



New Anti-Money Laundering and Terrorist Financing Rules – A Primer

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Lawyers as targets

- Lawyers may give an appearance of legitimacy to a criminal transaction
- May facilitate money laundering through the creation of companies, trusts or property purchases or sales
- May eliminate the trail of funds back to a criminal through use of a professional trust account
- Communications are protected by solicitor-client privilege

Why and when our Rules are changing

- Federal regime – the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (“PCMLTFA”)
- Lawyer are exempted so model professional rules developed
- Federation of Law Societies’ Model Rules adopted by NSBS Council, come into force January 1, 2020

Rule Highlights – Client ID

- Know your client!
- Corporate clients - additional steps required
- New: specific documents and information that can be relied upon
- New: verifying ID of children
- New: reduce time to 30 days (from 60) for verification
- New: ongoing monitoring of clients; mandatory withdrawal

Highlights – “No Cash” Rule

- \$7500 cash limit (with limited exceptions)
- New: exceptions apply only where lawyer or law firm is providing legal services
- New: removed exemption for cash received “pursuant to a court order, or to pay a fine or penalty”



Rule Highlights – Trust Accounts

- Part 10 of the Regulations - funds paid into or out of a trust account must be directly related to legal services provided by the lawyer or law firm
- On completion of the legal services to which the funds relate, a lawyer or law firm must take reasonable steps to obtain appropriate instructions to pay out the funds as soon as practicable.

More information

- Read FLSC Guidance materials (NSBS site, InForum, FLSC)
- Contact NSBS Legal Services Support - LSS@nsbs.org

