

Enforcement

An eye to the future: Registries is working with Ministry of Finance on their consultation paper and policy development to identify beneficial owners and potentially create a registry that would gather this information for each corporate entity.

The expectation for the proposed policy is that the information provided about beneficial owners will be verified through an audit function or regulatory oversight. Details of what the policy related to this initiative are still to be determined.

1. Describe any measures taken by the Registrar or BC Registries to verify information submitted for legal entities (e.g. incorporation applications, director/officer information)

The current state is that the Corporate Registry is repository of information as provided by the company and while there is no vetting or validation of information, other than some system validation for fields like addresses, the system keeps a record of which user credentials were used to make changes to the information on file.

As part of Registries' modernization efforts, identity verification is being introduced gradually, using the BC Services Card (BCSC) for Cooperative Associations and Benefit Companies and add notarized identity verification for out-of-province users. The BCSC will become a requirement for all other legal entities over the next few years as BC Registries continues its modernization program.

The current state is:

- For **Corporations**, users must:
 - Set up a company password
 - Create a customer profile ID (one per company) which would be required to complete transactions such as voluntary dissolution, notice of alteration, amalgamation, changing a company password, change of email address or changing customer profile ID.
 - Complete a certification statement:

"I certify that I have both a signed incorporation agreement and set of articles for the company that I'm about to incorporate".
 - Complete a certification by the completing party:

"I, (name), the Completing Party, have examined the Articles and Incorporation Agreement applicable to the company that is to be incorporated by the filing of this Incorporation Application and confirm that:

 - *the Articles and the Incorporation Agreement both contain a signature line for each person identified as an incorporator in the Incorporation Application with the name of that person set out legibly under the signature line,*
 - *an original signature has been placed on each of those signature lines,*
 - *and I have no reason to believe that the signature placed on a signature line is not the signature of the person whose name is set out under that signature line."*

- *Benefit Companies*, a new type of corporate entity, launched on June 30th, 2020 with new identity verification requirements including the use of the BC Services Card (BCSC) for in-province users and notarized identity verification for out-of-province users.
- For **Cooperatives Associations**, users are required to have a BCSC, BC Government's preferred ID with the highest level of assurance for identify verification.
- For **Societies**, users are required to have a Basic BCeID and a registry key, unique to the society, which is similar to the customer profile ID password, described above.

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2. Describe any vetting of directors and officers that is conducted by the Registrar or BC Registries (e.g. criminal record checks, confirming age requirements)

Same as above and with plans to expand the requirement of the BCSC to all legal entities.

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3. Describe any measures and/or vetting conducted by the Registrar or BC Registries after a change in any of the information described in questions (1) and (2)

While there is no vetting of information, other than some system validation for fields like addresses, the system keeps a record of the user credentials used to make changes to the information on file.

- **Corporations:** Filings made to change information require either a company password or the Profile ID.
 - *Benefit companies:* will be the first corporate entity that will be required to validate identity via the BCSC or notarized identity verification.
- **Cooperatives Online:** BCSC is required for changing annual report information, director and address changes. Other filings will be added in the future that will also require the use of the BCSC.
- **Societies:** BCeID and Registry key are required to change information.

4. Describe any measures and/or vetting by the Registrar or BC Registries of declarations filed in support of incorporation applications

Before a filing can be considered complete, the certification field must be completed. See certification statement in question number one. In addition to this declaration the user credentials are recorded as described above in question one.

5. The number of investigations conducted by the Registrar each year since 2010 into alleged or suspected offences outlined in ss. 426-427 of the Business Corporations Act, S.B.C. 2002, c. 57 (“BCA”)

From the information that we have, we know of 37 companies that were incorporated using stolen credit card numbers between October and December 2018. These companies are now frozen or cancelled and the IP address used to make the transactions were reported to the Royal Canadian Mounted Police (RCMP) and were also reported to Government’s Security and Investigations team in the office of the Government’s Chief Information Officer (GCIO). Regular audits are undertaken by the Registries team to confirm credit card payments to ensure we identify failed credit payments early.

6. Summarize any penalties issued under s. 428 of the BCA since 2000, including: (a) the identities of any individuals/entities penalized; (b) the date of the penalty; (c) the amount of the penalty; and (d) the company/ies involved and the nature of the violation

Registries has no record of penalties issued under this section. Generally the courts are used to resolve and / or identify these matters. At this time Registries has no resources to audit or regulate compliance of companies.

7. Number of referrals made to law enforcement agencies each year since 2010

The 37 companies referenced above in question five, the IP address used were provided to the RCMP and the matter reported to the GCIO.

8. Number of referrals made to securities regulators each year since 2010

None. See question six above.

9. Number of requests for information from law enforcement agencies, tax authorities and regulatory bodies, including FINTRAC, each year since 2010 (with breakdown by agency)

Registries receives requests for information from Ministry of Finance, law firms, Royal Canadian Mounted Police, Police requests, lawyer requests, etc. These requests are filed but not tracked. In addition law enforcement and other regulatory bodies have independent access to Registries Director Search application and undertake their own information searches and due to the sensitive nature of these searches to the investigative officers Registries does not monitor these queries.