

Money Laundering/Terrorist Financing

New Federal Rules Relevant to Property Buyers

As of June 23, 2008, federal regulations intended to fight money laundering and terrorist financing created new obligations for REALTORS® to collect additional information from their clients.

Why?

Money laundering and terrorism are threats that should be taken seriously. With this in mind, governments across the world have taken action to help prevent it. Because criminals involved in this type of activity can use seemingly legal transactions to camouflage their true purpose, governments have taken steps to filter out legal activity from illegal activity.

Canada's efforts have focused on the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Among other things, this law requires certain professions and businesses, which could potentially be used as vehicles for money laundering or terrorism financing, to keep records and submit reports to the federal government. These requirements apply to REALTORS® because, often, in the course of regular real estate transactions, they act as financial intermediaries, such as when they hold deposit funds for a property transaction.

New Identification Requirements

The *Money Laundering and Terrorist Financing Act* was first enacted in 2002, but was updated with new requirements, which came into effect on June 23, 2008. For example, under the new regulations, REALTORS® are required to verify the identity of clients and keep client information records. As a result, home buyers may need to provide their REALTOR® with valid identification, such as a driver's license.

More Information

Additional information is available from the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) at www.fintrac.gc.ca