Law Society
of British Columbia

CLIENT MATTER
ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING ("AML/CTF")
RISK ASSESSMENT

I. Introduction

The purpose of this risk assessment is to assist lawyers to identify money laundering, terrorist financing ("ML/TF") and sanctions evasion risks on individual client matters[1]. Lawyers should complete the risk assessment at the outset of the retainer, review it periodically and update it during the course of the retainer. This client matter risk assessment is separate from the Law Firm Wide AML/CTF Risk Assessment.

Lawyers are encouraged to review the 2025 Assessment of Money Laundering and Terrorist Financing Risks in Canada, published by the Government of Canada, to generally inform themselves of threats and vulnerabilities relevant to their law practice. The Law Society of BC's Client ID and Anti-Money Laundering Risk Management page includes other relevant resources.

Unless the firm is withdrawing or declining to act, a lawyer will assign a client's matter with an overall risk rating of high, medium or low.

Risk Rating	Description
High	The risks suggest a high vulnerability of legal services potentially being used to further ML/TF or sanctions evasion. One or more of the following apply: • High risk client profile, including a client who is a Politically Exposed Person ("PEP") or Head of International Organization ("HIO") • High risk related to nature of legal services • Involvement of high-risk foreign jurisdiction • High risk use of trust account • Presence of any other red flags of potential ML/TF[2] or sanctions evasion
Medium	The risks suggest a moderate vulnerability of legal services potentially being used to further ML/TF or sanctions evasion. There are no red flags and all of the following apply: • Some inherent risks related to client profile or nature of legal services • No involvement of a high-risk jurisdiction • Low risk use of trust account or no use of trust account
Low	The risks suggest a low vulnerability of legal services potentially being used to further ML/TF or sanctions evasion. There are no red flags and all of the following apply: • Low risk client profile • Low risk legal services • Low risk use of trust account or no use of trust account

[1] The Law Society has prepared this template with a non-exhaustive list of risk factors. Lawyers should determine if there are additional risk factors applicable to the client matter in completing the risk assessment.

[2] Red flags are suspicious circumstances that raise a concern of potential ML/TF or other illegal conduct. The suspicion could arise from a discrete circumstance or be based on a consideration of multiple factors.

A medium or high-risk rating requires enhanced measures. A lawyer should make further inquiries to objectively satisfy themself of the legitimacy of the transactions and that the legal services are not being used to further ML/TF, sanctions offences or other illegal conduct. The inquiries and responses must be recorded with the applicable date.

In the face of red flags, lawyers should not take steps to advance the client matter, including the receipt of a retainer, if the legitimacy of the client matter remains in question**.**

The firm must decline the engagement or withdraw if the legal services sought would assist in dishonesty, fraud, ML/TF or other illegal conduct.

For high-risk client matters where there is no duty to withdraw, a lawyer should determine whether to decline the retainer on the basis that the overall risks are not acceptable to the firm, or whether to take other measures such as limiting the scope of the retainer and/or use of the firm's trust account as a means of mitigating the risks.

II. Client Matter

Complete this risk assessment after client identification and verification has been performed and the source of money information has been obtained[3]. Lawyers must decline a retainer if the proposed client attempts to conceal their true identity or otherwise not cooperate with the lawyer for the purposes of client identification and verification, beneficial ownership information and the source of money for the financial transactions.

Client Name(s)[4]	
File Number	
Responsible Lawyer	
Date File Opened	
Nature of Legal Services	
Financial Transaction[5]?	

[3] Part 3, Division 11 of the Law Society Rules 2015.

[4] Include all instructing individuals. Refer to the definition of "client" in Rule 3-98(1).

[5] "Financial transaction" is defined in Rule 3-98(1) of the Law Society Rules 2015 as "the receipt, payment or transfer of money on behalf of a client or giving instructions on behalf of a client in respect of the receipt, payment or transfer of money". "Money" is defined as including "cash, currency, securities, negotiable instruments or other. financial. instruments, in.any.form, that indicate a person's title or right to or interest in them, and electronic transfer of deposits at financial institutions" [emphasis added].

III. Risk Assessment

This Risk Assessment is divided into three categories: A. Client Risks, B. Legal Services Risks – Practice Area, C. Legal Services Risks – General, and D. Financial Transaction Risks. Some risks may fall into more than one category or overlap.

A. Client Risks

Client Risks	Assessment of Risks/Red Flags and Comments
Existing or new client? For each client, consider: (i) Why did they select the firm; (ii) Is the client matter within the firm's practice areas; (iii) Is the client located in geographical area firm serves; (iv) Has the client previously been represented by other lawyers in same matter	
Individual client, private corporation, reporting issuer, financial institution, trust, charity, public body or other[6]	
Individual client is a vulnerable person or there is potential for undue influence Clients with diminished capacity: *BC Code* rule 3.2-9 and commentary Undue Influence Recognition and Prevention: A Guide for Legal Practitioners (BCLI, 2022)	
Individual client is a non-resident of Canada or resides outside of Canada and/or client is located in or associated with a high-risk jurisdiction for ML/TF or sanctions evasion FATF "Black and grey" lists Discipline Advisory - Country/Geographic Risk, Feb. 2021 Federation -Sanctions Implications for Legal Profession Special Bulletin Use of legal profession in ML and sanctions evasion (FINTRAC, October 2024) Special Bulletin on financial activity associated with evasion of counter proliferation sanctions (FINTRAC, July 2025) The Consolidated Canadian Autonomous Sanctions List (includes individuals and entities subject to specific sanctions regulations made under the *Special Economic*	

[6] Private corporations pose a high risk as they are not subject to stringent regulatory scrutiny like reporting issuers and may be used to conceal beneficial ownership and obscure illicit transactions. Trusts, particularly discretionary trusts and asset protection trusts, pose a high risk of ML/TF. In addition to obscuring beneficial ownership, trusts may control assets in other jurisdictions, including high risk jurisdictions. Non-profits and charities may be exploited to further TF schemes including funds raised for legitimate purposes being redirected to support illegal activities.

Client Risks	Assessment of Risks/Red Flags and Comments
Measures Act and the *Justice for Victims of Corrupt Foreign Officials Act)* The United Nations Security Council Consolidated List of individuals and entities subject to measures imposed by the Security Council under the *United Nations Act*	
The client is a foreign legal organization and/or has business operations in or associated with a high-risk jurisdiction for ML/TF or sanctions evasion FATF "Black and grey" lists Discipline Advisory - Country/Geographic Risk, Feb. 2021 Federation -Sanctions Implications for Legal Profession Special Bulletin Use of legal profession in ML and sanctions evasion (FINTRAC, October 2024) Special Bulletin on financial activity associated with evasion of counter proliferation sanctions (FINTRAC, July 2025) The Consolidated Canadian Autonomous Sanctions List (includes individuals and entities subject to specific sanctions regulations made under the *Special Economic Measures Act* and the *Justice for Victims of Corrupt Foreign Officials Act)* The United Nations Security Council Consolidated List of individuals and entities subject to measures imposed by the Security Council under the *United Nations Act*	
Client is a PEP or HIO or a family member/close associate of a PEP or HIO, or any party to the transaction is a PEP or HIO or an associate of one Federation Guidance on PEPs & HIOs	

Client Risks	Assessment of Risks/Red Flags and Comments
Screen the client and parties associated with the transaction for sanctions/economic measures, listed terrorist entities and listed persons. Consider also whether the client matter involves a country subject to sanctions/economic measures Federation -Sanctions Implications for Legal Profession Special Bulletin Use of legal profession in ML and sanctions evasion Special Bulletin on financial activity associated with evasion of counter proliferation sanctions The Consolidated Canadian Autonomous Sanctions List (includes individuals and entities subject to specific sanctions regulations made under the *Special Economic Measures Act* and the *Justice for Victims of Corrupt Foreign Officials Act)* United National Security Council Consolidated List of individuals and entities subject to measures imposed by the Security Council under the *United Nations Act*	**Client matter cannot proceed if there are sanctions or terrorist financing concerns**
Client is engaged in high-risk business activities or occupations (e.g., cash-intensive businesses such as restaurants, personal services, small retailers, online casinos, armoured car business, cryptocurrency exchanges, or money service businesses)	
Client's profile is inconsistent with the client matter/transaction (e.g., age, professional experience, economic profile). A minor is involved without logical explanation	
Allegations exist that the client has been engaged in, or was convicted of ML/TF, fraud including securities fraud, drug trafficking or other serious offences or that the client is related to or is a known associate of such a person *Law Society of BC* v. *Pelletier,* 2023 LSBC 47	
Client is subject to an asset freezing order or other order restraining the disposition of assets, or is subject to civil judgments for fraud or other dishonest conduct	
Client has been denied banking services by a financial institution in Canada	
Client is an organization with an unusually complex ownership structure, involvement of shell or shelf companies, and/or apparent nominee or straw directors or shareholders	

Client Risks	Assessment of Risks/Red Flags and Comments
Client operates a business with no online presence, no storefront, no public contact information and/or no or little indication of actual operations. Client uses free email (e.g., Gmail, Yahoo, Hotmail) for business	
Client frequently changes legal structures and/or control persons or their instructions without justifiable reason. The beneficial owner's identity and who is in control is difficult to discern	
Client engages in a business or transactions that receive funds from a crowdfunding platform or through the use of new technologies such as those associated with crypto assets[7]	
A third party or intermediary is involved in providing instructions or otherwise included in client matter	
Matter is a non-face- to- face transaction, with no physical meeting with the client	
Client is secretive or is unable to adequately explain the nature, object or purpose of services requested or provides inconsistent responses	
Client seeks to conceal their identity in transactions without legitimate reason	
Client insists on urgent timelines that are not justified or conversely seems disinterested in the outcome of the retainer	
Client is prepared to pay substantially higher fees than usual or a bonus when not warranted or requested	
The client is a non-profit or charity requesting legal services that are unusual for such an organization Assessing and reducing terrorist risks to charities	
Client seeks an introduction to a financial institution to secure banking services	
An organization or government funds the client's personal expenses	

[7] Crowdfunding platforms pose a high risk as they allow for raising funds from a number of donors, including from high-risk jurisdictions, with a potential for anonymity for donors. Crowdfunding platforms may be abused for terrorist financing purposes. Crypto assets are vulnerable to being used for ML/TF.

Client Risks	Assessment of Risks/Red Flags and Comments
Other client risks (e.g., client has changed lawyers numerous times; the client resides in a location distant from the lawyer without a logical reason)	
OVERALL RISK RATING -CLIENT RISKS **Rate: High, medium, low or unacceptable risk**	

If the risk rating is high or medium, a lawyer must take additional measures to mitigate the risks and remain vigilant or decline the retainer. See page 14 for additional mitigation measures.

B. Legal Services Risks – Practice Area[8]

Practice Area Risks	Assessment of Risks/ Red Flags and Comments
Real estate or private lending Federation Risk Advisories Federation AML Case Studies 2025 Assessment of Money Laundering and Terrorist Financing Risks in Canada report Discipline Advisory - Private Lending, April 2019	Complete **Schedule A**
Creation or management of private corporations, trusts, non-profits or charities, including purchase or sale of shares/assets Forming companies and other structures – managing the risk Assessing and reducing terrorist risks to charities 2025 Assessment of Money Laundering and Terrorist Financing Risks in Canada report	Complete **Schedule B**
Securities law (excluding defending clients in actions brought by securities regulators) Discipline Advisory-Micro-cap Stocks, June 2020 2025 Assessment of Money Laundering and Terrorist Financing Risks in Canada report	Complete **Schedule C**
Tax mitigation strategies[9] 2025 Assessment of Money Laundering and Terrorist Financing Risks in Canada report	**Lawyers must not provide legal services to assist a client in committing tax evasion or in concealing or otherwise dealing with the proceeds of crime[10].**
Debt collection litigation including builders' liens Federation Risk Advisories Federation AML Case Studies	Complete **Schedule D**
Other practice area risks[11]	

[8] Legal services in the area of real estate, private lending, creation/management of private corporations, trusts, non-profits and charities, securities law, tax mitigation strategies and debt collection litigation are vulnerable to being used in furtherance of ML/TF schemes. See Federation Risk Advisories; Federation AML Case Studies and 2025 Assessment of Money Laundering and Terrorist Financing Risks in Canada report

[9] Tax evasion is a designated offence and the definition of "proceeds of crime" in the *Criminal Code* includes proceeds from tax evasion committed within or outside Canada

[10] Section 462.31 of the *Criminal Code*

[11] In respect to the division of family assets that may have been obtained with the proceeds of crime, see LSBC Practice Resource - AML: Settlement Agreements.

Practice Area Risks	Assessment of Risks/ Red Flags and Comments
OVERALL RISK RATING -PRACTICE AREA Rate: High, medium, low or unacceptable risk	

If the risk rating is high or medium, a lawyer must take additional messages to mitigate the risks and remain vigilant or decline the retainer. See page 14 for additional mitigation measures.

C. Legal Services Risk -General

Legal Services Risks	Assessment of Risks/Red Flags and Comments
Transaction lacks economic or business purpose or is unusual (type, size, frequency, manner of execution, complexity, excessive returns)	
Size or nature of transaction inconsistent with client profile, including recently created private corporations with no or limited operations	
No apparent professional or other legitimate reason connecting the parties to the transaction?	
Transaction forms part of an unusual pattern of transactions	
Multiple appearances of the same parties in transactions over a short period	
Transaction involves or proposes the use of shell or shelf companies or complex legal structures without clear, legitimate business purpose	
Transaction involves the use of apparent or suspected straw directors, shareholders or control persons	
Attempts to conceal the beneficial owner or true parties to the transaction	
Transaction involves businesses with no online presence, no public contact information or corporate registration or unclear if businesses are carrying on purported activities at all	
Transaction involves parties using the same contact information (e.g., address, phone number, email) when the parties aren't related and/or purported to be at arms length	
Party to transaction is alleged to have been engaged in, or has been convicted of ML/TF, fraud including securities fraud, drug trafficking or other serious offences or that a party is related to or is a known associate of such a person	
Value of property or assets involved in the transaction are inconsistent with reasonable market value (too low or too high)	
Transaction involves multiple foreign jurisdictions without clear explanation	

Legal Services Risks	Assessment of Risks/Red Flags and Comments
Party to transaction originally from, resident in or incorporated in a high-risk jurisdiction for ML/TF	
Repeated, unexplained or last-minute changes to the transaction including to the parties	
Unexplained urgency to completing the transaction	
Expected documents missing/unavailable/not provided or provided but vague/incomplete or backdated Documents inconsistent with client's information or with other documents or appear altered	
Transaction raises sanctions concerns because of involvement of high-priority goods, sudden change in business activity, inconsistencies or unusual features of transaction and/or concealment of end user Preventing Russian Export Control and Sanctions Evasion: Updated Guidance for Industry Special Bulletin on financial activity associated with evasion of counter proliferation sanctions	**Client matter cannot proceed if there are sanctions or TF concerns**
Other legal services risks	
OVERALL RISK RATING -LEGAL SERVICES **Rate: High, medium, low or unacceptable risk**	

If the risk rating is high or medium, a lawyer must take additional measures to mitigate the risks and remain vigilant or decline the retainer. See page 14 for additional mitigation measures.

D. Financial Transaction Risks

Complete this section if the client matter will involve a financial transaction.

Transaction Risks	Assessment of Risks/Red Flags and Comments
Funds to be received into and/or paid out of trust that are not directly related to the legal services	**All funds into and out of trust must be directly related to the legal services**[12]
Source of money[13] or source of wealth inquiries inconsistencies with client's profile or otherwise raise concerns	
Disconnect or inconsistency between the client's profile and the financial transaction	
Client in a rush to deposit funds into trust before requested, attempts to provide funds exceeding required amount, or wires/directly deposits funds into trust without being requested to do so	
Client attempting to or offering to pay cash over $7,500 in the aggregate[14]	
Funds received into trust from third parties or with a deposit instrument that doesn't identify the payer[15]	
Funds received into trust from foreign banks, including foreign wire transfers, with increased risk when funds are received from a high-risk jurisdiction for ML/TF or otherwise subject to sanctions/economic measures[16]	

[12] Rule 3-58.1(1)

[13] Source of "money" inquiries under Rule 3-102(1)(a) include:

- the payer's full name, occupation and contact information;
- the relationship of the payer to the client (the payer may be the client);
- the date on which the money was received by the lawyer from the payer;
- the economic activity or action that generated the money;
- the form in which the money was received by the lawyer;
- the full name and address of all financial institutions or other entities through which the payer processed or transmitted the money to the lawyer;
- any other information relevant to determining the source of money.

[14] Rule 3-59 of the Law Society Rules 2015 prohibits receipt of over $7,500 in cash in the aggregate on a client matter unless one of the limited exceptions applies.

[15] The use of third-party intermediaries pose a high risk. Criminals use intermediaries to move funds and obscure true beneficial ownership. Intermediaries may also be used to evade sanctions.

[16] Funds received into trust or paid out of trust to a high-risk jurisdiction (directly or indirectly) pose a higher risk given concerns about the adequacy of ML/TF controls in those jurisdictions, with the greater potential for abuse of financial institutions by criminals seeking to launder funds[16] or evade sanctions.

Transaction Risks	Assessment of Risks/Red Flags and Comments
Funds received into trust in tranches, from multiple payors/accounts or from multiple jurisdictions	
Funds received from what appear to be unregistered money service businesses/money mules[17]	
Funds purporting to be the client's funds received into trust by wire transfer in circumstances where the client isn't aware of name of the sender of the wire transfer, the jurisdiction the funds were sent from or other details	
Client instructs funds to be paid out to third parties or intermediaries	
Client instructs funds to be paid out to accounts situated in foreign jurisdictions instead of a Canadian bank account	
Client provides last minute changes to where the funds are to be paid	
Client seeks to keep funds in the trust account at conclusion of transaction[18]	
Client abandons transactions without concern for fees, after depositing funds into trust	
Financial transaction involves payment between the parties of cryptocurrency, other crypto assets, or new technologies such as WeChat Pay	
Other transaction risks	
OVERALL RISK RATING -FINANCIAL TRANSACTION **Rate: High, medium, low or unacceptable risk**	

If the risk rating is high or medium, a lawyer must take additional measures to mitigate the risks and remain vigilant or decline the retainer. See page 14 for additional mitigation measures.

[17] Underground Banking through Unregistered Money Services Businesses

[18] Funds should be paid out of trust as soon as practicable on completion of legal services related to funds [Rule 3-58.1(2)].

IV. Risk Rating of Client Matter

Overall Risk Rating

The client matter is rated as a **[high/medium/low] risk** based on the following key considerations:

☐ [list]

The firm will [**accept the retainer/ decline to accept the retainer** on basis that overall risks posed by client matter are not acceptable to firm].

OR

The firm **must withdraw or decline to act** in the client matter on the basis of:

☐ Unable to complete required client identification and verification, including source of money and beneficial ownership inquiries [Part 3, Division 11 of the Law Society Rules 2015]

☐ Sanctions evasion, listed persons/entities

☐ Client seeks to use trust account in absence of legal services [Rule 3-58.1]

☐ Client matter in furtherance of, or facilitating, dishonesty, crime or fraud, including ML/TF [rules 3.2-7 and 3.7-7 of the BC Code and Rule 3-109(1)]

☐ After reasonable inquiries, not objectively satisfied of the legitimacy of the client matter in face of suspicious circumstances [rule 3.2-7 of the BC Code]

V. MT/TF Mitigation Measures

The firm must meet the AML/CTF related obligations, as required by the Law Society Rules and the *Code of Professional Conduct for British Columbia* (the "BC Code"), on every client matter, including:

a. The client identification and verification rules[19], which include source of funds inquiries, monitoring of the client matter and record-keeping obligations;

b. The cash transaction rule[20];

c. Not permitting funds to be deposited to or withdrawn from a trust account unless the funds are directly related to the legal services being provided and taking

[19] Part 3, Division 11 of the Law Society Rules 2015.

[20] Rule 3-59 of the Law Society Rules 2015.

reasonable steps to obtain appropriate instructions and pay out funds held in trust as soon as practicable on completion of the legal services related to the funds[21]; and

d. Not engaging in any activity that any lawyer knows or ought to know assists in or encourages any dishonesty, crime or fraud, including ML/TF, being on guard against becoming the tool or dupe of an unscrupulous client, and making reasonable inquiries in the face of suspicious circumstances to objectively satisfy themselves of the legitimacy of the client matter/transaction[22].

In accepting the engagement for a medium or high-risk client matter, the following additional mitigation measures are or will be taken:

- ☐ In-person meeting with client
- ☐ Obtain additional information and documentation from client or others
- ☐ Make additional source of money inquiries and obtain supporting documentation
- ☐ Make source of wealth inquiries and obtain supporting documentation
- ☐ Conduct online searches (e.g., court records, corporate registries, media reports)
- ☐ Increase frequency of monitoring required under Rule 3-110, with monitoring at least every _____
- ☐ Obtain managing partner/AML Compliance Officer approval to proceed with client matter and/or seek advice from LSBC Practice Advisor or senior counsel qualified to assist
- ☐ Limit scope of retainer to _____
- ☐ Limit use of trust account on client matter to retainers only
- ☐ Limit use of trust account only to extent necessary and with receipt of funds only from Canadian financial institutions
- ☐ [list other measures]

[21] Rule 3-58.1 of the Law Society Rules 2015.

[22] Section 3.2-7 of the BC Code and its commentaries.

VI. Approval of Risk Assessment

This client matter risk assessment is approved this ____ day of _____.

_____
[name of responsible lawyer]

VII. Record of Monitoring Activities

Date of Monitoring	List Changes to or Identification of New Risks/Red Flags	Updated Risk Rating (or Indicate No Change)	Further Mitigation Measures or Action Taken

*Conduct updated sanctions screening as part of monitoring

Schedule A – Real Estate

Real Estate Risks	Assessment of Risks/Red Flags and Comments
Inconsistencies in the client's name or contact information in their identification documents as compared to the transaction documents or other unexplained inconsistencies in the documents and information obtained	
Instructions received from third party (facilitator) who is not a party to the transaction, and may be controlling/directing the transaction or is to receive proceeds on closing	
Facilitator or other third party involved in the transaction (e.g., real estate professional, broker) begins referring or indicates an intention to refer other matters to the firm which may involve the same or related parties (e.g., vendor, purchaser, private lender, agents/brokers)	
Purchaser appears to be a straw buyer for intended beneficial owner of property or client instructs a change to named purchaser (to a third party) at the last minute or without explanation	
Purchaser provides inconsistent responses as to intended use of property (e.g., residence or investment), lacks expected knowledge of the property/deal, or shows no concern for generating profit on income-generating property	
Transfer of property or mortgage transaction in circumstances where individual appears to be attempting to shield the property from their creditors (potential fraudulent conveyance)	
Property value or nature of transaction is inconsistent with client's profile/economic capacity or otherwise usual transaction for similar client (e.g., student purchasing home)	
Title search indicates property has been transferred recently multiple times at higher purchase prices or is being bought back by the same purchaser (a flip)	
Title search indicates a pattern of mortgages being registered and discharged shortly afterwards on the property	
Excessively high or low purchase price as compared to market value of property	

Real Estate Risks	Assessment of Risks/Red Flags and Comments
The contract of purchase and sale (the "COPS") contains an amendment to reduce the purchase price or provides for an unexplained credit/payment by vendor to the purchaser at closing, raising a concern as to whether mortgagee may overvalue property relying on the COPS	
The vendor acknowledges receipt of a deposit that is not required in the COPS, required deposit is paid directly to the vendor instead of the real estate agent or lawyer, or no deposit is required/paid at all	
The COPS indicates that no real estate agents are involved or there is involvement of unlicensed or suspended agents	
The COPS indicates involvement of a real estate agent; however, the firm receives no communication from the agent and there is no commission to be paid from the sale proceeds	
Vendor or mortgagor purports to be a trustee or is executing the documents pursuant to a power of attorney in circumstances where beneficial owner is not available/incapacitated	
Utilities/taxes are paid by a third party whose connection to the vendor is unclear	
Client applies pressure to complete the transaction very quickly or offers to pay higher legal fees than normal without good reason	
Relationship between parties to the transaction (e.g., family, employment, business associates) raises concerns about true nature of transaction	
Transaction proceeds with seeming disregard for terms in the COPS and any amendments to it	
Transaction fails to complete with the purchaser having no apparent concern about loss of deposit funds	
Financing for purchase of property by a private lender or unlicensed money services business, with no logical explanation provided	
Private lender is a foreign individual/organization whose association or connection to the borrower is unclear	
Interest rate charged by private lender exceeds criminal rate or is excessive compared to market rates or terms of private mortgage are otherwise unusual (e.g., short repayment period)	

Real Estate Risks	Assessment of Risks/Red Flags and Comments
Mortgage/loan proceeds paid to borrower without security or expected documentation or mortgage is purportedly paid in full quickly after closing	
Property purchase completed on an all-cash basis and shortly after the purchaser seeks to register a mortgage	
Excessively high mortgage principal in comparison to property value/purchase price	
Unusual surplus of mortgage proceeds after closing to be paid out to borrower or third party or borrower wants the funds held in trust for closing future purchases[23]	
Involvement of mortgage broker or real estate agents that are paid unusually high fees inconsistent with normal business practices or paid fees outside their brokerages	
Transaction involves a real estate agent or mortgage broker with prior disciplinary issues or allegations or convictions related to criminal activity including fraud or money laundering	
Purchaser is a real estate agent or mortgage broker purchasing and reselling property quickly with the source of funds unclear	
Statement of adjustments contain unusual adjustments or otherwise inconsistent with the COPS and its amendments if any	
Transactions involve assignments of contract or quick sales of the property multiple times to different buyers/investors before closing or before being developed	
Related parties involved in various aspects of transaction (e.g., residential construction companies, real estate agents, mortgage brokers, private lenders)	
Client requests that lawyer act for both vendor and purchaser in the transaction	
Client instructs the lawyer not to disclose to the lender that the transaction is a flip (where client acquired property shortly after it was sold to vendor with a listed higher purchase price – purpose of flip to artificially boost price)	

[23] Funds should be paid out of trust as soon as practicable on completion of legal services related to funds [Rule 3-58.1(2)].

Real Estate Risks	Assessment of Risks/Red Flags and Comments
Inconsistency between the purchase price in the COPS (and any amendments to it) and the purchase price client wants recorded in the Property Transfer Tax form or LTSA documents	
Client's funds to complete purchase are "gifted" from third parties unrelated to transaction	
Purchaser uses funds from individuals/entities in foreign jurisdictions, with increased risk associated with funds received from high-risk jurisdictions for ML/TF	
Purchaser funds purchase with multiple payments of smaller amounts or uses deposit instruments such as drafts where the true payer and origin of funds is not clear	
Cryptocurrencies or other new payment methods are used to fund purchase or deposit[24]	
Vendor client instructs funds to be paid on closing to a third party	
Other risks	

[24] The firm cannot accept cryptocurrency to complete a transaction.

Schedule B - Creation or Management of Private Corporations, Trusts, Non-Profits or Charities

Creation or Management of Private Corps, Trusts, Non-Profits/Charities Risks	Assessment of Risks/Red Flags and Comments
Client unable to adequately explain the purpose for which they are seeking to incorporate the new company (e.g., client has no business plan for the new private corporation)	
The reason for the complexity in the structuring of client's private corporation is unclear and lacks commercial sense	
Disconnect between the client's stated purpose/objectives and the transaction/legal services sought or the transaction doesn't match the client's purported normal business activities	
Identity of true beneficial owner(s) unclear and/or apparent use of straw directors, shareholders or control persons	
Client residing outside of Canada without clear reason for seeking to incorporate a private company in BC and/or has no business operations in BC	
Client is director of other private companies in various jurisdictions but is unable to provide expected information about their existing companies or business activities	
Involvement of individuals or entities residing in or associated with foreign jurisdictions where there is no apparent link to the client or transaction; Heightened risk with individuals or entities residing in or associated-with high-risk jurisdictions or with a transaction taking place in such a jurisdiction	
Involvement of third-party intermediaries in the transaction or in giving instructions to the lawyer, when their connection to the matter or the client is unclear	
Multiple appearances of the same parties or intermediaries in transactions without good reason	
Involvement of individuals or entities alleged to have engaged in or have been convicted of fraud, money laundering or other similar offences	
Client has no or nominal assets, no identifiable business operations, and consists primarily of monies	
Inconsistent information or documents about where the client is doing business and nature of their business activities	

Creation or Management of Private Corps, Trusts, Non-Profits/Charities Risks	**Assessment of Risks/Red Flags and Comments**
Client makes payments that have no stated purpose, inconsistent with purported business activities, do not reference goods or services, or identify only a contract or invoice number	
Nature of legal services sought are minimal or limited in scope; however, the client seeks to move substantial funds through trust account	**Trust account cannot be used to receive or disburse funds that are not directly related to legal services provided**
Unclear why client frequently changes legal structures or directors/control persons	
Client inquires about or has purchased shell or shelf companies with no legitimate explanation for doing so	
Client wishes to establish or take over a legal organization or business with a dubious or unclear objective, unrelated to the client's normal business activities	
No apparent connection between the parties to the transaction or unusual connections between parties such as the same business address when parties are not related	
Client has an absence of, or provides contradictory, documents/information about previous transactions, loans, or business activities	
Inconsistencies among the transaction documents or with the client instructions; otherwise unusual transaction documents (e.g., disconnect between size of transaction and simplicity of documents)	
Multiple high-value payments or transfers are made or instructed between what appear to be shell companies or to third parties with no apparent legitimate business purpose	
Client seeks to retain lawyer after a transaction has already completed, with funds already advanced or after a loan agreement or security agreement has been signed for sole purpose of reviewing signed documents and facilitating movement of funds through trust	**Trust account cannot be used to receive or disburse funds that are not directly related to legal services provided**
There has been a significant increase in capital for a recently incorporated company, successive contributions over a short period of time to the same company, or receipt of capital or assets in kind that are inconsistent with the business size or market value of the company, with no logical explanation	
There has been an increase in capital from an individual or entity situated in or associated with a foreign jurisdiction, which either has no relationship to the company or is high-risk jurisdiction	

Creation or Management of Private Corps, Trusts, Non-Profits/Charities Risks	**Assessment of Risks/Red Flags and Comments**
There are several elements in common between a number of transactions in a short period of time without logical explanation	
Other risks	
Additional Risks for Trusts, Charities and Non-Profits	
Trust agreement contains minimal details regarding the arrangement or is otherwise poorly drafted	
Client is evasive about the source of the trust's funds or provides contradictory information about the funds or purpose of the trust	
Unclear what the legitimate reason is for the complex ownership structures set out in the trust agreement	
Trust is established in foreign jurisdiction with no connection to BC; No assets or funds situated in BC	
Trust established offshore in high-risk jurisdiction	
Unclear who beneficial owner is of the funds held in the trust	
Transactions or activities are unusual for a non-profit or charity as it appears outside their stated purposes or normal transactions expected	
Charity / non-profit is not registered or fails to comply with their regulatory requirements	
Publicly available information (e.g., media reports) indicate possible links between charity/non-profit and terrorist groups	
Charity / non-profit pays funds to high-risk jurisdictions or sanctioned countries	
Charity / non-profit uses high-risk payment channels like crowdfunding platforms	
Other risks	

Schedule C – Securities

Securities Risks	Assessment of Risks/Red Flags and Comments
Presence of any common red flags for fraud. See Know the Red Flags of Fraud - Canadian Securities Administrators	**Legal services should not be provided to a client if those services will facilitate a client acting contrary to the law**
Client or associated entities/persons required to register to sell securities but fail to do so	
Client, associated entities/persons or its agents are in one or more high-risk jurisdiction or connected to a high-risk jurisdiction	
Inconsistencies between information known to lawyer and information or representations made by the client or their agent to potential investors	
Client requests improper or misleading preparation of disclosure documents used to solicit funds from investors or requests preparation of investment documentation inconsistent with representations made to investors	
Client or their agents make potential unrealistic or inflated claims about the investment to potential investors	
Client or their agents appear to pressure potential investors to make quick decisions and/or use aggressive tactics	
Client's business involves or uses cryptocurrency or other new payment methods	
Client is newly formed with limited or no assets, operations or revenue and/or traded or listed on exchanges with less regulation (e.g., OTC, CSE or TSXV)	
Client's purported profile does not match its actual operations or lack thereof	
Directors of the company have little or no relevant experience and/or knowledge in the industry and/or little to no involvement in the client matter (potential straw/nominees)	
Presence of intermediaries (including promoters) who purport to provide client instructions and control matter	
Company changes its business type or name for no plausible purpose and may do so frequently, including taking over a shelf company	

Securities Risks	**Assessment of Risks/Red Flags and Comments**
No face-to-face meeting with the company's directors and/or there is difficulty obtaining direct instructions	
The company, its principals, instructing individuals, beneficial owners or promoters have been the subject of trading suspensions or orders issued by securities regulators or criminal investigations/proceedings involving drug trafficking, money laundering, civil forfeiture, loansharking, fraud, or similar activity	
The client offers to pay unusually high fees for the legal services being sought and/or attempts to negotiate fees based on funds moved in/out of trust	
The company or associated entities/persons seek to use the trust account to move funds in circumstances where limited or no legal services are sought	**Trust account cannot be used to receive or disburse funds that are not directly related to legal services provided**
The company completes a reverse share split at a time when there is no increase in the company's assets or revenues	
The company undergoes a reverse merger within a short time frame of a reverse share split	
Large amounts of the company's stocks may be owned by insiders or by entities or individuals associated with insiders, including the instructing individuals	
The company engages in aggressive promotional campaigns (at high costs) to increase stock prices, promising high returns, with inflated claims	
Significant increase or decrease in stock prices without explanation. Following promotional campaigns, stocks are quickly sold by promoters/insiders/nominees, and stock price then drops	
Client attempts to use the trust account to receive proceeds of stock sales with no or little legal services sought	**Trust account cannot be used to receive or disburse funds that are not directly related to legal services provided** **Suspected proceeds of crime (i.e., securities fraud) cannot be deposited into a trust account**
Other risks	

Schedule D – Debt Collection Litigation

Debt Collection Litigation Risks	Assessment of Risks/Red Flags and Comments
Inconsistencies in the client's name or contact information in their identification documents as compared to the transaction documents or other unexplained inconsistencies in the documents and information obtained	
Instructions received from third party (facilitator) who is not a party to the transaction, and may be controlling/directing the transaction or is to receive proceeds of loan/debt	
The actual or agreed-to repayment period for the debt is unusually short	
The interest rate for the loan exceeds the criminal rate or is substantially above / below market rates	
No security is registered for the loan, without explanation, or the security is a subsequent mortgage or charge on a fully or near-fully encumbered property	
Client's information about the debt is unclear or inconsistent with the documents and/or the documents are internally inconsistent, unusual or make little commercial sense	
The claim is against an individual / entity that was not the actual recipient of the funds in question	
The claim asserts that funds were exchanged between the parties but the client is unable to satisfactorily explain the source of funds and/or provide documentation of the exchange of funds	
The claim seems inconsistent with the client's or the other party's profile / circumstances (e.g., age, income, geographic location or occupation)	
The debt relates to a contract based on criminal or prohibited activity (e.g., illegal gambling, extortion, loansharking, unregistered money service business)	
The claim settles quickly with little or no work being done by the lawyer, as the defendant does not contest the claim, resulting in default judgment with the claim paid immediately	
The funds to settle the claim are received from or paid out to a third party whose relationship to the parties is unknown, or to an entity/person in a high-risk jurisdiction	

Debt Collection Litigation Risks	**Assessment of Risks/Red Flags and Comments**
The client offers to pay an unusually high fee for the services or to provide a substantial retainer that is excessive	
The client or a party in the matter (or a family member or close associate) has a suspected or known history of drug trafficking, money laundering, actions resulting in civil forfeiture, loansharking, fraud, high-stakes gambling or similar activity	
Other risks	