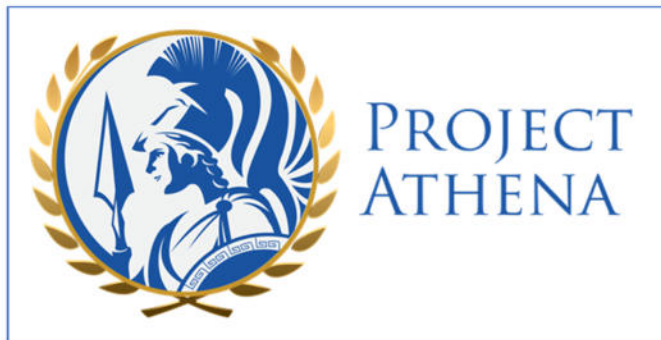


# Public – Private Collaboration: Project Athena and CIFA-BC



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## Part I: Project Athena (slides 4–17)

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# Demand for Project Athena:

- Criminals use sophisticated schemes to launder the proceeds of crime
- Need to provide environment for public and private sector to exchange and analyse information and intelligence – need to overcome silos
- Need to maximize existing legislation and common law powers to overcome barriers to information sharing, while preserving and respecting rights to privacy and confidentiality
- Effective response is through active and trusted Public-Private Partnership

# Objectives of Project Athena:

- Improve collective understanding of money laundering threat (Detect)
- Inform and strengthen financial systems and controls (Protect)
- Disruption of money laundering activity (Disrupt)

# Origins of Project Athena:

- November 2017 - Formation of the Gaming Integrity Group (GIG) also known as the Gaming Intelligence Group and the Transaction Assessment Team (TAT)
  - BCLC / GPEB / CFSEU-BC - JIGIT
  - Routine meetings to share information and intelligence
  - Relationship building, collaboration, communication

# Origins of Project Athena:

- December 2017 - Peter GERMAN's interim recommendation for source of fund (SOF) declarations at the casino
  - Applied to cash and bearer instruments (bank drafts) deposits over \$10K
  - At a minimum, the declaration must (1) outline customer identification and (2) provide the source of funds, including the financial institution and the account that the cash or bearer instrument was sourced

# Origins of Project Athena:

- Law enforcement awareness of the exploitation of bank drafts
- Vulnerabilities of bank drafts:
  - Bearer instrument
  - Quasi-anonymity
  - Easily transferrable
- Complex and sophisticated money laundering scheme
- Stakeholders each with limited yet different visibility of the scheme



# Origins of Project Athena:

- February 2018 – Bank draft intelligence probe
  - Following a GIG meeting, CFSEU-BC sought an assortment of information from BCLC related to cash and bank drafts
  - Analyze the information for indicators of criminality and garner an understanding of cash and bank draft dynamics since the implementation of GERMAN's interim recommendation
  - Assess the effectiveness of SOF declarations

# Origins of Project Athena:

- March and April 2018 - Analysis of bank drafts redeemed at casinos in January and February 2018
  - Information sharing facilitated by CFSEU-BC to increase understanding of the relationship between the bank draft, the casino patron and the financial institution that sourced the bank draft
  - Determined that most casino patrons had an account at the financial institution from where the bank draft was sourced
  - Identified deficiencies in the completion of SOF declarations and misrepresentations on SOF declarations

# Evolution of Project Athena:

- May 2018 – Bank draft stakeholders meeting at E Division HQ
  - CFSEU-BC, RCMP, BCLC, GPEB and financial institutions
  - CFSEU-BC shared the money laundering methodology observed in BC casinos, information about the exploitation of bank drafts and the bank draft intelligence probe
  - Round table discussion about bank drafts and money laundering

## Evolution of Project Athena:

- June 2018 – Based on information shared, HSBC Canada advised that they would write in the purchaser's name on all bank drafts made out to a place of business – seen as a positive in reducing anonymity attributed to bank drafts
- Positive feedback from FINTRAC and others
- July 2018 – In consultation with FINTRAC, named Project Athena to assist reporting entities with flagging STRs where indicators observed

# Evolution of Project Athena:

- October 2018 – Inaugural Project Athena meeting at E Division HQ
  - Public-Private Partnership to share information to combat money laundering and other criminal activity. Expose criminal activity, contribute to informed decision making and identify new trends and activities
  - CFSEU-BC, BCLC, GPEB, FINTRAC, CRA, financial institutions
  - Participation voluntary, did not replace legislated reporting obligations, everyone considered equal and each contributes to the success of the initiative

# Evolution of Project Athena:

- January, April and July 2019 – Project Athena meetings at E Division HQ
  - Forum for lawful information sharing, asking questions, providing updates
- Spring / Summer 2019 – FINTRAC willingness to evolve Project Athena into a nationally scaled Public-Private Partnership (similar to Projects Protect and Guardian)
- Core stakeholders in expansion: CFSEU-BC, RCMP NHQ, FINTRAC, RBC and HSBC Canada

## Evolution of Project Athena:

- November 2019 – Project Athena meeting at the Justice Institute of BC
  - Expanded scope to include real estate, high value goods, luxury vehicles and casinos
- Announce the national level model for Project Athena consisting of three distinct bodies
- December 2019 – Presentation at the FINTRAC Casino forum and the launch of FINTRAC's Project Athena Operational Alert

# Successes of Project Athena:

- Collaboration with the AML stakeholders (law enforcement, regulators, reporting entities)
- FINTRAC published the Project Athena Operational Alert
- Increased threat awareness resulting in reporting and investigations
- Academia's engagement through an Office of Crime Reduction and Gang Outreach (OCR-GO) grant to conduct a research study
- Change to the design of bank drafts to reduce anonymity



# Challenges for Project Athena:

- Growth and evolution of the initiative
- Resourcing, prioritization and coordination (internal)
- Participation and coordination (external)
- Information sharing and common understanding of privacy legislation
- Culture

## Transformation of Project Athena to a permanent Financial Information Sharing Partnership:

- RCMP and CFSEU-BC identified that Project Athena required structure, governance and coordination
- January 2020, RCMP lead transformation of Project Athena into a permanent financial information sharing partnership (FISP)
- FISPs refer to voluntary public and private sector forums that convene to discuss threats and collaborate on common objectives
- Founder of Project Athena placed on secondment to lead the development of the FISP

# Coordination of Development:

- Led by RCMP E Division and RCMP NHQ
- Key Provincial and Federal stakeholders consulted
  - Provincial: BC AML Secretariat
  - Federal: Department of Finance, Department of Public Safety – Financial Crime Coordination Centre (FC3)
- Operational plan prepared and approved
- Assemble Development Team
  - RCMP E Division (Provincial and Federal resources)
  - RCMP National Headquarters
  - Department of Defence

# Four Phases of Development:

- Research and Endorsement
- Stakeholder Engagement
- Model Development
- Implementation

# Research:

- Department of Public Safety Canada FC3's global research and trip reports
- Literature reviews from Royal United Services Institute, Swift Institute, journal articles and Financial Action Task Force
- Expert Testimony from the Commission of Inquiry into Money Laundering in BC
- In-person examination of Australia's Fintel Alliance
- Experiences from Project Athena
- Meetings and discussions with domestic and foreign law enforcement, federal and provincial government stakeholders, and the private sector

# Endorsement for Development:

- Director of Financial Crimes for the RCMP, Superintendent Peter Payne
- Commanding Officer of RCMP E Division, Deputy Commissioner Jennifer Strachan
- BC Government:
  - Attorney General, the Honourable David Eby
  - Minister of Public Safety and Solicitor General, the Honourable Mike Farnworth
  - Minister of Finance, the Honourable Carol James

# Stakeholder Engagement:

- Environmental scan to identify stakeholders
- Correspondence to formalize interest in participating in development
- Survey #1 – purpose to identify stakeholders capacities, priorities, practices and challenges
- Survey #2 – purpose to identify information flows and connections between stakeholders in the AML environment
- Focus Groups – explore proposed concepts including information sharing, key activities, governance and organizational structure

# Model Development:

- Designing the organizational structure, partner composition, operations, governance, and the terms of reference
- Modifications to ensure critical design elements are reflective of stakeholders needs
- Elaborated on in subsequent slides



# Implementation:

- November 25, 2020, CIFA-BC convened its inaugural meeting for the Principal Working Group
- December 2, 2020, CIFA-BC convened its inaugural meeting for Associate Partners
- The RCMP announced the Partnership in a media release on December 16, 2020
- The meetings have focused on introducing partners, sharing updates on the Partnership's development, and commenced the priority-setting process to guide the Partnership's activities during the first year

# The CIFA-BC Model:

- Organizational Structure
- Partner Composition
- Operations
- Governance
- Partner Protocol

# Organizational Structure:

- Hub and Spoke Model
  - Federal Policing Criminal Operations (FPCO) at RCMP NHQ is the coordinator of the Counter Illicit Finance (CIF) Initiative (hub)
  - CIFA-BC is the pilot regional model (spoke)
  - Ability to be replicated in other regions
- Designed in a manner to connect the federal AML regime to the unique needs and issues in BC
- Enables responsiveness to regional realities while aligning efforts with the federal AML regime

# Organizational Structure:

- CIFA-BC Coordination Office (CCO) is the administrative body of CIFA-BC and represents its secretariat
- Day to day activities include administrative planning, reporting, logistics coordination, guiding and management of activities
- Staffed by the RCMP, consisting of:
  - Director of Operations
  - Manager of Operations
  - Strategic Research Analyst
  - Administrative Record Manager

# Partnership:

- Inclusion of stakeholders as Partners and stratified as Principal Partners and Associate Partners
- Need to strike balance between broad spectrum of public and private stakeholders
- No standard methods or best practices to determine inclusion criteria

## Principal Partners:

- Represent the core working group at CIFA-BC
- Meet monthly to exchange general information and respond to emerging trends and issues
- Possess the direct ability to contribute to the objectives and intended outcomes of CIFA-BC
- Comprise the Partner's Working Group (PWG)

# Principal Partners:

Organization	Organization
Bank of Montreal	Combined Forces Special Enforcement Unit of BC
BC Association of Chiefs of Police <ul style="list-style-type: none"> <li>• Richmond RCMP Detachment</li> <li>• Vancouver Police Department</li> </ul>	Financial Transactions and Reports Analysis Centre of Canada
British Columbia Financial Services Authority	Ministry of Public Safety and Solicitor General of BC – Gaming Policy Enforcement Branch
Office of the Superintendent of Real Estate	HSBC Bank Canada
British Columbia Lottery Corporation	Royal Bank of Canada
Canada Revenue Agency	RCMP – Federal and Serious Organized Crime – Financial Integrity
Canada Western Bank	The Bank of Nova Scotia
Canadian Imperial Bank of Commerce	The Toronto-Dominion Bank
Coast Capital Savings	Vancouver City Savings Credit Union

## Associate Partners:

- Organizations whose distinct skills, expertise, and mandate broaden the depth and breadth of CIFA-BC
- Contribute to activities on an auxiliary or as needed basis
- Share their unique knowledge, subject-matter expertise, and information to enhance the work of CIFA-BC



# Associate Partners:

Organization	Organization
Automotive Retailers Association	Land Title and Survey Authority of British Columbia
British Columbia Assessment Authority	Law Society of British Columbia
Chartered Professional Accountants of British Columbia	Ministry of Finance of British Columbia
Criminal Intelligence Service of British Columbia and Yukon	Ministry of Public Safety and Solicitor General of British Columbia - Policing and Security Branch
Department of Finance Canada	Vehicle Sales Authority of British Columbia
Department of Public Safety and Emergency Preparedness Canada– Financial Crime Coordination Centre	New Car Dealers Association of British Columbia
Insurance Corporation of British Columbia	Real Estate Council of British Columbia
Insurance Council of British Columbia	Society of Notaries Public of British Columbia
International Centre for Criminal Law Reform	Union of British Columbia Municipalities

# Operations:

- Mission statement:

- *CIFA-BC's mission is to collaborate with public and private industry to lawfully share information in the interest of protecting the economic integrity of British Columbia through prevention, detection, and disruption of illicit financial activity.*

- Vision statement:

- *CIFA-BC's vision is to optimize the capacity of public and private industry across Canada to achieve a safe, prosperous and resilient economy.*

- Three Pillars:

- *Prevent* – raising awareness and improving understanding to deter money laundering and financial crime
- *Detect* – identifying money laundering and illicit financial crime risks and threats
- *Disrupt* – responding to money laundering and illicit financial activity

# Operations:

- Key Activities:
  - Sharing general information (non-personally identifiable information) to enhance awareness and understanding of risks and threats
  - Draw upon Partners unique capabilities to formulate and deliver targeted intelligence products (e.g. typology reports) according to CIFA-BC strategic priorities
  - Information sharing and intelligence reports are foundational to:
    - Analyzing, generating and responding to intelligence
    - Promoting innovation
    - Developing policy, regulatory and legislative reform

# Operations:

- Other Activities:
  - Projects as guided by the Strategic Plan
  - Bi-Annual Symposium (May and November)
  - Training bulletins
  - De-identified case studies

# Governance:

- Strategic Advisory Board (SAB)
  - The most senior forum at CIFA-BC
  - Purpose is to provide a governance function and strategic direction for the partnership
  - Composition of the board considers Principal and Associate Partners as well as one independent
  - Seven person board. Co-chairs are representatives from the RCMP and the Ministry of Public Safety and Solicitor General

# Partner Protocol:

- Terms of Reference for the Partnership which includes:
  - Information Sharing Protocol
  - Governance
  - Operations
  - Contribution and Resourcing
- Consulted Privacy Commissioner's offices at the Provincial and Federal levels
- Multiple reviews and engagement of legal counsel

# Metrics:

- Considered BC AML Strategy
- Logic model identifies outputs and outcomes
- Ongoing work with BC government on developing metrics
- Important considerations:
  - CIFA-BC is not an enforcement model
  - Need to calibrate expectations based on the Canadian environment (e.g. legislative authorities). Not a straight line comparison to UK, Australia or the USA.
  - Empower partners to deliver solutions focussed on prevention, detection and disruption
  - Find efficiencies and become more effective; thus maximizing existing investments in AML efforts

## Current Status:

- Ratification of Partner Protocol – April 2021
- Strategic Advisory Board and Strategic Plan endorsement - April/May, 2021
- Bi-Annual Symposium – May 19, 2021
- PWG meetings monthly – first intel product scheduled for June 2021