



OPERATIONAL ALERT

Reference number: 17/18-SIDEL-003A

January 31, 2018

Laundering of the proceeds of fentanyl trafficking

The prescription opioid fentanyl is used to treat severe pain caused by cancer and invasive surgeries. Carfentanil is a synthetic analogue of this drug, created for veterinary purposes to be more potent and cheaper. Traffickers are producing and distributing deadly black-market versions of fentanyl and its analogues to meet the demand for illicit prescription painkillers. The growing number of deaths from taking fentanyl is a public health crisis in Canada.

Financial intelligence suggests that traffickers procure fentanyl, and its analogues and precursors, from overseas sources, mainly in China. Traffickers most often pay for these materials with wire transfers and money orders processed by money services businesses, but use virtual currency in some instances. Fentanyl and its analogues are typically smuggled into Canada through the postal system, prior to being distributed through networks in a small area surrounding the arrival point. The laundering of the proceeds of fentanyl trafficking in Canada generally takes place through Canadian banks, caisses populaires and credit unions. It largely resembles the financial transactions associated with low-level drug trafficking but has some unique characteristics, as set out in the indicators, below.

Entities required to report to FINTRAC should consider the following indicators relevant to their sector in tandem with the low-level drug trafficking indicators that follow to effectively identify potential money laundering activities associated with the trafficking of fentanyl.

Indicators of procurement of fentanyl via money services businesses

- Client purchases wire transfers or money orders for amounts below the \$10,000 reporting threshold at multiple money services businesses over a short time period, normally with cash or prepaid credit cards. Typically, the wire transfers and money orders are sent by numerous, seemingly unconnected individuals in Canada to the identical recipients in China (in Wuhan, Zhuhai, Guangzhou, Xianju and Shanghai, in particular), Ukraine and India.
- Client pays for wire transfers in Canadian funds, which are then received in even dollar amounts.
- Client sometimes uses a post office box as a mailing address.
- Client receives multiple direct deposits from global payment processing and/or virtual currency exchange platforms, typically in amounts below the reporting threshold.
- Client requests wire transfers to companies advertising the sale of fentanyl and/or its known chemical precursors: NPP (1-Phenethyl-4-piperidone); ANPP (4-azido-2-nitrophenyl Phosphate) and Norfentanyl (N-phenyl-N-piperidin-4-ylpropanamide).

Indicators of money laundering through banks, caisse populaires and credit unions

- Client deposits cash into an account and then immediately moves it via email money transfers, transfers between accounts, drafts or cheques, or withdraws it, often at multiple financial institutions.
- Client conducts significantly more email money transfers—generally for small amounts—than would be typical for a customer with his or her profile.

- Client has funds coming into and going out from his or her account via email money transfers more quickly than normal.
- Client receives payroll deposits out of line with the occupation or employment listed on his or her file, or multiple deposits with no apparent purpose and that are inconsistent with the client’s occupation, employment or income.
- Client consistently receives deposits from the government (e.g., welfare, Employment Insurance payments), yet also receives regular influxes of funds via email money transfers, transfers or cash.
- Client deposits cheques, such as those for governmental assistance payments, endorsed by third parties.
- Client frequently requests drafts payable to self or transfers funds to his or her accounts at other financial institutions.
- Client deals with firms that advertise pharmaceuticals, supplements, weight-loss medications and related products. (These firms’ transactions can—knowingly or unknowingly—be used to mask fentanyl trafficking, since they use packaging and shipping services similar to those in the fentanyl trade.)

Indicators of laundering of the proceeds of low-level drug trafficking

- Client makes transactions that are inconsistent with his or her employment or profile.
- Client conducts untypical cash transactions given his or her profile.
- Client makes ATM transactions for larger amounts than would normally be expected.
- Client lives beyond his or her apparent means, as evidenced by large credit card or other bills, or expenses for real estate or luxury goods.
- Client incurs significant travel expenses that are inconsistent with his or her profile, such as for car rentals, hotel bills, airline tickets and gasoline.
- Client has funds deposited into his or her account in amounts below the reporting threshold from what appear to be multiple third parties located in many parts of the city, a broader geographic area or several provinces.
- Client is involved in financial transactions that have been the subject of negative media (stories about drugs and weapons offences).
- Client uses multiple financial institutions; his or her account sees significant cash flow-through; and he or she carries out little typical banking activity (such as paying household bills).
- Client is a commercial entity that engages in trade transactions for products that do not appear to fit its known business profile.

Reporting to FINTRAC

To facilitate FINTRAC’s disclosure process, please include the term **#fentanyl** in Part G—Description of suspicious activity on the Suspicious Transaction Report.

(See also, [STR guidance](#).)

Contact FINTRAC

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