

Friday October 26, 2018, 10 AM

FICOM Board Room, 2800-555 W Hastings or via Skype

Meeting of Expert Panel on Anti-Money Laundering in BC Real Estate

Attendees: Panel - Maureen Maloney, Brigitte Unger, Tsur Sommerville,
Support - Dan Perrin, Chris Dawkins, Tiffany Norman

AGENDA

A. INITIAL PANEL DISCUSSION - 1 Hour

1. Roundtable of Panel and Dan (who are we, what is our background and experience, what is our value added to the panel)
2. What are the main outcomes that we intend to provide in the panel report
3. Timelines and Work distribution
4. What information do we need (from where)?
5. How often should we meet as a group?
6. Other Items

B. BRIEFING ON BC HOUSING PLAN – 45 Minutes

1. Ministry of Finance Staff

C. NEXT MEETING – 5 minutes

Anti-Money Laundering in Real Estate Expert Panel

October 26, 2018

Meeting Outcomes/Tasks

1. Dan, Chris and Tiffany to develop an outline of the current regulatory framework for real estate, including legislation involved, Minister responsible for each, actors in real estate markets, how they are regulated, sources of capital, regulatory requirements – specific question – is there any regulation applied to non-deposit-taking mortgage lenders, other than consumer protection regulation related to interest rates
2. Tiffany to begin to develop a reading list for the group, with documents to be shared via SharePoint where possible
3. Need to fully define what we mean by “anti-money laundering” which for our purposes extends beyond prosecutable criminal money-laundering related to domestic proceeds of crime and may include “inappropriate” speculative market manipulation and abuse, tax avoidance and evasion, and foreign capital that has evaded foreign currency and cross-border capital movement restrictions – perhaps “real estate market manipulation and abuse, including money laundering, evasion of foreign capital controls and tax avoidance and evasion”?
4. Next meeting – November 23, 2018 PST, FICOM Board Room and Skype
 - a. Brigitte presentation on Anti-Money Laundering
 - b. Tsur presentation on the economics of BC real estate
 - c. Update of Stats Canada work on real estate markets
5. Maureen and Dan to work together to develop a structure and outline for the report.

Agenda for Expert Panel on AML, November 23, 2018

1. Update from Chair and Panel Members on Activities
2. Update from Ministry of Finance Officials on activities
3. Presentation from Dr. Brigitte Unger:

*International Modes of Money Laundering in Real Estate and
Best International Practices for Preventing Money Laundering in Real Estate*

4. Presentation from Dr. Tsur Sommerville:

Overview of the BC Housing Market (including foreign ownership of real estate)

5. Review of Draft Contents of AML Report in Real Estate (attached)
6. Next Steps: including contents of Mid Review Report by Chair.
7. Next Meeting Date
8. Other Items

Anti-Money Laundering Expert Panel
November 24, 2018 Meeting

Points for follow-up:

- Transparency International Day of Dialogue, Dec 13 - Dan booked to attend
- Maureen to follow-up with Don Avison regarding lawyers and suspicious transaction reporting
- Brigitte asked about what predicate crimes the Canadian Criminal Code Provision prohibiting money laundering applies to.

Attached are the relevant provisions of the Criminal Code, which indicate that money laundering can arise from any "indictable offence" (462.3 (1)). Indictable offences are relatively serious offenses including murder, acts of terrorism, robbery, drug trafficking, treason, certain types of sexual assault, and other very serious criminal acts, as distinct from less serious "summary conviction offenses" (see http://criminalnotebook.ca/index.php/List_of_Straight_Indictable_Offences for a full list).

The provision also applies to foreign crimes that would be indictable offenses if done in Canada (462.31 (1)(b)).

- Can you buy a house for cash in BC? To be put to real estate regulators.
- Dan to provide initial draft list of groups we should talk to or seek submissions from.
- Dan to provide initial discussion of "our" money laundering definition – what are we interested in?
- Dan to provide outline and initial draft of interim report, Maureen to confirm due date.
- Tsur to provide information about sources of information to help measure the scope of the issue in BC.
- Tiffany to provide table showing the players in real estate and whether/how they are regulated for December 10 meeting
- Maureen to discuss LOTA as a potential anti-money laundering tool with Lori Wannamaker.
- Dan to start drafting report sections based on last week's presentations.

Criminal Code of Canada

PART XII.2

Proceeds of Crime

Interpretation

Definitions

- 462.3 (1) In this Part,

designated offence means

- (a) any offence that may be prosecuted as an indictable offence under this or any other Act of Parliament, other than an indictable offence prescribed by regulation, or
- (b) a conspiracy or an attempt to commit, being an accessory after the fact in relation to, or any counselling in relation to, an offence referred to in paragraph (a); (*infraction désignée*)

judge means a judge as defined in section 552 or a judge of a superior court of criminal jurisdiction; (*juge*)

proceeds of crime means any property, benefit or advantage, within or outside Canada, obtained or derived directly or indirectly as a result of

- (a) the commission in Canada of a designated offence, or
- (b) an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence. (*produits de la criminalité*)

Regulations

(2) The Governor in Council may make regulations prescribing indictable offences that are excluded from the definition *designated offence* in subsection (1).

Powers of Attorney General of Canada

(3) Despite the definition *Attorney General* in section 2, the Attorney General of Canada may

- (a) exercise all the powers and perform all the duties and functions assigned to the Attorney General by or under this Act in respect of a designated offence if the alleged offence arises out of conduct that in whole or in part is in relation to an alleged contravention of an Act of Parliament or a regulation made under such an Act, other than this Act or a regulation made under this Act; and
- (b) conduct proceedings and exercise all the powers and perform all the duties and functions assigned to the Attorney General by or under this Act in respect of
 - (i) an offence referred to in section 354, 355.2, 355.4 or 462.31, if the alleged offence arises out of conduct that in whole or in part is in

relation to an alleged contravention of an Act of Parliament, other than this Act, or a regulation made under such an Act, and

- (ii) an offence under subsection 462.33(11) if the restraint order was made on application of the Attorney General of Canada.

Powers of Attorney General of a province

(4) Subsection (3) does not affect the authority of the Attorney General of a province to conduct proceedings in respect of a designated offence or to exercise any of the powers or perform any of the duties and functions assigned to the Attorney General by or under this Act.

Offence

Laundering proceeds of crime

- **462.31 (1)** Every one commits an offence who uses, transfers the possession of, sends or delivers to any person or place, transports, transmits, alters, disposes of or otherwise deals with, in any manner and by any means, any property or any proceeds of any property with intent to conceal or convert that property or those proceeds, knowing or believing that all or a part of that property or of those proceeds was obtained or derived directly or indirectly as a result of
 - (a) the commission in Canada of a designated offence; or
 - (b) an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence.

Punishment

- (2) Every one who commits an offence under subsection (1)
- (a) is guilty of an indictable offence and liable to imprisonment for a term not exceeding ten years; or
 - (b) is guilty of an offence punishable on summary conviction.

Exception

(3) A peace officer or a person acting under the direction of a peace officer is not guilty of an offence under subsection (1) if the peace officer or person does any of the things mentioned in that subsection for the purposes of an investigation or otherwise in the execution of the peace officer's duties.

Agenda for Expert Panel on AML, November 30, 2018

1. Update from Chair and Panel Members on Activities
2. Update from Ministry of Finance Officials on activities
3. Mid Review Report Due December 15, 2018
4. Review of Draft Contents of AML Report in Real Estate (attached)
5. List of Groups the Panel May Want to Meet With (attached)
6. Presentation from Dr. Tsur Somerville
Potential Data Sources
7. Presentation from Dr. Brigitte Unger
Overview of National Risk Assessment of Canada
Company Registry Discussion
Crypto Currency Overview
8. Other Items

Agenda for Expert Panel on AML, January 7, 2018

1. Update from Chair and Panel Members on Activities
 - Work done over holidays
2. Update from Ministry of Finance Officials on activities
3. Working Group Meeting January 17 & 18
4. January Meetings with other Groups on List and Updates
5. Meetings with Individuals - criteria
6. Finalising work plan and meetings for Panel to the end of January
7. Other Items

Agenda, Panel Meeting January 14, 2019

1. Update from Panel Members.
2. Agenda for Minister Meeting (attached)
3. Meetings Update (Dan)
4. Preparation for Meetings
5. Other business

**Expert Panel Meeting on Anti-Money Laundering in Real Estate: Meeting with
Minister of Finance, Carole James, January 16th at 3-4 pm**

Agenda

1. Introductions by Expert Panel (Profs. Maloney, Unger and Somerville)
2. Update on the work of the Expert Panel (Prof. Maureen Maloney)
3. Some challenges and opportunities in the work (Profs. Maloney, Somerville and Unger)
4. Brief outline of highlights on research on Money Laundering and/or transparency in ownership in Canada and BC (Prof. Brigitte Unger) 15 minutes
5. Comments and Questions

Agenda, Panel Meeting February 4th, 2019

1. Update from Panel Members.
2. Update on Data Collection (Tsur and Brigitte)
3. Update on LOTA Letter (MOF)
4. Discussion of Draft Outline of AML Report
5. Meetings Update if any (Dan)
6. Other business

Agenda, Panel Meeting February 11, 2019

9 am-1 pm

1. Update from Panel Members.
2. Update on Data Collection (Tsur and Dan)
3. Update on LOTA Letter (MOF)
4. Discussion of Draft Outline of AML Report
5. Meetings Update if any (Dan)
6. Other business

Agenda, Panel Meeting February 18, 2019 SFU Harbour Centre, 515 West Hastings

10am-1 pm

1. Update from Panel Members.
2. Update on Data Collection (Tsur and Dan)
3. Update on LOTA Letter (MOF)
4. Prof. Brigitte Unger's Presentation
5. Main Discussion of Draft Outline of AML Report
6. Meetings Update if any (Dan)
7. Other business