

PUBLIC ORDER EMERGENCY COMMISSION
INSTITUTIONAL REPORT – DEPARTMENT OF FINANCE

1.0 DEPARTMENT OVERVIEW

A. Responsibilities of the Department

The Department of Finance is responsible for developing and implementing economic, fiscal, tax, social, international and financial sector policies and programs. The Department is responsible for the overall stewardship of the Canadian economy and plays an important central agency role, working with other departments to carry out the Government’s agenda and support ministers with high-quality analysis and advice.¹

The Department’s responsibilities include:

- Preparing the federal budget and the *Update of Economic and Fiscal Projections*;
- Preparing the *Annual Financial Report of the Government of Canada* and, in cooperation with the Treasury Board of Canada Secretariat and the Receiver General for Canada, the *Public Accounts of Canada*;
- Developing tax and tariff policy and legislation;
- Managing federal borrowing on financial markets;
- Designing and administering major transfers of federal funds to the provinces and territories;
- Developing financial sector policy and legislation;
- Leading Canada’s Anti-Money Laundering and Anti-Terrorist Financing Regime and oversight of Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) who is Canada’s financial intelligence unit and anti-money laundering and anti-terrorist financing regulator; and
- Representing Canada in various international financial institutions and groups.

The Minister of Finance has direct responsibility for a number of acts and is assigned specific fiscal and tax policy responsibilities relating to other acts that are under the responsibility of other ministers (see Appendix 1).

B. Organization and Reporting Structure

The Department has 11 branches that are each headed by an Assistant Deputy Minister who reports to the Deputy Minister of Finance.

The Honourable Chrystia Freeland was appointed as Deputy Prime Minister in 2019 and Minister of Finance in 2020. The Minister of Finance presides over, and has the management and direction of, the Department of Finance. The Minister of Finance is also the Minister responsible

¹ [About the Department of Finance Canada - Canada.ca](https://www.canada.ca/en/department-of-finance/about-us/about-the-department-of-finance-canada.html)

for a number of agencies and Crown corporations, including the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).²

Michael Sabia has served as the Deputy Minister of Finance since December 14, 2020. The Deputy Minister is the deputy head of the Department. The role of the Deputy Minister is to provide the Minister with the broadest possible expert advice and support needed for the Minister's portfolio responsibilities, and to undertake the day-to-day management of the department on behalf of their Minister. The Deputy Minister does not exercise direct authority over non-departmental bodies within the portfolio (such as FINTRAC).³

C. Key Officials in the Department's Role in the Public Order Emergency Response

1. Financial Sector Policy Branch – Assistant Deputy Minister Isabelle Jacques

The Financial Sector Policy Branch is responsible for the development of policy in the financial sector, including with respect to the legislative framework governing federal financial institutions, financial sector stability, housing finance, financial markets, consumer protection, pensions, payments systems, and anti-money laundering and anti-terrorist financing. The Branch also manages the Government of Canada's debt management and foreign reserves programs. The Branch is the Departmental policy lead for matters related to the Emergency Economic Measures Order (EEMO) and for engagement with the financial sector to support the implementation of the EEMO.

The Financial Sector Policy Branch consists of the Financial Crimes and Security Division, the Financial Stability and Capital Markets Division, the Financial Institutions Division, the Funds Management Division and the Financial Services Division. Work on the EEMO within the Financial Sector Policy Branch was conducted by the Financial Institutions Division and the Financial Crimes and Security Division. The Financial Institutions Division is responsible for policy related to the federal financial institution statutes (primarily, the *Bank Act*, the *Insurance Companies Act*, and the *Trust and Loan Companies Act*) and the Financial Crimes and Security Division is responsible for policy related to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Isabelle Jacques has served as Assistant Deputy Minister (Financial Sector Policy) since August 23, 2021.

Manuel Dussault is currently the acting Director General of the Financial Institutions Division in the Financial Sector Policy Branch. In February 2022, Mr. Dussault was Senior Director, Framework Policy with the Financial Institutions Division (the Director General at the time, Richard Bilodeau, is no longer with the Department of Finance). Mr. Dussault oversees the

² [The Honourable Chrystia Freeland - Canada.ca](https://www.canada.ca/en/the-governor-general/biographies/2017/09/the-honourable-chrystia-freeland)

³ [Open and Accountable Government | Prime Minister of Canada \(pm.gc.ca\)](https://www.pmc.gc.ca/)

teams responsible for administering the federal financial sector policy framework and for conducting periodic reviews of the federal financial institution statutes.

Julien Brazeau is now Associate Assistant Deputy Minister, Financial Sector Policy Branch. In February 2022, Mr. Brazeau was Director General of the Financial Crimes and Security Division within the Financial Sector Policy Branch. In this role, Mr. Brazeau oversaw the Department's work on anti-money laundering and terrorist financing.

The Financial Institutions Division and the Financial Crimes and Security Division were involved in both the development and drafting by Justice Canada of the EEMO and in engagement between the Department and financial industry stakeholders regarding the implementation of the EEMO.

2. Economic Policy Branch – Assistant Deputy Minister Rhys Mendes

As discussed further below, the Economic Policy Branch is responsible for short-term economic analysis and forecasting, as well as longer-term economic studies and policy analysis. The Economic Policy Branch consists of the Economic Analysis and Forecasting Division and the Economic Studies and Policy Analysis Division. In February 2022, the Economic Analysis and Forecasting Division prepared background information on the economic implications of the "Freedom Convoy" blockades. Two sections of the division were involved in the brief including Canadian Forecasting and Economic and Financial and Provincial Sector Analysis.

Rhys Mendes serves as Assistant Deputy Minister (Economic Policy) and reports to the Deputy Minister of Finance. Mr. Mendes has been on secondment to the Department of Finance, where he has been serving as Assistant Deputy Minister (Economic Policy), effective August 16, 2021. Before his secondment, Mr. Mendes was Managing Director of the Bank of Canada's International Economic Analysis Department. Julie Turcotte is the Director General of the Economic Analysis and Forecasting Division in the Economic Policy Branch. Mrs. Turcotte oversees the two teams, i.e. the Canadian Forecast section and the Economic & Financial Analysis, Provincial & Sector Analysis section, that were involved in monitoring developments related to the blockades at various points on the Canada-U.S. border and in preparing an assessment of its potential economic impacts.

The Economic Policy Branch is responsible for closely monitoring and forecasting the Canadian economy and conducting economic analysis to inform policy decisions by the government. The Branch also analyzes the economic situation of major international economies and provides analytical support on a wide range of issues related to the government's macroeconomic policies. It prepares the Department of Finance's quarterly economic forecast, which is key to the federal budget-making process, and has the lead role in preparing the economic chapters of budgets and economic and fiscal updates.

An important aspect of the Branch's monitoring of the Canadian economy is assessing the economic implications of unusual events, for example natural disasters, labour actions, conflicts overseas, trade embargoes or other events that may have significant impacts on the Canadian economy. In preparing these economic impact assessments, the Branch relies on a combination of sources. It collects economic data, analysis and other inputs from a range of sources, including other departments. It consults outside analysis by private sector economists and other experts, as

well as media reports. It then synthesizes the data from these various sources and performs its own analysis of likely impacts.

2.0 ASSESSMENT OF ECONOMIC IMPACTS

A. Coordination of Information With Other Departments

From the outset, the Department of Finance tracked the protests closely by monitoring news reports. By February 9, 2022, two weeks after the occupation of Ottawa had begun, and as protests across Canada, the Department determined the economic impact was sufficiently serious to begin formally monitoring and reporting. The Department of Finance worked with Transport Canada's Economic Analysis Directorate to assess the impact.

Transport Canada provided the Department of Finance with several briefings related to the potential impacts of the blockades on the Canadian economy. In these briefings, Transport Canada provided data on the dollar value of cross-border trade flows at key border crossings.⁴ The briefings also provided estimates of the potential impact of the closure of the Ambassador Bridge on Canadian GDP, which projected net economic losses ranging from \$45 million per day to \$161 million per day.⁵ Transport Canada indicated that daily impact on GDP was more likely to be closer to their lower bound estimate, but that the impact could increase in the event that other crossings became unavailable and the situation dragged on in length.⁶ Finally, Transport Canada's briefings also provided information on the potential disruptions to key supply chains (e.g., automotive sector), the potential for rerouting commercial traffic through nearby border crossings, and the scope for modal substitution (i.e., switching from truck to alternatives like air and rail).⁷

B. Assessments of Economic Impacts

From the start through to the revocation of the Emergencies Act, the Economic Policy Branch prepared and provided briefings to the Deputy Minister of Finance (and the Minister of Finance) on the economic impacts of the blockades, including on real GDP growth and cross-border trade (the "economic briefings").⁸ This type of exercise is usual for the Branch as part of its core responsibility to closely monitor important developments that have implications for the Canadian economy. These briefings incorporated the department's analysis and the information from Transport Canada discussed in the previous section.

On February 10, an initial economic assessment was provided focusing on the border closures in Windsor, Ontario, and Coutts, Alberta. It provided a qualitative economic assessment of the

⁴ PB.CAN.00000817_REL - AMBASSADOR BRIDGE FACT SHEET_rev; PB.CAN.00000878_REL - Major Land Border Crossings in Western Canada and Ontario.

⁵ SSM.CAN.00007566_REL - Ambassador_Bridge_impact_edited - feb10; PB.CAN.00000840_REL - Backgrounder on Ambassador Bridge Blockades_Feb 11.

⁶ PB.CAN.00000840_REL - Backgrounder on Ambassador Bridge Blockades_Feb 11

⁷ PB.CAN.00000840_REL - Backgrounder on Ambassador Bridge Blockades_Feb 11

⁸ SSM.CAN.00000177_REL - Backgrounder on Blockades Feb 10, 2022.

border closures and included data provided by Transport Canada on cross-border trade flows at the affected border points. This initial assessment was shared with the Deputy Minister of Finance.

Given the fluidity of the situation, the Branch continually reassessed the potential economic impacts and obtained further information from Transport Canada as the situation evolved. Subsequent versions of the assessment included a quantitative estimate of the impact on GDP.⁹ An email was sent to the Deputy Minister of Finance on February 22 summarizing the Department of Finance's estimate of the impact of the blockades on Canadian real GDP growth in the first quarter of 2022, as well as an estimate on the impact of the blockades on the automotive sector.¹⁰

The Economic Policy Branch was provided figures by Transport Canada which indicated that the blockades were disrupting roughly \$511 million (\$390 million at the Ambassador Bridge) in daily trade flows of goods.¹¹ This represents the value of goods being delayed and does not necessarily translate into direct permanent economic loss. This reflects that, in a temporary disruption at a border point, some production would likely continue. Goods that could not be moved may either go into inventory or be shipped using alternative border crossings or modes of transportation. The Branch expected that, for some firms, the higher costs for having to use less efficient transportation options to ship goods, the inability to find suitable alternate transportation options, or a limited ability to store goods in inventory during the duration of the blockade may cause them to reduce production and result in lower economic activity.

After the events ended, the Department of Finance estimated that they may have reduced real GDP growth by between 0.1 and 0.2 percentage points in the first quarter of 2022 as a whole (on an annualized basis).¹² At their peak, the blockades were estimated to have reduced Canadian GDP by up to \$56 million per day when they were ongoing. The Department of Finance's estimates used as a starting point Transport Canada's lower-bound estimate of the daily GDP impact of the Ambassador Bridge closure (i.e., \$45 million per day over the first week), with assumptions to account for the potential economic impacts of disruptions at other border points (i.e., in Coutts, Alberta, and Emerson, Manitoba) and the potential for the impacts to be recouped over time.¹³

The Branch expected that the impact on GDP would likely be transitory if the blockades were short-lived and did not spread to other border crossings. In this scenario, economic losses would likely be partially recouped once border crossings re-opened, because production cuts could likely be made-up once delayed shipments arrived. However, the Branch predicted that the economic impacts could grow substantially if the disruptions persisted or spread to additional border crossings, based on the Branch's experience with assessing impacts of previous disruptions and consistent with the briefings provided by Transport Canada. For example,

⁹ SSM.CAN.00000177_REL - Backgrounder on Blockades Feb 10, 2022; Backgrounder on Blockades Feb 18, 2022 (Attached); SSM.CAN.00007571_REL - Backgrounder on Blockades Feb 22, 2022.

¹⁰ SSM.CAN.00001941_REL - e-mail FW: GDP Impacts on Blockades

¹¹ SSM.CAN.00007571_REL - Backgrounder on Blockades Feb 22, 2022

¹² SSM.CAN.00007571_REL - Backgrounder on Blockades Feb 22, 2022

¹³ PB.CAN.00000840_REL - Backgrounder on Ambassador Bridge Blockades_Feb 11

extended closures affecting additional nearby border points (e.g., Sarnia and Niagara Falls) could have limited the ability to reroute commercial traffic from the Ambassador Bridge. Many manufacturers would have likely had to lower production and may not have been able to recoup the hit to activity rapidly. At a time when supply chains were already strained by the pandemic, the Branch expected that extended blockades could also translate into shortages for some types of goods and add to already significant inflationary pressures.

The Branch judged that the closure of the Ambassador Bridge posed a particular risk of economic damage to the automotive sector, as this bridge handles a diverse mix of high-valued freight drawn heavily from the automotive and related manufacturing sectors. The Ambassador Bridge represents the highest number of loaded truck container crossings annually. According to figures provided by Transport Canada, the Ambassador Bridge is the busiest crossing in Canada handling about \$140 billion in merchandise trade in 2021, including about \$30 billion worth of automotive vehicles and parts. The automotive sector is an important segment of the Canadian economy, particularly for Ontario. According to Department of Finance calculations using data from Statistics Canada, motor vehicles and parts represented Canada's fourth largest export by value in 2021 at \$72 billion, accounting for 11% of Canada's total exports.¹⁴ According to the Canadian Vehicle Manufacturers' Association, given the highly integrated nature of the auto industry, parts and components may cross Canadian-U.S.-Mexican borders as many as 8 times before being installed in a final assembly.¹⁵ Further, briefings provided by Transport Canada indicated that the automotive sector was bearing the brunt of the bridge closure.¹⁶ The sector consists of a network of specialized manufacturers which are highly reliant on inputs imported from the U.S. Many assembly plants also adopted just-in-time organization models, in which vehicle parts and components are produced and shipped on demand. This means that they carry very small inventories of parts (one or two days worth of production). As a result, several automakers in Canada and the U.S. scaled back or cancelled production due to parts shortages resulting from the bridge closure.

In terms of longer term impacts of the blockades, the economic briefings noted that Canada's reputation as a reliable economic partner for the U.S. may be in jeopardy. Several high-profile U.S. lawmakers gave statements expressing concern about the impacts of automotive assembly plants in the U.S. and used the blockades to push for more protectionist trade policies.¹⁷ Examples of U.S. congresspersons that used the blockades to argue for protectionist trade policies include Elissa Slotkin and Debbie Dingell from Michigan (U.S. House of Representatives). Michigan Governor Gretchen Whitmer also called for Canadian lawmakers to end the blockades as rapidly as possible given the impacts that they had on factories in her own state.¹⁸ The blockades occurred in the context of negotiations with the United States over tax credits that would have made manufacturing of electric cars more advantageous on U.S. soil.

The Department of Finance has not produced an ex-post assessment of the economic impacts of the blockades. Determining the actual scale of economic impact of the blockades is challenging

¹⁴ [Statistics Canada. Table 12-10-0121-01 International merchandise trade by commodity, monthly \(x1,000,000\)](#)

¹⁵ [Facts - CVMA](#).

¹⁶ PB.CAN.00000840_REL - Backgrounder on Ambassador Bridge Blockades_Feb 11

¹⁷ [White House worried about Ambassador Bridge blockade disrupting auto production \(detroitnews.com\)](#)

¹⁸ [Michigan governor urges Canadian authorities to reopen traffic on Ambassador Bridge | CTV News](#)

given that it depends on the length of disruptions and that the shipment of goods across the border affects almost every industry at some point in their business process. However, given that the border closures were ultimately relatively short-lived, the Department believes that the impacts were likely transitory (consistent with the economic briefings as set out above).

3.0 DEVELOPMENT OF THE EEMO

A. Preliminary Policy Work

The Department of Finance was aware from media reports that blockade organizers had raised millions of dollars through crowdfunding activities.

Approximately one week before the declaration of the public order emergency on February 14, 2022, the Department undertook an examination of whether the Minister of Finance had existing tools under the Bank Act to stop the flow of funds to participants in the blockades. The Department concluded that tools under existing statutory provisions were limited.¹⁹

The Department of Finance also started exploring policy options (prior to the declaration of a public order emergency by the Governor in Council on February 14, 2022). The objective of this work was to provide the government with advice on additional tools to address the issues surrounding the use of the financial system to support the blockades.²⁰

The policy options considered the development of new tools based on the Minister of Finance's oversight of federally regulated financial institutions and changes that would make it a requirement for crowdfunding platforms and payment service providers to report to FINTRAC.

The policy development process occurred in a highly compressed time frame. The Department considered options including the creation of a new authority that would apply to specific individuals or entities suspected of using their accounts to further illegal activity. The analysis considered how the authority would be triggered, including under what conditions, and what safeguards would be needed to ensure procedural fairness. The analysis was preliminary and the Department indicated that more work would be required on how such a measure could be implemented in a balanced and fair manner.²¹ The Department's work on these policy proposals was superseded by policy work on the emergency economic measures.

The Department of Finance also considered the option of broadening the application of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) to cover crowdfunding activities and payment processors, in line with the obligations ultimately imposed pursuant to the EEMO. The advent of the EEMO superseded this policy work. The measures contained in the EEMO related to the PCMLTFA were subsequently adopted by Regulations made on April 5, 2022.²² These obligations include registration with FINTRAC, reporting

¹⁹ SSM.CAN.00000002_REL, page 0003 - Consolidated Q&A – EEMO.

²⁰ SSM.CAN.00003760_REL; SSM.CAN.00003761_REL – email FW: Options with Attachment

²¹ SSM.CAN.00003763_REL; SSM.CAN.00003764_REL – email Note with Attachment

²² SOR/2022-76; published in CGII on April 27, 2022.

requirements (including for suspicious transactions and large-value transactions), record keeping, customer due diligence and developing a compliance program. These requirements cover prescribed transactions, in both fiat and virtual currency, and apply to domestic entities, as well as foreign entities when they direct their services to Canadians. In addition, regulatory amendments extended anti-money laundering and anti-terrorist financing regime obligations to a broader range of payment service providers (a large subset of this sector was already subject to the PCMLTFA and the Regulations). This included the removal of exemptions for the payment processing of credit, debit and prepaid products under the definition of electronic funds transfer in order to extend regulatory obligations to payment service providers engaged in the business of those activities.²³

B. Development of the EEMO

The work on the EEMO involved a variety of officials within the Department and Justice Canada. The list of individuals from the Department involved in these discussions is set out in Appendix 2.

The goal of the EEMO was to facilitate a peaceful end to the various illegal blockades on the Canada-US border and in Ottawa by cutting off financial support to participants and by dissuading further participation in illegal activity.²⁴

The EEMO applied to individuals or entities that were engaging directly or indirectly in activities prohibited by the *Emergency Measures Regulations*, such as participating in illegal assemblies or providing financial support to facilitate someone else's participation in the illegal assemblies. Such individuals or entities are defined as a "designated person" in the EEMO. Subsection 2(1) – 'Duty to cease dealings' - provides for how financial support to designated persons would be cut off, by listing the activities that Canadian financial service providers, as defined in section 3 of the EEMO, must cease to engage in:

- dealing in, or facilitating any transaction related to a dealing in, any property that belongs to a designated person or to a person acting on behalf of a designated person;
- making available any property to or for the benefit of a designated person or to a person acting on behalf of a designated person; or
- providing any financial or related services to or for the benefit of any designated person or acquire any such services from or for the benefit of any such person or entity.²⁵

Subsection 2(2) of the EEMO created an exception to the above clause with respect to insurance policies which resulted in the order only applying to insurance policies for vehicles being used in the blockades. This ensured that other types of insurance policies (e.g., home or life insurance) would not be not suspended as a result of the EEMO. The policy objective behind the focus on

²³ See [Canada Gazette, Part II](#), pg. 1166.

²⁴ SSM.CAN.00000001_REL, page 0001, Q2 – QA-Emergency order amendments and crowdfunding.

²⁵ SSM.CAN.00000002_REL, pages 0004-0007- Consolidated Q&A - EEMO

vehicle insurance policies was to discourage the use of vehicles in supporting prohibited activities.

The EEMO sought to dissuade ongoing participation in the illegal blockades by providing that (1) an individual or an entity ceased to be a ‘designated person’ once they stopped participating in a prohibited activity; and (2) financial service providers were no longer required to cease providing financial services to that individual or entity. The objective of these provisions was to provide incentives for individuals and entities participating in the illegal blockades to cease their participation.

Canadian financial services providers were responsible for implementing the measures in the EEMO. In particular, the EEMO required them to determine, on a continuing basis, whether they were in possession or control of property owned, held or controlled by or on behalf of a designated person.²⁶ This ensured that a financial service provider would have to take action in respect of “new” designated persons but also ensured that a provider could resume providing services to those having stopped participating in prohibited activities. In order to help financial service providers make this ongoing determination, the EEMO authorized the RCMP and other provincial (including local police) and territorial law enforcement agencies, together with other institutions of federal, provincial and territorial governments, to share information with financial services providers if they were satisfied that it would help with implementation of the EEMO.²⁷

Some provisions in the EEMO share similarities with regulations made under the *Special Economic Measures Act*, in particular the duty imposed on Canadian financial service providers to determine, on a continuing basis, whether they were in possession or control of property owned or controlled by a designated person and to disclose the existence of such property and information about transactions or proposed transactions in respect of such property to the RCMP or CSIS.

The Department was aware of the Attorney General of Ontario's application under section 490.8 of the *Criminal Code* for a restraint order on certain accounts, including crowdfunding-related accounts, and by Toronto-Dominion Bank for an interpleader application in respect of two accounts that had received convoy-related donations. Similar action was not available to the federal government given a lack of evidence of federally prosecutable offences (e.g. narcotics, firearms, etc.) However, under the EEMO, a court order was not required to freeze accounts, simplifying and accelerating the cutting off of financial support to participants in the illegal activities.

The Department of Finance was also aware of the risk and potential misuse of crowdfunding platforms generally to potentially launder funds or finance illegal activities and was monitoring developments in the sector to determine what legislative or regulatory amendments were necessary. For example, the Financial Action Task Force, the international standards setting body for anti-money laundering and anti-terrorist financing, has recognized the risks of crowdfunding being used by illicit actors, and communicated this in the June 2021 report,

²⁶ SSM.CAN.00000002_REL, page 0002- Consolidated Q&A - EEMO

²⁷ SSM.CAN.00000002_REL, page 0005- Consolidated Q&A - EEMO

“Ethnically or Racially Motivated Terrorism Financing”.²⁸ However, it was not until media reports surfaced that crowdfunding platforms were being used to finance illegal activities (the blockades and occupation) in Canada that the Department of Finance brought forward measures, through the EEMO and subsequently by regulation, to regulate crowdfunding platforms and the payment service providers that they use.

4.0 IMPLEMENTATION OF THE EEMO

A. Engagement With Financial Services Providers

The Minister of Finance and the Deputy Minister of Finance held consultation meetings with the Chief Executive Officers of major banks on February 13th and February 14th, prior to the declaration of a public order emergency by the Governor in Council, and a subsequent meeting on February 21st. Additionally, the Deputy Minister of Finance held discussions with the CEOs and key executives of major banks to seek their views on them about the forthcoming EEMO which helped inform the drafting of the EEMO. For example, these discussions identified the need for emergency powers to quickly authorize banks to take action and without the lag that occurs when a court order is received.

The Department of Finance communicated the requirements under the EEMO to representatives from banks, credit unions, industry associations and other financial service providers through virtual meetings and email exchanges.²⁹

With respect to the implementation of the EEMO, the Financial Sector Policy Branch initiated engagement with the industry on February 15, 2022, with an email and phone call to the Canadian Bankers Association (CBA) and some of its members. Departmental officials had a phone conversation with the Canadian Credit Union Association (CCUA) and the Desjardins Group on February 16, 2022. An objective of these engagements was to quickly reach as many industry stakeholders as possible to support the timely implementation of the EEMO. Financial service providers’ participants were typically from their legal services or government relations departments. Engagement between the Department of Finance and industry stakeholders remained ongoing throughout the period in which the declaration of emergency was in force up until its revocation.³⁰

Some industry representatives expressed concerns to the Department of Finance regarding the manner in which the EEMO measures were communicated. This included concerns over the lack of an adequate advance notice to enable financial service providers to be ready to implement the EEMO measures and over the lack of consultations with financial service providers outside of the ‘big five’ banks.

The Department of Finance communicated frequently with representatives from banks, credit unions, industry associations, including the Insurance Bureau of Canada on the application of the

²⁸ [ETHNICALLY OR RACIALLY MOTIVATED TERRORIST FINANCING REPORT \(fatf-gafi.org\)](https://www.fatf-gafi.org/publications/fatfpublications/documents/ethnically-or-rationally-motivated-terrorism-financing-report)

²⁹ SSM.CAN.0000012_REL - Email exchange with CCUA, SSM.CAN.00000281_REL - Stakeholder outreach plan.

³⁰ SSM.CAN.0000027_REL - Email exchange with CBA regarding financial reporting data.

EEMO to vehicle insurance, and other financial service providers while the EEMO was in force in order to answer their questions and obtain information from them regarding the implementation of the EEMO, such as on accounts frozen by financial service providers.³¹ Questions from the financial industry generally focused on how to interpret and implement the EEMO, such as how to identify a ‘designated person’. The Department of Finance started receiving such questions on February 15 and received and responded to a number of enquiries of this nature while the EEMO was in force.

B. Information Sharing Regarding Freezing of Accounts

Financial service providers used information provided by the RCMP to conduct their own assessment of whether they were in possession or control of property that was owned, held or controlled by or on behalf of a designated person.³² In addition, the financial service providers could use their own internal processes to identify questionable transactions or activities that suggested an account holder was involved in prohibited activities.

The Department of Finance did not have any information about individuals or entities that might meet the definition of designated person under the EEMO, nor did it make any recommendations to financial service providers regarding which accounts should be frozen. The Department of Finance played no role in the process through which financial institutions identified the accounts that they froze. The RCMP has stated that at no time did it provide a list of donors to financial institutions. The Department understands that the RCMP provided a list that included identities of individuals who were influencers in the illegal protest in Ottawa, and owners and/or drivers of vehicles who did not want to leave the site. At no time was that list provided to the Department.³³

Financial service providers told the Department of Finance that they began freezing certain accounts on February 15, 2022, the day the EEMO was promulgated. They further informed the Department of Finance that they began to unfreeze accounts on February 21, 2022, and that all the accounts frozen pursuant to the EEMO had been unfrozen by February 24, 2022.

The Department of Finance created a reporting template to be used by financial service providers for the purpose of reporting to the Department on actions taken pursuant to the EEMO. The reporting template contained fields to report on:

- Total number of frozen accounts and credit cards
- Types of accounts frozen (i.e., corporate or individual)
- Total dollar value of frozen accounts
- Change in total number and dollar value of frozen accounts, and change in number of frozen credit cards since previous submission
- Total number of frozen accounts unfrozen³⁴

³¹ SSM.CAN.0000020_REL – Email exchange with stockholders.

³² SSM.CAN.00000181_REL – Email exchange summarizing RCMP and FIs enforcement.

³³ [Statement - Enforcement Under the Emergencies Act \(rcmp.ca\)](#)

³⁴ SSM.CAN.00000016_REL – Template for Financial Data Reporting.

The reporting template was shared with the CBA and the CCUA on February 17, 2022.³⁵ The Department requested that industry associations provide daily reports on behalf of their members that included aggregated and anonymized data. The Department also had bilateral discussions with the Desjardins Group to obtain data on frozen accounts beginning on or about February 16, 2022, where an initial estimate was provided to Department officials over the phone.³⁶ A formal reporting process was not established with the Desjardins Group before the declaration of public emergency was revoked.

A number of banks began submitting individual reports to the Department on February 17, 2022. On February 18, 2022, the CBA started aggregating individual banks' data into a single report to the Department. In some cases, the CBA provided multiple reports in a single day as it received updated data from its members. The CBA reports were not exhaustive as the CBA indicated it had not obtained data from all of its members.³⁷ This reporting continued until February 21, 2022, when the RCMP informed banks and other financial service providers that there were no longer any persons participating in the illegal blockades or other prohibited activities, and accounts began to be unfrozen.³⁸ Desjardins did not report data points using the Department of Finance reporting template, but it did provide an estimate of accounts that it had frozen in a February 21, 2022 email to a Department of Finance official. The CCUA did not submit any reports to the Department of Finance.

The Department of Finance only received aggregated information from financial service providers regarding frozen accounts. The Department of Finance was never informed about the identity of individuals or entities whose accounts had been frozen.

C. Data Regarding Frozen Accounts

The data provided by financial service providers suggest that approximately 280 accounts totaling approximately \$8 million in assets was frozen as a result of the EEMO. Financial service providers told the Department of Finance that those accounts represented different financial products, such as savings accounts, chequing accounts, credit cards or lines of credit, and that some designated persons were likely to have many different accounts that were impacted. Reports from financial service providers suggest that 204 of the frozen accounts were savings or chequing accounts, and that the remaining 76 frozen accounts were credit cards or lines of credit.

The Department has no information to suggest that any insurance policies were cancelled as a result of the EEMO.³⁹

³⁵ SSM.CAN.00000010_REL- Email exchange providing the template to CBA, SSM.CAN.00000012_REL- Email exchange providing the template to CCUA, SSM.CAN.00000032_REL- Email exchange from CIBC about reporting data, SSM.CAN.00000034_REL – One completed template from CIBC, SSM.CAN.00000036- One completed template from CBA.

³⁶ SSM.CAN.00007570_REL- Email exchange with Desjardins

³⁷ SSM.CAN.00000071_REL- Email exchange from CBA about continual reporting data.

³⁸ SSM.CAN.00000209_REL- Email exchange regarding unfreezing accounts.

³⁹ SSM.CAN.00000054_REL - Email exchange regarding enforcement and insurance policies.

On February 23 and 24, 2022, the CBA sent emails to the Department of Finance to provide an update on its members' efforts to unfreeze accounts. The CBA confirmed on February 24, 2022, that members no longer had any accounts frozen as a result of the EEMO.⁴⁰

⁴⁰ SSM.CAN.0000223_REL - Email exchange regarding unfreezing accounts.

Appendix 1

List of Statutes under the Authority of the Minister of Finance⁴¹

- *Air Travellers Security Charge Act*
- *Asian Infrastructure Investment Bank Agreement Act*
- *Bank Act*
- *Bank for International Settlements (Immunity) Act*
- *Bank of Canada Act*
- *Bills of Exchange Act*
- *Borrowing Authority Act*
- *Bretton Woods and Related Agreements Act*
- *Budget Implementation Acts*
- *Canada Deposit Insurance Corporation Act*
- *Canada Pension Plan*
- *Canada Pension Plan Investment Board Act*
- *Canadian International Trade Tribunal Act*
- *Canadian Gender Budgeting Act*
- *Canadian Payments Act*
- *Canadian Securities Regulation Regime Transition Office Act*
- *Currency Act*
- *Customs Tariff*
- *Depository Bills and Notes Act*
- *European Bank for Reconstruction and Development Agreement Act*
- *Excise Act, 2001*
- *Excise Tax Act*
- *Federal-Provincial Fiscal Arrangements Act*
- *Financial Administration Act*
- *Financial Consumer Agency of Canada Act*
- *First Nations Goods and Services Tax Act*
- *Greenhouse Gas Pollution Pricing Act (Part 1)*
- *Income Tax Act*
- *Income Tax Conventions Interpretation Act*
- *Insurance Companies Act*
- *Interest Act*
- *Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization Offset Payments Act*
- *Office of the Superintendent of Financial Institutions Act*
- *Payment Card Networks Act*
- *Payment Clearing and Settlement Act*

⁴¹[List of Acts and Regulations - Canada.ca](https://www2.gov.gc.ca/eng/acts/regulations/index.html)

- *Pension Benefits Standards Act, 1985*
- *Pooled Registered Pension Plans Act*
- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*
- *Protection of Residential Mortgage or Hypothecary Insurance Act*
- *Retail Payment Activities Act*
- *Royal Canadian Mint Act*
- *Special Import Measures Act*
- *Tax-Back Guarantee Act*
- *Trust and Loan Companies Act*
- *Winding-up and restructuring Act (Parts II and III)*

Appendix 2

List of Department of Finance Officials Involved in Development of the EEMO

- Isabelle Jacques, Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance.
- Julien Brazeau, Director General, Financial Crimes and Security Division, Financial Sector Policy Branch, Department of Finance. Mr. Brazeau is now Associate Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance.
- Richard Bilodeau, Director General, Financial Institutions Division, Financial Sector Policy Branch, Department of Finance. Mr. Bilodeau no longer works for the Department of Finance.
- Manuel Dussault, Senior Director, Framework Policy, Financial Institutions Division, Financial Sector Policy Branch, Department of Finance. Mr. Dussault is now acting Director General, Financial Crimes and Security Division.
- Olivier Paradis-Béland, Senior Project Leader, Financial Institutions Division, Financial Sector Policy Branch, Department of Finance.
- Jeffrey Baylis, Economist, Framework Policy, Financial Institutions Division, Financial Sector Policy Branch, Department of Finance.
- Justin Brown, Senior Director, Financial Crimes Policy, Financial Crimes and Security Division, Financial Sector Policy Branch, Department of Finance.
- Charlene Davidson, Acting Director, Financial Crimes Policy, Financial Crimes and Security Division, Financial Sector Policy Branch, Department of Finance.