



# Client Identification and Verification

May 7, 2025

---



LAW SOCIETY  
*of* ALBERTA



# Agenda

- Client Identification and Verification
- Examples
- Frequently Asked Questions



# Client Identification and Verification

Rules 119.45 – 119.55



**Client identification and verification are NOT the same thing.**



# Identification, defined

Per rule 119.47

Obtaining and recording identifying information about your client, third parties that the client is acting for or representing, and each individual authorized to provide and give instructions for an organization.



# Q: When am I required to identify my client?

## Client Identification Rule 119.47

- Whenever you are retained to provide legal services UNLESS the following is applicable:
  - You are in house or corporate counsel;
  - You are providing legal services through a duty counsel program (unless you are giving instructions for receiving, paying or transferring funds); or,
  - You are acting as an agent for another lawyer or the matter is referred to you by another lawyer and that lawyer has already identified the client.

# **Q:What information do I need to gather and record?**

## **Client Identification Rule 119.47**

### **For Individuals**

- Name;
- Home address and phone number;
- Occupation;
- Business address and business phone number; and,
- If your client is acting for or representing a third-party individual, you must also obtain the above information from the third party.





# Q: What information do I need to gather and record?

## Client Identification Rule 119.47

### For Organizations

- Full name, business address and business phone number;
- Incorporation or business identification number and place of issue;
- General nature of the type of business;
- Name, position, contact information for individual authorized to provide and give instructions; and,
- Note: exceptions apply if the organization is a financial institution, public body, or reporting issuer.



**Client Identification does  
NOT require viewing or taking  
a copy of your client's  
identification.**

# Verification, defined

Per Rule 119.50 (5)

- Confirming that your client is who they say they are by using one of the methods in Rule 119.50(5); and,
- Obtaining and recording information about the client's source of funds for the financial transaction.

## **Q: When am I required to verify my client's identity?**

### **Client Verification Rule 119.48 – 119.50**

When the retainer involves engaging in or giving instructions in respect of the receiving, paying or transferring of funds (i.e., a financial transaction), you must verify the identity of:

- your client;
- third parties that the client is acting for or representing; and,
- for organizations, each individual authorized to provide instructions.



# Methods to verify an Individual

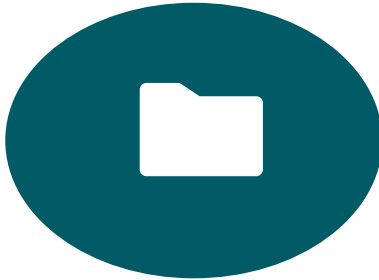
Three options to verify

1



Government-Issued Photo Identification

2



Credit File Method

3



Dual-Process Method

# Government-Issued Photo ID

Document must be authentic, valid and current



## In-Person

When the individual is physically present, the lawyer or their agent may view the original document in the presence of the individual to ensure that their name and photograph match.



## Virtually

The lawyer or their agent may virtually confirm a client's identity using a digital authentication and verification technology, which allows clients to provide a digital copy or image to authenticate their identity. **This the change.**

# Client Verification

## 2025 Rule Change

- Removal of the temporary COVID Relaxation
- NEW digital verification of Government-Issued Photo ID via technology platform





## Credit File Method



- Checking with a third-party credit bureau such as Equifax or TransUnion to confirm client identity.
- The credit file must be in existence for at least three years and obtained directly from the credit bureau and may be done without the individual being present.

# Dual-Process Method



- Allows the lawyer to refer to information from two different, reliable and independent sources that contain:
  - the individual's name and address;
  - the individual's name and date of birth; or,
  - the individual's name and confirmation they have a deposit account, credit card or other loan with a financial institution.

## **Q: What kind of information do I need to obtain about the source of funds?**

- When obtaining information about the source of funds you must record the following:
- Information about the economic activity generating the funds;
- Information that identifies the person or entity providing the funds, if the payor is a third party; and,
- The relationship for the client to the person or entity providing the funds.



# Exemptions to the requirement to verify identity

- the client or third party is a financial institution, public body, or reporting issuer; or,
- the funds used in the transaction are:
  - received for professional fees, disbursements, or expenses;
  - paid by or to a financial institution, public body, or reporting issuer;
  - received from the trust account of another legal professional;
  - received from a peace officer, law enforcement agency, or other public official acting in their official capacity;
  - received to pay a fine, penalty, or bail; or,
  - transferred by a wire transfer.



# Examples

---



## Example I

John is a family law lawyer. He meets with Sally who explains that she is in need of assistance with a parenting dispute. Sally decides to retain John to assist her and provides a \$3,000 retainer.

### **What does John need to do in this instance?**

- A. Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer.
- B. Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer and verify her identity using one of the approved methods set out in the Rules.
- C. Nothing.

## **The correct answer is A**

Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer.





## Example 2

Six months after retaining John, Sally informs him that she and her ex-spouse have come to an agreement regarding the family home, their only asset. She will be providing her ex-spouse with a settlement payment of \$25,000 to retain the family home. Sally asks John to prepare a settlement agreement reflecting the terms and assist her with facilitating the payment.

### **What does John need to do in this instance?**

- A. Nothing, he already identified Sally when she retained him.
- B. Verify Sally's identity using one of the approved methods set out in the Rules.
- C. Verify Sally's identity using one of the approved methods set out in the Rules and seek information about where Sally is obtaining the funds being used to pay the settlement amount.

**The correct answer is C.**

Verify Sally's identity using one of the approved methods set out in the Rules and seek information about where Sally is obtaining the funds being used to pay the settlement amount.



## Example 3

John is a real estate lawyer. He meets with Sally who explains that she is selling her condo and is in need of assistance to finalize the transaction. Sally decides to retain John to assist her. The buyer has also retained a lawyer.

### **What does John need to do in this instance?**

- A. Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer.
- B. Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer and verify her identity using one of the approved methods set out in the Rules.
- C. Nothing.

## **The correct answer is B.**

Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer and verify her identity using one of the approved methods set out in the Rules.



## Example 4

John is a real estate lawyer. He meets with Sally who explains that she is buying a new condo and is in need of assistance to finalize the transaction. She will be providing a \$100,000 down payment. Sally decides to retain John to assist her.

### **What does John need to do in this instance?**

- A. Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer.
- B. Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer and verify her identity using one of the approved methods set out in the Rules.
- C. Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer, verify her identity using one of the approved methods set out in the Rules, and seek information about where Sally is obtaining the funds being used for the down-payment on the condo.



## The correct answer is C.

Record, in writing, Sally's full name, home address, telephone number, occupation, and address and telephone number of her employer; verify her identity using one of the approved methods set out in the Rules, and seek information about where Sally is obtaining the funds being used for the down-payment on the condo.





# Frequently Asked Questions



**Q: What is the definition of "engages in or gives instructions in respect of receiving, paying, or transferring of funds"? In other words, when is the verification requirement triggered?**

- The Rules do not include a specific definition for "engages in or gives instructions in respect of receiving, paying, or transferring of funds".
- The verification requirement is triggered any time that a lawyer is involved in a financial transaction, unless one of the exemptions applies.

**Q: Is verification required for funds sent by the following payment methods?**

Method	Verification
E-transfer	Yes
Bank draft	Yes
Wire transfer	No
From a lawyer's trust account	No
From insurance providers (personal injury matters)	Yes
From a Notary Public	Yes

**Q: How can I verify my client's identity if they are out of the country?**

Can they sign documents first and then have ID verified when they return to Canada?

Can they have ID verified by a notary and send the notarized copy along with signed documents?

- Government issued photo identification
  - In person
  - Virtually



**Q:What do I do if a client does not have a passport/driver's licence/ employment/ phone number/ original ID documents (but they have a certified true copy)?**

- The ID that is provided for verification needs to be valid, authentic and current.
- You can verify the client by using the dual process or credit file method if they do not have their original ID documents.

**Q:Am I required to verify the same client for a new matter or after time has passed during the same matter? What if the client's name has changed or they have moved? What if ID has expired from when last checked?**

- If you have acted for an individual client before and have already verified the client's identity you are generally not required to do it again.
- **However**, the rule requires that you periodically monitor the professional business relationship while you are retained in respect of a financial transaction.
- If the ID has expired you will need to re-verify the client using the up-to-date ID.

## **Q: Do the identification and verification rules apply to initial consultations?**

- Identification is required once you have been retained. Initial consultations that do not result in being retained, does not require identification or verification.

## **Q: Who are the approved service providers for virtual/digital verification?**

- DIACC currently has a Member Services Directory, a directory of services offered by members, certified providers, and applicants.
- The Law Society does not vet or endorse vendors or their products for virtual identification/verification software. There are several reputable companies that offer products that use authentication technology to verify identity in accordance with the virtual verification method.

## Using Virtual Technology to Verify Identification

### **Q: Does the lawyer still need to view the client's ID after using virtual technology?**

- Yes. After using the virtual technology to verify the ID, have a virtual meeting with the client and ask them to hold their ID to the camera. Compare this ID to the ID that was authenticated.

### **Q: Does the lawyer need to take a screenshot or obtain a photocopy/scan of the client's ID?**

- Ask the client to send you a high-resolution photograph of their ID.

### **Q: Can you meet the client in your own virtual room (such as Zoom/Teams/Google Meet) or do you need to use the room of the virtual identifier?**

- You can use your own virtual room for the meeting.



## Using Virtual Technology to Verify Identification

### **Q: Can the costs of using virtual technology be passed on to the clients?**

- This is a decision to be made by the lawyer/ law firm. If you choose to pass the costs of using virtual technology to your client as a disbursement, ensure that it is made clear in your retainer letter.

### **Q: Is there any concern about confidentiality when it comes to using virtual technology?**

- Each lawyer is responsible to view the terms and conditions of the technology provider that they choose and satisfy themselves that information is kept confidential.

### **Q: Do I need to get permission from the client to use the technology?**

- It is not necessary to get permission from the client to use the technology.

## Q: Can I still use an agent to verify my client's identity?

- Where an individual client, third party or individual is not physically present, a lawyer can utilize virtual verification and is no longer required to rely on an agent to obtain the information.
- However, lawyers can continue to use an agent to verify the identity of an individual, including circumstances where the individual is not in Canada, if that is the lawyer's preference. The agent should provide the same information the lawyer would have gathered to verify the client's identity. View the **Guidance on Use of Agents** for more information.
- The Model Rules do not specify who can act as an agent, so lawyers should ensure agents are reputable and must have a written agreement in place.

## **Q: Can you clarify my obligation to inquire about the source of funds?**

- Lawyers must exercise their professional judgment and be on alert for red flags relating to the source of funds.
- Lawyers must confirm that the source of funds is:
  - Reasonable and proportionate to the client's profile; and,
  - Consistent with the nature and purpose of the retainer and the transaction.
- Lawyers are not required to obtain supporting documentation; however, this may be prudent in some situations (e.g., when a retainer involves a high value transaction, or red flags are present).

**Thank You.**



## Additional Information: Practice Areas of Heightened Risk

All legal professionals in all practice areas may be vulnerable to money laundering. Some practice areas, types of legal services, and transactions pose inherently heightened risks:

- Real Estate
- [Trusts](#)
- Private Lending
- Setting Up or Representing Shell Corporations
- [Litigation](#)



# Quick Links

- [Anti-Money Laundering - Law Society of Alberta](#)
- [Client Identification and Verification Flowchart](#)
- [Virtually Verifying your Client's Identity](#)
- [CIV In-Person vs Digital One-Pager](#)
- [Source of Funds Guidance](#)
- [AML Monitoring Guidance](#)
- [Guidance on Using Agents](#)
- [Anti-Money Laundering - Federation of Law Societies of Canada](#)