

Intelligence MEMOS



From: Kevin Comeau
To: Canadians Concerned About Oligarchs
Date: March 16, 2022
Re: **COMBATTING MONEY LAUNDERING TO HELP UKRAINE**

For more than 20 years, our weak anti-money laws have enabled corrupt politicians, criminals, and tax cheats from around the world to launder billions of dollars in Canadian real estate without disclosing the true owner.

Canada has the opportunity to turn that long-standing weakness into a powerful weapon against Vladimir Putin and his enablers.

We've joined the nations of the world in imposing economic sanctions on Putin and Russian oligarchs. The next step is to freeze their Canadian assets.

But first we must find them.

More than ever, it has become clear that we need a pan-Canadian publicly accessible registry of corporations, trusts and real estate that requires disclosure of their true owners.

Canada's constitutional division of powers complicates matters. Provinces have jurisdiction over land and provincial corporations; the federal government has jurisdiction over federal corporations. That necessitates cooperation between the federal government, 10 provinces and three territories to implement a comprehensive public-registry system.

In last April's budget, Ottawa announced its intention to implement a public registry of beneficial ownership for federal corporations by 2025. It also spearheaded discussions with the provinces about the need for a beneficial-ownership registry system throughout Canada.

Now, Russia's Ukraine invasion has made clear that we must adopt a much faster timetable. Innocent people are being killed. Implementing a public registry would greatly increase our ability to identify and freeze assets of those who might influence the cessation of this war.

One of the biggest concerns for the provinces is the high cost of training and staffing persons to independently verify the identity information filed on the registry. The federal government can remove that obstacle by agreeing to centralize and bear the costs of all identity verification for the beneficial-ownership system, whether it involves one registry for the entire country or numerous registries that share information and expertise.

If the provincial and federal governments act with urgency, we could have a pan-Canadian publicly accessible registry for corporations, trusts and real estate before the end of the year.

In the interim, we can immediately improve existing systems.

Federal and provincial corporate registries are public and searchable by entering the name of a corporation or its business number. That search won't provide beneficial ownership information, but it will provide the names of the officers and directors of the corporation and its registered address.

But not a single registry allows searches by director's or officer's names or by the corporation's address. The data is there, but that functionality has either not been programmed or is not available to public users. So, you can't put in a person's name to obtain a list of all corporations for which they act as a director or officer.

By changing the software functionality of their corporate registries – which likely would take mere weeks to implement – federal and provincial governments can make that information readily available. Then, with a few keystrokes, CRA, law enforcement agencies, NGOs and civil society around the world can more readily identify lawyers, accountants, trust officers and corporate service providers who act as fronts for corrupt politicians, criminals, and tax cheats who launder money through Canadian corporations.

The federal government also can plug a big hole in its beneficial-ownership reporting system.

Under our present anti-money-laundering rules, financial institutions and designated non-financial businesses and partnerships (Reporting Entities) are legally required to collect and verify the identity information of their clients. Reporting Entities failing to do so are subject to sanctions. But clients who provide false beneficial-ownership information are not.

That lack of legal accountability in our anti-money-laundering system weakens the quality of information received from clients, places our financial, commercial, and real estate markets at greater risk of money laundering, and undermines the ability of law enforcement agencies to investigate money laundering and terrorist financing.

The federal government can reduce these risks by enacting legislation attaching sanctions to false reports of beneficial ownership made to persons who are legally required to collect that information.

Canada has the opportunity to turn 20 years of money laundering into a powerful weapon against Putin and his enablers. Lives may depend on how quickly we act.

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