



News Release

Federation of Law Societies of Canada welcomes opportunity to work with federal government to address issues related to money laundering and terrorist financing

**For Immediate Release
June 13, 2019**

The Federation of Law Societies of Canada (Federation) welcomes the opportunity to work with the federal government in the fight against money laundering and terrorist financing. The joint Working Group announced earlier today (June 13) will include representatives of the Department of Finance, other federal government departments and agencies, the Federation, and the law societies of British Columbia, Newfoundland and Labrador, Ontario, and Québec.

The mandate of the Working Group is to explore issues related to money laundering and terrorist financing that may arise in the practice of law and to strengthen information sharing between the regulators of the legal profession and the government of Canada.

“The Federation of Law Societies of Canada and its member law societies have been actively engaged in the fight against money laundering and the financing of terrorist activities for more than 15 years” says Federation President Ross Earnshaw. “This Working Group initiative provides an avenue to enhance this work by our regulators”.

Two model rules, aimed at limiting the handling of cash by members of the legal profession and ensuring legal counsel engage in due diligence in identifying their clients, have been the cornerstone of the regulators’ anti-money laundering and anti-terrorism financing initiatives. The Cash Transactions Rule was adopted in 2004, and the Client Identification and Verification Model Rules was adopted in 2008. Both were implemented by all Canadian law societies.

Those rules were updated with amendments adopted by the Federation in late 2018. At that time the Council of the Federation also approved the Model Trust Accounting Rule that restricts the use of the trust accounts of members of the legal profession as part of the law society regulations aimed at fighting money laundering and terrorist financing.

“Adoption and implementation of the amendments and the new rule ensure law societies continue their commitment to assisting in the fight against money laundering and the financing of terrorism” the Federation President added. The Federation has also published comprehensive guidance on the model rules for practitioners and a best-practices guide for enforcement by the law societies.

In March 2015, the Supreme Court of Canada struck down certain provisions of Canada’s *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and regulations pertaining to the legal profession. That decision by the Supreme Court concluded a 14 year legal battle between the Federation and the government of Canada over application of the federal anti-money laundering and terrorist financing regime to lawyers and Quebec notaries.

“The mandate of this Working Group has evolved from discussions on ways to tackle money laundering, terrorist financing and other serious crimes in a way that fits Canada’s constitutional framework” Ross Earnshaw added. “We will be exploring issues related to money laundering and terrorist financing in the legal profession and strengthening information sharing between the law societies and the government of Canada.”

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The Federation President noted that in the planning that led to the creation of the Working Group, representatives of both the Department of Justice and the Department of Finance had expressed a strong interest in working closely with the Federation and the law societies on the anti-money laundering file, and indicated that the government understood the unique position of the legal profession in regards to the duties that members of the profession owe to their clients.

“This new collaborative effort will help with the understanding of the inherent risks that may arise in the practice of law, and will help in establishing regulatory best practices by law societies. It is a joint effort to strengthen Canada’s AML/ATF Regime, and protect the integrity of Canada’s legal and financial systems.”

The Federation of Law Societies of Canada also supports the federal government proposal to determine the feasibility of a national beneficial ownership registry. The Federation identified this as a missing ingredient in Canada’s anti-money laundering and terrorist financing initiatives in a submission to the House of Commons Standing Committee on Finance in March 2018, and again in response to the Finance Department document, *Reviewing Canada’s Anti-Money Laundering and Anti-Terrorist Financing Regime* submitted in May 2018.

The Federation is the national coordinating body of Canada’s 14 law societies, which are mandated by provincial and territorial statutes to regulate the country’s 125,000 lawyers, Quebec’s 3,800 notaries and Ontario’s 10,500 licensed paralegals in the public interest. The Federation also speaks out on issues critical to safeguarding the public’s right to an independent legal profession, the protection of solicitor-client privilege and other issues relating to the administration of justice and the rule of law.

For more information about the Federation, please visit our web site at www.flsc.ca.

To arrange for a photograph of the Federation President, please contact:

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