



June 15, 2020

Via Email [REDACTED]

Commission of Inquiry into Money Laundering in
British Columbia
PO Box 10073
601 - 700 West Georgia Street
Vancouver BC V7Y 1B6

Attention: Steven Davis

Dear Sir:

Re: Misuse of Bank Drafts – Response of The Toronto-Dominion Bank (“TD”)

I write in response to your letter dated March 20, 2020 (the “March 20 Letter”).

TD commends and supports the efforts of the provincial government in combatting money laundering and its establishment of this commission of inquiry. We welcome this opportunity to share our perspective on this important issue. This letter addresses each of the four questions set out in the March 20 Letter.

a. The Factual Summary in the March 20 Letter

While there are elements of the factual summary contained in the March 20 Letter that are accurate, there are other statements that are beyond TD’s knowledge, are incomplete, or lack context. As one example in respect of the first bullet point, it is accurate that TD was and remains committed to participating in Project ATHENA, which is, to TD’s knowledge, an RCMP public-private initiative aimed at combatting money laundering. However, although various TD employees attended Project ATHENA meetings to contribute to Project ATHENA’s important work, such employees did not have the opportunity to formulate TD’s official views on the issues.

As another example, the “concerns” listed in the third bullet may have been among the considerations identified as being generally relevant to TD’s interactions with public authorities or other parties, but these were not raised in the specific context of including identifying information on bank drafts. As discussed further below, TD does intend to amend its process to add purchaser identifying information on bank drafts.

For the foregoing reasons, TD asks that you rely on the content of this letter, which does set out TD’s perspective accurately, rather than relying on the summary set out in the March 20 Letter.

b. TD’s Views of and Position Regarding the Use of Bank Drafts to Facilitate Money Laundering in BC Casinos and More Broadly

TD is committed to detecting and deterring persons engaged in money laundering from using TD products or services, including but not limited to bank drafts. TD is subject to, and bound to comply with, all AML laws and regulations in Canada and in all the jurisdictions in which TD operates. In accordance with legislative and regulatory requirements, TD's Global AML Program and supporting policies set out requirements that include, among other things, ongoing monitoring to detect and report suspicious transactions, regulatory reporting of prescribed transactions, ongoing training for employees, directors and those who act on behalf of TD, and independent testing of control effectiveness. The Global AML Program is routinely evaluated, updated, and enhanced in order to reflect changes to TD's business activities, as well as applicable supervisory guidance and legal requirements.

TD understands that Project Athena was initiated in 2018 by British Columbia's Combined Forces Special Enforcement Unit (CFSEU). It includes multiple participants from the public and private sectors. TD was at that time and remains committed to combatting money laundering, including through supporting Project ATHENA. Various representatives of TD's Global Security & Investigations team and Global AML team have attended various Project ATHENA meetings.

One of Project ATHENA's outcomes to date is the December 2019 publication by The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) of an operational alert, which includes background on Project Athena and certain general money laundering indicators relevant to casino-related transactions (the "Operational Alert"). The Operational Alert "provides money laundering indicators that were observed in FINTRAC disclosures sent to law enforcement in relation to the initial focus of Project ATHENA: suspicious casino-related transactions, particularly those involving bank drafts, that are suspected to have roots in underground banking".

TD understands that Project ATHENA's work continues. TD's commitment to support Project ATHENA and other efforts to combat money laundering, including with respect to detecting and deterring the use of bank drafts to facilitate money laundering in BC casinos and more broadly, also continues as further detailed below.

c. TD's Response to the Potential Misuse of Its Bank Drafts in BC Casinos to Facilitate Money Laundering in BC Casinos and More Broadly

Through its Global AML Program and supporting policies noted above and below, TD has taken steps directed at the potential misuse of its bank drafts to facilitate money laundering in BC casinos and more broadly. TD has taken, and continues to take, steps in respect of the Project ATHENA money laundering indicators. In addition, TD is amending its process to add the name of the purchaser to bank drafts, as explained in further detail below.

TD's Processes and Procedures including Training

TD has processes and procedures in place to detect persons engaged in money laundering, and to deter those persons from using TD products or services to facilitate such money laundering. These processes and procedures reflect legal and regulatory requirements, industry practice and experience, and learnings from Project ATHENA, including the indicators noted in the Operational Alert. These include, among other things:

- Measures aimed at the identification of customers;

- Measures aimed at customer and transaction record keeping;
- Ongoing monitoring to detect and report suspicious transactions, including submitting suspicious transaction reports (STRs) to FINTRAC under the “#ATHENA” tagline or otherwise including the term Project ATHENA in the filing, as noted in the Operational Alert;
- Regulatory reporting of prescribed transactions, including cash transactions and international electronic funds transfers;
- Ongoing training for employees including training material and resources reflecting the indicators set out in the Operational Alert;
- Taking other internal steps such as demarketing customers (i.e. terminating the banking relationship) as a result of internal reviews or investigations, where appropriate; and
- Independent testing of control effectiveness.

TD's Review of its Bank Draft Form

While there is no legal or regulatory requirement for TD to add purchaser identifying information on bank drafts, TD has determined that there are likewise no legal or regulatory restrictions against doing so. As indicated above, given the potential practical benefits identified by Project ATHENA, TD will proceed with the investment required to enable it to add purchaser identifying information on its bank drafts.

TD continues to consider how and when to implement this change. TD is currently exploring a technology solution to print the name of the purchaser on each draft, which it would target to be deployed nationally. There are numerous important operational changes already queued for deployment within TD, some of which are driven by legal or regulatory requirements. The timing and order of these operational changes may also be affected by the challenges of COVID-19. In light of this, the current plan is for a bank draft technology solution to be deployed no later than June 2021. This timing is dependent on confirming the complexity of the operational requirements of the change, on which we anticipate having clarity within the next month. If this automated national solution will not be feasible, alternative solutions will be explored.

Pending the implementation of this change, TD will continue with the processes and procedures identified above that are directed at minimizing the potential misuse of its bank drafts to facilitate money laundering in BC casinos and more generally.

d. TD's Records

Given there is no assurance that documents provided to the Commission of Inquiry are protected from disclosure to the public, TD is unable to comply with your request to voluntarily provide relevant records. Among other considerations, such records are confidential, proprietary, and disclosure of the information contained in the records is reasonably expected to

result in various forms of harm, including potential harm to the integrity of our anti-money laundering processes and procedures.

I would be pleased to provide the Commission with further updates in respect of changes to TD's bank drafts in due course.

Yours truly,

Michael Bowman

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