



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on Finance**

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FINA • NUMBER 076 • 2nd SESSION • 41st PARLIAMENT

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**EVIDENCE**

**Thursday, April 23, 2015**



**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

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•(0845)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call this meeting to order. This is meeting number 76 of the Standing Committee on Finance. Pursuant to Standing Order 108(2), we are continuing our study of terrorist financing in Canada and abroad.

We are very pleased to have with us four witnesses in Ottawa. We are still expecting one. I think he's delayed in his travel. We also have a guest from the United Kingdom.

First of all, from the British Columbia Civil Liberties Association, we have the policy director, Micheal Vonn. From the Clement Advisory Group, we have the president and CEO, Mr. Garry Clement. From Fasken Martineau DuMoulin, we have Koker Christensen, who is a partner. We are expecting Matthew McGuire from MNP LLP to be here shortly.

By video conference from London, we have as an individual, Mr. Haras Rafiq from the Quilliam Foundation.

Welcome, all. Thank you so much for being here with us this morning.

You will each have five minutes for your opening statement and then we'll have questions from members. We'll begin with the British Columbia Civil Liberties Association.

**Ms. Micheal Vonn (Policy Director, British Columbia Civil Liberties Association):** Thank you, Mr. Chair, and good morning.

The B.C. Civil Liberties Association urges the committee to undertake a study of how Canada is addressing the issue of terrorist financing. In our submission, Canada's approach to this issue has long lacked critically needed oversight and review, and the urgent need for these will intensify with the passing of Bill C-51.

FINTRAC is of course a key component of Canada's strategy with respect to deterring and detecting terrorist financing. The Arar inquiry's policy phase is the most comprehensive analysis of national security accountability that Canada has ever undertaken. As I'm sure you know, the inquiry's recommendations included consolidated review processes for national security agencies, including FINTRAC. However, no review mechanism has been created. Meanwhile, audits of FINTRAC by the Office of the Privacy Commissioner of Canada, the OPC, have consistently demonstrated troubling over-collection and retention of personal information. While FINTRAC itself maintains that one of its primary safeguards for privacy is its independence from law enforcement, Bill C-51, if passed, would make such independence all but fictional.

As the Privacy Commissioner has just stated in his submission to the Senate committee on national security and defence, Bill C-51 would make available to 17 federal departments and agencies, including FINTRAC, the RCMP, CSIS, CSEC, and the CRA, potentially all personal information these departments hold on Canadians. All 17 of these departments would be in a position to receive information about any or all Canadians in interactions with government in an unprecedented blurring of the mandate of these 17 different institutions.

We anticipate a steady stream of legal challenges if these proposed powers are enacted, and these developments make very pressing indeed an assessment of FINTRAC's proper mandate and role in relation to other national security agencies. This of course necessitates a review of its efficacy.

The OPC audit reports echo the assessment on efficacy cited in the 2013 report of the Standing Senate Committee on Banking, Trade and Commerce entitled "Follow the Money: Is Canada Making Progress in Combating Money Laundering and Terrorist Financing? Not Really".

There would appear to be a dearth of information to accurately assess whether the Canadian regime is meeting its objectives. No empirical evidence is being generated to suggest that the regime is successfully accomplishing its goals. To the contrary, what little evidence is available can only suggest either that there is considerably less terrorist financing than feared or that the regime is not very effective at addressing it. However, much of the response to the situation of genuinely failing to understand the need and efficacy of the regime is simply repeated urges for more invasive powers; broader disclosures of sensitive, highly prejudicial personal information; a more onerous administrative burden on the private sector; and more resources for FINTRAC and its partners.

FINTRAC, as part of our national security apparatus, works with some degree of necessary secrecy. But currently, that secrecy is inadvertently allowing for a failure of accountability. There is no dedicated review body that can tell us whether FINTRAC is operating properly, successfully, and lawfully.

At the B.C. Civil Liberties Association, we say that this is a critical juncture for a long overdue study and sober assessment of the genuine need and the most efficacious, accountable, and rights-protective means of addressing that need.

Thank you very much.

•(0850)

**The Chair:** Thank you very much for your presentation.

We'll now go to Garry Clement, please.

**Mr. Garry W.G. Clement (President and Chief Executive Officer, Clement Advisory Group):** Chairman Rajotte and distinguished members, thank you very much for this kind invitation.

I want to also thank you for allowing me to submit a fairly lengthy document. I obviously won't go through it, as we'd be here all morning, but I do want to cover some highlights, if you will permit me. I want to talk from an operational perspective on what I'm seeing. Having been in law enforcement for 34 years now, as well as more than seven years in compliance, I think I come with a unique perspective, seeing both sides of the world.

I think we have to accept that terrorists consider themselves at war, one with no rules or uniforms. Terrorists camouflage themselves in our civilian population in order to unleash their fury upon unsuspecting targets and symbolic structures. The reality is that they're out there, and I think we have to accept that. With Canada's recent expansion into Syria, I would suggest it also means that we have to be more alert than we were in previous times.

The reality is that for financial institutions, identifying suspicious activity, especially for terrorist financing, is extremely challenging. I would argue that there has to be a more concerted effort in a public and private partnership, where there's collaboration between law enforcement and the financial institutions. I know that some of this is sensitive information, but I firmly believe we can appoint somebody with security clearance to be a chief anti-money-laundering officer in a bank. We can have them appointed as a point of contact in, for instance, emerging situations.

I can give you an example. I just came back from the financial crime conference in New York. One of the bank chief anti-money-laundering officers spoke of being contacted by the FBI at three o'clock in the morning on a very serious matter. Because of the relationship that had been established, she went to the bank that had been previously arranged and was able to pull off the data about the financial flows, which were extremely valuable in the investigation. When we're dealing with terrorist situations, we're dealing with real time, and I believe that's something that's essential.

I think one thing we need to do is to be more efficient and effective in assisting financial institutions. The other thing I think we need to do a better job of is providing financial institutions with the typologies that FINTRAC is seeing so that the financial institutions can better serve the overall goal of what we're all trying to stop—terrorist financing and the financing of organized crime.

The other aspect I'd like to talk about is that when we put up sanctions against Syria, they were very laudable sanctions. I think we'd all agree with them. But what happened as a result is that all of the money services businesses that had Syrian clients were shut down by the banking community. The problem for us, and it is a problem, is that all of that money continued to flow in an underground economy. Neither law enforcement nor the intelligence agencies.... I can tell you that I have submitted a number of intelligence briefs on this, because I have a number of contacts in the Iranian community, and none of those have yet to be followed up on. I still get examples of where in the newspaper they're still advertising for their services.

This concerns me greatly, because this has been going on for a period of about four years. How much of that is related to terrorist financing? I suggest that if we're going to allow foreign students to come from Syria, we also have to accept that they have to have some vehicle to flow their money. I would suggest to this committee that the fact that we allow the MSBs and that they are monitored with independent reviews—the one that I was doing I was monitoring quarterly—is of value, because we know exactly what's going on and who the people are. I suggest that's far better than an underground economy.

● (0855)

The other area I'd like to speak to is the fact that this whole area requires expertise. I can tell you that I was very fortunate; I guess I was an anomaly in the RCMP, because I started in the proceeds of crime and money laundering area in 1983, at the embryonic stage, under the auspices of Rod Stamler. I helped develop the program. I can tell you that over the years, frustration crept in. I ended up leading the program at the end, and I watched expertise constantly going out the door because of our antiquated belief that we have to have a rank-based system. That is an 18th century philosophy when we're fighting 21st century crime. We have to get to the point where skill is an absolute requirement. We need to build up that expertise. I can tell you that when I left the RCMP, my average experience was 1.7 years.

**The Chair:** You have one minute remaining.

**Mr. Garry W.G. Clement:** Thank you very much.

The other thing I would suggest, which is of value, is that we need to look at biometric software. One requirement under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act is identification and often that is not face to face.

I've made a submission that we need to look at using even such things as Skype, with which you can look at the individual. There are biometrics out there now that can compare a passport with the individual in front; they compare the two photos. That also is something we need to look at on our borders. Biometrics and facial recognition software would serve us all well.

The last point I would make is about white-label ATMs. I have raised it a number of times; there seems to be a belief that they're properly captured and they're not a risk. I strongly suggest to this committee that white-label ATMs need to be brought under the regime.

Thank you very much.

**The Chair:** We'll go to Mr. Christensen, please.

**Mr. Koker Christensen (Partner, Fasken Martineau DuMoulin LLP):** Thank you, Mr. Chair.

I am a partner with the law firm of Fasken Martineau. My perspective on terrorist financing legislation is primarily as an adviser to financial institutions and others that are subject to this legislation. My comments today are not on behalf of any particular clients but simply reflect my own experience in this area.

The types of clients I would advise in relation to this would be banks, trust companies, life insurance companies, credit unions, and various types of businesses that would fall within the category of money services businesses.

A general concern of the financial institutions' clients I deal with is regulatory burden. A lot of that has nothing to do with terrorist financing; it's about other types of regulation and risk management requirements, but it does extend to anti-money laundering and anti-terrorist financing requirements.

Every few years, since the current form of the legislation was introduced, there have been significant changes to the legislation and an expansion of the requirements to include filling gaps and articulating the requirements. These have led to what is currently a fairly onerous regime.

I think there is a general recognition that terrorist financing is a problem. I think that taking that problem seriously entails requiring financial institutions to obtain a lot of information about customers and to do a lot of monitoring of transactions, but it needs to be kept in mind when examining these requirements that there is a real cost to the institutions.

In particular, there's a cost to smaller institutions. Larger financial institutions have large teams of personnel dedicated to this area. Smaller institutions don't have the resources to do that and can find themselves in a very challenging situation whereby they are subject to essentially the same requirements as big banks but without the resources.

The reason for that is that to a large degree the legislation is one size fits all. Elements of it are risk-based and the expectations of regulators such as OSFI will vary, depending on the nature of the institution, but a lot of the legislative requirements are minimum requirements. They have to be met regardless of the size of the institution, and doing that can present a significant challenge to an institution's ability to compete. I suggest that fact be kept in mind in any review of these requirements.

A related point would be that in examining the requirements and considering changing or introducing new requirements, we should give careful consideration to the business practices of the types of firms that will be affected. We need to make sure the requirements introduced are practicable, that they're workable in light of what the firms subject to these requirements are actually doing, so the firms won't need to greatly distort business models simply because the legislation was written in a particular way.

Finally, another area I encounter on a fairly regular basis involves businesses with some kind of fund transfer aspect as part of their models. They are being caught within the scope of money services businesses.

There are a lot of businesses doing various things in the payment space—a rapidly developing and growing area—that are caught or potentially caught by the definition of money services business, even though they're certainly not the traditional type of MSB.

Consideration needs to be given to these types of businesses to make sure that firms that are not intended to be caught by these requirements are not being picked up and caught by them, and to

make sure there's an appropriate balance so that innovation in this area is not unduly stifled.

● (0900)

**The Chair:** Thank you for your presentation.

Mr. McGuire, welcome to the committee. You will have five minutes for your opening statement, and then we'll have one more presentation and questions from members.

**Mr. Matthew McGuire (National Leader, AML Practice Investigative and Forensic Services, MNP LLP):** Terrorism is not new.

My name is Matthew McGuire. I'm the national anti-money laundering practice leader of MNP. We're the fifth-largest accounting firm in the country. My professional life involves developing risk-based approach, anti-money laundering, and counterterrorist frameworks for financial institutions and other reporting entities across the country. Thanks to this government, I've also helped the governments of Panama and Trinidad to develop their capabilities.

I really appreciate this opportunity to provide input into terrorist financing threats, harms, and countermeasures. I'd like to talk about two main themes. One is the existing framework and how it might be improved in terms of reporting entities and their responsibilities. Second is the accounting profession as it relates to terrorist financing.

The fight against money laundering and terrorist financing is really a battle against crime, and lawmakers across the world have decided that the best way to go about this is to encourage criminals to abandon their craft by taking away the financial incentive and by making it too hazardous to conduct their activities.

To maintain a hostile environment, countries have adopted measures such as establishing financial intelligence units and dedicated law enforcement. They've also deputized reporting entities. They've asked reporting entities, such as banks, to maintain their own hostile environments. Because money launderers and terrorist financiers take refuge in anonymity and opaque and complex transactions, the environments in which they're required to surrender their identities and in which their transactions create trails and are subject to scrutiny are hostile to them.

International standards were leveraged, of course, after world events that highlighted the significance of the threats of terrorism. In the case of terrorist financing measures, they're principally designed to increase public safety by depriving terrorists of the means to support their wrongful aims and acts. Rather than diminishing financial incentives, these measures are designed to deprive terrorists of the means to pursue their objectives. More importantly, they provide intelligence into the networks, ways, and means of terrorists.

Deputized reporting entities, those that have responsibilities and have to create the hostile environment, have three main responsibilities. They have to screen names. They have to assess and manage terrorist financing risk. They have to report and freeze terrorist assets and transactions.

Continuous name screening is required of certain reporting entities because of the United Nations Act and the Criminal Code. It's arguably the most significant counterterrorist financing tool in a reporting entity's arsenal, but it's not well forged and it hasn't been all that effective. The lists that must be referenced lack sufficient details, have few details on associates, or are out of date, and the guidance is seriously wanting.

It's wanting because the legislation is ambiguous, and there's no comprehensive authoritative guidance on the frequency of screening. There is no identification of fields against which we should screen, of the algorithms that might be used, or of appropriate means for resolving false positives. Reporting entities therefore have inconsistent and uneven responses and, as Garry mentioned, there's no requirement for certain reporting entities, such as money services businesses, as financial intermediaries to conduct continuous monitoring of their transactions for terrorist financing.

I was glad to see that economic sanctions were one focus of the recent budget. I would suggest that those funds could be allocated to improving the quality of available data.

In terms of assessing and managing risk, reporting entities are universally required to assess and manage their risk of terrorist financing. To do that, they have to understand the threats they face and the significance of the realization of those threats. In our experience with reporting entities, they do not meaningfully assess and manage their risk of terrorist financing. At best, the topic is dealt with superficially. Neither do regulatory examinations draw attention to these weaknesses.

An understanding of these threats comes from experience and knowledge transfer. Reporting entities understandably have very little experience and, therefore, they depend on knowledge transfer. The financial action task force calls on us as a country to provide a threat assessment in order to be able to inform our assessment of risks and the tools we design. Without that information, it is nearly impossible to design the tools we need for this fight.

As I say, terrorism and terrorist financing are not new. Knowledge transfer must begin and must continue unabated.

I'd also like to comment on the remarks of Professor Bill Tupman to the committee on March 31. For reference, he suggested that accountants were instrumental in terrorist financing operations. I agree that any large organization could benefit from accounting skills, but let's go after the bad apples, not the tree.

To conclude, terrorism is not new: think Belfast, Oklahoma City, Air India. The maturity of our regime of countermeasures cannot be blamed on the novelty of terrorist financing and should not continue to be arrested. For the contributions of reporting entities to be meaningful over the long term, they must benefit from rigorous education and intelligence regarding the threats that face us; comprehensive guidance to identify risk, detect nefarious actors, transactions, and assets; and intelligence sharing.

• (0905)

**The Chair:** We'll now go to Mr. Rafiq.

**Mr. Haras Rafiq (Quilliam Foundation, As an Individual):** Mr. Chair, good morning. Good morning to you as well, my fellow panellists and everybody else there.

My name is Haras Rafiq, and I'm the managing director of the Quilliam Foundation, one of the world's major think tanks looking at combatting extremism and terrorism. I want to bring to this gathering today anecdotal, academic-based research, and evidence-based research, as well as observational research and analysis as to why this study into the impact of terrorist financing is not just important but vital and crucial.

Within the organization, we have tens of years of experience on the part of people who have been on the other side, people who have been jihadists and terrorists in the past, have done their time in prisons, and have now come out disavowing the whole ideology and theology that drove them there in the first place. From that, we know what these terrorists are doing from an Islamist-terrorist perspective and how they're doing it. I want to touch a little on that today.

The other part of the experience that I bring today is that after the terrorist attacks of 7/7, I was on the U.K. government task force that came up with preventing violent extremism, which is now our old strategy of combatting radicalization and extremism and terrorism, which in North America has been adopted by the U.S.A. and Canada. Whether that will be effective or not is a different issue.

I want to talk about two main things. First is individual pathways and why finance is important to them, and second is strategic radicalization and why finance is important to that as well. If we just focus purely on terrorist financing and ignore the financing of recruiting and facilitating people to become terrorists, as well as those who may have sympathy and empathy for terrorists, we're only doing a partial job, so I urge the committee to widen the scope of this study it's undertaking.

In terms of the personal pathways, there are pathways that involve grievances that may be partial, genuine, or perceived. These individuals need to be looked at through a lens of extremist recruiters to Islamist ideologies that are operating. Those include groups such as the Muslim Brotherhood, which have now declared combative jihad in places like Egypt, and others that are operating to a large extent within Canada and North America and around the world with support from many people who may not consider them to be terrorist organizations. They ultimately provide people with solutions to become terrorists through this belief in the utopian Islamist caliphate and the theological justification that underpins that. Only by looking at this whole process and at how finance is used to take individuals through this grievance-based process and this ideological change can we really combat terrorist financing and understand the impact it has on Canada and around the world.

The other thing I want to touch on is strategic radicalization. In order to move a society as a whole, and in this case it will be Muslims in the west, people who have an Islamist agenda must teach individuals that their parents practised a particular version of Islam that is no longer legitimate and that the society doesn't want them there, and that therefore they must fit into a different society and change their practices. The way they do this is no different from the way fascism or communism has been spread. They build a number of entities within different spaces in our society, whether they provide education or pastoral care, and so on. Then by building their own individual capacity and education, they persuade them to come and join their gang or their club. They then, obviously, move them along through the grievance-based process.

Open-source documents available from certain intelligence agencies around the world say that certain countries have spent hundreds of billions of dollars so far helping this strategic radicalization, which ultimately leads to terrorism. All this now requires funding, so we have NGOs and charities and a whole number of other organizations that will fund these activities through other shell companies. One way we identify these organizations is by looking at the directors and the trustees and their ideological values. What do they aspire to? I think that has to be part of the study if you're going to be effective.

● (0910)

The last thing I'd like to say is that this is something that needs to be done more, not just in Canada, but around the world as well. There is very little work and research being undertaken in terms of the Islamist extremist organizations that will ultimately fund terrorism. We know there are cases from Canada. We know there are cases from North America, in Britain, yet we still, as governments, are dragging our [*Technical Difficulty—Editor*] and I urge the committee to undertake this study, this research, as a matter of urgency. If the Quilliam Foundation or I as an individual can provide any assistance or play any role or part, we'd be more than happy to do so.

**The Chair:** Thank you very much for your presentation.

Colleagues, we'll have time for seven-minute rounds.

[*Translation*]

We'll start with Mr. Dionne Labelle.

**Mr. Pierre Dionne Labelle (Rivière-du-Nord, NDP):** Thank you, Mr. Chair.

I'd also like to thank the witnesses for joining us today.

My first question is for Mr. Rafiq.

I found your opening remarks quite relevant. You said that if the committee looks only at financing and doesn't examine the motivation that leads to terrorist financing, we're only dealing with half the problem. I share your concerns in that regard. These days, we're putting a lot of focus on combatting terrorism through intelligence gathering and repression measures, but we aren't paying much attention to “deradicalization” or the reasons that lead people to become radicalized. What methods would you suggest to address that aspect? How could Canada be effective on that level?

[*English*]

**Mr. Haras Rafiq:** First of all, thank you for agreeing with me on the fact that this may well be a partial inquiry—we don't look at everything—and I really value your support in looking at this from a holistic perspective.

There are a number of studies and factors we can take into consideration. We done some reports looking at front organizations and looking at the way groups such as the Muslim Brotherhood set up shell companies, shell organizations, in order to actually undertake some very nefarious activities. We know that in Canada there have been activities. There is great report by somebody I respect and hold in the highest regard, Tom Quiggin, who has looked into organizations in Canada that deal in corruption, drug trafficking, kidnapping, manipulation of individuals, fraud and tax evasion, organizations that will, once successful, move into other organizations.

But in order to look at who these organizations are, I agree with you that the processes of radicalization really need to be taken into consideration rather than necessarily de-radicalization. I would rather the committee consider getting to individuals before they are radicalized, before they become sympathizers, before they become supporters of terrorism. If we are really going to combat and prevent “violent extremism”, we have to combat the ideas first.

● (0915)

[*Translation*]

**Mr. Pierre Dionne Labelle:** The government's current mindset is such that, under this bill, police would be tasked with that mandate. Do you think the job of preventing youth radicalization is best placed in the hands of police?

[*English*]

**Mr. Haras Rafiq:** One of the worst things the Canadian government can do is to make the mistakes we've made in the U.K., which have been, first of all, to look at this problem purely through the lens of criminality and legislation. By doing that, we as a government have tried to legislate our way out of these problems. There are some things that require legislation. There are some things that require bills, and there are some things that require governments to take direct action. One of the biggest mistakes our government has made in the U.K. is to fail to recognize that the battle of ideas is not best placed in the hands of the police and agencies.

I [*Technical Difficulty—Editor*] that the police force, the agencies, and bills are not best placed to actually prevent our youngsters from being radicalized. The best way we can do this, and perhaps finance can play a key role in it, is to counter the civic society engagement of youngsters by radicals and extremists to terrorism, and to promote, support, and empower a civic society response. This is something that needs to come from our society, but it needs empowerment and support from government.

[*Translation*]

**Mr. Pierre Dionne Labelle:** Thank you, Mr. Rafiq.

Ms. Vonn, I have a few questions for you.

In your presentation, you talked about the privacy commissioner's concerns about the wide availability of information, the lack of oversight with respect to that information and FINTRAC's lack of independence.

What accountability measures would you recommend to ensure the appropriate use of all that information? Do you have any recommendations?

[English]

**Ms. Micheal Vonn:** I would suggest a couple of things. First, I would echo my co-panellists in terms of guidance to entities. There is vast over-reporting of suspicious transactions, in part because, as the financial institutions have said to other committees, there is so little guidance and such an onerous burden on reporting entities should they miss anything.

Over-reporting is absolutely to be predicted given that you have criminal jeopardy should you not report effectively. There is no guidance as to what constitutes effective reporting, and so we have massive over-reporting of suspicious transactions, thereby not advancing security because we are getting things we don't require. Yet we're not taking them out of the system once they are in the system. FINTRAC retains them, and in fact it's more cost-effective if they don't have a person extract them.

These are some of the things that the OPC does simply because it's more cost-effective to just warehouse the data than it is to cleanse it of the things you don't need. These are the kinds of problems that guidance would fix.

Concerning oversight, we have heard about a number of models.  
[Translation]

**Mr. Pierre Dionne Labelle:** As far as accountability is concerned, do you have any clear ideas on how to make sure the information is subject to adequate oversight? Is there a model you could suggest?

• (0920)

[English]

**Ms. Micheal Vonn:** Certainly. The model we endorse is the Arar model, in terms of review. In terms of oversight, we would like to see the kinds of evidence-based policy-making that we say constitutes good accountability.

I'm sorry, does that answer your question?

[Translation]

**Mr. Pierre Dionne Labelle:** I'm going to think about that.

The people at the RCMP who deal with money laundering stay on the job for only a year and a half. In your view, expertise is being lost. Why is it that people leave so quickly? Is it the culture?

[English]

**The Chair:** We have about 10 seconds, Mr. Clement, if you want to address it very briefly. We'll come back to it later I'm sure.

**Mr. Garry W.G. Clement:** Very briefly, I can tell you we constantly monitor expertise. When you bring an investigator in, first of all they have to have the skills. We have monitored them, and their experience varies from an average of 3.8 years across Canada to as low as 1.2 years.

**The Chair:** Mr. Saxton.

**Mr. Andrew Saxton (North Vancouver, CPC):** Thanks to our witnesses for being here today. My first question is for Ms. Vonn.

Ms. Vonn, in your opening statement you encouraged us to undertake a study on terrorist financing. Is that not what we're doing right now?

**Ms. Micheal Vonn:** At the moment I thought we were debating a resolution as to whether the committee was going to undertake a study.

**Mr. Andrew Saxton:** No, this is a study on terrorist financing.

**Ms. Micheal Vonn:** I see. Well, then I suppose speaking to witnesses is an important first step. We have had witnesses present to committees before, but we're calling for the kind of evidence that would give the committee some basis to understand the efficacy of FINTRAC.

Other committees that have looked at this—and I'm looking at the Senate committee 2013 report in particular—have said that this evidence is simply lacking. So the creation of that evidence would be important for this committee and others in order to address what FINTRAC should be doing in terms of its mandate and resources.

**Mr. Andrew Saxton:** You alluded to the fact that the taking of information is too onerous or too great, but surely you agree that the government's responsibility is to protect its citizens.

**Ms. Micheal Vonn:** Of course, so what we must do is get the information that is required. Over-collection of the information is what has been constantly cited in the OPC audits.

**Mr. Andrew Saxton:** So you have no problem with collecting information. You just think too much information is being collected.

**Ms. Micheal Vonn:** That is the evidence of the audits to date.

**Mr. Andrew Saxton:** Thank you very much.

My next question is for Mr. Rafiq.

Mr. Rafiq, what new methods are terrorists using to recruit young people?

**Mr. Haras Rafiq:** Typically we look at the Afghanistan so-called jihad. We saw that the typical age of people going out to join that jihad was between 25 and 35. We're now finding within the western world—this is in North America, Europe, and Australasia—that the age range has come down to between 14 and 25, and approximately 10% of the people who are going out to Iraq and Syria are women. That's something, first of all, that's different, and I can discuss the reasons why. One of the key vehicles of recruitment we're seeing now is the Internet, social media, and online radicalization. As a caveat, I want to say first of all that an individual doesn't go online to buy a handbag or a pair of shoes and end up becoming a terrorist. What happens is that an individual needs to be looking for something, and a charismatic recruiter is what they find, or a charismatic recruiter will find them online and take them down the pathways.

I think the Internet, social media, mobile phones, Twitter accounts, Google, Facebook, etc. are new phenomena that we've seen more recently in terms of recruitment, and I think we are all still playing catch-up.

**Mr. Andrew Saxton:** Are those charismatic recruiters in other countries, or are they among us?

**Mr. Haras Rafiq:** Absolutely both. We live in a globalized world. One of the most effective recruiting social media accounts, until it was closed down on Twitter, was called "Shami Witness". Nobody knew who this person was initially, but he was arrested a few months ago. He was an individual who didn't actually belong to al Qaeda, ISIL, or anybody else. He was a fellow traveller living in India and he was recruiting people and empowering people from North America, U.K., Europe, and around the world. There are also individuals who are living amongst us who will do this online and off-line, but there has to be some sort of individual direct contact, and usually that is with people who are living among us.

• (0925)

**Mr. Andrew Saxton:** My next question is for Mr. Clement.

Mr. Clement, how often does stopping the flow of money to terrorists actually lead to convictions?

**Mr. Garry W.G. Clement:** That's a very good question. There have been a number of studies, and the financial action task force, I think, has highlighted that. The one area in which we have been grossly inadequate, and I believe November's upcoming audit of FATF will bear this out again, is the whole enforcement side of financial crime. I think a number of factors have led to this, but if you look at enforcement and prosecution, I think it's important for this committee to understand there's a good case, if you have time, called the Chun and Lech case out of Montreal. I actually testified in that as an expert, starting in 1993. That case just went to conviction last month. This was not terrorist, but it was major organized crime with hundreds of millions of dollars of money laundered back to Cambodia. It took 12 years to get through a process. Think of the resources that are tied up for that. I can tell you that most of the original investigators have been transferred several times to get through this. That's the type of thing that is creating, I would say, the problems in our system.

**Mr. Andrew Saxton:** What would you recommend to speed things up?

**Mr. Garry W.G. Clement:** I think the first thing we have to do is to make sure we have experienced prosecutors in law enforcement. That expertise will help expedite these matters, because it ensures that the product is professionally done and packaged and the prosecutors have an understanding of how to wind their way through. The process is complicated. I don't think that's happening today. In fact I know it isn't. I've done some work for a very reputable defence counsel, and I've looked at some affidavits filed by RCMP officers as experts, and I can tell you it pains me, because I'm still a very proud ex-member of the RCMP, and I think it is shoddy workmanship. We must have individuals who are highly experienced, and without them we will only continue on the path we're on. This is complicated trade-based financing. Knowledge of all of these factors isn't something you pick up in two months.

**Mr. Andrew Saxton:** What about the laws themselves, the tools that our law enforcement—

**Mr. Garry W.G. Clement:** I'll use an analogy that I used one time for former Commissioner Zaccardelli. When I was still in the organization, we often came back to Parliament, as you know, asking for more resources, and I can remember using the same analogy to the commissioner. I asked him if we needed more resources or were we in a constant training mode. I worked for a gentleman by the name of Rod Stampler, who, when we first started the proceeds of crime program far before we got the legislation we have today, said we should test the legislation we have, get it before the courts, get some common-law practices back and get some judges commenting on it so we would know where the gaps were.

I think that's part of the problem we're dealing with today. How many cases have we tested?

That's where the weaknesses are.

**The Chair:** Thank you, Mr. Saxton.

[Translation]

Mr. Dubourg, go ahead. You have seven minutes.

**Mr. Emmanuel Dubourg (Bourassa, Lib.):** Good morning and thank you, Mr. Chair.

I'd also like to say hello to my colleagues around the table, as well as the witnesses joining us today.

My first question is for Ms. Vonn, who talked about FINTRAC and the need for oversight, in her view.

Do you think FINTRAC has too much power? You used the term "over-collection" in relation to personal information. Could you talk about the situations in which peoples' civil liberties could be violated?

[English]

**Ms. Micheal Vonn:** Certainly. I take this information from the Office of the Privacy Commissioner, which has done audits on FINTRAC and has been extremely concerned about the over-collection and then retention of irrelevant information that is nevertheless highly prejudicial. Keep in mind that these are individuals who have now been flagged as suspicious, as money launderers or terrorist financiers, who are now enshrined, if you will, in databases in FINTRAC that have been subject to increased data sharing.

How this impacts individuals is of course very hard to trace, because as soon as you have national security privilege, which you encounter when you are trying to trace where faulty information that is prejudicial to you goes, you encounter a series of black boxes.

So the point here is that we have to be scrupulous about how we screen and flag people as being at risk, and then we have to be scrupulous about who we share that information with, because of course the prejudiced individual has been highlighted in more commissions than I care to point to. We point to Arar saying that this needs to be overseen in the most rigorous fashion in order to ensure that Canadian safety is not imperilled.

• (0930)

[Translation]

**Mr. Emmanuel Dubourg:** Thank you.

Ms. Vonn, I would assume that you've read Bill C-51 and are aware of the fact that data sharing will increase even more, if just with the Canada Revenue Agency.

Does it concern you that even more organizations will have the power to share information?

[English]

**Ms. Micheal Vonn:** We certainly echo the concerns of the Privacy Commissioner of Canada as well as those of a number of organizations. We have our own concerns. The notion that simply sharing information should be the panacea for everything that is wrong has become ubiquitous. It is really incredibly problematic, not only from the perspective of security for innocent Canadians, but also from a security perspective. More hay does not make a situation in which it is any easier to find the needle. We need not more information but important and specific information, and so weeding that out is critical.

Bill C-51 is problematic for so many reasons, including the fact that our colleagues here in the U.K. have said that civic and social engagement is the key to ensuring that we don't have increased recruitment. Yet when we have the provisions in Bill C-51 that say that preventing the glorification of terrorism in general will prevent, as any number of security experts have said, the effective engagement of people predisposed, we have to make sure we're dealing with the unintended consequences of our well-meaning legislation, and I urge the committee to do that.

**Mr. Emmanuel Dubourg:** Thank you very much.

[Translation]

My next question is for Mr. Clement.

We're talking about data sharing. But, against the current backdrop of globalization, how can we distinguish between legitimate business transactions and money-laundering activities?

[English]

**Mr. Garry W.G. Clement:** First of all, it is a difficult question to answer. In reality, I think the more experience you get, the better you become at it. As my colleague Matt has said, we go in and do a lot of reviews of these independent reviews. I have actually gone in, and I think without fail on every one I've done, I've recommended further reporting of suspicious transactions. That only comes from the fact that I've been doing this since 1983.

There is suspicious activity that becomes pretty clear if you look at it. I guess the best example I could give is if I am buying or sending money over to my parents, which occurs a lot, that becomes

very easily recognizable. But if I'm an individual and I'm sending money from here and I have five other people at the same address sending money over to that same country, that is suspicious. That's the type of activity you need to look at.

**Mr. Emmanuel Dubourg:** Do you think that a company like Western Union does those kinds of transactions?

**Mr. Garry W.G. Clement:** I would suggest that Western Union absolutely does. You have to understand that Western Union works on a system of agents. The level of understanding and expertise of those agents varies from no knowledge to a very high level of knowledge. The ones that concern me the most are those who have little to no knowledge and who also could very well be involved in what we're trying to prevent.

[Translation]

**The Chair:** Mr. Dubourg, you have a minute left.

**Mr. Emmanuel Dubourg:** Okay.

[English]

Mr. McGuire would like to answer the question.

**The Chair:** Mr. McGuire.

• (0935)

**Mr. Matthew McGuire:** I want to add, on the Western Union point, that fully half of all the suspicious transactions reported in Canada each year come from Western Union. Fully half of 80,000 suspicious transaction reports come from them. The average dollar value of those transactions is \$300.

I don't give much credence to the argument that terrorist financing is of low dollar value and that therefore we can't protect against it. Individual acts are very inexpensive—the Madrid bombing cost \$10,000—but when you're talking about terrorist financing and its significance, we're talking about maintaining a whole organization. We're talking about the radicalization and the need to run quasi governments.

A harder question to answer than what the difference is between a business transaction and a money-laundering transaction is what a terrorist financing transaction is, since we don't know it's terrorist financing essentially until it's used.

**The Chair:** Thank you.

[Translation]

Thank you, Mr. Dubourg.

[English]

We'll go to Mr. Cannan, please, for seven minutes.

**The Honourable Ron Cannan (Kelowna—Lake Country, CPC):** Thank you to the lady and the gentlemen for being here this morning.

This is a very complex issue and a study for which we're trying to get diverse expertise from witnesses from around the world. I thank you folks from the U.K. this morning as well.

My first question is to Mr. Clement. I want to piggyback on Mr. Dubourg's comment about the white-label ATMs. Some of the major banks have white-label ATMs as well. Is your concern more with the independent, private ones and not with the big five banks per se?

**Mr. Garry W.G. Clement:** Yes, sir, absolutely.

The point has always come up, whenever this has been raised, that there have never been many prosecutions for these. However, that being said, there have been some prosecutions in which they were directly linked to the Hells Angels. I can tell you, from my experience working across Canada on organized crime, that if you go to any hotel across this country, you're going to find a white-label ATM machine. Yes, the transaction can be traced somewhere down the road. My concern is that nobody knows where that cash is coming from. It's not coming in from a Brink's truck, as we would expect; it goes in from that bar. I can tell you that any Hells Angels-owned joint or strip club has a white-label ATM. It's a great vehicle for laundering money.

**Hon. Ron Cannan:** Is there a linkage between organized crime and terrorism?

**Mr. Garry W.G. Clement:** I don't think we've had a case yet in Canada, and I'll defer maybe to my colleague from the U.K. There is literature out there or some evidence to suggest that organized crime is actually collaborating with some terrorist groups, but I think we have to be very cautious.

**Hon. Ron Cannan:** Mr. Rafiq in the U.K., do you have any comments?

**Mr. Haras Rafiq:** If we look at the way terrorist entities operate, the way they generate money, in the past a lot of their money used to come from certain countries in the Middle East, from wealthy individuals, donors, etc. Many of these countries have stopped financing, not because they've had some sort of spiritual epiphany but because the very same people they were financing in the past are now threatening their own standing within their own countries.

Over the last five or six years plus, many of these terrorist entities have had to generate their own funds. Let's look at an organization such as ISIL, for example. While it is not in Canada, these are tactics that are used, and they have influence in Canada and around the world. Their main source of income right now is from sales of oil on the black market, but also from the sale of antiquities, from drug trafficking, from racketeering, from kidnapping, and from all of the other things that we know they are involved in. In order to undertake these activities, they have to work in partnership with a number of people who are involved in organized crime.

There are many connections, especially in the drug trade. We know that for sure there is a significant involvement in the drug trade by terrorist entities, and they're using the old smuggling routes from places such as South America. These kinds of activities are now being emulated by other groups in the West—in the U.K., in Europe, etc.—and there have been some cases in which groups and organizations have been found to be supporting terrorist activity through working with organized crime.

• (0940)

**Hon. Ron Cannan:** So if there's smoke, there's usually some percolating fire along the way.

Mr. McGuire, I understand, based on your experience and from reading your background information, that charities have also been involved in financing some of these terrorist groups.

Do you have any examples of Canadians being identified as funding terrorist operations?

**Mr. Matthew McGuire:** I won't speak to specific examples, but I will say that it's so prevalent that Canada Revenue Agency has a charities directorate that deals specifically with terrorist financing. It screens the principals in every charitable organization in the country against watch-lists and lists of known nefarious individuals. It is a commonly known method.

Part of the reason is the difficulty for any institution, reporting entities included, to evaluate what's normal for a charity. Donations go up and down. Donations can be cash. Evaluating what the baseline is and distinguishing good dollars from bad dollars is very difficult in that context.

**Hon. Ron Cannan:** You mentioned in your preamble support for the budget and that there are some additional mechanisms and enforcement for CRA.

From your perspective, is there a lead agency? Is it coordinated? Does it need improvement? What would you say as far as the success of CRA to date goes?

**Mr. Matthew McGuire:** In terms of terrorist financing, I think the contributions they've made have been significant.

In terms of coordination, we've certainly seen that escalate over time. CRA with FINTRAC, based on any reports, is conducting real-time investigations into tax evasion. I'm not as keen on CRA having its own separate financial intelligence unit. I think that should be centralized within FINTRAC.

**The Chair:** Mr. Cannan, Mr. Rafiq wanted to comment on that as well.

**Hon. Ron Cannan:** Go ahead, please.

**Mr. Haras Rafiq:** I want to give you a quote from the former head of MI6, Richard Dearlove, who described groups such as the Muslim Brotherhood as being, at heart, terrorist organizations. It is clear that a substantial number of British charities belong to the darker side of the global Muslim Brotherhood network. Even if not directly involved with financing acts of terrorism, they are an important component of the ideological narrative and welfare upon which the brotherhood-aligned terror groups subsist.

**Hon. Ron Cannan:** Thank you for adding that.

I have one more quick question.

Mr. Christensen, you talked about some of your clients' concerns about all of the regulations and about fewer regulations and about trying to find that balance.

We've heard from Mr. Clement and others that we need to have more coordination, in some cases more regulation. How do we balance that, from what you've heard today?

**The Chair:** We'll have a very brief response now, and we'll probably return to this as well.

**Mr. Koker Christensen:** I think there are really two aspects to it.

Generally I think the first aspect is making sure that in introducing new regulation there's proportionality in terms of the costs it's imposing and the benefits it's achieving. I think the second aspect of it is not so much about whether there's additional regulation but about the nature of that regulation. In other words, it's about making sure you get it right in terms of how we require institutions to do certain things so that we're achieving the objectives in a way that minimally impairs their business objectives.

**The Chair:** Okay. Thank you.

Thank you, Mr. Cannan.

[*Translation*]

Mr. Côté, you may go ahead for seven minutes.

**Mr. Raymond Côté (Beauport—Limoilou, NDP):** Thank you, Mr. Chair.

And thank you to the witnesses for being with us today.

Mr. Clement, I'm going to start with you.

You aren't the first to point out the problems undermining the RCMP's work. In fact, just a few days ago, Deputy Commissioner Mike Cabana told the Standing Senate Committee on National Security and Defence that the reallocation of 600 organized crime resources to anti-terrorism efforts was a serious problem. That really exposed the major issues within the RCMP.

Would you care to comment on what Mr. Cabana, a member of the RCMP's senior leadership, had to say?

[*English*]

**Mr. Garry W.G. Clement:** I totally agree with what the deputy commissioner said. Mike and I used to work together, so I know him very well. I know we bandied this about in my previous life with him.

I think part of the problem is that we should have seen some of this terrorist fallout coming. I think with a little bit of foresight and strategic planning, we may not have become caught as we did.

I was the senior officer on the Arar inquiry, and I am greatly concerned about this moving of resources as we're right back into the same situation Justice O'Connor commented on. Where is the level of expertise when you're dealing with this? It doesn't happen overnight. Those things are troubling.

As far as throwing more resources at it goes, again, I suggest that's great in theory. Where are we going to get those resources? Maybe this is where there has to be a more concerted effort to look at public-private partnerships and bringing in resources. Bringing a police officer up to a standard doesn't happen overnight.

I'll make one last comment. I lived through the regime of fenced funds in the integrated proceeds of crime. I think the value of that for you and for the public was that we were required to report back annually to Parliament. We had to show the efficiencies and the

effectiveness. That is gone, and we're back to wondering about the development of expertise.

Just so you have a clear understanding of why I think rank is such an impediment, you have to understand that in order to get a raise in salary you need to be promoted. What ends up happening is that you invest a substantial amount of money in building up expertise. When a position opens up in another section for which the person is more than amply qualified, they're going to take it, and you can't fault them, because that's the only way we have. I did a study under Phil Murray. I believe skill-based pay is something that has to come in for white-collar crime.

● (0945)

[*Translation*]

**Mr. Raymond Côté:** Mr. Rafiq, you told us not to repeat the same mistakes the U.K. had made.

Right now, Canada is facing a serious problem. All aspects of basic research have been cast aside, and that includes social sciences and humanities research. I have here a *Globe and Mail* article about a group in British Columbia that studies issues related to terrorism, security and society and does research on radicalization. According to the article, the group's federal funding has been cut. That's just one example among many.

Did you experience that problem in the U.K.? Did you fix it? How did the government fix that mistake? How was the government able to address that research gap?

[*English*]

**Mr. Haras Rafiq:** If you look at the way the U.K. government has tackled this problem, it has made some mistakes. Post-2005 and the terrorist attacks in London, we developed a strategy that was called preventing violent extremism.

The governments at the time decided they would initially centralize and provide in the region of £80 million to £90 million and then focus that money locally through local councils and local governments to try to get people to work locally, and to empower a number of organizations to do the research locally and on a national level as well.

In 2010 when the last coalition government was formed, there was a review of that strategy, and it had changed from "preventing violent extremism" to "prevent". That was to undertake a global, holistic approach to the way we tackle this problem, de-radicalize not just the violent side, when it becomes much more difficult to try to de-radicalize somebody, but to try to prevent somebody from becoming radicalized.

Unfortunately in 2010 and 2011, following a global economic crisis, the British coalition government decided to considerably cut the amount of funds they were going to provide in this area, all the way down from £80 million or £90 million a year to £1.7 million last year. That was a significant decrease, and many organizations had their funding cut.

Many organizations were in desperate need and looked for alternative ways of surviving. Some of the organizations went to countries in the Middle East and then eventually ended up buying into their philosophy and so actually became part of the problem and not necessarily part of the solution.

One thing we've had recently, since the development of ISIL and the foreign fighters who are going down to join ISIL and al Qaeda in Iraq and Syria, is the re-emergence of the belief that governments need to do more. Just before Parliament was dissolved, we had an instruction by our Home Secretary to increase the amount of funding and to increase the size of the "prevent" bureaucracy.

Herein still lies the mistake. They're still trying to increase the bureaucracy and keep everything in-house rather than going out to the community, and that is a serious mistake.

• (0950)

**The Chair:** Mr. Van Kesteren, please, take your round.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thank you all for being here.

I missed the week prior to our break, but I would say that on a personal basis, I find this the most fascinating discussion we've had yet, because we're really getting into the meat of the matter. I don't know where to begin.

Mr. Rafiq, I think you were honest in your evaluation toward the end. The danger of throwing money at a problem is, of course, that we build bureaucracies. Then, rather than treating the problem, we've created this whole structure that now demands to be fed, and that certainly doesn't help.

I don't have enough time, and I think we'd need hours to talk about this, but it would be interesting to hear your thoughts about how we should proceed. I don't want to be cutting, but I suppose you would probably argue that you haven't had enough time to prove that that would be the solution, but how has that worked for you?

The problem is we live in a free society where, as you so eloquently stated and I think it was stated as well by some of the other members, these people are able to just move amongst us. It's so difficult. We don't live in a society like China's in which people get caught, have a quick trial, and join the firing squad in the stadium on Saturday. This is a free society and we value those things.

Ms. Vonn, I think you put that out as well.

I'm going to get to my question, but I just need to get this out, because I know, having worked in this committee and in the ethics committee, that so often we heard from law enforcement that they need tools.

Mr. Clement, I have sons in the law enforcement profession, and we repeatedly hear that they need tools, and the tools they're specifically asking for are the tools we will provide in Bill C-51.

On the other hand, we have the civil liberty groups saying that we're going to impede on people's rights. This is a real problem. I think we recognize it's a real problem.

I'm just going to share something with you very quickly about police officers, and you know this as well. The rank and file, the

majority of police officers, are not able to do this work because first of all, they're not trained, and, second, there are so many regulations and so many oversights that impede their work. So this is a real problem. This is something that is not easily remedied.

I have one last point and then I'll get to my question. We know that these groups go to certain areas. I've heard that from police enforcement as well. They will target areas around jails. They'll live in those areas. Even if we were to apply some approach to engaging our population, our young people, these groups know who to target.

I think this has been asked before and I'm going to ask anybody to jump in. Where do we find the balance between what civil liberty groups are asking for and the tools that police enforcement agencies have insisted on for years and years and years?

I'll start with you, Mr. Clement.

**Mr. Garry W.G. Clement:** I come at this having lived through two inquiries. It was great, because at that point everybody was playing armchair quarterback, and we had that luxury at the time. But I've had, obviously, years to think about this.

When I've looked through it, and I think this is what police officers today need, the reality is that if I'm given a choice of possibly making a mistake, and maybe not being 100% accurate here about this individual and having to answer a day later as to why I didn't take action and a number of people were killed, I'm going to opt for.... And I'm sorry if that offends this individual, but we're dealing in a human business.

You are never going to have 100% accurate information and the sad part of it is I can suggest to you that when the new inquiry comes out, this committee is going to be pleasantly surprised, because we are now going to be able to use the information we were prevented from using by our American authorities in the Arar inquiry.

• (0955)

**Mr. Dave Van Kesteren:** Will Bill C-51 empower you to do those things?

**Mr. Haras Rafiq:** Yes, absolutely.

**Mr. Dave Van Kesteren:** We heard from the police. We'll ask for the civil liberties group, and then I want to hear about the social aspects of that. What is the solution? Maybe we could go ahead and take a minute.

**The Chair:** Take another minute each, please.

**Ms. Micheal Vonn:** I hate to sound like a broken record here, but the more extraordinary the powers, the more the legislation needs to be narrowly tailored, and the more we need effective oversight and review. We have waited since the Arar inquiry for that integrated review process. We are integrating the mandates of a number of different agencies in terms of their national security oversight, and we have no integrated oversight and review accountability mechanisms. Those have to be central.

**Mr. Dave Van Kesteren:** Bill C-51 is the right tool. We need the oversight.

**Ms. Micheal Vonn:** I am sorry, but we don't support Bill C-51 as the right tool. I just want to make our perspective is clear.

**Mr. Dave Van Kesteren:** Mr. Rafiq, go ahead.

**Mr. Haras Rafiq:** For me it's very clear. If somebody is about to break the law, if somebody is preparing to break the law and commit a crime, that comes under "protect" and not under "prevent". That should be the police's responsibility. The police should get involved in protecting our communities and, if somebody has committed a crime, pursuing the criminals and ensuring that they face the due diligence.

When it comes to prevention, when it comes to people who are sympathizers and empathizers, we need effective programs of de-radicalization. We have them in the U.K. If somebody doesn't meet the thresholds for de-radicalization, we need processes of rehabilitation. These could be just young kids who are nine years old who are looking at videos and thinking they are very cool. They just need some critical thinking and some effective interventions.

Then we come to the wider part, which is societal. This must not come from the police at all. What we need to do as a society is to make Islamism.... President Obama made a speech which I thought was [*Technical Difficulty—Editor*], but he missed the point. He said that an extremist ideology is at play, but then he didn't name the ideology. What happened then? Other people—the far right, the far left, and everybody else—started naming the ideology, and people started thinking it was Islam per se.

We must be very clear on what it is we don't stand for as a society. We don't stand for totalitarian or fascist ideologies, and we know what to do against them. Islamism needs to be just as unpopular as Fascism and Communism have been. We need to educate and empower our civic society in schools and everywhere else to take that struggle forward.

**The Chair:** I am sorry, you are out of time, Mr. Van Kesteren. You might try to come back to that.

Mr. Cullen, go ahead for your round, please.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Mr. Rafiq, in your testimony you said that while there has been a shift, there are still countries, nation-states, that spend money on radicalization. Is that correct?

**Mr. Haras Rafiq:** Absolutely, there are still countries that are supporting extremist and terrorist organizations around the world.

**Mr. Nathan Cullen:** Let's talk specifics. Who are the leading candidates right now? Who is spending the most? Who is most involved? Can you give us just a short list, because I imagine there might even be a long list.

**Mr. Haras Rafiq:** My area of expertise is Islamist radicalization and Islamist terrorism. Certainly at the top of the list would be Qatar. Either directly—not so much as before, because of pressure from coalition partners, especially the U.S.A.—or through private individuals, Qatar is still funding both terrorist entities in places such as Mali and elsewhere and Islamist organizations in places such as Canada, the rest of North America, and the U.K. They would be very much at the top of the list.

**Mr. Nathan Cullen:** Rather than a long explanation for each country, perhaps you can give us some of the other ones. I am thinking Iran, Saudi Arabia,...

• (1000)

**Mr. Haras Rafiq:** We have Iran and we have individuals in Saudi Arabia. We have some individuals in Kuwait, and mainly Middle Eastern countries. The two countries that I would say are not as bad as the others are certainly the United Arab Emirates and perhaps, in a fashion, Jordan. Actually, Jordan isn't as bad now as a country, but I would say all of the others are certainly playing their role.

**Mr. Nathan Cullen:** This becomes, as we have said many times on all sides here, quite complex. We work in partnership on other issues with some of the countries you listed. Are we doing enough with countries like Kuwait and Saudi Arabia, to whom we just sold some armaments from Canada? Kuwait we often use as a staging place for our planes. Are we doing enough to pressure those countries that we call allies one day and that are yet supporting the terrorists we are fighting on that very same day?

**Mr. Haras Rafiq:** No, I think we are not. I think we need to put more pressure on them. I think we need to exercise whatever tools we have at our disposal to actually make sure that they desist in this direct or indirect support for either Islamist or terrorist organizations around the world.

In many cases, some of these countries are fighting proxy wars. In the Middle East, for a number of years now, we've basically had a sectarian war taking place, where various countries have supported their version or their sect, and this has had an impact on the rest of us around the world. The real struggle, the real battle, is for the very soul of Islam in the Middle East.

**Mr. Nathan Cullen:** Ms. Vonn, I apologize for missing your official presentation.

One of the concerns and questions we have is that as we see Bill C-51 being presented as an option, too broad a net is being cast. Essentially adding more hay onto the pile doesn't make the needle easier to find. I'd like Mr. Clement's comment on this as well.

Mr. Christensen, we've heard from some of the financial institutions that collecting metadata doesn't necessarily always lead to what we want, which is more security, especially if you're storing it all and not cleaning it. You start to capture more and more people without increasing the security and safety of Canadians.

One key concern we've had is around the definition of terrorism. If that then broadens out, and if our ultimate goal is a safer and more secure society, how does the definition weigh into concerns about what comes next under the auspices of protecting us from terrorism, if we're now defining terrorist activity so broadly as to include anything that might oppose government policy or the collection of opposition to Canadian sentiment?

**Ms. Micheal Vonn:** The definition of security of Canada in the information sharing act that's contained in Bill C-51 is unprecedented.

**Mr. Nathan Cullen:** Why is that?

**Ms. Micheal Vonn:** It's unprecedented because the language is about undermining the security of Canada rather than threatening the security of Canada. We now have legal experts in a conundrum as to what this could possibly mean and the scope of it, to the extent that activities that are captured in undermining the security of Canada could be seen to encompass a vast scale of activities that are completely lawful, as has been demonstrated by the witnesses on Bill C-51.

**Mr. Nathan Cullen:** Given some comments about returning to the acts of terrorism, preventing terrorism, and terrorism financing, my concern is that one consideration in Bill C-51 is economic interests of the state. We've had government questions on this, and that's why I'm feeling this is okay territory, but I'll allow the chair to rule if I'm stepping beyond.

We've seen through Air India, and we've seen through Arar that we were incapable of being precise enough about who we were going after, and people were able to finance these activities. Sometimes, as Mr. McGuire said, it takes a very small amount of money, so precision is incredibly important.

Is it fair to say, Mr. Clement, as we go forward, that we need that oversight, that reporting back to Parliament, which you said is no longer done, and that we should be very precise about what we're trying to understand?

**Mr. Garry W.G. Clement:** I can only speak from my perspective. I do not see an issue with having some accountability on this. I speak from having lived through two enquiries. I had absolutely no problem having to justify what was done and explaining it to an appropriate body. I think that is appropriate.

I believe Bill C-51 has been enacted because of what we're facing today. Do I think it's essential? I'd love to sit here, as I'm sure every one of you would, and say we're not living in the current environment we're in. I firmly believe that what we saw on Parliament Hill isn't over. Let's not do something that means we're all going to have to explain to the public why we took shortcuts in our legislation.

• (1005)

**Mr. Nathan Cullen:** Mr. McGuire, very quickly, you made a comment about how banks need to maintain a hostile environment. Can you elaborate a bit more? I just didn't understand what the comment was.

**The Chair:** Could we have just a very brief comment, please, Mr. McGuire?

**Mr. Matthew McGuire:** The point was about keeping a hostile environment towards money laundering and those who would finance terrorism by making sure you know exactly who they are, because they like to hide in the shadows. Also, for the same reason, banks need to maintain a lot of scrutiny on transactions. Those laundering money like anonymity; they don't like there being a money trail for investigators to follow.

**The Chair:** We'll go to Mr. Adler, please, for your round.

**Mr. Mark Adler (York Centre, CPC):** I just want to preface my comments by saying I have a lot of territory to cover, so I'd really appreciate if everybody could be precise in their answers.

First of all, Ms. Vonn, do I have a right to radicalize myself?

**Ms. Micheal Vonn:** I honestly don't know what you mean by the question. In Canada you have freedom of speech and conscience, as has been defined by the Supreme Court of Canada. Those are your rights.

**Mr. Mark Adler:** You know what radicalization is. Do I have a right to radicalize myself?

**Ms. Micheal Vonn:** You have a right to freedom of speech and conscience—

**Mr. Mark Adler:** Yes or no, please.

**Ms. Micheal Vonn:** —as has been defined by the Supreme Court.

**Mr. Mark Adler:** Yes or no, please.

**Ms. Micheal Vonn:** No, I'm not going to answer that question—

**Mr. Mark Adler:** I didn't think you would.

**Ms. Micheal Vonn:** —because I don't understand it.

I'm trying to explain how I understand your question.

**Mr. Mark Adler:** No, I'll explain the question. I just need you to give me an answer.

**Mr. Michael Vonn:** No, I need to understand the question before I can answer.

**Mr. Mark Adler:** Do I have a right to take on beliefs that are contrary to the security of our nation?

**Mr. Michael Vonn:** You have a right to whatever beliefs you choose. If your beliefs contradict the law, then you will be breaching the law.

**Mr. Mark Adler:** Do I have a right to do so, yes or no?

**Ms. Micheal Vonn:** Again, I'm sorry; your question doesn't make any sense to me.

**Mr. Mark Adler:** No, I didn't think it would to you.

**The Chair:** [*Inaudible—Editor*]...respectfully.

**Mr. Mark Adler:** Respectfully; I did.

**The Chair:** Yes, respectfully.

**Mr. Mark Adler:** Totally respectfully.

Mr. Clement, a number of organizations here in Canada have had their funding or charitable organization status taken away from them, like IRFAN and the Muslim Association of Canada. The key really, and this is what we're talking about here, is to find the money. That's really the key to all of this.

I mean, this isn't something new; we have seen this through history. Certainly Herbert Hoover, when he was president in 1929 during the whole problem in Chicago with Al Capone and all of that, didn't call in the director of the FBI; he called in the director of the Treasury to defeat organized crime in Chicago. They did so through the creation of this group ultimately called “the untouchables”.

Do we need a group like that today to focus on finding the money trail?

**Mr. Garry W.G. Clement:** I believe the model for the integrated proceeds of crime, which was originally permitted by Parliament and which brought all of the current federal resources to bear in a collective environment along with our outside policing partners, was an extremely effective model. It's one that I believe would still lend a lot of credibility to what we're doing today. It brings skill sets together and it's needed.

**Mr. Mark Adler:** You did indicate that the RCMP is constantly in training mode. We have to get away from a group that's in training mode constantly. We need professionals who can deal with this on a consistent and regular basis, I think.

**Mr. Garry W.G. Clement:** If you look at the FBI and their model, it's because they're a federal resource; they're not trying to be all things to all people. They have a very specific mandate of white-collar crime. They have specialists in cybercrime and terrorist financing. The RCMP has to get to that.

I know it's not the point of this committee, but I said recently to Senator Lang that maybe it's time we looked at what the RCMP's real role should be. I would strongly suggest that it be federal, and as much as it pains me—I started in uniform—it's time to give that uniform up and focus where they're needed the most.

**Mr. Mark Adler:** A lot of the issue is that a lot of our provinces rely on the RCMP to be their provincial police. What percentage is that, do you know? I'm just curious.

**Mr. Garry W.G. Clement:** I stand to be corrected, but I think the RCMP is around 70%, because they're municipal, provincial, city.

• (1010)

**Mr. Mark Adler:** Okay, thank you.

Mr. McGuire, do we need some kind of international...? You mentioned Mr. Tupman's testimony a couple of weeks ago here at the committee. He also brought up the whole issue of the accounting profession. Do we need to deputize accountants to...?

**Mr. Matthew McGuire:** Well, fortunately we have. Let me qualify that and say that professionally designated Canadian accountants are covered. Accountants with some letters from somewhere else, who aren't professionally designated, are not covered by our legislation, and neither are bookkeepers.

I don't think the scope is big enough in the legislation at the moment, but professional accountants are covered by the legislation.

**Mr. Mark Adler:** I would go back to the old kind of organized crime that we always saw in the movies, where they'd all be sitting around the boardroom table. Two or three of the people sitting around the table would be accountants.

**Voices:** Oh, oh!

**Mr. Mark Adler:** We heard also that there's too much reporting, so we're finding a lot of false positives. Should we be over-reporting? We've heard that we just don't find needles through more hay; I don't really believe that.

Is over-reporting better than under-reporting?

**Mr. Matthew McGuire:** I'm going to take the civil liberty aspect out of this, because I'm just a humble bean counter.

From my perspective, it is better to have more intelligence than less when it comes to looking into terrorist financing. I think the focus should be on determining the false-positive rate. If we have 1,000 filings and only one is credible, that relationship might require too many man-hours and involve too much information being transferred. If the relationship is more like 10 to one, then it seems like a reasonable amount to me.

**Mr. Mark Adler:** Mr. Clement, we've heard about protection versus prevention. Where would you say the emphasis should be?

**Mr. Garry W.G. Clement:** I'd like to say I would hope there's a balance. Number one, when you're looking at these, protection has to be front and foremost initially. I agree with our colleague from the U.K. that we need a multi-faceted strategy. That's what we need to sit down and come up with.

**Mr. Mark Adler:** I think you stated earlier we're not fighting armies in uniforms anymore.

**Mr. Garry W.G. Clement:** That's right.

**Mr. Mark Adler:** One individual can cause a lot of damage.

**The Chair:** Thank you, Mr. Adler.

Before I go to Ms. Crockatt, colleagues, we will have time for four five-minute rounds after Ms. Crockatt, so one NDP, one Liberal, and two Conservative after that.

Ms. Crockatt, you'll have a seven-minute round. Go ahead, please.

**Ms. Joan Crockatt (Calgary Centre, CPC):** Thank you to our witnesses today. We're hearing some fascinating views, and I value your experience.

I wanted to probe the organized crime angle just for a moment.

We've heard evidence—I believe it was from you, Mr. Clement—that these organizations can start by dealing with issues like fraud and kidnapping and drugs. Did I hear you say that they then move into terrorism? If that's the case, what would their motivation be?

**Mr. Garry W.G. Clement:** No, it was probably misunderstood. They may not move into terrorism, but you have to look at the terrorist organizations today for exactly the reasons that were iterated by our colleague from the U.K. They've had to move into the criminal milieu to get funding. They are capitalizing on what we traditionally looked at as the organized crime milieu.

**Ms. Joan Crockatt:** Okay.

I'm sitting in on this committee, so I'm hearing some of this, but having covered a lot of these issues as a journalist, I'm wondering if we know that there are companies out there that you're not reluctant to name, like Western Union, for example, do we not have the tools to curtail this illegal activity?

**Mr. Garry W.G. Clement:** I don't think we should take it out of context. I mentioned Western Union. It's a victim and is certainly considered to be the largest MSB, money services business, in the world.

**Ms. Joan Crockatt:** But what about the white-label ATMs?

**Mr. Garry W.G. Clement:** The white-label ATMs we can definitely control. The flow of money, because our world has opened up and is borderless today, has to continue and is going to continue. I agree with my colleague Mr. McGuire on the need to capture data. I can give you a very short analogy. The head of Western Union and the CAMLO talked about using metadata. Today the ability to massage this data has gone far beyond what my understanding of it is. There was a problem involving the female flesh trade, which also involves some terrorist funding. It was called the Blue Ribbon Campaign. People who understand metadata were able to go into their system. As you can imagine, they do, I think they said, one million transactions in a week or in a very short period of time. I forget what the exact figure is. Think about that in terms of what's in that data. They were able to massage that metadata and stop a female flesh trade organization. We are talking about amounts of money they were able to single out because there was a pattern to them, and those involved less than \$10. That doesn't sound like a lot, but that is what metadata can do.

How valuable is information? Today, with the ability to massage metadata, it's phenomenal.

• (1015)

**Ms. Joan Crockatt:** Mr. Rafiq, thank you very much for being with us here today.

We're seeing a lot of commentary in the press, particularly from the more liberal left, that call statements such as we've heard today scare headlines and that say that stories about young people who are being radicalized or going overseas to behead people may be fiction. You're basically ringing the alarm and saying that, in fact, we need to take this more seriously, especially with younger individuals.

I'm wondering how you counter what might be seen by some as a campaign to minimize the threat and to suggest that we are going overboard somehow.

**Mr. Haras Rafiq:** First of all, the threat is real. We have a team that monitors and follows these individuals in Iraq and Syria, and we work with a number of agencies around the world to provide support. I can go on the record now and say that there are stories of 9-year-olds, 12-year-olds, 14-year-olds, and 16-year-olds who have been either beheading people or shooting people between their eyes and killing them. These stories are real. There is radicalization going on.

Gilles, the head of the counterterrorism division for the EU, is now saying that there are between 3,000 and 4,000 Europeans who have gone. In the U.K., we're saying that there are 600 plus. Some people are saying, though I am not, that there are 1,000 people. The reality is that all of the figures that are being used are baseline figures and they're the minimum figures. The reality is we don't actually know how many individuals have gone out there, but there are more than the numbers being talked about. That's number one.

Number two is that there seems to be a particular alignment between the political ideology that is Islamism and Islam, which are different, just as socialism is different from being social. Being social has to do with the way people interact, while socialism is an ideology that is left of centre. Islam is a religion that I and nearly two billion people around the world choose to practise in different ways.

Islamism is a political ideology that wishes to enforce a particular version, their version, of sharia law on the rest of the world.

One of the main idealogues of this particular ideology was somebody called Sayyid Qutb. He basically took far right ideologies from Europe and then overpinned them. So instead of doing these things for the states or for individuals, do them for God. He brought in the God factor to ideologies that we have fought world wars against and the Cold War against.

The problem is that there are many organizations and individuals that can feel empathy toward some of these values. We need to ensure that this particular ideology is exposed. Perhaps you will forgive and pardon my candidness, but if there were somebody outside in the street right now dressed in a particular Nazi uniform doing a salute, we would all know how to react. The problem is that the majority of mainstream society still doesn't know how to react to the Fascist ideology that is Islamism, mistaking it for a faith that is Islam. We and everybody else have to take partial blame for that because we have been afraid to call it out for what it is.

• (1020)

**The Chair:** I'm sorry, your time is up.

We'll go to Mr. Cullen first, please.

**Mr. Nathan Cullen:** I have just a couple of questions.

Mr. Rafiq, I'm reminded of the Oklahoma City bombings that were mentioned earlier and the radicalized Christian ideology that was used to justify some of the attacks on innocent people. There's a commonality and a line between some of the things we're talking about here: the extremism of groups and the use of religion broadly to justify terrorist activities. I'm also thinking back. I worked in Sierra Leone for a while on the recruitment of very young people into incredibly violent acts—eight-, nine-, and ten-year-olds. There was no Islamization over that. It was a grab for power, and the sale of diamonds into the North American market enabled it. It was no different from the sale of oil now by ISIS.

So there are these commonalities and trends. We've seen some of this movie before, perhaps not on YouTube and not with the extremism that ISIS propagates and uses to drag various groups into their conflict, but there's a pattern. Organized crime recruits young gang members from suburban Toronto where I grew up—eight-, nine-, and ten-year-olds—and radicalizes them. We didn't call it radicalization, though, did we?

**Mr. Garry W.G. Clement:** No, we did not.

**Mr. Nathan Cullen:** How was that different from what we're seeing today, Mr. Clement?

**Mr. Garry W.G. Clement:** Well, I'd suggest that you've brought a valid point to the table. The family entity, as you well know, in most cases has broken down, and they're looking for that family entity, and that becomes a gang. In this case, I agree with our colleague from the U.K., it is within that sphere. That's what we're looking at. But it goes far beyond what these gangs have ever done.

**Mr. Nathan Cullen:** So it's taking a model that's been used in west Africa, sub-Saharan Africa, and the Far East. It's been used in gangs and urban centres in North America and drug trades. There are a couple of consistent factors. One is the causal identity and the second one is money. There's a great deal of money, in small amounts, through drug trades and prostitution, and all those types of things.

Are there any lessons to be learned, since this is maybe at a scale or at a level of pervasiveness and violence that we haven't seen. I worked in Sierra Leone. It's very difficult for me at a personal level to say this is something unbelievably new, because the violence I witnessed was incomprehensible. Yet we bought diamonds for many years from these places. It was very difficult to get western countries to realize that through our banking, our sales, and our purchases, we were contributing somehow.

Mr. Rafiq, is anything I said outside the limits of trying to understand this issue? How do we stop it?

I'll stop there and pass it to my colleague, Mr. Labelle.

**Mr. Haras Rafiq:** No, you've correctly recognized the trends and patterns. You're right that this is not something new.

One of the main differences for us now, living in the U.K., Canada, and the west, is that this has a direct impact and effect on us. That's probably one of the main reasons we are having these conversations. This is now on our doorstep. These are our youngsters. These are our citizens, and these are our people who are now directly involved in terrorist activities against us.

[*Translation*]

**Mr. Pierre Dionne Labelle:** In yesterday's budget, \$432 million was allocated to combat terrorism, but not a single cent was put towards non-police-based intervention.

I'm going to come back to you, Mr. Rafiq. I think we're going down the wrong path. Recently, in Montreal, seven young people left for Syria. These were young people who were seeing self-proclaimed imams.

Shouldn't we work with moderate Muslim communities to steer these young people towards various programs? Shouldn't we put money towards employment integration projects and positive solutions for these types of young people?

• (1025)

[*English*]

**Mr. Haras Rafiq:** Based on what you've just told me, you have made one of the biggest mistakes that we've made over the last five years. Our U.K. government did not focus on non-violent extremism for the last five years. I believe that is one of the main reasons we are faced with the problems we're faced with. If we focus purely on the sharp end, the end at which they've become violent or are supporting violence or sympathizing with violence, all we're doing is allowing that part to become bigger and bigger and bigger. By not focusing on the other part, we're allowing that to get smaller and smaller.

You asked if we should work with moderate Muslims. We should. But more than that, moderate Muslims and non-Muslims should work together on this issue, because by making it a purely Muslim issue, we will create more polarization. Let's make it an issue for the

whole of society. There are many things that moderate Muslims can do and that only they can do, but there are many things that society as a whole can do together.

[*Translation*]

**The Chair:** Thank you.

[*English*]

As chair, I'm going to take the next round.

I have a number of questions. I'll try to focus on a couple of areas, first of all on FINTRAC and then on the RCMP.

I have to say that after the first two meetings we had with departments, with FINTRAC, and with the RCMP, I wondered why we were doing this study since everything was operating well. Since then every single witness, regardless of their perspective, has clearly said to the committee that things are not fine and that we need to do a lot of work in an awful lot of areas.

First of all, with respect to FINTRAC, Ms. Vonn, you said, "There is no dedicated review body that can tell us whether FINTRAC is operating properly, successfully, and lawfully." You've clearly stated your position in terms of what review is necessary.

Perhaps I'll put the question then to Mr. Clement and to Mr. McGuire.

What's your perspective in terms of whether Parliament can tell whether FINTRAC is operating properly, successfully, and legally?

Mr. McGuire.

**Mr. Matthew McGuire:** There is a mandated five-year review by the Senate. The result of the last report they put out was that we don't know. There wasn't sufficient information provided by FINTRAC or any of the bodies surrounding it to know whether what they were doing was effective.

**The Chair:** So how do we get to know whether what they are doing is effective?

**Mr. Matthew McGuire:** I agree that greater civilian oversight would be required.

**The Chair:** Mr. Clement.

**Mr. Garry W.G. Clement:** We have to understand that when FINTRAC started they were a fledgling organization with very limited knowledge. The calibre of their disclosures has gone up. However, when we weigh their success—and I have said this over and over again—I believe we built a Rolls-Royce. We need an engine to run it. The engine is enforcement and prosecution. Should our value or how we weigh whether we're successful in this country not be measured by prosecutions, or do we weigh that FINTRAC put out 1,000 disclosures and nobody looked at them? That, to me, seems to be a big disconnect.

So I agree that it needs oversight, but really from a government perspective, we need to change the value proposition and how we're going to measure success. As I said, I'm sure that when FATF reviews us in November, enforcement is going to be hammered again.

**The Chair:** Let me move there, then, because with respect to the RCMP, you talked about developing expertise, skills-based pay, and a national police force. My understanding is that you would agree with the previous witness to the committee who said that the government should look at actually moving it away from doing community-based or provincial policing to simply being a national police force with expertise in areas like white collar crime. Is that correct?

**Mr. Garry W.G. Clement:** That is correct.

We are dealing with a complex world today, with cybercrime and terrorism. It can't be captured in the way we've done it. I really have to agree with Jeffrey Robinson, who said we are using an 18th century philosophy to fight 21st century crimes.

I don't say this lightly. I'm very proud to have been a member of the force. I'd do my career over in a heartbeat. But the reality today, and I have looked at this from the outside now for seven years, is that, as an organization, the RCMP can't continue being all things to all people, because something is going to fall off the table.

• (1030)

**The Chair:** Once someone develops expertise in the area you are in, they often get moved out to another area, to Alberta, for instance, to serve in a community where they do work that is completely different from the type of work they were doing previously.

**Mr. Garry W.G. Clement:** Right. I can give you one example. There was an individual I spent close to \$25,000 on, allowing him to go to foreign countries to train, to build up expertise so he'd be qualified in a court of law. The minute he did the first case, in which he was qualified as an expert, he was transferred to be a detachment commander.

As I said in my paper, if any of you unfortunately had to have a brain operation because of a tumour, would you go to a general practitioner?

**The Chair:** Now my time is running out. I want to follow up on one further thing.

You talked about looking at public-private partnerships. Hearing that in this area may seem odd to some people. Can you expand on that briefly here?

**Mr. Garry W.G. Clement:** When we started the integrated proceeds of crime initiative, we started out contracting accountants. We brought those individuals with the right expertise to the table to help us out. In these cases, because of their complexity—and I still get involved in white-collar crime investigations today—I rely on legal counsel. I rely on accountants. Why aren't we doing this in law enforcement? You can't hire or train somebody...whereas I can go out and immediately bring in somebody with accounting skills to be a value-add. The reason we are in constant training mode is that we are trying to build that up.

**The Chair:** Okay, I appreciate that very much.

[Translation]

Mr. Dubourg, the floor is yours for five minutes.

**Mr. Emmanuel Dubourg:** Thank you, Mr. Chair.

Mr. McGuire, my question is for you.

In recent years, the Canada Revenue Agency has undertaken somewhat of a witch hunt against charitable organizations. According to Library of Parliament notes, the CRA revoked the registration of 1,612 charities in 2013-14.

You mentioned the CRA team responsible for audits. Were those registrations revoked because of terrorism, or simply because the charities in question engaged in political activities that conflicted with government views and practices?

[English]

**Mr. Matthew McGuire:** Well, I do think the terrorist financing directorate of the charities division has a good and useful mandate and one they've carried out well to counter terrorism. They've contributed internationally to studies on the subject.

Whether or not all the charities—I think you said 1,600—were related to terrorism, I can't say.

[Translation]

**Mr. Emmanuel Dubourg:** You acknowledge that it is possible for charities to funnel money to terrorist organisations.

[English]

**Mr. Matthew McGuire:** I'd say without question they are.

[Translation]

**Mr. Emmanuel Dubourg:** Thank you.

Mr. Chair, I'm going to come back to Ms. Vonn.

Ms. Vonn, like us, you consider the privacy of Canadians to be extremely important. That's obvious, and your position on Bill C-51 is very clear. I'd like to know whether you would be favourable to the idea of Parliament overseeing CSIS and other organizations subject to the bill, such as FINTRAC?

[English]

**Ms. Micheal Vonn:** I do absolutely.

We're very much in favour of review and oversight. We bang that gong consistently. We support the recommendations of the Arar inquiry. We are disappointed that Bill C-51 did not include those recommendations. It's the obvious time for them, since we are expanding the powers. We also suggest that the legislation itself is not going to be remedied merely by oversight, but we of course support it.

• (1035)

[Translation]

**Mr. Emmanuel Dubourg:** Very good. Thank you.

Mr. Clement, do you agree?

[English]

**Mr. Garry W.G. Clement:** As I said, I see nothing wrong with oversight. I believe it's beneficial to everybody, as long as we don't create a bureaucracy. Let's make sure it's a process that's done effectively and efficiently. I think there's good cause for oversight.

We're in a new area, based on criminal activity or terrorist activity that none of us ever wanted to confront, so I think the timing is appropriate.

**The Chair:** Thank you.

Mr. Van Kesteren, go ahead, please, for your final round.

**Mr. Dave Van Kesteren:** I was looking for an opportunity to maybe wrap up some of my thoughts.

Mr. Rafiq, I appreciate what you were saying. The discourse started that this is not an unusual phenomenon, that this is something that transcends society in different areas. I beg to differ. I say that because if we begin to institute measures to de-radicalize.... I think we'd all agree that what's taking place in Islam today in that radicalization is something that we must guard against. I would suggest we put in measures do that, and I would hope you'd do the same thing in Britain.

We don't provide jobs. That's a mistake. We lay the groundwork in which economies can flourish, so that people can find meaningful employment. We offer good education.

I'm a bit of a libertarian myself. Ms. Vonn might like to hear this. I would argue that the government is doing those things and does those things very well. However—and this is the danger I see in what you're suggesting—if we begin to institutionalize some format to have people thinking in a certain way, I'm afraid Ms. Vonn might say, and I would certainly stand up and say, “I don't know about this”.

I'm a bit of a farmer. I like doing things the natural way, and maybe the government will at some point challenge those beliefs. I think we really need to focus in on a certain area.

Can you comment quickly? I'm going to ask Mr. Clement about some more terrorist funding after that.

**Mr. Haras Rafiq:** There are two things there. First of all let me shatter some misnomers. In the U.K. 47% of all the people who have been convicted for Islamist terrorism had a university education, and six of them were presidents of U.K. Islamic societies in the universities. Nearly 49% of the people who were convicted for Islamist terrorism in the U.K. had white-collar jobs and were integrated into society. So they had good jobs and a good education. That is not something that prevents people from becoming radicalized. There are always other grievances and other issues that radicalizers will use.

The other point's about thinking a certain way and de-radicalization. I would hope that any country that has a liberal, secular democracy would have a problem and want to de-radicalize people who, in an Islamic state or even in Canada or somewhere else, believe that anybody who changes their faith from Islam to something else should be killed. I would hope that they would actually try to do something about that either here or abroad. Also,

anybody who believes that certain harm should be imposed on others should undergo some form of rehabilitation. I would hope and believe that these people would get the support they need, from an ideological perspective, to bring them back to some sort of normality.

**Mr. Dave Van Kesteren:** Thank you. We're running out of time. I wish we could spend a little more time.

Mr. Clement, you mentioned the bike gangs. Is there some collusion between the bike gangs and terrorists? Is that starting to happen as well just for the money? We're talking about big dollars here.

**Mr. Garry W.G. Clement:** Not working in that world right now and not having that high-level intelligence available, I can only say that the drug trade is alive and well. Afghan heroin is flowing over here. Somebody is putting it out, and in a lot of our communities, as you well know, organized crime groups like the Hells Angels exert a lot of control.

● (1040)

**Mr. Dave Van Kesteren:** I would love to engage more but we're going to run out of time.

**The Chair:** On behalf of the entire committee, I want to thank all the witnesses for being here and for an outstanding discussion both here in Ottawa and in the U.K.

Thank you so much for joining us from London, Mr. Rafiq. We appreciate that very much. If you have anything further to submit to the committee, please do so and we'll ensure all the members get it.

Colleagues, just very briefly before we adjourn, can I get someone to move the budget you all have?

**Mr. Nathan Cullen:** I so move.

**The Chair:** So moved; all in favour?

(Motion agreed to)

**Mr. Andrew Saxton:** I notice that the cost of a video conference is about the same as bringing somebody in from Winnipeg. Is it really that expensive to do a video conference?

**The Chair:** Do you mean a video conference outside of Canada?

**Mr. Andrew Saxton:** Yes. Is that for the teleconference services?

**The Chair:** That's for all the services dealing with video conferences, as I understand it.

**Mr. Andrew Saxton:** And that's \$1,200 for each one? That sounds like a lot.

**The Chair:** The \$1,200 is the unit price.

**Mr. Andrew Saxton:** Okay, thanks.

**The Chair:** Thank you.

The meeting is adjourned.







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