

FEATURE Agents must collect personal information, track source of all funds under new regulations

Reluctant realtors recruited to battle money laundering

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Canada's realtors have been recruited by the federal government to combat a crime that even official studies show barely exists.

New federal laws and regulations dealing with money laundering and anti-terrorist financing went into effect June 23 as part of Bill C-25. It requires real estate agents and brokers to collect and verify detailed personal information from all buyers and sellers. Real estate agents must also track the source of funds received during the course of a real estate transaction, such as the deposit.

The regulations are enforced by the federal agency known as the **Financial Transactions and Reports Analysis Centre of Canada**, or FINTRAC.

Formerly, realtors were required to only report transactions involving more than \$10,000 in cash, said **Calvin Lindberg**, president of the **Canadian Real Estate Association**. "Now, verified personal information must be kept for each and every real estate transaction."

The new rules have baffled and angered realtors across the country.

"It just adds to the stress level we've already got," said Prince George realtor **George Shannon**, a director of the **B.C. Northern Real Estate Board**.

Peter Lamey, spokesman for FINTRAC, explained that the record keeping and identity checks are meant to fight money laundering or mortgage fraud. However, the amount of suspicious activity appears quite low when compared to the volume of real estate transactions.

According to FINTRAC, during fiscal 2006-

2007, the agency made 193 case disclosures, of which 152 were for suspected money laundering. According to estimates, 62 per cent of these, or less than 100 cases, may have been related to real estate.

In the same period, according to CREA, Canada's 96,000 realtors handled more than

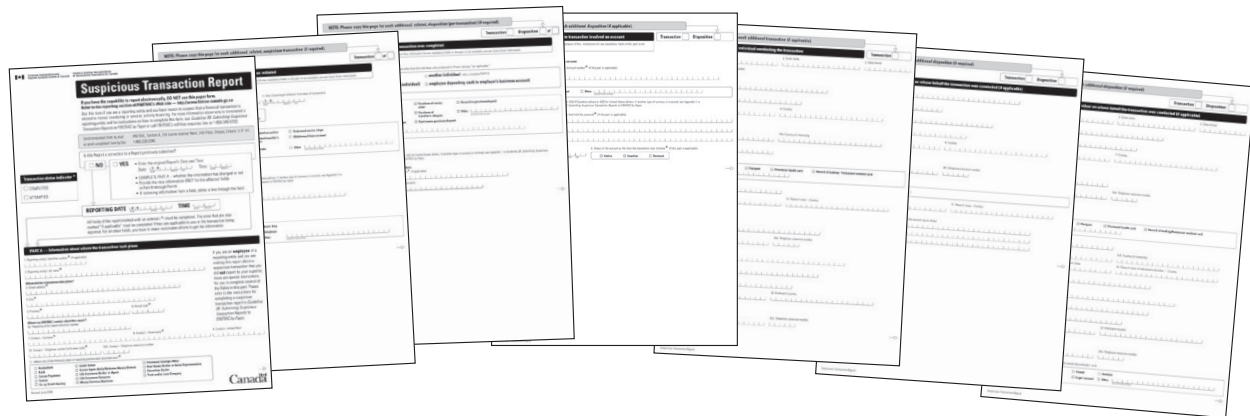
"What we are seeing is another gun registry," said Abbotsford commercial realtor **Ken Neufeld**. "This will end up wasting billions of taxpayer dollars."

According to **Jim McNeal**, a manager of **Royal LePage** in Prince George, who sits on the **Real Estate Council of B.C.**, about 30 per

cent of real estate transactions in the province are between private parties, and exempt from Bill C-25. "The private sales are going to continue, and the bad guys are going to go where nobody asks them any questions."

Foreign buyers

There are further complications if the buyer is



FINTRAC form for reporting suspicious activities covers eight pages of detailed information. Courtesy: Financial Transactions and Reports Analysis Centre of Canada

550,000 transactions.

British Columbia's **Land Title and Survey Authority** reports that, over the past 18 years and 15 million transactions, there were only two claims related to land ownership fraud and a mere 14 related to fraudulent mortgages.

"Another gun registry"

Realtors question why and how the government plans to wade through thousands of daily transactions looking for the extremely rare case of money laundering.

FINTRAC currently has a staff of 240 and an annual budget of \$39 million, both certain to increase to handle the avalanche of new paperwork, realtors suggest.

While residential realtors point to the embarrassment of demanding ID and personal information from long-time clients, the regulations pose greater complications and expense in the commercial sector.

"I just sold industrial land to a REIT [real estate investment trust]," Neufeld said. "Who, exactly, am I supposed to ask for their driver's licence?"

According to CREA, in cases where the client is corporation, the agent must gather infor-

mation that includes corporate documentation, and the names of corporate directors. They must also ascertain if a third party is involved in the transaction.

Real estate agents have a six-month grace period, to January 1, 2009, before fine and penalties come into effect. After that, transgressions could result in a maximum fine of \$2 million and five years in jail. ♦

- With files from the Prince George Citizen

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