Federal money laundering and anti-terrorist financing rules require real estate agents and brokers to collect personal identification information from buyers and sellers.

Your REALTOR® must obtain personal information to comply with the law.

It is the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) that requires financial institutions and real estate agents, among other professionals and services covered by the legislation, to obtain information about individuals and corporations who conduct financial transactions. These include depositing funds or buying and selling real estate. The Act also requires real estate agents to keep these identification records for five years.

Canada has had substantial anti-money laundering and terrorist financing legislation since 2001. Since then REALTORS® have had a legal responsibility in Canada's efforts to combat money laundering and terrorist financing.

In addition to these original legal requirements, REALTORS® must document personal information, including occupation, and proof of the identity of their client in each and every transaction. If the client is a corporation, REALTORS® must obtain official corporate documents, and the names of directors.

REALTORS® may also ask additional questions if they have dealt with the client before. If the buyer or seller is in another city, REALTORS® must use an agent or "mandatary" to identify the buyer or seller or use other non face-to-face methods to ID the client.

REALTORS® are required to report cash transactions of $10,000 or more to FINTRAC and complete a report of all funds they receive.

The compliance requirements affect even a buyer or seller not using the services of a licensed real estate practitioner. If there is a real estate agent involved in the transaction, they are also required by law to verify that private buyer or seller's information as well.

REALTORS® must also complete a record for ALL funds they receive during the real estate transaction, not just those of $10,000 or more.

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REALTOR®

Your REALTOR® is asking questions because...

it's the law

What your REALTOR® needs to do to comply with the law.

The real estate agent you are dealing with is required by federal law to ask for and verify your personal information. By providing this information when requested, you will ensure that they can meet their legal obligations. The Act requires REALTORS® to keep identification records, and track all funds (not just large amounts of cash) provided during the real estate transaction.

ID Please

Under the rules, REALTORS® are required to obtain, record, and retain the personal information of their clients, including date of birth and occupation. To do this, they must ask for a government-issued identification document such as a driver's license, passport, or residency card.

REALTORS® are required to keep a record of this information on file in the brokerage for a period of five years. For the purpose of compliance with this law, REALTORS® are not required to keep photocopies of government issued ID, just the factual data contained on it. However, your REALTOR® may make a photocopy of your ID because of other requirements related to the real estate transaction.

Have you dealt with this brokerage before?

You may be asked to confirm that the personal information you previously provided to the brokerage is still current, and to update the information if it is not.

REALTORS® also have an obligation to assess your level of risk under the PCMLTFA and may ask you additional questions or seek additional identification documentation in order to do so.

Are you a private seller or buyer?

If you are not represented by a real estate agent in this process – in other words, you are buying or selling privately – the law requires the real estate agent that is involved representing the other party, to request your personal information and keep that information on file.

Is there anyone else involved?

There are aspects of your real estate transaction that might prompt the real estate agent you are dealing with to ask you for more information. For instance, you may be asked whether you are acting on behalf of a third party while conducting your transaction. This basically means you are following the instructions of someone else in completing the transaction, or someone else (individual or company) is involved in financing the transaction.

If there is a third party involved, your REALTOR® is also required by law to obtain their identification information, and keep that information on file for five years.

Details of the deposit

Every time funds are received by a REALTOR® (e.g. a deposit) during the course of a real estate transaction, they are required to record the amount received, how it was obtained, and account information affected by the transaction. Your real estate agent then must record this information, and also keep it on file at the brokerage for a five year period.

Your information is kept confidential

The only reason the REALTOR® keeps your personal information on file is to comply with federal laws. It will not be used in any commercial way, and will not be provided to anyone else except in response to a request from the federal agency responsible for compliance, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). The law requires these files be kept at the broker's office for five (5) years.

Money laundering

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

Terrorist financing

Terrorist financing operates somewhat differently from money laundering. While terrorist groups do generate funds from criminal activities such as drug trafficking and arms smuggling, they also obtain revenue through legal means. Supporters of terrorist causes may, for example, raise funds from their local communities by hosting events or membership drives. In addition, some charity or relief organizations may unknowingly become the route where donors contribute funds that may eventually be used to commit a terrorist act.

How does FINTRAC assist law enforcement and security agencies?

The Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC, collects, analyzes and discloses financial information and intelligence on suspected money laundering and terrorist financing activities. It was created in response to international obligations to fight money laundering and terrorist financing. Although it operates at arm's length from law enforcement, FINTRAC's primary role is to provide law enforcement agencies with information to help them with their investigations.

FINTRAC is required by law to protect the personal information it receives from unauthorized disclosure.

Who must report to FINTRAC?

The following persons and entities must report to FINTRAC:

- Real estate brokers and agents;
- financial entities including banks, credit unions, caisses populaires, trust and loan companies and agents of the Crown that accept deposit liabilities;
- life insurance companies, brokers or agents;
- securities dealers, portfolio managers and investment counsellors who are provincially authorized;
- persons engaged in the business of foreign exchange dealing;
- money services businesses;
- accountants and accounting firms when carrying out certain activities on behalf of their clients;
- casinos;
- dealers of precious metals and stones;
- mortgage administrators, brokers, and lenders; and
- armoured cars.

Additional information about this federal initiative, the federal legislation, and the role of FINTRAC in the reporting system is available at **fintrac-canafe.gc.ca** or call toll-free: **1-866-346-8722 (FINTRAC).**