

FINTRAC / AML Phase 1 Client Triage Framework

Purpose: Rapidly triage all CSS clients into operational FINTRAC risk streams using existing client knowledge, tax workflow data, service lines, assurance/compilation/review engagement data, and RAM indicators before full KYC/CDD workflows begin. This is a first-pass segmentation tool, not the full KYC/CDD file.

SECTION 1 — Automatic Service-Based Triage

Use known engagement/service data first. The service type gives the initial classification, then overrides and mitigation rules below are applied.

Engagement / Service	Typical Indicators	Default Risk	Operational Result
Standard T1	Canadian resident; simple tax profile; no foreign reporting	LOW	Basic Screening + Simplified Monitoring
T1 with Foreign Reporting / US Tax	T1135, foreign assets, cross-border filing	MEDIUM	Standard KYC/CDD
T1 with Offshore / PEP / Suspicious Indicators	Opaque wealth, offshore entities, unexplained assets	HIGH	Expanded / Enhanced KYC/CDD
Standard T2	Local operating company with transparent ownership	MEDIUM	Standard KYC/CDD
Complex T2 / Holdco / Reorganization	Layered ownership, trusts, international exposure	HIGH	Expanded / Enhanced KYC/CDD
Standard T3 Trust	Transparent Canadian family trust	MEDIUM	Standard KYC/CDD
Complex / Offshore Trust	International beneficiaries, opaque ownership	HIGH	Expanded / Enhanced KYC/CDD
Payroll / T4 Services	Routine payroll/bookkeeping	MEDIUM	Standard KYC/CDD
Payroll with Elevated Indicators	Cash-intensive, unusual payroll patterns	HIGH	Expanded / Enhanced KYC/CDD
Standard T5 Reporting	Straightforward local investment reporting	LOW-MEDIUM	Basic or Standard depending on relationship
Complex Investment Structures	Offshore investments, nominee/shareholder arrangements	HIGH	Expanded / Enhanced KYC/CDD
Standard Compilation Engagement	Standard Compilation only; transparent	MEDIUM	Standard KYC/CDD

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	ownership; no funds movement; no red flags		
Standard Review Engagement	Standard review only; transparent ownership; no funds movement; no red flags	MEDIUM	Standard KYC/CDD
Standard Audit Engagement	Standard audit only; transparent ownership; no funds movement; no red flags	MEDIUM	Standard KYC/CDD
Assurance / Compilation with Elevated Indicators	Opaque ownership, frequent bookkeeper changes, unusual records, trust/funds activity, payments on behalf of client	HIGH	Expanded / Enhanced KYC/CDD
Advisory-Only Engagements	Valuations, economic loss, advisory only; no instructions or funds movement	N/A	Basic Screening Only

SECTION 2 — Automatic High-Risk Overrides

If **ANY** item below applies, classify the client/engagement as HIGH RISK regardless of the service type.

Override Indicator	Required Result
US-resident tax client	High Risk → Expanded / Enhanced KYC/CDD
Trust account activity or receiving/paying/transferring/directing funds	High Risk → Expanded / Enhanced KYC/CDD
PEP/HIO exposure	High Risk → Enhanced measures and monitoring
Sanctions or listed person/entity concern	Stop and escalate immediately
Opaque beneficial ownership	High Risk → Expanded ownership review
Unexplained international structures	High Risk → Source of funds/wealth review
Suspicious activity indicators	High Risk → CAMLO review / reporting assessment
Refusal to provide ID, ownership, source of funds, or purpose information	Do not proceed without escalation

Third-party involvement concerns	High Risk → Third-party determination and escalation
Audit/review/compilation file has unusual records, opaque ownership, or appears to validate unexplained income	High Risk → Expanded / Enhanced KYC/CDD

SECTION 3 — Delivery Channel Overrides

Virtual-only or **telephone-only** or **e-mail only** relationships may increase the client risk level where identity verification, ownership understanding, source-of-funds/source-of-wealth comfort, or relationship transparency is reduced.

Remote delivery alone does not always create high risk, but it should be treated as a risk escalator.

SECTION 4 — Existing Relationship Mitigation

Existing relationship factors may help stabilize a risk rating when **ALL** of the following apply:

✓ Long-standing relationship	✓ Transparent ownership	✓ Known operations
✓ No historical concerns	✓ No trigger events	✓ Local Canadian operations

IMPORTANT RULE: Existing relationship factors may mitigate escalation, but do **NOT** automatically override inherent service/entity risk. **T2, T3, T4, audit, review, compilation, and other entity-based relationships** remain at least **MEDIUM RISK** because Standard KYC/CDD obligations still apply.