

**Part XIII**  

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**Conclusion**

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This Commission was established by Order in Council on May 15, 2019, a little over three years ago. The table of contents for this Report demonstrates the broad and encompassing sweep of the Commission's Inquiry into money laundering. My aim in this conclusion is modest: to look back on some of the numerous topics covered in this Report and also to look ahead to the future. As the Province of British Columbia and various jurisdictions are demonstrating, this is a time of change and reform. Meaningful steps are being taken to combat money laundering (even if much more remains to be done). There are reasons for optimism.

I began this Report by setting out some introductory concepts: what money laundering is, who is involved in it, and how much money is laundered. I concluded that money laundering in British Columbia is a serious problem that needs to be addressed. From there, I considered the international, national, and provincial frameworks within which money laundering has come to be addressed by governmental and non-governmental organizations. Because the provincial framework comprises an uneven patchwork of activity by government, regulators, and law enforcement, I recommended that the Province establish an AML Commissioner – a new officer of the Legislature with expertise and insight into money laundering in British Columbia. The AML Commissioner will ensure that continued focus remains on anti-money laundering initiatives after this Inquiry concludes.

The bulk of this Report centres on specific sectors of the economy in British Columbia identified by my Terms of Reference. The sectors scrutinized include casinos, real estate, financial institutions, the corporate sector, lawyers and notaries, accountants, luxury goods, and virtual assets. However, while money launderers certainly take advantage of legitimate sectors of the economy, a significant amount of activity remains underground, including through bulk cash smuggling and informal value transfer systems.

Finally, I examined the effectiveness and the shortcomings of law enforcement and asset forfeiture work undertaken to stop money laundering enterprises. That review demonstrated that there is a real need in British Columbia for a dedicated provincial money laundering intelligence and investigation unit, which I have recommended in Chapter 41. Furthermore, I recommend a significantly stronger use of asset forfeiture – both criminal and civil – and the creation of an unexplained wealth order regime in BC.

From my canvass of these topic areas, some broad themes have emerged that bear some final discussion. The first and most obvious theme is that money laundering is an opportunistic crime, committed by those who seek out and exploit human and systemic vulnerabilities. Criminals who need to detoxify their profits by separating them from their illicit origin begin with an advantage: they are seeking to find uses for a common medium of exchange in a context where there is endless demand for it and almost unlimited uses. In practice, the only limitation on the use of funds in the laundering process is that the funds must ultimately serve the interests of those for whom they are being laundered, and the user must hide their illegitimate origins.

As with any crimes that rely on the presence of opportunities, money laundering is in a constant state of flux. As opportunities change, so does the focus of the money launderer. It was this characteristic of money laundering that led Peter German to describe attempts to suppress it as a game of “whack-a-mole.” Dr. German’s observation highlights the difficulty of finding an approach to solving the problem of money laundering that is not static, piecemeal, or confined to one sector of the economy. It is my hope that the AML Commissioner will help ensure that entities with an anti-money laundering mandate remain engaged and responsive to new threats.

A second theme that has emerged from the evidence is that the nature and extent of money laundering in British Columbia’s economy – indeed in Canada’s economy and in the global economy – has not been reliably measured. Although I have discussed attempts to establish the quantum of money laundering in British Columbia’s economy, I have been unable to fix on a reliable estimate of the volume of money laundering activity in this province. But what the varied attempts at quantification have in common is one conclusion: the amount of money laundering taking place in British Columbia is enormous.

Unfortunately, when uncertainty pervades the public discussion about money laundering, it can contribute to a proliferation of ungrounded theories about the scale and nature of the problem. As a result, ideas have developed in the public discourse that promote generalizations about the involvement of ethnic or racial groups in money laundering activity in British Columbia. There is, for example, a theory that money laundering by Chinese criminals in the housing market in the Lower Mainland has contributed to a housing unaffordability crisis. I explored this theory in my Report and concluded that low supply, high demand, and low interest rates are the drivers of housing unaffordability in British Columbia – not money laundering. Although it is quite likely that British Columbia’s overheated housing market has been attractive to money

launderers, it does not follow that money laundering in residential real estate is the cause of housing unaffordability, as opposed to being a product of high housing prices.

Money laundering is a crime of opportunism. It flourishes in conditions that are created by other forces and convenient to exploit. Great care must be taken to avoid exciting a response to a significant socio-economic problem (prohibitively expensive housing) that not only misses the mark, but also vilifies ethnic or racial groups as responsible for a problem not of their making. Even with that in mind, however, the Province must recognize that money laundering is not only a threat within its borders, but often connected to external criminal activities from outside the province or the country.

The Commission dedicated significant attention to money laundering in the gaming sector. It became apparent that people with Chinese heritage who appeared to have a strong connection to gaming became primary targets for certain organized crime groups. These groups used such people to introduce large quantities of illicit cash into the legitimate British Columbia economy through Lower Mainland gaming venues.

Money laundering in the gaming sector was a significant part of the public debate in the time leading up to the establishment of this Commission. It presented a rare opportunity to study money laundering in action, on a large scale, over time, in the context of a public enterprise, notwithstanding law enforcement and regulatory oversight. It is difficult to conceive of a better opportunity to develop an understanding of how money laundering infiltrates economic systems and avoids enforcement attempts. It also highlights how money laundering has a global reach that is not easily stifled or isolated. Tracing how and why money laundering evolved in the gaming sector so successfully emphasizes both its opportunistic nature and why a strong political will is necessary to suppress it wherever it may take root.

This Commission was established in the context of such a political will. The Commission's work and, in particular, the recommendations in this Report, are reliant on the continuance of that political will to overcome harms that money laundering can inflict, and *has* inflicted, on the social, political, and economic well-being of the province. Much needs to be done, and much can be done to oppose and reverse the inroads that money laundering enterprises have constructed into British Columbia's social, political, and economic landscape. The importance of vigorously resisting money laundering should not be underestimated.

Commissions of inquiry aim to serve the public interest by taking on an intractable problem with the benefit of evidence and analysis. The reforms and recommendations in this Report fall to governments and agencies to be implemented, particularly by the Province. This Report makes plain that there remain enormous challenges – much work remains to be done. But there are sound reasons for optimism. British Columbians, governments, and agencies are now showing a real interest in tackling money laundering and giving it the priority that it has lacked for far too long. There are numerous policy reforms already underway. More will follow. This bodes well for the future.