

Anonymous Companies: A priority issue for Canada

December 9th, 2016

Honourable Bill Morneau
Minister
Finance Canada

Honourable Navdeep Singh Bains
Minister
Innovation Science and Economic
Development

Copied

Honourable Scott Brison
President
Treasury Board Secretariat

Honourable Stephane Dion
Minister
Global Affairs Canada

Dear Minister Morneau and Minister Bains,

We are writing to you today to express our concern about the lack of transparency regarding companies and trusts in Canada. The Government of Canada has the opportunity in the near-term to fulfill its global commitments and demonstrate international leadership by committing to establish a public registry of the beneficial owners of companies and trusts. The objective of this public registry would be to make Canadian corporations and trusts more accountable; provide law enforcement and tax authorities in Canada and abroad with critical information for the detection of terrorist financing, tax evasion, and money laundering; simplify due diligence procedures for financial institutions and other reporting entities; and recover more tax dollars owed to the Government, which can then be invested in quality public services.

Anonymous corporations and trusts are the getaway cars of the corrupt. They can be used to undermine basic human rights, erode public systems, steal money and evade taxes. Failing to shed light on these entities undermines Canada's efforts to fight corruption at home and abroad.

Canada has made numerous international commitments to make the ownership of corporations and other legal entities more transparent, including committing to fully implement the 'G20 High-Level Principles on Beneficial Ownership Transparency.'¹ Yet a recent evaluation by the Financial Action Task Force highlighted a continued lack of

¹ <http://epe.lac-bac.gc.ca/100/205/301/fatd-aecd/G20-2014-australia-ef/www.international.gc.ca/g20/assets/pdfs/finalg20highlevelprinciplesbeneficialownershiptransparency.pdf>

² <http://www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-Canada-2016.pdf>; <http://www.fin.gc.ca/pub/mltf-rpcfat/index-eng.asp>

Anonymous Companies: A priority issue for Canada

progress in Canada to improve beneficial ownership transparency. These findings echo the Canadian Government's own risk assessment, which noted that Canadian companies and trusts are highly vulnerable to money laundering and terrorist financing due to a lack of beneficial ownership information.²

In Canada, civil society organizations and individuals have highlighted the need for action to address beneficial ownership opacity, calling for a public registry of beneficial ownership during the development of Canada's latest National Action Plan for the Open Government Partnership.³ This call has yet to receive serious consideration by government.

The fight against money laundering and tax evasion requires that countries take critical actions to address systemic problems, including collecting and making public, beneficial ownership information. As Canada seeks to renew its global image, we have the opportunity to lead and to take action on this issue alongside other countries such as the United Kingdom, France, and Norway. Analyses by the United Kingdom and the European Commission have found that such a registry would require limited capital costs and would lead to considerable savings after the first year.⁴

We call on the government of Canada to demonstrate national and global leadership by taking action and committing to develop a public registry of the beneficial owners of corporations and trusts.

Yours sincerely,

The undersigned individuals and organizations:

Above Ground	Natural Resource Governance Institute
Association of Canadian Financial Officers	Ontario Open Data Advocacy Coalition
Canadian Labour Congress	OpenConcept Consulting Inc.
Canadians For Tax Fairness	Open Data Institute Toronto
Centre for Law and Democracy	Open Data Institute Ottawa
David Eaves, Harvard Kennedy School	Open North
Engineers Without Borders	Partnership Africa Canada
Financial Transparency Coalition	Powered by Data
Global Witness	Publish What You Pay-Canada
Human Rights Watch	Transparency International Canada
Inter Pares	UNITE HERE Canada
Mining Watch Canada	

² <http://www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-Canada-2016.pdf>; <http://www.fin.gc.ca/pub/mltf-rpcf/fat/index-eng.asp>

³ <http://open.canada.ca/en/idea/beneficial-ownership-transparency>

⁴ http://www.hm-treasury.gov.uk/d/ownership_long.pdf; <http://www.transcrime.it/wp-content/uploads/2013/11/CBA-Study-Final-Report-revised-version.pdf>