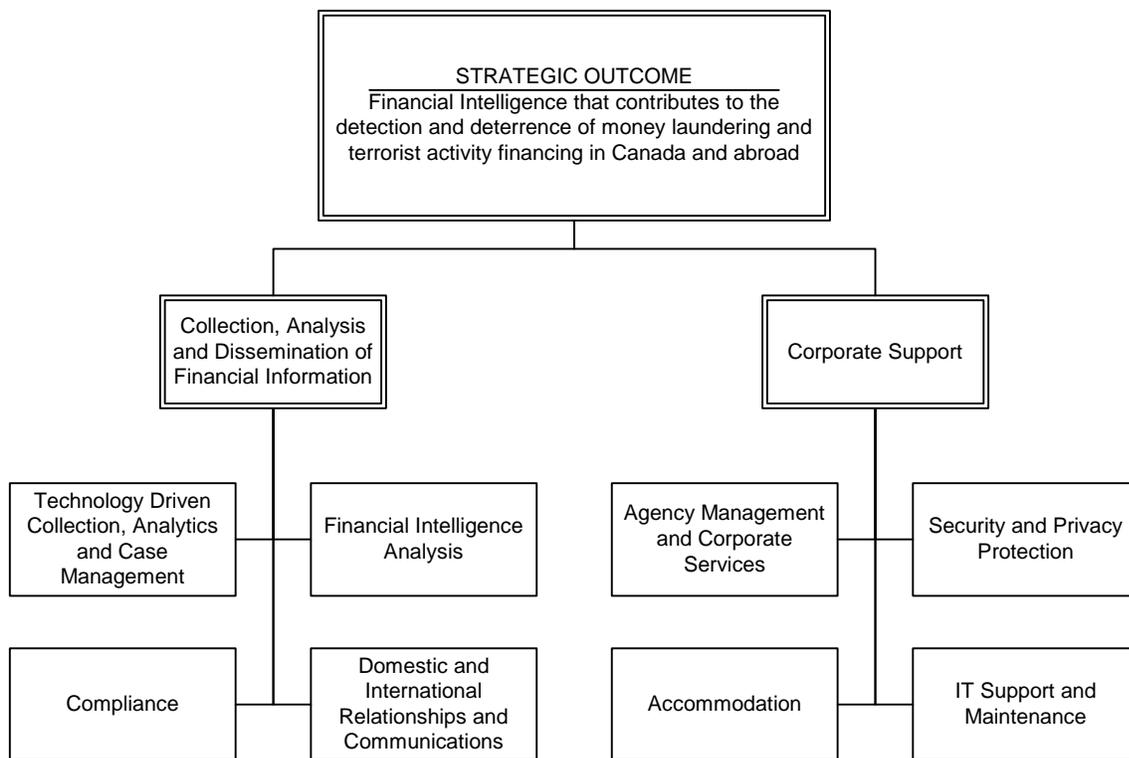
## **SECTION III – SUPPLEMENTARY INFORMATION**

### 3.1 Organizational Information

FINTRAC is established as an independent agency, reporting to Parliament through the Minister of Finance, who is responsible for the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* and its accompanying regulations. The organization is funded through appropriations. The Centre is headquartered in Ottawa and has small regional offices in Montreal, Toronto and Vancouver.

The **Director**, appointed by the Governor-in-Council, is the Chief Executive Officer of the Centre and has all the powers of a deputy head of a department. The Centre has separate employer status. The Director is required to report to the Minister of Finance on the exercise of his powers and the performance of his duties under the *Act*.

**Figure 1 FINTRAC’s Program Activity Architecture**



The **Senior Deputy Director, Operations** has responsibility for the Financial Intelligence Analysis and Compliance sub-activities as well as defining the user requirements for technology driven collection, analytics, and case management systems.

The Financial Intelligence Analysis sub-activity includes all of FINTRAC’s tactical financial intelligence and strategic analysis functions for detecting money laundering and terrorist activity financing schemes.

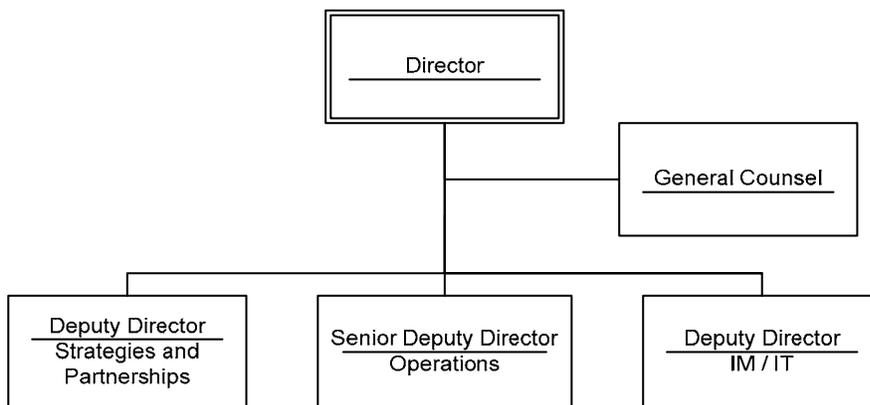
The Compliance sub-activity includes FINTRAC’s regional offices and is responsible for implementing the compliance program and undertaking regional outreach to law enforcement and other key partners.

The **Deputy Director, Strategies and Partnerships** leads the following sub-activities: Domestic and International Relationships and Communications, including Strategic Planning; Agency Management and Corporate Services; Security and Privacy Protection; and Accommodation. The Corporate Services functions carried out by the sector include: corporate finance; administration; human resources and communications.

The **Deputy Director, Information Management/ Information Technology (IM/IT)** is responsible for the Technology Driven Collection, Analytics and Case Management and IM/IT Support and Maintenance sub-activities. This sector develops and applies information management and information technology methodologies that support and advance all of FINTRAC’s objectives. It designs, maintains, implements, secures, supports and operates all IM/IT infrastructure and business system solutions to meet FINTRAC’s internal and external requirements.

**Legal Services** are provided to the Centre by the General Counsel and three Legal Counsel, who are employees of the Department of Justice. In addition, FINTRAC provides one FTE toward the administration of this office.

**Figure 2 FINTRAC’s Organization Chart**



**Table 1: Agency Planned Spending and Full Time Equivalents**

(\$ millions)	Forecast Spending 2006-2007	<b>Planned Spending 2007-2008</b>	Planned Spending 2008-2009	Planned Spending 2009-2010
Collection, Analysis and Dissemination of Financial Information	20.9	<b>29.4</b>	24.6	24.3
Corporate Support	10.2	<b>15.5</b>	15.2	15.3
Budgetary Main Estimates (gross)	31.1	<b>44.9</b>	39.8	39.6
Less: Respendable revenue				
<b>Total Main Estimates</b>	31.1	<b>44.9</b>	39.8	39.6
<i>Adjustments:</i>				
Supplementary Estimates:				
Operating Budget Carry Forward	1.4			
Funding Existing Program Pressures (1)	8.0			
Funding New Initiatives (1)		<b>7.5</b>	7.0	6.8
Re-profile resources from 2006-07		<b>2.1</b>	1.0	
Budget Announcement:				
Procurement Savings	(0.4)			
Employee Benefit Plan (EBP)	0.8	.9	.8	.8
<i>Total Adjustments</i>	9.8	<b>10.5</b>	8.8	7.6
<b>Total Planned Spending</b>	40.9	<b>55.4</b>	48.6	47.2

Total Planned Spending	40.9	<b>55.4</b>	48.6	47.2
Plus: Cost of services received without charge	1.6	<b>1.9</b>	1.9	1.9
<b>Net cost of Program</b>	42.5	<b>57.3</b>	50.5	49.1

<b>Full Time Equivalents</b>	226.5	<b>271</b>	271	271
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(1) From 2007-08 the funding for Existing Program Pressure is part of the Main Estimates numbers.

**Table 2: Voted and Statutory Items listed in Main Estimates**

<b>2007-08</b> <b>(\$ millions)</b>			
<b>Vote or Statutory Item</b>	<b>Truncated Vote or Statutory Wording</b>	<b>Current Main Estimates</b>	<b>Previous Main Estimates</b>
25	Program expenditures	<b>41.3</b>	28.1
(S)	Contributions to employee benefit plans	<b>3.6</b>	3.0
	<b>Total Agency</b>	<b>44.9</b>	<b>31.1</b>

**Table 3: Services Received Without Charge**

<b>(\$ millions)</b>	<b>2007-08</b>
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board of Canada Secretariat (excluding revolving funds)	<b>1.9</b>
<b>2007-2008 Services received without charge</b>	<b>1.9</b>

**Table 4: Summary of Capital Spending by Program Activity**

<b>(\$ millions)</b>	<b>Forecast Spending 2006-2007</b>	<b>Planned Spending 2007-2008</b>	<b>Planned Spending 2008-2009</b>	<b>Planned Spending 2009-2010</b>
Collection, Analysis and Dissemination of Financial Information	3.0	<b>4.2</b>	3.5	3.3
Corporate Support	0.5	<b>0.7</b>	0.6	0.6
<b>Total</b>	3.5	<b>4.9</b>	4.1	3.9

## **Table 5: Internal Audits and Evaluations**

<b>Internal Audits and Evaluations</b>
FINTRAC, as a key player in Canada's anti-money laundering/anti-terrorist financing regime, will be assessed against internationally recognized criteria by the Financial Action Task Force. This Mutual Evaluation will be completed in fall 2007.