



Follow the Money

The Role of Financial Institutions in Canada's Fight Against Human Trafficking



International Justice and Human Rights Clinic • Peter A. Allard School of Law • University of British Columbia



**PETER A. ALLARD
SCHOOL OF LAW**

THE UNIVERSITY OF BRITISH COLUMBIA

July 2020

Acknowledgements

This report was written by Sania Chaudhry and Czarina Pacaide, and Justin Wiebe, Student Clinicians of the International Justice and Human Rights Clinic at the Peter A. Allard School of Law, University of British Columbia. Student Clinician Adil Altan Ahmed assisted with research. Clinic Director Nicole Barrett and Clinic Supervising Lawyers Julie Hunter, Melissa McKay and Maria Sokolova reviewed and edited this report.

Student Clinician Ingrid Wibowo designed the report. The images used on the cover page are derivatives of photographs licensed under a [Creative Commons Attribution 2.0 Generic License](#). They are attributed to Katherine Ridgley of KMR Photography.

Opinions expressed herein are solely those of the authors and should not be attributed to other parties. This report does not represent the official position of the Allard School of Law or the University of British Columbia.

Comments may be directed to:

International Justice and Human Rights Clinic
Peter A. Allard School of Law
1822 East Mall Vancouver, British Columbia
Canada V6T 1Z1
Email: ijhrclinic@allard.ubc.ca
Telephone: +1-604-822-9298

© 2020, International Justice & Human Rights Clinic
Peter A. Allard School of Law
The University of British Columbia
Vancouver, BC, Canada

Suggested Citation

“Follow the Money: The Role of Financial Institutions in Canada’s Fight Against Human Trafficking,” Allard International Justice and Human Rights Clinic (Vancouver: Peter A. Allard School of Law, July 2020).

Contents

Executive Summary	3
1. Introduction	10
1.1 The Link Between Human Trafficking and Money Laundering	10
1.2 Report Outline	11
1.3 Methodology	12
1.4 Evaluation Questions	12
2. Human Trafficking: The Canadian Context.....	13
3. Evaluation of Financial Institutions' Current Practices	16
3.1 How Financial Institutions Can Help Identify and Prosecute Human Trafficking	16
3.1.A. Current Practices.....	16
3.1.B Unaddressed Gaps	26
3.2 How Financial Institutions Can Assist (Suspected) Victims of Trafficking in Persons	35
3.3 How Financial Institutions Can Help Prevent Trafficking	36
4. Recommendations.....	38
For Police Investigators & Crown Prosecutors.....	38
For FINTRAC & Policymakers.....	38
For Banks and Credit Unions	40
5. Conclusion	43
Appendices	44
Appendix A: Canadian Human Trafficking Case Matrix	44
Appendix B: Anti-Money Laundering Law and Human Trafficking in Canada	56
Appendix C: Financial Indicators of Trafficking for Sexual Exploitation.....	60
Appendix D: Canadian Law and Human Trafficking	64
Public Law: Criminal Law	64
Public Law: Immigration Law	64
Private Law and Human Trafficking	65
Appendix E: Comparisons of Suspicious Activity/Transaction Reports by Jurisdiction	67
Endnotes.....	84

Executive Summary

Human trafficking is one of the world's fastest-growing crimes, an egregious violation of basic human rights under international and domestic law. Often viewed as modern day slavery in the form of labour or sexual exploitation, human trafficking can be highly profitable, generating profits that are often moved or laundered through financial channels. "Following the money" through these channels may reveal evidence that can be used to prosecute perpetrators of human trafficking. This report explores the link between human trafficking and money laundering, and identifies ways in which anti-money laundering (AML) regimes can help detect human trafficking in Canada, provide evidence for prosecutions, and disgorge illegal profits from traffickers to help trafficking victims rebuild their lives. It recommends a series of policy changes Canadian banks and policymakers can adopt to better leverage Canada's AML regime to fight human trafficking.

Canada's AML regime involves financial institutions, a national financial intelligence unit (FINTRAC), and law enforcement. As part of their AML activities, financial institutions report suspicious financial activity to FINTRAC, which analyzes the data and discloses it, where appropriate under the relevant legislation, to law enforcement for investigation and legal action. In 2015, the AML regime shifted to an explicit focus on assisting with cases of human trafficking for the purpose of sexual exploitation ("sex trafficking"). A public-private partnership between FINTRAC, law enforcement, banks and other stakeholders led to the development of a unique set of financial indicators used in the detection of trafficking for sexual exploitation, known as "Project Protect". Project Protect led to an increase in the volume and quality of financial information being released to law enforcement relating to cases of suspected human trafficking.

While an important step in the right direction, several features of Project Protect require attention. While the scope of the Project has recently expanded to address organ trafficking and child exploitation, it does not currently address trafficking for forced labour ("labour trafficking"). In addition, reports submitted by banks to FINTRAC do not always result in speedy disclosures to law enforcement. These delays can slow investigations and impede prosecutions in circumstances where the collection of evidence must occur within prescribed time periods. While banks are empowered through legislation to disclose certain information to law enforcement directly in cases of suspected human trafficking, they do not interpret these rules consistently. Consequently, great variation exists between banks regarding the type of information they are willing to disclose. Finally, banks have not consistently implemented strategies to empower and protect suspected victims of human trafficking. Given the clear link between money laundering and human trafficking, and the current status of the detection and enforcement regimes of financial institutions, financial intelligence units, and law enforcement, this report makes the following recommendations:

Recommendations¹

For Police Investigators & Crown Prosecutors

Prosecutors should construct cases based on financial evidence, as well as the general activities of would-be traffickers. Doing so would refocus human trafficking prosecutions on the money trail and the trafficker's actions rather than victims. In addition, the approach would increase the likelihood of convictions and ensure that prosecutors lead evidence to corroborate the complainant's testimony. For prosecutors to effectively construct cases, improved training of law enforcement officials at all levels is needed in all jurisdictions. This should include training on:

- The financial indicators of forced labour and sexual exploitation.
- How to build human trafficking cases based on financial information.
- Working with organizations that encounter those at greater risk of being trafficked, such as migrant workers.

For FINTRAC & Policymakers

1. In consultation with stakeholders, including victim services associations and migrant worker rights groups, and with reference to existing internationally recognized indicators of labour trafficking, develop and issue official financial indicators for labour trafficking. This white paper suggests that the following financial indicators should be used as a starting point.

General Indicators of Forced Labour	<p>The International Labour Organization has identified the following situational indicators of forced labour:</p> <ul style="list-style-type: none">• Abuse of vulnerability• Deception• Restriction of movement• Isolation• Physical and sexual violence• Intimidation and threats• Retention of ID documents• Withholding of wages• Debt bondage• Abusive working and living conditions• Excessive overtime
--	--

¹ To ensure that all relevant agencies are equipped to respond to human trafficking, recommendations for the Canadian Border Services Agency (CBSA) will also need to be developed.

<p>Financial Indicators of Forced Labour: Transactions</p>	<p>The International Labour Organization and the Organization for Security and Co-operation in Europe have identified the following indicators of forced labour in financial transactions:</p> <ul style="list-style-type: none"> • High-volume deposits followed immediately by withdrawals, indicating a “funnel account” • Business customer with changes to their business accounts that are inconsistent with expected activity • Use of anonymous monetary instruments for most or all payments • Structured cash deposits at multiple bank locations • Business customer who does not show normal payroll expenditures (e.g., wages in line with local minimum wages, payroll taxes and contributions) • Business customer has very low or no payroll costs, inconsistent with the apparent or reported size of their business • Business customer appears to pay all employees the same wages, inconsistent with expected payroll patterns • Substantial deductions appear to be made to payroll, with explanations of charges for items including housing or food • Employees receive only a small fraction of their apparent or expected wages • Employees cash payroll cheques but most or all funds are then transferred to the employer’s account • Client makes payments to unlicensed employment or student recruitment agencies, or to agencies reported to have committed labour violations • Employer or employment agency serving as custodian over the accounts of foreign workers or students • One attorney claiming to represent multiple undocumented migrants detained at different locations • Invalid work contracts or group travel for conferences, seminars and study tours • Fictitious loans provided by a shareholder to a related legal person and subsequent transfer back
<p>General Indicators of Forced Labour</p>	<p>The client appears to be:</p> <ul style="list-style-type: none"> • Afraid, tense, depressed, or anxious • Submissive to those around them • Malnourished, underfed, or ill • A potential victim of abuse (physical, sexual, or emotional) • Unsure of the date or time • Always accompanied by another person, who may:

- Have possession of the client's identification documents
- Always speak for the client (possibly on pretence of need for translation) or seem to stop the client from speaking for themselves
- Appear to direct or have coached the client in their responses
- Perform or direct all transactions on behalf of the client
- Unable to identify where they are, or where they live, without confirming with another person
- Say they are only visiting their current location
- Unaware of their current location

2. Using financial indicators of forced labour, implement a targeted program to flag, identify, and disclose to law enforcement and other appropriate agencies, instances of suspected labour trafficking.
3. Assess and address the potential existence of bias in all indicators and enact guidelines to minimize the risk of profiling. The likelihood that vulnerable people will be put at greater risk of trafficking by means of criminalization, financial insecurity caused by account closures, or deportation should also be considered.
4. Assess and amend immigration laws and regulations as necessary so that foreign nationals who are victims of human trafficking in Canada are not criminalized, penalized or prosecuted. In this regard, trafficker-coerced Canadian immigration offences are of particular relevance. As FINTRAC is empowered to make disclosures to the Canadian Border Services Agency (CBSA) in relation to several immigration-related offences, FINTRAC should take particular care to ensure it does not disclose information about suspected trafficking to CBSA without first highlighting the frequency of trafficker-coerced immigration offenses, so CBSA can take appropriate steps to protect victims.
5. Ensure financial institutions submit STRs to FINTRAC in all cases where "reasonable grounds to suspect" human trafficking exist and assess the potential impact of legislative and policy changes that would enable financial institutions to submit STRs to FINTRAC on "mere suspicion".
6. Legally require the use of FINTRAC-issued Operational Alert indicators of human trafficking by financial institutions. This should include both the current Financial Indicators of Trafficking for Sexual Exploitation (see Section 3.1 of this report) and financial indicators of labour trafficking, once developed and issued.

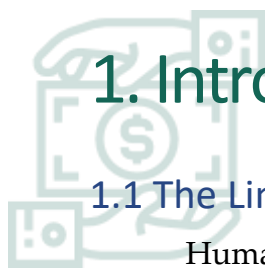
7. Amend the standard Suspicious Transaction Report (STR) form to include a human trafficking checkbox that prompts financial institution employees to also provide a narrative description where human trafficking is suspected. Checkboxes have recently been implemented in relation to Suspicious Activity Reports (SARs) in the United States. This may mean that Canadian institutions adopt a hybrid approach to reporting, which would include both narrative and checkbox components.
8. In relation to suspected human trafficking, provide clear and up to date guidance to banks and credit unions regarding the particulars of their obligations to disclose information to FINTRAC and law enforcement agencies. This guidance should also include content on the sorts of information that cannot be disclosed due to privacy laws.
9. In appropriate circumstances, allow law enforcement to request STRs directly from banks to avoid delays and to ensure that investigations are conducted in a timely manner. The desirability of such direct requests is heightened in time-sensitive cases, where, for example, the laundering of proceeds received from human trafficking should be immediately halted.
10. Ensure proper data collection about financial crimes that involve human trafficking. This should also include disaggregating data in relation to instances of sexual exploitation and forced labour.
11. Where appropriate, provide feedback to banks on filed STRs in order to improve bank compliance and allow banks to take appropriate action. Appropriate action may include freezing assets or closing accounts where clients are found to be engaged in human trafficking.

For Banks & Credit Unions

1. Adopt written policies and procedures that make an express link between money laundering and human trafficking to help address human trafficking, including through the detection, prevention, and protection of victims. In this regard, AML techniques should be used to combat both sex and labour human trafficking. Ensure that policies and procedures allow for a timely review of case characteristics to identify and permit a rapid response in cases of urgency. Review, adopt, and share best practices annually with other banks and credit unions on these policies.
2. In order to protect victims of human trafficking from further exploitation and to disrupt further profits from human trafficking, consider freezing transactions and accounts where human trafficking is strongly suspected. This decision should be centered on victim protection, however, and should not inadvertently penalize the victim by, for example, restricting victims' access to funds.

3. Train all staff who work with customers or in AML detection to recognize the indicators of human trafficking. This training should include information provided by law enforcement, victim-support organizations, academics, AML experts, and/or others with specialized knowledge of human trafficking.
4. Develop a process/protocol to allow front-line financial institution staff to identify and report suspicious activity to an appropriate source, so that investigations are timely and effective.
5. Ensure that all staff who file STRs receive regular training on human trafficking indicators and the appropriate procedures to follow when these indicators are identified.
6. Train and select a point person with specialized knowledge of human trafficking. This point person must be able to prioritize suspected cases of human trafficking so that investigators from internal financial intelligence and AML units can quickly assess whether a STR should be filed.
7. Create clear, regularly updated directives for legal teams on the obligations of financial institutions under Canadian privacy laws to ensure these laws are not being interpreted in an overly broad manner. Overly broad interpretations could prevent information-sharing with law enforcement on human trafficking cases in cases where disclosure is permitted.
8. Increase communication and collaboration between Corporate Security Departments and AML Financial Intelligence Units within banks and credit unions.
9. Maintain open lines of communication with other banks and between banks and law enforcement, in line with relevant laws and regulations.
10. In consultation with victim support organizations, survivors, and law enforcement, identify additional ways of assisting survivors of human trafficking by, for example, developing programs to rehabilitate credit where it has been damaged by fraud or abuse of credit due to the trafficker's actions. In this regard, initiatives such as Scotiabank's Financial Access Project, which assists survivors in rebuilding financial independence, should be evaluated, expanded and replicated, where appropriate.
11. Adopt and expand on existing best practices, including by:
 - a. Classifying clients into high and low risk categories.
 - b. Providing adequate training to AML professionals tasked with deciding whether to file STRs. This training should include appropriate steps for filling out STRs. Training materials should be updated on a regular basis.

- c. Increasing awareness of front-line staff, providing training and information on human trafficking for any and all employees who are customer-facing, derived from indicators in *FINTRAC Operational Alerts*. This is important because investigative departments are often alerted to suspicious activity through internal reports made by such staff.¹ Implement a specific process to provide for private, time sensitive follow-up with the client to determine whether or not to activate an investigation, depending on the circumstances.
- d. Referencing the *FINTRAC Operational Alert* indicators in filling out internal intelligence reports and STRs.
- e. Designating a point person with knowledge and understanding of human trafficking and how it works from a financial perspective to assist with enquiries, protocol development and implementation, and to expedite urgent matters.
- f. Engaging partners in the community to train employees, such as law enforcement officials and experts from the non-profit sector. Such experts should be invited to speak during trainings, which would allow for exposure to different perspectives and helps employees to identify indicators that may otherwise be missed because of the financial vantage-point inherent to bank processes.²
- g. Ensuring regular communication and collaboration between all Corporate Security Departments (focused on fraud) and all AML Financial Intelligence Units (focused on money laundering). These entities should not operate in separate silos.
- h. Building upon the success of public-private partnerships such as Project Protect. These broad-based coalitions are essential in addressing multi-faceted problems such as human trafficking.
- i. Maintaining open lines of communication with other banks and law enforcement, within relevant privacy laws and regulations.
- j. Focusing on the benefits, including from positive press, that result from efforts to combat human trafficking. These benefits are expected to outweigh any impacts from negative press or client loss due to investigations into human trafficking.
- k. Requiring legal personnel to explain current privacy obligations under the legislative framework and develop protocols for all staff in a timely manner.
- l. Recognizing that all instances of human trafficking are human rights violations and committing, in response, to taking all available action to combat the flow of associated profits through financial institutions.



1. Introduction

1.1 The Link Between Human Trafficking and Money Laundering

Human trafficking³ is a fast-growing, egregious, and highly profitable violation of human rights under both domestic and international law. Profits resulting from human trafficking are often laundered through financial channels, giving anti-money laundering experts at financial institutions, including banks and credit unions, important insight into criminal trafficking schemes. “Following the money” through financial channels can uncover transactional patterns that may, in turn, help detect human trafficking and effectively prosecute it. There is a growing recognition that financial institutions are well-placed to “follow the money” because they often encounter suspicious transactions before other third parties such as law enforcement agencies can detect trafficking.⁴ Even so, such increased recognition has not consistently led to meaningful action across Canadian financial institutions.

This report aims to contribute to meaningful anti-trafficking action by analyzing the various ways that financial institutions’ anti-money laundering (AML) regimes can be used to detect and prosecute human trafficking. Based on this analysis, it makes recommendations to leverage these tools more effectively. In Canada, banks have AML Financial Intelligence Units (FIUs) which aim to detect, report, and disrupt suspicious financial activity as part of a national AML regime.⁵ The primary body that collects and analyzes this data is the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), Canada’s national financial intelligence unit.⁶ FINTRAC receives reports from banks concerning suspicious financial activity and discloses relevant information to law enforcement when it believes there are reasonable grounds to suspect certain types of criminal activity has occurred.⁷ It also analyzes financial crime patterns in order to increase understanding of how criminals use financial networks to move and launder funds. By informing law enforcement of suspected cases of human trafficking and analyzing the financial channels through which related criminal networks operate, financial institutions and FINTRAC can together play an important role in combatting human trafficking.

Financial institutions have potential to play a key role in combatting human trafficking. However, this potential has yet to be fully realized. Financial institutions sometimes lack specific written policies addressing human trafficking; rather, in reporting suspected cases to FINTRAC, they rely on a FINTRAC *Operational Alert* that lists financial indicators of activity potentially connected to human trafficking for sexual exploitation, in the same way they would use other *Operational Alerts* for any other crime.⁸ In addition, financial institutions may be overly concerned that such disclosure to FINTRAC and law enforcement will run afoul of privacy laws, resulting in the non-disclosure of information in the absence of legal risks. This can limit the effectiveness of

information-sharing practices. Finally, a lack of knowledge amongst staff at financial institutions can limit the effectiveness of using AML regimes to combat human trafficking. These shortcomings have yet to be addressed.

In 2015, “Project Protect”—a Canadian public-private partnership between financial institutions, law enforcement, government, FINTRAC, non-governmental organizations, and technology companies—attempted to leverage AML regimes to combat human trafficking.⁹ Project Protect created a list of financial indicators that pointed to potential situations of sex trafficking. The result was a non-binding FINTRAC *Operational Alert*, which was disseminated to banks for use in identifying and reporting suspected instances of sex trafficking.¹⁰ Since Project Protect’s inception, there has been a “dramatic increase” in reporting through bank disclosures pointing to potential money-laundering transactions linked with trafficking for sexual exploitation to FINTRAC, and FINTRAC’s subsequent disclosures to law enforcement relating to suspected instances of human trafficking.¹¹ Project Protect thus appears to be a successful example of using AML regimes to help detect instances of sex trafficking. Although Project Protect has expanded to include a focus on organ trafficking and child exploitation, it is otherwise limited to the detection of trafficking for sexual exploitation. There is currently no official compilation of financial indicators specific to labour trafficking in Canada.

1.2 Report Outline

This report examines the role of financial institutions in Canada with respect to the fight against human trafficking, providing novel analysis of the effectiveness and potential of Canadian financial institutions’ implementation of anti-money laundering laws in human trafficking cases.

It begins, in **Section 2**, by briefly outlining the current anti-human trafficking regime in Canada, including the state of both labour and sex trafficking.

Section 3.1 describes how financial institutions assist in the prosecution of human traffickers. We first provide a brief overview of the general AML practices adopted by Canadian banks and some credit unions, demonstrating the utility of AML efforts in detecting, prosecuting and preventing human trafficking. We then analyze weaknesses in the current AML regime as it applies to combatting human trafficking.

Section 3.2 discusses barriers and gaps in financial institutions’ policies and practices vis-a-vis human trafficking victims and survivors.

Section 3.3 explores how financial institutions can help prevent human trafficking in Canada.

We conclude in **Section 4** by offering recommendations for law enforcement, FINTRAC, banks, credit unions, and policymakers that can increase the effectiveness of AML regimes in combatting human trafficking in Canada.¹²

1.3 Methodology

This report is based on a review of human trafficking and anti-money laundering articles and reports, the academic literature, policy documents, statistics from government and international organization databases, published court decisions, banks' written policy statements and compliance reports, Canadian government documents, and interviews with experts in the fields of human trafficking, banking, and anti-money laundering, both in Canada and abroad.

While Canada's anti-money laundering law defines financial institutions as encompassing a broad range of businesses, this paper is limited to information gathered on Canada's Big Five Banks – the Bank of Montreal (BMO), the Bank of Nova Scotia (Scotiabank), the Canadian Imperial Bank of Commerce (CIBC), the Royal Bank of Canada (RBC), and Toronto-Dominion Bank (TD Bank) – as well as several credit unions.¹³

1.4 Evaluation Questions

Our main area of inquiry is to determine the effectiveness of current anti-human trafficking efforts in Canada's financial sector and identify areas for improvement. To this end, we sought answers from stakeholders on the following questions:

- What are the **challenges**, if any, encountered by financial institutions, FINTRAC, and law enforcement in using AML techniques to assist in the investigation and the prosecution of potential human trafficking offences? How can current law, policy, and practice be modified to address these challenges so that AML techniques are most beneficial to prosecutors and potential trafficking victims, while respecting the privacy rights of victims and the accused trafficker's right against unreasonable search and seizure?
- What are financial institutions currently doing to **protect and assist** survivors of human trafficking? How can financial institutions better protect human trafficking survivors?
- What are financial institutions doing to **prevent** human trafficking? What can financial institutions do to be a stronger partner in preventing human trafficking in Canada?



2. Human Trafficking: The Canadian Context

Canada has signed and ratified the *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children* (the “Palermo Protocol”) which provides the internationally accepted definition of human trafficking. Article 3 defines “human trafficking” as:¹⁴

...the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs....

The United Nations has identified Canada as a source, transit, and destination country for human trafficking.¹⁵ In response, Canada has developed a multi-pronged regime in its attempt to meet its international obligations in this area.¹⁶

1. In an attempt to prosecute human traffickers within Canada, Parliament has criminalized the trafficking of persons.¹⁷ *The Immigration and Refugee Protection Act* (IRPA) also makes it an offence to traffic foreign nationals into Canada.¹⁸ It is also a criminal offence in Canada to profit from human trafficking.¹⁹ Canada’s AML regime enables the collection of financial evidence to prevent and prosecute the integration of illegally obtained finances into the economy.²⁰
2. Canada and its Provinces seek to protect and assist survivors of human trafficking through a variety of legislative and policy initiatives. These initiatives include:
 - a. In Manitoba, Ontario and Alberta, it is possible to bring a civil suit for damages against a human trafficker.²¹
 - b. Canadian immigration law provides for the possibility of accessing a temporary residence permit, work permit, and access to health and social services for alleged victims of transnational human trafficking.²² Accessing these permits and services, however, can be difficult in practice.²³
3. Canada seeks to prevent human trafficking through raising awareness, both amongst the public in general, and amongst front-line service providers who may come in contact with trafficking victims.²⁴

4. Canada seeks to partner with stakeholders and service providing organizations in its efforts to combat human trafficking. An example of such a partnership is Project Protect, which was spear-headed by Canadian financial institutions and part of the federal government's four-year National Action Plan (NAP) to Combat Human Trafficking. Launched in 2012, Project Protect continues to inform government actions.²⁵ Former Member of Parliament and Minister of Public Safety, Ralph Goodale, previously suggested that the current federal government is "working towards renewing" the NAP.²⁶

Despite the multi-pronged approach outlined above, human traffickers continue to enjoy a significant degree of impunity both globally and within Canada. The International Labour Organization suggests that almost 21 million people are victims of forced labour, of whom 19 million are being exploited by private individuals. Forced labour in the global private economy is estimated to generate \$150 billion USD (approximately \$200 billion CAD) per year.²⁷ Moreover, in Canada, between 2009 and 2014, Canadian police services reported 506 violations of human trafficking laws, with 206 reported violations in 2014 alone. Since human trafficking became a criminal offence under the *Criminal Code*, approximately 172 adult criminal cases have been tried, where trafficking is the most serious criminal offence. Of these 172 cases, the majority (62%) were stayed, withdrawn, discharged or dismissed.²⁸ According to data from 2018, more than a decade since Canada enacted anti-trafficking legislation, only 29% of cases where human trafficking was the most serious offence charged resulted in conviction; only one of these resulted from labour trafficking (See Appendix A).²⁹

The number of prosecutions of sex trafficking is low, although rising. However, labour trafficking is still rarely prosecuted. The lack of prosecution is related to several factors. These include the broad scope of the human trafficking definition, the complexity and expense of cases, and the reluctance of some victims to come forward.³⁰ Further, to secure convictions, prosecutors must show that the victim was exploited, which requires, as discussed below, a focus on the victim's state of mind and their subjective experience of fear for their lives or the lives of someone they know.³¹ While recent changes in the criminal human trafficking definition make it easier to prove a trafficker's control over a victim, further legal changes to shift the prosecutor's focus from human trafficking victims to the traffickers themselves are needed.

Human trafficking often crosses borders. It is profit-driven crime and therefore often intertwined with other transnational financial crimes such as money laundering, which is defined as "conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property."³² As Peter German recently noted in his reports on money laundering in British Columbia, many criminal acts such as human trafficking rely on cash obtained from these acts being transitioned into the mainstream

financial system. It is only when this cash is “laundered” through mainstream financial institutions that it is of use to criminal trafficking organizations and individuals.³³

Canada’s financial institutions already have sophisticated AML regimes designed to prevent and combat money laundering. Since money laundering is often related to human trafficking, investigations of the former can often assist in uncovering the latter. Therefore, the participation of financial institutions is crucial for anti-trafficking initiatives. Financial institutions’ AML regimes can be leveraged to efficiently investigate both types of crimes.

There are several ways in which Canadian financial institutions can contribute to combatting human trafficking. First, financial institutions’ reporting of potential money laundering cases to regulators and law enforcement may assist with identifying victims and perpetrators of trafficking in persons and collecting information to help law enforcement and prosecutors develop strong cases against traffickers.³⁴ Second, AML policies at financial institutions and FINTRAC, such as network analysis of suspicious transactions, may assist in preventing or reducing the effects of human trafficking on victims by providing law enforcement with the information they need to intervene more swiftly. Finally, institutions can create internal policies and procedures to assist victims of trafficking to recover financially if they have also been victims of financial abuse by their traffickers. This report will discuss these potential policy innovations further below.



3. Evaluation of Financial Institutions' Current Practices

3.1 How Financial Institutions Can Help Identify and Prosecute Human Trafficking

3.1.A. Current Practices

This section evaluates how financial sector oversight mechanisms, including the anti-money laundering regime, can help detect and prosecute human trafficking.

Canada's Anti-Money Laundering (AML) Regime and Human Trafficking

FINTRAC: Role in AML Regime and Detection of Human Trafficking³⁵

Created and overseen by government, FINTRAC is empowered to collect, analyze, and disclose information to relevant agencies for the purpose of detecting, preventing, and deterring money laundering, terrorist financing, and threats to the national security of Canada.³⁶ In addition to its work in preparing intelligence for financial crimes investigations, FINTRAC also develops information about trends, patterns, and typologies (i.e. typical patterns) of financial crime, and to raise awareness about money laundering and terrorist financing activities. FINTRAC receives its information through Suspicious Transaction Reports (STRs), submitted by Canadian businesses and financial institutions as required by law. Information is also disclosed from the Canadian Border Services Agency (CBSA), law enforcement, government and intelligence agencies, other financial intelligence units, publicly available sources, and members of the public.³⁷

FINTRAC uses both automated algorithms and analysis by personnel to review and analyze the information it receives. When FINTRAC determines it has reasonable grounds to believe the information it has produced will be useful to an investigation or prosecution of money laundering or terrorist financing, it will disclose this 'intelligence' (the results of its investigation) to one or more permitted entities.³⁸ Because human trafficking involves the transfer and acquisition of criminal proceeds, FINTRAC disclosures may help law enforcement identify and prosecute these cases. FINTRAC's current list of financial indicators of trafficking for the purpose of sexual exploitation include:³⁹

- Accommodations (such as hotels, motels, peer-to-peer online booking services for private and commercial lodgings) and payments for short stays and/or stays in multiple cities in a relatively short time period;

- Distance transportation: frequent purchases of airline, train, and/or bus tickets, possibly for multiple individuals, in relatively short time periods in a manner that is inconsistent with expected activity;
- Local transportation: purchases for taxi, limousine, vehicle rentals, and ride sharing services in relatively short timelines and inconsistent with expected activity;
- Fast food restaurants: frequent low value purchases in relatively short timelines and inconsistent with expected activity;
- Multiple cash deposits conducted at different bank branches/ATMs, possibly across different cities and provinces;
- Personal accounts which receive frequent deposits but are typically kept depleted, showing no purchases or transactions that would indicate normal activity;
- Clients who make deposits accompanied or observed by third parties, particularly on separate occasions. The third party may be handing over to the client what is subsequently confirmed to be the client's identification.
- Unrelated third parties sending email money transfers or other forms of electronic transfers to the same beneficiary with no apparent relation to the recipient or with no stated purpose for the transfers;
- Email money transfers to third parties with alternate names provided in brackets [For example, jane@example.com (Bambi)];
- Large and frequent electronic transfers between senders and receivers with no apparent relationship;
- Use of someone else's identification, or opening an account in the name of an unqualified minor;
- Use of aliases for the purpose of opening multiple accounts in different banks, or in different branches of the same bank; and
- Addition of an unusual number of individuals as joint account holders, or authorized users to products such as credit cards.

For the full list of financial indicators of human trafficking for sexual exploitation, issued by FINTRAC and used by financial institutions in reporting suspicious activity, see Appendix C.

FINTRAC disclosures typically include the name of the person(s) and financial institution(s) involved, the amounts and types of currency, any account or transaction numbers, other identifying information connected to the purposes enumerated, any criminal record or relevant criminal charges laid in respect to a person involved in or suspected to have directed the transaction, the relationships suspected between them and others, relevant financial interests, information about reports which led to the decision to disclose, any indicators of a money laundering or terrorist financing offence, and relevant enumerated import/export information.⁴⁰ In this way, law enforcement or the CBSA (for trafficking offences under the IRPA, as discussed above) can gain access to information about the money being exchanged during the course of human trafficking and the identities of the people involved.

As noted above, because FINTRAC is empowered to disclose to the CBSA and law enforcement relating to a wide range of offences and administrative matters, including non-trafficking immigration offences, there is a risk that certain FINTRAC disclosures could place individuals vulnerable to trafficking, such as persons in Canada without status, at greater risk. This could occur, for example, were FINTRAC to disclose information to CBSA that suggests a person may be inadmissible to Canada or have committed an offence under immigration laws due to a potential misrepresentation, without realizing that the individual concerned was coerced into making the misrepresentation and was being trafficked.⁴¹ For this reason, it is important that FINTRAC and agencies receiving their disclosures carefully evaluate whether a case involves human trafficking. This caution is particularly important where a disclosure pertains to a member of a vulnerable group at increased risk of being trafficked.

Financial Action Task Force (FATF) Assessment of Canada's AML Regime⁴²

The FATF conducts evaluations of countries' anti-money laundering regimes through a mutual evaluation process. In an evaluation of Canada's regime conducted in 2015-2016, the FATF concluded that, overall, Canadian authorities have a good understanding of money laundering risks and that most high-risk areas are covered by AML and Combating the Financing of Terrorism (CFT) measures. They note that FINTRAC collects a wide variety of information relevant to AML and CFT, and that banks and other financial institutions are generally aware of their responsibilities in this regard.

Still, the FATF has noted the existence of gaps in Canada's AML and CFT regimes.⁴³ These include the exceptions to reporting requirements available to legal counsel, legal firms, and Quebec notaries, which they describe as presenting a significant and unmitigated risk of misuse. Further research is needed to know if proceeds of human trafficking crimes move through these channels. In addition, the FATF report notes that designated nonfinancial businesses and professions are less aware of their responsibilities as compared to financial institutions. Indeed,

in some cases, their supervision is not in alignment with the level of risk they pose. Again, further research is required to ascertain the presence of human trafficking-connected funds in these channels. The FATF also notes that law enforcement results such as prosecutions and convictions are lower than the known level of risk associated with money laundering, and that asset recovery through law enforcement is poor. The latter appears to be in line with the above-mentioned low number of prosecutions and asset seizures for human trafficking offences in Canada.

Overview of Anti-Money Laundering Practice by Banks and Credit Unions

Detection Systems (Banks)

Canadian financial institutions have multiple AML Financial Intelligence Units, each unique to different lines of businesses within the bank, which aim to detect, report, and disrupt perceived suspicious activity.⁴⁴ These include running analytics that create scenarios for detecting when a threshold is breached, based on indicators. This is used to conduct ongoing (not only at certain points of review) automated transaction monitoring, in conjunction with manual transaction monitoring.⁴⁵ By running analytics and conducting retrospective searches on previous transactions, banks can pull out indicators to better advance the automated scenarios that are used to detect when thresholds are broken; these analytics are then used to inform the intelligence of reporting institutions on any investigations performed manually as well.⁴⁶

Canadian banks adopt a risk-based approach, classifying clients into high and low risk categories based on a computerized risk rating using different mitigating factors, such as the use of cash, passing through different jurisdictions, types of businesses, and politically exposed persons, among others. The risk assessment also includes information from open-source networks like Google and media sources showing, for example, multiple convictions.⁴⁷ The frequency of review of customers is based on this risk rating.⁴⁸

An AML professional at a Canadian bank reported utilizing a triage approach to AML.⁴⁹ The first level involves computers and tellers engaging in automated and manual monitoring in addition to a separate team geared towards managing a watch list and an automated system that runs through media. The second level features a detection team aimed at determining which instances are more likely to be reportable to the government. The final level is the further investigations unit, which submits suspicious transaction reports (STRs) to FINTRAC.⁵⁰

Detection Systems (Credit Unions)

Two Canadian credit unions report that they monitor financial transactions as per FINTRAC guidelines. Each credit union has an automated workflow where frontline staff record transactions in forms specific to the credit union. Frontline staff flags suspicious transactions in these reports, which are then reviewed by an AML compliance officer. In comparison to many

large financial institutions, Canadian credit unions generally have fewer financial resources and are less likely to have capacity to monitor transactions.⁵¹ The lack of financial and human resources may inhibit Canadian credit unions from having the same level of elaborate and multi-level detection systems as in Canadian banks. This provides incentives for traffickers to favour smaller financial institutions or alternative means to launder funds.

Suspicious Transaction Reports (STRs)

Banks and credit unions in Canada submit STRs to FINTRAC when there are reasonable grounds to suspect money laundering, as indicated by the 3 stages of placement, layering, and integration.⁵² These institutions do not report directly to law enforcement except in cases of imminent danger, which can be difficult for banks to discern acting from the vantage point of financial institutions, not law enforcement.⁵³

In several institutions examined for this report, the bank professionals who fill out STRs had prior experience in lower-level investigative areas of the bank, such as watch list teams or detection teams, as well as training in AML. This experience includes mandatory internal training, and often includes additional non-mandatory training, including highly-regarded certifications such as the Association of Certified Anti-Money Laundering Specialists (ACAMS) designations or certified financial examiner courses.⁵⁴ In contrast, at a particular credit union, all staff, including frontline staff who deal directly with clients, are permitted to write free-formed, detailed narrative STRs under the supervision of the Corporate Security team in charge of AML compliance. In this credit union, all staff members receive training to ensure compliance with Canadian laws, including AML regulations, but only the Corporate Security team receives specialized training and certification with ACAMS. This is not a standard practice across Canadian credit unions. Another credit union reported a process akin to banks, wherein frontline staff flag suspicious transactions for a specialized AML team to investigate – in this credit union, only the specialized AML team fills out STRs. The further removed the individual filling out the STR is from the actual transaction, the greater the likelihood that a judge in any eventual prosecution will find the information to be less persuasive. Concerns relate in particular to the negative impact of time on the reliability of eyewitness testimony and memory, regardless of the memorability of the event.⁵⁵

There is no specific list of criteria used to detect money laundering. Rather, a conglomeration of factors based on the requisite forms the customer filled out when beginning their relationship with the bank (which indicate their occupation/business, employer, age, etc.) and the account activity are indicative of suspected money laundering.⁵⁶

When bank professionals decide to submit a STR to FINTRAC, the legal threshold is “reasonable grounds for suspicion”; however, different banks have different interpretations as to what this means. A higher threshold is often used, so as to reduce false positives.⁵⁷ It is likely that

some financial institutions create an unnecessarily high threshold for themselves. For example, one Canadian credit union sees its role in the AML regime as not to identify financial crimes but simply to report suspicious transactions. This credit union has not submitted a STR for a suspected human trafficking case since human trafficking became a crime in Canada in 2009.

Other countries have taken regulatory steps to ensure increased reporting. Switzerland, for example, has made recent legislative changes to give financial institutions the right to report on “mere suspicion” in addition to a duty to report on “reasonable grounds for suspicion” – a measure that Canada lacks. Due to their lack of law enforcement perspective, banks may not be familiar with the intricacies of the “reasonable grounds” standard, and thus may not report suspected human trafficking-related money laundering activity, where they are not certain that this suspicion is based on reasonable grounds.⁵⁸ Switzerland’s approach could therefore be helpful in combatting human trafficking due to the utility of having the right to report on “mere suspicion”. However, some of the experts interviewed noted that increasing the quantity of reporting does not necessarily increase its quality or usefulness.⁵⁹ Therefore, should the threshold for reporting be lowered, other changes that ensure that reports fully set out the reasons for the suspicion, for example better training and involvement of frontline staff in reporting, will also be required.

According to a TD Bank employee, although STRs are focused only on transactions and not on clients, there are cases where clients become the focus. In particular, in cases where three or more STRs have been filed in relation to a customer, a procedure exists where the Manager of Further Investigations must personally review the case and determine if the Bank should terminate its relationship with the customer.⁶⁰ Generally, the unit responsible for submitting STRs is first alerted of potentially suspicious activity when it receives an internal report, either from manual, automatic, transaction or media monitoring. After this alert, if the unit deems that the activity is not suspicious and requires no further action, no STR is submitted and the internal report stays in-house (subject to regulatory review), with no legal requirement to file it.⁶¹ There was no indication from the TD Bank employee as to whether there are any explicit time limits applied in these internal investigations.

Policies and Procedures Linking Human Trafficking and Anti-Money Laundering

In recent years, bank policy documents have increasingly drawn a link between human trafficking and money laundering, including by discussing methods aimed at detecting or intercepting transactions involving human trafficking.⁶² However, these public-facing reports don’t always result in the creation of specific written policies applicable to potential human trafficking cases that employees can obtain guidance from.

A TD Bank AML professional confirmed that banks usually lack specific written policies addressing human trafficking. Rather, in practice, they use the Project Protect indicators which form the non-binding FINTRAC *Operational Alert* to detect potential money laundering related to human trafficking, as they would for suspected money laundering related to any other crime.⁶³ One credit union confirmed that it also does not have an operational policy to detect human trafficking and simply complies with legislated regulations and FINTRAC guidelines.

Meanwhile, some credit unions have made the link between human trafficking and anti-money laundering policies. One credit union reports that, while their frontline staff are not necessarily provided with human-trafficking specific training, they may flag suspicious activity for the team investigating cases and submitting reports to FINTRAC. This investigative team receives general awareness training on indicators of human trafficking every few years: for example, the team is aware of Project Protect and incorporates it in the narratives it submits as part of STRs.

To effectively report human trafficking, financial institutions need to understand what to look for when they review financial transactions. Since they are not law enforcement agencies, they may not be focussed on identifying illegal activity and therefore require guidance.⁶⁴ Financial institutions should be legally required to use FINTRAC financial indicators for human trafficking detection, in order to increase consistency of use within and across institutions. Mandatory use of financial indicators of human trafficking would also ensure that all financial institutions draw on them to guide their detection of suspected cases. In this regard, banks should be required to provide training on the financial indicators of human trafficking to all staff filing STRs. The title “Project Protect” should to be changed to identify the consideration of financial indicators of human trafficking as a permanent requirement. Using the terms “Project” appears to suggest that the serious issue of human trafficking needs only a temporary, rather than permanent, response.

Moreover, every bank and credit union should be mandated to have a written human trafficking-related policy that makes an explicit link between money laundering and human trafficking, to ensure that procedures and policies are consistently implemented, rather than being used informally and occasionally by some banks or staff members and not others. Not having such a policy leaves bank and credit union staff with a lack of clarity and direction as to how to deal with cases of suspected human trafficking and what procedures to follow if they suspect human trafficking, contributing to a lack of knowledge and unwillingness to act on staff-observed trafficking indicators.

When suspicious transactions are reported, the current policies of banks and credit unions and their relationship with law enforcement translate into ineffective combatting of human trafficking. After submitting a very suspicious STR, AML staff from two different banks stated that their policy is to terminate the bank-customer relationship with the suspected trafficker but

not the suspected trafficking victim. In less suspicious cases (i.e. the majority), the relationship with the suspected trafficker continues, but the customer is monitored.⁶⁵ If a bank has suspicions that a customer is being trafficked, or is engaged or involved in trafficking others, it will notify law enforcement and FINTRAC of a potential imminent danger to an individual or to the public, although neither staff person indicated whether any explicit timelines are followed for notification. Given that banks are only involved in the financial aspects of cases, however, it is difficult for an investigator within a bank's financial intelligence or anti-money laundering unit to be confident that trafficking is happening.⁶⁶ Notably, FINTRAC does not follow up with banks or credit unions on specific STRs after they are received.⁶⁷ A bank, thus, will not learn of FINTRAC's analysis of a given STR, and may continue a relationship with a client who is being investigated for trafficking (as noted earlier, banks do not always terminate a client relationship if a STR is submitted in relation to their activity). Moreover, the lack of feedback from FINTRAC impedes banks' and credit unions' ability to assess the efficiency of their STR reports (i.e. to learn how many 'false positives' they filed that turned out not to relate to actual criminal activity, or what features mark such reports).

Project Protect: Building on the Strengths of Canadian Coordination

As noted earlier, Project Protect is a public-private partnership initiated by Peter Warrack of the Bank of Montreal in 2015, in which he publicly pledged support in response to a human trafficking victim's plea at an Association of Certified Anti-Money Laundering Specialists (ACAMS) event.⁶⁸ Through this partnership, financial institutions, different branches of law enforcement and government, regulators like FINTRAC, non-governmental organizations and technology companies have come together to increase knowledge of human trafficking, and in turn increase and improve reporting about it.⁶⁹ This partnership created the list of sex trafficking indicators, which became the *FINTRAC Operational Alert* disseminated to banks, discussed above and detailed in Appendix C.⁷⁰ When creating these indicators, the Project Protect partnership reduced the potential for breaches of privacy law by anonymizing customers and focusing on the types and patterns of suspicious transactions related to sex trafficking.⁷¹ Within the first year of Project Protect's launch, there was a 350 percent increase in suspicious transaction reports to FINTRAC by reporting entities.⁷²

Financial institutions have also significantly increased the number of STRs related to human trafficking sent to FINTRAC following the launch of Project Protect in December of 2015.⁷³ Prior to its launch, financial institutions sent roughly 400 STRs involving human trafficking, human smuggling, or related activity to FINTRAC; the year following its launch saw the number grow to 2,000, with another 500 submitted just in the first month of 2017 alone.⁷⁴ FINTRAC reports that this partnership has also vastly increased the number of disclosures to police related to human trafficking,⁷⁵ going from only 19 human trafficking disclosures to law enforcement from

January 2015 to December 2015, as compared to 102 disclosures to law enforcement related to human trafficking the year after Project Protect launched.⁷⁶

An AML professional noted that the financial indicators of trafficking for sexual exploitation (see Appendix C) help to create scenarios for automated and manual transaction monitoring, and should be included in STR write-ups in the narrative section regarding banks’ “continuing role”. Banks and credit unions use the term “Project Protect” in these STR write-ups to allow FINTRAC to identify potential human trafficking cases.⁷⁷ In the United States, Suspicious Activity Reports (similar to STRs in Canada) include a list of checkboxes indicating what the suspected criminal activity is, which is then elaborated on in a narrative section. The addition of a checkbox system indicating human trafficking on Canadian STRs could facilitate searching for suspected human trafficking activity and could also increase the consistency of reporting across all banking staff, although this may require transitioning to a hybrid system of reporting that uses a combination of checkboxes and narrative sections in the STR forms.

Law enforcement reports that Project Protect STRs have helped corroborate victims’ stories after arrests are made, but thus far have not been used to identify particular trafficking victims. STRs and money laundering-related information have also helped to illuminate patterns of victimization.⁷⁸

Risks of Enhanced Banking Regulations

Though enhanced regulations can assist in combatting human trafficking in Canada and abroad, care must be taken to ensure that the creation of more stringent regulations does not result in the further marginalization of already-vulnerable populations. FINTRAC, along with other agencies receiving disclosures, must carefully evaluate whether a case involves a reasonably-founded suspicion of human trafficking. Such evaluations are particularly important where a disclosure pertains to a member of a vulnerable group who may be at increased risk of being trafficked. For example, individuals without status, recent immigrants, and individuals experiencing homelessness or living in shelters should not be prevented from setting up bank accounts, nor should their existing accounts be flagged as suspicious based on their precarious status alone. Training provided to banking staff should teach employees techniques to avoid making “false positives” of trafficking that could harm vulnerable individuals. Requiring a narrative in the STR forms may help bank employees reflect on suspicious instances with more nuance so as to ensure that enhanced regulations do not compound vulnerability.

An AML professional from TD Bank noted that point persons should be designated in relation to Project Protect, who should be alerted by media coverage about possible money

laundering related to suspected human trafficking, and assign investigators to these cases on a priority basis.⁷⁹ Every bank should have such a point person with specialized human trafficking knowledge in its AML unit, to allow efficient application of the *Operational Alert* indicators and prioritization of cases where human trafficking is suspected. This would help ameliorate the issues, noted in the below 'Barriers' Section, of inadequate knowledge about human trafficking on the part of bank employees. Moreover, protocols for review of case characteristics and related timelines should be formalized, to identify and respond to urgent situations. By providing the relevant information to law enforcement sooner, periods of victimization could be reduced.

Despite the significant increase in human trafficking-related STRs submitted to FINTRAC as a result of Project Protect, banks could take additional steps to improve and better leverage AML practices to combat human trafficking. An increase in the quantity of reporting, does not necessarily translate into quality and relevance to subsequent investigations.

Furthermore, Project Protect does not address the sharing of specific information between banks, or from banks directly to law enforcement to stop human trafficking in real time in specific cases. Rather, it only addresses the increased volume of reporting of such cases to FINTRAC. Reports from stakeholders differed as to how long it takes from the filing of an STR by a bank to FINTRAC's disclosure of information to law enforcement. One interviewee suggested the turnaround is a matter of days or weeks while others indicated it may take two months or even up to a year.⁸⁰

Longer turnaround times are problematic as they impede the ability of investigations to meet timelines required to gather evidence and further delay the response to preventing further victimization by traffickers in the meantime.⁸¹ Continued victimization has costs not only to the victim, but to society generally, which loses the productive contributions of the victim, and will also be called upon to provide for the victims' frequently extensive health care, justice system, and social services costs.⁸² One possible improvement to reduce delay is to allow banks to submit STRs to FINTRAC and relevant law enforcement at the same time.⁸³ The privacy law issues raised by this proposal are discussed in the Privacy Laws Section below.

Moreover, while including "Project Protect" in the narrative section of STRs for cases of suspected human trafficking has been linked to an increase in reporting, there is no prompt in the form to remind banks of this term, nor does it include a specific categorization of the type of human trafficking suspected. Further, an AML professional from TD Bank noted that, in filling out these reports, banks did not include the name of the law enforcement investigator to whom this report could be sent, which would be useful if the report was linked to a specific case of human trafficking already under investigation or if a certain investigator had particular knowledge that would be helpful in that type of case.⁸⁴ Including a specific human trafficking

section on the form with a prompt to indicate if the STR is submitted in response to knowledge of an existing investigation and to name the law enforcement officials involved would decrease the time it takes for the STR to be processed by FINTRAC and allow for a speedier response by law enforcement.

3.1.B Unaddressed Gaps

There are several unaddressed gaps in the financial sector's approach to countering human trafficking.

Labour Trafficking

While Project Protect and FINTRAC's *Operational Alert* enumerate financial indicators of trafficking for sexual exploitation, there is currently no standardized list of financial indicators for labour trafficking.

This is a clear gap because labour trafficking occurs in Canada. One human trafficking expert suggests that almost fifty percent of trafficking in persons have some element of labour trafficking.⁸⁵ Workers from all work sectors have been found to be vulnerable to being trafficked and recruited for jobs that do not exist.⁸⁶ In particular, poverty, lack of knowledge of one's rights, and a lack of access to support services to access these rights have been shown to be determinants of labour trafficking.⁸⁷ Migrant workers are especially vulnerable to threats of deportation, criminalization, and threats against the safety of loved ones—all methods traffickers may use to control victims.⁸⁸ Further, some migrants take out loans to pay off illegal and exorbitant recruitment fees, in which a high-paying job is promised, and thus feel coerced into situations akin to debt bondage.⁸⁹ The threat of deportation in particular is a strong deterrent against coming forward as a victim of human trafficking for people in such situations.⁹⁰

In financial transactions involving labour trafficking, fraud is often involved. For instance, employers may coerce an employee to fill out credit card forms in the employee's name and then max out these credit cards. Employers may also pay employees proper wages but force them to withdraw these funds immediately after and return them to the employer.⁹¹

Canadian financial institutions, FINTRAC, law enforcement, non-governmental organizations, and other stakeholders should work together to develop a standardized set of financial indicators of forced labour, and a standardized set of procedures to follow where forced labour is suspected to be implicated in a financial transaction. To ensure that these indicators are as effective as possible and do not result in a general increase in surveillance and prosecution of members of marginalized communities, which could contribute to—rather than reduce—their vulnerability, the development and use of all financial indicators of human trafficking should

consider and address the potential for bias.⁹² It is now recognized that some indicators of trafficking for the purpose of forced labour and trafficking for the purpose of sexual exploitation overlap. However, some of the indicators of forced labour are distinct.⁹³

The following page provides a summary of existing, internationally-recognized indicators of forced labour that can serve as a starting point, in consultation with relevant stakeholders and using a human rights perspective and evidence-based framework, for the development of a comprehensive, standardized list of financial indicators of forced labour in Canada.⁹⁴

<p>General Indicators of Forced Labour</p>	<p>The International Labour Organization has identified the following situational indicators of forced labour:</p> <ul style="list-style-type: none"> • Abuse of vulnerability • Deception • Restriction of movement • Isolation • Physical and sexual violence • Intimidation and threats • Retention of ID documents • Withholding of wages • Debt bondage • Abusive working and living conditions • Excessive overtime
<p>Financial Indicators of Forced Labour: Transactions</p>	<p>The International Labour Organization and the Organization for Security and Co-operation in Europe have identified the following situational indicators of forced labour:</p> <ul style="list-style-type: none"> • High-volume deposits followed immediately by withdrawals, indicating a “funnel account” • Business customer with changes to their business accounts that are inconsistent with expected activity • Use of anonymous monetary instruments for most or all payments • Structured cash deposits at multiple bank locations • Business customer who does not show normal payroll expenditures (e.g., wages fitting with local minimum wages, payroll taxes and contributions) • Business customer has very low or no payroll costs, inconsistent with the apparent or reported size of their business • Business customer appears to pay all employees the same wages,

	<p>inconsistent with expected payroll patterns</p> <ul style="list-style-type: none"> • Substantial deductions appear to be made to payroll, with explanations of charges for items including housing or food • Employees receive only a small fraction of their apparent or expected wages • Employees cash payroll cheques but most or all funds are then transferred to the employer's account • Client makes payments to employment or student recruitment agencies that are not licensed, or have been reported as committing labour violations • Employer or employment agency serves as custodian over the accounts of foreign workers or students • One attorney claims to represent multiple undocumented immigrants detained at different locations • Invalid work contracts or group travel for conferences, seminars and study tours • Fictitious loans provided by a shareholder to a related legal person and subsequent transfer back
--	--

General Indicators of Forced Labour	<p>The client appears to be:</p> <ul style="list-style-type: none"> • Afraid, tense, depressed, or anxious • Submissive to those around them • Malnourished, underfed, or ill • A potential victim of abuse (physical, sexual, or emotional) • Unsure of the time or date • Always accompanied by another person, who may: <ul style="list-style-type: none"> ○ Have possession of the client's identification documents ○ Always speak for the client (possibly on pretence of need for translation) or seem to stop the client from speaking for themselves ○ Appear to direct or have coached the client in their responses ○ Perform or direct all transactions on behalf of the client • Unable to identify where they are, or where they live, without confirming with another person • Say they are only visiting their current location • Unaware of their current location
-------------------------------------	---

Inefficient Processes

One logistical issue noted by both a BMO AML professional and a human trafficking investigator is that some Canadian banks have two units looking at financial crime and fraud: a Financial Intelligence Unit, focused on money laundering, and a Corporate Security Department, focused on fraud and loss prevention. In Canada, these units often work separately. This separation contrasts with the United States, where these units work closely together, with the recognition that issues of fraud are closely connected to, and often signal, money laundering.⁹⁵ Separating these units is less efficient and may lead units to overlook money-laundering cases, including those connected to human trafficking. Another reported logistical issue is the sheer volume of transactions that need to be monitored.⁹⁶ While banks are concerned about possible negative publicity if one of their clients is investigated for or found to be engaging in human trafficking, there is also positive publicity associated with engaging in anti-human trafficking initiatives like the case of BMO initiating Project Protect. Banks should be made aware of these positive benefits and they should be emphasized in directives and guidelines issued to banks by organizations such as the Canadian Bankers Association or the Canadian Credit Union Association.

Although those filling out STRs have AML expertise and Project Protect has increased knowledge of human trafficking indicators and led to at least one bank appointing designated Project Protect point persons, banks reported, as aforementioned, difficulty in gauging imminent danger and ascertaining whether a suspected human trafficking case should be reported directly to law enforcement. This difficulty is due to the bank's narrow financial vantage point, lack of knowledge of the law enforcement perspective and limited knowledge of human trafficking. Greater understanding could be gained by designating a point person at each bank with knowledge of human trafficking and Project Protect, as noted earlier, in addition to increased training and education for bank staff, including education on the law enforcement perspective.

As noted, there is a lack of feedback from FINTRAC to banks and credit unions on specific outcomes of a STR report after a bank has submitted a STR. This may impede the ability of financial institutions to make decisions on the appropriate degree of monitoring of customers for whom STRs have been submitted, but whose accounts have not been terminated because financial institutions do not consider that the transactions represent an "egregious" case of illegal activity. It also impedes financial institutions' ability to assess the quality of their STRs.

Another barrier to combatting human trafficking through AML initiatives is a lack of successful money laundering charges or convictions being brought in conjunction with human trafficking charges.⁹⁷ Crown prosecutors are reportedly concerned that money-laundering charges could confuse the substance of the human trafficking offense, when in actuality, this

context aids the credibility of the victim and can serve to demonstrate a pattern of victimization.⁹⁸ As the search for profits drives the crime of human trafficking, demonstrating details of these profits will bolster the prosecutor's case. More education and information sharing are needed to demonstrate to Crown prosecutors the utility of laying money-laundering charges alongside human trafficking charges.

Claims that resources are insufficient to implement AML best practices to combat human trafficking are common. There is significant financial cost to complying with regulatory changes and training frontline staff,⁹⁹ creating burdens on smaller credit unions. This has already been evidenced by the variance of detection systems between banks and smaller credit unions as noted earlier. That said, if the financial industry cannot afford to increase its monitoring of financial transactions to prevent and combat human trafficking, which industry can? Issuing directives on financial indicators of human trafficking and best practices for its direction as well as making these mandatory for financial institutions operating in Canada, would address the issue of banks and credit unions failing to allocate sufficient resources to anti-trafficking initiatives. Where a lack of resources truly impedes a bank or credit union's ability to follow such directives, government may consider providing assistance or allocating resources for training and other best practices.

Privacy Law

Canada's federal and provincial legal frameworks protect individuals' privacy. Canada has two federal privacy laws, the *Privacy Act* and the *Personal Information Protection and Electronic Documents Act* (PIPEDA), and each province has its own privacy laws.¹⁰⁰ The Office of the Privacy Commissioner (OPC) oversees compliance with federal privacy laws. There is some discrepancy among banks' views of whether privacy laws impede AML efforts combatting human trafficking, or can be circumvented in cases of suspected human trafficking. One AML bank professional described privacy laws as a constraint in AML and anti-trafficking efforts, noting that Canada does not have safe harbour legislation for information-sharing among banks and between banks and law enforcement equivalent to sections 314(a) or 314(b) of the United States' *Patriot Act*,¹⁰¹ thereby impeding information-sharing between banks and law enforcement on specific clients and hindering all AML investigations.¹⁰² However, another AML bank professional noted that the issue is not about relaxing privacy laws, but rather the need for dialogue between public and private institutions to address the larger-scale problems in a manner that fits with existing privacy laws.¹⁰³ This was the approach taken in Project Protect when discussing indicators and scenarios. No actual customer information was shared in Project Protect, only test transactions (even if the customer had been convicted of human trafficking), allowing for respect of the customer's privacy and higher-level discussions on how to tackle the national and international problem of human trafficking.¹⁰⁴ However, where reporting of specific transactions, accounts, or clients is involved,

banks' varying interpretations of privacy laws can impede law enforcement's efforts to combat human trafficking through AML.¹⁰⁵

Employees from various financial institutions who were interviewed reported that, typically, banks and credit unions do not offer training on general privacy laws, but rather follow their own individual privacy policies, which vary.¹⁰⁶ Each bank and credit union has a legal team that provides differing interpretations of the company's privacy obligations to its customers based on legislation and case law. While privacy legislation on its face may not impede financial information-sharing in the context of criminal investigations, case law such as *R v Spencer*, 2014 SCC 43, has led to the belief among some banks that the restrictions are quite stringent.¹⁰⁷

Law enforcement receives varying degrees of disclosure from financial institutions:¹⁰⁸ some banks will not even confirm the existence of bank accounts, while others will confirm only an account's existence without providing any other information.¹⁰⁹ While some will occasionally confirm customer identification information, neither the banking professionals, nor the policing professional we interviewed reported knowing of any banks that share account balances.¹¹⁰ One common practice cited by interviewees is that banks and credit unions frequently require production orders prior to sharing any customer information with law enforcement.¹¹¹ This requirement impedes the timeliness and efficiency of legal investigations into suspected human trafficking cases, which may negatively impact law enforcement's ability to gather evidence and conduct investigations within the requisite timeframes.

Banks and credit unions also will not share information with one another without being prompted for such information. This leads to the possibility that, where a person whose customer-bank/credit union relationship has been terminated due to their being convicted of or investigated for a crime, that person may nevertheless open an account with a different bank or credit union with relative ease. Thus, traffickers may continue to deposit proceeds of crime, and potentially launder money, while still exploiting victims. The default of non-disclosure amongst Canadian financial institutions differs from that of the U.S., where banks may share some information using safe harbour legislation (for more on this see "Examples of Information-Sharing Systems" below) with one another where they suspect money laundering or terrorist financing crimes.¹¹²

The disparities in different banks or credit unions' interpretations of privacy obligations not only demonstrates a concerning lack of standardization in their approaches to privacy, but further indicates that privacy obligations may be misinterpreted, leading to impediments in law enforcements' human trafficking investigations. Banks and credit unions' legal teams should have the same, standardized interpretation of privacy obligations. This could be facilitated through, for example, the issuance of directives that clarify the state of current privacy laws and detail banks' privacy obligations by FINTRAC or the Canadian Bankers Association.

In 2012, the Office of the Privacy Commissioner provided guidance for organizations reporting suspicious transactions to FINTRAC while respecting customers' privacy rights. The OPC clarified that information collection must align with the bank's policies and legal obligations related to AML and can be sent to FINTRAC without the customer's consent. These disclosures can be made while still complying with the restrictions under section 7 of the *Proceeds of Crime Act*, which requires that the transaction be related to money laundering or terrorist financing.¹¹³

The federal *Bank Act* also regulates the use and disclosure of customers' personal financial information by federally regulated banks. Sections 606 and 636(1) of the *Bank Act* require that this information be kept confidential. Similarly, *PIPEDA*, which applies to commercial transactions in Canada's private sector regulates information sharing between banks, FINTRAC and the government. The Financial Action Task Force notes that, in the previous 2008 mutual evaluation of Canada's AML obligations, there was concern that data protection and privacy law were being interpreted too restrictively, preventing law enforcement agencies from accessing information in the course of their investigations. The Task Force also notes that the *Privacy Act* does not appear to have caused problems for AML or counter-terrorist financing, in part because the *Proceeds of Crime Act*, discussed above, empowers FINTRAC to collect and disclose necessary information for both these purposes.¹¹⁴

Section 7 of *PIPEDA* sets out specific obligations regarding the collection, dissemination, and use of customers' personal information without their consent. Section 7(1)(b) allows banks to collect this information without consent when "it is reasonable to expect that the collection with the knowledge or consent of the individual would compromise the availability or the accuracy of the information and the collection is reasonable for purposes related to investigating a breach of an agreement or a contravention of the laws of Canada or a province".¹¹⁵ Use without consent is allowed under section 7(2)(a), when "in the course of its activities, the organization becomes aware of information that it has reasonable grounds to believe could be useful in the investigation of a contravention of the laws of Canada, a province or a foreign jurisdiction that has been, is being or is about to be committed, and the information is used for the purpose of investigating that contravention".¹¹⁶

Section 7(3)(c.2) provides that such information can be disclosed to comply with the *Proceeds of Crime Act* and, if reasonable, for the purposes of investigating a breach of the law under section 7(3)(d.1), or fraud under section 7(3)(d.2).¹¹⁷ This section allows for information-sharing between banks and FINTRAC or competent government authorities, but likely does not create a rubric for allowing information-sharing among banks. It remains unclear whether sharing customer information, such as STR histories, with another bank could be done without violating these privacy restrictions.

The legislative framework, on its face, does not restrict the sharing of information between banks and law enforcement officials in cases of suspected human trafficking and money laundering. The Supreme Court of Canada (SCC) decision in *R v Spencer*, which has been viewed as limiting this practice, concerned the section 8 *Charter* right to be free from unreasonable search and seizure, and dealt specifically with whether law enforcement could request subscriber information (i.e. an IP address) from an internet service provider under *PIPEDA*, without a court order, while investigating child pornography offences.¹¹⁸ The SCC found that the request for an IP address violated section 8 of the *Charter*. A policing professional with experience in information gathering from banks in the human trafficking context indicated that some institutions have been interpreting the *Spencer* decision to mean that they cannot share customer information with law enforcement.¹¹⁹

Spencer, however, was confined to issues of internet privacy, and should not be interpreted as extending to the disclosure of general customer data from all types of services or from banks. Moreover, the SCC in *Spencer* considered whether subsection 7(3)(c.1)(ii) of *PIPEDA* allowed for the disclosure of such information by internet service providers, but did not address whether information could be given by banks or other types of service providers to law enforcement under subsections 7(1)(b) or 7(2)(a). Thus, it is unlikely that *Spencer* applies to banks sharing customer information, nor does it limit the sections of *PIPEDA* that could be used by law enforcement or financial institutions to facilitate the sharing of customer information to aid human trafficking cases when there are reasonable grounds to believe that this information would be useful to investigations. Care should be taken to ensure the *Spencer* decision is properly understood by both banks and law enforcement officials.

FINTRAC should consider providing clear and frequently updated directives that explain the impact, or lack thereof, of new section 8 *Charter* cases to financial institutions legal teams to ensure that financial institutions apply a standardized interpretation of their privacy obligations under the legislative framework.

Examples of Banks and Law Enforcement Information-Sharing Systems from Other Countries

AU Australia: Real-Time Information Sharing

In a public-private partnership launched on 3 March 2017, Australia established the real-time sharing of information between banks and law enforcement in order to allow for investigations to begin immediately.¹²⁰ Law enforcement, the Australian Transaction Reports and Analysis Centre (AUSTRAC), and financial institutions share information regarding money

laundering with one another as it is obtained. Although research assessing the impacts of this partnership is limited, it has the potential to allow banks and law enforcement to share information more efficiently and openly, thereby allowing banks to make quick decisions with regard to “demarketing” clients and indicators of suspicious activity, and to further allow law enforcement to commence investigations and gather evidence without delay. A 2019 exploratory paper found, promisingly, that “Fintel Alliance membership is viewed positively and provides opportunities to understand the challenges faced by counterparts”.¹²¹

GB UK: Joint Money Laundering Intelligence Task Force (JMLIT)

The Joint Money Laundering Intelligence Task Force (JMLIT) is an information-sharing partnership designed to combat money laundering in the UK. Government actors, the National Crime Agency (NCA), law enforcement actors, over 20 large banks, and the British Bankers Association cooperate to analyze the scope and methods of money laundering through UK financial institutions. It was originally launched as a one-year pilot project in 2015 and was renewed on an ongoing basis in May 2016. The JMLIT aims to understand and disrupt financial movements connected to corruption, trade-based money laundering, immigration crime, and human trafficking. It also seeks to understand methods of terrorist financing. The JMLIT runs an Operations Group, which meets and is briefed by investigators on information requests and current investigations. The Group includes representatives from law enforcement agencies as well as staff from several major banks, including Barclays, BNP Paribas, Citigroup, HSBC, JP Morgan, Lloyds, Nationwide, Post Office, Santander, Standard Chartered, and RBS. JMLIT is supported by section 7 of the *Crime and Courts Act*, which allows disclosures to the NCA for the purpose of performing its activities, and further allows disclosures from the NCA for permitted purposes.¹²² Together, these create a framework that allows banks and law enforcement to share relevant information more efficiently.¹²³

US United States: Patriot Act, Section 314

In the United States, information sharing between banks and law enforcement is limited by the *Bank Secrecy Act* and various privacy laws. Section 314 of the *Patriot Act*, however, provides safe harbour from liability where banks and law enforcement share information under certain circumstances. Section 314(a) allows federal, state, local, and certain foreign law enforcement agencies to contact financial institutions through the Financial Crimes Enforcement Network (FinCEN - the National Financial Intelligence Unit for the United States), in order to request and receive information about accounts and transactions which may be involved in terrorism or money laundering.¹²⁴ Under the rule, an investigator makes a request to FinCEN, which then sends notifications to contact persons within financial institutions. The financial institutions are

then required to respond within two weeks with any positive matches they find. These notifications provide the financial institutions with specific data, which assists in their search. The section 314(a) framework is used for “significant” cases of money laundering, a metric assessed according to the seriousness of the underlying crime, as well as its size, impact, and importance.¹²⁵ FinCEN states that it has received feedback suggesting that 95% of section 314(a) requests have contributed to arrests or indictments.¹²⁶ In this way, section 314(a) improves the ability of law enforcement to access information from banks more quickly and directly.

Section 314(b), on the other hand, facilitates the sharing of information between banks themselves.¹²⁷ It creates a safe harbour that permits voluntary sharing between financial institutions concerning individuals, entities, countries, or organizations, in cases where the possibility of money laundering, terrorist activity, or benefiting from the proceeds of crime exist. Sharing information among institutions in this way allows banks to build a more complete picture of suspicious activity, particularly where it involves transactions occurring across multiple institutions.¹²⁸ A more comprehensive picture can then be used to create and file more complete and better-vetted SARs, which may be of improved use to law enforcement in identifying situations of human trafficking, or other serious crimes involving money laundering.

3.2 How Financial Institutions Can Assist (Suspected) Victims of Trafficking in Persons

Banks and credit unions can act to help victims of human trafficking. Specifically, financial institutions should assist alleged trafficking victims who seek to bring civil suits against their traffickers to recoup some of the profits made as a result of their exploitation, particularly by supplying victims and their counsel with relevant financial evidence. Private/civil law can provide victims of human trafficking with a viable alternative to the criminal law to receive redress for the psychological and economic harm done to them, because the standard of proof for causes of action in civil cases is a “balance of probabilities”. Therefore, victims alleging trafficking need only to show that it is more likely than not that it took place. In contrast, to convict a perpetrator of the criminal offence of trafficking, their guilt must be established “beyond a reasonable doubt”. Given the lower standard of proof in civil cases, financial information that corroborates a victim’s testimony can be a key piece of evidence that determines the outcome of the case in the victim’s favour.

It is imperative that financial institutions swiftly assist victims in gathering evidence against defendants because civil suits are usually subject to a two-year limitation period.¹²⁹ Knowing that corroborative evidence exists, may encourage more victims to seek redress in civil courts within the current two-year limitation period. When survivors of human trafficking are

ready to commence a civil action, financial institutions can ensure that survivors have access to pertinent financial records from years prior.

Moreover, providing corroborative financial information, and/or information demonstrating the existence of financial exploitation may alleviate the burden on victims/survivors to testify in court. Victims of human trafficking may require several years to adequately recover from trauma so as to be effective witnesses.¹³⁰ They may find the process of testifying and reliving their experiences to be traumatic. They also may also suffer from mental health impacts or memory loss because of their experience of being trafficked, which affects the courts' assessments of their testimony. Financial evidence can provide consistent, objective evidence, which may be given even more weight when it is authenticated by financial institutions, which are otherwise neutral third parties. It can therefore be key supporting evidence on which victims can rely to prove their case.

Financial institutions may also assist victims of human trafficking in rebuilding their financial security. As noted above, victims of human trafficking are sometimes forced to take out credit cards or other loans on behalf of their trafficker, who may run up high debts (or coerce the victim to do so) that are left unpaid. A U.S. human trafficking expert noted that banks can assist in mitigating the effects of these actions on the victim by providing programs that allow the victim to rebuild their credit history and thereby contribute to their long-term financial security.¹³¹ A promising development in this regard is the Financial Access Project, a joint initiative between Scotiabank and Deborah's Gate, a program serving women in situations of sexual and/or labour exploitation. With the aim of providing basic financial services to survivors, the pilot program provided participating women with free unlimited chequing accounts for 12 months amongst other services, with the aim of increasing financial independence.¹³²

3.3 How Financial Institutions Can Help Prevent Trafficking

Canadian financial institutions can do more assist in preventing all forms of human trafficking. The responsibility to do so rests on government, as well as financial institutions themselves. Unlike certain States, such as Switzerland¹³³ or the Netherlands,¹³⁴ Canada does not mandate that financial institutions verify both client identification and the identification of the beneficiary recipient when money is transferred between accounts. To the extent that proceeds of human trafficking are laundered through transfers between accounts, Canadian financial policies lack preventative measures. In addition, some reports have noted that Canada's AML regime does not include sufficient steps to accurately determine beneficial ownership of companies, leaving open the potential for anonymized companies to be used for money laundering, including proceeds from human trafficking.¹³⁵ Further research on prevention and financial institutions in

Canada is needed to determine levels of efficiency in this regard.

Further, information-sharing and network analysis between financial institutions in Canada is impeded as a result of inconsistencies between their privacy policies.¹³⁶ In the Netherlands, information-sharing between banks is facilitated for suspicious transactions by Netherlands' centralized financial intelligence unit.¹³⁷ The same is not true in Canada, nor does Canada have safe harbour provisions that allow financial institutions to share information with one another in order to better identify when an STR should be filed and what it should contain.¹³⁸ Karen McRae of The Action Coalition on Human Trafficking Alberta (ACT Alberta) suggests that one way to address the privacy concerns in Canada is through the creation of collaborative groups.¹³⁹ In Alberta, for example, ACT Alberta hosts network meetings between stakeholders about general trends in human trafficking twice a year. These stakeholders include financial institutions and law enforcement agencies. ACT Alberta also conducts quarterly information-specific network meetings with law enforcement and government agencies about labour trafficking trends, and with community service providers for sex trafficking trends. Various financial industry representatives suggest that such training and information sharing is helpful in detecting potential human trafficking cases and filling out STRs.¹⁴⁰



4. Recommendations

For Police Investigators & Crown Prosecutors

1. Prosecutors should construct cases based on financial evidence, as well as the general activities of would-be traffickers. Doing so would refocus human trafficking prosecutions on the money trail and the trafficker's actions rather than victims. In addition, the approach would increase the likelihood of convictions and ensure that prosecutors lead evidence to corroborate the complainant's testimony. For prosecutors to effectively construct cases, improved training of law enforcement officials at all levels is needed in all jurisdictions. This should include training on:
 - a. The financial indicators of forced labour and sexual exploitation.
 - b. How to build human trafficking cases based on financial information.
 - c. Working with organizations that encounter those at greater risk of being trafficked, such as migrant workers.

For FINTRAC & Policymakers

1. In consultation with stakeholders, including victim services associations and migrant worker rights groups, and with reference to existing internationally recognized indicators of labour trafficking, develop and issue official financial indicators for labour trafficking.¹⁴¹
2. Using financial indicators of forced labour, implement a targeted program to flag, identify, and disclose to law enforcement and other appropriate agencies, instances of suspected labour trafficking.
3. Assess and address the potential existence of bias in all indicators and enact guidelines to minimize the risk of profiling. The likelihood that vulnerable people will be put at greater risk of trafficking by means of criminalization, financial insecurity caused by account closures, or deportation should also be considered.
4. Assess and amend immigration laws and regulations as necessary so that foreign nationals who are victims of human trafficking in Canada are not criminalized, penalized or prosecuted. In this regard, trafficker-coerced Canadian immigration offences are of particular relevance. As FINTRAC is empowered to make disclosures to the Canadian Border Services Agency (CBSA) in relation to several immigration-related offences, FINTRAC should take particular

care to ensure it does not disclose information about suspected trafficking to CBSA without first highlighting the frequency of trafficker-coerced immigration offenses, so CBSA can take appropriate steps to protect victims.

5. Ensure financial institutions submit STRs to FINTRAC in all cases where “reasonable grounds to suspect” human trafficking exist and assess the potential impact of legislative and policy changes that would enable financial institutions to submit STRs to FINTRAC on “mere suspicion”.
6. Legally require the use of FINTRAC-issued Operational Alert indicators of human trafficking by financial institutions. This should include both the current Financial Indicators of Trafficking for Sexual Exploitation (see Section 3.1 of this report) and financial indicators of labour trafficking, once developed and issued.
7. Amend the standard Suspicious Transaction Report (STR) form to include a human trafficking checkbox that prompts financial institution employees to also provide a narrative description where human trafficking is suspected. Checkboxes have recently been implemented in relation to Suspicious Activity Reports (SARs) in the United States. This may mean that Canadian institutions adopt a hybrid approach to reporting, which would include both narrative and checkbox components.
8. In relation to suspected human trafficking, provide clear and up to date guidance to banks and credit unions regarding the particulars of their obligations to disclose information to FINTRAC and law enforcement agencies. This guidance should also include content on the sorts of information that cannot be disclosed due to privacy laws.
9. In appropriate circumstances, allow law enforcement to request STRs directly from banks to avoid delays and to ensure that investigations are conducted in a timely manner. The desirability of such direct requests is heightened in time-sensitive cases, where, for example, the laundering of proceeds received from human trafficking should be immediately halted.
10. Ensure proper data collection about financial crimes that involve human trafficking. This should also include disaggregating data in relation to instances of sexual exploitation and forced labour.
11. Where appropriate, provide feedback to banks on filed STRs in order to improve bank compliance and allow banks to take appropriate action. Appropriate action may include freezing assets or closing accounts where clients are found to be engaged in human trafficking.

For Banks and Credit Unions

1. Adopt written policies and procedures that make an express link between money laundering and human trafficking to help address human trafficking, including through the detection, prevention, and protection of victims. In this regard, AML techniques should be used to combat both sex and labour human trafficking. Ensure that policies and procedures allow for a timely review of case characteristics to identify and permit a rapid response in cases of urgency. Review, adopt, and share best practices annually with other banks and credit unions on these policies.
2. In order to protect victims of human trafficking from further exploitation and to disrupt further profits from human trafficking, consider freezing transactions and accounts where human trafficking is strongly suspected. This decision should be centered on victim protection, however, and should not inadvertently penalize the victim by, for example, restricting victims' access to funds.
3. Train all staff who work with customers or in AML detection to recognize the indicators of human trafficking. This training should include information provided by law enforcement, victim-support organizations, academics, AML experts, and/or others with specialized knowledge of human trafficking.
4. Develop a process/protocol to allow front-line financial institution staff to identify and report suspicious activity to an appropriate source, so that investigations are timely and effective.
5. Ensure all staff who file STRs receive regular training on human trafficking indicators and the appropriate procedures to follow when these indicators are identified.
6. Train and select a point person with specialized knowledge of human trafficking. This point person must be able to prioritize suspected cases of human trafficking so that investigators from internal financial intelligence and AML units can quickly assess whether an STR should be filed.
7. Create clear, regularly updated directives for legal teams on the obligations of financial institutions under Canadian privacy laws to ensure these laws are not being interpreted in an overly broad manner. Overly broad interpretations could prevent information-sharing with law enforcement on human trafficking cases in cases where disclosure is permitted.
8. Increase communication and collaboration between Corporate Security Departments and AML Financial Intelligence Units within banks and credit unions.
9. Maintain open lines of communication with other banks and between banks and law

enforcement, in line with relevant laws and regulations.

10. In consultation with victim support organizations, survivors, and law enforcement, identify additional ways of assisting survivors of human trafficking by, for example, developing programs to rehabilitate credit where it has been damaged by fraud or abuse of credit due to the trafficker's actions. In this regard, initiatives such as Scotiabank's Financial Access Project, which assists survivors in rebuilding financial independence, should be evaluated, expanded and replicated, where appropriate.
11. Adopt and expand on existing best practices, including by:
 - a. Classifying clients into high and low risk categories.
 - b. Providing adequate training to AML professionals tasked with deciding whether to file STRs. This training should include appropriate steps for filling out STRs. Training materials should be updated on a regular basis.
 - c. Increasing awareness of front-line staff, providing training and information on human trafficking for any and all employees who are customer-facing, derived from indicators in *FINTRAC Operational Alerts*. This is important because investigative departments are often alerted to suspicious activity through internal reports made by such staff.¹⁴² Implement a specific process to provide for private, time sensitive follow-up with the client to determine whether or not to activate an investigation, depending on the circumstances.
 - d. Referencing the *FINTRAC Operational Alert* indicators in filling out internal intelligence reports and STRs.
 - e. Designating a point person with knowledge and understanding of human trafficking and how it works from a financial perspective to assist with enquiries, protocol development and implementation, and to expedite urgent matters.
 - f. Engaging partners in the community to train employees, such as law enforcement officials and experts from the non-profit sector. Such experts should be invited to speak during trainings, which would allow for exposure to different perspectives and helps employees to identify indicators that may otherwise be missed because of the financial vantage-point inherent to bank processes.¹⁴³
 - g. Ensuring regular communication and collaboration between all Corporate Security Departments (focused on fraud) and all AML Financial Intelligence Units (focused on money laundering). These entities should not operate in separate silos.

- h. Building upon the success of public-private partnerships such as Project Protect. These broad-based coalitions are essential in addressing multi-faceted problems such as human trafficking.
- i. Maintaining open lines of communications between banks and law enforcement, within relevant privacy laws and regulations.
- j. Focusing on the benefits, including from positive press, that result from efforts to combat human trafficking. These benefits are expected to outweigh any impacts from negative press or client loss due to investigations into human trafficking.
- k. Requiring legal personnel to explain current privacy obligations under the legislative framework and develop protocols for all staff in a timely manner.
- l. Recognizing that all instances of human trafficking are human rights violations and committing, in response, to taking all available action to combat the flow of associated profits through financial institutions.

5. Conclusion

This report reviewed the ways that financial institutions and other actors can leverage AML regimes to help protect victims and prosecute perpetrators of human trafficking, and in turn assist in preventing its occurrence.

Although Canadian banks and credit unions currently employ helpful practices, in particular under the Project Protect partnership, to detect and report suspected instances of human trafficking for sexual exploitation, several gaps remain in the current regime. To help end human trafficking in Canada and improve the use of AML regimes in both practice and policy, financial institutions need to:

- (1) develop of a set of official financial indicators of labour trafficking;
- (2) streamline and focus anti-trafficking practices within banks and credit unions to improve efficiency and consistency;
- (3) ensure a consistent and clear understanding of banks' and credit unions' obligations under privacy law to ensure they are not missing opportunities to share relevant information with law enforcement; and
- (4) develop procedures to assist victims of human trafficking, including
 - providing financial information to help victims pursue civil redress from their traffickers
 - and
 - developing programs to help rehabilitate a victim's credit where it has been damaged as a result of actions the victim took while under the control of their trafficker.

These measures, discussed in our Recommendations, would leverage anti-money laundering tools to contribute to a more effective regime to fight human trafficking.

Appendices

Appendix A: Canadian Human Trafficking Case Matrix

Human Trafficking Cases Adjudicated under *Canadian Criminal Code* s. 279.01 and *Immigration and Refugee Protection Act (IRPA)*, s. 118 to August 2020

Case	Province	Year	No. of Victims	Type of Trafficking	Facts	Domestic or International VTIPs	Conviction	Sentence	How Investigation Initiated
1. <i>R v AA</i>	Ontario	2012	1	Sexual Exploitation	AA, 16 years old, controlled a young woman from Montreal and forced her to strip in clubs in Toronto. A.A. retained nearly all of the victim's earnings.	Domestic	N/A (New trial ordered in July 29, 2015)	N/A	Victim contacted police
2. <i>R v Byron</i>	Ontario	2013	1	Sexual Exploitation	Byron lured 17-year-old girl (IB) from Windsor to Montreal. IB had bipolar disorder, a learning disability, possibly FAS, and was a ward of Children's Aid. When she arrived in Montreal, she was forced into the commercial sex trade and all of the proceeds from her exploitation were held by the accused. Her compliance was secured through the use of force and coercion.	Domestic	Yes	6 years incarceration less time served	Website ad (police investigator wanted to remove a 17-year-old from the commercial sex trade.
3. <i>R v Domotor</i>	Ontario	2011	9	Forced Labour	The Domotor family were a father, mother and son who pled guilty to human trafficking. They recruited 19 persons from Hungary to come and work in Canada. Once here, the victims were confined in a basement, and otherwise forced to work in the Domotor's businesses for little or no pay, forced to apply for social benefits that were retained by the Domotors, and forced to engage in criminal activities.	International	Yes	9 years in prison. Subsequent deportation proceedings	Victim informed local welfare officer who connected victim with law enforcement already investigating the alleged trafficker
4. <i>R v Johnson</i>	Ontario	2011	2	Sexual Exploitation	Johnson was accused of bringing two women from North Bay Ontario to Toronto and starting them in the commercial sex trade. The accused was acquitted because exploitation was not proven. The judge doubted the credibility of all parties and the Crown could not overcome the	Domestic	No	N/A	No information publicly available.

					beyond all reasonable doubt threshold required for conviction.				
5. <i>R v McFarlane</i>	Ontario	2012	2	Sexual Exploitation	Omar McFarlane pled guilty to several charges including human trafficking. McFarlane detained and threatened two women, for 36 and 7 hours respectively. He stated that he wished them to work in the commercial sex trade and give him the money.	Domestic	Yes	9 years incarceration	No information publicly available.
6. <i>R v Moazami</i>	BC	2014	1	Sexual Exploitation	Reza Moazami lured 11 teenagers into the commercial sex trade, using sexual assault and drugs to control them.	Domestic	Yes (1 of 2 human trafficking charges)	23 years incarceration (cumulative sentence)	Police investigation of commercial sex activities.
7. <i>R v Nkepanggi</i>	Ontario	2008	2	Sexual Exploitation	Nkepangi was a Toronto drug dealer who pled guilty to trafficking and living off the avails of prostitution on the basis of forcing two young and drug-addicted women to give him the money from their sale of sex.	Domestic	Yes	5 years incarceration	Police investigation of commercial sex activities.
8. <i>R v Orr</i>	BC	2016	1	Forced Labour	Orr was acquitted of human trafficking under section 118 of the IRPA. When moving to Canada he used fraud and deception to move a domestic worker he employed with him. He also employed her contrary to her visa. The judge found that because the victim had access to her passport, the element of control and coercion could not be proven.	International	No	N/A	Victim contacted police.
9. <i>R v Urizar</i>	Quebec	2010	1	Sexual Exploitation	Urizar posed as the boyfriend of an 18 year old woman, and forced her to strip in a number of clubs and bars. He tracked the victim down when she tried to escape, and used extensive violence to ensure her compliance with his wishes. Accused was convicted on 13 counts, including trafficking in persons, sexual assault causing bodily harm, and robbery. On appeal, a conditional stay of proceedings was entered on three counts: (1) threats to cause death/bodily harm; (2) possession of weapon for purpose of committing offence; and (3) extortion.	Domestic	Yes	6 years Imprisonment	
10. <i>R v Williams</i>	Ontario	2014	1	Sexual	Williams confined a 15-year-old girl and forced	Domestic		5 years	No information

				Exploitation	her to work in the commercial sex trade.		Yes	imprisonment less time served	publicly available.
11. <i>R v Estrella</i>	Ontario	2011	1	Sexual Exploitation	Estrella, a young woman, legally an adult, assisted an older man in the human trafficking of another young woman (not legally an adult) in Ontario.	Domestic	Yes	28 months	No information publicly available.
12. <i>R v S</i>	Ontario	2015	1	Sexual Exploitation	RS exerted control over victim (AMC) through violence, emotional manipulation and financial dependency. AMC earned between \$200-1200 per day. RS kept all her earning after a few weeks and gave AMC a small allowance for personal use.	Domestic	Yes	5 years imprisonment	Victim went to police.
13. <i>R v Gibson-Skeir</i>	Nova Scotia	2017	1	Sexual Exploitation	Gibson-Skeir pled guilty to forcing a 14-year-old girl into the commercial sex trade in Halifax and to receiving material benefits of human trafficking, and sexual assault.	Domestic	Yes	7 years imprisonment	Victim contacted police
14. <i>R v Downey</i>	Ontario	2010	1	Sexual Exploitation	The three accused kidnapped a woman on vacation from Nova Scotia in Ontario. They held her for 24 hours and repeatedly raped and assaulted her. They were charged with kidnapping, unlawful confinement and human trafficking. They were acquitted of the trafficking charge and found guilty on the accounts related to the forced confinement and sexual assault. This was a jury trial so there are no reasons for judgment.	Domestic	No	N/A	Routine traffic stop – police found Downey with an underage woman in the commercial sex trade.
15. <i>R v Ladha</i>	BC	2013	N/A	Forced Labour	Ladha was acquitted of human trafficking charges under section 118 of the IRPA. She was falsely accused of trafficking by a guest; the guest sought to base an immigration claim on being a trafficking victim.	International	No	N/A	Victim complaint to law enforcement.
16. <i>R v Ng</i>	BC	2007	?	Sexual Exploitation	Ng ran a massage parlour in Vancouver and was charged with 22 offences including charges for violations of s.118 of IRPA. Ng was recruiting women from China under the pretence of a legitimate job and then exerting control over them and forcing them into the commercial sex trade in the massage parlour. He was also arranging	International	No	N/A	No information publicly available.

					forced false immigration marriages with the women and men he knew. He was acquitted on the charges under s.118. The victims were unable to corroborate the story they were told prior to coming to Canada. Ng was convicted of keeping a common bawdy-house and procuring the complainants to become prostitutes.				
17. <i>R v Tynes</i>	Quebec	2010	?	Sexual Exploitation	Myles Tynes and Philip Lafferty operated an escort agency in Montreal. They hired young women to work for them, even after they came to know that the women were under age. Prosecutors attempted to charge Mr. Tynes and Mr. Lafferty with human trafficking, but due to a clerical error they did not succeed. The accused, however, were convicted of other offences, including living off the avails of prostitution.	Domestic	No	N/A	No information publicly available.
18. <i>R v McPherson</i>	Ontario	2011	?	Sexual Exploitation	McPherson faced 31 charges under s.279. The trial was conducted by a jury and he was convicted of only prostitution-related charges.	No information publicly available.	No	N/A	No information publicly available.
19. <i>R v Salmon</i>	Ontario	2011	?	No information publicly available.	Salmon was charged with a number of offenses, including human trafficking under section 279.01 of the Criminal Code. The charges were stayed because the police had planted evidence. The Crown's appeal of the trial judge's stay was dismissed.	No information publicly available.	N/A	N/A	No information publicly available.
20. <i>R v St Vil</i>	Ontario	2008	1	Sexual Exploitation	St. Vil pled guilty under section 279.01 of the criminal code. He posed as a music producer and lured a young woman into the commercial sex trade.	Domestic	Yes	3 years imprisonment	Police investigation of commercial sex activities.
21. <i>R v Dagg</i>	Ontario	2015	1	Sexual Exploitation	Trial judge found victim was controlled by a drug addiction, and could have left the control of Dagg if it were not for her addiction, which she had prior to meeting Dagg.	Domestic	No	N/A	Alleged victim spoke about time with alleged trafficker during police interviews after she was caught stealing alcohol.

22. <i>R v Deiac</i>	Ontario	2017	1	Sexual Exploitation	Accused plead guilty to offences, including human trafficking. Accused exploited complainant for financial and sexual gain and isolated her and denied her money and control over her life. When complainant was able to get away from accused, he tracked her down, broke into her hotel room and committed a serious assault on her boyfriend before showing a firearm and abducting complainant.	Domestic	Yes	8 years imprisonment	Complainant's boyfriend called 911 after she had been abducted
23. <i>R v Brown</i>	Alberta	2017	1	Sexual Exploitation	Accused took 12-year-old to his apartment where she was given drugs and alcohol. Accused allowed five friends, who paid accused, to have sex with complainant when she was under influence of drugs and alcohol. Complainant stayed in apartment for two to three weeks. On appeal, the trial judge's determination of guilt was seen as reasonable because the complainant's in-court identification of the accused was based on intimate knowledge.	Domestic	Yes	10 years imprisonment less time served.	Complainant disclosed relationship with accused to doctor who reported to the police.
24. <i>R v Evans</i>	Ontario	2017	2	Sexual Exploitation	Accused procured two young females to become prostitutes, exploited their labour, and exercised control and direction over their movements. Accused took all the complainants' money from their work. Accused created culture of control, where it was clear he was boss and dissent would not be tolerated.	Domestic	Yes	10 years imprisonment less time served.	One complainant called the police after being harassed by the accused.
25. <i>R v Gray</i>	Nova Scotia	2018	1	Sexual Exploitation	Complainant lived with accused, was addicted to drugs and was a former sex trade worker who had been victimized by pimps. Accused advertised her services online. Complainant attended as many as 20 calls per day and turned over all of her earnings to accused. Accused exploited complainant for six months.	Domestic	Yes	30 months imprisonment less time served and 24 months probation.	Complainant returned to her mother's home and reported to the police.
26. <i>R v DJ</i>	Ontario	2018	1	Sexual Exploitation	Accused persuaded complainant to move to Ontario. He put her up in hotels, took her property and identification and directed her to start working as escort. Accused took money complainant earned and told her she would have to pay exit fee if she left. Accused imposed rules on complainant when she met with clients and	Domestic	Yes	Unknown	Complainant sought help from a non-profit organization after being assaulted by the accused.

					repeatedly threatened complainant with violence if she did not continue with prostitution. Accused and complainant had an intimate relationship and an infant daughter.				
27. <i>R v MM</i>	Ontario	2018	2	Sexual Exploitation	Accused rented hotel rooms and posted sexually suggestive photos of the two young women on Backpages. He assaulted and threatened one complainant. Complainants gave all their earnings to the accused.	Domestic	No	N/A	One complainant was a missing person and called police after seeing amber alert with her description. This girl told police about other complainant.
28. <i>R v Burton</i>	Ontario	2018		Sexual Exploitation	Accused confined two young women to hotel room and lived off their prostitution for one week. Accused created an atmosphere of fear and control. Food and alcohol were given to the women at accused's own discretion.	Domestic	Yes	10.5 years less time served.	One client took both women away from accused and another called the police.
29. <i>R v Alexis-McLymont and Elgin and Hird</i>	Ontario	2018	1	Sexual Exploitation	Three co-accused lured complainant under 18-years-old to hotel room and held her there for days. She was barely fed, given drugs and, under threats of violence, forced to perform sexual acts on two of accused as well as sex customers.	Domestic	Yes	A-M: 6 years less time served. H: 9 years less time served. E: 7 years less time served.	Complainant contacted police after escaping from hotel.
30. <i>R v Dykes</i>	Ontario	2018	1	Sexual Exploitation	Female accused, involved in the sex trade herself, provided complainant with housing, client references, protection, assistance in placing legal ads, and assistance with saving earnings. Crown failed to prove accused procured complainant for the purposes of exploitation. Complainant found to be impressionable, but not vulnerable or dependent. She was aware of the risks of sex work and chose to earn money this way for herself and her children. Her relationship with accused found to be one of friendship which soured over time.	Domestic	No	N/A	A police officer, posing as a customer, responded to an ad relating to C.S. on Backpage.com which ultimately led to the arrest of Ms. Dykes two weeks later.

31. <i>R v Rocker</i>	Ontario	2018	1	Sexual Exploitation	<p>Four teenaged girls involved in sex trade traveled to Toronto and met with accused, who put them up in hotel. Accused provided the 16-year-old complainant with alcohol and drugs and tried to have sex with her but she refused.</p> <p>Accused embarked on a project to enlist complainant and her friends to act as sex trade workers for his benefit. However, Crown failed to prove that accused exercised control or direction over her movements and that his purpose was to exploit her. Police intervened at “grooming” stage of relationship. Judge left with a doubt as to whether a reasonable person in complainant’s circumstances would have believed her safety was threatened.</p>	Domestic	No	N/A	Police discovered girls when they went to accused’s hotel room to investigate his use of fraudulent credit cards.
32. <i>R v Lucas-Johnson</i>	Ontario	2018	2	Sexual Exploitation	<p>Accused charged with trafficking one 17-year-old and one 18 year old. Complainant 1 claimed she was forced to work at exotic spa which provided sexual services to male guests while living at the accused’s apartment. She claimed she was physically abused by accused for not making enough money on shifts. Complainant 2 had a similar arrangement with the accused but was not abused. Credibility issues arose with complainant 1’s testimony which raised a doubt as to the trafficking charge. The court found that although accused recruited complainant 2, the persuasion did not reach level of exploitation.</p>	Domestic	Charged with procuring, not trafficking.	Unknown	Accused arrested when police investigated a noise complaint while he was living with the 17-year-old. 18-year-old came forward after seeing press release about charges against accused for exploitation.
33. <i>R v Lopez</i>	Ontario	2018	1	Sexual Exploitation	<p>Complainant was romantically interested in accused and proposed an arrangement, in which she would work as a prostitute and the accused would split the profits. Eventually the accused began keeping profits, became violent, and forced complainant to service many customers frequently. He also forced her to provide unprotected sexual services and her compliance resulted in her contracting sexually transmitted diseases. After 17 months the accused was arrested for assaulting complainant. In her victim</p>	Domestic	Yes	Global sentence of 5 years imprisonment .	Bystander witnessed accused assaulting complainant and called police

					impact statement, complainant described how accused had "preyed" upon her and had used fear and love to trap her in a "toxic relationship".				
34. <i>R v Gray-Lewis</i>	Ontario	2018	2	Sexual Exploitation	<p>Two 15-year-old complainants decided to work in prostitution. The two accused were charged and convicted as occupiers of a hotel room who knowingly permitted two children to use their room to engage in prohibited sexual activity. The female accused did not take reasonable steps to ascertain age of complainants. Male accused was also convicted of knowingly receiving money derived from illegal provision of sexual services.</p> <p>Male accused was not found to have influenced either girl's movements nor did he persuade them to enter into sex work. Complainants had a significant degree of control over the business and access to the hotel room. As the accused subsequently died, the Crown's appeal from the accused's acquittal on these charges was dismissed.</p>	Domestic	Partial	<p>Male accused: 2 year mandatory minimum and 1 year concurrent sentence.</p> <p>Female accused: 60 days jail after successfully challenging 1 year mandatory minimum.</p>	Police received missing persons complaints
35. <i>R v Oliver</i>	Nova Scotia	2018	2	Sexual Exploitation	<p>Accused arranged through "Backpage" website to have victim 1 meet with two male clients at hotel. Victim 1 gave accused a portion of the money earned. She texted a friend for help and snuck out of the accused's house to meet the police.</p> <p>Victim 2 was under 18-years-old. The 32-year-old accused brought her to his residence and kept her there for several days. He posted ads on Backpage and directed her to several calls, the profits from which she gave to the accused. She texted her aunt to pick her up and ran from the house when she was sure her aunt had arrived.</p>	Domestic	Yes	8 years less 840 days for time served.	<p>Victim 1's friend called the police</p> <p>Victim 2 unknown</p>
36. <i>R v Purcell</i>	Ontario	2018	1	Sexual Exploitation	Accused and 16 year old complainant began intimate relationship. Complainant was escort previously and accused began to drive her to clients and take her earnings. Accused and complainant's relationship became abusive and complainant testified that accused told her that if she ever left him he would kill her and she also	Domestic	Yes	Unknown	Complainant contacted the police after one assault to make a statement about the assault and a human

					testified that accused and his roommate inflicted injuries on her that sent her to hospital. Photographs corroborated evidence of physical abuse.				trafficking claim.
37. <i>R v Crosdale</i>	Ontario	2018	2	Sexual Exploitation	Accused recruited 19 year old vulnerable female complainant to exploit her by engaging in prostitution. Accused used physical violence, threats and coercion to control her. Accused manipulated complainant to participate in recruiting another female 16 year old complainant to work for him. Evidence established that accused's conduct towards victims was exploitative and self-serving. His conduct involved repeated, planned, and deliberate exploitation.	Domestic	Yes	6 years imprisonment less 162 days for time served.	Unknown
38. <i>R v Symonds</i>	Nova Scotia	2018	1	Sexual Exploitation	Complainant, B.S. was a 16 years old ward of the Department of Community Services. She was placed in a residence for girls in the care of the Department. Accused was boyfriend of another resident. Accused advertised B.S.' sexual services on an escorting website and arranged clients. Accused assaulted complainant. On appeal, the accused's guilty plea in relation to procurement was found to be valid. No miscarriage of justice occurred.	Domestic	Yes (plead guilty to procuring)	4 years imprisonment .	The complainant was reported missing and identified by police outside the hotel where she was brought to by the accused.
39. <i>R v Kruzik</i>	Ontario	2019	1	Sexual Exploitation	The complainant was herself charged prior to this case with similar offences in relation to a young woman under the age of 18. The complainant was co-accused with one accused from this case. After her allegations of exploitation against herself, her charges were withdrawn. The complainant's credibility and inconsistent testimony were at issue at trial.	Domestic	No	N/A	While on bail, complainant's lawyer arranged for her to meet with police, at her request.
40. <i>R v Webber</i>	Nova Scotia	2019	1	Sexual Exploitation	Accused and co-accused lured 16-year-old complainant, who had moved into accused's home, into providing sexual services by promising that she would be part of team and would have better life. Over period of four to six weeks, accused and co-accused took complainant to locations where she provided sexual services	Domestic	Yes	3 years imprisonment for human trafficking and 1 year imprisonment (consecutive)	Victim went to police after she was assaulted by accused.

					and took money she earned.			for sexual exploitation.	
41. <i>R v Tazike</i>	Ontario	2019	1	Sexual Exploitation	Accused began relationship with 16-year-old complainant. Accused persuaded complainant to sell her sexual services and had violent non-consensual sex with complainant. He advertised complainant's services and took her to hotels to provide sexual services for consideration. Accused was instrumental in managing complainant's labour and kept her earnings. He also supplied her with cocaine. Accused physically abused complainant, and after the relationship ended he harassed her at her workplace, destroyed her phone, followed her, harassed her friends, and tried to entice her back into the sex trade.	Domestic	Yes	7.5 years imprisonment , less 1 month credit for time served. Sentence would have been higher if not for totality principle.	Complainant spoke with police after relationship ended and accused was harassing her.
42. <i>R v KGA</i>	Ontario	2019	1	Sexual Exploitation	Two accused charged with human trafficking. Complainant had worked as an escort previously and met one accused at a club in Vancouver. Complainant suggested her and accused go to Ottawa to make money selling her sexual services. Complainant was in a romantic relationship with one accused. Neither accused took the money she earned. Several inconsistencies in complainant's testimony. No evidence of direction, control, or credible fear for safety.	Domestic	No	N/A	Victim sought out police.
43. <i>R v Jeffers</i>	Ontario	2019	1	Sexual Exploitation	After victim directed hotel clerk to call police, accused and victim were both questioned by police. Complainant claimed that accused acted as her pimp, keeping money from prostitution, confining her to a hotel room, and assaulting her. Accused exercised high degree of control over complainant, particularly over money received for services. Accused also directed complainant's travels between provinces and made threats toward her family. Issues with complainant's credibility – strong conflict between trial testimony and police statements. KGB rule applied. Accused's direction of, and threats towards, victim met definition of human trafficking.	Domestic	Yes	Unknown	Victim directed hotel clerk to call police after noise complain received.

44. <i>R v Antoine</i>	Ontario	2019	1	Sexual Exploitation	A drug dealer who uses his relationship of dependency to exploit the victim who is addicted to drugs into engaging in sexual services for consideration could be considered to abuse a position of trust, therefore falling within definition of exploitation.	Domestic	Yes	3 years, 8 months, 10 days' imprisonment	Victim's grandmother alerted police.
45. <i>R v Mohylov</i>	Ontario	2019	1	Sexual Exploitation	Application to quash committal for trial. Two accused were drug dealers and benefitted from complainant's sexual exploitation. Complainant was financially dependent on accused and had ongoing drug dependency. Accused provided her with drugs. "Drug dealer - drug user" relationship can in certain circumstances amount to a position of trust, power or authority. The evidence supported an inference that the complainant performed sex acts in order to ensure continued flow of drugs from accused. Complainant had romantic feelings for one accused and he would often tell her he loved her. Court ruled complainant had been exploited regardless of her subjective belief. The application was dismissed.	Domestic	N/A	N/A	Unknown
46. <i>R v Ahmed et al</i>	Ontario	2019	2	Sexual Exploitation	Ms. Ahmed (A) and Ms. Ngoto (N) were accused of recruiting two girls, aged fourteen and fifteen, for the purposes of exploiting or facilitating their exploitation. A was also accused of knowingly advertising offer to provide sexual services for consideration. Both accused found guilty but judge ruled mandatory minimum sentence was grossly disproportionate, violating s. 12 of Charter, as there was no actual exploitation, instead A and N were in the process of grooming complainants for sexual exploitation.	Domestic	Yes	A: 18 months imprisonment ; N: 11 months imprisonment	One of complainants texted police, who were able to locate them at A's apartment.
47. <i>R v Strickland-Prescod</i>	Ontario	2019	1	Sexual Exploitation	After breaking up with her boyfriend, complainant approached accused (S-P) for drugs. He allowed complainant to stay with him and told him she would have to "work" for her drugs. S-P posted several pictures of victim on an escorting website and set up clients to purchase her sexual services. S-P took control of victim's vehicle and her identification. Police uncovered messages on S-P's phone indicating he had a long term plan to	Domestic	Yes	21 months imprisonment	Police stopped accused and victim at a traffic stop. Accused had victim's identification so she was questioned and trafficking

					sell victim's sexual services.				situation was discovered.
48. <i>R v Gallone</i>	Ontario	2019	1	Sexual Exploitation	Accused and complainant met as dancers at a strip club. Complainant was 17 years old and seeking additional income while surviving on welfare. Complainant alleges that G pressured her into selling her sexual services. G and complainant have diverging testimony as to the nature of their relationship.	Domestic	No (new trial ordered on appeal).	N/A	Complainant told her mother, who took her to the police station.
49. <i>R v Ye Win</i>	Ontario	2018	1	Forced Labour	Mr. Ye Win as charged with human trafficking and misrepresentation under the <i>IRPA</i> , ss. 118 and 127 respectively. Ye Win and his wife came to Canada from Burma in 2010 with their three biological children and Ms. Thuzar who was 15 at the time. The Crown alleged that the couple's adoption of Thuzar was a pretext for keeping her as a domestic servant and that Ye Win deceived Thuzar into coming to Canada by misrepresenting what her life would be like. The parties agreed that Thuzar was mistreated. Ye Win was acquitted. The Crown could not establish that the adoption was a sham to gain Thuzar's entry (being a legal custom in Burma for wealthy families to adopt a child as both part of the family and a servant). TJ was left in doubt that Ye Win made any misrepresentations, though his wife (then in Singapore) may have.	International	No	N/A	Victim informs Toronto Children's Aid Society that her Canadian legal documentation was falsified
50. <i>R v Zuniga Rojas, Camacho Zuniga, Camacho Zuniga and Kielty</i>	ON	2019	43	Forced Labour	43 people, migrants from Mexico, were allegedly forced to work as cleaners at vacation properties in Ontario for little or no compensation. They had been brought to Canada under the pretense of pursuing education or for work and eventual permanent residency status. They had paid large sums of money to their traffickers to be transported to Canada. Upon arrival, they were forced to live in squalid conditions, taken to and from forced work locations by their traffickers, who, according to police, kept most of their earnings.	International	Case ongoing	N/A	Business in Barrie investigated by Barrie Police, OPP and CBSA after tips from the public

Appendix B: Anti-Money Laundering Law and Human Trafficking in Canada

FINTRAC: Law & Mandate

FINTRAC is the primary body that collects and analyzes data on potential financial crimes in Canada.¹⁴⁴ It was established pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Proceeds of Crime Act)*.¹⁴⁵ FINTRAC is an independent agency, created to collect, analyze, and assess information relating to potential financial crimes. It is accountable to the Minister of Finance, to whom it submits an annual report, and who in turn is accountable to Parliament.¹⁴⁶ FINTRAC is empowered to disclose information to certain agencies for the purpose of detecting, preventing, and deterring money laundering and terrorist financing.¹⁴⁷

FINTRAC: Role in AML Regime

FINTRAC describes itself as one institution in a “constellation of organizations” that work to combat money laundering and terrorist financing in Canada. It situates itself at “the beginning of a process” of anti-money laundering work, acting to extract and analyze financial information before sharing it with agencies which can take action to investigate or prosecute financial crimes.¹⁴⁸ It develops this information into a ‘financial intelligence product’. FINTRAC seeks to produce intelligence that is relevant to investigations of money laundering, terrorist financing, or threats to the security of Canada.¹⁴⁹

In addition to its domestic work, FINTRAC also cooperates with international financial intelligence units with whom it has information-sharing agreements. It is a member of the Egmont Group of Financial Intelligence Units, a group that has many participants around the world. The Americas Region Group, for example, includes 38 countries.¹⁵⁰

In addition to its work preparing intelligence for specific financial crimes investigations, FINTRAC also acts to develop knowledge of trends, patterns, and typologies (meaning typical patterns) of financial crimes. It seeks to raise awareness about money laundering and terrorist financing activities. It also maintains a registry of Canadian money services businesses.¹⁵¹

FINTRAC Data Collected

FINTRAC's analysis process is built on information that it is empowered to receive by the *Proceeds of Crime Act*. Suspicious transaction reports (STRs), submitted by Canadian businesses and financial institutions as required by law, are a primary form of information for FINTRAC.¹⁵² FINTRAC also receives reports collected by the CBSA relating to the import or export of large sums of cash or monetary instruments as well as any cross-border seizures.¹⁵³ FINTRAC is empowered by the *Proceeds of Crime Act* to collect publicly available information, to receive voluntary disclosures by law enforcement, government and intelligence agencies, securities commissions, other financial intelligence units, and members of the public.¹⁵⁴ It may enter into agreements by which it may access databases maintained by federal, provincial, or foreign governments and international organizations.¹⁵⁵ FINTRAC may also receive information from foreign financial intelligence units with whom it has entered into an agreement as outlined above.¹⁵⁶

Certain organizations and businesses are required and/or empowered to report to FINTRAC under particular circumstances.¹⁵⁷ These include financial institutions, money services businesses, casinos, agents of the Crown accepting deposit liabilities or selling money orders, accountants and accounting firms, real estate brokers, sales representatives, developers, dealers in precious metals and stones, British Columbia notaries, life insurance companies, brokers, agents, provincially-authorized security dealers, portfolio managers, investment counsellors, and certain other professionals.¹⁵⁸ These agencies and businesses must take steps to verify the identity of those they deal with, and must report transactions where there are reasonable grounds to suspect they are related to money laundering or terrorist financing activity.¹⁵⁹ There is no minimum reporting threshold under these circumstances. They must also report all cash transactions, casino disbursements, or electronic funds transfers amounting to over \$10,000 within a 24-hour period, and any terrorist property.¹⁶⁰

FINTRAC Analysis Process

FINTRAC may begin investigating and building a case through a variety of "triggers". Typically, these would be a suspicious transaction or other legally-required report as described above, a voluntary disclosure, information provided by a partner financial intelligence unit, a cross-border seizure report, or publicly available information

such as a report by news media. Once the process of building a case begins, FINTRAC reviews and analyzes the information it has received through the use of personnel and automated algorithms. It uses identification and grouping of information to develop a financial intelligence product. Upon completion, and where the product meets requirements permitting disclosure, it will disclose this 'intelligence' (the results of its investigation) to one or more of the permitted entities named above.

FINTRAC Disclosures

FINTRAC may disclose data it has collected and created to police services, the Canadian Revenue Agency (CRA), the Canadian Border Services Agency (CBSA), the Communications Security Establishment (CSE), agencies that administer securities legislation, the Canadian Security Intelligence Service (CSIS), or to a Foreign Intelligence Unit (FIU) with which it shares a Memorandum of Understanding (MOM).¹⁶¹ Disclosure to each body may only be made under circumstances enumerated in the *Proceeds of Crime Act*, and where FINTRAC has reasonable grounds to suspect the information would be relevant to prosecuting or investigating a money laundering or terrorist activity offence.¹⁶² Because human trafficking involves the transfer and acquisition of criminal proceeds, FINTRAC disclosures may help law enforcement identify and prosecute such cases. In this way law enforcement or the CBSA (for trafficking offences under IRPA, as discussed above), can gain access to information about the money being exchanged during the course of human trafficking.

Because FINTRAC is empowered to disclose to the CBSA and law enforcement for the investigation a wide range of offences, including non-trafficking immigration offences, there could also be a risk that certain FINTRAC disclosures could place individuals vulnerable to trafficking at greater risk. This could occur, for example, were FINTRAC to disclose to CBSA a potential misrepresentation offence under immigration laws, without realizing that the individual concerned had been coerced into making the misrepresentation and was being exploited. For this reason, it is important that FINTRAC and agencies receiving their disclosures carefully evaluate whether a case involves human trafficking. This caution would be particularly important where a disclosure pertains to a member of group at increased risk of human trafficking.

The information FINTRAC may include in a disclosure is limited by the *Proceeds of Crime Act*. The *Proceeds of Crime Act* enumerates the designated information about an

attempted or completed financial transaction that may be included in a disclosure. Generally, information relevant to a threat to the security of Canada or a money laundering or terrorist activity offence includes the names of the person(s) and financial institutions involved, the amounts and types of currency, any account or transaction numbers, other identifying information connected to the purposes enumerated, any criminal record or relevant criminal charges laid in respect to a person involved in or suspected to have directed the transaction, the relationships suspected to exist between them and others, relevant financial interests, information about reports which led to the decision to disclose, any indicators of a money laundering or terrorist financing offence, and relevant enumerated import/export information.¹⁶³

FINTRAC Snapshot: Highlights from 2018-2019 Annual Report¹⁶⁴

In 2018-2019, FINTRAC made 226 such disclosures to partner organizations including CSIS, foreign financial intelligence units, CBSA, the CRA, provincial securities regulators, and the Communications Security establishment. The majority of these disclosures related to potential fraud and drug offences (thirty-two and thirty, respectively). Only ten percent pertained to potential human trafficking offences. The report notes an increase in the overall number of STRs filed, with thirty one percent more transaction reports received than in 2018-2019, for a total of 235,661 reports.¹⁶⁵

The report also explains that FINTRAC uses a risk-based approach to prioritize its resources to higher-risk reporting entities. It also works with entities to improve compliance and conducts compliance examinations. 497 of these examinations were conducted in 2018-2019, and seven cases of non-compliance with reporting requirements were disclosed to police.¹⁶⁶

Appendix C: Financial Indicators of Trafficking for Sexual Exploitation¹⁶⁷

In December 2015, FINTRAC issued an operational alert to help financial institutions recognize activity that may indicate human trafficking for sexual exploitation. These indicators below are reproduced directly from that Operational Alert.

FINTRAC Operational Alert: Project Protect

Financial Indicators of Trafficking for Sexual Exploitation

Types of Financial Transactions:

- Online advertising and promotional services (e.g. escort services, massage services, relationship services, related peer-to-peer online booking services): frequent payments in multiples of small amounts (e.g. \$3, \$12, \$24) in relatively short timelines and inconsistent with expected activity;
- Accommodations (e.g. hotels, motels, peer-to-peer online booking services for private and commercial lodgings): payments for short stays and/or stays in multiple cities in a relatively short time period;
- Distance transportation: frequent purchases for airline, train, and/or bus tickets, possibly for multiple individuals, in relatively short timelines and inconsistent with expected activity;
- Local transportation: purchases for taxi, limousine, vehicle rentals, and ride sharing services in relatively short timelines and inconsistent with expected activity;
- Fast food restaurants: frequent low value purchases in relatively short timelines and inconsistent with expected activity;
- Drug stores, clothing stores, beauty stores (e.g. lingerie, make-up): frequent purchases in relatively short timelines and inconsistent with expected activity;
- Strip clubs, massage parlors, beauty salons and modelling agencies: credit card payments for purchases made after the establishments' normal hours of business;
- Bitcoins or other virtual currencies: frequent purchases in multiples of small amounts (e.g. \$3, \$12, \$24), directly by the client or through exchanges;
- Online payment services companies: personal account activity inconsistent with expectations involving frequent deposits and payments through an online

payment service in small amounts typically under \$100. Account funds may then be used for virtual currency deposits/redemptions, or payment of bills, such as personal or third-party credit cards;

- Rent payments: for addresses where prostitution is reported to occur by media, law enforcement, or classified ads; and,
- Credit card purchases: for online purchases which provide relative anonymity.

Patterns of Financial Transactions and Account Activity:

- Cash deposits/withdrawals between the hours of 10 p.m. and 6 a.m.;
- Multiple cash deposits conducted at different bank branches/ATMs, possibly across different cities and provinces;
- Frequent transactions (e.g. purchases, payments, account debits/credits, electronic transfers) across different cities and provinces within short timelines;
- Multiple deposits and/or incoming email money transfers or other forms of electronic transfers, possibly using a temporary address (e.g. hotel), from unrelated third parties with little or no explanation;
- Account funded primarily via third party cash transactions;
- Deposits (e.g. via ABM, in-branch, email money transfers, other forms of electronic transfers) followed rapidly by cash withdrawals, bill payments, and/or electronic transfers;
- Personal account receives frequent deposits but is typically kept depleted, showing no purchases or transactions that would indicate normal activity;
- Account appears to function as a funnel account; deposits occur in locations where the client does not reside or conduct business;
- Deposits (e.g. via ABM, in-branch) conducted in one city followed by same day or next day withdrawal and/or purchase conducted in another city;
- Unrelated third parties sending email money transfers or other forms of electronic transfers to the same beneficiary with no apparent relation to the recipient or no stated purpose for the transfers;
- Email money transfers to third parties with alternate names provided in brackets [e.g. jane@example.com (Bambi)];

- Large and frequent electronic transfers between senders and receivers with no apparent relationship;
- Common address provided by different people undertaking domestic/international funds transfers;
- Rounded sum hotel transactions;
- Hotel transactions by the same individual for two separate rooms for the same dates;
- Hotel transactions followed by a refund for the same amount; and,
- Pre-authorized hotel by credit card, but accommodations are actually paid for using cash.

Contextual Indicators:

- Media or other reliable sources suggest that a client may be linked to criminal activity which could generate proceeds of crime;
- Media coverage of account holder's activities relating to human trafficking in the sex trade and/or prostitution rings;
- Use of addresses where prostitution is reported to occur by media, law enforcement, or classified ads;
- Phone number provided on online advertising and promotional services is used in different cities and provinces in a short period of time;
- Use of a third party to execute transactions (for example, under the pretext of requiring an interpreter); and,
- Client makes deposits accompanied or watched by a third party who may, on separate occasions, accompany or watch clients who are making deposits. The third party may be handing over to the client what is subsequently confirmed to be the client's identification.

Know Your Client:

- Financial activity is inconsistent with that expected based on one or more of the following: the client's financial status, stated occupation, type of account or stated business activity;

- Clients give contact/identifying information that is traceable through open sources to advertising related to escort services;
- Use of someone else's identification, or opening an account in the name of an unqualified minor;
- Use of aliases for the purpose of opening multiple accounts in different banks, or in different branches of the same bank; and,
- Addition of an unusual number of individuals as joint account holders, or authorized users to products such as credit cards.

Appendix D: Canadian Law and Human Trafficking

Public Law: Criminal Law

In Canada, Parliament has chosen to incorporate the definition of trafficking in the United Nations Convention Against Transnational Organized Crime into its domestic laws in two ways. First, under the *Criminal Code*, a trafficking offender is defined as: “every person who recruits, transports, transfers, receives, holds, conceals or harbours a person, or exercises control, direction or influence over the movements of a person, for the purpose of exploiting them or facilitating their exploitation.”¹⁶⁸ No person may consent to be trafficked.¹⁶⁹ Proof beyond reasonable doubt that a person is controlling another for the purpose of exploiting the latter is key in securing a conviction. Exploitation for the purpose of trafficking includes forced labour or servitude compelled by causing a reasonable, subjective fear in the person being trafficked that his or her safety, or that of someone known to him or her, is threatened if the trafficked person does not provide the labour or service. The focus on control rather than movement from one location to another differentiates trafficking from smuggling.

Further, it is an offence to indirectly and directly receive material benefits from the trafficking of a person¹⁷⁰ and to withhold a person’s documents for the purpose of committing or facilitating trafficking in persons.¹⁷¹

Public Law: Immigration Law

Similar to Canadian criminal law, the *Immigration and Refugee Protection Act* [“IRPA”], which governs transnational movement into Canada, also makes it an offence to traffic a person albeit requiring different elements. The IRPA prohibits “knowingly organizing the coming into Canada of one or more persons by means of abduction, fraud, deception, or use or threat of force or coercion.”¹⁷² Under the IRPA, organizing the trafficking of a person includes recruiting a person and transporting them into Canada, receiving the trafficked person and harbouring them.¹⁷³ Unlike the *Criminal Code*, the IRPA trafficking offence does not require proof that a person is trafficked for the purpose of exploitation. Instead, immigration law seeks to punish people who traffic migrants on the basis of deception and coercion regardless of the purpose. Further, while the *mens rea* requirement to penalize traffickers in Canadian criminal law requires proof beyond reasonable doubt of intent to exploit, the IRPA requires proof on a balance of probabilities that a person knowingly deceives or coerces someone into entering and staying in

Canada.¹⁷⁴ On the surface, Parliament appears to have created a legislative scheme that makes it easier to penalize transnational traffickers by requiring proof only of knowledge of the deception rather than an intent to exploit.

Private Law and Human Trafficking

Manitoba

In 2012, Manitoba enacted *The Child Sexual Exploitation and Human Trafficking Act*. The Act creates a tort of human trafficking that is defined as an act of (i) abducting, recruiting, transporting or hiding a person; or (ii) controlling, directing or influencing the movements of that person, through the means of force, threat of force, fraud, deception, intimidation, the abuse of power or position of trust, or the repeated provision of a controlled substance, for the purpose of causing, compelling or inducing a person to (i) become involved in prostitution or any other form of sexual exploitation, (ii) provide forced labour or services, or (iii) have an organ or tissue removed. Potential victims of human trafficking may sue an alleged human trafficker in small claims court for an enforceable order of damages, an injunction, or an order for the defendant to account for any profits from the human trafficking of the victim. The Act also allows victims of human trafficking to submit in person or by phone, an *ex parte* application for a protection order to require the respondent, their alleged trafficker, to stay away from the victim. The extent of the helpfulness of this law for victims is debatable. To date, there have been no completed cases which applied the Act.

Ontario

In February 2016, Member of Provincial Parliament Laurie Scott tabled Bill 158, otherwise known as *Saving the Girl Next Door Act*. Like the Manitoba *Child Sexual Exploitation and Human Trafficking Act*, Bill 158 creates a tort of human trafficking and a right to a protection order.¹⁷⁵ The Bill provides that civil actions may be brought without proof of damage and excludes consent as a basis for a defence.¹⁷⁶

The Bill passed second reading and was referred to the Standing Committee on Justice Policy in the Ontario Legislature.¹⁷⁷ However, the Bill failed to pass as Parliament was prorogued in September 2016. Member Scott re-introduced substantially the same bill, Bill-96, which received Royal Assent and became the *Anti-Human Trafficking Act*, 2017, SO 2017, c 12 in May, 2017.

Alberta

On May 12, 2020, the *Protecting Survivors of Human Trafficking Act* received royal assent. Section 16(1) of the *Act* legislates the tort of human trafficking, allowing for civil actions against alleged traffickers. Defendants cannot rely on the consent of the complainant in defending such proceedings. Courts have wide discretion to order damages and compensation after findings of liability. For the purposes of the *Act*, human trafficking is defined as the recruitment, transportation, transfer, holding, concealing, harbouring or receipt of a person by means of:

- (i) the threat or use of force or other forms of coercion, abduction, fraud or deception,
- (ii) (ii) repeated provision of a controlled substance,
- (iii) (iii) the abuse of power or of a position of vulnerability, or
- (iv) (iv) the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of taking advantage of or exploiting that person, including any form of sexual exploitation, forced labour or services, including slavery or practices similar to slavery, or the removal of a human organ or tissue.

The Act also allows interested parties to apply for a protection order without notice to the respondent where the court “determines that the respondent has engaged or may engage in human trafficking of the victim”.

Appendix E: Comparisons of Suspicious Activity/Transaction Reports by Jurisdiction

Canada: Suspicious Transaction Report Paper Form Original Version

 Financial Transactions and
Reports Analysis Centre of Canada

Centre d'analyse des opérations
et déclarations financières du Canada

Suspicious Transaction Report

If you have the capability to report electronically, DO NOT use this paper form.

Refer to the reporting section of FINTRAC's Web site — <http://www.fintrac-canafe.gc.ca>

Use this form if you are a reporting entity and you have reason to suspect that a financial transaction is related to money laundering or terrorist activity financing. For more information about who is considered a reporting entity and for instructions on how to complete this form, see *Guideline 3B: Submitting Suspicious Transaction Reports to FINTRAC by Paper* or call FINTRAC's toll-free enquiries line at 1-866-346-8722.

Send completed form by mail: FINTRAC, Section A, 234 Laurier Avenue West, 24th Floor, Ottawa, Ontario K1P 1H7
or send completed form by fax: 1-866-226-2346

Is this Report a correction to a Report previously submitted?

☐ NO

☐ YES

• Enter the original Report's Date and Time

Date (2) 0 MONTH DAY Time HOUR MINUTE

• COMPLETE PART A – whether the information has changed or not
• Provide the new information ONLY for the affected fields in Part B through Part H

• If removing information from a field, strike a line through the field

Transaction status indicator *

☐ COMPLETED

☐ ATTEMPTED

REPORTING DATE (2) 0 MONTH DAY TIME HOUR MINUTE

All fields of the report marked with an asterisk (*) must be completed. The ones that are also marked "if applicable" must be completed if they are applicable to you or the transaction being reported. For all other fields, you have to make reasonable efforts to get the information.

PART A — Information about where the transaction took place

1. Reporting entity's identifier number* (if applicable)

2. Reporting entity's full name*

Where did the transaction take place?

3. Street address*

4. City*

5. Province*

6. Postal code*

Whom can FINTRAC contact about this report?

6A. Reporting entity report reference number

7. Contact – Surname*

8. Contact – Given name*

9. Contact – Initial/Other

10. Contact – Telephone number (with area code)*

10A. Contact – Telephone extension number

11. Which one of the following types of reporting entities best describes you?*

- | | | | |
|--|---|---|--|
| <input type="checkbox"/> Accountant | <input type="checkbox"/> Casino | <input type="checkbox"/> Dealer in Precious Metals and Stones | <input type="checkbox"/> Provincial Savings Office |
| <input type="checkbox"/> Bank | <input type="checkbox"/> Co-op Credit Society | <input type="checkbox"/> Life Insurance Broker or Agent | <input type="checkbox"/> Real Estate |
| <input type="checkbox"/> British Columbia Notary | <input type="checkbox"/> Credit Union | <input type="checkbox"/> Life Insurance Company | <input type="checkbox"/> Securities Dealer |
| <input type="checkbox"/> Caisse Populaire | <input type="checkbox"/> Crown Agent | <input type="checkbox"/> Money Services Business | <input type="checkbox"/> Trust and/or Loan Company |
| (Sells/Redeems Money Orders) | | | |

If you are an **employee** of a reporting entity and you are making this report about a suspicious transaction that you did **not** report to your superior, there are special instructions for you to complete several of the fields in this part. Please refer to the instructions for completing a suspicious transaction report in *Guideline 3B: Submitting Suspicious Transaction Reports to FINTRAC by Paper*.

Revised December 2008



NOTE: Please copy this page for each additional, related, suspicious transaction (if required).

Transaction of

PART B1 — Information about how the transaction was initiated

If the transaction being reported was attempted and, because of this, information for any mandatory fields in this part is not available, you can leave those fields blank.

1. Date of the transaction*	2. Time of the transaction	4. Date of posting (if different from date of transaction)
<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value=""/> YEAR MONTH DAY	<input type="text" value=""/> HOUR MINUTES SECONDS	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value=""/> YEAR MONTH DAY
or		
3. Night deposit indicator*		
<input type="checkbox"/> If the transaction was not a night deposit, leave this box empty.		

5. Detail of funds involved in initiating the transaction*

<input type="checkbox"/> Cash in	<input type="checkbox"/> Negotiated bank draft	<input type="checkbox"/> Negotiated securities	<input type="checkbox"/> Real estate
<input type="checkbox"/> Diamonds	<input type="checkbox"/> Negotiated cheque	<input type="checkbox"/> Negotiated traveller's cheques	<input type="checkbox"/> Redeemed casino chips
<input type="checkbox"/> Incoming electronic funds transfer	<input type="checkbox"/> Negotiated life insurance policy	<input type="checkbox"/> Precious metals	<input type="checkbox"/> Withdrawal from account
<input type="checkbox"/> Jewellery	<input type="checkbox"/> Negotiated money order	<input type="checkbox"/> Precious stones (excluding diamonds)	<input type="checkbox"/> Other <input type="text"/>

6. Amount of transaction*

7. Transaction currency code* — Enter CAD if Canadian dollars or USD for United States dollars. If another type of currency is involved, see Appendix 1 in *Guideline 3B: Submitting Suspicious Transaction Reports to FINTRAC by Paper*.

Additional information about the funds described in field 5 above

8. Other institution name and number or other entity or person name* (if applicable)

9. Other entity or person account number* (if applicable)

10. How was the transaction conducted?*

<input type="checkbox"/> Armoured car	<input type="checkbox"/> In-branch/Office/Store	<input type="checkbox"/> Quick drop
<input type="checkbox"/> Automated banking machine	<input type="checkbox"/> Mail deposit	<input type="checkbox"/> Telephone
<input type="checkbox"/> Courier	<input type="checkbox"/> Night deposit	<input type="checkbox"/> Other <input type="text"/>

11. ID number of the person initially identifying a suspicious transaction



NOTE: Please copy this page for each additional, related, disposition (per transaction) (if required).

Transaction ☐ Disposition ☐ of ☐

PART B2 — Information about how the transaction was completed

If the transaction being reported was attempted and, because of this, information for any mandatory fields in this part is not available, you can leave those fields blank.

Indicate whether this transaction was conducted on behalf of anyone other than the individual who conducted it. If not, indicate "not applicable."

On behalf of: ☐ not applicable ☐ another individual (also complete PART F)
☐ an entity (other than an individual) (also complete PART E) ☐ employee depositing cash to employer's business account

12. Disposition of funds*

☐ Cash out ☐ Outgoing electronic funds transfer ☐ Purchase of jewellery ☐ Purchase of traveller's cheques
☐ Conducted currency exchange ☐ Purchase of bank draft ☐ Purchase of money order ☐ Real estate purchase/deposit
☐ Deposit to an account ☐ Purchase of casino chips ☐ Purchase of precious metals ☐ Securities purchase/deposit
☐ Life insurance policy purchase/deposit ☐ Purchase of diamonds ☐ Purchase of precious stones (excluding diamonds) ☐ Other _____
POLICY NUMBER _____ DESCRIPTION (OTHER) _____

13. Amount of disposition*

14. Disposition currency code* — Enter CAD if Canadian dollars or USD for United States dollars. If another type of currency is involved, see Appendix 1 in *Guideline 3B: Submitting Suspicious Transaction Reports to FINTRAC by Paper*.

Additional information about the funds described in field 12 above

15. Other institution name and number or other entity or person name* (if applicable)

16. Other entity or person account number or policy number* (if applicable)



NOTE: Please copy this page for each additional disposition (if applicable).

PART C — Account information, if the transaction involved an account

If the transaction being reported was attempted and, because of this, information for any mandatory fields in this part is not available, you can leave those fields blank.

Transaction ☐ Disposition ☐

Complete this Part ONLY if the transaction involved an account.

1. Branch or transit number where the account is held* (if this part is applicable) 2. Account number* (if this part is applicable)

3. Type of account* (if this part is applicable)

☐ Business ☐ Personal ☐ Trust ☐ Other _____
DESCRIPTION (OTHER) _____

4. Account currency code* (if this part is applicable) — Enter CAD if Canadian dollars or USD for United States dollars. If another type of currency is involved, see Appendix 1 in *Guideline 3B: Submitting Suspicious Transaction Reports to FINTRAC by Paper*.

5. Full name of each account holder (the individual (s) or entity that hold the account)* (if this part is applicable)

1. _____

2. _____

3. _____

6. Date opened

YEAR MONTH DAY

7. Date closed

YEAR MONTH DAY

8. Status of the account at the time the transaction was initiated* (if this part is applicable)

☐ Active ☐ Inactive ☐ Dormant



NOTE: Please copy this page for each additional transaction (if applicable).

PART D — Information about the individual conducting the transaction

Transaction

1. Surname

2. Given name

3. Other/Initial

4. Client number assigned by reporting entity* (if applicable)

5. Street address

6. City

7. Province or State

8. Country

9. Postal or Zip code

10. Country of residence

10A. Country of citizenship

11. Home telephone number (with area code)

12. Individual's identifier

☐ Birth certificate

☐ Driver's licence

☐ Passport

☐ Provincial health card

☐ Record of landing / Permanent resident card

☐ Other

DESCRIPTION (OTHER) _____

13. ID number (from question 12)

14. Place of issue – Province or State

15. Place of issue – Country

16. Individual's date of birth

YEAR MONTH DAY

17. Individual's occupation

18. Individual's business telephone number (with area code)

18A. Telephone extension number

Information about individual's employer

19. Individual's employer

20. Employer's street address

21. Employer's city

22. Employer's province or state

23. Employer's country

24. Postal or Zip code

25. Employer's business telephone number (with area code)

25A. Telephone extension number



NOTE: Please copy this page for each additional disposition (if required).

Transaction ☐

Disposition ☐

PART E — Information about the entity on whose behalf the transaction was conducted (if applicable)

1. Name of corporation, trust or other entity

2. Type of business

3. Street address

4. City

5. Province or State

6. Country

7. Postal or Zip code

8. Business telephone number (with area code)

8A. Telephone extension number

9. Incorporation number

10. Place of issue – Province or State

11. Place of issue – Country

12. Individual(s) authorized to bind the entity or act with respect to the account (up to three)

1 _____

2 _____

3 _____



NOTE: Please copy this page for each additional disposition (if required).

Transaction ☐

Disposition ☐

PART F — Information about the individual on whose behalf the transaction was conducted (if applicable)

1. Surname

2. Given name

3. Other/Initial

4. Street address

5. City

6. Province or State

7. Country

8. Postal or Zip code

9. Home telephone number (with area code)

10. Business telephone number (with area code)

10A. Telephone extension number

11. Individual's date of birth

YEAR MONTH DAY

12. Individual's identifier

☐ Birth certificate

☐ Driver's licence

☐ Passport

☐ Provincial health card

☐ Record of landing/Permanent resident card

☐ Other

DESCRIPTION (OTHER)

13. ID number (from question 12)

14. Country of residence

14A. Country of citizenship

15. Place of issue of individual's identifier — Province or State

16. Place of issue of individual's identifier — Country

17. Individual's occupation

Information about individual's employer

18. Individual's employer

19. Employer's street address

20. Employer's city

21. Employer's province or state

22. Employer's country

23. Postal or Zip code

24. Employer's business telephone number (with area code)

24A. Telephone extension number

Relationship

25. Relationship of the individual named in Part D to the individual named above (fields 1 to 3)

☐ Accountant

☐ Borrower

☐ Customer

☐ Friend

☐ Relative

☐ Agent

☐ Broker

☐ Employee

☐ Legal counsel

☐ Other

DESCRIPTION (OTHER)

PART G — Description of suspicious activity

1. Please describe clearly and completely the factors or unusual circumstances that led to the suspicion of money laundering or terrorist activity financing. *

Provide as many details as possible to explain what you found suspicious.

If this report is about one or more transactions that were attempted, also describe why each one was not completed.

PART H — Description of action taken (if applicable)

1. Please describe what action, if any, was or will be taken by you as a result of the suspicious transaction(s). * (if this part is applicable)

The information on this form is collected under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (the Act). It will be used for analytical purposes and may also be used for the purposes of ensuring compliance with the Act. Any personal information is protected under the provisions of the *Privacy Act*. For more information, consult the Financial Transactions and Reports Analysis Centre of Canada chapter in the *Sources of Federal Government Information* publication, available on the Government of Canada Info Source Web site (<http://www.infosource.gc.ca>).

Suspicious Transaction Report

Switzerland: Suspicious Activity Report (SAR) Paper Form Original Version

SAR Based on Duty to Report (Reasonable Grounds for Suspicion)

Suspicious activity report (art. 305ter para. 2 SCC)

To be sent by FAX or - in absence of a FAX - by priority mail to:

Money Laundering Reporting Office Switzerland
Federal Office for Police
Nussbaumstrasse 29
3003 Bern
Fax 058-463 39 39
Telephone 058-463 40 40

(You can move the cursor from field to field by pressing the Tab-key)

Sender (Data on the financial intermediary)

Company	:
Street	:
Zip code / City	:
Contact person	:
Telephone	:
Fax	:
Date of report	:
Sender's reference	:
Number of pages (incl. enclosure)	:

Data on business relation

Place of business relation (e.g. place where the account is managed or place of spot transaction)	:
In case of divergence, place where the activity prompting the report took place	:
Account or safekeeping account number(s) or "spot transaction"	:

Statement of assets and liabilities to be provided in the annex

Report of a suspicious act according Art. 305ter para. 2 SCC

Data on contracting party

Individuals

Surname, first name	:	
Address of residence	:	
Date of birth	:	
Nationality	:	
Home town (if known)	:	
Telephone (if known)	:	
Fax (if known)	:	
Profession (if known)	:	

Legal entities/companies

Company	:	
Domicile	:	
Telephone (if known)	:	
Fax (if known)	:	
Type of business (if known)	:	

For all cases

Identification document and its number	:	
Please attach a copy to the annex		
Issuing agency	:	
Date	:	
Way mail is delivered		
to the contracting party	:	<input type="checkbox"/>
poste restante	:	<input type="checkbox"/>
to a third party, namely (name and address)	:	<input type="checkbox"/>
Data on third parties involved (e.g. payee, payer, deliverer of checks, stocks, guarantee beneficiary, guarantee surety, third-party security creditors)	:	
Type of account (e.g. individual/joint account, numbered/personal account, global account)	:	
Are there any other types of business relations? (e.g. additional accounts / safekeeping accounts)	:	

SAR Based on Right to Report (Mere Suspicion)

Suspicious activity report (art. 9 MLA)

To be sent by FAX or - in absence of a FAX - by priority mail to:

Money Laundering Reporting Office Switzerland
Federal Office for Police
Nussbaumstrasse 29
3003 Bern
Fax 058-463 39 39
Telephone 058-463 40 40

(You can move the cursor from field to field by pressing the Tab-key)

Sender (Data on the financial intermediary)

Company	:	
Street	:	
Zip code / City	:	
Contact person	:	
Telephone	:	
Fax	:	
Date of report	:	
Sender's reference	:	
Number of pages (incl. enclosure)	:	

Data on business relation

Place of business relation (e.g. place where the account is managed or place of spot transaction)	:	
In case of divergence, place where the activity prompting the report took place	:	
Account or safekeeping account number(s) or "spot transaction"	:	

Statement of assets and liabilities to be provided in the annex

Report of a suspicious act according Art. 9 MLA

Data on contracting party

Individuals

Surname, first name	:	
Address of residence	:	
Date of birth	:	
Nationality	:	
Home town (if known)	:	
Telephone (if known)	:	
Fax (if known)	:	
Profession (if known)	:	

Legal entities/companies

Company	:	
Domicile	:	
Telephone (if known)	:	
Fax (if known)	:	
Type of business (if known)	:	

For all cases

Identification document and its number	:	
Please attach a copy to the annex		
Issuing agency	:	
Date	:	
Way mail is delivered		
to the contracting party	:	<input type="checkbox"/>
poste restante	:	<input type="checkbox"/>
to a third party, namely (name and address)	:	<input type="checkbox"/>
Data on third parties involved	:	
(e.g. payee, payer, deliverer of checks, stocks, guarantee beneficiary, guarantee surety, third-party security creditors)		
Type of account	:	
(e.g. individual/joint account, numbered/personal account, global account)		
Are there any other types of business relations?	:	
(e.g. additional accounts / safekeeping accounts)		

United States: Partial SAR Constructed Form (Compilation from Original Electronic Filing System)¹⁷⁸

Suspicious Activity Report

Home Step 1. Filing Institution Contact Information Step 2. Filing Institution Where Activity Occurred Step 3. Subject Information Step 4. Suspicious Activity Information Step 5. Narrative

Part I Subject Information 1 of 1

2 Check: ☐ if entity, ☐ if all critical* subject information is unavailable (Does not include item 24)

*3 Individual's last name or entity's legal name ☐ Unknown

*4 First name ☐ Unknown

5 Middle name/initial

Suffix

Gender **Male**

*16 Date of birth ☒ Unknown

6 Alternate name, e.g., AKA - individual or trade name, DBA - entity

7 Occupation or type of business

7a NAICS Code

*13 TIN ☐ Unknown 14 TIN type

18 Phone number Ext. 17 Type

18 Phone number Ext. 17 Type

19 E-mail address

19a Website (URL) address

20 Corroborative statement to filer? 25 Subject's role in suspicious activity **Purchaser/Sender**

Subject Address Information

*8 Address ☒ Unknown

*9 City ☐ Unknown

*10 State ☐ Unknown *11 ZIP/Postal Code ☐ Unknown

*12 Country ☐ Unknown

***15 Form of identification for subject** Unknown ☐

Type Number Issuing State Country **US**

21 Relationship of the subject to an institution listed in Part III or IV (check all that apply)

a Institution TIN

b ☐ Accountant e ☐ Attorney h ☐ Director k ☐ Officer

c ☐ Agent f ☐ Borrower i ☐ Employee l ☐ Owner or Controlling Shareholder

d ☐ Appraiser g ☐ Customer j ☐ No relationship to institution z ☐ Other

22 Status of relationship 23 Action date

***24 Financial institution TIN and account number(s) affected that are related to subject** No known accounts involved ☐

Institution TIN Non-US Financial Institution

account number Closed? Yes ☐

Suspicious Activity Report

Home

Step 1. Filing Institution
Contact Information

Step 2. Financial Institution
Where Activity Occurred

Step 3. Subject
Information

Step 4. Suspicious
Activity Information

Step 5. Narrative

Part IV Filing Institution Contact Information

*82 Type of financial institution

*78 Primary federal regulator

*79 Filer name (Holding company, lead financial institution, or agency, if applicable)

*80 TIN *81 TIN type

83 Type of Securities and Futures institution or individual filing this report - check box(es) for functions that apply to this report

<input type="checkbox"/> Clearing broker-securities	<input type="checkbox"/> Introducing broker-securities	<input type="checkbox"/> SRO Securities
<input type="checkbox"/> CPO/CTA	<input type="checkbox"/> Investment Adviser	<input type="checkbox"/> Subsidiary of financial/bank holding company
<input type="checkbox"/> Futures Commission Merchant	<input type="checkbox"/> Investment company	<input type="checkbox"/> Other <input type="text"/>
<input type="checkbox"/> Holding company	<input type="checkbox"/> Retail foreign exchange dealer	
<input type="checkbox"/> Introducing broker-commodities	<input type="checkbox"/> SRO Futures	


84 Financial institution identification Type Number

*85 Address

*86 City

*87 State *88 ZIP/Postal Code *89 Country

90 Alternate name, e.g., AKA - individual or trade name, DBA - entity

91 Internal control/file number 

92 LE contact agency


93 LE contact name

94 LE contact phone number (Include Area Code) Ext.

95 LE contact date

*96 Filing institution contact office

97 Filing institution contact phone number (Include Area Code) Ext.

98 Date filed  (Date filed will be auto-populated when the form is signed.)

Suspicious Activity Report

Home

Step 1. Filing Institution Contact Information

Step 2. Financial Institution Where Activity Occurred

Step 3. Subject Information

Step 4. Suspicious Activity Information

Step 5. Narrative

Part III Information about Financial Institution Where Activity Occurred 1 of 1

Would you like to insert all applicable filing institution information into Part III?

Yes

*47 Type of financial institution

*48 Primary federal regulator

49 Type of gaming institution

☐ State licensed casino
☐ Tribal authorized casino
☐ Card club
☐ Other (specify)

50 Type of Securities and Futures institution or individual where activity occurred - check box(es) that apply to this report

☐ Clearing broker-securities
☐ Introducing broker-securities
☐ Subsidiary of financial/bank holding company
☐ Futures Commission Merchant
☐ Investment Adviser
☐ Other
☐ Holding company
☐ Investment company
☐ Introducing broker-commodities
☐ Retail foreign exchange dealer

51 Financial institution identification

Type

Number

52 Financial institution's role in transaction

☐ Selling location
☐ Paying location
☐ Both

*53 Legal name of financial institution

☐ Unknown

54 Alternate Name, e.g., AKA - individual or trade name, DBA - entity

Branch where activity occurred information

If no branch activity involved, check this box

Branch Information

64 Branch's role in transaction

☒ Selling location
☐ Paying location
☐ Both

65 Address of branch or office where activity occurred

67 City

66 RSSD Number

68 State

69 ZIP/Postal Code

*70 Country

Suspicious Activity Report

Home

Step 1. Filing Institution
Contact Information

Step 2. Filing Institution
Where Activity Occurred

Step 3. Subject
Information

Step 4. Suspicious
Activity Information

Step 5. Narrative

Part II Suspicious Activity Information

*26 Amount involved in this report ☐ Amount Unknown ☐ No amount involved \$.00

*27 Date or date range of suspicious activity for this report From To

28 Cumulative amount (only applicable when "Continuing activity report" is checked in Item 1) \$.00

When completing item 29 through 38, check all that apply

29 Structuring

- | | |
|---|---|
| a <input type="checkbox"/> Alters transaction to avoid BSA recordkeeping requirement | e <input type="checkbox"/> Multiple transactions below CTR threshold |
| b <input type="checkbox"/> Alters transaction to avoid CTR requirement | f <input type="checkbox"/> Suspicious inquiry by customer regarding BSA reporting or recordkeeping requirements |
| c <input type="checkbox"/> Customer cancels transaction to avoid BSA reporting and recordkeeping requirements | z <input type="checkbox"/> Other <input type="text"/> |
| d <input type="checkbox"/> Multiple transactions below BSA recordkeeping threshold | |

30 Terrorist Financing

- | | |
|--|---|
| a <input type="checkbox"/> Known or suspected terrorist/terrorist organization | z <input type="checkbox"/> Other <input type="text"/> |
|--|---|

31 Fraud (Type)

- | | | | |
|---|--|---|--|
| a <input type="checkbox"/> ACH | d <input type="checkbox"/> Consumer loan | g <input type="checkbox"/> Mail | j <input type="checkbox"/> Wire |
| b <input type="checkbox"/> Business loan | e <input type="checkbox"/> Credit/Debit card | h <input type="checkbox"/> Mass-marketing | z <input checked="" type="checkbox"/> Other <input type="text"/> |
| c <input checked="" type="checkbox"/> Check | f <input type="checkbox"/> Healthcare | i <input type="checkbox"/> Pyramid scheme | |

33 Money Laundering

- | | |
|---|--|
| a <input type="checkbox"/> Exchange small bills for large bills or vice versa | g <input type="checkbox"/> Suspicious receipt of government payments/benefits |
| b <input checked="" type="checkbox"/> Suspicion concerning the physical condition of funds | h <input type="checkbox"/> Suspicious use of multiple accounts |
| c <input type="checkbox"/> Suspicion concerning the source of funds | i <input type="checkbox"/> Suspicious use of noncash monetary instruments |
| d <input type="checkbox"/> Suspicious designation of beneficiaries, assignees or joint owners | j <input type="checkbox"/> Suspicious use of third-party transactors (straw-man) |
| e <input type="checkbox"/> Suspicious EFT/wire transfers | k <input type="checkbox"/> Trade Based Money Laundering/Black Market Peso Exchange |
| f <input checked="" type="checkbox"/> Suspicious exchange of currencies | l <input type="checkbox"/> Transaction out of pattern for customer(s) |
| | z <input type="checkbox"/> Other <input type="text"/> |

...

39 Were any of the following product type(s) involved in the suspicious activity? (Check all that apply)

- | | | | |
|---|---|---|---|
| a <input checked="" type="checkbox"/> Bonds/Notes | g <input type="checkbox"/> Futures/Options on futures | m <input type="checkbox"/> Options on securities | s <input type="checkbox"/> Swap, hybrid, or other derivatives |
| b <input checked="" type="checkbox"/> Commercial mortgage | h <input checked="" type="checkbox"/> Hedge fund | n <input type="checkbox"/> Penny stocks/Microcap securities | z <input type="checkbox"/> Other (List below) |
| c <input type="checkbox"/> Commercial paper | i <input type="checkbox"/> Home equity loan | o <input type="checkbox"/> Prepaid access | |
| d <input checked="" type="checkbox"/> Credit card | j <input type="checkbox"/> Home equity line of credit | p <input type="checkbox"/> Residential mortgage | |
| e <input type="checkbox"/> Debit card | k <input type="checkbox"/> Insurance/Annuity products | q <input type="checkbox"/> Security futures products | |
| f <input type="checkbox"/> Forex transactions | l <input type="checkbox"/> Mutual fund | r <input type="checkbox"/> Stocks | |

40 Were any of the following instrument type(s)/payment mechanism(s) involved in the suspicious activity? (Check all that apply)

- | | | | |
|---|---|--|---|
| a <input type="checkbox"/> Bank/Cashier's check | d <input type="checkbox"/> Gaming instruments | g <input type="checkbox"/> Personal/Business check | z <input type="checkbox"/> Other (List below) |
| b <input type="checkbox"/> Foreign currency | e <input type="checkbox"/> Government payment | h <input type="checkbox"/> Travelers checks | |
| c <input type="checkbox"/> Funds transfer | f <input type="checkbox"/> Money orders | i <input type="checkbox"/> U.S. Currency | |

41 Commodity type (If applicable)

42 Product/Instrument description (If needed)

43 Market where traded

44 IP address (If available)

45 CUSIP® number

Suspicious Activity Report

Home

Step 1. Filing Institution Contact Information

Step 2. Financial Institution Where Activity Occurred

Step 3. Subject Information

Step 4. Suspicious Activity Information

Step 5. Narrative

Part V Suspicious Activity Information - Narrative* [See instructions](#)

Netherlands: Suspicious Transaction Report - Partially Constructed Form (Compilation from Original Electronic Filing System)¹⁷⁹

GOAML (Loes02) Acme

New Reports | Drafted Reports | Submitted Reports | Message Board | My Reporting portal | Admin | Logout

Report Type: UTR ID: ---

Entity ID: Acme Reporting Entity Branch:

Type*: Unusual Transaction Report Your Reference (will be shown in confirmation of receipt):

Submission Date (automatically filled)*:

Choose between suspicion of money laundering, terrorist financing or both:

Money Laundering

Reporting Person

First Name	Last Name	Birth Date (MM/DD/YYYY)
Loes Albertine	Meulandijk	

Location +

Indicators +

Transactions +

Submit Report | Save Report | Show Attachments x 0

Indicatoren (zie voor toelichting www.fiu-nederland.nl/nl/Meldergroepen)

Code	Indicator
Subjectief01	01) A transaction in respect of which the institution has reason to suspect that it may be connected with money laundering and terrorist financing.
Objectief01	02) It is reasonable to assume that transactions that are reported to the police or the Public Prosecution Service on the grounds of money laundering or terrorist financing, are also reported to the Financial Intelligence Unit.
Objectief02	03) A transaction by or for a person or legal entity that has his/her residence, registered office or seat in a state designated pursuant to Section 9 of the Act.
Objectief03	03) A transaction by which one or more vehicles, ships, works of art, antiques, gemstones, precious metals, or jewels are purchased with payment partly or entirely in cash in which the cash amount is equal to or exceeds € 25,000.
Objectief04	04) A transaction amounting to € 15,000 or more, in which cash is used to sell or buy foreign currency, or small denominations are changed for large denominations.
Objectief05	05) A cash deposit amounting to € 15,000 or more into a credit card or a prepaid card.

Sluit

Transaction

Transaction number* MTEN Number (when applicable)

Transmode Code*

Local Amount* Date (mm/dd/yyyy)*

Intended Transaction? ☐ Yes ☒ No

Transaction description

Transaction Type: ☒ Other type of transaction ☐ Moneytransfer or wire transfer

Involved Parties +

Goods and Services +

Add Transaction and Save Report | Cancel

Endnotes

¹ Interview with Professional at Bank of Montreal (not speaking on behalf of BMO), Anti-Money Laundering Expert, by Sania Chaudhry (17 February 2017) conducted by phone from Vancouver, BC at 2, 6 [*BMO Professional Interview*].

² *Ibid* at 2, 6.

³ For more on the crime of human trafficking, see the 2000 Protocol to the Convention against Transnational Organized Crime.

⁴ Office of the Special Representative and Co-Ordinator for Combating Trafficking in Human Beings, *Following the Money, Compendium of Resources and Step-by-Step Guide to Financial Investigations Related to Trafficking in Human Beings* (Vienna: OSCE, 2019) at 42 [OSCE, *Following the Money*].

⁵ *BMO Professional Interview*, *supra* note 1 at 1, 3.

⁶ See Financial Transactions and Reports Analysis Centre of Canada, *Government of Canada*, online: <<https://www.fintrac-canafe.gc.ca/>>. FINTRAC was established pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, SC 2000, c 17, s 41(1). [*Proceeds of Crime Act*] and its practices are governed by the terms of this legislation. For more information on FINTRAC, see Appendix B.

⁷ See *ibid*: In general, FINTRAC may disclose information where it finds reasonable grounds to suspect the information would be of assistance to an investigation into money laundering, terrorist financing, or threats to the national security of Canada. Because human trafficking is a crime, transactions relating to it involve money laundering and therefore may fall into this category of permissible disclosures. The detailed circumstances under which FINTRAC is permitted to disclose its findings to law enforcement or other agencies are enumerated in the *Proceeds of Crime Act*, *ibid*.

⁸ Bank of Montreal, BMO Financial Group 2015 Corporate Responsibility Report (2015) at 46, online: <https://www.bmo.com/cr/images/BMO_CR2015en.pdf>; Karla Monterrosa-Yancey “Peter Warrack and Constable LepaJankovic: Raising Awareness about Human Trafficking” *ACAMS Today* (27 May 2016), online: <<http://www.acamstoday.org/warrack-jankovic-raising-awareness-human-trafficking/>>; Tavia Grant “Canadian banks, police following money trail to target human trafficking” *Globe and Mail* (21 February 2017), online: <<http://www.theglobeandmail.com/news/national/canadian-banks-police-following-money-trail-to-target-human-trafficking/article34093888/>>; See “TD Bank Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions” (February 2017), online: <https://www.tdsecurities.com/tds/pdfs/AML_Statement_2017.pdf>; “HSBC Group Anti-Money Laundering Policy Statement” (2017), online: <<http://www.hsbc.com/our-approach/risk-and-responsibility/financial-crime-risk/hsbc-group-anti-money-laundering->

policy-statement>; "CIBC's AML and ATF Regime", online: <<https://www.cibc.com/en/legal/anti-money-laundering.html>>. Interview of Professional at TD Canada Trust (not speaking on behalf of TD Bank), Anti-Money Laundering Expert, by Sania Chaudhry (3 March 2017) conducted by phone from Vancouver, BC [*TD Bank Interview*].

⁹ *BMO Professional Interview*, *supra* note 1 at 1, 4-5; Grant, *supra* note 8.

¹⁰ *BMO Professional Interview*, *supra* note 1 at 1, 4.

¹¹ Canada, Financial Transactions and Reports Analysis Centre of Canada, "Project PROTECT: Public Service Renewal in Action", online: <<https://www.fintrac-canafe.gc.ca/emplo/psr-eng.pdf>> [*Project Protect Summary*]; Joseph Mari, "Project Protect: An In-Depth Review of the Public-Private Partnership to Combat Human Trafficking In Canada", *ACAMS Today* (12 December 2017) online: <<https://www.acamstoday.org/project-protect-combat-human-trafficking-in-canada/>>; Interview of Michael Cowley, Manager of Money Laundering Unit at FINTRAC, by Nicole Barrett and Alex Harrison Catchpole (22 March 2017) conducted by phone from Vancouver, BC [*Cowley Interview*].

¹² Because our recommendations include empowering banks and FINTRAC to share more information with law enforcement, there is a risk that such information could inadvertently draw suspicion to vulnerable people engaged in irregular but non-exploitative migration and/or labour. Prosecution of these individuals could, in the worst-case scenario, result in criminalization and deportation that increases an individual's vulnerability. Given this risk, the recommendations made here should not be used to pursue general immigration offences, non-exploitative minor crimes, or informal or irregular but non-exploitative labour.

¹³ Further research on other financial channels, such as casinos and money transfer service providers, would be beneficial. As is addressed in more detail in **section 3**, publicly available written materials on bank policy relating to human trafficking are limited. Interviews were conducted with employees from two of the five major banks and two credit unions, as well as several subject experts in the anti-money laundering and anti-trafficking fields. Some interviewees requested anonymity and are not referred to by name in the report. Employees of several of the major banks declined to be interviewed for this report, citing a lack of knowledge on the subject.

¹⁴ *Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime*. Adopted and Opened for Signature, Ratification and Accession by GA Resolution 55/25 of 15 November 2000 [*Palermo Protocol*].

¹⁵ United Nations Office on Drugs and Crime (2014), *Global Report of Trafficking in Persons 2014*, United Nations Publication Sales No. E.14. V.10. Vienna: United Nations Office on Drugs and Crime. Much has been written about the state of human trafficking in Canada. See for example: Nicole Barrett, "An Assessment of Sex Trafficking in Canada", *Task Force on Trafficking of Women and Girls in Canada*, online:

<<http://www.canadianwomen.org/sites/canadianwomen.org/files//Assessment%20of%20Sex%20Trafficking%20in%20Canada.pdf>>; “Trafficking in Persons for Forced Labour: Backgrounder”, Canadian Council for Refugees, online: <<http://ccrweb.ca/en/trafficking-forced-labour>>; Moore, H. & Levasseur, J., Human Traffickers Going Unpunished in Canada, Experts Say. *CBC News* (25 March 2014), online: <<http://www.cbc.ca/news/canada/manitoba/human-traffickers-going-unpunished-in-canada-experts-say-1.2584944>>.

¹⁶ The multi-pronged approach is based on the “4 Ps” model under the Palermo Protocol and aims to prevent human trafficking, protect victims, prosecute offenders, and to work in partnerships with others to end human trafficking. Project Protect provides an example of a domestic partnership to combat human trafficking in Canada. For more information on the “4 P” model, See “National Action Plan to Combat Human Trafficking”, Public Safety Canada, online: <<https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/ntnl-ctn-pln-cmbt/index-en.aspx#toc-02>> [Canada’s National Action Plan].

¹⁷ See *Criminal Code*, RSC 1985, c. C-46, s. 279.01-02 [*Criminal Code*]. For more information on Canada’s Criminal and Immigration Laws pertaining to Human Trafficking, See Appendix C.

¹⁸ See *Immigration and Refugee Protection Act*, SC 2001, c 27, ss 118-120 [IRPA].

¹⁹ *Criminal Code*, *supra* note 17, s 462.3(1) defines “proceeds of crime” as “any property, benefit or advantage, within or outside Canada, obtained or derived directly or indirectly as a result of a) the commission in Canada of a designated offence, or b) an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence.”.

²⁰ *Ibid.* See also *Proceeds of Crime Act*, *supra* note 6.

²¹ For more information on these laws, see Appendix C.

²² Canada, Dept. of Justice, “Help and Protection for Victims”, online: (n.d.) Department of Justice, <<http://www.justice.gc.ca/eng/cj-jp/tp/help-aide.html>>; Canada, Citizenship and Immigration Canada, “Temporary Resident Permits: Special Considerations for Victims of Human Trafficking”, online: Citizenship and Immigration Canada, n.d. <<http://www.cic.gc.ca/english/resources/tools/temp/permits/victim.asp>>. Note however that this remedy is granted by an immigration officer on a discretionary basis. Concerns have been raised about the accessibility of such permits in practice; see for example Canadian Council for Refugees, “Temporary Resident Permits: Limits to Protection for Trafficked Persons”, online: (2013) Canadian Council for Refugees <<http://ccrweb.ca/en/trafficking/temporary-resident-permit-report>>. For a more fulsome discussion of options for, and limits to, protection for trafficked non-citizens, see Canadian Council for Refugees, “Access to Protection for Trafficked non-Citizens”, online: (2015) Canadian Council for Refugees <<http://ccrweb.ca/en/protection-trafficked-persons>>. In theory, if Canadian immigration officers determine that a person is a survivor of human trafficking, the person may be provided a longer-term temporary resident permit that provides them a potential

pathway to permanent residency in Canada.

²³ *Ibid.*

²⁴ *Canada's National Action Plan*, *supra* note 16.

²⁵ *Ibid.* For a discussion of ongoing government action to combat trafficking, see "Combatting Human Trafficking and Supporting Victims", *Department of Justice Canada*, online: <https://www.canada.ca/en/departement-justice/news/2017/02/combating_humantraffickingandsupportingvictims.html>.

²⁶ Canada, Public Safety Canada, *2017-2018 Departmental Plan*, by Ralph Goodale (Ottawa: Min. of Public Safety and Emergency Preparedness, 2017).

²⁷ "Forced Labour, Modern Slavery, and Human Trafficking", *International Labour Organization*, online: <<http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>>.

²⁸ Adam Cotter, "Trafficking in Persons in Canada, 2018", *Statistics Canada*, online: <<https://www150.statcan.gc.ca/n1/pub/85-002-x/2020001/article/00006-eng.htm#n19-refa>>. Due to overlap in the numbers between previously reported statistics, the number 172 refers to completed cases where trafficking was the most serious offence between 2008/2009 and 2017/2018. For previous statistics see Maisie Karam, "Trafficking in Persons in Canada, 2014", *Statistics Canada*, online: <<http://www.statcan.gc.ca/pub/85-002-x/2016001/article/14641-eng.htm>>.

²⁹ Moore & Levasseur, *supra* note 15.

³⁰ Interview with Karen McRae (Media Communications Director of ACT Alberta) by Czarina Pacaide (March 10, 2017) over the phone at Vancouver, BC at 1 [*McRae Interview*].

³¹ *Criminal Code*, *supra* note 17, s 279.04.

³² *United Nations Convention Against Corruption*, 31 October 2003, GA res. 58/4, UN Doc. A/58/422 [UNCAC], article 23.

³³ P German, *Dirty Money -An Independent Review of Money Laundering in Lower Mainland Casinos conducted for the Attorney General of British Columbia* (31 March 2018) at 11; P German, *Dirty Money Part 2, Turning the Tide -An Independent Review of Money Laundering in B.C. Real Estate, Luxury Vehicle Sales & Horse Racing* (31 March 2019).

³⁴ *Criminal Code*, *supra* note 17, s 279.04.

³⁵ For a detailed overview of FINTRAC, see Appendix B.

³⁶ *Proceeds of Crime Act*, *supra* note 6, s 40.

³⁷ For legal requirements on who must disclose and what must be included, see *Proceeds of Crime Act*, *supra* note 6, ss 7, 7.1, 9, 12, 54(1), 55(1). CBSA disclosures include information relating to the import or export of large sums of cash or monetary instruments as well as any cross-border seizures. See *Proceeds of Crime Act*, *supra* note 6, ss 12(5), 54(1). See also Cross-Border

Currency and Monetary Instruments Reporting Regulations, SOR/2002-412 s 2(1). For a general overview of reporting requirements, see “Financial Transactions that Must be Reported”, FINTRAC, online: <<https://www.fintrac-canafe.gc.ca/reporting-declaration/rpt-eng>>. For other designated professionals and more information on when reporting requirements apply to them, see Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations, SOR/2001-317, s 2.1 [*Suspicious Transaction Report Regulations*]. See *ibid*, s 5. See also *ibid*, ss 7-11. For other designated professionals and more information on when reporting requirements apply to them, see Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations, SOR/2001-317, s 2.1 [*Suspicious Transaction Report Regulations*].

³⁸ See *Proceeds of Crime Act*, *supra* note 6, ss 55, 56. Permitted entities may include the Canadian Revenue Agency (CRA), the Canadian Border Services Agency (CBSA), the Communications Security Establishment (CSE), agencies that administer securities legislation, the Canadian Security Intelligence Service (CSIS), or to a Foreign Intelligence Unit (FIU) with which it shares a Memorandum of Understanding (MOM).

³⁹ These indicators are drawn from an *Operational Alert* issued by FINTRAC on December 15, 2016. Available online: <<https://www.fintrac-canafe.gc.ca/intel/operation/oai-hts-eng.pdf>>.

⁴⁰ *Proceeds of Crime Act*, *supra* note 6, ss 55(7), 55.1(3).

⁴¹ See for example Kathleen Kim, *Beyond Coercion*, 62 UCLA L. Rev. 1558 (2015) (arguing the U.S. preference of immigration enforcement over labour rights-related enforcement places undocumented workers outside the protection of free labour protections, such as human trafficking laws).

⁴² See “Canada’s Measures to Combat Money Laundering and Terrorist Financing: Executive Summary”, FATF (15 September 2016), online: <<http://www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-Canada-2016-Executive-Summary.pdf>> [*FATF Report on Canada*].

⁴³ Anti-money laundering and counter-terrorist financing measures - Canada, Fourth Round Mutual Evaluation Report (Paris: FATF, September 2016), online: <<http://www.fatf-gafi.org/media/fatf/content/images/mer-switzerland-2016.pdf>> at 7, 78 [*Canada Mutual Evaluation Report*].

⁴⁴ *BMO Professional Interview*, *supra* note 1 at 1, 3.

⁴⁵ *TD Bank Interview*, *supra* note 8 at 1-3.

⁴⁶ *BMO Professional Interview*, *supra* note 1 at 1, 2.

⁴⁷ *Ibid* at 3, 4; *TD Bank Interview*, *supra* note 8 at 1-3; *Canada Mutual Evaluation Report*, *supra* note 43 at 7, 78.

⁴⁸ *TD Bank Interview*, *supra* note 8 at 1, 2.

⁴⁹ *Ibid* at 1-3.

⁵⁰ *Ibid* at 1-4.

⁵¹ John Maiorano, Laurie Mook, and Jack Quarter, "Is there a Credit Union Difference? Comparing Canadian Credit Union and Bank Branch Locations" (2016) 7:2, *Canadian Journal of Nonprofit and Social Economy Research*, 40.

⁵² *BMO Professional Interview*, *supra* note 1 at 1, 3.

⁵³ *Ibid* at 5.

⁵⁴ *Ibid* at 2, 4; *TD Bank Interview*, *supra* note 8 at 3.

⁵⁵ Joyce W. Lacy and Craig E. L. Stark, "The Neuroscience of Memory: Implications for the Courtroom" (2013) 14:9, *Nat Rev Neurosci*, 649.

⁵⁶ *BMO Professional Interview*, *supra* note 1 at 4.

⁵⁷ *Ibid*; *TD Bank Interview*, *supra* note 8 at 1, 2.

⁵⁸ In contrast to the Canadian anti-money laundering regime, the legal framework surrounding anti-money laundering makes a distinction between SARs on the basis of intensity of suspicion of money laundering. Article 305^{ter}, paragraph 2 of the *Swiss Criminal Code* puts a duty to report on financial institutions in cases where there are reasonable grounds for suspicion of money laundering, which is akin to the Canadian duty to report. However, article 9 of the *Swiss Anti-Money Laundering Act* also gives financial institutions the right to report in cases where there is merely suspicion that money laundering is taking place. See for more information: Financial Action Task Force (FATF), *Anti-money laundering and counter-terrorist financing measures - Switzerland, Fourth Round Mutual Evaluation Report* (Paris: FATF, December 2016), online: <<http://www.fatf-gafi.org/media/fatf/content/images/mer-switzerland-2016.pdf>>.

⁵⁹ Interview with two Scotiabank employees, by Maria Sokolova and Justin Wiebe (6 August 2020) conducted by phone from Vancouver, BC.

⁶⁰ *TD Bank Interview*, *supra* note 8 at 4.

⁶¹ *Ibid* at 4.

⁶² See "TD Bank Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions", *supra* note 8; "HSBC Group Anti-Money Laundering Policy Statement", *supra* note 8; "CIBC's AML and ATF Regime", *supra* note 8; Two professionals from two different banks, BMO and Toronto-Dominion Canada Trust (TD Bank), agreed to be speak about their knowledge of combating human trafficking through anti-money laundering, while AML and Financial Intelligence Units' professionals from the other major Canadian banks did not citing lack of expertise on the topic. One law enforcement officer also agreed to speak about his knowledge on the topic.

- ⁶³ *TD Bank Interview*, *supra* note 8 at 4.
- ⁶⁴ *OSCE, Following the Money*, *supra* note 4 at 14.
- ⁶⁵ *BMO Professional Interview*, *supra* note 1 at 5; *TD Bank Interview*, *supra* note 8 at 4.
- ⁶⁶ *BMO Professional Interview*, *supra* note 1 at 5.
- ⁶⁷ *TD Bank Interview*, *supra* note 8 at 4. FINTRAC is limited in to who it may disclose by the *Proceeds of Crime Act*, *supra* note 6. Therefore, a change in law should be contemplated that allows FINTRAC to follow up with banks where appropriate. This would empower banks to in turn take appropriate action in relation to customers suspected of involvement in human trafficking.
- ⁶⁸ *BMO Professional Interview*, *supra* note 1 at 1, 4; Grant, *supra* note 8.
- ⁶⁹ *BMO Professional Interview*, *supra* note 1 at 1, 4; Grant, *supra* note 8.
- ⁷⁰ *BMO Professional Interview*, *supra* note 1 at 1, 4.
- ⁷¹ *Ibid* at 6.
- ⁷² *Project Protect Summary*, *supra* note 11.
- ⁷³ Grant, *supra* note 8.
- ⁷⁴ *Ibid*.
- ⁷⁵ *Ibid*; *Cowley Interview*, *supra* note 11.
- ⁷⁶ Grant, *supra* note 8.
- ⁷⁷ *BMO Professional Interview*, *supra* note 1 at 1, 5; *TD Bank Interview*, *supra* note 8 at 4.
- ⁷⁸ Interview of Robert Hawkes, Sergeant, Durham Regional Police, by Sania Chaudhry and Alex Harrison Catchpole (17 March 2017) conducted by phone from Vancouver, BC at 2 [*Hawkes Interview*].
- ⁷⁹ *TD Bank Interview*, *supra* note 8 at 1, 2, 5.
- ⁸⁰ *Ibid* at 4, 5; *Hawkes Interview*, *supra* note 78 at 2, 6; *Cowley Interview*, *supra* note 11.
- ⁸¹ *TD Bank interview*, *supra* note 8 at 4, 5; *Hawkes Interview*, *supra* note 78 at 2, 6.
- ⁸² The significant costs of a human trafficking on both the victim and society are outlined in Nicole Barrett, *An Assessment of Sex Trafficking*, Canadian Women's Foundation, 2013 at 42-56.
- ⁸³ *Hawkes Interview*, *supra* note 78 at 6.
- ⁸⁴ *TD Bank interview*, *supra* note 8 at 2, 3.
- ⁸⁵ *McRae Interview*, *supra* note 30 at 1.
- ⁸⁶ *Ibid*.
- ⁸⁷ Alberta Federation of Labour, *Entrenching Exploitation*, (2009) online:

<<http://www.afl.org/index.php/Reports/entrenching-exploitation-second-rept-of-afl-temporary-foreign-worker-advocate.html>> [Alberta Federation of Labour].

⁸⁸ *Ibid.*

⁸⁹ West Coast Domestic Workers Association, *Labour Trafficking & Migrant Workers in British Columbia* (Vancouver: West Coast Domestic Workers Association, 2014), online: <http://www.wcdwa.ca/wp-content/uploads/2014/03/WCDWA_Lbour_Trafficking_Report_May_2014.pdf>.

⁹⁰ Anette Sikka, *Labour Trafficking in Canada: Indicators, Stakeholders, and Investigative Methods*, 42, 2013 (Public Safety Canada, 2013).

⁹¹ *McRae Interview*, *supra* note 30 at 1.

⁹² The potential for explicit and embedded bias in the use of financial data to determine suspicion has been addressed by Alison Jimenez in the context of the United States. Datasets that appear to indicate ‘red flags’ may lack sufficient contextual information and lead to unsupported conclusions. This may occur where, for example, a group is less likely to have government-issued ID (as is the case with people of African American background in the United States), or makes frequent use of pre-paid cards (as may be the case for undocumented people living in the United States). She suggests addressing the potential for bias directly and incorporating this risk into the processes and procedures followed: Alison Jimenez, “Unmasking Bias in AML Algorithms”, *ACAMS Today* (September-November 2016) 52.

⁹³ OSCE, *Following the Money*, *supra* note 4 at 42.

⁹⁴ These indicators are drawn from several sources, including: US, Department of the Treasury, *Financial Crimes Enforcement Network Advisory* (FIN-2014-A998); “Presentation to OSCE”, *Bankers’ Alliance Against Trafficking* (17 February 2014), available online: <<http://www.osce.org/secretariat/115618?download=true>>; “Recognize the Signs”, *Polaris Project*, available online: <https://polarisproject.org/recognize-signs>.

⁹⁵ *BMO Professional Interview*, *supra* note 1 at 2, 6-7; *Hawkes interview*, *supra* note 78 at 4.

⁹⁶ *TD Bank Interview*, *supra* note 8 at 5.

⁹⁷ *Hawkes interview*, *supra* note 78 at 1-2, 5.

⁹⁸ *Ibid* at 1-2.

⁹⁹ Marvin Cruz, Nina Gormanns, Laura Jones, Queenie Wong, *Canada’s Red Tape Report*, (Ottawa: Canadian Federation of Independent Business, 2015), online: <<http://www.cfib-fcei.ca/cfib-documents/rr3344.pdf>>.

¹⁰⁰ *Canada Mutual Evaluation Report*, *supra* note 43 at 137, 138.

¹⁰¹ See below at pages 42-43.

¹⁰² *TD Bank Interview*, *supra* note 8 at 5.

- ¹⁰³ *BMO Professional Interview*, *supra* note 1 at 6.
- ¹⁰⁴ *Ibid* at 6.
- ¹⁰⁵ *Ibid*; *Hawkes Interview*, *supra* note 78 at 1-6; *TD Bank Interview*, *supra* note 8 at 5.
- ¹⁰⁶ *TD Bank Interview*, *supra* note 8 at 5; *Hawkes Interview*, *supra* note 78 at 1-6.
- ¹⁰⁷ See in particular *R v Spencer*, 2014 SCC 43 [*Spencer*], discussed below.
- ¹⁰⁸ *Hawkes Interview*, *supra* note 78 at 1-6.
- ¹⁰⁹ *Ibid* at 4-5; *TD Bank Interview*, *supra* note 8 at 5.
- ¹¹⁰ *Hawkes Interview*, *supra* note 78 at 1-6; *BMO Professional Interview*, *supra* note 1 at 6; *TD Bank Interview*, *supra* note 8 at 5.
- ¹¹¹ *Hawkes Interview*, *supra* note 78 at 1, 2, 6; *TD Bank Interview*, *supra* note 8 at 5.
- ¹¹² See FinCEN's Section 314(b) Fact Sheet, available online: <<https://www.fincen.gov/sites/default/files/shared/314bfactsheet.pdf>> [314(b) Fact Sheet].
- ¹¹³ Office of the Privacy Commissioner of Canada, Privacy and *Proceeds of Crime Act*: How to balance your customers' privacy rights and your organization's anti-money laundering and anti-terrorist financing reporting requirements (2012) online: <https://www.priv.gc.ca/media/1976/faqs_pcmltfa_02_e.pdf>.
- ¹¹⁴ *Canada Mutual Evaluation Report*, *supra* note 43 at 137, 138.
- ¹¹⁵ *Personal Information Protection and Electronic Documents Act*, SC 2000, c 5, s 7(1)(b) [PIPEDA]
- ¹¹⁶ *Ibid*, at s 7(2)(a).
- ¹¹⁷ *Ibid*, at s 7(3)(d.1).
- ¹¹⁸ *Spencer*, *supra* note 107.
- ¹¹⁹ *Hawkes Interview*, *supra* note 78 at 1, 2-3.
- ¹²⁰ "Fintel Alliance launch", online: <<http://www.austrac.gov.au/fintel-alliance-launch>>.
- ¹²¹ P Chadderton and S Norton, *Public-Private Partnerships to Disrupt Financial Crime: An Exploratory Study of Australia's FINTEL Alliance*, (Swift Institute, 2019) at 1, online: <<https://swiftinstitute.org/research/public-private-partnerships-to-disrupt-financial-crime-an-exploratory-study-of-australias-fintel-alliance/>>.
- ¹²² *Crime and Courts Act 2013* (UK), c22, s7.
- ¹²³ For more information on the JMLIT program, see "Joint Money Laundering Intelligence Taskforce (JMLIT)", National Crime Agency, online: <<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/economic-crime/joint-money-laundering-intelligence-taskforce-jmlit>>; "Information Sharing and Financial Crime: Has the UK Found the Solution?" The Clearing House, online:

<<https://www.theclearinghouse.org/research/2016/2016-q3-banking-perspectives/uk-aml-information-sharing>>.

¹²⁴ See FinCEN's 314(a) Fact Sheet. Available online:

<<https://www.fincen.gov/sites/default/files/shared/314afactsheet.pdf>>.

¹²⁵ *Ibid.*

¹²⁶ *Ibid*, at 3.

¹²⁷ See FinCEN's Section 314(b) Fact Sheet, available online:

<<https://www.fincen.gov/sites/default/files/shared/314bfactsheet.pdf>>.

¹²⁸ *Ibid*, at 1.

¹²⁹ See for example: *Limitations of Actions Act*, CSSM 2014, c L150; *Limitation Act*, SBC 2012, c 13; *Limitations Act* SO 2002, c 24.

¹³⁰ Heather J. Clawson et al, "Treating the Hidden Wounds: Trauma Treatment and Mental Health Recovery for Victims of Human Trafficking," prepared for the Office of the Assistant Secretary for Planning and Evaluation (ASPE), U.S. Department of Health and Human Services, March, 2008, 1; James K. Hill, "Victims' Response to Trauma and Interventions: A Selected Review and Synthesis of the Literature," prepared for the Policy Centre for Victims Issues Research and Statistics Division, Department of Justice Canada, November 2003, 1.

¹³¹ Interview of Jennifer Penrose, Data Analytics Expert at the Polaris Project by Nicole Barrett and Alex Harrison Catchpole (1 February 2017) conducted by phone from Vancouver, BC [*Penrose Interview*].

¹³² Scotiabank, "Survivors of Human Trafficking Get Help Re-building Financial Independence" (20 February 2020), online:

<<https://www.scotiabank.com/ca/en/about/perspectives.articles.impact.human-trafficking-awareness.html>>.

¹³³ FATF, Switzerland, Fourth Round Mutual Evaluation Report, *supra* note 58.

¹³⁴ Wet ter voorkoming van witwassen en financieering, *Stb.* 2013, art 3, s 2.

¹³⁵ "Just for Show? Reviewing G20 Promises on Beneficial Ownership" (2015), *Transparency International*, online:

<http://www.transparency.org/whatwedo/publication/just_for_show_g20_promises>; FATF Report on Canada, *supra* note 42.

¹³⁶ See above at pages 37-41.

¹³⁷ Ruben Musterman, "Dutch Banks Team Up to Fight Dirty Money", *Bloomberg* (12 September 2019), online: <<https://www.bloomberg.com/news/articles/2019-09-13/dutch-banks-explore-ways-to-jointly-monitor-dirty-money-flows>>.

¹³⁸ See FinCEN's section 314(a) Fact Sheet, online:

<<https://www.fincen.gov/sites/default/files/shared/314afactsheet.pdf>>; and section 314(b) Fact Sheet, online: <<https://www.fincen.gov/sites/default/files/shared/314bfactsheet.pdf>>. See discussion regarding American Safe Harbour provisions above at pages 42-43.

¹³⁹ *McRae Interview*, *supra* note 30 at 2.

¹⁴⁰ *Hawkes Interview*, *supra* note 78 at 3; *TD Bank Interview*, *supra* note 8 at 1, 3, 4; *BMO Professional Interview*, *supra* note 1 at 5-7.

¹⁴¹ See Section 3.1B, at page 25, for this report's suggested list of financial indicators of labour trafficking.

¹⁴² *BMO Professional Interview*, *supra* note 1 at 2, 6.

¹⁴³ *Ibid* at 5-6.

¹⁴⁴ Financial Transactions and Reports Analysis Centre of Canada, Government of Canada, online: <<https://www.fintrac-canafe.gc.ca/>>.

¹⁴⁵ *Proceeds of Crime Act*, *supra* note 6.

¹⁴⁶ *Ibid*, s 42, 52(1).

¹⁴⁷ *Ibid*, s 40.

¹⁴⁸ Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime, FINTRAC, online: <<http://www.FINTRAC-canafe.gc.ca/FINTRAC-canafe/antimltf-eng.asp?wbdisable=true>>.

¹⁴⁹ FINTRAC uses a definition of 'threats to the security of Canada' from CSIS which includes: "(a) espionage or sabotage that is against Canada or is detrimental to the interests of Canada or activities directed toward or in support of such espionage or sabotage; (b) foreign influenced activities within or relating to Canada that are detrimental to the interests of Canada and are clandestine or deceptive, or involve a threat to any person; (c) activities within or relating to Canada directed toward or in support of the threat or use of acts of serious violence against persons or property for the purpose of achieving a political, religious or ideological objective within Canada or a foreign state; and, (d) activities directed toward undermining by covert unlawful acts, or directed toward or intended ultimately to lead to the destruction or overthrow by violence of the constitutionally established system of government in Canada; but does not include lawful advocacy, protest or dissent, unless carried on in conjunction with any of the activities referred to in paragraphs (a) to (d)". See Canadian Security Intelligence Act, RSC 1985, c-23, s 2; *Proceeds of Crime Act*, *supra* note 6, s 2.

¹⁵⁰ Egmont Group, online: <<https://www.egmontgroup.org/>>.

¹⁵¹ *Proceeds of Crime Act*, *supra* note 6, s 11.1. See also Proceeds of Crime (Money Laundering) and Terrorist Financing Registration Regulations, SOR/2007-121.

¹⁵² For legal requirements on who must disclose and what must be included, see *Proceeds of Crime Act*, *supra* note 6, ss 7, 7.1, 9, 12, 54(1), 55(1).

¹⁵³ *Proceeds of Crime Act*, *supra* note 6, ss 12(5), 54(1). See also Cross-Border Currency and Monetary Instruments Reporting Regulations, SOR/2002-412 s 2(1).

¹⁵⁴ *Ibid.*

¹⁵⁵ *Ibid.*

¹⁵⁶ *Ibid.*

¹⁵⁷ For an overview of reporting requirements, see "Financial Transactions that Must be Reported", FINTRAC, online: <<https://www.fintrac-canafe.gc.ca/reporting-declaration/rpt-eng>>.

¹⁵⁸ See *ibid.*, s 5. See also *ibid.*, ss 7-11. For other designated professionals and more information on when reporting requirements apply to them, see Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations, SOR/2001-317), s 2.1 [Suspicious Transaction Report Regulations].

¹⁵⁹ *Ibid.*, ss 6-7. See also Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, SOR/2002-184, ss 53-54 [PCMLTFR].

¹⁶⁰ For more information, see *Proceeds of Crime Act*, *supra* note 6.

¹⁶¹ See *Proceeds of Crime Act*, *supra* note 6, ss 55, 56.

¹⁶² See *Proceeds of Crime Act*, *supra* note 6: To appropriate police forces (s 55(3)(a)), to the CRA where relating to an offence, improper benefit, or evasion under its rules (s 55(3)(b)), to the CBSA if relevant to an evasion of taxes or duties (s 55(3)(b.1), to the CRA where reasonable grounds also exist to suspect the information is relevant to determining whether a registered charity is complying with requirements of the Income Tax Act, or whether a person or entity who has or may apply to become a registered charity is eligible to do so or has engaged in certain criminal activities (s 55(3)(c)(i-iii)), to the CBSA where FINTRAC determines it is relevant to a determination under ss 34-42 of the Immigration and Refugee Protection Act (provisions governing inadmissibility to Canada), or is relevant to an offence under ss 91 (providing immigration advice without proper authority), 117-119 (human smuggling and trafficking), or 126-127 (misrepresentation by immigration applicant) of the IRPA. FINTRAC may also disclose to CSIS, the police, or the CBSA where it has reasonable grounds to suspect the information may be relevant to threats to the security of Canada (s 55.1(1)). FINTRAC may disclose to a foreign institution or agency with which it or the Minister of Finance has entered into an agreement or arrangement where it has reasonable grounds to suspect the information is relevant to the investigation or prosecution of a money laundering, terrorist activity financing, or substantially similar offence (s 56.1).

¹⁶³ *Proceeds of Crime Act*, *supra* note 6, ss 55(7), 55.1(3).

¹⁶⁴ Canada, Financial Transactions and Reports Analysis Centre of Canada, FINTRAC Annual Report 2018-2019 (available online: <<https://www.fintrac-canafe.gc.ca/publications/ar/2019/1->

eng#s1 >.

¹⁶⁵ *Ibid* at 37.

¹⁶⁶ *Ibid*, at 21, 23.

¹⁶⁷ These indicators are drawn from an *Operational Alert* issued by FINTRAC on December 15, 2016.
Available online: < <https://www.fintrac-canafe.gc.ca/intel/operation/oai-hts-eng.pdf> >.

¹⁶⁸ *Ibid*, Article 10.

¹⁶⁹ *Criminal Code*, *supra* note 17, s. 279.01

¹⁷⁰ *Ibid*, s. 279.02(1)

¹⁷¹ *Ibid*, s.279.02(2)

¹⁷²IRPA, *supra* note 18, s. 118(1).

¹⁷³ *Ibid*, s. 118(2).

¹⁷⁴*R v Orr*, 2013 BCSC 1883 at para 32.

¹⁷⁵ *Ibid*.

¹⁷⁶ *Ibid*.

¹⁷⁷ *Ibid*.

¹⁷⁸ From: Recorded Presentation, FinCEN, TheFinCEN Suspicious Activity Report.

¹⁷⁹ From: Manual, Financial Intelligence Unit - Nederland, Manual goAML – Web Portal.