

CIFA-BC FRAMEWORK

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Royal Canadian Mounted Police
“E” Division - British Columbia

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List of Abbreviations

AML	Anti-money laundering
CFSEU-BC	Combined Forces Special Enforcement Unit - British Columbia
CIFA	Counter-Illicit Finance Alliance
FATF	Financial Action Task Force
FINTRAC	Financial Transaction and Reports Analysis Centre of Canada
FISP	Financial Information Sharing Partnership
JMLIT	Joint Money Laundering Intelligence Taskforce
NHQ	National Headquarters
PCMLTFA	<i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act, SC 2000, c. 17 (CanLII)</i>
PPP	Public-Private Partnership
PWG	Partners Working Group
RCMP	Royal Canadian Mounted Police
RUSI	Royal United Services Institute
SAB	Strategic Advisory Board

Counter-Illicit Finance Alliance of British Columbia

Financial Information Sharing Partnerships (FISPs) are a type of Public-Private Partnership (PPP) that are globally recognized as an effective response to combat financial crime. The Counter Illicit Finance Alliance of British Columbia (CIFA-BC) seeks to transform Canada's approach to financial information sharing and collaboration. CIFA-BC's vision is to optimize the capacity of the public and private sector across Canada to achieve a safe, prosperous and resilient economy.

The Royal Canadian Mounted Police (RCMP) in British Columbia ("E" Division) and National Headquarters (NHQ) led CIFA's development in consultation with the Department of Finance Canada, the Federal Department of Public Safety and Emergency Preparedness Canada, and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). CIFA-BC is connected to the federal anti-money laundering (AML) regime and initiatives therein via the Counter Illicit Finance (CIF) initiative. Provincial alignment is maintained through direct partnership with provincial ministries, including the AML Secretariat. The capacity for dual provincial and federal responsiveness enables CIFA-BC to address threats or risks at a regional level while concurrently working to integrate nationally identified goals and priorities. CIFA-BC is built on a hub and spoke structure consisting of CIF national coordination (the hub) and regional bodies (the spokes) that are anticipated for future phased development across other regions in Canada.

Figure 1. Hub and Spoke Model



The Need for CIFA

Over the last decade, money laundering has continued to grow in both scope and scale, penetrating various sectors of British Columbia and Canada's economy in unforeseen ways. Money laundering is a pervasive and complex problem grounded in predicate crimes that contribute to the opioid crisis, gang activity, and housing affordability. Siloed organizational approaches have created system-wide gaps and deficiencies in addressing an issue that transcends commodities, industries, and borders. This reality has highlighted the need for a coordinated and higher level response that builds upon earlier PPP successes, but is designed with a robust structural framework in place that can be scaled and adapted across various regions.

Improving AML outcomes across the financial landscape has required a shift in thinking that places information sharing and collaboration at the centre of cross-sectoral efforts to prevent, detect, and disrupt money laundering. In 2015, various models of FISPs began establishing globally. Since then, the potential for, and efficacy of FISPs in combatting money laundering have been well documented in literature, and examples of operational FISPs can be found internationally. The United Kingdom's Joint Money Laundering Intelligence Taskforce (JMLIT) and Australia's Fintel Alliance are two such examples of mature FISPs.

According to the Royal United Services Institute (RUSI), which is the leading authority on the matter, FISPs refer to voluntary public and private sector forums that convene to discuss financial crime threats and collaborate on common objectives and agreed-upon priorities, such as combatting money laundering. FISPs carry out their activities, which include the sharing of strategic and/or tactical information within legal parameters¹. The unification of public and private efforts, using a FISP model, represents a coherent and integrated approach to combatting financial crime, and more specifically, money laundering.

¹ Artिंगstall, D., & Maxwell, N. J. (2017). The Role of Financial Information-Sharing Partnerships in the Disruption of Crime. *Royal United Services Institute for Defence and Security Studies. Occasional Paper, 11.*

Transforming Canada’s approach to financial information sharing is not as simple as adopting another jurisdiction’s FISP model. The Canadian context requires careful consideration of legal and privacy implications as well as national and provincial AML strategies, priorities, interests, and stakeholders.

Evolution of Project Athena

In 2018, the Combined Forces Special Enforcement Unit of British Columbia (CFSEU-BC) engaged with public and private stakeholders to address a money laundering scheme impacting BC casinos. The initiative, named Project Athena, was a collaboration between private sector, law enforcement, government, and regulatory bodies.

While successful in meeting some objectives, Project Athena required the necessary infrastructure to support its growing size and expanding mandate. The experiences from Project Athena highlighted the need for a formalized FISP with a clearly defined structure, strategic objectives, governance model, and operational process to be in place; both for viability, and to facilitate enhanced functioning.

In January 2020, the RCMP from “E” Division Headquarters in Surrey, BC, and National Headquarters in Ottawa, ON, commenced the transformation of Project Athena into a permanent FISP, renamed CIFA-BC.

Provincial and National Coordination

Expanding on the potential of Project Athena, while also addressing its limitations, required rethinking and re-designing an improved partnership structure. The result of these efforts led to creating a FISP model that aligned national and provincial AML strategies, priorities, interests, and stakeholders. Furthermore, development necessitated collaboration between national and provincial players to champion the design of CIFA-BC into a centrally coordinated, yet regionally responsive partnership. At the national level, extensive consultations were carried out with the Department of Finance, the Department of Public Safety, and FINTRAC.

Central coordination of CIFA-BC and any other future CIFA models is a function of the CIF national secretariat. It holds distinct responsibilities to work with AML regime partners on governance and providing stewardship of National-level PPP issues emanating from regional CIFAs, including the alignment of priorities, and to advance regional and national public-private policy, legislative, and regulatory issues within the Federal AML regime.

Collaboration with the CIF national secretariat enables CIFA-BC and other future CIFA models to:

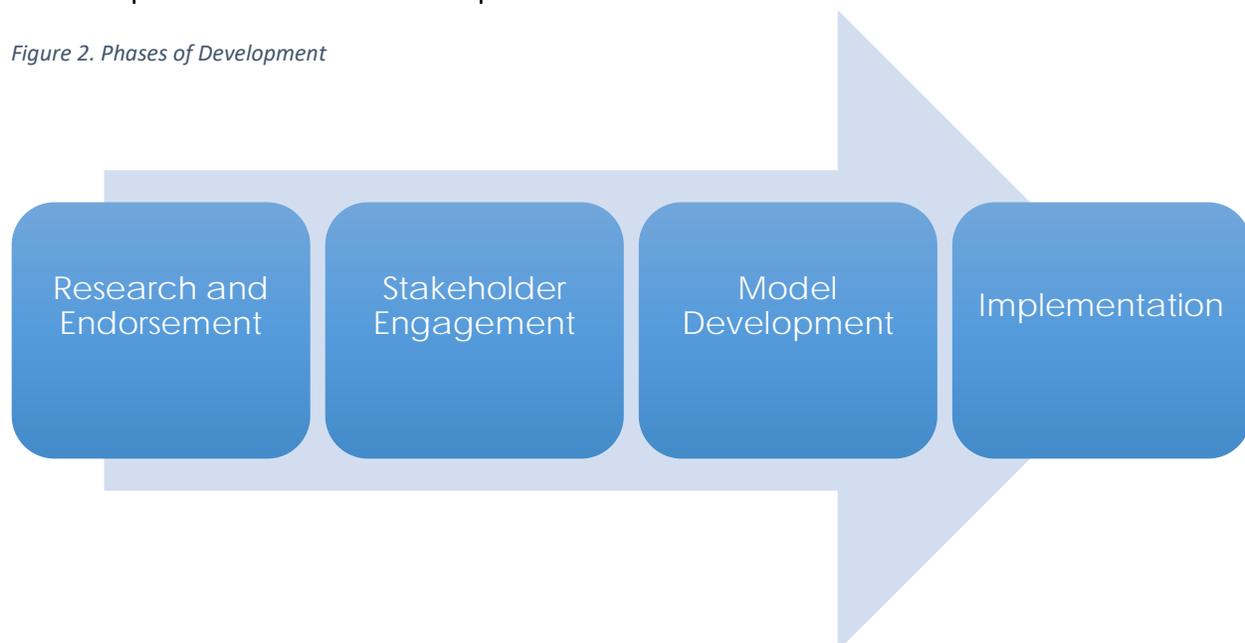
- elevate and advocate for legislative, policy, and regulatory change;
- leverage capabilities of federal regime partners to access human resources, information technology, training capabilities and other tools;
- receive coordinated information and resources from federal regime partners dedicated to the region; and
- obtain a comprehensive view of gaps, opportunities, and threats nationwide.

CIFA-BC determines priorities and sets objectives that are inclusive of, and relevant to, the provincial landscape, CIFA-BC partners, and provincial-level AML stakeholders.

Phases of Development

The four-phases of CIFA-BC's development were as follows:

Figure 2. Phases of Development



The first phase of CIFA-BC’s development included research and endorsement to ascertain best practices and standards, and to acquire formal affirmations of support.

Research efforts focussed on identifying key elements for consideration in the FISP from a wide variety of sources, which included, but were not limited to:

- the Department of Public Safety and Emergency Preparedness Canada’s Action, Coordination and Enforcement Team’s (now known as the Financial Crime Coordination Centre) global research and trip reports;
- literature reviews from the RUSI, the Swift Institute, various journal articles, and the Financial Action Task Force (FATF);
- expert testimony from the *Commission of Inquiry into Money Laundering in British Columbia*;
- in-person examination of Australia’s Fintel Alliance;
- first-hand experiences from Project Athena; and
- meetings and discussions with domestic and foreign law enforcement, federal and provincial government stakeholders, and the private sector.

Endorsement for the development of CIFA-BC was sought and acquired from the Commanding Officer of RCMP “E” Division, Deputy Commissioner Jennifer Strachan; the British Columbia (BC) Attorney General, the Honourable David Eby; the BC Minister of Public Safety and Solicitor General, the Honourable Mike Farnworth; and the previous BC Minister of Finance, the Honourable Carole James. The Government of BC initially designated their Executive Director of the AML Secretariat, Megan Harris², as their representative to CIFA-BC.

The stakeholder engagement phase involved a comprehensive environmental scan to identify stakeholders (see [Appendix 1](#)). This was followed by correspondence to the identified stakeholders to formalize interest in participating in the development of CIFA-BC. Subsequently, an initial survey was administered with the purpose to identify stakeholders capacities, priorities, practices and challenges. Following this, a second survey was administered to gather feedback

² The incumbent in this position is currently Jeff Groot.

on connectivity and information flows between stakeholders to perform a preliminary network analysis. Focus groups were held in September of 2020 to further explore proposed concepts including information sharing, key activities, governance, and the organizational structure. Feedback from these sessions were captured in an overview report that was shared with stakeholders shortly thereafter.

The model development phase involved designing the organizational structure, partner criteria, governance, and operations of CIFA-BC using the information, knowledge, and feedback acquired and compiled from the previous phases. Feedback from stakeholders shared at the focus groups resulted in numerous and significant modifications to ensure that critical design elements were reflective of the needs of stakeholders. These concepts are further elaborated on in subsequent sections.

CIFA-BC launched on November 26, 2020 with an inaugural meeting. Following this, efforts were focussed on ratifying the Partner Protocol, which is a document that guides participation at CIFA-BC, establishing the Strategic Advisory Board, and preparing a Strategic Plan for the first year of operations.

Purpose

The following subsections address the mission, vision, and pillars of CIFA-BC. These three components guide the functions of CIFA-BC and are foundational to its purpose.

Mission

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.

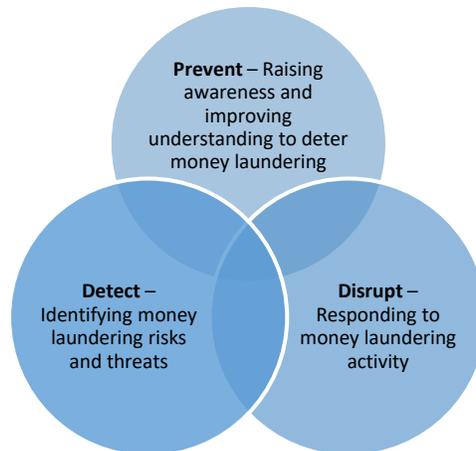
Vision

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

Pillars

The interdependent pillars of Preventing, Detecting, and Disrupting money laundering represent strategies as well as outcomes, and as such, can be found in the aforementioned Mission as well as in CIFA-BC's Logic Model (see [Appendix 2](#)).

Figure 3. Three Pillars



As strategies, these pillars are embodied by the types of activities undertaken by CIFA-BC and hinge upon accessing and sharing information. While each pillar encompasses a range of often overlapping activities, when distilled, prevention and detection are centred upon raising awareness, closing gaps, and reforming core policies, legislation and practice. Disruption most notably entails administrative, regulatory, and criminal enforcement actions.

Additionally, the pillars represent outcomes on a macro scale, including for industry, the greater public, and the Canadian economy. This could include, for example, increased public awareness of money laundering threats or enhanced detection of money laundering activities.

Partner Composition

The stakeholders active in the regional and national AML landscape are both numerous, and diverse. There were over 35 stakeholders engaged in the development of CIFA-BC. Stakeholders were defined as relevant organizations that were directly or indirectly affected by, or involved in, addressing money laundering and other financial crimes. These included federal departments,

provincial ministries, financial institutions, regulatory bodies, crown corporations, law enforcement, various professional associations, and academia. The scope of financial crimes addressed by many of these stakeholders often spans beyond money laundering to include a broad range of predicate crimes. Identifying stakeholders for CIFA-BC partnership was conducted with careful thought and consideration using a standard set of principles, or attributes.

CIFA-BC's partner composition needed to strike a balance between including diverse perspectives and resources, and managing partnership size in order to efficiently action items and deliver results. Achieving this balance necessitated stratifying stakeholders and forming Principal and Associate partnership status based on the following key attributes:

- the possession of an AML mandate;
- the ability to prevent, detect, or disrupt money laundering;
- relevant information holdings and the capacity to share that information; and
- the capacity to analyze or conduct research.

Principal partnership in CIFA-BC is represented by the fixed body of organizations who meet on a monthly basis to exchange strategic information and respond to emerging trends and issues. Principal Partners contribute to identifying the objectives of CIFA-BC and carrying out the routine activities. They typically possess an AML mandate and a combination of the remaining aforementioned attributes. Associate partnership in CIFA-BC is represented by organizations whose distinct skills, expertise, and mandate broaden the depth and breadth of the Alliance's impact across the AML landscape. Associate Partners possess unique abilities that enable them to contribute to, and benefit from, CIFA-BC's activities and projects on an auxiliary, or as-needed, basis. Associate Partners possess one, or a combination of, the aforementioned attributes.

As a partnership, CIFA-BC does not create legally binding obligations on its partners. Partner participation, whether Principal or Associate, is voluntary. Furthermore, CIFA-BC does not have any impact upon, or affect ongoing legal and compliance obligations of partners under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, or other governing legislation, policy, or regulation.

Organizational Structure

There are four distinct bodies within CIFA-BC's organizational structure: the Strategic Advisory Board (SAB), the Principal Working Group (PWG), the Associate Partners, and the CIFA-BC Coordination Office (CCO).

Strategic Advisory Board

The SAB is responsible for overseeing CIFA-BC by providing strategic direction and endorsing operational priorities, providing advice and guidance on significant projects and initiatives, and reporting on the progress of CIFA-BC's activities and operations. The seven-member SAB includes multi-sectoral representation and will be formalized in the Spring of 2021.

Principal Working Group

The PWG is comprised of Principal partners from across the public and private sectors to carry out the functions of CIFA-BC. The PWG forms the core operations of CIFA-BC and is responsible for its routine operations. Specifically, the PWG is responsible for sharing information and responding to identified money laundering risks and threats through the activity streams discussed in a subsequent section. The PWG is composed of Principal partners and the Director of CIFA-BC and member of the CCO. The PWG meets on a monthly basis.

Associate Partners

Associate Partners contribute to CIFA-BC activities and projects on an as-needed basis to share information and unique expertise. The CCO coordinates meetings with Associate Partners as required.

CIFA-BC Coordination Office

The RCMP staffs the CCO, which is responsible for day-to-day activities including administrative planning, reporting, communications, and liaising with the SAB on project status and the coordination of logistics. The CCO ensures activities and projects are sufficiently progressing and are adequately resourced and provides regular reporting to the SAB on the progress and

effectiveness of CIFA-BC operations. Finally, the CCO coordinates with the CIF national program to advance policy, regulatory, or legislative issues that are national in scope. The CCO is staffed with a Director, Manager, Strategic Research Analyst, and an Administrative Record Manager.

Operations

The operations of CIFA-BC are carried out via monthly PWG meetings, where the exchange and analysis of information occurs. In addition to enhancing partners' awareness and understanding of risks and threats, PWG meetings draw upon partners' unique capabilities and expertise to formulate and deliver targeted responses to money laundering risks, threats, and activities in accordance with CIFA-BC's financial crime priorities. Established understandings of partner capacities to process and apply intelligence enables CIFA-BC to make timely internal referrals and direct intelligence where it can be best applied towards the detection or disruption of money laundering activity.

Response delivery occurs within the scope of three streams of activities:

- (1) assessing, analyzing, generating and responding to intelligence;
- (2) promoting innovation; and
- (3) advancing policy, regulatory and legislative reform.

These activities, which can be found in CIFA-BC's Logic Model (see [Appendix 2](#)), contribute to the outcomes of CIFA-BC, including the wide-scale prevention, detection, and disruption of money laundering across sectors and communities.

Figure 4. Activity Streams



Assessing, Analyzing, Generating and Responding to Intelligence

Assessing, analyzing, generating and responding to intelligence includes co-developing typologies, alerts, and de-identified case studies based on a set of financial crime priorities for the first year of operations.

Promoting Innovation

Promoting innovation may include improving reporting mechanisms, enhancing product design and functionality, technical research, or identifying or enhancing analysis tools or procedures, at the discretion of each partner.

Advancing Policy, Regulatory and Legislative Reform

Advancing policy, regulatory and legislative reform is informed by the activities at CIFA-BC. It can include exploring existing legal gateways to form best practices and standards, and preparing proposals, recommendations and resolutions.

Strategic Information Sharing

CIFA-BC's success depends on the exchange of timely, high quality strategic³ information to carry out its activities. This requires parameters to provide clarity around what is permissible, and more specifically lawful, in a FISP setting. The development and application of CIFA-BC's Information Sharing Protocol guides partners from across sectors to develop a common understanding around the exchange of strategic information in the context of a public-private FISP. Developing shared understandings around the exchange of information and operations was necessary in a multi-sectoral setting, as each organization is bound by its own unique set of administrative policies, regulations, and culture that inform their approach to participating in a partnership. The CIFA-BC Information Sharing Protocol specifies expectations and establishes a collective understanding of information sharing principles, practices, and standards.

The exchange of strategic information forms a core and routine function of CIFA-BC. This includes the identification and development of trends and typologies without disclosing personally identifiable information.

While CIFA-BC is built on strategic information sharing, it endeavours to have the necessary mechanisms to enable tactical⁴ information sharing in the future. For this to happen, it will first require the relevant legal gateways to be understood and implemented.

Measuring Performance and Reporting

The implementation of CIFA-BC will be monitored and evaluated by drawing together data from across its activities and outputs. The data collected will assist in forming conclusions around program reach and design, measuring progress towards expected outcomes, demonstrating alignment with federal and provincial priorities, and demonstrating resource utilization in relation to the production of outputs. The CCO and the BC Ministry of Public Safety and Solicitor General are actively working together to establish metrics for the Partnership.

³ Strategic information is also commonly referred to as non-personal or non-sensitive information.

⁴ Tactical information is also commonly referred to as sensitive or personally identifiable (PI) information.

The logic model (see [Appendix 2](#)) visually represents the inputs to CIFA-BC activities, the resulting outputs, and the immediate and long-term outcomes that CIFA-BC intends to achieve. Each year, the CCO will lead a reporting cycle in which partners will report on the indicators and statistics for which they are responsible. Qualitative and quantitative data collected through this process will form key sources of information that will feed into designated briefings and an Annual Report submitted to the SAB and CIF national program on CIFA-BC's performance.

Challenges and Opportunities

As the provincial pilot, CIFA-BC expects to confront various challenges, both expected and unexpected, as it works towards achieving its goals and objectives.

As the provincial pilot, CIFA-BC's design, development, and implementation are building upon a new foundation and will continue to take extensive up-front investments of expertise, time, and resources. As a newly realized initiative, CIFA-BC will need to reinforce to stakeholders that the true benefits of FISPs not only take time, but also require long-term investment. Therefore, internal and external expectations and pressures for expeditious results will need to be managed accordingly, while also considering the need to sustain long-term investment of resources.

Secondly, the type of information being shared at CIFA-BC, namely strategic information, holds certain implications for outcomes. Traditionally, public-private tactical information sharing is the most direct means of supporting law enforcement and disruption efforts across international FISP models. Without a tactical component, the path to progress intelligence generated at FISPs to law enforcement investigations⁵ becomes less linear. As a law enforcement led initiative, expectations for CIFA-BC results may steer towards traditional enforcement-centric outcomes that include quantitative measures of investigations, prosecutions, and charges. Potential misunderstandings around traditional outcomes stem from a mismatch between the type of input needed for enforcement-centric outcomes (i.e. tactical public-private information sharing) and the type of input currently possible given understandings of provincial and national

⁵ Maxwell, N.J. (2021). Canada in Context: Canadian Legislation, Supervision, and Operational Processes for Information-Sharing to Detect Money Laundering and Underlying Crime, set in the Context of International Practices. *Future of Financial Intelligence Sharing. Briefing Paper*, 98.

legislative frameworks in place (i.e. strategic public-private information sharing). As a strategic information sharing public-private partnership, the correlation between the type of information shared at CIFA-BC and the outcomes that are produced as a result, will conceivably be less traditional and expectations will need to be tempered accordingly.

Thirdly, public misconceptions of CIFA-BC as an enforcement body may further pose challenges in public perception and expectations, particularly as its partners include both law enforcement agencies and regulatory bodies. For greater clarity, CIFA-BC's mandate is one of information sharing and is based upon activities that fall within the three pillars of prevention, detection, and disruption. Thus, the information collected and shared internally helps support law enforcement investigations, but such investigations occur external to, and distinct from, CIFA-BC's operations.

Finally, the ever-evolving threat of economic crime, and the complexities of the issues that CIFA-BC is seeking to resolve cannot be underestimated. The response to such a threat requires an alignment of resources, leveraged expertise and capabilities, a culture of trust and innovation, and a shared commitment to common objectives.

Although these issues present clear and exigent challenges to CIFA-BC, they are achievable. As with all challenges, opportunities come in equal measure. The ability to rise to these challenges will undoubtedly position CIFA-BC as the first FISP of its kind in Canada and a leader in the fight against money laundering and illicit financial crime.

Appendix 1: Partners

Principal Partners

Bank of Montreal

British Columbia Association of Chiefs of Police

- Richmond RCMP Detachment
- Vancouver Police Department

British Columbia Financial Services Authority / Office of the Superintendent of Real Estate
British Columbia Lottery Corporation

British Columbia Securities Commission

Canada Border Services Agency

Canada Revenue Agency

Canada Western Bank

Canadian Imperial Bank of Commerce

Coast Capital Savings

Combined Forces Special Enforcement Unit of British Columbia

Financial Transactions and Reports Analysis Centre of Canada

HSBC Bank Canada

Ministry of Public Safety and Solicitor General of British Columbia - Gaming Policy and Enforcement Branch

Royal Bank of Canada

Royal Canadian Mounted Police - Federal and Serious Organized Crime - Financial Integrity

The Bank of Nova Scotia

The Toronto-Dominion Bank

Vancouver City Savings Credit Union

Associate Partners

Automotive Retailers Association

British Columbia Assessment Authority

Chartered Professional Accountants of British Columbia

Criminal Intelligence Service of British Columbia and Yukon

Department of Finance Canada

Department of Public Safety and Emergency Preparedness Canada– Financial Crime
Coordination Centre

Insurance Corporation of British Columbia

Insurance Council of British Columbia

International Centre for Criminal Law Reform

Land Title and Survey Authority of British Columbia

Law Society of British Columbia

Ministry of Finance of British Columbia

- Finance, Real Estate and Data Analytics
- Crown Agencies Secretariat – Anti-Money Laundering Secretariat

Ministry of Public Safety and Solicitor General of British Columbia - Policing and
Security Branch

New Car Dealers Association of British Columbia

Real Estate Council of British Columbia

Society of Notaries Public of British Columbia

Union of British Columbia Municipalities

Vehicle Sales Authority of British Columbia

Appendix 2: Logic Model

CIFA-BC Logic Model

