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CALGARY 

Alberta's money laundering problem made worse by attitude, lack of transparency by government: report author



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CALGARY—The Alberta government has not taken money laundering seriously enough, says one of the authors of a report that has pulled back the curtain on dirty money in Canada.

On Wednesday, the British Columbia government announced a public inquiry into the issue.

But Utrecht University professor Brigitte Unger says Alberta may actually have a worse problem on its hands than its neighbour.

The Combatting Money Laundering Report, which was commissioned by the B.C. government to study the effect of money laundering on the province, found that laundering in Alberta could amount to around a quarter of all the money laundered in Canada.

It estimated \$10.2 billion was laundered in Alberta in 2015, up from \$8.9 billion in 2011. That's compared to an estimated \$6.3 billion in B.C. in 2015, up from \$5.9 billion in 2011.

Alberta's Minister of Justice Doug Schweitzer said in an emailed statement that the provincial government takes criminal activity seriously. However, he pointed to the report's acknowledgment that it lacks reliable data as proof the economic modelling "may not be completely reliable."

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enforcement partners to protect law-abiding Albertans,”
Schweitzer’s statement reads.

Unger, who did the modelling for the study, said the discovery of Alberta’s high numbers was initially just a side-effect in an effort to compare B.C. to other provinces. However, when she looked at the main indicators of money laundering used in her economic modelling, she said it was clear Alberta is at a high risk of falling prey to what B.C. has been grappling with publicly.

Unger has been using this particular model for more than 20 years, and said she feels it has proven itself.

The first factor is Alberta’s relatively high GDP, she said, which makes it attractive for money launderers. Second, the province’s crime rates indicate a high amount of money stemming from criminal activity.

“Alberta has more crime than British Columbia, and that means there is more money from crime emerging in Alberta itself than in British Columbia,” she explained.

Third, and perhaps the factor where Alberta differs most from B.C., is the provincial government’s attitude toward money laundering.

The report notes that Alberta, unlike B.C., did not commit to the Agreement to Strengthen Beneficial Ownership Transparency in December 2017, which called upon provinces to introduce legislation that would increase beneficial ownership disclosure in an effort to improve transparency around large transactions. In fact, the report states Alberta said it would not proceed, though the deadline to do so is July 1.

“Alberta ... basically opened the doors for laundering by declaring that it would not participate in disclosing beneficial ownership of companies,” said Unger. This, combined with economic factors, sends a message to criminals, she said: You’re welcome here.

In an emailed statement, Service Alberta said it is aware of the agreement and the federal government's request. It said Alberta is looking at potential changes, but is not in a position to bring any amendments forward, and that it is monitoring other provinces' and jurisdictions' reactions to the request.

Unger said it's also possible that all the attention on British Columbia has shifted some of its laundering activity toward Alberta.

"If the government says we want to close our eyes until something extreme happens ... I find it a dangerous attitude, because money laundering is a ticking bomb," said Unger.

While real estate has been top of mind in B.C.'s money laundering problem, Unger said Alberta's laundering activity is likely concentrated in oil and agriculture, the province's largest sectors.

Greg Draper, a national leader with law firm MNP and a former senior investigator of financial crimes with the RCMP, said the report did not surprise him. In his time with the RCMP, he watched an inflationary housing market attract a large amount of financial crime.

"There's crime in Alberta, and there's money in Alberta, and those two factors are really a recipe for money laundering," he said.

Draper said he suspects real estate is still a high driver for money laundering in Alberta, though not as much as when the market was stronger.

"It's a little more of a challenge now, when the prices aren't going up, but there still is lots of opportunity to move it through," he said.

"People who may be eager to sell their houses in a down market may be less aware of some of the risks."

All the attention on B.C. has led to more attention from the federal government, which is good, said Draper. But the spotlight is still

it reads like a crime novel,” Draper said, adding he thinks it’s only a matter of time before Alberta uncovers some similarly high-profile cases.

“It’s there ... it’s just been below the radar,” he said. “B.C.’s having its moment, and frankly, it may not take a whole lot for something to change that narrative in Alberta.”

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