

#endsnowwashing



March 1st, 2022

The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Innovation, Science and Industry
Department of Innovation, Science and Economic Development Canada
C.D. Howe Building
235 Queen Street
Ottawa, Ontario K1A 0H5

The Honourable Diane LeBouthillier, P.C., M.P.
Minister of National Revenue
7th Floor
555 Mackenzie Avenue
Ottawa, Ontario K1A 0L5

The Honourable Mélanie Joly, P.C., M.P.
Minister of Foreign Affairs
House of Commons
Ottawa, Ontario K1A 0A6

Re: Economic measures in response to Russia's attack on Ukraine

Dear Ministers Freeland, Champagne, LeBouthillier, and Joly,

On behalf of Publish What You Pay Canada, Transparency International Canada, and Canadians For Tax Fairness, we applaud new measures to target money laundering on behalf of Russian elites with relationships to President Vladimir Putin. To make these measures more effective, we urgently recommend for Canada to implement a pan-Canadian, publicly accessible, beneficial ownership registry. This will make it much easier for law enforcement, financial institutions, and FINTRAC to uncover ownership or control interests which sanctioned individuals may possess.

Canada has imposed additional restrictions on key individuals linked to President Putin's inner circle.¹ However, sanctioned individuals may be ultimate beneficiaries of Canadian numbered private companies or Canadian numbered properties via company structures including trust arrangements. Because the majority of these entities are regulated by provinces, we recognize the need for collaboration with provinces and territories.

For this reason, we recommend that Canada convene with provinces and reach an agreement to develop a centralized publicly accessible registry for corporate entities. This agreement can build from the *2017 Agreement to Strengthen Beneficial Ownership Transparency*. Provinces can opt-in to a registry system that is constructed by the federal government. We expect that provincial governments will be inclined to agree to such a framework because they will not have to invest in resources to upgrade their own existing business registries.

The lack of a centralized registry with information on ultimate beneficial ownership allows nefarious actors from authoritarian regimes to abuse Canada's legal system, launder money, evade sanctions, and finance terror.² Left unchecked, those individuals will continue to hide the proceeds of crime in Canadian entities while they engage in acts that violate international law or threaten the territorial sovereignty of other nations.³ Canada should seek the most effective means to prevent sanctioned individuals from abusing Canadian assets to store wealth. We recommend the federal government grant Canadian provinces the ability to seize properties owned by those on sanctions lists who would otherwise be nearly undetectable by conventional attestations.

We urge your government to reach an agreement with provinces and to begin work on a registry system as soon as possible.

Yours sincerely,

Sasha Caldera, Campaign Manager, Beneficial Ownership Transparency
Publish What You Pay Canada
James Cohen, Executive Director, Transparency International Canada
DT Cochrane, Economist, Canadians For Tax Fairness

¹ See: <https://www.canada.ca/en/global-affairs/news/2022/02/canada-imposes-additional-economic-measures-on-russia-in-response-to-russias-attack-on-ukraine.html>

² See: <https://www.cbc.ca/news/business/russian-money-canada-1.4102132>

³ See: <https://globalnews.ca/news/8637896/xiao-jianhua-family-companies-150-million-toronto-real-estate/>