



Financial Transactions and Reports Analysis Centre of Canada

FINTRAC imposes an administrative monetary penalty against Questrade, Inc., in Toronto, Ontario

OTTAWA, February 21, 2014 - Questrade, Inc., a securities dealer in Toronto, Ontario, was imposed an administrative monetary penalty of \$346,140 on October 19, 2011, for committing nine violations of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (the Act) and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* (the Regulations).

Questrade, Inc. was found to have the following deficiencies:

- Failure to report a suspicious transaction;
- Incomplete compliance policies and procedures, failure to develop a written ongoing compliance training program and failure to take special measures for high risk activities;
- Inadequate practices of ascertaining client identity and confirming the existence of an entity other than a corporation, failure to enter into an agreement or arrangement with an agent or mandatary for the purposes of ascertaining identity, and incomplete record keeping;
- Failure to take reasonable measures to determine whether a person is a politically exposed foreign person.

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) imposed the penalty for the following violations:

- Failure of a person or entity to report to the Centre, in the prescribed form and manner, a suspicious transaction that occurred in the course of their activities, which is contrary to section 7 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and section 9 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.
- Failure of a person or entity to develop and apply written compliance policies and procedures that are kept up to date and, in the case of an entity, are approved by a senior officer, which is contrary to subsection 9.6(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and paragraph 71(1)(b) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.
- Failure of a person or entity, in respect of the activities considered by that person or entity to pose high risk, to take prescribed special measures, which is contrary to subsection 9.6(3) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and subsection 71.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.
- Failure of a person or entity that has employees, agents or other persons authorized to act on their behalf to develop and maintain a written ongoing compliance training program for those employees, agents or persons, which is contrary to subsection 9.6(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and paragraph 71(1)(d) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.
- Failure of a securities dealer to keep prescribed records, which is contrary to section 6 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and paragraphs 23(1)(a.1), 23(1)(b) and 23(1)(c) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.
- Failure of a securities dealer to take reasonable measures within the prescribed period to determine whether a person for whom the dealer opens an account is a politically exposed foreign person, which is contrary to subsection 9.3(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and subsection 57.1(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.
- Failure of a person or entity to ascertain in the prescribed manner and within the prescribed period the identity of every individual with whom the person or entity conducts a transaction in respect of which a record must be kept, which is contrary to section 6.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and subparagraph 64(1)(b)(ii) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.
- Failure of a person or entity who relies on an agent or mandatary to take identification measures to enter into an agreement or arrangement with the agent or mandatary for the

purposes of ascertaining identity, which is contrary to section 6.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and subsection 64.1(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.

- Failure of a securities dealer to confirm in the prescribed manner and within the prescribed period the existence of every entity, other than a corporation, for which it opens an account, which is contrary to section 6.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and subsection 57(4) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*.

A number of business sectors in Canada are required to keep certain records, identify clients, maintain a compliance regime, and report financial transactions to FINTRAC consistent with their obligations under the PCMLTFA. Sectors covered under the legislation include accountants, British Columbia notaries, casinos, dealers in precious metals and stones, financial entities, life insurance, money services businesses, real estate, and securities dealers.

Administrative monetary penalties are used to ensure compliance with the law and serve as a counterpart to existing criminal penalties.

FINTRAC is an independent agency governed by the PCMLTFA and reports to Parliament through the Minister of Finance. The Centre produces financial intelligence that helps law enforcement and national security agencies in fighting money laundering, terrorist activity financing and threats to the security of Canada. FINTRAC's financial intelligence assists hundreds of criminal investigations every year, including those where the alleged laundered proceeds were linked to drug offences, fraud, tax evasion, customs and excise offences, corruption and human smuggling and trafficking. The Centre's intelligence also informs police and national security agencies of current and emerging trends and techniques used to launder money and raise funds for terrorist activities to help them stay ahead of criminals.

A critical aspect of FINTRAC's mandate includes ensuring compliance with the PCMLTFA by businesses across the country with legal obligations under the Act. Ensuring these entities comply with their legal obligations helps to deter money laundering and terrorist activity financing. It also generates the financial transaction reports that serve as the foundation for FINTRAC's analysis and intelligence.

FINTRAC is part of Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime. The initiative is led by the Department of Finance. Federal partners include the Department of Finance Canada, the Department of Justice Canada, the Public Prosecution Service of Canada, Canada Border Services Agency, Canada Revenue Agency, the Royal Canadian Mounted Police, Canadian Security Intelligence Service, Public Safety Canada, the Office of the Superintendent of Financial Institutions, and the Department of Foreign Affairs, Trade and Development Canada.

Additional information can be found at the [Administrative monetary penalties](#) section.

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Date Modified: 2014-02-21