

— FOR CRYPTO PLATFORMS AND VIRTUAL CURRENCY DEALERS

\$196 million, in under three months

Neither of the two penalties behind that figure was for laundering money. One firm was not registered with FINTRAC. The other did not file the reports it already owed. Both were set under the old penalty scale, which rose on 26 March 2026, and both are under appeal to the Federal Court.

\$177M

The largest penalty in Canadian history, on a BC money services business

\$19.5M

On a foreign exchange that served Canadians without registering

1,068

Suspicious transaction reports one firm missed in a single month

If you serve people in Canada, the question is which registration, not whether

Exchanging funds for virtual currency, exchanging one virtual currency for another, or transferring virtual currency on a client's instruction is dealing in virtual currency. That makes you a money services business. Where your desks are decides which kind.

A PLACE OF BUSINESS IN CANADA

Money services business

Register with FINTRAC before you begin operating. A provincial licence does not replace it, and FINTRAC charges no registration fee.

NO CANADIAN PLACE OF BUSINESS

Foreign money services business

If you direct services at people or entities in Canada and actually serve them, you register as a foreign money services business and carry the same obligations.

How FINTRAC decides you are directing services at Canada

Any one of these three is enough on its own.

Marketing or advertising
aimed at people in Canada

A .ca domain name

A listing in a Canadian
business directory

Weighed together, these count too: describing the service as offered in Canada, accepting Canadian dollars, supporting Canadian clients, seeking their feedback, and other businesses promoting you here.

KuCoin is the worked example

Peken Global Limited is incorporated in the Seychelles and has no office in Canada. FINTRAC determined it was a foreign money services business, and failure to register was the first of the three violations behind a penalty of \$19,552,000 imposed on 28 July 2025. The penalty has been appealed to the Federal Court.

Registration is the first obligation, not the last

Once you are registered, five more obligations run continuously. Every virtual currency penalty in this document was a failure of registration or of these, not of anything exotic.

1 A compliance program with six parts

A compliance officer, written policies approved by a senior officer, a documented risk assessment covering money laundering, terrorist financing and sanctions evasion, ongoing training with a plan behind it, and an effectiveness review every two years.

2 Know your client, and keep the record for five years

A large virtual currency transaction record from \$10,000, a transfer record from \$1,000, and an exchange ticket for every exchange, each naming the client, the amount, the exchange rate and its source, and every address sending or receiving.

3 Five reports, and the 24-hour rule

Suspicious transactions, large virtual currency, large cash, electronic funds transfers, and listed person or entity property. Amounts aggregate across a consecutive 24-hour window, and missed reports are counted one by one.

4 The travel rule on virtual currency transfers

Name, address and reference number for both originator and beneficiary, reasonable measures to obtain anything missing, and a written risk-based policy saying when you allow, suspend or reject a transfer that arrives incomplete.

5 Agents, and the 1 October 2027 deadline

Since 1 October 2025, verify an agent's eligibility before engaging them, with a criminal record check issued no more than six months before you review it, then again within 30 days of each second anniversary. Agents engaged earlier must be in line by 1 October 2027.

The report follows what arrives with you, not what the client buys

The large-amount reports attach to the leg where value is received by you. An off ramp reports at \$10,000 every time, an on ramp only when money reaches you as cash or from abroad.

On ramp

The client buys virtual currency with Canadian dollars

LEG 1, VALUE IN

Canadian dollars from the client

LCTR if it is cash of \$10,000 or more. **EFTR** if it comes from outside Canada at \$10,000 or more. A transfer inside Canada is neither.



You



LEG 2, VALUE OUT

Virtual currency to the client's wallet

No LVCTR. You are sending, not receiving. Travel rule information and a transfer record still apply from \$1,000.

Off ramp

The client sells virtual currency back to Canadian dollars

LEG 1, VALUE IN

Virtual currency from the client

LVCTR at the equivalent of \$10,000 or more. This is the leg Cryptomus missed 1,518 times.



You



LEG 2, VALUE OUT

Canadian dollars to the client

EFTR if it leaves Canada at \$10,000 or more. Cash paid out is not a large cash transaction report.

Swap

One virtual currency exchanged for another

No Canadian dollars move and nothing changes. The token arriving is still a receipt, so **LVCTR** applies at \$10,000 or more, and the token going out carries travel rule information from \$1,000.

A suspicious transaction report has no threshold and no direction: any leg, any amount. The 24-hour rule aggregates amounts across a consecutive 24-hour window.

Penalties are counted per violation, and the ceiling has moved

A missed report is one violation. One firm missed 1,068 suspicious transaction reports and 1,518 large virtual currency reports in July 2024 alone.

MINOR

\$40,000

From 26 March 2026. Was \$1,000.

SERIOUS

\$4 million

From 26 March 2026. Was \$100,000.

VERY SERIOUS

\$20 million

From 26 March 2026. Was \$500,000.

Maximum per violation for an entity. The headline figures apply FINTRAC's published increase of up to 40 times its previous limits, which are the figures beneath them, to violations from 26 March 2026. From that date a compliance agreement is mandatory in every penalty case.

The two largest crypto penalties, both set under the old scale

BUSINESS	WHAT WAS MISSED	PENALTY
Xeltax Enterprises Ltd. as Cryptomus, British Columbia. 16 Oct 2025. Appealed to the Federal Court.	2,593 contraventions across six violations: 1,068 suspicious transaction reports and 1,518 large virtual currency reports not filed, the ministerial directive on Iran not followed, no policies approved by senior management, no documented risk assessment	\$176,960,190
Peken Global Limited as KuCoin, Seychelles. 28 Jul 2025. Appealed to the Federal Court.	Not registered as a foreign money services business, 2,952 large virtual currency reports not filed between June 2021 and May 2024, and 33 suspicious transactions not reported	\$19,552,000

Also penalized: MoonPay's Seychelles entity, \$536,853.35 (Nov 2025, appealed); Necosmart, \$693,742.50 (Mar 2026).

Neither of the two largest was for laundering money. One firm was not registered. The other did not file. Both are failures a compliance program is supposed to catch first.

This is the work we do every week

Money services businesses, payment service providers and fintechs are ComplyFactor's core practice. We file the reports, run the reviews and sit in the compliance officer seat.

Registration and enrolment

MSB or foreign MSB registration, kept current as your model changes, and ready for universal enrolment when it lands.

Risk assessment

Documented and defensible across clients, jurisdictions, tokens, rails and delivery channels.

Policies approved properly

Written, current, and signed off by senior management, which is a violation on its own when it is missing.

Reporting and the 24-hour rule

LVCTR, LCTR, EFTR and STR filing, and fixing the aggregation logic that quietly drops reports.

Travel rule controls

Originator and beneficiary data, reasonable measures, and the written allow, suspend or reject policy behind them.

Two-year effectiveness review

Independent review run against FINTRAC's own examination approach, against the new effective standard.

Start with a reporting gap check

We sample a month of your transaction data against what was actually filed, and tell you how many reports are missing before FINTRAC counts them for you.

[Book an appointment](#)

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