

**PROCEEDINGS AT HEARING
OF
FEBRUARY 3, 2021**

COMMISSIONER AUSTIN F. CULLEN

INDEX OF PROCEEDINGS

Witness	Description	Page
	Proceedings commenced at 9:29 a.m.	1
Sue Birge (for the commission)	Examination by Mr. McGowan	1
	Proceedings adjourned at 9:40 a.m.	10
	Proceedings reconvened at 9:51 a.m.	10
Sue Birge (for the commission)	Examination by Mr. McGowan (continuing)	10
	Examination by Mr. Smart	28
	Examination by Ms. Peddle	37
	Examination by Ms. Friesen	45
	Proceedings adjourned at 10:57 a.m.	60
	Proceedings reconvened at 11:17 a.m.	60
Patrick Ennis (for the commission)	Examination by Mr. McCleery	61
	Examination by Ms. Chewka	168
	Proceedings adjourned at 1:32 p.m. to February 4, 2021	179

INDEX OF EXHIBITS FOR IDENTIFICATION

Letter	Description	Page
---------------	--------------------	-------------

No exhibits for identification marked.

INDEX OF EXHIBITS

No.	Description	Page
527	Affidavit #1 of Sue Birge affirmed on February 1, 2021	3
528	Email from Larry Vander Graaf to Bill McCrea and others re Patron Gaming Fund Accounts Pilot - BCLC Report - February 25, 2011	58

529	Affidavit #2 of Larry Vander Graaf dated January 19, 2021	60
530	Affidavit #1 of Patrick Ennis sworn on January 22, 2021	66
531	BCLC High Limit Baccarat Evaluation - a report by Bill Zender and Associates - February 2017	88
532	BCLC Incident Report 2016-0008580 at River Rock Casino Resort - February 10, 2016	135
533	Emails re River Rock - Four Items Noted - Topic Tracking Sheeting & LCT Issues - November 2, 2015	152
534	Email from Patrick Ennis to Dave Pacey and Arlene Strongman re \$20 bills buy-ins - November 8, 2010	173
535	BCLC Directive - FINTRAC Amendments effective June 17, 2017, dated June 15, 2017	177
536	BCLC forms - Reasonable Measures	178

1
2
3
4
5
6
7
8
9
10
11
12
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14
15
16
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18
19
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February 3, 2021

(Via Videoconference)

(PROCEEDINGS COMMENCED AT 9:29 A.M.)

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

THE COMMISSIONER: Thank you, Madam Registrar.

Yes, Mr. McGowan

MR. MCGOWAN: Yes. Good morning, Mr. Commissioner.

The first witness this morning is Ms. Sue Birge.

SUE BIRGE, a witness

called for the

commission, affirmed.

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

THE WITNESS: Sue Birge, S-u-e B-i-r-g-e.

THE REGISTRAR: Thank you.

EXAMINATION BY MR. MCGOWAN:

Q Yes. Good morning, Ms. Birge. Can you hear me okay?

A Good morning. I can, yes.

Q Okay. Great. You were with the Gaming Policy Enforcement Branch from its inception in 2001 until 2012?

A Correct.

Q You were primarily situated in policy roles with

1 that organization?

2 A That's right.

3 Q You were the Director of Policy, Legislation and
4 Standards and the Deputy General Manager until
5 2008?

6 A Correct.

7 Q At which time your title changed and you became
8 the Executive Director of Policy, Legislation
9 and Responsible Gaming?

10 A That's right.

11 Q And from January until June 2011 you were acting
12 as Assistant Deputy Minister and the General
13 Manager of GPEB?

14 A I was. Just to back up briefly. I also -- my
15 title did change in 2008. I also -- or '9. I
16 acquired business services and information
17 technology responsibilities for the branch.

18 Q Okay. And the time you were acting as the
19 Assistant Deputy Minister, was that the period
20 between Mr. Sturko and Mr. Scott?

21 A Correct. Yeah. Yes.

22 Q And you prepared for the commission an affidavit
23 speaking to some of your involvement with GPEB
24 during your time with that organization and also
25 responding to some evidence given by Mr. Vander

1 Graaf; is that correct?

2 A Yes, it is.

3 MR. MCGOWAN: Madam Registrar, if we could please
4 pull up that affidavit. Just the first page.

5 Q And this appears to be the first page of that
6 affidavit that you've affirmed for the
7 commission?

8 A Yes, it is. Yes.

9 MR. MCGOWAN: If that, Mr. Commissioner, could be the
10 next exhibit, please.

11 THE REGISTRAR: Mr. Commissioner, you're muted.

12 THE COMMISSIONER: Yes. Thank you. Yes. Very well.
13 That will be the next exhibit.

14 THE REGISTRAR: Exhibit 527, Mr. Commissioner.

15 THE COMMISSIONER: Thank you.

16 **EXHIBIT 527: Affidavit #1 of Sue Birge affirmed**
17 **on February 1, 2021**

18 MR. MCGOWAN:

19 Q Yes, Ms. Birge. During your time as Executive
20 Director of Policy, did you become aware of
21 issues related to large quantities of suspicious
22 cash entering casinos?

23 A I was generally aware of the issue, yes.

24 Q Okay. Were you aware that it was an issue of
25 concern for some members of GPEB's investigation

1 division who felt that it was a serious threat
2 to the integrity of gaming?

3 A I was generally aware of that, yes.

4 Q Okay. And I take it you became aware that
5 Mr. Vander Graaf, Mr. Schalk and Mr. Dickson
6 held the view that British Columbia casinos were
7 being used to facilitate the laundering of
8 substantial quantities of proceeds?

9 A Generally, yes. Yeah.

10 Q Did your group, the policy group, either you or
11 the group under your direction, undertake policy
12 research with respect to options to address that
13 issue?

14 A We did not. We had gone through a process --
15 I'm trying to remember which year -- probably
16 2008, with Deloitte to undergo a risk-mapping
17 exercise within the branch. We identified --
18 all the divisions identified sort of internal
19 risks, and certainly from investigations and
20 other parts of the organization money laundering
21 was one of those that surfaced as being a risk.
22 And so to deal with that, we established a risk
23 division within the organization and hired Bill
24 McCrea to come in and manage that.

25 A lot of the work around prioritizing those

1 risks and dealing with them was managed by Bill
2 rather than by the policy division specifically.

3 Q Okay. Did Mr. McCrea or the investigations
4 division reach out to the policy branch of the
5 organization to enlist assistance in developing
6 or reviewing policies to combat the issue of
7 suspicious cash entering casinos?

8 A Not specifically to develop policies. We
9 discussed it at the executive director level
10 generally. But no, we were not approached
11 directly to develop policy. We didn't have
12 internal expertise on that issue within the
13 policy division, so no.

14 Q Okay. In your affidavit at paragraph 29 you
15 advise the Commissioner that it was a challenge
16 to obtain information from Mr. Vander Graaf and
17 Mr. Schalk. Were there instances when you were
18 seeking information about loan sharking or
19 suspicious cash transactions or money laundering
20 to inform a policy analysis and this information
21 was not provided?

22 A For the purpose of forming a policy analysis, I
23 would say no. There were other times when
24 information on that issue was sought, and
25 there's examples, I believe, in the

1 documentation around things like media requests
2 for information about money laundering and how
3 GPEB was dealing with that issue. Those would
4 have been the types of things I would have posed
5 to Mr. Vander Graaf for information.

6 Q Okay. And I wonder if you could just share with
7 the Commissioner your experience in seeking
8 information from investigations and what the
9 response was specifically with respect to
10 information related to our mandate.

11 A Sorry, information relating to ...

12 Q To our mandate.

13 A My mandate?

14 Q Laundering, suspicious cash, that sort of thing.

15 A Yeah, yeah. Okay. Yeah. It was -- it
16 fluctuated. There were times when information
17 was shared. It was always very high level.
18 I -- Mr. Vander Graaf felt that the
19 investigations division had to remain
20 independent in terms of its investigation
21 mandate and powers and the decisions it took to
22 investigate certain issues. So while general
23 information might be forthcoming, specific
24 information was not, and nor was it generally
25 requested.

1 Though I -- you know, when I did need
2 responses to things like a media request or a
3 request from a Deputy Minister on obtaining
4 information for briefing materials and so on, I
5 didn't always get what I needed on time. But I
6 pushed back, and generally speaking I did get
7 what I needed. Yeah.

8 Q Okay. You pushed back directly to
9 investigations, or did you take it up to a
10 higher level to resolve those issues?

11 A Generally speaking I would push back and be
12 successful. There were some occasions -- a few
13 occasions -- I mean, we're talking a 12-year
14 working relationship here. There were a few
15 occasions when I did escalate to the ADM to get
16 what I needed in the time frame I needed it.

17 Q Okay. During your time as ADM in 2011, who did
18 you report to?

19 A Well, I was obviously in an acting role. I
20 reported to Lori Wanamaker, the Deputy
21 Minister -- Deputy Solicitor General.

22 Q And did Mr. Vander Graaf of the investigations
23 division report to you during that time?

24 A He did.

25 Q Okay. I wanted to ask you about a couple of

1 exhibits that Mr. Vander Graaf has appended to
2 his affidavit. I gather you've had a chance to
3 review his affidavit as it -- at least those
4 parts that relate to the time you were acting?

5 A Yes.

6 MR. MCGOWAN: If we could, Madam Registrar, please
7 bring up exhibit U to Mr. Vander Graaf's
8 affidavit. Mr. Vander Graaf's affidavit is
9 exhibit 181. Exhibit U, please.

10 THE REGISTRAR: Sorry, Mr. McGowan, the document is
11 not indexed, so I'm not able to go directly to
12 the exhibit. Do you have the page number?

13 MR. MCGOWAN: I do not.

14 THE REGISTRAR: Okay. Just give me a moment.

15 MR. MCGOWAN: Maybe we can do it without bringing the
16 document up.

17 Q Do you have, Ms. Birge, exhibit U, which is an
18 email from Mr. Vander Graaf to a number of
19 individuals, including you, dated February 25th,
20 2011 relating to the Patron Gaming Fund account?

21 A I have that, yes.

22 Q Yes.

23 A Yes.

24 Q All right. Well, maybe we can just take the
25 affidavit down and I can deal with the document

1 without displaying it.

2 Ms. Birge, this is -- I'm looking at this
3 email, exhibit U, titled "Patron Gaming Fund
4 Account, Pilot BCLC Report February 25th, 2011"

5 A I'm sorry, I've got some popups on my screen
6 here that are telling me I'm about to be shut
7 down, so I'm --

8 Q Oh, no. Well, take a moment and deal with
9 those.

10 A I'm sorry.

11 Q If you get disconnected, we'll reconnect you.

12 A Okay. It's not letting me snooze.

13 IT SUPPORT: Ms. Birge, is it a Microsoft
14 notification?

15 THE WITNESS: It's a BC government notification and
16 it seems to be stuck.

17 MR. MCGOWAN: Okay. Why don't we stand down for five
18 minutes, Mr. Commissioner, and see if we can
19 sort this out.

20 THE WITNESS: I think we may have to reboot and --
21 yeah.

22 THE COMMISSIONER: We'll take five minutes. Thank
23 you.

24 MR. MCGOWAN: Thank you.

25 THE WITNESS: Thank you.

1 THE REGISTRAR: The hearing is stood down for five
2 minutes until 9:45 a.m. Thank you.

3 **(WITNESS STOOD DOWN)**

4 **(PROCEEDINGS ADJOURNED AT 9:40 A.M.)**

5 **(PROCEEDINGS RECONVENED AT 9:51 A.M.)**

6 **SUE BIRGE, a witness for**
7 **the commission,**
8 **recalled.**

9 THE REGISTRAR: Thank you for waiting. The hearing
10 is resumed. Mr. Commissioner.

11 THE COMMISSIONER: Yes, thank you, Madam Registrar.
12 Yes, Mr. McGowan.

13 MR. MCGOWAN: Thank you.

14 **EXAMINATION BY MR. MCGOWAN (continuing):**

15 Q Welcome back, Ms. Birge.

16 A Thank you.

17 Q All right. If we could just pull up exhibit U
18 to Mr. Vander Graaf's affidavit.

19 A Yes, I have it.

20 Q Mr. Vander Graaf's affidavit being exhibit 181.

21 A There we go. Yes.

22 Q Ms. Birge, this is an email from Mr. Vander
23 Graaf to Mr. McCrea, Mr. [sic] Van Sleuwen, you
24 and Mr. Saville. You've spoken of Mr. McCrea.
25 Who is Mr. Van Sleuwen?

- 1 A Ms. Van Sleuwen was the --
- 2 Q Ms. Van Sleuwen, pardon me.
- 3 A Executive Director of Audit and Compliance.
- 4 Q Okay. Thank you. And Mr. Saville?
- 5 A Executive Director of Registration.
- 6 Q Okay. And the title of the email refers to a
- 7 Patron Gaming Fund account pilot BCLC report.
- 8 What was that report?
- 9 A So I believe in 2008 the process -- there was
- 10 dialogue between GPEB and BCLC regarding the
- 11 establishment of Patron Gaming Funds -- of
- 12 accounts. There was agreement from GPEB that we
- 13 would proceed with -- that we would get approval
- 14 for this and that BCLC was going to put in place
- 15 a pilot project, which I think it lasted about
- 16 12 months. And this was the report that was
- 17 submitted following the review of the pilot.
- 18 Q And had you sought feedback from Mr. Vander
- 19 Graaf on the report?
- 20 A I think that it was Bill McCrea that was tasked
- 21 with seeking feedback from all parts of the
- 22 operation.
- 23 Q Okay. And this is coming to you at the time
- 24 that you're acting as the assistant ...
- 25 A Yes.

1 Q As the ADM. Yes. And Mr. Vander Graaf has
2 expressed concern about, I gather, the lack of
3 participation in the PGF account?

4 A Yes.

5 Q And he's raised a question about -- if we see
6 sort of in the middle of the first large
7 paragraph:

8 "Why wouldn't a legitimate millionaire-
9 type high-level gambler not want to use a
10 PGF account?"

11 Were you concerned about the lack of uptake on
12 the part of high-limit players, the lack of use
13 of these accounts?

14 A Well, it was -- I mean, I'm not an expert in
15 this area at all. But, you know, our hope was
16 that there would be greater uptake with the
17 Patron Gaming Fund as a way of sort of dealing
18 with issues related to cash.

19 Q Mr. -- sorry, go ahead.

20 A Yeah. I had a -- it was disappointing that more
21 had not taken up with this opportunity.

22 Q Mr. Vander Graaf --

23 A But there were a series of recommendations in
24 here that obviously we had to do more work to
25 take a look at the recommendations from the

1 lottery corporation to see how we might be able
2 to make it more -- they could make it more
3 attractive to ...

4 Q Yes, Mr. Vander Graaf proposes, among other
5 things, mandating the use of the accounts, at
6 least at certain levels. Is that something you
7 considered at this time?

8 A Not at this time because there was a process --
9 there were a number of reports that were coming
10 through at roughly the same time. All of them
11 focused on money laundering and we would look at
12 all of those recommendations as part of a larger
13 package. So we would -- the recommendations
14 from this, including Larry's, would be carried
15 forward into a broader discussion of the issue.

16 Q And Mr. Vander Graaf also proposes a ministerial
17 directive essentially capping the amount of cash
18 or the number of \$20 bills that could be used to
19 buy in. Did you direct any analysis or work
20 on -- in respect of that proposal?

21 A Not at that time because we were looking at --
22 I'm sure this will come up at some point, but
23 Rob Kroeker had submitted some work, a paper on
24 his findings around the issue, and there was
25 also some Deloitte information, and all of those

1 came in at roughly the same time, through
2 February and March of that year, 2011, and those
3 would have been viewed as a package of
4 recommendations by both us and presumably BCLC.

5 Q Okay. Did you at this time elevate Mr. Vander
6 Graaf's recommendations respecting the
7 ministerial directive or the mandating of the
8 use of the PGF accounts to the Deputy Minister
9 or the Minister?

10 A I don't recall doing that.

11 Q Okay. Do you recall whether you elevated his
12 concerns about the suspicious cash coming into
13 casinos to the Deputy Minister or Minister?

14 A I believe that they were aware of the issue. I
15 did not have specific conversations with them in
16 February of 2011 around that issue. That I can
17 recall, at least.

18 MR. MCGOWAN: Thank you. Could we please bring up
19 exhibit Y to Mr. Vander Graaf's affidavit.

20 Q Yes, Ms. Birge. This is an email dated
21 February 8th, 2011, from Mr. Vander Graaf to
22 Eugene Johnson, Bill McCrea, Terri Van Sleuwen
23 and you. Who is Eugene Johnson?

24 A He was a policy person attached to the ADM's
25 office. So I basically -- he'd be basically

1 working with me in my acting capacity during
2 this time.

3 Q And was this email in response to a request made
4 by you or somebody else, if you know?

5 A The request was made -- I believe that I
6 directed Eugene to put together a Q and A on
7 money laundering for the Minister, and so this
8 would have been at my request through Eugene.

9 Q Okay. Had the Minister asked for a Q and A on
10 money laundering?

11 A The Deputy Minister had asked for a Q and A on
12 money laundering. This was part of the
13 preparation for an estimates debate in the
14 legislature that was coming up in April or May
15 of that year.

16 Q Okay. And was -- had you sought input from
17 Mr. Vander Graaf on that -- you or Mr. Johnson
18 sought input from Mr. Vander Graaf on that Q and
19 A?

20 A Yes. It was sent to Bill McCrea, Terri Van
21 Sleuwen and Larry Vander Graaf for input.

22 Q Okay. And this was Mr. Vander Graaf's at least
23 initial input in response to that request?

24 A Yes. Yeah.

25 Q Okay. I read this as Mr. Vander Graaf raising,

1 I think, what could be characterized as a fairly
2 serious concern about suspicion cash in casinos.
3 Is that how you read his response?

4 A Yes. M'mm-hmm.

5 Q Okay. And, again, suggesting, encouraging or
6 even directing use of PGF accounts and a
7 ministerial directive relating to \$20 buy-ins?

8 A Correct. Yes, it's -- yep.

9 Q And also proposing, I think, an onsite presence
10 from the regulator?

11 A Yes.

12 Q Did you include that feedback in the preparatory
13 documents forwarded to the Deputy Minister in
14 preparation for the debate or any other purpose?

15 A I did not at that time. The Q and A was
16 basically a high-level Q and A on the topic of
17 money laundering. It wouldn't have been
18 appropriate to include information about a
19 ministerial directive as part of that process.
20 It's also important to note that we had a brand
21 new Minister. There was a new Solicitor General
22 that had been appointed, I believe, in March of
23 that year. It was -- she came from the Ministry
24 of Transportation and obviously a pretty big
25 learning curve. She had been in the position

1 for a matter of weeks. So not really in a
2 position to be issuing ministerial directives
3 given her recent introduction to the issue.

4 Q Who was that?

5 A That was Shirley Bond.

6 Q And was she at the time the Minister responsible
7 for gaming?

8 A She was made so in March of that year, yes.

9 Q Okay.

10 A And this was early April, yeah.

11 Q Did you as part of the process that you were
12 engaging in here elevate, if not the specific
13 recommendations, the degree of concern that was
14 being expressed by the investigations branch
15 about the potential that British Columbia
16 casinos were being used to facilitate money
17 laundering?

18 A To the Deputy?

19 Q Yes.

20 A Elevate to whom? To the Deputy --

21 Q To the Deputy --

22 A No, not -- sorry. Not specifically at this
23 time. We were in receipt of a number of
24 different reports around the issue. We had to
25 do due diligence on those reports and consider

1 Q Okay. Did you view Mr. Vander Graaf's email of
2 April 8th as responsive to the request for input
3 for the Q and A document?

4 A No. It was not -- it did not respond in the
5 manner which we had asked for a response.

6 Q What -- in what way did you view the document as
7 not responsive?

8 A Well, we were looking -- we had developed -- and
9 I don't have the Q an A, I don't think. We
10 would -- generally what we would do is write --
11 for one thing, we would keep it fairly brief
12 because, again, this was for estimates purposes
13 in the legislature. Ministers can only read so
14 much, and so we were looking for response points
15 if she was asked about what we were doing around
16 money laundering. So there would be short
17 questions and relatively short answers just to
18 give a high-level overview of our activity.

19 This is clearly, you know, very detailed.
20 And the response that came later directly to
21 Eugene was even more so. I believe it was nine
22 or ten pages long, which we could not use for
23 the purpose that was being requested.

24 MR. MCGOWAN: Okay. Maybe we'll turn to that. If we
25 could pull up exhibit Z to Mr. Vander Graaf's

1 affidavit, please.

2 Q Before we come to this, did you give Mr. Vander
3 Graaf feedback about the April 8th email
4 indicating it was not what you wanted and see
5 something more on point?

6 A I believe Eugene went back to him and asked him
7 just to take the questions that had been
8 identified and deal with those. I mean, we'd
9 been -- we'd over the years developed many Q and
10 As for Ministers, so I think everybody was
11 pretty familiar with the format.

12 Q Okay. This is an email from Mr. Vander Graaf to
13 Mr. Johnson. Did you -- attaching a Q and A.
14 If we just flip to the second page of that
15 document, please.

16 A M'mm-hmm.

17 Q Did this -- were you forwarded a copy of this at
18 the time?

19 A I was not.

20 Q Do you -- was this -- did you at some point have
21 a chance to review this document?

22 A Yeah. So Eugene Johnson came into my office.
23 This came in -- so this is four days after the
24 earlier email. This, I believe -- as far as I
25 can recall, this was the deadline by which I

1 needed to get the information submitted to the
2 deputy. He came to me and said, this is what
3 I've received; it's not what we'd asked for. So
4 I followed up directly with Larry at that point.

5 Q Okay. Why was it -- in which way was it not
6 what you had asked for?

7 A Well, again, it didn't address the questions
8 that we had posed and it was far too detailed
9 for a minister to be able to absorb and it just
10 wasn't useful for the purpose for which we were
11 requesting the information.

12 Q Okay. And what was the nature of your followup
13 with Mr. Vander Graaf?

14 A So I phoned him and told him that I couldn't use
15 what he had submitted and that I needed him to
16 go back to the original request and get -- you
17 know, do one paragraph responses or whatever was
18 reasonable and resubmit it to me and that I
19 needed it basically by about noon that day in
20 order to get the information to the Deputy.

21 Q And did you get that from Mr. Vander Graaf?

22 A I did. Yes, I did.

23 Q Okay. If we could just flip forward one page.
24 I'm going to read the text under the heading
25 "Loan Sharking" it says:

1 "Criminal organizations lend gamblers
2 funds in the form of small denomination
3 bills that are the proceeds of crime at an
4 attractive rate, sometimes zero interest,
5 in return for repayment through personal
6 cheque, money order or other forms of
7 payment. Repayment of loans of cash,
8 \$20 bills by negotiable instruments will
9 allow organized crime the ability to
10 legitimize and place cash in bona fide
11 financial institutions."

12 And then it goes on to provide some further
13 details about this proposed method. Was this
14 news to you or did you understand that this was
15 Mr. Vander Graaf's theory about what was taking
16 place in British Columbia casinos?

17 A I didn't know a lot about loan sharking.
18 Obviously that's way outside my scope of
19 knowledge. I had learned through this period
20 when I was acting -- I hadn't really been
21 involved on the investigation side of things
22 generally up until the time I became acting ADM,
23 so I was definitely learning as I went. I had
24 no reason to disbelieve what was written in this
25 document.

1 Q Did you understand that this scenario
2 represented a risk of British Columbia casinos
3 being used to facilitate money laundering?

4 A Yes, I did. Which was in part why all the
5 various reports were commissioned in order to
6 look into this in more detail. Yep.

7 Q Did you communicate to the Deputy Minister or
8 Minister that the head of GPEB investigations
9 believed that British Columbia casinos were
10 being used to facilitate money laundering?

11 A I think that those conversations -- I did not
12 specifically do so. Those conversations had
13 been had in general terms, and we were
14 undergoing a process to come up with a series of
15 recommendations for the Deputy and the Minister
16 going forward.

17 Q You said those conversations had been had. Can
18 you provide more details about that, please.

19 A I don't -- no, not -- I was not directly
20 involved in those. It's through reading some of
21 the documentation it would appear so. But no, I
22 can't specifically speak to my own participation
23 in that.

24 Q Okay. In your time as ADM or in your previous
25 policy roles did you ever discuss with the

1 Minister or Deputy Minister concerns about
2 suspicious cash being -- entering British
3 Columbia casinos or the concern that British
4 Columbia casinos might be being used to
5 facilitate money laundering?

6 A No. I wouldn't have been in a position to have
7 those conversations with the Deputy or the
8 Minister prior to 2011, when I became acting ADM
9 and I did not have those specific conversations
10 during that time.

11 Q Given the level of concern being expressed by
12 Mr. Vander Graaf and the proposals of responses,
13 including a ministerial directive, why did you
14 not elevate these concerns to the Minister or
15 Deputy Minister during your time as acting ADM?

16 A Because it wouldn't have been responsible to do
17 so. We were engaged in a process that had been
18 ongoing for some time around Patron Gaming
19 Funds. We had just received a report with
20 recommendations in it. Deloitte was doing a
21 report on BCLC's anti-money laundering program.
22 That was a very important piece of work that we
23 needed to review and look at those
24 recommendations. And we had the Kroeker Report,
25 which was sort of the major piece of work that

1 was being done on this issue at the same time.
2 All of those came in in February or March 2011,
3 which is right around the same time that these
4 documents are here.

5 We -- Mr. Vander Graaf and others had the
6 ability to comment on those reports, to add to
7 those reports in the sense -- add commentary to
8 those reports. Not to actually change it, but
9 to provide feedback. His recommendations around
10 \$20 bills and so on were put into the mix, and
11 the goal was that when the ADM came in on a
12 permanent basis that we would establish a
13 working group to go forward and work
14 collaboratively with others in the industry such
15 as the Lottery Corporation, the operators of the
16 casinos themselves as well as law enforcement to
17 come up with a package of recommendations. And
18 that process started in September and was
19 ongoing until -- it was started when the new ADM
20 came in and was ongoing at the point that I left
21 the branch in April of 2012.

22 So it needed to be -- we needed to do due
23 diligence on the issue. And we needed people to
24 be aligned in a process because it was the only
25 way it was going to be effective was that the

1 different people who were responsible for
2 different elements, you know, agreed at least in
3 general terms on the best approach.

4 Q And when -- you departed GPEB in April of 2012?

5 A Correct.

6 Q And at the time of your departure or by the time
7 of your departure had a package of information
8 and recommendations been forwarded to the Deputy
9 Minister or Minister in respect of this issue?

10 A No. The work was ongoing at the point that I
11 left.

12 Q Okay. Mr. Vander Graaf, I'm sure you have seen
13 in his affidavit and his second affidavit,
14 discusses an interaction where he suggests that
15 you told him -- directed him to delete the
16 April 8th email that we had been discussing,
17 exhibit Y to his affidavit.

18 A Yes.

19 Q Maybe I'll just ask you. Did you direct him to
20 delete that email?

21 A No. And as I state in my affidavit in
22 paragraph 43 that I have no recollection of
23 asking Mr. Vander Graaf or anybody to delete
24 that email. It was copied to other people, so
25 it wouldn't really make sense to ask him to

Exam by Mr. McGowan

Exam by Mr. Smart

1 delete it, delete his version when it's already
2 out there. I have never asked anyone to delete
3 an email. I was responsible for freedom of
4 information within GPEB. That was part of my
5 responsibility. I was well aware of the
6 requirement to retain records. And I just -- I
7 disagree with his claim that I asked him to
8 delete an email.

9 Q Okay. Did you make any direction or request in
10 respect of what should happen with that email
11 after it was sent to you?

12 A No, I did not. Not to my recollection.

13 MR. MCGOWAN: Mr. Commissioner, those are my
14 questions for the witness.

15 Thank you, Ms. Birge.

16 THE COMMISSIONER: Thank you, Mr. McGowan.

17 Now on behalf of the BC Lottery
18 Corporation, Mr. Stephens has been allocated
19 15 minutes.

20 MR. SMART: Mr. Commissioner, it's Mr. Smart, and I'm
21 going to ask the questions, if I may.

22 THE COMMISSIONER: Yes, of course, Mr. Smart.

23 **EXAMINATION BY MR. SMART:**

24 Q Ms. Birge, I'm just going to deal with the last
25 matter that Mr. McGowan asked you about, the --

1 what Mr. Vander Graaf alleges in his second
2 affidavit at paragraph 6. You have his second
3 affidavit before you?

4 A Yes, I do.

5 Q All right. He states:

6 "At paragraph 85 of my first affidavit I
7 incorrectly deposed that on April 12,
8 2011, Ms. Birge called me and told me to
9 delete the emails that I had sent to
10 Mr. Johnson. In fact Ms. Birge called me
11 on April 12th, 2011, and told me to delete
12 the email April 8th, 2011, from me to
13 Eugene Johnson. This email is attached to
14 my first affidavit as exhibit Y."

15 And then he states at paragraph 8:

16 "Attached to this affidavit and marked as
17 exhibit B is a true copy of a page from my
18 personal notebook in which I made a note
19 of my conversation with Ms. Birge on
20 April 12, 2011, regarding the deletion of
21 the April 8th, 2011."

22 You've stated you have no recollection of making
23 that request of Mr. Vander Graaf, and you have
24 gone further and said, I've never asked -- in
25 your time in government, you haven't asked

1 anyone to delete an email. I have that right?

2 A Correct. Yep.

3 Q It's a very serious allegation to make of you,
4 isn't it?

5 A It is, yes. I was quite astonished to see it,
6 yeah.

7 Q So he says you called him on April 12th. When
8 you look at the exhibit B to his affidavit --

9 MR. SMART: I don't know if that's convenient,
10 Mr. McGowan, to put that up on the screen, if we
11 can do that.

12 MR. MCGOWAN: Yes. Madam Registrar, if you could
13 please pull up Mr. Vander Graaf's affidavit
14 number 2, and it's the final page of that
15 document that Mr. Smart is looking for.

16 MR. SMART: Thank you.

17 Q So let me --

18 A Yes, I have that.

19 Q So you read that, didn't you?

20 A I did. Yep.

21 Q What did you think when you saw that, Ms. Birge?

22 A Well, I was quite astonished. I did definitely
23 talk with Mr. Vander Graaf on the 12th of April,
24 2011, because that's the day that I was trying
25 to chase down the Q and A for the Deputy

1 yourself in your years working for the
2 government?

3 A Absolutely. Yes. I took my responsibilities
4 very seriously, and we all treated FOI very, you
5 know, seriously in the office.

6 Q Yes.

7 A So yes, I would never make that request of a
8 colleague.

9 Q If I can go back to your affidavit for a moment,
10 please. You --

11 A Yes.

12 Q At paragraph --

13 MR. SMART: And we can take that down, thank you,
14 Madam Registrar, that document. Yes.

15 Q You state at paragraph -- maybe it's easy for
16 people to follow if we put your affidavit up.

17 MR. SMART: I'm sorry, Mr. McGowan, I'm not
18 following. That has been marked --

19 MR. MCGOWAN: No, that's fine, Mr. Smart. If we
20 could pull up Ms. Birge's affidavit, please,
21 Madam Registrar.

22 MR. SMART: That has been marked as an exhibit, has
23 it?

24 MR. MCGOWAN: If I neglected to mark it, then we
25 should do so now.

1 THE REGISTRAR: We have. It is exhibit 527.

2 MR. SMART: Thank you.

3 Q You state at paragraph 29, Ms. Birge --

4 MR. SMART: And that's at page 5, Madam Registrar.

5 THE REGISTRAR: Yes.

6 MR. SMART:

7 Q -- that your working relationship with

8 Mr. Vander Graaf:

9 "... spanned over a decade, and while it
10 was not always easy, it was professional
11 and for the most part, cordial. At times
12 it was a challenge for me to obtain
13 information from Mr. Vander Graaf or Joe
14 Schalk, Senior Director ..."

15 At times it wasn't cordial, Ms. Birge?

16 A I would say that it was -- we had a very
17 professional working relationship. I think -- I
18 had a lot of respect for his background and
19 expertise in his field. It generally was
20 cordial, but we didn't connect a lot. He was
21 working in Vancouver; I was in Victoria. We
22 would discuss things of course at executive
23 meetings, but there wasn't a lot of overlap. I
24 was not engaged -- actively engaged in the work
25 of the investigations division.

1 Q Yes. You've been -- you were involved in the
2 expansion of gaming in British Columbia?

3 A Yes.

4 Q And you understood that the underlying purpose
5 was an important underlying purpose -- one of
6 the purposes and an important one was that it
7 could generate revenue for public good?

8 A Yes. Yep.

9 Q Yeah. For provincial government, local
10 government, charities, various organizations
11 that in fact came to -- appear to have come to
12 rely on the revenue generated from gaming?

13 A Yes.

14 Q And so when you were dealing with these two
15 exhibits that Mr. McGowan has directed you to
16 where Mr. Vander Graaf was asking you to issue
17 ministerial -- to recommend ministerial
18 directives to deal with these \$20 bills,
19 you were -- what you wanted was the exercise of
20 due diligence before significant changes were
21 made to the cash that was coming into casinos.
22 Is that fair?

23 A That is fair, yes.

24 Q You wanted consultation with various
25 stakeholders, people with -- that would have

1 different perspectives to discuss what
2 Mr. Vander Graaf wanted, that is to limit
3 \$20 bills up to 10,000 or \$20,000. You wanted
4 that to be the subject of discussion amongst the
5 various stakeholders so that a careful --
6 carefully thought out decision could be made,
7 whether that was appropriate or not. That's
8 what you were seeking?

9 A That's what I was seeking, and it's conceivable
10 that such a recommendation could go forward to
11 the Minister, but not until we had done our due
12 diligence --

13 Q Yes.

14 A -- to look at all options that were open to us.

15 Q And at the time that these -- the documents at
16 exhibit U and Y -- I don't want to trouble you
17 by going back to them -- but at the time that
18 Mr. Vander Graaf was sending those
19 communications in February and April of 2011,
20 there were these two other -- there was
21 Mr. Kroeker, who was preparing a report, an
22 analysis for the Minister, and there was --
23 Deloitte, was it, that was also doing an
24 analysis of AML policies at BCLC?

25 A Correct. As well as a Patron Gaming Fund

1 report, which is the third piece of the work
2 that was being done at that time, yep.

3 Q Yes. Despite the lack of consultation amongst
4 stakeholders, the fact that these two reports
5 were in the process of being completed,
6 Mr. Vander Graaf wanted you -- I'll put it
7 politely -- essentially to ram through a
8 ministerial directive to restrict \$20 bills to
9 10- or \$20,000 in casinos?

10 A It did come up from him on a few occasions
11 during the period that I was acting, yes.

12 Q Then he made -- apparently made a note of an
13 email that you asked him to delete when in fact
14 you never did?

15 A Correct.

16 MR. SMART: Okay. Those are my questions. Thank
17 you.

18 THE COMMISSIONER: Thank you, Mr. Smart.

19 I'll now call on Ms. Harmer on behalf of
20 Great Canadian Gaming Corporation, who has been
21 allocated five minutes

22 MS. HARMER: Thank you, Mr. Commissioner. In light
23 of the evidence of this witness, we don't have
24 any questions today.

25 THE COMMISSIONER: Thank you, Ms. Harmer.

1 And on behalf of Mr. Kroeker, Ms. Peddle
2 who has been allocated five minutes.

3 MS. PEDDLE: Thank you, Mr. Commissioner.

4 **EXAMINATION BY MS. PEDDLE:**

5 Q Ms. Birge can you see and hear me okay?

6 A Yes, I can.

7 Q So I understand from your affidavit that you
8 gathered briefing materials from the various
9 GPEB departments or divisions for the purpose of
10 Mr. Kroeker's 2011 review?

11 A Yes.

12 Q And you have no recollection of seeing
13 Mr. Vander Graaf's feedback to Mr. Kroeker?

14 A No, it did not come to me.

15 Q And do I understand correctly that Mr. Vander
16 Graaf should have shared this feedback with you,
17 but it wouldn't have been unusual for him to
18 bypass you and send it to Mr. Kroeker directly?

19 A Correct.

20 Q And am I right -- you said in response to
21 questions from commission counsel that there was
22 no consensus on how to deal with cash in the
23 industry generally; is that right?

24 A Not that I was aware of. I mean, I didn't see
25 consensus within GPEB. I can't really speak to

1 what was going on outside GPEB.

2 Q Right. But even within GPEB there was no real
3 consensus on how to solve --

4 A There was -- no. There was -- well, there was
5 no consensus that there was, you know, one
6 solution to this issue. No, there was not.

7 Q Okay. And you gave evidence that there were a
8 number of reports coming in around February
9 2011, including Mr. Kroeker's report, and that
10 GPEB wanted to review these reports and
11 recommendations in determining how to move
12 forward; is that fair?

13 A Yes, it is.

14 Q And you state in your affidavit that Deloitte
15 was undertaking a review and assessment of
16 BCLC's AML regime. Was that your understanding?

17 A Correct. Yes.

18 Q And was it your understanding that Mr. Kroeker's
19 mandate was limited to reviewing BCLC's AML
20 regime for compliance with the *Proceeds of Crime*
21 *(Money Laundering) and Terrorist Financing Act*?

22 A That's a good question. I think that was part
23 of his mandate. The mandate was determined by
24 the Minister separate from GPEB, so -- but I
25 think that he was also to look at potential

1 solutions or at least a process by which both
2 GPEB and BCLC could more effectively deal with
3 the issue of money laundering and work together
4 to minimize the risk of it.

5 Q And what was the basis for -- what was the basis
6 for your knowledge?

7 A Well, I have to say it was just reading the
8 summary document recently. I mean, my
9 recollection -- this is based on recent
10 information as opposed to what I recall
11 specifically [indiscernible] --

12 Q It's been a long time.

13 A -- 2011. Yeah. Yes.

14 Q Okay. Thank you. So I'll just ask -- I'd like
15 to ask you a couple of questions about cash
16 alternatives. You were part of the
17 cross-divisional working group on cash
18 alternatives?

19 A Yes.

20 Q Was it your understand --

21 A Well, it was on money laundering generally.
22 Cash alternatives was one piece of it, yeah.

23 Q Okay. Was it your understanding that cash
24 alternatives were a priority for government
25 under the AML strategy?

1 A Yes. Because the Patron Gaming Fund had a lot
2 of discussion over, you know, an extended period
3 of time. There's a pilot put in place. That
4 was one option for cash alternatives. Other
5 options were things like putting ATMs at
6 casinos, which I don't think existed prior to
7 2008 or later. So yes, there was discussion.

8 Q Was it your understanding that GPEB approval was
9 required before BCLC could implement cash
10 alternatives?

11 A Yes. We had already -- well, yeah. Sorry. Go
12 ahead.

13 Q Is it fair to say that in your experience the
14 working group did not move very quickly on
15 approving cash alternatives?

16 A Well, cash alternatives, as I said, was just one
17 part of what the working group was dealing with,
18 and, again, you know, it was part of a package
19 of things that we would make recommendations to
20 go, you know, forward with. Either -- well, to
21 the Minister. There were probably some things
22 that GPEB could have approved on its own. The
23 Patron Gaming Fund was already -- it had been
24 piloted and it looked like it was going to be a
25 permanent fixture at that time, but there was

1 discussion about where those funds would be
2 transferred from and other pieces of that that
3 needed to be sorted through, and that was just
4 part of an ongoing process.

5 Q And that took some time?

6 A It did take time. And we also had a brand new
7 Assistant Deputy Minister in place who needed
8 time to get up to speed with all the pieces of
9 this very complex issue. And so yes, it did
10 take time.

11 Q Okay. In some cases do you recall that
12 discussions around cash alternatives went on for
13 many, many months or even years?

14 A Well, I think approval was given for the pilot
15 in 2008 and the pilot ran for a year, and then
16 there was a report that came out of it, and then
17 recommendations would have gone forward to the
18 cross-divisional working group, so yes. I mean,
19 it didn't mean that we were not doing anything
20 on that topic because we had put a pilot -- we
21 had approved BCLC to put a pilot in place to
22 test its effectiveness and to see if there were
23 any unintended consequences. So yes, it did go
24 on for a period of time, but it was all part of
25 an action plan.

1 Q Was it your perception that -- was it fair to
2 say that you didn't perceive any real urgency in
3 implementing and approving cash alternatives on
4 GPEB's part?

5 A I don't think that would be a fair statement. I
6 think we were all keen to see movement in this
7 area.

8 Q Okay. But it did take a significant amount of
9 time?

10 A It did take time, yeah. I should also mention
11 there were responsible gambling issues attached
12 to that. It was typically around things like
13 ATMs and access to -- easy access to cash from
14 people who may have addiction issues, and so
15 there were other things that were being
16 considered at the same time.

17 MS. PEDDLE: Okay. Mr. Commissioner, I believe I'm
18 out of time. I just have a couple more
19 questions for Ms. Birge, if that's okay.

20 THE COMMISSIONER: Yes. All right.

21 MS. PEDDLE:

22 Q So I just want to make sure that I understand
23 your evidence correctly, Ms. Birge. So you said
24 that the policy division did not handle policy
25 related to the enforcement side of GPEB's work?

1 A That's right. Except in very general terms as
2 it meant collecting information for things like
3 annual reports, service plans, budget, that sort
4 of thing.

5 Q Okay. And so that work was handled by the
6 investigations division?

7 A Well, yeah, I mean -- yes. Their operational
8 policies and other sort of elements that --
9 around the running of that division would have
10 been made internally.

11 Q And you said in response to questions from
12 commission counsel -- and I'm paraphrasing;
13 please correct me if I'm wrong, but that any
14 policy work related to the reduction of
15 suspicious cash would fall to the investigations
16 division?

17 A Well, it was really -- it would have been more
18 of a branch-wide -- it's possible they were
19 doing some work on this within the division. I
20 have no knowledge of that. I know that the
21 policy group was not working on that
22 specifically. And as we determined this was a
23 priority within the branch, we developed a
24 collective response to dealing with these issues
25 so that we could have input from all parts of

1 the organization, and that was the
2 cross-divisional working group.

3 Q Okay. But you also said that the investigations
4 division wasn't very keen on sharing information
5 or working collaboratively?

6 A They were not, but -- generally speaking. But
7 when the cross-divisional working group was
8 established I think the dynamic shifted, and you
9 know, investigations, Mr. Vander Graaf and his
10 team, were very keen to find some solutions for
11 the issue, and things opened up. You know,
12 those conversations became a lot more
13 substantive as a result of that more formal
14 process.

15 Q Okay. And you didn't understand Mr. Vander
16 Graaf to have any experience working in policy;
17 is that right?

18 A I don't know what his experience working in
19 policy was.

20 MS. PEDDLE: Thank you. Those are all my questions.

21 THE COMMISSIONER: Thank you, Ms. Peddle.

22 Ms. Friesen on behalf of the province has
23 been allocated 20 minutes.

24 MS. FRIESEN: Yes. Thank you, Mr. Commissioner.

25

1 diligence. You made some comments about
2 engaging stakeholders as part of a due diligence
3 process. Do you recall giving that evidence?

4 A Yes.

5 Q And what role would subject matter experts play
6 in this process of due diligence?

7 A Well, I mean, really, from GPEB obviously our
8 subject matter experts were the investigations
9 division staff. And -- but we would be -- you
10 know, it was also important to consult with
11 other jurisdictions to see what was working
12 there and what best practice was, so that would
13 be a form of expertise that we would be looking
14 for. Law enforcement and former RCMP and others
15 who might be engage in this issue, and of course
16 BCLC had some expertise as well.

17 Q Thank you. And you were asked some questions
18 regarding Mr. Kroeker's mandate in drafting his
19 summary review report. Do you recall those
20 questions?

21 A Yes. Yes.

22 Q And were you directly engaged in retaining or
23 establishing the mandate from Mr. Kroeker in
24 drafting that report?

25 A No, I was not. That came from the Minister.

1 Q Thank you.

2 A Directly, yeah.

3 Q Thank you. I wanted to ask you a few questions
4 about the work in the policy division. As you
5 confirmed, you were the Director of Policy,
6 Legislation and Standards from 2002 to 2008;
7 correct?

8 A Yes.

9 Q And then from 2008 and then to the time that you
10 left in 2012 you were the Executive Director of
11 Policy, Responsible Gambling Services and
12 Business Services?

13 A Yes.

14 Q Is that accurate?

15 A M'mm-hmm.

16 Q And responsible gambling was added to the name
17 of the division after that -- after 2008 or
18 maybe 2009, but wasn't responsible gambling
19 always part of the policy work in your division?

20 A Yes. From 2002 on we acquired the program from
21 another ministry and that was part of my
22 portfolio.

23 Q Okay. And during your tenure with the -- I'll
24 use a shorthand and call it the policy division.
25 During your tenure with the policy division

1 within GPEB, what was the core work of the
2 policy division?

3 A So we acted as sort of a central agency to the
4 rest of the branch. We handled our service
5 plans, annual reports, all the financial -- the
6 budgeting and all the other finance elements.
7 This is post-2008, by the way. Is that the
8 period you're talking about? Yeah.

9 We did policy work. We worked very closely
10 with the licensing and grants division. There
11 was ongoing shifts that were going on there. We
12 were expanded the problem gambling program that
13 took up a lot of time. And a major focus for me
14 and some of my team was horse racing, which was
15 in a bit of a crisis at that time, and we were
16 looking to support them to make them more
17 viable.

18 I did all briefing notes for the Minister.
19 I had freedom of information and the
20 communications role. And we were working on a
21 major IT project.

22 Q And during your tenure in the policy division,
23 throughout that time how many policy staff did
24 you have?

25 A So I generally had two. Sometime I had three.

1 I believe they were more FTEs, but we had -- we
2 weren't -- we had a hiring freeze and we weren't
3 allowed to hire those additional staff at that
4 time. So two or three at most.

5 Q Okay. And how was the core work of the policy
6 division established?

7 A It could be set in a number of ways. We had a
8 business plan and service plan requirements to
9 meet. It could be a request from the ADM to
10 focus on something specific. It could be a
11 decision made by the Executive Director at a --
12 Directors at an executive meeting to start
13 looking into certain policy areas. We could get
14 a request from the Deputy through the ADM or
15 even from the Minister through the Deputy to the
16 ADM.

17 Q And you were acting --

18 A And there were times when I would just suggest
19 that maybe we should be taking a look at
20 something, and it would come from me.

21 Q Okay. And you were acting ADM for a period of
22 time, as you've established, as you've testified
23 already.

24 A Yes.

25 Q Did you during that period continue in your

1 position as Executive Director with the policy
2 division?

3 A Yes. That position was not backfilled, so I was
4 doing that as well as the acting ADM role.

5 Q Thank you. I wanted to -- I have a few
6 questions for you regarding about Mr. Vander
7 Graaf's email of February 25, 2011, that was
8 attached as exhibit U to his affidavit number 1,
9 and my friend Mr. McGowan took that -- took you
10 to that earlier.

11 A Yes.

12 Q I wanted to refer you to the document GPEB3955.

13 MS. FRIESEN: But first, Mr. Commissioner, I provided
14 notice of this document outside of the time for
15 notice as set out in the rules of practice and
16 procedure, and therefore I'm seeking leave to
17 put this document to the witness.

18 Just briefly to describe what that document
19 is. As I said, this is -- it's a document that
20 is very similar to the document that is attached
21 at exhibit U to Mr. Vander Graaf's affidavit.
22 That is that February 25, 2011 email. However,
23 that exhibit U does not include the full email
24 chain, and this particular document does include
25 a more fulsome email chain, and that is the

1 document that I wish to put to the witness.

2 THE COMMISSIONER: All right. Do you have any
3 objections to that, Mr. McGowan?

4 MR. MCGOWAN: No objection from me, Mr. Commissioner.

5 THE COMMISSIONER: Okay. Any other source? All
6 right. Carry on, Ms. Friesen.

7 MS. FRIESEN: Thank you, Mr. Commissioner.

8 Madam Registrar, could you please pull up
9 that document. It's GPEB3955

10 Q Now, this is a copy of the email that you're
11 familiar with now, Ms. Birge, a February 25,
12 2011 email from Mr. Vander Graaf. Do you see
13 that there at the top?

14 A Yes. Yes, I do.

15 Q And if I could please scroll to page 3 of the
16 document. This is an email -- you'll see here
17 on page 3, this is an email from Bill McCrea
18 dated February 18, 2011, and it is addressed to
19 you, to Terri Van Sleuwen, to Rick Saville,
20 Larry Vander Graaf, Lisa Burke and Eugene
21 Johnson. Do you see that there?

22 A M'mm-hmm. I do.

23 Q And it's called "Patron Gaming Fund accounts
24 pilot." And it says in the first paragraph:

25 "As discussed yesterday, there's BCLC's

1 review of the PGF pilot project. The
2 report contains feedback and
3 recommendations from the casino service
4 providers and BCLC with page 9 and 10
5 providing a list of eight recommended
6 changes to the program. BCLC, service
7 providers and certain patrons have
8 expressed the desire to continue PGF
9 accounts. What we need to understand is
10 can requested modifications be made to the
11 program to help it be more attractive to
12 patrons and service providers while
13 maintaining the high degree of integrity."

14 That's the first paragraph. And then he -- in
15 the second paragraph he's asking for input from
16 the group. Is that right?

17 A That's right.

18 Q And what was your understanding of the purpose
19 of this email from Bill McCrea?

20 A Well -- so the pilot had run for a period of
21 12 months. This was the report that came out of
22 an analysis of that pilot, and there were some
23 recommended changes to it, which would have had
24 to receive approval from GPEB. Well, I can't
25 state that all of the recommended changes would

1 have received GPEB approval, but I'm sure some
2 of them would have been. And he was asking
3 relevant directors to provide [indiscernible] on
4 the recommendations.

5 Q And what was your understanding of the next
6 steps -- what those next steps would be after
7 receiving the feedback?

8 A Well, we would have sent the feedback to --
9 well, Bill, presumably, would have sent -- Bill
10 McCrea would have sent to feedback to the
11 Lottery Corporation. I'm not sure what the time
12 frame was, but I do know that this report would
13 have been part of what was eventually discussed
14 at the cross-divisional working group. It was
15 just -- it was more -- there were more
16 recommendations in here that might help with the
17 overall approach to money laundering in the
18 province.

19 Q Thank you. And what was Mr. McCrea's role with
20 respect to the Patron Gaming Funds within GPEB?

21 A So he was managing the process on behalf of
22 GPEB. He would have been the liaison between
23 GPEB and BCLC. He was basically given direction
24 by the ADM, at the time Mr. Sturko, to manage
25 this pilot process and would have presumably had

1 some involvement in the report that came out of
2 that.

3 Q Now, in your evidence you've referenced
4 different divisions within GPEB. Can you
5 describe the various divisions that were in
6 place within GPEB during your tenure just so we
7 have a better understanding of your -- the --
8 your placement as the policy division among all
9 of the divisions.

10 A Right. So policy, responsible gambling and
11 business services, obviously. There was a horse
12 racing division. There was risk and compliance
13 division, a licensing and grants division,
14 registration of gaming workers and companies,
15 investigations of course, and audit and
16 compliance.

17 Q Thank you. And you provided some evidence
18 regarding the sharing of information between the
19 investigative divisions and others -- other
20 divisions. Did you have visibility into all
21 communications between the investigations
22 division and other divisions within GPEB?

23 A No, I did not. No, I did not.

24 Q Now, as Executive Director you state that you
25 attended executive meetings?

1 A Yes.

2 Q And which Executive Directors would attend these
3 meetings?

4 A So those meetings would be attended by Bill
5 McCrea, Terri Van Sleuwen, Rick Saville, Larry
6 Vander Graaf, Ursula Cowland of licensing and
7 myself. Oh, and -- oh, gosh -- the Executive
8 Director of horse racing, whose name completely
9 escapes me at the moment. But basically there
10 were seven divisions, I believe, and the
11 executive directors from all of them would be in
12 attendance.

13 MS. FRIESEN: Thank you. I'm sorry, Madam Registrar,
14 I no longer need the document displayed. Thank
15 you.

16 Q And so with respect to the executive meetings,
17 how frequently did they occur?

18 A So I stated in my affidavit that they were
19 monthly, but I've since been -- that's been
20 troubling me a little bit because I believe that
21 they were biweekly. I'm fairly certain that we
22 met every two weeks. Monthly would mean 12
23 meetings a year and we definitely met much, much
24 more frequently than that. So I believe I was
25 mistaken and it should have been biweekly.

1 Q Okay. Thank you. Were those meetings held in
2 person or remotely?

3 A They were -- in the earlier days they were held
4 in person. We invested early on in video
5 conferencing material -- video conference --
6 video. So we were -- as a result, we were able
7 to communicate through video conferencing. And
8 that meant that, you know, it was a cost
9 measure, among other things.

10 So it was a blend. The short answer, it was
11 a blend of both in person and video
12 conferencing.

13 Q Okay. Thank you. You touched on the issue of
14 responsible gambling, and in your affidavit you
15 touched on it briefly at paragraph 27 where you
16 state:

17 "The issue was multi-faceted and
18 discussions about cash alternatives went
19 on for some time. Responsible gambling
20 concerns focused on allowing cash machines
21 in casinos that would enable players to
22 access funds through credit cards on site.
23 I sought to get people to think
24 strategically about the implications of
25 those decisions and the unintended

1 consequences for vulnerable people."

2 A Yes.

3 Q So this paragraph that I -- thank you. This
4 paragraph that I just read addresses responsible
5 gambling concerns regarding cash machines in
6 casinos. Did your role -- in your role did you
7 have the opportunity to review and consider
8 responsible gambling concerns regarding access
9 to credit in casinos?

10 A Yes. We had looked at access to credit much
11 earlier in my tenure there. This had been an
12 ongoing concern. There was -- and there was
13 basically the executive -- sorry, the Assistant
14 Deputy Minister had the ability to set standards
15 for BCLC and service providers, I believe, and
16 responsible gambling was a big part of that, and
17 extension of credit was essentially prohibited,
18 which meant that a casino could not lend a
19 patron money in order to gamble.

20 Q What was the rationale regarding that?

21 A Well, there was a concern that if people had
22 sort of unfettered access to cash through
23 credit that they would gamble more money than
24 they could afford to lose. And so restrictions
25 were placed on that access in order to help

1 mitigate that problem.

2 MS. FRIESEN: Thank you. Mr. Commissioner, I forgot
3 to mark the last document as an exhibit, and
4 I'll ask that that document be marked as the
5 next exhibit. That's document GPEB3955.

6 THE COMMISSIONER: 528.

7 THE REGISTRAR: Exhibit 528.

8 THE COMMISSIONER: Thank you.

9 **EXHIBIT 528: Email from Larry Vander Graaf to**
10 **Bill McCrea and others re Patron Gaming Fund**
11 **Accounts Pilot - BCLC Report - February 25, 2011**

12 MS. FRIESEN: Thank you.

13 Q Now, Ms. Birge, I just had one more question I
14 was going to ask you just with respect to the
15 executive meetings. I know we were just
16 discussing that prior to the responsible
17 gambling issues that you've provided us with
18 evidence on. Can you generally describe the
19 nature of the communications among the divisions
20 through the executive meetings.

21 A So as I said, the executive met biweekly. We
22 would have an agenda for those meetings.
23 People -- Directors, Executive Directors would
24 [indiscernible] on agenda items. They tended to
25 focus on sort of higher level issues that would

1 pertain to all aspects of the branch. We didn't
2 really drill down typically into one specific
3 division or area. If there were issues that
4 needed to be discussed, they would likely --
5 that discussion would have taken place outside
6 of an executive meeting. You know, there's a
7 lot of ad hoc meetings and discussions. It was
8 pretty open for us to be able to pick up the
9 phone and -- or walk down the hall.

10 MS. FRIESEN: Thank you, Ms. Birge.

11 And, Mr. Commissioner, those are my
12 questions.

13 THE COMMISSIONER: Thank you, Ms. Friesen. Anything
14 arising from that, Ms. Peddle?

15 MS. PEDDLE: No, Mr. Commissioner. Thank you.

16 THE COMMISSIONER: Mr. Smart?

17 MR. SMART: Sorry. No, Mr. Commissioner, nothing.

18 THE COMMISSIONER: And Mr. McGowan.

19 MR. MCGOWAN: No. Thank you.

20 **(WITNESS EXCUSED)**

21 THE COMMISSIONER: Thank you. I think we have
22 another witness who needs to be brought into the
23 hearing, and this may be an appropriate time to
24 take a 15-minute break while we accomplish that.

25 MR. MCGOWAN: Yes, thank you.

1 THE REGISTRAR: This hearing is adjourned for a
2 15-minute recess until 11:12 a.m.

3 (PROCEEDINGS ADJOURNED AT 10:57 A.M.)

4 (PROCEEDINGS RECONVENED AT 11:17 A.M.)

5 THE REGISTRAR: Thank you for waiting. The hearing
6 is resumed. Mr. Commissioner.

7 THE COMMISSIONER: Thank you, Madam Registrar.

8 Yes, Mr. McCleery.

9 MR. McCLEERY: Thank you, Mr. Commissioner. Just one
10 brief matter to address before we get to our
11 next witness.

12 In the course of Ms. Birge's evidence
13 several references were made to Mr. Vander
14 Graaf's second affidavit, which I believe --
15 Madam Registrar will correct me if I'm
16 mistaken -- we neglected to mark as an exhibit,
17 so I'll ask that be done now.

18 THE COMMISSIONER: All right. That will be our next
19 exhibit, which I think is 529, Madam Registrar.

20 THE REGISTRAR: That's correct, 529.

21 THE COMMISSIONER: Thank you.

22 **EXHIBIT 529: Affidavit #2 of Larry Vander Graaf**
23 **dated January 19, 2021**

24 MR. McCLEERY: And with that, our next witness is
25 Mr. Patrick Ennis.

1 **PATRICK ENNIS, a witness**
2 **called for the**
3 **commission, sworn.**

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

6 THE WITNESS: Patrick Ennis, P-a-t-r-i-c-k E-n-n-i-s.

7 THE REGISTRAR: Thank you.

8 THE COMMISSIONER: All right. Just before we carry
9 on, we'll just wait a moment and make sure that
10 feedback has been abated. I think Ms. Matters
11 is returning to her station now.

12 MR. SOROCHAN: The offending machine was taken out of
13 the room so we should be good to go.

14 THE COMMISSIONER: Thank you, Mr. Sorochan.

15 All right. Let's carry on, then, Mr. McCleery.

16 MR. McCLEERY: Thank you.

17 **EXAMINATION BY MR. McCLEERY:**

18 Q Good morning, Mr. Ennis. Can you see and hear
19 me clearly?

20 A Yes, I can. Thank you.

21 Q Thank you. If at any point that changes, please
22 do let us know.

23 I'm going to begin by just reviewing your
24 professional experience and background. You
25 were an employee of the Great Canadian Gaming

1 Corporation from 1990 until 2019; is that
2 correct?

3 A Yes.

4 Q And what was the position you were initially
5 hired into in 1990?

6 A I was originally hired as a host/security at the
7 Holiday Inn on Broadway.

8 Q And in 1994 you were promoted to security
9 manager?

10 A Yes.

11 Q And I understand that you held this role at a
12 number of different Great Canadian locations.
13 Is that correct?

14 A Yes. Up until about 2000.

15 Q And can you tell us which locations you worked
16 at in that capacity?

17 A I worked at the Guildford location. I worked at
18 the Renaissance location. I did some time over
19 on the Island at a couple of locations on the
20 Island briefly. That's about it.

21 Q And you said you were in that role until 2001,
22 at which point I understand you were promoted to
23 Regional Manager of Security and Surveillance.

24 A Yes, that's correct.

25 Q And in that role that you had province-wide

1 responsibilities for Great Canadian?

2 A No. It was more of a Lower Mainland position.

3 Q Thank you. And I understand that in 2002 you
4 were promoted to Director of Surveillance and
5 Security for Great Canadian. Is that correct?

6 A Yes. And that was for the whole company.

7 Q And at that time did Great Canadian have
8 properties outside of British Columbia, or what
9 was the geographic reach of the company at that
10 point?

11 A No. At that time it was just British Columbia.
12 We might have been moving into Washington State
13 somewhere around that time.

14 Q Thank you. And I understand that roughly two
15 years into this role that job was split into two
16 with separate Director of Surveillance and
17 Director of Security positions created; is that
18 correct?

19 A That's correct.

20 Q And you moved into the Director of Security
21 role?

22 A Yes.

23 Q Do you know why the responsibilities of that job
24 were split in that way at that time?

25 A Yeah. The company was undergoing a very large

1 expansion. We were in the process of building
2 River Rock. Slot machines were coming onto the
3 market. So it was just the growth of the
4 company that required two separate divisions and
5 also the separation of surveillance from
6 operations, which is typical in casinos, to
7 provide oversight of the operations.

8 Q Okay. And can you speak to -- if you have an
9 understanding of why it's typical for casino
10 operations -- to have a division between
11 operations and surveillance?

12 A Just creates that independent oversight within
13 the casino to be able to report on regulatory
14 matters and ensure compliance with all operating
15 policies, procedures and governance.

16 Q And is that in part to ensure that matters
17 related to revenue aren't going to have an
18 impact on compliance related decisions?

19 A Yes.

20 Q And I understand that you later switched roles
21 and moved from that Director of Security
22 position to the Director of Surveillance role.
23 Is that correct?

24 A Yes.

25 Q And do you recall when you made that move?

1 A It was about 2008. I don't remember the exact
2 date.

3 Q And in 2015 you were promoted to Executive
4 Director of Corporate Security and Compliance;
5 is that correct?

6 A Yes. I want to clarify. I was the Acting
7 Director until April of 2016 when I won the
8 competition and got the Executive Director
9 title.

10 Q Okay. Can you briefly describe your
11 responsibilities in that position.

12 A I was responsible for the compliance department
13 and the surveillance department, the internal
14 audit adopt. I was also the company's corporate
15 compliance officer as well as privacy officer.

16 Q And you later became Vice President, Corporate
17 Security and Compliance; is that correct?

18 A Yes. That happened a year after I got the
19 promotion to Executive Director.

20 Q And can you describe the nature of your
21 responsibilities in that role compared to your
22 time as Executive Director?

23 A The responsibilities were the same, just the
24 company was expanding. Rob Kroeker previously
25 was the Vice President. It was just I think a

1 corporate decision to put me in an executive
2 position sort of to progress to VP a year later.

3 Q Thank you. And you remained in that role as
4 Vice President, Corporate Security and
5 Compliance until 2019 when you were terminated
6 without cause; is that correct?

7 A Yes, that's correct.

8 Q And, Mr. Ennis, you've sworn an affidavit for
9 the purpose of giving evidence to this
10 commission; is that correct.

11 A Yes.

12 MR. McCLEERY: Madam Registrar, can you bring up the
13 first page of Mr. Ennis's affidavit, please.

14 Q Do you see the document on the screen in front
15 of you, Mr. Ennis?

16 A Yes, I do.

17 Q Does this appear to be the affidavit that you
18 swore on January 22nd, 2021?

19 A Yes, it is.

20 MR. McCLEERY: Mr. Commissioner, I'll ask that be
21 marked the next exhibit.

22 THE COMMISSIONER: Very well 530.

23 THE REGISTRAR: Exhibit 530.

24 **EXHIBIT 530: Affidavit #1 of Patrick Ennis**
25 **sworn on January 22, 2021**

1 MR. McCLEERY:

2 Q Mr. Ennis, I want to go back and start at some
3 of the early stages of your clear, and I'll take
4 you to paragraph 11 of your affidavit. And just
5 to help orient me, do you have a hard copy of
6 your affidavit or are you working from what's on
7 the screen?

8 A I have a hard copy, but what's on the screen
9 seems to be easy to work with right now.

10 Q Okay. That sounds good, then. I'll direct you
11 to paragraph 11 where you say:

12 "Early on in my career, when the \$100 bet
13 limits were introduced, I came aware of
14 loan sharking at GCGC casinos."

15 And GCGC stands for Great Canadian Gaming
16 Corporation throughout your affidavit; is that
17 right?

18 A That's correct.

19 Q In your experience in the gaming industry in
20 this province, are the terms "loan shark" and
21 "loan sharking" in common use?

22 A They have been over time. We referred them more
23 as "cash facilitators" in the later years, but I
24 know in the purpose for this commission "loan
25 shark" has been used fairly often, so that's why

1 I put it in my affidavit.

2 Q Thank you. And as you -- as you use the term in
3 your affidavit, and going forward in your
4 evidence, what does it mean to you -- what does
5 the phrase "loan shark" mean to you?

6 A It's somebody that passes money to players in
7 the casinos.

8 Q Okay. And when you use the term "loan shark,"
9 are you referring to people lending money at any
10 particular interest rate or is it just lending
11 money generally?

12 A Just lending money. I have no knowledge of any
13 interest rates.

14 Q Okay. Thank you. You say you became aware of
15 loan sharking at the casinos when \$100 bet
16 limits were introduced. Do you recall roughly
17 when that was?

18 A I want to say somewhere around '93 or '94.
19 That's a guess, though. I can't say for sure.

20 Q Okay. And is it your belief that the emergence
21 or the arrival of these loan sharks was a result
22 or caused by these increased bet limits?

23 A I think it was two-fold. The casinos were a
24 cash-only business and at that time they
25 operated between 6:00 in afternoon and 2:00 in

1 the morning, so it wasn't easy to get money from
2 banks at that time of day.

3 Q Okay. And the loan sharks you referred to, were
4 they a presence at all Great Canadian casinos at
5 that time or were they concentrated at certain
6 sites?

7 A They would have been more prevalent at the
8 Holiday Inn and at River Rock, but I spent a
9 good deal of my career in Surrey and from -- on
10 occasion we had issues in Surrey with them as
11 well.

12 Q Paragraph 14 of your affidavit, which I think is
13 still on the screen, you say:

14 "During my tenure with GCGC, there has
15 never been a tolerance for loan sharking.
16 Loan sharks were consistently viewed as
17 being bad for business. GCGC has a
18 history of working to get rid of loan
19 sharks at its properties."

20 In those early days, sort of after the
21 introduction of the hundred dollar bet limits,
22 how did Great Canadian work to remove loan
23 sharks from [indiscernible]?

24 A We would institute [indiscernible] or barrings.
25 We didn't like people hanging around in the

1 casinos that weren't playing, so -- it made
2 customers uncomfortable and the loan sharks
3 could be very aggressive at times in approaching
4 customers, and it really wasn't good for
5 business. We'd get complaints from customers,
6 and we would have them removed.

7 Q So in essence you would -- people with -- if
8 someone was observed loan sharking at a Great
9 Canadian casino they would be asked to leave and
10 not be permitted to return?

11 A Yes.

12 Q At that time was the BC Lottery Corporation also
13 taking action with respect to loan sharks?

14 A BC Lottery Corporation didn't get involved until
15 1998. So prior to that it was Great Canadian
16 that was dealing with those issues.

17 Q And once the BC Lottery Corporation became
18 involved in casino gaming, were you aware of any
19 actions they were taking to get rid of loan
20 sharks?

21 A Yes. They would support our investigations and
22 issue province-wide barrings where necessary.

23 Q Thank you. And at this -- at the early stage,
24 sort of after the introduction of the hundred
25 dollar bet limits, I take it that was before the

1 Gaming Policy Enforcement Branch was created.

2 Is that correct?

3 A No, there was always a regulator. They were
4 originally called GAIO, Gaming Audit &
5 Investigation, I think. I can't remember
6 exactly what the acronym stands for. I'm not
7 sure exactly when they transitioned over to
8 GPEB. I know when I first started I didn't have
9 a registration. I think it was in 1991 when
10 they started registering all the gaming workers.

11 Q At that time, again, when the \$100 bet limits
12 were introduced and you noticed this emergence
13 of loan sharks, whether it was GPEB or the
14 Gaming Audit & Investigation Office, whoever the
15 regulator was at that time, were you aware of
16 any action that the regulator was taking to
17 address this issue of loan sharking?

18 A No, not to my knowledge. We had inspectors that
19 would come on site every once in a while, but I
20 don't recall.

21 Q Okay. Thank you. If you could move forward in
22 your affidavit and also move forward in time to
23 paragraph 15.

24 MR. McCLEERY: Madam Registrar, if we can scroll down
25 a little bit there. We're on the right page.

1 Perfect.

2 Q You say:

3 "After the bet limits were raised to
4 \$5,000 'per position,' which could allow a
5 player to bet \$45,000 on one outcome of
6 baccarat, buy-ins of hundreds of thousands
7 of dollars in cash were regular
8 occurrences at GCGC casinos. The limit
9 was subsequently raised to allow a player
10 to bet \$100,000 on one outcome of
11 baccarat."

12 Again, you tie this development to the
13 introduction of a particular bet limit. Do you
14 recall when that happened, that bet limits were
15 raised to \$5,000 per position?

16 A No, I can't say for sure. It would have been
17 late 2000s, like 2008, somewhere like that.

18 Q Thank you. Again, you refer generally to Great
19 Canadian casinos in this paragraph. This --
20 these growing buy-ins of hundreds of thousands
21 of dollars in cash, were they equally -- taking
22 place equally at all Great Canadian casinos or
23 were they again concentrated at certain sites?

24 A No. Primarily at River Rock. To some degree at
25 the Boulevard Casino, slash -- currently called

1 Hard Rock Casino.

2 Q Thank you. And you believe this increase in
3 buy-ins and this emergence of six figure buy-ins
4 was caused by this increase in bet limits?

5 A Yeah. They were allowed to bet more, so they
6 were buying in with more.

7 Q Fair enough. And at that time you were the
8 Director of Surveillance for Great Canadian?

9 A Yes, that's correct.

10 Q And were these large transactions a concern for
11 you given your responsibilities in that role?

12 A Our job in surveillance was to observe and
13 report on suspicious activities in the casinos.
14 When we saw large amounts of cash coming in,
15 that's exactly what we did. We would save
16 video, write reports, file Section 86s and
17 report to BCLC on what we were seeing.

18 Q Did you form a view at that time as to
19 whether -- the likely origins of this cash?

20 A No. I mean, obviously I've stated already that
21 loan sharks were present in the casinos. We
22 definitely monitored them, and that would cause
23 suspicion on the part of our reports if money
24 was being handed off or passed off to people in
25 washrooms or outside the casino area.

1 Q Were you concerned at that time that this cash
2 might be the proceeds of crime?

3 A I think yes, obviously we would've had some
4 concerns about where the money was coming from.

5 Q And you understood the purpose of the reporting
6 that you were doing to BCLC was at least in part
7 for them to then fulfill their reporting
8 obligations to FINTRAC; is that right?

9 A Yes.

10 Q And you understood that part of FINTRAC's
11 mandate was to monitor potential money-
12 laundering related activity; is that right?

13 A Yes.

14 Q So is it fair to say that you were at least
15 alive to the possibility that these large cash
16 transactions may have a connection to money
17 laundering?

18 A Yes.

19 Q And as these buy-ins were growing at the River
20 Rock and to a lesser degree at the Boulevard and
21 Hard Rock, did you discuss that emerging trend
22 with people at Great Canadian who were in senior
23 positions to yours?

24 A Yes. They were all aware what was happening.
25 They were aware of the cash coming into casinos.

1 Q And would you have discussed that with
2 Mr. Terrance Doyle?

3 A It depends on what period of time you're talking
4 about. You know, if you're back into the 2008,
5 it would have been the Vice President of
6 Compliance, who was Carl Bolton. Terrance Doyle
7 wasn't in an operational role at that time.

8 Q And the discussions you've had with Mr. Bolton,
9 did -- what was his reaction to that -- the
10 emergence of these --

11 A Just to make sure that we were doing our duties
12 and reporting so that BCLC could fulfill their
13 obligations of report suspicious activities to
14 FINTRAC. We also reported to GPEB and it was my
15 impression throughout my history in the casinos
16 that both those organizations were dealing with
17 the police and trying -- reporting what was
18 happening. You could even see it in iTrak
19 reports that they were filing suspicious reports
20 and forwarding them on to the RCMP and to IPOC
21 when they were around.

22 Q And around this period of time in 2008 or
23 shortly thereafter when the increased -- the bet
24 limits were increased to \$5,000 per position,
25 who was the CEO of Great Canadian?

1 A Rod Baker.

2 Q And did you discuss these growing cash
3 transactions with Mr. Baker?

4 A Sorry, was it 2008 you said? It might have
5 still been Ross McLeod at that -- or Adrian
6 Thomas.

7 Q Well, why don't we --

8 A The dates all kind of blur in there for me.

9 Q Well, maybe I'll ask more generally. With any
10 of those individuals did you discuss these
11 emerging large cash transactions?

12 A I would have discussed more with my direct boss,
13 which was the Vice President of Compliance, than
14 other senior leaders in the company at that
15 point in time. I didn't have routine access to
16 them, although it would come up in discussions
17 or meetings where they might've been at the
18 table.

19 Q And you mentioned that Mr. Bolton's reaction to
20 these developments was to ask that you ensure
21 that Great Canadian was reporting as required.
22 Is that right?

23 A Yes. And it was my role, like I stated earlier,
24 to ensure we were in compliance with all BCLC
25 and GPEB policies and procedure, and that's what

1 surveillance did throughout.

2 Q And to the extent that you discussed these
3 issues with anyone who may have been in the CEO
4 role or other senior leadership, was it -- the
5 directions or instructions you received from
6 them consistent with what you heard from
7 Mr. Bolton?

8 A Mr. Bolton would have given me the instructions.
9 I didn't interact as the Director of
10 Surveillance regularly with the CEO.

11 Q You mentioned a couple times now that Great
12 Canadian's role with respect to these
13 transactions was to report to GPEB and BCLC.
14 I'd appreciate if you could walk us through the
15 mechanics of how that would work sort of from
16 the moment that a patron arrives on site at,
17 say, the River Rock with \$100,000 in cash,
18 what's happening in the surveillance room and
19 elsewhere in the casino that's sort of leading
20 up to those reports being made?

21 A In the circumstance of a \$100,000 transaction
22 the first thing that would happen is the
23 customer would go to the cash cage. The cash
24 cage would accept the cash. They would call
25 surveillance, say that we're processing a large

1 buy-in. Surveillance would monitor that buy-in
2 to ensure that it was processed correctly and
3 the customer was paid out correctly.

4 In the background the Surveillance Manager
5 could, depending on certain criteria, initiate a
6 review of that player arriving on site to see
7 where he'd been, if he'd come from a hotel room,
8 if he'd come from the parking lot, if he'd gone
9 to the washroom and maybe come out with some
10 money. If somebody passed him a bag along the
11 way that he then produced to the cash cage. All
12 that information would be documented in a report
13 in iTrak, a Form 86 would be sent to GPEB and
14 all the video relating to the incident would be
15 saved on file for seven years.

16 Q And if BCLC or GPEB came back and asked for
17 additional information, you would provide that?

18 A Yes. They quite often did. The BCLC
19 investigators would review all the reports and
20 the video. Sometimes they would see things that
21 they wanted further followup on. That at
22 certain times of the year created a bit of
23 strain on the surveillance department, which we
24 addressed over multiple periods of time. But
25 yes, we definitely helped them and got any

1 information that they required as followup.

2 Q And maybe using the River Rock as an example, as
3 I would imagine this may differ between
4 different sites. But to what extent did the
5 surveillance department have the capacity to
6 monitor what was happening in the casino in real
7 time and to what extent was their work focused
8 on reviewing saved footage?

9 A So in any casino operation there's live
10 monitoring that takes place, but the majority of
11 investigations that take place in the
12 surveillance room are done via video review. At
13 the River Rock, for example, there was
14 1,400 cameras when I was there. 800 of them
15 were fixed cameras and they're positioned on all
16 areas of the casino to capture every square foot
17 of the casino operation itself. So if there is
18 an incident, you need to go back and review.
19 Those cameras are in place and are there to give
20 you the evidence that you need to come to a
21 conclusion about what may have happened. The
22 other 600 cameras in the system are panned
23 out/zoom cameras which the operators would use
24 when live-monitoring customers.

25 River Rock evolved over time. When we first

1 opened River Rock there were seven operator
2 stations and one review room on the third -- or
3 the second floor of the casino. As the business
4 grew in 2012, I put together a proposal to move
5 that room and expand it in 2013. It was an \$8
6 million renovation of not only the surveillance
7 room but also the camera system itself. But in
8 the end the surveillance room in 2013 expanded
9 to 15 operator stations and 14 review rooms from
10 the seven that it was originally designed with.

11 Q So fair to say that if you've got that number of
12 surveillance operators and, if I understood the
13 math correctly, 2,000 cameras, the vast majority
14 of these cameras were not being monitored; is
15 that fair?

16 A Yes, that's correct. And also, you know, the
17 surveillance room has assigned duties and
18 policies and procedure on things that they need
19 to watch on table games, card changes, you know,
20 box pulls, when the cash is coming off the
21 table, tips going onto the table, the money
22 being counted. I mean, that process takes about
23 six hours. They're monitoring that. They're
24 monitoring the cash cage transactions along with
25 other incidents that might involved security.

1 So there's a lot going on.

2 MR. DUONG: Mr. Commissioner, Brian Duong from BCLC
3 here. I just wanted to raise just a word of
4 caution about the kind of detail that we're
5 going into in respect of surveillance
6 capabilities. This is the kind of sensitive
7 information in regards to AML practices that
8 BCLC has sought to protect in its policies. And
9 I can't point to an exact instance, but I feel
10 like we're getting to that line and we should be
11 a little bit cognizant of that.

12 THE COMMISSIONER: All right. Thank you.

13 MR. McCLEERY: Yes. Thank you, Mr. Duong. I think
14 for my purposes I'm satisfied with Mr. Ennis's
15 evidence on that issue today, so we can perhaps
16 move forward. Unless there's anything further
17 that Mr. Ennis feels is important to ...

18 A No, no, that's fair.

19 Q A little bit later on we'll discuss a decision
20 that you made in 2016 to refuse certain
21 transactions at Great Canadian casinos. I
22 wonder if you can tell us prior to that time and
23 the issuance of that directive would
24 transactions ever be refused at Great Canadian
25 casinos?

1 A There were instances, yes, where transactions
2 would be refused. If a customer came in, bought
3 in and didn't play, attempted to cash the chips
4 out, they would be refused. There's obviously a
5 whole bunch of suspicious indicators that could
6 come up that would result in a refusal of the
7 transaction on the gaming table.

8 Q Okay. And in those instances where suspicious
9 indicators would result in refusal, was that a
10 decision made by Great Canadian or were those
11 decisions made to comply with directions from
12 BCLC?

13 A Those would have been to comply with BCLC.

14 Q To your understanding did Great Canadian have
15 the authority to refuse a transaction if it
16 believed it was suspicious to the point of being
17 beyond what Great Canadian was comfortable with?

18 A Yes. Well, in 2016 we did just that.

19 Q Prior to 2016 you don't recall any instance
20 where Great Canadian refused a transaction where
21 it wasn't required to do so by BCLC; is that
22 fair?

23 A I can't recall. There might have been a
24 circumstance, but it wasn't a regular
25 occurrence.

1 Q Thank you. And in light of -- I shouldn't say
2 that. In response to this emergence, this
3 growth of suspicious transactions and your
4 awareness, at least, that there was the
5 potential that it may have been connected to
6 money laundering, do you recall any discussions
7 within Great Canadian about placing a cap or
8 other limits on cash buy-ins?

9 A I wasn't a part of any of those conversations.
10 If they were happening, they would have been
11 happening prior to 2015 at a higher level than
12 me.

13 Q And is that something that -- do you have an
14 understanding whether Great Canadian would have
15 had the authority to do that if it was so
16 inclined?

17 A No. It was always my impression that that
18 directive needed to come from government.

19 Q Thank you.

20 A And needed to be across all service provider
21 ands across the entire industry. It couldn't
22 just be in one place.

23 Q I wonder if I could take you now, Madam
24 Registrar and Mr. Ennis, to exhibit L to the
25 affidavit.

1 Mr. Ennis, this is a letter dated June 13th,
2 2017, that you wrote to Rob Kroeker, who was
3 then at BCLC; is that right?

4 A Yes.

5 Q And you wrote this letter following receipt of a
6 report that's referred to in the second line as
7 "BCLC High Limit Baccarat Evaluation"?

8 A Yes, that's correct.

9 Q And in part the purpose of this letter was to
10 express your concern about some of the language
11 used in that report?

12 A Yes.

13 MR. McCLEERY: Madam Registrar, can we now see
14 BCLC0016868. Thank you.

15 Q Mr. Ennis, do you recognize this document as the
16 report you were responding to in that letter?

17 A Yes, I believe so.

18 MR. McCLEERY: Madam Registrar, can we move down to
19 page 8 of that document, please.

20 Q Mr. Ennis, if you look at this page underneath
21 it has a heading of "Elimination of Financial
22 Facilitators," it says:

23 "Prior to the fall of 2015, several of the
24 casinos in the BCLC market turned a blind
25 eye to a group of third party individuals

1 known as 'financial facilitators.' It is
2 a common practice for Asian customers to
3 opt for unregulated third party sources to
4 borrow money when their gambling results
5 turn negative. These financial
6 facilitators (FF) are available for
7 issuing short-term loans of money to these
8 customers, but at what is considered
9 'extortion' rates such as 10% per week on
10 the outstanding amounts. In most
11 societies these facilitators are commonly
12 referred to as 'loan sharks.' Sometimes
13 these 'funds' are provided in the form of
14 cash, but more than likely the facilitator
15 will advance the funds with larger
16 denomination casino chips. Casino chips
17 are easier to transfer and the
18 transactions less noticeable on the highly
19 surveyed casino floor. The use of high
20 denomination chips also allows for
21 circumventing cash transaction reporting
22 laws."

23 Have I read that correctly?

24 A Yes.

25 Q Judging by the letter we just looked at that you

1 sent in response, it was this first sentence:

2 "Prior to the fall of 2015, several of the
3 casinos in the BCLC market turned a blind
4 eye to a group of third party individuals
5 known as 'financial facilitators.'"

6 It was this suggestion that the casinos were
7 turning a blind eye to these financial
8 facilitators that you took issue with; right?

9 A Yes.

10 Q And can you describe to us what it was that
11 concerned or -- yeah, concerned you about that
12 assertion?

13 A Well, as I outlined in the letter that we were
14 looking at previously, we weren't turning a
15 blind eye, we were reporting over and over and
16 over again about activities within the casino,
17 and it was my impression that the Lottery
18 Corporation and GPEB were pursuing that with the
19 police.

20 Q And you believe, I take it from your evidence so
21 far, that Great Canadian effectively fulfilled
22 under the circumstances role in addressing this
23 issue in the sense of reporting correctly?

24 A Yes.

25 Q Did you ever suggest any security measure at

1 Great Canadian that you were not permitted to
2 pursue?

3 A No, never.

4 Q And you say in your affidavit that the security
5 and surveillance staff that worked for you were
6 hardworking and committed to addressing this
7 issue and could report anything that they
8 thought should be reported; is that right?

9 A Yes.

10 Q Knowing what you know now and despite these
11 efforts made by Great Canadian, do you believe
12 that significant amounts of cash that
13 represented the proceeds of crime were used to
14 buy in at the River Rock?

15 A I think when it comes into relation to the cash
16 facilitators, there was a possibility that it
17 was proceeds of crime, and that's why we were
18 reporting it as suspicious.

19 Q At this stage have you come to a conclusion or a
20 belief yourself as to whether that was -- those
21 funds were the proceeds of crime?

22 A I would -- that's why the word "suspicious." I
23 would say likely that that's where they had come
24 from. We have no -- we can't prove that as a
25 casino service provider where that money came

1 from. That's the police's responsibility.

2 Q And you agree that this cash was suspicious and
3 Great Canadian was doing all that it could or
4 all that it was required to do or supposed to do
5 to address this issue. Have you identified
6 other gaps in the system or other parties that
7 may have contributed to the ongoing acceptance
8 of these funds in the casinos?

9 A I can't think of any right off the top of my
10 head.

11 MR. McCLEERY: Mr. Commissioner, can we mark that
12 report as the next exhibit.

13 THE COMMISSIONER: Sorry. Yes. I think we're at
14 531.

15 THE REGISTRAR: Yes, exhibit 531.

16 **EXHIBIT 531: BCLC High Limit Baccarat**
17 **Evaluation - a report by Bill Zender and**
18 **Associates - February 2017**

19 MR. McCLEERY:

20 Q Mr. Ennis, I asked you earlier whether Great
21 Canadian had the authority to implement a cap on
22 cash transactions. Did you understand that BCLC
23 had the authority to direct Great Canadian to
24 impose such a cap?

25 A I don't know if they had the authority or not,

1 but if they had directed us to do something, we
2 would definitely have done it.

3 Q So if you had been directed by BCLC to impose a
4 cap on cash transactions, Great Canadian would
5 have implemented that cap?

6 A Yeah. We would have done that immediately.

7 Q Let me take you to paragraph 18 of your
8 affidavit. You say here:

9 "I received advice from experts at a
10 presentation by BCLC that large cash
11 transactions were not necessarily
12 suspicious and that the use of cash was
13 often a cultural issue in that there is a
14 preference to deal in cash in some Asian
15 cultures."

16 Have I read that correctly?

17 A Yes.

18 Q Do you recall when this presentation you're
19 referring to took place?

20 A I don't. And when I put it in there, I knew you
21 were going to ask me that. Unfortunately I
22 don't have access to my records to say who it
23 was. I know he was an expert. He'd written a
24 book. The presentation was done at BCLC's
25 offices in Burnaby -- or Vancouver, pardon me.

1 And there was discussions around underground
2 banking -- underground banking systems that
3 Asian cultures are prone to use.

4 Q Do you recall if that expert was an internal
5 BCLC staff member or someone they'd brought
6 in --

7 A No, he was an external expert. As I recall he
8 had written a book on the matter, and ...

9 Q Thank you. This information -- suggestion that
10 large cash transactions were not necessarily
11 suspicious and that the use of cash was a
12 cultural issue, was this the only time that
13 you'd heard these ideas from BCLC or someone
14 affiliated with them or was that sort of
15 representative of their position for a period of
16 time?

17 A That would be representative of the position,
18 yes.

19 Q And are you able to say roughly what the period
20 of time that that would have been their position
21 was? Or did it -- maybe I'll ask it this way:
22 did that position change at some point during
23 your time with Great Canadian that you're aware
24 of?

25 A No, I don't think it ever really changed.

1 Q And either in this presentation or elsewhere did
2 BCLC suggest alternative explanations for where
3 this cash might be coming from if it wasn't the
4 proceeds of crime?

5 A Yeah. Underground banking systems, hawalas. It
6 could have been coming in through the borders.
7 There were a number of explanations given at
8 that. You know, I should say that money
9 laundering in its traditional sense wasn't
10 viewed as happening in the casinos. We had
11 procedures in place to prevent that from
12 happening inside the casinos itself.

13 Q Are you able to say if the message communicated
14 by BCLC at that time or at any point had been
15 that these transactions were suspicious and that
16 there was a real risk that these funds were the
17 proceeds of crime, would Great Canadian -- or
18 would you have recommended any different actions
19 on the part of Great Canadian than what you were
20 doing?

21 A No. Like I said, that would have needed to come
22 as a direction from government.

23 Q Focusing on the time period prior to 2016 when
24 you implemented the directive I've alluded to --
25 and we'll discuss it at some length a little bit

1 later on -- did you ever receive communications
2 from the Gaming Policy Enforcement Branch about
3 these large cash transactions?

4 A Well, yes, I had conversations. You'd have to
5 refer me to documents if you have them, and it
6 might refresh my memory. But yeah, I mean,
7 GPEB's investigators were regularly at the
8 casinos picking up reports and attending the
9 surveillance rooms. In particular Derek Dickson
10 who I dealt with, we had some -- numerous
11 discussions around what GPEB's feelings were
12 about the money that were coming into the
13 casinos.

14 Q And generally speaking what was Mr. Dickson's
15 perspective on those large cash transactions?

16 A Well, they were concerned that they were the
17 proceeds of crime and they wanted to ensure that
18 they were getting the information from us when
19 these transactions were occurring, which we
20 happily obliged by supplying Form 86s on.

21 Q And did you ever receive -- aside from this
22 communication of their concerns, did you ever
23 receive any directions or advice from GPEB about
24 how Great Canadian should handle those
25 transactions?

1 A So Derek Dickson and I had a conversation at one
2 point in time, I think it was in 2010, around
3 large buy-ins with \$20 bills. It's mentioned in
4 my affidavit. A buy-in had occurred that wasn't
5 reported as suspicious and I agreed with him
6 that it should have been reported as being
7 suspicious. We dealt with the surveillance
8 management at the time and made some changes to
9 the way they were reporting.

10 As I recall the chain of events around that,
11 the room then began to overreport on then 20-,
12 \$30,000 transactions that were happening in the
13 casino, which caused BCLC to raise a concern
14 about over-reporting.

15 So after that we then came around again and
16 along with my Vice President at the time, there
17 were discussion around how we could make sure
18 that that wouldn't occur again. And we
19 implemented a \$50,000 -- along with Derek
20 Dickson's agreement, a \$50,000 threshold where
21 the casino surveillance room would have to
22 initiate an investigation into that transaction,
23 which meant a complete video review, an iTrak
24 file being opened as well as a Form 86 sent to
25 GPEB.

1 began conducting investigations and formed
2 a relationship with law enforcement.
3 Several BCLC investigators were also
4 former police members."

5 Have I read that correctly?

6 A Yes.

7 Q These functions that you refer to in the first
8 sentence that you believe were rightfully GPEB's
9 responsibilities that BCLC was taking on, is
10 that -- was that limited to the conduct and
11 investigations and the relationship with law
12 enforcement or were there additional
13 responsibilities?

14 A Yes. So when BCLC first came on -- and I'm
15 talking back in 1998, 1999, that's when I
16 observed this -- I don't think GPEB, with all
17 due respect, were equipped or had the manpower
18 to conduct investigations in the same manner
19 that BCLC were. So BCLC sort of took on that
20 function and things in the industry developed
21 from that starting point.

22 Q And your observations of GPEB's capacity to take
23 on investigations, did that change at any point
24 or did you -- from your observation --

25 A Yeah, it did. And I think that was always a

1 bone of contention between the two organizations
2 that GPEB had let that -- or BCLC had moved in
3 in the beginning and taken some of that
4 responsibility away from GPEB and were doing
5 some of the things that GPEB felt they should be
6 doing.

7 Q And you say in the affidavit that you believe
8 those were rightfully GPEB's responsibilities.
9 What was the source of your belief as to whether
10 those were rightfully GPEB's responsibilities?

11 A That would have been based on the *Gaming Control*
12 *Act* and the investigations and the fact that
13 they were peace officers and the ones that
14 should be enforcing and investigating those
15 types of activities.

16 Q And based on your evidence is it -- am I
17 understanding correctly at the -- at least at
18 the beginning of when BCLC came online and
19 became involved in casino gaming, GPEB was not
20 performing those functions at that time
21 initially?

22 A They were but not to the extent that BCLC grew
23 the operation.

24 Q And as time passed did GPEB take on more and
25 more of that responsibility? Did it get to the

1 point where they were able to fulfill those
2 responsibilities, at least to your observations?

3 A Yes.

4 Q You go on to say that you sometimes received
5 conflicting directions from BCLC and GPEB,
6 including telling you that you did not have to
7 provide information to GPEB about large and
8 suspicious transactions; is that correct?

9 A Yes.

10 Q But you did provide that information to GPEB
11 whenever it was requested?

12 A Yes. My default and I instructed all our staff
13 GPEB is the regulator; they're responsible for
14 your registration; if they request anything,
15 it's in your best interests to give it to them.

16 Q Do you recall specifically who from BCLC told
17 you that you did not need to provide that
18 information to GPEB?

19 A I don't recall specifically.

20 Q Was that a message that you received sort of on
21 a single instance or was it an ongoing message
22 that --

23 A That was one example I came up with. There were
24 other instances here and there. It wasn't a
25 regular occurrence. Sometimes there was a

1 difference of opinion. And I know BCLC was
2 protective of the AML information that they were
3 collecting and privacy concerns and there was an
4 issue between them and GPEB about whether they
5 had a right to it. But we weren't the meat in
6 the sandwich. If GPEB felt that they were
7 entitled to it and they asked us for it, then we
8 would give it to them.

9 Q Okay. If we could move down now to paragraph 84
10 of your affidavit. You say:

11 "I also understand that there was
12 disagreement between GPEB and BCLC at
13 times about the introduction of certain
14 cash alternatives, including offering
15 credit to casino patrons. I understand
16 that BCLC has sought to introduce credit
17 at various times but GPEB has resisted
18 these proposals due to responsible gaming
19 concerns."

20 You refer to BCLC and GPEB's positions on
21 credit. Was Great Canadian supportive of
22 introducing credit in casinos to your knowledge?

23 A I know we put proposals put forward. I wasn't
24 really involved in that as a compliance person.
25 I know there was some people that were pushing

1 for it, some people in the company that weren't.

2 Q Did you have a view as to whether introducing
3 credit might have helped to reduce the amount of
4 cash coming into casinos?

5 A That's really not my area of expertise. I think
6 it would have, but there -- you know, there was
7 a whole bunch of criteria around the risk
8 involved with implementing credit that I don't
9 think BCLC and Great Canadian were able to come
10 to an agreement on in order to be able to
11 implement it.

12 MR. McCLEERY: Thank you. Madam Registrar, I wonder
13 if we might see exhibit 127, which for those
14 working from document numbers is Great Canadian
15 document 0045011.

16 Q Mr. Ennis, you can see that document?

17 A Yes, I can.

18 Q This is an email from John Karlovcec to Brad
19 Desmarais dated October 18th, 2014, copying a
20 number of individuals, including yourself; is
21 that right?

22 A Yes.

23 Q What was Mr. Karlovcec's role at that time, if
24 you recall?

25 A 2014, he would have been Assistant Manager of

1 Security and Compliance, I believe.

2 Q Thank you. In the first paragraph here

3 Mr. Karlovcec describes an incident:

4 "Simply an FYI and heads up that a VIP
5 [patron] had another significant cash drop
6 off of \$645K cash this morning around 3am
7 in RRCR."

8 I understand RRCR is River Rock Casino Resort.

9 A Yes.

10 Q "A white Mercedes SUV delivered the money
11 (unknown who the driver was)."

12 Just to begin with, can you give us a sense of
13 how unusual an event like this might have been
14 at the River Rock around 2014?

15 A That wouldn't have been unusual. 2014 was the
16 peak of the business, especially late in the
17 year.

18 Q A buy-in of that amount in cash, how frequently
19 might you see that kind of buy-in?

20 A I can't say for sure, but it wasn't uncommon.

21 Q If we could go down now to the third paragraph.
22 Mr. Karlovcec writes:

23 "As you know back on September 25 [the
24 patron] had a similar drop off of cash
25 that caused GPEB investigations to go on a

1 rampage."

2 Do you know what Mr. Karlovcec is referring to
3 when he speaks of GPEB investigations going on a
4 rampage?

5 A No.

6 Q And then -- sorry, go ahead.

7 A Yeah. No, I'm not.

8 Q Two paragraphs down from there Mr. Karlovcec
9 writes:

10 "We now have an identical drop off of cash
11 which no doubt will fuel Larry and Joe's
12 fire."

13 Do you know who he's referring to as Larry and
14 Joe?

15 A That would be Larry Vander Graaf and Joe Schalk.

16 Q And did you have a sense of what he meant when
17 he referred to fuelling their fire?

18 A As I mentioned back in 2010, they had concerns
19 about cash coming into the casinos, so this
20 would have been no different.

21 Q And would you agree these comments would suggest
22 that Mr. Karlovcec believed that GPEB was
23 overreacting to this issue of cash drop-offs and
24 large cash transactions?

25 A I think, yes. I mean this was a very large

1 player. I did review this document in its
2 entirety beforehand. I think it goes on to
3 detail how much money he put into play and lost
4 on that particular visit later in the memo.

5 Q Was from your perspective that GPEB was
6 overreacting to this issue of large cash
7 transactions and cash drop-offs?

8 A In this circumstance, yes.

9 Q And why is that?

10 A He played all the money; he lost all the money.
11 He was a regular player and for the most part he
12 was very diligent in using his player gaming
13 account.

14 Q And we'd spoken earlier about the responsibility
15 that this cash could be the proceeds of crime.
16 Was that something that you were concerned about
17 or that you would have considered with respect
18 to this transaction?

19 A Absolutely. The title of the email is "Unusual
20 Financial Transaction," so it would have been
21 reported by the casino staff as an unusual
22 financial transaction, which meant we had
23 suspicious about it.

24 MR. McCLEERY: Can we go now, Madam Registrar, to
25 paragraph 67 of Mr. Ennis's affidavit.

1 Beginning in this section, Mr. Ennis, you
2 describe and refer to some player interviews
3 conducted by BCLC in 2015. You recall those
4 interviews beginning around that time?

5 A Yes, I do.

6 Q Did you have -- are you able to say whether
7 those interviews had an impact on the rate at
8 which cash was coming into the River Rock?

9 A Yes, they did. They were basically interviewing
10 players and issuing cash conditions based on
11 interviews that had occurred with players.

12 Q And were you tracking at that time sort of how
13 substantial the impact on the rate at which cash
14 was going into the casino was?

15 A I personally wasn't.

16 Q And were you aware whether this -- these player
17 interviews as a result of conditions and player
18 bans had an impact on the rate at which Great
19 Canadian was reporting unusual financial
20 transactions to BCLC?

21 A Yes. It was my understanding that STRs over the
22 next couple of years dropped off significantly.

23 Q And to your knowledge did it have an impact on
24 revenue for Great Canadian?

25 A Yes, it did.

1 Q How substantial was that impact, if you're able
2 to say?

3 A I can't put a number to it, but it was fairly
4 obvious in the drop of the casino and the daily
5 wins.

6 Q And was that impact on -- maybe I'll say -- yea,
7 that impact on revenue, was that concentrated at
8 the River Rock or was it spread across Great
9 Canadian casinos?

10 A Mostly at the River Rock.

11 Q And in terms of the impact on the rate at which
12 Great Canadian was reporting was that
13 concentrated to River Rock as well or spread
14 amongst casinos?

15 A It was at River Rock as well.

16 MR. McCLEERY: If we can go, Madam Registrar, to
17 exhibit 126, which is Great Canadian document
18 4510. And if we can go to the second page of
19 that document, please.

20 Q Mr. Ennis, do you see here an email from you --
21 in roughly the middle of the page from you to --
22 and the recipient is redacted but you address it
23 so someone named Kris. I'll suggest that's Kris
24 Gade who responds to the email just above.

25 A Yes. That would make sense, yes.

1 Q And dated October 17th, 2014; is that right?

2 A Yes.

3 Q And the first paragraph of your email you write:

4 "Hi Chris [sic]. I have had a couple

5 discussions today with John Karlovcec and

6 Kevin Sweeney in regards to approaching

7 VIP players to conduct due diligence

8 interviews for FINTRAC reporting. There

9 was an interaction at RRRCR on Weds between

10 BCLC investigators and a VIP player that I

11 am sure you are aware of that has caused

12 some concern with us around communication

13 and delivery of the interview. GCGC has

14 no issue with these interviews but we

15 would like to come up with a procedure to

16 make the experience private and not

17 embarrassing for the guest."

18 Have I read that correctly?

19 A Yes.

20 Q Can you explain the nature of the concerns that

21 you had about the communication and delivery of

22 these interviews with VIPs?

23 A So the concern would be that three investigators

24 went out onto our VIP gaming floor, which is a

25 very private space with very few people in it,

1 and any activity in that room is amplified
2 because everybody sees what's going on. Three
3 investigators would have approached the customer
4 at the table, as I recall, and started talking
5 to the customer about an issue. I don't know --
6 I don't remember whether they took him away to
7 another room or what might have happened and
8 where the conversations took place. But being a
9 customer service business and the fact these are
10 VIPs, we wanted to ensure that they were made
11 comfortable, they weren't embarrassed as a
12 cultural issue, and they didn't lose face in
13 front of their friends for being taken away by
14 somebody that nobody knew. The investigators
15 were never on the floors in casinos.

16 So it was my request through this document
17 that we have a discussion about how we can get
18 them off the gaming floor in a non-intrusive
19 manner and get them into a private room where
20 the investigators can talk to them.

21 I had no problem ever with BCLC wanting to
22 speak to people, the police or anybody else. It
23 was simply that we wanted to ensure that the
24 customer didn't lose face on the gaming floor.

25 Q And is it fair to say that ultimately the

1 concern was that if the player was embarrassed
2 they might not come back and the casino would
3 lose revenue as a result?

4 A That was definitely a consideration, that they
5 might be mad at River Rock and choose to go to
6 one of the other three casinos within a
7 30-minute drive of River Rock.

8 Q Thank you. Did you have the meeting with
9 Mr. Gade that you asked for?

10 A I believe we did. I know we set out protocols
11 on how to do this and we all agreed and the
12 process worked quite well over the next many
13 years.

14 Q Can you describe what the agreement you came to
15 was or what those protocols looked like?

16 A It would be that our VIP room staff would
17 approach the customer and ask -- and say that,
18 BCLC would like to speak to you. There was a
19 number of ways they could do that. They could
20 do that immediately and get them into a room
21 privately where they could be spoken to, or they
22 could arrange for the customer to phone BCLC and
23 set up an interview somewhere off site, perhaps
24 at the BCLC offices. There were several
25 different ways it could be done. But if it

1 needed to be done immediately, we would
2 facilitate it immediately for VIP staff and
3 ensure that they had a private place to talk.

4 Q Thank you. Prior to these interviews in 20 --
5 well, at this time in 2014, do you recall BCLC
6 interviewing players in the casinos or elsewhere
7 prior to 2014?

8 A There would have definitely been occasion where
9 they may have wanted to, but it wasn't a regular
10 standard procedure for them.

11 Q If I can take you now to paragraph 71 of your
12 affidavit. You say:

13 "I recall --"

14 A Sorry, which number?

15 Q Sorry, paragraph 71.

16 A Thank you.

17 Q "I recall that some GCGC staff members
18 expressed concern about the financial
19 impact of these meetings when revenue
20 began to fall after they had begun. These
21 concerns in no way affected our compliance
22 activities with VIPs."

23 Do you recall who the staff members that
24 expressed these concerns about the financial
25 impact were?

1 A That would have just been a general comment
2 about all the staff in the casino. I mean, we
3 had -- there was regular meetings that went on
4 weekly where the numbers are being monitored and
5 all department heads would be there. So your
6 cage manager, everybody knew that the numbers
7 were going down.

8 Q Thank you. Did you have concerns about the
9 impact on revenue?

10 A No, it was the -- we were doing what we had to
11 do from a compliance perspective and that didn't
12 impact any decisions around revenue.

13 Q You knew a BCLC employee by the name of Daryl
14 Tottenham during your time with Great Canadian;
15 is that right?

16 A Yes, I did.

17 Q And what was Mr. Tottenham's position as you
18 recall?

19 A I know he eventually became a part of the AML
20 unit when that got formed. I'm not sure what
21 his position was before that. I think he was
22 assistant manager of AML.

23 Q Mr. Tottenham gave evidence to this commission
24 in which he described a phone call that he was
25 on between you and Ross Alderson, also of BCLC.

1 Mr. Tottenham's evidence was that you seemed to
2 be angry over the number of VIP patrons that
3 BCLC either banned or placed on conditions, and
4 you told Mr. Alderson that BCLC was killing
5 Great Canadian's business. Do you recall a
6 phone call that fits that description?

7 A No. And it's not in my nature to get angry with
8 anybody on a phone call.

9 Q Did you believe that these conditions and player
10 bans were killing Great Canadian's business?

11 A They were definitely affecting our business. I
12 didn't disagree with them implementing them,
13 though.

14 Q And you never -- didn't take steps to prevent
15 those interviews or bans from --

16 A No, absolutely not. Like I said, I worked with
17 them to create effective ways for them to meet
18 with the customers whenever they wanted on a
19 moment's notice.

20 MR. McCLEERY: Thank you. Madam Registrar, can we
21 see exhibit 173, which is Great Canadian
22 document 60340.

23 And why don't we start at the -- close to
24 the bottom of that document. You'll see an
25 email there from Ann Chu. If we can maybe

1 scroll it up to the -- up to the top of the
2 screen. Can we go the other way, please. There
3 we go. That's good. All right. Maybe up just
4 a little bit more. Perfect. Right there.

5 Q Okay. So, Mr. Ennis, we have a series of emails
6 that includes some we'll see in a moment between
7 you and Mr. Tottenham. To begin with, we see an
8 email here from -- the name has disappeared now
9 on the top, but it's an Ann Chu to Arlene
10 Strongman and Lily Ma, and it's dated August
11 14th, 2016. Can you first tell us who Ms. Chu,
12 Ms. Strongman and Ms. Ma were.

13 A They were the table games management at River
14 Rock at the time.

15 Q And we see here a series of -- a description of
16 a series of transactions over the course of a
17 few days at -- I'm not sure it indicates which
18 casino. But in any event, a series of
19 transactions over a few days.

20 A Yeah, with those people it would have been at
21 River Rock.

22 MR. McCLEERY: Okay. Thank you. And Madam
23 Registrar, can we scroll up to the next email in
24 the series, please. No other direction.
25 Thanks. Perfect. Right there.

1 Q So we see, then, the next email up is an email
2 from you to Mr. Tottenham dated August 17th,
3 2016, where you write:

4 "Hi Daryl. Please see activity below
5 outline of [a patron's] most recent visit.
6 He will be returning on August 21st and
7 has indicated he will be bringing 200k
8 (100's) cash and a bank draft for \$500k.
9 I think due to his play this is
10 reasonable. Just want to confirm with
11 you. He will be depositing to his PGF
12 again."

13 And then the email above is Mr. Tottenham's
14 response and he says that that looks fine. And
15 thanks you for the heads up.

16 Is this -- can you tell us why you would
17 have been checking in with Mr. Tottenham at that
18 time about this player's planned activities?

19 A Daryl Tottenham was very diligent in his duties
20 at BCLC, and he monitored a lot of the play of
21 players back and forth between different
22 operators, et cetera, and he had a very good
23 handle on who the big players were and what
24 their buy-ins were. We were obviously -- there
25 was source funds restrictions on some of these

1 players, so in order to make a deposit into a
2 PGF account they needed to source where the
3 money had come from, which meant it's a bank
4 draft. I think in this instance this customer
5 wanted to bring in \$200,000 in cash and he'd
6 reached out to our VIP team and asked if that
7 would be okay.

8 So based on his previous play, which was
9 outlined down below, I believe he finished his
10 previous visit up \$700,000, so it was logical
11 that he would have had an amount of cash to
12 bring back in that needed to be sourced. So we
13 had reached out, or I in this circumstance -- it
14 wouldn't always have been me -- had reached out
15 to Daryl to see if he was comfortable with that
16 \$200,000 in cash being sourced and able to go
17 into a player gaming account.

18 Q And had you been given some direction from BCLC
19 that you were to contact them in certain
20 circumstances like this one to confirm that this
21 was okay before transactions --

22 A Yeah, we could only accept sourced funds, so
23 that meant a bank draft. Unless the money was
24 coming back in in a shorter period of time.
25 Like if it was coming back within 24 hours,

1 there was a little bit of leeway that that cash
2 could go back in. But in this circumstance
3 there was a bit of delay, so we were just making
4 sure that we were in compliance with BCLC's
5 policies.

6 Q So if it's fair to say you would do this, then,
7 at this time at least for players that had been
8 placed on sourced-cash conditions by BCLC; is
9 that it?

10 A Yes. And this player, just based on his
11 activity on that previous buy-ins, is a very
12 high-level VIP who we would take care of and
13 make sure that the sourced funds requirements
14 were met.

15 Q Thank you. Let's move back in time just a
16 little bit again. And earlier on we discussed
17 the significant increase in cash transactions at
18 the River Rock in particular following the
19 introduction of \$5,000 per position bet limits.
20 Do you recall that?

21 A Yes.

22 Q Okay. As cash transactions were increasing, did
23 those -- did they give rise to a need to upgrade
24 or improve Great Canadian security and
25 surveillance processes and capabilities?

1 A Well, yeah, I previously mentioned that in 2013
2 we -- I had proposed and had approved a
3 \$8 million expansion to our surveillance system.
4 And I want to be careful of what details I go
5 into based on other counsel's previous comments.
6 But the long and the short of it was we went
7 from an analog system to an IP system, and we
8 doubled the capacity of our surveillance
9 operators to be able to view live what was
10 happening in the casino.

11 Q Were those upgrades motivated solely by this
12 rise in cash transactions or were there other
13 factors to that as well?

14 A Well, the business as a whole had increased. We
15 had a lot more activity going on. There were a
16 lot more table games being played. There was a
17 lot more wins and losses that needed to be
18 monitored on games. So no, it wasn't strictly
19 to do with AML. Our business had expanded
20 hugely in that period of time.

21 Q The Commissioner had heard some evidence already
22 about the development of VIP and high-limit
23 gaming areas at the River Rock following its
24 opening. In the roles that you held, would you
25 have been made aware of planned changes to the

1 River Rock, including the addition or upgrading
2 of VIP and high-limit space?

3 A Yes. Throughout my career I was responsible for
4 the design and implementation of all the
5 surveillance and access to security control
6 systems within the casinos, that's whether the
7 Director of Security or not. So yes, I would
8 have been one of the first people that was made
9 aware because we needed to design systems to fit
10 in those spaces.

11 Q And generally speaking is it your understanding
12 the objective of upgrades and addition of VIP
13 space and -- sorry, VIP space in the River Rock
14 was to attract more VIP play to the casino?

15 A Yes.

16 Q And I think you just said this, but your role,
17 then, involved considering what security
18 upgrades or enhancements were required as this
19 space was changing; is that fair?

20 A Yes, that's correct.

21 Q And you'd agree that an increase in VIP play
22 would -- the logical outcome of that would be an
23 increase in the volume of cash coming into the
24 casino?

25 A Yes.

1 Q And that would present potential security
2 concerns as well as an increased need for
3 reporting, I assume. Is that fair?

4 A Yes.

5 Q And you'd also agree it would present an
6 increase in potential money laundering risk?

7 A Sure. Sure.

8 Q If you're not -- feel free to elaborate if
9 that's not a simple yes or no.

10 A Well, the evolution away from cash, which
11 started in 2015, eliminated a lot of that risk.
12 But prior to that, yes.

13 Q Thank you. And did you -- as you were made
14 aware of plans to upgrade or enhance VIP space,
15 did you ever express concern about the
16 development of the casino in that way because of
17 that increased security or money laundering
18 risk?

19 A No.

20 Q Were you ever asked for your view as to whether
21 the development of VIP space should proceed in
22 light of the possible security or money
23 laundering risks that it might bring?

24 A No.

25 Q You've connected earlier in your evidence both

1 the emergence of loan sharking and the increase
2 in cash transactions to the increasing of bet
3 limits; is that fair?

4 A Yes.

5 Q And is it your understanding that from the time
6 BCLC took on responsibility for casino gaming,
7 BCLC has been responsible for setting maximum
8 bet limits in casinos?

9 A Yes.

10 Q And it was not -- I should say it was not Great
11 Canadian's responsibility to decide what the
12 maximum bet limits should be; is that fair?

13 A Yes, that's fair. I'm aware of table games
14 making proposals to BCLC for bet limit
15 increases, but they needed to be approved by
16 BCLC.

17 Q But service providers like Great Canadian would
18 be permitted to decide whether to permit play up
19 to the maximum that's in their casinos; is that
20 right?

21 A Yes. That would be a decision made by the
22 service provider based on their risk tolerance
23 on how high they wanted the bets to be.

24 Q And you've already given evidence that an
25 obvious outcome of an increase in bet limits

1 would be increase in the volume of cash coming
2 into the casino; is that fair?

3 A So, you know, it would increase VIP play, but
4 River Rock had a very strong engine of mid-level
5 play that used to drive the business and
6 continued to expand and the gaming floor
7 expanded on the main gaming levels, and we saw
8 big increases there as well. So, you know, I'm
9 not sure if it was just the high limit that was
10 driving it. Our slot machine revenues increased
11 exponentially over the years. With the
12 implementation of the SkyTrain line that came
13 in, our slot numbers went up. So the business
14 was growing all over the place, not just in VIP
15 play.

16 Q Well, would you agree that the increase in VIP
17 play and specifically an increase in bet limits
18 would at least -- it would have been predictable
19 that that would contribute to an increase in the
20 amount of cash coming into the casino?

21 A When we were strictly cash based, yes.

22 Q Were you ever consulted on whether any Great
23 Canadian casino should allow play up to the
24 maximum bet limit permitted by BCLC?

25 A I wouldn't say I was consulted. I know I had

1 discussions around risk and how we would monitor
2 it. Obviously when you start having \$100,000
3 bets there's all kinds of issues around
4 collusion and cheat at play that come into play,
5 which was my area of expertise, and I would have
6 advised, based on the procedures that they were
7 put in place, that I was comfortable that the
8 games were safe and the integrity of them was
9 protected and that we could operate them as long
10 as the company was comfortable with the level of
11 risk that it generated.

12 Q And did you ever advise against allowing play up
13 to the maximum bet limit because of potential
14 security or money laundering concerns?

15 A No.

16 Q Continuing with at this discussion of the growth
17 and development of the River Rock. I'll take
18 you -- well, I'll take you to paragraph 7 of
19 your affidavit, if I could. And you say here in
20 the second sentence, in your role as Director of
21 Security for Great Canadian you were responsible
22 for building the security department at River
23 Rock Casino in Richmond, British Columbia; is
24 that right?

25 A Yes.

1 Q As you were planning for the opening of the
2 River Rock, did you have any discussions with
3 the Richmond RCMP related to security
4 considerations regarding the opening of the
5 casino?

6 A I don't recall that. I'm sure we would have.
7 At the time we had a couple of former RCMP
8 members employed who would have probably led
9 those conversations. I'm not an ex-policeman.
10 My background is in security, and we always
11 found that the relationships were better when
12 ex-policemen dealt with ex-policemen.

13 Q In that case, then, you don't recall if the
14 Richmond RCMP raised any concerns or identified
15 any potential issues with the opening of the
16 River Rock?

17 A I don't recall any specific incidents.

18 Q Once the River Rock opened, were you aware that
19 the Richmond RCMP would do occasional police
20 walkthroughs of the casino?

21 A Yes.

22 Q And did you have a view as to whether that was a
23 positive occurrence or not?

24 A Definitely a positive thing for them to be
25 walking through the casino. Later on through

1 our show lounge when it was operating, there was
2 a fairly regular presence of uniformed police
3 that would be on site, whether they were just
4 dealing with incidents that occurred or actually
5 walking through.

6 Q And can you describe why you felt it was
7 positive to have a police presence in the
8 casino?

9 A It's always good to have the police presence. I
10 don't know how to answer that.

11 Q I will suggest perhaps it could defer potential
12 criminal activity or --

13 A Yeah, it would enhance public safety for sure,
14 which was our priority.

15 Q Do you recall anyone at Great Canadian ever
16 suggesting that this police presence was bad for
17 business at the River Rock?

18 A No. But what I will comment on is there was a
19 couple of occasions and only a couple of
20 occasions where uniformed officers went into our
21 VIP areas, and I know one particular instance
22 where they stood, you know, three of them,
23 directly behind a table full of players betting
24 \$20,000 or \$10,000 a hand and observed their
25 play. Not for any investigative reason just out

1 of, you know, the fact that, holy cow, they're
2 betting \$10,000 a hand here. And it made our
3 customers uncomfortable.

4 So I know that that was raised, and, you
5 know, the Richmond detachment was very well
6 aware of the process of coming into the
7 surveillance room in order to conduct an
8 investigation. If there was anything that they
9 needed or anything that they needed to review
10 that was suspicious, they would contact security
11 and they'd be immediately brought up to our
12 surveillance operation where we would monitor
13 whatever it was they wanted to discreetly, not
14 to, you know, cause concern with the customers.

15 In Asian culture having three policeman
16 behind you watching you play a baccarat game is
17 a little uncomfortable.

18 Q In that instance did someone from Great Canadian
19 reach out to the Richmond RCMP to express that
20 concern?

21 A I don't know. I didn't.

22 Q Are you aware of any instance in which anyone
23 from Great Canadian or the River Rock reached
24 out to the RCMP to express concerns about a
25 police presence in the River Rock?

1 A No, I didn't.

2 Q You're not aware of anyone else at Great
3 Canadian doing that?

4 A There -- I don't think so, no. I can't say that
5 I do.

6 MR. McCLEERY: If we can move ahead now, Madam
7 Registrar, to paragraph 72 of Mr. Ennis's
8 affidavit.

9 Q Mr. Ennis, this section of your affidavit
10 details surveillance involving a former River
11 Rock employee named Lisa Gao; is that correct?

12 A Yes.

13 Q And do you recall what Ms. Gao's -- at least the
14 last position Ms. Gao held within Great
15 Canadian?

16 A I believe it was Director of VIP Services,
17 something along those lines.

18 Q Okay. And Ms. Gao was at one point deregistered
19 by GPEB and terminated of her position at the
20 River Rock?

21 A Yes, that's correct.

22 Q Can you briefly describe the events that led to
23 Ms. Gao's termination and deregistration?

24 A I was notified by the surveillance director at
25 the time that a transaction had taken place at

1 the cash cage at River Rock involving Lisa where
2 a customer come in, bought in -- I think it was
3 for \$200,000 at the cage and immediately left
4 with the chips. That caused surveillance to
5 create an incident report and question what was
6 going on. I don't know who had the conversation
7 with Ms. Gao. I think it was security. But
8 Ms. Gao admitted she knew who the chips were
9 bought for, and they were for a barred player.
10 And this guy was sent in. We didn't know him.
11 This person had been sent into the casino to buy
12 these chips so that the barred player could give
13 them to some of his friends that were coming
14 from out of town.

15 Q And you say in the affidavit that after you
16 learned of this you immediately contacted both
17 BCLC and GPEB; is that correct?

18 A Yes.

19 Q And can you describe why you felt you needed to
20 contact both of those organizations?

21 A Well, Lisa had knowledge of a third-party
22 transaction done on behalf of a banned player
23 and was in the room while it was happening and
24 hasn't reported it to anybody. That to me was a
25 registration issue, a serious registration

1 issue. And I immediately reached out to ensure
2 that we met our Form 86 immediate notification
3 standard on that one to GPEB and also to BCLC.

4 The problem with Form 86s is sometimes GPEB
5 might take a day or two to get to them. If it
6 was on a Saturday they might not have got to it
7 until Monday, so I wanted to make sure they were
8 aware immediately.

9 Q Are you aware of any other incidents in any
10 Great Canadian properties where a banned player
11 was permitted to buy-in through an intermediary?

12 A No, not that I'm aware of. Not that we knew of.

13 Q So you viewed this as an isolated incident?

14 A Yes.

15 Q But it was not the first time that concerns
16 about Ms. Gao had been brought to your
17 attention; is that fair?

18 A Yes, that's true.

19 Q If I could take you now --

20 MR. McCLEERY: Madam Registrar if we can go to
21 GPEB0020. Just to confirm this, I suspect we're
22 not showing this on the live stream, but I'd
23 suggest we not do that if we are.

24 Q Is this, Mr. Ennis, a document that you
25 recognize?

1 A Yes.

2 Q And I appreciate you've been provided with this
3 in advance of your evidence. Is it one you
4 would have been provided with in or around the
5 time that it was created?

6 A I think this is a BCLC document, internal of
7 BCLC investigation, of which case I wouldn't.
8 Or is that an iTrak report? It's hard for me to
9 tell.

10 Q Well, we can scroll up or down if that would be
11 of assistance. I believe it's --

12 A Yeah. I think that's an internal document.
13 Yeah, it is.

14 Q Then you likely would not have received this --

15 A No, no. And I'm not sure I even saw this in the
16 documents that were sent to me. I don't recall
17 reviewing this.

18 Q Okay. Well, it may not be of any moment.
19 Certainly if you're unable to answer any
20 questions, then that's where we are.

21 It describes two incidents involving a VIP
22 player at the River Rock. In one case the
23 player assaulted a staff member, the other he
24 sexually assaulted a different staff member. Do
25 you remember those incidents?

1 A Yes, yes.

2 Q And do you recall what Ms. Gao's involvement in
3 those incidents was?

4 A Well, she was on shift and she was in charge of
5 the VIP department at the time. I'm just
6 looking at the guest services rep where those
7 people may have reported to her. Actually, I
8 don't think they did. But she was on duty in
9 the VIP room at the time.

10 Q Do you recall if she took any actions in
11 response to those events?

12 A I think there was some lacking in some of her
13 response to the event. I assigned this to our
14 Director of Corporate Security to review, and he
15 had more involvement with this issue than I did.

16 Q Okay. If we can go down to page -- the bottom
17 of page 2 of the document, there's a description
18 of an interaction between yourself and the
19 author of the document, who was -- if we look at
20 the bottom of the document, it's Ross Alderson.
21 And Mr. Alderson writes:

22 "On Feb 24, 2016 writer spoke with Pat
23 Ennis who indicated that Police were not
24 called by GCGC on the wishes of Zhu
25 however writer believes that Zhu was in an

1 extremely vulnerable position and would
2 have looked at her superiors for
3 assistance, support and direction. It is
4 of the opinion of the writer she did not
5 receive any immediate support from her
6 employer and she would have been very
7 aware the player was allowed to continue
8 to play. Ennis was also of the opinion
9 that this was a 'violence in the
10 workplace' incident and should be dealt
11 with internally and he felt that BCLC had
12 no authority to interfere."

13 The next paragraph:

14 "Ennis stated GCGC were taking internal
15 action against GAO but writer is unaware
16 of what that action is. It is noted that
17 GAO has not provided a statement."

18 Have I read that correctly?

19 A Yes, you have. I'd like to comment on that. I
20 don't believe the player was allowed to continue
21 to play. Security initiated an investigation
22 into the circumstances behind it while the
23 player was still on site and ended up barring
24 the player from the casino. And it was my
25 impression from the investigation conducted by

1 our Director of Corporate Security that the
2 security department interviewed the victim and
3 offered police interaction and also support
4 services from our workplace harassment policies,
5 as they should have.

6 Q Thank you. The report indicates that you
7 advised Mr. Alderson that action would be taken
8 against Ms. Gao. Do you recall what, if any,
9 action was taken?

10 A I don't recall what interaction was taken, no.
11 Sorry.

12 Q And it's unclear how this came to BCLC's
13 attention. Do you know if Great Canadian
14 reported this incident to GPEB or BCLC?

15 A Yes. It would have been reported to both in the
16 first instance with the investigation done by
17 security and surveillance on video review of the
18 actual incident, so there would have been an
19 iTrak report opened.

20 Q And thinking about this incident as well as the
21 one we spoke about earlier that led to Ms. Gao's
22 deregistration and termination, would you
23 [indiscernible] may reflect potentially an
24 inappropriate relationship between Ms. Gao and
25 VIP patrons?

1 A Yes, we were aware of that at the time. Well,
2 not while he was playing, but it did come up and
3 he disappeared eventually.

4 Q Was Mr. Lai permitted to gamble in Great
5 Canadian casinos after you'd become aware of
6 that -- at least that reputation?

7 A I don't recall the timing of it.

8 Q And are you aware of any allegation that Mr. Lai
9 assaulted a Great Canadian staff member at the
10 Holiday Inn Casino?

11 A No, I'm not.

12 MR. McCLEERY: Thank you. Mr. Commissioner, can we
13 mark this document, GPEB0020, as the next
14 exhibit?

15 THE COMMISSIONER: All right. And that will not be
16 posted; is that your request?

17 MR. McCLEERY: I think it can be posted subject to
18 the usual -- well, let's not yet. That's
19 probably the good idea. Let's not post it just
20 yet. We should probably do some consultation
21 around what redactions might be necessary.

22 MR. STEPHENS: Mr. Commissioner, it's Mr. Stephens
23 here, and I would concur with that, if we could
24 be consulted. We don't have this on the list of
25 documents that were noticed, although it's

1 possible that we hadn't seen it, but we'd like
2 to review that document before it's made public,
3 please.

4 THE COMMISSIONER: All right. Fair enough. I'll
5 make that direction, then.

6 MR. SKWAROK: Mr. Commissioner, Mark Skwarok here. I
7 object to the entry of this document into
8 evidence. The witness has never seen it before.
9 He failed to agree with certain assertions in
10 it, particularly the description by -- the Gao
11 incident. This paragraph authored by
12 Mr. Alderson is the only evidence that's been
13 tendered to this point about how -- or
14 suggesting that Great Canadian did not respond
15 appropriately to Gao. Mr. Alderson's
16 credibility's in serious doubt. The witness
17 disagrees with the passage, and in my view -- my
18 submission it should be not marked as an
19 exhibit. Thank you.

20 THE COMMISSIONER: All right. Mr. McCleery.

21 MR. McCLEERY: And I see Mr. McGowan has just started
22 his video. I'll give him a chance to weigh in
23 if he'd like to before I respond.

24 THE COMMISSIONER: All right. Thank you.
25 Mr. McGowan.

1 MR. MCGOWAN: No, Mr. Commissioner. I'm content for
2 Mr. McCleery to respond. I will perhaps just
3 say it's of course the witness's evidence that
4 is before you, and to the extent it is -- his
5 evidence is informed by the document, it's my
6 submission that it's appropriate to mark it to
7 complete record.

8 THE COMMISSIONER: All right. Mr. McCleery, anything
9 to add to that?

10 MR. MCCLEERY: No, nothing to add to that,
11 Mr. Commissioner.

12 THE COMMISSIONER: Well, I mean, I think the document
13 forms the framework for the evidence, and it
14 doesn't appear that commission counsel is
15 putting it in as evidence of proof of the what
16 it asserts. Rather it's a document that helps
17 to explain the context in which the evidence was
18 given. So for that limited purpose, I will
19 admit it. But as I say, I not admitted as proof
20 of the truth of the contents based on the
21 witness's evidence that he didn't adopt the
22 assertions made in the letter and his
23 explanation of what occurred. That is the
24 evidence, not the document itself. But I think
25 it needs to go in just to help explain what his

1 evidence was.

2 MR. SKWAROK: Thank you, sir.

3 THE COMMISSIONER: Thank you.

4 THE REGISTRAR: It's exhibit 532, Mr. Commissioner.

5 THE COMMISSIONER: Thank you.

6 **EXHIBIT 532: BCLC Incident Report 2016-0008580**
7 **at River Rock Casino Resort - February 10, 2016**

8 THE COMMISSIONER: Ms. Wray, I see you on the screen.

9 MS. WRAY: Yes.

10 THE COMMISSIONER: Do you have something to add?

11 MS. WRAY: I do. You've given a direction with
12 respect to BCLC reviewing this document. I just
13 want to ensure that that direction extends to
14 other participants. I'm certain that the RCMP
15 would also like to review this.

16 THE COMMISSIONER: Yes. No, that's fine, Ms. Wray.

17 My direction wasn't meant to be limited to BCLC.

18 In fact I think it was made before Mr. Stephens'
19 interaction.

20 MS. WRAY: Thank you.

21 THE COMMISSIONER: It would be withheld from posting
22 until the participants have had a chance to
23 review it and make submissions. All right.

24 Thank you.

25 MR. McCLEERY: Thank you very much.

1 Q Mr. Ennis, I want to return to this issue that
2 we very briefly touched on earlier about the
3 existence or lack thereof of a \$50,000 threshold
4 from reporting at the River Rock. If we can go
5 to paragraph 42 of Mr. Ennis's affidavit. The
6 discussion begins there. I don't think we need
7 to -- I don't think I need to take you through
8 your affidavit. I'll just, you know, ask you a
9 few direct questions.

10 Did you ever direct anyone at Great
11 Canadian that transactions under \$50,000 should
12 not be reported as suspicious?

13 A No.

14 Q Are you aware of anyone else at Great Canadian
15 giving such a direction?

16 A No.

17 Q Did you ever direct anyone at Great Canadian
18 that transactions in certain denominations
19 should not be reported as suspicious?

20 A No.

21 Q Are you aware of anyone else at Great Canadian
22 giving such a direction?

23 A No.

24 Q Are you aware of any time that the surveillance
25 department at the River Rock stopped reporting

1 transactions in certain denominations because
2 they did not have the capacity to keep up with
3 reporting obligations?

4 A No.

5 Q Are you aware of any direction received by Great
6 Canadian from GPEB, BCLC or anyone else that
7 transactions under \$50,000 should not be
8 reported as suspicious?

9 A No.

10 Q And are you aware of any direction received by
11 Great Canadian from GPEB, BCLC or anyone else
12 that transactions in certain denominations
13 should not be reported as suspicious?

14 A No.

15 Q To your knowledge during your tenure at Great
16 Canadian, did any surveillance personnel ever
17 apply such a threshold in the sense of
18 understanding that they were not to report
19 transactions under \$50,000 despite the absence
20 of a direction to do so? I think I've mangled
21 that question a little bit.

22 Were you aware of any surveillance personnel
23 applying such a threshold even if it hadn't been
24 directed?

25 A No.

1 MR. McCLEERY: Madam Registrar, can we see Great
2 Canadian document 34426. And can we go to --
3 let's start with the bottom -- or the end of
4 this document. There's an email that spans
5 pages 2 and 3. If we can go up just a little
6 bit, please. Right there is perfect. Thank
7 you.

8 Q So, Mr. Ennis, this is a series of emails, some
9 involving BCLC personnel and some involving
10 Great Canadian personnel, including yourself.
11 I'll start with this first email here from Jim
12 Husler to Daryl Tottenham copying a number of
13 other individuals dated November 2nd, 2015. Do
14 you see that one?

15 A Yes.

16 Q Okay. And do you recall what Mr. Husler's role
17 would have been at that time?

18 A He was an investigator.

19 Q Okay. So if we can go -- he lists several items
20 that he's bringing to Mr. Tottenham's attention,
21 and I'll focus in on the first two. Item 1
22 says:

23 "After reviewing the Cage-Cashier Drop Buy
24 in Tracking Sheets, it was discovered
25 that --"

1 He names a patron. Had a \$50,000.00 cash buy in
2 which consisted of 2,000 \$20 bills and 100 \$100
3 bills. And then he writes in bold, underlined
4 and exclamation mark:

5 " No UFT Created."

6 And says -- as a resolution, he writes:

7 " I will speak with the Surveillance
8 Manager and have a UFT created."

9 Moving on to item 2. He says:

10 " After the Cage-Cashier Drop Buy in
11 Tracking Sheets, it was discovered
12 that --"

13 A patron he names had a \$200,000 cash buy in
14 which consisted of 4,000 \$20 bills. And again
15 he writes in bold underlined with exclamation
16 mark:

17 " No UST created."

18 My first question is when he refers to the cage
19 cashier drop buy-in tracking sheets, do you know
20 what he's referring to?

21 A Yeah, I am familiar. That's a document that's
22 created by the cage of all buy-ins that occur at
23 the age. It details the customer's name, the
24 amount of the buy-in and the denomination of the
25 bills of every buy-in.

1 MR. McCLEERY: Okay. Then, Madam Registrar, if we
2 can move up to the next email in this sequence.

3 Q Mr. Ennis, this is an email from Mr. Tottenham
4 to you. I gather he's bringing these items to
5 your attention. And he writes:

6 "This morning we were looking into an
7 entry on the RR daily cash/PGF sheet as
8 there was an entry for 450K cash buy-in
9 with no particulars and no Itrak report.
10 As it turned out, there was no action cash
11 buy-in for that amount as the entry was
12 made to document an abandoned chip file
13 and was the sum of 2 entrees and labeled
14 as cash. While I was dealing with Jim on
15 it we started finding some other issues
16 and Jim continued pulling documents trying
17 to track the chip movements. As you can
18 see, when he was finished there were
19 several other issues found that resulted
20 when he started looking in depth at the
21 LCTs created over the past few days.

22 I cannot imagine why neither of the
23 cash buy-ins did not result in a UFT file
24 being created and I am looking to find out
25 how this could occur so we know where to

1 start to fix it."

2 Before -- sorry, have I read that correctly?

3 A Yes.

4 Q Before I move on to the next email, would you
5 have shared Mr. Tottenham's concern about these
6 two transactions not being reported as unusual
7 financial transactions?

8 A Yes.

9 Q You agree --

10 A I'm sure I would have forwarded it on to
11 probably the Surveillance Manager or Director.

12 Q Okay. Well --

13 A Depending on what year that was.

14 MR. McCLEERY: If we move up, I think we'll see that
15 email, Madam Registrar. Actually, can you go
16 down just a little bit to the bottom of that
17 first page.

18 Q So we see there's it appears there's an email
19 from you dated November 2nd, 2015 to Peter
20 Demonte.

21 A Yes.

22 Q What was Mr. Demonte's position?

23 A He was the Surveillance Manager.

24 Q Okay. And I take it you would have forwarded
25 this email to him so that he could look into why

1 chance."

2 Do you remember receiving this email from

3 Mr. Demonte?

4 A I don't recall actually receiving the email, but
5 there's no doubt that I did.

6 Q Do you know what he's referring to when he says
7 "neither of these transactions met the threshold
8 we have been apparently using for years"?

9 A So that threshold would have been an
10 investigative threshold, that \$50,000 in 20s,
11 that the surveillance team needed to initiate a
12 full review of the circumstances behind the
13 buy-in.

14 Q I suggest from Mr. Demonte's email he's
15 suggesting that he doesn't understand why they
16 would have been reported if they hadn't met the
17 threshold. Is that how you read this email as
18 well?

19 A Yes.

20 Q So did you understand from this that Mr. Demonte
21 understood there was some threshold beneath
22 which transactions should not be reported?

23 A No. I would say that in Mr. Demonte's opinion
24 or the operator's opinion or whoever filed the
25 initial report, there were no other indicators

1 of suspicion other than the fact that it was 20s
2 that were involved. So they didn't initiate an
3 investigation and they didn't deem it to be
4 suspicious. Any time BCLC would follow
5 something up like this and request followup on
6 our behalf, we definitely would have done it and
7 I'm quite certain my response to Peter on this
8 would have been yes, you need to open the UFT
9 files and you need to conduct a review of the
10 activities of that player prior to their buy-in.

11 Q You've indicated that you don't recall receiving
12 this email. I take it you don't specifically
13 recall if you responded or what that response
14 might have been. Is that fair?

15 A No. If you guys don't have a record of it, I
16 don't remember.

17 Q Okay. Do you have any -- Mr. Demonte's second
18 question is what are the thresholds going
19 forward. Do you recall having any
20 conversation or interaction with him after this
21 point about what thresholds [indiscernible]?

22 A Well, I think this particular point in time was
23 around when BCLC decided that they were going to
24 go back in time and file some late reports. I
25 don't know if this was the beginning of that

1 investigation or -- but definitely things
2 changed afterwards and there were training
3 programs put out and the threshold was removed.

4 MR. McCLEERY: Thank you. If we can shift topics
5 now, Madam Registrar, and move to paragraph 55
6 of Mr. Ennis's affidavit.

7 Mr. Ennis, at paragraph 55 of your
8 affidavit:

9 "As I recall, all of the casino industry,
10 including GCGC, BCLC and GPEB, first
11 became aware of Paul Jin in 201. He was
12 identified by GCGC at that time as a
13 likely loan shark but not as a money
14 launderer."

15 Have I read that correctly?

16 A Yes.

17 Q And in 2012 is that also when you personally
18 became aware of Mr. Jin?

19 A As I recall, and I put that at the beginning of
20 my statement because he may have been in the
21 picture earlier, but I can't put a finger on
22 that time.

23 Q And do you recall how Mr. Jin was identified as
24 a likely loan shark?

25 A Just based on him giving money to players.

1 Q So was that -- do you recall if that was at a
2 particular casino or was he seen at different
3 casinos doing that?

4 A The first instance I think he had taken up
5 residence in a hotel room and people were going
6 back and forth through his hotel room, which I
7 think we actually had the Richmond RCMP attend
8 and have them removed from the hotel room and
9 served, you know, so that he understood he
10 wasn't allowed anywhere on our property. And
11 just out of an abundance of caution and public
12 safety concern.

13 Q So you were aware of Mr. Jin by 2012, but your
14 directive that he -- the directive you
15 eventually made that he not -- that the casino
16 not accept cash that had been dropped off by him
17 was not made until 2016; is that right?

18 A Yes.

19 Q Between 2012 and 2016 what steps was Great
20 Canadian taking in response to this knowledge of
21 Mr. Jin?

22 A We were monitoring activities around the casino,
23 compiling evidence, getting pictures of his
24 associates, vehicles, licence plate numbers,
25 activities, customers that were associating with

1 him. Reporting of that through a Form 86 and
2 iTrak.

3 Q Did you consider at any time issuing that
4 directive not to accept cash sourced to Mr. Jin
5 at any point between 2012 and 2015?

6 A Between 2012 and 2015 I was the Director of
7 Surveillance and that wasn't in my pay range to
8 be making those kind of recommendations.

9 Q Are you aware of anyone else making those --
10 making that recommendation prior to 2016?

11 A No.

12 Q What was it that happened in 2016 that prompted
13 you to make that decision to take the step and
14 issue that directive?

15 A Well, there had been a number of what looked
16 like promising police investigations that had
17 begun at River Rock that were looking into Paul
18 Jin and his associates' activities. One was in
19 2014, which kind of just disappeared on us.

20 And, again, in 2015 there seemed to be a bit
21 of momentum that was gathered that obviously,
22 again, didn't seem to be resulting in anything.
23 And in April when I was promoted to Executive
24 Director, I felt that it was incumbent on me to
25 take some action because nobody else was. I

1 mean, we kept reporting this stuff hoping that
2 the police would have an intervention and that
3 this activity would cease at our casino. It
4 didn't, so I stepped in and intervened.

5 Q Did you inform BCLC and/or GPEB about your
6 decision to implement that [indiscernible]?

7 A I'm not sure if I did. I had a meeting with
8 obviously our operations lead, Terrance Doyle,
9 who was the COO, and he was on side with the
10 recommendation as well. Obviously it would have
11 the potential to impact revenue. He did not
12 push back on my recommendation and told me I
13 should go ahead with it. But not GPEB or BCLC.
14 I can't recall if we informed them formally of
15 that or not.

16 Q Can you speak to why the directive would have
17 been aimed at Mr. Jin specifically as opposed to
18 just focusing generally on cash drop-offs?

19 A Well, it was happening on our property, and on
20 video review we were seeing it happen. So you
21 know, it was something that we could associate
22 to possibly being proceeds of crime because we
23 had been told that Mr. Jin was associated with
24 possible criminal activity. So I thought it
25 was -- the only responsible thing to do was for

1 us to start refusing that. If we were able to
2 determine that was the case through reviews that
3 that money had come in from off site, we would
4 refuse it.

5 Q And were there cash drop-offs taking place at
6 Great Canadian casinos that you were unable to
7 connect to Mr. Jin around that time?

8 A I'm not sure. But, you know -- I'm not sure.

9 Q Did Great Canadian, at least during your tenure
10 and to your knowledge, ever issue any similar
11 directives focused on any other individuals?

12 A There were some. I can't recall the specifics,
13 but there were some definite public safety
14 concerns around some individuals that would come
15 in the casinos. I mean, BCLC was on top of that
16 through their information sharing agreement, but
17 we also ran into some people that we, as a
18 corporation, barred from our properties, not
19 just in BC but across Canada.

20 Q And I understand that the direction you issued
21 in 2016 was that the casino would not accept any
22 cash that was essentially identified as having
23 been provided by Mr. Jin; is that right?

24 A Or his associates, yes.

25 Q Okay. And did a similar directive, not just

1 that a player would be barred from a casino or
2 that perhaps they wouldn't be able to buy in
3 with cash but that any buy-ins associated with
4 them in the sense of having been dropped off by
5 them or their associates would be refused, was
6 that directive issued with respect to any other
7 individuals?

8 A No.

9 Q You've referred to this earlier. I won't ask
10 you to go into detail on it. But -- not --
11 Great Canadian, the surveillance department at
12 the River Rock, was not able to live monitor
13 everything that was happening at the casino at
14 all times; is that right?

15 A Yes.

16 Q Were there occasions, then, where a buy-in would
17 be identified as being associated with Mr. Jin
18 after it had occurred?

19 A Yes. But there was, you know, an opportunity --
20 depending on the size of the buy-in when they
21 come to the cash cage, it could take anywhere
22 from 15 minutes to process that cash up to
23 45 minutes to an hour. So there's an
24 opportunity there for the surveillance
25 department to conduct a review and in some

1 circumstances determine prior to that
2 transaction being completed that the money was
3 delivered by one of Jin's associates in which
4 case it would be denied.

5 Q If a transaction was identified as being
6 associated with Mr. Jin after it had been
7 completed, would any actions be taken to perhaps
8 reverse the transaction or --

9 A No. No, it wouldn't.

10 Q At paragraph 65 of your affidavit, which I think
11 is on the next page, you say:

12 "After I issued this directive, BCLC
13 investigators advised GCGC casino staff
14 that it was not necessary to refuse these
15 transactions. GCGC continued to refuse
16 these transactions despite this advice
17 from BCLC investigators."

18 Did you understand that these investigators from
19 BCLC were trying to discourage Great Canadian
20 from refusing these transactions?

21 A No, I wouldn't say they were trying to
22 discourage. And that information came from the
23 Surveillance Manager who told me that the
24 investigators had advised him that nobody else
25 is doing this and it wasn't a requirement and we

1 didn't have to do it if we didn't want to. But
2 they weren't telling us that we shouldn't be
3 doing it.

4 Q Did you receive any reaction to or feedback on
5 this directive from anyone at BCLC in a more
6 senior position than the investigators?

7 A Not that I recall.

8 Q Do you recall ever receiving any reaction or
9 feedback from GPEB or law enforcement on this
10 directive?

11 A No, not that I recall.

12 MR. McCLEERY: If we can move ahead now, Madam
13 Registrar, to paragraph 100 of Mr. Ennis's
14 affidavit. Actually, before we do that,
15 Mr. Commissioner, I believe I neglected to ask
16 that Great Canadian document 0034426, which was
17 the series of emails involving Mr. Ennis,
18 Mr. Demonte and Mr. Tottenham, be marked as an
19 exhibit. If I could have that marked, I would
20 be grateful.

21 THE COMMISSIONER: Yes, very well. That's fine.
22 We'll mark that as a next exhibit.

23 THE REGISTRAR: Yes. Exhibit 533, Mr. Commissioner.

24 THE COMMISSIONER: Thank you.

25 **EXHIBIT 533: Emails re River Rock - Four Items**

1 **Noted - Topic Tracking Sheeting & LCT Issues -**
2 **November 2, 2015**

3 MR. McCLEERY:

4 Q And, again, turning to paragraph 100 of your
5 affidavit. Here, carrying on for a few
6 paragraphs, you discuss the implementation of
7 Peter German's source of funds recommendation in
8 2018; is that correct?

9 A Yes.

10 Q I don't plan to take you to it, but there is
11 some correspondence between yourself and Sam
12 MacLeod, who was the General Manager of GPEB at
13 the time, about the implementation of that
14 requirement at Great Canadian casinos; is that
15 correct?

16 A About -- he asked my opinion on how the
17 police -- or how GPEB could get more involved at
18 casinos. Is that what you mean?

19 Q Actually, I'm referring to -- if we can go
20 there, it would be helpful. There's some
21 correspondence at -- beginning at exhibit W
22 where there's some back and forth around whether
23 or not GPEB -- Great Canadian casinos were
24 properly complying with the source of funds
25 requirements. And maybe I'll take you, then, to

1 exhibit --

2 A Sorry. You're referring to Sam MacLeod?

3 Q Yes.

4 A I don't know why I heard Cary Skrine.

5 Q But perhaps I said the wrong name. But you're
6 aware of correspondence between yourself and
7 Mr. MacLeod regarding implementation of the
8 source of funds requirement at Great Canadian
9 casinos; is that correct?

10 A Yes, I am. Yes.

11 Q And is it fair to say that GPEB suggested that
12 there was at least some level of non-compliance
13 with the requirement at the River Rock and the
14 Hard Rock Casino?

15 A Yes, but we disputed that.

16 Q That's my next question. What was your -- why
17 was it that you disputed Mr. MacLeod's
18 suggestion that there was non-compliance?

19 A So part of the requirement for the source of
20 funds deposits into a PGA account was that they
21 had to have a receipt for any bank drafts that
22 they were depositing into the account. And that
23 was written in BCLC's policy when it was
24 initially implemented. But further on as things
25 progressed Daryl Tottenham issued a statement

1 and an email to our employees that said that if
2 certain information was contained on the actual
3 bank draft itself, like the player's bank
4 account number, their name, certain things -- I
5 don't recall exactly all of what was required --
6 but that information was on the bank draft and
7 the bank draft itself would serve as a receipt
8 and we could scan it into iTrak and we wouldn't
9 need an actual bank receipt to prove that that
10 was legitimate.

11 GPEB's audit department audited us strictly
12 looking for the receipt from the bank. They
13 didn't consider the fact that the bank draft
14 could be considered a receipt, which we were
15 told by BCLC.

16 Q Earlier on in your evidence and in your
17 affidavit you referred to instances where you
18 say Great Canadian received conflicting advice
19 or directions from GPEB and BCLC -- another
20 example of where you received -- you were
21 receiving conflicting advice from those two
22 organizations?

23 A I don't know if it was conflicting advice. It
24 was BCLC's policy and their procedure and they
25 gave us advice on what we could do with it, so I

1 think we followed the direction from BCLC;
2 however, GPEB for whatever reason didn't agree
3 maybe that that bank draft could actually be
4 used as a receipt.

5 Q Okay.

6 A And to go to your -- yes, I mean, there was
7 obviously a difference of opinion between the
8 two groups.

9 Q From your perspective, leaving aside this issue
10 that Mr. MacLeod raised, did Great Canadian
11 experience any difficulty implementing the
12 source of funds recommendation?

13 A There were some initial issues on the rollout
14 around documentation and human error, filling in
15 fields incorrectly, usual growing pains of
16 anything that gets implemented. All across the
17 industry, every company was having issues with
18 the implementation of this program. And there
19 were weekly and monthly reviews being done by
20 Deloitte at the request of BCLC on the
21 implementation of this to ensure everybody was
22 being compliant.

23 Great Canadian itself hired PwC to come in
24 and monitor activities around this
25 implementation to ensure that we got things on

1 track as quickly as we possibly could to make
2 sure that the program was a success.

3 Q And by the time of your departure from Great
4 Canadian were you satisfied that you'd
5 effectively implemented the policy?

6 A Yes, I was.

7 Q The last topic I want to cover, Mr. Ennis, is
8 your views on how the industry in this province
9 might be able to better protect itself against
10 money laundering or the proceeds of crime. The.

11 First issue I want to ask you about is your
12 experience with the gaming industry in Ontario.
13 And I gather you became pretty familiar with
14 Ontario's model for regulating gaming as Great
15 Canadian expanded its operations in that
16 province?

17 A Yes, I did.

18 MR. McCLEERY: Madam Registrar, we can take that
19 document down now. I don't need it any further.
20 Thank you.

21 Q Peter German, among others, have commented
22 favourably on Ontario's model for regulating
23 gaming. And I'm wondering from the perspective
24 of a service provider, did you experience
25 significant differences in operating in Ontario

1 compared to British Columbia that might be
2 connected to how the industry is regulated
3 generally?

4 A No. They were similar in a lot of ways. The
5 biggest thing that's always brought up as being
6 a difference in Ontario versus BC is the fact
7 that they have police assigned to the casino
8 facilities. There's -- I think in the past
9 those police were on site 24 hours a day,
10 365 days a year. That model is not in existence
11 anymore out there. They're on site during the
12 day maybe until 8 o'clock at night.

13 I wrote a letter to Sam -- or Cary Skrine --
14 I don't know why I'm getting them mixed up --
15 about, you know, some of the pitfalls of having
16 police onsite 24 hours a day. There's just not
17 enough for them to do. I mean, policemen have a
18 level of expertise that having them sit in a
19 casino all day long drinking coffee waiting for
20 something to happen isn't really the best use of
21 that asset.

22 It is nice to have the police there to be
23 able to intervene and intercept suspicious cash
24 that might come into the casino, but I don't see
25 it as something that needs to be present, and I

1 don't see it as something that the police need
2 to be there in order to facilitate.

3 Other than that, you know, the regulator,
4 the investigations on both sides, the teams that
5 are put into place are really quite similar to
6 BC.

7 Q Comments have been made, I think by Dr. German
8 and others, that the Ontario standards-based
9 model is a significant distinction between that
10 province and this one. Did you identify -- from
11 your perception was that a significant
12 difference or did you experience --

13 A No, definitely -- sorry, that was definitely an
14 improvement on British Columbia. It allows the
15 service provider to come up with their own ways
16 of doing business and their own methods of
17 compliance, et cetera. It leaves it much more
18 open from a business perspective to be able to
19 operate and it puts a lot more accountability on
20 the service provider.

21 Q And maybe without divulging any sensitive casino
22 security information, are you able to give any
23 examples of how that different model allows a
24 service provider to operate differently in
25 Ontario than BC?

1 A Well, I think you get into risk-based analysis
2 of situations on the operations sides of things
3 and how you want to operate your casino and run
4 it better, run it more officially. You have
5 more input into what machines are going where.
6 It's hard for me to give specific examples,
7 really.

8 Q Fair enough. You were also involved in Great
9 Canadian's expansion to Atlantic Canada; is that
10 right?

11 A Yes.

12 Q Any significant differences between the models
13 you experienced there compared to BC that might
14 be instructive for thinking about how to reform
15 the industry in this province?

16 A Nothing specific from there. The casinos out
17 that way are a little bit smaller in size. They
18 certainly don't have table game activities -- or
19 the money laundering controls are a little
20 different than here. They're a little less
21 stringent because they don't need to be
22 as stringent as they are here.

23 Q As part of your role with Great Canadian, was it
24 your job in part of keep up with new
25 developments in casino security and surveillance

1 technology?

2 A Yes, that was a part of my job.

3 Q In your affidavit you mention electronic buy-in
4 tracking specifically. I wonder if you can
5 speak to how that might improve surveillance and
6 security in casinos.

7 A So I was referencing basically player cards and
8 systems that -- right now in BC -- well, at
9 least when I left; it may have changed by now --
10 player tracking was done on a piece of paper on
11 a card. So if a player comes into a pit, the
12 supervisor will open up a card and write down
13 their conversation, what their buy-in was, their
14 name, et cetera. And that card has to
15 physically follow the player around from pit to
16 pit. If it doesn't do that, they're all
17 gathered up at the end of the night and all the
18 different cards from all the different pits are
19 stuck together. So you say, Joe was in this
20 pit; he was in that pit. By the end of the day
21 you could end up with five different cards
22 you've got to put together and add up the totals
23 of that guy's buy-ins so that you can make sure
24 that you report the large cash transaction
25 that's required by FINTRAC. It's a very labour

1 intensive process.

2 You know, in today's day and age with
3 computers, I mean, if you punch something in at
4 one station, it should just follow him to the
5 station and add it all up for you at the end of
6 the day so you're not sitting at a table with a
7 whole bunch of pieces of paper that you're
8 trying to track people on. It would be much
9 more efficient and it would also eliminate the
10 potential for errors.

11 Q That manual paper-based buy-in tracking system,
12 did that present a difficulty in terms of
13 implementing the source of funds requirement in
14 2018 in any sense?

15 A I'm sure it did, but I can't think of any
16 specific reasons why.

17 Q Fair to say, though, if in the example you gave
18 if at the end of the night you end up with three
19 or four different tracking sheets for a single
20 player, it may be that they could cross that
21 \$10,000 threshold without being identified; is
22 that fair?

23 A No. Because they're gathered up and they're put
24 together within a 24-hour period. You have a
25 period of time and they're added up together to

1 make sure that we file that LCT on time. You
2 also have 15 days to file the LCT. So, you
3 know, it's basically on a delay by a day and a
4 half. Staff are going through and making sure
5 that the rolling 24 hours are being complied
6 with. I don't think there are very many, if
7 any, LCTs that gets missed through the process.
8 It's just very labour intensive.

9 Q But for the purpose of the source of funds
10 requirement where the casino is required to --

11 A Oh.

12 Q The source of funds of \$10,000, it may be that a
13 player gets to \$10,000 without being caught. Is
14 that fair?

15 A There could be a scenario where that would
16 happen, yes.

17 Q Thinking more broadly about technology, are
18 there other technological enhancement that you
19 can think of that may be of assistance to
20 casinos in this province in terms of addressing
21 the AML and proceeds of crime issue?

22 A Not really. I know we explored our FID chips
23 and readers for casino chips. You get into --
24 very restrictive and somebody has to make a
25 decision at some point in time how restrictive

1 they want to be with people coming into the
2 casinos and leaving the casinos and whether they
3 want it to be cash based or cash less. I mean,
4 the technologies are out there to go in any of
5 those directions and they're very effective.
6 They haven't been implemented on the grand scale
7 around the world, so people may not be that
8 comfortable with them. But they're there and
9 they're available for people to use, and from my
10 understanding BCLC is pursuing a number of those
11 technologies as we speak.

12 Q We've spoken a little bit about Great Canadian's
13 relationship with BCLC and GPEB and this issue
14 of some conflicting information or advice
15 potentially from those two organizations. Can
16 you speak to sort of your views as to what a
17 service provider like Great Canadian
18 [indiscernible] from that relationship with the
19 regulator and the Lottery Corporation to
20 effectively do its job with respect to large and
21 suspicious cash transactions?

22 A I really think we need a stronger regulator in
23 British Columbia. And, you know, I know that
24 there's changes that have been made in the last
25 couple years and I don't want to say anything

1 bad about any of the previous regimes that were
2 in place. I have a great deal of respect for
3 all of them. I worked with all of them. They
4 all did their best over the years to do what
5 they thought was best for the industry.

6 The regulator needs to be more of a
7 presence. The regulator needs to be given more
8 authority to investigate and get involved and
9 talk to customers and be on site. I think that
10 would be a benefit to the service providers and
11 the Lottery Corporation to have that. It's
12 what's been missing in the province.

13 Q Thank you. You mentioned a little bit earlier
14 the role played by law enforcement in casinos in
15 Ontario and, if I understood you correctly, you
16 suggest there probably wasn't -- it may not be a
17 great use of resources to have police on site
18 24 hours a day. Is that fair?

19 A Yes. I agree with that fully.

20 Q Do you have a perspective as to what -- you
21 know, from a service provider's perspective what
22 the gaming industry needs from law enforcement
23 to address this issue of large and suspicious
24 cash transactions?

25 A I'm not sure if it's just the casino industry

1 that needs it. I think all industries need some
2 people or a unit or -- you know, I'm not a
3 policeman, so I don't know how those things get
4 designed. But I think there's definitely a lack
5 somewhere of people investigating or dealing
6 with AML issues as a dedicated full-time
7 responsibility, whether they're making
8 themselves available to banks or casinos or
9 money service businesses or horse race tracks,
10 whatever it might be. I think there needs to be
11 something out there that's dedicated.

12 Like I said, I'm not a police officer and
13 there could be things out there that are
14 dedicated in that way, but they need to be made
15 available to the casinos and the like if they
16 are.

17 Q Thank you. Final question. As the province
18 considers how to address this issue of large and
19 suspicious cash transactions in casinos, are
20 there any other measures or policies or
21 developments that you can think of that you
22 think would be worthwhile considering as we move
23 forward?

24 A Other than some of the technologies that are out
25 there that I know BCLC are looking at, you know,

1 BCLC has rolled out a successful program with
2 the source of funds and the player interviews
3 and the cash conditions that were put into
4 place, and I think the risk is extremely minimal
5 now and what is happening in the casinos have
6 made huge strides over the last four years and I
7 think they should be given credit with the work
8 that they've done and that their teams have done
9 in that regard.

10 This didn't go unnoticed until today. It
11 was noticed early on in 2014, 2013, and action
12 was taken to address it. And I think BC is
13 actually a leader in the industry on its AML
14 standards and policies and the way that they've
15 implemented and I think you'll see other
16 provinces in Canada begin to follow BCLC's
17 groundwork.

18 MR. McCLEERY: Thank you very much, Mr. Ennis.

19 Mr. Commissioner, that concludes my
20 examination of Mr. Ennis.

21 THE COMMISSIONER: All right. Thank you,
22 Mr. McCleery.

23 I'm going to ask Ms. Chewka on behalf of the
24 province to begin her examination at this point.
25 I think, Ms. Chewka, if you stay within the 25

1 minutes you've been allocated, we can conclude
2 you today and then move to tomorrow for the
3 balance of the participants' involvement. Is
4 that satisfactory to everyone?

5 MS. CHEWKA: Yes, Mr. Commissioner.

6 THE COMMISSIONER: Thank you. I'm sorry, I should
7 just say. Mr. Ennis, do you need a break at
8 this point, or are you happy to go on for
9 another 25 minutes?

10 THE WITNESS: I'm okay to go on.

11 THE COMMISSIONER: Thank you.

12 **EXAMINATION BY MS. CHEWKA:**

13 Q Mr. Ennis, can you hear me okay?

14 A Yes, I can. Thank you.

15 Q I'm going to start by asking you to turn up to
16 paragraph 35 of your affidavit. If you have it
17 in front of you or I can ask --

18 A I've been reading it off the screen. That would
19 be -- thank you.

20 Q Of course. At paragraph 35 of your affidavit
21 you depose that in your experience GPEB
22 generally favoured greater reporting, while
23 BCLC's view was that a greater number of
24 suspicious indicators needed to be present
25 before a transaction should be reported. And

1 I'm wondering if you could please describe for
2 the Commissioner what kinds of experiences led
3 you to make this observation?

4 A Sorry, I'm just reading it here.

5 Q Of course.

6 A So I think what I'm trying to say here is that
7 GPEB generally would view \$20 bills on their own
8 coming into casinos as being suspicious, whereas
9 BCLC from an AML point of view would -- and I
10 encountered that with BCLC -- that it could be
11 considered to be over-reporting if you just were,
12 just simply saying that \$20 bills were
13 suspicious. You needed other indicators to
14 reach that conclusion.

15 Q Is that sort of the one example of this comment
16 about over -- or greater reporting versus less
17 reporting, it's really the focus on this \$20
18 bill issue? Is that fair, or were there other
19 issues?

20 A I think that's right. Well, so when I mentioned
21 suspicious indicators yes, that's definitely an
22 AML term and that's what I'm referring to. GPEB
23 definitely wanted reports. I encouraged our
24 staff to always report if there was any -- if
25 they thought -- if they were ever wondering to

1 themselves whether they should file a report
2 with GPEB or not, I would always tell them, file
3 it; if you think you should file it, it needs to
4 be filed.

5 Q You've also canvassed quite extensively, I'd
6 say, in your affidavit and in your testimony
7 today this issue of the \$50,000 reporting
8 threshold. That's covered at paragraphs 42 to
9 48 of your affidavit. And perhaps we can scroll
10 to there.

11 A Yes.

12 Q And paragraphs 43 and 44 you describe an
13 exchange that occurred with Mr. Dickson; is that
14 correct?

15 A Yes. Yes.

16 Q And you also testified this morning about this
17 conversation you had with Mr. Dickson.

18 A Yes.

19 MS. CHEWKA: I'm going to ask Madam Registrar to turn
20 up a document. And the document ID is PG0385.
21 Oh, I'm sorry, I think that's actually the wrong
22 one. It's PG0385.

23 THE REGISTRAR: This is 835.

24 MS. CHEWKA: And I'm asking for 385. Sorry, just the
25 3 and the 8 are reversed.

1 THE REGISTRAR: Sorry, I think we have uploaded a
2 different one. Just give me one second. Thank
3 you.

4 THE WITNESS: Mr. Commissioner this is a document
5 that I was sent as possibly reviewing today. So
6 if we're going somewhere else, I haven't
7 reviewed this other document, I don't think.

8 THE COMMISSIONER: Okay. Let's wait and see whether
9 you have, and if you haven't and need to, we'll
10 break until tomorrow.

11 MS. CHEWKA: It's quite a short document. It's an
12 email that you had sent.

13 THE WITNESS: Okay. Okay.

14 MS. CHEWKA: It's three lines. [Indiscernible] and I
15 just didn't want you to be concerned.

16 THE WITNESS: No, no. It makes sense because when I
17 looked at the other document I wondered what it
18 had to do with me, actually.

19 THE REGISTRAR: I'm very sorry. I think what
20 happened is we have the wrong one uploaded, and
21 it may take a little longer to get that out. So
22 do you mind --

23 MS. CHEWKA: We've actually just emailed it to the
24 address, if that would be helpful. Or we can --

25 THE REGISTRAR: Yes, that would be great. Thank you.

1 MS. CHEWKA: It's just been sent now, so I expect
2 that it should come in shortly.

3 THE REGISTRAR: Thank you.

4 MS. CHEWKA: Yes, that's the one. And if you could
5 please scroll down to the second page.

6 Q And I'll give you a moment to read that,
7 Mr. Ennis, if that's okay. If you haven't seen
8 this before.

9 A Yep. Okay.

10 Q So this is an email sent November 8th, 2010, and
11 it's from you to two individuals, Dave Pacey and
12 Arlene Strongman; is that correct?

13 A Yes.

14 Q Can you explain to Mr. Commissioner who
15 Mr. Pacey and Ms. Strongman are?

16 A Mr. Pacey was the Surveillance Manager at River
17 Rock and Ms. Strongman was the manager at
18 Boulevard at the time.

19 Q And I understand from your testimony -- I don't
20 intend to re-canvass it, but I understand from
21 your testimony this morning your evidence is
22 that no one at GPEB, including Mr. Dickson,
23 directed or advised GCGC that transactions under
24 50,000 should not be reported; is that correct?

25 A Yes, I state that in my affidavit.

1 Q And would you agree with me that that's
2 reflected as well in this email that was sent in
3 2010?

4 A Yes.

5 MS. CHEWKA: Mr. Commissioner, we ask that this be
6 marked as the next exhibit, please. And I'd ask
7 that only page 2 be marked as the exhibit.

8 THE COMMISSIONER: Very well.

9 THE REGISTRAR: The next exhibit number is 534,
10 Mr. Commissioner.

11 THE COMMISSIONER: Thank you.

12 **EXHIBIT 534: Email from Patrick Ennis to Dave**
13 **Pacey and Arlene Strongman re \$20 bills**
14 **buy-ins - November 8, 2010**

15 MS. CHEWKA: Madam Registrar, if we could please go
16 back to Mr. Ennis's affidavit.

17 MR. SOROCHAN: Mr. Commissioner, I haven't seen this
18 document. Before we [indiscernible] the first
19 part of it, if I could read it.

20 THE COMMISSIONER: I'm sorry, Mr. Sorochan, your
21 voice is sort of as though you're in an echo
22 chamber. I'm having difficulty hearing you.

23 MR. MCGOWAN: Yes, Mr. Commissioner. I think
24 Mr. Sorochan is hoping to view the first page of
25 the document, as counsel has only asked for the

1 second page to be marked. I think he's hoping
2 the first page can be brought up on the screen.

3 MR. SOROCHAN: Yes, because we didn't see it before.

4 THE COMMISSIONER: All right. Thank you. There it
5 is.

6 MR. SOROCHAN: I have no objection.

7 THE COMMISSIONER: Thank you. Exhibit 534, then.

8 MS. CHEWKA: Thank you. And, Madam Registrar, if you
9 could please turn to paragraph 72 of the
10 affidavit.

11 THE REGISTRAR: I'm sorry, paragraph 72?

12 MS. CHEWKA: That's correct. Thank you, Madam
13 Registrar.

14 Q And, Mr. Ennis, at paragraphs 72 to 77, which is
15 up on the screen now, you provided evidence with
16 respect to Ms. Gao. And I understand from your
17 evidence today that she was eventually
18 terminated for essentially letting one patron
19 purchase chips for another player who happened
20 to be banned at the time and not filling out the
21 form correctly. Is that an accurate summary of
22 that --

23 A She -- we didn't terminate her; she was
24 deregistered by GPEB following an investigation.
25 They pulled her registration.

1 Q Yes. Sorry. Thank you. I have a couple
2 questions about that incident.

3 MS. CHEWKA: Madam Registrar, if you could please
4 pull up GPEB2125 next.

5 Q Do you recognize this document, Mr. Ennis?

6 A Yes.

7 Q Do you agree with me that this is a BCLC
8 directive which sets out the requirement for BC
9 casinos in response to some legislative
10 amendments?

11 A Yes, is this reasonable measures? Sorry.
12 I'm ...

13 Q Yes, that's correct?

14 A Okay. Yeah. Okay. Yes.

15 Q And so these amendments were effective
16 June 17th, 2017, according to this document,
17 would you agree?

18 A Yep. Yep.

19 Q And as you indicated, this directive is commonly
20 referred to as reasonable measures; is that
21 correct?

22 A Yes.

23 Q And this directive describes the process that
24 must be followed when a patron advises that cash
25 is being brought in on behalf of another patron.

1 Would you agree with that?

2 A Yep.

3 Q And I'm just going to highlight the third
4 paragraph, so perhaps Madam Registrar could
5 scroll down just slightly, please. The third
6 paragraph reads:

7 "If the patron advises that the cash is on
8 behalf of another patron, you must
9 determine who that individual is, the
10 relationship between the parties and treat
11 the transaction as a third party
12 transaction. This would include obtaining
13 all the necessary documentation for a
14 third party transaction and scanning ID of
15 the third party before the transaction can
16 be completed. If the third party is not
17 present or refuses to provide this
18 information the transaction must be
19 refused and an Itrak file shall be created
20 to document why the service provider was
21 unable to identify the third party."

22 Would you agree with me that accurately sets out
23 this reasonable measures directive?

24 A Yes.

25 MS. CHEWKA: And, Madam Registrar, if you could

1 please go to page 2 of this document next.

2 Q The directive here states -- it's just after the
3 point 3. It says:

4 "If a patron asks why we are now requiring
5 this information, the correct response
6 should be: due to Legislative amendments
7 to the Regulations *Proceeds of Crime*
8 *(Money Laundering) and Terrorist Financing*
9 *Act, (PCMLTFA)* effective June 17, 2017
10 casino staff are obligated to request this
11 information on behalf of BCLC."

12 You'll agree with me that that was why this
13 directive was in place?

14 A Yes.

15 MS. CHEWKA: Mr. Commissioner, I ask that this be
16 marked as the next exhibit, please.

17 THE REGISTRAR: The next number is 535,
18 Mr. Commissioner.

19 THE COMMISSIONER: Yes, thank you.

20 **EXHIBIT 535: BCLC Directive - FINTRAC**
21 **Amendments effective June 17, 2017, dated**
22 **June 15, 2017**

23 MS. CHEWKA: And, Madam Registrar, if you could next
24 turn to document GPEB2097.

25 Q Mr. Ennis, are you familiar with this form?

1 A Yes.

2 Q Is it fair to say that this form is the
3 reasonable measures form that's referenced in
4 the directive that we just went through?

5 A Yes, I believe it is.

6 Q And is it fair to say that this is also
7 referenced as the reasonable measures form?

8 A Yes.

9 MS. CHEWKA: And, Mr. Commissioner, we ask that this
10 be marked as the next exhibit, please.

11 THE COMMISSIONER: Very well. 536.

12 THE REGISTRAR: Exhibit 536.

13 **EXHIBIT 536: BCLC forms - Reasonable Measures**

14 MS. CHEWKA:

15 Q Mr. Ennis, in your affidavit you set out the
16 incident with Ms. Gao and you append -- and I
17 don't think we need to turn this up right now,
18 but you append as exhibit 6 a Section 86 Report
19 describing the incident, and the Section 86
20 Report indicates it happened in September 2017.
21 Would you agree with me that the -- Ms. Gao's
22 incident occurred after this policy or directive
23 was in place?

24 A Yes, if that's the date on it I would, yes.

25 Q If we can go to exhibit 6, just to confirm --

1 A No, I'm okay with that. I'll agree with it.

2 Q In other words, my question to you is the
3 incident with Ms. Gao, was it essentially steps
4 were taken because of her failure to comply with
5 the reasonable measures directive?

6 A I would assume that that would have played into
7 GPEB's investigation, but I was never privy to
8 their investigation report or why the
9 registration was pulled, but ...

10 MS. CHEWKA: Okay. Thank you. We have no further
11 questions for this witness, Mr. Commissioner.

12 THE COMMISSIONER: All right. Thank you, Ms. Chewka.

13 I think we will now adjourn, then, until
14 tomorrow morning at 9:30.

15 THE REGISTRAR: The hearing is adjourned until
16 February 3rd -- 4th, 2021, at 9:30 a.m. Thank
17 you.

18 **(WITNESS STOOD DOWN)**

19 **(PROCEEDINGS ADJOURNED AT 1:32 P.M. TO FEBRUARY 4,**
20 **2021)**

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