

Office of the Premier

Government to hold public inquiry into money laundering

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Media Contacts

Jen Holmwood
Deputy Communications
Director
Office of the Premier
250 818-4881

Liam Butler
Media Relations
Ministry of Attorney General
778 678 1572

Chandler Grieve
Media Relations
Ministry of Finance
250 883-2237



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The Province will hold a public inquiry into money laundering that has distorted British Columbia's economy, fuelled the overdose crisis and driven up housing prices.

The decision to proceed with a commission of inquiry follows three independent reviews that found extraordinary levels of money laundering in B.C.'s real estate market and other sectors of the economy.

"From day one, our government has been working to tackle the housing crisis and fraud that went unchecked for over a decade, hurting people and B.C.'s economy," said Premier John Horgan. "We have taken decisive actions to combat money laundering, but questions remain and people in B.C. deserve answers. That is why we have decided to proceed with a public inquiry into money laundering in the Province of British Columbia."

B.C. Supreme Court Justice Austin F. Cullen has been appointed to head the inquiry, which will look at the full scope of money laundering in British Columbia, including real estate, gaming, financial institutions and the corporate and professional sectors. He will also examine regulatory authorities and barriers to effective law enforcement of money laundering activities. He will have the ability to compel witnesses and order disclosure.

“This inquiry will bring answers about who knew what when and who is profiting from money laundering in our province,” said David Eby, Attorney General. “The Honourable Justice Cullen will have the mandate, authority and resources to seek answers, perhaps most importantly among people and organizations who refuse to share what they know unless legally compelled to do so.”

The Commission of Inquiry into Money Laundering in British Columbia will deliver an interim report within 18 months and a final report by May 2021.

The Expert Panel on Money Laundering in Real Estate estimates that more than \$7 billion in dirty money was laundered in B.C. in 2018 and that dirty money increased the cost of buying a home by about 5%. This could be significantly higher – upwards of 20% – in areas like Metro Vancouver where there is more money laundering activity.

“People are understandably shocked and upset about money laundering, and it’s not right that homeowners and renters are carrying the costs of crime,” said Carole James, Minister of Finance. “We’ve already taken action to make our real estate market more fair and transparent with our 30-point housing plan. Moving forward with this public inquiry reinforces our commitment to stamp dirty money out of our province and out of people’s lives.”

Peter German’s 2018 report, *Dirty Money*, described a history of money laundering and criminal activity in Lower Mainland casinos. His recently released follow-up report into money laundering in real estate, luxury cars and horse racing found thousands of specific properties worth billions of dollars were owned by individuals or entities with service addresses in “high

risk” jurisdictions for money laundering. He also found that there was no agency or police force with adequate oversight or resources to investigate these suspicious activities.

Government is acting on the findings of the Dirty Money report. Nine of the 48 recommendations from the 2018 Dirty Money report have been completed, plus two additional interim recommendations from December 2017. Half of the recommendations are expected to be complete by summer 2019.

Government has also taken the following actions to address money laundering, tax fraud and to close loopholes in the real estate market:

- introduced legislation to establish Canada’s first public registry of beneficial owners to put an end to the hidden ownership of real estate in B.C.;
- established Canada’s first online register for pre-sale condo sales to track assignments;
- updated the property transfer tax return to uncover beneficial owners behind corporations and trusts;
- enacted legislation to allow information sharing on the homeowner grant with federal tax officials to improve tax enforcement;
- strengthened property transfer tax auditors’ ability to take action on tax evasion;
- implemented the speculation and vacancy tax, which targets foreign owners and satellite families who own real estate in the province but pay little or no tax in B.C.; and
- established a federal-provincial working group on tax fraud and money laundering.

Learn More:

Read the terms of reference for the commission of inquiry:

https://news.gov.bc.ca/files/Money_Laundering_Inquiry_Terms_of_Reference.pdf

Read biography of B.C. Supreme Court Justice Austin F. Cullen:

https://news.gov.bc.ca/files/BIO_Austin_Fergus_Cullen.pdf

Billions in money laundering increased B.C. housing prices, expert panel finds:

<https://news.gov.bc.ca/releases/2019FIN0051-000914>

Second German report finds money laundering in B.C. luxury car market:

https://news.gov.bc.ca/files/German_Report_luxury_cars.pdf

Review finds zero dedicated federal anti-money laundering police officers working in B.C.:

<https://news.gov.bc.ca/releases/2019AG0031-000599>

Province cracking down on money laundering:

<https://news.gov.bc.ca/releases/2018AG0052-001297>

Dirty Money: An Independent Review of Money Laundering in Lower Mainland Casinos:

https://news.gov.bc.ca/files/Gaming_Final_Report.pdf

Province launches probe into dirty money in real estate:

<https://news.gov.bc.ca/releases/2018FIN0072-001884>

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