

Data obtained by The Province shows that the top month for seizures from Chinese nationals at YVR was August 2014, when \$744,659 was taken in 37 seizures. The second highest monthly total was June 2012, when \$574,194 was taken in 23 seizures.

One seizure in June 2012 stands out. According to CBSA documents, an unidentified Chinese man failed to declare \$177,500 in cash tucked into the lining of his suitcase and hidden in his clothing and wallet.

Under Canadian laws meant to hinder money laundering, international travellers can legally bring any amount of money into Canada, as long as they claim it. But any cash or monetary instruments — such as stocks, bonds or bank drafts — valued over \$10,000 must be reported to the CBSA.

After he was caught with hidden rolls of Canadian and U.S. cash, the Chinese man told a CBSA agent that he intended to buy a house or car with the money. Although Chinese citizens are restricted by their government from removing any cash greater than \$50,000 per individual each year — and the case raises red flags, according to money laundering experts — the man walked out of Vancouver airport with every cent of his hidden cash, minus a \$2,500 fine.

Over the past 10 years, newly rich Chinese have increasingly sent cash abroad by a variety of legal and illegal means. According to U.S. anti-money laundering organization Global Financial Integrity, China leads the world in illicit cash outflows with a staggering \$1.25 trillion US leaving the country in the past decade.

In 2012, the last full year measured by Global Financial Integrity, China saw \$249.57 billion US in illicit money transferred abroad.

According to Chinese officials, Canada is a top destination for these funds. Yet Canadian border officials almost always return undeclared cash with light fines of up to \$5,000 levied depending on the level of concealment involved.

By contrast, U.S. customs agents can hit travellers with fines up to \$500,000 for undeclared assets over \$10,000. And the seized cash often remains in U.S. government coffers.

According to B.C.-based fraud investigation executive Kim Marsh, that's one of the reasons Vancouver is such an attractive destination for money launderers. Marsh, an expert on tracking dirty money worldwide, served 25 years with the RCMP and led the force's international organized crime unit.

Marsh said he recently started work on a new case involving a Chinese man who absconded with \$450 million in corruption money and has been laundering it in Vancouver for a number of years. Marsh said he is uncovering numerous Lower Mainland real estate assets that the suspect purchased with his stolen fortune.

"This guy is just one of many," Marsh said. "The evidence is mounting of a lot of grey money coming into Vancouver's real estate market from China. So we have some serious issues in Vancouver and we need more deterrents. The money seized at YVR is a good example. You pay a pittance of a fine, and it is worth the risk."

Hayley Labbé told The Province that CBSA seizure data indicates only a tiny fraction of the illicit money pouring from China into Vancouver property. Labbé said experts believe there are major gaps in compliance for reporting of suspicious transactions in Vancouver's real estate industry.

Several real estate industry sources have informed The Province they suspect colleagues are turning a blind eye — or even in some cases participating in illegal schemes. However, these professionals say they fear speaking on the record because they could be blackballed by peers, or accused of racism.

"The people buying these multi-million-dollar properties here in Greater Vancouver don't care what the asking price is," one experienced realtor said. "Some are corrupt government officials and insiders, and all they want to do is get the money out of China and use Vancouver to launder the money."

Vancouver lawyer Christine Duhaime, an expert in money laundering law, said her contacts report that many Chinese money launderers hire mules in Hong Kong to carry illicit cash for a 20-per-cent fee. And the mules choose Vancouver airport as a soft target.

"I think Canada detects this pretty well, but we return undeclared money much more easily than the U.S. and we fine much less," she said. "So there is not much of an

impediment against bringing money illegally into Canada.”

Duhaime said Chinese citizens also use “trade-based” methods, including invoice manipulation, to transfer money illegally into Canada.

And even China’s strict capital controls can be legally avoided through coercion or use of family members.

She said in one case a Chinese businessman forced nearly 200 employees to each transfer \$50,000 to his Vancouver bank account, all within several days.

“He bought a \$7-million mansion in Vancouver and had some spending money left over,” Duhaime said.

Although Vancouver is seen as a convenient destination for Chinese money launderers, some experts believe rules, detection and enforcement could be strengthened over the next year.

There are indications state-level co-operation is already increasing.

In response to an Access to Information request for communication between the Canadian and Chinese governments on Operation Fox Hunt, the Department of Foreign Affairs provided a December 2013 letter from Chinese Minister of Public Security Guo Shengkun.

Shengkun’s letter — sent “under cover of a diplomatic note” — was completely redacted by Canadian information officials. A response to Shengkun from Canada’s Public Safety Minister Steven Blaney, said: “I am delighted that law enforcement cooperation is strong between our two countries, especially on ...”

The following sentence was blacked out by Canadian officials.

But Blaney noted in his letter that following a successful 2013 meeting in China between RCMP and Guo Shengkun’s security officers, a similar meeting would take place in Canada.

Although the unredacted information doesn’t specifically detail co-operation on Operation Fox Hunt, it appears that is what Guo Shengkun was asking for. In April

2015 Guo Shengkun and U.S. Homeland Security Chief Jeh Johnson met and agreed to stronger co-operation on China's fugitive repatriation and asset recovery initiatives, including Operation Fox Hunt and SkyNet, according to statements from both governments.