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INSPECTIONS OF MONEY-SERVICES BUSINESSES

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This document sets forth Revenu Québec's guidelines with regard to inspections of money-services businesses. It also describes the role and responsibilities of inspectors, and the obligations of money-services business.

Money-services business and types of services

In this document, "money-services business" refers to a business that operates establishments offering one or more of the following services:

- currency exchange;
- funds transfer;
- the issue or redemption of traveller's cheques, money orders or bank drafts;
- cheque cashing;
- the operation of automated teller machines (ATMs), including the leasing of a commercial space intended as a location for an ATM if the lessor is responsible for keeping the machine supplied with cash.

Context

The *Money-Services Business Act* was amended to entrust Revenu Québec with the power to inspect money-services businesses and to investigate matters concerning them.

Inspections are done in money-services businesses across Québec throughout the year.

General principle

Revenu Québec inspectors can show up in money-services businesses at any time, without prior notice, in order to verify compliance with applicable legislation. During these visits, inspectors collect information, observe how businesses and their staff do things and ensure that they fulfill their obligations. Inspectors can also ask to check records and supporting documents.

Responsibilities of inspectors

Inspectors must:

- communicate clearly and concisely;
- presume that the person or entity that operates the money-services business or the business's respondent is acting in good faith;
- process files in a fair and equitable manner;
- refer businesses or their respondents to the Revenu Québec staff that can answer any questions that the inspectors cannot;
- complete mandates in a methodical and timely manner;
- keep a business or its respondent informed about the progress of an inspection mandate.

Inspection activities

Inspections concern such matters as:

- the display and validity of licences;
- disclosures required by law;
- keeping of records and registers;
- verification of client and co-contracting party identities;
- supervision;
- holding an account in a financial institution;
- computer security and the protection of personal information;
- compliance with decisions rendered by Revenu Québec or by the court with respect to the operation of the money-services business.

Obligations of money-services businesses

Holding a licence

Money-services businesses that provide money services for remuneration must hold a licence issued by Revenu Québec. Such a licence may be issued for one or more types of services listed under "Money-services business and types of services."

No person may act as nominee for another person or for an entity or use a nominee with respect to the operation of a money-services business.

Payment of fees and display of licence

Money-services businesses must pay the fees determined by regulation to obtain a licence and to maintain its validity. They must display their licence or a copy of it in each establishment in which they offer money services. Licences issued exclusively for the operation of ATMs must be displayed (or a copy must be displayed) on each of the money-services business's ATMs.

Verification of customers' identity

Money-services businesses must verify the identity of their customers (except for customers using their ATMs) in the manner prescribed by regulation. At a minimum, they must verify each customer's name and home address and telephone number.

Keeping of records and registers

Money-services businesses must maintain and update the following records and registers:

- a register of the transactions they have conducted containing, among other things, customer identification information;
- the records needed to identify their sources of liquidity;
- an accounting register containing a balance sheet and an income statement;
- a register of accounts and bank reconciliation reports;
- a record containing the name, home address and telephone number, and function of each of its officers, directors, partners and employees.

Keeping customer information

Money-services businesses must keep the customer information they have on file for six years after the information is gathered.

Application for the withdrawal of a licence before cessation of activities

Money-services businesses wishing to cease their activities must, 15 days before the projected cessation date, apply to Revenu Québec for the withdrawal of their licence. Moreover, a money-services business that ceases its activities or whose licence is revoked must hand its records, books and registers over to Revenu Québec, which determines how it will dispose of them.

Inspection process

When a Revenu Québec inspector visits a money-services business, the person or entity that operates it or the business's respondent must, on request:

- allow the inspector to enter, at any convenient time, any location where:
  - the business is operated,
  - property is kept,
  - commercial activities are carried on,
  - records are (or should be) kept;
- allow the inspector to consult the records and supporting documents in the format (paper or electronic) in which they are kept;
- provide all the documents and information requested by the inspector for the purposes of the inspection;
- provide any reasonable assistance the inspector may need during the inspection.

The person or entity that operates the money-services business or the business's respondent must never hinder an inspector.

Fines

A person who contravenes any of sections 3, 22 to 35 and 63 to 65 of the Act **or** who is guilty of an offence under section 66 of the Act is liable to a fine of not less than $5,000 nor more than $50,000 in the case of a natural person and not less than $15,000 nor more than $200,000 in the case of a legal person or other entity.

A money-services business guilty of an offence under section 68 of the Act may be liable to a fine of $15,000 to $450,000.

In the case of a second or subsequent offence, the minimum and maximum fines prescribed in the Act are doubled.

TO CONTACT US

ONLINE

revenuquebec.ca

BY TELEPHONE

Individuals and individuals in business

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City	Montréal	Elsewhere
418 659-6299	514 864-6299	1 800 267-6299 (toll-free)

Businesses, employers and agents for consumption taxes

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.
Wednesday: 10:00 a.m. to 4:30 p.m.

Québec City	Montréal	Elsewhere
418 659-4692	514 873-4692	1 800 567-4692 (toll-free)

Complaints – Bureau de la protection des droits de la clientèle

Monday to Friday: 8:30 a.m. to noon and 1:00 p.m. to 4:30 p.m.

Québec City	Elsewhere
418 652-6159	1 800 827-6159 (toll-free)

Individuals with a hearing impairment

Montréal	Elsewhere
514 873-4455	1 800 361-3795 (toll-free)

BY MAIL

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie
Direction principale des relations avec la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions
Direction principale des relations avec la clientèle des particuliers
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3800, rue de Marly
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Businesses, employers and agents for consumption taxes

Montréal, Laval, Laurentides, Lanaudière, Montérégie, Estrie and Outaouais
Direction principale des relations avec la clientèle des entreprises
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