

This is the 1st affidavit of
Blair Morrison in this case and was
made on 13 September, 2021

COMMISSION OF INQUIRY INTO MONEY LAUNDERING IN BRITISH COLUMBIA
The Honourable Mr. Austin F. Cullen, Commissioner

AFFIDAVIT

I, Blair Morrison, of the City of Vancouver, British Columbia, Chief Executive Officer (“CEO”) of the BC Financial Services Authority (“BCFSA”) SWEAR THAT:

1. Since July 22, 2019, I have been the CEO of BCFSA and as such have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I provide the source of the information and verily believe that information to be true.
2. On November 12, 2019, the then Minister of Finance for the Province of BC, Carole James, announced the government’s intention to move to a single regulator model for the financial services sector including real estate, a move which would see the Office of the Superintendent of Real Estate (“OSRE”) and the Real Estate Council of British Columbia (“RECBC”) integrated within BCFSA.
3. By including real estate regulation within the responsibility of the BCFSA, the Ministry of Finance stated that it was “simplifying and integrating regulation of the B.C. financial services sector, resulting in increased consumer confidence and opportunities to streamline investigations and enforcement”. The Minister also noted that “Through legislation, we are giving people the assurance they deserve, while continuing to create world-leading protections against money laundering and other criminal activity in our real estate sector.” Attached as Exhibit “A” is a copy of a November 12, 2019 press release containing these statements.
4. Establishing a single regulator had been recommended in two earlier government reports, the Real Estate Regulatory Structure Review in September 2018 (Exhibit 607 before the Commission) and the Expert Panel on Money Laundering in B.C. Real Estate Report in May 2019 (Exhibit 330 before the Commission).

5. Since November 12, 2019, I have been very involved in planning for the integration of the three entities. The integration was effected on August 1, 2021 by virtue of Bill 8, the *Finance Statutes Amendment Act 2021*, which was enacted by the BC Legislature. In addition to providing for the integration, Bill 8 also made certain changes to other statutes applicable to BCFSA going forward.

6. BCFSA is now responsible for 10 statutes with regulatory authority across the financial services sector in BC. BCFSA oversees credit unions, trust companies, insurance companies, pensions, mortgage brokers, and real estate. An important focus of the integration was the retention of employees to enable the continuation of BCFSA's regulatory work. After the completion of the offer process earlier in 2021, approximately 99% of all RECBC and OSRE employees had accepted their offers to join BCFSA.

7. Effective August 1, 2021, BCFSA has brought together the investigative, audit, financial, prosecutorial, and other teams and resources of the three organizations. The intention is to provide greater capacity, efficiency, and effectiveness in real estate disciplinary regulation than existed for the organizations individually before the integration.

8. BCFSA's functional organizational structure centralizes investigative capacity for all regulated sectors in one department. This department is prioritizing the development of a common market conduct framework to enable a proactive response to key regulatory risks.

9. The integration has also simplified and clarified responsibilities in real estate disciplinary regulation, with authorities now centralized under the CEO, who is also the Superintendent of Real Estate. This has reduced the complexity which existed in the former co-regulator model, where RECBC and OSRE shared responsibility.

10. It is BCFSA's firm intention to apply these aggregated resources and implement new procedures and practices in order to: expedite complaint intake, handling, and prosecution; and reduce complaint inventory and time to final complaint and disciplinary resolution.

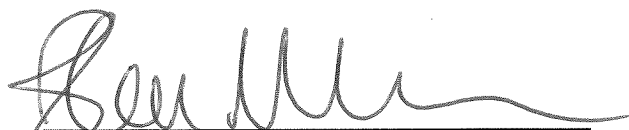
11. The goal is to ensure that all complaints, including referrals from other agencies, can be considered and concluded efficiently and in a timely manner.

SWORN BEFORE ME at Vancouver, British Columbia on 13 September, 2021



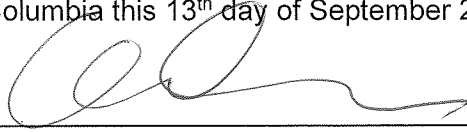
A Commissioner for taking Affidavits for British Columbia

DAVID ARSEN



Blair Morrison

This is **Exhibit "A"** referred to in the Affidavit of Blair Morrison made before me at Vancouver, British Columbia this 13th day of September 2021.



A Commissioner for the taking of Affidavits for British
Columbia

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NEWS RELEASE

For Immediate Release
2019FIN0115-002149
Nov. 12, 2019

Ministry of Finance

Single real estate regulator protects people, combats money laundering

VICTORIA – British Columbians can buy and sell their homes with renewed confidence and protection as the BC Financial Services Authority (BCFSA) takes its first steps toward becoming the single regulator for real estate.

“Buying a home is one of the most significant purchases people make in their lifetime, and by working together, the BC Financial Services Authority, Office of the Superintendent of Real Estate and the Real Estate Council of BC can combine their expertise to better protect consumers,” said Carole James, Minister of Finance. “Through legislation, we are giving people the assurance they deserve, while continuing to create world-leading protections against money laundering and other criminal activity in our real estate sector.”

Creating a single regulator was one of the central recommendations from Dan Perrin’s Real Estate Regulatory Structure Review in September 2018 and was echoed in the Expert Panel on Money Laundering Report in May 2019.

As the single regulator, the BCFSA will take responsibility over real estate licensing, conduct, investigations and discipline.

“Bringing real estate regulation within the new BC Financial Services Authority is an important step towards modern, effective and efficient regulation,” said Stanley Hamilton, chair of BCFSA. “This announcement builds on the important work already in progress at the BCFSA and positions consumers to be able to benefit from an unprecedented depth of expertise and experience.”

The BCFSA, which officially became a new Crown agency on Nov. 1, 2019, is currently responsible for regulating mortgage brokers, private pension plans and financial institutions. By including real estate regulation within the responsibility of the BCFSA, the Ministry of Finance is simplifying and integrating regulation of the B.C. financial services sector, resulting in increased consumer confidence and opportunities to streamline investigations and enforcement.

Since 2016, the Office of the Superintendent of Real Estate (OSRE) and the Real Estate Council of British Columbia (RECBC) have both played a vital role in overseeing the real estate industry. Moving forward, both agencies will be integrated within the BCFSA, building off the work that has already been done.

“We welcome the changes announced today to ensure that the regulatory framework provides effective consumer protection and to increase public confidence in the broader financial services sector,” said Micheal Noseworthy, superintendent of OSRE.

Elain Duvall, chair of RECBC, said, “Today’s announcement is good news for both real estate consumers and the sector as we combine expertise in one regulator. As we work towards the establishment of a single

regulator, public protection will continue to be the Real Estate Council of British Columbia's primary focus."

The Ministry of Finance is targeting fall 2020 to bring forward new legislation, while establishing an integrated real estate and financial services sector regulator is anticipated in spring 2021.

Learn More:

To read the Real Estate Regulatory Structure Review (Perrin report), visit:

https://news.gov.bc.ca/files/Real_Estate_Regulatory_Structure_Review_Report_2018.pdf

To read the Expert Panel on Money Laundering in BC Real Estate report, visit:

https://news.gov.bc.ca/files/Combatting_Money_Laundering_Report.pdf

To learn more about the British Columbia Financial Services Authority, visit:

<https://www.bcfsa.ca/pdf/news/News20191101.pdf>

Contact:

Ministry of Finance

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