

Financial Crime in Canada – Roadblocks, Regulatory Change, Technological Change and the Road Ahead...

INTELLIGENCE
INVESTIGATION
RISK MANAGEMENT



www.vidocqgroup.com

**The trust of the
innocent is a liar's
most useful tool..**

~ Stephen King

An Ecosystem of Crime - It's all in a word.

CYBERCRIME

FRAUD

IDENTITY THEFT

INVESTMENT FRAUD

MONEY LAUNDERING

FIRST VIEW SCREENING

TRICKERY

SWINDLING

SKULDUGGERY

PRIVATE LENDING FRAUD

MLM / PYRAMID
SCHEMES

PONZI SCHEMES

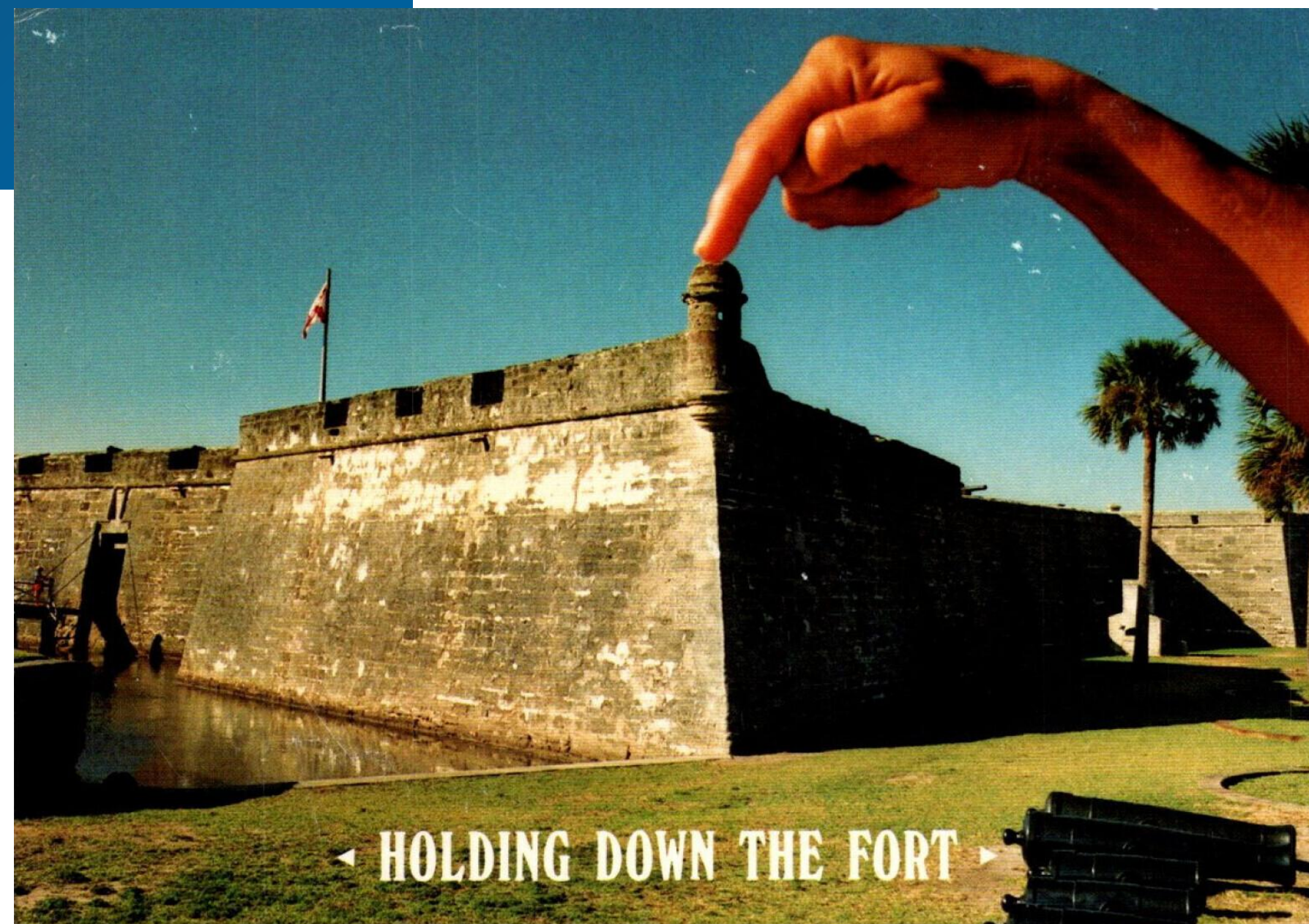
CAN WE AGREE IT IS ALL JUST FINANCIAL CRIME?

Utilizing Limited and Unlimited Data

What we learned from Baseball



CANADIAN GOVERNMENT RESPONSE TO FINANCIAL CRIME SINCE 2015



- Public Private Partnerships
- FCAC
- CAFC
- Financial Consumer Agency of Canada
- Evolution of the PCMLTF Act
- Enhanced examination process and AMPs
- Expanded reporting entity list
- Information sharing frameworks for FIs

CANADIAN LAW ENFORCEMENT AND INTELLIGENCE RESPONSE TO FINANCIAL CRIME SINCE 2015

- Efforts are cyclical depending on budget and crime rates
- Teams reduced to back stop other high-profile crimes
- Enhanced training at OPC, CPC, JIBC, SP, APA and public schools
- Dedicated Teams
- Expansion of asset forfeiture teams
- Better understanding the value of financial aspects of all crime
- Allowing specially trained officers and civilians longer longevity in FC teams
- Creation of regional, provincial and federal combined forces teams



REGULATORY EXPECTATIONS FOR REPORTING ENTITIES



Expectations

- Automation as much as possible to better manage efficiencies
- Better alignment of AML and fraud management teams
- Reporting of all fraud cases
- Guidance re: file STR don't file STR
- Assessing automated sales channels for compliance
- Regular risk assessments of all clients
- Effectiveness challenges
- Regular internal audit of AML programs
- Assessing client risk based on incoming police and intelligence Court orders
- Effective training throughout the institution

VS.

Capabilities

- Automation where available to enhance efficiencies to free up FTE
- Human adjudication of AML alerts -> case created vs no case created
- Adverse media screening and its limitations
- FTE requirements to maintain service level objectives of AML and Fraud teams
- Senior leadership fostered culture around fraud and AML risk management
- Changing regulatory requirements vs institution's capabilities
- Boiling the ocean on each alert?

The Struggle of Filing STRs





Voluntary Information
Record (VIR)

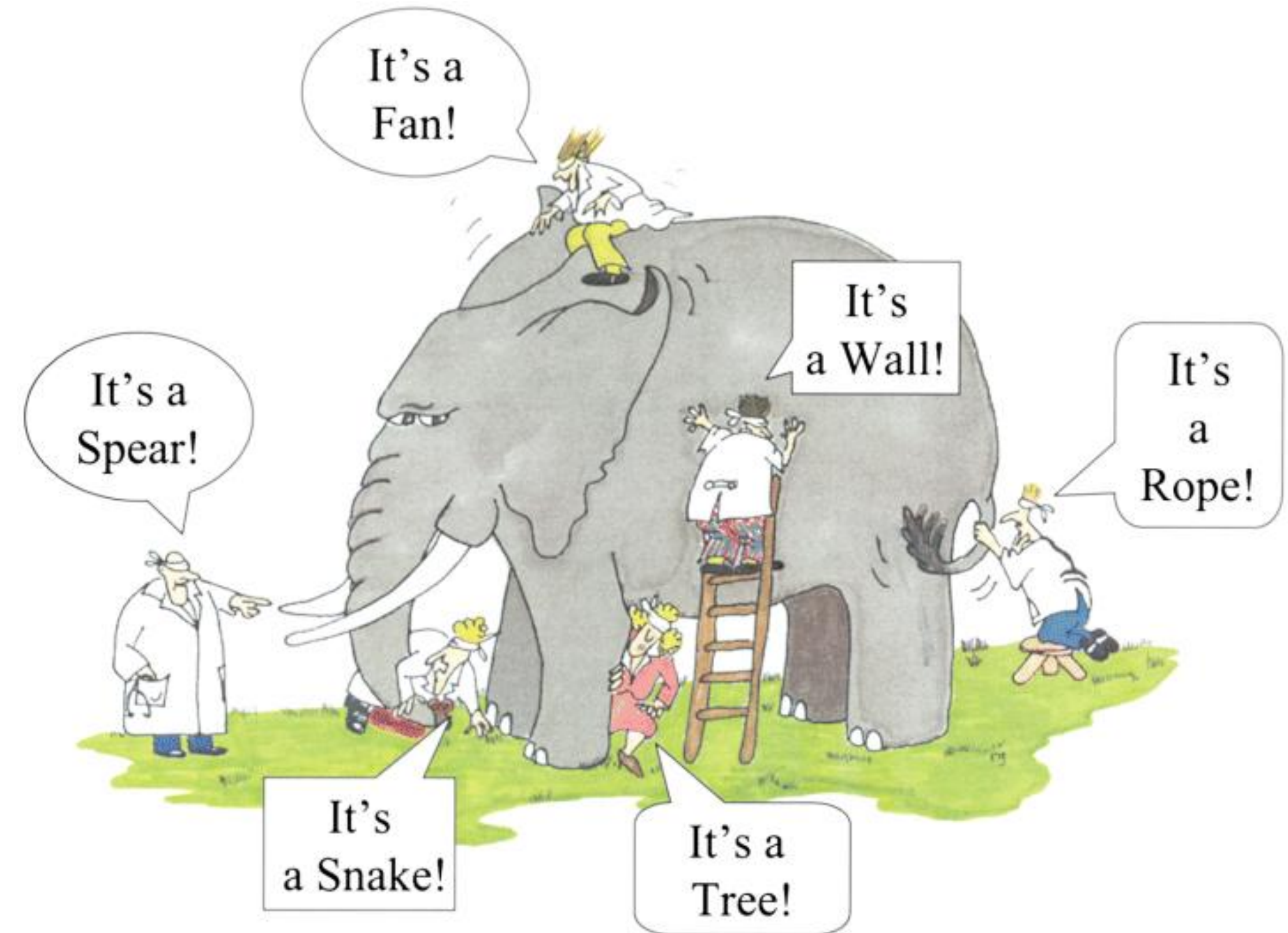
Financial Crime team as a
trusted adviser

Financial Crime Leadership

Police Opportunities

The Road Ahead...

Public and private sector entities looking at the same problem from different perspectives. The issue with Canada's new 'end to end' strategy is to merge efforts into one agency.



The Limitations of the Canadian Strategy

Regardless of all the inroads both government and private sector entities have made, the ultimate resting place for this work is Canadian Courts of Law. We must look back on how this justice player has performed. Are our Courts prepared and trained, with Stinchcombe and Jordan caselaw with standing, to tackle the modern financial crime projects and prosecutions?



Cameron Field, MSc, BA, CAMS
Vice President - Vidocq Group
cameron.field@vidocqgroup.com
+1-437-421-8572

