

What is Snow-washing?

When criminals and tax evaders use Canadian companies, casinos, and real estate to ‘clean’ dirty money, it is called snow washing. Canada has become an international destination for setting up secret companies to “snow-wash” illicit funds from all over the world. It is easier to set up a secret company than it is to get a library card!¹ This is because in Canada, the true owners of companies and properties can remain entirely anonymous—their identities can be concealed even from the government agencies entrusted with enforcing laws. This makes it easy for criminals, tax evaders and those financing terrorism to hide and launder money, and makes it hard for law enforcement, tax authorities, and financial institutions to enforce Canada’s existing anti-money laundering and anti-terrorist financing laws.

In Toronto for example, it is estimated that 28 billion dollars of property was acquired by secret companies over the last ten years.² In May 2019, an expert panel estimated that 46 billion dollars is laundered in Canada each year, and B.C.-based money laundering has led to a 5% increase in the price of housing.³

Money laundering is not just limited to real estate, but occurs through casinos, supercars and precious stones.

¹ www.economist.com/news/business/21734034-identity-checks-obtain-library-card-are-more-onerous-those-form-private

² <https://business.financialpost.com/real-estate/toronto-housing-has-become-magnet-for-money-launderers-with-28-billion-in-real-estate-bought-by-anonymous-owners-study>

³ www.cbc.ca/radio/thecurrent/the-current-for-may-16-2019-1.5137392/money-laundering-is-canada-s-problem-not-just-the-west-coast-s-expert-warns-1.5137412

What should Canada do?

Canada needs to create a pan-Canadian publicly accessible, company registry of beneficial owners in a centralized, searchable format. This would serve as a deterrent to criminals and would facilitate access to information for law enforcement, financial institutions, civil society, and journalists.

Canada has the weakest framework for corporate transparency (tied with South Korea) in the G20. The United Kingdom was among one of the first countries to implement a publicly accessible company registry that included beneficial owners. A single, centralized, publicly accessible registry for all EU members will be implemented by 2020.

Non-E.U. countries such as Ukraine, Norway, and Ghana have implemented publicly accessible beneficial ownership registries. Canada needs to catch up to its international partners and introduce a public registry or else we’ll become even more of a haven for dirty money and corruption.

How you can take action:

Send a tweet to Federal Finance Minister Bill Morneau and say that you want to **#endsnowwashing**.

Visit **www.endsnowwashing.ca** to send a letter to your elected representatives.