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Via Email

Our File Number: LEX-10855840

January 15, 2021

Cullen Commission of Inquiry into Money Laundering in BC
PO Box 10073
Suite 601 – 700 West Georgia Street
Vancouver, BC V7Y 1B6

Attention: Steven Davis

Dear Mr. Davis:

**Re: Cullen Commission of Inquiry into Money Laundering in BC –
MSB Statistics**

We write with respect to your email of January 10, 2021, which set out the following requests for information made during Commission Counsel’s meeting with FINTRAC representatives on January 8, 2021.

- 1. The number of desk and on-site examinations conducted by FINTRAC for BC MSBs over the past five years, per year.**

See chart under Question 2.

- 2. The number of MSBs operating in Canada and British Columbia over the past five years, per year.**

Fiscal Year	National			Main Location in BC		
	Num. of MSBs	Num. of Onsite Exams	Num. of Desk Exams	Num. of MSBs	Num. of Onsite Exams	Num. of Desk Exams
2015-2016	834	105	54	164	33	14
2016-2017	855	82	29	155	24	6
2017-2018	963	44	23	190	13	1
2018-2019	1,103	84	32	222	24	0
2019-2020	1,458	74	42	317	13	3
Total		389	180		107	24

Notes:

(1) Number of MSBs includes only registered MSBs and as of the end of the fiscal year (e.g. 2020-03-31).

(2) Based on the methodology used for question (1) it is possible to not have exams counted if an examined MSB status was expired (or was in any other status than registered) at the end of the fiscal year.

3. The triggers for a “pre two-year examination” (i.e. when FINTRAC would examine an MSB operating for less than two years).

FINTRAC can also examine a MSB prior to the two-year period to address any identified risk or if information becomes available, that warrants an earlier touchpoint. FINTRAC can conduct examinations if there is specific information, such as intelligence, regional knowledge, media coverage, themed examinations (e.g., requirements in ministerial directive).

4. The number of pre-two year examinations conducted in BC over the past five years, per year.

	National				
MSB Registration Fiscal Year	New Registration Count	Examined within 2 years of registration	Examined after 2 years of registration	MSB Registration Active and Available in Examination Pool	MSB Registration Inactive
2015-2016	172	22	17	25	108
2016-2017	184	13	19	39	113
2017-2018	250	27	9	83	131
2018-2019	321	25	1	224	71
2019-2020	532	3	0	480	49
Grand Total	1459	90	46	851	472

Notes:

1) Data reflects registration fiscal year.

2) The examination counts are first exams only. They do not take into account Reporting Entities' first examination where FINTRAC attempted to conduct the exam but had to bypass because the MSB is no longer operating, as well as any follow-up examinations on MSBs with deficiencies for which FINTRAC also dedicates its resources.

3) FINTRAC utilizes the risk-based approach when selecting entities to examine. They examine higher risk entities and dedicate resources to ensure coverage across all sectors.

4) There was an increase in new registration applicants in 2019-2020, which can be attributed to the pre-registration of those dealing in virtual currency (VC) and foreign money services businesses (FMSBs).

5) MSB Registration "Inactive" includes ceased, expired, cancelled and revoked.

6) Active and Inactive registration considers those MSBs registered within the listed fiscal year and whether they are active or inactive as of Jan 12, 2021.

7) Data interpreted as followed:

Example "In 2019-2020 fiscal year, there was 532 new registered MSBs. Of those 532, 3 of those were examined within 2 years of their registration and 0 were examined after 2 years of registration. 480 entities of those 532 new entities have an active MSB Registration status and available in the examination pool.

	Main Location in BC				
MSB Registration Fiscal Year	New Registration Count	Examined within 2 years of registration	Examined after 2 years of registration	MSB Registration Active and Available in Examination Pool	MSB Registration Inactive
2015-2016	34	10	3	2	19
2016-2017	29	5	4	3	17
2017-2018	59	4	1	23	31
2018-2019	65	3	0	52	10
2019-2020	124	1	0	111	12
Grand Total	311	23	8	191	89

Notes: Same as above

We trust that this information will be of assistance to the Commission.

Sincerely,



Jan Brongers
Senior General Counsel