

# FINTRAC's AMPs: where are they heading?

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Administrative monetary penalties (AMPs) have become the key tool for the Financial Transactions and Reports Analysis Centre of Canada's (FINTRAC's) enforcement of Canada's anti-money laundering (AML) regime. In 2025, FINTRAC issued more AMPs than ever before—including the two largest AMPs to date—and the 2025 Federal Budget (the Budget) included legislative reforms that would increase AMP amounts and broaden the scope of Canada's AML regime. Canada's AML framework has also been attracting greater international scrutiny as the Financial Action Task Force (FATF) undergoes its mutual evaluation of the country.

Despite FINTRAC's record-breaking AMPs and proposed legislative amendments, more action means more scrutiny. Recent judicial guidance from the Federal Court of Canada in *Norwich v. FINTRAC*<sup>1</sup> and FINTRAC's new AMP policy will shape how the regulator approaches AMPs in 2026.

## Risk outlook for FIs:

- **More and larger AMPs than ever.** Last year, FINTRAC levied AMPs more frequently and with larger penalty amounts than ever before. It also imposed its largest AMP ever—over \$176 million.
- **Legislative changes could increase AMPs.** Bill C-12, the *Strengthening Canada's Immigration System and Borders Act*, would greatly increase the penalty amounts that FINTRAC could impose.
- **Policy and caselaw updates.** An important Federal Court decision has provided clarity about the factors that FINTRAC must consider when issuing AMPs, but FINTRAC has revised its AMP policy to make its penalty assessment process less transparent.
- **More AMPs—and AMP challenges—in 2026.** We expect FINTRAC to maintain its pace of issuing AMPs in the new year, but more AMPs may be subject to court challenges.

## Larger and more frequent AMPs

Last year, FINTRAC issued more notices of violation and imposed increasingly severe penalties on reporting entities. In 2021, FINTRAC issued 8 AMPs; in 2025, it issued 30 (including 5 AMPs on November 20 alone), including the largest-ever valued AMPs.

Recent AMPs indicate that the regulator is prepared to impose substantial penalties, particularly where it finds a clear or blatant disregard for the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) and its regulations:

- In October, FINTRAC fined Xeltox Enterprises Ltd. (Xeltox) \$176,960,190 for approximately 2,500 violations across six categories, each described as causing “severe harm and demonstrating significant, widespread non-compliance with regulatory requirements”. The breaches included the failure to submit approximately 1,000 suspicious transaction reports. Xeltox’s violations reflect a blatant disregard for the requirements of the PCMLTFA.
- A month earlier, FINTRAC announced what was at the time the largest AMP in its history: a \$19,552,000 penalty against Peken Global Limited (Peken), a Seychelles-incorporated entity, for failure to (i) register with FINTRAC as a foreign money services business; (ii) report large virtual currency transactions; and (iii) submit suspicious transaction reports.

It is evident that FINTRAC is increasingly relying on higher AMPs to drive compliance and signal the seriousness of its enforcement approach.

## Recent legislative proposals to increase AMP amounts

FINTRAC’s increase in AMPs has coincided with legislative proposals that could make AMPs even higher. The Budget signaled strong support for Bill C-12, introduced in October 2025: a streamlined successor to Bill C-2, which had proposed a wide range of amendments to the PCMLTFA.

Bill C-12 adopts Bill C-2’s proposal to amend the PCMLTFA to increase maximum AMPs by a factor of 40, resulting in penalties of up to \$40,000 for ‘minor’ violations, up to \$4,000,000 for ‘serious’ violations and up to \$20,000,000 for ‘very serious’ violations. Bill C-12 also creates a new mandatory compliance agreement regime for recipients of an AMP, which would require FINTRAC’s Director (the Director) to make a compliance order if a reporting entity refuses to enter into such agreement or fails to comply with the terms of the agreement. It also introduces AMPs for contravention of a compliance order, with penalties up to a maximum of the greater of \$30,000,000 or 3% of an entity’s gross global revenue.

## Judicial guidance in *Norwich v. FINTRAC*

One critical development in 2025 was the Federal Court's decision in *Norwich v. FINTRAC (Norwich)*, which provides valuable guidance on how FINTRAC must approach and justify its AMP decisions. In its 2024 decision (only published in 2025 due to confidentiality reasons), the Court required FINTRAC to reassess its \$156,750 AMP imposed on Norwich Real Estate Services Inc. (Norwich) for failing to submit a suspicious transaction report regarding certain real estate transactions. The Court found that the Director had misapplied the PCMLTFA's three statutory factors for determining an AMP, which are:

- the harm caused by the violation;
- the entity's history of compliance with the PCMLTFA and its regulations; and
- whether the penalty was necessary to encourage compliance.

Although the Director had reduced the penalty because it was Norwich's first offence, the Court found that the Director did not properly assess each of the three factors independently. The Director conflated Norwich's compliance history with the non-punitive purpose of the AMP and did not consider if the adjusted penalty was necessary to encourage compliance or whether a lower penalty would be sufficient. The Court explained that FINTRAC cannot impose a penalty that exceeds what is necessary to meet the objective of encouraging compliance. Additionally, in evaluating the harm done, the Court found that the Director did not account for the fact that the properties in question were already subject to enforcement actions by the BC Civil Forfeiture Office and investigation by Canadian law enforcement agencies (including the Royal Canadian Mounted Police), and therefore there had not been a complete loss of financial intelligence as a result of Norwich's failure to submit the suspicious transaction report to FINTRAC.

In *Norwich*, the Director agreed that the impact of the penalty on the appellant must not be so great as to have a punitive effect. Interestingly, Bill C-12 has proposed that the legislation require FINTRAC to consider the ability of an entity to pay in determining the amount of an AMP.

## FINTRAC's revised AMP policy

Following *Norwich*, FINTRAC revised its supervisory framework and removed several key elements of its previous AMP policy. Among the notable changes, it removed statements that AMPs are not issued automatically in response to non-compliance, and that AMPs are a last resort. These changes suggest that FINTRAC will continue to be more willing to impose AMPs for non-compliance moving forward.

Despite the Court's focus on "transparent decision making", FINTRAC has also eliminated its previous commitment to share preliminary findings with reporting entities before finalizing them. This means reporting entities may no longer receive advance notice of identified non-compliance or have an opportunity to ask questions or provide written responses before FINTRAC issues its final findings. Accordingly, it is essential for a reporting entity to not wait until FINTRAC has imposed an AMP to advocate for itself, and instead use every interaction with FINTRAC (including through reports, letters and discussions) as an opportunity to demonstrate that it has taken effective measures to comply with the PCMLTFA, clarify relevant facts and provide reasons why an AMP may not be necessary under the circumstances.

The revised AMP policy maintains the two-stage evaluative process from the former AMP policy: specifically, FINTRAC will begin by conducting a "harm done" assessment (step 1) followed by a compliance history and non-punitive adjustment (step 2). However, the revised policy notes that FINTRAC may exercise its discretion to adjust its policy and may choose not to apply a penalty reduction based on the established criteria, particularly in cases of serious violations. It remains unclear how FINTRAC will consider these factors moving forward.

Overall, the revised AMP policy is less prescriptive than its predecessor, and the changes noted above appear to reflect FINTRAC's effort to expand its discretion in decision making when imposing and calculating AMPs.

## Looking ahead: higher AMPs?

Recent developments indicate a shift in FINTRAC's enforcement approach, and we expect that FINTRAC will continue to be more active in imposing AMPs in the wake of Canada's FATF review. As we have seen from the AMPs levied against Xeltox and Peken, the highest AMPs will likely continue to be imposed on reporting entities that willfully disregard their compliance obligations under the PCMLTFA.

Many of FINTRAC's 30 AMPs issued in 2025 have also been appealed, and it remains to be seen how the Court's findings in *Norwich v. FINTRAC*, coupled with the revised AMP policy, will impact the Court's review of FINTRAC's latest large AMPs. However, *Norwich* will hopefully encourage FINTRAC to transparently apply all AMP criteria, including potential mitigating factors. And if Bill C-12 comes into force, with its significantly increased penalty ranges, we expect that an entity's ability to pay will become a key factor in considering AMP amounts.

### FOOTNOTES

[1.](#) *Norwich Real Estate Services Inc. (RE/MAX Kelowna) v. Financial Transactions and Reports Analysis Centre of Canada*, [2024 FC 1996](#).

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