

**PROCEEDINGS AT HEARING
OF
FEBRUARY 12, 2021**

COMMISSIONER AUSTIN F. CULLEN

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February 12, 2021

(Via Videoconference)

(PROCEEDINGS COMMENCED AT 9:30 A.M.)

THE REGISTRAR: Good morning. The hearing is now resumed. Mr. Commissioner.

THE COMMISSIONER: Thank you, Madam Registrar.
Yes, Ms. Latimer.

MS. LATIMER: Yes.

MR. DELBIGIO: Mr. Commissioner, may I just address the commission before Ms. Latimer begins?

THE COMMISSIONER: Yes, of course.

MR. DELBIGIO: Thank you. First of all, it's not clear to me how much time has been allocated to the Commissioner's counsel, and for purposes of planning, I'm wondering if that can be set out now so that I can understand how the day might unfold. And then after that I just want to address another issue, if I may.

THE COMMISSIONER: All right. I don't think any particular time has been allocated to commission counsel, but maybe Ms. Latimer can give us an indication of how long she thinks she'll be.

MS. LATIMER: Thank you, Mr. Commissioner. In fact, before we were going to call the witness this morning I wanted to address the commission on

1 the issue of scheduling. I expect to be at
2 least two hours and perhaps slightly longer than
3 that. I expect we'll need to sit late today,
4 and it will be a challenge to complete this
5 witness in one day.

6 THE COMMISSIONER: All right. That being said, we'll
7 sit until it appears that it becomes
8 counterproductive, and if necessary we'll find
9 some more time later on.

10 MR. DELBIGIO: Mr. Commissioner, my next remarks
11 might assist in that regard. I received this
12 witness's affidavit yesterday at 12:31. My
13 understanding that's a day later than the other
14 participants received the affidavit. The
15 affidavit that I was provided had four documents
16 attached to it. So I was provided with four of
17 the very many exhibits which are referred to.

18 I replied at 3:54 to inquire about me
19 obtaining more documents, and at 8:18 last night
20 I received an email responding to my inquiry
21 basically saying no. The email -- one of the
22 inquiries I made was to, for example, ask for a
23 press release that is attached as an exhibit to
24 the affidavit and I was told I may not even
25 receive the press release, which strikes me as a

1 narrow interpretation of what documents I might
2 receive.

3 So in the results, because of the time at
4 which I received this document and because of
5 the few exhibits that I have received and
6 because of some ongoing discussions, I am not
7 sure I'd be in a position to cross-examine in
8 any event.

9 THE COMMISSIONER: All right. Well, that may then
10 assist in the allocation of time or at least in
11 the efficient use of time, Mr. DelBigio, so if
12 we take your piece out of it for today, that
13 probably will enable us to come closer to
14 finishing with Mr. Meilleur, and we can perhaps
15 have him back -- well, not perhaps -- have him
16 back in order for you to conduct your
17 examination once you've had a chance to absorb
18 what you've been provided with and make any
19 further representations.

20 MR. DELBIGIO: Thank you. And just for clarity, I'm
21 not foregoing the right for cross-examination;
22 I'm just stating that in the circumstances it
23 would be difficult to properly do it today.
24 Thank you.

25 THE COMMISSIONER: All right. I'm sorry,

1 Ms. Latimer. You had something to add?

2 MS. LATIMER: Thank you. I just wish to make clear
3 on the record that the affidavit in question was
4 received by commission counsel on Tuesday
5 evening. It was circulated to participants on
6 Wednesday morning. The affidavit and documents
7 were not provided to Mr. DelBigio at that time
8 because we had to allow for review of the
9 affidavit and exhibits to determine whether they
10 met criteria identified in your ruling,
11 Mr. Commissioner, as to which exhibits could be
12 disclosed to Mr. DelBigio, and so that's the
13 reason for the delay. And I wish to make that
14 clear on the record.

15 THE COMMISSIONER: Fair enough. I think in the
16 result, though, Mr. DelBigio has had relatively
17 short notice of what this evidence is all about.
18 And, again, in light of the time constraints
19 we're under, I expect that in any event we're
20 going to have to find some more time on another
21 day. So let's proceed on that footing. And we
22 will see where we get to today.

23 MR. DELBIGIO: Thank you.

24 MS. LATIMER: Thank you. Our next witness,

25 Mr. Commissioner, is Len Meilleur. And I

1 understand the witness wishes to be sworn.

2 THE COMMISSIONER: Thank you.

3 **LEN MEILLEUR, a witness**
4 **called for the**
5 **commission, sworn.**

6 THE REGISTRAR: Please state your full name and spell
7 your first name and last name for the record.

8 THE WITNESS: My name is Joseph Emile Leonard
9 Meilleur, Joseph, J-o-s-e-p-h, Emile, E-m-i-l-e,
10 Leonard, L-e-o-n-a-r-d, and Meilleur,
11 M-e-i-l-l-e-u-r. And I go by Len.

12 THE REGISTRAR: Thank you.

13 THE WITNESS: Thank you.

14 **EXAMINATION BY MS. LATIMER:**

15 Q Good morning, Mr. Meilleur. Are you able to
16 hear me all right?

17 A I can.

18 Q Thank you. You prepared an affidavit to assist
19 in presenting your evidence to the commission;
20 is that right?

21 A That's correct.

22 MS. LATIMER: Madam Registrar, may I have that
23 displayed to the witness, please.

24 Q And you recognize this as the affidavit you made
25 on February 9th, 2021?

1 A I'm sorry, you just cut out there.

2 Q Do you recognize this as the affidavit you made
3 on February 9th, 2021?

4 A I do.

5 MS. LATIMER: May I have that marked as the next
6 exhibit, please.

7 THE COMMISSIONER: 587.

8 THE REGISTRAR: Exhibit 587.

9 **EXHIBIT 587: Affidavit no. 1 of Joseph Emile**
10 **Leonard Meilleur made on February 9, 2021**

11 MS. LATIMER:

12 Q Mr. Meilleur, do you have the affidavit with you
13 in hard copy this morning?

14 A I do, Ms. Latimer.

15 MS. LATIMER: Okay. I don't need that displayed any
16 longer, then, Madam Registrar.

17 Q You outline, sir, in your affidavit your work
18 experience, and I understand you were an RCMP
19 officer from 1978 to 2004. Is that correct?

20 A Yes.

21 Q And you were not involved in any proceeds of
22 crime or money laundering investigations while
23 with the RCMP; correct?

24 A Correct.

25 Q And you were hired by GPEB to be the Director of

1 Lotteries in 2007 and you remained in that role
2 until 2012?

3 A Yes.

4 Q And that role had no involvement with casinos;
5 correct?

6 A No direct involvement with casinos.

7 Q Okay. In 2012 you became GPEB's Executive
8 Director, Registration and Certification
9 Division; correct?

10 A Correct.

11 Q In that role you oversaw the registration of
12 gaming workers and service providers and you
13 were responsible for providing reasons on
14 registration decisions?

15 A Yes.

16 Q And you became a member of the anti-money
17 laundering cross-divisional working group in
18 2011; correct?

19 A Yes.

20 Q And in that role you received information from
21 time to time from the investigations division
22 addressing the topic of suspicious cash
23 transactions; correct?

24 A Yes.

25 Q You attach at paragraph 19 of your affidavit an

1 email from Mr. McCrea that describes evidence
2 presented by the investigations division to the
3 anti-money laundering cross divisional working
4 group in or around August 30th, 2012; correct?

5 A Yes.

6 Q And in the last line of this paragraph you say
7 you have no specific recollection about the
8 specific meeting; is that right?

9 A Yes.

10 Q Could you turn, please, to that exhibit.

11 MR. DELBIGIO: What exhibit is it?

12 MS. LATIMER: At paragraph 19 of the affidavit and
13 the exhibit number is D.

14 THE WITNESS: Yes, I'm there, Ms. Latimer.

15 MS. LATIMER:

16 Q Thank you. And I'm looking at the last four
17 lines on the page, and those four lines -- this
18 is an email, and these four lines from
19 Mr. Douglas read:

20 "If the history of how this industry
21 evolved has exposed large numbers of
22 high-value players to discounted street
23 cash, it is possible that even with
24 well-marketed electronic funds options we
25 will continue to struggle with high volume

1 cash transactions and we will require
2 other tools/techniques to address this."
3 Leaving aside your recollections of this
4 specific meeting, do you recall being aware in
5 or around this time that there was a question as
6 to whether high value players were exposed to
7 discounted street cash?
8 A Around this time, yes, there was a concern about
9 unsourced cash, being that Mr. Vander Graaf and
10 the working group were aware that \$20 bills were
11 of concern, and that was brought up to the
12 committee in terms of discussions.
13 Q Okay. You'll agree that the information
14 provided by the investigations division to the
15 anti-money laundering cross-divisional working
16 group included from time to time the number and
17 value of suspicious cash transactions in a year,
18 for example?
19 A Yes.
20 Q And it included the percentage and dollar value
21 of 20s being used in those transactions;
22 correct?
23 A Yes. Some of their documents reflected that.
24 Q And some reflected the percentage increase in
25 the number and value of suspicious cash

1 transactions year over year; correct?

2 A Yes.

3 Q And also the percentage of 20s in those
4 transactions; correct?

5 A That's correct.

6 Q Okay. And you indicate -- I'm back at
7 paragraph 19, then, of your affidavit, and you
8 indicate here that -- about four lines down that
9 Mr. Vander Graaf was concerned about the volume
10 of 20s coming into BC casinos and that they were
11 likely proceeds of crime. Was that a concern
12 that was shared by other divisions of GPEB in or
13 around this time, in 2012?

14 A Well, it was certainly shared by those in the
15 working group in terms of the discussions. Not
16 everyone in the division was involved in the
17 discussions around the money laundering
18 strategy, but those executives who were
19 appointed members from the divisions, they were
20 aware of this.

21 Q Okay. And certainly you were aware of this at
22 that time; is that right?

23 A Yes.

24 Q Okay. At paragraphs 20 to 21 of your affidavit,
25 you mention that you also served on a

1 subcommittee looking at customer due diligence
2 for large and suspicious cash transactions; is
3 that right?

4 A Yes. I was on a committee with Ms. Terri Van
5 Sleuwin, she was the Executive Director of
6 Audits, Mr. Vander Graaf and Mr. McCrea and
7 myself.

8 Q Okay. And one aspect of that subcommittee
9 group's work was decision to retain Jerome
10 Malysh to prepare a report; correct?

11 A Yes, I would say that was the main result of the
12 work by that group.

13 Q And that report was entitled "Client Due
14 Diligence in BC Casinos" and it was dated
15 September 15th, 2014; is that right?

16 A I don't have it in front of me, but I believe
17 so, yes.

18 MS. LATIMER: Okay. Madam Registrar, perhaps could I
19 have exhibit 73, please, and I'm looking for
20 appendix H. And this is at -- I'm looking at
21 page 896 of this PDF, please.

22 Q This is the report that was prepared by
23 Mr. Malysh for the subgroup; correct?

24 A Yes, it is.

25 MS. LATIMER: Thank you, Madam Registrar, I don't

1 think I'll need that displayed any longer.

2 Q One aspect of this report was to provide
3 research for client due diligence standards used
4 by financial institutions and other businesses
5 when accepting cash and to summarize best
6 practices; is that right?

7 A Yes.

8 Q And from that report, did you learn that banks
9 were to conduct know your customer and client
10 due diligence inquiries to deter money
11 laundering, including asking clients for the
12 source of their funds and recording the
13 response?

14 A Yes, that was one of the discussion points in
15 the document.

16 Q And did you learn that financial institutions
17 use a risk-based approach that includes when
18 cash over \$10,000 is tendered getting a
19 supervisor to interview the client to determine
20 the source of funds and completing a source of
21 funds declaration?

22 A Yes, I remember reading that in the document at
23 the time.

24 Q And Mr. Malysh also surveyed anti-money
25 laundering compliance in the casinos in Canada

1 and Nevada and Washington; correct?

2 A I believe he did.

3 MR. DELBIGIO: Mr. Commissioner.

4 THE COMMISSIONER: Yes.

5 MR. DELBIGIO: This witness is not the author of this
6 report. This witness has perhaps read the
7 report, and he can -- but to the extent -- and
8 this witness can perhaps testify about the words
9 contained in the report, but unless this witness
10 was -- participated in the authoring of the
11 report or the research that might or might not
12 have gone into the report, it's difficult for
13 this witness to talk about what somebody else
14 did. If this witness read a report and did
15 something in relation to it or did not do
16 something in relation to it, that's quite
17 different. But what banks did or didn't do or
18 what the research was, this witness can't
19 testify to, even under, I submit, relaxed rules
20 of evidence in a commission.

21 MS. LATIMER: Mr. Commissioner, the questions I've
22 been asking this witness pertain to what he
23 learned from the report. The report was
24 commissioned for a subcommittee group that this
25 witness participated in, and in my submission,

1 the questions are permissible.

2 THE COMMISSIONER: I think what he's saying, unless
3 I'm mistaking his evidence, is that he's
4 describing the contents of the report, isn't he?

5 MR. DELBIGIO: If he is describing the contents of
6 the report and then he's then asked whether he
7 did something in relation to those contents or
8 did not, that refers to -- that might inform his
9 beliefs and guide his actions, but phrasing the
10 question, did you learn that the banks did such
11 and such, maybe the banks did those things,
12 maybe they didn't, but the significance can only
13 be that those words might have been contained in
14 the report, and based upon that, this witness
15 might have done something. But this witness
16 can't go any further than saying based upon the
17 report, the words that I read, I formed certain
18 beliefs and did or didn't do something.

19 MS. LATIMER: Mr. Commissioner, in my submission what
20 GPEB knew or understood about best practices in
21 other industries is relevant to the question of
22 what measures they took and didn't take in light
23 of that understanding. And so in my submissions
24 these are important questions for this witness
25 in terms of what he understood from the report.

1 MR. DELBIGIO: Well, the proper question, then, is
2 the -- the proper question, then, is did you
3 read the report, did you form a certain belief,
4 and did you do something in light of that
5 belief?

6 THE COMMISSIONER: Well, if I might be permitted to
7 rule on the objection. It seems to me that what
8 the witness is testifying to is what the report
9 informed him of, and by implication what that
10 knowledge allowed him and his colleagues in GPEB
11 to do or not do in relation to similar
12 situations that they were encountering in the
13 casino industry. I think the questioning is
14 proper as it is.

15 MR. DELBIGIO: Thank you.

16 MS. LATIMER: Thank you.

17 Q Mr. Meilleur, I was asking you about whether
18 this -- there was a -- where I was was I was
19 asking you about whether this author of this
20 report looked at the anti-money laundering
21 compliance regimes in Canada, Nevada and
22 Washington, and you understand that he did that;
23 correct?

24 A Yes, I believe I said I believe he did, yes.

25 Q Okay. And did you understand from the report

1 that in the United States at this time in
2 casinos source of funds and source of wealth
3 interviews were becoming normal procedures?

4 A Yes, I believe he commented on that.

5 Q And also in Ontario at this time casinos
6 generally did not allow more than 10- to \$15,000
7 for cash buy-ins?

8 A Yes.

9 Q And that these larger buy-ins in Ontario also
10 triggered an interview usually by the OPP to
11 learn the source of the funds?

12 A Yes.

13 Q And one of the recommendations he made was that
14 GPEB could create an anti-money laundering
15 compliance regime regulation and guideline for
16 detering and detecting money laundering;
17 correct?

18 A Yes.

19 Q Or in the alternative a public interest
20 directive that could be issued to establish
21 GPEB's anti-money laundering program; correct?

22 A Yes.

23 Q And a specific example he gave was specifying a
24 policy for the determination of source of funds
25 in that guideline; correct?

1 A That's correct.

2 Q Were those recommendations accepted by the
3 subcommittee looking at customer due diligence
4 in light of all of that information?

5 A Well, the report was received and the
6 recommendation around source of funds was
7 discussed and they would have required, of
8 course, a General Manager to receive a directive
9 around source of funds.

10 Q And was that directive sought?

11 A I know at various times there were requests from
12 the General Manager for guidance and directives
13 or options on source of funds, so yes, there
14 were some requests ultimately made.

15 MS. LATIMER: Okay. Madam Registrar, may I have
16 GPEB4087 placed before the witness, please.

17 Q Mr. Meilleur, do you recognize this as an email
18 from you to John Mazure dated November 12th,
19 2014, with the subject "confidential draft – AML
20 direction for discussion November 6th, 2014"?

21 A Yes, I recognize the email now.

22 Q Okay. And you're providing your thoughts in
23 confidence to Mr. Mazure in respect of this
24 anti-money laundering direction that's attached;
25 correct?

- 1 A Correct.
- 2 Q And you say that the first draft was submitted
3 by TVS. And do I understand that's Terri Van
4 Sleuwin?
- 5 A Yes.
- 6 Q And Ms. Van Sleuwin, you mentioned, was the
7 Executive Director of Audit at this time?
- 8 A Yes, of audit and compliance.
- 9 Q Okay. And was this a draft of a direction or
10 standard that was made in response to the Malysh
11 report we were just reviewing?
- 12 A I believe Mr. Mazure had tasked Ms. Van Sleuwin
13 with writing a summary report to him with some
14 options. I believe that's what this is about.
- 15 Q Okay. If you go to page 2, please, of this
16 document. This is under the heading "Public
17 Interest Standard, Anti-Money Laundering and
18 Terrorist Financing Directive for the BC
19 Gambling Industry," your first -- do I
20 understand that the comments on the right-hand
21 side are your comments?
- 22 A "MLF." I don't recognize those as being my
23 comments.
- 24 Q That's not -- those are not your initials?
- 25 A No, I don't have an F in my initials.

1 Q Okay. So you don't believe those are your
2 comments that you've sent to Mr. Mazure attached
3 to this email?

4 A No. Doesn't look like my comment caption in
5 terms of the right words as commented and my
6 initials MLF.

7 MS. LATIMER: Can we go to the -- could we go,
8 please, down a page, Madam Registrar.

9 On this page -- sorry, Madam Registrar, can
10 you make it so the whole page is showing.

11 THE REGISTRAR: Sorry you want page 2 or page 3?

12 MS. LATIMER: Page 3, please.

13 THE REGISTRAR: Yes, this is page 3.

14 MS. LATIMER: I'm looking for the page with the
15 heading "Enhanced Customer Due Diligence." Yes,
16 yes, there.

17 Q Under the heading "Enhanced Customer Due
18 Diligence" there were three suggestions made.
19 One was a source of funds declaration must be
20 completed when transaction values and frequency
21 of transactions change, and there's an elevation
22 of client risk; correct?

23 A M'mm-hmm, yes.

24 Q And the second is "BC lotto corporation and
25 service providers must ensure all transactions

1 not deemed suspicious do not share key
2 characteristics with transactions that
3 previously been deemed suspicious"; right?

4 A Yes.

5 Q And third is the "BC lotto corporation and
6 service providers are required to conduct
7 rigorous review of all new transactions for
8 patrons previously associated with transactions
9 deemed to be suspicious"; right?

10 A Yes.

11 Q Were these recommendations accepted by the -- by
12 Mr. Mazure?

13 A I can't recall if Mr. Mazure accepted these
14 recommendations, but I would say in terms of his
15 letters that he had written to BCLC, they seem
16 to be in line with that thinking, yes.

17 Q But it's fair to say this standard was never
18 implemented; correct?

19 A Correct.

20 Q Do you know why?

21 A No, I don't.

22 MS. LATIMER: I'll ask that this be marked the next
23 numbered exhibit, please.

24 THE COMMISSIONER: Yes, very well.

25 THE REGISTRAR: Exhibit 588, Mr. Commissioner.

1 THE COMMISSIONER: Thank you.

2 **EXHIBIT 588: Email from Len Meilleur to John**
3 **Mazure re Draft - AML Direction for discussion**
4 **November 6, 2014 - November 12, 2014 (with**
5 **attachment)**

6 MS. LATIMER: Looking at paragraph --

7 MR. SMART: Mr. Commissioner, it's Mr. Smart. Can we
8 just have -- I don't think notice was given of
9 that document for this witness. Can we just
10 have 60 seconds to find it so we can -- I
11 appreciate it's on the screen, but so we have
12 the whole document before us.

13 THE COMMISSIONER: All right.

14 MR. SMART: 60 seconds beginning right now. We're
15 trying to print it out.

16 THE COMMISSIONER: Okay.

17 MR. SMART: Thank you. Thank you, Mr. Commissioner.

18 THE COMMISSIONER: Thank you, Mr. Smart. Yes,
19 Ms. Latimer.

20 MS. LATIMER:

21 Q I'm at paragraph 25 of your affidavit and here
22 you make reference to a branch review conducted
23 in 2014; correct?

24 A Correct.

25 Q And you were interviewed as part of that review,

1 and you created some talking points for your
2 interview and those are attached at exhibit G to
3 your affidavit; correct?

4 A Yes.

5 Q Please turn to exhibit G of your affidavit.

6 A I'm there, Ms. Latimer.

7 Q You have a heading "Organizational
8 Restructuring." Do you see that?

9 A Correct.

10 Q Is that a suggestion that you made at the time?

11 A It was a caption in terms of there was going to
12 be a review of the organization, and in terms of
13 restructuring, those were comments or talking
14 points that I would have used when interviewed.

15 Q Okay. The first bullet point there is "comes
16 down to personalities." What did you mean by
17 that?

18 A What I meant by that is there had been
19 discussion in GPEB --

20 MS. HENEIN: I'm sorry to interrupt. I'm not seeing
21 the document my friend's referring to on the
22 screen.

23 MS. LATIMER: It's not being displayed on the screen.
24 It's exhibit G to the witness's affidavit.

25 MS. HENEIN: All right.

1 MS. LATIMER: Would you like it displayed on the
2 screen? Because we could do that.

3 MS. HENEIN: It would be helpful if you're not
4 referring to the document that you're using now.
5 Thank you.

6 MS. LATIMER: Madam Registrar, I'm at exhibit G of
7 the affidavit, which is page 55 of the PDF for
8 the affidavit. Thank you.

9 Q Sorry, you were saying -- I had asked what you
10 meant by "it comes down to personalities."

11 A Correct. It comes down to personalities in
12 terms of interactions not only on the GPEB
13 executive team but also in terms of interactions
14 with other agencies that we work with, including
15 BCLC.

16 Q Did you understand there was a problem as
17 between personalities at this time?

18 A Yes, to some degree. The personalities, I know
19 that Mr. Vander Graaf did not at all times share
20 the agreement with Mr. McCrea around some of the
21 work being done in the cross-divisional working
22 group and also I know there was concern about
23 the interaction with investigations with the
24 larger mandate of GPEB sometimes around employee
25 engagement, for example, and also around

1 personalities in the engagement of
2 investigations with BCLC.

3 Q In your view did those personality issues impede
4 the effective working of GPEB at that time?

5 A No. I believe the people worked around those
6 personalities, they were professional and did
7 their jobs.

8 Q The next point is:

9 "John's being boxed in by exec team -- we
10 have too many business lines, too much
11 autonomy, lack of oversight in certain
12 areas."

13 First of all is this a reference to John Mazure?

14 A Correct.

15 Q What did you mean by "too much autonomy"?

16 A This is going back several years, but -- I don't
17 know what I meant by that at the time. I
18 believe that it was about the fact that the
19 executive directors were given a lot of action
20 to work on their own independence and if we
21 don't do that in the proper manner in terms of
22 dialogue and doing our work that it causes
23 concern for the executive director. I only say
24 that in the sense that I do know Mr. Mazure
25 decided to do a review, and part of that review

1 was on his assessment of the way personalities
2 and functions were operating in GPEB. That's
3 what I remember.

4 Q You asked the question whether you were getting
5 value for dollar in all areas and the next
6 bullet point talks about what investigations has
7 been doing. Were you suggesting that
8 investigations was an area where you were not
9 getting value for dollar?

10 A No. What I'm suggesting there is if
11 investigations -- there was a question about
12 some of the statistics in the way they were
13 reported on, which I talk about in my affidavit.
14 There was also a view by some of the other
15 senior leadership in GPEB that both
16 investigations and registration, where I worked,
17 had certain advantages because they had things
18 such as paid parking, parking stalls and
19 mileage, and that was topic of conversation at
20 some of the executive meetings.

21 Q And if you skip down one bullet point, you
22 suggest that licensing, audit, investigations
23 and registration could all be one group;
24 correct?

25 A Yes.

1 Q And then the next bullet refers to a
2 recommendation in 2007 that there be a review of
3 all retailer wins and you say:

4 "Larry's group spent 2.5 years and found
5 only 1."

6 Are you suggesting here a lack of value for
7 dollar?

8 A I'm expressing here there was a lot of work
9 required by them. It took a lot of their
10 resources to investigate those recommendations,
11 but the end result, as I remember it, was that
12 there were only one area of one file that was
13 determined to be problematic. But they still
14 had to do the work to determine that.

15 Q Okay. The last bullet on this page is:

16 "Biggest risk to GPEB: lack of real
17 intelligence. Need for a resource for
18 RTIC."

19 You say in the second line:

20 "All Terri and Larry do are based on 'my
21 sources tell me this ...' or 'I can't
22 share this with you.'"

23 Stopping there, does this refer again to Terri
24 Van Sleuwin and Larry Vander Graaf?

25 A Right.

1 Q Are you suggesting that the foundation of the
2 information they were providing to the group was
3 not strong?

4 A No, I'm not suggesting that. I'm suggesting
5 that an intelligence unit would help inform what
6 their sources were telling them or the fact that
7 if they can't share this with the rest of the
8 GPEB folks at large an intelligence unit would
9 be able to take on that function and make sure
10 that information is disseminated.

11 MR. DELBIGIO: Mr. Commissioner, may I just raise an
12 issue?

13 THE COMMISSIONER: All right.

14 MR. DELBIGIO: There have been -- this is, as I
15 understand it, an examination in chief. This
16 is the -- the commission has called this witness
17 as its own witness. There have been three
18 questions in which the phrasing has been a
19 suggested answer rather than an inquiry as to
20 what the witness meant by a certain phrase, and
21 so it is -- there have been leading rather than
22 open-ended questions on the past three questions
23 in relation to these bullet points. And though
24 these issues do not pertain to me, I am raising
25 the issue as just one of procedure and evidence

1 so that I can understand it, because if it's
2 this witness's evidence that is of interest to
3 the commission, the proper question would be to
4 draw the witness to a bullet point and ask what
5 did you mean rather than did you mean such and
6 such.

7 MS. LATIMER: Mr. Commissioner, my understanding is
8 that commission counsel are entitled to ask
9 open-ended questions and leading questions, and
10 as a matter of efficiency, some leading is going
11 to be required to get through this evidence.

12 THE COMMISSIONER: Yeah -- no, I completely agree.
13 And it is even necessary on some occasions for
14 commission counsel to cross-examine witnesses
15 that they've called. This is not in the nature
16 of a trial; it's an entirely different format
17 than that, and I accept that commission counsel
18 are entitled to ask leading as well as
19 non-leading questions. So carry on.

20 MR. DELBIGIO: Thank you.

21 MS. LATIMER:

22 Q I'm looking still at this bullet point that's
23 discussing Ms. Van Sleuwin and Mr. Vander Graaf
24 and their sources of information. Was this an
25 area where you were concerned about autonomy of

1 these divisions?

2 A Yes, it was. But I want to express that this
3 whole piece of this was the fact that we needed
4 to have intelligence to inform our decisions in
5 the areas of investigations and compliance, and
6 the purpose of this was a risk and the need to
7 bring in intelligence, which ultimately we did.
8 I also want to stress that I don't want this to
9 infer that Mr. Vander Graaf and Ms. Van Sleuwin
10 and I did not work collaboratively together or
11 do things or that I did not support or believe
12 that they were doing great work. This was in
13 terms of just commentary for an interview for
14 the purposes of restructuring the organization
15 if I was asked about my views on that.

16 Q Okay. You go on to say:

17 "If we took a position here and
18 coordinated organized crime info and money
19 laundering pieces to the intelligence
20 person who has access to systems, it would
21 be based on real intelligence."

22 What did you mean by that?

23 A Intelligence is having implemented the
24 intelligence unit with Mr. Scott McGregor and
25 Mr. Bob Stewart. That is a specialty in terms

1 of how intelligence is acquired and analyzed and
2 reported on. And in terms of that it would take
3 information we had access to in the various
4 reports, 86 reporting, and they would go do the
5 process of intelligence work on it and then we
6 would be able to use that as real intelligence
7 to inform ourselves.

8 Q You go on to say:

9 "BCLC is already doing work here. His
10 people are not SPCs."

11 Who is the "he" that you're referring to there?

12 A I believe that's Mr. Desmarais.

13 Q Okay. And SPCs refers to Special Constables;
14 correct?

15 A Yes.

16 Q And you say:

17 "His people are not SPCs and has no
18 enforcement powers under the act. They
19 have an info sharing agreement with
20 police – more than what our organization
21 has."

22 So stopping there. You'll agree that you were
23 aware of this information-sharing agreement as
24 early as August 2014; correct?

25 A Correct. And I noted in my affidavit that I had

1 just said that I believe I first saw the paper
2 copy of that in 2015, so yes, I acknowledge that
3 having read this the other evening.

4 Q Okay. So paragraphs 105 and 110 of your
5 affidavit, to the extent they suggest you
6 weren't aware of this until mid-2015, those were
7 a mistake; correct?

8 A That's correct.

9 Q Okay. In the wake of the branch review -- Madam
10 Registrar, I don't need that displayed any
11 longer. Thank you.

12 In the wake of the branch review,
13 Mr. Vander Graaf and Mr. Schalk were terminated
14 in December 2014; correct?

15 A Yes.

16 Q Do you know what the reason for the termination
17 was?

18 A I don't know the reasons for the termination. I
19 was aware that they were terminated and on a
20 specific day HR attended their office and walked
21 them out of the office in front of their staff
22 and I was requested by Mr. Mazure on that day to
23 travel immediately over to Vancouver, as I had
24 been appointed the new executive director of
25 compliance to help have a discussion with the

1 staff around the resulting turmoil from that
2 dismissal.

3 Q Mr. Vander Graaf and Mr. Schalk had been quite
4 vocal on the issue of suspicious cash
5 transactions; correct?

6 A Correct.

7 Q Did you believe that their -- or did you
8 understand that their termination had anything
9 to do whatsoever with their position on those
10 suspicious cash transactions?

11 A I don't know that.

12 Q Okay. You were asked by John Mazure to take on
13 the role of executive director of compliance?

14 A Yes.

15 Q And did you have a positive or a negative view
16 about how the investigations division had been
17 run prior to your tenure?

18 A Well, I had a positive view in the sense that I
19 knew many of the people in that organization in
20 that division who were hardworking individuals.
21 They interacted with the registration and
22 certification division on a regular time -- on a
23 regular basis, so I had a very positive view of
24 the group. Yes, like any other organization,
25 there may be differences of opinion from time to

1 time on issues, but I viewed that organization,
2 that division as a professional group.

3 Q In addition to the restructuring, did you take
4 the investigations piece of it in a different
5 direction?

6 A Yes, I did. Because it was restructured as a
7 compliance division, including audits and
8 investigations. I allowed for audits to become
9 more involved in the regular daily work and also
10 at the office in Vancouver where horse racing
11 was located, they did not have a normal access
12 into the investigations area, so I ensured that
13 that occurred. And I began to work with the
14 investigations unit in determining what our next
15 work role would be in terms of addressing money
16 laundering and the manner in which they did
17 their investigations. So yes, we did take a new
18 direction.

19 Q Okay. I understand that one change you made was
20 to introduce bulk filing of Section 86 Reports.
21 Is that right?

22 A That's correct. Bulk filing of some of the
23 reports that were coming in that weren't
24 investigated per se requiring a file to be
25 opened. It was my view that we didn't need to

1 statistically capture that. That was a concern
2 that was identified by Mr. Mazure in terms of
3 conducting a review. I had a review conducted
4 by Mr. Neil Pritchard, who worked with the
5 Ministry of Social Development, and he was
6 assisted by Mr. Dave Airey, a senior leader at
7 the conservation office. They did a review of
8 the file management system, and as a result of
9 that we made some changes.

10 Q Okay. And part of your role in this new job was
11 to implement the third phase of the anti-money
12 laundering plan, and that's the regulatory
13 enforcement and compliance phase; correct?

14 A Correct.

15 Q And at paragraph 31 of your affidavit ...

16 A Yes.

17 Q You say it was made clear to you that GPEB had
18 no authority to investigate offences of money
19 laundering or related *Criminal Code* matters;
20 correct?

21 A That's correct.

22 Q Did you understand that GPEB had authority to
23 interview patrons?

24 A To interview patrons? No. I was of the view
25 that interviewing patrons around the proceeds of

1 crime or money laundering issues was a part of
2 investigation pertaining to the proceeds of
3 crime or money laundering and that was the
4 responsibility of the police.

5 Q Did you understand that you could ask patrons
6 about the source of their funds?

7 A Did I understand that? No. We did not -- we
8 did not do that, and I did not believe that we
9 had the authority to do that in terms of our
10 investigative powers.

11 Q Okay. Did GPEB investigators ever interview
12 patrons about other matters?

13 A Yes, they did. I know that --

14 Q Sorry.

15 A Thank you. I know there were other types of
16 investigations. Money laundering wasn't the
17 sole focus of investigations division. There
18 were other investigations such as cheated play
19 or other types of matters, thefts that had gone
20 on in casinos where the investigator would
21 interview patrons for the purposes of taking --
22 or other witness for the purposes of obtaining
23 evidence to put in the report to Crown counsel.

24 Q Can you help us understand why you understood
25 you could interview patrons about, for example,

1 theft, but not source of funds?

2 A Yes. My understanding was because there was a
3 nexus to gaming offence under the *Gaming Control*
4 *Act*, and therefore they were able to continue on
5 with some of those other matters with the
6 permission of police. So the investigators
7 would -- for example, if they were investigating
8 a matter of the *Gaming Control Act* and something
9 was relevant to the -- from that came something
10 relevant to the *Criminal Code*, they would then
11 seek permission from the police and do those
12 interviews or those investigations for them,
13 submit that report to Crown counsel through the
14 police office for approval.

15 Q Did you understand that GPEB had the authority
16 to impose conditions on the acceptance of cash?

17 A Had the authority?

18 Q Yes.

19 A No, no, I did not believe that we had the
20 authority to put the conditions of cash without
21 a directive from the minister or something of
22 that nature. I know this has been discussed
23 several times through the commission. That was
24 reviewed in terms of -- at various points
25 throughout GPEB under various leaderships.

1 There were discussions about that. When I was
2 in the role I had discussions with the Director
3 of Corporate Registration, Mr. Ron Merchant and
4 Mr. Robin Jomha, about that, and the
5 understanding I had and the direction I provided
6 is in order for us to do that, there would have
7 to be a directive because it was of the view
8 that we would be entering into an area of
9 conduct in management. The operating mind of
10 the gaming industry is BCLC, and in terms of
11 conduct and management, we would have had to
12 sought a directive or some sort of guidance from
13 above. I can only imagine had we gone in and
14 started doing that in terms of providing that
15 without that support that there would have been
16 concern expressed.

17 Q At paragraph 33 of your affidavit you set out
18 that you took steps to ensure that the data that
19 found its way into your annual reports reflected
20 the mandate of GPEB and at paragraph 35 that you
21 sought input from Mr. Alderson and Mr. Sweeney
22 from BCLC on the content of reports; is that
23 right?

24 A That's correct.

25 MS. LATIMER: Okay. And at exhibit H -- Madam

1 Registrar, maybe we could have exhibit H
2 displayed, please. I'm at page 59 of the PDF.

3 Q You attach here a memorandum from Mr. Mazure,
4 which is updating the reporting requirements;
5 correct?

6 A That's correct.

7 Q Did you understand that this update contained
8 material changes to the reporting requirements?

9 A Yes. I believe there were other documents that
10 went along with this after the time in terms of
11 expressing that we wanted to shift the reporting
12 requirements away from matters that were being
13 reported to GPEB that weren't relevant. I think
14 over the years what had become commonplace was
15 the service providers are doing very good work
16 in terms of reporting so a lot of matters were
17 being sent to GPEB in terms of under section 34
18 in particular of the gaming control regulation
19 because of activity, criminal activity occurring
20 at or near a casino that weren't really relevant
21 to gaming. Those matters can include such
22 things as vandalism or other matters doing on,
23 impaired driving in around the casinos. So we
24 provided direction to the service providers. I
25 had conversations with Mr. Sweeney and

1 Mr. Alderson about the fact that we're going to
2 try and make some changes to that, which we did
3 ultimately over time. The reporting became
4 better and was more relevant to what our mandate
5 was.

6 Q Okay. I'm looking, Madam Registrar, at the
7 bottom of this page, and one of the topics that
8 there is a reporting requirement for is money
9 laundering, including suspicious currency
10 transaction or suspicious electronic funds, and
11 if we go to the next page, please, Madam
12 Registrar, another topic that requires reporting
13 is loan sharking. I take it you understood
14 those matters to be -- to have a nexus with
15 GPEB's mandate. Is that correct?

16 A Yes.

17 Q Could you help us again to understand that being
18 so, why you did not understand yourself to have
19 the authority to question patrons about source
20 of funds?

21 A Well, the mandate in terms of the two things
22 that you're asking there, one is about the
23 reporting of money laundering and loan sharking
24 as required by the act. That was for the
25 purposes of us to receive that information to be

1 aware of it. And then to do analysis on that
2 and if necessary work with the police in terms
3 of sharing that information.

4 And in terms of the interviews of patrons, I
5 was again, as I mentioned earlier, of the view
6 and the legal opinions I had that we were not
7 authorized to investigate loan sharking or money
8 laundering, and I viewed that that was a piece
9 of conduct and management, and if we were to go
10 in and interview in terms of money laundering or
11 loan sharking for the purposes of taking action,
12 which would possibly lead to investigations that
13 we required a minister's directive or General
14 Manager's directive about that. That was my
15 view.

16 Q Okay. At paragraph 33 of your affidavit --
17 Madam Registrar, I don't need that displayed any
18 longer. Thank you.

19 I'm at paragraph 33 of your affidavit. You
20 indicate that you took steps to ensure -- sorry,
21 I'm past that. I'm looking now at paragraph 38
22 and 39 of your affidavit. Here you describe a
23 meeting on January 6th, 2015, with Mr. McCrea,
24 Mr. Desmarais and Associate Deputy Minister
25 Wenezenki-Yolland and other staff members;

1 correct?

2 A Correct.

3 Q Would you please describe for the Commissioner
4 what you recall about the presentations made by
5 Mr. McCrea and Mr. Desmarais at that meeting?

6 A I don't have copies of the PowerPoints. I
7 didn't receive those. But I do recall I was
8 very new in the role, and Mr. McCrea had advised
9 me that this meeting was going to happen, and so
10 I attended the meeting. Those presentations
11 were made to Ms. Wenezenki-Yolland and some of
12 our government communications staff who she
13 wanted to have informed about the issue of money
14 laundering and herself. I know that
15 Mr. Desmarais made a presentation. Mr. McCrea
16 made comments, and I was there as an observer
17 because this was a new portfolio to me.

18 Q What did Mr. Desmarais communicate in his
19 presentation?

20 A I don't recall the specifics of the
21 presentation, the actual content of that, but I
22 do know that he was giving an overview of how
23 the money lending system worked, some other
24 terms that I hadn't heard at that time were
25 hawala, which was sort of a new term to me, and

1 it was an education piece in terms of that and
2 the actions that BCLC were taking around money
3 laundering. That's what I recall.

4 Q Did you understand the thrust of it to be that
5 the cash coming into casinos was attributable to
6 hawala?

7 A I attributed it to the cash coming in casinos
8 for certain patrons was attributable to a money
9 laundering culture. I do recall that
10 Ms. Wenezenki-Yolland made some comment about if
11 the underground banking system was what was
12 being explained to her that there was some words
13 about it being contrary to the *Bank Act* or
14 something, and she would need more information
15 than that if she was going to present that type
16 of opinion or -- to the minister. That's what I
17 recollect.

18 Q Okay. I'm looking at paragraph 67 of your
19 affidavit.

20 A Yes.

21 Q And you say there that your staff advised you
22 that they would like the division to continue to
23 respond to what they believe to be money
24 laundering and proceeds of crime that was
25 occurring. Is that correct?

1 A That's correct.

2 Q What was your reaction to that feedback from
3 your staff?

4 A Well, as I had been aware of the issue from
5 Mr. Vander Graaf and the cross-divisional
6 working group, I think there was a concern of
7 the staff that the momentum they had had around
8 that with new leadership may not take the matter
9 seriously or may not keep the momentum going, so
10 there was requests of those individuals. In
11 particular I remember Mr. Ackles asking me in
12 the hallway when I visited the office in
13 Vancouver about, you know, what action are you
14 going to take around money laundering, and my
15 response was well, we'll work together on this.
16 And I did rely upon those people who had
17 continuity with Mr. Vander Graaf, being
18 Mr. Dickson, Mr. Ackles, Mr. Barber to provide
19 me information.

20 Q You understood that the investigations team had
21 been sharing reports with law enforcement prior
22 to your arrival in this new role; correct?

23 A Correct.

24 Q And did you understand that they stopped doing
25 so in or around December 2014?

1 A No, I don't recall that.

2 MS. LATIMER: Madam Registrar, can I have GPEB4125,
3 please, placed before the witness.

4 Q Sir, do you recognize this as an email from
5 Derek Dickson to you dated May 21, 2015?

6 A Yes.

7 Q And Mr. Dickson sets out in this email, he says:

8 "Hi Len. In the past we shared everything
9 with IPOC and some AML reports, plus
10 operational reports with CISBC. We
11 stopped doing this as a routine in
12 December for a number of reasons,
13 including the time it took to share the
14 files in particular when nothing was being
15 done with the information."

16 Does that refresh your memory as to whether that
17 practice had continued after December?

18 A Just if I can have a moment, please.

19 Q Yes.

20 A Is it possible to see the bottom portion of the
21 email as well, please. Okay. Back to the top.
22 Okay. Yes, I'm now reading the email. I'm
23 familiar with it.

24 Q Does it refresh your recollection, though, about
25 the fact that that practice had stopped at that

1 time?

2 A Yes. It says on the last statement before

3 "thanks, Derek":

4 "I'm still supportive of sharing this info

5 with police agencies, but not operational

6 files."

7 So I'm not certain, you know, after several

8 years about what he's still supportive of

9 sharing in the context of this email.

10 Q Was it of concern to you that those files were

11 no longer being shared with law enforcement

12 given that GPEB was not investigating them?

13 A Yes, it would have been a concern to me.

14 Q Did you take steps to correct that?

15 A Well, I know that when I took over the role as

16 executive director, our focus became sharing and

17 working with the police and sharing all the

18 information we could. So I would say yes, I

19 took steps to correct that.

20 Q Okay. You were one of the people involved in

21 planning an anti-money laundering workshop

22 Exploring Common Ground, Building Solutions,

23 that was co-hosted with GPEB and BCLC; correct?

24 A That's correct.

25 MS. LATIMER: Madam Registrar, can I have, please,

1 GPEB4128 displayed.

2 Q And, sir, do you recognize this as an email from
3 Cal Chrustie to Derek Dickson and you dated
4 May 22, 2015, with a subject "AML June 4
5 workshop - Backgrounder - final draft"?

6 A I recognize the email now. I haven't seen it
7 till now in my recollection, but I do recognize
8 it, yes.

9 MS. LATIMER: Can we go to the second page, please,
10 of this document, Madam Registrar. I'm looking
11 at the bottom of that page. There's an email
12 from you to Officer Chrustie, and you say you're
13 providing some background and what the meeting
14 is about and where you are at with the
15 initiative; correct?

16 A M'mm-hmm.

17 Q And if you go to the first page, please. There
18 is an email from Mr. Dickson which sets out a
19 few time frames and it shows the number of
20 reports -- number of reports received and the
21 \$20 denominations received and the total dollar
22 amounts; correct?

23 A Correct.

24 Q And this was information you were providing to
25 Officer Chrustie. Were you providing that in

1 preparation for the Exploring Common Ground,
2 Building Solutions workshop?

3 A Yes. I -- well, Mr. Dickson was providing that
4 to him in that format for information that
5 Mr. Chrustie was aware of some of the numbers we
6 were seeing around \$20 bills.

7 MS. LATIMER: Okay. I'd ask that that be marked as
8 the next exhibit, please.

9 THE COMMISSIONER: Very well. That will be the next
10 exhibit.

11 THE REGISTRAR: Exhibit 589, Mr. Commissioner.

12 **EXHIBIT 589: Email from Derek Dickson to Len**
13 **Meilleur re AML - May 21, 2015**

14 MR. SMART: Sorry, Ms. Latimer. Just the last
15 exhibit that my friend showed the witness, the
16 GPEB4125, that wasn't marked as an exhibit. I
17 don't know if my friend wishes to. BCLC would
18 like to have it marked if my friend doesn't.

19 MS. LATIMER: I would like it marked, yes, please.

20 MR. SMART: Thank you.

21 THE REGISTRAR: So, Mr. Commissioner, do you want to
22 make this document 4125 as exhibit 589 and the
23 next one 590, GPEB4128?

24 THE COMMISSIONER: Yes.

25 THE REGISTRAR: Thank you.

1 THE COMMISSIONER: That makes sense. Thank you.

2 **EXHIBIT 590: Email from Cal Chrustie re AML**
3 **June 4 Workshop - Backgrounder - final draft -**
4 **May 22, 2015**

5 MS. LATIMER:

6 Q The workshop was held in early June 2015;
7 correct?

8 A Yes.

9 MS. LATIMER: Madam Registrar, I don't need that
10 document displayed any longer.

11 Q And the workshop participants included law
12 enforcement agencies, gaming service providers,
13 private sector and financial institutions;
14 correct?

15 A That's correct.

16 MS. LATIMER: And if we could, Madam Registrar, I'm
17 going to exhibit FF of Mr. Meilleur's affidavit.

18 Q And this is a June 6th, 2015 email from Cal
19 Chrustie to you and others in response to this
20 workshop; correct?

21 A That's correct. At the bottom of the email I
22 had reached out to the participants to thank
23 them for their attendance and their
24 contribution, and Mr. Chrustie responded.

25 Q Okay. And in the second paragraph Officer

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Chrustie states:

"As noted, it's a complex issue we acknowledge, but as stated yesterday, while the flight of capital issue is a key consideration, I think most stakeholders have an awareness there are, as I said in the group and have shared in other discussions: 1) Strong indicators of money laundering activities are present. 2) There appears to be a gap in structure/processes in the system that requires enhancement to identify the 'source of funds.' Ascertaining the same will pose challenges we didn't have time the explore. 3) The large cash transactions continue to be concerning and I see that's where casinos are very vulnerable currently. I'm not sure everyone in the room understood that yesterday. 4) Lastly, the financial elite, as discussed by your guest speaker, have close ties to organized crime. We also know the cartels are close to Chinese networks.

I didn't wish to amplify or minimize

1 the issues in a forum yesterday that was
2 your meeting ..."

3 Stopping there. Did we understand correctly
4 that Officer Chrustie is in this email repeating
5 comments that he made at the joint BCLC/GPEB AML
6 workshop?

7 A I think these are comments that he's making
8 subsequent to the workshop that, you know, he
9 didn't share those at the time.

10 Q Okay. So when he says at the top "as stated
11 yesterday" you don't understand him to be
12 repeating comments that he made at the workshop?

13 A Well, the comments may have captured or some of
14 that of that might even have been captured in
15 the forums. There were different tables or
16 forums the facilitators had organized and he may
17 have made some of those comments in those
18 various forums, but I don't remember
19 specifically these comments being expressed.
20 That's not to say they didn't. I just don't
21 recollect them being expressed at that time.

22 Q Okay. And Officer Chrustie identifies source of
23 funds as a gap. Why not implement that at this
24 point in time?

25 A Why not implement source of funds?

- 1 Q M'mm-hmm, a source of funds requirement.
- 2 A Yes. Well, again, I believe that in terms of
3 the source of funds, that would have required a
4 directive from the minister or from the General
5 Manager in terms of doing that. And I do know
6 at a later time subsequent to this and the
7 information being shared with the General
8 Manager John Mazure, and he took action in
9 writing letters requesting that source of funds
10 be implemented at the time of transaction.
- 11 Q Did you share Officer Chrustie's comments with
12 Mr. Mazure or others higher up in government?
- 13 A I don't recall.
- 14 Q Okay. Officer Chrustie identifies that not
15 everyone seemed to understand that large cash
16 transactions were an area where casinos were
17 very vulnerable. Did you share that view that
18 not everyone seemed to understand this point?
- 19 A I would share that view, yes.
- 20 Q Who didn't understand that point at this point
21 in time?
- 22 A I don't know who he's indicating that didn't
23 understand it.
- 24 Q Who did you understand didn't understand it at
25 this point?

1 MR. DELBIGIO: Well, Mr. Commissioner, the question
2 is a perplexing one. First of all, this
3 witness -- Ms. Latimer asked this witness to
4 interpret words written by somebody else, and I
5 might inquire; I don't know if Mr. Chrustie is
6 going to be called as a witness. Is he going to
7 be called as a witness?

8 MS. LATIMER: Mr. Commissioner, I don't have a full
9 command of the witness list for other sectors of
10 the hearing, but my question to this witness was
11 whether he shared that view and he indicated he
12 did, and I'm asking who he thought didn't
13 understand the point is my question.

14 MR. DELBIGIO: Well, it's very uncertain how this
15 witness could know who did not understand, and
16 unless the person said to this witness "I don't
17 understand." Otherwise for this witness to be
18 asked who did not understand takes this
19 commission into what I submit is a far field of
20 guess work.

21 THE COMMISSIONER: Well, the witness was at the
22 meeting. The witness would have listened to
23 what was said in response to comments made, and
24 the witness might very well have gathered from
25 that the level of understanding of others at the

1 meeting. It seems to me this is a legitimate
2 area for exploration, Mr. DelBigio, and possibly
3 subject to cross-examination. But if the
4 witness had a view that some people didn't
5 understand one of the aspects of what was being
6 talked about, I think commission counsel's
7 entitled to explore that with him.

8 MR. DELBIGIO: Thank you.

9 MS. LATIMER:

10 Q Would you like me to repeat the question,
11 Mr. Meilleur?

12 A Yes, please, Ms. Latimer.

13 Q I was asking -- I understood your evidence to be
14 that you took the view that not everyone
15 understood that large cash transactions continue
16 to be an area where casinos were very
17 vulnerable. And my question was who did not
18 understand that vulnerability at this point in
19 time?

20 A Well, I would -- from the presentations that
21 were made, there was a presenter there that
22 spoke about the Chinese money lending culture
23 that projected a different lens in terms of how
24 money may enter casinos. I recollect at that
25 time there was a difference of opinion with BCLC

1 and GPEB in terms of how money was entering
2 casinos in terms of unsourced cash from people
3 providing unsourced cash from outside casinos.
4 That was a difference of opinion. So in terms
5 of those comments I would say that
6 Mr. Chrustie's comment about still being
7 concerning and being vulnerable are accurate and
8 that not everybody in the room was in agreement
9 or understood that from the meeting.

10 Q You referred to a presentation that was made.
11 Do you recall who made that presentation?

12 A It's on the list of the agenda list. I'm just
13 trying to ...

14 MS. LATIMER: I believe that's at the previous
15 exhibit at exhibit EE, Madam Registrar. 370.

16 THE WITNESS: Yes, that was a presentation "Journey
17 to the West (the Asian Perspective)" made by
18 Mr. Manthorpe, who was a guest brought there by
19 BCLC.

20 MS. LATIMER:

21 Q Okay.

22 A But agreed to by myself, of course, with Ross,
23 because we were close sponsors of this
24 presentation list workshop.

25 Q Okay. What steps did you take after receipt of

1 this email to ensure that everyone who had been
2 in the room did understand this vulnerability?

3 A The steps I took after that were we should have
4 took the document, had a facilitator who
5 organized the meeting prepare notes and we
6 provided that information to Mr. Mazure, and in
7 turn it was sent up to the minister's level
8 about what was determined in terms of solutions,
9 potential solutions or actions that needed to be
10 taken from that workshop.

11 Q Okay. Could we turn to exhibit GG of the
12 affidavit, please, which is at PDF 377. This is
13 a confidential record outlining meeting
14 highlights from the this workshop that you
15 submitted to Mr. Mazure; correct?

16 A Yes. Myself and Lisa Burke had compiled this
17 document.

18 Q Okay. Was Mr. Mazure in attendance at the
19 workshop?

20 A No, he wasn't.

21 Q Okay. I want to address the fifth bullet on
22 this page, which is second from the bottom. And
23 it says:

24 "The intent of the meeting was to ensure
25 effective practices are in place to combat

1 the perception that casinos are vulnerable
2 to large-scale money laundering and
3 related criminal activities."

4 Is that an accurate reflection of your efforts
5 at this time to address the perception that
6 casinos are vulnerable to money laundering?

7 A It may have been accurate at that time,
8 Ms. Latimer, because I was so new in the role,
9 and I was not involved at that time with police
10 investigations or with other information that
11 came to me subsequently, so it may have been a
12 view at that particular point in time.

13 Q Okay. But you were aware at this time that law
14 enforcement understood there were strong
15 indicators of money laundering present in
16 casinos; correct?

17 A I was aware that there was concerns expressed by
18 the police, yes.

19 Q Shouldn't your efforts have been addressed to
20 addressing the risk of money laundering as
21 opposed to the perception of it?

22 A Well, in the second sentence it says in addition
23 to that, GPEB and BCLC are continuing to work to
24 develop strategies and new measures to
25 strengthen the prevention of money laundering in

1 gaming facilities.

2 Q Right. On the next page, please, Madam
3 Registrar, there are ideas for further
4 discussions set out, including enhanced customer
5 due diligence, including source of wealth and
6 source of funds; correct?

7 A Yes.

8 Q And if you look at the next page, another area
9 is noncash alternatives; right?

10 A Correct.

11 Q And then near the bottom of the page it says --
12 the last sort of -- the last white bullet says:

13 "Develop a public education and
14 information strategy that would counter
15 negative perception about the increasing
16 numbers of SCTs reported."

17 Why was that an area of attention, attempting to
18 counter the negative perception about these
19 increasing numbers?

20 A Well, back at that time there was media reports
21 about that, and I would say that this -- these
22 points -- and I want to stress that these points
23 were carried over from the discussions of the
24 various groups of all stakeholders and presented
25 as the results of those tabletop discussions, so

1 developing public education around the
2 counter-negative was to ensure that there was an
3 understanding that not all money entering into
4 the casino was from illicit means or from money
5 lenders or loan sharks. So this was an
6 opportunity for transparency in terms of that,
7 and that was one of the things that the group
8 had recommended in terms of an action to be
9 taken.

10 Q Was it your view at this time that the negative
11 perception about the increasing numbers of
12 suspicious cash transactions was misplaced or
13 faulty?

14 A Was it my view?

15 Q Yes.

16 A No, no, it wasn't my view. It may have been the
17 view of people in that group, and this is the
18 representation, as I said, of the various people
19 in the working groups in terms of those things
20 being presented as options. But I was not of
21 the view that there would be a negative point
22 with that because I was of the view that if
23 there was illicit cash entering the casinos,
24 regardless of the dollar amounts, that we needed
25 to take action with the police to prevent that.

1 I wasn't worried about negative publicity in
2 terms of what that might result in.

3 Q I'm at paragraph 81 of your affidavit. Madam
4 Registrar, I don't need that displayed any
5 longer.

6 You describe that on July 22nd, 2014,
7 Mr. Alderson phoned you and during that
8 conversation he advised that there were
9 suspected organized crime links to cash
10 drop-offs at casinos; correct?

11 A Yes.

12 Q And you requested a Section 86 Report outlining
13 BCLC's complaint to the police; correct?

14 A Yes.

15 Q And you called Officer Chrustie as well in
16 response to that information from Mr. Alderson?

17 A I did.

18 Q What did Officer Chrustie tell you at the time?

19 A Officer Chrustie told me that we had a concern
20 in terms of the casinos, that they had started
21 working a group of individuals based on a
22 complaint that BCLC had made to them, and the
23 results are the individual that they were
24 working, he referred to as BCLC had given us an
25 individual who was a minnow who turned into a

1 whale in terms of the results of their
2 investigation, saying that the person they were
3 working had more involvement than they had
4 initially learned. He also told me that he was
5 concerned about the confidentiality of this
6 investigation and that if I could work to ensure
7 that it didn't get out of control in terms of
8 government, and I assured him I would need to
9 brief up in government, but I would not provide
10 any specifics about the investigation.

11 So I then notified my ADM of the phone call
12 because this had been the first time that I
13 recollect that the police were actively working
14 someone in casinos for an absence of several
15 years since IIGET had been disbanded.

16 Q Did he tell you anything about the nature of the
17 criminality that was being investigated?

18 A I recollect words about money service business
19 and the fact that some of the moneys in that
20 particular location may be entering the casinos.
21 That's what I remember.

22 Q Okay. Did he name any specific individuals
23 engaged in unlawful activity?

24 A I don't know if he did at that time, but I did
25 become later on to become aware of a name that

1 was being investigated.

2 Q And who was that?

3 A That was Mr. Paul Jin.

4 Q You indicate that you briefed Mr. Mazure as a
5 result of that call; is that right?

6 A Yes.

7 Q What was his reaction to that information?

8 A Well, Mr. Mazure was concerned about that. Both
9 of us were pleased to know that the police were
10 taking some action because I know BCLC had been
11 for some time as well trying to get police to
12 take action. So there was some sort of
13 satisfaction that that was finally occurring
14 that a police investigation would occur in the
15 sense of proceeds of crime or money laundering
16 to determine what is going on and that would
17 provide us some information. So -- but he was
18 concerned in terms of the fact that the
19 investigation was going on and that were the
20 controls that had been put in place working, if
21 the investigation was now being launched with
22 the police investigation now being launched.

23 Q In your affidavit at paragraph 84 you depose
24 that Mr. Mazure briefed the Associate Deputy
25 Minister, Ms. Wenezenki-Yolland. I understand

1 that her recollection of events may be
2 different, and so I'm asking you whether it's
3 possible that you briefed her about the
4 investigation during the same briefing in which
5 you shared the 2015 spreadsheet following her
6 return from vacation.

7 A My recollection was that I advised Mr. Mazure
8 and then he notified Ms. Wenezenki-Yolland.
9 That was my recollection. And then I was led to
10 believe from discussions with Mr. Mazure that
11 the minister was notified. That's my
12 recollection.

13 Q Okay. Did you and Mr. Alderson discuss the
14 information you had each received from law
15 enforcement in more detail together?

16 A No. But Ross did provide more information in
17 the Section 86 Report that gave me more
18 information. He was very cooperative in
19 providing that right away.

20 Q Yes. And you've attached that Section 86 Report
21 as exhibit II to your affidavit, and I don't
22 need to turn it up, but I take it you reviewed
23 that report carefully when you received it.

24 A I did.

25 Q And you relied on the information set out in

1 that report; is that right?

2 A Yes, I did.

3 Q Okay. Did you alert the service providers to
4 the information you had obtained from law
5 enforcement and through the Section 86 reports?

6 A No. That wouldn't be my place to notify the
7 service providers. It's a police investigation,
8 and as Mr. Chrustie had requested, there was
9 concern about information being controlled and
10 not shared outside the police purview. So that
11 would not have been within my purview to do so.

12 Q Okay. I'm at paragraph 43 of your affidavit.

13 A Paragraph -- sorry?

14 Q 43.

15 A Okay.

16 Q You there describe how just a few days later you
17 received a concept paper entitled "Cash in
18 Gaming Facilities" that was compiled after the
19 Exploring Common Ground meeting; is that
20 correct?

21 A Correct.

22 Q And you reviewed that document and used it to
23 brief Mr. Mazure; correct?

24 A Correct.

25 MS. LATIMER: If we could turn to exhibit K, please,

1 Madam Registrar. And it's at PDF page 81.

2 Q Under the heading "Summary," this document
3 indicates that the government has a robust
4 regime in place related to proceeds of crime,
5 money laundering for BC gaming facilities. Was
6 that your view at the time?

7 A Yes, it would have been my view at that time.

8 Q Okay. It goes on to indicate that the number of
9 STRs made have been increasing and this has
10 sparked media attention and interest from
11 government's opposition with reports suggesting
12 that this is evidence that criminal activity is
13 occurring in BC gaming facilities; correct?

14 A Yes.

15 Q And given the information you had recently
16 received about the active police investigation,
17 was it your view that the strategies advanced in
18 this document remained the best options for
19 addressing the risk of money laundering in
20 casinos?

21 A No. As I mentioned, this was pre the
22 investigation starting, and I was new in the
23 role, and this was a shared workshop. And we
24 adopted some of those things from the knowledge
25 that we had or I had at the time. But after the

1 police investigation started and we learned to
2 uncover some of the information in working with
3 the police, this strategy in terms of what was
4 in here may not have been applicable.

5 Q Okay. Because this document, if you look at the
6 bottom of the page, is dated July 27th, 2015, so
7 I take it you received this document just
8 shortly after learning about the police
9 investigation.

10 A Yes. There were several versions of this
11 document. It took some time for it to be
12 completed. But the workshop occurred on the 4th
13 of June.

14 Q Yes. But when you say you used this document to
15 brief Mr. Mazure, are you suggesting that that
16 briefing occurred prior to the date of this
17 document?

18 A I don't know. I don't know that, Ms. Latimer.

19 Q Okay. On July 27th -- Madam Registrar, I don't
20 need that document displayed any longer.

21 On July 27th, 2015, you participated in a
22 conference call with Jim Lightbody, Brad
23 Desmarais, Ross Alderson, John Mazure, Michele
24 Jaggi-Smith and Officers Bourrie, Rideout and
25 Hiller; is that right?

1 A What paragraph is that, please?

2 Q If you want to see a reference to it, you can
3 turn to exhibit KK of your affidavit.

4 A Okay. Thank you.

5 MS. LATIMER: Madam Registrar, I'm at page 415 of the
6 PDF.

7 Q And, Mr. Meilleur, if you see there's like a
8 bolded heading "BCLC" and just above that
9 heading it makes reference to "in July 27th a
10 conference call was conducted involving," and it
11 lists these people. Do you see that?

12 A That's correct, yes. I see that.

13 Q Okay. And what was the topic of that conference
14 call? Do you recall?

15 A That was just after the notification to GPEB by
16 Mr. Alderson. There was a request made of the
17 police to have a meeting, a conference call with
18 us so that both GPEB and BCLC could discuss with
19 the police ways of supporting them in whatever
20 information or support they may need.

21 Q Okay. And under the list of names, the next
22 paragraph reads:

23 "As a result of the recent information,
24 BCLC AML and Investigations units
25 completed an operational plan to interview

1 patrons known to have confirmed cash
2 drop-offs involving Jin, or a known
3 associate of Jin, primarily at RRCR."

4 And I take it that's River Rock. Correct?

5 A Correct.

6 Q And it says:

7 "Police were advised."

8 So you understood that BCLC investigators were
9 going to be interviewing patrons about these
10 cash drop-offs; correct?

11 A I don't know at that time if they were. I don't
12 recollect being advised that they were going to
13 do that, that BCLC was going to do that.

14 Q Okay. You didn't offer to do that for GPEB
15 investigators, to do that at that time, did you?

16 A No.

17 Q Did you understand that law enforcement was
18 providing information to BCLC linking casino
19 patrons to cash believed to be proceeds of
20 crime?

21 A I think I came to learn that in reading
22 documents for this [indiscernible], yes.

23 Q Okay. But you didn't understand that at this
24 point in time?

25 A No.

1 Q Okay. Did you understand that -- you didn't
2 have any -- or did you have any knowledge that
3 BCLC was interviewing these patrons as to the
4 source of their funds?

5 A I know eventually after the investigation
6 started that BCLC began interviewing patrons
7 about source of funds, yes.

8 Q Okay. I'm back at paragraph 86 of your
9 affidavit. And here you say that August 2015
10 you met with Rob Barber and Ken Ackles in
11 respect of a spreadsheet they had compiled
12 regarding transactions at River Rock Casino for
13 July 2015; correct?

14 A Correct.

15 Q And at paragraph 87 you say this is the first
16 time you had seen this level of detail. What
17 level of detail are you referring to there?

18 A What I'm referring to is the various descriptors
19 they put under the various categories and
20 headings, the amount of dollars bills, the 20s,
21 and the actual description of what was going on
22 in terms of vehicles arriving at the casinos,
23 bags, names. That type of activity had never
24 been presented in that format to anyone in the
25 cross-divisional working group. And since I was

1 new in this role, I was just at a CISBC, which
2 is the Criminal Intelligence Service of BC
3 meeting. Mr. Ackles and Barber took the
4 opportunity to say hey, you need to look at
5 this; there's a concern about the amount of 20s
6 increasing. They gave that to me. I had a
7 review of it and as a result of having that
8 review I became very concerned. It wasn't that
9 this wasn't information that was available to
10 people in GPEB in terms of service provider
11 reports; it's just no one had ever taken the
12 time to compile it in a spreadsheet like that
13 and present it to someone in leadership role.
14 And as a result of that, I took some steps.

15 Q Okay. At paragraph 89 you say that it was after
16 seeing this spreadsheet you believed that some
17 of these funds were most likely the proceeds of
18 crime. Did you -- do you mean to suggest that
19 you did not hold that belief prior to August
20 2015?

21 A No. This is based on I believed that some of
22 these from what I was viewing on that document
23 were the proceeds of crime. And in terms of the
24 actions that were happening in terms of the
25 types of deliveries, the way the cash was being

1 transported and obtained, that was a concern for
2 me that there was likely the proceeds of crime
3 from unsourced -- unsourced cash being delivered
4 by individuals outside the casino, and that was
5 problematic.

6 MS. LATIMER: Okay. Madam Registrar, can I have GPEB
7 document 773 placed before the witness, please.

8 Sir, do you recognize this as a GPEB AML
9 timeline of significant events and GPEB
10 activities prepared by the compliance division?
11 And if you look in the bottom corner on the
12 right, it's dated September -- Madam Registrar,
13 could you scroll -- on yeah, on the left, sorry,
14 it's dated September 11th, 2015. Do you
15 recognize this document?

16 A Yes, correct. I recognize this document. It
17 was prepared by compliance division under the
18 leadership of Ms. Anna Fitzgerald, who was my
19 senior director.

20 Q And this sets out what it describes, basically
21 the significant reports and activities that GPEB
22 had undertaken since 2009 and prior to the
23 present day addressing anti-money laundering;
24 correct?

25 A Yes. Based on their interpretation, yes.

1 Q Okay. And if we go to the second page, please.
2 This document shows the value of suspicious
3 currency transactions by denomination or more
4 precisely it shows the breakdown of those that
5 were conducted in \$20 bills, which is shown in
6 the green, versus all others denominations,
7 which is shown in blue; is that correct?

8 A Yes.

9 Q Okay. What was the purpose of this document?

10 A Well, the purpose of the document was to show
11 the increase in the amount of suspicious
12 currency transactions, particularly the 20s,
13 around the area of 2014/15. It was a slide that
14 I know that was used later on by various
15 leadership in government in terms of portraying
16 what was going on, and that was the purpose of
17 it, was to show the non-20s in the blue and the
18 20s in the green and that there was an increase
19 of those amounts up until 2014 and '15.

20 Q Who was the intended audience of the document?

21 A At this time I would say the intended audience
22 of this document would have been Mr. Mazure,
23 Ms. Wenezenki-Yolland and ultimately I know this
24 document made its way to briefings to Minister
25 de Jong.

1 MS. LATIMER: I ask that this document be marked as
2 the next exhibit, please.

3 THE COMMISSIONER: Very well. That will be the next
4 exhibit.

5 THE REGISTRAR: 591, Mr. Commissioner.

6 **EXHIBIT 591: GPEB AML Timeline - Significant**
7 **Events and GPEB Activities**

8 MS. LATIMER:

9 Q You indicate that you briefed Associate Deputy
10 Minister Wenezenki-Yolland about the
11 spreadsheet; is that right?

12 A I did. Now that I was armed with this
13 information, I had a decision to make, and that
14 was to brief up.

15 Q Okay. Mr. Mazure was away at the time, and
16 that's why you were reporting to her; is that
17 correct?

18 A Yes, I was acting for Mr. Mazure.

19 Q Okay. What was her reaction to this
20 information?

21 A Well, my word but I believe she was very
22 concerned, shocked about it. She took the time
23 to review it and I believe there was a weekend
24 in between. I'm not certain, but on the next
25 business day she called me and made comments

1 that she was concerned about what she had read,
2 she had, like myself, lost a little bit of sleep
3 about the content, and that she wanted to know
4 after what actions we would take or recommend in
5 terms of addressing this, what steps needed to
6 be taken. But she was very interested, very
7 concerned.

8 Q Okay. At paragraph 92 you say that:

9 "It was a short time later through ADM
10 Mazure who had returned from holiday that
11 she asked him to provide some options
12 which led to the review by an audit firm,
13 MNP, our intelligence unit being
14 established, and the ultimate
15 establishment of the Joint Illegal Gaming
16 Investigation Team."

17 And I'm going to suggest to you that the work on
18 assembling those options did not await
19 Mr. Mazure's return from vacation but rather the
20 Associate Deputy Minister called him while he
21 was away to get the green light to get you
22 working on these options right away. Is that
23 true?

24 A Yes. I would agree with that.

25 Q Okay. At paragraph 94 you indicate that you met

1 with Mr. Sweeney and Mr. Alderson and advised
2 that GPEB had done an analysis of STRs. Are you
3 referring there to the spreadsheet?

4 A Yes, I'm talking about the fact that we didn't
5 provide them with the copy of that, but I'm
6 talking about spreadsheet analysis, the
7 information that had been obtained in there.

8 Q Okay. You did not provide a copy of that to BC
9 lotto corporation?

10 A No, I do not recollect providing them a copy.

11 Q Why not?

12 A Well, the information had come from the service
13 providers and BCLC would have had that
14 information, but in terms of that spreadsheet, I
15 don't have an answer for you in terms of why it
16 wasn't provided. I don't have that answer.

17 Q Given the impact that the spreadsheet seemed to
18 have on you and on the Associate Deputy
19 Minister, don't you think it would have been
20 helpful to give the BC lotto corporation that
21 same information to assess whether the
22 suspicious cash transactions were cause for
23 serious concern?

24 A Well, in retrospect, maybe giving them a copy,
25 but they were made aware of the concern that a

1 review had been done, was being done, and also
2 shortly after they were made aware of the fact
3 that GPEB was going to engage an audit firm to
4 do a review because of the findings on that
5 analysis, that spreadsheet.

6 Q Okay. Could you turn to exhibit MM of your
7 affidavit, please.

8 Madam Registrar PDF page 427.

9 And this is an email from you to Associate
10 Deputy Minister Wenezenki-Yolland. It's dated
11 August 28th, 2015; correct?

12 A That's correct.

13 Q And you're outlining the followup steps that
14 you're planning; correct?

15 A Yes.

16 Q And the first one is that you're searching out
17 the current status of the draft ministerial
18 directive and briefing note, however that
19 briefing note will now morph to a strategy
20 document; right?

21 A Yes.

22 Q What's the significance of that morphing?

23 A I read this just the other evening, and I don't
24 know if there was input provided to us to morph
25 that over, but the briefing note in terms of

1 strategy was a document I only believe from
2 reading this was already in the works of being
3 prepared by Mr. Mazure and his policy staff.

4 Q Okay.

5 A I don't have the answer as to why it would now
6 morph into a strategy document.

7 MS. LATIMER: Okay. Madam Registrar, could we go,
8 please, to page 437 of the PDF.

9 Do you see this, Mr. Mazure [sic]? It's a
10 document, it's attached at the same exhibit and
11 it's got the heading "AML issues." Do you see
12 that?

13 A Yes, I do.

14 Q These appear to be in the nature of personal
15 notes. Is that fair? Are these your personal
16 notes?

17 A If I could just take a second to look at this,
18 please.

19 Q Yes.

20 A Yes, these could be my notes.

21 Q Okay. The first thing in the -- and I take it
22 you did not send these notes to associate deputy
23 Wenezenki-Yolland, did you?

24 A I don't recall.

25 Q Okay. At the top of this document before the

1 numbered paragraphs, the first thing it
2 indicates is that there is no briefing note as
3 this is an ongoing police investigation. Can
4 you explain why the existence of a police
5 investigation means there will be no briefing
6 note?

7 A Well, I would -- these notes they have outlined
8 some of the actions that were to be taken and
9 may have been talking points that I used. No
10 briefing note would have been prepared in terms
11 of the investigation to ensure the sanctity of
12 the investigation or that no information
13 relating to an ongoing police investigation was
14 being disclosed. So that's what that would
15 mean.

16 Q Disclosed to who?

17 A Disclosed to government in the senior leadership
18 positions. Mr. Chrustie had asked me to ensure
19 that this investigation remained under control
20 in terms of information being shared, and that
21 was my responsibility. So none of the content
22 about investigation action, strategy, names,
23 would be put in any briefing note document to
24 government at that time.

25 Q Okay. What follows is a bit of a chronology

1 starting in February 2015 when BCLC lodged a
2 complaint with the RCMP; is that fair?

3 A Yes, that's fair.

4 Q And number 5 in this chronology relates to you,
5 and it describes the July 22nd telephone call we
6 already discussed with Mr. Alderson; correct?

7 A Correct.

8 Q And in the third line it says that the RCMP
9 inspector confirmed surveillance was being used
10 "and serious money issues at casinos related to
11 ORG crimes."

12 A couple lines later than that it says:

13 "They've always had a concern about the
14 amount of 20s being filed in SCTs but
15 never the capacity to work the file."

16 Did you understand that up until the point law
17 enforcement had not been working the file?

18 A What I understood is that Cal Chrustie's team in
19 the FSOC, Federal Serious Organized Crime unit,
20 did not have the capacity to work a file.

21 Q Okay. It talks about staffing of the
22 investigation and the volume of money, and then
23 it says:

24 "GPEB compliance and BCLC need to get out
25 in front of this. Consider FOI impact or

1 media."

2 Can you explain why freedom of information and
3 media were concerns at this time?

4 A Well, my concern would be that if there was --
5 and I know Mr. Alderson in his documents was
6 concerned about any leak to media on this type
7 of investigations, that we needed to and we were
8 constantly in terms of once any leaks occurred
9 or media impact being FOI for information, my
10 view on this was we needed to get out in front
11 of this and make sure that there were no leaks
12 and work together with BCLC and make sure that
13 that didn't happen. Ross and I had concerns
14 around that. As I said, he noted it in one of
15 his documents. So that was the concern that if
16 something did leak out, then the FOI impact in
17 terms of that and what it might impact in terms
18 of the investigation.

19 Q Were you -- was any part of your concern to do
20 with reputational damage to the casino industry
21 for having this occur?

22 A Well, I was concerned about GPEB in terms of
23 reputation. If something went out and the
24 questions would be what did you or did you not
25 do around the issue, yes, I was concerned about

1 directive or other guidelines to enforce, that
2 there could be some concern around fallout from
3 this particular issue.

4 Q Okay. Three lines further down it says:

5 "RCMP does not want to enter into the
6 politics of the GPEB/BCLC issue but as of
7 this point in time no one can say they
8 didn't know."

9 What are you getting at there?

10 A Well, I know when this investigation started
11 that the RCMP was concerned about the demands.
12 They were now back into investigating some
13 gaming issues with many entities in terms of
14 being their own internal people, but BCLC and
15 GPEB, and there were many demands coming both
16 ways from GPEB and BCLC to the RCMP, and the
17 RCMP had informed me that we needed to manage
18 our end and not draw them into any politics of
19 government or any issues between GPEB and BCLC
20 around this investigation. And when they say
21 that no one could say they didn't know, that was
22 in reference to the fact that well, we're doing
23 an investigation; we have lots of resources on
24 this, so people should be aware that there's a
25 concern in the casinos about suspicious cash.

1 Q But is it fair to say that the one stakeholder
2 who didn't know at this time was potentially the
3 service providers?

4 A That could be fair to say, yes.

5 Q Because they hadn't been told about the
6 investigation; correct?

7 A Correct. And as I stated, that would be the
8 RCMP purview to decide if they were going to
9 want to inform the BCLC -- or, sorry, the
10 service providers of an investigation.

11 Q Okay. Number 6 highlights a need to move
12 quickly on credit. Why was that of concern at
13 this point in time?

14 A Well, I know it was an option that BCLC had been
15 asking for. Mr. Kroeker and I had had
16 conversations about that at our meetings about
17 the fact that they had wanted credit as an
18 option to move away from cash in casinos. That
19 was something that was being addressed by our
20 policy section in terms of that, and I talk
21 about that in my affidavit as to credit. And I
22 don't believe credit was approved upon my
23 leaving the organization, but those were matters
24 that were being dealt with. The cash
25 alternatives and the credit piece through our

1 policy section. But I believe credit was --
2 credit was something that the BCLC people were
3 asking for in terms of an option, but I know
4 there was a response from the branch which
5 included dialogue they had had with the chief
6 financial officer of the Ministry of Finance,
7 Mr. Steven Klak, about the possibility of
8 credit. And there was some concerns that had to
9 be addressed around that. That's what I
10 recollect.

11 Q Okay. Madam Registrar, could you scroll down a
12 little bit. I'm looking at number 8. It says
13 that on July 24th ED Meilleur continues dialogue
14 with RCMP who say they feel blindsided by all
15 the BCLC GPEB demands for confirmation of what
16 they have. What was the issue there that was
17 being relayed to you?

18 A The information was being relayed to me is that
19 there were a sector from BCLC, in particular
20 Mr. Alderson, who was attempting to meet with
21 police on a regular basis and talk about the
22 investigation. And GPEB in terms of wanting to
23 offer and take a role, and I think this came --
24 the concerns about confirmation of what they
25 have just allowed us some time to do our

1 investigation and you folks figure out your
2 roles and responsibilities around who should be
3 liaising with the police. That's what I
4 recollect from this.

5 Q In other words, the police didn't find that
6 engagement from BCLC and GPEB to be of
7 assistance?

8 A Not at that initial time. Because they were
9 still trying to determine what our roles were in
10 terms of BCLC and GPEB and what authorities
11 existed with those two organizations.

12 Q Okay. At number 9 it describes the July 27th
13 conference call that we discussed and the last
14 line says:

15 "RCMP executive somewhat concerned about
16 this about how this rolled out to BCLC and
17 then GPEB."

18 What are you getting at there?

19 A I believe that was a concern about Inspector
20 Chrustie taking the opportunity to notify both
21 BCLC and ourselves and then that this was
22 escalated up in government, and they were
23 concerned about the leaks, as I said, in terms
24 of too many people becoming aware of this
25 investigation, and that it should have been

1 contained. That's my recollection.

2 Q Okay. Number 10 refers to a July 30th meeting
3 between you and others and the RCMP in Surrey,
4 and it says that:

5 "A request was made by associate
6 commissioner to be kept apprised of any
7 concerns from the minister's office."

8 What concerns were being advanced from the
9 minister's office at this point in time?

10 A Well, the only concern that was being identified
11 is that the government was interested or
12 concerned that an investigation was occurring in
13 the casinos, and the request here was that I, if
14 I could, be the contact and make sure that any
15 concerns that they may have are addressed
16 internally and that police not be contacted by
17 me or others in government to ask any questions.
18 That's what the concern was. And I took the
19 task of making sure that that was dealt with
20 internally.

21 Q Was the minister or other members of government,
22 were they contacting the police about this
23 investigation?

24 A No.

25 Q Okay. This chronology indicates that you had a

1 further meeting with the RCMP CFSEU on
2 August 13th, at number 12. Can you tell us
3 about that meeting?

4 A That was an earlier meeting with CISBC and it
5 was put on with partnership I believe with
6 CFSEU. It was an intelligence meeting, and that
7 meeting was talking about trends, including
8 issues around cash in casinos. That's when
9 Ackles and Barber presented me with the
10 spreadsheet.

11 Q On August 24th -- I'm looking at number 14 -- it
12 indicates you were advised by the police, by the
13 RCMP that they're continuing investigation.

14 "No specifics, but linkage to fentanyl
15 issue."

16 That was conveyed to you at that time.

17 A Yes, that there was a concern that this entire
18 notion of money laundering and proceeds of crime
19 could be related in part to some of the drug
20 concerns on the street, yes.

21 Q Do you understand that some of the suspicious
22 cash transactions occurring in casino may be
23 related to drug offences?

24 A I don't recollect that linkage. I do recollect
25 that the linkage was to proceeds of crime in

1 general being linked possibly to drugs.

2 Q Okay. In the next page the heading is
3 "Differences of Opinion – What Others Think –
4 Reality Versus Belief." In the bullet points
5 that follow, it appears to be sort of a debate
6 that's occurring. Who are the others that
7 you're debating in the bullet points that
8 follow?

9 A I think this was information that was being
10 shared and discussed with the GPEB executive in
11 terms of beliefs from GPEB, people in GPEB, some
12 people within the organization and other views
13 from BCLC and action they had been taking.

14 Q So, for example, if we look at the second bullet
15 point, it says:

16 "BCLC police do not have enough evidence
17 to get a conviction."

18 Does that indicate that that's a view that's
19 being communicated by BCLC and is it your
20 response that follows?

21 A I remember that BCLC had commented that no one
22 has been convicted in terms of money laundering
23 in casinos.

24 Q The fifth built point is "impact on revenue."
25 Who was voicing that concern at the time?

1 A That was me expressing that -- that we shouldn't
2 be concerned about the impact on revenue, what
3 about the morale and ethical, social and
4 political concerns around this. It was my view
5 that it was a placement of cash, unsourced cash,
6 by bad people, and I stated, think of the
7 current public opinion on this issue.

8 Q Had anyone raised the question of the impact of
9 revenue to your attention?

10 A I know that has been discussed in terms of this
11 commission in front of the Commissioner, but I
12 don't recollect us ever having a concern about
13 the impact on revenue. Our concern was around
14 trying to bring solutions with BCLC in terms of
15 the mitigation of proceeds of crime or any other
16 funds entering the casino from illicit sources.

17 Q The final bullet point on this page says:

18 "ED Meilleur of opinion when facts are
19 reviewed the belief that the scope of the
20 problem is not significant simply defies
21 logic! Morale, ethical, political
22 concerns as per AG review Keep the Decks
23 Clean."

24 What AG review is being referred to here?

25 A I know Keep the Decks Clean had something to do

1 with the GPEB investigation. I don't know if
2 that is meaning GPEB at the time under the
3 Attorney General's office, but that's what I
4 believe that's referring to, that there were
5 concerns expressed in that investigation.

6 Q You end by saying:

7 "ED Meilleur expects action and has formed
8 opinion."

9 What opinion had you formed at that point in
10 time?

11 A Well, my opinion was we were dealing with an
12 issue at casinos in terms of unsourced cash,
13 SCTs, suspicious cash transactions, that in my
14 opinion demonstrated a concern about unsourced
15 cash coming into the casinos and at the end of
16 the day with the police investigation now
17 occurring, with the spreadsheet, that I formed
18 an opinion that there was a huge potential of
19 proceeds of crime entering the casinos from
20 illicit sources. That was my opinion, my belief
21 based on my interactions with police,
22 interactions with my staff, interactions with my
23 supervisors, that I formed the opinion that we
24 needed to do more. And that with the
25 legislation and the powers that we had, it was a

1 very difficult thing to do, and it was a concern
2 I had in terms of trying to do the right thing
3 over a period of three years.

4 MS. LATIMER: Okay. Madam Registrar, can I have GPEB
5 document 4179 put to the witness, please.

6 Sir, you recognize this as an August 31,
7 2015 email from Mr. Dickson to you with a
8 subject "AML strategies"; correct?

9 A That's correct.

10 Q And Mr. Dickson sets out some anti-money
11 laundering strategies to you. Was this also in
12 response to the information included in the
13 spreadsheet?

14 A Yes, I believe it could have been, yes, in
15 response to the spreadsheet.

16 Q The strategies he was suggesting included a
17 maximum dollar value of cash be set at \$10,000
18 at any one time at a venue and that regulation
19 or ministerial order addressing due diligence on
20 money being brought in be implemented; correct?

21 A Correct.

22 Q Did you elevate those suggestions to Mr. Mazure?

23 A Absolutely.

24 Q What was the reaction to that?

25 A Well, Mr. Mazure took these things serious and

1 he was trying to obtain support from his
2 supervisor, Ms. Wenezenki-Yolland, and also from
3 the minister in terms of some direction options,
4 in terms of things that he could do around
5 policy or ministerial guideline to put a source
6 of funds or a cap in terms of cash going into
7 casinos. But in my three years, no such
8 direction was ever provided.

9 MS. LATIMER: Okay. I'd ask that this be marked as
10 the next exhibit, please.

11 THE COMMISSIONER: Yes, very well. That will be the
12 next exhibit.

13 THE REGISTRAR: Exhibit 592, Mr. Commissioner.

14 THE COMMISSIONER: Thank you.

15 **EXHIBIT 592: Email from Derek Dickson to Len**
16 **Meilleur re AML Strategies - August 31, 2015**

17 THE COMMISSIONER: I'm sorry, Ms. Latimer,
18 Mr. Meilleur's notes, are those an exhibit to
19 his affidavit?

20 MS. LATIMER: They are, yes.

21 THE COMMISSIONER: Thank you.

22 MS. LATIMER:

23 Q I'm looking, sir, at paragraph 92 of your
24 affidavit.

25 A Just one moment, please.

1 Q It's at page 17, if that assists.

2 Madam Registrar, I don't need that document
3 displayed any longer.

4 A Paragraph 92?

5 Q Yes.

6 A Okay. I'm there. Thank you.

7 Q You outline that a short time later MNP was
8 retained to do an audit, that GPEB's
9 intelligence unit was established and ultimately
10 JIGIT was established; correct?

11 A Yes, over a very -- period of time, correct.

12 Q And if you could go to paragraph 48 of your
13 affidavit, just at page 10.

14 A Yes.

15 Q You outline in this paragraph that you relied on
16 the audit unit to conduct audit and reviews, and
17 if you look about halfway down that paragraph,
18 about six lines down, you say:

19 "In the fall of 2015 our division moved to
20 phase 3 of the AML strategy and several of
21 the reports containing analysis and
22 intelligence were used to provide
23 situational awareness to police and helped
24 inform AML decisions made by the deputy
25 minister and Associate Deputy Minister."

1 Do you see that?

2 A Yes, I do.

3 Q And you go on to say that much of the work
4 conducted by the audit unit were reviews in
5 support of the ongoing police investigation;
6 correct?

7 A Correct.

8 Q And you --

9 A The first police investigation to a limited
10 degree, but then E-Nationalize when it started
11 up as part of JIGIT more so.

12 Q Okay. So when we look at exhibits N to Y, those
13 are all audit reports, and my question is do we
14 understand that all of those reports were
15 provided to the police?

16 A I don't know exactly which reports were provided
17 to the police. I know some of them were shared
18 with the police. Ms. Anna Fitzgerald, the
19 person in charge of audit, would be better
20 placed to answer that, but I do know some of
21 them were shared.

22 Q Okay. Were all of these reports provided to the
23 deputy minister?

24 A I don't know if all of them were provided to the
25 deputy minister, but some of them were certainly

1 shared with the deputy minister. In terms of
2 audits and intel reports she was at some of the
3 briefings.

4 Q And to understand which reports were sent to
5 who, we'd have to speak to Ms. Fitzgerald; is
6 that correct?

7 A That's correct. In terms of the distribution, I
8 believe she would be able to provide a more
9 fulsome response to that.

10 Q Okay. And is that the case as well if we wanted
11 to understand which of these reports made their
12 way to the Associate Deputy Minister?

13 A Correct. I can state that I would believe
14 almost most of these documents would have made
15 their way to Mr. Mazure to keep him informed of
16 what the auditors were determining.

17 Q Okay. At paragraph 61 you discuss the creation
18 of GPEB's intelligence unit?

19 A Yes.

20 Q Can you explain why that-- why you proposed the
21 creation of that unit in late 2015?

22 A Well, that had surfaced in various documents, I
23 believe even at the Exploring Common Ground
24 workshop and other areas where there was talk
25 about the intelligence unit. And the purpose of

1 this intelligence unit was to allow us to take
2 that information we're receiving and have a
3 professional review that information and provide
4 reporting to us in terms of what trends or risk
5 we may be facing around gaming. And we engaged
6 Mr. Scott McGregor, who was a former military
7 intelligence officer, but he then went to work
8 for the RCMP, and he started to produce a series
9 of products to help inform government -- when I
10 say "government," GPEB -- and some of the senior
11 leadership around concerns relating to gaming
12 for transnational organized crime.

13 Q So the reports were for GPEB. Did you review
14 the reports produced by this unit?

15 A I would have seen the reports, yes.

16 Q And the purpose of the report was to provide
17 situational awareness; is that correct?

18 A That's correct. I know there has been concern
19 about why those reports weren't shared to a
20 broader audience, including BCLC. Some reports
21 had been in terms of audits shared with BCLC.
22 But as I say in my affidavit, I've heard
23 evidence to this commission in front of the
24 Commissioner that GPEB investigations was a
25 cut-and-paste functionality that documents were

1 taken and there was cut and pasting occurring.
2 My view in terms of taking on this role and
3 working with this new management team was that
4 we were going to shift our focus and our focus
5 would be to work with the police. The police
6 had been absent in casinos for, as I mentioned
7 earlier to the Commissioner, for a period of
8 almost eight years after IIGET had departed and
9 by belief was our best opportunity for success
10 as a regulator -- and we are a regulator -- was
11 to work directly with the police to do our own
12 internal work to inform ourselves, the police
13 and the senior management of GPEB and the
14 ministry in terms of what the risks may be. And
15 that's where we focused our energy and took that
16 direction to do work which I thought was
17 relevant, and I thought was a good use of those
18 resources. We did not share documents because
19 of the fact that we were using those to inform
20 ourselves. It's not the first time that
21 documents in GPEB were created under leadership
22 to use to inform ourselves. I just wanted to
23 ensure that that audit team, that their services
24 were being used to fully inform us as best they
25 could possible on the information available to

1 them on what was occurring – a trust and verify,
2 if I can use that from a regulatory point of
3 view.

4 Q Okay. So in terms of the distribution of the
5 intelligence reports, they did not go to BC
6 lotto corporation; correct?

7 A I don't believe they did.

8 Q Did they go to law enforcement?

9 A Yes. Mr. McGregor shared those with his law
10 enforcement partners and other intelligence
11 agencies.

12 Q And they were relied on by GPEB?

13 A Yes, they were.

14 Q And were they sent to the General Manager?

15 A Yes. The General Manager saw some of these
16 reports, and the General Manager and
17 Ms. Wenezenki-Yolland also attended briefings
18 where the report was presented on transnational
19 organized crime. Also attended a briefing with
20 CISBC at headquarters and also attended other
21 meetings with the staff where these types of
22 intelligence reports were discussed and shared.

23 Q Were the intelligence reports shared with the
24 deputy minister or the minister?

25 A I don't believe they were.

1 Q Okay. Thank you for understanding the
2 distribution of those reports.

3 MS. LATIMER: And now, Mr. Commissioner, I'm going to
4 suggest that we take a short break because I'm
5 going to after the break attempt to quickly go
6 through some additional intelligence reports and
7 it will assist me to organize my notes.

8 THE COMMISSIONER: Thank you, Ms. Latimer. We'll
9 take 15 minutes.

10 THE WITNESS: Thank you.

11 THE REGISTRAR: This hearing is adjourned for a
12 15-minute recess until 11:56 a.m.

13 **(WITNESS STOOD DOWN)**

14 **(PROCEEDINGS ADJOURNED AT 11:41 A.M.)**

15 **(PROCEEDINGS RECONVENED AT 11:55 A.M.)**

16 **LEN MEILLEUR, a witness**
17 **for the commission,**
18 **recalled.**

19 THE REGISTRAR: Thank you for waiting. The hearing
20 is resumed. Mr. Commissioner.

21 THE COMMISSIONER: Thank you, Madam Registrar.
22 Yes, Ms. Latimer.

23 MS. LATIMER: Thank you, Mr. Commissioner. Just by
24 way of update on timing, I'm well past the half
25 way point on my notes, but I do need more time.

1 Over the break I've managed to condense some
2 portions of my notes, and so I hope to move
3 efficiently through that, but I'll probably need
4 about another hour.

5 THE COMMISSIONER: I should indicate for all the
6 parties present that I in fact have a court
7 application that's scheduled for this afternoon
8 at 3:00. So we can't go much beyond 2:30, so
9 we're going to obviously need to find some more
10 time for Mr. Meilleur for the balance of the
11 examination by the participants.

12 MR. SMART: Mr. Commissioner, it's Mr. Smart for
13 BCLC.

14 THE COMMISSIONER: Yes, Mr. Smart.

15 MR. SMART: Given what my friend had said -- I was
16 going to raise this letter. This witness is
17 obviously an important witness, an important
18 witness for BCLC. We received his affidavit --
19 I'm not being critical; this is just a question
20 of preparation. We received his affidavit two
21 days ago. We've all been involved in the
22 hearings over that course of time. There are
23 75 exhibits to his affidavit. There's a
24 significant amount of material. Ms. Latimer has
25 introduced a few documents in addition to what's

1 in the affidavit and for which there hasn't been
2 notice, which isn't surprising because the
3 affidavit came late. My request is if we're
4 going to go over to another day -- and I
5 appreciate you want to finish this witness as
6 soon as you can -- my request is to have BCLC go
7 over to another day to do our cross-examination.
8 I don't know how the other participants, their
9 view on that, whether they're ready to proceed
10 or not, but it would assist me greatly to
11 conduct the cross-examination and to do it
12 focusing on the issues that really matter and
13 the exhibits the witness has been referred to.
14 So my request is subject to what other
15 participants' views are, is to seek BCLC's
16 cross-examination go over to when Mr. Meilleur
17 is coming back.

18 THE COMMISSIONER: Well, let me canvass with the
19 other participants' counsel what their view of
20 it is. And then perhaps we can come back and
21 address that issue, Mr. Smart.

22 Mr. Simonneaux for Canada.

23 MR. SIMONNEAUX: Sorry, Mr. Commissioner. Yes -- no,
24 if it's possible, we would also like to begin
25 our cross-examination on a different day.

1 THE COMMISSIONER: Okay. Mr. McFee for
2 Mr. Lightbody.

3 MR. McFEE: Well, we would -- I mean, I certainly
4 don't want to duplicate anything that BCLC might
5 ask and we have been careful in the past not to
6 do that and I always follow Mr. Smart or
7 Mr. Stephens, so if BCLC's cross-examination is
8 going over, it only makes common sense that ours
9 would go over too.

10 THE COMMISSIONER: Ms. Henein.

11 MS. HENEIN: We agree with that position as well. We
12 would follow BCLC and there may be very little
13 after they're completed.

14 THE COMMISSIONER: All right. Ms. Tweedie.

15 MS. TWEEDIE: Thank you, Mr. Commissioner. I as well
16 am happy to proceed on another day so I also
17 have additional time to review the materials.
18 Thank you.

19 THE COMMISSIONER: Mr. Butcher.

20 MR. BUTCHER: Yes, I would ask -- I would join
21 Mr. Smart's application. This witness has said
22 a lot and we've only just received the
23 materials. It would be appropriate, in my view,
24 to set a whole day for him.

25 THE COMMISSIONER: All right. And, Mr. DelBigio,

1 I'll skip over you because I think we've already
2 agreed that you will go to another day.

3 Ms. Rajotte for the province, it seems to me
4 that if -- well, I'll leave it up to you.

5 What's your position?

6 MR. RAJOTTE: My position, Mr. Commissioner, is we
7 take no position with respect to the requests of
8 the other participants to cross-examine
9 Mr. Meilleur on another day. But if that's
10 granted, our examination will of course be
11 informed and arrive from the questions asked by
12 the other participants, so we would similarly
13 request to be put over to another day.

14 THE COMMISSIONER: All right. So, Ms. Latimer, it
15 seems to me that we're met with a situation
16 where we're clearly not going to be able to
17 finish today. If you wish to take more time to
18 fully explore the areas you wish to, that is now
19 open to you in that you don't have to -- you
20 don't have to accommodate other participants'
21 involvement in questioning Mr. Meilleur.

22 I'm concerned with timing, of course, and
23 we have a fairly tight schedule for the next
24 four weeks, but we're going to have to fine more
25 time in any event, so I'm inclined to think that

1 we should conclude commission counsel's
2 examination today and then leave the examination
3 by other -- by the other participants to another
4 day.

5 Do you have any contrary submissions to
6 that?

7 MS. LATIMER: No, Mr. Commissioner. I don't oppose
8 the request by the participants. However, I do
9 wish to make clear on the record that a summary
10 of this witness's evidence was provided to the
11 participants in September. Revisions were
12 provided by the witness in October along with
13 document list updates as they go along, and
14 while some of the documents I may have
15 introduced may be more recently arising, the
16 documents in the affidavit were included in the
17 document notice that was given. So while the
18 affidavit did come very late, notice of this
19 witness's evidence was given some time ago. But
20 that said, I don't oppose the parties' request
21 to put their examinations over to a different
22 day.

23 THE COMMISSIONER: I think it's, in sum, a sensible
24 request, so I will make that direction.

25 So you now have the ability to conclude

1 your examination in whatever time you think you
2 need to do it.

3 MR. DELBIGIO: Mr. Commissioner, just one further
4 remark. To the extent that the amount of time
5 that is given to people for cross-examination in
6 some approximate way corresponds to the amount
7 of time that the commissioner's lawyers take, I
8 raise just the possibility that depending on how
9 much time Ms. Latimer extends into that I will
10 be asking for further time allocation for my
11 cross-examination.

12 THE COMMISSIONER: I think that's fair, Mr. DelBigio.
13 As you may be aware or perhaps not, I have been
14 fairly liberal in permitting counsel where
15 necessary to take more time than has been
16 allocated to them. And I'm aware of the fact
17 that what they're allocated doesn't necessarily
18 represent what they're seeking. But at the same
19 time to make our way through all the evidence in
20 this commission, we have to adhere to a
21 schedule, to some extent, just to ensure we
22 finish all the evidence within a reasonable
23 period of time. But that being said, I'll
24 certainly consider your request at the time in
25 light of that.

1 MR. DELBIGIO: Thank you.

2 THE COMMISSIONER: All right. Thank you,
3 Ms. Latimer. You may proceed.

4 MS. LATIMER: Thank you. Madam Registrar, may I have
5 GPEB document 956 displayed, please.

6 **EXAMINATION BY MS. LATIMER (continuing):**

7 Q Mr. Meilleur, do you recognize this as a current
8 intelligence report of GPEB's intelligence unit
9 dated November 8th, 2016?

10 A Yes, I recognize it as a GPEB intelligence
11 document.

12 Q And this is one of the reports that you referred
13 to that you would have used for situational
14 awareness; correct?

15 A That's correct.

16 MS. LATIMER: Okay. I ask that this be marked as the
17 next exhibit, please.

18 THE COMMISSIONER: Very well.

19 THE REGISTRAR: Exhibit 593, Mr. Commissioner.

20 **EXHIBIT 593: GPEB Current Intelligence Report**
21 **(CIR 16-005) November 8, 2016**

22 MS. LATIMER: Madam Registrar, may I now please have
23 GPEB0989 displayed, please.

24 Q Sir, you recognize this as a current
25 intelligence report of GPEB's intelligence unit

1 dated December 19th, 2017; correct?

2 A Correct.

3 MS. LATIMER: May I ask that this be marked as the
4 next exhibit, please.

5 THE REGISTRAR: Exhibit 594, Mr. Commissioner.

6 THE COMMISSIONER: Thank you.

7 **EXHIBIT 594: GPEB Current Intelligence Report -**
8 **CIR 17-002 January 19, 2017**

9 MS. LATIMER: Madam Registrar, may I have GPEB1004
10 displayed, please.

11 Q Do you recognize this as the current
12 intelligence report of GPEB's intelligence unit
13 dated February 17th, 2017?

14 A Yes.

15 MS. LATIMER: May I ask that this be marked as the
16 next exhibit, please.

17 THE COMMISSIONER: Very well.

18 THE REGISTRAR: 595.

19 **EXHIBIT 595: GPEB Current Intelligence Report**
20 **(CIR 17-003) February 17, 2017**

21 MS. LATIMER: Madam Registrar, can I have GPEB1014
22 displayed, please.

23 Q Sir, you recognize this as the current
24 intelligence report of GPEB's intelligence unit
25 dated March 17th, 2017?

1 A Yes.

2 MS. LATIMER: May I ask this be marked as the next
3 exhibit, please.

4 THE COMMISSIONER: Yes.

5 THE REGISTRAR: 596.

6 **EXHIBIT 596: GPEB Current Intelligence Report**
7 **(CIR 17-004) March 17, 2017**

8 MS. LATIMER: Madam Registrar, can I have GPEB 1027
9 placed before the witness, please.

10 Q Sir, you recognize this a current intelligence
11 report of GPEB's intelligence unit dated
12 May 5th, 2017; correct?

13 A Yes.

14 MS. LATIMER: May I ask that that be marked as the
15 next exhibit, please.

16 THE COMMISSIONER: Yes.

17 THE REGISTRAR: 597.

18 **EXHIBIT 597: GPEB Current Intelligence Report**
19 **(CIR 17-006) May 5, 2017**

20 MS. LATIMER: Madam Registrar, can I have GPEB1116
21 placed before the witness, please.

22 Q And, sir, you recognize this as a current
23 intelligence report of GPEB's intelligence group
24 for August, September 2017?

25 A Yes.

1 MS. LATIMER: May I ask that that be marked as the
2 next exhibit, please.

3 THE COMMISSIONER: Yes.

4 THE REGISTRAR: Exhibit 598.

5 **EXHIBIT 598: Current Intelligence Report**
6 **(CIR 17-009) August - September 2017**

7 MS. LATIMER:

8 Q Thank you, sir. I understand that by September
9 2015 there was also a very large chip liability
10 outstanding at the River Rock. Is that correct?

11 A That's correct.

12 Q And BCLC was planning a chip swap for September
13 8th, 2015?

14 A That's correct.

15 Q And at paragraph -- Madam Registrar, I don't
16 need that displayed any longer.

17 At paragraph 100 you indicate that you
18 informed Inspector Mike Serr of the upcoming
19 chip swap because you were aware of the ongoing
20 police investigation which was later known as
21 E-Pirate; correct?

22 A Just one moment, please. I'm trying to get to
23 where you're at.

24 Q Sure. I'm at paragraph 100, which is on
25 page 19.

1 A Thank you, yes.

2 Q Inspector Mike Serr you indicate at paragraph
3 101 was with the Vancouver Police Department;
4 correct?

5 A Yes, in fact Inspector Mike Serr, S-e-r-r, he
6 was an inspector with Vancouver, but he was
7 working I believe as a part of the federal
8 serious organized crime project later known as
9 E-Pirate.

10 Q I see. Okay. And so what was the -- I
11 understand that you describe in your affidavit
12 that you asked that the chip swap be delayed on
13 behalf of law enforcement; is that correct?

14 A That's correct. I was in the office and
15 happened to receive a call from Inspector Serr
16 talking about opportunities for GPEB
17 investigators to support them on some matters,
18 and at the time I indicated to him was he aware
19 of the upcoming action that BCLC was planning in
20 terms of a chip swap. He asked me to explain
21 that. I did to a limited degree that I
22 understood it, but he then -- when I asked him,
23 would you like me to make a request and delay
24 that because it might impede some of your
25 investigation or involved some of the targets

1 that they were working on, he did. I therefore
2 made that request through BCLC to Mr. Alderson,
3 and he agreed.

4 I then later learned that the police had
5 indicated that had they known about the chip
6 swap details, that they may not have made that
7 request. That was never told to me or indicated
8 to me. I do note that on -- I think it was
9 September 7th was when around there the request
10 was made, I believe, and then on September 8th
11 Mr. Alderson had a conversation with the
12 Inspector Serr about matters and said let's keep
13 communications open on this file, and I would
14 have, you know, expected it if Mr. Alderson had
15 concerns about that delay, he would have
16 expressed them, but at no time was I under the
17 understanding that that would be a missed
18 opportunity. It was a request maybe on behalf
19 of a police organization to British Columbia
20 Lottery Corporation, and I fully understood that
21 they supported that request in terms of the
22 delay, and the impact, I understand that it did
23 have an impact on -- in terms of the delay, but
24 that was something that I was not aware of. I
25 was simply passing on a request.

1 Q Okay. I'd like to turn to exhibit HH, please,
2 of your affidavit.

3 Madam Registrar, that is at page 384 of the
4 PDF.

5 Are you with me?

6 A Yes, I am.

7 Q Okay. This is a strategy document to Minister
8 de Jong initiated by Ms. Wenezenki-Yolland dated
9 September 3rd, 2015; correct?

10 A Yes. It could be the strategy document, the
11 document that was morphed into a strategy
12 document that you asked me about earlier.

13 Q Okay. That's what I was going to ask you
14 because in your affidavit where you describe
15 this exhibit, it indicates that this was a
16 request from Ms. Wenezenki-Yolland to Mr. Mazure
17 for an update on AML, but I suggest this is the
18 strategy document that GPEB was preparing to
19 take to the minister for the September 2015
20 briefing.

21 A Yes, I recollect that during Mr. Mazure's
22 absence when I was in acting for him that
23 Ms. Wenezenki-Yolland had asked me to put
24 together something for her in terms of content
25 with the policy people. I wasn't confident in

1 terms of my being able to meet the -- what she
2 was requiring, and she'd had a conversation with
3 Mr. Mazure and the document with the assistance
4 of some policy people was put together.

5 If I could offer to the Commissioner as
6 well, around these documents, Commissioner, in
7 terms of these briefing notes, the ministry
8 contact is listed on the documents. That is the
9 person usually responsible for the topic, so if
10 someone within the ministry wants to talk about
11 money laundering, they would come to the
12 compliance division. That does not necessarily
13 indicate that that person created the document.
14 They may have provided input, but the policy
15 around GPEB was the vast majority of briefing
16 notes that I was involved in were prepared by
17 the policy section and authorized by the
18 Assistant Deputy Minister. I just wanted to
19 provide that clarification.

20 Q Thank you. And this document in the upper
21 left-hand corner is marked "draft version 2."
22 My question is was this document finalized?

23 A I don't see a signature on it, so therefore I
24 don't know if it was finalized.

25 Q Do you know if it went to the minister?

1 A I don't, but I do know in practice with
2 Ms. Wenezenki-Yolland, if she asked for
3 something, there was a purpose for it, and if
4 she asked for one, as it says to Mr. De Jong to
5 the minister, it would have been my expectation
6 or my understanding would be that would have
7 been presented to him in a final format at the
8 appropriate time.

9 Q Okay. I'm looking at the fourth paragraph on
10 the second page of this document.

11 A Yes.

12 Q And it indicates that:

13 "Despite progress in phase 1 and 2 of the
14 strategy, GPEB continues to be concerned
15 about the persistence of large cash
16 transactions in gaming facilities in the
17 Lower Mainland. These transactions have
18 continued to increase in recent years and
19 pose a public safety threat as well as
20 increasing the perception that money
21 laundering is a significant problem in BC
22 gaming facilities."

23 At this point in time, did you accept that that
24 perception was valid?

25 A Yes.

- 1 Q Okay. The document goes on to provide that:
- 2 "Given the implementation of phase 3, the
- 3 branch is seeking to address these
- 4 concerns through multiple approaches,
- 5 including, but not limited to, a
- 6 ministerial directive, submissions to the
- 7 federal Department of Finance, working
- 8 with law enforcement and FINTRAC, the
- 9 potential introduction of cash
- 10 alternatives such as credit for specific
- 11 patrons, an assessment of current
- 12 enforcement and interdiction
- 13 responsibilities, and an external review
- 14 of BCLC customer due diligence practices."
- 15 Whether or not this document went to the
- 16 minister, was a ministerial directive sought at
- 17 this point in time?
- 18 A Was one sought at this time?
- 19 Q Yes.
- 20 A I believe -- I don't know the exact dates to
- 21 which those documents went to -- excuse me, to
- 22 the minister, but I know that Mr. Mazure was
- 23 requesting ministerial directive or options and
- 24 authority from the minister.
- 25 Q Okay. Do you know if submissions were made to

1 the federal department of finance?

2 A I don't know of what submissions, but I do know
3 that Mr. Quinn Yu, he was one of the analysts in
4 the policy section, was assigned a task to work
5 with the federal department of finance under
6 Michele Jaggi-Smith, the senior director. I
7 remember that he was working on that.

8 Q If we go to page 11 of this document, which,
9 Madam Registrar, is page 394 of the PDF.

10 If you look at the third white bullet on
11 this page, it suggests that the idea here with
12 the federal department of finance was to require
13 that department to propose amendments to their
14 regulations requiring determination of source of
15 funds and source of wealth for inbound
16 currencies in gaming facilities. My question is
17 why rely on federal department of finance to do
18 that? Why not just do it through a ministerial
19 directive?

20 A I can only interpret that that they were
21 liaising with the federal department of finance
22 to see whether legislation could be changed to
23 the *Proceeds of Crime (Money Laundering) and*
24 *Terrorist Financing Act* to require that casinos
25 implement source of funds and source of wealth.

1 That would be my interpretation of that. That's
2 what I believe.

3 Q Okay. If you go back to page 6 of this
4 document, and Madam Registrar, I'm at page 389
5 of the document.

6 You are here discussing steps taken at
7 phase 3, and the first bullet provides that --
8 you see the first bullet at the top of the page
9 provides that BCLC had submitted a proposal
10 recommending changes to current restrictions on
11 various cash alternatives. And after the three
12 numbered paragraphs, there is a white bullet.
13 Do you see that?

14 A Yes, I see the white bullet.

15 Q And that provides:

16 "While GPEB has approved in principle
17 BCLC's continued work on these changes,
18 the branch will not fully approve these
19 policy changes until the General Manager
20 is satisfied that BCLC develops and
21 implements additional CDD or customer due
22 diligence policies and practices which are
23 constructed around financial and other
24 casino industry standards."

25 And it says:

1 "This includes robust know your customer
2 requirements with a focus on source of
3 funds as being integral to be overall risk
4 assessment process as well as robust
5 analytics of the correlation between the
6 number of suspicious transactions filed on
7 an individual and the need to sever a
8 business relationship or right to refuse
9 the cash transaction."

10 My question is why is the responsibility for
11 this being placed on BCLC and not taken on by
12 the General Manager or the minister at this
13 point in time?

14 A Well, I do know that in terms of all these
15 policies alternatives that were being asked of
16 GPEB to provide commentary on, many of them were
17 being dealt with by Mr. Henderson, Jeff
18 Henderson, the senior policy analyst who was
19 working with Mr. Alderson around this time. But
20 I would -- in terms of answering your question,
21 my response would be that the minister would
22 require a directive to be provided to us, and
23 that these would be put on BCLC because they
24 have the conduct and manage portion in terms of
25 the lotteries in the province and they're the

1 operating mind. That would be my view in terms
2 of this.

3 Q But you understood that at least the minister
4 had authority at this time to issue a directive
5 to require source of funds as part of a risk
6 assessment; correct?

7 A Absolutely.

8 Q Okay. And also had authority by ministerial
9 directive to direct service providers to sever
10 business relationships or refuse cash
11 transactions after a certain number of
12 suspicious transactions had been filed; correct?

13 A Yes.

14 Q Okay. I understand that in or around October --
15 I don't need that anymore, Madam Registrar.

16 I understand that in and around October
17 2015 some concerns arose around the
18 information-sharing agreement between BC lotto
19 corporation and the RCMP.

20 A Yes.

21 Q Could you just explain what that controversy was
22 for the Commissioner?

23 A Yes, the controversy was around after the launch
24 of the E-Pirate investigation, there were
25 meetings by myself with senior RCMP personnel in

1 Vancouver. The purpose of that was a commitment
2 by Mr. Mazure that I would support the RCMP in
3 any way possible in terms of their
4 investigations. As I said before, there had
5 been an absence for years, and it was important
6 for us to ensure that the RCMP were able to
7 obtain any information or understanding of what
8 GPEB's role could be. More importantly, we
9 wanted to support them in terms of any
10 information sharing on the investigation.

11 I attended a meeting in Vancouver. I
12 believe it was in late August with some of the
13 senior executives of the RCMP to discuss how we
14 could play a role. And one of the discussions
15 was around how information would be shared,
16 whether or not the RCMP policy around -- in the
17 RCMP manuals, the operation manuals that they
18 have for their numbers, there are sections in
19 there that explain what certain organizations do
20 outside of the RCMP, including GPEB and whether
21 that information needed to be updated or any
22 other MOUs or reviews of any existing
23 information-sharing agreements that exist with
24 the GPEB and BCLC.

25 I committed to take that on. I wrote a

1 note back to them by email, my understanding of
2 those objective action items which are attached
3 to my affidavit. And I was to in due course
4 have a conversation with Inspector Sandro
5 Colasacco, who is responsible for the Real Time
6 Intelligence Centre about any agreements, any
7 new MOUs that may be struck up with us. As I
8 was new to the program, I was also responsible
9 for many things beyond money laundering. I had
10 horse racing, audits, HR issues. Not to make
11 excuses to the Commissioner, but I did not
12 obtain an opportunity until later on in October
13 of 2015 to have a conversation with
14 Mr. Colasacco at headquarters. Present at the
15 meeting was Anna Fitzgerald, one of my senior
16 directors, and Al Beesbrick [phonetic], one of
17 the senior auditors.

18 I had a conversation, expressed some
19 concerns to Mr. Colasacco about how we could
20 proceed in terms of sharing information, and I
21 also had a discussion with him about the current
22 ISA, the information-sharing agreement, that
23 BCLC had with the RCMP. As the regulator and
24 the person responsible for enforcing the *Gaming*
25 *Control Act* and doing enforcement in the

1 Province of British Columbia around issues
2 pertaining to that act and working with the
3 police as part of our mandate, I expressed
4 concerns that the information may be best shared
5 through us. I asked him questions around
6 whether an information-sharing agreement or an
7 impact assessment had been done. I had other
8 concerns such as whether or not the information
9 being shared may be similar to the -- our watch
10 program and whether or not BCLC was portrayed in
11 the language of that agreement as having the
12 overall responsibility for the integrity of
13 gaming. Yes, we both share responsibility for
14 integrity, but the overall integrity of gaming
15 rests with GPEB.

16 I had that conversation and Mr. Colasacco
17 expressed that he would review it, that he had
18 had some concerns. Prior to attending that
19 meeting I had conversations with former employee
20 of BCLC Ms. Angela Swan, who worked at BCLC and
21 I also had conversations with Bob Stewart, one
22 of my managers who had worked at CFSEU BC about
23 that agreement. They had indicated that to
24 their belief, no privacy impact assessment had
25 been done on that.

1 Those were my interpretations, my comments
2 in terms of a conversation with the senior
3 leader of the RCMP who held and owned that
4 agreement; it was the RCMP's agreement.
5 Mr. Colasacco said that he would look at that,
6 but he also understood that I would in due
7 course have conversations with BCLC. And I
8 should have had immediately conversations with
9 BCLC in hindsight. I should have done that
10 immediately. But what occurred was a few weeks
11 later from that conversation, Mr. Colasacco
12 expressed in an email that he had had some
13 concerns, he had had some understandings, he
14 thought this was all relevant to
15 miscommunication, which I agree, but
16 unfortunately the agreement was cancelled
17 without any notice to myself or BCLC, and
18 Mr. Kroeker, Rob Kroeker, contacted me at home
19 and rightfully so, had concerns. He was
20 concerned that by my conversation with
21 Mr. Colasacco that the agreement had inhibited
22 their ability to prohibit individuals from the
23 casino. One of my other concerns, Commissioner,
24 was we had the responsibility for investigating
25 any of those prohibitions. We didn't have

1 authority at the time to prohibit under the act
2 people from gaming facilities. We do now, I
3 understand, or GPEB does. I'm retired. But
4 that was one of my concerns that if we had
5 information obtained through an agreement with
6 BCLC, we did an investigation and our members
7 would have to provide evidence in court and were
8 asked the question as to how this information
9 was legally obtained and may be some concerns.

10 I saw somewhere in documentations that I
11 had expressed that the agreement was unlawful.
12 I can certainly assure the Commissioner that I
13 wouldn't state to the RCMP that they had done
14 anything unlawful. It may have been an
15 interpretation of the language about whether the
16 authorities were there or whether a privacy
17 impact assessment had been done and our view as
18 to the information sharing. The agreement was
19 cancelled I believe on or around October 28th of
20 2015. The RCMP had conversations with BCLC,
21 appropriately so, and I believe in one or two
22 days that agreement was reinstated at the RCMP's
23 purview. Again, it was the RCMP's agreement it
24 was their decision. Yes, my conversation with
25 Mr. Colasacco may have influenced some of his

1 decision making on that, but it's the RCMP's
2 agreement and their decision was based on his
3 assessment at the time.

4 Again, I state to the Commissioner in
5 hindsight the area that I should have done was
6 to phone Mr. Kroeker, BCLC, immediately.

7 Q In February 2016 you considered a proposal from
8 the BC lotto corporation to delimit convenience
9 cheques; correct?

10 A The branch considered a proposal from BCLC,
11 correct.

12 Q Yes. And another suggestion in or around this
13 time was to permit international electronic
14 funds transfers?

15 A Correct. That was a proposal put to GPEB by
16 BCLC.

17 Q And GPEB sought advice from FINTRAC on those
18 proposals; correct?

19 A I believe so, yes.

20 MS. LATIMER: Madam Registrar, can I have GPEB3256,
21 please, placed before the witness.

22 Q If you go to the second page of this document,
23 please. At the bottom?

24 A Yes.

25 Q You recognize this as an email from Murray

1 have not looked at what AML risk the
2 current environment has."

3 A Correct.

4 Q And he goes on to say that a representative of
5 the banking industry at the AML summit suggested
6 that since all cheques go through cheque
7 processing services, no one at a financial
8 institution would ever actually see the notation
9 printed on the bottom of the cheque indicating
10 it was not a verified win?

11 A Correct.

12 Q And in response to those concerns highlighted
13 from -- by Mr. Dugger, did you withdraw support
14 for this proposal?

15 A I don't know the specifics. My belief was I
16 didn't -- you know, again, I didn't have
17 responsibility for this. Mr. Henderson was
18 dealing with this with Ross Alderson. But my
19 belief was the convenience cheques were
20 approved. To what degree, I don't recollect.
21 And EFTs, electronic funds transfers, were
22 approved. That was my understanding.

23 Q Did you share the concerns that had been raised
24 to your attention by Mr. Dugger with BC lotto
25 corporation?

1 A Well, it's directed to Mr. Alderson.

2 Mr. Dugger's concerns are directed to

3 Mr. Alderson.

4 Q Right. Did you raise them to the attention of

5 the General Manager?

6 A I didn't, but I would assume -- I would assure

7 you that Mr. Henderson would do that in the

8 normal cause because he was spending vast amount

9 of time with his supervisor, Michele

10 Jaggi-Smith, and there was correspondence

11 between BCLC and GPEB about delays in approving

12 some of these cash alternatives and credit.

13 MS. LATIMER: Okay. I ask that this document be

14 marked as the next exhibit, please.

15 THE COMMISSIONER: Very well.

16 THE REGISTRAR: Exhibit 599, Mr. Commissioner.

17 THE COMMISSIONER: Thank you.

18 **EXHIBIT 599: Email from Murray Dugger to Ross**

19 **Alderson re BCLC Casino proposals - March 9,**

20 **2016**

21 MS. LATIMER: Madam Registrar, may I have GPEB4270

22 placed before the witness, please.

23 Q Sir, do you recognize this as an April 29, 2016

24 review of transactions from China's Sky Net list

25 of 100 most wanted fugitives?

1 A Yes.

2 Q And this was prepared by Lynn Li, an auditor
3 within the compliance division; correct?

4 A Yes. They would compile these various types of
5 audit reviews. This here is a review. There's
6 a difference between audits and reviews and
7 analysis, and they would have worked on this
8 with direction from the supervisors, and I am
9 copied on all of these products.

10 Q Okay. Under "background," this sets out that:

11 "China has implemented a massive
12 anti-corruption campaign. On April 22,
13 2015 it released a list of 100 alleged
14 economic fugitives comprising former
15 government officials, company executives,
16 police officers and more who are suspected
17 of taking bribes, embezzling funds and
18 laundering money."

19 Do you see that?

20 A Yes, I do.

21 MS. LATIMER: And then, Madam Registrar, could we go
22 to page 2, please.

23 Q On page 2 it explains under "review summary"
24 that all 100 individuals were compared to player
25 profiles on the iTrak system and the first

1 bullet sets out what the outcome was. It says
2 100 individuals were compared to player
3 profiles. There were five patrons identified.

4 "All five patrons for which there was a
5 match were barred by the BCLC AML unit on
6 October 27, 2015."

7 Correct?

8 A That's what it says, yes.

9 Q And two of them had incident reports about them
10 in the system for actions like chip passing and
11 theft of other people's tickets; correct?

12 A That's what it says, yes.

13 Q And one had been categorized as a high-risk
14 patron and marked on watch for almost a year
15 before being barred?

16 A Yes.

17 Q And there was no information about why the other
18 two had been barred; correct?

19 A No.

20 Q Is this typical of the kind of review that the
21 compliance division was doing at this time?

22 A It was. That was a shift for them. Prior to my
23 taking the position, they weren't doing these
24 types of analysis or support for money
25 laundering on that scale, and as I provided

1 earlier in my evidence, I used those resources
2 to inform ourselves. So yes, to answer your
3 question, this was typical of some of the work
4 they were doing at that time.

5 Q Did this review give you confidence that the
6 BCLC AML team was effectively identifying money
7 laundering risks?

8 A Well, these reports on a whole over a period of
9 time made me question as to whether or not the
10 controls in place were sufficient to address the
11 unsourced cash coming in through the doors from
12 what I believe to be possibly organized crime or
13 other individuals providing that cash. In
14 whole, in totality, yes, it was used to inform,
15 not only myself -- I didn't work in isolation --
16 a team, the executive and the other leaders of
17 the organization to make decisions. And that's
18 why we continued to try to look for tools in
19 terms of one hand being told that we had no
20 authority to investigate money laundering but
21 another other hand being told we weren't
22 necessarily the regulator based on opinions, and
23 then another hand, not being provided any
24 direction from senior government levels to take
25 action to directly deal with this, other than

1 suggestions that we should have done that
2 through terms and conditions. I viewed this in
3 totality as information to support a concern.

4 MS. LATIMER: I'd like to have this marked the next
5 exhibit, please.

6 THE COMMISSIONER: All right. Very well.

7 THE REGISTRAR: Exhibit 600, Mr. Commissioner.

8 THE COMMISSIONER: Thank you.

9 **EXHIBIT 600: GPEB Internal Memo from Lynn Li to**
10 **Len Meilleur re Review of Transactions from**
11 **China's Sky Net List of 100 Most Wanted**
12 **Fugitives - April 29, 2016**

13 MS. LATIMER:

14 Q I want to ask you some questions about your
15 division's relationship with BC lotto
16 corporation. At paragraph 104 of your affidavit
17 you indicate that -- at page 19 if it assists,
18 Mr. Meilleur. You indicate here that with the
19 portfolio of money laundering now under your
20 responsibility, you began to understand the
21 stress and challenges faced by Mr. Vander Graaf
22 and Schalk. Can you explain what those stresses
23 and challenges were?

24 A Well, I arrived at the branch in 2007 to take on
25 a new position as a lottery director, and I was

1 understanding at that time from conversation
2 with co-workers and Mr. Vander Graaf when he'd
3 come over to Victoria that there were concerns
4 about money laundering. I later on became
5 involved in a working group around money
6 laundering, and I was in GPEB over a period of
7 three different Assistant Deputy Ministers
8 around this issue. And what consistently
9 occurred in terms of discussion at the executive
10 meetings was a discussion around \$20 bills and
11 the fact that some of that money might be
12 associated to proceeds of crime.

13 Yes, BCLC -- or excuse me, GPEB couldn't
14 say, you know, that there was charges or any
15 convictions in terms of that, but based on the
16 reporting in the suspicious cash transactions,
17 which are reported under the requirement of
18 FINTRAC under certain requirements, we became of
19 the opinion that there was something that needed
20 further to be addressed.

21 So Mr. Vander Graaf had been trying to
22 resolve this. In his evidence, you know, he
23 talks about the reports. I saw some of those
24 reports. Mr. McCrea, who took on the
25 cross-divisional working group in response to

1 Mr. Kroeker's report, he worked through a series
2 of opportunities in terms of up till phase 2,
3 which involved cash alternatives. But when it
4 came to phase 3, the enforcement piece, that's
5 where the difficulty came in terms of my lens
6 around how we solve that. So I felt the
7 pressure that the onus was being put upon myself
8 and my team to resolve an issue without any
9 clear support from the most senior levels of
10 government, and that caused me stress, and I
11 fully understood why the frustration came that
12 based on the data, based on the police
13 investigations, based on the intelligence, there
14 was more needed to be done but as a regulator we
15 had limited authority to do that. And that was
16 very, very frustrating

17 Q And you say in this paragraph after identifying
18 the stresses and challenges faced by Mr. Vander
19 Graaf and Mr. Schalk that you recall
20 Mr. Desmarais and Kroeker of BC lotto
21 corporation asking about GPEB's authority to
22 receive Section 86 Reports. Are you indicating
23 here that there was some friction between
24 yourself and the BC lotto corporation
25 executives?

1 A Well, to categorize it as friction would be
2 professional friction. The BCLC executive and
3 myself were always professional in terms of
4 dealing with this. Yes, there was some concerns
5 around various issues. 86 Reports had been
6 something in terms of legal opinions and
7 examination at various periods of time because
8 there was concern expressed about the ability
9 for us to receive that information and whether
10 or not we needed to provide, for example, a
11 signature or some sort of receipt for obtaining
12 those types of documents. And that was provided
13 in legal opinion around concerns BCLC had in
14 context.

15 That caused some concern for the staff in
16 terms of the fact that I believed and on the
17 legal advice I received that Section 86 has
18 always been clear in terms of the requirement to
19 report information. And what is more important
20 to me, Section 86 around money laundering and
21 proceeds of crime information, if we were unable
22 to receive that information, as I believe
23 Mr. Mazure categorized it in these
24 conversations, we would have been in the dark on
25 the issue.

1 So to answer the question to the
2 Commissioner, yes there was some friction over
3 86 Reports, but we did resolve them, whether it
4 was Mr. Desmarais and Mr. Kroeker, they worked
5 with me to resolve those things. But it took
6 work through acquiring legal advice and support
7 and getting the support of the manager to
8 resolve some of those issues.

9 Q Did your relationship with BCLC personnel impede
10 the ability of your division to do its work
11 effectively?

12 A At times I believe that the -- some of the
13 relationship -- I've heard some of the evidence
14 where it seems to me there was a belief amongst
15 certain individuals that GPEB investigators
16 didn't do anything, and I certainly know during
17 my tenure that those people worked very hard, no
18 different than the BCLC personnel that worked
19 very hard. But I was concerned in the fact that
20 some of the information that is being reported
21 back to me was that people were of the belief
22 that all we were doing was receiving reports and
23 pushing that information to the police. And
24 that concerned me. So yes, at times there was
25 matters that were of concern regarding that.

1 But if I could just add to the Commissioner,
2 it was not the personalities as much as the
3 issue. This issue had been going on for almost
4 a decade in terms of concerns around suspicious
5 cash \$20 bills. And I believe that, as members
6 of an organization on both sides, there was a
7 failure to provide direction at the senior
8 levels to help us resolve that, and that caused
9 the most tension between the organizations. Not
10 the personalities. The issue. And that was
11 frustrating.

12 Q At page 30 of your affidavit at the bottom,
13 paragraph 178. And two lines from the bottom of
14 that paragraph you say that you recall that
15 Mr. Mazure would go off to meetings with
16 Ms. Wenezenki-Yolland and others and tell them
17 that more needed to be done but was told by
18 Ms. Wenezenki-Yolland to keep working on cash
19 alternatives and the relationship with our
20 stakeholders, including BC lotto corporation.
21 You didn't attend those meetings with
22 Ms. Wenezenki-Yolland; correct?

23 A That's correct. But I did have the
24 conversations with Ms. Mazure.

25 Q Okay. So you're describing here what Mr. Mazure

1 or your impressions of what Mr. Mazure reported
2 to you?

3 A That's correct.

4 Q And Mr. Mazure would be in a better position to
5 provide evidence about what transpired in his
6 interactions with the Associate Deputy Minister
7 and other senior government officials; correct?

8 A Yes. But I would say that Mr. Mazure was always
9 professional in his candour about anything he
10 said around his superiors. It was just, again,
11 the issue was frustrating as well for him.

12 Q You end your affidavit by setting out some views
13 related to reform of the industry, and I was
14 hoping you could just share those views with the
15 commissioner.

16 A Yes, Mr. Commissioner. The first view of
17 reforming was over the years I had agreement
18 with Mr. Vander Graaf and I know Mr. Mazure in
19 terms of a separation of responsibilities. We
20 were both reporting to the same ministry, BCLC
21 and GPEB, and I was of the belief that a
22 separation of responsibilities in two ministries
23 would allow for a more fulsome analysis by two
24 different ministries on an issue in terms of
25 whether perceived or real, any conflict of

1 interest around money laundering, but at least
2 there may have been some opportunity for a
3 different approach and independent decision
4 making had there been two various ministries.
5 In fact I recollect in the legislature MLA Shane
6 Simpson asking questions of that of the
7 government at the time as to why GPEB and BCLC
8 reported to the same ministry. I thought that
9 might have been a possible solution and still
10 could be in terms of the structure depending on
11 where the decisions are and the recommendations.

12 The GPEB -- the *Gaming Control Act* on
13 numerous occasions, Commissioner, myself and my
14 staff were frustrated and asked for the *Gaming*
15 *Control Act* to be re-opened. And when I talk
16 about re-opened is to revisit the act. It was
17 built in the early 2000s, and we believed it
18 didn't have the pieces of legislation in there
19 that would have helped us in terms of carrying
20 out some of those concerns that have been
21 brought forward to you. I do understand now
22 there are some changes that have been made such
23 as the ability to GPEB to provide sanctions if
24 necessary, and I would suggest that would be on
25 a rare occasion to BCLC for non-reporting, and

1 also for the banning of patrons.

2 I heard evidence where someone said no one
3 had been banned to date with that authority in
4 place and that there are conversations going on
5 as to how that would happen. I can assure you
6 if I had had that authority we would have worked
7 hard with BCLC to put something in place to use
8 that banning procedure to help us enforce that.

9 Training. Training was a concern. I know
10 there's been evidence put forward as well in
11 terms of BCLC providing some training to GPEB.
12 BCLC was very supportive in providing us
13 training around access to the ACAMS website,
14 which I took advantage of. But I was of the
15 view that we are the regulator for the province
16 of British Columbia responsible for the overall
17 integrity of gaming. The Province of British
18 Columbia, being my masters, should have found
19 the funding to provide us the opportunity to
20 attend some of these large conferences around
21 money laundering to have our people trained
22 where necessary. That's not to say we didn't
23 attend some of them, but on many occasions it
24 was just suggested that we use website training
25 or a webinar to do that type of training. To

1 have BCLC provide more in-depth training to the
2 regulator. As having been the former registrar
3 for the Province of British Columbia in
4 registration and certification, I was always
5 providing advice to the staff to be very
6 cautious of any perception of conflict, whether
7 it be perceived or real. Not to say that -- but
8 that would have had to have been examined in
9 terms of that. Because I can tell you that when
10 our investigators in registration were
11 travelling the world to do background
12 investigations, they were very, very cautioned
13 in terms of accepting any meals, coffees or
14 whatever because of that. And that's not to say
15 that's because of a government body, but I would
16 have wanted to examine that in more depth. But,
17 again, government should have provided us that
18 training.

19 A directive. I think after hearing this
20 evidence for periods of time that the directive
21 for source of funds coming from the level of
22 government to limit those buy-ins would have
23 helped the organization, both organizations in
24 terms of coming to a solution to this much
25 earlier. I understand there is source of funds

1 in place now due to Mr. German's work, but I
2 believe if it had have been done earlier, it
3 would have been of help.

4 And the last two comments quickly,
5 Mr. Commissioner, is whistleblower legislation.
6 That may have been provided -- if it had been
7 placed in the time for employees who were aware
8 of money laundering to bring any evidence
9 forward. There was always a concern about the
10 issues of money laundering going public through
11 leaks. And that was a concern. And I believe
12 if there had been mechanisms for people to
13 discuss this, there would have been
14 opportunities for other agencies for independent
15 reviews of the issue. And then counsel to be
16 attached to GPEB I believe would have been of
17 assistance, I think, for the opportunity to
18 present those.

19 MS. LATIMER: Thank you. I don't have any more
20 questions for this witness.

21 THE COMMISSIONER: Thank you, Ms. Latimer. As we
22 discussed earlier we will now adjourn to a date
23 to be determined in consultation with other
24 counsel and Mr. Meilleur's counsel and himself.
25 And we'll adjourn until tomorrow morning at

1 9:30.

2 MR. DELBIGIO: Sorry. I just -- I didn't mean you
3 cut you off. I apologize. I just wanted to --

4 THE COMMISSIONER: No, that's fine. Go ahead.

5 MR. DELBIGIO: Can Ms. Latimer indicate whether
6 Mr. Chrustie is being called as part of this
7 sector.

8 MS. LATIMER: We're not -- I mean, the gaming sector
9 ends today and he's not on the witness list for
10 today. But as to whether he's been called later
11 in the hearings, I can't advise of that right
12 now.

13 MR. DELBIGIO: And is that in that there's no
14 knowledge one way or another or is there a
15 better --

16 THE COMMISSIONER: I'm sorry to interrupt,
17 Mr. DelBigio, but it seems to me this is the
18 kind of conversation to be better dealt with
19 outside the hearing with commission counsel.

20 MR. DELBIGIO: Thank you.

21 THE COMMISSIONER: I'm sure they will be completely
22 frank with you.

23 MR. DELBIGIO: Thank you.

24 THE COMMISSIONER: Thank you. All right. Unless
25 there's anything else we'll adjourn until -- I

1 think it's Tuesday morning.

2 MR. MCGOWAN: Tuesday morning, Mr. Commissioner.

3 THE COMMISSIONER: Tuesday morning at 9:30. Thank
4 you.

5 THE WITNESS: Thank you, Mr. Commissioner.

6 THE COMMISSIONER: Thank you, Mr. Meilleur.

7 THE REGISTRAR: The hearing is adjourned until
8 February 16th, 2021, at 9:30 a.m. Thank you.

9 **(WITNESS STOOD DOWN)**

10 **(PROCEEDINGS ADJOURNED AT 12:54 P.M. TO FEBRUARY 16,**
11 **2021)**

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