

COMMISSION OF INQUIRY INTO MONEY LAUNDERING  
IN BRITISH COLUMBIA  
UNDER THE *PUBLIC INQUIRY ACT*, S.B.C. 2007, c. 9

**FINAL SUBMISSIONS OF THE  
CHARTERED PROFESSIONAL ACCOUNTANTS OF CANADA**

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## A. Overview

1. The Chartered Professional Accountants of Canada (“**CPA Canada**”), which represents the chartered professional accountant (“**CPA**”) profession in the public interest nationally and internationally, recognizes the threats of money laundering to Canada’s reputation, economy and society and has consistently taken a strong stand against it.

2. CPA Canada plays an important role in educating its membership on their anti-money laundering (“**AML**”) obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (“**PCMLTFA**”) and *PCMLTFA Regulations* (the “**AML regime**”), although it is not a regulator and has no formal responsibility to ensure CPA compliance with the AML regime. CPA Canada maintains practical guidance on AML compliance for the benefit of CPAs and firms, and regularly produces presentations, articles and CPD offerings on AML issues, including beneficial ownership.

3. In addition, CPA Canada is actively engaged in addressing AML issues with the federal government through policy submissions, informal feedback sessions, and its participation on the public-private Advisory Committee on Money Laundering and Terrorist Financing (“**ACMLTF**”) and its subcommittees, which involves stakeholders in dialogue on the Canadian AML regime. CPA Canada also engages in international efforts to combat money laundering, including as a member of the International Federation of Accountants and through its participation in the Financial Action Task Force (“**FATF**”) Private Sector Consultative Forum.

4. The evidence before the Commission on the involvement of CPAs in money laundering is very limited. “Accountant” is not a protected term in Canada, and could refer to either (1) a professional accountant who is designated as a CPA and regulated by a provincial or territorial accounting body, or (2) an unregulated individual who provides accounting services without oversight. Only the former category are members of CPA Canada and subject to AML obligations under the *PCMLTFA*. Much of the evidence on the involvement of accountants in money laundering does not distinguish between CPAs and unregulated accountants, and further research revealed that only one case since 2000 provided an example of a CPA being directly involved in money laundering. Other

evidence is largely anecdotal or simply based on an unproven assumption that CPAs are “professional enablers” needed to facilitate money laundering.

5. Any money laundering risk in Canada’s accounting sector is appropriately addressed by the *PCMLTFA*, which is intentionally sculpted to target the circumstances in which a CPA or accounting firm actually interfaces with the financial system, for example by carrying out the purchase or sale of assets. In these circumstances, CPAs and firms have obligations to identify and verify client information, report large and suspicious transactions, and implement a compliance program. This “triggering activities” model follows the approach in the FATF *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation* (the “**FATF Recommendations**”).

6. CPA Canada supports this sculpted approach, which is tailored to the money laundering risk posed by the Canadian accounting sector as identified by Canada’s National Inherent Risk Assessment and reflected in the priorities set by the Financial Transactions and Reports Analysis Centre of Canada (“**FINTRAC**”). CPA Canada also supports existing carve-outs for audit, review and compilation engagements, which do not engage triggering activities and are already subject to regulatory oversight, as well as insolvency and receivership services, which are subject to direct judicial supervision.

7. The number of suspicious transaction reports (“**STRs**”) filed by the accounting sector in Canada flows directly from this triggering activities approach. Few CPAs engage in activities that would trigger reporting obligations, as only around 20% of Canadian CPAs are in public practice and of those, only a fraction are likely involved in triggering activities. Comparisons between STRs in Canada and suspicious activity reports (“**SARs**”) in the United Kingdom have limited value, as the regime design is fundamentally different, and the scope of CPA practice in Canada is narrower than in the United Kingdom. The few STRs filed by the accounting sector in Canada do not necessarily point to a compliance concern in the CPA profession. It may simply be that CPAs’ services are not being used to carry out money laundering transactions.

8. Although CPA Canada submits that the evidence does not call out for greater focus on CPAs under the *PCMLTFA*, it supports broader measures to strengthen the regime:

- (a) The inclusion of unregulated accountants within the *PCMLTFA*, under the jurisdiction of FINTRAC;
- (b) The enhancement of beneficial ownership transparency, including corporate beneficial ownership registries based on tiered access to information for law enforcement, regime participants and the public;
- (c) The implementation of a national whistleblowing framework for the reporting and protection of whistleblowers who identify and escalate public interest concerns, including with respect to AML violations; and
- (d) Improved information sharing between regime participants in appropriate circumstances, to allow reporting entities to investigate suspicious circumstances and ensure that their services and products are not being used for illegal purposes.

9. CPA Canada remains committed to the fight against money laundering, in Canada and globally. It takes its role in ensuring awareness of AML obligations in the CPA profession, and its efforts in the public interest to advance the AML regime, seriously.

## **B. CPA Canada's membership and mandate**

10. CPA Canada is the national organization of the CPA profession in Canada, representing the accounting profession nationally and internationally.<sup>1</sup> It is also a member of the International Federation of Accountants (“**IFAC**”), which is the global organization for the accountancy profession.<sup>2</sup>

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<sup>1</sup> [Proceedings at Hearing of January 13, 2021 \(“January 13 Transcript”\), p. 6 \(M. Wood-Tweel\); Overview Report on the Accounting Sector in British Columbia \(“Overview Report on the Accounting Sector”\), para. 12 \(Exhibit 391\).](#)

<sup>2</sup> [January 13 Transcript, p. 6 and 13 \(M. Wood-Tweel\); Background Report on CPA Canada's Anti-Money Laundering Activities \(“CPA Canada Background Report”\), para. 55 \(Exhibit 406\); Overview Report on the Accounting Sector, para. 13 \(Exhibit 391\).](#)

11. CPA Canada has approximately 220,000 individual members.<sup>3</sup> The membership is comprised of CPAs who are members of the provincial and territorial bodies that regulate the accounting profession in Canada, including the Chartered Professional Accountants of British Columbia (“**CPABC**”).<sup>4</sup> The regulatory bodies are also themselves organizational members of CPA Canada.<sup>5</sup>

12. CPA Canada is not a regulator. CPA Canada’s role with respect to the provincial and territorial regulatory bodies is not one of governance or oversight, but rather one of support and collaboration.<sup>6</sup> The CPA regulators coordinate through their collaborative relationship with CPA Canada, which has a role in supporting harmonization across the profession, supporting independent standard setting of accounting and other standards, and providing research and guidance on issues affecting the CPA profession.<sup>7</sup>

13. Provincial and territorial regulators coordinate through the Public Trust Committee (“**PTC**”), for which CPA Canada’s Vice President, Regulatory Affairs is the Secretary.<sup>8</sup> The PTC provides leadership and oversight in establishing policies, strategies and processes to assist in maintaining the integrity of the profession and the confidence and trust of the public.<sup>9</sup> It serves the public interest by recommending policies and strategies to uphold public confidence and trust in the profession, as well as by supporting harmonization of the provincial and territorial CPA bodies’ self-regulatory policies and

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<sup>3</sup> [January 13 Transcript, p. 7 \(M. Wood-Tweel\)](#).

<sup>4</sup> [January 13 Transcript, pp. 7-8 \(M. Wood-Tweel\); Overview Report on the Accounting Sector, paras. 4\(a\), 6, 10 \(Exhibit 391\)](#).

<sup>5</sup> [January 13 Transcript, p. 7 \(M. Wood-Tweel\); Overview Report on the Accounting Sector, para. 12 \(Exhibit 391\)](#).

<sup>6</sup> [January 13 Transcript, pp. 7-8 \(M. Wood-Tweel\); Overview Report on the Accounting Sector, para. 12 \(Exhibit 391\)](#).

<sup>7</sup> [January 13 Transcript, p. 8 \(M. Wood-Tweel\); Overview Report on the Accounting Sector, para. 12 \(Exhibit 391\)](#).

<sup>8</sup> [January 13 Transcript, p. 124 \(M. Wood-Tweel\)](#).

<sup>9</sup> [Letter from CPA Canada to Department of Finance Canada, March 31, 2017, p. 1, Appendix “V” to CPA Canada Background Report \(Exhibit 406\); Letter from CPA Canada to Department of Finance Canada, May 17, 2018, p. 2, Appendix “X” to CPA Canada Background Report \(Exhibit 406\); January 13 Transcript, p. 124 \(M. Wood-Tweel\)](#).

practices to the greatest extent possible.<sup>10</sup> The PTC also monitors and responds to international developments in rules of ethics and standards.<sup>11</sup>

14. The PTC supports a harmonized code of conduct for the CPA profession, with rule changes worked on collaboratively by the provincial and territorial bodies and CPA Canada. The regulatory bodies maintain their codes in accordance with their respective province or territory's unique needs and regulatory framework.<sup>12</sup> CPA Canada supports efforts to ensure that the codes adopted in Canadian jurisdictions are at least as stringent as the international standards for ethics developed by the International Ethics Standards Board of Accountants (“**IESBA**”), an independent body supported by IFAC.<sup>13</sup>

15. CPA Canada also produces independent research and guidance on matters that are in the public interest and related to the expertise of its members, including accounting standards, auditing standards, business concerns and also AML issues.<sup>14</sup>

### **C. The scope of the accounting profession**

16. “Accountant” is not a protected term in Canadian jurisdictions.<sup>15</sup> A reference to an accountant in British Columbia could mean either (1) a professional accountant, designated as a CPA and regulated by CPABC under the *Chartered Professional Accountants Act*,<sup>16</sup> or (2) an unregulated individual who provides accounting services.<sup>17</sup> As set out below, only the former category have AML obligations under Canada's regime. Unregulated accountants are not subject to provincial regulation or federal AML oversight.<sup>18</sup>

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<sup>10</sup> [January 13 Transcript, p. 124 \(M. Wood-Tweel\)](#).

<sup>11</sup> [Letter from CPA Canada to Department of Finance Canada, March 31, 2017, p. 1, Appendix “V” to CPA Canada Background Report \(Exhibit 406\)](#); [Letter from CPA Canada to Department of Finance Canada, May 17, 2018, p. 2, Appendix “X” to CPA Canada Background Report \(Exhibit 406\)](#).

<sup>12</sup> [January 13 Transcript, p. 9 \(M. Wood-Tweel\)](#); [Proceedings at Hearing of January 12, 2021 \(“January 12 Transcript”\), p. 107 \(E. Tanaka\)](#).

<sup>13</sup> [January 13 Transcript, pp. 13-15 \(M. Wood-Tweel\)](#); [Overview Report on the Accounting Sector, para. 13 \(Exhibit 391\)](#).

<sup>14</sup> [January 13 Transcript, p. 8 \(M. Wood-Tweel\)](#); [Overview Report on the Accounting Sector, para. 12 \(Exhibit 391\)](#).

<sup>15</sup> [Overview Report on the Accounting Sector, para. 7 \(Exhibit 391\)](#).

<sup>16</sup> [S.B.C. 2015, c. 1](#).

<sup>17</sup> [Overview Report on the Accounting Sector, para. 4 \(Exhibit 391\)](#); [January 12 Transcript, p. 9 \(L. Liu\)](#).

<sup>18</sup> [Overview Report on the Accounting Sector, para. 8 \(Exhibit 391\)](#).

17. In these submissions, CPA Canada deliberately use the terms “CPA” and “unregulated accountant” to mitigate confusion between the two categories. It was indicated in the 2016 Census that of the approximately 89,000 accountants in British Columbia, only one third are CPAs regulated by CPABC, a statistic which also applies nationally.<sup>19</sup> CPA Canada’s members are only those who have the CPA designation and are regulated by provincial and territorial bodies.<sup>20</sup> CPA Canada does not represent unregulated accountants.

#### **D. CPA Canada’s anti-money laundering activities**

18. CPA Canada’s extensive AML efforts are set out in the Background Report on CPA Canada’s Anti-Money Laundering Activities.<sup>21</sup> Below we highlight some of CPA Canada’s AML work through its internal Anti-Money Laundering & Terrorist Financing Committee (“**CPA Canada AML/ATF Committee**”), CPD and publications, on-going engagement with the federal government, and other Canadian and international committees.

##### **1. CPA Canada’s internal AML activities**

19. It is essential that CPAs are aware of their AML obligations. Although CPA Canada is not a regulator and has no formal responsibility for ensuring CPA compliance with the Canadian AML regime, it has taken an active role in educating its membership about how to comply with their AML obligations.<sup>22</sup>

20. In 2014, shortly after CPA Canada was created through the unification of the professional accounting bodies, CPA Canada established the CPA Canada AML/ATF Committee devoted to AML and anti-terrorist financing issues in the CPA profession.<sup>23</sup> One of the Committee’s objectives was to assist CPA Canada in contributing, on behalf of the CPA profession and in the public interest, to the more effective and efficient fight

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<sup>19</sup> [January 12 Transcript, p. 9 \(L. Liu\) and p. 12 \(E. Tanaka\); Proceedings at Hearing of January 11, 2021 \(“January 11 Transcript”\), pp. 101, 109-10 \(M. McGuire\).](#)

<sup>20</sup> [January 13 Transcript, p. 7 \(M. Wood-Tweel\).](#)

<sup>21</sup> [CPA Canada Background Report \(Exhibit 406\).](#)

<sup>22</sup> [January 13 Transcript, pp. 69, 110, 139-40 \(M. Wood-Tweel\).](#)

<sup>23</sup> [CPA Canada Background Report, para. 3 \(Exhibit 406\); January 13 Transcript, p. 39, 41 \(M. Wood-Tweel\); Anti-Money Laundering and Anti-Terrorist Financing Committee of CPA Canada Terms of Reference, February 2015 \(Exhibit 407\).](#)



against money laundering and terrorist financing.<sup>24</sup> In 2014, the CPA Canada AML/ATF Committee produced resources for the CPA profession with respect to complying with AML and ATF obligations, including:

- (a) A Webinar designed to help CPAs and firms determine their AML obligations, update their compliance programs, and become familiar with CPA Canada's new AML compliance guide;<sup>25</sup> and
- (b) CPA Canada's updated *Guide to Comply with Canada's Anti-Money Laundering (AML) Legislation* (the "**2014 Guide**"), which provides practical guidance on AML compliance to CPAs and firms including questionnaires, checklists, and copies of forms.<sup>26</sup> A version of this Guide, first developed by the legacy bodies that unified to create CPA Canada, has been in effect since 2002.<sup>27</sup> As set out further below, CPA Canada is currently updating the Guide to reflect recent extensive changes to the AML regime.

21. The CPA Canada AML/ATF Committee was also involved in preparing the Alert to the Profession issued by CPA Canada in July 2015 titled "Proceeds of Crime (Money Laundering) and Terrorist Financing – Know Your Obligations".<sup>28</sup> The Alert was issued in response to a presentation FINTRAC representatives made to the AML/ATF Committee which included compliance examination findings in the accounting sector.<sup>29</sup> The CPA Canada AML/ATF Committee had proactively invited FINTRAC to make the presentation to understand how it could better promote compliance in the CPA profession.<sup>30</sup> FINTRAC

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<sup>24</sup> [CPA Canada Background Report, para. 3 \(Exhibit 406\); January 11 Transcript, p. 159 \(M. McGuire\).](#)

<sup>25</sup> [CPA Canada Background Report, para. 4 \(Exhibit 406\); January 11 Transcript, p. 12 \(M. McGuire\).](#)

<sup>26</sup> [CPA Canada Background Report, para. 5 \(Exhibit 406\), CPA Canada Guide to Comply with Canada's Anti-Money Laundering \(AML\) Legislation, 2014 \(Exhibit 393\); January 13 Transcript, p. 38 \(M. Wood-Tweel\); January 11 Transcript, p. 12 \(M. McGuire\).](#)

<sup>27</sup> [January 13 Transcript, p. 39 \(M. Wood-Tweel\); CPA Canada, Canada's Anti-Money Laundering & Anti-Terrorist Financing Requirements: A Guide for Chartered Accountants, 2008 \(Exhibit 409\).](#)

<sup>28</sup> [CPA Canada Background Report, para. 8 \(Exhibit 406\); January 13 Transcript, p. 60 \(M. Wood-Tweel\); CPA Canada Alert: Proceeds of Crime \(Money Laundering\) and Terrorist Financing – Know Your Obligations, July 2015 \(Exhibit 397\).](#)

<sup>29</sup> [CPA Canada Background Report, para. 7 \(Exhibit 406\); January 13 Transcript, pp. 55-56, 59-60 \(M. Wood-Tweel\); FINTRAC, \*Anti-Money Laundering and Anti-Terrorism Financing in Canada\*, presentation to Chartered Professional Accountants of Canada, March 4, 2015 \(Exhibit 408\).](#)

<sup>30</sup> [January 11 Transcript, pp. 12-13, 64, 81-92 \(M. McGuire\).](#)

reported that although organizations in the accounting sector are generally assessed as lower risk, the accounting sector's AML compliance efforts required improvement.<sup>31</sup>

22. CPA Canada issued the all-member Alert to remind CPAs and accounting firms of their obligations as reporting entities under the *PCMLTFA*, and pointed them to FINTRAC guidance and policy interpretations, as well as CPA Canada's 2014 Guide.<sup>32</sup> CPA Canada advised members to focus on and improve performance on mandatory two-year effectiveness reviews, and risk assessment and effective risk mitigation plans, based on the compliance information provided by FINTRAC.<sup>33</sup> CPA Canada shared the Alert across the country, both in direct communications to its members and by disseminating it further through the provincial and territorial regulatory bodies.<sup>34</sup>

23. Since issuing the Alert, CPA Canada has received no further specific information from FINTRAC with respect to compliance, or non-compliance, by the CPA profession.<sup>35</sup> CPA Canada wound down its AML/ATF Committee in 2016 to refocus its AML efforts on engaging on systematic improvements with the federal government, including through its membership on Finance Canada's newly formed public-private sector ACMLTF.<sup>36</sup>

## **2. Additional educational efforts**

24. CPA Canada remains active in educating CPAs on AML-related issues, including beneficial ownership and the *PCMLTFA* regime, through presentations, publications and CPD offerings.<sup>37</sup> In February 2019, CPA Canada hosted a distinguished panel on AML and the CPA's role in combating money laundering for CPA bodies and CPA Canada governance leaders of the profession.<sup>38</sup> In April 2019, CPA Canada and the federal

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<sup>31</sup> [CPA Canada Background Report, para. 7 \(Exhibit 406\); January 13 Transcript, pp. 55-56, 58 \(M. Wood-Tweel\) and 146-47 \(J. Hernandez\).](#)

<sup>32</sup> [CPA Canada Background Report, para. 8 \(Exhibit 406\).](#)

<sup>33</sup> [CPA Canada Background Report, para. 8 \(Exhibit 406\).](#)

<sup>34</sup> [January 13 Transcript, pp. 147-48 \(M. Wood-Tweel\); January 12 Transcript, pp. 27-29 \(E. Tanaka\).](#)

<sup>35</sup> [January 13 Transcript, pp. 65-66, 148 \(M. Wood-Tweel\); January 11 Transcript, pp. 162-63, 24 \(M. McGuire\).](#)

<sup>36</sup> [CPA Canada Background Report, para. 9 \(Exhibit 406\); January 13 Transcript, p. 45-46 \(M. Wood-Tweel\).](#)

<sup>37</sup> [CPA Canada Background Report, paras. 11-15 \(Exhibit 406\); January 13 Transcript, pp. 110-115 \(M. Wood-Tweel\) and 116 \(J. Hernandez\).](#)

<sup>38</sup> [CPA Canada Background Report, para. 12 \(Exhibit 406\).](#)

government teamed up to provide CPAs with information about new requirements for beneficial ownership registers under the *Canada Business Corporations Act*, coordinating CPA-only webinars hosted by Corporations Canada.<sup>39</sup>

25. More recently, in 2020 and 2021, CPA Canada provided webinars for members of the Chartered Professional Accountants of Saskatchewan, Nova Scotia and Manitoba titled “Anti-Money Laundering and Terrorist Financing Update” which covered the *PCMLTFA* regime, recent activity and developments of interest, an overview of beneficial ownership, new amendments to the *PCMLTFA Regulations*, relevant FINTRAC guidance, and how COVID-19 was creating evolving money laundering risks.<sup>40</sup>

26. In addition, CPA Canada regularly publishes educational information on recent AML developments and issues, either on its website, through its own magazine for the profession, *Pivot*, or through other media channels.<sup>41</sup> Since 2014, CPA Canada has published over 23 articles on AML topics for its membership. CPA Canada also has webpages devoted to AML policy developments and AML resources for members.<sup>42</sup> All of the AML resources provided by CPA Canada are in addition to those provided by provincial regulatory bodies, including CPABC, and CPA Canada works collaboratively with those bodies to share and disseminate information to members across Canada.<sup>43</sup>

### **3. Extensive engagement with the federal government on AML policy**

27. CPA Canada has worked steadily towards strengthening the Canadian AML regime by engaging in public-private consultations with the federal government.<sup>44</sup> Since

<sup>39</sup> [CPA Canada Background Report, para. 11 \(Exhibit 406\)](#); see [Corporations Canada: Register of individuals with significant control \(presentation\), Appendix “J” to CPA Canada Background Report \(Exhibit 406\)](#); [Bruce Ball, “New beneficial ownership rules are coming in June. Are you ready?” \(April 9, 2019\), Appendix “K” to CPA Canada Background Report \(Exhibit 406\)](#).

<sup>40</sup> [CPA Canada Background Report, para. 13 \(Exhibit 406\)](#); [CPA Canada, “Anti-Money Laundering and Terrorist Financing Update, Appendix “L” to CPA Canada Background Report \(Exhibit 406\)](#). Since the hearing on January 13, there have been additional presentations made to the Chartered Professional Accountants of Manitoba and Nova Scotia, and the webinar is available for a broader audience online.

<sup>41</sup> [CPA Canada Background Report, para. 14 \(Exhibit 406\)](#).

<sup>42</sup> [CPA Canada Background Report, para. 15 \(Exhibit 406\)](#); [CPA Canada, “Anti-money laundering policy” \(webpage\), Appendix “S” to CPA Canada Background Report \(Exhibit 406\)](#); [CPA Canada, Anti-Money Laundering Resources \(webpage\)](#).

<sup>43</sup> [CPA Canada Background Report, para. 16 \(Exhibit 406\)](#); [January 12 Transcript, p. 36 \(L. Liu\) and pp. 48-50 \(E. Tanaka\)](#); [Compilation of CPABC professional development offerings \(Exhibit 399\)](#).

<sup>44</sup> [CPA Canada Background Report, para. 17 \(Exhibit 406\)](#).

2016, CPA Canada has devoted considerable resources to its participation on ACMLTF and its subcommittees.<sup>45</sup> As a member of ACMLTF and its working groups, CPA Canada representatives attend meetings, discuss proposals, and provide their input on AML matters such as best practices, FINTRAC guidance and public-private partnerships.<sup>46</sup> ACMLTF allows public and private stakeholders to engage in dialogue on broader AML issues, and is not a forum for particular industry sectors to receive specific government feedback on AML compliance concerns.<sup>47</sup>

28. Beyond ACMLTF, CPA Canada also regularly participates in information sessions, consultations and discussions with federal government officials and representatives on these issues, often at the government's request.<sup>48</sup> CPA Canada frequently provides policy submissions to the federal government on AML policy matters—since 2014, CPA Canada has made twelve such submissions on topics ranging from regulatory amendments under the *PCMLTFA*, to the need to improve the availability of beneficial ownership information, to concerns with the lack of a comprehensive whistleblowing legislative framework that includes protections for whistleblowers that would be effective in all Canadian jurisdictions.<sup>49</sup> CPA Canada's recommendations from these submissions relevant to the Cullen Commission's mandate are outlined further below.

#### **4. International AML efforts**

29. CPA Canada also engages internationally on AML efforts on behalf of the Canadian CPA profession. It is a member of IFAC, the global organization for the accounting profession, which encourages governments to work with the profession in fighting fraud and corruption.<sup>50</sup> In 2020, CPA Canada and IFAC co-authored a report entitled *Approaches to Beneficial Ownership Transparency: The Global Framework and*

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<sup>45</sup> [CPA Canada Background Report, para. 18 \(Exhibit 406\); January 13 Transcript, pp. 12, 46 \(M. Wood-Tweel\) and 46-48 \(J. Hernandez\).](#)

<sup>46</sup> [CPA Canada Background Report, paras. 18-19 \(Exhibit 406\); January 13 Transcript, pp. 23-24 \(J. Hernandez\).](#)

<sup>47</sup> [January 13 Transcript, p. 24 \(J. Hernandez\).](#)

<sup>48</sup> [CPA Canada Background Report, para. 54 \(Exhibit 406\).](#)

<sup>49</sup> A summary of these submissions can be found in the [CPA Canada Background Report \(Exhibit 406\)](#).

<sup>50</sup> [CPA Canada Background Report, para. 55 \(Exhibit 406\).](#)

*Views from the Accountancy Profession*, which set out international research on potential policy options to enhance beneficial ownership transparency.<sup>51</sup>

30. In December 2020, CPA Canada and the IESBA National Standards Setters released an international alert to professional accountants on COVID-19 and its impact on money laundering.<sup>52</sup> CPA Canada representatives also participated in the FATF Private Sector Consultative Forum in 2019 and 2020 as part of the Canadian delegation.<sup>53</sup>

### **E. How the *PCMLTFA* applies to CPAs and Accounting Firms**

31. The federal AML regime, as it relates to CPAs, is primarily implemented through the *PCMLTFA*<sup>54</sup> and the *PCMLTFA Regulations*.<sup>55</sup> The scope of obligations is limited to professional accountants and firms that provide accounting services to the public.<sup>56</sup> Application is further narrowed by the concept of “triggering activities”, which means that AML obligations are only triggered where CPAs are interacting with the financial system on behalf of a person or entity.<sup>57</sup>

#### **1. Who has obligations under the *PCMLTFA***

32. With respect to the accounting sector, the *PCMLTFA* and *PCMLTFA Regulations* impose AML obligations on “accountants” and “accounting firms”.

33. “Accountant” was defined under the *PCMLTFA Regulations* to mean “a chartered accountant, a certified general accountant or a certified management accountant”.<sup>58</sup> This was functionally equivalent to CPAs, since those professional designations have since

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<sup>51</sup> [CPA Canada Background Report, para. 53 \(Exhibit 406\); January 13 Transcript, p. 22 \(M. Wood-Tweel\).](#)

<sup>52</sup> [CPA Canada Background Report, para. 56 \(Exhibit 406\); January 13 Transcript, p. 15 \(M. Wood-Tweel\).](#)

<sup>53</sup> [CPA Canada Background Report, para. 57 \(Exhibit 406\).](#)

<sup>54</sup> [S.C. 2000, c. 17.](#)

<sup>55</sup> [SOR/2002-184.](#)

<sup>56</sup> [Overview Report on the Accounting Sector, para. 79 \(Exhibit 391\).](#)

<sup>57</sup> [Overview Report on the Accounting Sector, para. 83 \(Exhibit 391\).](#)

<sup>58</sup> [PCMLTFA Regulations, s. 1\(2\) “accountant”; Overview Report on the Accounting Sector, para. 79 \(Exhibit 391\).](#)

been unified in the CPA profession.<sup>59</sup> As of June 1, 2021, the definition now expressly clarifies that “Accountant” includes a “chartered professional accountant” or CPA.<sup>60</sup>

34. “Accounting firm” is defined to mean “an entity that is engaged in the business of providing accounting services to the public and has at least one partner, employee or administrator that is an accountant”.<sup>61</sup> Neither the *PCMLTFA* nor FINTRAC specifies what constitutes “providing accounting services to the public”.<sup>62</sup>

35. CPAs are exempted from *PCMLTFA* obligations when they engage in activities “on behalf of their employer”.<sup>63</sup>

## 2. Triggering activities and exceptions

36. **In its outline of issues before the Commission, Commission counsel has raised the nature and extent of money laundering risks to which the accounting profession is exposed (Q. 25).** The answer is that these risks arise when an accountant is acting as an intermediary in the financial system, which are reflected in the “triggering activities” for CPAs and Accounting Firms.<sup>64</sup> Section 34(1) of the *PCMLTFA Regulations* provides that CPAs and Accounting Firms are subject to obligations under Part 1 of the *PCMLTFA* when they “engage in” or “give instructions” on behalf of a person or entity with respect to receiving or paying funds, purchasing or selling securities, real properties or business assets or entities, or transferring funds or securities by any means.<sup>65</sup>

37. FINTRAC has published guidance clarifying that to “give instructions” means the CPA or Accounting Firm actually directs the movement of funds that would constitute a

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<sup>59</sup> [Overview Report on the Accounting Sector, para. 79 \(Exhibit 391\); January 13 Transcript, p. 25 \(M. Wood-Tweel\).](#)

<sup>60</sup> [PCMLTFA Regulations, s. 1\(2\) “accountant”.](#)

<sup>61</sup> [PCMLTFA Regulations, s. 1\(2\) “accounting firm”; Overview Report on the Accounting Sector, para. 79 \(Exhibit 391\).](#)

<sup>62</sup> [Overview Report on the Accounting Sector, para. 80 \(Exhibit 391\).](#)

<sup>63</sup> [PCMLTFA Regulations, s. 34\(2\); Overview Report on the Accounting Sector, para. 86\(a\) \(Exhibit 391\).](#)

<sup>64</sup> [January 13 Transcript, p. 26, 49, 53 \(M. Wood-Tweel\).](#)

<sup>65</sup> [PCMLTFA Regulations, s. 34\(1\); Overview Report on the Accounting Sector, para. 83 \(Exhibit 391\).](#)

triggering activity.<sup>66</sup> Simply providing advice, meaning making recommendations or suggestions to clients, is not considered to be giving instructions under the *PCMLTFA*.<sup>67</sup>

38. These triggering activities reflect how the *PCMLTFA* has been intentionally sculpted to target the risk posed by the direct involvement of a CPA or Accounting Firm in a transaction that actually interfaces with the financial system.<sup>68</sup> When directing the transaction or providing instructions, the CPA or Accounting Firm is directly interacting with the financial system and so is scoped into the regime, unlike when they are merely providing advice and have no involvement in the transaction itself.<sup>69</sup>

39. The triggering activities concept is itself derived from the FATF Recommendations.<sup>70</sup> Recommendation 22 sets out that AML obligations should apply to accountants “when they prepare for or carry out transactions for their client” concerning the buying and selling of real estate; managing of client money, securities or other assets; management of bank, savings or security accounts; organization of contributions for the creation, operation or management of companies; and the creation, operation or management of legal persons or arrangements, and buying and selling of business entities.<sup>71</sup>

40. The *PCMLTFA* triggering activities do not map precisely onto those in the FATF Recommendations.<sup>72</sup> There are two key circumstances where CPAs and Accounting Firms are excepted from AML obligations under the *PCMLTFA*: (1) when performing triggering activities in respect of an audit, review or compilation engagement,<sup>73</sup> and (2) when providing insolvency services as a court-appointed receiver, trustee in bankruptcy or court-appointed monitor in a *Companies’ Creditors Arrangement Act* proceeding.<sup>74</sup>

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<sup>66</sup> [Overview Report on the Accounting Sector, para. 84 \(Exhibit 391\); FINTRAC, “Accountants” \(online\).](#)

<sup>67</sup> [Overview Report on the Accounting Sector, para. 84 \(Exhibit 391\); FINTRAC, “Accountants” \(online\).](#)

<sup>68</sup> [January 13 Transcript, p. 26, 49, 53 \(M. Wood-Tweel\).](#)

<sup>69</sup> [January 13 Transcript, pp. 26-27 \(M. Wood-Tweel\).](#)

<sup>70</sup> [January 11 Transcript, p. 70 \(M. McGuire\).](#)

<sup>71</sup> [FATF, \*International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation\*, 2019, p. 18, Appendix “E” to Overview Report: Financial Action Task Force \(Exhibit 4\).](#)

<sup>72</sup> [January 11 Transcript, p. 71 \(M. McGuire\).](#)

<sup>73</sup> [PCMLTFA Regulations, ss. 34\(3\); Overview Report on the Accounting Sector, para. 86\(b\) \(Exhibit 391\).](#)

<sup>74</sup> [PCMLTFA Regulations, s. 47\(3\); FINTRAC, Interpretation Notice no. 7 \(online\); Overview Report on the Accounting Sector, para. 86\(c\) \(Exhibit 391\).](#)

However, this does not mean that these activities are free from oversight or that the risks are not adequately addressed in the Canadian regulatory context.

41. The exclusion for audit, review and compilation engagements aligns with the legislation's goal of targeting conduct that involves financial intermediation.<sup>75</sup> These activities do not involve an interaction with the financial system — in other words, triggering activities do not arise in the context of audit, review and compilation work — and they were accordingly excluded from the *PCMLTFA*.<sup>76</sup> In addition, audit activities are already highly regulated, as they are subject to the requirements of the profession and, depending on the circumstances, the Canadian Public Accountability Board and Public Company Accounting Oversight Board.<sup>77</sup>

42. For example, the Canadian Auditing Standards (“**CAS**”) set out an auditor's responsibilities where, in the context of an audit, a CPA comes across information suggesting non-compliance with laws and regulations, including money laundering.<sup>78</sup> In these circumstances, an auditor should escalate the issue with management or those charged with governance.<sup>79</sup> If the auditor is unable to resolve the matter, they are encouraged to seek legal advice and may need to resign.<sup>80</sup> CPAs have professional and legal obligations which may constrain their ability to report outside of the organization.<sup>81</sup> In British Columbia, the circumstances in which a CPA's professional obligations permit reporting outside of the client relationship is a matter of professional regulation and is addressed by CPABC in its submissions.

43. As set out in further detail below, to maintain the stringency of the CPA codes compared to the IESBA Code, the CPA profession is considering the adoption of the international standard *Responding to Non-Compliance with Laws and Regulations*

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<sup>75</sup> [January 13 Transcript, p. 131 \(M. Wood-Tweel\)](#).

<sup>76</sup> [January 13 Transcript, p. 131 \(M. Wood-Tweel\)](#).

<sup>77</sup> [January 13 Transcript, pp. 131-32 \(M. Wood-Tweel\)](#).

<sup>78</sup> [January 13 Transcript, p. 13 \(M. Wood-Tweel\)](#).

<sup>79</sup> [January 13 Transcript, pp. 135-36 \(M. Wood-Tweel\)](#); [January 12 Transcript, p. 33 \(L. Liu\)](#).

<sup>80</sup> [January 13 Transcript, p. 136 \(M. Wood-Tweel\)](#); [January 12 Transcript, pp. 34-35 \(L. Liu\)](#).

<sup>81</sup> [January 13 Transcript, pp. 29-30, 136-7 \(M. Wood-Tweel\)](#); [January 12 Transcript, pp. 19-20 \(E. Tanaka\)](#).



(NOCLAR) in Canada, which would provide a framework for responding to known or suspected non-compliance issues.<sup>82</sup>

44. Notably, auditing is not a triggering activity under the FATF Recommendations, which strongly encourage, but do not require, that reporting requirements be extended to all of the professional activities of accountants including auditing.<sup>83</sup> Auditing was not noted as an area of deficiency in the FATF 2016 Mutual Evaluation Report of Canada.<sup>84</sup>

45. With respect to insolvency services, this is an area of accounting practice where triggering activities may arise.<sup>85</sup> However, the specific activities excluded from the *PCMLTFA* are all subject to judicial supervision.<sup>86</sup> FINTRAC does not consider these services to be provided “to the public”, presumably because they are provided pursuant to legislation in the context of a court-supervised process.<sup>87</sup> This exclusion in FINTRAC’s guidance was made explicit in regulatory amendments as of June 1, 2021.<sup>88</sup> Any risk of money laundering in these specific aspects of insolvency practice is addressed through other oversight mechanisms which need not be duplicated under the *PCMLTFA*.

46. The *PCMLTFA*’s triggering activities with respect to the accounting sector are therefore not identical to those set out in the FATF Recommendations. In Mr. McGuire’s testimony and report, he suggested that Canada may not be meeting FATF’s recommendations by excluding these audit and insolvency services from oversight under the *PCMLTFA*.<sup>89</sup> However, those recommendations are intended to be considered and adapted in the unique regulatory context of each member country.<sup>90</sup> In Canada, this has

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<sup>82</sup> [January 13 Transcript, pp. 137-39 \(M. Wood-Tweel\)](#).

<sup>83</sup> [FATF, \*International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation\*, 2019, pp. 18-19, Appendix “E” to Overview Report: Financial Action Task Force \(Exhibit 4\)](#).

<sup>84</sup> [FATF, \*Anti-Money Laundering and Counter-Terrorist Financing Measures – Canada, Fourth Round Mutual Evaluation Report\*, 2016, Appendix “N” to Overview Report: Financial Action Task Force \(Exhibit 4\); January 11 Transcript, p. 156 \(M. McGuire\)](#).

<sup>85</sup> [January 13 Transcript, p. 37, 75 \(M. Wood-Tweel\)](#).

<sup>86</sup> [January 11 Transcript, pp. 64-65 \(M. McGuire\)](#).

<sup>87</sup> [FINTRAC, Interpretation Notice no. 7 \(online\)](#).

<sup>88</sup> [PCMLTFA Regulations, s. 47\(3\); January 11 Transcript, pp. 154-55 \(M. McGuire\)](#).

<sup>89</sup> [January 11 Transcript, p. 62 \(M. McGuire\); Matthew McGuire and Monika Cywinska, \*Report on Accountants, Money Laundering, and Anti-Money Laundering \(“McGuire Report”\)\*, para. 48 \(Exhibit 394\)](#).

<sup>90</sup> [January 13 Transcript, pp. 132-33 \(M. Wood-Tweel\)](#).

been done to ensure that CPA activities which may pose money laundering risk are subject to adequate oversight, even if it is not under the federal *PCMLTFA*.

### **3. Specific AML obligations**

47. When engaged in triggering activities, CPAs and Accounting Firms have three main obligations under the *PCMLTFA*: (1) client identification, verification and record-keeping for specific activities and transactions; (2) reporting large cash transactions and suspicious transactions to FINTRAC; and (3) maintaining a compliance program.

#### ***i. Client identification, verification and record-keeping***

48. A CPA or Accounting Firm has client identification and record-keeping obligations where they receive funds of \$3,000 or more in a single transaction in connection with a triggering activity, unless the funds are received from a financial entity or a public body.<sup>91</sup> The obligations include ascertaining the identity of the person conducting the transaction and confirming the name and existence of every person, corporation or other entity on whose behalf the transaction is conducted.<sup>92</sup> As of June 1, 2021, CPAs and Accounting Firms are required to verify beneficial ownership of entities involved in the transaction.<sup>93</sup>

49. Since 2014, CPAs and Accounting Firms have had added obligations where there is a “business relationship”, meaning a relationship with a client to conduct financial transactions or provide related services, which includes all transactions for a client who holds accounts with the CPA or Accounting Firm, or else only transactions and activities in respect of which the CPA or Accounting Firm is otherwise required to ascertain the identity of the person or entity.<sup>94</sup> The existence of a business relationship gives rise to obligations to keep various records, conduct ongoing monitoring, and implement enhanced measures where risk is identified.<sup>95</sup>

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<sup>91</sup> [PCMLTFA Regulations, s. 36\(1\), 59.1](#); [Overview Report on the Accounting Sector, para. 88 \(Exhibit 391\)](#).

<sup>92</sup> [PCMLTFA Regulations, s. 59.1](#); [Overview Report on the Accounting Sector, para. 88 \(Exhibit 391\)](#).

<sup>93</sup> [PCMLTFA Regulations, s. 138\(1\)](#); [January 13 Transcript, pp. 92-93 \(M. Wood-Tweel\)](#).

<sup>94</sup> [PCMLTFA Regulations, s. 1\(1\) “business relationship”](#); [Overview Report on the Accounting Sector, para. 92 \(Exhibit 391\)](#).

<sup>95</sup> [PCMLTFA Regulations, ss. 52.1, 59.11\(a\)-\(b\), 59.12](#); [Overview Report on the Accounting Sector, para. 92 \(Exhibit 391\)](#).

50. The identification and verification requirements in the *PCMLTFA* are in addition to general know-your-client obligations that CPAs have as a result of provincial regulation.<sup>96</sup>

***ii. Reporting to FINTRAC***

51. CPAs and Accounting Firms also have two types of reporting obligations to FINTRAC. The first type is a large cash transaction report, which must be filed where a CPA or Accounting Firm receives \$10,000 or more in cash, either in a single transaction or within a 24-hour period, in respect of a triggering activity, unless it is from a financial entity or public body.<sup>97</sup> The CPA or Accounting Firm must also ascertain the identity of the person conducting the transaction.<sup>98</sup>

52. The second type of reporting is a suspicious transaction report (“**STR**”) that must be filed for every financial transaction that is attempted in the course of a triggering activity where there are reasonable grounds to suspect that the transaction is related to the commission or attempted commission of a money laundering offence.<sup>99</sup> The CPA or Accounting Firm must also take reasonable measures to ascertain the identity of the person conducting the transaction.<sup>100</sup>

53. **Commission counsel has raised an issue about the number of STRs filed by the accounting sector, and the reasons for and significance of those numbers (Q. 27).** Historically, there have been few STRs reported by CPAs and Accounting Firms in Canada, with no more than three being filed in any given year between 2014 and 2018.<sup>101</sup> Low STR reporting was identified as a concern in FATF’s 2016 Mutual Evaluation Report.<sup>102</sup> Mr. McGuire also identified this as an issue in his report and testimony.<sup>103</sup>

<sup>96</sup> [January 13 Transcript, pp. 34-35 \(M. Wood-Tweel\).](#)

<sup>97</sup> [PCMLTFA Regulations, s. 5\(2\), 35; Overview Report on the Accounting Sector, para. 90 \(Exhibit 391\).](#)

<sup>98</sup> [PCMLTFA Regulations, s. 53; Overview Report on the Accounting Sector, para. 90 \(Exhibit 391\).](#)

<sup>99</sup> [PCMLTFA, s. 7; PCMLTFA Regulations, s. 34; Overview Report on the Accounting Sector, para. 89 \(Exhibit 391\).](#)

<sup>100</sup> [PCMLTFA Regulations, s. 53.1\(1\); Overview Report on the Accounting Sector, para. 89 \(Exhibit 391\).](#)

<sup>101</sup> [Overview Report on the Accounting Sector, para. 91 \(Exhibit 391\).](#)

<sup>102</sup> [January 13 Transcript, pp. 70-72, 78 \(M. Wood-Tweel\); FATF, \*Anti-Money Laundering and Counter-Terrorist Financing Measures – Canada, Fourth Round Mutual Evaluation Report, 2016, para. 30, Appendix “N” to Overview Report: Financial Action Task Force \(Exhibit 4\).\*](#)

<sup>103</sup> [January 11 Transcript, pp. 87-89 \(M. McGuire\); McGuire Report, para. 75 \(Exhibit 394\).](#)

54. However, the fact that low numbers of STRs are filed in the accounting sector does not necessarily point to a compliance issue, since few CPAs engage in the type of activity that would trigger a reporting obligation. Of the approximately 220,000 CPAs in Canada, only around 20% are in public practice.<sup>104</sup> Of those, only a fraction are likely to be involved in triggering activities.<sup>105</sup> Although CPA Canada does not gather statistics on the percentage of CPAs who are engaged in triggering activities, in CPA Canada's Vice President, Regulatory Affairs' own personal experience, the majority of the work the CPA profession does in the public practice realm does not relate to the purchase or sale of specific assets, and triggering activities are not considered a core part of CPA public practice work in Canada.<sup>106</sup>

55. The scope of practice for CPAs in Canada differs from the scope of accounting practice in other jurisdictions, for example the United Kingdom, where it may be possible for an accountant to be involved in the creation of companies, trusts and partnerships.<sup>107</sup> Those services are not provided by CPAs in Canada, where they are generally considered the practice of law.<sup>108</sup> This is particularly important given that company formation is one of the most significant areas of risk identified in the United Kingdom.<sup>109</sup> Due to the narrower scope of practice in Canada, it is entirely possible that a CPA would not encounter any reportable transactions over the course of their career.<sup>110</sup> One of the reasons that few STRs are filed by the accounting sector may be that CPAs' services are not being used to carry out money laundering transactions.

56. There are other key differences between Canada and the United Kingdom, where the accounting sector files thousands of suspicious activity reports per year.<sup>111</sup> One is that there is a significant distinction between a suspicious transaction report, or STR, filed under the Canadian regime, and a suspicious activity report, or SAR, filed under the

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<sup>104</sup> [January 13 Transcript, p. 25, 67 \(M. Wood-Tweel\); January 12 Transcript, pp. 6-7 \(L. Liu\).](#)

<sup>105</sup> [January 13 Transcript, p. 67 \(M. Wood-Tweel\); January 12 Transcript, pp. 15-16, 44-45 \(E. Tanaka\).](#)

<sup>106</sup> [January 13 Transcript, p. 36-37, 53, 75 \(M. Wood-Tweel\); January 12 Transcript, pp. 15-16 \(E. Tanaka\).](#)

<sup>107</sup> [January 13 Transcript, pp. 75-76, 144-45 \(M. Wood-Tweel\).](#)

<sup>108</sup> [January 13 Transcript, p. 145 \(M. Wood-Tweel\); January 12 Transcript, p. 16 \(E. Tanaka\) p. 115 \(L. Liu\).](#)

<sup>109</sup> [January 13 Transcript, p. 144 \(M. Wood-Tweel\).](#)

<sup>110</sup> [January 13 Transcript, p. 77 \(M. Wood-Tweel\).](#)

<sup>111</sup> [Michael Levi, \*The Legal and Institutional Infrastructure of Anti-Money Laundering in the UK: A Report for the Cullen Commission\*, p. 53 \(Exhibit 245\); January 11 Transcript, p. 54, 91 \(M. McGuire\).](#)

United Kingdom's regime.<sup>112</sup> An SAR does not require a transaction, and may be filed based on reasonable suspicion that arises simply from observed circumstances, for example where a client has assets that are not explained by their income.<sup>113</sup> On the other hand, a Canadian STR requires an actual transaction that there are reasonable grounds to suspect is made in connection with the commission or attempted commission of a money laundering offence.<sup>114</sup> As set out above, Canada's regime is sculpted to focus on direct intermediation in the financial system.<sup>115</sup>

57. A second key difference is that the United Kingdom subjects unregulated accountants to reporting obligations under the regime, while in Canada the *PCMLTFA* only applies to CPAs.<sup>116</sup> Combined with the lower threshold for reporting, this contributes to a "broader funnel" of information flowing to the United Kingdom's financial intelligence unit. However, a broader funnel does not necessarily translate to better information or improved outcomes, contrary to Mr. McGuire's suggestion.<sup>117</sup> Rather, the huge volume of reports puts strain on the United Kingdom's financial intelligence unit to review and assess the information, and there have been ongoing efforts to review and revise the SAR system for effectiveness and efficiency.<sup>118</sup> Professor Levi commented in his report and testimony that the metrics of success for the United Kingdom's SAR regime remains underexplored.<sup>119</sup> What is clear is that high volume does not equal effectiveness.

58. Ultimately, Canada has opted for a more targeted regime that elicits more specific information about transactions. There is limited utility in comparing Canadian numbers of STRs in the accounting sector to SARs filed in the United Kingdom, since the regimes are fundamentally designed to produce different information.<sup>120</sup>

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<sup>112</sup> [January 13 Transcript, p. 141 \(M. Wood-Tweel\).](#)

<sup>113</sup> [January 13 Transcript, pp. 141-42 \(M. Wood-Tweel\).](#)

<sup>114</sup> [PCMLTFA, s. 7; PCMLTFA Regulations, s. 34.](#)

<sup>115</sup> See [January 11 Transcript, pp. 93-94 \(M. McGuire\).](#)

<sup>116</sup> [January 13 Transcript, p. 128 \(M. Wood-Tweel\).](#)

<sup>117</sup> [January 11 Transcript, p. 54 \(M. McGuire\).](#)

<sup>118</sup> [January 13 Transcript, p. 142 \(M. Wood-Tweel\).](#)

<sup>119</sup> [Michael Levi, \*The Legal and Institutional Infrastructure of Anti-Money Laundering in the UK: A Report for the Cullen Commission\*, p. 118 \(Exhibit 245\); \*Proceedings at Hearing of November 20, 2021\*, pp. 55-58 \(M. Levi\).](#)

<sup>120</sup> [January 13 Transcript, p. 143 \(M. Wood-Tweel\).](#)

**iii. Compliance programs**

59. Finally, under the *PCMLTFA*, CPAs and Accounting Firms must implement a compliance program comprised of five components: (1) a designated compliance officer responsible for overseeing the program; (2) organization-specific policies and procedures to assess and document the risk of a money laundering or terrorist financing offence; (3) written and up to date policies and procedures approved by a senior officer; (4) a written ongoing compliance training program for employees and agents; and (5) an effectiveness review of the compliance program carried out every two years.<sup>121</sup>

60. With respect to compliance programs, as Mr. McGuire notes, this was the primary area of deficiency noted by FINTRAC in its 2015 presentation to the CPA Canada AML/ATF Committee.<sup>122</sup> In response, CPA Canada issued the July 2015 Alert, which specifically encouraged members to focus on and improve performance in mandatory two-year effectiveness reviews, and risk assessment and effective risk mitigation plans.<sup>123</sup>

**F. CPA Canada's further plans to address anti-money laundering in the profession**

**1. Enhancing awareness in the CPA profession**

61. It has been suggested, and in CPA Canada's submission wrongly so, that CPAs are not sufficiently aware of their AML obligations.<sup>124</sup> To the extent that this is the case, CPA Canada has a role in increasing awareness among its membership by providing education and guidance.<sup>125</sup> CPA Canada is committed to continuing its considerable efforts in this regard, including by updating relevant materials with AML content.

62. As set out above, CPA Canada maintains a Guide that assists CPAs with understanding and complying with their AML obligations. CPA Canada is in the process

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<sup>121</sup> [PCMLTFA Regulations, s. 71\(1\)\(a\)-\(e\)](#); [Overview Report on the Accounting Sector, para. 94 \(Exhibit 391\)](#).

<sup>122</sup> [McGuire Report, para. 58 \(Exhibit 394\)](#); [FINTRAC, Anti-Money Laundering and Anti-Terrorism Financing in Canada, presentation to Chartered Professional Accountants of Canada, March 4, 2015 \(Exhibit 408\)](#).

<sup>123</sup> [CPA Canada Background Report, para. 8 \(Exhibit 406\)](#); [January 13 Transcript, pp. 59-60 \(M. Wood-Tweel\)](#).

<sup>124</sup> [January 13 Transcript, pp. 70-71 \(M. Wood-Tweel\)](#).

<sup>125</sup> [January 13 Transcript, p. 110 \(M. Wood-Tweel\)](#).

of updating the Guide to address significant amendments made to the *PCMLTFA Regulations* and recent FINTRAC guidance for release to its members in the fall of 2021.<sup>126</sup> This project has been under way for a long time, in anticipation of regulatory amendments to strengthen the regime that the federal government began working on after the Guide was last updated in 2014.<sup>127</sup> While these changes were underway and the regulations remained in flux, CPA Canada was determining the right time to release an updated Guide anticipating revised or new guidance to be issued by FINTRAC.<sup>128</sup>

63. During this time, CPA Canada continued to keep its membership updated on key developments through publications and presentations, as detailed above. In addition, CPA Canada has been active in providing the federal government with feedback on the regulatory amendments as part of ACMLTF and through formal consultation submissions.<sup>129</sup> CPA Canada's feedback has been focused on promoting clarity and effectiveness, avoiding undue complexity, and ensuring effective implementation through appropriate timelines as well as guidance and outreach from FINTRAC.<sup>130</sup> Amendments were introduced in 2019 with further amendments being made in 2020.<sup>131</sup> Soon after, CPA Canada began a formal process to update the Guide, engaging Marc Tassé, a CPA Canada member and part-time professor with a background in money laundering, corruption and financial crime, to update the document.<sup>132</sup>

64. In addition to updating the Guide, CPA Canada will be reviewing and considering how to expand other relevant CPA Canada products and publications to include additional information on AML obligations and beneficial ownership requirements, including those developed for public practice practitioners.<sup>133</sup> It will also continue to publish regularly on

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<sup>126</sup> [January 13 Transcript, pp. 54-55 \(M. Wood-Tweel\)](#). Since the hearing on January 13, 2021, it has been determined that the revised Guide will be issued in the fall, not spring, due in part to guidance from FINTRAC introduced in May 2021 that will need to be incorporated into the Guide.

<sup>127</sup> [January 13 Transcript, pp. 107-8 \(M. Wood-Tweel\)](#).

<sup>128</sup> [January 13 Transcript, p. 107 \(M. Wood-Tweel\)](#).

<sup>129</sup> [January 13 Transcript, pp. 107-8 \(M. Wood-Tweel\)](#).

<sup>130</sup> [January 13 Transcript, p. 55 \(J. Hernandez\)](#); see for e.g. [CPA Canada letter to the Department of Finance re Regulations Amending the Regulations Amending Certain Regulations Under the Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act \(March 16, 2020\), Appendix "DD" to CPA Canada Background Report \(Exhibit 406\)](#).

<sup>131</sup> [January 13 Transcript, pp. 108-9 \(M. Wood-Tweel\)](#).

<sup>132</sup> [January 13 Transcript, p. 109 \(M. Wood-Tweel\)](#).

<sup>133</sup> [January 13 Transcript, p. 80 \(M. Wood-Tweel\)](#).

AML issues relevant to the profession, and to work with international organizations and provincial bodies, including CPABC, to develop and disseminate AML information.

## **2. Continued engagement with the federal government**

65. CPA Canada also intends to continue its AML work with the federal government. Its representatives remain active and involved on ACMLTF and its subcommittees, meeting regularly to provide input and feedback on government proposals.

## **3. Supporting the consideration of NOCLAR**

66. Finally, the PTC, which as set out above supports a harmonized code of conduct for the CPA profession and makes efforts to ensure that the codes adopted in Canadian jurisdictions are at least as stringent as the international standards for ethics developed by the IESBA, has been considering whether and how to adopt in a Canadian context the international NOCLAR standard, which as set out above stands for *Responding to Non-Compliance with Laws and Regulations*.<sup>134</sup> NOCLAR is a framework for professional accountants to respond to suspected or known non-compliance with laws and regulations.<sup>135</sup>

67. The current lack of a national whistleblowing framework in Canada is a significant issue in considering NOCLAR, as those who do escalate non-compliance issues have no guarantee against facing retributive consequences.<sup>136</sup> One of these consequences is civil liability, which is a matter of both provincial and federal jurisdiction. CPA Canada makes submissions below on the need to adopt a national whistleblowing framework in Canada in order to strengthen Canada's AML regime.

## **G. CPA Canada's submissions and recommendations to the Commission**

68. Below are CPA Canada's submissions on the recommendations that the Commission should consider with respect to the accounting sector.

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<sup>134</sup> [January 13 Transcript, pp. 137-39 \(M. Wood-Tweel\)](#).

<sup>135</sup> [January 13 Transcript, pp. 137-38 \(M. Wood-Tweel\)](#).

<sup>136</sup> [January 13 Transcript, pp. 138-39 \(M. Wood-Tweel\)](#).



1. **The regime should be expanded to include unregulated accountants**

69. **With respect to what measures should be taken to monitor and address the risks of money laundering by unregulated accountants in British Columbia (Commission counsel Q. 30), CPA Canada supports Mr. McGuire’s proposal to include unregulated accountants in the AML regime.**<sup>137</sup> As set out above, “accountant” is not a protected term in Canada, and it is estimated that two thirds of those in British Columbia who provide accounting services are not CPAs subject to regulation by CPABC under the *Chartered Professional Accountants Act* or by FINTRAC under the *PCMLTFA*. That means that there are unregulated accountants who may be interacting with the financial system without any supervision or oversight.<sup>138</sup> Inclusion of these unregulated accountants would be an enhancement to the AML regime in Canada.

70. However, the evidence does not suggest that significant expansion of the obligations on CPAs and Accounting Firms under the *PCMLTFA* is required. CPA Canada’s view is that the careful carve-outs for audit, review and compilation engagements and court-supervised insolvency and receivership practice should be maintained in the regime.

71. **Regarding what evidence there is that accountants have been involved in or facilitated money laundering in British Columbia (Commission counsel Q. 26), the answer is that there is little or no evidence of direct CPA involvement in money laundering.** There is a dominant assumption, which was adopted by Mr. McGuire in his report and testimony, that the increasing complexity of money laundering must necessarily mean that bad actors are enlisting the help of accountants.<sup>139</sup> But that is merely an unproven assumption. Widespread involvement of CPAs in money laundering activity is simply not borne out by the evidence before the Commission, and any involvement in money laundering appears to primarily relate to unregulated accountants.

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<sup>137</sup> [January 13 Transcript, pp. 127-28 \(M. Wood-Tweel\)](#).

<sup>138</sup> [January 13 Transcript, p. 128 \(M. Wood-Tweel\)](#).

<sup>139</sup> [January 11 Transcript, pp. 26, 41-42, 45-46, 52, 89, 113-14 \(M. McGuire\); McGuire Report, s. 61, paras. 14-15 \(Exhibit 394\)](#).

72. First, as Mr. McGuire conceded during his testimony, the studies he relied on with respect to accountant involvement in money laundering do not distinguish between CPAs and unregulated accountants.<sup>140</sup> Mr. McGuire agreed that none of the international or Canadian studies he referred to in his report suggested that Canadian CPAs were involved in money laundering activities.<sup>141</sup> He also acknowledged that some of the accounting skills and knowledge that he presumes are needed for complex money laundering schemes could be exercised by unregulated accountants.<sup>142</sup>

73. Second, the actual evidence of accountant involvement in money laundering in Canada is limited. Mr. McGuire cited ten Canadian criminal cases in his report as “anecdotal instances” of accountant involvement in money laundering.<sup>143</sup> However, the only case Mr. McGuire identified that was confirmed to directly involve a CPA in money laundering since 2000 was *Neilson*,<sup>144</sup> and Mr. Neilson’s registration as a CPA through the Chartered Professional Accountants of Alberta was cancelled in 2016.<sup>145</sup> As Mr. McGuire agreed on cross-examination, this scant evidence does not point to a systemic problem of money laundering among CPAs.<sup>146</sup> Ultimately, he agreed that his hypothesis that the role of accountants in money laundering internationally has been escalating has not been proven in Canada.<sup>147</sup>

74. Beyond the limited evidence of CPA involvement in money laundering in Canada and internationally, there is also a general lack of evidence supporting the “professional enabler” concept which suggests that professionals, including accountants, wittingly or unwittingly use their professional skills to assist with money laundering.<sup>148</sup>

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<sup>140</sup> [January 11 Transcript, pp. 32, 110-11 \(M. McGuire\)](#).

<sup>141</sup> [January 11 Transcript, pp. 114-15, 118-19 \(M. McGuire\)](#).

<sup>142</sup> [January 11 Transcript, pp. 32, 38, 111-12 \(M. McGuire\)](#).

<sup>143</sup> [McGuire Report, para. 30 \(Exhibit 394\); January 11 Transcript, p. 124 \(M. McGuire\)](#).

<sup>144</sup> [R. v. Neilson, 2020 ABQB 556; McGuire Report, p. 30\(b\) \(Exhibit 394\); January 11 Transcript, p. 48, 124, 127-28 \(M. McGuire\)](#).

<sup>145</sup> [January 13 Transcript, p. 126 \(M. Wood-Tweel\)](#).

<sup>146</sup> [January 11 Transcript, p. 129 \(M. McGuire\)](#).

<sup>147</sup> [January 11 Transcript, p. 139 \(M. McGuire\)](#).

<sup>148</sup> [Katie Benson, \*Lawyers and the Proceeds of Crime – The Facilitation of Money Laundering and Its Control\*, pp. 32, 135 \(Exhibit 220\); Katie Benson, \*The Facilitation of Money Laundering By Legal and Financial Professionals: Roles, Relationships and Response \(A Thesis\)\*, pp. 89-90 \(Exhibit 218\); Katie Benson, \*Money Laundering, Anti-Money Laundering and the Legal Profession\*, pp. 113-15 \(Exhibit 219\); \[Proceedings at Hearing of November 17, 2020 \\(Session 1\\), pp. 172-77 \\(K. Benson\\)\]\(#\).](#)

75. The limited involvement of CPAs in money laundering is also supported by the federal government's 2015 National Inherent Risk Assessment, where it rated the inherent money laundering risk in the accounting sector as "medium".<sup>149</sup> Of the 21 distinct sectors in the report, the only sector with a lower risk rating was the life insurance industry.<sup>150</sup> The low risk that CPAs pose is also demonstrated by the few compliance examinations that FINTRAC chooses to conduct in the accounting sector each year. For example, in 2019-2020, FINTRAC conducted only one compliance examination in the accounting sector.<sup>151</sup> The number of compliance examinations in the accounting sector in the past 5 years is consistently in the single digits.<sup>152</sup> FINTRAC states that its compliance examination framework is risk-based, focusing examination resources on the areas of higher risk.<sup>153</sup> Based on these statistics, the accounting sector is consistently considered by FINTRAC to be one of the lowest risk areas in the regime.

76. Furthermore, the evidence from CPABC is that the risk of CPAs becoming involved in money laundering in British Columbia is very low.<sup>154</sup> CPABC is not aware of any cases where its members or their firms were involved in or connected to money laundering activities, or any evidence that there is an issue with CPAs being involved in money laundering in British Columbia or Canada.<sup>155</sup> It has never received a complaint about one of its members being engaged in money laundering activities, or a referral from FINTRAC raising concerns about one of its members.<sup>156</sup> As set out above, CPAs are unlikely to engage in triggering activities that the federal government has identified as posing money laundering risk. In addition, the evidence is that very few CPAs use trust accounts.<sup>157</sup>

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<sup>149</sup> [Department of Finance Canada, "Assessment of Inherent Risks of Money Laundering and Terrorist Financing in Canada, 2015, p. 32 \(Exhibit 396\); January 11 Transcript, p. 120 \(M. McGuire\).](#)

<sup>150</sup> [January 11 Transcript, pp. 120-21 \(M. McGuire\).](#)

<sup>151</sup> [FINTRAC Report to the Minister of Finance on Compliance and Related Activities, September 30, 2020, p. 16, Appendix "17" to Overview Report: Miscellaneous Documents \(Exhibit 1021\).](#)

<sup>152</sup> [Compiled Money Laundering-Related Statistics for Cullen Commission from FINTRAC, p. 1, Appendix "11" to Overview Report: Miscellaneous Documents, \(Exhibit 1021\); FINTRAC Report to the Minister of Finance on Compliance and Related Activities, September 30, 2017, p. 21 \(Exhibit 630\); FINTRAC Report to the Minister of Finance on Compliance and Related Activities, September 30, 2019, p. 17 \(Exhibit 629\).](#)

<sup>153</sup> [FINTRAC Report to the Minister of Finance on Compliance and Related Activities, September 30, 2019, p. 16 \(Exhibit 629\).](#)

<sup>154</sup> [January 12 Transcript, p. 15 \(E. Tanaka\).](#)

<sup>155</sup> [January 12 Transcript, pp. 15, 63-64 \(E. Tanaka\).](#)

<sup>156</sup> [January 12 Transcript, pp. 57, 63-64 \(E. Tanaka\).](#)

<sup>157</sup> [January 12 Transcript, pp. 40 \(L. Liu\) and pp. 62-63 \(E. Tanaka\).](#)

77. This limited evidence of CPA involvement in money laundering does not warrant additional focus on CPAs under the regime. CPA Canada supports efforts to ensure that its members are informed of their obligations and in compliance with the regime. However, there is nothing to suggest that CPAs are involved in money laundering in a manner that is not addressed, either under the *PCMLTFA* or other regulatory oversight.

78. For this reason, CPA Canada does not support Mr. McGuire's proposal to subject audit, review and compilation engagement services to the *PCMLTFA*. As set out above, these activities were excluded from the regime because they do not involve an interaction with the financial system.<sup>158</sup> In addition, there is significant existing regulation on audit activities by the profession and potentially by others, including the Canadian Public Accountability Board and the requirements of independently established Canadian Auditing Standards.<sup>159</sup> Compliance with the FATF Recommendations must be interpreted within the legislative and regulatory context of each member country.<sup>160</sup> In Canada, these services are adequately regulated, and scoping into the federal regime is not needed.<sup>161</sup>

79. CPA Canada similarly does not support the proposal to subject court-supervised insolvency, receivership and monitoring services to the regime. In this context, a CPA or Accounting Firm has obligations to the court, and there is extremely low risk of these activities being carried out for illicit purposes under the oversight of a court. Receivers and trustees also have reporting obligations under the *Bankruptcy and Insolvency Act*.<sup>162</sup>

80. **Finally, in response to Commission counsel's question (Q. 29), CPA Canada's view is that additional provincial AML oversight in the accounting sector is not required.** In Canada, AML compliance is FINTRAC's jurisdiction and the standards for CPAs and accounting firms are uniform. CPA Canada agrees with the submissions of CPABC on this point as set out in its written submissions at paragraphs 93-94.

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<sup>158</sup> [January 13 Transcript, p. 131 \(M. Wood-Tweel\)](#).

<sup>159</sup> [January 13 Transcript, pp. 131-32 \(M. Wood-Tweel\)](#).

<sup>160</sup> [January 13 Transcript, p. 133 \(M. Wood-Tweel\)](#).

<sup>161</sup> [January 13 Transcript, p. 133 \(M. Wood-Tweel\)](#).

<sup>162</sup> [R.S.C. 1985, c. B-3](#).

## 2. **Broader changes are needed to significantly improve AML efforts**

81. CPAs are important to the AML regime not just because they are reporting entities under the *PCMLTFA*, but also because of their role in the security of the financial system at large that arises by the nature of accounting work.<sup>163</sup> As such, CPA Canada has a broader interest in strengthening the Canadian AML regime, even where those changes are not directly related to accountants' obligations under the *PCMLTFA*. Its related interest in anti-corruption and good business practices relates to CPA Canada acting in the public interest and contributing to economic and social development.<sup>164</sup>

82. CPA Canada proposes three key improvements toward strengthening the regime: (1) enhanced beneficial ownership transparency; (2) a national whistleblowing framework; and (3) expanded information sharing capabilities. **With respect to Commission counsel's questions (Q. 31 & 32), CPA Canada has not identified any constitutional questions or privacy issues arising out of the recommendations, except as mentioned in relation to information sharing below.**

### *i. **Enhanced beneficial ownership transparency***

83. CPA Canada has been a vocal advocate for enhanced beneficial ownership transparency in Canada, making several policy submissions to the federal government on this topic.<sup>165</sup> Beneficial ownership transparency is essential not only in combating money laundering, but also promoting good corporate practice in Canada by ensuring that all financial players are able to understand who they are doing business with.<sup>166</sup> Beneficial ownership transparency refers to making available information about who is behind a particular entity, not just as the legal owner but as the beneficiary, to mitigate money laundering risk. For legal persons like corporations, a beneficial owner is the natural person who ultimately has a controlling ownership interest in the legal person.<sup>167</sup>

<sup>163</sup> [January 13 Transcript, pp. 61-62 \(M. Wood-Tweel\)](#).

<sup>164</sup> [January 13 Transcript, p. 83 \(J. Hernandez\)](#).

<sup>165</sup> [CPA Canada Background Report, para. 11 \(Exhibit 406\)](#).

<sup>166</sup> [January 13 Transcript, pp. 19-20, 84 \(J. Hernandez\)](#).

<sup>167</sup> [FATF, \*International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation\*, 2019, Appendix "E" to Overview Report: Financial Action Task Force, p. 65 \(Exhibit 4\)](#).

84. Beneficial ownership transparency comes in two main forms: *registers*, meaning records of beneficial ownership maintained by the corporate entity itself, and *registries*, meaning a centralized database of beneficial ownership information.<sup>168</sup> CPA Canada supports the implementation of beneficial ownership registries for corporations, and welcomed the proposal in the 2021 Budget for \$2.1 million towards implementing a publicly accessible corporate beneficial ownership registry by 2025.<sup>169</sup> CPA Canada supports a tiered access model, providing the greatest amount of information to competent authorities, followed by reduced access for reporting entities, and more restricted access to the public.<sup>170</sup> Although a registry available only to authorities would be an improvement, broader access is important for improving deterrence, identification and prosecution and fostering a speak up culture in which individuals and companies can do their own due diligence about the entities they do business with.<sup>171</sup>

85. Beneficial ownership information should be available for reporting entities under the Canadian AML regime to establish and corroborate customer and client data as required by law. This is even more pressing given that regime participants, including CPAs and Accounting Firms, now have obligations under the *PCMLTFA Regulations* to verify beneficial ownership of clients in circumstances where they are required to identify and record client information.<sup>172</sup> Accuracy of information is another key consideration in developing a beneficial ownership registry.<sup>173</sup> If the information in the registry is not verified, reliable and kept up to date, it will have very little utility for those who would otherwise hope to rely on it.<sup>174</sup> Finding the proper balance between administrative cost and verification will be critical.

86. There must also be jurisdictional consistency in beneficial ownership registries. As Canada is a federation, beneficial ownership registries will necessarily be implemented

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<sup>168</sup> [CPAC and IFAC, \*Approaches to Beneficial Ownership Transparency: The Global Framework and Views from the Accountancy Profession\* \(2020\), Appendix "FF" to CPA Canada Background Report \(Exhibit 406\).](#)

<sup>169</sup> [January 13 Transcript, pp. 18-19 \(M. Wood-Tweel\); Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience, p. 309.](#)

<sup>170</sup> [CPA Canada Background Report, para. 50 \(Exhibit 406\); January 13 Transcript, pp. 98-9 \(J. Hernandez\).](#)

<sup>171</sup> [CPA Canada Background Report, paras. 49-50 \(Exhibit 406\).](#)

<sup>172</sup> [January 13 Transcript, pp. 92-95 \(M. Wood-Tweel\).](#)

<sup>173</sup> [January 13 Transcript, pp. 23, 96 \(M. Wood-Tweel\) and pp. 21-22 \(J. Hernandez\).](#)

<sup>174</sup> [January 13 Transcript, p. 21 \(J. Hernandez\) and p. 23 \(M. Wood-Tweel\).](#)

through both provincial and federal legislation.<sup>175</sup> Maximizing harmonization, both in terms of information and technology, between these registries will be needed to ensure that those accessing the registries, whether law enforcement, reporting entities or the public at large, are comparing “apples to apples”.<sup>176</sup>

***ii. A national whistleblowing framework***

87. In Canada, there is no single whistleblowing framework for the reporting and protection of whistleblowers who identify and escalate public interest concerns. Rather, individuals, including CPAs, must navigate a complex patchwork system of reporting governed by discrete legislative frameworks.<sup>177</sup> Whistleblowers in Canada may also face civil liability for their actions, which is a matter that implicates both provincial and federal jurisdiction. This is an issue in AML and beyond, and CPA Canada has long advocated to address it through the development of a national whistleblowing framework.<sup>178</sup>

88. For example, in 1998 the United Kingdom adopted the *Public Interest Disclosure Act* (“**PIDA**”), which protects a broad range of individuals who make disclosures based on a reasonable belief that it is in the public interest.<sup>179</sup> *PIDA* permits whistleblowers who are subject to detriment as a result of their reporting to seek appropriate redress, including compensation.<sup>180</sup> A protected disclosure includes one where the information tends to show that a criminal offence has been or is likely to be committed.<sup>181</sup> This legislation assembles in one place all of the reporting channels and makes clear to everyone, regardless of the industry sector or regulatory framework, that speaking up is not just encouraged but actually protected.<sup>182</sup>

89. The United States has also recognized the value of whistleblowing protections and even incentives in the AML context under its *Bank Secrecy Act*, the primary AML legal

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<sup>175</sup> [January 13 Transcript, pp. 95-96 \(M. Wood-Tweel\).](#)

<sup>176</sup> [January 13 Transcript, pp. 95-98 \(M. Wood-Tweel\).](#)

<sup>177</sup> [January 13 Transcript, pp. 120-21 \(M. Wood-Tweel\).](#)

<sup>178</sup> [January 13 Transcript, p. 33 \(J. Hernandez\).](#)

<sup>179</sup> [Public Interest Disclosure Act 1998, 1998 c. 23.](#)

<sup>180</sup> [Public Interest Disclosure Act 1998, s. 3; Employment Rights Act 1996, 1996 c. 18, s. 48.](#)

<sup>181</sup> [Public Interest Disclosure Act 1998, s. 1; Employment Rights Act 1996, 1996 c. 18, s. 43B\(1\)\(a\).](#)

<sup>182</sup> [January 13 Transcript, p. 120 \(M. Wood-Tweel\).](#)

authority in the United States.<sup>183</sup> Amendments implemented through the 2020 *Anti-Money Laundering Act* and *Corporate Transparency Act* strengthen and increase rewards for whistleblowers who come forward and report suspected violations of AML law.<sup>184</sup>

90. A national whistleblowing framework would be an important mechanism for those professionals who may encounter money laundering activities in circumstances that, for example, do not meet the requirements for a STR, and where the CPA is not able to resolve the issue within the organization according to professional standards.<sup>185</sup> It is an important consideration for the potential adoption of the NOCLAR international standard in the Canadian CPA profession, which, as set out above, is currently under review.<sup>186</sup>

### **iii. Expanded information sharing capabilities**

91. CPA Canada also supports improved information sharing between AML regime participants.<sup>187</sup> Confidentiality and privacy are important values, and require adequate protection. However, it is also important to ensure that these protections are not abused by bad actors to conceal their illicit activities in the financial system.<sup>188</sup> In appropriate circumstances, regime participants should be able to share information with each other in order to investigate suspicious circumstances and ensure that their services and products are not being used for illegal purposes. This type of information sharing is increasingly supported under the United States' *Patriot Act* and regulations under the *Bank Secrecy Act*, which authorize financial institutions and other businesses to voluntarily share information between themselves for the purpose of identifying and reporting suspicious activity, subject to requirements.<sup>189</sup> This type of inter-participant information sharing goes beyond the expanded disclosure by FINTRAC contemplated in the federal government's November 2020 Fall Economic Statement.<sup>190</sup>

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<sup>183</sup> [Stephanie Brooker, \*The Role of FinCEN, the U.S. Financial Intelligence Unit, in the U.S. AML Regime and Overview of the U.S. AML Structure and Authorities\*, p. 2 \("Brooker Report"\) \(Exhibit 973\).](#)

<sup>184</sup> [Brooker Report, p. 35 \(Exhibit 973\); Proceedings at Hearing of May 11, 2021, p. 63 \(S. Brooker\).](#)

<sup>185</sup> [January 13 Transcript, pp. 33-34 \(J. Hernandez\).](#)

<sup>186</sup> [January 13 Transcript, pp. 137-9 \(M. Wood-Tweel\).](#)

<sup>187</sup> [January 13 Transcript, p. 128-29 \(M. Wood-Tweel\).](#)

<sup>188</sup> [January 13 Transcript, p. 129 \(M. Wood-Tweel\).](#)

<sup>189</sup> [Brooker Report, p. 8 \(Exhibit 973\).](#)

<sup>190</sup> [Canada, \*Supporting Canadians and Fighting COVID-19: Fall Economic Statement 2020\*, p. 136.](#)



**ALL OF WHICH IS RESPECTFULLY SUBMITTED this 9th day of July 2021.**



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