

HISTORY

On July 1, 2009, the Law Society of Saskatchewan will proclaim the Client Identification and Verification Rules. The new Rules will require lawyers to gather and retain specific information on clients.

This is not a Saskatchewan initiative. Canada, as part of an international agreement to suppress crime and terrorism, has passed the *Proceeds of Crime (Money Laundering) and Terrorism Financing Act* and Regulations.

The Federation of Law Societies has been instrumental in defending lawyers' interests against the proposed regulations and has instituted legal proceedings challenging the constitutionality of the legislation as it applies to the legal profession. The concern is that the legislation requires lawyers to collect information about clients and report to a federal agency, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). The reporting requirement breaches client confidentiality and the constitutional right of solicitor-client privilege.

Law Societies began taking an active role in the prevention of money laundering with the No-Cash Rule in 2005. (This is probably also a good opportunity to remind you that pursuant to Rule 909, lawyers are prohibited from receiving more than \$7,500 in cash.)

The Federation believes that the only way of protecting privilege is to regulate client identification through Law Society Rules. As a result, the Federation drafted the Model Rules on Client Identification and Verification. The Law Society of Saskatchewan has adopted these Rules and will be responsible for enforcing the Rules through the office of the Auditor Inspector.