

# Your AML Obligations and Tools

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**May 13, 2021**

# Today's Speakers



**Brian Remington**



**Carmen deFoy**



# Agenda

- 1** PCMLTFA CHANGES
- 2** RESOURCES AND TOOLS
- 3** WORKING WITH CONSUMERS
- 4** SEARCHING LOTR
- 5** MANAGING BROKER CONSIDERATIONS
- 6** NEXT WEBINAR PREVIEW
- 7** QUESTIONS & ANSWERS

# Money Laundering & the changes to PCMLTFA



On **June 1**, regulatory amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* comes into effect. On **November 30**, the *Land Owner Transparency Act (LOTA)* came into effect.

# PCMLTFA and your obligations

- Identify warning signs and “red flags” for money laundering in real estate transactions
- Know your client (KYC)
- Business relationship reporting/monitoring requirements, which are currently created after 2 or more transactions
- Report suspicious transactions (STR)
- Report suspected terrorist property
- Report large cash transactions over \$10,000 (through a single or several payments)

# Changes to PCMLTFA from June 1

## Beneficial Ownership

Beneficial owners are the actual individuals who own or control the entity, under the legislation such as:

- Trustees
- Known beneficiaries and settlors of a trust
- Who directly or indirectly own or control 25% or more of a corporation or an entity other than a corporation or trust, such as a partnership

# Changes to PCMLTFA continued...

## Business Relationships

- Established between a reporting entity (as in a real estate professional) and a client
- Established the first time that you are required to verify a client's identity
- Once a business relationship is formed, you have ongoing monitoring obligations (5 years from the last transaction)

## Other PCMLTFA changes...

- Determine whether the person is a Politically Exposed Person / Head of International Organization
- Reporting timing for suspicious transactions
- Reporting requirements
- New Forms from FINTRAC (coming soon)

# Resources & Tools



# RECBC's Regulatory Resources

## Regulatory Information

Easy-to-read explanations of the requirements for real estate professionals under *the Real Estate Services Act*, Regulation, Rules and other applicable legislation.

Regulatory information for AML, LOTA, LTSA and the Corporate Registry will be available on the Knowledge Base.

## Guidelines

Practical applications of the Regulatory Information with RECBC's suggested best practice interpretations to assist real estate professionals.

The AML Guideline provides additional guidance to assist with your PCMLTFA obligations.

# Tools to assist with PCMLTFA obligations

Land Title and  
Survey Authority  
Search (LTSA)

Corporate  
Registry

Land Owner  
Transparency  
Registry (LOTR)

# Working with Consumers





# Plan for a successful client conversation



## BE PREPARED

How we say it matters.

Explain the "Why" to your client.



## UNDERSTAND

"Know your Client"

Follow the regulatory guidelines.



## EVALUATE

Assess the facts.

Use your professional judgement.

# Buyer Client

**As a real estate professional, you are responsible for identifying clients for:**

- Receipt of funds
- Client information records
- Large cash transactions
- Suspicious transactions

**What tools should you use to assist you with these obligations?**

- Perform a LOTR search on your client's name
- Perform a corporate registry search if your client is a corporation

# Seller Client

**As a real estate professional, you are responsible for identifying clients for:**

- Receipt of funds
- Client information records
- Large cash transactions
- Suspicious transactions

**What tools should you use to assist you with these obligations?**

- Perform a title search on the property
- Perform a LOTA search on your client's name
- Perform a LOTR search using the PID of the property
- Perform a corporate registry search if your client is a corporation

## Unrepresented Seller

- Perform a title search on the property
- Perform a LOTR search on the seller's name and on the PID
- Perform a corporate registry search if the seller is a corporation

## Unrepresented Buyer

- Perform a LOTR search on the buyer's name
- Perform a corporate registry search if the buyer is a corporation

# LOTR Search



# Search Land Owner Transparency Registry

Search by

- Name of individual    
  Name of corporation    
  Parcel identifier (PID)

Adams, Jennifer Q

*Use this format: "Last name, given names or initials" (i.e. Smith, John)*

## 3 results found for: Adams, Jennifer

Select the individuals whose primary identification information you want to order.

PID <span>?</span>	<input type="checkbox"/>	Name <span>▼</span>	City (Principal Residence)	Citizenship / Residency	Type of Interest <span>?</span>	Reporting Body <span>?</span>
*****401	<input type="checkbox"/>	Adams, Jennifer	Vancouver	*****	*****	*****
*****502	<input type="checkbox"/>	Adams, Jennifer	Vancouver	*****	*****	*****
*****627	<input type="checkbox"/>	Adams, Jennifer	Berlin	*****	*****	*****



**Search Result for Individual: Adams, Jennifer**

Accessed on 2021-05-12, 16:11:00

File Reference: OA-200648

Requested by MARRISA GOLD

Relevant PID <b>097-275-502</b>	Reporting body <b>Maylord PLC</b>
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**Interest Holder**

**Jennifer Adams**

**Principal Residence**

City

**Vancouver**

Province

**British Columbia**

On the date of registration, is the individual a Canadian citizen or permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*?

**Yes**

This information is collected by the Land Title and Survey Authority of British Columbia under s. 26(a) and s. 26(c) of the *Freedom of Information and Protection of Privacy Act* and will be used for general administration of the *Land Owner Transparency Act* and its regulations. Should you have any questions about the collection of this personal information please contact:

Administrator, Land Owner Transparency Act  
Land Title and Survey Authority of British Columbia  
Suite 500 - 11 Eighth Street, New Westminster, BC V3M 3N7  
T: 1-877-577-5872 or 604-630-9630 Option 3  
E: LOTR@ltsa.ca

Search by

Name of individual
  Name of corporation
  Parcel identifier (PID)

Wuckert



*(i.e. ABC Corporation)*

**4 results found for Name of corporation: Wuckert**

Select the corporations whose primary identification information you want to order.

PID	<input type="checkbox"/>	Name ▼	Type of Interest	Reporting Body
*****931	<input type="checkbox"/>	Wuckert PLC	*****	*****
*****988	<input type="checkbox"/>	Wuckert-Lawson	*****	*****
*****129	<input type="checkbox"/>	Wuckert Group	*****	*****
*****857	<input type="checkbox"/>	Wuckert Alliance	*****	*****



**Search Result for Corporation: Wuckert**

File Reference: OA-200648

Accessed on 2021-05-12, 16:11:00

Requested by MARRISA GOLD

Relevant PID <b>843-652-931</b>	Reporting body <b>Wuckert PLC</b>
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**Relevant Corporation**

**Wuckert PLC**

**Office Addresses**

Registered office address <b>350 Clinton Ave Unit 607 Vernon, British Columbia V0V 0V0, Canada</b>	Head office address <b>590 Clark Dr Unit 201 Vancouver, British Columbia V0V 0V0, Canada</b>	Jurisdiction of incorporation <b>Vernon</b>
		Continued jurisdiction <b>Vancouver</b>

This information is collected by the Land Title and Survey Authority of British Columbia under s. 26(a) and s. 26(c) of the *Freedom of Information and Protection of Privacy Act* and will be used for general administration of the *Land Owner Transparency Act* and its regulations. Should you have any questions about the collection of this personal information please contact:

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T: 1-877-577-5872 or 604-630-9630 Option 3  
E: LOTR@ltsa.ca

Search by

Name of individual   
  Name of corporation   
  Parcel identifier (PID)

097275502 Q

*(i.e. 123-456-789)*

**1 result found for: 097275502**

Select the PIDs whose reporting bodies and interest holders primary identification information you want to order.

<input type="checkbox"/>	PID ▼	Reporting Body	Name of Interest Holders or Settlor	City (Principal Residence)	Citizenship / Residency	Type of Interest
<input type="checkbox"/>	097-275-502	A*	*****	*****	*****	*****
<input type="checkbox"/>	097-275-502	X*	*****	*****	*****	*****



**Search Result for PID: 097275502**

Accessed on 2021-05-12, 16:11:00

File Reference: OA-200648

Requested by Marris Gold

Relevant PID <b>097-275-502</b>	Reporting body <b>ABC Corporation</b>
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**Relevant Corporation**

**ABC Corporation**

**Office Addresses**

Registered office address <b>350 Clinton Ave Unit 607 Vernon, British Columbia V0V 0V0, Canada</b>	Head office address <b>590 Clark Dr Unit 201 Vancouver, British Columbia V0V 0V0, Canada</b>	Jurisdiction of incorporation <b>Vernon</b>
		Continued jurisdiction <b>Vancouver</b>

Relevant PID <b>097-275-502</b>	Reporting body <b>ABC Corporation</b>
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**Interest Holder**

**Wayne Do**

**Principal Residence**

City <b>Vancouver</b>	Province <b>British Columbia</b>
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On the date of registration, is the individual a Canadian citizen or permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*?

**Yes**

# Managing Broker Considerations



# Professional and Ethical Obligations

- Look for money laundering red flags
- Don't overlook some red flags around ownership
- Learn to recognize a suspicious transaction and report it to FINTRAC

## Failure to Comply

- Investigations and sanctions by FINTRAC and/or RECBC for failing to comply fully with PCMLTFA obligations
- Reputational harm to the real estate professional, brokerage, and industry through negative consumer reviews and complaints to the media

# Requirements for Brokerages

## **Policies and Procedures**

- On using the tools (LOTA, LTSA and Corporate Registry) to fulfill the AML obligations under legislation

## **Brokerage compliance program**

- Check the FINTRAC website on what information should be included
- Include more specific information on risk assessment procedures and reporting/record keeping requirements.

# Next Webinar





## Thursday, June 24

Meeting professional obligations and providing services that meet high standards of professionalism and ethics in a busy market.

# QUESTIONS & ANSWERS



**Q: Will real estate professionals have to search LOTR as they do LTSA.ca?**

**A: There is no specific rule that states you must do a LTSA or LOTR search. As a real estate professional, you have an obligation under PCMLTFA to "know your client." LTSA and LOTR are tools that you can use to assist you in this obligation.**

**Q:** Should real estate professionals keep LOTR search results in listing/sales files?

**A: Yes. Just as you would retain other information that you gather during a transaction, a real estate professional should include the LOTR search in their transaction file.**

**Q:** If you discover that a property has a beneficial owner who is not your client, does that person become your client?

**A: No. If you discover that other parties hold an interest in a property you are listing for a client, it does not automatically make that party your client.**

# AUDIENCE QUESTIONS



# Thank you

For information on  
practice issues, contact  
RECBC's Professional  
Standards Advisors  
[advisor@recbc.ca](mailto:advisor@recbc.ca)

