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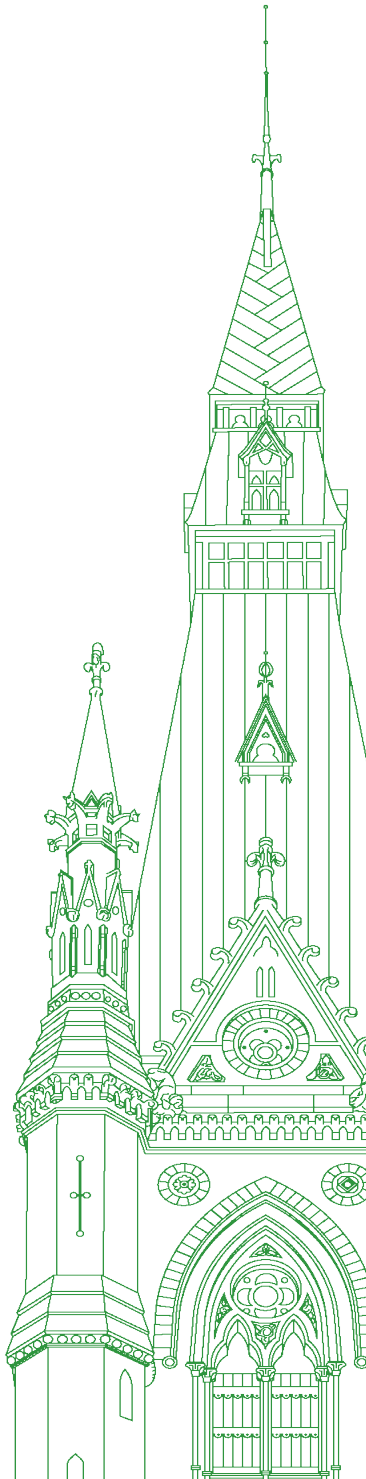
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Standing Committee on Justice and Human Rights

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● (0820)

[*English*]

The Chair (Iqra Khalid (Mississauga—Erin Mills, Lib.)): I call this meeting to order.

Welcome to meeting number 44 of the Standing Committee on Justice and Human Rights.

Pursuant to the order of reference of June 18, 2026, the committee is continuing its clause-by-clause study of Bill C-29, an act to establish the financial crimes agency and to make consequential amendments to certain acts and regulations.

Today's meeting, as you guys know, is taking place in a hybrid format pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application. I'd like to confirm that sound tests have been conducted successfully.

I will make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself if you're not speaking. For those on Zoom, at the top of your screen, you can select the appropriate channel for interpretation—English or French—based on your language. For those in the room, you guys know what to do.

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

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the raise hand function. The clerk and I will manage the speaking order as best we can. Thank you for your patience in that regard.

Appearing before us today, we have the Barreau du Québec, represented by Sylvie Champagne, secretary of the order and director of the legal department, and by Nicolas Le Grand Alary, secretariat of the order and legal affairs, both appearing by video conference. We also have Transparency International Canada, represented by Salvator Cusimano, executive director, and by Eric Shen, legal policy and research associate.

Thank you for being here. Welcome, everyone.

We will start with the Barreau du Québec.

You have five minutes for your opening remarks. Please go ahead.

[*Translation*]

Sylvie Champagne (Secretary of the Order and Director of the Legal Department, Barreau du Québec): Madam Chair and members of the committee, thank you for having us here today.

My name is Sylvie Champagne, secretary of the order and director of the legal department at the Barreau du Québec. With me is Nicolas Le Grand Alary, a lawyer at the Secretariat of the Order and Legal Affairs of the Barreau du Québec.

The barreau thanks you for inviting it to take part in the consultations on Bill C-29. Please remember that the mission of the Barreau du Québec is to ensure public protection, contribute to high-quality, accessible justice and defend the rule of law. With that in mind, we present the main observations in our brief to you today.

I'll start by saying that the Barreau du Québec welcomes the objectives pursued by the bill. We recognize the importance of strengthening the fight against money laundering, the proceeds of crime, terrorist financing, complex frauds and transnational criminal networks. We also recognize the importance of enabling Canada to meet its international commitments, including through the work of the Financial Action Task Force, or FATF.

The barreau's comments are therefore intended to improve the bill so that it fully achieves its objectives while respecting the fundamental principles that govern the administration of justice in Canada, such as respect for the rule of law, privacy protection and solicitor-client privilege.

Right up front, the barreau supports the creation of a specialized agency dedicated to fighting financial crime. We are also in favour of the co-operative mechanisms set out in the bill, particularly those that promote information sharing and co-operation between organizations.

On that front, we see the agency's powers for entering into information-sharing agreements as an important opportunity to strengthen co-operation with legal regulators.

Since 2015, Canadian law societies, including the Barreau du Québec, have been enforcing their own money laundering oversight regime, based in particular on identifying clients, verifying their identity, controlling money held in trust and complying with ethical obligations.

That is why we recommend that information-sharing agreements be concluded quickly with Canadian law societies when suspicious transactions specifically involve a lawyer. This would allow professional regulators to respond quickly with controls that are already provided by law.

I yield the floor to my colleague Mr. Le Grand Alary.

● (0825)

Nicolas Le Grand Alary (Lawyer, Secretariat of the Order and Legal Affairs, Barreau du Québec): Good morning.

We would also like to draw the committee's attention to the extent of the regulatory powers granted to the government. The bill's powers include adopting regulations respecting the collection, retention, use and disclosure of information. However, these issues directly affect privacy rights and the protection of personal information. In our view, the fundamental concepts that will guide the exercise of these powers should be defined in the act itself. Regulations can specify how an act is to be enforced, but they should not be used to define the essential elements of a regime that affects fundamental rights.

Furthermore, the Barreau du Québec considers it essential that the powers granted to the new financial crimes agency be exercised in a way that respects solicitor-client privilege. As the Supreme Court has reminded us on a number of occasions, solicitor-client privilege is a principle of fundamental justice protected by section 7 of the Canadian charter. It must be preserved as fully as possible and can only be restricted in exceptional circumstances. However, the bill gives the agency significant investigative powers, but provides no specific mechanism when the exercise of those powers risks affecting information protected by solicitor-client privilege.

More specifically, the bill contains no explicit exception for privileged information, no specific procedures applicable to law firms and no independent screening mechanism comparable to the one recognized by the Supreme Court in the Lavallee decision.

The barreau therefore recommends that the bill be amended to expressly provide that information protected by solicitor-client privilege cannot be obtained, consulted, seized or disclosed without an independent legal mechanism having first determined the necessary safeguards to protect it.

In closing, we reiterate our support for the fundamental objective of the bill to strengthen the fight against financial crime and improve the coordination of government responses in this regard. We offer our full co-operation.

Thank you. We look forward to your questions.

[*English*]

The Chair: Thank you very much for being on time. We really appreciate it.

We're moving to Transparency International Canada.

Please go ahead. You have five minutes.

Salvator Cusimano (Executive Director, Transparency International Canada): Thank you, Chair and committee, for the invitation.

I lead Transparency International Canada, the Canadian chapter of Transparency International, the global movement seeking justice and accountability for corruption and financial crimes. We are encouraged by Bill C-29 and the proposed financial crimes agency.

This legislation could address a problem that is both universal and uniquely Canadian. In the 100-plus countries where our organization is present, perpetrators of financial crimes are punished too infrequently. Victims of these crimes receive redress only rarely. This undermines public safety, democratic institutions and confidence in economic and financial systems. Unlike many of the countries where we are present, Canada has the institutions, people, skills and resources to punish perpetrators and make victims whole, yet we rarely succeed in doing so, as the recent Financial Action Task Force evaluation made clear.

Bill C-29 could help Canada realize its potential as a leader in the global fight against financial crimes on at least three conditions.

The first condition is that the agency must be equipped to harmonize and amplify Canada's existing but fragmented investigative capacities. From coast to coast to coast, public institutions responsible for investigating and prosecuting financial crimes often lack the resources or expertise to tackle complex, time-sensitive cases amid myriad other responsibilities and priorities. While we acknowledge concerns about a new agency potentially adding further incoherence or duplication, we believe the risk of duplication is outweighed by the risk of continued fragmentation and under-resourcing.

The agency could catalyze change by launching joint investigations across jurisdictions with relevant authorities, or by matching its own human and financial resources to specific gaps or burdens facing other entities. To do this, it would need a clear strategy and concept of operations developed with the input of stakeholders nationwide, including at the provincial levels and even municipal level in some cases; the power to facilitate information sharing; multidisciplinary personnel; and exemplary transparency standards.

Second, the agency needs a broad mandate in law complemented by adequate resources and a keen sense of where it can add the most value from the outset. We welcome Bill C-29's reference to “the security or integrity of Canada's economy or financial system” in defining financial crimes. This definition not only places appropriate emphasis on what is at stake—our society, democracy and prosperity—but also enables the agency to tackle predicate offences such as corruption and securities fraud, which often create the impetus for crimes like money laundering. Still, adding value to what's already in place will require designing the agency's mandate and operations with a view to the most pressing unmet needs in the existing investigative and enforcement landscape.

The agency could consider an initial operational focus on anti-money laundering while standing up specialized investigative units for corruption and fraud. It could focus on addressing gaps, whereby administrative bodies like FINTRAC, the CRA and the CBSA could refer serious non-compliance cases because they lack the ability to follow through. This should happen especially in cases where there's a risk of maximal harm that meets formidable coordination challenges. The agency could develop mandatory membership and information-sharing protocols for federal entities; escalation mechanisms for overlapping jurisdictions in complex cases; publicly available financial crimes and corruption data; and stakeholder outreach efforts, including to civil society—we thank you again for this invitation today.

We need not start from scratch. Examples in Quebec in particular, as well as Canada and elsewhere, could inform the agency's initial operations, provided that adequate resources are in place.

Third and finally, the agency will not succeed without urgent action on several fronts. We need a pan-Canadian framework for beneficial ownership transparency and continual improvement of the beneficial ownership registries that exist federally and in Quebec. We need to correct the shortcomings that led the Financial Action Task Force to rate Canada only partially compliant on the regulation and supervision of financial institutions. We need to improve our justice system so that financial crimes and other crimes can be prosecuted fairly and expeditiously.

On these and many more dimensions, we need the federal and provincial governments, as well as Canadian businesses, to take responsibility for their respective share of both problems and solutions. Bill C-29 may be a first step in this direction, and Transparency International Canada, along with our worldwide network, stands ready to help get it right.

● (0830)

[*Translation*]

I am also prepared to answer your questions in French.

Thank you.

[*English*]

The Chair: Thank you very much for your remarks.

We'll now move into our questions, starting with Mr. Lawton for six minutes.

Please go ahead, sir.

Andrew Lawton (Elgin—St. Thomas—London South, CPC): Thank you very much, Madam Chair.

[*Translation*]

My question is for the representatives of the Barreau du Québec.

Are you concerned that the Attorney General of Canada could, by order in council, withdraw a province's jurisdiction to initiate a prosecution, even if it is already under way?

Sylvie Champagne: We haven't looked at that possibility. Our brief doesn't address it. I don't think we have looked at that yet.

[*English*]

Andrew Lawton: Moving to our colleagues at Transparency International, thank you very much. You've identified several gaps where you feel the existing system in Canada is not functioning properly. You've proposed a few suggestions, which I appreciate.

Would you be of the belief that this has been because of a lack of priority—a lack of attention given to this issue—or do you think it's something else?

Salvator Cusimano: I think it's because of many factors together, but we have to face one fact, which is that for many people in the persistence of financial crimes like money laundering, for example, there is an interest in being able to accept money, move money and facilitate financial transactions. These are financial transactions. What I'm trying to say here is that we need to create enough momentum to overcome the inertia of saying “no” to accepting money sometimes. That's a big structural problem.

As to the other problems I talked about, beneficial ownership registries, for example, are something we've been talking about for a long time. We've frequently heard concerns about privacy. We've heard concerns about how such a registry could technically be created pan-Canadian and how to do it across jurisdictions. I've yet to see a political commitment across all jurisdictions in Canada to do this. We are seeing more prioritization of it. We've seen Ontario move in the right direction, but we really need to see momentum.

We think that a federal financial crimes agency could help both with the technical level and with creating some of this impetus to have a joined-up approach across jurisdictions. That's not going to address the structural problems. To the extent that some of you may have the ability to address those, I encourage you to do so, but this agency could really help to put the wheels in motion when we have the right structures in place.

● (0835)

Andrew Lawton: Thank you very much.

Being mindful of the time and where we are in the course of the parliamentary calendar, I move:

> That the committee report to the House its recommendation that the House immediately pass at all stages clauses 9, 10 and 14 of Bill C-41 as a stand-alone bill, which would maintain the mental health exclusion for medical assistance in dying.

This is an incredibly time-sensitive matter right now. We have just four weeks left on the House of Commons calendar, but if Parliament does nothing on this issue, people with only a mental illness will become eligible for MAID as of March 17, 2027.

This is something we worked on across party lines at the Special Joint Committee on Medical Assistance in Dying. We reached a very clear conclusion that the mental health expansion should not proceed. The problem is that the bill that will soon be referred to the justice committee—we don't know when—deals with the unrelated matter of advance requests. While Parliament has looked at them in the past in a cursory sense, they have not been studied in this Parliament, were not studied by the special joint committee and attract a broad array of perspectives from all sides of the House.

We have, right now, a timeline. Mr. Maloney, in his speech in the House of Commons yesterday, alluded to the urgency of dealing with the mental health issue. I believe that because the bill will be coming to this committee, this committee should send its recommendation to the House immediately that the three clauses of the bill—that's it—that deal with stopping the mental health expansion can be passed immediately.

My Conservative colleagues and I have been clear. We would send those on to the Senate today if given the opportunity. We would let them bypass this committee and third reading and send them to the Senate immediately. Then we would be able—pardon the crass expression—to not have a gun to our heads at this committee to ram through advance directives in what right now would probably be confined to just a couple of meetings to keep to the timeline the government has identified.

I think this is a reasonable request. If the government is very serious, as I suspect and truly hope it is, in stopping the mental health expansion, we need to deal with it right away so that we're not forced to look at advance requests on a timeline that does not need to be, and in fact should not be, married to the mental health expansion.

That is the motion. I realize that it would take time to report it in the House if this committee passed it, but I would hope that this could be reported quickly, that the House can make the arrangements and that we can get on to the necessary work that will legitimately save lives.

The Chair: Thank you very much.

The motion is in order.

I have a speaking list for this motion, starting with Ms. Gladu. Then it's Mr. Khanna, Mr. Maloney, Madame Lattanzio and Mr. Caputo.

Go ahead, Ms. Gladu.

Marilyn Gladu (Sarnia—Lambton—Bkejwanong, Lib.): Thank you, Chair.

On this very important topic, I believe the parties are working on a resolution that will work for everyone, so I move to adjourn debate on the motion.

The Chair: This is a dilatory motion, so we'll call the question right away.

(Motion agreed to: yeas 7; nays 4)

The Chair: We are adjourning debate on this motion.

Mr. Lawton, you still have 15 seconds left, if you would like to continue.

Andrew Lawton: That motion to adjourn says everything that I could possibly say about the priorities of the Liberals, so I'm happy with the time ending.

The Chair: Thank you. That concludes your time. I appreciate it.

We're moving on to Ms. Lattanzio for six minutes.

Please go ahead.

● (0840)

[*Translation*]

Patricia Lattanzio (Saint-Léonard—Saint-Michel, Lib.): Thank you, Madam Chair.

Thank you to the witnesses for being here today.

I will put my questions to the representatives of the Barreau du Québec.

In your brief submitted in September of this year on Bill C-29, you recommended that an independent judicial mechanism be put in place before the agency can obtain, consult, seize or disclose information protected by solicitor-client privilege.

Could you explain how such a mechanism would work in practice and how it would allow investigators to effectively exercise their power while preserving this fundamental constitutional protection?

Nicolas Le Grand Alary: Thank you for the question.

Yes, it is certainly a complex issue that requires some thought. It should be understood that the legal framework we currently have was developed by the Supreme Court of Canada in the Lavallee decision, which was rendered several years ago and concerned searches of law firms. There were provisions in the Criminal Code that provided rules, and they were struck down by the Supreme Court because the regime did not respect solicitor-client privilege. Within that framework, there are things that need to be done.

Keep in mind that the Lavallee decision came at a time when files were paper documents that could be seized from a filing cabinet. It wasn't about digital evidence or anything like that. Therefore, we definitely need to review the framework stemming from the Lavallee decision with respect to the search and seizure of documents, which can be digital and extremely large. In fact, we know that work is being done on this.

The important thing to remember is that a regime established with an exception for solicitor-client privilege should be effective. For example, we could use people who analyze digital evidence, who work for the agency but are not the ones conducting the investigation. A wall would be set up between these people and others. There are different mechanisms and different possibilities to think about.

We offer our co-operation in developing a regulatory framework to apply this, because we recognize the importance of effectiveness. In addition, the Barreau du Québec has been co-operating for a number of years in areas outside the issue of financial crimes. It wants to advance the reform of the framework surrounding the search and possession of documents protected by solicitor-client privilege to make investigations more effective.

Patricia Lattanzio: I'm going to continue more or less along the same lines.

The Barreau du Québec has expressed its concerns about the scope of the regulatory powers proposed by the government, particularly with regard to the collection, retention, use and disclosure of personal information.

In your opinion, what elements of the proposed framework should be defined directly in the act, and how does greater legislative clarity contribute to the effective implementation of the new agency's mandate?

Nicolas Le Grand Alary: Thank you for the question.

Indeed, we recognize that there may be things that need to be defined by regulation, especially when it comes to financial crimes, which may involve complex frauds or international activities and pose evidentiary challenges. Sometimes we also have to act quickly. Therefore, always having to amend the act to grant investigative powers or improve a process is certainly not realistic and doesn't provide the effectiveness and agility required for implementation.

That said, when it comes to fundamental rights and personal information, there are things that can be defined in the act, such as the term itself, the scope of what can be done or the retention procedures. These are things that may be more general, but the details can be in the regulations.

Our comments are more about the fact that the bill currently has very few clauses. These are general regulatory empowerments. Some regulatory content should be added. I'm sure people have already started creating it. There are certainly details that will be in the act and in the regulations afterwards.

Patricia Lattanzio: Your brief also recommends that Canadian law societies be expressly consulted during the development of regulations made under Bill C-29.

What specific expertise could law societies bring to the process, and how could their involvement help ensure that the agency's regulatory framework is both effective and always consistent with constitutional obligations?

● (0845)

Sylvie Champagne: In fact, the Barreau du Québec and Canadian law societies have expertise. Since 2015, the Supreme Court has left it up to us to regulate lawyers' obligations in the fight against money laundering. We've had our rules for more than 10 years, and we want to put our expertise to work.

We think that working together will lead to an effective regime that will make it possible to respect the teachings of the Supreme Court. It's better to do it right the first time than to establish a regime that could open the door to legal challenges. We want to avoid that, and we are offering our expertise to ensure that the regime is fully legal and respects the teachings of the Supreme Court.

Patricia Lattanzio: Thank you.

The Chair: Thank you, Ms. Lattanzio.

[*English*]

We're moving on to Monsieur Beaulieu for six minutes.

Please go ahead, sir.

[*Translation*]

Mario Beaulieu (La Pointe-de-l'Île, BQ): Thank you.

My question is for the representatives of the Barreau du Québec.

Bill C-29 defines the term “financial crime” very broadly. It includes virtually all offences under the Criminal Code whenever there are proceeds of crime.

Are you concerned about its scope, particularly because it could lead the new financial crimes agency to intervene in cases that clearly fall under provincial police forces?

Sylvie Champagne: In fact, we are aware that financial crime is increasingly complex and is not limited to Quebec. We therefore believe that the new financial crimes agency must recognize the expertise of provincial police forces and work closely with them.

I think the definition is clear. As the definition is implemented, that is when the agency will have to recognize the jurisdiction of the provincial police and work closely with them.

Mario Beaulieu: In your brief, you note that Bill C-29 does not provide for any procedures to safeguard documents protected by solicitor-client privilege in the new agency's investigations of financial crimes. You talked a bit about that earlier.

In concrete terms, what is missing from the bill? What should be added to it so that lawyers or notaries can safeguard their clients' documents during a search?

Nicolas Le Grand Alary: There are a couple of things. We discussed the framework surrounding document seizures in previous questions. The simplest thing would be having the bill provide an exception relating to solicitor-client privilege for access to these documents. If such a general provision is added, the framework for applying the current rules, which stems from the Lavallee decision and what has developed in case law, will apply to access to documents.

While we wait for a broader reform, the bill before us would require an exception, like those found in a number of other federal statutes, for access to documents protected by solicitor-client privilege. We can provide you with draft wording later, but it's a more general provision. The previous questions were more about the mechanism itself, which also needs to be reviewed, but that work may go beyond the bill at issue here.

Mario Beaulieu: Which elements are too important to leave to the regulations and should absolutely be in the act itself?

Nicolas Le Grand Alary: We were asked a similar question earlier. As I mentioned, we obviously recognize that there are elements that need to be in the regulations. However, what should be added to the bill are methods for collecting, retaining and destroying information, which are not provided for. We really addressed the issue from the standpoint of the protection of personal information and the right to privacy, whereas the regulatory powers granted cast quite a wide net. Therefore, the bill should contain a minimum number of definitions and mechanisms.

Mario Beaulieu: Bill C-29 gives the federal Attorney General the power to issue an exclusive fiat, which allows him to take away a province's right to prosecute a financial crime committed in its own territory.

Does the Barreau du Québec have any concerns about this mechanism, particularly with regard to the role of the director of criminal and penal prosecutions?

● (0850)

Sylvie Champagne: We haven't taken a position on that issue, which perhaps bears more analysis. Therefore, we have no comment on that.

Mario Beaulieu: You may not be able to answer my next question either, which is in the same vein.

An exclusive fiat precedent in federal law applies to national security, which is a federal matter. Bill C-29 would expand it to hundreds of offences that are typically prosecuted by the provinces. Is that constitutionally defensible, in your opinion?

Sylvie Champagne: I'm going to have to give you the same answer. Unfortunately, we have not taken a position on this issue, which we did not have time to analyze. I can't give you any food for thought on that subject this morning.

Mario Beaulieu: The factors that the Attorney General of Canada may consider before issuing a fiat are purely optional in the bill. He has no legal obligation to comply with any of them. Do you think these factors should be made mandatory or more restrictive?

Sylvie Champagne: I'm going to have to give you the same answer.

We can examine your three questions and provide the committee with our comments shortly.

Mario Beaulieu: Thank you.

The federal government already has several bodies responsible for investigating financial crimes, such as the Financial Transactions and Reports Analysis Centre of Canada. However, they are struggling to carry out their mission and are poorly managed. Isn't there a risk that the same thing will happen with the new agency?

Sylvie Champagne: We are prepared to work with all organizations created by the federal and provincial governments to combat money laundering. Canadian law societies, including the Barreau du Québec, have broad powers. If there are doubts about the involvement of a lawyer, we hope that the investigating body, whichever one it is, can work with us and share information with us. If a new agency is created, the Barreau du Québec and other Canadian law societies will be able to work with that agency.

The Chair: Thank you.

[*English*]

That concludes your time. You've taken a lot of time, sir.

I will move on to Mr. Caputo for five minutes.

Please go ahead.

Frank Caputo (Kamloops—Thompson—Nicola, CPC): Thank you very much, Madam Chair.

Thank you to our witnesses from the Barreau du Québec and from Transparency International.

I have a couple of questions. I'm going to come at them from my professional lens.

By the way, Mr. Shen, I understand it's your first time at committee here in Parliament, so welcome. Hopefully it's the first of many appearances.

Mr. Cusimano, I'm going to start with you, and not just because you're a fellow Italian countryman by heritage.

I was very interested in your three points. The lens through which I'm trying to approach my analysis of this legislation is my former profession as a lawyer and prosecutor. I'll be candid. I have some concerns about the nature of the bureaucracy that we may be creating based on this. The reason is that many of the issues that this bill seeks to solve would be eminently solvable right now if we just changed how we did business, so to speak.

One thing you mentioned, Mr. Cusimano, is the harmonization of existing agencies, because there's some fragmentation there. You kept coming back to resources in points one and two, and I was struck by that. Resources don't require legislation, apart from the budget. When we have different agencies doing different things.... Now we have the Attorney General with the ability to take over prosecution but not with the mandate to take over prosecution. We don't know whether the Attorney General is going to prosecute these things with a highly specialized group, because there are already specialized groups. For instance, the BC Prosecution Service has a major financial crimes arm, I'm sure.

You mentioned the broad mandate in law. That was your second point, and I think we already have that. We need urgent action on beneficial ownership, which isn't covered by this bill.

We have long-term investigations. We have RCMP officers who would be seconded to this new agency to do the same work of RCMP officers. I'm worried that nothing is going to get done because there's more happening. In my experience, that never works out.

I'm up for your response, please.

● (0855)

Salvator Cusimano: This is a really excellent question, because I think that in addition to some of the other questions raised today, this one goes to the heart of why and how.

On why, I think you've raised points that are an eminent concern for us as an organization that exists across the country. As I said, we know that capacity does exist. As you said, we feel that things could be done within the existing framework to make it much stronger. We can talk more about that.

To get straight to your questions, I think the “why” goes back to the question of prioritization that your colleague raised at the beginning. At the federal level, we have a need for some forcing function—a driving force that can cut through some of the bureaucracy that exists. That can help give some coherence to the good capacity that exists. For us, the risk of duplication or incoherence is outweighed by the need to get some action done. If you think about how this could be done, we could use the model of secondment from the RCMP or from some of the other agencies mentioned in B.C., for example. It could be an opportunity to make sure that we're more joined up here.

If the financial crimes agency is indeed just an office in Ottawa that looks for opportunities to earn its keep, I completely agree with you, but if we really are looking closely at the gaps.... Take the B.C. prosecutor's office, for example. If the financial crimes agency is doing a very good job of understanding what the particular gaps at that level are, where additional capacity would help and what the current gaps in information sharing are—do they need more information coming from federal institutions like FINTRAC or others?—I think this agency could help to connect some of the dots there.

That said, we really need to make sure that at the level of law, we don't narrow the scope so much that it wouldn't have the ability to be flexible and work with the gaps. That's where we would say that if we're going to get it right, let's make sure it has the flexibility to help where it's needed and to step back where it's not.

Frank Caputo: Thank you.

I know I only have about 10 seconds—

The Chair: No, that's it, sir. Thank you very much, Mr. Caputo.

We're moving on to Mr. Housefather for five minutes.

Go ahead, sir.

Anthony Housefather (Mount Royal, Lib.): Thank you so much, Madam Chair.

Thank you to the witnesses.

[*Translation*]

I will begin with the representatives of the Barreau du Québec.

George Dolhai testified at the committee's last meeting. I asked him a question about solicitor-client privilege and told him exactly what Mr. Le Grand Alary said. I asked him how, if there was a data dump, he would go about separating documents protected by solicitor-client privilege from those that are not. We know that it's not like 10 years ago, when all our files were in paper format. I asked him if there would be a team separate from the prosecutors to ensure that no documents protected by solicitor-client privilege would be included in a trial. He said yes. I would like to know what the Barreau du Québec thinks about that.

Are you proposing an amendment, or is there wording that you think is important to put in the bill and not in the regulations?

Nicolas Le Grand Alary: Thank you for your question.

Yes, we have discussed the matter of solicitor-client privilege. A provision may need to be added to the bill. You talked about how this would work on a practical level, in terms of protecting information and having a separate team. That is certainly in line with best practices and what we see in the case law when warrants are issued and obtained. There's no question that those conditions aren't always mandatory in warrants. When other bills were under study, we had recommended making those conditions mandatory, under the Criminal Code.

A number of minor changes can be made here and there. We could certainly provide the committee with wording for that and some explanation. As I was saying, there is also a lot of work to do in relation to the digital evidence. The government can do a few little things to improve the situation and protect solicitor-client privilege, without hindering the effectiveness of investigations or making the process longer.

● (0900)

Anthony Housefather: Do you think one of the mechanisms the bill could include is a requirement to sign agreements with organizations such as police forces, law societies and bar associations? Could we add a provision saying that agreements will be signed with the various professional bodies to protect information subject to solicitor-client privilege?

Sylvie Champagne: We are very open to information-sharing arrangements. The Barreau du Québec has an agreement with the RCMP, and we know that other law societies in Canada do as well. It would be possible, then, to include such a provision in relation to the proposed agency. If the agency becomes a reality, we hope these agreements are signed quickly. Oftentimes, the will is there, but again, the follow-through can take a while. It's important to note that law societies have the power to compel professionals to comply with requirements. If a lawyer doesn't comply, the law society can bring a disciplinary complaint against the individual for obstruction. That's an important power, and we want that information so we can investigate.

Anthony Housefather: Thank you very much.

[*English*]

I'd like to now go to our other witnesses from Transparency International.

You've urged that the agency deal with corruption and bribery, which you say often drive financial crimes. Does the very large definition of “financial crime” in clause 2, which includes laundering, economic integrity and designated Criminal Code offences, reach far enough for you to deal with foreign bribery, for example?

Salvator Cusimano: I would reiterate that I think the definition in Bill C-29 is sufficiently broad that there is space for the agency to work on it.

I would also point out that we have some fairly decent laws on things like foreign bribery, as you mentioned. We've also recently made submissions to another consultation process run by the Ministry of Justice, through which you could envision new types of offences such as a failure to prevent offence. That would help give additional powers to address the problem as it exists. It would also create new ways of helping to identify and root these problems out. I think the way it's defined in this bill allows you to address it.

The question will be, are some of these crimes things that in and of themselves the agency should prioritize from day one? That's harder to tell. We would want it to be able to go after that element if it existed in a case. From the legislation, I think it would, but now it's time to see, if the agency is created, where the resources would be put and how you would go about prioritizing things, complementing what other agencies and entities are already doing.

The Chair: That concludes your time, Mr. Housefather.

We're moving on to Monsieur Beaulieu for two and a half minutes.

Please go ahead.

[*Translation*]

Mario Beaulieu: Thank you, Madam Chair.

The federal attorney general can unilaterally decide to take away a province's right to prosecute a crime committed in its jurisdiction. The scope of the power is unprecedented. What do you think?

The question is for the Barreau du Québec representatives.

Nicolas Le Grand Alary: Thank you for your question.

A lot of questions have been raised, and Ms. Champagne pointed out that we didn't take a position on all of them. When we were considering the agency's creation, we always viewed it as a place for cross-jurisdictional co-operation on complex cases.

As regards the attorney general's powers or the agency's investigative powers specifically, there are cases that involve transnational or multijurisdictional crimes, cases where there's a clear interest to conduct an investigation. Then there might be more local aspects that local police forces would handle.

Those are all possibilities, and that's what we refer to in our brief. I can draw a parallel with the point about regulatory powers. There's uncertainty about some things in the bill, so it might be advisable to define everybody's respective sandboxes, if you will, and how the process will work. There's no question that it's appealing to have an agency with the ability to bring together a range of experts in order to then share best practices and solve complex financial crimes. Of course, how that plays out will depend on certain things.

I won't comment on the powers themselves, but in response to your question, I'd say there's no easy answer as to how the process should work. There are different mechanisms. In our view, the agency is a place that fosters co-operation.

● (0905)

Mario Beaulieu: As we have seen, the government tends to increase the number of agencies rather than adjust the mandates of other agencies or Crown corporations. Do you think it would have been possible to achieve the same objective without creating a new agency, for example by allocating more resources to the RCMP for its service dedicated to fighting financial crime?

[*English*]

The Chair: That concludes your time.

I would invite the witness to provide their response in writing, if they want. That would be amazing.

We're moving on to Mr. Baber for five minutes.

Please go ahead, sir.

Roman Baber (North York, CPC): Madame Champagne of the Quebec bar, welcome. Good morning.

I'd like to address an issue that is the subject of significant discussion in Ontario right now within the legal profession. I'm bearing in mind, from looking at your website, that your primary purpose is public protection.

A couple of weeks ago, three Ontario law firms were placed into receivership for mishandling trust funds. In his ruling, Justice Dunphy said the mishandling of legal trust accounts during real estate transactions “has been occurring with distressing regularity” and that “if left unaddressed represents an exceptionally grave attack on the profession of law at large and the integrity of our civil legal system.”

I don't know the specific facts, nor has a criminal allegation been made against the three law firms that are the subject of this receivership order, but this has been happening in Ontario. I'm wondering if you have a perspective from Quebec on whether the legal profession needs to do better or how it should go about addressing the fact that this situation of mishandling trust funds is occurring more and more in the legal profession.

[*Translation*]

Sylvie Champagne: Thank you for the question.

I don't think I have enough time to answer your entire question about how professional bodies fulfill their mission to protect the public. However, Canadian law societies, together with the federation you heard from this week, took part in the FATF's evaluation. Two reports have been published regarding the methods used to counter lawyers' involvement in money laundering and regarding the effectiveness of our tools. I encourage you to consult those two reports, which demonstrate that Canadian law societies have the necessary tools and that they are effective. We are continuing our work to improve our effectiveness.

[*English*]

Roman Baber: I'm gravely concerned, not just about this phenomenon, which appears to be more common as we go along, but also about the fact that regulators may jump the gun and potentially over-regulate such that the conduct of business is going to be hindered. I know there are a number of lawyers on this committee. We can't have a situation where lawyers are unable to receive trust funds into their trust accounts and close on transactions in an orderly and regular fashion. It would create so much friction.

I'm wondering, then, as we're looking at this financial crimes agency bill, whether there may be a greater role on the criminal law side—not on the regulatory side, but on the criminal law side—to send a message that this kind of behaviour cannot be tolerated. Bear in mind that we already have section 336 of the Criminal Code, which makes breach of trust punishable by a custodial sentence of up to 14 years.

Do you have any perspective on how we can address this without creating too much friction on everyday business?

● (0910)

[*Translation*]

Sylvie Champagne: Our rules on lawyers' ability to receive money in trust require them to do due diligence. I don't believe that the due diligence imposed on lawyers slows down transactions and trade. On the contrary, these audits ensure that we can count on these rules to combat money laundering. I also think that lawyers will continue to intervene in transactions and will be used as trusted persons, precisely because they have ethical obligations and can't deposit money unless there is a legal mandate.

None of these rules are slowing down trade. On the contrary, I think they encourage it and enable people to trust lawyers for transactions, whether domestic or international.

[*English*]

Roman Baber: I want to make sure I haven't misunderstood.

Audits are essential. Of course, a good regulatory framework for trust accounts is essential and all good. I'm talking about moving forward. I'm a little concerned that law societies may potentially over-regulate, given this phenomenon of the increased mishandling of trust funds by lawyers.

I'm wondering if you think the solution may be on the criminal side, not on the regulatory side.

The Chair: Thank you. That concludes your time, Mr. Baber. I really appreciate you keeping it concise.

We're moving on to Ms. Gladu.

Please go ahead for five minutes.

[*Translation*]

Marilyn Gladu: Thank you, Madam Chair.

Thank you to the witnesses for being here today.

My first question is for the representatives of the Barreau du Québec.

Ms. Champagne, does this bill need to clarify how all the organizations will work together—for example, the Royal Canadian Mounted Police, the Sûreté du Québec and lawyers—or do you prefer to have the flexibility to determine penalties for each investigation?

Sylvie Champagne: I think it's important to have some flexibility, and I think the fact that the new agency can enter into agreements is the key to enabling the various organizations to work closely together.

[*English*]

Marilyn Gladu: Thank you.

Now I have a question for Mr. Cusimano.

You spoke about the importance of making sure that the financial crimes agency is equipped to harmonize resources and expertise and has an operations strategy. Do you have examples of any kind of agency like this, either within Canada or globally, that you could describe the best practices of?

Salvator Cusimano: The answer is yes. We often cite examples from Australia and the United Kingdom in this regard. We can provide some follow-up information on that.

We can also look much closer to home. In Quebec, the Unité permanente anticorruption exists in the province. It is made up of police and the Commissaire à la lutte contre la corruption. It also has capacities from the Commission de la construction du Québec, the Régie du bâtiment du Québec and Revenu Québec.

That's not to say that this agency operates without problems or difficulties, both in practice and in, you could say, some of the political surroundings of it, but we have a structure that in our estimation has brought together different capacities from across the province—regulatory and police. It's found a way to find a niche, even as these other entities are operating. While we wouldn't profess that it's perfect, there is good work being done to try to solve the exact problems we're having.

Again, we could provide some more information on that, but Canada has a lot to offer already.

Marilyn Gladu: You also mentioned that the FATF, when evaluating Canada, said that we were only partially compliant. Where are the gaps, and is there anything that should be added to Bill C-29 in order to address those?

Salvator Cusimano: Yes, and thank you for the question.

One of the partially compliant ratings that I referred to was on the supervision and oversight of financial institutions. That had to do with some issues in virtual asset service providers and some other issues pointed out in our larger banking system. Some of the other points that came up in the report were around non-financial institution bodies that have responsibilities here.

One of the issues brought forth in the report was one we've touched on: the regulation, supervision and oversight of the legal profession. That comes back to one of the comments I made earlier in response to member Lawton's question. It was that, unfortunately, these crimes remain profitable for certain entities, for certain professions—for bad apples within these professions. We have to address that, but whether Bill C-29 would specifically address some of these gaps, I wouldn't say so. I think it gives the broadness that the agency will need in order to address some of those specific points.

As I mentioned, though, we would like to see more action across the country on something like beneficial ownership. For example, who owns the numbered company behind a law firm? Is that person connected to sanctions? Is that person connected to other interests that might be nefarious? This bill needs to be placed in a broader context. We think the federal government can do work on that, but it will be the provinces, as well, that need to step up.

● (0915)

Marilyn Gladu: My last question has to do with the testimony we heard that methods for the gathering, storage and destruction of information definitely need to be detailed and clear. Does that belong in the legislation, or is it better to leave it to the regulations?

I'll go first to Mr. Cusimano.

Salvator Cusimano: My colleague here, who is our legal expert, might disagree or agree with me. From the standpoint of a citizen—because that's what we are, a civil society organization—we would want to make sure that Parliament is giving instructions to the agency to then implement and regulate. My sense is that a lot of this could be dealt with in regulation. You would want to be able to move and catch up with organized crime. You would want to be able to move and catch up with the way new technologies, artificial intelligence and cryptocurrencies will be doing that.

If we have to meet here to do this again, if new legislation needs to be passed and adopted, that could slow it down. The name of the game is speed and agility, so I would suggest regulation.

The Chair: Thank you. That concludes your time.

At this time, I'd like to thank all of our witnesses for their testimony today.

If there are additional comments that you would like to make, please do so in writing through our amazing clerk, and we shall take them into consideration.

With that, I will suspend the meeting while we switch to our next hour.

● (0915)

(Pause)

● (0925)

The Chair: Welcome back, everyone. It's the second hour of meeting number 44 on Bill C-29.

We have with us today the Canadian Association of Retired Persons, represented by Anthony Quinn, who is the president. Thank you, Anthony, for being here.

We have the National Council of Canadian Muslims, represented by Rizwan Mohammad, who is the director of government affairs and public policy. He's here by video conference. We also have Mustafa Farooq, consultant and adviser, by video conference.

Thirdly, we have Questrade Financial Group Inc., represented by Tanya Woods, head of government and regulatory affairs and policy counsel, also by video conference.

Each of you will have five minutes to present. We'll start with Mr. Quinn.

Please go ahead, sir.

Anthony Quinn (President, Canadian Association of Retired Persons): Madam Chair and members of the committee, thank you for allowing me to speak to you today on behalf of our hundreds of thousands of CARP members across Canada.

Canadians may have lost as much as $14 billion to fraud in 2025 alone. Behind that number are people who worked, saved, paid their taxes and trusted that their country would be there to protect them.

CARP comes here today as an organization of ordinary Canadians. We speak for seniors and individual victims whose losses can get overlooked in discussions about financial crime. We ask you to judge this agency by what happens to the person whose savings are being stolen.

Your constituency offices likely hear the same calls we do. Someone has lost their life savings. Their financial institution has offered little help. They have made a report and heard nothing back. They are frightened about paying their bills and desperate for someone to take responsibility. We need this agency to take on that responsibility.

One CARP member, a retired market analyst, put money into what looked like a legitimate investment. Their financial institution has offered little help. The paperwork carried the bank's branding and his bank missed the scam. By the time the credit union raised an alarm, he had lost nearly $650,000.

Another member and his wife started with a $250 crypto investment. It was fake. It was followed by promises to recover their money, and cost them six figures in the end.

For a senior, that can mean giving up the home they plan to grow old in, growing old without care or becoming dependent on their children or the government. These savings represent decades of work and the freedom to make their own choices. Losing them can take away independence, confidence and dignity. Many have little chance of earning that money back after retirement.

Last October, I stood behind Minister Champagne when he announced the financial crimes agency. Our members can take pride in the part they have played in helping bring this agency to fruition. They want it to succeed. Parliament now has an opportunity to build a response that matches the harm Canadians are experiencing. Underinvestment would leave too many victims waiting while their money disappears.

Finance Canada estimates that only 5% to 10% of consumer fraud cases are actually reported. If reports had captured the same share of dollars stolen, losses in 2025 could have been between $7 billion and $14 billion. Even the lower estimates for one year are about 20 times the $353 million proposed to fund this agency over five years.

That cost of losses reaches our economy, too. Money Canadians would have spent on groceries, home repairs and care instead leaves our country. Local businesses lose sales, and governments lose tax revenue. Deloitte estimates that reducing fraud losses by just 30% could add over $42 billion to Canada's economic output over 10 years.

CARP proposes that the government invest $1 billion annually in Canada's entire anti-fraud response. Fund the people who answer the calls, who stop the transfers and who investigate, prosecute and recover stolen money. Require banks, telecom companies and payment networks to contribute alongside taxpayers. Table a costed plan showing where the investment will go and what Canadians should expect it to deliver. Make organized fraud against individuals an explicit priority of Bill C-29.

A complaint that looks small in a national spreadsheet may represent everything someone has. Case selection must weigh the harm, the deliberate targeting of vulnerable people, the combined losses and the linked scams. Give the commissioner room to adapt as the scams evolve.

CARP opposes making illicit tobacco, counterfeit goods or intellectual property enforcement priorities of this agency. Keep the focus on protecting Canadians' money and recovering victims' savings.

We ask our public servants to protect us. Give our police investigators and Crown prosecutors the staff, training, technology and forensic expertise to do that job. Bring them together early and fund cases through prosecution and recovery. Protect existing police capacity when experienced officers move to the agency.

Canada should lead internationally in shutting down these networks that treat our people as easy targets. Require concrete co-operation and bilateral agreements to act on credible leads, share evidence promptly, freeze assets and return stolen funds. Where international agreements allow, make government-to-government funding conditional on co-operation, while protecting humanitarian relief. Strengthen penalties for deliberately targeting vulnerable Canadians and recover profits from those crimes.

When a senior calls because their savings are disappearing, somebody must pick up, take responsibility and take action. This is Parliament's opportunity to give Canadians the protection they can count on.

Thank you.

● (0930)

The Chair: Thank you very much.

We'll now move on to the National Council of Canadian Muslims for five minutes.

Please go ahead.

Mustafa Farooq (Consultant and Adviser, National Council of Canadian Muslims): Madam Chair and members of the committee, thank you for inviting us to speak about Bill C-29, the financial crimes agency act.

My name is Mustafa Farooq and I am the past CEO of the National Council of Canadian Muslims. I'm joined today by Rizwan Mohammad, NCCM's director of government affairs and public policy.

I want to be clear from the outset: We support a capable, well-resourced agency to fight money laundering, fraud and other financial crimes. As my friend Mr. Quinn just observed, financial crime has long been a scourge that has been underinvestigated and underprosecuted in Canada. Financial crimes are becoming more complex, requiring stronger investigative capabilities and a coordinated federal response. That is why we support the passage of Bill C-29.

Our concern is not with the agency's purpose but with how its broad powers are drafted. We think that with some calculated amendments, this bill could be dramatically improved. We reiterate the suggestions made by others in relation to clearer parameters around the definition of “financial crime” and the limitations of the suggested fiat powers.

Given that this committee has heard from many illustrious colleagues in relation to this, we will focus on our primary amendment suggestions.

Bill C-29 never explicitly mentions charities, but it creates a new enforcement agency in a space where racialized charities already face challenges in relation to problematic law enforcement. In November 2022, the CRA told the Senate human rights committee that its review and analysis division, or RAD, had revoked 14 charity registrations out of 39 since 2003. Twelve of those 14 were reported to be Muslim-led. The Senate committee's 2023 report found structural bias in that work.

The NSIRA report found that most charities the division audited were Muslim or Sikh, that some were audited without a clear terrorist financing risk and that the CRA lacked the data to assess whether its selection was discriminatory. In other words, there was a concern over how enforcement of the law disproportionately and inaccurately targeted racialized communities because the underlying policy was designed with questionable heuristics and no clear oversight. Bill C-29, as drafted, recreates, perhaps unintentionally, each of those conditions in a new agency.

We see four problems, and each has a practical fix.

The first is about investigations started by foreign governments. Paragraph 16(2)(b) would let the commissioner open an investigation at the request of any foreign public body with investigative authority. There would be no explicit screening of the requesting state's human rights record.

Some governments—including governments Canada is actively entering into trade negotiations with, such as India, China, the U.A.E. and, of course, the United States—are routinely labelling human rights organizations as threats to silence critics. For example, we have seen the impact of debanking on the Trump-sanctioned Canadian ICC judges in relation to the ICC's recent investigation into war crimes. We recommend that foreign requests be accepted only under a written agreement with a human rights assessment and that the agency be listed under the Avoiding Complicity in Mistreatment by Foreign Entities Act.

The second problem is information sharing with no statutory limits. Clause 24 and clause 25 would allow the agency to make information-sharing agreements with any person or entity, domestic or foreign, public or private, and would leave every safeguard to regulations not yet written. We recommend that the core rules be written into the act itself: strong caveats on information sent abroad and mandatory consultation with the Privacy Commissioner before agreements are signed.

I will now pass this over to my colleague Rizwan Mohammad.

● (0935)

Rizwan Mohammad (Director of Government Affairs and Public Policy, National Council of Canadian Muslims): Thank you, Mustafa.

The third problem we see is related to opaque targeting criteria. Clause 17 would allow the commissioner to set criteria for whichever matters the agency investigates, but nothing would require those criteria to be published or reviewed for discriminatory impact. We recommend that the criteria be evidence-based, that the grounds for each investigation be documented, that the agency report annual data by sector, including charities, and that the criteria be published and subject to regular independent review for bias.

Fourth, we see gaps in oversight. Under clause 42, only employees designated as police officers would fall under the independent public complaints and review commission, but investigations officers under clause 18 could also seek warrants and production orders, and no outside body would hear complaints about them. Also, the five-year review in clause 28 would be commissioned by the minister, not Parliament. We recommend extending complaints coverage to all investigative staff, requiring annual reporting broken down by sector, including charities and non-profits, and replacing the ministerial review with a mandatory five-year parliamentary one. We also ask that NSIRA's mandate clearly cover the agency's national security work and be appropriately resourced to come to quicker resolutions on complaints.

None of these amendments would weaken the agency. In our view, clear rules make investigations stronger and more defensible in court, and they protect the public's trust in the institution from day one. It's far easier to build safeguards in now than to repair damage after communities have lost faith in yet another agency.

We'll be submitting a written brief with proposed amendment language.

Thank you. We look forward to your questions.

The Chair: Thank you so very much. That concludes your time.

Now, we'll move on to Questrade Financial Group Inc. for five minutes.

Please go ahead.

Tanya Woods (Head of Government and Regulatory Affairs and Policy Counsel, Questrade Financial Group Inc.): Thank you, Madam Chair and members of the committee, for the invitation.

Good morning. Today I am very pleased to be speaking with this committee on behalf of Questrade Financial Group in my capacity as managing director of government and regulatory affairs as well as policy counsel. As a homegrown financial services group that includes Canada's newest schedule I bank, Questbank, we have taken a great deal of interest in the progress of Bill C-29.

Keeping up with the rapidly evolving threat of financial crimes and fraud for our sector is not a tomorrow problem. It is an urgent issue today.

Canada's current anti-financial crime framework is fragmented across institutions, regulators, law enforcement and jurisdictions. It is not designed to address issues that may arise in the real-time payment and consumer-driven banking environments, nor does it easily address AI-enabled scams, synthetic identity fraud, crypto-layering or the forms of foreign interference we now see under way.

We share the objectives and support the intentions of the government to combat these crimes effectively, immediately and for the long term. We also know that there is no quick-fix solution.

On Bill C-29 specifically, we are asking the committee to ensure two things. First is that the legislation and supporting regulations include provisions that strongly deter any functional enabler or enabling service provider in the chain of a crime so that those who are knowingly, or have been advised they may be, facilitating these crimes are held accountable alongside the bad actors themselves. Second is that the financial crimes agency is empowered to work with all relevant public and private partners in industry and government to use modern technology, including AI, to collect requisite data to monitor, disrupt, investigate and support the prosecution of the enablers and the perpetrators of financial crimes.

To see the scale of the problem, it helps to step back for a moment. I know that you've heard a lot on this already. Reported fraud losses in Canada are soaring past the $3-billion mark annually, and that is simply what we know has been reported. The cumulative losses far exceed this amount. Threats are multiplying in the form of complex cyber-enabled scams, synthetic identity fraud and authorized push payment fraud in addition to other forms of fraud. The current fragmented defence and compliance systems also cannot keep up.

At Questrade, we face these threats like every other financial institution in Canada. We see only the transactions occurring within our walls, and criminals continue to exploit the ecosystem's blind spots. They can move and launder stolen funds in an instant across multiple institutions before they can be frozen. That's just one example.

Parliament has already shown that it can hold enablers accountable. The Copyright Act, under subsections 27(2.3) and 27(2.4), does so for services that enable copyright infringement over digital networks. This certainly shows that a similar approach can be taken to fight financial crime. Today we are playing whack-a-mole in the arena of financial crimes, as was the case 15 years ago when the enabler provision was introduced in the Copyright Act. However, today the stakes are higher, the complexity of the crimes is even more evolved and advanced, and many more Canadians and businesses alike are suffering these losses.

There is also a serious geopolitical threat that we are concerned with. Our financial system is being weaponized by hostile state actors. Foreign governments are actively exploiting the fragmented nature of Canadian banking. Here in Canada, as far back as 2017, there were multiple major financial institutions that were exposed to the risk of state-sponsored cyber-theft from North Korea with a number of prominent financial institutions on the list from this government.

This was reported here in Ottawa at a committee meeting focused on public safety and national security. In 2019, according to the cyber firm FireEye, these threats multiplied with at least a half dozen organized crime groups conducting financial crime operations targeting companies and people in Canada.

Today, these have multiplied exponentially, and these bad actors have become even more sophisticated, leveraging back doors and loopholes wherever possible. They also leverage new technologies. They covertly move funds that finance political interference. They evade international sanctions and fund disinformation campaigns.

Our defence against well-funded nation-state adversaries and highly organized crime rings is a matter of profound national security. Expecting private institutions like ours to harness the intelligence capabilities of government and law enforcement agencies is simply not feasible, yet it is what the new complex fraud landscape demands. That is a burden that private financial institutions do not have the intelligence apparatus to shoulder alone.

● (0940)

Compounding these vulnerabilities is the weaponization of digital assets. Our whole sector continues to be challenged by simple applications of AI as well, such as impersonations. As you may know, the CRA warned Canadians in March that generative AI can analyze large sets of publicly available information to create more targeted and personalized scams at scale.

The federal government's creation of the financial crimes agency outlined in this bill is a vital step forward. As the agency defines its mandate and focus, we propose that the FCA adopt the framework mentioned at first instance in this discussion today, as well as adopt—

The Chair: Thank you very much. You're a little bit over time. When I say “a little”, I mean a lot. Thank you so very much for your contributions.

We're going to start our first round with Mr. Khanna for six minutes.

Please go ahead.

Arpan Khanna (Oxford, CPC): Thank you, Madam Chair.

Again, I want to thank the witnesses for joining us today and providing their testimony.

In my riding, we get quite a number of calls from seniors who have been victims of some sort of fraud. We've been seeing an alarming increase in frauds targeting our seniors, whether that's on Facebook or in these AI videos going around, some with the Prime Minister's face on them, that are sharing some sort of Ponzi scheme. Unfortunately, seniors believe that to be true, and they sign up for it. We've seen that over the phone. People are calling them and getting their information.

It's sad to see, because some of these seniors are very innocent. They're very naive. They believe that the people calling them are doing it in their best interest. Sadly, I think society has changed, and we're seeing quite regularly these criminals who are preying on these vulnerable victims. We've seen a massive increase in that. For 2024, the stats we are hearing are that almost $180 million was lost by those over the age of 60, and those are just the reported numbers. As you said, the numbers could be much higher for those frauds that go unreported because, one, the seniors don't know and, two, they don't know where to go.

You're right to point out that for many seniors this isn't just some money that they lost and they'll recover. It's their life savings. They've worked for their entire lives. This is all they have left for the rest of their lives. The earning potential for them is pretty much zero, so the impact this has is pretty devastating. In my riding, we held multiple senior fraud awareness round tables, where we brought in the police. We brought in institutional leaders to try to raise that awareness so that no other senior falls prey to this.

In your expert opinion, do you think the government and the financial institutions have done enough to protect seniors, but also to hold responsible for their actions those who are targeting these seniors, whether it's with prosecution or the recovery of funds?

● (0945)

Anthony Quinn: Thank you for your question. I want to congratulate you on understanding the level of victimhood that is going on amongst older Canadians and the reasons why.

For the last decade or more, Canada has relied almost exclusively on education as the means of protecting Canadians from frauds and scams. If you happened to fall victim to a scam, it was your fault: You should have known better.

If you were a victim of a scam, you were told to call the Canadian anti-fraud centre, and they've reported to us that they can answer only 12% of the calls they're getting. If you don't get through to them, you're asked to file a report online, and very little happens to that.

Agencies are collecting information, but they're not taking action. The opportunity here for this agency is to be the voice of these victims and to actually investigate, prosecute and recover funds. After a decade of education, we need teeth in this legislation and we need investment in the agency so that it can do the job.

Arpan Khanna: Thank you for that.

Do you feel that the criminal consequences for the actual scammers are sufficient right now to deter this? As you said, people's hands go up when they get a call in, but there's no actual consequence for the scammers. Do you think we should have tougher laws in the Criminal Code to reflect the seriousness of this crime?

Anthony Quinn: We certainly should. The criminals know the strength of the current laws. They oftentimes will go below the $5,000 threshold so they're not chased, but they will do the $5,000 multiple times. We need legislation that will focus on the vulnerability of the older victims and will have stronger penalties for those who prey on seniors.

We know that they are more vulnerable and that they are the target because they tend to have more funds available. We need the two-pronged approach of investigation and criminal prosecution that will deter, and then, when we catch them, put them in prison.

Arpan Khanna: I asked that because far too often when I speak to law enforcement, they say the Criminal Code is not there to support their activities. They investigate or there's a regional boundary restriction they go through and they lack that support.

To the folks at the NCCM, you mentioned quite a bit about checks and balances and making sure that systematic biases are not seeping into future investigations, which may unfairly target certain communities.

I raised these concerns with the Minister of Justice when he came to committee. I believe that with this law, as it's written, there are quite a few concerns when it comes to unchecked powers. For example, the minister is getting a fiat power when it comes to jurisdictions, which he could use in what the legislation calls “the national interest”. That national interest is not actually defined in the law itself.

I asked the minister the question: If someone has different political views or different thoughts from the current government, what checks and balances are there to protect the folks who might be targeted? The minister said that in our democracy there are the court systems. They could go to the courts, and they could fight those battles there.

Do you think it's fair that if someone feels targeted by the government the only solution they have is going to the courts? Should we instead get the legislation right as it currently stands?

Mustafa Farooq: I think your question is an important one. I think there are certainly concerns that you've raised in relation to the lack of parameters around the definition of financial crimes, which others have rightly raised as well, and concerns about the nature of the fiat powers. I think those are considerations this committee should take well into account.

There are other potential concerns we've raised in relation to the very broad powers that the commissioner could have in terms of taking in requests from any foreign public body and information sharing with those foreign public bodies.

The potentially opaque criteria that the commissioner could use in conducting their investigations leads to further concerns about the opaque nature. This is why our suggestion is to define those, get them in the statute and make it clear. I think that will support the explicit aim of actually cracking down on the pernicious scourge of financial crime.

● (0950)

The Chair: Thank you.

That concludes your time, Mr. Khanna.

We'll go now to Ms. Begum for six minutes.

Please go ahead.

Doly Begum (Scarborough Southwest, Lib.): Thank you very much, Chair.

First, I want to ask Questrade to send in the rest of the recommendations because I know she couldn't finish.

I also want to thank Mr. Quinn for being here.

I've worked with CARP in the past, and I know that you've been fantastic in making recommendations over the years that have helped us support a lot of seniors in what we do. I hope I get a chance to ask you a question as well.

To NCCM, thank you for being here. In the same light as what Mr. Khanna was asking, you've highlighted that almost 90% of the organizations that were targeted by CRA for an audit were Muslim organizations. Overall, the National Security and Intelligence Review Agency found that usually Muslim and Sikh organizations are targeted for these audits.

You talked about clause 17 and how there's a risk of repeating that sort of bias. NSIRA found that “a lack of rigour in...selecting charities for audit introduced risks of bias and discrimination.” Of the 14, there are many that actually came through with their paperwork, and it was found that there was nothing wrong in their books.

Can you expand on that?

Rizwan Mohammad: We'd be happy to expand on this.

We found that the NSIRA review identified significant weaknesses in the CRA's process for selecting charities for audit, creating a risk of disproportionate scrutiny of particular religious communities. We see that similar concern in clause 17 of Bill C-29, which gives the commissioner of the proposed FCA authority to establish criteria for determining which matters should be investigated.

To be clear, our concern is not that the agency should not have discretion. It is that the legislation does not establish sufficient safeguards around how those criteria are reviewed. We should learn from the CRA's experience rather than risk reproducing the same problems within another federal investigative agency.

Thank you.

Doly Begum: Thank you very much.

You highlighted in your statement the Avoiding Complicity in Mistreatment by Foreign Entities Act, which is the legal framework that mandates that Canada not be complicit in having organizations that may be involved in ways that are not within Canadian values.

We want to make sure that the FCA does not repeat some of the issues we've seen with the CRA. There was a lack of data aspect to it. We want to make sure that the FCA does not have the same issue. You have a few recommendations. Would you be able to speak to some of the recommendations that you want us to take a look at for Bill C-29?

Rizwan Mohammad: Through the chair, yes, I'm happy to share some of those recommendations.

We have specifically talked about four recommendations. We're talking about publishing and bias-reviewing the clause 17 criteria, with documented grounds and annual sectoral data. Second, we're talking about documented human rights and humanitarian screening for foreign requests, plus avoiding complicity coverage. Third, we're talking about information-sharing rules in the act, including how inaccurate information gets corrected.

The fourth recommendation we're making is for complaints and review for all investigative staff, with reasons, a chance to respond and a parliamentary five-year review. Our written brief will include proposed text for that.

● (0955)

Doly Begum: If I may, I'll go to Mr. Quinn.

Our agency's mandate includes contributing to the recovery of proceeds from crime. I'm on the industry committee as well, and one of the things we talked about is how recovery is one of the toughest parts when financial or digital crime takes place. We hope that the FCA can fill in a lot of the gaps that we've seen in the other agencies.

For a senior who has lost all of their savings, for example, what does meaningful recovery look like? Is there anything you would want the agency to prioritize in how recovered assets are handled?

Anthony Quinn: Thank you very much for your question.

The real concern is the fragmentation. That word is being used a lot today. In terms of the multiple jurisdictions of police forces being unable to work together, we hope that this agency can bring them together and give them the power to go across provinces and even internationally.

In my remarks, I mentioned that Canada gives billions of dollars to other countries. We must be asking them to be partners in stopping these crimes and recovering the funds. The financial institutions are the means by which these funds are stolen, so we need the institutions—the banks, the telcos, Payments Canada, Interac and the credit card companies—to also be players and partners in this protection and the recovery, because they're not coming into your home and taking cash out of your pocket. They are using the banks' technologies to get the money out of the country or to their criminal syndicates.

We want to ensure that recovery is part of this goal of justice. The sense right now amongst Canadians is that there is no opportunity for justice. Justice can be achieved through criminal prosecutions and also by recovering their money.

The Chair: Thank you.

That concludes your time, Ms. Begum.

We're moving on to Monsieur Beaulieu for six minutes.

Please go ahead, sir.

[*Translation*]

Mario Beaulieu: Thank you.

Mr. Quinn, I have another anecdote for you. A senior citizen gave me a call. He told me that he had set a trap for a scammer who had called him and said to meet up in a bank. He had acted as if he were naive and believed him. He went to the police station, but there were no resources to go after the scammer. Even though it went on for some time, there were no resources to take action.

In another case, someone was scammed from another province. It's the same thing: The person took steps, but there was no follow-up. The person was referred to a prevention group, which still has its merits, mind you.

The bill does not include any provisions on victims' protection or on their right to be informed of an investigation's progress. Does that concern you?

[*English*]

Anthony Quinn: It does, indeed. In a forthcoming brief from the Canadian Association of Retired Persons, we will outline some of those concerns and some of the recommendations for you to take.

We don't want to lose the individual victims in the big picture of this agency. The vast number of dollars being lost annually should be incentive enough for this new agency to have the capabilities and the funding to go after that money, not only for the victims but also for the greater Canadian economy.

The money is being taken out right now. We're losing tax dollars. We are losing the ability to continue to participate in the economy. It's costing the GDP. Being able to recover that money is an important part of it. As I mentioned before, that sense of justice is really missing, and we need it to be a part of this agency.

[*Translation*]

Mario Beaulieu: Do you think the problem for the members of your association is a lack of tools and support, or a lack of coordination among the organizations that already exist?

[*English*]

Anthony Quinn: Right now, the police are sympathetic to reports, but they are not funded or given the opportunity to pursue those investigations. They are, unfortunately, in the process of taking reports, gathering and then making that part of the educational movement of fraudulent scams prevention, but they're not, in the vast majority of cases, able to conduct any investigation with the tools and the powers they have now.

We want this agency to be the broader strength of Canadian law enforcement and be able to take those reports and take action swiftly and immediately with a better chance of recovering that money, and if you can't recover the money, to go after those who perpetrated the crimes and hold them accountable.

● (1000)

[*Translation*]

Mario Beaulieu: Were you aware that the Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC, which has been around since 2000, has a specific mandate to detect money laundering and financial fraud?

[*English*]

Anthony Quinn: The money laundering part is an important aspect of protecting Canadians, but it is beyond the scope of what we do at CARP. We really need these institutions and these agencies to consider the losses of the individual victims. Your colleague mentioned that these losses change the trajectory of their lives, and they can't be recovered.

Regardless of the agency, and there are a myriad of them, we need it to focus on the needs and the losses of those individuals, beyond the larger institutional losses.

[*Translation*]

Mario Beaulieu: That means that, to your knowledge, the members of your association have never had any dealings with the Financial Transactions and Reports Analysis Centre of Canada. Is that correct?

[*English*]

Anthony Quinn: FINTRAC and the other larger regulatory agencies that are monitoring financial crimes are very far removed from the daily lives of Canadian seniors. What they are experiencing through the fraud perpetrated by AI online, through social media, individual phone calls, cyber-hacks and all of those different means of perpetrating fraud are far removed from FINTRAC and what's happening on the larger institutional scale.

We're looking for an agency that will also be able to respond to the individual losses.

[*Translation*]

Mario Beaulieu: FINTRAC already receives millions of suspicious transaction reports every year, and it forwards them to the police forces that investigate financial crimes.

What do you think the agency would do differently to protect the members of your association?

[*English*]

Anthony Quinn: The agency is intended to have the power of the RCMP investigators and to hire its own agency investigators to collect the reports, begin investigations swiftly, bring them to enforcement and then begin prosecutions through the Crown. We want to ensure that beyond the larger institutional judicial care there is for Canadians, the agency is thinking of the needs of our own parents and grandparents who are losing their life savings. That's typically not on the radar of FINTRAC or other larger bodies.

[*Translation*]

Mario Beaulieu: Is my time up, Madam Chair?

[*English*]

The Chair: That concludes your time. Thank you very much.

We have 10 minutes left. I know if I open it up for another round of questions.... I don't want you guys to ask too many long-winded questions, but I'll open it up for two minutes per party. Would that be okay?

I have Mr. Lawton for two minutes.

Andrew Lawton: What about three minutes? That brings us to the end.

The Chair: I have something else on the agenda after.

You have two minutes.

Andrew Lawton: Thank you, Madam Chair.

I will have to cut what I was going to say in half.

Mr. Quinn, thank you for the work you do. I did a fraud prevention town hall for seniors in my riding in March. I heard a horror story very similar to one you alluded to in the beginning. Someone was defrauded out of a small amount in a crypto scam, but was then aided—but not actually aided—by a so-called fraud recovery centre that ended up taking $80,000 from him, which was everything he had worked for. There has been no accountability since then. The website for the fake law firm that he worked with is still online—I just checked—and that's despite this having been reported to local police, the RCMP and the anti-fraud centre as well.

I agree that we need to have coordination. I have a municipality in my riding that has, I believe, 16 police officers. It's not reasonable to expect it to have a complex financial crime unit. We have the RCMP though.

Why, in your view, are they not equipped with more resources, more training and a broader mandate to tackle these challenges? They already have the expertise, and they are already working on this issue.

Anthony Quinn: If they have the expertise and they're working on the issue, they have been unsuccessful thus far, as this problem continues to grow. We have to invest larger resources into the RCMP. The RCMP will be part of this financial crime agency. I believe they will be the lead investigator and use the expertise already in place.

We have to ensure that the investments the government puts into the agency are able to meet the losses and the need. Frankly, we are asking that it not all be on the backs of taxpayers, but that those institutions—the banks, the telcos and the financial companies—also pay for this agency.

● (1005)

Andrew Lawton: If the current system isn't working, why is replicating that under a new banner, in your view...? Why are you optimistic that will work?

Anthony Quinn: I think beyond replicating, they're enhancing, and that's what we've been asking for. We're looking for that national, cross-jurisdictional power. We're looking for international abilities.

I've mentioned at previous hearings that when Canada had $20 million in gold stolen from Pearson airport, we put all hands on deck because that institution had lost money. We went to the United States. We went to foreign destinations in pursuit of those criminals.

The Chair: Thank you very much.

We have Mr. Chang for two minutes.

Please go ahead.

Wade Chang (Burnaby Central, Lib.): Thank you, Chair.

Mr. Quinn, your members are often the ones receiving scam calls, whether it's the grandparent scam, someone pretending to be from the CRA or other types of fraud.

Can you talk about the impact these scams have on seniors, not just financially but emotionally as well? Why do you see them as a form of targeted abuse rather than just a simple theft?

Anthony Quinn: There are two aspects to the victimization of older Canadians.

One is that it changes the trajectory of their lives and their ability to age in dignity. As I mentioned before, they can't recover the money they've lost through labour because they're no longer able to contribute labour in exchange for revenue.

It's also something that affects their emotional well-being. There's the sense that they fell prey to a scam, and they think they should have known better. Unfortunately, these scammers are experts. They prey on vulnerabilities at all ages.

There's the sense that they don't have enough money to see themselves through to the end of their natural lives, and there is an opportunity here to make up for the things they couldn't achieve thus far. Either it's a threat through the grandparent scam or the sense of urgency to take action for something that is too good to be true.

Those types of scams really change the trajectory of their lives, and we need the power in this agency to be able to protect them.

The Chair: You have 10 seconds. I doubt you'll be able to get a question in. I apologize.

Monsieur Beaulieu, please go ahead.

[*Translation*]

Mario Beaulieu: Thank you, Madam Chair.

I spoke earlier about FINTRAC and all the challenges there are. The government tends to increase the number of agencies. FINTRAC is struggling to carry out its mission. It seems to be mismanaged.

Why do you think a new agency would be the solution to the issues? Do you think it will really work any better?

[*English*]

Anthony Quinn: From an individual point of view and from a CARP member point of view, we want this agency to be a one-stop resource for victims. You understand that you've been potentially victimized. You not only call your bank but you call the agency: It opens a case, starts an investigation and coordinates with all of the institutions that may be involved.

Right now, a Canadian can't call FINTRAC, and if they call the police, they're asked to fill out a form. This agency has to have strength, and it has to respond to the needs of Canadians.

[*Translation*]

Mario Beaulieu: Do you think the new agency won't ask people to fill out a form?

[*English*]

Anthony Quinn: Filling out a form for the collection of data is different from filling out a form to take action to pursue the criminals and attempt to recover lost life savings.

[*Translation*]

Mario Beaulieu: Before today, has your organization ever participated in government-led consultations on the development of Bill C-29?

[*English*]

Anthony Quinn: Not at any committee level. We were asking the federal government to bring forth some sort of legislation that would address these major losses and growing losses in the face of computer crimes and AI. This is a response the government has, and we want it to be successful.

● (1010)

The Chair: Thank you very much.

I want to thank the witnesses for your testimony today and for your feedback. If there are additional items that you would like to provide to the committee, please do so in writing through our awesome clerk. We will definitely take them into consideration as we go into clause-by-clause for Bill C-29. Thank you again for your attendance today.

For members, there are a couple of housekeeping items. On Monday, November 16, we'll be having the Minister of Finance on Bill C-29, so that makes your motion null and void at this point, Mr. Khanna, hopefully. He'll be here for the first hour. Then we're doing clause-by-clause on Bill C-223 in the second hour. If we don't finish clause-by-clause, I will be extending the committee until we do finish it because we need to report it back to the House. In terms of our schedules, please be prepared to sit until 7:30 p.m. or as early as we can get Bill C-223 done.

Then I also want you guys to start thinking about your witness lists for Bill C-41. We are anticipating that it will be coming in, so I want you guys to start thinking about who you want to invite as witnesses for that bill. Then I also want you to start thinking about amendments to Bill C-29 because that will be our next order of business.

Are there any questions?

Mr. Lawton, go ahead.

Andrew Lawton: I'd like confirmation. When you said extending, are you talking about extending the hours on Monday, November 16?

The Chair: That's right.

Andrew Lawton: Then we will finish that day.

The Chair: I hope to finish that day, yes.

Andrew Lawton: Since you mentioned Bill C-41, would there be unanimous consent to adopt the motion that we adjourned debate on earlier?

An hon. member: No.

Andrew Lawton: I had to try.

The Chair: Go ahead, Mr. Baber.

Roman Baber: Do you have any knowledge of what we're going to be hearing or doing on November 19? That would be the Thursday.

The Chair: We are still working on that. We'll keep you posted. It will probably be Bill C-29 or Bill S-233, but if we are then seized with Bill C-41, we'll have to adjust accordingly. I will keep you guys posted through your vice-chairs. That's Todd Doherty's bill.

Is that okay? Are there any more questions?

We are adjourned.

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