



# Global Banking Webinar Series: **Leveraging anti-financial crime strategies to combat illegal wildlife trade**

## *Webinar Transcript*

### **Section 1: Introductions**

**Lucie Reháková:** Good morning. Good afternoon. Good evening to all of you who are joining us live today, as well as to those of you playing this at a later time. First of all, welcome and thank you for registering for this edition of the CGI Banking Webinar series. Today, as you all probably know, we'll talk about anti-financial crime strategies and illegal wildlife trade. We will give it maybe a half minute or so for everybody to register and join the meeting today. But let me just kick off briefly with some of the logistical notes. So, we will be using the Q&A function in your app. So, feel free to submit any questions at any point during the webinar. We'll try to get to them whenever they're relevant and we'll try to leave some time at the end, as well, for some of that discussion.

My name is Lucie Reháková. I am a financial crime specialist on the HotScan360 team here at CGI HotScan is a comprehensive suite of KYC, sanctions, screening, anti-fraud and AML solutions. And CGI has been supplying these to financial institutions all over the world for over 25 years now. So, I will try to get into the discussion from the perspective of anti-financial crime technologies. And I'm thrilled to be joined by two wonderful guests today. First, Barry McKillop, who's the Deputy Director of Intelligence at the Financial Transactions and Reports Analysis Center of Canada, or FINTRAC. Barry is responsible for tactical, as well as targeted strategic financial intelligence, and has extensive experience with implementing anti-money laundering and anti-terrorist financing compliance programs, as well as with law enforcement and the area of organized crime. So, obviously highly relevant to the topics we'll address today.

I'm also really thrilled to be joined by Joseph Mari, who is the Director within the Financial Intelligence Unit at Scotiabank. He oversees major investigations and transaction monitoring. So, I'm sure that he's a colleague to many of you who are joining us today. And Joe is also the Director of External Partnerships for the Financial Crimes Risk Management Division, with a focus on strengthening the bank's commitment towards sustainability initiatives. And Joe, I'm really thrilled to have you because you're truly an authority on the topic of public/private partnerships. You've acted as the industry lead and coordinator for a number of other local and international initiatives, including in the area of anti-sex trafficking and child exploitation. Really, really wonderful to have you both today join us. And I'm really excited about the debate. I think from that it is clear that we are set for a really insightful discussion. We have an audience from all over the world and also from a range of different industries.

So, just at the beginning I wanted to highlight some of the main topics we will touch on today, and I know that many of you will be interested in more than one of these. So firstly, we want to really touch upon the importance of partnerships, including some of the lessons learned, as well as tips for success from our two guests today. Of course, we want to really focus on the role of the financial sector and what you can do as a compliance officer, as an executive, etc., to increase the impact of your institution in this area. And of course, we also will touch upon the role of technology and how we as an industry can really make use of what's available to us today. So now, without further ado, I want to hand over to Barry and give him the space to really introduce Project Anton, how that came about, what are the main objectives and what FINTRAC had to go through to make this work? I think maybe Barry's having some difficulties. So, why don't we turn to Joe? And I wanted to pose the same question to you. So why don't we kick off with the perspective of Scotiabank?

## Section 2: The role and objectives of Project Anton

**Joseph Mari:** Thank you for the introduction. I haven't been called an authority before, but I'll take it. But I am really supported here by a number of my peers at other banks and then our FIU, which Barry represents today. So, it's been a great journey, it's far from over, and I think we'll get into some of those questions about what the future looks like a little bit further into the discussion. So, I'm happy to be here to speak about Project Anton. It is the seventh PPP in Canadian AML history. It uses the same model as we've used for the previous six, and it tackles probably one of the more unique predicate offenses of the seven PPPs that we have. So, for those that are unaware, we have human trafficking with our first one, we have Fentanyl trafficking, we have romance crime and elderly trafficked elderly fraud. We have underground money laundering in casinos. We have child exploitation, illicit cannabis operations. And then we have Project Anton, which looks at the illicit wildlife trade.

When trying to address a specific topic, one of the questions that we do get is how the topic is chosen. And in Canada, the model that we have currently is an industry lead model. So, this model really brings together our largest banks in the country, many of which, for those that are unaware, Canada is the highly centralized kind of banking system, as opposed to, let's say, our partner or neighbors to the South, the United States, with several thousand banking institutions there. But for the most part, there's six major institutions. You know, a few more in addition to that. And we don't just stop there when we come together for PPP. Sometimes we do engage MSPs and other institutions, as well, but for the most part we stick with the big five and also add in sometimes HSBC, who was recently acquired by RBC. So, they're part of the big five now, I guess more technically.

We address the project or we addressed illicit wildlife trade by virtue of us being engaged with the United for Wildlife Foundation from Prince William. So, sometimes with some of these topics, they happen organically. We look to see if there is some degree of research done on it, if there's, you know, international discussion, if there's industry research on it, and then we try to elaborate on that and try to prove its validity in terms of being able to identify transactions, being able to report them to FINTRAC and trying to find that domestic touchpoint. I think with all of the PPPs that we have, we're always met with a little bit of skepticism in terms of if it can actually be viable, if that crime actually occurs in Canada. And I think that that skepticism is kind of a calling card of where PPP may be most needed.

If you look at law enforcement and the history of policing, you know, not all crimes were equally enforced and even made aware to law enforcement in the early days of metropolitan police forces coming together. But over time, they've diversified their approach, they've diversified their expertise, and I like to view the AML I use as kind of like a para law enforcement agency. You know, we get to stay behind our glass walls and now I think at home, our house walls. But we do support the larger efforts by way of reporting on this. And when you think about AML in the United States and in Canada and elsewhere, it really has only been around for, you know, about 40 years in a meaningful way after the BSA Act was introduced. But more so in the last 20 years, do we see real advancements in AML, real importance put behind anti-money laundering.

So, that's where these PPPs are seeking to carve out the expertise required to address predicate offenses, both big and small in terms of the reporting numbers. But all of them carry significant weight behind them in terms of their global impact. And Canada's trying to show a model of how to raise that education within private FIUs, but also within the public side, as well.

So, that's kind of how we came to Anton. The United Way for Wildlife really introduced us more so to this. Having a champion like Prince William behind this and Princess Kate really helps with the profile. But ultimately, back at home, we had the financial institutions, you know, really hold up their end of the bargain in looking for this type of activity and reporting on it. And I'll speak more in terms of what was found so far, a little bit further into the panel.

**Lucie Reháková:** Thank you, Joe. You've touched upon so many really, really important things, so I want to unpack some of these a tiny bit further. But maybe what we have here on the slide, I think, speaks to what you just mentioned. You know, when we start with the top bubble, it's an estimated figure. And I think all of us that have been working in the financial crime industry for a bit know that these figures are, in reality, probably much, much larger. The methodology can never be perfect. And we have really tiny chances of actually, you know, mapping that industry accurately. So maybe multiply those 19 billions by whichever coefficient, but it is in any case, a staggering figure itself, and that is the estimated size of the annual, let's say, value of illegal wildlife trade. It also says on the in the second bubble, it's the fourth largest organized illegal trade business, which of course, you know, is up there. It's a giant problem. It's clearly an international problem. Yet only 200 suspicious transactions reports related to illegal wildlife trade in over a decade, between 2011 and 2022, were submitted on this topic. And that is not percentage, but I think all of us can imagine that there were millions of STRs submitted during those 11 years.

**Joseph Mari:** Yes.

**Lucie Reháková:** That proportion is tiny. Please go ahead. Help us understand.

## Section 3: Accurately identifying suspicious transactions

**Joseph Mari:** So, what I noticed early on in the PPP journey that we were on here is the incongruity between the largest profit generating crimes out there and it's an in-house awareness for many banks around the world. So, when you look at the top crimes around the world, you know, drug trafficking is there. And I would say that is something that is treated more as a traditional type of crime, but also up there is human trafficking and exploitation, illicit wildlife trafficking, counterfeiting. And if you were to look at, you know, say, ten years ago at the expertise and awareness around those, I think you'd be hard pressed to even find someone to try to contextualize that within the importance of financial crime risk management, because you really lean back on the perception of a Bernie Madoff of Ponzi schemes, of drug trafficking, of the traditional type crimes.

And again, given the newness of these units, I'm not surprised that that's the case. You know, an anecdote that I can give is that I heard that the Beatles—I love the Beatles not to diminish their artistic quality—but given that they came about just after the invention of rock and roll, the chord structures that they had were some of the more natural chord structures to come up with on guitar. So, things are successive from there. You can't really have a Beatles in 2023 because most of those chord structures have already been created and developed upon. And I like to think about that when we're uncovering this and we're looking at aligning efforts with the top profit generating crimes out there is that we're doing this hopefully once now, and never again in the future, in terms of embedding and ingraining this within the lexicon of what it is to be an AML professional.

So, that's kind of how I view these things. And yes, right now it's kind of shocking, but you know, to use a comparison to Project Protect, I believe there was next to no trafficking related STRs, human trafficking related STRs before Project Protect and then after Project Protect, there are thousands of STRs and I've reviewed several of them, more than several of them in my career, and a lot of them are high quality, very visible indicators. They're not just shots in the dark or gut feelings. So, you know, we hope and we've had that success. Nick Maxwell from RUSI has documented PPPs from around the world, including Canada, and he documents the success, so far, of the PPPs in terms of, let's say, one metric, increasing reporting, which is not the be all and end all, but he does show across all six of the PPPs the significant increase in STRs being reported. And I think that's, you know, the baseline. Step one is to get the awareness out there, get the reporting up, and then we can focus on more sophistication in terms of technology being leveraged and really being proactive about things.

**Lucie Reháková:** Yeah, absolutely. And I'm glad you mentioned this, and I hope that this webinar and the related debate can really help be that propelling force in trying to tell people, you know, this is something you can do during your day-to-day activities. For example, as a compliance officer, this is how you can spot it and give them some of the toolkit. So, I definitely want to get to that in a tiny bit. But coming back quickly to Project Anton and your experience with other public/private partnerships, as well. You know, when we say wildlife, people will tend to associate that with exotic locations. I know that when you do AML trainings on the topic as well, you know, they will highlight some of the typologies and some of the, let's say, destinations and originating countries, etc. So, sitting in Canada for me, sitting in Prague, in Central Europe, how do you make that relevant to the local actors? How do you make it relevant to the banks that maybe just service the local communities, etc.? How do you get them on board?

## Section 4: The importance of transnational partnerships

**Joseph Mari:** Now that's a great question. There are two types of kind of crimes. One is a domestic crime, and then I would say the other is not a foreign crime, it's a transnational crime. You know there could be some elements of geographic specific criminality that occur. But given how intertwined our banking system is and how even the advent of cryptocurrency has kind of really brought down borders, you do see these transnational type crimes occurring. Now the challenge is, can you identify your jurisdiction's touch point on the transnational side? So, let's just take a step back —domestic. Canada has a unique biodiversity within our country. And yes, in our Federal Environment Agency, we've spoken to law enforcement, we've spoken to border security. They all have many stories and enforcement action against poaching, against illegal fishing, against illegal logging, if you really expand out that topic to environmental crime. So, they all have examples of that.

However, if you look for the examples on the FIU side, you know, not to speak on behalf of FINTRAC, but you can look at their annual report like many of our users do publish, you don't see the connection with the STRs being reported there. And that is always a question for me to say, most of these crimes are for profit. There could be an element of trophy hunting, but for the most part, they're always trying to exploit resources, whether people or drugs or animals and wildlife for money. And if they're doing it for money, then that means that there's money laundering involved.

So, there are many examples of domestic in Canada infractions. But then transnationally, this is where the international partnership and Project Anton, thanks to FINTRAC, is the first true transnational partnership, not only in Canada but potentially in the world, with the FIUs of South Africa, the United Kingdom, Canada, and there could be one other there that I'm unfortunately forgetting. But we have multiple FIUs supporting a project

which has never happened before with our previous six PPPs. And that's important because if you look at this type of crime, there could be something taken from one jurisdiction and then funds sent to an individual in another jurisdiction who's ultimately profiting on it. However, if you're only looking at one side, you don't really know exactly what the funds were derived from. But through partnership, through a degree of responsible information sharing, hopefully we can piece together that lifecycle of that transaction, which largely happens in silos and they happen independently of each other. So, one side may have explicit illicit wildlife trafficking happening, but they don't follow the funds, you know, to another bank, to another bank. And then ultimately somebody who has a shell company is receiving \$5 million, but no one really knows what the \$5 million is connected to. So, I always aspire to connecting those dots because that's where the true global impact will be made in trying to understand. I know law enforcement runs into the same problems when they're trying to reverse engineer money laundering. The question always becomes, where did the money ultimately come from in the first place? And that's still not an easy question. Blockchain has some interesting examples of that — being able to trace funds on a blockchain—but within SWIFT, within the banking world, it takes a lot of collaboration and cooperation to replicate what technology's allowed for on the blockchain to how to trace a transaction.

**Lucie Reháková:** Yeah, absolutely. And, you know, we see that from the perspective of technology, as well, right? Especially in the year 2022, since the invasion of Ukraine happened, you had this boom of sanction schemes, some very complex both in terms of numbers and the kind of volumes that you have to manage. But in terms of the understanding that you need to have for those transactions and how those sanctions and embargoes relate to those. And I think that is a big topic here, as well. You know, banks are constantly just kind of keeping up with the latest requirements in terms of risks, as well as in terms of requirements from the regulators. And in terms of the understanding and using the technology that you already have in the bank, how does then Project Anton help that? So, in the description of what Project Anton does is that it supports reporting entities in recognizing financial transactions suspected of being related to the laundering of funds associated with the illegal wildlife trade of animals. So, unpack that for us. What does that mean in terms of outputs? Is it a toolkit?

## Section 5: Understanding outputs of Project Anton

**Joseph Mari:** Well, okay. So, I have counterparts at other banks around the world that do external partnerships. What's unique to my role is that I also have a team that I co-direct with over 200 investigators in Canada. So, I see both the practical BAU (business as usual) operations, but also the other side of things, which is the progressive international engagement with different institutions to gain attention and traction. So, I think it's important to have a realistic approach to trying to address these types of crimes. Because if you're too arm's length from the investigatory operations, you may take on more than what you can chew in terms of operations.

What we typically do, with that being said, is that with all of these PPPs, the instruction typically is to go backwards, leverage the data you have, leverage technology that you have to try to find the touch points that previously maybe were missed when it comes to certain types of predicates. So, that was the same situation here. We look backwards. Typically, the timeline is three years and we try to find touch points where there were keywords leveraged—wildlife trafficking, rhino, you know, some of the more trafficked type animals—pangolin. We put all that data together and that really helps to carve out what the common indicators are. So, that's step one, the retrospective. Step two is going to be the proactive. Now finding the touch points, finding the quality indicators and applying them on a go forward basis to find the unknown, as opposed to finding what was known. So, it's a two-pronged approach. It doesn't happen overnight, but it does happen, you know, in succession. I see Barry.

**Lucie Reháková:** Hi Barry, welcome. I hope you can hear us.

**Barry MacKillop:** Thank you. Finally, first of all, I'm very sorry for this. This is my third computer. We're trying to get this thing going, so hopefully it'll work for the next while that I'm here. But I'm very, very sorry for this. I've been trying since quarter to to get on here.

**Lucie Reháková:** Don't worry. It's wonderful to have you on the on the topic of technology and how that's meant to help us. Right?

**Joseph Mari:** All right. We missed the first 14 questions. That's good. Way to go, Joe.

**Lucie Reháková:** Now, Barry, let me actually jump straight to you on this topic. So, we've covered the reasons and objectives behind Project Anton and some of the outputs and how it all comes together and what it does for the financial industry. But let me ask you, you know, seeing the importance of public/private partnerships, of information sharing, we've seen a big boom over the past couple of years in terms of these initiatives, as well as technology supporting these kinds of exercises and collective efforts. But aligning the interests and finding consensus is always a struggle. So, let me ask you, what have been some of the biggest hurdles in this



regard? Getting everybody on board with such wide international participation that you have been able to get for Project Anton?

## Section 6: Facilitating collaboration to overcome obstacles

**Barry MacKillop:** Thanks, Lucie. Actually, it's it hasn't been very difficult. I think what we've found, first of all, in Canada, as I'm sure Joe has mentioned, we don't have 7000 banks that we're dealing with. So, for us, it really is about trust. It's about individuals. It's about relationships. It's about building that trust and everybody looking at a common goal and coming to an understanding of what that common goal is. Once you have that basis and once you have that trust established, it's pretty amazing what you can get done when you have that many people wanting to do it. The other thing is to really select public/private partnerships that are going to target socially relevant issues, and it's issues for which both society is interested, but also more importantly, that financial intelligence can actually make a difference. To target something until....

**Joseph Mari:** I can fill in if Barry gets back. Barry and I have fortunately shared many of the same experiences on these PPPs. You know, gaining public and social support towards PPPs is very important because we are putting forward a unique approach that has not been historically used and we want to make sure that we're leveraging this unique environment in partnership to actually address things that are...

**Barry MacKillop:** The challenge is whenever you start this. Am I back now? I don't know.

**Lucie Reháková:** Sorry, Barry. You're back. But Joe has picked up where you left off.

**Barry MacKillop:** Way to go, Joe. I don't know what's going on today in my office building here. I probably should have stayed home and tried this, but, well, we'll do it as long as we can. Sorry.

**Lucie Reháková:** Joe, please continue. I think you were saying...

**Joseph Mari:** I was just saying, Barry, that we fortunately, we've shared many of the same experiences on the PPP journey, so I could fill in a little bit for you with the technical difficulties. But I agree. I think that overall, we've made it to the seventh PPP because of the support that we have from our AML industry here, both public and private and law enforcement included in that. You know, the topics that we choose tend to be progressive, tend to be underexplored and tend to be socially relevant in terms of why we leverage this unique platform, this unique partnership to do these things.

And Anton is another example where we do look to take also some cues at times about what the international community is doing. So, when you have institutions like I said, United for Wildlife with Prince William behind something, you know that's something that definitely we take into consideration, as well. We relate that to what's happening within our country. And I can say Canada wasn't lagging behind. There was actually no North American chapter with United Wildlife. But that was done, I think, strategically in terms of how they were branching things out. But there is a North American chapter now and that happened after Project Anton, as well. So, it wasn't directly related, but it definitely didn't hurt it either.

So, we do have support and sometimes there are, I think, helpful critiques of this, as well. One of them was, you know, do you find investigations? Do you report STRs? And different predicates, like I said before, have different reporting numbers, different impact on Canadian society. And to that, I would say, you know, law enforcement is trained with purpose. You know, how to operate with terrorism. And fortunately, we don't see that very often. But we wouldn't defund terrorist operations because we don't see the crime at a particular rate. The same thing with our FIUs. We want them to be well equipped, well versed with many different types of crimes, not just the most prevalent, but the ones that, you know, also we know are there. And sometimes that's the reason why we do PPPs is because we know they're there, but they may be overshadowed by traditional fraud or by drug trafficking. So, this is part of that diversification and building, as I mentioned before.

**Barry MacKillop:** And I think Joe, if I may, Lucy, I think it's also really important because when we started, and Joe may have talked about this, but when we started Project Protect, for example, we did not think —and maybe because we didn't want to think that there was that much human trafficking going on in Canada—but, when we're starting a Project Anton, then we don't think, or you may not think, or Canadians may not think that this particular crime is prevalent in Canada or how prevalent this might be. And I think this awareness that's going to be raised, through Project Anton is going to lead to increased reporting. It's going to lead to increased enforcement, which is both fortunate and unfortunate because I think we're going to find out the extent of this crime actually in Canada and the role that organized crime plays in this, which also has an impact on our societies.

**Lucie Reháková:** Yeah, I think you're absolutely right and definitely pleased to be part of that debate in the best sense that can be said in terms of helping to uncover and hopefully then detect and prevent, eventually, some of these illicit financial flows. But to be able to do that, I really want to get to some of the practical things about this. For some of the compliance audience that will be listening to this, as well. And you mentioned really interesting thing about, you know, forming partnerships on topics that are socially relevant and often maybe

underreported. Maybe there's not enough financial intelligence or other intelligence on these topics. And maybe you have to look to alternative sources and the topic of adverse media screening, etc., is a big topic in financial crime, in general. And I want to hear from both of you in a way, from both the perspective of the bank and from the perspective of the regulator. You know, how do you, as an institution, tell this tip off I should act on? How do you internalize those, or let's say alternative sources from NGOs, from media? Where is the threshold of credible and noncredible? And how, as a compliance officer, do you really, you know, take this topic on? Maybe start with Joe from the perspective of the bank.

## Section 7: Leveraging referrals to open investigations

**Joseph Mari:** It's a great question that comes up all the time. And, you know, I just wanted to transparently communicate that we're still governed by strict due diligence and policy around who can open an investigation. So, unlike a law enforcement agency where any citizen can call in and report a crime, you know, they still have their legal thresholds to meet, as well. But on our end, we can't just accept a referral from any institution. We have been proposed with, you know, NGOs where they have data at their disposal to share. And it's something that is, I think it's just an industry discussion. But typically, the only referrals that we can really act upon are from government entities, law enforcement. You know, when a judge signs off on a production order, there's similar type requests in other jurisdictions, as well. Those are the types of referrals that we receive.

But there's also proactive referrals that we look for, as well, in terms of adverse media. And I know adverse media is becoming a little more desperate in terms of jurisdictional availability. So, when you look at Europe, you know, some of the data privacy legislation there has kind of really restricted the ability to leverage adverse media. But in Canada we still can, you know, leverage open source, leverage different vendors that scrub adverse media for us for the information. And it's an invaluable tool because typically that information's coming from more credible sources. You know, if it's on Reddit, or if it's on a secondary social media site or things like that, you know, that will be taken with a grain of salt. But if it's coming from a government news agency or from a major publication and there's credible allegations there that will be used as a trigger, as well.

So, adverse media has really been a cornerstone of these investigations, as have law enforcement referrals and other public agency referrals as well. And then there's discussion, you know, between sharing between institutions on the private side and then also some of the public/nonpublic or non-governmental sharing as well, which are part of the ongoing discourse. But unfortunately, and there's good reason as well, that we can't accept referrals from every well-intended institution because there is a level of privacy that we have to actually meet in terms of privacy legislation and answer the question, why was this account opened and why was it investigated? So, that that does exist. It's not just at my discretion or Barry can't call me and say, "Joe, investigate this person." Those things don't happen. But we can collectively agree to investigate a certain type of crime generally, which is kind of what Anton is here.

**Lucie Reháková:** And, I think that is the general idea behind public/private partnerships and information sharing initiatives, as well. But million-dollar question to Barry here. So, what is the threshold between, you know, how do you find a risk-based approach to this in terms of setting a reasonable threshold for what intelligence to act on, what intelligence to share, and also maybe between under and overreporting? I know those are kind of separate things, but one leads to the other, in a way.

## Section 8: Accurately flagging actionable intelligence

**Barry MacKillop:** Mm hmm. You're right. You know, from my perspective, not being at the bank. So, on an intel side—and I'll speak to the intelligence component, right now—we will share anything that we believe is going to be actionable and relevant to a money laundering or terrorist financing investigation. And that's whether or not a money laundering investigation actually occurs. So, there doesn't necessarily have to be a money laundering investigation, but if there is, the intelligence that we share must be relevant to money laundering. So, we're always looking for the money laundering related to the proceeds of, in this case, illegal wildlife trade. From the reports that we got, I mean, we could certainly get voluntary information records from law enforcement. We can also get public voluntary information records. Again, the credibility of those will lead us to determine whether or not we can meet our own threshold to disclose. But when we partner with an NGO like the Wildlife Justice Commission, for example, and we get a public voluntary information record from them, that will, in fact, usually lead us to at least look in our database to see if we can meet our threshold for disclosure.

So, when it comes to the risk-based approach in the banks, what we try to do is, by providing the indicators that we provide in our operations alert, the goal really is to help them to develop their algorithms. We know that banks are going to miss transactions. We know that credit unions have missed transactions. We're all human. Even though we rely on technology, we will miss some. For me, it's really and FINTRAC, as we look at an assessment of a bank, for example, it's what are the efforts that are being made? Are there systemic issues that are leading them to miss transactions? Well, that's something that would have to be addressed. If it's

human error, that's something else. If they're building an algorithm that's going to look at their transactions and flag those related to illegal wildlife.

For us, it really is, what are your best efforts? What are you doing? How are you approaching this? It's hard to say. And we can't say. I mean, the FATF, our legislation and legislation around the world really looks at the requirement to report on all suspicious transactions. That makes it hard. And we can't simply come out and say, okay, well, if the transactions related to X, you don't have to report it. It's not important. That's not something that you can come out and say. And it's not something that's actually supported in legislation or supported by the FATF, for that matter. So, I think what we do look for is, and part of our PPPs are, they do reflect some of our priorities in Canada. They reflect the law enforcement priorities, our national inherent risk assessment reflects priorities. Those are the things that we really need to address. And we're hoping that through the development of operations alerts, through the development of indicators that we co-develop with our reporting entities and NGOs that these will assist in, if not reducing the burden, at least lessening a little bit the burden of identifying those transactions and then making, you know, as much use as possible of technology, so that what is flagged is in fact relevant for what we're looking for.

**Lucie Reháková:** Mm hmm, thank you for that. I think both of those answers are really comprehensive from the two perspectives and again, I'm so pleased to have both of you here today because it's invaluable to have those two different angles to the debate. I'm looking at the Q&A as well, and trying to move to some of the things I wanted to address. If we can bring up the figure one from the Project Anton operational alert and maybe talk about the process of wildlife trafficking, how that happens, and what is the point at which the bank is able to maybe detect some of these behaviors? Where should we be targeting our technology, our screening, etc., and our compliance efforts to be able to understand and detect some of these typologies? Can I? Whichever one of you one wants to start. I think, I wanted to ask Joe maybe from the perspective of technology and we also have a question directed to Scotiabank, specifically, about what is the point at which the investigation starts? So, I suppose which part of this process triggers some alerts at the institution?

## Section 9: Identifying triggers that initiate investigations

**Joseph Mari:** We have many different what we call workstreams that are derived from different triggers. So, there's the typical transaction monitoring that most institutions have in place. Then there's various types of advanced leveraging machine learning and AI, I would say not quite experimental, but that's layered on top of our traditional scenarios. And then there could be some manual efforts, as well, in there that are trying to develop a methodology that can be automated.

So, at any given time you could have several different types of triggers. And then there's the UTRs and the UARs that come in from the first line. There's the, like I said, law enforcement referrals that come in, as well. So, there's many different vectors of triggers that can occur. You know, in looking at our what we've done so far with Anton, we've had investigations that range on a variety of different animals, you know, rhino horns, glass eels, pangolin scales, reptiles. So, there's been a number of them that my teams have overseen here. Many of them do derive from adverse media. A few have come in from the branch where there has been cash has been leveraged. Transactional transfer or cross-border transactional activity was noted. Some fees related to transporting over border lines, as well.

So, I would say we're at the point right now where, given Anton is not quite, it's half year old, I believe, so it's still a baby. But it's been operational even before it was labeled Anton. There was investigatory work done on this in the year proceeding. Typically, that's how it happens. It kind of operates in the shadows, so to speak, for the first year. And then it gets announced publicly once there's enough information for FINTRAC to put their stamp on in terms of the credibility and viability of all those red flags that have been observed. Now, I just want to use a comparison of, let's say some of the earlier PPPs that we had. The place that we want to go is that these indicators go from manual to automated leveraging technological solutions. So, if you look at human trafficking and child exploitation, some of our earlier PPPs, we have built out scenarios specifically to address those type of PPPs to proactively identify that activity in absence of, let's say, a law enforcement, negative news or UTR from the branch saying something's happening. And that's where it gets very interesting because you're finding something that is very unique in comparison to the millions of customers that we bank, in terms of these red flags that are present and reporting on that intelligence that could actually make a big difference downstream because this is now someone that potentially is still out there in the public, not someone who's been arrested or someone who's gone through the judicial system.

And even when we have individuals that have been arrested, we always try to look for the connected counterparts that are potentially unknown to law enforcement. So, the investigatory teams are constantly skewed towards finding, not only the known, but the unknown, and then trying to go as far as they can with the unknown while still being grounded in a guiding marker, which is the presence of the red flags, but not necessarily one red flag. Sometimes it takes several to say, okay, we are in a very unique scenario now where we can run this against several million customers and come up with ten unique hits. And it's, I guess not until you do it, then you kind of see that the indicators are very unique. It's not just someone who goes to purchase,

let's say, something at a local pet store. Some of these indicators that have been published—once you combine them—really paint a profile of a person that, you know, at the very least should be asked a question in terms of what they're doing, if not something more severe.

**Lucie Reháková:** Yeah, absolutely. And, you know, when we talk about it from the perspective of technology, I think I just want to step in here and say that there is no new application or solution you need to be able to detect these kinds of typologies. It's really just about setting the risk model and trying to map your rules. It can be, of course, AI is big topic today and can be leveraged for these purposes as well, especially I think in the area of uncovering some of the unknown typologies or new anomalies, as well. But you know, the audience that is thinking maybe we don't have the technological capacity in my institution to do this, I would say that's absolutely not the case. And your traditional KYC transaction monitoring, as well as screening systems, can really help you detect some of this. So, you know, just kind of reach out and speak to somebody like the participants of Project Anton to really help you detect and define some of those typologies for your risk model. But Barry, turning to you now from this perspective, we have some of these, you know, let's say, actions that take place during an illegal wildlife trade. Which of these parts, terms or specific, let's say, words are you looking for in the STR, in the SAR reporting? What makes it really helpful for you as a supervisor to investigate these cases?

## Section 10: Accurately screening and reporting suspicious transactions

**Barry MacKillop:** I guess the first thing would be, you know, hashtag Project Anton, because we do hashtag our STRs when we're linking them to our public/private partnerships. So, that really is the first key to us and it brings it up. But when we were looking at developing this and we were looking through the STRs prior to the project to see if we could identify indicators, we were looking for things that related to wildlife. So, a lot of it is in an STR. You may have references to people purchasing advertisements on websites and their public websites linked to wildlife, or we would look at suspicious transactions or transactions that are unusual.

So, the Canadian trader may not actually work in the industry, but all of a sudden, the traders sending money to poachers or breeders, or sending it overseas or they're opening, or dealing with the import/export companies, or they're moving money in strange ways and sending it to people that they're not related to, which could be a money mule, for example. And then what we can do from there is, we luckily and somewhat differently than the vast majority of FIUs in the world, we also receive electronic fund transfers in and out of Canada. So, anything over \$10,000 going in and out of Canada, suspicious or not, we get the untainted, essentially, transactions reported automatically to us. So, that is really helpful when you're looking at a Canadian trader perhaps sending money overseas to a breeder or a trader or a poacher, and then you wonder, what's the connection there?

Now, we may, the banks may see that and they may submit an STR, and then we may see a number of other electronic fund transfers from other institutions or MSPs that are going to the same place or going to the same person. And we can look at that and link that up and go, okay, there's something here that really is linked to potentially illegal wildlife. A lot of times, because there's organized crime involved then we actually may recognize or have related cases linked to that person and we may have disclosed on that person or that group in the past. But we would have disclosed perhaps, as Joe mentioned earlier, on drug trafficking or on human trafficking. And now we see them reaching out and spanning out into illegal wildlife trafficking, so we can make those connections. We have, you know, well over 360 million transactions in our database.

We do keep things for at least ten years, all transactions for at least ten years. If we've disclosed in the past, we can keep those disclosures and we do keep those disclosures forever, which means that we can make those links across institutions and across different ways of moving money and across different groups that maybe are not known to the police or the connections are not known. So, we can see the vast majority of these transactions. And if the money's coming back in to pay the Canadian trader, we would see that or one of our partners, CBSA, may see something coming over the border and they can submit an information intelligence to us through their voluntary information records. If they're going to do an investigation on somebody who's a suspected importer or exporter of illegal wildlife. You're on mute, I believe.

**Lucie Reháková:** Excuse me. Thank you. Barry, I think you've kind of described, if we just touch the surface, the nightmare of any kind of data privacy, regulator or agency, and I just want to address that big elephant in the room—pun unintended, actually—because I truly believe that's not the case. I think that, you know, information sharing and international partnerships are not in direct conflict with privacy and things like GDPR, etc. So, in terms of having that volume of data, sharing that cross borders, keeping the records for X amount of years, what kind of technology and other kind of risk mitigation do you use to make sure that data is secure, it's stretched tactically, and that we are respecting the privacy of completely innocent citizens here?



## Section 11: Maintaining data securing and protecting privacy

**Barry MacKillop:** Mmm hmm. Well, the first thing we do is our staff. So, in terms of the clearance level of our staff, we all have the highest clearance levels possible. So, there's a certain level of trust, loyalty that goes along with that. In terms of our mandate, yes, our mandate is to combat, prevent, detect, prevent money laundering, terrorist financing. But it's also in our legislation to protect the privacy of Canadians. So, the transactions that we receive may only be received. And if they're not disclosed, they will be disposed of within ten years. Otherwise, they simply sit in the database and they're protected. And we protect the privacy. And we have our privacy commissioner come in and they do every two years a review on how we manage our data. So, the protection of the data is top of mind here, which is why we have a threshold that we must meet. And on the intelligence side, there's only myself and my assistant director that can sign off these disclosures to law enforcement.

We have a limited number of designated recipients of our disclosures, so we cannot disclose to just anybody. It's in legislation to whom we may disclose. Our thresholds are very clear that any disclosure must be relevant to a money laundering or terrorist financing investigation or threats to the security of Canada. Otherwise they cannot be disclosed. The information that we can disclose is also within our legislation, so I cannot disclose that. If Joel were to accidentally send me a SIN number, for example, a social insurance number in a report, I would not be able to disclose that social insurance number. I would have to delete that.

So, we do protect the data. It's top of mind here. And when we receive information from law enforcement, it's the same thing. That information also has to be protected through third party rule. And we don't disclose that without their permission, as well. And that goes to the trust that I think on the intelligence side of FINTRAC. Our databases are air gapped here on the intelligence side. So, you can't access it from outside. You have to be in the building, which is why during COVID, my staff were actually in the building every day because we could not do our work from anywhere else but this building. So, it is air gapped and that adds another layer of protection that it's not a system that can be hacked from the outside. There is no access to it from the outside. So, the data protection and we've never had a leak in the 22 years we've been open, or 23 years now. So, it really is it's crucial to the way we work, both for Canadians to be able to trust that we manage the data and protect it accordingly and securely, but also for our partners to know that we will do the same with their information.

And that's really how it works here at FINTRAC and why it's been so successful at FINTRAC. And the oversight that we have through the Privacy Commissioner is also welcomed and we have been quite successful in the reviews that we've had from them. So, we haven't had that issue, but I can understand people wondering why you have all this information. And yes, it's true we do. And sometimes some transaction may sit there for five years not being used and all of a sudden, it becomes a key piece of information in an investigation that police undertake. So...

**Lucie Reháková:** And, you know, I think this is a super fascinating topic to me because privacy enhancements, of course, are a big topic in Europe. There is a certain, let's say, dialog between AML authorities and data protection authorities. And I really think that partnerships are the way forward. We need to understand each other's perspectives and find the consensus. So, that brings me to the next question. And you've done so well within Canada. You've also outlined some of the factors that have helped the success of Project Anton with respect to your local, the kind of nature of the local market, etc., But what would you suggest to other institutions that want to start initiatives? How do you start a partnership? How do you make it successful? And how do you bring all of the diverse stakeholders like AML and data privacy authorities together?

**Barry MacKillop:** Joe, do you want me to start with that one, or would you like to?

**Joseph Mari:** Yeah. No, go ahead, Barry.

## Section 12: Developing relationships to engage stakeholders

**Barry MacKillop:** It really does go back to developing relationships. I mean, I've been to, and Joe, as well, we've been to countries where, when we go in and they say they'd like us to talk about Project Protect, for example, and we'll walk in and talk to them about how to set up a Project Protect, how to set up a PPP, and it ends up being the first time in that country that they've ever had the regulator, the intelligence unit, the law enforcement and the banks in the same room talking. And I think it's a recognition, certainly in Canada, we recognize that FINTRAC would not be useful at all if we didn't have the reports that we received from Joe or from his colleagues and from other reporting entities who really are the front line against money laundering and terrorist financing. They really are. And we would have nothing without the quality of the reports they have.

What we are lucky in Canada is that the relationship that we've developed is towards a common goal. It's not just a regulator overseeing a bank, it's a regulator and a financial intelligence unit working with the bank for common good, and that is for the safety of Canadians and others internationally, whether it's on wildlife or whether it's individuals in the community. So, it really is a question of getting people together. You need to get a coalition of the willing, obviously. We have a lot of reporting entities, but on Project Anton we only had three

banks that wanted to participate in actually developing it. We could do that with the three because as a regulator, when I put out the operations alert and the indicators, it's to assist everybody, whether you're participating actively or not, because the reality is it's a predicate crime to money laundering. So, as per the legislation, you're supposed to report on these anyway, and you're supposed to report suspicious transactions when you see them. So, we're trying to help them in terms of doing what they already have to do anyway. And we're trying to facilitate that. And when people see that we're all working together to achieve the common good, I think that's really what's going to lead to the success.

But again, it's the coalition of the willing. It's getting partners who have a leadership role, who are seen as leaders, and who have the authority to make change. And if you get them in the room, and you don't need a hundred of them, you can get five people in a room. Project Protect started with two of us sitting down, with three of us sitting down with Joe, Peter, Stewart, myself and a couple of my staff. We said, "we're going to do this." So, it's just getting the coalition of the willing who are in the right positions, hopefully with the right personality that as leaders, people will follow. And if you can show that you can make a difference, people buy in and people come on board.

**Lucie Reháková:** Thank you. I think that's really inspiring and I think my takeaways from that is, you know, start small, you can start simple. It's going to make it a bit easier, create the use cases, find alignment of interest here, as well and build up from that. And just a quick reminder to our audience, we have 5 minutes left. Please do feel free to share any questions. But now I wanted to turn to Joe as well. I know we have plenty of people who will be listening to this in compliance roles and we've touched upon this as well. It's really easy to come into your job, you know, do the kind of daily activities, push the buttons and etc., and lose touch with the importance of what your job is really making in the world, be it in terms of wildlife, be it in terms of human trafficking, etc. So, what would maybe your last kind of words to compliance officers listening to this be on the importance of their jobs? And what can you do when you work in financial institutions to kind of not lose touch with the really important impact that you're making?

## Section 13: Recognizing the impact of compliance and intelligence professionals

**Joseph Mari:** Yeah, it's a great question. As to some of the comments I made about my day-to-day responsibility here, that it's partial external partnerships and partial FIU day-to-day investigations with our team of investigators. So, I do see things from both sides of the fence in terms of obligations, things that are necessary that need to be done and they can be overwhelming at times. But I always try to keep an open mind, I should say, in terms of the importance of PPPs, the importance of fostering curiosity, fostering innovation, and never letting my, let's say, my day job from overshadowing, you know, the work that we're doing here with Anton or other such projects.

And sometimes that doesn't necessarily translate into me doing it myself, nor should it, because I want that experience and I want that knowledge to be evenly kind of spread out throughout the team. So, I do look to encourage team mates to take on certain tasks to facilitate something as simple as a lunch and learn or to write a risk decision paper or to, you know, collaborate on an investigation. So, I just think it's something that just needs to kind of come part and parcel of what it means to work in an FIU, whether on the private side or public side. I think it's a great testament of how to manage that with his responsibilities and what he's articulated and demonstrated over the years.

But I think that would be my advice is keep an open mind and keep the importance of this, you know, front and center and never diminish one predicate due to potentially its lack of reporting for another that's more reported on. Because we've seen, we can talk for another hour about the importance of wildlife trafficking in light of the COVID pandemic and its impact on humanity, on civilization, as well, not just on biodiversity. So, there's so much importance here. I'm happy to see the PPPs move on to the seventh incarnation and having CGI ask us these questions. But yeah, you know, keep the good fight going. And, this is what makes us that strong frontline that Barry spoke to.

**Lucie Reháková:** Yeah. And as you mentioned, you know, we could be speaking for another hour or two on this topic. And I know that if I didn't have Moyra here reminding me of the time, I would probably keep going. But just a couple of, you know, practical points to finish, I really want to urge everybody who is interested in these topics to reach out to us, to reach out to FINTRAC, to reach out to the Scotiabank team and within the possible kind of methods and ask us questions, ask us to help you get on track with monitoring some of these activities and help your institution do this. So, I'm really pleased to also say that Scotiabank has been using HotScan for a very long time now. It's a wonderful partnership. So, thank you for that, as well. And our team at CGI would be really, really happy to give you more details on these topics and help you, as I said, get on track. But maybe quickly over to you, Barry, as well. What are the ways people can get in touch if they're not a part of the partnership, they would like to be? What would you tell them?

**Barry MacKillop:** Just call. Call or write me or Joe as the lead bank. We will bring in any partners that want to partner with us. It is a global issue. It requires a global approach. It requires a global response. And to your previous question to Joe on how do you get people and keep them motivated, I think the real there's two really important things that we try to focus on. One is, say thank you. And every time I get a chance to talk to Joe and his staff, I say thank you for the work they do. The other one is feedback. And every time that we have an arrest in Canada where FINTRAC is mentioned by a police agency, we take that press release and we send it to our reporting entities and we ask them to share with all their staff, because I guarantee them that if they reported anything on this particular person or case, it was disclosed that it played a role in this investigation and it led to concrete results and they made a difference in people's lives. And it's amazing if you're in a compliance role in a bank or you're an intelligence role here. And my staff get the same thing. When they get feedback and they realize, hey, my work that I did six months ago actually led to an arrest and we saved X number of women from human trafficking or children from child sexual exploitation. That's enough motivation to keep you going for another six months. So, I think that's really important to do.

**Lucie Reháková:** I love that. Thank you. Thank you, Barry. And Joe, just quickly to you for any last remarks.

**Joseph Mari:** You collaborate, if you can get your FIU's attention. If you're not in Canada, I think they're you know, they're naturally a great partner to be at the table with this. But if they're not there, there's still a degree of collaboration. Just make sure that, you know, your well-intended efforts don't traverse into, you know, infractions of privacy or internal risk appetite. So, definitely take that motivation. It's much needed internationally to address these crimes. But if you have questions, you'll raise up your hand internally. And yeah, sometimes you have to push the barriers a little bit, but you have to be strategic about it that nothing breaks in the process, or at least nothing good breaks, I should say.

**Lucie Reháková:** Thank you, Joe. We're slightly over time, but as I said, I could speak to you for another couple of hours. Gentlemen, I really appreciate your time and all the work you're doing, So, thank you. A very loud thank you. And everybody who's listening to this, please feel free to get in touch. As you know, as we've outlined, the collaboration and the dialog on these topics is really what keeps it going. So, we look forward to having these conversations with all of you. Have a lovely day. Thank you, again.