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Juristat Bulletin Article

Money laundering in Canada, 2009

By Shannon Brennan and Roxan Vaillancourt



Released: June 21, 2011

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Juristat Bulletin

Money laundering in Canada, 2009

By Shannon Brennan and Roxan Vaillancourt
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In recent years, the issue of money laundering has been highlighted as an emerging problem both in Canada and internationally (FINTRAC 2011). In Canada, it is estimated that the amount of money laundered on an annual basis is somewhere between \$5 and \$15 billion (RCMP 2011). Worldwide, it has been estimated that this figure may be as high as \$500 billion to \$1 trillion in U.S. currency (FINTRAC 2011).

According to the *Criminal Code*, money laundering, also referred to as laundering proceeds of crime, occurs when an individual or group uses, transfers, sends, delivers, transports, transmits, alters, disposes of or otherwise deals with, any property or proceeds of any property that was obtained as a result of criminal activity. This is done with the intent to conceal or convert illegal assets into legitimate funds.

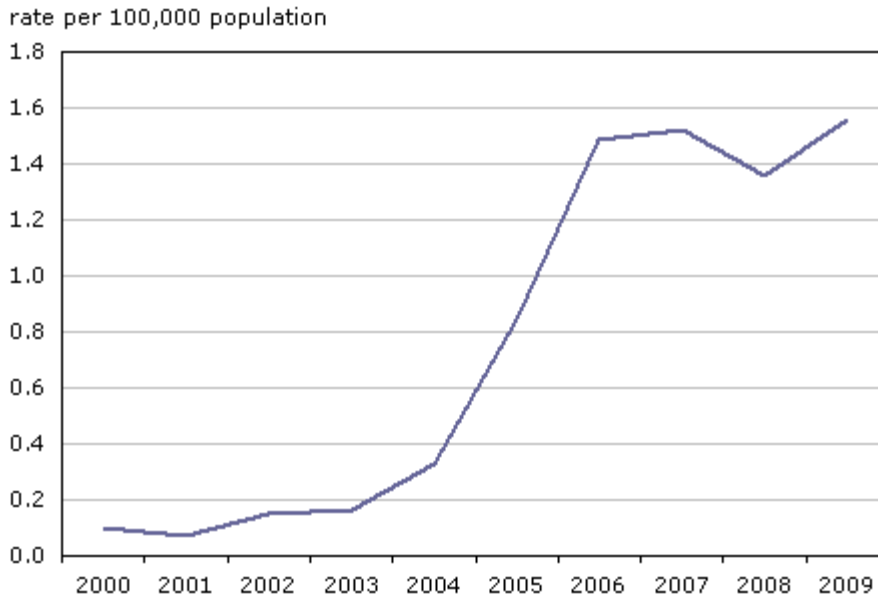
An example of money laundering would involve a person who sells illegal drugs, and then uses the profit to purchase legal goods to sell through a legitimate business. Previous research suggests that money laundering schemes are often associated with the illegal drug trade or the defrauding and manipulation of Canada's financial institutions (FINTRAC 2011). Some authorities, including the RCMP, have found that money laundering is often related to organized criminal and/or terrorist activity (FINTRAC 2011; RCMP 2011).

Money laundering relatively stable since 2006

In 2009, Canadian police services substantiated 525 incidents of money laundering, accounting for less than 1% of all police-reported *Criminal Code* incidents.^{1,2} Expressed as a rate, there were about 2 police-reported incidents of money laundering for every 100,000 Canadians.

Over the past 10 years, the rate of money laundering incidents reported by police has changed considerably (Chart 1). Following a period of relative stability in the early part of the decade, the rate of money laundering grew five-fold from 2004 to 2006. Since 2006, there has been little year-over-year fluctuation.

Chart 1
Money laundering, Canada, 2000 to 2009



Note: Rates are calculated on the basis of 100,000 population. Counts are based on the most serious violation in the incident.
Source: Statistics Canada, Canadian Centre for Justice Statistics, Uniform Crime Reporting Survey.

The increase in money laundering in the mid-2000's may be partly related to national and international initiatives aimed at addressing this crime. For example, in 2001, Canada implemented new legislation aimed at increasing awareness to the issue, and also provided Canadian police and courts with increased powers to facilitate the investigation and prosecution of money laundering cases (FINTRAC 2011; Department of Justice Canada 2008).

As previously mentioned, research has shown that money laundering is often associated with the illegal drug trade. Police-reported data support this research. For example, in 2009, more than one in five (23%) money laundering incidents also involved at least one drug-related violation.³ These violations included the possession, trafficking and importation and exportation of cannabis, cocaine or other illegal drugs.

Majority of those accused of money laundering are male

The majority of people accused of money laundering in 2009 were male. In 2009, police services identified 120 persons accused of money laundering, 83% of whom were male. This is slightly higher than the proportion of males accused of overall crime (76%).

In addition, persons accused of money laundering were generally older than those accused of crime in general. In 2009, the median age of persons accused of money laundering was 33. In comparison, the median age of those accused of crime in general was 26.

In comparison to crime in general, incidents of money laundering tend to be solved less often by police. In 2009, police identified an accused person in 18% of money laundering incidents, about half the proportion for crime in general (39%).

Cases of money laundering often involve other charges

In addition to looking at incidents that come to the attention of police, it is also possible to examine the number of cases of money laundering that are completed in Canadian courts. In 2009/2010, Canada's adult criminal courts completed 138 cases involving at least one charge of money laundering. Of these, money laundering was the most serious offence in 85 cases.⁴

The low volume of completed court cases involving money laundering may be partly related to relatively low police clearance rates for this offence combined with the fact that court cases involving money laundering generally tend to involve multiple charges, and may be very complex to prosecute. For example, of the 85 money laundering cases completed in 2009/2010, 81 also included charges other than money laundering. Given the complexity of these cases, it may take a long time for these cases to reach completion in court.

In 2009/2010, the majority of cases where money laundering was the most serious offence did not result in a finding of guilt. More specifically, just over one-third (34%) or 29 money laundering cases completed in adult criminal courts resulted in a finding of guilt. This compares to two-thirds (65%) of adult court cases in general.

Cases of money laundering more often resulted in charges being stayed or withdrawn (64% in 2009/2010), more than double the proportion of court cases in general (30%). There were 2 cases of money laundering completed in Canada's courts in 2009/2010 that resulted in the accused person being acquitted.

Of the 29 money laundering cases that resulted in a guilty finding in 2009/2010, over two-thirds of offenders (69%) were sentenced to custody, higher than the overall proportion of adult court cases (33%). The remaining 31% resulted in some other form of sentence, such as a conditional sentence, probation, a fine or other sanctions⁵ as the most serious sentence imposed.

References

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Notes

1. Data are drawn from the Uniform Crime Reporting (UCR) Survey which captures information on all criminal incidents that have been substantiated through investigation by Canadian police services. This analysis is based upon the most serious violation in the incident. The UCR Survey captures up to four violations for each incident. When violations for money laundering that occur in connection with other more serious offences are counted, the number of incidents totals 735.
2. The offences which comprise the category of money laundering in the Uniform Crime Reporting Survey include: laundering proceeds of crime (*CCC* s.462.31) and restraint order violation (*CCC* s.462.33).

3. Information on associated violations, the age and gender of persons accused of money laundering are drawn from the Incident-based Uniform Crime Reporting Survey which, in 2009, covered 99% of the population of Canada.
4. Data are drawn from the Integrated Criminal Courts Survey which captures information on all cases that have been completed in criminal courts in Canada. This analysis is based upon completed cases in adult courts in which money laundering was the most serious offence. One case can involve multiple charges.
5. "Other sanctions" include restitution, absolute and conditional discharge, suspended sentence, payment of legal costs, and suspension of drivers license.

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