

## Richmond Public Meeting Summaries

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Date: November 7 2019  
Time: 5:30 p.m. – 7:00 p.m. (approximately)  
Venue: Hilton Vancouver Airport Hotel  
Presentations: 20

Please note that unless identified each set of initials represent a unique individual.

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### 1. Introductory Remarks – Commissioner Austin Cullen

The Commissioner welcomed those in attendance, noting that their presence indicated the level of interest in the Inquiry. The Commissioner explained that the meeting is part of a larger process through which the Commission is hearing from communities throughout the Province. He emphasized that an essential part of the Commission’s role is to enlighten British Columbians as to the nature and scope of

money laundering and bring attention to the role it plays in the Province and its attendant social and economic harms.

The Commissioner explained that the Commission is mandated to review the acts and omissions of individuals and agencies to determine if those acts and omissions contributed to the spread of money laundering and that the Commission is confined by law to its terms of reference. He explained that the Commission's powers are set out in the Public Inquiry Act, which does not permit the Commission to make findings of criminal or civil liability.

The Commissioner noted that the Commission is currently at the stage of reviewing studies and media reports, conducting interviews with witnesses and experts and reviewing documents, all of which will lead to evidentiary hearings in 2020. Detailed notice of those hearings will be provided on the Commission's website and the Commission will issue an interim report in November 2020 and a final report in May 2021.

The Commissioner expressed his appreciation that the attendees had taken the time to attend the public meeting to share their views or listen to those of others.

## **2. J.R.**

J.R. is a member of FarmWatch, and presented on the influence of money laundering he noticed in the agricultural sector. He identified problems with the zoning requirements in Richmond which, he said, allowed megamansions to be built on farmland. In his submission, he said this not only drives up the cost of real estate, and allows criminals to enjoy the proceeds of crime, but also pulls productive farmland out of production. He suggested the Commission urge the government to investigate these real estate transactions in Richmond to determine if money laundering is occurring.

Mr. R pointed to the media reports that document the "Vancouver Model", i.e. foreign nationals using domestic currency received from money launderers in order to evade currency controls. He recommended combating this problem with a focus on unexplained wealth orders as used in the United Kingdom. He suggested that the government seize property, or the funds used to obtain property, and put the onus on the holder of those assets to demonstrate they obtained the asset legitimately. This should be reasonably feasible, he submitted, because the federal government already has income data on persons in Canada, which could be linked with real estate transactions to determine if the purchaser has legitimate income to support the purchase proposed. Additionally, because of the importance of farmland, J.R. proposed the provincial government seize farmland, then lease or subdivide the housing on the land into affordable housing for farmers.

## **3. K.P.**

K.P. encouraged the Commission to examine the operations of Hastings Racecourse and Casino and Fraser Downs Racetrack and Casino. He explained that the casino operations at these facilities include slot machines, but not card gaming. K.P. submitted that there is a high probability of corruption where gambling takes place.

#### **4. S.J.**

S.J. spoke on behalf of the Asian Women for Equality Society. She pointed to the particular harms suffered by Asian women, as well as other racialized and colonized women, as a result of the propagation of money laundering in connection with prostitution. She described prostitution occurring across BC in businesses that appear legitimate, such as nail salons, massage parlours, and condo- and house-based businesses. Often these businesses have business licenses that shield the business from police and investigative scrutiny. She described how women who are involved in the prostitution industry are also forced to launder money on behalf of those that run the prostitution operation.

S.J. expressed concern that these businesses are not being appropriately investigated and prosecuted, particularly in terms of the financial operation of these businesses. She connected this investigative gap with the continued existence of crime such as prostitution. In particular, she identified the harms that flow to women involved with prostitution, as the lack of investigation, prosecution, or other consequences for pimps may confirm to these women that they have no recourse and should not try to escape or report the pimp as the pimp will face no consequences.

#### **5. P.H.**

P.H. identified himself as a former official with a local union. He discussed his recollection of workers in the construction industry receiving cash payments, including when working on large public sector construction projects in the Lower Mainland. P.H. discussed his experience working with a joint federal-provincial investigation and compliance team on this issue which he viewed as having been highly successful. P.H. explained that after this team was disbanded, he raised his concerns about cash payments in the construction industry with the police and government but that no action was taken in response.

#### **6. D.C.**

D.C. described his experience as a financial planner and activist focused on housing in the Lower Mainland. He presented on the topic of birth tourism, particularly in Richmond. He described court documents from California involving a guilty plea for a house operating as a birthing house in Orange County, and data retrieved from Freedom of Information requests by Bob Mackin of the Breaker News. Connecting those two datasets, D.C. presented estimates of the amount of money that he believes is currently flowing through the birth tourism industry in BC and Canada.

D.C. asserts that during the period of April 2018 to May 2019, the Richmond General Hospital received \$730,000 of cash payments for healthcare services, and \$32,000 over May 21-23, 2018, with \$29,000 of the \$32,000 related to maternity services. Mr. C pointed to the discrepancy between these cash amounts and the restrictions in other industries to investigate or report transactions of over \$10,000. He described this discrepancy as unacceptable, and suggested the Commission recommend limits to the receipt of cash by hospitals.

#### **7. V.C.**

V.C. spoke of her elderly father's experience with litigation in the Supreme Court of British Columbia. She encouraged the Commission to look beyond organized crime to consider individuals with high standards of living but low reported incomes.

#### **8. L.T.**

L.T. stated she has been a realtor for 30 years, primarily in Richmond, and described her observations of the chaotic real estate market in Richmond over the last 10 years. She described the documentation process for real estate transactions up to the last 12 months as being an “honour system”. She stated that realtors noticed that documentation they submitted would not be audited, challenged, reviewed, or otherwise double-checked. Particularly with respect to the identification of “resident” on forms submitted to FinTRAC, she explained that until recent months there was no definition of “resident”, and no connection to income tax residency. However, she said in this modern age, once a FinTRAC form is submitted it should be checked against CRA data to ensure the individual has the legitimate income to support the transaction, i.e. that it is not money laundering.

She also pointed to the futility of reporting to FinTRAC, as she did not see any action by FinTRAC in response to suspicious transaction reports. In her view, this has allowed certain loopholes to arise and be exploited without compunction. The problem with a complaint-driven society, in her view, is that average people do not have the capacity to prepare reports to the investigative bodies to prompt investigations – instead, she feels there should be an investigative body that is autonomous and not simply complaint-driven.

She identified problems with relying too heavily on a real estate stress test, as in her view this often just pushes more transactions into unlicensed brokers. She also noted that due to some of the recent transparency requirements put upon real estate agents, some agents are encouraging clients to go directly to their lawyers in order to evade reporting.

L.T. described her efforts at bringing these issues to bear at Richmond City Council together with a community activist group, and her dismay at what she perceived to be a passive response from Council.

She also described the personal pain she experiences in reviewing the situation, the cost to her community, in particular that children and grandchildren of her community are unable to access affordable housing.

#### **9. K.M.**

K.M. described money laundering as a “black eye” on the history of Canada. He asserted that there is ample evidence that extensive money laundering is occurring, that it has an impact on every tax-paying resident of Canada and that this state of affairs is unacceptable. K.M. raised a number of issues for the Commission’s attention including large cash transactions in British Columbia casinos, the exemption of lawyers from financial reporting requirements, the connection between the drug trade and money laundering and the 2010 Olympics.

K.M. discussed the connection between money laundering, the illegal drug trade and the fentanyl crisis. He suggested that money laundering could be addressed by deterring participation in the illegal drug trade. K.M. proposed a number of mechanisms by which participation in the drug trade could be deterred and the costs of prosecuting and incarcerating people convicted of crimes recovered.

#### **10. I.P.**

I.P. stated that prior to the meeting, he spoke with several associates of his that are immigrants from China. He asked them where they would go if they wished to move money into Canada. He said they told him they would not go to a bank, but rather would go to a private money lender, because these were cheaper,

faster, and offered better rates. He suggested that immigrants to Canada should be better educated on the problems associated with using these money lenders, as people are generally aware that these money lenders are often vehicles for money laundering. He also recommended better regulation of private money lenders.

I.P. also pointed to the importance of distinguishing between money that is the proceeds of crime, and money that is legitimately transferred out of a country with currency controls, like China. He pointed to confusion and misinformation surrounding money leaving these countries, a perception that transferring money out of a country was illegal in itself. He described a need for more understanding on this issue. He was in favour of unexplained wealth orders, because he believes a person who is legitimately transferring money out of a country on a yearly basis, to maximize use of their quota, should be able to demonstrate their income is legitimate without too much difficulty.

#### **11. L.G.**

L.G. advised that she is affiliated with FarmWatch.

L.G. read a letter provided to her by a Richmond resident discussing changes to a farming neighbourhood in Richmond. The letter described the construction of numerous “mega mansions” not owned by multi-generational farming families. The author suggested that these properties are owned by people affiliated with criminal organizations and that criminal activity takes place on those properties.

L.G. emphasized that high value homes such as those in Richmond are particularly attractive to money launderers because they allow a significant amount of money to be laundered in a single transaction. She encouraged the Commission to focus its attention on high-value properties for this reason. L.G. spoke of a case in which the government sought to seize one such home that was connected with organized crime but was unsuccessful because a connection could not be proved between the owner of the home and the organized crime group.

#### **12. D.F.**

D.F. complained that the public meeting in Richmond was poorly advertised, and that the Mayor of Richmond left very shortly after the meeting commenced. He was concerned that the Commission might produce a report that will sit on a shelf and gather dust, and stated he wished to see something more than that.

D.F. expressed concern with cash payments for property in Richmond. In his view, it is necessary to demonstrate to individuals who have no regard for the law that there will be serious consequences to wrongdoing. He is in favour of strengthening the civil forfeiture office. He suggested borrowing from the Australian legal regime and was supportive of unexplained wealth orders as used in the UK. He suggested using the assets seized in that process to fund the investigation of money laundering since the RCMP’s funds and capacity is limited.

#### **13. P.H.**

P.H. expressed concern about black market construction in British Columbia. He suggested that the former Solicitor General bears responsibility for the current state of money laundering in the Province. P.H. stressed that those in power who have contributed to this problem must be brought to account. He advised that the state of money laundering in the Province is contrary to Canadian values and is discouraging for British Columbians.

**14. R.F.**

R.F. explained that he is a general contractor who has worked in the construction industry for 20 years. He spoke of his concerns about money laundering in the construction industry which he advised has been harmful to him, to government and to his subcontractors. R.F. spoke of projects in which he had been involved in which he believed that developers were deliberately delaying projects. He suggested that these projects were delayed because they were being financed with money being brought into Canada in suitcases. R.F. explained that he sees many construction projects that take far longer to complete than should be the case, which he suggested is a strong indicator of money laundering.

**15. J.T.**

J.T. expressed to the Commission that over the past three years, she had attended in person to pay her property taxes and observed others in line, paying property taxes in cash. She stated she witnessed individuals paying the taxes due on six properties, all in cash. She suggested it was unlikely this cash was legitimate. She suggested that the City of Richmond must have known that property taxes were being paid with illegal funds. J.T. acknowledged that the city had recently introduced a \$10,000 limit for cash transactions, but recommended Richmond City Hall be investigated.

**16. J.T.**

J.T. explained that he has been a Richmond resident for most of his life. He trained as an engineer and has worked in development for the government and private sector. J.T. explained that he has tried to work with the City of Richmond to improve its bylaws but that the city has worked against his efforts. J.T. submitted that this problem is not just about Richmond, it affects other parts of British Columbia and destabilizes the entire Province. In his view, this is creating a crisis as the price of housing is de-linked from incomes. J.T. asserted that in the past decade, new construction has exceeded population growth in the region and asserted that the media does not cover this issue.

**17. A.L.**

A.L. described a situation he experienced some years ago when he left public service and was interviewing for a position with the BC Lottery Corporation (“BCLC”) on Vancouver Island. He stated he was interviewed by the then-head of the investigation unit of BCLC, and during the interview, this man said “we’re all here to make money”. Mr. L was deeply dismayed by this statement because in his view, it belied a shocking lack of integrity. In his view, the implication that a Crown corporation tasked with oversight would see itself as in the business of making money was very inappropriate. He referred to BCLC’s operation of playnow.com, which financially benefits BCLC, and the fact that BCLC is partially funded by casino operations, as indicators that BCLC lacks the necessary incentives to appropriately restrict casino operations. He suggested the checks and balances in the casino system should be investigated.

A.L. also expressed concern about the planning of the public meeting, and suggested it ought to have been held in a city hall or arena rather than a high-quality hotel. He expressed concern that the Commission was staffed by corporate lawyers, and suggested the venue of the meeting was not optimal for the attendees and presenters.

**18. M.L.**

M.L. identified herself as a teacher in Richmond who spoke of her concerns about children in the city. She spoke of one child who, asked to draw a map of Richmond, placed a casino at the centre of the City.

She told of a phone call received by a school from a parent trying to find out where a child had hidden money. M.L. expressed her view that not all realtors are community-minded and that many come to Richmond City Council to speak against the interests of the community, encouraging councillors to continue to permit the construction of “mega mansions.” M.L. called for more regulation on realtors. She recommended that sellers be required to disclose when property is located in the Agricultural Land Reserve. She also called for tracking of gifts from developers to city councillors.

**19. E.W.**

E.W. described an unusual sale of his neighbour’s duplex property. He explained that the initial asking price was \$1.6million, but quickly changed to \$1.8m, then after a few more days \$2.2m, then \$2.6m. He stated the highest assessed value of the property was \$1.9m, so whoever purchased the property must have lost money. E.W. called the Real Estate Council of BC to seek investigation of this property because it seemed very unusual to him, but the Council’s response, he stated, was that this was likely a product of market pressures and free enterprise, and that there was nothing the Council could do.

E.W. said he took on a job delivering newspapers, and in this position, regularly saw older homes being demolished to make “pseudo mansions”, most of which were empty, although some appeared to be operating like hotels with people coming and going. He also worked for a candidate in the federal election, and when knocking door-to-door found most homes empty.

In E.W.’s view, the Council and the BC Securities Commission should be tougher on wrongdoers, and the government should wholly bar nonresidents from purchasing property here. He is concerned about Richmond becoming a ghost city like those in mainland China. He pointed to a CBC Passionate Eye report involving impropriety in investments in real estate.

**20. A.M.**

A.M. spoke of a conversation she had with a bencher from the Law Society of British Columbia regarding the decision of the Supreme Court of Canada in *Canada (Attorney General) v. Federation of Law Societies of Canada*, 2015 SCC 7. A.M. advised that the bencher told her that the Law Society had given no consideration to the issue of non-compliance with reporting requirements imposed on members of other industries. A.M. explained that the Bencher had advised her that the Law Society had not discussed precautions that could be taken to prevent money laundering. She recommended that the legal profession not be permitted to continue to self-regulate.

**21. S.N.**

S.N. referred to the questions posed on the Commission website in relation to the public meetings, and framed her presentation as answers to those questions. She sees the most significant issue in Richmond that the four red flags for money laundering – i.e. cars, jets, casinos, and mansions, are prolific in Richmond. Richmond acts as a gateway, S.N. says.

In S.N.’s view, federal officers should be dedicated to the money laundering issue, and should not be shuffled when wildfires or other competing demands arise. She believes the submission of a FinTRAC suspicious transaction report should trigger a legal investigation. Currently, she believes these reports are not investigated, prosecuted, in part because they are underfunded, and in part due to a lack of interagency cooperation. S.N. feels BC has underutilized resources – she identified Christine Duhaime, and described her an expert in anti-money laundering that is working with other jurisdictions to improve their

systems. She suggested there should be more memoranda of understanding between different government agencies to promote cooperation.

S.N. identified some harms she sees as flowing from money laundering in BC: increasing rents and housing costs puts housing out of reach of many, which in turn leads to increased government expenditures on supporting people. This is an unnecessary and excessive burden on the federal and provincial budgets, in her view.

S.N. also expressed disappointment at the scheduling of the public meeting in Richmond. She pointed out that the first Thursday of the month is usually the night on which Parent Advisory Committees meet. She suggested bigger venues with more advertising and notice would allow the Commission to get better information from the middle class.

## **22. Closing Remarks – Brock Martland, QC**

Mr. Martland closed the event by assuring the attendees that the Commission takes the comments made to heart, including in respect of deficiencies in the meeting. He explained that the Commission is a unique animal, as it is not a permanent entity but one that is put together for a specific purpose. In selecting meeting venue, Mr. Martland advised the Commission sought out venues that met the criteria of being central, close to transit and otherwise convenient to travel to. He further explained that advertising of the meetings began in early October. Mr. Martland encouraged the public to contact the Commission via the Commission's website, and encouraged attendees to spread the word about the website to others who might wish to share their views.

Mr. Martland expressed gratitude for those who took time to attend the event and share perspectives with the Commission. He stated the Commission aims to be as visible and transparent as possible, and to share information with everyone who wants to know what the Commission is doing. He explained that much of the work the Commission will be doing over the next few months will be "offstage", as this is the investigative stage. He advised that evidence hearings will take place in the spring of 2020, and through to the fall, and that further information will be posted to the website as it becomes available. He thanked attendees for their thoughtful comments and stated he would be staying a little while after the event ended if anyone wished to discuss further.