



MODULE 7: THE TRAINING PROGRAM

LESSON 1 OF 7

Welcome

Introduction

Module 7 discusses the development and maintenance of a brokerage's ongoing compliance training program. A training program that supports and empowers REALTORS® and other brokerage staff to understand why and how to ensure AML compliance is a foundational element to creating a strong culture of compliance. Learners in this module will consider the content to be included in their brokerage's ongoing compliance training program, who within the brokerage should receive training, and how training can be tailored to different groups within the brokerage. This module also discusses how frequently training must be provided and how to determine whether the training program is effective. Resources available to assist in developing and documenting an effective training program are also discussed in this module.

Learning Objectives

By the end of this module, learners will be able to:

1. list the requirements of a training program,
2. identify individuals within the brokerage who must receive training and how frequently this training must be completed,
3. discuss the types of topics that must be covered in the training program,
4. determine whether a training program is effective, and
5. identify resources available to assist a brokerage in developing and documenting an effective training program.

LESSON 2 OF 7

Training Program Overview

Requirement for a Training Program

Under the PCMLTFA, every real estate brokerage that has Realtors, staff, or others authorized to act on the brokerage's behalf must develop, implement, and maintain an ongoing AML compliance training program.

Content of the Training Program

The minimum requirements for a brokerage's ongoing compliance training program are:

- ◆ An overview of money-laundering and terrorist-financing concepts, such as the definitions of money laundering and terrorist financing, why criminals seek to launder money, background information, and typical money-laundering and terrorist-financing strategies in the real estate sector;
- ◆ An explanation of the brokerage's obligations under the PCMLTFA and regulations and the policies and procedures that are in place at the brokerage to ensure these obligations are met, such as the reporting, client identification, know-your-client, and record keeping;
- ◆ A description of the ways the brokerage could be vulnerable to money-laundering and/or terrorist-financing activities, including relevant examples from the real estate sector; and
- ◆ An explanation of the responsibilities and roles of individuals at the brokerage to assist in detecting and deterring money-laundering and terrorist-financing activities, including their day-to-day tasks and what they should do in high-risk situations.

Objectives of the Training Program

Those who complete the training should understand:

1. The reporting, client due diligence, and record-keeping requirements as well as penalties for not meeting those requirements.
2. Background information on:
 - money laundering so that everyone who needs to can understand what money laundering is, why criminals choose to launder money, and how the process usually works.
 - terrorist financing and how that process usually works.
3. The brokerage's compliance program, including the application of the program into the day-to-day activities and the responsibility of the brokerage's Realtors, staff, or other individuals authorized to act on their behalf under the program.

4. The responsibilities of the brokerage's Realtors and staff or anyone else acting on their behalf when dealing with suspicious activities or transactions.

FINTRAC has also stated that training materials should include examples of how the brokerage's particular type of business could be used to launder illicit funds or fund terrorist activity.

LESSON 3 OF 7

Developing and Delivering the Training Program

Developing the Training Program

The content of the training program should consist of both foundational information as well as brokerage specific information.

The foundational content does not need to be tailored to the brokerage as there are resources and guides that brokerages may be able to draw from for their training program. These resources include, but are not limited to:

- ◆ FINTRAC's [Operational Brief: Indicators of Money Laundering in Financial Transactions Related to Real Estate](#)
- ◆ FINTRAC's [website](#)
- ◆ FINTRAC's video: [Your Role in Fighting Money Laundering and Terrorist Financing](#)

Brokerages may also want to consider the option of contracting with a third-party supplier to provide some of the foundational training. Alternatively, brokerages can design their own training.

For the brokerage specific content, the program should flow from the brokerage's policies and procedures and may take into account resources for the real estate sector that are available on FINTRAC's [website](#) and other international sources, such as FATF.

CREA's [FINTRAC Resources](#) may also be useful to incorporate into a brokerage's training program.

The training program should be developed to address the specific business and risks of the brokerage, and training should be tailored to the specific roles of each person taking the training, as discussed later in this module.

Training Methods

While the training program needs to be documented in writing (as will be discussed later in this module), the training program does not have to be delivered in writing. The method a brokerage chooses to deliver training will depend on its size and the complexity of its business.

Ultimately, the managing broker and other senior management can decide on the training method that best suits their brokerage. Some examples for delivering training include:

- ◆ Formal seminars or conferences, held either internally or externally.
- ◆ On-the-job training where a new-hire shadows a more experienced employee.
- ◆ Online training platforms.

The brokerage may choose to incorporate quizzes or other assessments to determine the effectiveness of its training program.

Training Strategies

What are one or two strategies that some managing brokers use to engage Realtors in their office compliance training program?

"Every month at my sales meetings, I dedicate 10 – 15 minutes and talk about FINTRAC compliance and their requirements to be in compliance with FINTRAC. Every month it is different, and I go over areas such as: Mandatory agreements, ID Corporations and 3rd Parties, etc."

– Sheila Love, Managing Broker, RE/MAX Coast Mountains

"We engage our Realtors through several methods including multiple educational opportunities during our weekly meetings, with the possibility of earning a one-hour educational credit for a dedicated one-hour meeting we record and take attendance for. We have also conducted separate seminar sessions within our offices in the past in a training facility and now on Zoom meetings. All of our new licensees receive mandatory in-house compliance training as part of their training in our firm."

– David Peerless, Managing Broker, Dexter Realty

"Continually reinforcing the WHY behind AML compliance. We have weekly sales meetings and I find this is a good time to bring up FINTRAC topics and keep a positive spin on our AML obligations. It's an honour to be part of enhancing the integrity of the industry and keeping our communities safe, etc. etc. Instilling an open door policy on suspicious transactions."

– Chantal Kowalski, Managing Broker, Harcourts Real Estate

Who will Receive Training?

The brokerage's AML compliance training must be delivered to everyone who is authorized to act on the brokerage's behalf. This includes Realtors, staff, and other individuals who are authorized to act on the brokerage's behalf.

Training should be delivered and tailored to individuals who:

- ◆ Are involved in client transactions
- ◆ Handle funds in any way
- ◆ Are responsible for implementing or overseeing the brokerage's compliance program (for example, senior management, IT staff, or internal auditors)
- ◆ Have changed positions within the brokerage
- ◆ Are new to the brokerage
- ◆ Have contact with clients

Tailoring the Training Program

Training must be provided in relation to the function and duties of all those authorized to act on the brokerage's behalf. A brokerage's Realtors and staff will be most engaged in training if the content of the training program is tailored to their unique roles.

For example, Realtors and other staff that interact directly with clients will benefit from more detailed training on indicators of suspicious transactions that they may encounter during client interactions.

Administrative staff responsible for tracking business relationships, on the other hand, may benefit from more detailed training on when a business relationship is considered to have begun.

Tailored training will also be most effective at ensuring compliance and addressing areas where Realtors and staff struggle. For example, Realtors often struggle in:

"Identifying and reporting high risk clients and consumers." – Managing Broker

"Completing the forms correctly." – Managing Broker

"Understanding who to identify when a POA or Executor is involved." – Managing Broker

A brokerage's training should also be tailored based on the relationship between an employee's role and the money-laundering and terrorist-financing risks the brokerage has identified through its risk assessment.

For example, if the brokerage has identified opaque ownership structures as a particular relationship-based risk affecting its business, then Realtors conducting client identification should be given more detailed training on the requirement to determine beneficial ownership information (the requirement to obtain and confirm beneficial ownership information applies to the real estate sector effective June 1, 2021) and various methods for obtaining and confirming this information.

How Often Is Training Needed?

Training should be provided at onboarding and at set intervals thereafter (e.g., annually). When there is a new development, such as a change to AML laws or to the brokerage's business model that would affect AML compliance procedures, updated training should be completed to ensure Realtors and other brokerage staff are aware of the change(s) and can adapt their practices to ensure ongoing AML compliance.

New Realtors or staff should be trained before they deal with consumers.

LESSON 4 OF 7

Reviewing and Updating the Training Program

Two-year Effectiveness Review

An assessment of the effectiveness of the training program must be a part of the brokerage's two-year effectiveness review of its AML compliance program as a whole. This could include interviews with staff to evaluate their level of understanding of training program content or reviewing quizzes or other training assessment scores for staff who received the training.

In addition, if the two-year effectiveness review reveals weak compliance in certain areas, such as for certain transaction reporting, then this should trigger a review of the training program to ensure staff are receiving sufficient instruction and guidance on that topic.

Informally Gauging Effectiveness

How do some managing brokers informally gauge the effectiveness of their brokerage's FINTRAC training?

"For proper documentation; the quality and timeliness of the paperwork received. We have several checks and balances within our conveyance department including not paying out to the Realtor on a transaction until all paperwork is received."

– David Peerless, Managing Broker, Dexter Realty

"Appropriate paperwork completed and verbal communication to Compliance Officer when a red flag pops up."

– Chantal Kowalski, Managing Broker, Harcourts Real Estate

Updating the Training Program

A brokerage's training program must be reviewed and adjusted on an ongoing basis; review of the training program is not necessarily tied to the timing of the two-year effectiveness review.

The managing broker and other senior management of the brokerage will use their judgement to determine the frequency with which the training program is reviewed and updated to ensure it remains current and effective.

Generally speaking, the training program should be revised whenever there is a change to the brokerage's obligations under the PCMLTFA and to reflect any changes in FINTRAC's guidance for the real estate sector. In addition, the training program may need to be updated to reflect:

- ◆ Changes to the brokerage's business model.
- ◆ Any new services the brokerage offers.
- ◆ Any emerging money-laundering or terrorist-financing trends, vulnerabilities, and indicators applicable to the real estate sector.

LESSON 5 OF 7

Documenting the Training Program

Documentation Requirements

A plan for the training program and its delivery must be documented in writing, including the following elements:

- ◆ The individuals or groups that need to be trained.
- ◆ What type of training is required and the topics covered.
- ◆ How training is provided.
- ◆ How often training is provided, including the timing and frequency (for example, before handling transactions and yearly thereafter).
- ◆ A record to show that training sessions have taken place.

To help inform the brokerage's effectiveness review with respect to training, brokerages may wish to keep the following documentation on file:

1. Course materials
2. A record of which Realtors and staff or other individuals are trained
3. When they are trained

For example, compliance officers can keep schedules of completed and planned training on file at the brokerage.

Sample Brokerage Policies

Brokerages need to document their policies and procedures with respect to ongoing compliance training. Some examples of policies and procedures brokerages may wish to consider that are foundational and not brokerage specific, include:

- ◆ Sample foundational policies
 - The brokerage maintains a written, ongoing compliance training program for Realtors, and staff, etc.
 - All Realtors, staff, and others who are authorized to act on behalf of the brokerage, including those who have contact with consumers, see consumer transaction activity, or handle funds in any way, must receive compliance training. Others with responsibilities under the compliance program, such as information technology, the appointed compliance officer, internal auditors or accountants, and staff responsible for designing and implementing electronic or manual internal controls, must also receive compliance training.
 - All new Realtors and staff or other persons authorized to act on the brokerage's behalf must receive compliance training before they begin to

deal with consumers. Any person who changes jobs within the brokerage must complete compliance training to ensure that they are up to date with compliance policies associated with their new responsibilities.

- All Realtors, staff, and other persons authorized to act on the brokerage's behalf will be kept informed of any changes in the PCMLTFA Regime and will be informed of current developments and changes in money laundering or terrorist-activity financing schemes particular to their jobs by the compliance officer.

Brokerage-specific ongoing training may include policies and procedures such as:

- ◆ Sample brokerage-specific policies
 - In order to gain an understanding of the requirements for reporting, client due diligence, record keeping, and a general understanding of the money-laundering process and terrorist financing and their occurrence within the real estate industry, all Realtors, staff, and other persons authorized to act on the brokerage's behalf must complete all training identified by the compliance officer as outlined in the compliance training program documentation.
 - Upon completion of any training, the relevant Realtors, staff, or others authorized to act on the broker's behalf must provide proof that they have completed the relevant training, including the date(s) when the training was taken, by completing and providing the compliance officer with a form indicating the training received.
 - The compliance officer may disclose any records relating to training to FINTRAC if requested as part of an audit of the brokerage's compliance training.

Brokerages will want to consider what policies and procedures reflect their training compliance and adopt and create additional policies and procedures that are brokerage specific.

Documenting Training

DOCUMENTING FOUNDATIONAL TRAINING

A table can assist in documenting the content of the training, the training method, who receives the training, the frequency of the training, and the effectiveness of the training program.

The example provided below can be used to record the training program as it pertains to foundational knowledge.

Content	Description / Training Method	Required Personnel	Timing / Frequency	Completion Documentation / Effectiveness
FINTRAC's Guideline 1: Backgrounder, Operational Brief: Indicators of Money Laundering in Financial Institutions related to Real Estate	Read materials online	Realtors, staff, and others acting on behalf of the brokerage	First Quarter 2021	QUIZ – min 75%
FINTRAC's video entitled Your Role in Fighting Money Laundering and Terrorist Financing	Watch video	Realtors, staff, and others acting on behalf of the brokerage	First Quarter 2021	Completion certificate provided to compliance officer
Materials for the real estate sector on FINTRAC's website	Review materials online	Realtors, staff, and others acting on behalf of the brokerage	Second Quarter 2021	Completion certificate provided to compliance officer
Complete: Real Estate Council of British Columbia's course on Anti-Money Laundering in Real Estate	Successfully complete course	All licensees	Prior to their next licensing cycle but by no later than March 31, 2022	Completion certificate provided to compliance officer
Complete: Mastering Compliance – Anti-Money Laundering Training for Brokers	Successfully complete course	Managing brokers and compliance officers	Fall 2020	Completion certificate

DOCUMENTING BROKERAGE-SPECIFIC TRAINING

Brokerages will also need to create a list of the brokerage-specific training that Realtors, staff, and anyone acting on behalf of the brokerage will take. Some examples of possible brokerage-specific training are included below; however, this is not an exhaustive list and should be tailored to each specific brokerage.

Content	Description / Training Method	Required Personnel	Timing / Frequency	Completion Documentation / Effectiveness
Review of Brokerage Compliance Program Manual	Self-learning review of Brokerage Compliance Regime Manual	Realtors, staff, and others acting on behalf of the brokerage	First Quarter 2021	Sign off on Compliance Manual
Brokerage Policies and Procedures Presentation	Brief presentation and Q and A session with compliance officer of brokerage's policies and procedures in a classroom-like session	Realtors, staff, and others acting on behalf of the brokerage	Annually or based on changes to policies, procedures, or the brokerage's business Spring	Attendance record and quiz
Brokerage Policies and Procedures Presentation – Refresher	Brief presentation and Q and A session with compliance officer of brokerage's policies and procedures in a classroom-like session focusing on what has changed since last presentation	Realtors, staff, and others acting on behalf of the brokerage	Annually or based on changes to policies, procedures, or the brokerage's business Fall	Attendance record and quiz
One-on-one with the compliance officer	Meeting with the compliance officer to discuss job role and responsibilities and corresponding brokerage-specific responsibilities under the Compliance Program	All Realtors, staff, and others acting on behalf of the brokerage	Annually	Sign off on Compliance Program Manual

Training Record Templates

Brokerages may want to consider creating templates for training records that Realtors, staff, and others representing the brokerage can use to help document their training. Below are examples of the types of records that:

1. Realtors, staff, and others representing the brokerages can use in documenting their training; and
2. compliance officers can use to document the training provided and record who was in attendance.

SAMPLE TEMPLATE #1

By signing this form, I certify that I have completed the following training:

- Read FINTRAC's [Guideline 1: Backgrounder, Operational Brief: Indicators of Money Laundering in Financial Institutions related to Real Estate](#)
- Watched FINTRAC's video entitled [Your Role in Fighting Money Laundering and Terrorist Financing](#)
- Reviewed materials for the real estate sector on [FINTRAC's website](#)
- Other:

Trainee Name:

Date(s) Training Taken:

Signature: Date signed:

Please forward this form to the compliance officer.

SAMPLE TEMPLATE #2

Name of session/presenter:

Date(s) of session:

Duration:

Self-Directed Learning – if longer than one hour, in one-hour increments rounded down.

Delivery Method:

- | | |
|---|----------------------------------|
| <input type="checkbox"/> Office Meeting | <input type="checkbox"/> Seminar |
| <input type="checkbox"/> Email Updates | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Webinar | |
| <input type="checkbox"/> Conference | |

Content Covered:

Names of those attending:

Last Name	First Name	Title (REALTOR®, Staff, Other)

By signing this document, I declare the above information is true.

Managing Broker (signature): Dated: _____

Managing Broker Name (printed): _____

[If applying for self-directed learning, this form is a record of attendance to ensure that the training is verifiable. You will need to submit this form to your local real estate board for approval.]

[Complete as required and kept by the brokerage's compliance officer for record keeping. To help demonstrate the training's effectiveness, you may wish to maintain copies of the knowledge checks.]

Compliance officers may disclose any records relating to training to FINTRAC if requested as part of an effectiveness review of the brokerage's compliance training.

Documenting Self-Directed PDP Hours

Brokerage training may count for self-directed [Professional Development Program](#) (PDP) hours. To be eligible for self-directed PDP hours, a learning opportunity must:

1. Enhance the learner's professional practice.
 2. Be verifiable and auditable, meaning that the learner or brokerage can provide proof of completion.
 3. Be a minimum of one hour in length.
-

The brokerage or learner can confirm with their local member board for reporting requirements.

LESSON 6 OF 7

FINTRAC Examination

Overview

During a FINTRAC examination, it is important for the brokerage to demonstrate that its Realtors, staff, and all others authorized to act on its behalf are well trained and can effectively implement all the elements of the brokerage's compliance program. As well, a brokerage will want to demonstrate to FINTRAC that specific risks applicable to its business are addressed in its training program.

FINTRAC has stated that during an examination it will pay particular attention to the training the brokerage provides with respect to detection of suspicious transactions.

Document Review

As part of a compliance exam, FINTRAC will review the brokerage's AML compliance training documentation, including:

- ◆ Who receives training
- ◆ What topics are covered
- ◆ When and how often training takes place
- ◆ The method through which training is delivered

FINTRAC will also verify whether the brokerage's training program is adequate when considering the size, nature, and complexity of the brokerage's business.

FINTRAC may review the brokerage's policies and procedures to assess whether they give sufficient guidance in order for the brokerage's Realtors and staff to develop, implement, and maintain the AML compliance training program.

Assessing Effectiveness

FINTRAC may also interview the brokerage's staff to assess the training program's effectiveness by determining whether Realtors and staff:

- ◆ Understand the compliance requirements related to their position
- ◆ Understand and follow the brokerage's policies and procedures
- ◆ Have knowledge of money-laundering and terrorist-financing activities, indicators, and trends that are relevant to the brokerage and the real estate sector
- ◆ Have received adequate ongoing training

MODULE 7 | Mastering Compliance

FINTRAC has stated that its goal during an examination is to confirm that a brokerage's Realtors and staff are aware of the requirements applicable to their duties and know how to seek clarification when needed.

An effective training program significantly contributes to creating a strong culture of compliance in a brokerage. Leadership who put value in frequent, up-to-date training demonstrate their commitment to remaining compliant, and they are a compelling example to their Realtors and staff. Effective training empowers a brokerage's Realtors and staff to successfully detect and help reduce money laundering and terrorist financing in the real estate sector. To help brokerages provide effective training for their Realtors and staff, this module's Actions will include a sample PowerPoint presentation that compliance officers can customize and present at their brokerage.

LESSON 7 OF 7

Actions

Learners are encouraged to download and use the following fillable PDF document to stay up to date and prepared for changes related to anti-money laundering compliance. The document provides an opportunity to identify areas in which the brokerage is doing well and areas that need improvement. It is also rich in resources that brokerages can benefit from.

BCREA has also created a PowerPoint presentation that learners can download and use to provide training on anti-money laundering in their brokerage. The following templates can also be used to document and maintain a record of the brokerage's training and attendance.

These documents do not need to be submitted as part of the Mastering Compliance program.

MODULE 7: ACTIONS

1. Module 1: Actions Review

In the ACTIONS for Module 1 you got a head start on reviewing and documenting your education and training by determining if the REALTORS® in your brokerage have all completed RECBC's mandatory course on anti-money laundering.

- ◆ Follow up with any Realtors who have not yet completed and update your records
- ◆ Reminder, use the following link to register for the course:
recbc.ca/professionals/licensing/continuing-education/anti-money-laundering-real-estate

2. Templates

Download the templates referenced in the module, inserted below. A word version is available in the Actions section of Module 7. Modify the templates to be relevant to your office and develop a plan to incorporate those templates or similar ones. If you already have an effective process for documenting education, fantastic!

SAMPLE TEMPLATE #1

By signing this form, I certify that I have completed the following training:

- Read FINTRAC's [Guideline 1: Backgrounder, Operational Brief: Indicators of Money Laundering in Financial Institutions related to Real Estate](#)
- Watched FINTRAC's video entitled [Your Role in Fighting Money Laundering and Terrorist Financing](#)
- Reviewed materials for the real estate sector on [FINTRAC's website](#)
- Other: _____

Trainee Name: _____

Date(s) Training Taken: _____

Signature: Date signed: _____

Please forward this form to the compliance officer.

SAMPLE TEMPLATE #2

3. Brokerage Training Resource – Suspicious Transactions

To assist your brokerage in developing and delivering a training program, and ensuring knowledge of suspicious transaction reports, we have created a presentation for you to use in your brokerage for training.

In the Actions section of Module 7 is a PowerPoint presentation with speaking notes. It is designed for you to deliver in your brokerage and should take one hour. It can be used for self-directed professional development hours if you take attendance and report to your local board. Check with your local board for how to report self-directed PDP hours.

NOTE: *Although this presentation is specific to BCREA's Mastering Compliance Program, it follows a similar format as the "What Would You Do?" Presentation Series for Managing Brokers, created by BCREA, the Real Estate Council of BC (RECBC) and the Real Estate Errors & Omissions Insurance Corporation (E&O). You can learn more about that Presentation Series and get access to additional resources for general brokerage training on other topics on our website: bcrea.bc.ca/practice-tips/new-what-would-you-do-presentations-available-for-managing-brokers/*