



Community of Practice GR Update February 3rd 2021

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Money Laundering in BC:

Historically in BC, this issue has received:

- Significant media attention
- Significant public interest
- Issues raised around what if any impact on housing prices in BC.
- Significant governmental interest

Money Laundering in BC:

- What this means for our sector in responding to the degree and concern on real estate.
- Regardless whether the scope of money laundering is as significant as media and government have inferred, this is an issue that requires our attention and effort.
- Public and governmental concern have potential consequences on the regulation on our industry and to the reputation of our industry.

Cullen Commission of Inquiry into Money Laundering in BC:

On May 15, 2019, British Columbia Premier John Horgan announced the establishment of this Commission of Inquiry into Money Laundering in the province.

The mandate of the Commission is broad.

- It's concerned with the extent, growth, evolution and methods of money laundering in British Columbia, with regard to specific economic sectors;
- the acts or omissions of responsible regulatory agencies and individuals, and whether those have contributed to money laundering in the province or amount to corruption;
- the scope and effectiveness of the anti-money laundering powers, duties and functions of these regulatory agencies and individuals; and
- the barriers to effective law enforcement in relation to money laundering.
- In addition, this Commission has the responsibility to make recommendations to address the conditions which have enabled money laundering to flourish.

Who is leading the Commission?:

Austin Cullen

- Commissioner Austin Cullen is a highly respected British Columbia Supreme Court Justice, serving since 2001. He was appointed Associate Chief Justice in 2011.
- Prior to his appointment to the British Columbia Supreme Court, Commissioner Cullen held the role of Assistant Deputy Attorney General for the Criminal Justice Branch from 1999 to 2001. Before that, Commissioner Cullen held roles as Crown Counsel, including the position of Regional Crown Counsel for the Vancouver Region from 1997 to 1999. He also worked in private practice.
- Commissioner Cullen graduated from the University of Victoria with a B.A. and the University of British Columbia Law School with an LL.B. He was called to the Bar of British Columbia in 1976.

What has the focus been thus far?:

Casino Sector

- Focused on this sector since early Fall.
- Featured testimony by senior executives, government representatives, investigative officers, former employees, etc.
- Some of the organizations represented:
 - FINTRAC
 - RCMP
 - CPA
 - CBSA
 - LAW SOCIETY OF BC
 - BANKING SECTOR AML EXPERTS
 - ACADEMICS

What are the emerging topics so far?

Casino Sector: General Themes:

- Lax regulatory structure.
- The role of the provincial government.
- Blind-eye turned to suspected money laundering processes.
- Lack of regulatory and investigative body information-sharing.
- The evolution of awareness of the issue.
- Inter-jurisdictionary regulation.

Media Coverage:

- Critical of the prior and current provincial government.
- Critical of FINTRAC.
- Critical of lack of information sharing between reg and investigative organizations.

BCREA's Role in the Commission:

- BCREA have applied to partake and been granted participant standing.
- We are acting as the provincial representative voice for the real estate sector in British Columbia.

Cullen Commission of Inquiry into Money Laundering in BC:

- We have been assisting by providing information, expertise, answering questions, etc., throughout the process.
- In anticipation of the Terms of Reference Reports we communicated with government and prepared and filed submissions to the TOR's.
- We provided opening statements February 26th 2020
- The Inquiry has been ongoing (slowed by Covid-19). Conducted remotely via Zoom.
- A focus on real estate in Feb/Mar 2021.
- We will be providing testimony in coming weeks.

Cullen Commission of Inquiry into Money Laundering in BC:

- BCREA have strengthened our internal communications with membership with ongoing communications, blogs, webinars, and educational offerings on the subject.
- We have also communicated with government around issues identified pertaining to money laundering and real estate.

Regulatory Shift:

- Provincial government are planning a shift from two regulators to one.
- They currently plan to table this legislation in coming months.
- Money laundering will be a likely featured issue of focus within the new regulatory structure.
- Implementation to follow.
- Regulation will fall under the BC Financial Services Authority.

Also...

- Implementation of the Land-Owner Transparency Act.
- Additional measures ongoing.

What is your role?:

- Regardless how you may feel about money laundering in BC, this is a reputational issue for the sector.
- BCREA are working hard to demonstrate that we take the issue seriously.
- We are actively partaking with government to address concern around the issue.
- BCREA can't address this issue alone. We need your help.
- We need your help and participation in collectively working toward better compliance, fostering stronger knowledge around money laundering issues for the sector, and demonstrated corporate responsibility.

To learn more:

Cullencommission.ca

Process moving forward:

- Upcoming testimony from BCREA
- A month allocated to real estate in British Columbia
- How the Commission works.

Main themes of opening testimony

- BCREA takes this issue seriously.
- We have partaken in ongoing studies around AML.
- We have commissioned our own.
- We have endeavoured to introduce an array of new communications and educational initiatives to raise awareness, education around AML and compliance.

Questions