

**PROCEEDINGS AT HEARING
OF
MARCH 8, 2021**

COMMISSIONER AUSTIN F. CULLEN

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March 8, 2021

(Via Videoconference)

(PROCEEDINGS COMMENCED AT 9:30 A.M.)

THE REGISTRAR: Good morning. The hearing is now resumed. Mr. Commissioner.

THE COMMISSIONER: Yes. Thank you, Madam Registrar. Yes, Mr. Martland.

MR. MARTLAND: Thank you, Mr. Commissioner. Today we have two panels. We have Dr. Christina Dawkins, who has the -- I don't know if it's a benefit or non-benefit of attending on both panels. In addition on the first panel this morning, Joseph Primeau, who's testified before.

Madam Registrar, if the witnesses could please be affirmed.

THE REGISTRAR: Would each of you please state your full name and spell your first name and last name for the record.

Let's start with Dr. Dawkins.

THE WITNESS: Christina Dawkins, C-h-r-i-s-t-i-n-a, Dawkins, D-a-w-k-i-n-s.

THE REGISTRAR: Thank you. Mr. Primeau.

THE WITNESS: Joseph Primeau, J-o-s-e-p-h P-r-i-m-e-a-u.

1 **CHRISTINA DAWKINS, a**
2 **witness called for the**
3 **commission, affirmed.**
4 **JOSEPH PRIMEAU, a**
5 **witness called for the**
6 **commission, affirmed.**

7 THE REGISTRAR: Thank you.

8 THE COMMISSIONER: Yes, Mr. Martland.

9 MR. MARTLAND: Madam Registrar, if you could please
10 display exhibit 39, Dr. Dawkins's CV.

11 **EXAMINATION BY MR. MARTLAND:**

12 Q And, Dr. Dawkins, as that comes up on screen,
13 you're a witness who has testified in our
14 hearings previously, and my note is that it was
15 on June 11th and 12th of 2020. As we see on the
16 display of your CV, you hold the role of
17 executive lead in what we are referring to as
18 FREDA, the Financial Real Estate and Data
19 Analytics Unit, within the policy and
20 legislation division of the Ministry of Finance.
21 Do I have that right?

22 A (CD) Correct.

23 Q And you've been in that role since September of
24 2019. Prior to that you served as the acting
25 Assistant Deputy Minister for the policy and

1 legislation division within the Ministry of
2 Finance?

3 A (CD) Correct.

4 Q And then going back before that, you've served
5 in a number of executive director roles within
6 the Ministry of Finance. Indeed you started
7 your career with the civil service in 1999 and
8 have spent the entirety of that career with the
9 policy and legislation division of Ministry of
10 Finance?

11 A (CD) Correct.

12 Q And you initially began as a tax policy analyst
13 for some 15 years or so as you set off with
14 Finance?

15 A (CD) Correct.

16 Q By way of background, you have a PhD in
17 economics and then masters and undergraduate
18 degrees also in economics?

19 A (CD) Correct.

20 MR. MARTLAND: Thank you. Madam Registrar, we don't
21 need that document displayed any further.

22 Q I'll turn to Mr. Primeau. You likewise have
23 testified in our hearings before on December the
24 1st of 2020 and hold the position of Acting
25 Executive Director of the policy branch of FREDA

1 which I've just been referring to?

2 A (JP) Yes, that's right.

3 Q And you've been in that role since September of
4 2019. Prior to that you spent over a decade
5 with the Ministry of Finance in a variety of
6 roles?

7 A (JP) Yes. Yeah.

8 Q That includes in the financial and corporate
9 sector policy also in administrative tax policy
10 and capital markets policy. Do I have that
11 essentially right?

12 A (JP) That's correct. Yeah.

13 Q And you've been involved in a number of issues,
14 including Corporate Beneficial Ownership
15 Transparency Registry and also the issue of the
16 regulatory framework for MSBs, or money service
17 businesses?

18 A (JP) Yes.

19 Q All right. We'll start with an obvious
20 question. Although I've set out what the
21 acronym refers to and I welcome either of you to
22 tackle this. What is FREDA and how would you
23 describe the structure of FREDA, including the
24 policy branch and the data analytics branch of
25 FREDA?

1 A (CD) Okay. So FREDA was established in
2 September of 2019 following the release of the
3 Maloney report in May of 2019. It has two
4 branches. It has a policy branch for which Joey
5 is the executive director, and the policy branch
6 is tasked with implementing some of the
7 recommendations from the Maloney report. So
8 legislative frameworks that are there for the
9 various regulatory agencies as the -- sort of
10 the purview of that branch.

11 So they've been working on the regulation
12 money services businesses, potentially
13 unexplained wealth orders, the *Real Estate*
14 *Services Act* amendments to create a single
15 regulator for real estate, *Mortgage Brokers Act*
16 review and the corporate -- or the register of
17 corporate owners of beneficial owners of
18 corporations. And so those are sort of the
19 purview of their tasks.

20 The data analytics branch was created at
21 the same time and it comprises two and a half
22 people at this time, and its mandate is to build
23 the data holdings for the purposes of data
24 analytics within the Ministry of Finance,
25 particularly in the short time supporting the

1 tax policy branch. So it builds the data
2 holdings and is providing analysis and tools to
3 data analysts to support their -- to test policy
4 analysts to support their work.

5 Q That's very useful. In terms of the staffing of
6 the two branches of the group, you mentioned, I
7 think, 2.5 equivalent on the -- do I have that
8 on the policy side?

9 A (CD) On the data analytics side? On the --

10 Q Yeah, on the data analytics side is 2.5, and so
11 I should ask now the policy side.

12 A (CD) Oh, the policy side. I believe it's seven
13 plus one person, who's currently on leave.

14 Q Okay.

15 A (CD) Including Joey -- Joseph. Mr. Primeau.

16 Q All right. And are those numbers sort of where
17 things are expected to stand, or is there some
18 trajectory of staffing going up on one or either
19 side?

20 A (CD) On the data analytics side we're in the
21 process of hiring four new FTEs. And on the
22 policy side, I'm not expecting any change or
23 increase in staffing.

24 Q Okay.

25 A (CD) In the sort term.

1 Q And I think as I set off I described FREDA as
2 being situated within PLD, the policy and
3 legislation division of the Ministry of Finance.
4 Could you please explain what that means in
5 terms of where FREDA is situated within finance.

6 A (CD) So the policy and legislation division has
7 within it the intergovernmental -- or the
8 intergovernmental fiscal relations and the tax
9 policy branch as one piece of it. It has the
10 financial and corporate sector policy branch as
11 a second branch and then it has FREDA as -- with
12 its two branches as a separate -- as a sort of
13 separate entity within the policy and
14 legislation division. So the policy and
15 legislation is responsible for providing advice
16 to the Minister of Finance related to policy
17 changes and then -- having received a decision
18 by the minister, is then charged with
19 implementing it through legislative changes.
20 And then assisting the -- usually the
21 administrators or the regulators in developing
22 their regulatory frameworks so that they're in
23 accordance with what the legislative changes
24 are.

25 Q And how would you describe the mainstay or the

1 essential work of the data branch?

2 A (CD) So the data branch, having been recently
3 formed, is at this point trying to develop its
4 capacity and its data holdings. So it's trying
5 to -- it is assembling data from a number of
6 different areas. It's cleaning that data, it's
7 documenting that data and at the same time it is
8 working to understand and figure out what
9 the best IT-type infrastructure is in terms of
10 servers and more technical things with which I'm
11 not entirely familiar. And then it is at the
12 same time producing analysis to support the work
13 of the ministry, mostly right now for the tax
14 policy branch.

15 Q All right. And you say mostly for the tax
16 policy branch. In addition to that what other
17 aspects of the ministry's work or other work is
18 it anticipated the data branch will be directing
19 its efforts towards?

20 A Well, we expect -- well, it's currently working
21 to support the work of the Intergovernmental
22 Fiscal Relations Branch within the division.
23 Those are sort of the short-term objectives. We
24 have been reaching out to other areas within the
25 Ministry to explain what the FREDA capabilities

1 are with respect to data analytics and we are
2 hoping to be able to support other areas of the
3 Ministry in the future in respect of their work.
4 That's sort of the -- those are the sort of
5 short- to medium-term goals.

6 Once we have more capacity within the
7 branch, we would like to turn our minds to
8 things like anti-money laundering, but
9 looking -- using statistical information to
10 discover sort of trends in anti-money laundering
11 activities, not in the short term at least,
12 issues involving identifying individual money
13 launderers. So we're looking at sort of trends
14 where are the red flags; you know, what can we
15 learn from the statistical information rather
16 than trying to identify sort of personal
17 individuals.

18 Q All right. And that makes sense in terms of the
19 policy orientation of the work. It's not about
20 detecting the individual, from what I took your
21 comment to be, about finding that particular
22 transaction or bad actor so much as drawing
23 bigger general conclusions about activity or
24 about mechanisms about policy responses?

25 A (CD) Correct.

1 MR. MARTLAND: All right. Madam Registrar, I've got
2 a number of documents I'll be asking you to
3 bring up on the screen. And for the benefit of
4 participants, Mr. Commissioner, I had reviewed
5 these with a view to making sure there are a few
6 that have emails or phone numbers that we'll
7 need to have removed before they are posted to
8 our website as exhibits, if marked as exhibits.

9 So what I'll do is I'll plan to indicate
10 where something should not be livestreamed, but
11 otherwise the default could be that it will be
12 livestreamed, I suppose subject always to
13 participants who want to chime in and ask that
14 something not be livestreamed, and I'd welcome
15 them to interrupt to tell me if that occurs.

16 The first document I'd like to bring up
17 should be number 3, Madam Registrar, on your
18 list of documents, MOF2356. This can be
19 livestreamed as far as I know. And it's
20 entitled "The FREDA Data Branch Strategy."

21 Q Dr. Dawkins, you can certainly turn through this
22 if you'd like, but do you know this document?
23 Is it something you're involved in?

24 A (CD) Yes. I wrote this document.

25 MR. MARTLAND: Mr. Commissioner, I'd ask that this be

1 marked as the next exhibit, please.

2 THE COMMISSIONER: Yes. Very well. That will be
3 marked as exhibit 687.

4 THE REGISTRAR: Yes, exhibit 687.

5 MR. MARTLAND: Thank you.

6 **EXHIBIT 687: FREDA Data Branch Strategy 2020**

7 MR. MARTLAND: If we could turn to page 3 of the PDF,
8 please, Madam Registrar.

9 Q And I don't propose to read from this at any
10 great length. The document is useful on its own
11 terms. But the second page -- in fact it's one
12 page down from that, please. There we go.

13 You'll see the second full paragraph there
14 has in its executive summary. Dr. Dawkins that
15 you've written:

16 "The Ministry has access to significant
17 amounts of data that are currently
18 collected for tax administration purposes.
19 This data is a valuable resource that
20 could be used to support evidence-based
21 policy analysis within PLD, as well as
22 supporting the policy analysis of other
23 areas of Finance, and eventually external
24 clients."

25 So that's a recitation or description of the way

1 the data might be valuable. Could you expand a
2 little bit about what the evidence-based portion
3 of that describes.

4 A (CD) Okay. So before doing that I'll go back
5 and say that our revenue division within the
6 Ministry collects a lot of taxpayer information.
7 And it's typically been used to support
8 administration of taxes. What FREDA is tasked
9 with doing is taking some of that data and data
10 from other sources and providing statistics that
11 will be useful to analysts in undertaking their
12 work.

13 So something like -- something like, for
14 example, the speculation and vacancy tax. We
15 can take data to understand something like, you
16 know, how many -- how many people within a
17 particular geographical area pay the speculation
18 and vacancy tax. We can break it down by how
19 many are woman, how many are men, what are the
20 income levels between -- sort of how many people
21 with incomes under \$50,000, for example, are
22 paying the speculation and vacancy tax.

23 So we can provide that information to the
24 tax policy analysts who can then look at the
25 program, can see how the program is working, can

1 understand sort of different policy questions
2 that might arise from looking at the data in
3 that way. Before the creation of FREDA, such
4 analysis was not possible in the policy and
5 legislation division. Does that answer your
6 question?

7 Q I think it does. And so just to pick up on it,
8 what I understand you to be describing is --
9 I'll put this as a proposition that you can
10 agree or disagree with or comment on. I take it
11 in part, dealing with real estate, that approach
12 of really rooting it in what the data says, what
13 the evidence is, could be distinguished from,
14 for example, drawing on anecdotes or news
15 reports or impressions about what's occurring in
16 real estate about, for example, in Vancouver
17 that a certain swath of condos looks to be
18 vacant even during a pandemic. Those sort of
19 impressions, measured against the data, there's
20 a distinction there?

21 A (CD) Correct. There was always the possibility
22 of using some data for that type of analysis,
23 but what we're hoping to do in FREDA is to have
24 much more granular data to provide better
25 information to analysts than was available --

1 than was available before. It was generally
2 pretty high-level kind of data before, but now
3 we're taking more granular data and really
4 building up a picture so that we can understand
5 what's going on in the real estate market in
6 British Columbia.

7 Q All right. And I take it that the unit, FREDA,
8 isn't a short-term project or a three to
9 five-year life span or anything. Is it
10 anticipated to be a permanent part of the -- or
11 an ongoing part of the Ministry of Finance's
12 work?

13 A (CD) I can't speak to sort of how the structure
14 will evolve because, you know, things always
15 change, but the work of FREDA will be ongoing --
16 I expect would be ongoing for -- on a relatively
17 permanent basis. A lot of the FREDA activities
18 are concentrated in sort of real estate policy,
19 and real estate policy will continue to be
20 undertaken within the policy and legislation
21 division, you know, wherever it may be located.

22 So these files will continue on and have a
23 life as long as they're -- as they are needed.
24 But I can't really speak to, you know, where
25 FREDA itself will be. Those sorts of things are

1 constantly in flux over time.

2 Q I appreciate that. And to pick up on that, we
3 see in about, I think, the fourth paragraph
4 you've described:

5 "The long-term vision for the Branch is a
6 relatively small cohort of staff with
7 economics and data science expertise who
8 have access to a repository of data so
9 that they can respond to urgent requests
10 for analysis from clients while also
11 undertaking longer term projects in
12 support of broader government objectives
13 such as anti-money laundering and the new
14 fiscal relationship with indigenous
15 governments."

16 A (CD) Correct. I should maybe put this document
17 into some context, if that would be helpful.

18 Q That would be helpful indeed.

19 A (CD) So in 2019 we -- you know, we had this idea
20 to create a data analytics branch within the
21 Ministry, and I had talked with my deputy
22 minister about what this could look like, and we
23 sort of had an idea. But what this document was
24 intended to do was to try and put down a vision
25 on paper that could then serve as the basis for

1 a common understanding of sort of how we saw
2 this branch unfold. You know, it was completely
3 new and there were no -- there was no
4 documentation around it, so this was simply a
5 way of coalescing some ideas and putting
6 forwards a vision at the beginning of FREDA's --
7 or the data analytics branch existence. And it
8 continues to be sort of a guide, but, you know,
9 reality may unfold somewhat differently from how
10 we envisioned this, you know, as the branch was
11 being formed.

12 Q Thank you. That is helpful.

13 MR. MARTLAND: And, Madam Registrar, I don't think we
14 need this document displayed any further at this
15 time.

16 Q And to sort of come back to that question around
17 what the aim of FREDA is, maybe I could ask
18 this. What is it about the way things used to
19 be, what is the gap or the absence that was
20 there that FREDA aims to improve upon?

21 A (CD) So as I said, a lot of the data that the
22 Ministry collects is collected for
23 administrative purposes. So -- and
24 administrative purposes may be somewhat
25 different from policy purposes. So, for

1 example, the administrators may be very
2 interested in how many declarations have been
3 received for the speculation and vacancy tax,
4 for example. That's important in terms of, you
5 know, how they respond to them, who they audit
6 and so on and so forth. But what the Minister
7 is more likely in my expectation to be
8 interested in is not how many declarations were
9 received but really how many individuals had to
10 pay the tax.

11 And that may seem like a distinction without
12 a difference or whatever that phrase is, but you
13 know, in fact it is quite different because
14 there are some people who make multiple
15 declarations and so that leads to -- it's a
16 different concept. And so the data branch will
17 take the data that's collected for
18 administrative purposes and will transform it or
19 document it or clean it so that it will then be
20 useful for policy analysis.

21 Q Thank you.

22 A (CD) Does that make sense?

23 Q Yes. Thank you. Is it the case that FREDA
24 evolved out of the Maloney expert panel report?

25 A (CD) Yes and no. One of the recommendations

1 from the Maloney report was that there be a
2 creation of a financial intelligence unit within
3 the Ministry of Finance to deal with anti-money
4 laundering. So that -- so the creation of FREDA
5 is sort of within the spirit of that
6 recommendation. Obviously we're not -- as I
7 mentioned earlier, we're not looking for
8 intelligence about specific individuals, but the
9 spirit that we should have a greater analytical
10 capacity is one that has been brought over to
11 the FREDA data analytics branch.

12 Similarly, I think at the same time there
13 has been a general recognition within the
14 Ministry that we could make better use of our
15 data holdings and that there was a bit of a gap
16 to support the tax policy and -- well, to
17 support the Ministry in its policy endeavours.

18 Q Mr. Primeau, with respect to the work you are
19 involved in on the policy -- within the policy
20 branch, could you outline and give a sense of
21 that work. I appreciate that Dr. Dawkins
22 rattled off a list of different topic areas, and
23 I may want to do that a little slower to make
24 sure we have a good -- that my list is complete
25 and then work through each of those

1 individually, just so you know and edit on it.

2 A (JP) Sure.

3 Q We'll start with you describing your work,
4 please.

5 A (JP) My work is focused on the policy
6 recommendations within the Maloney report. So
7 we're developing beneficial ownership
8 registries. So we did work on the *Land Owner*
9 *Transparency Act*. We're continuing to do that
10 work. We're also responsible for the *Business*
11 *Corporations Act* transparency registry
12 requirements. That's a requirement for
13 companies to hold information about their own
14 beneficial owners within their corporate records
15 offices.

16 We're also doing some work on having --
17 moving beyond companies holding that information
18 in their corporate records office and having
19 them file it within a central registry. So we
20 are trying to develop a central registry of
21 beneficial ownership for companies in BC.

22 We are responsible for creating a single
23 real estate regulator. So there's recently some
24 legislation that was introduced that would
25 facilitate the merger of the BC Financial

1 Services Authority with the Office of the
2 Superintendent of Real Estate and the Real
3 Estate Council of BC. So those three entities
4 will be merged together as a result of that
5 legislation.

6 We're also working on rewriting the *Mortgage*
7 *Brokers Act*. It's an outdated piece of
8 legislation and there was a recommendation in
9 the Maloney report to rewrite that act.

10 We are looking at possibly creating
11 unexplained wealth orders. We're looking at
12 creating a regulatory framework for money
13 services businesses. We're also beginning to
14 explore mandates for -- AML mandates for various
15 regulators and looking at possibly regulating
16 developers and home inspectors and appraisers.

17 So those are in the future right now. We're
18 really focused on those four big projects, which
19 is unexplained wealth orders, money service
20 businesses, rewriting the *Mortgage Brokers Act*
21 and a central registry of beneficial ownership.

22 Q Thank you. That is useful. I listed about
23 seven or eight independent topics there, and
24 I'll move through those. I think some of them
25 are likely to be brief because -- in particular

1 Q And as I say, this dates to recently, late
2 February 2021, OneFSR legislative summary
3 presentation. Dr. Dawkins could you help us
4 understand what this is, please.

5 A (CD) So this presentation was a presentation
6 made to the board of the Financial Services
7 Authority in advance of the legislation being
8 tabled in the legislature and it was made to
9 them under non-disclosure agreements. And it
10 sets out for them the salient points of the
11 legislation that was introduced last week, on
12 March 2nd.

13 It gives an overview of the legislation.
14 It gives a bit of a background, an overview of
15 the legislation and it talks about consultation.
16 And then it gives a summary of some of the main
17 changes in the legislation and then deals with
18 another of -- various other issues.

19 MR. MARTLAND: Good. Mr. Commissioner, I'll ask that
20 this please be marked as the next exhibit.

21 THE COMMISSIONER: Yes. Very well.

22 THE REGISTRAR: Exhibit 688, Mr. Commissioner.

23 **EXHIBIT 688: Presentation - OneFSR Legislative**
24 **Summary - February 19, 2021**

25 MR. MARTLAND:

1 Q And I don't propose to do this in great detail,
2 but I think it might be useful since we have the
3 display up if you wanted to give us a compressed
4 version of the presentation, and I welcome
5 whether it's Dr. Dawkins or Mr. Primeau to do
6 that. But it certainly seems very timely on our
7 part to have you about a week or so after the
8 legislation has come in, as you say.

9 A (CD) So maybe I'll take an initial crack at it
10 and Mr. Primeau can step in if I miss something.

11 So the legislation does three main things.
12 So it creates a single regulator for real
13 estate. So currently the real estate -- real
14 estate is regulated by the Real Estate Council
15 of British Columbia together with the Office of
16 the Superintendent of Real Estate. And what
17 this legislation does is it abolishes both those
18 entities and creates a single regulator for real
19 estate.

20 Q If I could just interject there. I'll just have
21 our registrar please bring up page 4 of the
22 slide. I think that might be useful to track
23 along. There we are. Carry on.

24 A (CD) Yes. So then the second thing is that it
25 brings real estate regulation into the British

1 Columbia Financial Services Authority. And
2 that's -- those are most of the -- mostly
3 amendments to the *Real Estate Services Act* to
4 undertake these two objectives, and then it also
5 amends the *Financial Institutions Act* and the
6 *Credit Union Incorporation Act* to change the
7 role of the BC Financial Services Authority
8 board. So it takes most of the regulatory
9 functions that are currently undertaken by the
10 board, invests them in the Superintendent of
11 Financial Institutions.

12 So the intention there, I believe, is to
13 create a more corporate-type board, given
14 that -- given that the board, or the BCFSA, is
15 now responsible for the regulation of real
16 estate in addition to its current
17 responsibilities.

18 Q If we could go to slide 7, that might be a
19 useful way to look at some of the major
20 legislative changes.

21 A (CD) Certainly. So perhaps the biggest area of
22 change or legislative changes relates to the
23 discipline model for real estate. So there are
24 currently three levels of discipline. There are
25 letters of advisement and then there are

1 administrative penalties and then discipline
2 hearings. So the letters of advisement will
3 continue as they currently do, but
4 administrative penalties have been expanded.

5 Currently administrative penalty is only
6 allowed for specific contraventions of specific
7 rules, but now an administrative penalty can be
8 applied to a contravention of rules or of the
9 legislation or of the regulations. So it's
10 expanded the instances in which administrative
11 penalties can be used and has also increased the
12 maximum disciplinary -- the maximum
13 administrative penalty that can be imposed.

14 The other thing --

15 Q I'll have our registrar -- I don't mind the
16 speed. That's all fine. But if we could go to
17 page 9, please, on display and that will be
18 useful to see this on screen as well as hearing
19 you describe it.

20 A (CD) Sure.

21 Q Thank you.

22 A (CD) Yes. And then there's some other changes.
23 So as part of an administrative penalty regime
24 the regulator can impose education requirements
25 on licensees. There's also the ability to

1 discount penalties. So if you pay -- if a
2 licensee pays a penalty, I think, you know,
3 within a certain time frame, such as 30 days,
4 then the amount of the penalty would be less
5 than if they paid it after 30 days. So the idea
6 is to incentivize early payment.

7 Another big area of change is to the
8 discipline hearings. So that would be --

9 Q Why don't we -- as we do this, if you want to
10 invite us to move pages that's perfectly fine.
11 The next slide might be useful for that.

12 A (CD) Yes. Yes. So right now discipline is --
13 well, has -- all disciplinary matters are the
14 statutory authority, or they will be in this
15 legislation, of the Superintendent of Real
16 Estate who can delegate. Previously one of the
17 conditions for discipline hearings was the
18 creation of a discipline committee. The
19 majority of whose members had to be members of
20 the real estate council -- of the British
21 Columbia Real Estate Council.

22 So that requirement has now within changed
23 so that there is no requirement for a
24 discipline -- or for a hearing committee. The
25 Superintendent of Real Estate can convene such a

1 committee should he or she decide it is -- it
2 would be appropriate, but there's no
3 requirement. The superintendent can, for
4 example, hire hearing officers to hear
5 discipline committees, which was, you know, not
6 a possibility before.

7 And then finally the deadline for
8 negotiating a consent order has been eliminated.
9 That was one of the provisions that exists in
10 the act. That was actually never followed, so
11 there was -- the feeling is that there should be
12 the ability to negotiate a consent order right
13 up till the time of a hearing and thus avoid the
14 time and costs of a hearing.

15 Q Right. Good. If we could go to the next slide
16 on appeals, please.

17 A (CD) So under the current regime once a
18 disciplinary order has been imposed, the
19 licensee has the right to appeal to the
20 Financial Services Tribunal. And upon appeal to
21 the FST there's an automatic stay of the
22 disciplinary order. So the amendments to this
23 statute remove that automatic stay of the order.
24 And --

25 Q The stay, I take it, is still something that

1 might be available, but it's not that the
2 default is upon filing an appeal that one has a
3 stay in effect until the appeal is determined, I
4 take it?

5 A (CD) Correct. The licensee can appeal to the --
6 or can apply to the hearing member of the FST to
7 have a stay granted, but it's not automatic, as
8 you've just stated.

9 MR. MARTLAND: Okay. If we could go to the rule
10 making point on slide 12, please, Madam
11 Registrar.

12 THE WITNESS: (CD) So currently rules under the *Real*
13 *Estate Services Act* are made by the
14 Superintendent of Real Estate. So this new
15 legislation will transfer that power to the
16 board of the Financial Services Authority, and
17 it will require sort of approval from the
18 Minister of Finance and to ensure it's
19 consistent with new government direction and it
20 will be subject to -- the rules will be subject
21 to *Regulations Act*, meaning that they will be
22 drafted by legislative council and will have to
23 adhere to the conventions in drafting -- the
24 drafting conventions that are in existence for
25 regulations in British Columbia.

1 MR. MARTLAND:

2 Q Good. The next slide is on fees.

3 A (CD) So licence fees for -- the fees for real
4 estate licensees will be set by regulation and
5 will require approval from Treasury Board. At
6 the same time, the Superintendent of Real Estate
7 will sometimes require a specific education
8 program and may do so with some urgency and may
9 not -- you know, may have to do it quite
10 quickly. So education fees will be -- can be
11 set by the Superintendent of Real Estate.

12 There are also a couple of entities that
13 are created under the *Real Estate Services Act*.
14 So the Real Estate Errors and Omissions
15 Insurance Corporation and the Real Estate
16 Compensation Fund Corporation, both of which set
17 assessments that licensees have to pay, usually
18 at the time they renew their licence. So the BC
19 Financial Services Authority will collect those
20 fees on behalf of those entities and will
21 distribute them appropriately. And the
22 legislation also gives the Financial Services
23 Authority the ability to set a fee to reimburse
24 it for the expenses that it incurs in collecting
25 these fees on behalf of those other entities.

1 Q All right. That's very useful. If we could go
2 to slide 14 dealing next with governance.

3 A (CD) Governance. So as I mentioned earlier,
4 most of the functions, the regulatory functions
5 that are currently vested in the BCFSA board
6 will be vested in the Superintendent of
7 Financial Institutions. And as I mentioned
8 before, this will shift the focus of the board
9 to a more corporate oversight model. And yeah,
10 and this is in recognition partly that the BCFSA
11 now has a wider set of responsibilities as it
12 acquires real estate -- responsibilities
13 regulating the real estate sector.

14 Q I don't know that I need to cover more of the
15 presentation given the way you've described it.
16 Are there any other sort of high-level comments
17 you'd like to give us about the shift to the
18 single regulator?

19 A (CD) Well, the legislation will be brought into
20 force by order in council at a future date, so
21 that would be after the legislation if it
22 receives royal assent -- after it received royal
23 assent. And I think from my perspective there
24 is nothing to add.

25 Mr. Primeau, do you have any additions to --

1 additional comments?

2 (JP) No, not really. The legislation will
3 facilitate the merger. Of course there's a lot
4 of work that's going into the actual merger of
5 the entities themselves and that's ongoing.

6 MR. MARTLAND: Maybe as an example, if that -- and,
7 Madam Registrar, the next document is one that
8 should be -- it can be shown on the Zoom to
9 participants but not livestreamed, please. I
10 think it's number -- tab 2 of the list, MOF2353.

11 Q And, Dr. Dawkins, we see your name on this.
12 This is a minister's briefing document with a
13 date in October of 2019. As you see from the
14 title, "Single Regulator For Real Estate -
15 Rule-Making Procedures." Do you recognize that
16 to be what I've just described?

17 A (CD) Correct.

18 MR. MARTLAND: I'd ask, please, Mr. Commissioner,
19 this be marked as the next exhibit.

20 THE COMMISSIONER: Yes, very well.

21 THE REGISTRAR: Exhibit 689, Mr. Commissioner.

22 **EXHIBIT 689: MOF Briefing Document, Single**
23 **Regulator for Real Estate - Rule-making**
24 **procedures - October 16, 2019**

25 MR. MARTLAND:

1 Q And it's not a lengthy document, but if we go to
2 page 3 of the briefing document, we see at the
3 top the proposal is:

4 "Require the minister's approval of real
5 estate rules and make them subject to the
6 *Regulations Act.*"

7 Recommendation is approved. And we see that
8 with the minister, then Minister Carole James,
9 giving approval in November 2019.

10 A (CD) Correct.

11 Q So an example of -- part of the process in terms
12 of going about with the kinds of things that
13 you've just described in reviewing that power
14 point presentation.

15 A (CD) Yes. This would be -- our process would be
16 to identify issues to provide a briefing note
17 for the minister with options and then to go
18 forward for decision and then to reflect that
19 decision in the legislation.

20 Q Okay. What I'd like to do next, please, is
21 touch on a few topics.

22 MR. MARTLAND: Madam Registrar, we can take that
23 document down. Thank you.

24 Q And, Mr. Primeau, you testified on December the
25 1st and described at that point potential

1 regulation of MSBs, money services businesses.

2 Any update or change since your evidence in

3 December?

4 A (JP) No, not really. We're still preparing

5 recommendations for the government.

6 Q All right.

7 A (JP) There's no update.

8 Q And with respect to the topic of creating a

9 government registry for beneficial owners --

10 ownership registry, likewise something you

11 testified about in December. Any update on that

12 score?

13 A (JP) No. Again, we are preparing options and

14 recommendations for the government to consider.

15 Q Okay. You described to us one of -- the list of

16 different areas where there's work being done.

17 Companies keeping records of beneficial owners

18 of the company in the corporate head offices.

19 Could you help us understand -- I think I have a

20 sense of what you're describing there -- what

21 the corporate head office is, what kind of

22 records are being kept and then moving on from

23 there what sort of work is being done on that

24 topic.

25 A (JP) Sure. Under the *Business Corporations Act*

1 there's a requirement that every company have a
2 records office, and so that's an office that
3 would contain their articles and other corporate
4 filings or corporate documents. And included in
5 that now, in November, there's a new requirement
6 that companies have to keep records of their
7 beneficial owners. So those are persons who
8 have a 25 percent interest in the company. And
9 so that's what the requirement -- that's what I
10 was referring to as that requirement.

11 Q With respect to unexplained wealth orders, could
12 you give us a sense of how FREDA has been
13 engaging with or looking at unexplained wealth
14 orders.

15 A (JP) Well, we are exploring the possibility of
16 recommending to the government the creation of
17 an order that a court could make to require a
18 person to explain where their property comes
19 from. It's -- these are orders that are
20 currently in place in the UK and Australia and
21 Ireland, and so we're looking at those models to
22 try to figure out what would be an appropriate
23 model for British Columbia. And part of that
24 work is a lot of exploration about the legal
25 foundation for such an order.

1 Q Next I'd like to turn to the question of
2 implementing *LOTA*, the *Land Owner Transparency*
3 *Act*. If you could please describe to us the
4 work that FREDA is doing with respect to that.

5 A (JP) So the *Land Ownership Transparency Act* came
6 into force in November as well, and it's -- the
7 registry is now set up and collecting
8 information from persons when they transfer
9 property. So there's a requirement that you
10 have to file something called a transparency
11 declaration prior to transferring property. And
12 if you indicate in your declaration that you
13 have beneficial owners, then you need to
14 indicate who the beneficial owners of the land
15 is.

16 That registry is in place and collecting
17 information. There's no search function yet.
18 The search function will come in April. And
19 pre-existing owners, so persons who are not
20 transferring property but who have property will
21 be required to file their transparency reports,
22 so a report on who their beneficial owners are,
23 in November [indiscernible] year to file that
24 information.

25 So it's up and running and we're monitoring

1 its effectiveness and we'll -- we're -- if
2 there's any issues, we're going to have to --
3 we're the branch that would be responsible for
4 addressing the issues through legislative
5 changes.

6 Q If terms of the kind of data or information that
7 come in as a result of that regime, I take it
8 that it really is at such an early stage with
9 the information coming in, in particular in
10 relation, as you say, to existing owners that
11 there's -- is it the case that there's anything
12 that can be done with that information from a
13 data analysis point of view at this point?

14 A (JP) It would still be pretty early to be doing
15 that. It's an incomplete registry until you
16 have the pre-existing owners filing their
17 beneficial ownership information. There is
18 information there, but it will be some time
19 before it's actually useful for data analytics
20 purposes.

21 MR. MARTLAND: Okay. I had a document I was going to
22 ask about in relation to the *LOTA* which, Madam
23 Registrar, is one that we shouldn't livestream,
24 not because it's super exciting but because I
25 think it has one or two emails that we'll need

1 to redact before it can go up. If I could ask
2 to please have tab 1, MOF2344, displayed. Not
3 on the livestream, but for the panel members.

4 Q And what we see here is a letter that is from a
5 the president and CEO of the *L TSA*, Connie Fair,
6 dating to November of 2018 to the Assistant
7 Deputy Minister of PLD, Policy and Legislation
8 Division, at Ministry of Finance.

9 Mr. Primeau, is this a letter that you've
10 seen and know about?

11 A (JP) Yes, I have seen this letter before.

12 MR. MARTLAND: Mr. Commissioner, I'll ask that this
13 please marked the next exhibit. I think that
14 will be 690.

15 THE COMMISSIONER: Very well.

16 THE REGISTRAR: Exhibit 690.

17 **EXHIBIT 690: Memo from Connie Fair to Shauna**
18 **Brouwer - November 26, 2018**

19 MR. MARTLAND:

20 Q And just to look at what we read here,
21 appreciating this dates back now a couple years,
22 November 2018, we see in the first sentence that
23 it's -- the purpose is to follow up. And it
24 goes on to talk about "challenges we discussed
25 in implementing the *Land Ownership Transparency*

1 Act as it is currently written." It goes on to
2 describe that the *LTSA* is:

3 "Concerned about its ability to implement
4 the compliance and enforcement provisions
5 and we have some suggestions for changes."

6 And then going down to the bottom part of that,
7 maybe the -- we can see in that last paragraph
8 about five lines up, I'll just read it out:

9 "The *LTSA* will administer the registry but
10 does not have core competence to take on
11 such compliance and enforcement tasks as
12 the gathering of evidence, the imposition
13 of financial penalties or the collection
14 of such penalties. It is our view that
15 these actions are best performed by
16 authorities equipped and experienced with
17 broader investigative powers and suitable
18 informational and technical resources at
19 their disposal."

20 So this, as I say, goes back a couple of years.
21 It seems to be the *LTSA* signalling or stating
22 that they have some concern about not being
23 drawn into the sort of assignments that might
24 fall beyond what they're comfortable and think
25 they're best suited to do.

1 Could you give us a sense of how that played
2 out following this letter.

3 A (JP) Sure. Yeah. After this letter, originally
4 the *LTSA* was going to be in the legislation, the
5 person who's responsible for enforcement. And
6 after we were provided with this letter, we
7 changed it so that the enforcement officer could
8 be appointed by the Minister and since then an
9 enforcement officer has been appointed. It's
10 the director of the property tax -- property
11 transfer tax, so the head of the property
12 taxation branch within the revenue division is
13 now the enforcement officer for the *Land Owner*
14 *Transparency Act*.

15 MR. MARTLAND: Okay. Thank you. Madam Registrar, I
16 don't think we need that letter displayed any
17 further.

18 I'm going to ask a few questions that talk
19 about -- that address the question of tracking
20 the work that FREDA does, and then ask a few
21 questions directed at the question of mortgage
22 brokers and the *MBA, Mortgage Brokers Act*,
23 modernization.

24 So dealing first with the question of
25 tracking work that the -- that FREDA is doing,

1 maybe what I'll do is bring up three different
2 documents in sequence.

3 First, Madam Registrar, if we could have
4 tab 5, MOF2508.

5 Q And, Dr. Dawkins or Mr. Primeau, do you
6 recognize that to be essentially lifting
7 recommendations or describing the
8 recommendations from the Maloney expert panel
9 report?

10 A (CD) Correct.

11 MR. MARTLAND: And if I could ask, Mr. Commissioner,
12 that be marked as exhibit 691.

13 THE COMMISSIONER: Yes. Very well.

14 THE REGISTRAR: Exhibit 691.

15 **EXHIBIT 691: Recommendation from Maloney Report**

16 MR. MARTLAND:

17 Q Next if we could go to tab 6, MOF2509. And what
18 we see here is an update on the -- it says
19 "Project Update on Finance Maloney Report
20 Response." On the left side we see it
21 identifies a particular project, and then on the
22 right what is the related or corresponding
23 Maloney report recommendation. Have I
24 understood correctly what this document is?

25 A I don't recall this -- having developed this

1 document specifically. I don't know if
2 Mr. Primeau remembers.

3 (JP) No, I'm not sure what this document is.

4 Q Okay.

5 A (JP) It looked like an agenda item.

6 Q And I just blindly, happily assumed that one of
7 you might have written it or know all about it.
8 But is it something that you're familiar with or
9 have seen, even in preparing for this evidence,
10 or ...

11 A (CD) I've seen it in preparation for this
12 evidence, and your assumption that it represents
13 the projects that are -- that the FREDA policy
14 branch has undertaken or is in the process of
15 undertaking is something that I would agree
16 with. I just don't recall who -- or when this
17 specific document was written. Yeah. Or by
18 whom.

19 MR. MARTLAND: Fair enough. And I think you're right
20 to say it is undated, so we're left a little bit
21 uncertain about the timing of when it's
22 describing this.

23 Despite those shortcomings,
24 Mr. Commissioner, I'm going to ask this be
25 marked as exhibit 692. Please.

1 THE COMMISSIONER: All right. That can be marked as
2 692.

3 THE REGISTRAR: Exhibit 692.

4 **EXHIBIT 692: Agenda - Project Update on Finance**
5 **Maloney Report Response**

6 MR. MARTLAND:

7 Q And while it's on display I'll just give an
8 example of that. If we look at item 3, the
9 *Mortgage Brokers Act* rewrite, that's identified
10 as being a project that finance is working on.
11 And then on the right-hand side two different
12 recommendations, number 9 and number 25, and I
13 read those as being recommendations from the
14 Maloney expert panel report about replacing the
15 *Mortgage Broker Act* with a modern regulatory
16 statute. And secondly the government ensuring
17 all those in the mortgage lending business
18 should be required under provincial legislation
19 to conduct and maintain know-your-customer
20 records and records of the source of mortgage
21 payment funds from borrowers.

22 Is that a fair description of the *Mortgage*
23 *Brokers Act* rewrite of the sort of connection,
24 if I can put it that way, between 2 Maloney
25 recommendations and the work that the branch was

1 involved in?

2 A (JP) Yes. Recommendation 9 is definitely what's
3 the catalyst for working on the *Mortgage Brokers*
4 *Act* rewrite. And recommendation 25 is part of
5 some of the work we're doing or considering.

6 MR. MARTLAND: Okay. Madam Registrar, if we could
7 scroll down to item 8, please, on that same
8 page. Just at the bottom there you see under
9 heading of "Project," "Data Capacity at
10 Finance," and then a number of different Maloney
11 recommendations, 26, 24, 23, 28 and 27, that all
12 connect, if you will, to that ongoing work by
13 FREDA. Is that a fair way to put it?
14 Mr. Primeau? [Indiscernible] have a read that's
15 fine. I'm not trying to --

16 A (JP) Yeah, Dr. Dawkins might be better placed to
17 talk about item 8.

18 Q Certainly.

19 A (CD) I think it's fair to characterize -- to
20 characterize, you know, issues related to the
21 data capacity at finance as being reflective of
22 those types of recommendations or it would
23 certainly be, you know, these are the -- pardon
24 me. These are the recommendations that relate
25 to data sharing and data collection and

1 therefore would be the types of things that
2 would fall under the data analytics branch as
3 these are the recommendations that would be
4 better related to data, I think is, yeah,
5 probably as general as I'd like to go with that
6 statement.

7 Q I should probably maybe ask this because I don't
8 want the use of this document to create any
9 misleading impression. Is it fair to say that
10 the work that FREDA is doing is guided by
11 government direction on these policy questions
12 and on operational questions? It's not simply a
13 matter of saying what did professors Maloney and
14 Somerville and Unger put in their report and
15 we're going to follow exactly that script, but
16 rather informed by their recommendations, we
17 will undertake work that we think is appropriate
18 with government direction.

19 A (CD) I think that that is perhaps even an
20 overstatement. I think the creation of the data
21 analytics branch is an activity that was
22 undertaken within the Ministry and is in some
23 way better related to these five recommendations
24 than it would be to any other recommendations
25 from the Maloney report. I think it's just to

1 show sort of a loose connection. I don't think
2 it's intended to be anything more than that.

3 MR. MARTLAND: That's a good way to put it.

4 Madam Registrar, if we could bring up a
5 third document, tab 8, MOF2511.

6 And there's some redactions that have been
7 made to this, but we see on the left "Policy
8 Projects," a list of activities, some target
9 dates that are a bit difficult to read as
10 they're in grey scale, and then again listing
11 the relevant Maloney report recommendation.

12 Does either of you know what this document
13 is?

14 A (CD) Yes. This would be a document that I
15 created to try and sort of keep track of all the
16 activities related to all of the activities that
17 are -- all the projects that were being
18 undertaken by the FREDA -- by FREDA, basically.

19 Q Okay. And here I don't see sort of one date on
20 the document. There's a number of different
21 target dates that don't seem to go past 2020.
22 But I don't know if you have any way of
23 deciphering when this might have been written,
24 or do you know?

25 A (CD) This was sort of an evergreen document that

1 I would update periodically when I would -- you
2 know, before I would go and brief the Deputy
3 Minister I would update it and then take a --
4 perhaps a -- change this into a sort of higher
5 level document so that I could have something to
6 show the Deputy Minister without, you know, that
7 she would have had something to have eyes on
8 while we were discussing the progress of these
9 various projects. It was sort of an internally
10 created document and it's -- it was for my
11 benefit in helping me do my job in reporting up
12 to the Deputy Minister.

13 MR. MARTLAND: Thank you. Mr. Commissioner, if I
14 could have this marked, please, as exhibit 693.

15 THE COMMISSIONER: Very well.

16 THE REGISTRAR: Exhibit 693.

17 **EXHIBIT 693: Chart of policy projects**
18 **(redacted)**

19 MR. MARTLAND: We don't need that displayed further,
20 Madam Registrar. Thank you.

21 Q Mr. Primeau, let me turn, please, to the
22 question of the *Mortgage Brokers Act*
23 modernization that you've described. If you
24 could give us a sense, please, of the work
25 that's underway and what's been done with

1 respect to modernizing the *MBA*.

2 A (JP) Well, we had a consultation that occurred
3 earlier last year. It was right in the middle
4 of the pandemic shutdown, so the timing was
5 extended, so we -- the timelines that you see on
6 that document that you just brought up were
7 extended a little bit. So we had a longer
8 consultation period than we had anticipated.

9 And we've now compiled all of the comments
10 and we briefed up the themes that we've heard
11 from stakeholders. Now we're in the process of
12 developing recommendations and options for the
13 government on how to proceed with the rewrite.
14 We also are looking at other jurisdictions for
15 some ideas on how we would want to develop the
16 legislation. One of the things that we heard
17 was that it would be useful if our legislation
18 was to some degree harmonized with other
19 legislation across the country.

20 Q All right. And you gave a description about the
21 consultation that was involved in a general
22 sense. Who was the consultation with? What
23 were the groups that were involved in that
24 process?

25 A (JP) It was a public consultation. We published

1 a discussion paper and we were open to receiving
2 comments from anyone in the public. We did
3 receive some lengthy comments from the Canadian
4 Mortgage Brokers Association, BC branch, but we
5 also received a lot of comments from mortgage
6 brokers in general.

7 Q Apart from the *MBA* simply being old legislation,
8 what kinds of observations or issues were
9 identified that connect with or relate to why
10 there might be a need for modernization?

11 A (JP) Well, the legislation doesn't quite match
12 industry practice. We have -- there's
13 categories within the legislation of mortgage
14 broker and submortgage broker, which is not
15 exactly how the industry is structured. It also
16 combines mortgage brokers and lenders, so
17 they're regulated essentially the same way. So
18 it would make some sense to piece out those
19 different categories into different licensing
20 categories.

21 And then there's -- it really is -- the
22 legislation is just to set up a registry. It
23 doesn't -- it's not really a piece of
24 legislation that's intended to create a
25 licensing and regulation regime. It's more of a

1 registry. So one of the things that we're
2 looking at is whether there needs to be a more
3 robust regime to place some duties on mortgage
4 brokers and maybe further professionalize the
5 industry.

6 Q Is the existing or old regime one that allows
7 the regulator an ability to learn and see what
8 the activity is in the mortgage broker sector?

9 A Yeah. Right now there is an ability for the
10 registrar to do that, but we think that there
11 may be some additional duties and possibly
12 filings that we could add to the regime to
13 further provide the registrar or the
14 superintendent or whatever it would be with some
15 line of sight into the industry.

16 Q Okay. And do you have a sense of -- if you
17 could give us a sense of the state of play in
18 the future direction and timing of work in that
19 area.

20 A (JP) Well, we are preparing, like I said, some
21 recommendations for the government. And once we
22 get approval to move ahead, we'll begin
23 preparing legislation. But the timing, it's
24 uncertain right now.

25 Q Okay. Does some of that work connect to the

1 issue of money laundering or anti-money
2 laundering measures and direction?

3 A (JP) It could. The legislation, like I said, it
4 is outdated and it doesn't quite match the
5 industry. There could be aspects that we could
6 include as part of the regime that could address
7 money laundering. One of the things we are
8 considering is similar to what we -- what has
9 happened with the *Real Estate Services Act* is
10 creating a rule-making ability for the Financial
11 Services Authority so that if the authority sees
12 problems in the industry, it will be able to
13 react and create rules and policy to address
14 that.

15 MR. MARTLAND: There's a few documents I'd like to
16 use for a few questions. The first is one that,
17 Madam Registrar, we should not have on the
18 livestream but we can display to the panel.
19 Tab 10, MOF2513, another Minister's briefing
20 note. Mr. Primeau, we see your name there as
21 being t.

22 Q He person initiating this. The descriptor is
23 "*Mortgage Brokers Act Review Consultation*
24 Summary" and the date is August of 2020. Do you
25 recognize this to be a briefing note on that

1 topic of the consultation on the *MBA* review?

2 A (JP) Yes, that's what I referred to earlier.

3 We briefed up on [indiscernible] as part of the
4 consultation that occurred earlier last year.

5 MR. MARTLAND: I'll ask, please, that this be marked
6 the next exhibit, I think 694.

7 THE COMMISSIONER: Very well.

8 THE REGISTRAR: Exhibit 694.

9 **EXHIBIT 694: MOF Briefing Document - Mortgage**
10 **Brokers Act Review Consultation - Summary -**
11 **August 18, 2020**

12 MR. MARTLAND: Next if we could bring up another
13 document, which again, should not be displayed
14 on the livestream, tab 11, MOF2514.

15 Q The first page is an email, but if we go down a
16 little to the middle of the page there's a
17 description about providing the British Columbia
18 Notaries Association comment on the *MBA* review.

19 Mr. Primeau, do you recognize this to be the
20 BC Notaries Association submission as part of
21 that consultation as one example of some of the
22 input you had?

23 A (JP) Yes, that appears to be the letter from the
24 Notaries Association.

25 Q Just to skim through quickly. If you look down

1 to -- I think page 3 of the PDF, you'll see
2 there what we've just -- what you've just
3 described, the *MBA* review public consultation
4 letter, put in by the BC Notaries Association?

5 A (JP) Yes.

6 Q Is that right?

7 A (JP) Yes.

8 MR. MARTLAND: All right. Mr. Commissioner, if that
9 could be exhibit 695, please.

10 THE COMMISSIONER: 695.

11 THE REGISTRAR: I think it's -- we are at 69 -- oh,
12 yes, 695. Thank you.

13 **EXHIBIT 695: Email from Suzanne Anderson, re**
14 **BCNA Mortgage Broker Act Review and Comment -**
15 **September 30, 2020 (with attachment)**

16 MR. MARTLAND:

17 Q And I don't need to review that at any length.
18 The last document, just to refer to, which again
19 should not be shown on the livestream, please,
20 is tab 12, OSRE0013. Mr. Primeau, this dates to
21 September of 2019. It's from -- as you see, if
22 we go down a little bit to the signature line on
23 page 1, you'll see this is from the managing
24 director policy and oversight at the Office of
25 the Superintendent of Real Estate.

1 If we go back up to the top, you'll see it
2 goes to a number of people, but it is addressed
3 to Erin Seeley, the CEO of the Real Estate
4 Council of BC. And it begins with:

5 "Thanks very much for the comments and
6 feedback on the MB discussion paper."

7 A (JP) Yeah. To be clear, though, this isn't the
8 mortgage brokers paper that's being referred to
9 in this document. This is a consultation that
10 the -- I believe the Office of Superintendent of
11 Real Estate published on managing brokers. So
12 MB stands for managing brokers.

13 Q That's an important clarification. So this is
14 disconnected at least and there may be a
15 different category or stream than what we were
16 just reviewing with respect to the MBA process,
17 then?

18 A (JP) Yes.

19 MR. MARTLAND: All right. I will ask this be marked,
20 please, Mr. Commissioner, as exhibit 696.

21 THE COMMISSIONER: All right. 696.

22 THE REGISTRAR: Exhibit 696.

23 **EXHIBIT 696: Email from Erin Seeley, re**
24 **MB discussion Paper and AMPs - September 20,**
25 **2019**

1 MR. MARTLAND: I don't need that displayed further.

2 Thank you, Madam Registrar.

3 Q Dr. Dawkins, I'd like to ask some questions to
4 learn about the data branch of FREDA. And let
5 me start with the fairly general question of
6 what sort of data is it that the branch has?
7 Where does it come from? So what are the
8 sources of the data and what is the type of data
9 presently available?

10 A (CD) I can give you an overview. I would say
11 that if you wanted a comprehensive list, that
12 question would be better directed to Mr. Jon
13 Baron, who is the executive director of that
14 branch. But I can say --

15 Q I'll just interject to let participants know if
16 they don't already, Mr. Baron will be attending
17 later in the week, so we'll have the benefit of
18 his evidence. Thank you.

19 A (CD) Okay.

20 Q So -- but general is fine for my purposes.

21 A (CD) We have data from the land survey and --
22 the *LTSA*, the Land Title and Survey Authority,
23 on transfers of real estate. We have data on
24 property transfer tax data. We have -- we will
25 be receiving data from the Land Owner

1 Transparency Registry. We have data on -- from
2 the corporate registries. We have data from
3 income tax -- the *Income Tax Act* data. We have
4 some of the provincial sales *Tax Act* data. We
5 will be getting data from the CSAIR, which is
6 the Condo and Strata Assignment Integrity
7 Register.

8 And we have -- yeah, we have a number -- and
9 the speculation and vacancy tax data. We have
10 data on the BC recovery benefit and on the --
11 EBW is the employment benefit for workers. We
12 have -- those are some of the things I can name
13 from the top of my head, but Mr. Baron would be
14 able to give you a more comprehensive list.

15 MR. MARTLAND: That's very useful to get an
16 understanding of the kind of data. And maybe to
17 pick up on what you mentioned about the
18 corporate registry data.

19 Madam Registrar, I have a document to refer
20 to, tab 4, but not for the livestream, please.
21 MOF2358.

22 Q And this is a minister's briefing document
23 bearing a date of late January 2020. I don't
24 see either of your names on the first page. But
25 it talks about -- authorized the sharing of

1 corporate registry data with the Ministry of
2 Finance. If we go down to the bottom, it talks
3 about FREDA requires data from the corporate --
4 sorry, it's the bottom of page 1 there. Thanks.

5 Under "Comments":

6 "Require data from the corporate registry
7 in order to perform analysis that will
8 assist in fiscal, social and statistical
9 and shape government policy making."

10 A (CD) Correct.

11 MR. MARTLAND: I'll ask this be marked, please, as
12 the next exhibit. 697, I believe.

13 THE COMMISSIONER: Very well.

14 THE REGISTRAR: Yes, exhibit 697.

15 **EXHIBIT 697: MOF Briefing Document - Authorize**
16 **Sharing Corporate Registry Data with the**
17 **Ministry of Finance - January 31, 2020**

18 MR. MARTLAND:

19 Q And if I could just cover off with respect to
20 what that corporate data -- corporate registry
21 data is that is -- I take from your comments is
22 that data that's now come over or is available
23 to FREDA?

24 A (CD) I believe it has come over. However,
25 Mr. Baron would be able to confirm that. This

1 was a document, a briefing document prepared by
2 one of the staff within the FREDA policy branch,
3 so one of Mr. Primeau's staff.

4 Q Thank you. If we go to page 3 at the very
5 bottom, and I believe it's the case that it's
6 option 1 that is recommended -- well, it is the
7 case that option 1 is recommended by the
8 Minister's decision. And that option is
9 described at the bottom of that page, amend the
10 *Business Corporations Regulation* to allow data,
11 bulk -- sorry, to allow bulk data extracts to be
12 shared with Ministry of Finance.

13 And it talks first about:
14 "[MOF] staff will be the ability to
15 conduct statistical analysis to inform and
16 develop anti-money laundering solutions,
17 tax, socioeconomic including through a
18 GBA+ lens."

19 Secondly noting:

20 "The information is already publicly
21 searchable through the Corporate
22 Registry."

23 Is it the case that the data that we're talking
24 about very specifically here from the corporate
25 registry, as it says here, is publicly

1 searchable already?

2 A (CD) Correct. But it's not searchable -- it's
3 not searchable in a bulk form, so it would be on
4 a case-by-case basis, which is, you know, not
5 particularly helpful for statistical purposes.

6 Q Right. It's far more labour intensive if it's
7 case by case to try to build the bigger picture
8 of a data set, I take it.

9 A (CD) Correct.

10 MR. MARTLAND: Okay. That document can be taken
11 down. Thank you, Madam Registrar.

12 Q Dr. Dawkins, how would you describe -- we've
13 read at least about something called data
14 dashboards. Could you help us understand what
15 that refers to.

16 A (CD) So those are tools that data analysts can
17 use and that the staff in the FREDA data
18 analytics branch have produced. And what they
19 do is they show aggregates -- aggregate
20 statistics and allow for the analysts to -- I'm
21 sorry, I'm getting a beeping in my earphones.
22 Does anybody else hear that? No? Okay.

23 Q No.

24 A (CD) Okay. I don't -- maybe I'm running out of
25 battery or something. Anyway. So it's -- so

1 they are a tool that analysts can use where they
2 can, for example, bring up different --
3 different intersections of data. So, for
4 example, you may have -- again, I'll return to
5 the speculation and vacancy tax. You may want
6 to have a graph that shows who pays the tax by
7 gender or you may want to show it by income
8 intervals. And they'll have little tabs on the
9 side that will let you -- that the analysts
10 bring up different intersections. Maybe they
11 want to know who owns a condominium and is
12 paying the speculation tax or who owns a
13 detached -- single detached home.

14 So they'll be able to point to different
15 variables of interest and show them and show how
16 they intercept. So you may be interested in who
17 owns condominiums in Vancouver with incomes
18 under \$60,000. This would be a tool that would
19 allow them to choose that, and then maybe they
20 want to look at, you know, who owns them and has
21 an income under \$80,000. You know, they can
22 play with the variables to understand what's
23 kind of going on with the tax and with the
24 market and will -- you know, it's a tool that
25 allows them to do their work.

1 Q So from the analysts' point of view they can
2 essentially, as you say, play with and engage
3 the data to test out okay, do we see
4 correlations, patterns, relationship that appear
5 if we add in different variables or compare two
6 different things or the timing things.

7 A (CD) Correct. Correct. And, you know, these
8 sorts of dashboards have underlying them a lot
9 of statistical -- a lot of data and a lot of
10 data that intersects, but the -- it's percentage
11 and statistical form, so it makes their work and
12 their lives a lot easier and gives them a
13 capacity that they don't -- you know, a
14 technical capacity that they don't necessarily
15 have themselves.

16 Q Dr. Dawkins, you quite impressively listed off a
17 number of different sources of data that are
18 available to or being used by FREDA for
19 analysis. But stepping back from that, what
20 sort of -- what's the process for deciding and
21 figuring out what kinds of data are relevant to
22 thinking in policy work on real estate in
23 particular?

24 A (CD) So usually the data analytics are driven by
25 specific types of policy questions. So there

1 will be an analyst who wants to know, for
2 example, how does SVT -- the speculation vacancy
3 tax, how does that relate to income -- you know,
4 sort of income levels. So that analyst will
5 talk to the folks in the data analytics branch.
6 The data analytics folks will see what data we
7 have or if there's data that we need, they'll
8 attempt to get that data and then sort of work
9 with the analyst to generate information that
10 will be helpful and useful and support the
11 analyst.

12 In some cases it is something that is
13 driven by legislative requirements. So, for
14 example, with the speculation and vacancy tax
15 there's a legislative requirement that the
16 Minister consult with the mayors each year. And
17 so, you know, to fulfill that requirement there
18 needs to be a certain amount of information
19 that's provided to mayors about the speculation
20 tax in their various jurisdictions and FREDA
21 data analytics produces those statistics for
22 that purpose.

23 Q What kinds of challenges does FREDA run into in
24 obtaining data generally?

25 A (CD) Well, we are subject to -- well, there are

1 various legislative restrictions, particularly
2 with respect to tax data. You know, taxpayer
3 information is highly confidential, and there
4 are provisions and various taxation statutes
5 that set out the permissible uses for that data.
6 And so there are some issues around the legal
7 frameworks that we have to operate under.

8 There are technical challenges as well in
9 terms of -- and, again, Mr. Baron can speak to
10 these better than me, but there's sort of
11 interfaces between different -- I don't know, IT
12 systems.

13 Q I don't know either, but part of that is the bio
14 format, the way that different data are fed in,
15 whether it's compatible --

16 A (CD) Yes.

17 Q -- or usable vis-à-vis another data source or
18 format.

19 A (CD) Correct. And especially the size of these
20 data sets can be quite large. And then
21 manipulating them requires, you know,
22 considerable computer processing strengths.
23 Again, I don't know the technical terms. But
24 trying to get to those sort of more technical
25 provisions. In a lot of cases data is not in a

1 format. So I'm thinking about some of the data
2 files that may be -- have information that's on
3 a PDF file which is very difficult to scrape --
4 to collect that information into a form that's
5 usable and that can be used for analysis.

6 Yeah. There's -- you know, there are
7 technical and legal impediments. And in a lot
8 of cases, you know -- in a lot of cases tax
9 information, for example, isn't kept for a very
10 long time. It's kept as long as it's needed for
11 tax administration purposes, and usually there's
12 an audit limit and a time limitation on that.
13 And so, you know, in some cases the data is
14 missing in terms of undertaking, you know, sort
15 of significant time series analysis.

16 Q There's an inbuilt limitation if it's simply a
17 record that isn't preserved?

18 A (CD) Correct. Correct.

19 Q And I take it from your comments that some of
20 those kinds of impediments or challenges exist
21 even for data that are held by the Ministry of
22 Finance. That's not -- the fact that it's
23 already held by finance doesn't mean it suddenly
24 can feed into FREDA. Do I have that right?

25 A (CD) I think that's -- you know, I think that's

1 sort of a fair statement. It is taxpayer
2 information and there are very -- very stringent
3 rules about how and who can use it and how it
4 can be shared. That said, I think we've managed
5 to obtain a lot of the tax information within
6 FREDA, but, you know, it is very [indiscernible]
7 taxpayer information.

8 Q It may be built into the description about some
9 of the legal impediments, but what about privacy
10 considerations in relation to personal
11 information that may be held by any number of
12 different agencies or branches of government?

13 A (CD) Yeah, I can't speak to -- I can't speak to
14 that directly. I know that we're obviously
15 bound by the *FOIPPA*, the *Freedom of Information*
16 *and Protection of Privacy Act*, as well as the
17 limitations under the taxation statutes, but,
18 you know, beyond that I can't speak to the
19 details.

20 MR. MARTLAND: All right. Maybe I can use one
21 document very briefly to ask you just one
22 further question on that topic.

23 Madam Registrar, this is tab 9, but it
24 shouldn't go on the livestream, please. There's
25 some contact information in it.

1 Q And I'm anticipating when you see this
2 Dr. Dawkins, you might quite properly say well,
3 ask Mr. Baron in two or three days from now,
4 because we see his name on the first page. But
5 do you recognize this as being the Privacy
6 Impact Assessment, or PIA, for the data analysis
7 branch?

8 A (CD) I do, yes.

9 MR. MARTLAND: All right. Mr. Commissioner, I'll ask
10 this be marked the next exhibit, please.

11 THE COMMISSIONER: Very well.

12 THE REGISTRAR: Exhibit 698.

13 **EXHIBIT 698: Privacy Impact Assessment for Data**
14 **Analysis Branch**

15 MR. MARTLAND:

16 Q And if we go down just under the -- where it has
17 Mr. Baron's name and information, the
18 description of the initiative. There's a
19 description there about what the FREDA group is
20 within the policy and legislation division, and
21 then talks about the branch using -- in the next
22 sentence:

23 "... using Ministry data holdings, and
24 other sources of data, to conduct research
25 and analysis in support of policy

1 development."

2 And I don't propose to read this at length, but
3 this seems to be the identification and a set of
4 answers about the kinds of measures that are in
5 place to ensure the protection of personal
6 information when held by FREDA. Is that your
7 understanding of what this document is?

8 A (CD) It is. And as you've mentioned, Mr. Baron
9 would be able to speak to this in greater
10 detail, as he was the person who developed it.

11 MR. MARTLAND: Thank you. I don't need that
12 displayed further, Madam Registrar. Thank you.

13 Q I have a few last questions and then I expect
14 I'll be able to complete my set -- my questions
15 for the panel members. I'd like to circle back
16 to a point that was touched on earlier on about
17 adding the so-called AML, anti-money laundering,
18 mandate and ask that question first in relation
19 to FREDA.

20 Does FREDA -- do you consider FREDA to have
21 an AML mandate per se, Dr. Dawkins?

22 A (CD) I think it's something that we would like
23 to look at in the future. As I've mentioned
24 before, we have fairly, you know, limited
25 resources at the moment. And so -- and a lot of

1 the questions that come from -- that are -- that
2 come from the tax policy branch in support of
3 their work is -- there are quite a few demands
4 in that regard. And so at this point the -- you
5 know, the AML mandate is something that we would
6 like to get to if the future.

7 Q And hypothesizing, were you to have that
8 mandate, what sorts of impacts do you think that
9 might have on FREDA's work?

10 A (CD) Well, I think it would take the work in a
11 little bit of a different direction. It would
12 be less driven by specific policy questions and
13 would be more of a research type analysis in
14 which we would take the data and look for flags
15 and trends and correlations rather than, you
16 know, right now being quite responsive to
17 questions from the policy area.

18 MR. MARTLAND: Mr. Commissioner, I think I'm close to
19 completing my questions. I wouldn't mind if we
20 could -- I'm going to be suggesting when we
21 reach the point of breaking between the two
22 panels today to have a 15-minute break, but if I
23 could suggest a five-minute break. That would
24 be very useful to check over notes and consult
25 with colleagues before I conclude with this

1 panel.

2 THE COMMISSIONER: Yes, that's fine, Mr. Martland.

3 We'll take five minutes. Thank you.

4 MR. MARTLAND: Thank you.

5 THE REGISTRAR: This hearing is adjourned for five

6 minutes until 11:00 a.m.

7 **(WITNESSES STOOD DOWN)**

8 **(PROCEEDINGS ADJOURNED AT 10:55 A.M.)**

9 **(PROCEEDINGS RECONVENED AT 11:00 A.M.)**

10 **CHRISTINA DAWKINS, a**
11 **witness called for the**
12 **commission, recalled.**

13 **JOSEPH PRIMEAU, a**
14 **witness for the**
15 **commission, recalled.**

16 THE REGISTRAR: Thank you for waiting. The hearing
17 is now resumed. Mr. Commissioner.

18 THE COMMISSIONER: Yes. Thank you, Madam Registrar.

19 Yes, Mr. Martland.

20 MR. MARTLAND: Thank you, Mr. Commissioner.

21 **EXAMINATION BY MR. MARTLAND (continuing):**

22 Q Mr. Primeau, I have just a couple further
23 questions, but let me know if they're not clear.
24 One must ask you if you can comment on the
25 resources that the PTT officer will have to

1 enforce the *Land Ownership Transparency Act*?

2 A (JP) Yeah, I wouldn't be able to speak to that.
3 You'd have to ask him what resources he's
4 dedicating to it.

5 Q Okay. And the other question I had was for
6 either of you. Just -- and, Dr. Dawkins, I see
7 you have your headphones off, but I take it you
8 can still hear us.

9 MS. STRATTON: Mr. Martland, it's Joanna Stratton
10 here. I can assist. Ms. Dawkins has advised me
11 her headphones have stopped working.

12 MR. MARTLAND: I wondered about that.

13 MS. STRATTON: So if I could ask if we could stand
14 down for two minutes. I have a spare set ready
15 I can get set her up with.

16 MR. MARTLAND: That's great. Thank you for helping.
17 Yeah.

18 Mr. Commissioner. Maybe we'll just stand
19 down for -- on pause for a few moments. That
20 would be helpful.

21 THE COMMISSIONER: That's fine. We'll do that.

22 THE REGISTRAR: The hearing is paused for a few
23 minutes.

24 **(WITNESSES STOOD DOWN)**

25 **(PROCEEDINGS ADJOURNED AT 11:01 A.M.)**

1 **(PROCEEDINGS RECONVENED AT 11:02 A.M.)**

2 **CHRISTINA DAWKINS, a**
3 **witness for the**
4 **commission, recalled.**

5 **JOSEPH PRIMEAU, a**
6 **witness for the**
7 **commission, recalled.**

8 THE REGISTRAR: The hearing is resumed,
9 Mr. Commissioner.

10 THE COMMISSIONER: Yes. Thank you. Yes,
11 Mr. Martland.

12 MR. MARTLAND: Thank you.

13 **EXAMINATION BY MR. MARTLAND (continuing):**

14 Q For either panel member, has FREDA -- I think
15 this is my last question. Has FREDA done work
16 to evaluate whether BCFSA agencies have the
17 right tools to implement an AML mandate if one
18 were to be given? Is that part of work that's
19 FREDA's been considering or involved in?

20 A (CD) No. No, we haven't undertaken that work
21 yet. It's certainly something that we would
22 look at in the future, but right now we're
23 concentrating on those projects that are
24 underway that Mr. Primeau listed earlier today.

25 Q Thank you.

1 A (JP) I would add to that. They don't have a
2 mandate, but they do have a mandate within their
3 mandate letter to work with the government to
4 address money laundering issues.

5 Q So the fact that it may not be identified in a
6 written statement of a mandate doesn't mean it's
7 not part of the mix or part of what informs
8 their work?

9 A (JP) Yeah. And it is written. It's written in
10 a mandate letter to them.

11 MR. MARTLAND: Thank you. Mr. Commissioner, that
12 completes my questions for this panel.

13 THE COMMISSIONER: All right. Thank you,
14 Mr. Martland.

15 I'll now call on Mr. Usher for the Society
16 of Notaries Public of British Columbia, who has
17 been allocated five minutes.

18 MR. USHER: Thank you, Mr. Commissioner.

19 **EXAMINATION BY MR. USHER:**

20 Q Perhaps this is a question for Mr. Primeau, and
21 I'm referring to exhibit 687, which is the FREDA
22 data branch strategy document. I note in there
23 that there are three mentions of the Law
24 Society, but there is no mention of the
25 statutory regulator for commission notaries.

1 That's the Society of Notaries Public. Is there
2 any particular reason for that omission?

3 A (JP) Perhaps Dr. Dawkins might be better placed
4 to answer that.

5 (CD) Yes. Thanks. Thank you. No, there's
6 no specific -- there is no specific reason. As
7 I said, this was a document that was -- it's not
8 intended to be -- you know, it's intended to
9 give a sort of broad overview of where the
10 branch may go and it's not intended to be
11 exhaustive or complete.

12 Q Thank you. So would it surprise you to learn
13 that BC notaries did over 100,000 real
14 estate-related transactions involving trust
15 funds last year?

16 A (CD) It would not surprise me, no.

17 MR. USHER: Yeah. Thank you. That's all my
18 questions.

19 THE COMMISSIONER: Thank you, Mr. Usher.

20 I'll now call on Ms. Magonet for the
21 British Columbia Civil Liberties Association,
22 who has been allocated five minutes.

23 MS. MAGONET: Thank you, Mr. Commissioner.

24 **EXAMINATION BY MS. MAGONET:**

25 Q I believe my questions are best directed to

1 Dr. Dawkins. Can you hear me, Dr. Dawkins?

2 A (CD) I can, yes.

3 Q Thank you, Dr. Dawkins. So earlier you were
4 listing in response to a question from
5 Mr. Martland the broad sources of data that may
6 be available to FREDa, including *LTSA* data, tax
7 data, corporate registries. Would you agree
8 that some of this data may be quite sensitive?

9 A (CD) Yes.

10 Q Thank you. And in a document referred to
11 earlier -- it's exhibit 687. I don't believe we
12 need to go there, but it's the FREDa data branch
13 strategy document that you authored. That
14 document lists bodies who FREDa could share data
15 with going forward and it includes the Ministry
16 of Municipal Affairs and Housing, law
17 enforcement, regulators, tax enforcement
18 officials, federal government agencies.

19 So I take it that going forward the data
20 branch of FREDa could play quite a large
21 information-sharing role. Would you agree with
22 that?

23 A (CD) As I said, this document is intended to be
24 sort of speculative where things could go in the
25 future. It's meant to provide a vision. So it

1 could be -- it could be -- it could be a data
2 source or -- I forget the words that you used.
3 But of course, you know, it would have to be
4 within whatever the legislative frameworks are
5 that would allow for whatever kind of sharing we
6 would undertake.

7 MS. MAGONET: Thank you. Madam Registrar, if you
8 could actually call up that document. It's
9 exhibit 687. And if you wouldn't mind going to
10 page -- sorry. I believe that it's page 19 --
11 yes, page 19 of the PDF. It's a different page
12 in the document. Just here is perfect, Madam
13 Registrar.

14 Q Dr. Dawkins, I just had a question about
15 information sharing -- or the possibility of
16 information sharing with the Civil Forfeiture
17 Office. Here in the strategy document it says:

18 "The analysis done by the Branch could
19 provide leads to the Civil Forfeiture
20 Office and, if new tools are implemented,
21 the analysis could lead to forfeitures
22 related to unexplained wealth orders."

23 Earlier in your evidence this morning it was my
24 understanding that FREDA's data analysis would
25 be primarily statistical looking at large

1 trends, but here it seems to be talking about
2 using data to further specific investigations.
3 And I was wondering if you could speak to that.
4 A (CD) Well, you know, I can't at this moment.
5 Right now our legislative frameworks do not
6 allow for -- or they're quite specific on what
7 the data can be used for. When I talk about
8 these sorts of possibilities, these are all sort
9 of -- this is a bit of a blue sky document.
10 It's talking about what could potentially happen
11 in the future, assuming that the -- sort of the
12 legislative and regulatory frameworks were --
13 would permit that kind of activity, but for now
14 this is not something that we are contemplating
15 within the -- within FREDA.
16 Q So --
17 A (CD) In the short term we're -- sorry.
18 Q No, my apologies. Please go ahead.
19 A (CD) No, I was just saying in the short term we
20 are supporting primarily the tax policy -- the
21 tax policy branch and we are producing
22 statistical data that at this point does not
23 identify any individual person or taxpayer.
24 Q Thank you. So just to make sure I understand.
25 This type of role for FREDA in helping the Civil

1 Forfeiture Office with potential forfeitures, is
2 it your view that that wouldn't be possible
3 under the current legislative framework?

4 MR. RAJOTTE: Mr. Commissioner. Counsel for the
5 province here, Ms. Rajotte. I object to the
6 question to the extent it calls for a legal
7 conclusion.

8 MS. MAGONET: That's fine. I can leave my questions
9 there.

10 THE COMMISSIONER: Thank you, Ms. Magonet.

11 MS. MAGONET: Those are all my questions. Thank you
12 very much, Dr. Dawkins.

13 THE WITNESS: (CD) Thank you.

14 THE COMMISSIONER: All right. Thank you.

15 I'll now call on Mr. Rauch-Davis on behalf
16 of Transparency International Coalition, who has
17 been allocated five minutes.

18 MR. RAUCH-DAVIS: Thank you.

19 **EXAMINATION BY MR. RAUCH-DAVIS:**

20 Q Dr. -- actually, I believe my questions are best
21 directed at Mr. Primeau. I have several notes
22 from evidence this morning that resources are
23 limited, so my question is how FREDA currently
24 prioritizes implementing the recommendations
25 contained within the Maloney report, and if you

1 could expand on that topic.

2 A (JP) Sure. So we have prioritized the items in
3 the Maloney document that we think have reasons
4 for moving ahead that are not limited to AML.
5 So, for example, the *Mortgage Brokers Act*
6 rewrite, there's reasons to rewrite the *Mortgage*
7 *Brokers Act* that goes beyond AML. So we've
8 prioritized that as well as the *Real Estate*
9 *Services Act* amendments that create a single
10 regulator. We prioritized that as well because
11 it has -- not only is it a recommendation that
12 would address some money laundering issues that
13 were identified in the Maloney report, but it
14 improves the regulatory framework overall as
15 well. So we've made the bigger ticket items a
16 priority.

17 Q The bigger picture items, as I understand your
18 evidence, aren't just limited to AML purposes?

19 A (JP) Correct.

20 Q Okay. And then I guess that --

21 A (CD) May I interject that, you know, these are
22 not simply priorities that are set by, you know,
23 Mr. Primeau or by me. These are priorities that
24 were arrived at, you know, in discussions with
25 our deputy minister as well and are not -- it's

1 not -- we take our direction from our deputy
2 minister.

3 Q Okay. Thank you. That answers my next
4 question. Was there -- is there anyone else
5 that you consult in establishing these
6 priorities?

7 A (JP) No.

8 Q Okay. Final question, Mr. Primeau, is just to
9 confirm my notes on your evidence this morning.
10 You gave evidence in December about the creation
11 of a corporate beneficial ownership registry,
12 and my question is just to confirm that you have
13 no new update on the implementation of that type
14 of registry in British Columbia?

15 A (JP) No. No, I don't.

16 MR. RAUCH-DAVIS: Thank you. Those are my questions.

17 THE COMMISSIONER: Thank you, Mr. Rauch-Davis.

18 And finally Ms. Rajotte for the province,
19 who has been allocated 10 minutes.

20 MS. RAJOTTE: Thank you, Mr. Commissioner. In light
21 of the evidence this morning, I do not have any
22 questions for this panel.

23 THE COMMISSIONER: Thank you.

24 Anything arising, Ms. Magonet?

25 MS. MAGONET: No, thank you, Mr. Commissioner.

1 THE COMMISSIONER: Thank you. Mr. Usher?

2 MR. USHER: No, Mr. Commissioner.

3 THE COMMISSIONER: Thank you. And Mr. Martland?

4 MR. MARTLAND: No, thank you.

5 THE COMMISSIONER: Thank you. Well, thank you very
6 much, Dr. Dawkins and Mr. Primeau. I know
7 Dr. Dawkins, you haven't quite finished yet
8 today, so I won't excuse you from further
9 testimony.

10 But, Mr. Primeau, you are excused and thank
11 you for sharing your time with us and your
12 expertise and insights into this complicated
13 area of development within government.

14 **(WITNESS EXCUSED)**

15 **(WITNESS STOOD DOWN)**

16 THE COMMISSIONER: We'll take 15 minutes now, I
17 think, Mr. Martland, while we assemble the next
18 panel and bring them on board.

19 MR. MARTLAND: Thank you.

20 THE REGISTRAR: This hearing is adjourned for a
21 15-minute recess until 11:29 a.m.

22 **(PROCEEDINGS ADJOURNED AT 11:14 A.M.)**

23 **(PROCEEDINGS RECONVENED AT 11:30 A.M.)**

24 THE REGISTRAR: Thank you for waiting. The hearing
25 is resumed. Mr. Commissioner.

1 THE COMMISSIONER: Thank you, Madam Registrar.

2 Yes, Mr. Martland.

3 MR. MARTLAND: Thank you, Mr. Commissioner. We're
4 continuing today's evidence with two members on
5 a panel with respect to the federal-provincial
6 working group on real estate. And we have
7 Dr. Dawkins, who was affirmed this morning and
8 is continuing as part of this panel. In
9 addition Mr. Brown, Justin Brown.

10 Madam Registrar whether one of both, I'm not
11 sure procedurally, but the witnesses can both be
12 affirmed.

13 **CHRISTINA DAWKINS, a**
14 **witness for the**
15 **commission, recalled,**
16 **reminded.**

17 **JUSTIN BROWN, a witness**
18 **called for the**
19 **commission, affirmed.**

20 THE REGISTRAR: Please state your full name and spell
21 your first name and last name for the record.

22 THE WITNESS: Justin Brown, J-u-s-t-i-n, Brown,
23 B-r-o-w-n.

24 THE REGISTRAR: Thank you.

25 THE COMMISSIONER: Yes, Mr. Martland.

1 MR. MARTLAND: Thank you, Mr. Commissioner.

2 **EXAMINATION BY MR. MARTLAND:**

3 Q Dr. Dawkins, we spent some time this morning. I
4 think you might get a free mug after today
5 because you've attended on at least three
6 different occasions over a handful of days, and
7 so you're a frequent flyer as a witness. I
8 don't propose to review your CV. It's in
9 evidence as exhibit 39. Earlier today I
10 coffered some of your background and
11 involvement.

12 One thing I didn't touch on in the course of
13 earlier today questions was your involvement in
14 the federal-provincial working group. And maybe
15 I could just ask you to describe the nature of
16 your involvement in the working group and then
17 I'll turn to Mr. Brown.

18 A (CD) So I took over as co-chair of the working
19 group in January 2019 when the previous
20 provincial co-chair, Shauna Brouwer, moved on to
21 a different role. Prior to that I had a
22 tangential involvement. In fact the working
23 group hadn't really gotten started yet, but I
24 had seen, for example, the terms of reference
25 and I think I had been involved in an initial

1 call with Ms. Brouwer and the federal co-chair
2 at that time, Ms. Ryan. And since January 2019
3 I have been co-chair of this working group.

4 MR. MARTLAND: Thank you. Madam Registrar, if you
5 could please display the CV for Mr. Brown.

6 Q Mr. Brown, I'll start with what I hope is an
7 easy question. Do you recognize that has as
8 being your CV on display?

9 A (JB) Yes.

10 MR. MARTLAND: All right. Mr. Commissioner, if that
11 could be marked, please, as exhibit 699.

12 THE COMMISSIONER: 699. Very well.

13 THE REGISTRAR: Exhibit 699.

14 **EXHIBIT 699: Curriculum Vitae of Justin Brown**

15 MR. MARTLAND:

16 Q And by way of describing your position and
17 background, you're the senior director of
18 Financial Crimes Policy at the Federal
19 Department of Finance; is that right?

20 A (JB) That's right.

21 Q All right. And you've served with the
22 Department of Finance since 2011 in a number of
23 capacities?

24 A (JB) Also right.

25 Q You have a team right now responsible for

1 developing and analyzing policy, legislation and
2 regulations in respect of Canada's anti-money
3 laundering, or AML, and anti-terrorist framework
4 and provide corporate oversight for FINTRAC?

5 A (JB) Also right.

6 Q Prior to the position you now occupy, you had
7 served as the director of the financial
8 stability section and in that capacity your team
9 is responsible for policy in areas related to
10 promoting financial system stability?

11 A (JB) That's right.

12 Q And in terms of education, you have a Bachelor
13 of Commerce degree from Concordia University in
14 Montreal and a Masters of Arts in international
15 affairs from Carlton in Ottawa?

16 A (JB) Also right.

17 Q Are you based in Ottawa or the NCR, National
18 Capital Region?

19 A (JB) Yes, I'm in Ottawa.

20 Q All right. So I will start with maybe the
21 obvious question, what is the federal-provincial
22 working group?

23 A (CD) So maybe I'll start here and, Mr. Brown,
24 maybe you can jump in if I miss something. So
25 it's --

1 Q And just as we start, I'll ask your registrar to
2 take down the display document. Thank you.

3 A (CD) So the working group is a group of federal
4 and provincial officials who have an interest in
5 or a role related to money laundering in real
6 estate and who have gathered together to explore
7 various issues related to money laundering in
8 real estate and to sort of share experience,
9 expertise and to come up with a series of
10 recommendations for our respective ministers.

11 Justin, do you have anything to add to --
12 Mr. Brown, do you have anything to add to that?

13 (JB) I'm happy if you want to call me
14 Justin. No, that's all accurate to me.

15 (CD) Okay.

16 Q Thank you. And maybe we can turn to the origin
17 story, if you will, or the impetus for the
18 creation of the working group, if either of you
19 would be able to comment on that. Just for your
20 benefit, I have letters -- two letters from 2018
21 between the provincial and federal ministers of
22 finance. I was going to turn up, so I can do
23 that at any point or simply have you describe
24 how the group came into being.

25 A (CD) So I will respond to that question, since I

1 was -- I've been around the group longer.

2 I believe that it came about as a result of
3 these letters between -- exchanged between the
4 various ministers, certainly anti-money
5 laundering -- or money laundering in real estate
6 has been an issue of interest to the province.
7 In fact housing issues more generally have been
8 of interest -- policy interest to the provincial
9 government. And predating this working group,
10 there was a federal-provincial working group
11 on -- I don't remember exactly the title for it.
12 It's in one of these letters, but dealing more
13 broadly with housing issues. And I didn't sit
14 on that group, so I'm not very familiar with it
15 and can't speak to what it discussed. But just
16 sort of followed on from that with more focus on
17 anti-money laundering.

18 MR. MARTLAND: And why don't I bring up these letters
19 to just confirm what that -- what they tell us.

20 Madam Registrar, if we could have the letter
21 from Minister James to Minister Morneau as the
22 first document displayed.

23 And you'll see there with the way these
24 government letters all seem to have the same
25 date stamp mechanism with the date stamp of

1 February 1, 2018, from -- if you look at the
2 bottom of that you'll see that it's from the
3 office -- or that we can see at the end there,
4 Carole James, Minister and Deputy Premier for
5 British Columbia, writing to her federal
6 counterpart.

7 If we go back, please, Madam Registrar, to
8 the start of the document, there's a reference
9 to real estate markets in BC, affordability and
10 compliance with taxation and AML requirements.
11 And it goes on at the last -- second last line
12 of the first paragraph to talking about seeking
13 your support.

14 Just to complete this long-winded question,
15 page 2, first full paragraph:

16 "Given the success of this
17 collaboration --"

18 Referring to a past collaboration between the
19 two levels of government.

20 "-- I propose that we formalize the
21 BC/Canada multi-agency working group with
22 terms of reference and regularly scheduled
23 meetings."

24 Is this the -- really the start of the formal
25 launching of the working group, Dr. Dawkins?

1 A (CD) I believe so, yes.

2 MR. MARTLAND: I'll ask, Mr. Commissioner, this
3 please be marked as exhibit 700.

4 THE COMMISSIONER: Very well. 700.

5 THE REGISTRAR: Exhibit 700.

6 **EXHIBIT 700: Letter from Minister Carole James**
7 **to Minister Morneau - February 1, 2018**

8 MR. MARTLAND: And, Madam Registrar, if we could
9 switch to the letter in the column response.

10 Q This is the response. Again, with the date
11 stamp some six months or so on early August
12 2018, from the federal Minister of Finance to
13 his provincial counterpart, Minister James. And
14 I won't read it out.

15 But first of all, is either of you able to
16 confirm that's the letter responding to the
17 Morneau letter -- or sorry, to Minister James's
18 letter?

19 A (CD) Correct.

20 (JB) Correct.

21 MR. MARTLAND: All right. Mr. Commissioner, if that
22 could be marked as exhibit 701, please.

23 THE COMMISSIONER: 701.

24 THE REGISTRAR: Exhibit 701.

25 **EXHIBIT 701: Letter from Minister Bill Morneau**

1 **to Minister Carole James - August 3, 2018**

2 MR. MARTLAND:

3 Q Dr. Dawkins, there's a lot more to it, but this
4 boils down to a long version of yes?

5 A (CD) Yes.

6 MR. MARTLAND: I admire your answer.

7 I have next a document which gives us the
8 terms of reference for the working group.

9 Mr. Commissioner, I think this might be one of
10 two document that shouldn't be livestreamed
11 because it has some email and contact
12 information that we'll need to redact before
13 we're making it public. I don't think there's
14 any additional concerns beyond that.

15 But, Madam Registrar, if you could please
16 display the terms of reference for the Province
17 of British Columbia and Government of Canada ad
18 hoc working group on the real estate sector.

19 Q Dr. Dawkins or Mr. Brown, could you confirm that
20 is the mandate and objectives as set out for the
21 working group.

22 A (CD) I can confirm it, yes.

23 MR. MARTLAND: Thank you. Mr. Commissioner, if that
24 could please become exhibit 702.

25 THE COMMISSIONER: Yes. Very well. 702.

1 THE REGISTRAR: Exhibit 702.

2 **EXHIBIT 702: Terms of Reference on Real Estate**
3 **Working Group**

4 MR. MARTLAND:

5 Q And with that up on the Zoom display for the
6 panel members to see, to the extent it's helpful
7 to refer to it or read out what the mandate is,
8 but let me just ask, what is the purpose of the
9 working group?

10 I didn't direct that to either of you and I
11 think either of you could answer. So for
12 variety, Mr. Brown, why don't I ask you if you
13 could speak a little bit about the purpose of
14 the working group, the mandate and what the aims
15 of the group are.

16 A (JB) Sure. No problem. And just for clarity, I
17 think it was covered when you read my work
18 experience. But I joined the anti-money
19 laundering policy group in June 2020. So, you
20 know, these documents that we're referring to do
21 predate my involvement, but I am familiar with
22 them and I have reviewed them.

23 I mean, as stated on the document that's on
24 the screen right now, I think a working group
25 was set up to enhance coordination, discussions,

1 information sharing between the federal
2 officials and officials in British Columbia with
3 that nexus between anti-money laundering
4 expertise and expertise in the real estate
5 sector.

6 Q We see in the list of objectives on the first
7 page of this document to discuss -- I take it
8 that's between the two levels of government.

9 "- Discuss compliance with tax and
10 anti-money laundering rules in B.C.'s
11 real estate sector, and other related
12 sectors that facilitate real estate
13 transactions."

14 I'll just read on a little bit:

15 "- Identify the means of money laundering
16 in B.C. with respect to real estate;
17 - [Giving] updates between the federal
18 and provincial governments related to
19 the real estate sector ...
20 - Develop a clearer understanding of the
21 challenges [that] government agencies
22 have in carrying out their mandate in
23 the real estate sector ..."

24 It talks about sharing information such as data,
25 trends, typologies, and case examples related to

1 real estate ownership and money movement;
2 information available to federal and public
3 governments -- sorry, federal and provincial
4 governments in relation to real estate
5 transactions, ownership and financing and
6 possibilities coordinating that information to
7 combat anti-money laundering; identifying gaps
8 in the provincial and federal regulatory and
9 enforcement frameworks and so forth.

10 This is really quite a broad list of aims
11 that the working group has centred on real
12 estate in British Columbia. Is that fair to
13 say, Dr. Dawkins?

14 A (CD) Yes, it is. Correct.

15 Q And, Mr. Brown, from the federal point of view,
16 this is the federal government engaging
17 specifically here in the working group with the
18 Province of British Columbia. Are there
19 equivalent working groups or undertakings
20 underway with other provinces?

21 A (JB) Not that I'm aware of, no.

22 Q Is this one a little distinctive in being
23 focused on real estate and in particular fraud,
24 money laundering, tax evasion through real
25 estate?

1 A (JB) Yes. And as mentioned earlier, this was in
2 response to a letter from the British Columbia
3 Minister of Finance at the time, and this was
4 part of the federal government's response to set
5 up this working group. There is of course other
6 engagement with the provinces on anti-money
7 laundering issues, on real estate issues.

8 There may be other federal-provincial
9 working groups on other topics or on real estate
10 not related to anti-money laundering, but
11 insofar as this is a bilateral working group
12 between the federal government and the British
13 Columbia government on anti-money laundering in
14 real estate, this is the only such group that
15 I'm aware of.

16 Q Okay. And we see there at the top of the page
17 that the working group is called the ad hoc
18 working group. Do you have perspectives on the
19 longevity or expected life span of the working
20 group? Is that something that was contemplated
21 when it was created or as it's been used?

22 A (CD) So I don't think there were -- I don't
23 think there was a timeline envisioned for the
24 group when it was created. I think the group
25 has come to its sort of formal conclusion with

1 Institutions; the Land Title and Survey
2 Authority; the Superintendent of Real Estate;
3 the BC Securities Commission. And although --
4 Q We can scroll down to help you along to complete
5 the list.
6 A (CD) Yes. I believe Consumer Protection BC is
7 on this list, but I don't believe that they were
8 actually involved. And then the Real Estate
9 Council of British Columbia.
10 Q Great. Mr. Brown, I'm going to give you the
11 same benefit of the cheat sheet. If you could
12 advise, please, as to the federal participants
13 in the working group.
14 A (JB) Sure. Similarly, the working group brought
15 together departments and agencies with an
16 expertise in either anti-money laundering or the
17 real estate sector. So Department of Finance
18 Canada, which has shared overall responsibility
19 with public safety for the federal anti-money
20 laundering and anti-terrorist financing regime;
21 the RCMP, which is law enforcement; FINTRAC,
22 which is Canada's financial intelligence unit
23 and anti-money laundering and anti-terrorist
24 financing regulator; Statistics Canada, which
25 has expertise in terms of data and statistics;

1 Canada Revenue Agency, which has expertise in
2 terms of taxation issues. There was a tax
3 evasion angle that was incorporated in some of
4 our discussions. The Canada Mortgage and
5 Housing Corporation, which has expertise in the
6 housing sector. And the Bank of Canada, which
7 also has broad expertise in terms of
8 macroeconomic indicators and data.

9 MR. MARTLAND: Thank you. Madam Registrar, I don't
10 think we need that document displayed any
11 further at this point.

12 Q I understand that the working group has three
13 work streams. I'm proposing to ask you some
14 more detailed questions about each of the work
15 streams, but first if you could please help us
16 to understand what the work streams are.

17 A (CD) So after our initial meeting in January of
18 2019 -- I think it was January of 2019 or early
19 2019 -- we had a number of presentations from
20 both federal and provincial members of the
21 ad hoc working group, and this meeting was
22 largely exploratory. People were talking about
23 what areas they were working in and what they
24 found as challenges.

25 And from that meeting there were three sort

1 of -- three main themes that were identified.
2 So the first theme related to data shares,
3 information sharing, and you know, the
4 availability of data. The second was related to
5 the sort of regulatory framework with respect to
6 real estate. And then the third was related to
7 issues with enforcement of -- policing and
8 enforcement.

9 So following those presentations, the
10 decision was to create these three work streams,
11 each of which would have a federal and a
12 provincial co-lead and that these work streams
13 would identify questions and explore issues
14 further related to their particular area.

15 Q And so, Mr. Brown, as just an example of how
16 different federal agencies engaged with these
17 work streams, I take it on the data collection
18 part of it, work stream 1, for example,
19 Statistics Canada was more intensively involved
20 in that work stream and has been?

21 A (JB) Yes, that's correct. So just to elaborate
22 on your question and what Ms. Dawkins said, the
23 overall working group was co-chaired by the
24 federal and BC departments of finance or
25 ministries of finance. And then each of the

1 three work streams had a federal and BC
2 co-chair. So from the federal side, work
3 stream 1, the co-lead, call it, was Statistics
4 Canada. I forget, actually, the co-lead from
5 the BC side. My apologies. Work stream 2 was
6 co-led by the Department of Finance -- the
7 federal Department of Finance, and the BC
8 Ministry of Finance, and then work stream 3 was
9 co-led, again on the federal side, by the RCMP.

10 Q Dr. Dawkins, the first part of that, the data
11 side and the provincial counterpart, was that
12 Mr. Baron from FREDA?

13 A (CD) Correct, yes.

14 Q Okay.

15 A (CD) Then the -- for work stream 2 the
16 provincial co-lead was Mr. Primeau and then for
17 work stream 3 it was Mr. Tom Steenvoorden, who
18 was the co-lead for most of it and then it has
19 since -- he's moved on to a different role and
20 it's currently Mr. Brian Sims.

21 Q Thank you. Okay. And so why don't I work my
22 way through. And that's a very useful way of
23 giving us the structure and an understanding of
24 how this has been set up and these different
25 work streams. I'll start with the first work

1 stream, the data collection and sharing work
2 stream. I have a few documents I'd like to use
3 as -- in an attempt to ask intelligible
4 questions.

5 MR. MARTLAND: So the first one, Madam Registrar,
6 is -- and I'll be giving the document IDs as I
7 refer to these. It's CAN001758.

8 And the title there may not be as helpful,
9 "Anti-Money Laundering in the Real Estate
10 Sector," but if we go down to the -- a little
11 lower on that page, please. And you'll see
12 there the indication -- this refers to "Work
13 Stream 1: Data Collection and Sharing" with a
14 date of December 9, 2020, for the working group.

15 Dr. Dawkins, is that the document prepared
16 by the folks in work stream 1?

17 A (CD) So I -- it is -- it was prepared by folks
18 in work stream 1. However, my understanding is
19 that it was primarily produced by the StatCan
20 group in work stream 1 and had very sort of
21 little input from the British Columbia side.
22 But that is a question that would be possibly
23 better directed to Mr. Baron, as he was the
24 co-chair of the work stream.

25 Q Yes. And, Mr. Commissioner -- maybe I'll ask

1 Mr. Brown this too, but -- I'll ask it as a
2 question.

3 Mr. Brown, the co-chair from the Statistics
4 Canada side for this report is Haig McCarrell;
5 is that right?

6 A (JB) That's correct.

7 Q Okay. And do you think this to be the work product
8 from that work stream 1 within the working
9 group?

10 A (JB) It looks like it. Would you mind scrolling
11 to the table of contents to be extra sure.

12 Q Yes, certainly. You can have a look. That
13 would be sensible. It's page 3 of the PDF we
14 see that.

15 A (JB) Yes. And maybe just for some additional
16 clarity, there was -- there were two documents
17 that were produced by work stream -- well, there
18 were a number of working documents, but in terms
19 of the sort of final reports, there were two
20 documents. What you're showing here is the
21 longer paper.

22 Q Yes.

23 A (JB) It's sometimes referred to as a feasibility
24 study. It's the work stream 1 report. It has a
25 joint purpose. It served as the end product for

1 the work stream 1 of this working group. It
2 also was a product that stems from -- I believe
3 it's budget 2019 funding that was provided to
4 Statistics Canada to look at data needs in the
5 real estate sector in British Columbia related
6 to anti-money laundering. So this much longer
7 report was led by Statistics Canada, but they
8 did consult with the work stream 1 members in
9 developing it.

10 A second product was also provided, and I
11 believe you might have it on your record. It's
12 simply an executive summary of this longer
13 report.

14 Q Right.

15 A (JB) Which is meant to be a product that could
16 be more easily reviewed by people.

17 MR. MARTLAND: Well, that is useful and I certainly
18 don't propose this -- it's some 150-odd pages
19 and I won't be working my way page by page
20 through it. So hopefully I'll get to those
21 other documents. It's useful to hear you
22 describe them.

23 Mr. Commissioner, in this could please be
24 marked. The feasibility study, if it could
25 please be marked as exhibit 703.

1 THE COMMISSIONER: 703.

2 THE REGISTRAR: Exhibit 703.

3 **EXHIBIT 703: Report - Work Stream 1 Feasibility**
4 **Study - December 9, 2020**

5 MR. MARTLAND: And for Madam Registrar's benefit it
6 might be useful to call this as the exhibit name
7 "work stream 1 feasibility study."

8 Q Mr. Brown, that was the term you used to call it
9 a feasibility study?

10 A (JB) The term predates me, but I saw it being
11 used when we were discussing document
12 disclosure, so I think that is a term that's
13 been used. For me it's the full work stream 1
14 report, but I think feasibility study is
15 accurate as well.

16 MR. MARTLAND: Okay. Since I have it on display,
17 I'll go to a few portions of the document. If
18 we could go down -- it should be PDF page 9,
19 Madam Registrar.

20 And this is the shortcut from lifting key
21 findings that come out of the executive summary,
22 but to simply work my way through these bold
23 points, I should say we do have the benefit of a
24 few witnesses from Statistics Canada, including
25 McCarrell, coming on Thursday of this week. So

1 we'll be getting into much more detail through
2 those witnesses.

3 Q Mr. Brown, we see here:

4 "Laundering money through the Canadian
5 real estate market uses a diverse array of
6 methods."

7 And then in the first sentence there, reference
8 to eight schemes and 22 subschemes. So was work
9 stream 1 in part doing work to look at and
10 identify these different methods of money
11 laundering -- of -- yeah, money laundering?

12 A (JB) Yes. Would you like me to elaborate or is
13 a yes or no answer fine?

14 Q I think for now I'll stick with the short answer
15 and we may come back to that, but I think for
16 now we'll go with that.

17 Second point there an indication:

18 "Court records do not reflect the full
19 extent of ML efforts in Canada."

20 And, again, the short answer I think is fine for
21 present purposes.

22 A (JB) Apologies, what is the question on
23 the court records?

24 Q I'm just asking you to confirm that that's one
25 of the aspects, one of the findings that this

1 working group -- that work stream number 1 group
2 has identified. The court records don't give
3 the full picture with respect to efforts to
4 address money laundering?

5 A (JB) Yes.

6 Q And in a simplified way, what that is describing
7 is that if one is simply going and pulling court
8 files to learn the outcome of prosecution,
9 sentences, what have you, that may not give the
10 full picture with respect to the extent of AML
11 efforts.

12 A (JB) That's correct.

13 MR. MARTLAND: At the bottom of that page 3:

14 "[AML] efforts would be more effective by
15 enhanced partner collaboration and data
16 sharing."

17 The data sharing is something I'll be coming
18 back to. So why don't I simply -- why don't I
19 do this. I'm going to leave that document and
20 shift over to a few other documents that relate
21 to the work stream number 1, please.

22 And so, Madam Registrar, if we could please
23 bring up a different document, which is FSA0010.
24 This document is entitled "BC Canada Working
25 Group on Real Estate: Data Work Stream Data

1 Holdings Template." And if we read through it,
2 it seems to talk about -- you see under the
3 numbered list:

4 "The purpose of this document is to
5 collect information on the data held at
6 your institutions."

7 This is something, I take it, used by the work
8 stream 1 people to reach out to different
9 institutions to learn about the data they hold.

10 Q Dr. Dawkins, is that a document you're familiar
11 with?

12 A (CD) It is not. I should point out that as
13 co-chairs, our roles were more related to
14 coordinating meetings and getting documents
15 together in preparation for a final report. I
16 was certainly not involved in any of the
17 day-to-day operations or activities of the
18 specific work streams. That was led to -- that
19 was left to the work stream groups themselves.

20 Q Thank you. Mr. Brown, is this a document that
21 you're familiar with?

22 A (JB) First off, I apologize, I didn't really
23 hear Ms. Dawkins's answer. It was choppy on my
24 end.

25 I'm not very familiar with this document. I

1 believe it's a document used by the work stream
2 1, which I was not a part of, and was used to
3 gather information to support that work likely
4 before I began. So I would suggest, if you have
5 a Statistics Canada testifying later on, they
6 would be the best placed to answer your
7 question.

8 MR. MARTLAND: Yes. And Mr. Commissioner, I think
9 that is likely to be the route I go, but to
10 connect the dots between this and Thursday, I'm
11 going to ask this be marked as an exhibit for
12 identification, and I can address it later in
13 the week.

14 THE COMMISSIONER: All right. We'll mark this -- I'm
15 not sure --

16 THE REGISTRAR: That would be exhibit G for ID.

17 THE COMMISSIONER: Exhibit G. Thank you, Madam
18 Registrar.

19 **EXHIBIT G FOR IDENTIFICATION: BC-Canada Working**
20 **Group on Real Estate - Data Work Stream - Data**
21 **Holdings Template**

22 MR. MARTLAND: Thank you. I will ask to please bring
23 up and see if I have any better success,
24 FSA0014.

25 Q And we see here it looks like a PowerPoint type

1 of display. This talks about the data
2 collection and sharing work stream status
3 update. This seems to be an interim document or
4 an in-progress type of document. It refers to a
5 meeting with the BC and Canada working group on
6 real estate from late August 2019. Is either of
7 you familiar with this update document? I think
8 you can leave yourselves unmuted if you like.
9 That's typically a fine thing.

10 A (CD) Okay. I may have been present at the
11 meeting where they presented this document.
12 However, I don't have a specific recollection of
13 that.

14 Q That's fine.

15 A (JB) And I would have familiar to the extent
16 that I've reviewed the document after the fact.
17 Again, it looks like something that Statistics
18 Canada would be well placed to explain in more
19 detail.

20 MR. MARTLAND: Mr. Commissioner, I'll ask to do the
21 same thing and have this marked for as an
22 exhibit for ID, but I will use it to ask a few
23 questions.

24 THE COMMISSIONER: All right. That would be
25 exhibit H, then.

1 THE REGISTRAR: Exhibit H.

2 **EXHIBIT H FOR IDENTIFICATION: Data Collection**
3 **and Sharing Work Stream Status Update -**
4 **August 26, 2019**

5 MR. MARTLAND: Thank you.

6 Q And so if we could have a look at page 3 of this
7 document. Appreciating this may be a document
8 that you -- if you've reviewed it, it may have
9 been after the fact and so forth, so it may be a
10 bit of a secondhand way to ask questions. So to
11 the extent anything here doesn't -- isn't within
12 your knowledge or awareness, don't be shy to say
13 that and don't feel obliged to answer a question
14 if I'm overreaching.

15 But it lists under the objectives:

16 "STC --"

17 That's Statistics Canada.

18 "-- and BC Finances co-leads working with
19 federal and BC partners."

20 And then it identifies there to produce a
21 theoretical data framework on money laundering.

22 Next bullet:

23 "The main research outputs of the work
24 stream will be a feasibility study."

25 And then it lists off what the feasibility study

1 will address, giving the relevant data, where
2 the relevant data resides, description and
3 assessment of the specified data holdings, legal
4 and/or policy restrictions to sharing the data.
5 And finally an options analysis and an analysis
6 of options and recommendations related to AML.

7 Is that a fair description of the work to
8 your understanding that work stream 1 was
9 involved in, Dr. Dawkins?

10 A (CD) I can't speak -- I don't have any specific
11 knowledge of the work that work stream 1 was
12 involved in other than what emerged in the final
13 report.

14 Q Thank you. That's fine. Mr. Brown, any
15 different perspectives?

16 A (JB) I would concur with what was said, but just
17 based off of my knowledge of the final report,
18 this broadly looks to be reflected in that final
19 report. Although I would mention the bullet on
20 "legal and/or policy restrictions to data
21 sharing," the final report did not undertake, I
22 would say, a complete -- but, I mean, I think it
23 just sort of touched the surface, if it even
24 went that far in terms of the legal analysis or
25 broader policy questions. Work stream 1 really

1 in large part did focus on the data question.
2 And so one of the points that was made, if not
3 explicitly in the report, then certainly in
4 discussions, was a need to take the
5 recommendations from that work stream and put it
6 through those other lenses, legal broader policy
7 questions.

8 Q Thank you. And I'm not trying to build
9 suspense, but the final report, I will get
10 there. Is that -- is the date on it, though,
11 January of this year, January 2021?

12 A (CD) Correct.

13 Q Okay. So that's helpful in terms of looking at
14 a document like I just had on screen, which had
15 a date of late August 2019. It's obviously some
16 earlier stage of the work that's been done.

17 A (CD) M'mm-hmm.

18 MR. MARTLAND: Okay. I will -- third time lucky or
19 not, have a go with FSA0015, please. I think
20 that might skip over one listed document, Madam
21 Registrar, that I had sent.

22 What we see here, "AML Work Stream Update."
23 It says "Work Stream 3 Data Collection and
24 Sharing," then it has a date of February 26,
25 2020. Just before I ask a bit more, I'll just

1 look over. If we can go to the second page.
2 We've got an overview of a presentation. It
3 talks about the background information, collation
4 and information gathering. Then on to the next
5 page it gives the background, the rationale for
6 the WS work and treasury board mandate and the
7 outputs and reports. One question I have, does
8 either of you know what this document is and is
9 it actually work stream 1 as opposed to 3? If
10 you know.

11 A (CD) I -- sorry. Go ahead, Mr. Brown. Sorry.

12 (JB) I was just going to reiterate that, I
13 mean, I reviewed this document after the fact,
14 so I can't speak to whether it was presented at
15 a work stream meeting or an overall working
16 group meeting. Based on the content that you're
17 showing me it would look to be work stream 1.
18 But I think that's something that again can be
19 confirmed with Statistics Canada.

20 MR. MARTLAND: All right. Mr. Commissioner, I'm
21 simply loading the basis for myself later in the
22 week, but I'm going to ask that this be marked
23 as an exhibit for identification as well,
24 please.

25 THE COMMISSIONER: Very well. That will be

1 exhibit I.

2 THE REGISTRAR: Exhibit I.

3 **EXHIBIT I FOR IDENTIFICATION: AML Work Stream**
4 **Update - Work Stream 3 - Data Collection and**
5 **Sharing - February 26, 2020**

6 MR. MARTLAND: And I will get to the final report and
7 we'll actually get to the substance of this
8 work, so I do want to think I'm neglecting that.
9 But I do want to simply cover some of these
10 documents. I'm going to turn to work stream 2,
11 which is I think identified as the work stream
12 dealing with regulatory gaps, compliance
13 standards and education.

14 And, Madam Registrar, if you could please
15 bring up CAN001763. We may need to zoom out to
16 fit that onto a screen display. And just to
17 give a date to it, if we could go to page 2. We
18 see some information about this after the
19 fancier cover. The date on it is December 15,
20 2020, a report provided to Dr. Dawkins and Lynn
21 Hemmings, the Director General -- a Director
22 General within Department of Finance Canada.

23 Q Dr. Dawkins, is this the final report of work
24 stream 2?

25 A (CD) Yes.

1 MR. MARTLAND: Okay. There. I'll ask,
2 Mr. Commissioner, if this could be an exhibit --
3 marked as an exhibit proper, please.

4 THE COMMISSIONER: Very well.

5 THE REGISTRAR: Exhibit 704, Mr. Commissioner.

6 THE COMMISSIONER: Thank you.

7 **EXHIBIT 704: Work Stream 2 - Regulatory Gaps,**
8 **Compliance, Standards and Education**

9 MR. MARTLAND: Thank you. Let me turn to the next
10 page of the document, please.

11 Q Under the second paragraph there it says:

12 "To fulfill its mandate the working group
13 established three different work streams.
14 Work stream 2 was responsible for
15 discussing regulatory gaps and ways to
16 improve compliance, standards and
17 education."

18 It then lists off a number of issues to
19 consider, identifying important regulatory gaps
20 and challenges and ensuring compliance, and then
21 lists off a number of recommendations made by
22 earlier processes, house of commons standing
23 committee, the BC experts panel, the second
24 Peter German report.

25 Dr. Dawkins, the latter two refer to reports

1 that were commissioned in the Province of
2 British Columbia; is that right?

3 A (CD) I'm sorry, I'm not seeing the page of the
4 document to which you are referring.

5 Q Okay. I'm sorry, I don't know that I gave one.
6 So on your screen -- I was referring to what's
7 on the screen display, but absolutely you can
8 look at a different copy of the same document if
9 you prefer. It's page 1 of the document itself.

10 A (CD) Right. Okay.

11 Q Just after that title page.

12 A (CD) Yes.

13 Q And then under the -- within the bullets, the
14 first bullet near the middle of the page there
15 talks about these different reports.

16 A (CD) Okay. Yes. So the BC expert panel on
17 money laundering and the second Peter German
18 report are -- yes, they're British Columbia
19 documents.

20 Q Earlier in the date we were referring to that
21 expert panel report as the Maloney report.
22 That's the same thing?

23 A (CD) Correct.

24 Q Okay. Within issues to consider for this work
25 stream group, the second bullet:

1 "Exploring how regulatoryies can cooperate
2 to improve compliance, explore how to
3 ensure compliance with new obligations to
4 provide beneficial ownership information."

5 And the next one:

6 "Options to help regulated entities
7 improve their understanding of existing
8 risks."

9 It goes on to talk about collaborative
10 initiatives. That's all a description of work
11 that work stream 2 was involved in?

12 A (CD) I believe so. As I mentioned earlier, I
13 was not involved in work stream 2 directly, but
14 if they have set this out as work that they've
15 been -- undertaken, then I have no reason to
16 assume differently.

17 Q Okay. And this comes in the context --
18 Dr. Dawkins, I see you as one of the people that
19 the report is provided to.

20 A (CD) Correct.

21 Q So I appreciate that it wasn't you doing the
22 work, but as it's reported to you, this is your
23 understanding of what work stream 2, that group
24 of people did in their undertaking?

25 A (CD) Correct.

1 Q Okay. And so I'd like to review some of these
2 findings that are reported to you as a result of
3 the work stream 2 group. Lower on at that page
4 under "Issues and Findings," it says:

5 "Issue 1: Review the potential benefits
6 of including mortgage brokers and
7 unregulated mortgage lenders as reporting
8 entities under the Federal
9 AML/ATF Regime."

10 And to pick up on some of the commentary, if we
11 go over to the next page about three paragraphs
12 down, you'll see a paragraph that begins:

13 "Money laundering risks in the mortgage
14 lending space are fundamentally twofold:
15 1) lenders may receive payments from the
16 borrowers, which are proceeds of crime, or
17 2) they may unwittingly or wittingly
18 provide financing with funds that are
19 proceeds of crime. Sometimes, a
20 combination of both is used by
21 sophisticated criminal actors ..."

22 So I take it this identifies a risk in the
23 mortgage lending space as the words in the
24 document say?

25 A (CD) Again, I would assume so. I have to take

1 at face value what the work stream 2 reported.

2 And that's what they seem to have -- that's what
3 they've stated in this document, so ...

4 Q Okay. That question about risk in the mortgage
5 lending space, I wonder if either of you is in a
6 position to comment on the nature and character
7 of that risk. Is it an identifiable risk?

8 A (CD) I'm not in a position to comment on that.

9 (JB) I'm not sure I completely understand
10 the question in terms of it being an
11 "identifiable risk."

12 Q Is it a risk?

13 A (JB) Yes. As reflected in the work stream
14 report and as we're looking into in terms of
15 updating our national inherent risk assessment,
16 we believe there is a risk of money laundering
17 in the real estate sector.

18 Q And can you comment on the character and nature
19 of that risk?

20 A (JB) I think it's well described in this report,
21 so apologies if I'm somewhat repetitive, but
22 lenders who can receive payments from borrowers,
23 who are then proceeds of crime, so people who
24 are committing crimes and then using those funds
25 to pay for their mortgages. And being used to

1 MR. MARTLAND: Mr. Commissioner, I might suggest we
2 stand down maybe for five minutes for the --
3 hopefully to resolve the headphones issue.

4 THE COMMISSIONER: All right. Let's do that. Thank
5 you.

6 MR. MARTLAND: Thank you.

7 THE REGISTRAR: The hearing is stood down for five
8 minutes until 12:22 p.m.

9 **(WITNESSES STOOD DOWN)**

10 **(PROCEEDINGS ADJOURNED AT 12:17 P.M.)**

11 **(PROCEEDINGS RECONVENED AT 12:21 P.M.)**

12 **CHRISTINA DAWKINS, a**
13 **witness for the**
14 **commission, recalled.**
15 **JUSTIN BROWN, a witness**
16 **for the commission,**
17 **recalled.**

18 THE REGISTRAR: Thank you for waiting. The hearing
19 is resumed, Mr. Commissioner.

20 THE COMMISSIONER: Thank you, Madam Registrar.

21 Thank you, Mr. Martland.

22 MR. MARTLAND: Thank you, Mr. Commissioner. And
23 thank you, witnesses, for your patience as we
24 deal with the technology issues here and there.
25 I'd like to just ask one or two further

1 questions dealing with the document we had on
2 display. I think it's exhibit 704.

3 Madam Registrar, and I had -- there we are.
4 It's page 6 of the document itself that's on
5 display.

6 **EXAMINATION BY MR. MARTLAND (continuing):**

7 Q You'll see there's this reference -- and
8 Dr. Dawkins, I'll ask this question of you now
9 that your audio is back working. The issue
10 that's identified is:

11 "Consider the enforcement tools available
12 to *LOTA* officers."

13 That refers to *LOTA* enforcement officers. You
14 can see at the end of that first paragraph where
15 the defined term of LEOs is given, it talks
16 about *LOTA* enforcement officers or LEOs. And if
17 we go down just at the bottom of what's on
18 display, the paragraph that starts with:

19 "Regarding FINTRAC's role as an FIU, one
20 option considered was making LEOs a
21 FINTRAC disclosure recipient to allow them
22 to receive financial [institutions]."

23 I appreciate some of this is also set out in the
24 final report of the entire working group. But
25 the bottom line here is if you can help us

1 understand what happened with respect to the
2 suggestion about LEOs being given the status of
3 being FINTRAC disclosure recipients.

4 A (CD) So my understanding is that that is -- this
5 is a recommendation that would -- that could be
6 considered in future. Right now the -- as
7 Mr. Primeau testified, the Landowner
8 Transparency Registry is -- has just started to
9 be operational in November of 2020 and has
10 started collecting information, and the search
11 functions are not even yet available. So our
12 initial -- our initial task, the tasks is to try
13 and stand this landowner transparency register
14 up and have it functioning before we start
15 talking about sort of amendments that we could
16 make to the registry in future. So I would see
17 this as something that we could discuss in the
18 future.

19 Q And to round out that commentary about this
20 particular recommendation, if we could go to the
21 next page of the document. In the middle of the
22 page you see these -- the three or four bullet
23 points about findings of this work stream. One
24 of them:

25 "An MOU between the LEO and FINTRAC for

1 regulatory compliance purposes is not
2 recommended at this time, given the lack
3 of overlap between *LOTA* reporting bodies
4 and *FINTRAC* reporting entities."

5 Secondly:

6 "The work stream does not recommend making
7 the LEO a *FINTRAC* disclosure recipient,
8 given legal threshold set out by the
9 *PCMLTFA* and the LEO's lack of criminal
10 [investigative] powers."

11 But it goes on to say there should be continuing
12 targeted discussions about potential information
13 sharing.

14 Is that a fair summary of what this work
15 stream fed into the overall working group on
16 this particular topic?

17 A (CD) So it would seem that my previous comment
18 that it's something that we could look at later,
19 it looks like the work stream actually
20 considered that issue and decided against it.
21 So it looks like it's not something that they
22 recommend looking at later. They've already
23 explored that option and decided it's a
24 non-starter.

25 MR. MARTLAND: Okay. If we could go, Madam

1 Registrar, please, to -- there's a document --
2 and I'll ask that this not be shown on the
3 livestream. I think there's a few email
4 addresses. That's the only reason it can't be
5 displayed at this point until we've dealt with
6 redactions to those. This is CAN001764, and it
7 should be the report of work stream 3.

8 And maybe we'll turn to the second page of
9 it. It's sort of in a somewhat different format
10 than the one we just looked at which was pretty
11 clearly the final report and had a date and
12 identified who it was going to. This simply
13 says -- maybe just up a little bit, Madam
14 Registrar.

15 You'll see displayed in grey, "Work
16 Stream 3: Improving Enforcement and Prosecution
17 Update." It seems to be an update document.
18 First, does either of you recognize and know
19 this to be an update from work stream 3 feeding
20 into the work -- the overall working group?

21 A (JB) Yes, this would be the work stream 3
22 report.

23 Q All right.

24 A (JB) Similar to work stream 1 and work stream 2.

25 Q Okay. And this is called an "update" as opposed

1 to final report, but is it effectively -- to
2 your understanding is this the final report of
3 work stream 3?

4 A (JB) Yes.

5 Q Mr. Brown, do you know? Yeah.

6 MR. MARTLAND: Okay. Mr. Commissioner, if this could
7 please be marked as exhibit 705.

8 THE COMMISSIONER: Very well.

9 THE REGISTRAR: Exhibit 705.

10 **EXHIBIT 705: Work Stream 3 - Improving**
11 **Enforcement and Prosecution**

12 MR. MARTLAND: With respect to the work stream 3
13 enforcement and prosecution, if we could go down
14 one page, please, Madam Registrar, and I'll just
15 list off these different participant
16 organizations. We'll see in that table there on
17 the provincial side the Ministry of Public
18 Safety and Solicitor General; Ministry of
19 Attorney General, AG-Prosecutions, as distinct
20 from the AML secretariat; the Office of the
21 Superintendent of Real Estate and the
22 BC Ministry of Finance/FICOM.

23 Q And, Dr. Dawkins, as you noted earlier, that
24 might be updated to BCFSA at this point
25 replacing FICOM.

1 A (CD) Correct.

2 Q On the federal side RCMP CFSEU, Combined Forces
3 Special Enforcement Unit. CRA, Canada Revenue
4 Agency.

5 MR. MARTLAND: This is over to the next page, please,
6 Madam Registrar.

7 Q And Finance Canada and CMHC. Mr. Brown, those
8 are the federal partners in the work stream 3
9 body; is that right?

10 A (JB) IT should be, yes.

11 Q Okay. And then we see here there's a
12 description that is the effectively the report
13 back to the overall working group of what work
14 stream 3 has attempted to do. Under issue
15 number 1, "Criminal and Regulatory, Intelligence
16 and Investigations."

17 MR. MARTLAND: And then if we could just go down to
18 the latter part of that same page, please, Madam
19 Registrar.

20 Q We see the heading "Sharing Across the Divide."
21 And it speaks about a number of issues.
22 Creation of linked FIUs, financial -- I take it
23 that's financial intelligence and investigations
24 units. Does either of you know that
25 terminology, by the way?

- 1 A (CD) I don't have specific knowledge. I would
2 make the same assumption that you make, but I
3 have no additional knowledge.
- 4 Q Okay.
- 5 A (JB) Likewise on my end.
- 6 Q That's fine. And it talks about a number of
7 issues that are identified there. At a general
8 level, those issues seem to be more questions or
9 identification of issues as opposed to sort of
10 measurable, specific steps that are recommended
11 by this work stream. Do you agree with that
12 proposition?
- 13 A (CD) Yes.
- 14 Q There's some further information here, and I
15 don't propose to cover this in great detail, but
16 among other things it talks about initiatives
17 such as the ACE team, the Financial Crime
18 Coordination Centre, which I understand to be
19 effectively the rebranded name for the ACE team.
20 Maybe I could pause on that and ask, does either
21 of you know that to be the case?
- 22 A (CD) Sorry, I don't have a specific knowledge of
23 that.
- 24 Q I think I said earlier I'm not trying to have
25 you overreach. If you're not sure about it, we

1 have a number of other witnesses who can help to
2 flesh these things out.

3 A (JB) Yes, the ACE team has been rebranded to --
4 FC 3? Is that -- apologies to speak in
5 acronyms.

6 Q Yeah. Well, I can tell you it's not that I've
7 memorized it, but I'm looking at the next page
8 down from there. There's a lot of acronyms, and
9 until maybe five minutes you had them all down.
10 So in the middle of the page there you'll see
11 the sentence:

12 "The ACE Team is proposing to re-brand
13 itself as a Financial Crime Coordination
14 Centre (FC3)."

15 So I think you have that right.

16 A (JB) I remember the acronym but not the full
17 spelling.

18 Q And likewise lower on the page there's reference
19 in the last paragraph to the Counter Illicit
20 Finance Alliance, or CIFA, led by the RCMP.

21 Out of interest is CIFA an initiative that
22 either of you has anything beyond a passing
23 familiarity or sense of?

24 A (CD) Yes. Mr. Primeau and I sit on the -- they
25 have a group called associate partners, and so

1 we attend those meetings as associate partners.

2 Q And that group grew out of the Project Athena
3 initiative in this province, Dr. Dawkins; is
4 that right?

5 A (CD) I believe that to be the case, yes.

6 MR. MARTLAND: Okay. Thank you, Madam Registrar. I
7 don't need that document displayed any further
8 at this point.

9 Q Having rather painfully tried to work through a
10 handful of documents there, I'll just step back
11 from that for a little bit and ask at a general
12 level, what sort of process has the working --
13 the federal provincial working group on real
14 estate used for its work? So if you could just
15 help us understand in sort of everyday terms.
16 Is this meeting? Is this report writing? Is
17 it information gathering? Is it all of those
18 things? How has this work been undertaken by
19 federal and provincial members of the group?

20 A (CD) So maybe I'll start out and then Mr. Brown
21 can jump in if I'm missing something.

22 So there have been, I think, four -- three
23 or four face-to-face meetings of the entire work
24 stream and one attempt to -- of the entire
25 working group, and one attempt to have a meeting

1 via teleconference that didn't work out
2 particularly well. We had technological issues.
3 So at these meetings the various work streams
4 will -- there will be various presentations that
5 will be of interest to -- well, to the group,
6 and some of them will be updates or from various
7 working groups.

8 The working groups themselves have their own
9 cadences for meetings. My understanding is some
10 met more frequently than others, particularly
11 the -- I believe that the data and the
12 regulatory work streams met quite frequently and
13 I don't have specific knowledge about the work
14 stream 3.

15 We would have occasional teleconferences
16 between the co-chairs and the -- the co-chairs
17 of the working groups and the co-chairs, myself
18 and either Mr. Brown or Ms. Hemmings, to discuss
19 what the sort of progress should be of the
20 group. So when the next meeting should be, what
21 the final deliverable shall be. And we have had
22 meetings to talk about the creation of the final
23 report and what the sort of timeline for that
24 should be. And -- yeah, and then the working
25 groups were essentially left to themselves to

1 undertake their work without involvement from
2 the other working groups or from the federal and
3 provincial co-chairs of the -- from myself or
4 Mr. Brown or Ms. Hemmings.

5 Justin, do you have anything -- Mr. Brown do
6 you have anything in there to add to that?

7 (JB) That all sounds accurate according to
8 my understanding. When I came into this group
9 it was rather late in the process, so my
10 personal role was really trying to take all of
11 the discussions that had happened mostly, if not
12 almost entirely, prior to my arrival and really
13 focus on creating those work stream reports and
14 then the final report to go to our respective
15 ministers. So, you know, laying out
16 expectations, timelines, doing all of those
17 followups so that we had essentially four more
18 products that responded to our mandate.

19 Q Is it the nature of a working group like this,
20 an ad hoc body that is a group of people brought
21 together with a view to tackling some distinct
22 issue, that there's no one way of doing it?
23 There's sort of a bit of this is more jazz than
24 scripted music?

25 A (CD) Well, I would say that -- I don't have

1 enough experience of other working groups to be
2 able to make that comparison, but I would say
3 that this was very much an endeavour that sort
4 of evolved as it went along in that sort of, as
5 you were saying, more like jazz than whatever
6 the other kind of music was. And now I've lost
7 my train of thought.

8 Q Well, maybe I'll ask Mr. Brown -- go ahead.

9 A (CD) No, I was going to say, you know, part of
10 the great value in this working group was the
11 relationships that developed between federal and
12 provincial officials and the sort of exchange of
13 ideas and the understanding of what people were
14 working on and what sorts of issues they found
15 most pressing within their various purviews.

16 But Mr. Brown, I'll let you continue with
17 that.

18 (JB) Again, I agree. Earlier an exhibit was
19 shown with a long list of different objectives
20 of the working group, but at its core the goal,
21 according to my understanding, was to bring
22 together the different organizations with that
23 nexus of responsibility between anti-money
24 laundering and real estate and to facilitate
25 greater discussions, coordination, information

1 sharing.

2 So in terms of the end deliverable or the
3 end product, there was an interim report that
4 was produced and then we have a final report
5 that was provided to our respective ministers
6 and then there's a bunch of other working
7 documents that helped feed into that. But I
8 don't believe an end product was actually
9 specified in the mandate. That was just us
10 deciding amongst ourselves, you know, what were
11 the priorities, what were the most important
12 issues to bring to our ministers' attention and
13 the key findings.

14 Q Is it the case would you agree there seems to be
15 some maybe -- and this isn't critical; it's not
16 intended to be a critical suggestion, but some
17 unevenness as between, for example, the work
18 streams in the sense that that first work stream
19 has developed a very lengthy and detailed report
20 on the data issues in comparison to, for
21 example, the work stream 3, which seems to be
22 more in the nature of raising a set of active
23 questions for further discussion? Can you
24 comment on that?

25 A (CD) I think that's a fair characterization.

1 Q I mean, sort of to me it makes sense that that
2 would be the case because this isn't about
3 solving the world's problems within 18 months or
4 anything, but rather building relationships,
5 building flows of information, engaging the
6 right people, collectively making sure that you
7 don't have gaps between federal and provincial
8 work that's been done. Is that a fair way to
9 put it?

10 A (CD) I would agree with that statement, yes.

11 (JB) I would just add, again, that the end
12 product for this working group was not
13 prescribed, and I can't really speak to the
14 specifics of how the three work streams were
15 established. But work stream 1 is different in
16 the sense that it was also responding to the
17 funding provided and the authorities given to
18 Statistics Canada under budget 2019. So it did,
19 again, have that dual purpose. It was
20 effectively a study, whereas the other two work
21 streams and the final product of the working
22 group didn't have that specific direction, I
23 would say. So, you know, different issues we
24 adapted the discussions and the end products to
25 suit them how we thought best.

1 Q Why does it matter to have federal and
2 provincial cooperation on these kinds of issues?

3 A (CD) Well, I think the issues of money
4 laundering straddle both national and
5 provincial -- of concern both to national and
6 provincial governments. National governments
7 have jurisdictions in certain areas and
8 provincial governments have jurisdictions in
9 others, and so it's good to know that -- what's
10 being undertaken in which jurisdiction and to
11 understand, you know, who -- yeah, who's
12 undertaking what kind of work.

13 Oh, goodness. You know, it's a chance to
14 have different perspectives on, you know, issues
15 of common interest and a chance to understand
16 what sort of resources are out there. Also we
17 don't want reinvent the wheel, so if the federal
18 government is doing something that the province
19 is looking at, there's no sense duplicating
20 efforts necessarily.

21 Justin, I don't know, do you have any
22 further thoughts?

23 A (JB) I agree with all of that. I mean, it is --
24 different agencies and departments at the
25 federal and provincial level have different

1 mandates, have different tools at their
2 disposal. And with anti-money laundering you
3 really see -- even just across the federal
4 government. We have 13 partner department and
5 agencies, so it really does involve a lot of
6 coordination. And then you get into some of
7 these areas where there's provincial
8 jurisdiction or provincial authorities may have
9 access to certain types of information. It just
10 reenforces the importance of sharing information
11 and coordinating so that anti-money laundering
12 actions are as effective as they can be.

13 Q So maybe to put that question the other way
14 around, what would it look like if, I suppose,
15 one person goes to the dance and the partner's
16 not there? What would it mean if one level of
17 government doesn't have the engagement and
18 collaboration of the other level of government?

19 A (CD) You know, I think from the provincial
20 perspective, you know, if the province were to
21 move ahead on anti-money laundering measures,
22 you know, the objective might be to reduce money
23 laundering in British Columbia. But that may
24 have consequences, you know, across other
25 jurisdictions in Canada, and so, you know, it

1 would be -- it would be -- it's good to have the
2 federal -- our federal partners involved too
3 because, you know, those are the -- you know,
4 those are the kind of -- I think they have an
5 interest in not having that be the outcome of
6 provincial policies, although I don't want to
7 speak for the federal government, so I'll turn
8 it over to you.

9 (JB) Yeah, I mean, we don't really have an
10 option to not -- was the analogy coming to the
11 dance? Or, I mean, we don't -- that's not an
12 option for us. We have -- the anti-money
13 laundering and anti-terrorist financing regime
14 is subject to federal statute. It's the
15 responsibility of our minister and the Minister
16 of Public Safety. So our question is how do we
17 continue to strengthen the regime.

18 And, you know, a lot of the powers are
19 federal, but there's a lot of areas where the
20 regime could be enhanced by further
21 federal-provincial cooperation. And so this
22 working group is an example of where that was
23 identified and we've been working together to do
24 that.

25 Q So just to maybe repeat and see if you agree

1 with this, Mr. Brown. The Canadian -- the
2 federal government doesn't have the option of
3 sitting on the sidelines on money laundering; it
4 needs to be engaged as an active participant.
5 Is that a fair way to summarize what you said?

6 A (JB) Yes. It is our responsibility in many
7 ways. Again, we have a piece of legislation and
8 a responsible minister, so we're responsible for
9 the federal anti-money laundering regime.

10 MR. MARTLAND: Thank you. Last I am going to turn to
11 the final report, Madam Registrar, AND I'm out
12 of sequence a little bit. I think this would
13 probably be the last document I'll go to. It's
14 CAN001768.

15 Q Dr. Dawkins, do you -- this has a date at the
16 top of January 2021. It's labelled as the final
17 report to finance ministers. Is this the final
18 report of the working group?

19 A (CD) It is, yes.

20 MR. MARTLAND: All right. Mr. Commissioner, if that
21 could be -- I think 706, if my numbering is
22 right.

23 THE REGISTRAR: Yes. Exhibit 706.

24 THE COMMISSIONER: Thank you.

25 **EXHIBIT 706: Final Report to Finance Ministers -**

1 utilization of data across AML/ATF
2 authorities."

3 With respect to those data models, the question
4 I wanted to introduce was -- probably the next
5 thing to do is to go to the next page in the
6 middle of the page under subheading B "Data
7 Models." There are three different and in fact
8 a little lower down there's three different
9 types of data models that are identified. At
10 the bottom of that page, the distributed model.
11 At the top of the next page, the integrated
12 model. And finally a hybrid model. Is either
13 of you in a position to give at least a
14 high-level description of what those different
15 models are and what the final report -- where
16 the final report landed on that question?

17 A (JB) I think, again, just in the interest of
18 having the best people speak to this topic, and
19 we know that you'll be hearing from Statistics
20 Canada. I could explain the information at a
21 level of detail that's provided in the report.
22 You know, broadly that work stream 1 explored,
23 amongst other things, different data models that
24 could be used to collect data and support
25 analysis and information sharing amongst

1 relevant authorities and this just presents
2 three different ways that you can go about that.
3 I think Statistics Canada could speak to that in
4 a little more detail.

5 Where it was left in this final report is
6 that we should consider the merits of those
7 different models further. So the report does
8 not take a position on whether any one of these
9 three models should be implemented. It just
10 lays them out as a product of the work, of the
11 work stream -- of the work stream's findings for
12 future consideration.

13 And this report in general, I would just
14 say, this is the final report that went to -- I
15 believe our respective ministers, or at least I
16 can say my minister, and it's the summary --
17 it's essentially a summary report of those other
18 documents that we discussed earlier today. So
19 those other documents where the audience was
20 working group members or other official level --
21 either Ms. Dawkins or Ms. Hemmings or myself.
22 And so this represents sort of the overall
23 findings for that ministerial audience.

24 Q And what -- with those findings of the -- that
25 are reported here, maybe you could help us

1 understand what the next step is, sort of what
2 do you anticipate occurs upon delivery of this
3 final report now?

4 A (JB) Sure. Well, this report was approved by
5 both of our ministers. Again, I don't want to
6 speak for Ms. Dawkins, but that's my
7 understanding, and it was actually circulated to
8 provincial and territorial finance ministries
9 last week. So we sent it to our colleagues in
10 other provinces and territories for awareness,
11 and we thought many of the findings might be of
12 interest to them because a lot of the provincial
13 authorities, you know, are facing similar
14 questions as British Columbia has, so we thought
15 it might be good for their awareness, learning
16 and also an overture if any other provinces and
17 territories would like to discuss these matters
18 further, either, you know, across provinces and
19 territories or bilaterally with the federal
20 government.

21 In terms of British Columbia and the
22 federal government, we've discussed at a high
23 level next steps. So as Ms. Dawkins mentioned,
24 we consider the working group to be more or less
25 closed, but we will continue our engagement. We

1 have a list of findings, we have a list of
2 recommendations, so we intend to pursue those.
3 So we're in the process of developing a plan to
4 go through those different recommendations.
5 It's really at this point for the individual
6 jurisdictions and the authorities within those
7 jurisdictions to do what I would call a deeper
8 dive.

9 So from any of the recommendations, for
10 example, we didn't give the full benefit of a
11 comprehensive analysis of legal risks or a cost
12 benefit analysis, so, you know, the benefit of
13 pursuing a recommendation versus things like
14 costs to taxpayers or administrative burden to
15 reporting entities, things like that. So we
16 need to do more analysis. And then our plan is
17 to keep the conversation going, stay in touch,
18 keep each other updates on the work.

19 And eventually some of these recommendations
20 may lead to decisions by the government to take
21 specific actions to strengthen individual
22 authorities or other aspects of the anti-money
23 laundering regime.

24 Q Thank you. Dr. Dawkins, from the provincial
25 side, from your involvement, anything to add to

1 that answer?

2 A (CD) No, I think that was a very complete
3 answer.

4 MR. MARTLAND: Good. Thank you. Mr. Commissioner,
5 that completes my questions for the panel
6 members.

7 THE COMMISSIONER: Thank you, Mr. Martland.

8 I'll call on Ms. George now on behalf of
9 the Law Society of British Columbia, who has
10 been allocated five minutes.

11 MS. GEORGE: Thank you, Mr. Commissioner.

12 **EXAMINATION BY MS. GEORGE:**

13 Q Good afternoon. My name is Catherine George,
14 and I'm counsel for the Law Society of British
15 Columbia. I will be quite brief today. I just
16 have a few short clarifying questions, and I
17 think perhaps either of you could answer these.
18 But I think I'll start with you, Dr. Dawkins, as
19 I understand you were involved in the working
20 group for a longer period of time.

21 A (CD) Correct.

22 Q So first -- and I think there is implicit in the
23 materials but can you just confirm for me that
24 all of the parties to the working group are
25 government bodies or agencies?

1 A (CD) Yes, I can confirm that. Yes.

2 Q Thank you. Were any non-government entities
3 invited to participate in the working group?

4 A (CD) In the very first working group
5 [indiscernible].

6 THE COMMISSIONER: I think we've gone silent again,
7 Dr. Dawkins. I'm sorry.

8 THE WITNESS: (CD) Can you hear me now?

9 THE COMMISSIONER: Yes.

10 MS. GEORGE:

11 Q Yes.

12 A (CD) Okay. At the very first working group
13 meeting, Dr. Unger, Professor Maloney and
14 Dr. Somerville presented to the working group as
15 a whole the findings of their report or some of
16 their findings of the report. And so they
17 were -- they participated in that first meeting
18 even though they were not -- they were not
19 members of government and we had invited to that
20 meeting -- it's also two individuals who had
21 been -- had been consultants to government on
22 these various issues, but none of these
23 non-government individuals were involved any
24 further in any of the meetings or discussions or
25 anything of that nature.

1 Q Thank you. And I think this may have also been
2 implicit in your answer there, but can you
3 confirm that none of the reports produced by the
4 working group were circulated to non-government
5 entities for review or comment before they were
6 finalized?

7 A (CD) I can confirm that, yes.

8 MS. GEORGE: Thank you. Those are my questions.

9 THE COMMISSIONER: All right. Thank you, Ms. George.

10 Mr. Usher on behalf of the Society of
11 Notaries Public of British Columbia, who has
12 also been allocated five minutes

13 MR. USHER: Thank you, Mr. Commissioner.

14 **EXAMINATION BY MR. USHER:**

15 Q In that final report, which is I think marked as
16 exhibit 706, it talks about the various working
17 groups and in particular work stream 3, which
18 looked at ways to enforce law enforcement
19 actions on the prosecution of crimes. Can
20 either of you comment, did they find that data
21 was the barrier to successful prosecution of
22 large-scale fraud and AML investigations such as
23 for Project E-Pirate?

24 A (CD) I cannot comment on that. Mr. Brown?

25 (JB) Similarly I can't comment on whether

1 work stream 3 covered that specific question.

2 Q Okay. And can you recommend someone that might

3 be able to comment on that?

4 A (JB) I believe the commission has heard from or

5 will be hearing from the RCMP at a certain

6 point. The RCMP was the federal co-lead of work

7 stream 3, so they might be the best source to

8 answer that question.

9 MR. USHER: Thank you. Those are my questions.

10 THE COMMISSIONER: All right. Thank you, Mr. Usher.

11 I'll now call on Ms. Magonet for the British

12 Columbia Civil Liberties Association, who has

13 been allocated 10 minutes.

14 MS. MAGONET: Thank you, Mr. Commissioner. Having

15 heard the witness's testimony today, I have no

16 questions.

17 THE COMMISSIONER: Thank you, Ms. Magonet.

18 Mr. Rauch-Davis on behalf of Transparency

19 International Coalition, who has been allocated

20 five minutes.

21 MR. RAUCH-DAVIS: Thank you, Mr. Commissioner.

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1 **EXAMINATION BY MR. RAUCH-DAVIS:**

2 Q So my first question, it just relates to the
3 overview report that my friend just took you
4 through. And I would just ask, are either of
5 you able to confirm that the working group has
6 identified the distortion of beneficial
7 ownership as one of the most common schemes used
8 to successfully launder money?

9 A (JB) I may not be able to answer that question
10 specifically, but beneficial ownership
11 transparency was addressed in that final report,
12 and I think it was a theme that was probably
13 touched upon in discussions at all three work
14 streams. And certainly the federal government
15 is committed to enhancing beneficial ownership
16 transparency specifically as it relates to
17 anti-money laundering purposes.

18 Q Did you. Dr. Dawkins, do you have anything to
19 add to that?

20 A (CD) No, I do not.

21 Q Okay. Thank you. I think another theme touched
22 on was the *LOTA* registry. And, again, one of
23 the challenges that is identified by the work
24 streams was that there's a lack of
25 identification verification built into *LOTA*.

1 Are either of you able to comment on that part
2 of the overview report?

3 A (JB) I will defer questions on *LOTA* to my
4 provincial colleague.

5 Q Right. Yes. This is probably best answered by
6 Dr. Dawkins.

7 A (CD) Yes. Well, as I mentioned before, the Land
8 Owner Transparency Registry is in the process of
9 being launched and stood up and developed as a
10 full registry, and so at this moment the
11 considerations are related to that process. We
12 will of course be monitoring what is going on
13 with *LOTA* into the future and, you know, these
14 types of -- these pieces of legislation and
15 these types of programs are constantly subject
16 to review and to improvement or changes as time
17 goes on. So that might be -- that may end up
18 being an area that we look at just depending on
19 what sort of comes out of the experience with
20 the *LOTA* that stood up.

21 Q Right. But you would agree, Dr. Dawkins, that
22 one of the key -- one of the findings of the
23 working group was that there is no proactive
24 identification verification in *LOTA* and that's a
25 concern moving forward. It's something that

1 needs to be looked at; right?

2 And perhaps if we could pull up exhibit 706,
3 to be fair to the witness.

4 A (CD) Sorry, I'm just looking at the actual
5 report to see what the wording there is.

6 MR. RAUCH-DAVIS: I have a note on page 4. I believe
7 it's page 4 of the -- oh, onto page 5, Madam
8 Registrar.

9 THE WITNESS: (CD) Yes. That is -- that is
10 definitely listed as a key consideration and
11 challenge around the *LOTA* framework in this
12 report.

13 MR. RAUCH-DAVIS: Right. And -- thank you. I think
14 that concludes my questions for these witnesses.

15 THE COMMISSIONER: Thank you, Mr. Rauch-Davis.

16 Now Ms. Rajotte on behalf of the province,
17 who has been allocated 10 minutes.

18 MS. RAJOTTE: Thank you, Mr. Commissioner. I have no
19 questions for this panel.

20 THE COMMISSIONER: Thank you, Ms. Rajotte.

21 And Ms. Davis on behalf of Canada, who has
22 been allocated 10 minutes.

23 MS. DAVIS: Thank you, Mr. Commissioner. Having
24 heard the evidence, I have no questions for this
25 panel.

1 THE COMMISSIONER: Thank you, Ms. Davis.

2 Anything arising, Mr. Usher?

3 MR. USHER: Yes, Mr. Commissioner.

4 **EXAMINATION BY MR. USHER (continuing):**

5 Q Further to the Transparency International
6 questioning talking about verification of data,
7 in particular there's mention of this in
8 exhibit 704, that's CAN001763 at page 6 of that.
9 And it talks about verification of beneficial
10 owners. Just to quote from it, it says -- it
11 talks about lawyers and notaries. They say:

12 "... they have no obligation to verify any
13 of the information provided by reporting
14 bodies (beyond their existing know-your-
15 client obligations)."

16 And I'd like to ask the panelists, can they tell
17 us how a lawyer or notary would verify data, for
18 example, when they cannot access public records
19 like driver's licence, passports and CRA
20 records?

21 A (CD) I'm sorry, I'm not familiar enough with
22 those specific rules to be able to answer that
23 question.

24 Q Do you know if the question of access to
25 government records for purposes of verification

1 was raised in your working group?

2 A (CD) No, I did not participate in the working
3 group, so I do not know if that was raised.

4 Q Okay. Perhaps Mr. Brown has a comment.

5 A (JB) Unfortunately I also did not also
6 participate other than at the end of work
7 stream 2 directly in any of the work streams, so
8 I'm not able to answer that question
9 specifically.

10 MR. USHER: Thank you. That's all.

11 THE COMMISSIONER: Thank you, Mr. Usher.

12 Ms. George?

13 MS. GEORGE: The nothing arising, Mr. Commissioner.

14 THE COMMISSIONER: Thank you. Mr. Martland?

15 MR. MARTLAND: Likewise. Thank you.

16 THE COMMISSIONER: All right. Thank you. I'd like
17 to thank both panelists. Again, Dr. Dawkins,
18 you've done yeoman service for us today and in the
19 past. And, Mr. Brown, very helpful to have you
20 discussing these issues with Dr. Dawkins and to
21 give us some sense of how the gears mesh between
22 the two levels of jurisdiction, the federal and
23 provincial governments. It has been helpful,
24 and I will now excuse you both from further
25 testimony.

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(WITNESSES EXCUSED)

THE COMMISSIONER: And I think we will adjourn,
Mr. Martland, but I think tomorrow is somewhat
unexpectedly a clear day without evidence.

MR. MARTLAND: Yes.

THE COMMISSIONER: So we'll adjourn until Wednesday
at 9:30.

MR. MARTLAND: Yes. Thank you.

THE COMMISSIONER: Thank you.

THE REGISTRAR: The hearing is now adjourned until
March 10th, 2021, at 9:30 a.m. Thank you.

**(PROCEEDINGS ADJOURNED AT 1:02 P.M. TO MARCH 10,
2021)**