



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 016

Monday, December 1, 2025

Chair: Karina Gould



Standing Committee on Finance

Monday, December 1, 2025

• (1100)

[English]

The Vice-Chair (Jasraj Hallan (Calgary East, CPC)): Good morning, everybody.

I call this meeting to order. Welcome to meeting number 16 of the House of Commons Standing Committee on Finance.

Today's meeting is taking place in a hybrid format. I would like to remind participants of the following points.

Before speaking, please wait until I recognize you. For those participating by video conference.... I'll skip that part.

For members participating in person, please raise your hand if you wish to speak. The committee clerks and I will do our best to maintain a consolidated speaking order.

As a reminder, all comments should be addressed through the chair.

Pursuant to Standing Order 108(2) and the motion adopted on Monday, September 22, 2025, the committee shall resume its study of the use of offshore tax havens.

I would like to welcome both of our witnesses today. You will have five minutes for your opening remarks, after which we will open the floor to questions.

Today we have, from the Royal Canadian Mounted Police, Chad Babin, assistant staff sergeant, federal police criminal operations, financial crime; and Michael Saghbini, chief superintendent and director general, federal police criminal operations, financial crime.

I'll give either one of you or both of you five minutes for your opening statement.

Chief Superintendent Michael Saghbini (Director General, Financial Crime, Federal Policing Criminal Operations, Royal Canadian Mounted Police): Good morning, Mr. Chair and honourable members of the committee.

My name is Chief Superintendent Michael Saghbini. I'm the director general for financial crime within federal policing criminal operations at the Royal Canadian Mounted Police, the RCMP. I'm joined by acting Staff Sergeant Chad Babin, a subject matter expert in financial crime within federal policing criminal operations.

I am honoured to speak to you all today from the traditional territory of the Algonquin Anishinabe people.

I'll begin with a brief description of the RCMP's role. Financial crime is a priority for the RCMP and is part of its mandate to protect Canada's economic integrity. We work closely with the Canada Revenue Agency, the CRA, which is the lead department responsible for investigating tax evasion related to offshore tax havens. As you know, the CRA has its own investigative capacity through its criminal investigations directorate and is well positioned to investigate tax evasion cases in close collaboration with law enforcement agencies like the RCMP.

The RCMP plays an important support role on this issue. We are not a primary recipient of tax information, but we may become involved in investigations, especially when they intersect with such other criminal activities as money laundering, fraud and corruption. In these cases, the RCMP collaborates with the CRA; the Financial Transactions and Reports Analysis Centre of Canada, better known as FINTRAC; and international partners to investigate and prosecute individuals or entities that use tax havens to hide illicit funds.

We know that tax evasion and other tax crimes have serious consequences, as they lower government revenue and undermine public trust in Canada's tax system. Tax-related crimes are also part of complex schemes that allow criminals to benefit from the proceeds of their crimes and use those funds to further their criminal activities. Proceeds from illegal activity are routinely wired through tax haven jurisdictions, whose opaque financial structures, such as offshore banks, shell companies, trusts and law firms, decouple illicit wealth from its original owner.

In "Understanding Canada's 2025 National Risk Assessment of Money Laundering and Terrorist Financing", tax evasion is listed as a high money-laundering threat to the Canadian economy. Unfortunately, we know that sophisticated organized criminal groups use complex money-laundering networks to leverage the global financial system to hide income and assets. This often includes using offshore locations and companies to hide and launder large amounts of money.

Tackling this through a multi-agency and law enforcement approach can be effective. For example, you may be familiar with *Projet Collecteur*, a joint investigation between the CRA's criminal investigations directorate and the RCMP. This investigation uncovered a large professional money-laundering network spanning several countries and leveraging money service businesses and informal value transfer systems. Several people were charged and convicted as a result of this investigation, including for tax evasion and related crimes.

Many factors can impact law enforcement's ability to investigate tax evasion occurring in a tax haven. As with other kinds of financial crime, tax crime methods continue to evolve. This is particularly the case with the increasing use of digital currency, which is still unregulated in certain jurisdictions and is very hard to trace. As well, the speed at which digital currency moves can sometimes outpace law enforcement and other agencies' efforts.

As well, transnational crime poses jurisdictional challenges for law enforcement. Those in law enforcement are dependent on international partners delivering timely results. Offshore jurisdictions can sometimes delay or limit the provision of information. That said, in recent years progress has been made in Canada and other countries to address gaps that allow for criminals to use tax havens for their benefit.

• (1105)

For example, new laws and regulatory requirements in Canada around beneficial ownership will assist in organized crime and money-laundering investigations by identifying the real individuals.

The Vice-Chair (Jasraj Hallan): Mr. Saghbini, thank you. That's five minutes.

C/Supt Michael Saghbini: Thank you, Mr. Chair.

I'm ready to answer any questions you may have.

The Vice-Chair (Jasraj Hallan): Thank you.

We'll move into our first round for six minutes, starting with Ms. Cobena.

Sandra Cobena (Newmarket—Aurora, CPC): Thank you, Chair.

Thank you very much for your remarks, Mr. Saghbini. You brought me back to the days when I was working in the financial sector.

I think you hit the nail on the head in that these criminals are highly sophisticated. They're very fast. They adapt, and these schemes are highly complex, and they change all the time. Oftentimes, when you take a step back, you wonder how the rules and the law are ever going to keep up with them, because they're around the world.

At the same time, for the average Canadian who is working incredibly hard and abiding by the rules and paying the taxes, it can be extremely frustrating to know that the tax code is so complicated and that only the highly sophisticated or the people who are extremely wealthy and able to afford sophisticated lawyers and accountants will be able to find the loopholes and not pay taxes. That's frustrating to the average Canadian.

My question for you is this: What do you see as the biggest risk right now in terms of money laundering, tax evasion and financial crime? It happens all day, every day. How do we as a country keep up with that?

C/Supt Michael Saghbini: It's very true, what you're saying. The organized crime elements are using very sophisticated methods to shelter their money. They're using cryptocurrencies, which are very difficult to trace, in some instances. They're using different types of wallets that are not the typical ones we would know that are above ground.

It becomes very difficult to trace it in the layering of the companies, and sometimes we have lawyers who are named in these companies, and then you have client-solicitor privilege, which also becomes an issue.

Some of these lawyers are willingly doing it and some are unknowingly doing it, so it becomes a very difficult task from a law enforcement perspective. We are looking at it from the crime side. We're not looking at the tax evasion side of the house. That's a CRA mandate. We're looking at the predicate offences, like the drug trafficking that's leading to the money laundering, the sophisticated frauds and the large frauds that are the offences allowing them to move large amounts of funds.

• (1110)

Sandra Cobena: What is the biggest risk? What should we as parliamentarians focus on? As I said, it happens all day, every single day. What is the best way to target it?

C/Supt Michael Saghbini: I'll pass that question over to Chad. He's in some of the working groups, so he may be able to give you a more detailed answer.

Staff Sergeant Chad Babin (Financial Crime, Federal Police Criminal Operations, Royal Canadian Mounted Police): Thank you.

One of the larger risks or things that we have to deal with is beneficial ownership. That's a hot-button topic for us: Who actually controls or owns certain trusts or corporations?

Certain low-tax jurisdictions allow complex set-ups of trusts or corporate registries, and finding the actual owners of those is a challenge for the police, especially when dealing with their international partners in certain jurisdictions.

Sandra Cobena: Do you have a sense of the volume of investigations? How many investigations would you typically do in a year?

S/Sgt Chad Babin: I do not have that number with me, but I would be happy to provide that later.

Sandra Cobena: Okay.

Out of the investigations, roughly speaking, percentage-wise, in how many would there actually be convictions?

S/Sgt Chad Babin: That I also don't know. PPSC, our Crown counsel or the courts would keep track of that number.

Sandra Cobena: Okay.

On average, how long would an investigation take?

S/Sgt Chad Babin: That's a good question. Some can be rather quick, and some can be quite lengthy and take years. Even what I'll call a simple financial crime investigation takes many months. It's not a week or two thing. It can be several years, in most cases, leading up to when the charges are brought to trial.

Sandra Cobena: Thank you.

How big of a problem do you think the misuse of offshore tax havens and tax evasion are when it comes to financial crime and its impact on Canada's economy and tax system?

C/Supt Michael Saghbini: I don't know exactly how much is in tax havens. It does have a large impact. That's revenue that we don't see or is not provided to the government.

As we alluded to earlier, the tax evasion side of the house is a CRA mandate, where we're looking at the actual crime that's being committed for the money to be procured for them to send over overseas. We do work in collaboration with CRA, but from a tax evasion perspective, that's totally their mandate.

Sandra Cobena: This is my last, quick question. How do you ensure that the so-called “bad actors” in our society are held accountable for their financial crimes?

C/Supt Michael Saghbini: We're working very diligently, especially with fraud where, as you mentioned, law-abiding Canadian citizens are being defrauded, etc. We are working very hard to hold everybody who is committing these crimes accountable to the highest standard possible.

The Vice-Chair (Jasraj Hallan): That's the round.

Next, we have Mr. Sawatzky and Mr. Leitão.

Jake Sawatzky (New Westminster—Burnaby—Maillardville, Lib.): Thank you, Chair.

Thank you for coming in today and also for all the important work you do.

The Canada financial crimes agency came out in budget 2025. I was wondering if you could elaborate on how the RCMP is going to align its financial crime expertise with this new agency, so that Canada has a modernized capacity to investigate offshore tax evasion.

C/Supt Michael Saghbini: Obviously, it's in its infancy stages, and we're not sure exactly how the agency's going to look.

We do know that we will be part of it. We have the expertise in fighting crime when it comes to financial crime. We will be working in close collaboration with this new agency, however it's going to look, and we will provide whatever support we need to provide in order to make this an effective and efficient agency.

Jake Sawatzky: Are there any recommendations you would have on how to make this most effective?

C/Supt Michael Saghbini: It's hard to come up with exact recommendations. I think that any time you work with different agencies where we can collaborate and where we can share expertise, it's beneficial.

Like in a joint task force-type unit, I think it's very important that we bring all of our partners in and be able to collaborate and work together. I think that would be an ideal situation, where we share our expertise, share our resources and share best practices.

• (1115)

Jake Sawatzky: Thank you very much.

I'll pass the rest of the time to Mr. Leitão.

[*Translation*]

Carlos Leitão (Marc-Aurèle-Fortin, Lib.): Thank you.

Good morning, gentlemen.

Thank you for being here.

Mr. Babin, at the beginning of your remarks, you talked about something that I, too, think is particularly important in our discussion: knowing who owns a company that often is hiding behind multiple shell companies.

I don't want to put you on the spot, so I'll understand if you can't answer this question: Is information being exchanged with your colleagues in other countries?

[*English*]

S/Sgt Chad Babin: Yes, we do share information with our foreign counterparts, informally and formally. Being police in early stages of investigations, informal—or what we call “police-to-police”—information sharing is very valuable when it comes to finding beneficial owners, depending on the jurisdiction we're working with.

There are several networks that we're members of. I can highlight something called the ARIN, the asset recovery inter-agency network. It allows us to reach out to several—over 100—jurisdictions that we work with, and they can do police-to-police database checks on our behalf in their foreign jurisdictions and return that information to us so we can begin investigating any connections to Canada or nexus to Canada from those jurisdictions, some of which are in these so-called “tax havens”. They're quite co-operative.

Carlos Leitão: Okay. Thank you.

One of you mentioned, and rightly so, that these days digital currencies are quite the challenge for law enforcement authorities, because they make it so easy to move money around anonymously. Obviously, a lot of that is unregulated, and different countries are beginning to look at ways to perhaps regulate that.

In Canada, we know that the Government of Canada and the Bank of Canada are looking at real-time rail and also to have a more efficient, digital type of currency, but that would be entirely regulated.

If we are to move in the direction of having governments and central banks participate actively in regulating and developing the digital currency world, what would be your recommendations? Since you've seen this world from up close, what would you say would be the main issues that you would like future regulations to address?

C/Supt Michael Saghbini: That's a tough one. I think we'd have to really delve into what it could look like.

Any time you have some sort of regulation, any time you have to de-anonymize yourself or you have to put your name to an account, it makes life easier.

As for how this could look, we could go back and, based on what we've seen in the past and the MOs of what people do, see how we could come up with some best practices. I think we could potentially go back at some point when we're ready for that and give some recommendations from a law enforcement perspective to say that if we did A, B and C in this context, it would help us. We would be more than happy to provide that.

The Vice-Chair (Jasraj Hallan): Thank you. That's the round.

Next is Mr. Garon for six minutes.

[Translation]

Jean-Denis Garon (Mirabel, BQ): Thank you, Mr. Chair.

Gentlemen, thank you for being here.

I'd like to revisit the KPMG case, which took place in 2020-2021. At the time, the company was suspected of having developed robust tax evasion or tax avoidance schemes. At the time, criminal charges were laid in the United States. In Canada, the Canada Revenue Agency entered into a secret agreement with KPMG, which contravened the agency's own rules—this came to light later in court documents.

When the minister of national revenue was asked whether she was willing to use her power of inquiry, she answered, before the committee, that MPs could simply join the police if they weren't happy.

My first question is this: Would I make a good police officer? The answer is no, so you don't have to respond.

My second question is this: In your opinion, would it make your job easier if a minister of national revenue made greater use of their statutory power of inquiry?

Furthermore, don't you think that, even though criminal laws differ from one country to the next, when criminal charges are laid in the United States and Canada has a secret, opaque agreement in re-

lation to the same scheme, it sullies Canada's international image in the fight against financial crime?

• (1120)

[English]

C/Supt Michael Saghbini: To comment on the CRA's investigative postures and how they do things, we don't know how that all played out. They will do the tax evasion side, as we mentioned in our opening. In our mandate, we go after the criminality side and not necessarily the tax evasion, but we do work closely, hand in hand, with the CRA. When they do a tax evasion investigation and they see criminality, they will refer it back to us, and we will work closely together on that.

[Translation]

Jean-Denis Garon: When the United States lays criminal charges, and the Canada Revenue Agency enters into a secret agreement that contravenes the agency's own rules and the minister does not use her power of inquiry, is that not a way for politics or the agency to prevent you from conducting a criminal investigation?

[English]

C/Supt Michael Saghbini: In this specific case, I don't know the specifics of the comments. The CRA do their independent investigation, and if they do find that there is criminality in what they've uncovered within their investigation, they will hand it over to the RCMP, and we will work hand in hand with them on whatever investigation—

[Translation]

Jean-Denis Garon: My understanding is that if the Canada Revenue Agency had information that there may have been cases of criminal activity, and it decided, for whatever reason, not to forward the file to you, you wouldn't be able to investigate.

[English]

C/Supt Michael Saghbini: If we see that there is criminality that is part of the tax evasion, then yes, we will investigate in parallel to what the CRA will also investigate.

[Translation]

Jean-Denis Garon: You would still need the information that the agency could provide. Isn't that right?

[English]

C/Supt Michael Saghbini: That's possible. I can't force the CRA to give us information if it doesn't fall under their mandate, or maybe they received it from a partner that can't share with us. There are different situations that may preclude them from being able to share. I can't speak to this specific case, but it's possible that they couldn't share for whatever reason. How they obtained it, I'm not quite sure. I can't really speak to that specific topic.

[Translation]

Jean-Denis Garon: I'd like to revisit the issue of stablecoins, which are virtual currencies that use blockchain technology. As you know, the government has announced its intention to have a regulated stablecoin.

People use cryptocurrency mainly because there's friction with the SWIFT and IBAN systems, for example. Since international transfers are hard to do, people have turned to stablecoins. Personally, I get the impression that the type of regulation that the Bank of Canada will be applying is simply to ensure that these stablecoins are backed by Canadian dollars and that they won't affect the stability of the Canadian monetary and financial systems.

Doesn't standardizing these currencies through regulation, ensuring that they remain stable, in a way amount to accepting the existence of financial tools that will both facilitate legitimate transfers and facilitate or stabilize the value of transfers that serve to camouflage tax evasion, corruption or the proceeds of crime? Doesn't it normalize things?

• (1125)

[English]

C/Supt Michael Saghbini: The use of cryptocurrency itself is not illegal, obviously. You can go buy a vehicle using Bitcoin. It all depends on how you've obtained it. Did you sell narcotics to make your \$100 million and put it into cryptocurrency to move it? That's the issue. It's not necessarily the issue of having a stable coin versus an unstable coin. It's more about our being able to trace the illegal funds that are making it through.

[Translation]

Jean-Denis Garon: Having an official stablecoin will likely neither hinder nor facilitate your work. If I understand correctly, it's something completely separate.

[English]

C/Supt Michael Saghbini: Again, it's very dependent on the situation. Whether it's stable or unstable is irrelevant. From a law enforcement perspective, we're looking at the crime that's being committed for that to go into cryptocurrency, whatever you want to call it. On the powers that decide on stable or unstable, really, at the end of the day, from a law enforcement perspective, we're looking at the criminality behind how they made the money and how they're moving it. It's just a tool for moving it.

The Vice-Chair (Jasraj Hallan): Thank you very much.

Next, we have Mr. Lefebvre for five minutes.

[Translation]

Eric Lefebvre (Richmond—Arthabaska, CPC): Thank you, Mr. Chair.

I'd like to thank the witnesses for being here.

As we have said in the last few minutes, the methods are increasingly sophisticated. We have talked about cryptocurrency, a relatively new reality. We have talked about tracing the provenance of cryptocurrencies and seeing how they have been transformed.

As elected officials, how could we help you and be your partners? What kind of regulations could make your job easier?

[English]

C/Supt Michael Saghbini: I'll pass this on to Acting Staff Sergeant Chad, who may have some ideas based on some of the groups that he is working with.

S/Sgt Chad Babin: Any legislative changes to improve access to banking transactions, including cryptocurrency transactions, are always being looked at by us and through our Government of Canada partners. We also work collaboratively with many of our Government of Canada partners on disruption efforts, especially around the movement of funds. Should we not be able to criminally investigate something, we look at how to leverage the different powers of different Government of Canada departments to mitigate criminality, prevent criminality, and basically make criminal activity in Canada difficult so that people will either cease or move on.

Also, increased tracing or analytic tools are always heavily leveraged by the police. Cryptocurrency is traceable, and we do trace it. We use different technologies for that, including exploring AI options to help us make networks behind that.

[Translation]

Eric Lefebvre: Thank you very much.

In a news release dated November 6, you stated that "only 5 to 10% of all fraud and cybercrime incidents are currently reported in Canada." You have also set up the new national cybercrime and fraud reporting system.

Could you tell us a bit about this new system?

[English]

C/Supt Michael Saghbini: That's something we can get back to you on. I want to give you more of a fulsome answer to that, if we can come back with a written response, with the international organization. Can you give me more specifics as to which group you're referring to?

[Translation]

Eric Lefebvre: A news release issued on November 6 by the Royal Canadian Mounted Police announced the launch of the new national cybercrime and fraud reporting system.

[English]

C/Supt Michael Saghbini: Okay.

[Translation]

Eric Lefebvre: I'd like you to provide a brief overview of the new system you have set up.

[English]

C/Supt Michael Saghbini: I'm sorry. I misunderstood your question.

Eric Lefebvre: That's not a problem.

C/Supt Michael Saghbini: Through the cyber centre, we do have an intake where people can report frauds and anything they've encountered. As we know, there are multiple frauds happening, from an alleged bank sending you a message to romance scams. The cyber centre provides a one-stop shop for receiving all these fraud reports.

It then gets dispersed, if it should go to the police of a particular jurisdiction. If it happened in, let's say, the city of Montreal, we'll work with the Montreal police. Wherever the jurisdiction of that crime is, we will work with the police of jurisdiction to fan out those complaints and to allow the police to deal with all those specific complaints.

In terms of statistics, I don't have those available. From what I understand, it's working well. As I said, having one point of contact so that the general public knows where to go is a very effective and efficient tool.

• (1130)

[*Translation*]

Eric Lefebvre: It has been said that tax havens are a way to get taxes paid in Canada.

What do you think of such a statement?

[*English*]

C/Supt Michael Saghbini: I can't comment on that. That's more of a question for the CRA, in terms of the offshore money and tax havens.

As I said, we deal with the criminality that gets the money that gets sent out, but in terms of tax evasion and tax havens, that's more of a CRA question.

The Vice-Chair (Jasraj Hallan): Thank you very much.

Next, we have Mr. MacDonald for five minutes.

Kent MacDonald (Cardigan, Lib.): Thank you, Mr. Chair, and thank you to the witnesses.

In budget 2025, we introduced a national anti-fraud strategy. In 2024 alone, we saw that Canadians lost \$643 million to fraud. That was a 300% increase since 2020, with only a small fraction of those scams being reported for investigation.

From the RCMP's perspective, what factors are driving this rapid rise in fraud, particularly the scams targeting seniors? How is your policing adapting to the investigations of this higher-technology fraud?

C/Supt Michael Saghbini: The issue with these frauds is that they're becoming more sophisticated. They're becoming more obfuscating. A lot of times, it's happening in countries where we don't have a relationship in terms of the Canadian government and law enforcement. That makes it extremely difficult. As well, in some of these countries, there's rampant corruption, so if we deal with the local police, nothing comes of it. In some instances, the government or the police may be involved. It makes it extremely difficult.

There's also an education piece, I think, that we need to really push to our seniors and even to our young folks who are on cell-

phones. They're moving so fast. They're just clicking and not even realizing what they're clicking. The next thing you know, they're in some sort of scam, or now someone has access to their phone or their bank account information. I think education is a big piece for us.

These are really long, drawn-out affairs. In some cases, they're using different email servers to obfuscate where they come from. Again, are they in a country we can't deal with? It's sophisticated. For the ones we do find, we are very serious in both investigating them, obviously, and prosecuting them. On the prosecution side, when you have something that's so sophisticated, it becomes a very complex case for the Crown. That can get drawn out. There are the disclosures in dealing with other countries and what they can and can't share. It becomes a very complicated affair.

Kent MacDonald: Your answer leads me to another topic, although it may be varying a little from tax avoidance.

I've had interactions with constituents who are very concerned with sextortion and the online harms bill that was introduced last year and didn't pass. Now we'll be introducing new legislation. I'm wondering if you would comment on the ability to prosecute these offenders who may be based in a foreign country—in Nigeria, for instance, in the situation I'm referring to. Where do we put the onus? Does it have to go on the platform providers? I'm talking about youth or teenagers.

• (1135)

C/Supt Michael Saghbini: I think everyone has a bit of a role to play there. I think there's a role for service providers to play as well. You're absolutely right; it would be difficult to deal with some of the countries that we see. These criminals are using those countries because they know it makes it difficult for law enforcement to deal with them due to corruption and the lack of relations between the two countries.

We have liaison officers who are around the world in different countries. We will have a director in an area that's responsible for five, six or seven countries. We continually go into those countries to build our relationships, but it's definitely a work-in-progress in terms of building those relationships and the willingness of that host country to actually work with us. I think there's a lot of corruption happening, and it's in their best interest to keep it going.

Kent MacDonald: Finally, getting back to money laundering, you mentioned in your opening statement that you work co-operatively with the CRA, FINTRAC and other organizations, including provincial regulators, obviously, to investigate these complex financial crimes. What legislative improvements would you recommend to members of Parliament to improve the ability to investigate?

S/Sgt Chad Babin: Increased access to tax records and faster access to tax records would be a big help.

The Vice-Chair (Jasraj Hallan): Next, we have Monsieur Garon for two and a half minutes.

[Translation]

Jean-Denis Garon: Thank you, Mr. Chair.

Mr. Saghbini, our Liberal colleagues have mentioned the creation of a new infrastructure to better combat fraud. The announcement was made by the Minister of Finance and National Revenue. Also, the government published its anti-fraud strategy earlier this year.

For our part, we were a little dubious about this announcement. We have the impression that this is basically a reorganization of administrative structures, but that there are still no new financial resources allocated to running this agency.

I'd like to talk about fighting financial crime and fraud. Compared with other countries you work with, is Canada one of the countries where the government invests heavily in police forces and various stakeholders to fight fraud? Do you think the Government of Canada should significantly reinvest in providing you with better tools, especially as your work is becoming increasingly more complex?

[English]

C/Supt Michael Saghbini: I don't want to speak on behalf of other organizations or other groups, but I can tell you that the RCMP are continually looking at resources and where our resources are better placed. Currently, within our financial crime and other units, I would say we're adequately staffed where we need it.

We're continually looking at how crimes are evolving. Today, we might have a big investigation in cryptocurrency. We might take some of our money-laundering folks and augment that person-power—if you want to call it that—and vice versa.

We're constantly evolving and looking at where we can better put our resources.

[Translation]

Jean-Denis Garon: Mr. Saghbini, more succinctly, in today's complex financial world, do you think that the RCMP lacks the financial resources to fully carry out its mission?

[English]

C/Supt Michael Saghbini: If you're asking me, I think that having more resources in anything is more efficient. You can always do more with more, obviously, but I think we have the resources to adequately do what we're doing today.

There are always evolving technologies. You mentioned technologies. There are technologies that we're always looking to enhance, like cryptocurrency tracing, cryptocurrency wallets, etc. There are things we're always looking to try to enhance, because, as you know, when the criminal gets ahead, it's almost like a cat-and-mouse game, where we're trying to always get there.

• (1140)

The Vice-Chair (Jasraj Hallan): Thank you, Mr. Saghbini. That's the time.

C/Supt Michael Saghbini: Thank you.

The Vice-Chair (Jasraj Hallan): Next, we have Mr. Kelly for five minutes.

Pat Kelly (Calgary Crowfoot, CPC): Thank you, Mr. Chair.

Do you find that it's common for the criminal organizations you investigate to use tax havens, both to hide their gains from law enforcement but also to avoid taxes?

C/Supt Michael Saghbini: I can start, and then maybe Chad can jump in.

Yes, I do believe they use tax havens to hide and launder their money. They also use the cryptocurrency exchanges. That's another piece. In short, the answer is, yes, they do.

Chad, I don't know if you want to add anything to that.

Pat Kelly: That's good. That answer is a good answer, or a complete answer.

That leads to my next question. The CRA told us a few weeks ago that they had referred and successfully seen through only 14 prosecutions for offshore tax avoidance since 2000, which is a little less than three per year. Let's even go to the broadest category of files you investigate. How often are you laying charges for tax avoidance, fraud, money laundering and all the things under your mandate?

C/Supt Michael Saghbini: There's a distinction there between the predicate offences and the money laundering and then just having your money in a tax haven. For us, having your money in a tax haven, on its own, is a CRA mandate. It's not a crime.

Pat Kelly: I'm asking how often your department, as the senior national organization, is investigating these predicate offences, which could be any of a number of things.

C/Supt Michael Saghbini: We'd have to get you the statistics, if that's what you're looking for. We don't have them on hand. Then I think the important thing, to your question, if I may ask, is.... Were you talking about prosecutions versus charges?

Pat Kelly: Yes.

C/Supt Michael Saghbini: Those are two different things.

Pat Kelly: I understand, but charges are what you do. That's why I'm asking you about charges.

C/Supt Michael Saghbini: Exactly.

We can come back with that. We don't have that statistic on hand.

Pat Kelly: Okay. Let me ask about co-operation with the CRA. You are investigating predicate offences. You're leaving just the simple issue of people who are taking lawfully earned profits and not paying taxes on them to the CRA. That's the CRA's issue. However, you are dealing with cases where the profits are not legally gained.

In your co-operation, are you a net sender or recipient of information with the CRA? I presume you refer files to the CRA.

C/Supt Michael Saghbini: We do refer to the CRA. The CRA will refer something back, as well. Let's say, as an example, that they're looking a simple tax evasion, and then they come across criminality that comes with it. Then they'll refer it to us. It's a two-way street, then. We'll refer either way. Sometimes we collaborate together, and sometimes we work independent of each other.

Pat Kelly: I have lots of questions and little time.

I want to ask about financial institutions. How do you characterize the level of co-operation you get?

Like Ms. Cobena, I have a working history in the finance sector, and it always seemed that the banks were reluctant to share information about what goes on in their own shop in fraud cases.

Do you find that you get co-operation from the banks? Is it getting better or worse?

C/Supt Michael Saghbini: We have great co-operation with the banks. Under the new IMLIP, the integrated money-laundering intelligence partnership, that was announced, we're working closely with the banks on information sharing. We're in the process of...information-sharing agreements with the banks to enhance our IM-LIPS.

Pat Kelly: You have agreements that are not executed yet, but you're working on them.

C/Supt Michael Saghbini: Yes, that's correct.

Pat Kelly: Okay, I have one last question. This goes along with a question we had earlier about legislative steps. I think Mr. MacDonald asked about that.

One of the former finance ministers called for a review of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. It's overdue for review. It hasn't happened. It doesn't appear to have been picked up by the government currently, under the new minister.

How important is that, and what would you like to see from that review?

• (1145)

S/Sgt Chad Babin: Reviewing any legislation and keeping up to date is always important, and with that, in any review in our world, information sharing is always a key factor to look at.

The Vice-Chair (Jasraj Hallan): Thank you.

Next, we have Mr. Turnbull for five minutes.

Ryan Turnbull (Whitby, Lib.): Thanks, Chair.

Chief Superintendent, I'll start with you. You mentioned in your opening remarks that some progress has been made with new laws and regulations.

I know the beneficial ownership registry is about to come into effect and be operational by the end of 2025, which is this year. That's coming very shortly. You had started to say when you ran out of time how that was one of the things you could cite as helping with these very complex cases.

Could you speak to how meaningful the beneficial ownership registry will be for your investigations?

C/Supt Michael Saghbini: Yes, absolutely, and thank you for the question.

It allows us to start unravelling, if you want to call it that, or peeling the onion in trying to figure out who is actually running these companies, as opposed to having it extremely layered.

Just having that registry on its own might seem like a simple tool, but it's simple and strong in allowing us to properly conduct our investigations.

Ryan Turnbull: Great.

I think there have been some additional federal resources dedicated to going after the "professional enablers", as they're referred to. These are the lawyers, accountants, consultants and others who help people to set up these complex structures that end up avoiding or evading taxes.

Can you speak to whether there's been any progress on that front?

S/Sgt Chad Babin: Yes. We work with the CRA specifically through our IMLIT teams, our integrated money-laundering investigative teams. They're located across the country and in key areas. Their mandate is to investigate professional money launderers and enablers. They've been in existence for, I believe, about five years, and we've seen a lot of success through those units. Projet Collecteur is a good example of a file out of one of those units, the one that the chief superintendent spoke about.

Ryan Turnbull: Great. It sounds like those are two useful initiatives that are making some progress.

How about the whole-of-government, national anti-fraud strategy that we announced, and the financial crimes agency. Do you think that's going to aid you in being able to crack down on some of these complex financial crimes?

C/Supt Michael Saghbini: I think the financial crimes agency will be a way for us to work hand-in-hand by having potential expertise on the civilian side that could assist in certain complex investigations. From a fraud perspective, there's a lot that can be done. How many times a day do we all get email or text messages that are fraudulent?

Therefore, I think maybe having a kind of clearing house of sorts might be beneficial there, to allow this to be looked at, because I'm sure some of the people behind these things might be doing not just one fraud, but multiple frauds. This will allow us to put it together.

Ryan Turnbull: I know we've also committed to hiring another 1,000 RCMP officers and increasing resources for the federal prosecution service, which you mentioned earlier. I'm assuming those resources are going to aid in your investigations. As well, you mentioned earlier that you felt you were fairly adequately resourced in your unit, but can you talk about how those additional resources will aid in cracking down on tax evasion?

C/Supt Michael Saghbini: From what we've seen, out of the 1,000, there may be 150 coming to financial crime. We're not sure yet where those resources.... Once we see where they're going to come, we'll assess better where those resources will be going. It's important for us to look and take stock of where we need to augment ourselves.

• (1150)

Ryan Turnbull: The federal prosecution service.... I assume that's going to help to prosecute some.... I know that other members were mentioning—

C/Supt Michael Saghbini: Not to speak on their behalf, but I'm assuming that, if you had more prosecutors, more would go through the courts. That's just an assumption.

Ryan Turnbull: It's certainly why the government made additional commitments, so that's great.

Is there any additional clarity you can give us on any other progress you referenced in your opening remarks but didn't get a chance to finish? I think you were going to refer to a number of other things, but maybe you could also take a second to go back.

C/Supt Michael Saghbini: I was almost at the end.

There has been a lot of progress in our partnerships internationally and domestically, where we're working more collaboratively with our partners, especially on cryptocurrencies. We hold a lot of training, and we have municipal, provincial and international partners that come for this training. That also builds up our network. Someone from the OPP or SQ, or someone who has come on our course, can reach back either to us or to someone who was on the course. We're building these networks of financial crime experts.

The Vice-Chair (Jasraj Hallan): Thank you.

Colleagues, we have enough time for one more round, so if you guys are all okay with it, I think we could do three minutes for each party.

Some hon. members: Agreed.

The Vice-Chair (Jasraj Hallan): I hand it over to the Conservatives for three minutes. Go ahead, Ms. Cobena.

Sandra Cobena: Thank you, Mr. Chair.

We got cut off in the last conversation, when we were talking about how we hold these bad actors accountable. Of course, the concern is.... You don't have the number of investigations or charges. These bad actors may just get a slap on the wrist, or maybe they get charged and there's a fine, and, well, "That's the cost of doing business," because it is highly profitable to engage in financial crime and tax avoidance.

Can you please speak to how we hold these bad actors accountable?

C/Supt Michael Saghbini: From a law enforcement perspective, all the complaints we receive.... Obviously, we take them very seriously, and we investigate them to capacity and lay charges. In terms of what happens later—the court process and sentencing—that's outside our scope. However, I can reassure you that when we do receive complaints, we are investigating them to our fullest capability, and we are charging. Again, what happens later is out of our purview.

Sandra Cobena: If you could submit to the committee the statistics and the data, that would be great, just to get a sense of the problem.

Also, there has been an increase in financial crime. Can you speak to...? Why do you think this is the case? What's driving this increase?

C/Supt Michael Saghbini: I think part of it—and, Chad, you can jump in as well—is that everything is electronic now. Most people are banking electronically. Most people are on their phones and emails. We're more easily susceptible to being defrauded, just with the sheer amount of data and electronics we use on a daily basis. We have elderly now who might not necessarily know how to use these technologies. There's AI. There are deepfakes. We can talk about this for half a day, just about how you can be defrauded. I think it's just because of the technologies today and how they're easily accessible or exploitable.

Sandra Cobena: Thank you for that.

Based on your experience, what are the weaknesses in Canada's corporate, financial and reporting systems that are most commonly exploited by individuals or corporations using offshore tax havens for financial crime?

S/Sgt Chad Babin: Again, it's around beneficial ownership and transparency in trusts.

The Vice-Chair (Jasraj Hallan): Thank you.

Next, we have Mr. Sawatzky for three minutes.

Jake Sawatzky: Thank you, Chair.

Could you speak a bit more about the increase in AI deepfake scams? What are some of the most common methods used?

C/Supt Michael Saghbini: Some of the stuff we have seen includes the AI deepfakes where it's voice recognition. Your bank, let's say, has a voice recognition feature, and someone has your voice and uses that to authenticate. We've seen emails come through to a company, saying, "Hey, I'm so-and-so, the CEO. Can you please forward \$50,000 to this company? They just did A, B and C for us."

The technology of AI in terms of the deepfakes, the facial and the voice, is what we're seeing now. I don't know how that's going to morph. It might morph into something more complicated or more sophisticated, but that's what we're seeing on the surface right now.

• (1155)

Jake Sawatzky: Thank you.

When it comes to text message scams, I know a lot of people get.... In fact, during this conversation, I got a text message scam saying, "We are hiring." Where are these coming from? How can we start trying to stop these text messages from coming in?

C/Supt Michael Saghbini: That's a great question.

We are working with some of our telcos to find out how this is happening, how the numbers are being spoofed. Obviously, if you call back the number you received it from, you will get some person who answers, "Hello." You say, "Hey, did you just call me?" and they say, "No, it wasn't me." Obviously, their numbers are being spoofed.

We're trying to figure it out through our telcos. We think a lot of it is coming from overseas. Some might be domestic, but we're trying to figure that out in partnership with our telcos.

Jake Sawatzky: Can somebody who takes part in this scam be charged?

C/Supt Michael Saghbini: Yes, absolutely.

We'd have to investigate to see what came of it. Maybe this person is really hiring, and they got your résumé. That would be versus a situation like "Hey, click on this. It's going to take you to a site. We need to get into your computer because you have a virus." The next thing you know, they have access to everything. It would be unique to each situation.

Jake Sawatzky: Would you need to have been scammed in order for them to get charged, or could they be charged just by sending something in hopes of scamming you?

C/Supt Michael Saghbini: We'd have to look at it. We'd have to delve into how.... I mean, spoofing a number on its own is something we'd look at as an offence—spoofing people's numbers, spamming, etc.

It's happening so often that the prioritization of these scams.... It's important to be able to protect our most vulnerable.

The Vice-Chair (Jasraj Hallan): Thank you. That's time.

Next, we have Mr. Garon for three minutes.

[*Translation*]

Jean-Denis Garon: Thank you, Mr. Chair.

Mr. Saghbini, we're talking a lot about cryptocurrency and big international schemes—that's a bit trendy—but there's also telephone fraud and crimes being committed against seniors, for example. Recently, the Canadian Bankers Association, in co-operation with the RCMP and other organizations, launched an advertising campaign to raise awareness among everyone from phone operators to Internet service providers. They want everyone to be on guard to

ensure that no fraud is committed. Personally, I'm in favour of this initiative. I even sponsored the French event on the Hill.

However, I don't think we're holding banks accountable enough. As you said, everyone has to do their part. When fraud happens, for example, if \$5,000 is withdrawn three times on a Friday in the middle of the night, the bank turns against the citizen or the senior. That's what happened to an entrepreneur in my riding: more money was withdrawn than she had in her account. Her bank went after her and told her she was responsible. That person was completely crushed by the bank.

What this kind of situation shows us is that banks need to be held accountable. If banks were partly responsible for these financial losses, perhaps they would put more preventive mechanisms in place.

Do you think that making banks more accountable could help reduce fraud? Ultimately, in more traditional fraud, the money has been withdrawn from an account at their bank.

[*English*]

C/Supt Michael Saghbini: I totally understand. In these cases, it's very important that it is reported to the police of jurisdiction in the area where your constituent or whoever is defrauded, because it becomes very important that they start an investigation in collaboration with the bank to see what exactly happened. It's always favourable to have the police response.

• (1200)

[*Translation*]

Jean-Denis Garon: I completely agree with you. Beyond that, if regulations or legislation made banks more accountable for the banking activities that occur in an account, as is the case in the United Kingdom, do you think they would put more measures in place to prevent such fraud from being committed? If there were less fraud, there would be less need for the police. In life, we love police officers because they're there to help us, but we always hope that, ideally, we won't have to deal with them.

[*English*]

C/Supt Michael Saghbini: For legislative questions, I'll leave that to the experts here at Parliament to decide how that would come out.

From a law enforcement perspective, as I said, I highly recommend a police presence in those calls, as we can work with the bank, but in terms of legislation, I'll leave it to the legislative experts.

The Vice-Chair (Jasraj Hallan): Thank you. That's our time for today.

I want to thank the witnesses for being here.

Is it the will of the room to adjourn the meeting?

All right. I see agreement.

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