

Name: Alert ID: TMML2024033919379 U.S. authorities have successfully prosecuted an illegal Las Vegas money transfer scheme that used a method similar to one in B.C. Canadian authorities have been criticized for their tepid money-laundering prosecution record, including in late 2017 when a major money-laundering case collapsed in British Columbia. article continues below It used the same method cited in the Las Vegas case. That method — where cash is given gamblers in exchange for money in a Chinese bank — had been dubbed the “Vancouver model” by an Australian academic. On Feb. 3, the U.S. Attorney’s Office for the Southern District of California announced that Bing Han and Lei Zhang pleaded guilty in Federal Court for operating unlicensed money transmitting businesses. The pair face a maximum five years in prison. In statement, the U.S. Attorney’s Office said the guilty pleas are believed to be the first in the U.S. for a form of unlawful underground banking that transfers money between the U.S. and China that circumvents domestic and foreign laws. Chinese citizens are only allowed to transfer US\$50,000 a year out of that country. B.C. Attorney General David Eby, who has been a critic of Canada’s money-laundering prosecutions, said the similarities in the Las Vegas and Vancouver cases and their different prosecution outcomes are striking. “Americans seem to be more than willing to use their tax system and their anti-money-laundering system to support aggressive prosecutions, and Canadians simply don’t,” Eby said. Eby has been pushing the Trudeau government for a boost in investigations and prosecution capacity, which he says has not materialized . Queen’s University law professor Arthur Cockfield said that Canada has some successful prosecutions for international money laundering but most of them collapse. “It’s a real problem,” he said. It is complex to prosecute money laundering, but this American prosecution shows it is feasible, said Cockfield. Garry Clement, a former RCMP superintendent who served as national director of the proceeds of crime program, said it is disheartening that prosecutions are possible in the U.S. but not in Canada. Clement said what is needed is both legislative changes to strengthen Canadian laws against money laundering and more policing resources and expertise. The investigation into Han and Zhang’s financial operation included special agents from Homeland Security investigations, the Internal Revenue Service’s Las Vegas financial crimes task force and the Drug Enforcement Administration. The money laundering scheme described in Las Vegas is very similar to the model described by RCMP in court documents of the E-Pirate investigation that alleged an illicit money transfer business in Richmond laundered as much as \$220 million in drug trafficking money. Cash was provided to high stakes gamblers who used it in Lower Mainland casinos. The gamblers in turn deposited Chinese currency in Chinese banks to pay for the cash. Those involved in the illicit money-transfer business took a cut of the transfers, similar to the cut taken by the Las Vegas money transferers, according to the plea agreement filed in U.S. court. Han, for example, received a five per cent fee. According to the plea agreement filed in U.S. District Court, Han collected U.S. dollars in cash and delivered the cash to gamblers from China. The gambler would transfer an equivalent value of currency from the gamblers’ Chinese bank to an account designated by Han.