

## This laundry bill looks like another federal fiasco

**R**emember the gun registry? The sponsorship scandal?

Well, taxpayers should brace themselves for the latest and potentially costliest federal spending fiasco after the ominously named Proceeds of Crime (Money Laundering) and Terrorist Financing Act came into effect for the real estate industry on June 23.

The new rules mean realtors must collect and verify any client's personal information, including name, address, date of birth and occupation, and ask for proof of identity, such as a driver's licence or passport.

Previously, brokers had to report transactions they saw as suspicious or ones that involved more than \$10,000 in cash. Now, real estate agents have to complete a report on the receipts of all funds received during a transaction.

The new regulations are part a broad federal campaign launched in 2006. The budget for the first three years of the program, according to the Treasury Department, is \$445.3 million. That's just for starters.

### WESTERN PERSPECTIVE

**\$445 million budget is likely just for starters**

There are 96,000 real estate brokers and agents in Canada. Last year, they completed 514,000 real estate transactions. Just imagine the taxpayer costs in monitoring it all.

So, is money laundering such a huge problem?

Not by a long shot. In 2006-2007, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), which tracks money laundering, completed a total of 42 cases, an estimated 28 related to real estate. In B.C., there have been only 14 mortgage fraud cases among 15 million transactions since 1998.

For this, 600,000 Canadians will be inconvenienced.

It gets even more bizarre in commercial real estate.

One Abbotsford realtor said: "I just sold a parcel of industrial land to a REIT. Whose birth date and drivers licence number, exactly, am I supposed to get?"

The government has thought of this.

Under the regulations, if an agent deals with a corporation, they must collect corporate documentation and the names of the corporation's directors. In cases where even

one of the parties involved in the transaction is represented by the agent, identification must still be collected.

That's right. If a Canadian blue chip company wants to buy real estate, it has to provide the birth date and driver's licence of the CEO, and perhaps most of the directors.

It gets crazier. When dealing with foreign buyers, Canadian real estate agents will now have to hire local agents in the country of origin who can vouch for the identity of the buyer. Real estate agents who don't comply can face fines or even jail times, starting in January of next year.

And how about the few terrorists and money launderers? Well, they likely won't have to worry. Real estate deals between private sellers and buyers are exempt from the new regulations, no questions asked.

### NEXT MONTH

How deep is the buyer's market in housing? Find out in our annual residential investment report. Also: our regional reporters trace the Canada Line corridor in Metro Vancouver, visit Lethbridge and tour Vancouver's West End.

**FRANK O'BRIEN**

EDITOR

wieditor@biv.com