Overview

The following document lists some concepts for analysis as it relates to a variety of topics pertaining to money laundering, tax evasion, regulation, and general enforcement in the real estate industry. This document was started in 2016/17 based on observations found during analysis. This led to generating analytical ideas to identify anomalies in various databases based on the idea that if an analytical unit existed, with a mandate for real estate investigation, unfettered access to various government databases could yield priorities. Data driven investigations are possible in some cases where data already exists, in other cases more data is required in order to develop intelligence products or the data only exists in scanned documents (not tabular data).

Overall these ideas require further development and discussion to ensure efficacy. Refining and building on these concepts will be useful and potentially reveal other strategies for analysis pertaining to the real estate industry in BC.

A beneficial ownership registry related to land titles and companies will be useful however many entities that are populated into these databases will need to be investigated in order to confirm entries, especially when land titles are involved. A simply registry will not suffice. Oversight, investigation, follow-up, and penalties that are legislated are required to be effective addressing concerns in the real estate industry.

Contents

Concepts for Analysis

1. Analysis for Identifying Non-Registered Mortgage Brokers

Purpose:
Individuals not registered as mortgage brokers (defined by mortgage legislation) are acting as mortgage brokers. This requires enforcement action as these individuals are operating outside of the mortgage regulations. It is possible that privately lent funds, in the form of a mortgage, are proceeds of crime or linked to the underground economy.

Data Sources: LTSA Mortgage Information

FICOM Registered Mortgage Brokers

Methodology:
Query LTSA and extract all names (persons and businesses) listed as providing mortgages in database from the *Charges, Liens and Interests* section and quantify the number of mortgages provided by each entity.
Export all of the Sub-Broker and Mortgage Brokers Names from the Registered Mortgage Brokers Database and compare to the LTSA mortgage providers list. Any entities with a high number of mortgages not registered as a broker will require follow-up.

Another method for identifying this type activity could be done automatically if the data was structured in such a manner. Transactional analysis based on rules and equations could create automated alerts if a condition was met. For example, if a private lender who is not registered as a broker provides more than 9 mortgages within a time period an automated alert would be generated for review.

Results:
All mortgage providers identified as requiring registration will be effectively reviewed to ensure compliance and enforcement can be applied where necessary. Depending on the unique values in each system identifying lenders, enhancements may be required for further data capture to ensure unique entities are easily identifiable. For example, new data capture items like DOB will help future compliance efforts when conducting analysis.

2. Private Mortgage Lender Due Diligence

Purpose:
For private lenders providing mortgages due diligence reviews are required. Know Your Customer (KYC) methods and standards utilized in the banking & casino industries must be applied to all individuals who privately register mortgages.

Each private mortgage that is registered against a land title would result in a due diligence process similar to what FINTRAC states for ongoing monitoring of business relationships. Assessing the risk these mortgages may have as it relates money laundering would prove useful if reported to FINTRAC.

Data Sources: LTSA Mortgages

Global Intelligence/PEP/Adverse media compliance lists

BC Court Services Online

Open Source Information

ISA or MOU with Law Enforcement

Methodology:
Private Lenders registering mortgages must be subjected to a due diligence process, like know your customer requirements, to assess risk. Automated alerts can be generated from the source system when a new mortgage is registered for private lenders. Banks, credit unions, and registered mortgage brokers will not require due diligence reviews at the time of mortgage registration. Open source information searches like; court record searches, adverse media, global adverse media and international court record searches for assessing risk will be useful in assessing risk presented by the private lender.

Additionally, Information Sharing Agreements ISA)/Memorandums of Understanding (MOU) with police may be required to properly assess criminal activity for the lender of registered mortgages if adverse findings are found, or if suspicious activity is detected. If suspicious results are found these transactions could be reported to FINTRAC as it relates to the real estate industry.

As a future enhancement, source of lent funds declarations must be registered for each private lent mortgage, similar to the source of funds requirements currently utilized by the casino industry in BC. Information on the form will request the type of funds and the method used to lend the funds (i.e. wire transfer, cash, cheque, lawyer trust account, etc). Occupation information of the lender must also be captured. Ultimately, there would be an audit trail for the funds and if the declaration does not align, enforcement can be applied where necessary.

Results: Any adverse findings will be forwarded for review by the mortgage regulator and possibly resulting in STRs being sent to FINTRAC as the transaction relates to the real estate industry. Money laundering or other criminal charges could be pursued if an investigation leads in that direction. Civil forfeiture action could also result if the funds are determined to be connected to criminal activity or a lack of proof to where the funds originated. Additionally, declared income from these private mortgages could trigger CRA audits.

3. Multiple Mortgage Analysis

Purpose:
Properties with multiple mortgages registered to it may be an indication of private lending schemes linked to the underground economy. Properties with multiple mortgages from private lenders could be considered suspicious and require further review. The publically available *BC Court record 160560* is an example of this unusual activity where the total value of mortgages exceeded the value of the home.

Private lenders were registering mortgages possibly unaware that other private lenders had also registered mortgages to the same land title. Nearly 4 times the assessed value was attached in the form of mortgages to a multi-million dollar property. It is possible that the lending parties involved secured mortgages against the owner because the owner was using the lent funds to fund real estate development. If the mortgages, or lent funds were cash, the cash could have been used to pay trade contractors and build/renovate homes. When the house is completed and sold, the cash utilized in building/renovating the house would be washed/cleaned in the sale and collected by the investing parties, or mortgage lenders, through bank transfers. If lawyer's trust account were used, the funds become more obscure to follow.

Data Sources: LTSA mortgage data

                          LTSA PID information

Methodology:
Extract all land titles and count the number of active or historical mortgages linked to a property during a specific period. From a data perspective, big banks or credit unions can be grouped and counted based on their unique names in the database. All other names can be considered brokers or private lenders. Either historical views or current views can be constructed to identify anomalies.
One property will have multiple owners over time. Grouping the mortgages held by each owner over time will be required. For example, if a land title was active between 2012 to 2016 for one owner, all of the mortgages registered between 2012 to 2016 for that owner would need to be counted. Properties with several private lenders can be prioritized for review.

Querying the system of current owners and looking for properties where private mortgages were placed and removed in a short period of time would be an unusual indicator. Quantifying the number of mortgages associated to a specific property can also be determined and reviewed for follow-up. Determining the value of these mortgages would be manual. An extract like the following could then be translated into a pivot table to prioritize properties with multiple mortgages.

Source	PID	Registered date	Canceled date	Mortage Lender Name	Mortgage Lender Type	Date Mortgage Registered
LTSA	111-111-111	01/01/2012	12/02/2018	Big Bank	Bank	02/02/2012
LTSA	111-111-111	01/01/2012	12/02/2018	Mortgage Broker	Broker	05/05/2016
LTSA	111-111-111	01/01/2012	12/02/2018	Name 2	Private	10/10/2017

Results:
Conducting analysis on the value of all mortgages or the number of mortgages applied to a property may help identify properties involved in unusual activity. Any properties incurring several private lender mortgages could be considered unusual and require investigation.

Note: Data limitations may exist because some information, like dollar value of mortgage is in PDFs, digitization of this type of information is required for further analysis to occur. Additionally, future transaction based alerts can be created. For example, if home has more than 4 mortgages flag for review.

4. Land Beneficial Owner Analysis

Purpose: It is possible that properties in BC are owned by nominees and the true beneficial owner is not known. Several types of analysis can be conducted to address different areas for enforcement. Even though the BC Beneficial Owner Land Registry has been populated, it is possible that the individuals listed for some properties are not the actual beneficial owner.

Some properties will list beneficial owners who pay taxes in Canada however, their claimed CRA income or occupation in LTSA may not align with mortgage payments required on properties they are registered to. These beneficial owners may be receiving payments through their bank accounts to make mortgage payments on behalf of a foreign entity or another domestic actor. Identifying these properties will allow for follow up.

Data Source: LTSA Occupation

BC Assessment Value

LTSA Mortgage

BC Beneficial Owner Land Registry (includes SIN)

CRA Income Tax

BC Assessment Civic Address

ICBC Civic Address

Note: ICBC data may not be accurate since any address can be added to a Driver's Licence or Identification card. ICBC address verification, similar to BC assessment's autofill functionality, may be required as a data enhancement moving forward for ICBC.

Methodology:

a) Extract all properties with the associated LTSA occupation(s)
b) Identify properties with mortgages and count using LTSA charges Liens, and Interests.
c) Link PID from LTSA to BC assessment value.
d) Link PID from LTSA to PID in the BC Beneficial Owner Land Registry
e) Link SIN from BC beneficial ownership registry to CRA SIN declared income
f) Link the Civic Address from BC assessment to the civic address in ICBC database

The following is an example of what a data extraction from multiple sources could look like for review.

LTSA								BC Assessment	ICBC (civic address match)			BC Beneficial ownership Database		CRA
PID	Current title Registration date	Civic Address	Active Mortgage count	Owner 1	Owner 1 Occupation	Owner 2	Owner 2 Occupation	Value ($)	Person 1	Person 2	Person 3	Declared owner Name	Declared Owner SIN	Declared Income SIN
111-111-111	01/01/2018	123 Main St	1	Name 1	Student	-	-	5,000,000	Name 1	Name 2	Name 3	Name 1	777-777-777	$0.00

Results:

1. Focusing on occupations like student, housewife, or retired may help reveal discrepancies. Properties with high property value, low income occupation owners, and active mortgages can be cross-referenced with the BC beneficial ownership registry to identify matches and evaluate declared CRA income. Occupations like housewife, student, or retired should not have high CRA declared incomes, if they do, follow up is required to confirm occupation.

2. Focusing on high valued properties, isolate properties with mortgages, prioritize based on property value, review mortgages to determine monthly payments, review corresponding CRA declared income for owner. Depending on the value of the mortgage and the monthly payments versus the CRA declared income of the owner, discrepancies will be identified. If the declared income value is low, yet there are substantial mortgage payments, follow up is required.

3. Utilizing the civic address in BC Assessment and the civic address in ICBC's database may identify other individuals linked to the property. If any other individuals are identified using ICBC's address information, this may reveal the beneficial owner if the listed beneficial owner is under scrutiny.

   Individuals linked to the property who may be the beneficial owner will require further review to determine their CRA declared income. Any discrepancies found may result in application of speculation tax, income tax audits, etc.

   Additionally, address information obtained by BCLC may be useful in linking parties to specific addresses if no ICBC data is useful since some people will provide foreign passports and verbally give local addresses for identification purposes.

4. Cross reference BC Beneficial Owner Land Registry with current LTSA database to identify name mismatches, if the name is different and the property has not been transferred during the time period when the beneficial ownership information was declared, this may identify a nominee. If the current beneficial owner has no CRA declared income and purchased the house after the foreign tax was introduced, this may reveal a foreign buyer that used a nominee to avoid the foreign buyer's tax. If confirmed, the foreign buyer's tax could be retroactively applied to the purchase price. Additionally, the speculation tax can be applied to these properties and potentially pursue tax evasion if taxes were intentionally avoided by using a nominee.

5. Identify beneficial owners of multiple properties and assess CRA declared income. Individuals with multiple high value properties and low value CRA income tax claims may be an indicator of someone who has not been claiming their true income for tax purposes.

6. Identify beneficial owners of multiple properties that have sufficient CRA declared income to support ownership of high value properties. It may be possible that this individual is being used by multiple owners on several properties to avoid speculation tax. Nominees with local tax footprints may be utilized as nominees by foreign owners in an effort to avoid the speculation tax.

Note: Where applicable, CBSA traveler information could be useful when determining the frequency of stay in Canada for individuals linked to property ownership. Connecting travelers together at border crossings may reveal other useful links for beneficial ownership purposes. Individuals in Canada for long periods of time with low CRA declared income that own properties could reveal unusual activity. CBSA information regarding citizenship status could also help prioritize individuals linked to properties.

5. **Company Beneficial Ownership Analysis**

Purpose: Companies that are listed as the beneficial owners of properties will require the directors of those companies to be identified and then reviewed to determine beneficial ownership of the property. Properties owned by companies add a layer of obscurity, as the owners, or directors, listed for companies are not always the beneficial owner of that business. Even when a beneficial ownership database for company owned land is populated it will still require follow up where anomalies exist. Prior to having a beneficial ownership business registry with confirmed owners, it is possible to prioritize and review high value properties or multiple properties owned by singular business entities or, once a beneficial ownership company/land title database is populated, cross referencing information between databases could be useful.

Data Source: LTSA Occupation information

LTSA Declared Value information

BC Beneficial Owner Land Registry

BC Registry Services Mailing Address

BC Registry Services Director Address

ICBC Address Data

Methodology:

1. Extract all properties linked to a company from BC Beneficial Owner Land Registry
2. Link company in BC Beneficial Owner Land Registry to BC Registry Services company information and extract directors and addresses
   (mailing address, delivery address, director address)
3. Link PID to LTSA information and BC Assessment informtion
4. Link LTSA civic address to BC registry services company civic address(es)
   (mailing address, delivery address, director address)
5. Link LTSA civic address to ICBC civic address
6. Manual queries are required for directors to determine CRA declared income

LTSA			BC Assessment	ICBC (civic address match)			BC Beneficial ownership Database	BC Registry Companies						CRA	
PID	Civic Address	Owner 1	Value ($)	Person 1	Person 2	Person 3	Declared owner Name	Company Address	Director 1	Director 1 Civic Address	Director 2	Director 2 Civic Address		Declared Income SIN Director 1	Declared Income SIN Director 2
111-111-111	Address 1	Company 1	5,000,000	Name 1	Name 2	Name 3	Company 1	Address 1	Name 1	Address 1	Name 2	Address 1		$0.00	$0.00

Results:

1. Extract all owners listed as companies and prioritize by BC Assessment value. Then prioritize based on foreign addresses that appear in company records linked to property. These properties may be owned by foreign entities and require more review to determine CRA declared income if multiple directors are listed for speculation tax purposes or it the foreign buyer's tax was appropriately applied at the time of purchase. Furthermore, if these companies are determined to be foreign in nature (based on CRA declared

income) and were set-up to avoid the foreign buyer's tax, enforcement action could be applied.

2. Extract all owners listed as companies and prioritize by BC assessment value. Review linked directors and review CRA declared income of these directors. Company owners that have low or insufficient CRA declared income may reveal unusual activity.

3. Linking the LTSA civic address of a property to ICBC civic address information may reveal other individuals associated to a company owned property not listed as director. These additional individuals may be the actual owner. If the director of the company is determined to be a nominee further reviews into CRA declared income could be performed to draw other conclusions leading to enforcement.

4. Linking the LTSA civic address of a company owned property to any BC registry services company civic address(es) (mailing address, delivery address, director address) may reveal other directors associated with this address. Or it reveal the same directors who have set-up multiple companies and referenced the same civic address. This type of analysis may be better represented through cluster analysis (See point 6 Cluster Analysis).

5. Comparing the beneficial owner stated in the BC Beneficial Owner Land Registry for a particular company with the BC Registry Services company database may reveal discrepancies and require follow-up.

6. Cluster Analysis (Beneficial Owner)

Purpose: Link Analysis through a program like IBM i2 Analyst's Notebook would reveal complex ownership clusters in a visual way. These clusters will provide insight into potential queries that could be built to find other patterns in linked databases. By visually querying database clusters of entities and linkages would allow investigations to focus on individuals or companies that have complex associations given that the data is in a tabular format and consumable for analysis.

Data sources: BC Assessment Owner Address

BC Assessment Owner Name(s)

LTSA Owner Name

LTSA Owner Address

BC Registry Services Company Name

BC Registry Services Company Mailing Address

BC Registry Services Company Deliver Address

BC Registry Services Director Name

BC Registry Services Director Address

ICBC Civic Address

Methodology: Entity resolution will be a challenge between databases however there are techniques for determining the probability of a match. Employing these techniques will be critical to cluster analysis where tabular data exists. Duplicate names existing in the database will create multiple ambiguous links to addresses. This would require review to separate entities into unique persons.

IMT.ca Identity Resolution add-on for i2 Analyst's Notebook would be useful for intelligence mining in order to identify and link similar entities for investigative purposes. Connecting this technology to a variety of databases would reveal links across multiple platforms and reveal interesting ownership structures. The technology performs identity resolution based on a variety of data elements. Based off of the data model involved a proactive intelligence mining solution could be developed to identify complex association structures for investigation. Visually querying a database is an effective way to identify complex linkages otherwise not easily viewable through traditional queries and reports.

Note: It may be a strategy for some foreign homeowners to list a high earning individual who pays Canadian taxes as the beneficial owner as noted in section 5 Company Beneficial Ownership Analysis, point 4. If a name like this is used for a variety of properties it could be revealed using cluster analysis.

Results:

If multiple databases were connected and visual explored with link analysis software clusters like the following could be discovered and reviewed based on complexity.
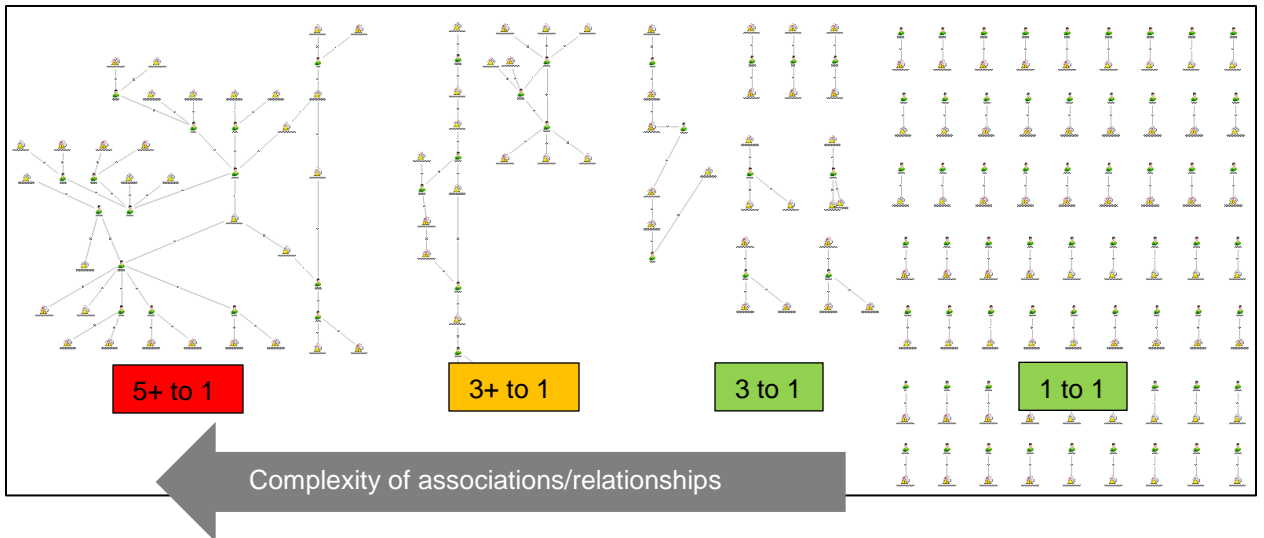
The following link chart is an example of one individual linked to multiple BC companies (10) and properties (16) through 3 databases. The BC Registry Services Company database, LTSA database, and BC Assessment database were manually queried and the links manually created on the chart below.
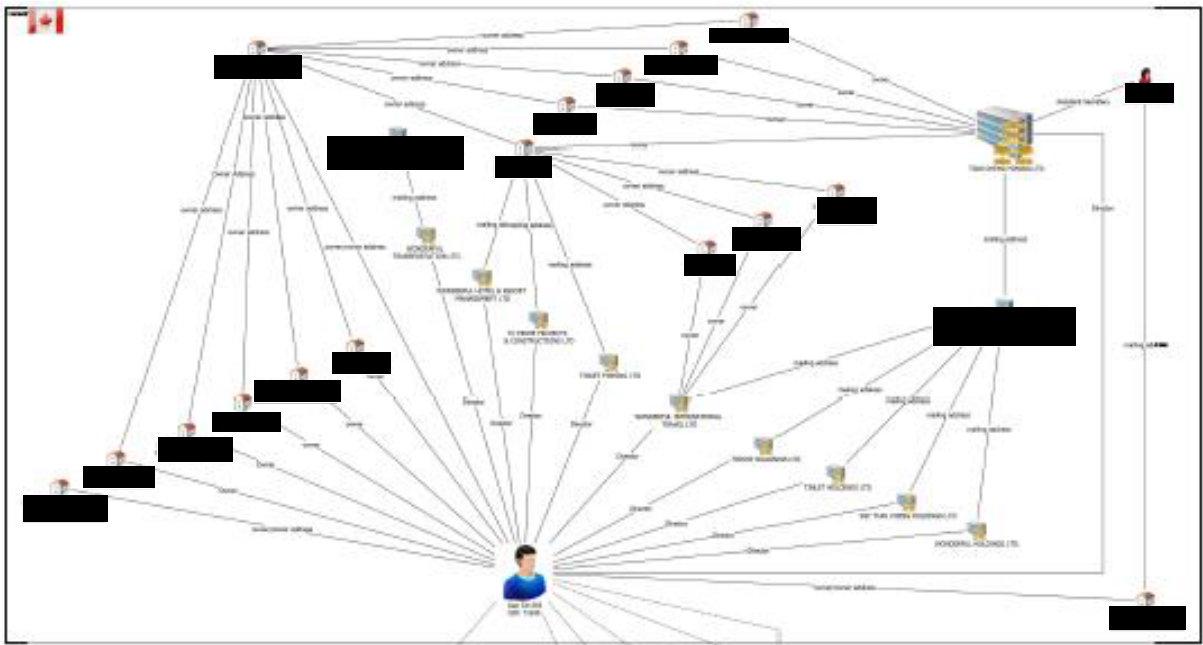
7. Holding Realtors Accountable

Purpose:
It is possible that realtors completed sales that should have been deemed suspicious based on indicators present at the time of sale. These sales should have had a STR filed with FINTRAC as per guidelines. Identifying these indicators on previous sales, especially obvious ones, should result in some disciplinary action. Realtors that have numerous infractions would require training or disciplinary action.

Data Sources: MLS Realtor Selling Agent

LTSA information

Open source information

Methodology: Review adverse media related to property owners. An automated approach could be used similar to what the banking or casino industries employ to conduct ongoing monitoring of business relationships. Automated name matching services that look at adverse media, PEP lists, and sanction lists could produce results that require review. If the owner of a home has adverse media, is a PEP, or on a sanction list and the realtor could have easily found such information at the time of sale, follow up would be required if the realtor did not submit a STR. Further to this, if the realtor learned of the occupation of the purchaser to be a student and the property was a multi-million dollar sale, the realtor ought to have know this is unusual and filed a STR.

Other suspicious indicators could be considered for this type of analysis however, data driven indicators are historically observable. Any indicators present at the time, like what a purchaser said, could have been forgotten by the realtor and not easily utilized for holding one accountable. Data driven indicators could serve as actionable reasons for discipline if identified.

Results:
1. Reviewing realtor sales tied to certain individuals may reveal realtors who are not conducting due diligence. MLS data has more than 10 years of historical sales. Any realtors who did not conduct any due diligence when conducting a sale for an individual whose funds is of a questionable source could be determined.

   Example, if a well known gangster whose photo is available online at the time of the sale purchased a house, and some cash was involved, and no STR was filed is unusual. The realtor ought to have known from a simple google search that the person they were dealing with may be using the proceeds of crime to purchase a house and therefore submit an STR. (Obviously not informing the individual of such actions by the realtor). If no STR was not filed, it may reveal collusion, complicity or wilful blindness.

2. Names linked to land titles can be automatically screened against open source intelligence lists to identify high risk individuals who may be linked to properties in BC. Reviewing these results and confirming findings could lead to using MLS data and identifying realtors. Any realtors who seem to deal with a higher than normal volume of these high risk individuals could be reviewed and disciplined if necessary.

8. Lawyer Trust Accounts

Purpose:

Lawyer trust accounts may be utilized to move funds into the real estate sector or after a foreclosure occurs when private mortgage lenders are paid back from the sale of the asset. The private lender is awarded funds from the foreclosure and the funds deposited into the lawyer's account which can then be sent to someone different than the lending party.

Complicit lawyers or notaries may register underground economy loans disguised as mortgages for underground cash facilitators.

New oversight powers of mortgage registrations would need to occur as part of the due diligence process. Changes or amendments to the BC mortgage act may be required in order to achieve this.

Data Sources: BC Civil Court Foreclosure Records

BC Law Society Audits on Trust Accounts

LTSA Mortgage Information

Note: A declaration of lent funds must be completed by private lending individuals and submitted during the time of registration with all applicable information from the registering lawyer's office. Amending Form B (Section 225) of the current form used to register a mortgage shall include additional information fields. Type of funds lent. (cash, wire transfer from bank account information, etc.). All mortgages that are registered must have a *declaration of funds (lender)* form. A declaration form will help investigations (i.e. declared funds were wire transferred to borrower). An investigation may reveal that no wire transfer occurred and that the loan may have been cash. Complicit lawyers may falsify information when registering the mortgage document. Enforcement can be applied as required.

Methodology:

Foreclosure cases in BC where private lenders are involved would require review. These private lenders would then be reviewed and assessed to prioritize unusual or questionable activity, (i.e. private lenders linked to organized crime or private lenders that should be registered as brokers based off volume).

In addition to reviewing the private lenders, common lawyers being awarded foreclosure funds more frequently than others lawyers could be quantified to assess risk and direct Law Society Audit services to ensure the lawyer's accounting books are inline with BC Law Society regulations.

Results:
Any lawyers registering mortgages for private individuals that are deemed high risk will be subjected to BC Law Society review as they may be facilitating money laundering or tax evasion. Since all transactions are outside of the FINTRAC reporting schedule the BC Law Society must increase audit capacity for; lawyers that register high value or a high volume of mortgages for private individuals, or lawyers that process a high volume of foreclosure funds.

Stake Holder Analysis (Roles and Responsibilities)

Provincial Task Force

The role of a *Provincial Task Force* would be to employ people that possess knowledge or training as it relates to each individual agency's purpose with an overarching understanding of money laundering or tax evasion. Secondments or specific positions will need to be created. Working as an integrated unit, the *Provincial Task Force* will include an Investigation unit & an Intelligence unit. The Investigations unit can laisse and develop cases or make referrals to contributing agencies based on mandate (Provincial or Federal). For illustrative purposes, a
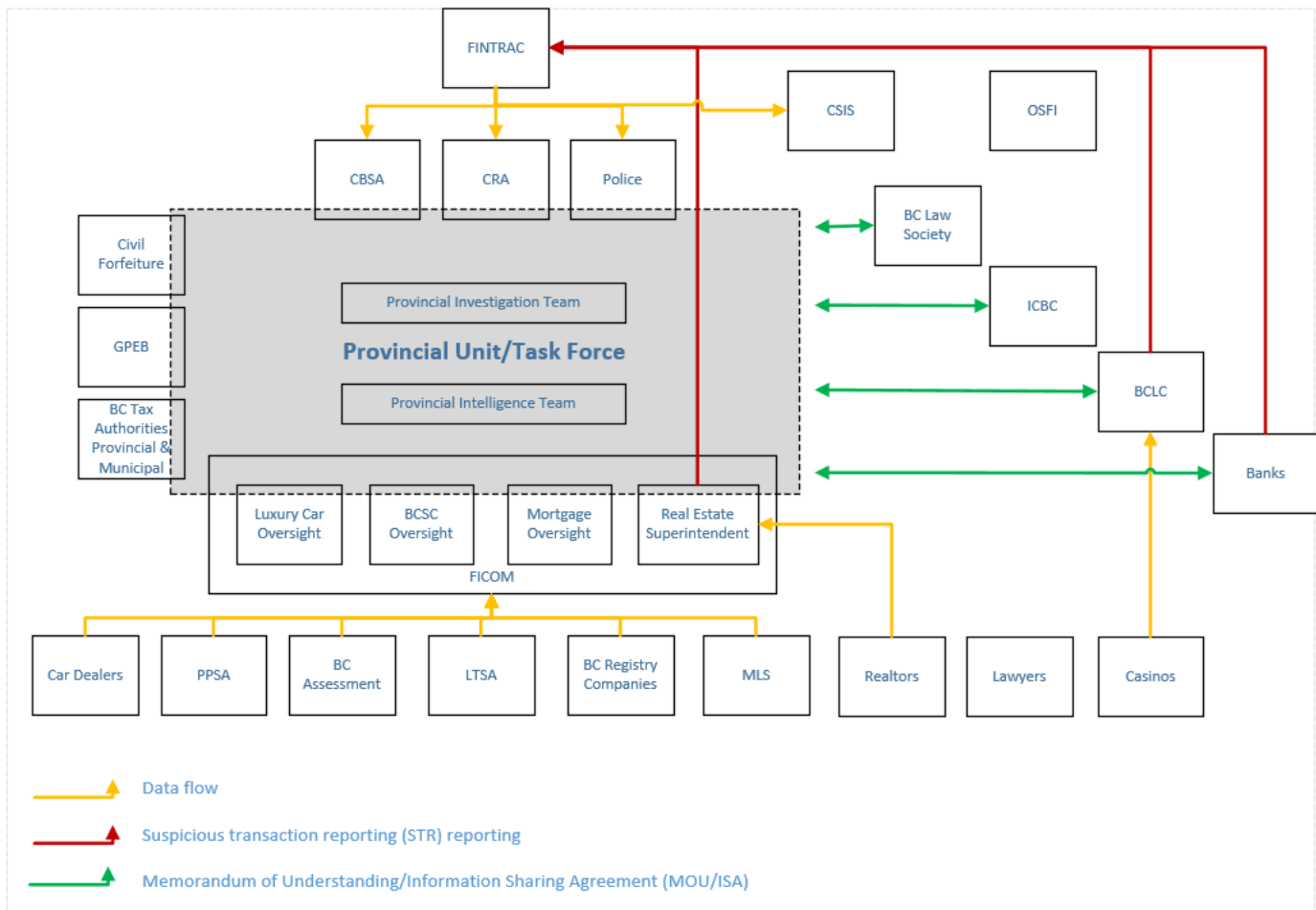
structure like the following diagram can be considered.

The intelligence unit itself will identify targets based on data analysis or due diligence procedures. Referrals will still be important however, the primary nature of the work will be data driven through intelligence products. Due diligence and know your customer initiatives will be conducted by the analytical unit within the task force to maintain the integrity of the industries it oversees. Smooth information flow, that respects privacy legislation, will enhance the task force's ability to assess risk and react as all agencies will be at the table and available for consultation and risk

assessment. Provincial and Federal legislation that is required to achieve effective working groups must be pursued and established.

Each stakeholder would require an extension review to determine roles and responsivities, for example;

Mortgage Brokers Oversight

>**Role:** Mortgage oversight will ensure data collection is completed. Enforcement of mortgage legislation.

>**Data Enhancement:**

>>1. Mortgage declaration of funds
>>2. Digitize current mortgage PDF documents to populate database

>**Legal Considerations:**

>>1. Make changes to the BC Mortgage Brokers Act to include higher monetary penalties for infractions
>>2. Include wording that includes if the lent funds for a mortgage can not be sourced the funds must be returned and the lender may face legal action. (civil forfeiture)
>>3. Make changes to the BC Mortgage Brokers Act to include enhanced due diligence measures regarding mortgage lending by private individuals. Include open source background checks, develop MOU's with law enforcement for when red flags are found

Additional Stakeholders to be included:

FINTRAC	**Luxury Car Oversight**	**BC Hydro**
CRA	**BC Real Estate Superintendent**	**BCREA**
GPEB		**Realtors**
	LTSA	
Police		**BC Law Society**
	BC Assessment	
CSIS		**Lawyers**
	BC Registry Companies	
CBSA		**Banks**
	BCLC	
CFO		**BCSC**
	ICBC	
FICOM		

Other Concepts

9. Building Permit/Contractor Review for High Value Renovated Homes or Built Homes

Cash based renovations or full scale home builds can be paid for in cash. These cash transactions are either claimed by contractors as income or they are not, which raises an issue related to CRA and the contractor's business revenue. If the source of the cash used to pay the contractor(s) is supplied by organized crime it is possible to launder money through real estate development and sales. Audits related to the building permits and the claimed dollar value of the work versus the assessed dollar value of the work, coupled with the contractor's bookkeeping would reveal unusual activity.

Analysis can be conducted to identify owners suspected of being involved in the underground economy. Their properties can be reviewed to see if they were renovated or if a new home was built. Google street view can capture contractor banners at the property's construction site. Auditing contractors and identifying the source of the funds used for the construction or renovation could identify usual activity. Alternatively, a systematic review of building permits linked to high value homes could be analyzed to prioritize investigations into the contractors. A street by street review of google earth images by year in high value neighbourhoods could also identify properties worth investigating in order to identifying owners and/or contractors that may have used proceeds of crime. Additional means for identifying high value homes that were renovated could be identified by building permits. Not all renovations acquire building permits hence why a google street view process is suggested.

10. Short-Term Rental Business Tax Reviews (Tax evasion)

All short-term rental businesses (Air BnB, VRBO) should have an occupancy history record/revenue generated summary associated to each business licence/rental property. These records would include number of nights rented and the value collected from the rental through the website. These occupancy history records should be submitted by all short-term rental owners as it relates to their business license in Vancouver, BC. Revenue from these short-term rentals can then be cross-referenced to the applicable tax return of the short term rental owner to ensure revenue is being declared. It is possible that short-term rental owners are not claiming all of their rental income for tax purposes and avoiding taxes. Any deterrents for owners that supply short-term rentals versus offering long-term rentals could help stabilize rental occupancy availability for residents that work in the city of Vancouver and/or surrounding cities.

11. BC Court Records Analysis

Quantifying foreclosure cases and the defendants and plaintiffs involved may reveal patterns that require follow-up. For example, an individual who commonly appears as a plaintiff on a court record that is not a bank or credit union, or a registered mortgage broker may reveal a private lender involved in several foreclosures. This could be of concern especially if the lender is associated to organized crime. The foreclosure and sale of the property could result in lent funds being moved through the court system.

Another idea for BC court records relates to reviewing keyword phases found within court document like "promissory note". These type of cases have been demonstrated to be linked to underground lending schemes, identifying other plaintiffs (private lenders) could be useful in identifying targets for investigation. Keyword analysis is likely not possible without some form of digitized text and many court records are PDF. Programs exist that could translate these documents to support this type of analysis.

Quantifying plaintiff's names that appear in the database frequently (especially for foreclosure labeled cases) could reveal private lenders who rely on the courts to collect debts from individuals. This information is readily available within the database.

12.   Empty Home Analysis (Tax application)

Reviewing addresses that lack utilities (internet, television, phone, electricity) will identify empty homes. Although utilities like cable or internet are from a private company access would be unlikely, therefore the model of requesting proof from owners who may have these services is the ideal collection method. However if the cost of not paying the empty home tax is simply by purchasing a base internet package for the empty home the tax could be avoided. The use of Crown Corporation data related to electricity usage would be the best indicator of an empty home. Given that the home is not fully automated to simulate power consumption although these power consumption patterns could be identified through analysis. In general, by identifying homes that do not reflect the average power consumption in that neighbourhood could reveal empty homes. BC Hydro data could be useful in this exercise. This technique is the opposite of looking for marijuana grow-ops and their high electricity consumption.

13.   Principle Residence Analysis (Tax evasion)

It is possible that there are beneficial owners who are not claiming their principle residence accurately. The BC Beneficial Land Owner Registry, CRA, and municipal homeowner grants all collect principal residence information. Banks also collect this information for determining the down payment on land purchased with a mortgage (vacation property, rental property, principle residence). Utility bills are also an indicator of a person's principle residence. Reconciliation of all of this data across several separate databases will identify individuals who are claiming various properties as their principle residence for tax benefits. If a Provincial Task Force had the mandate and authority to access and analyze the databases, discrepancies can be identified and enforcement taken. An individual claiming the same principle residence across all of these sources is truthful. If there are differences, follow-up is required.

14.   Reassignment/Shadow Flipping (Fraud)

Reviewing MLS data where the sold price is greatly different from the listed price. For example, if a home was listed for $5M, reassigned and sold for $7M, the original seller was only given $5M, and the remaining $2M keep by the realtors that orchestrated the assignment sale, the owner would have no idea they were cheated. The original seller ultimately is owed $2M but unaware this occurred. If the owner was able to cross-reference the actually sold price (assuming this information is entered into sale documents and MLS honestly) versus what they received it could reveal assignment fraud and the seller could pursue civil litigation. *BC Court record 158797* refers to an example of this occurring. Accessing this MLS information for sold price, if accurate, should be accessible by the public. Therefore anyone who sold a home should be able to see if they were a victim of assignment fraud. Plus, it gives future buyers a better understanding of listed prices versus sold prices when looking at comparables. Commonly realtors may not share actual values of low comparables and hold this information only presenting favourable comparables. Properties selling for less will impact the realtors commission. This is one way the real estate industry could create transparency in their market by revealing sold values to the public.

Authority

Federal, Provincial, and Municipal legislation is required, or requires improvement to address issues. Provincial task forces across Canada, made from Federal and Provincial agencies, with a mandate to address issues will be the most effective model for enforcement and regulation, particularly in BC and Ontario. The authority to investigate, enforce, regulate, and manage must come from all levels of government and multiple agencies that work together where applicable. Silos and independent efforts will not protect the Canadian economy. Structured teams that are agile based on intelligence led initiatives will be the most effective force in combatting issues. Data sharing and access to information while respecting privacy laws are required if these hybrid units are to be successful given their mandate.

The UK has developed legislation to support the seizure of assets in the possession of corrupt officials or criminals. An Unexplained Wealth Order (UWO) is something Canada should look to employ. Provincial or Federal Acts that require amendments to bolster enforcement is required. All provinces need to follow BC and create Beneficial Ownership Registries for land titles and company information. ***End of report

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