

The Makings of a  
Complete **FINTRAC**  
Compliance Program  
for Real Estate Brokerages



Brought to you by:

**REALLY  
TRUSTED**



**REALLY  
TRUSTED**

# The makings of a Complete **FINTRAC** Compliance Program...

## Agenda and what to **expect**

Introductions	1	Pillar 3   Policy & Procedures	6
FINTRAC: History Highlights	2	Pillar 4   Training	7
What is a Compliance Program   5 Pillars	3	Pillar 5   Review	8
Pillar 1   Compliance Officer	4	FINTRAC Examinations	9
Pillar 2   Risk Assessment	5	How we can help	10

# Introductions

## Who is **ReallyTrusted?**

---

- Vancouver based FINTRAC Compliance company
- Small team delivering a variety of products with a current specific focus on Real Estate brokerages:
- FINTRAC Express, RT App, RT Academy  
RT Manuals & RT Reviews.



# Introductions...

Who are these **guys??**



**GREGORY DENT**  
COFOUNDER & COO



**DANIEL DENT**  
COFOUNDER & CTO



# Our **Milestones**

Our ReallyTrusted Success Story

RT Launched  
1st Remote FINTRAC  
in Canada

500 Brokerages



# FINTRAC

## History Highlights



FATF is an international organization focused on combating money laundering, established in 1989 by the G7



FINTRAC established in 2000



Real Estate one of many sectors covered



New sectors added (Mortgage brokers later this year)



Regulations change as risks evolve (originally PCMLTFA was PCMLA for instance)



**REALLY  
TRUSTED**

# 5 Pillars:

The framework of a  
**FINTRAC** Compliance  
Program

- 1 Appointment of  
Compliance Officer
- 2 Documented  
Risk Assessment
- 3 Documented  
Policies & Procedures
- 4 Documented  
Training Program
- 5 Effectiveness  
Review



**REALLY  
TRUSTED**



# Pillar 1

## Appointment of a Compliance Officer

- **The easiest pillar**
- **Document it**
- **Make sure they are qualified**
- **Make sure they have appropriate authority**

# What **we see** go wrong...

## Appointment of a **Compliance Officer**

**1.** No Appointment

**2.** No AML/CTF knowledge

**3.** No Authority or no segregation of duties - notion of independence



**REALLY  
TRUSTED**

# What **FINTRAC** wants from you...

## Appointment of a **Compliance Officer**

(a) appointing a person who is to be responsible for implementing the program or, in the case of a person, taking responsibility for implementing the program;



**REALLY  
TRUSTED**

# What **FINTRAC** wants from you...

Documented **Compliance Officer**

1. Appointment signed off in policy manual
2. Additional AML/CTF training
3. Has say in day-to-day operations

# Pillar 2

## Documented Risk Assessment

→ Specific risks identified

→ Risk levels attributed to each

→ Control measures identified

# What we have seen go **wrong**...

## Documented **Risk Assessment**

**1.** Blank CREA  
Risk  
Assessment  
page

**2.** One page Risk  
Assessment  
that says  
“We consider  
our brokerage  
to be low risk”

**3.** “The Risk  
Assessment is  
that thing we  
do every two  
years, right?”



**REALLY  
TRUSTED**

# What **FINTRAC** wants from you...

## Documented **Risk Assessment**

- (c) assessing and documenting the risk referred to in subsection 9.6(2) of the Act, taking into consideration
- (i) their clients and business relationships,
  - (ii) their products, services and delivery channels,
  - (iii) the geographic location of their activities,
  - (iv) in the case of an entity that is referred to in any of paragraphs 5(a) to (g) of the Act, any risk resulting from the activities of an entity that is affiliated with it and that either is referred to in any of those paragraphs or carries out activities outside Canada that are similar to those of a person or entity referred to in any of those paragraphs, and
  - (v) any other relevant factor;



**REALLY  
TRUSTED**

# What **FINTRAC** wants from you...

## Documented **Risk Assessment**

1. Risk assessment assesses products and services, delivery channels, geography, clients and business relationships, employees, suppliers and new technology
2. Each area has different risk rating therefore each has appropriate control measures
3. You'll have a good risk assessment when you have thoroughly analyzed your business properly.



**REALLY  
TRUSTED**



# Pillar 3

## Documented Policy and Procedures

- Needs to be based on your risk assessment and your obligations under FINTRAC
- No one size fits all
- Policies define the *'what'*
- Procedures define the *'how'*

# What we have seen go **wrong**...

## Documented **Policy and Procedures**

**1.** Using someone else's manual

**2.** Using the CREA template unedited

**3.** Having 2-3 pages within your brokerage manual be the only manual



**REALLY  
TRUSTED**

# What FINTRAC wants from you...

## Documented **Policy and Procedures**

(b) developing and applying written compliance policies and procedures that are kept up to date and, in the case of an entity, are approved by a senior officer;



**REALLY  
TRUSTED**

# What FINTRAC wants from you...

## Documented **Policy and Procedures**

1. •Policy manual walking through the various obligations your business does and does not have and broadly explaining the plan
2. •Procedure manual for agents walking through their specific part of the program
3. •Procedure manual for compliance staff that details all the procedures that ensure complete compliance with your stated policies



**REALLY  
TRUSTED**

# Pillar 4

## Documented Training Program



**Documents who will be trained**



**How and how often**



**On what**



**Record of training kept**



**REALLY  
TRUSTED**

# What we have seen go wrong...

## Documented Training Program

**1.** Spray and Pray  
(15 minutes at every sales meeting and nothing else)

**2.** Annual FINTRAC meeting, attendance kept (this is actually OK!)

**3.** Having no record whatsoever



**REALLY  
TRUSTED**

# What **FINTRAC** wants from you...

## Documented **Training Program**

(d) if the person or entity has employees, agents or mandataries or other persons who are authorized to act on their behalf, developing and maintaining a written, ongoing compliance training program for those employees, agents or mandataries or other persons;

(e) instituting and documenting a plan for the ongoing compliance training program and delivering the training; and



**REALLY  
TRUSTED**

# What FINTRAC wants from you...

## Documented **Training Program**

1. A training program that is accessible enough that everyone **ACTUALLY** does it and learns enough about their role
2. A training plan that is updated whenever things change
3. A full log of all staff and employees who have completed everything is kept



**REALLY  
TRUSTED**



# Pillar 5

## Effectiveness

### Review

- **An Audit of your program**
- **Should determine whether you are meeting your requirements**
- **Should determine whether your program is working as designed/intended**
- **Process and results need to be documented**
- **Findings incorporated**

# What we have seen go **wrong**...

## Effectiveness **Review**

**1.** “I review my risk assessment every two years”

**2.** “What is an effectiveness review?”

**3.** “I updated my manual about 5 years ago”



**REALLY  
TRUSTED**

# What **FINTRAC** wants from you...

## Effectiveness **Review**

(f) instituting and documenting a plan for a review of the compliance program for the purpose of testing its effectiveness.



**REALLY  
TRUSTED**

# What **FINTRAC** wants from you...

## Effectiveness **Review**

- 1.** An internal or qualified third party (external auditor) is brought in to review and results documented every two years (if no auditor then by yourself)
  1. Documented plan
  2. Documents findings
- 2.** Incorporate findings by updating all the other components of your program as necessary

# The 5 Pillars work together!!

---

- Compliance Officer can be constant, other 4 pillars must be fluid, changing and reinforce each other
- External and internal must be accounted for regularly
- Every new factor will require an update in some component of your program



# General Concepts

---

Compliance


- 1 Focus on the actuals
- 2 Components need to work together
- 3 Program must be tailored to your business
- 4 Changes/updates need to be woven through all components

# Financial Penalties

## Why does it all matter?

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

2021	2022	2023	2024
\$31,350	\$22,770	\$57,915	\$132,000
\$66,742.50	\$101,227	\$156,750	
\$59,235	\$230,423		
\$123,915	\$282,397.50		
\$255,750	\$275,385		
	\$206,250		
<b>Total 2021 Fines: \$536,993</b>	<b>Total 2022 Fines: \$1,118,453</b>	<b>Total 2023 Fines: \$214,665</b>	<b>Total 2024 Fines: \$132,000</b>



# Financial Penalties

## Why does it all matter?

This real estate broker in Montréal, Quebec, was imposed an administrative monetary penalty of **\$123,915** in 2021, for non-compliance with Part 1 of the PCMLTFA and its associated Regulations.

### Found to have committed the following violations:

- Failure to ensure that the appointed person was responsible for implementing a compliance program;
- Failure to develop compliance policies and procedures that sufficiently covered the requirements;
- Failure to assess and document the money laundering or terrorist activity financing (ML/TF) risk of its geographic locations, products and delivery channels, and clients and business relationships;
- Failure to keep a written ongoing compliance training program;
- Failure to institute and document a review, every two years, to assess the effectiveness of its policies and procedures, risk assessment and training program; and
- Failure to keep all the prescribed information in client information records.





# Financial Penalties

## Why does it all matter?

This real estate brokerage in Vancouver, British Columbia was imposed an administrative monetary penalty of **\$282,397.50** in 2022 for non-compliance with Part 1 of the PCMLTFA and its associated Regulations.

### Found to have committed the following violations:

- Failure to submit a suspicious transaction report where there were reasonable grounds to suspect that transactions were related to a money laundering offence;
- Failure to ensure that the appointed person was responsible for implementing a compliance program;
- Failure to develop and apply sufficient compliance policies and procedures for its regulatory obligations relating to third party determination, receipt of funds records and business relationships and ongoing monitoring;
- Failure to take into consideration the money laundering or terrorist activity financing risk of its products and delivery channels, its geographic location or its clients and business relationships;
- Failure to develop and maintain a written ongoing training program for its staff;
- Failure to institute and document a review to test the effectiveness of its policies and procedures, its risk assessment and its training program; and
- Failure to keep complete client identification records.



# Financial Penalties

## Why does it all matter?

This real estate brokerage in Vancouver, British Columbia was imposed an administrative monetary penalty of **\$275,385** in 2022, for non-compliance with Part 1 of the PCMLTFA and its associated Regulations.

### Found to have committed the following violations:

- Failure to submit a suspicious transaction report where there were reasonable grounds to suspect that transactions were related to a money laundering offence;
- Failure to submit a large cash transaction report for the receipt of \$10,000 or more in cash;
- Failure to ensure that the appointed person was responsible for implementing a compliance program;
- Failure to develop and apply sufficient compliance policies and procedures for its regulatory obligations relating to record keeping, third party determination, business relationships and ongoing monitoring;
- Failure to take into consideration the money laundering or terrorist activity financing risk of its products and delivery channels, its geographic location or its clients and business relationships;
- Failure to develop and maintain a written ongoing training program for its staff; and
- Failure to record the type of funds received on a receipt of funds record and not keeping complete client identification records.



# Financial Penalties

## Why does it all matter?

Following a compliance examination in 2021, this real estate broker in Mississauga, Ontario, was imposed an administrative monetary penalty of **\$132,000** in 2023, for non-compliance with Part 1 of the PCMLTFA and its associated Regulations.

### Found to have committed the following administrative violations:

- Failure to ensure that an appointed person be responsible for implementing a compliance program;
- Failure to develop and apply written compliance policies and procedures;
- Failure to assess and document money laundering or terrorist activity financing risks;
- Failure to develop and maintain a written ongoing compliance training program; and
- Failure to institute and document the prescribed review of its policies and procedures, risk assessment and training program.

# Financial Penalties

## Why does it all matter?

This real estate broker in Vancouver, British Columbia was imposed an administrative monetary penalty of **\$206,250** in 2022 for non-compliance with Part 1 of the PCMLTFA and its associated Regulations.

### Found to have committed the following violations:

- Failure to submit a suspicious transaction report where there were reasonable grounds to suspect that transactions were related to a money laundering offence;
- Failure to develop compliance policies and procedures related to ministerial directives and ongoing monitoring of business relationships, and failure to apply policies and procedures related to third party determination;
- Failure to assess and document the money laundering or terrorist activity financing risks of its geographic locations, products and delivery channels, and clients and business relationships;
- Failure to develop and maintain a written ongoing compliance training program; and
- Failure to institute and document a review, every two years, to assess the effectiveness of its policies and procedures, risk assessment and training program.

# FINTRAC Examinations

Typical deficiencies leading to fines...



- Policy and procedures
- Risk assessments
- Training programs
- Record keeping
- Unreported Suspicious Transactions
- Identification (KYC) requirements
- Neglecting suspicious / high risk indicators
- Ongoing monitoring

# FINTRAC Examinations

How to solve typical deficiencies ...



- Understand enough to understand what the options do and don't do
- You don't need to do it alone
- Solve the whole problem not a partial solution

# How **ReallyTrusted** can help...



Contact us: [sales@reallytrusted.com](mailto:sales@reallytrusted.com)

Book a Consult: [www.reallytrusted.com/consult](http://www.reallytrusted.com/consult)