PART E – HIGH-RISK INDICATOR & ESCALATION WORKFLOW

Referencing the CSS Risk Assessment Manual.

1. HIGH-RISK INDICATOR IDENTIFIED

A potential AML/ATF concern has been identified during:

- Client onboarding
- Risk assessment
- Ongoing monitoring
- Client communications
- Due diligence procedures
- Engagement activities

Determine whether the concern involves:

Client Risk Indicators

- PEP (Politically Exposed Person)
- HIO (Head of International Organization)
- Change in PEP/HIO status
- Foreign client with elevated risk factors

Sanctions & Regulatory Concerns

- Sanctions concern
- Listed person concern
- Regulatory concern
- Restricted jurisdiction involvement

Financial Crime Indicators

- Suspicious activity
- Unusual transaction patterns
- Unexplained movement of funds
- Possible money laundering indicators
- Potential terrorist financing indicators

Ownership & Control Concerns

- Beneficial ownership concern
- Opaque ownership structure
- Nominee ownership concerns
- Complex ownership arrangements
- Third-party concerns

Source of Funds / Wealth Concerns

- Source of Funds concern
- Source of Wealth concern
- Unexplained wealth
- Inadequate supporting documentation

High-Risk Override Indicators

- High-Risk Override condition identified
- Risk score inconsistent with observed risk
- Escalated risk factors requiring review

2. IMMEDIATE ESCALATION

Escalate Immediately To:

CAMLO *(Chief Anti-Money Laundering Officer)*
OR
Deputy CAMLO

Escalation Requirements:

- Do not attempt to independently resolve significant AML/ATF concerns
- Notify compliance personnel promptly
- Provide all supporting documentation
- Document the concern identified
- Preserve all relevant records

3. CONTINUE REVIEWING

CAMLO / Deputy CAMLO Review

Conduct a detailed review of:

- Client information
- Ownership structure
- Beneficial ownership information
- Source of Funds information
- Source of Wealth information
- Monitoring history
- Risk assessment results
- Supporting documentation
- Regulatory considerations

Additional Information May Be Requested

Examples:

- Corporate records
- Trust documentation
- Ownership records
- Financial statements
- Source of Funds evidence
- Source of Wealth evidence
- Identification documents
- Other supporting documentation

4. DETERMINE WHETHER

Enhanced Due Diligence (EDD) Is Required

Review whether:

- Additional verification procedures are necessary
- Additional documentation is required
- Risk mitigation measures should be applied

Risk Rating Must Change

Consider whether the client should be:

- Reclassified as Medium Risk
- Reclassified as High Risk
- Subject to a High-Risk Override

Monitoring Should Increase

Examples:

- More frequent monitoring
- Increased review frequency
- Enhanced transaction scrutiny
- Additional periodic reviews

Additional Documentation Is Required

Examples:

- Source of Funds documentation
- Source of Wealth documentation
- Beneficial ownership evidence
- Corporate records
- Trust records
- Third-party information

Engagement Restrictions Are Necessary

Examples:

- Restrict services
- Limit engagement scope
- Require additional approvals
- Decline or terminate engagement where appropriate

STR Obligations Should Be Considered

Consider whether circumstances require:

- Suspicious Transaction Reporting (STR)
- Attempted Suspicious Transaction Reporting (ASTR)
- Other regulatory reporting obligations

DOCUMENT DECISIONS

Record in FINTRAC/Client File:

- Nature of concern identified
- Date concern identified
- Escalation details
- Individuals involved in review
- Information reviewed
- Compliance assessment performed
- Risk rating decision
- Due diligence actions required
- Monitoring changes
- Reporting considerations
- Final determination
- Reviewer approval

KEY PRINCIPLE

WHEN IN DOUBT — ESCALATE

When uncertainty exists, personnel should:

- Escalate concerns to the Deputy CAMLO or CAMLO
- Avoid independently resolving significant AML/ATF concerns
- Seek guidance before proceeding
- Document concerns and actions taken

Purpose of Early Escalation

Early escalation supports:

- Consistent decision-making
- Appropriate documentation
- Effective risk management
- Regulatory compliance
- Protection of the Firm and its personnel