

**Commission of Inquiry into
Money Laundering in British Columbia**

Public Hearing

Commissioner

The Honourable Justice
Austin Cullen

Held at:

Vancouver, British Columbia
via video link

Wednesday, June 10, 2020

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EXHIBITS

Nil

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the Commission)
Examination by Mr. McCleery, Counsel for the
Commission

Vancouver, B.C.
June 10, 2020

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2
3
4 THE REGISTRAR: Good morning, everyone. The hearing
5 is now resumed.

6 THE COMMISSIONER: Thank you, Madam Registrar. Yes,
7 Mr. McCleery.

8 MR. McCLEERY: Thank you, Mr. Commissioner. We
9 concluded yesterday's proceedings by discussing
10 the CISC's National Criminal Intelligence
11 Estimate on the Criminal Market for Illicit
12 Drugs. I've concluded my questions on that
13 report, so I'd like to move to a different topic
14 now.

15
16 ROBERT GILCHRIST, a witness
17 called for the Commission,
18 recalled.

19
20 LESLIE STEVENS, a witness
21 called for the Commission,
22 recalled.

23
24 RYLAND WELLWOOD, a witness
25 called for the Commission,
26 recalled.

27
28 EXAMINATION BY MR. McCLEERY, continuing:

29
30 Q Chief Superintendent Gilchrist, it's evident from
31 the evidence of the panel yesterday that the CISC
32 and the Provincial Bureau do play a role in
33 combating money laundering in Canada and in this
34 province through the production of intelligence
35 products and reports. I'm wondering if we can
36 now discuss some opportunities to enhance or
37 improve the work that your agency does. Maybe to
38 start off, are you able to identify for us any
39 ways in which the CISC or Canada's criminal
40 intelligence landscape generally could be
41 improved or enhanced? I believe you're muted,
42 Chief Superintendent Gilchrist.

43 MR. GILCHRIST: My apologies, Mr. McCleery. Before
44 responding to that question, I did have a couple
45 of points from the questions yesterday that, if
46 it's appropriate with the Commission, one being a
47 statistic that you asked me about and the other

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1 being a point that I think would be of further
2 guidance to the Commission.

3 Q Sure, please go ahead.

4 MR. GILCHRIST: So, taking us back to yesterday's
5 discussion around the Public Report on Organized
6 Crime, and on page 3, Figure 1, we discussed the
7 figure at quite detail. And yesterday you had
8 asked me, with regards to British Columbia,
9 whether I was able to provide the actual numbers
10 of the three levels of assessed organized crime
11 groups. And so, once again, just reflecting
12 back, as testified yesterday, this figure does
13 refer to the assessed organized crime groups and
14 does not include the unassessed. And with
15 regards to British Columbia, it notes that there
16 are high-level threat groups, medium-level and
17 low-level threat groups, and the precise numbers
18 that you were seeking, once again, from a
19 national perspective for British Columbia was --
20 or are six high-level threat groups, 35 medium
21 and 83 low, would be the numerical breakdown of
22 that, once again, referring to the 2019 data.

23 Q Thank you.

24 MR. GILCHRIST: And if I may, the other point that I
25 wish to advise the Commission is with regards to
26 when we were discussing, once again, organized
27 crime in Canada, and we didn't talk about the
28 geographic scope. We spoke quite extensively
29 about the breakdown amongst provinces, as
30 illustrated in that same figure that we were just
31 speaking about. However, specific to money
32 laundering, there's a couple of statistics that I
33 thought would be informative to share. Once
34 again, based on the -- our analysis of the 2019
35 Integrated Threat Assessment data.

36 So, the first statistic is with regards to
37 domestic scope, the geographic scope of organized
38 crime groups. Analysis of the groups involved in
39 money laundering in 2019 -- so, once again, just
40 for clarity, this is referring to the 176 groups
41 that I've previously -- organized crime groups
42 that I've previously referenced. Analysis of
43 that shows that approximately 37 percent -- so,
44 meaning 65 -- approximately 65 of the 176 --
45 operate within multiple jurisdictions in Canada,
46 as they have either interprovincial or
47 intraprovincial links. And so what this

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1 indicates, from CISC's perspective, is that their
2 proceeds of crime are crossing multiple policing
3 jurisdictions. And, as well, it's interesting to
4 note that almost 20 percent of the 176 groups,
5 and more precisely, 36 groups, have
6 interprovincial links. And so I wanted to -- to
7 share that analysis.

8 And another point of analysis that I wish to
9 share is with regards to international scope.
10 Once again, in 2019, in referring to the same
11 data set of 176 organized crime groups that are
12 involved in money laundering, that were assessed
13 to be involved in money laundering, approximately
14 50 percent of those groups -- and I'm referring
15 to approximately 89 -- are involved in money --
16 that are involved in money laundering have
17 international links. And the top five countries
18 to which they are linked internationally is the
19 United States, Mexico, China, Colombia and
20 Australia.

21 Additionally, in analyzing this data, more
22 than half of these groups -- and I'm referring to
23 49 organized crime groups -- are also involved in
24 the cocaine market, which could explain the
25 presence of Mexico and Colombia, as they are
26 considered source countries for cocaine.

27 Those were the two points, Mr. McCleery,
28 that I wished just to elaborate on from
29 yesterday.

30 Q Thank you for -- for adding that. Perhaps before
31 we move back to that question that I posed, I
32 wonder if either you or perhaps Mr. Wellwood, or
33 Inspector Stevens, would have any insight into
34 these geographic factors as they might relate to
35 British Columbia organized crime groups in
36 particular. Can we see similar trends there or
37 -- is that analysis that's been done.

38 MR. GILCHRIST: At a national level, we haven't done
39 that analysis down to specifically with regards
40 to British Columbia. We've only done it at a
41 national level.

42 MR. WELLWOOD: Mr. McCleery?

43 Q Yes, sir.

44 MR. WELLWOOD: That isn't any information that I have
45 prepared, that I'm able to share today. I would
46 have to refer to other information contained
47 within our threat assessments we produced over

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1 the past number of years to be able to provide
2 feedback.

3 Q Okay, thank you for that. In that case, why
4 don't we proceed with the question I had posed at
5 the outset of the proceedings. Chief
6 Superintendent Gilchrist, what can you tell us
7 about opportunities for improving or enhancing
8 the work of the CISC or Canada's criminal
9 intelligence landscape generally?

10 MR. GILCHRIST: Yes, one of the opportunities that I
11 see for improving criminal intelligence related
12 to money laundering is, first of all, given that
13 the core of comprehensive intelligence
14 assessments and analysis is the requirement for
15 timely and accurate information, a continued
16 increase in the lawful sharing of information is
17 key.

18 I would note that CISC, by its very nature,
19 consisting of law enforcement and partner
20 agencies at the municipal, provincial and
21 national levels, is an example of the policing
22 community's general commitment to increase
23 information sharing. CISC's close working
24 relationship with the Canadian Integrated
25 Response to Organized Crime is another positive
26 example of how intelligence is working closely
27 with police services from across the country.

28 However, more can be done to enhance
29 information sharing both to and from non-police
30 agencies and encourage public-private
31 partnerships. And information sharing is
32 something that I speak on, on a fairly regular
33 basis, given my role as the Director General of
34 CISC, and I would share a message that I
35 communicate in many forums of the importance of
36 generally encouraging a shift in culture,
37 information sharing culture, from one of --
38 towards one of need to share versus a very strict
39 need to know basis. That would be the first
40 suggestion or input point that I would have with
41 regards to potential opportunities for improving
42 criminal intelligence related to money
43 laundering.

44 The second area is with regards to
45 technology. And technology is anticipated to
46 continue to play a large and prominent role in
47 improving criminal intelligence assessments.

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1 During my testimony yesterday, I spoke about our
2 existing intelligence database, the Automated
3 Criminal Intelligence Information System, and the
4 fact that that's the only criminal intelligence
5 data system available to all three levels of law
6 enforcement across Canada. The reality is that
7 despite this unique functionality, the system is
8 close to 40 years old and we are working hard at
9 CISC to plan for a new system. However, I do
10 highlight that having a robust, comprehensive
11 intelligence database capable of meeting the
12 needs, the modern day needs of Canadian law
13 enforcement, remains a significant goal of
14 CISC's, to modernize.

15 On the same theme of technology, I would
16 note that it's not only CISC's intelligence
17 database that's seen as being required, or just
18 acknowledged as being required, because I know
19 that many of our police services have specific IT
20 -- information technology tools that are
21 important for their intelligence collection and
22 analysis at a police service -- at an individual
23 police service level, in order to increasingly
24 connect the linkages amongst organized crime.
25 And so I acknowledge that, from a CISC
26 perspective, that having a modern national
27 intelligence database is important, and that's in
28 addition to any individual information technology
29 needs that our member services may have at a
30 police service level.

31 And the final point that I'll -- I'll bring
32 us back to my testimony yesterday where I
33 testified about how we are currently examining
34 how to best incorporate money laundering into the
35 Integrated Threat Assessment Process so that this
36 information is gathered, analyzed and reported on
37 in the various CISC threat assessments. While,
38 as I testified yesterday, while the existing
39 eight standardized threat criteria do allow for
40 information relating to money laundering to be
41 identified through that process, the current goal
42 is to review those threat criteria to see if it
43 is accurately and appropriately describing the
44 threat level specific to money laundering and to
45 identify any potential solutions. And as I
46 testified yesterday, that work is ongoing,
47 drawing upon subject matter expertise of our

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1 member agencies from across the country.

2 Those, Mr. McCleery, would be the three
3 primary points that I would make reference to
4 with regards to potential opportunities for
5 improving the criminal intelligence ability to
6 assess money laundering.

7 Q Thank you. If I could maybe go back to the first
8 of those points you made. You drew a distinction
9 between a need to know standard and a need to
10 share standard. Can you tell us in a little bit
11 more detail what information sharing on a need to
12 share basis would look like?

13 MR. GILCHRIST: It speaks to a culture, recognizing
14 that serious and organized crime, in a very
15 general sense, operates across jurisdictions. It
16 operates intraprovincially, interprovincially.
17 It operates across Canada, and it operates
18 increasingly internationally. So it is -- it
19 operates beyond the jurisdictional confines of
20 any individual police service, whether we're
21 referring to a federal, provincial or municipal
22 level. And so it's increasingly important to be
23 able to share, lawfully share information to make
24 sure that pieces of information that perhaps, by
25 themselves, do not have independent significance,
26 but when connected with other pieces of
27 information, start to take on increased
28 significance. And within criminal intelligence,
29 that's something that our analysts see on an
30 ongoing basis is how information from one
31 jurisdiction, when matched with information from
32 another jurisdiction -- [cough] excuse me -- a
33 picture starts to emerge as to the capabilities
34 of an organized crime group.

35 And so it's -- when I refer to the culture,
36 it's, in essence, continuing along that -- that
37 shift of sharing and recognizing that there is a
38 need to share. As I mentioned earlier, there
39 are some very positive examples of that, and
40 I've referred to CISC, in its own nature, from
41 my perspective, demonstrates the Canadian law
42 enforcement community's dedication to sharing
43 information and intelligence.

44 In addition to CISC, in general, within
45 CISC, there's a few examples that I would point
46 to. First of all is that we successfully
47 coordinate a number of national thematic working

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1 groups which have greatly expanded our knowledge
2 of organized crime, and these thematic working
3 groups draw upon the collective expertise from
4 various police services and -- and other
5 stakeholders, and they are based on specific
6 themes.

7 The national working groups, as I mentioned,
8 have allowed us to enhance our knowledge and
9 understanding of serious and organized crime
10 groups' impact in Canada and have enhanced our
11 analysis on the specific, more important threat
12 groups within those criminal markets.

13 For example, the -- one of the thematic
14 working groups that's managed is a street gang
15 working group, and it involves over 30 law
16 enforcement agencies from across the country.
17 Typically involves approximately -- from those
18 30, approximately 30 law enforcement agencies,
19 about a hundred participants. And it's an
20 example of how, by coming together and working
21 collaboratively and sharing information, the law
22 enforcement community is seeing success.

23 Through the working group, we were able to
24 redefine the term "street gang" which greatly --
25 by having a common definition, it allowed us to
26 enhance our knowledge specifically with regards
27 to that. We actually went from, our collective
28 knowledge on criminal street gangs increased by
29 about 75 percent. And so I just use it as an
30 example of how the Canadian law enforcement
31 community is -- is mindful of the need to share
32 and is exploring opportunities to do that.

33 Another example with our thematic working
34 groups is with regards to fentanyl. Within the
35 fentanyl working group, the expert participants
36 come from about 30 law enforcement agencies, in
37 total, about 50 participants. And through the
38 work of the fentanyl working group, they not only
39 focused on fentanyl, but they -- they identified
40 the increase in threat of methamphetamines, and
41 as a result of that, we were able to take that
42 collaborative information and provide a much more
43 accurate picture of the criminal -- the
44 methamphetamine criminal market in Canada. And
45 over a period of time, as a result of the
46 increased knowledge about the methamphetamine
47 working group, the Canadian Integrated Response

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1 to Organized Crime has actually been able to
2 build a national methamphetamine strategy.

3 So, once again, I only share that with -- to
4 illustrate the benefits of working closely
5 together across -- across the law enforcement
6 community.

7 And with regards specifically to money
8 laundering, our anti-money laundering working
9 group, we draw -- we draw approximately 20
10 partners, CISC partners, and this working group
11 has significantly enhanced CISC's threat picture
12 on money laundering in general, and more
13 specifically, has increased our understanding
14 with regards to organized crime groups involved
15 in money laundering on behalf of other groups as
16 money laundering service providers that I spoke
17 about yesterday.

18 And I think there's -- there are existing
19 public-private partnerships, and I think that the
20 opportunities continue to exist to further
21 explore those partnerships. Particularly when
22 we're looking at an issue like money laundering,
23 it's evident that working closely with sectors
24 such as the banking sector or the financial
25 sector would be beneficial to enhancing the
26 knowledge of money laundering. It's recognized -
27 - first of all, when I refer to partnerships with
28 police and non-police or public-private
29 partnerships, I will underline that what I'm
30 referring to there is essentially maximizing
31 information sharing opportunities that are
32 supported by existing legislation and common law,
33 recognizing the importance of privacy. I want to
34 be clear on that point that what I'm referring to
35 is -- is strictly within the parameters of lawful
36 sharing of information.

37 Having said that, private partners, such as
38 in the financial sector, they have great
39 expertise across the financial markets,
40 considering both their comprehensive education
41 and knowledge in these areas. There would be
42 trends-related information. There would be
43 information on fraud schemes and financial
44 losses. There would be information on suspected
45 illegal activity in money laundering. There
46 would be information benefits on how criminals
47 are countering anti-money laundering systems.

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1 There would be information to be learned in
2 relation to money laundering typologies, and as
3 well, links between organized crime involved in
4 money laundering and international corruption.

5 And I don't want to suggest that there is
6 not a positive professional working relationship
7 with these sectors, but what I'm referring to
8 there, in the same vein that I've referred to
9 with regards to police -- to police sharing, it's
10 the same principle of maximizing the information
11 sharing opportunities that are supported by
12 existing legislation and common law principles,
13 to their full potential.

14 Q Thank you. And you mentioned the need for
15 cultural change as one of the factors that would
16 move us towards this need to share environment.
17 Are there other legal or -- practical or legal
18 barriers you can identify that need to be
19 overcome to move us towards a greater information
20 sharing culture?

21 MR. GILCHRIST: What I would say there is that my
22 input in relation to this topic is in relation to
23 information sharing that is currently authorized
24 by existing legislation and common law. With
25 regards to whether there are additional
26 legislative opportunities, I would defer that
27 question to other subject matter experts. It's
28 not a topic that I have particular knowledge or
29 expertise in, and therefore I would defer that
30 advice to the Commission to other -- other law
31 enforcement stakeholders, or justice system
32 stakeholders, to provide that input.

33 Q Thank you. Maybe to pick up on the second point
34 that you mentioned, the value that might come
35 from enhanced technological capability. Can you
36 tell us a little bit about what -- give us some
37 examples of what the CISC might be able to do
38 with enhanced technology that it's not able to do
39 now?

40 MR. GILCHRIST: Yes. With enhanced technology, we
41 would be able to handle increased amounts of
42 information. When I say "handle" I mean we would
43 be able to collect and assess increased amounts
44 of information. Because of the age of the
45 current system, and when it was introduced,
46 albeit approximately 40 years ago, it would have
47 been state of the art at the time, considered

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1 state of the art at the time.

2 However, when we fast-forward to the current
3 era, one of the challenges with the existing
4 system is that all data requires manual upload
5 into the system. And so, as you can appreciate,
6 police services across the country are very busy,
7 and the requirement to take information from an
8 existing records management system in the home
9 police agency and duplicate that information into
10 our national intelligence database, referred to
11 as ACIIS, that effort of having to duplicate it
12 is time-consuming and very resource-intensive.
13 And so a new system would have the capability to
14 automate those processes which would, by its mere
15 nature, greatly expand the amount of information
16 that CISC analysts are able to have access to.
17 A new system would allow our intelligence
18 analysts to focus on analysis.

19 Currently, significant amounts of their time
20 are invested in collecting intelligence and
21 collecting information which can then be
22 processed into intelligence. However, with a
23 modern robust intelligence platform, and with the
24 increased amounts of information that would be
25 automatically generated, that would allow our
26 analysts to focus more on their specific area of
27 expertise, which is analysis which, in turn,
28 would enhance the quality of the analysis and
29 quality of the analytical products that are
30 produced by CISC.

31 In addition, the modern -- a modern
32 intelligence database would have analytical tools
33 incorporated within it to automate some of the
34 analysis components. And I won't suggest that
35 that type of automated analysis would replace the
36 skills of a trained criminal intelligence
37 analyst, however, it would greatly enhance it and
38 it would provide a baseline of analysis, and then
39 the specific expertise of a trained -- trained
40 criminal intelligence analyst would be able to,
41 first of all, verify the automated analysis and
42 then compliment it, based on the training and
43 analytical judgement.

44 Those are -- there are many benefits of a
45 new automated criminal intelligence platform.
46 However, those are some of the key ones that I
47 thought would be worthy of further explaining,

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1 specifically the automated upload capabilities,
2 the ability to handle greater amounts of
3 information, and the enhancements to analytical
4 tools.

5 Q Thank you. And are you able to tell us if there
6 are either ongoing efforts or maybe past efforts
7 to replace this system? It strikes me that 40
8 years is an extraordinarily old computer system,
9 is that something that's sort of on the radar of
10 the CISC at the moment?

11 MR. GILCHRIST: Absolutely. We have strong support
12 from our National Executive Committee. Support
13 around the National Executive Committee table is
14 unanimous, and -- so CISC, we've been working
15 very diligently to put a plan together to
16 eventually replace the existing ACIIS system, and
17 we're working -- currently working very detailed
18 with subject matter experts from the RCMP
19 information technology area, as well as members
20 of my team at CISC Central Bureau, to fully
21 explore and plan the design of a new system. And
22 so that work is -- is a significant undertaking,
23 and has been for the time that I've been at CISC.
24 It's been a significant part of our day to day
25 business, and we'll continue forward in that
26 regard.

27 Q Thank you. Mr. Wellwood, I wonder if I might
28 turn to you and see if you have any comment, as
29 someone who I suspect is perhaps intimately
30 familiar with the difficulties of working with a
31 dated system like this one?

32 MR. WELLWOOD: Mr. McCleery, do you have -- do you
33 have any particular questions, or can you -- can
34 you refine your question?

35 Q Sure. Chief Superintendent Gilchrist talked a
36 little bit about the -- the time that's -- of
37 analysts that's devoted to a task, like
38 uploading, that might be automated under a new
39 system. Can you -- are you able to offer any
40 comments on sort of how much time that takes
41 analysts today and what the value of a sort of
42 automated task like that might be for the
43 analysis that could be done by the Provincial
44 Bureau?

45 MR. WELLWOOD: I agree that on the two fronts it would
46 free up time and create additional capacity for
47 analytical work, both on expanding the breadth of

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1 the information that we would have access to,
2 without having to engage in any direct collection
3 activities, but also in enhancing the ability for
4 the analysts to complete their work and create
5 assessments. Whether it be for provincial threat
6 assessment products or -- or for other criminal
7 market or ad hoc -- ad hoc projects. I don't
8 have any specific numbers I could share as far
9 as, you know, how significant or insignificant
10 that would be, but I would lean towards saying
11 that that would be a significant benefit as
12 compared to an insignificant benefit.

13 Q Thank you very much. Inspector Stevens, I wonder
14 if I might turn to you now to ask a similar
15 question to what I posed to Chief Superintendent
16 Gilchrist. Focusing on the province in
17 particular, are you able to identify any
18 improvements or enhancements to sort of the
19 criminal landscape, criminal intelligence
20 landscape in this province?

21 MS. STEVENS: Yes, and I just want to preface that by
22 saying that this is my personal opinion based on
23 my observations of being the Bureau Director for
24 the past two-and-a-half years, and on sort of --
25 more on a practical level. So the first one -- I
26 have three -- the first one is information
27 sharing, and in addition to all of the great
28 comments that were given by Chief Superintendent
29 Gilchrist, we are -- on top of open source
30 research which we can do, we're a hundred percent
31 dependent on our partners to provide information
32 to us and intelligence to us.

33 So, at the moment, there's no mechanism, no
34 formal mechanism to ensure that this information
35 intelligence is being shared with us. It is a
36 gentleman's or a gentleperson's agreement from
37 way back in the '70s that law enforcement
38 agencies and partners would share. But we have
39 no way of knowing what we're missing. We may get
40 information at the beginning of a project or an
41 investigation, and as Chief Superintendent
42 Gilchrist mentioned yesterday, we may not get
43 updates on that. There's -- there's a lot of
44 information out there, and there could be a lot
45 of gaps, based on the fact that there is no
46 formal mechanism in place to ensure that all of
47 our agencies are sharing with us rather than us

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1 having to chase them down.

2 So the first one is information sharing.
3 The second one -- and this is from talking to all
4 of our partners who do provide us with
5 intelligence and information. We deal with a lot
6 of investigators and people within the law
7 enforcement agencies in British Columbia. And a
8 lot of the time, their main focus is public
9 safety and violence, because a lot of the extra
10 money in British Columbia is tied to the PTEP
11 process, which is the Provincial Tactical
12 Enforcement Priority process, and their main
13 focus is public safety and violence. So, since
14 the extra money -- and this is the perception of
15 the investigators that we speak to -- since the
16 extra money is tied to public safety and
17 violence, they focus on projects that relate to
18 public safety and violence. So the result is
19 that a lot of the information and intelligence
20 that we gather and have access to is skewed
21 towards public safety and violence, and not
22 towards any of the other necessarily criminal
23 markets like cyber and money laundering, et
24 cetera.

25 And the third one is resources, and we
26 touched on this a bit yesterday, and that goes
27 into -- there's two parts to that. First is
28 sufficiency of resources and the second is the
29 quality of the resources. So, in terms of
30 sufficiency, I would say that it's the first time
31 in the last two-and-a-half years that we have
32 enough people sitting in the chairs in our
33 office, although they're currently sitting in
34 chairs in their kitchens, it's the first time in
35 two-and-a-half years that we have enough actual
36 resourcing. However, the analytical resources
37 that we have are not trained analysts, they're
38 all developmental analysts, so they're not fully
39 developed, which means they need a lot of
40 oversight and a lot of training and they take a
41 lot of extra work for our supervisors. So that,
42 of course, decreases our capacity and our ability
43 to produce additional information.

44 And when we talk about the difference
45 between strategic analysts and crime analysts,
46 most analysts go through a crime analysis
47 program, and their focus is on tactical and

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1 investigative needs. Vendor management,
2 investigative support and collection of evidence.
3 Our needs are slightly different. We need to
4 attract and retain analysts for a pure
5 intelligence role, and that role would be to use
6 existing information and intelligence which is
7 produced by others and to assess the criminal
8 networks and the threats and to complete scans of
9 the criminal markets, and to forecast. And
10 that's really what our job is, to forecast. So,
11 in order to do that, we need to have the right
12 people in the room with the right qualities and
13 qualifications who are able to do the work.

14 And those are my observations.

15 Q Thank you. I wonder if I might follow up on a
16 couple of those. The first point you mentioned,
17 about information sharing and the absence of sort
18 of a requirement that member agencies share
19 information. Are you able to tell us if you've
20 noticed any significant discrepancies in the
21 quantity or nature of information from different
22 member agencies that might suggest that there's a
23 significant difference in how much they're
24 providing and the extent to which they're
25 complying with this gentleman's agreement?

26 MS. STEVENS: I'm sorry, can you repeat the question?

27 Q Sure. I'm just wondering, you've indicated one
28 of the challenges you face is that member
29 agencies aren't required to provide information
30 and you're sort of reliant on them to submit what
31 they want to or are able to. Have you noticed
32 some discrepancies in what you've received from
33 different member agencies that would suggest that
34 some are deficient in what they provide?

35 MS. STEVENS: Well, we do have an ability to determine
36 what is being put into the current system, and we
37 have conversations with those agencies, and right
38 now everyone is compliant in terms of we believe
39 we're getting what we need. We just don't have
40 -- there's often a lag, and we also aren't aware
41 if there's additional information that is
42 available that is not being put into the system.

43 So I can't specifically answer the question
44 in saying, yes, we see deficiencies and, you
45 know, there's an issue with compliance or
46 oversight. I don't know if Chief Superintendent
47 Gilchrist would like to wade in on that at all in

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1 terms of from the national perspective. But from
2 B.C.'s perspective, we -- for the most part, we
3 feel we're getting what we need, but we just --
4 we just don't know if we are. There's just no
5 way of knowing what's falling through the cracks
6 and what we're missing, because there's no
7 mechanism to force -- basically force people to
8 use the system.

9 Q And, Chief Superintendent Gilchrist, Inspector
10 Stevens invoked your name, so perhaps I'll give
11 you a chance to comment, if you like.

12 MR. GILCHRIST: Yes. Well, my comments on that, from
13 a national perspective, would be -- I would go
14 back to my earlier testimony with regards to the
15 needs for a modern intelligence database, and
16 that the current database does not allow for
17 automated uploads, and so from that perspective,
18 is there additional information that if the
19 automation was available, would we have access to
20 it? The answer to that would be yes.
21 Automation, from my perspective, would greatly
22 enhance the quantity of information against which
23 assessments could be drawn.

24 The other comment that I would have
25 nationally is that I see very good support
26 throughout the CISC membership working
27 collaboratively to sharing information that can
28 be generated into intelligence. What I see is
29 provincial bureaus that are all stewarded in
30 different manners. For example, Central Bureau,
31 being stewarded by the -- administratively
32 stewarded by the RCMP. And depending on which
33 province the provincial bureau is located in will
34 impact on which agency is administratively
35 stewarding it. But regardless of which agency is
36 stewarding the provincial bureaus, what I see is
37 a very genuine commitment across the law
38 enforcement community to participate in CISC, to
39 participate in our Integrated Threat Assessment
40 Processes and to provide information that can
41 support the national assessments.

42 Since being the -- becoming the Director
43 General of CISC, one of the things that has
44 really -- that I have admired on many occasions
45 is the ability of individual police services to
46 see beyond their specific jurisdictional
47 boundaries and recognize that serious and

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1 organized crime is operating regionally,
2 provincially and nationally, in addition to
3 internationally, in their commitment to providing
4 assistance or information.

5 There's many times when I've seen individual
6 police services -- we may be collecting on a
7 topic that isn't necessarily what they would
8 consider, in a specific jurisdiction, a priority,
9 however, I do see a genuine commitment and
10 collaborative effort to feed into those
11 assessments. And really recognizing that crime
12 is operating across boundaries, and so there is a
13 -- there is an obligation on law enforcement to
14 work in this manner.

15 I can, at a personal level, indicate that in
16 the time that I've been in the chair, I've never
17 reached out to an individual police service with
18 a request that I did not get the assistance that
19 I was seeking, and so I'm very, very grateful for
20 the many times when individual police services,
21 regardless of level, have risen to the challenge
22 to assist CISC in the production of our national
23 products.

24 I would, as well, draw to -- and I've
25 mentioned the Canadian Integrated Response to
26 Organized Crime and how that -- how CISC
27 interacts with that integrated responses and how
28 we provide the criminal intelligence to inform
29 and advise. And that committee is made up of
30 major -- many major police services from across
31 the country, from the operational side of
32 policing, in addition to the participation of
33 CISC. And what I've seen throughout my time
34 engaged with the CIROC Committee is once again a
35 very healthy and generous commitment to the
36 member -- from the members, to share and to
37 engage collectively and confidently on the
38 assessment products.

39 The Supervisory Committee -- I haven't
40 referred to that committee by formal name,
41 however, that's the committee that consists of
42 all of the provincial bureau directors from the
43 10 provincial bureaus, and myself, and that
44 committee, to me, is another demonstration of law
45 enforcement's commitment to working closely
46 together. As I'm sure Inspector Stevens would --
47 would have observed, we come together as a

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1 supervisory committee, and I -- similar to my
2 comments earlier about the law enforcement
3 community in general and police services rising
4 to the challenge of working on issues that are
5 beyond those in their immediate jurisdiction,
6 within the Supervisory Committee, we are quite
7 fortunate to have a network of 10 provincial
8 bureaus who, without exception in my time as the
9 Director General, have demonstrated that they see
10 the big picture, that they see things through a
11 lens that extends -- first of all, what's
12 important in their individual province and the
13 major jurisdictional police services within each
14 individual province, that they see the big
15 picture beyond that. They recognize that
16 organized crime is operating regionally and
17 across provinces and, in some instances, across
18 Canada and internationally.

19 So, I point to all of those as -- as
20 examples of where I've witnessed the good solid
21 productive working relationship with the
22 stakeholders of CISC and -- and balance that
23 against my comments earlier, that an automated
24 modern platform, from my perspective, will be a
25 significant enhancement to -- to what Inspector
26 Stevens referred to as the availability of
27 information.

28 Q Thank you. Inspector Stevens, the second point
29 that you made related to the impact of policing
30 priorities on the intelligence that comes into
31 the Provincial Bureau, and you suggested that
32 because much law enforcement is focused on public
33 safety and addressing violent crime, that the
34 intelligence you receive has a, sort of, focus on
35 those types of issues. Given those comments,
36 would you agree that, you know, if British
37 Columbia were to have more dedicated -- more law
38 enforcement resources dedicated to financial
39 crime or money laundering, perhaps a dedicated
40 policing unit, that that would result in more and
41 higher quality intelligence on those subjects
42 coming into the Provincial Bureau?

43 MS. STEVENS: I'm not going to get into resourcing of
44 investigative units or enforcements. Our job is
45 strategic intelligence, and I'll stick with that.

46 Q Thank you. In that case, I'll move to your final
47 point about the resourcing within the -- within

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1 the Provincial Bureau, and you mentioned that
2 this is the first time in two-and-a-half years
3 that the Provincial Bureau is fully staffed up.
4 This sounds like a good news story. Can you tell
5 us when -- at what point the Provincial Bureau
6 became fully staffed after those deficiencies?

7 MS. STEVENS: I would say within the last few months,
8 probably within the last two months, we've got a
9 full complement of human resources.

10 Q Okay. Are you able to tell us what led to that
11 full complement after some time of absences or
12 vacancies?

13 MS. STEVENS: Well, a lot of -- a lot of different
14 things, but I won't go into the details of the
15 mechanics of our administration. But one of the
16 issues that is tough for us is that we're not --
17 because we're not tactical and we're not tied to
18 investigations, we're also not necessarily the
19 most interesting place for analysts to work, so
20 we are competing with everyone else who -- for
21 those analytical resources in the province, so
22 it's very hard for us to attract and retain the
23 strategic analysts here. It's very difficult
24 work and it's not generally a lot of analysts'
25 first choice.

26 Q Thank you. And I wouldn't mind asking a few
27 questions about the impact of those vacancies
28 over -- capacity over the last couple of years,
29 which we touched on briefly yesterday. I
30 understand from the evidence yesterday that the
31 Provincial Bureau's primary responsibility is the
32 creation of the provincial threat assessment. Is
33 that fair to say?

34 MS. STEVENS: Correct, so our -- our main product
35 every year is the provincial threat assessment,
36 as well as getting a lot of data and information
37 to CISC in support of the national threat
38 assessment, so those are -- that's our main
39 priority for the year, coming up with -- doing
40 the analysis and coming up with a product. And
41 the impact of not having sufficient resources
42 over the last couple of years is that we have not
43 been able to wade into any sort of extra
44 assessments or extra analysis on the criminal
45 markets. When I first arrived here in 2018, we
46 did have -- we did have at least I think a few
47 trained analysts and experts -- subject matter

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- 1 experts in cyber, and one was money laundering,
2 and they were working on criminal market white
3 papers. But that has sort of fallen by the
4 wayside, as we just meet our basic needs to get
5 the provincial threat assessment done and to meet
6 the needs of CISC for their products, as well.
- 7 Q And I think Mr. Wellwood yesterday mentioned
8 there were two reports on money laundering, if
9 I'm not mistaken, and relating to money sources,
10 businesses and real estate, completed I think in
11 2018. Do I have that correct, Mr. Wellwood?
- 12 MR. WELLWOOD: Money service businesses and trade-
13 based money laundering, not real estate, Mr.
14 McCleery.
- 15 Q My mistake. And I think you indicated that with
16 sufficient resources, the Provincial Bureau
17 likely would have done follow-up reports on -- on
18 those topics, but that wasn't possible because of
19 the resource constraints?
- 20 MR. WELLWOOD: We would have had an opportunity to
21 recomplete or refresh the scan of the money
22 laundering portfolio to assess threat within all
23 potential available topic areas, which could have
24 led to a refresh on one or both of the money
25 service business or trade-based money laundering
26 assessments, or the introduction of one or more
27 new assessments should something else have been
28 considered a higher threat.
- 29 Q And, Inspector Wellwood, the past few years
30 there's been significant public and media
31 attention on money laundering-related issues in
32 this province, particularly around casinos and
33 real estate. Are those topics that might have
34 been explored if the resources were in place to -
35 - to do it?
- 36 MR. WELLWOOD: I'm not able to comment on -- on what
37 could have been, considering that the scans
38 themselves weren't completed and the assessments
39 weren't done.
- 40 Q So is it fair to say that in the past -- since
41 those two reports were completed over the past
42 two, two-and-a-half years, the Provincial Bureau,
43 aside from what may have been in the provincial
44 threat assessment, hasn't been in a position to
45 really contribute much of anything to law
46 enforcement's efforts to combat money laundering?
- 47 MR. WELLWOOD: Significant requirements for the

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Examination by Mr. McCleery, Counsel for the Commission

1 provincial threat assessment, as Inspector
2 Stevens has stated, has consumed our complement
3 of resources, and that has been the main focus.
4 Any material regarding money laundering would
5 have originated as a part of that provincial
6 threat assessment process.

7 Q Okay. Are you able to give us an idea of, in the
8 past two-and-a-half years, to what extent the
9 provincial threat assessment did deal with the
10 subject of money laundering?

11 MR. WELLWOOD: As part of our work within the
12 provincial threat assessment, looking at
13 involvement of organized crime groups or
14 individual actors regarding criminal markets, as
15 well as any additional information or
16 intelligence that would have been submitted by
17 any of our partner agencies, that would be the
18 extent to which I -- I'm not able to comment on
19 specifics regarding what volume that is
20 compared to other criminal markets, nor any of
21 the particular involvement regarding the
22 organized crime groups or individual criminal

23 MR. McCLEERY: Okay. Thank you. Mr. Commissioner, I
24 believe I've completed my questions for this
25 panel, and I think we're prepared to move to
26 participants' questions.

27 THE COMMISSIONER: All right. Thank you, Mr.
28 McCleery. Now, I do have a list of participants'
29 questions, and -- I'm sorry -- the participants
30 seeking to ask questions, and an estimate of the
31 time that they have requested and been allotted.
32 I guess two points. One is, because there are
33 quite a few participants who wish to ask
34 questions of this panel, I would -- I do ask that
35 each participant try to finish within the time
36 that they've been allotted. And secondly, just
37 as a corollary to that, that each participant
38 take care not to duplicate what other
39 participants are asking about.

40 Now, I do have a list. Again, from time to
41 time, my list becomes outdated, but I believe the
42 first participant who wishes to ask questions of
43 the panel is Catherine George, on behalf of the
44 Law Society of B.C.

45 MS. GEORGE: Thank you, Commissioner, but having heard
46 the evidence presented by the panel over the last
47 two days, we have no questions.

Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Mr. Usher, Counsel for the Society of Notaries Public of B.C.

1 THE COMMISSIONER: All right. Thank you, Ms. George.
2 The second participant wishing to ask questions
3 of the panel that I have on my list is Mr. Usher,
4 on behalf of the Society of Notaries Public of
5 British Columbia.

6 MR. USHER: Thank you, Commissioner. Good morning.
7 If I can just draw the panel's attention to para
8 -- page 11 of the Public Report on Organized
9 Crime 2019 document that's been put as exhibit in
10 this.

11
12 EXAMINATION BY MR. USHER:

13
14 Q I just wanted to drill down a bit on this.
15 There's a statement that -- when you're talking
16 about money laundering techniques, just a quote
17 from here, it says:

18
19 ... purchasing real estate with hundreds of
20 thousands of dollars in cash, using mortgage
21 brokers and lawyers.

22
23 There's some things, there's some confusion, but
24 what -- does "cash" in this case mean the literal
25 use of currency or does it mean purchasing real
26 estate with no mortgage? Can you clarify that?

27 MR. GILCHRIST: Excuse me, Mr. Usher. The last part
28 of your question, the volume fell off.

29 Q Sorry. I'm just trying to clarify the use of the
30 word "cash" in that paragraph on page 11 of your
31 report where you say:

32
33 ... hundreds of thousands of dollars in
34 cash, using mortgage brokers and lawyers.

35
36 Does that mean -- I'm trying to understand what
37 that suggests. Does that literally mean the
38 people showing up with the proverbial hockey bag
39 of cash to mortgage broker and lawyer offices?
40 Is that what you're getting at?

41 MR. GILCHRIST: Beyond what the wording of the report,
42 I don't have the specific detail that would
43 answer the question that you're posing.

44 Q Okay, thank you. Your reports and your evidence
45 has detailed, of course, remarkable and extensive
46 criminal activity. Certainly the media today
47 have picked up on your comments from yesterday.

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Examination by Mr. Usher, Counsel for the Society of Notaries Public of B.C.

1 What I don't see -- and maybe you can direct us
2 to where it might be found -- is such detailed
3 evidence, detailed information about prosecutions
4 and convictions. You've spent an awful lot of
5 time clarifying what seems like a vast amount of
6 criminal enterprise. What can you tell us about
7 turning that information into prosecutions and
8 convictions?

9 MR. GILCHRIST: Mr. Usher, I would refer back to my
10 previous testimony where I explained the role of
11 criminal intelligence is, and the role of CISC,
12 is to inform and advise Canadian law enforcement.
13 However, as I've testified, with regards to
14 operations, that is an area that's outside of --
15 of the realm or outside of the purview of CISC.
16 I fully anticipate that there will be other law
17 enforcement witnesses appearing before the
18 Commission that would be better positioned to
19 speak with regards to enforcement activities.

20 Q Thank you. And what -- can you help assist
21 clarify -- and you may have covered this -- what
22 is -- in your view, what would be success for
23 CISC? It sounds like success is not, for
24 example, increased prosecution and conviction.
25 But you must have some definition of success as a
26 word that this has gone well. In your view, what
27 is your -- how do you measure the success of your
28 efforts?

29 MR. GILCHRIST: Well, it's measured in many ways.
30 However, I'll refer back to the main purpose of
31 CISC being to inform and advise on serious and
32 organized crime. And so from my perspective, the
33 success of CISC relates to the overarching
34 strength -- once again, from my perspective --

35 Q Mm-hmm.

36 MR. GILCHRIST: -- is the makeup, the composition of
37 the membership, and the fact that it draws from
38 three levels of law enforcement and -- and other
39 relevant stakeholders, as we described -- as was
40 described in the testimony yesterday. It's that
41 collective, cooperative and collaborative effort.

42 Now, in more practical terms, what do I see
43 as success for CISC? It's the assessments that
44 we produce. It's the -- I spoke yesterday about
45 the assessments that we produce for law
46 enforcement, protected documents, to advise and
47 inform on the threats posed by serious and

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Examination by Mr. Usher, Counsel for the Society of Notaries Public of B.C.

1 organized crime. And I see great success in our
2 ability to enhance the knowledge of Canadian law
3 enforcement relative to the threats posed by
4 serious and organized crime.

5 I see that -- in particular, I've referred
6 to the Canadian Integrated Response to Organized
7 Crime as -- as one of the committees on which I
8 -- I sit, one of the committees to which CISC
9 supports. And it is -- it provides, on an
10 ongoing basis, a very valuable venue to ensure
11 that the intelligence that's being produced by
12 CISC is being shared with the law enforcement --
13 operational aspects of law enforcement from
14 across the country. And so, from my perspective,
15 when I look at success, it's the fact that CISC
16 produces timely, comprehensive assessments which
17 are then shared with the operational aspects of
18 Canadian law enforcement.

19 Q And given that, what can you tell us about the
20 value, then, that's brought to the operational
21 side of things? Can you comment on that any way?
22 You say success is your provision of information.
23 Can you give any -- from the operational people
24 -- what -- how has it contributed to their
25 success?

26 MR. GILCHRIST: Well, what I would refer to there, Mr.
27 Usher, is I spoke yesterday about the national
28 threat assessment and how that specifically --
29 and once again, underlining that is a protected
30 document. However, I did explain that it is an
31 assessment that focuses on organized crime
32 groups. So, from that perspective, what we
33 provide the operational aspects of Canadian
34 policing is a comprehensive assessment on
35 specific organized crime groups and, as well,
36 specific organized crime networks which -- which
37 may extend beyond an individual organized crime
38 group.

39 So it -- and then when I -- that's one
40 aspect. The other aspect I would draw your
41 attention to is my testimony yesterday when I
42 referred to the National Criminal Intelligence
43 Estimates, which are generally focused towards
44 the criminal markets. Because there are two --
45 two of the important attributes with regards to
46 organized crime is to be concerned and be
47 informed, appropriately informed, on specific

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Examination by Mr. Smart, Counsel for the B.C. Lottery Corporation

1 organized crime groups and their activities. The
2 other aspect is the actual criminal market. So
3 it's to step back and take more of a strategic
4 holistic look on various thematic criminal
5 markets.

6 And so from a success perspective, we have
7 successfully enhanced the operational components,
8 the operational parts of Canadian law enforcement
9 in their knowledge of the criminal markets, how
10 those interrelate across provinces. As well,
11 much like the testimony that I provided here with
12 regards to international implications, some of --
13 some of the information that we are able to bring
14 to the Canadian law enforcement operations is
15 beyond what they would have access to within
16 their individual police service, and so we are
17 able to inform them of the bigger picture that
18 would draw information from across our CISC
19 membership.

20 Once again, enhancing the level of knowledge
21 and comprehension of the criminal marketplaces,
22 in cooperation with focusing specifically on the
23 organized crime groups for the purpose of
24 identifying the organized crime groups that pose
25 the greatest threat is the type of successful
26 assistance, from my perspective, that CISC
27 provides to Canadian law enforcement operation.

28 MR. USHER: That's all my questions. Thank you.

29 MR. GILCHRIST: Thank you, sir.

30 THE COMMISSIONER: Thank you, Mr. Usher. Now, on
31 behalf of the British Columbia Lottery
32 Corporation, Mr. Smart.

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

34

35 EXAMINATION BY MR. SMART:

36

37 Q I'd like to start with Inspector Stevens.
38 Yesterday, Inspector, you discussed that the B.C.
39 Bureau of Criminal Intelligence Service is -- and
40 you used the word "acutely short of analytical
41 staff," and you didn't have the resources to
42 undertake research on money laundering in areas
43 such as casinos, real estate or cryptocurrency.
44 And today, you expanded upon that and you said
45 that you need the right people in the room, with
46 the right qualifications. Why don't you have the
47 right people in the room, with the right

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Corporation

1 qualifications? Can you -- can you amplify that
2 for us?

3 MS. STEVENS: I think I've touched a bit on the
4 difficulty -- the difficulty that we have
5 attracting and retaining --

6 Q Mm-hmm.

7 MS. STEVENS: -- because of the nature of the work.
8 We have, over the last couple of years, put fan-
9 outs to the entire province posting positions.

10 Q Mm-hmm.

11 MS. STEVENS: I'm not going to lie, part of the issue
12 is that our -- where we're located has no
13 parking, and a lot of people don't want to come
14 and work somewhere where they can't park and come
15 into work. It's just a very practical barrier.
16 The nature of the work isn't that interesting.
17 And I -- I don't want to speak out of turn about
18 a shortage of -- generalized shortage of analysts
19 in the province or in the country, but that's
20 certainly what the perception is. It feels like
21 everyone is fighting for the same resources.
22 Often, when we do get resources here and we train
23 them -- we train them through training courses
24 and conferences, and also with our two analytical
25 supervisors -- they don't stay very long. Once
26 they've got the experience, they will find
27 another more exciting job or a job that pays
28 better or is a better location for them. So we
29 have a lot of trouble attracting and retaining
30 the resources. And my perception is that there
31 is just a shortage of those resources out there
32 to acquire.

33 Q Just to follow up on that. Is it a question,
34 then, of salary? You need to offer an enhanced
35 salary to attract the people that you want, and
36 to keep them?

37 MS. STEVENS: I don't believe it's salary. And there
38 are better people out there to answer the
39 questions about the analytical -- the process of
40 becoming an analyst. It's actually quite
41 rigorous. There's a lot of schooling involved.
42 There's testing, testing processes. So there are
43 actually a lot of developmental resources which
44 we use who would like to become analysts in the
45 future, but they haven't met the criteria
46 testing-wise to become full analysts, and cannot
47 apply for some of the postings that are out

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Examination by Mr. Smart, Counsel for the B.C. Lottery Corporation

1 there. But I'm not the right person to answer
2 those specific questions about that -- that
3 program.

4 Q Do you -- do you think your -- the B.C. Bureau
5 could assist in addressing the concerns we have
6 with money laundering in this province, if it had
7 the -- if it had the right people and the right
8 resources?

9 MS. STEVENS: Absolutely, we could assist in some
10 capacity. We definitely would need to have the
11 right resources and more resources. We would
12 need to have support. We would need to have
13 exposure. Definitely, we are unique in the
14 province that we sort of have tentacles into all
15 of the law enforcement agencies, and right up
16 nationally through CISC, and have that support as
17 well. So, you know, certainly that is something
18 to think about.

19 Q Well, I don't mean to put you on the spot,
20 because I didn't anticipate asking you this
21 question, but the Commissioner is going to be
22 making recommendations. Is there any
23 recommendation you would ask him to consider on
24 behalf of the B.C. Bureau?

25 MS. STEVENS: Certainly. You know, while you collect
26 all the information and evidence, give a good
27 assessment to where you think we fit in the
28 province and what would be the best use of the
29 bureau. You know, these are conversations that I
30 have often with Superintendent Rob Gilchrist, and
31 also my bosses, and the Executive Committee that
32 I report to, so certainly in your assessments and
33 the information you gather, you know, if there's
34 a better place for us to be placed, we're
35 certainly open to it. Keep in mind that money
36 laundering is just one of our portfolios under
37 our umbrella, and that we have a duty to also
38 report on all of the other criminal markets.

39 Q All right. Thank you. I'll come back then to
40 the Chief Superintendent Gilchrist, please.
41 Chief Superintendent, you've made it clear,
42 you're not an expert in organized -- I'm sorry --
43 you are an expert on organized crime, but not
44 money laundering in general. You've said that
45 your service has limited resources. How do you
46 decide where to focus your resources?

47 MR. GILCHRIST: Through prioritization efforts, Mr.

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1 Smart.

2 Q Yes.

3 MR. GILCHRIST: And prioritization is something that -
4 - and once again, I'll step back here for a
5 moment and my comments are specifically with
6 regards to CISC Central Bureau, because, as I've
7 mentioned earlier, the operational components of
8 Canadian law enforcement are outside of my
9 purview. But with regards to CISC and our
10 national products that are produced,
11 prioritization is the tool that we use. And
12 prioritization essentially is extensive
13 consultations with our broad membership to
14 identify the areas that are of greatest concern
15 for Canadian law enforcement, our greatest
16 concern as impacting Canadians, and so that the
17 consultation is ongoing.

18 I've testified earlier of how CISC has a
19 governance body, referred to as the National
20 Executive Committee, comprised of approximately
21 26 major police services, representatives from
22 major police services across Canada. And that's
23 our -- our governance body that provides our
24 strategic direction and oversight. And so the
25 collective expertise, which is members around the
26 National Executive Committee -- as I've testified
27 yesterday, the Chair is the Commissioner of the
28 RCMP, the Vice Chair is the Commissioner of the
29 Ontario Provincial Police. The other
30 participants would be at the level of Chief of
31 Police or Commanding Officer, depending on which
32 agency they are from.

33 And so there is a collective expertise of
34 what is impacting our respective jurisdictions,
35 through the lens of municipal, provincial and
36 federal. And so CISC receives ongoing guidance
37 from the National Executive Committee as to, you
38 know, what are the issues that -- towards which
39 we should focus our finite resources to ensure
40 that we're providing the greatest value to the
41 Canadian law enforcement community.

42 In addition to the NEC in its entirety,
43 there is a subcommittee called the Permanent
44 Working Group, which is a subcommittee comprised
45 of several representatives from the National
46 Executive Committee. It's a little smaller
47 committee, and so it enables regular check-ins

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1 with that committee on various issues. And one
2 of the activities that I undertake with the
3 Permanent Working Group is a review of where our
4 focus is at, issues that potentially could be on
5 the horizon, and seek guidance, once again, as a
6 sub-governance body.

7 In addition to prioritization at that
8 governance level, I've spoken about the
9 Supervisory Committee, being comprised of all the
10 10 bureau directors and myself. Those are really
11 important discussions, because they allow CISC,
12 they allow me, as the Director General of CISC,
13 to be aware of what's happening out in the
14 provinces for which those bureau directors are
15 responsible for the -- for the provincial
16 intelligence bureau.

17 And the reality is, is that certain types of
18 criminality impact certain areas of the country
19 more than others. And so what we're looking at,
20 CISC is looking for those issues which span
21 across several jurisdictions, several provinces,
22 and which would be appropriate for us to focus
23 our attention towards.

24 In addition to the Supervisory Committee,
25 I've testified about my involvement with the
26 CIROC Committee, Canadian Integrated Response to
27 Organized Crime, and specifically referenced the
28 operational nature of the participants in that
29 committee. They're another body to which I
30 consult regularly to, once again, find out from
31 senior executive operational commanders as to
32 what are the crime issues in their communities
33 and in their provinces that are impacting them,
34 and how can CISC products be of assistance.

35 And in addition to those formal committees
36 that I've referred to, I do have regular ongoing
37 individual dialogue with members of various
38 police services at a variety of levels to -- to
39 regularly get input.

40 If I could refer to the Public Report on
41 Organized Crime on page 8, it may be helpful to
42 provide -- or to refer to Figure 6 on that page.
43 And this figure actually is in the Public Report
44 on Organized Crime because it speaks to the
45 interconnectivity of high-level threat networks
46 and priority issues. However, I think it's
47 helpful, as a diagram, to explain how

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1 prioritization occurs, or at least the results of
2 significant consultation and prioritization.

3 You'll see in that diagram that some of the
4 key criminal markets are referred to. So, if I
5 start at the top of the diagram, referring to
6 outlaw motorcycle gangs, then if I move to the
7 right, money laundering service providers. Going
8 -- continuing on the right side, precursor
9 chemicals and synthetic drugs, specifically with
10 regards to importation and production. Then if I
11 refer to cocaine, once again, as a criminal
12 market, that's specifically with regards to
13 importation. If I were to continue to the left,
14 would be traditional organized crime. And then
15 you'll see off to the right two other areas that
16 have been flagged, identified as significant
17 issues for the Canadian law enforcement
18 community, one being illegal online gaming, and
19 the other being violent street gangs. And so I
20 would just complete my reference to that figure.
21 You'll notice the box in the centre. That really
22 is where CISC's value is and that's -- that's
23 where our focus is, is largely placed on these
24 thematics and focused on identifying those
25 national high-level threats and key facilitators.

26 So I recognize that's a long answer, Mr.
27 Smart, but I -- I did want to emphasize the
28 ongoing prioritization efforts. There are
29 significant energies invested into that to ensure
30 that we keep abreast of what the needs of the
31 Canadian law enforcement community are and adjust
32 our products accordingly.

33 Q All right. Money laundering, per se, isn't one
34 of those priorities, is it?

35 MR. GILCHRIST: Money laundering is reflected in
36 twofold. One would be -- with regards to this
37 diagram, one would be in relation to money
38 laundering service providers, and as I testified,
39 within the overarching money laundering,
40 certainly money laundering service providers are
41 a significant concern for Canadian law
42 enforcement and significant concern for CISC.
43 And then the other aspect, Mr. Smart, that I
44 would refer to is the -- each of those areas, the
45 thematic areas, there -- or at least the majority
46 of them -- there would be money laundering
47 aspects within.

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1 Q But the answer is, no, we don't focus just on
2 money laundering, per se? It's incidental, other
3 than they money service launder organized crime
4 groups?

5 MR. GILCHRIST: As I've testified yesterday, CISC
6 looks at serious and organized crime in its
7 totality, and money laundering is -- is one of
8 several attributes that we -- that we look --
9 that we assess.

10 Q Okay. Let me come back to Mr. Usher's point to
11 you, and I -- I just want to follow up on that.
12 Yesterday, you reviewed with us -- let me start
13 with this. Money laundering obviously is the
14 proceeds of crime. The more we can reduce crime,
15 the less money laundering that's going to occur.
16 Do you agree with that?

17 MR. GILCHRIST: Sorry, I'll have you repeat the
18 question.

19 Q Yes. Money -- money laundering results from the
20 proceeds of crime, and the more we can reduce the
21 predicate underlying crimes, the more we're going
22 to reduce money laundering. One seems to fold
23 logically from the other.

24 MR. GILCHRIST: It's a broad statement.

25 Q Yes.

26 MR. GILCHRIST: My sense is that although accurate at
27 a broad level, my sense is that the details are
28 important, as well.

29 Q Yes. But don't you agree that law enforcement
30 and society needs to focus not just on the
31 proceeds of crime that are being laundered, and
32 in this case, in British Columbia, but also at
33 stopping or at least reducing the crimes that
34 generate those proceeds?

35 MR. GILCHRIST: The perspective that I would have on
36 that there is that the focus of where law
37 enforcement efforts are placed is outside of my
38 purview. I can certainly explain, and I believe
39 I have testified as to where CISC's focus is.

40 Q Yes.

41 MR. GILCHRIST: I believe your question is taking me
42 into the area of enforcement tactics and where
43 those enforcement efforts should be, or could be
44 placed against, and quite respectfully, I must
45 indicate that that's outside of my purview, the
46 enforcement actions that are taken.

47 Q But you've got 31 years as a member of the RCMP.

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1 MR. GILCHRIST: I do have 31 years as a member of the
2 RCMP, doing a variety of functions within the
3 RCMP, Mr. Smart, but one of the things that --
4 that I have always believed throughout my career
5 is it's important that I speak about the areas
6 that are within my purview. And that's an
7 approach that I have followed throughout my
8 career, largely because it's only the areas that
9 are within my purview that I can speak to
10 authoritatively and that I can speak to
11 comprehensively. If I start speaking about
12 topics outside of my purview, I run the risk of
13 giving in to speculation or me not knowing all of
14 the information, and the last thing I want to do
15 is mislead the Commission with only knowing half
16 of the story and, as a result, that's why I've
17 respectfully kept my comments to within the
18 criminal intelligence realm.

19 Q Okay, fair enough. What you reviewed yesterday
20 was quite disturbing, the number of organized
21 crime groups in Canada and in British Columbia,
22 the number of high-level organized crime groups,
23 the huge spike in trafficking of fentanyl from
24 those groups, the large increase in trafficking
25 methamphetamines, the amount of importation and
26 trafficking of cocaine. As I understand from the
27 report, five of these high-level threat organized
28 crime groups are importing up to a thousand kilos
29 of cocaine into Canada every month. I think I'm
30 accurate on that?

31 MR. GILCHRIST: Off the top of my head, sir, I'd have
32 to have you refer to me which page you're
33 referring to. Your general description that
34 you've provided aligns with my recollection,
35 however, specific to that a thousand kilos figure
36 that you've provided, I would respectfully need
37 to be refer --[indiscernible - break in
38 recording].

39 Q Page 4.

40 MR. GILCHRIST: Page 4.

41 Q Of your 2019 report.

42 MR. GILCHRIST: That's correct, sir. Your statement
43 is correct. It properly describes the first
44 paragraph on that page, where:

45
46 Five HLTs are involved in some of the
47 largest cocaine importing networks in

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1 Canada, which leverage ties to Mexican and
2 Colombian drug trafficking organizations,
3 such as the Sinaloa Cartel, to import up to
4 1000 kilograms of cocaine per month.
5

6 Q Yeah, and cocaine sells generally at about 50 to
7 \$65,000 a kilo in Canada?

8 MR. GILCHRIST: Once again, sir, throughout my
9 experience in the Royal Canadian Mounted Police,
10 I -- I have worked in drug investigations,
11 however, it's -- it's not something that I have
12 current knowledge of the specific amounts. Those
13 amounts do fluctuate, the dollar values, both at
14 the kilo level and street level. So,
15 unfortunately, I'm going to have to defer to
16 other experts that would be able to provide an
17 accurate and authoritative confirmation on the --
18 on the current kilo level assets.

19 Q Page 18 of the Criminal Intelligence Service
20 Canada report that you referred to yesterday,
21 second paragraph -- I'm sorry -- yes, the second
22 paragraph, do you see:
23

24 Even though the Canadian demand for cocaine
25 has increased, the stability of the domestic
26 price at the kilogram level, between \$50,000
27 and \$60,000 [sic], and at the street level,
28 around \$100 per gram, suggests that domestic
29 OCGs are continuing to export cocaine to
30 more lucrative markets.
31

32 Do you see that number there?

33 MR. GILCHRIST: Yes, I do, with regards to the range
34 of 50 to \$65,000.

35 Q Yes. So if we're getting up to a thousand kilos
36 of cocaine into Canada every month, from just
37 five of the high-level organized crime groups,
38 and the cocaine selling at those figures 50 to
39 \$65,000 a kilo, my arithmetic takes me that
40 they're generating 50 to 60 -- just those five
41 groups are generating 50 to \$65 million every
42 month in Canada from the sale of cocaine. Do you
43 disagree with that?

44 MR. GILCHRIST: Well, I haven't done the arithmetic,
45 but no, I have no reason to disagree with your --
46 with your arithmetic, Mr. Smart.

47 Q Yes, and then on top of that, we've got -- and

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1 we're just talking about drugs. We've got sell
2 -- these high-level organized crime groups are
3 involved in selling fentanyl, methamphetamines
4 and other drugs as well, aren't they?

5 MR. GILCHRIST: Yes, that's correct. As I testified,
6 many of the organized crime groups are polydrug
7 in their -- in their focus.

8 Q Yes.

9 MR. GILCHRIST: I mean, they would be trafficking more
10 than one illicit drug.

11 Q So let me come back to I think what Mr. Usher was
12 asking you about, is it -- it appears from the
13 report that drug importation and trafficking in
14 Canada, as well as exportation out of Canada, has
15 increased dramatically in recent years. Do you
16 agree with that?

17 MR. GILCHRIST: Some of the markets have increased.
18 The illicit drug report goes into that
19 specifically by market, but you[indiscernible -
20 break in recording] --

21 Q Yes.

22 MR. GILCHRIST: -- is correct in that some of the
23 illicit drug markets have -- have increased, and
24 some of those markets have seen significant
25 increase. To encapsulate that, looking at page 1
26 of the National Criminal Intelligence Estimate on
27 Illicit Drugs, the diagram noting that cocaine,
28 over a -- once again, looking at the assessed
29 organized crime group involvement over a period
30 of 2015 to 2018, there was a five percent
31 increase, approximately five percent increase in
32 the number of organized crime groups who were
33 assessed with being involved in cocaine.
34 Methamphetamine drug market, as I referred to in
35 my testimony yesterday, a significant increase
36 there of 28 percent. And then fentanyl and its
37 analogues, a very high level of increase
38 percentage-wise with regards to it having been a
39 1500 percent increase. And the -- keeping in
40 mind that although those datapoints are provided
41 by drug market, as -- as I've testified, many of
42 the organized crime groups would be involved in
43 multiple drug markets.

44 Q So the point is, this generates proceeds of
45 crime, doesn't it?

46 MR. GILCHRIST: The illicit drug market, as I
47 testified yesterday, is largely a cash-based

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1 business, and does generate significant criminal
2 proceeds.

3 Q So the answer to my question is yes?

4 MR. GILCHRIST: Yes, I --

5 Q Okay.

6 MR. GILCHRIST: -- believe that was my response, Mr.
7 Smart, yes.

8 Q So, really, are you able to assist, given that
9 we're dealing with money that's being laundered
10 from -- as the proceeds of crime, given the
11 efforts that your organization has made, why is
12 this -- why do we have this, what I suggest is an
13 increase in crime, drug crimes, in this country?
14 Are you able to -- is that beyond your expertise?

15 MR. GILCHRIST: I -- I believe, for a comprehensive
16 and a thorough response as to why an increase in
17 -- particularly if you're talking drug -- drug
18 use in certain markets, that would be beyond my
19 area of expertise. However, in general --

20 Q Well, then I won't ask -- I won't ask you. If
21 you feel you're outside your comfort zone, then I
22 won't ask you to answer that.

23 MR. GILCHRIST: Well, what I was going to respond, Mr.
24 Smart, is simply that organized crime is very
25 profit-driven and there absolutely is significant
26 profit margins in the illicit drug markets, and
27 as a result of that, the illicit drug markets are
28 a significant portion of the criminal activities
29 of organized crime groups in Canada.

30 I believe yesterday I provided a statistic
31 on that as to the number of organized crime
32 groups that are involved in the illicit drug
33 markets. However, it suffices to say that it is
34 one of the main revenue generators for organized
35 crime is definitely the criminal market of
36 illicit drugs.

37 Q Okay. I just have two short areas to ask you
38 about, just take me a couple of minutes. One of
39 them is, you told the Commission that 50 percent
40 of the 176 organized crime groups involved in
41 money laundering have international links. You
42 said that this morning. And 37 percent cross
43 borders in Canada. So do you agree that in terms
44 of looking at the problem in British Columbia,
45 that it very much requires a national and
46 international effort to deal with money -- with
47 organized crime groups and money laundering?

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1 MR. GILCHRIST: The statistics that I provided this
2 morning on both the domestic and international
3 scope do speak to the interprovincial,
4 intraprovincial and national and international
5 scope of the organized crime activities.

6 Q Mm-hmm.

7 MR. GILCHRIST: The -- when we -- when I referred to
8 the domestic statistics, it really speaks to the
9 fact that the proceeds of crime extend beyond any
10 individual policing jurisdiction. As I
11 testified, the proceeds of crime typically cross
12 multiple police jurisdictions, with almost 20
13 percent of the groups having interprovincial
14 linkages. And then, as you've indicated, my
15 testimony earlier this morning was with regards
16 to the international scope and 50 percent of the
17 groups involved in money laundering having
18 international linkages. So, the purpose of
19 providing that detail on the geographic scope is
20 to provide insight into how organized crime
21 groups are operating across jurisdictions, across
22 -- and when I refer to jurisdictions, they're
23 crossing municipal boundaries, crossing
24 provincial boundaries, and they cross national
25 borders, as well.

26 Q The last thing I wanted to ask you, in your
27 report at page 12, you refer to illegal online
28 gaming.

29 MR. GILCHRIST: This is the Public Report on Organized
30 Crime, sir?

31 Q Yes.

32 MR. GILCHRIST: Yes.

33 Q And the third paragraph, you refer to the
34 Canadian Gaming Association that states:

35
36 Canadians are estimated to wager four
37 billion dollars CAD annually through
38 offshore online sportsbooks. When this
39 figure is compared to the \$5 [sic] million
40 CAD wagered annually through legal
41 provincial sports lotteries, it is evident
42 that OCGs are capitalizing on a market
43 service in high demand.

44
45 As I read that, it looks like there is eight
46 times more betting on offshore offline
47 sportsbooks than in Canada?

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1 MR. GILCHRIST: Those statistics are provided in the
2 Public Report on Organized Crime --

3 Q Yes.

4 MR. GILCHRIST: -- to try to explain the market demand
5 for gaming.

6 Q Yes.

7 MR. GILCHRIST: And so through our analysis of illegal
8 online gaming, it was felt that that was one
9 component, that to properly understand the demand
10 for this type of activity, that those statistics
11 would enhance the understanding of that. In
12 essence, to provide some context.

13 Q Has there been any research done by your
14 organization into not illegal gaming online, but
15 illegal gaming that isn't online, that is, such
16 things as underground casinos and other betting
17 forums that are illegal that are happening in
18 this country?

19 MR. GILCHRIST: With regards to CISC and national
20 products --

21 Q Yes.

22 MR. GILCHRIST: -- there's been no recent assessments
23 that focus on -- specifically on those topics.
24 It is possible that those activities are
25 considered as part of the overall activities that
26 a criminal organization is involved in, but as
27 far as drilling down on those specific areas,
28 there has not been, at least in recent history
29 that I'm aware of, a national assessment on those
30 components.

31 Q Thank you. I have more than used up my time, so
32 I will stop. Thank you, Chief Superintendent.

33 A Thank you, Mr. Smart.

34 THE COMMISSIONER: Thank you, Mr. Smart. I think what
35 we'll do is take a 15-minute adjournment now, and
36 then we'll recommence with Mr. Skwarok on behalf
37 of the Great Canadian -- Great Canadian -- sorry
38 -- GCGC. Thank you.

39 THE REGISTRAR: The hearing is now adjourned for a 15-
40 minute recess, until 11:19 a.m. Please mute your
41 mike and turn off your video. Thank you.

42

43

(WITNESSES STOOD DOWN)

44

45

(PROCEEDINGS ADJOURNED)

46

(PROCEEDINGS RECONVENED)

47

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1 THE REGISTRAR: Thank you for waiting. The hearing is
2 now resumed.

3
4 ROBERT GILCHRIST, a witness,
5 recalled.

6
7 LESLIE STEVENS, a witness,
8 recalled.

9
10 RYLAND WELLWOOD, witness,
11 recalled.

12
13 THE COMMISSIONER: Thank you, Madam Registrar. And,
14 Mr. Skwarok, I'm sorry I fumbled your client's
15 name before the break. Great Canadian Gaming
16 Corporation. Thank you.

17 MR. SKWAROK: Thank you, sir.

18
19 EXAMINATION BY MR. SKWAROK:

20
21 Q This is questions, a series of questions
22 addressed to the entire panel, but primarily to
23 Chief Superintendent Gilchrist. As the
24 Commissioner introduced me, my name is Mark
25 Skwarok. I am one of the lawyers representing
26 Great Canadian Gaming Corporation, which owns a
27 number of casinos, including River Rock.

28 A couple of general introductory questions,
29 if I may. I anticipate that the evidence that
30 will be tendered in this hearing is that River
31 Rock's surveillance team received two awards from
32 the Royal Canadian Mounted Police for outstanding
33 contributions to police inform -- police
34 investigations. One award was for continued
35 professional and timely assistance with
36 investigations and the other was for outstanding
37 assistance conducting surveillance reviews for
38 members beyond the scope of its regular duties.

39 Deputy Superintendent, do you have any
40 knowledge of these awards?

41 MR. GILCHRIST: Unfortunately, sir, no, I do not have
42 any knowledge of those -- of those awards.

43 Q All right. Are you aware, sir, that since 2012,
44 which is when these awards were issued, Great
45 Canadian has been recognized by the RCMP for its
46 consistently high degree of cooperation and for
47 proactively providing information on its own

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Examination by Mr. Skwarok, Counsel for the Great Canadian Gaming Corporation

- 1 initiative into matters such as loan sharking,
2 money laundering, E-Pirate investigation,
3 organized gang activities and other crimes? Are
4 you aware of that?
- 5 MR. GILCHRIST: Unfortunately, sir, I'm not aware of
6 that information. I would note that the products
7 that CISC produces are national products, and
8 therefore my knowledge of specific partnerships
9 or specific, in this case, awards that may be in
10 place in the provinces, it's not something that I
11 would necessarily have visibility on.
- 12 Q I understand, sir. I wasn't suggesting you
13 should know, I was just asking if you did. If I
14 might ask you, Inspector Stevens, do you have any
15 sense of Great Canadian Gaming Corporation's
16 reputation for cooperating with VPD
17 investigations?
- 18 MS. STEVENS: I am not aware of anything. That is not
19 something that's part of my role here and my
20 responsibility as the bureau director.
- 21 Q But I could take it from that, you have no reason
22 to believe that Great Canadian has been anything
23 other than completely cooperative, correct?
- 24 MS. STEVENS: I have no information either way.
- 25 Q Thank you. If I could, please, go to the Public
26 Report on Organized Crime in Canada, which is
27 Exhibit 3, and hopefully the panel will have that
28 document in front of them, because I'm going to
29 be making several references. Mr. Wellwood, my
30 first question is addressed to you. You
31 testified that there's no comprehensive review of
32 money laundering in casinos in British Columbia.
33 Do I have that right?
- 34 MR. WELLWOOD: I believe I testified that CISBC/Yukon
35 had not completed a specific assessment regarding
36 money laundering and casinos and gaming for B.C.
- 37 Q Thank you. And, Inspector Stevens, do you agree
38 with that assertion?
- 39 MS. STEVENS: Yes.
- 40 Q And, Chief Superintendent Gilchrist, do you agree
41 that there have been no such comprehensive
42 reviews of activities, money laundering
43 activities in casinos?
- 44 MR. GILCHRIST: Sir, from a CISC national perspective,
45 as I've testified, we collect information in
46 relation to serious and organized crime, but for
47 national products. With regards to whether there

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- 1 are other assessments that have been completed
2 specifically within the Province of British
3 Columbia, unfortunately, I would not have
4 visibility on that type of reporting, whether
5 it's in British Columbia or any other province.
- 6 Q Thank you. Let me go to, if I may, page 3 of
7 this public report. At the bottom there is a
8 description of national high-level threats, and
9 again, a reference to 14 organized national crime
10 groups that have been identified as high-level
11 threats. Right? Do you see that, sir?
- 12 MR. GILCHRIST: Yes, I do.
- 13 Q And then if you go over to the next page, which
14 is page 4, there's a pie chart at the top, and I
15 understand that this pie chart is intended to
16 indicate how much of the criminal groups'
17 activities are devoted to particular types of
18 criminal endeavours; is that right?
- 19 MR. GILCHRIST: The Figure 2 is to provide a -- as
20 indicated in the report, is a proportional
21 overview of the criminal activities and the scope
22 of the organized crime groups, and speaking of
23 two elements, one being the criminal activities,
24 the other being the geographic scope or
25 geographic reach.
- 26 Q Right. Just looking at the top pie chart, on the
27 left-hand quadrant, if you will, there is the
28 reference to gaming. Do you see that?
- 29 MR. GILCHRIST: Yes.
- 30 Q And that seems to suggest roughly 20 percent of
31 these high-level threat organized crime groups
32 are involved in gaming in some description.
33 Would you agree?
- 34 MR. GILCHRIST: It doesn't give me an exact
35 percentage, however, your estimate of 20 percent
36 does make sense to me, yes.
- 37 Q Just doing a rough and tumble look at the
38 proportion of the size of the wedge for gaming to
39 the overall pie, that's 20 percent, roughly.
40 You'll agree with me, though, that in the context
41 of looking at gaming and criminal activity, that
42 the primary concern is illegal gaming, not gaming
43 in casinos; isn't that right?
- 44 MR. GILCHRIST: The markets that we look at is illegal
45 criminal activities, and so regardless of where
46 it's occurring, the -- if I can use the term
47 geographic location or the venue in which the

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1 criminal activity is occurring is -- is only one
2 criteria, but that's not the -- the overarching
3 criteria is the illegal nature of -- of
4 activities. So -- so, for example, if it is
5 legal gaming -- if it is legal activities within
6 the area of gaming, that would not be a concern
7 for CISC. This specifically is with regards to
8 illegal activities in -- in the area.

9 Q All right. So I can infer from that that the
10 focus of concerns of the CISC and the Integrated
11 Threat Assessment Team is on illegal gambling,
12 not on gambling through casinos; is that right?

13 MR. GILCHRIST: Well, once again, I'll just clarify
14 that our focus is on the illegal activities. I'm
15 really not able to provide any -- any
16 clarification with regards to the location or the
17 venue in which illegal activities may occur. But
18 I can clarify that absolutely our focus is on the
19 illegal criminal activities. Whether that is
20 occurring within a casino or whether that is
21 occurring in a completely different type of
22 venue.

23 Q All right. Well, let me explore that a bit with
24 you, if I may. Go to the bottom of page 3,
25 please. And this is the preface to the pie
26 chart. At the bottom of the page, the second
27 sentence starting off with the word "They", and
28 that's the reference to these HLT criminal
29 groups. "They" -- omit the next words:

30
31 ... engage in multiple criminal markets, use
32 violence to further their criminal business,
33 and have a large number of criminal OCG
34 association links.

35
36 Correct?

37 MR. GILCHRIST: That's correct.

38 Q And so that's clearly a reference to non-casino
39 types of gambling, right?

40 MR. GILCHRIST: Once again, this sentence by itself
41 does not speak to venues of where activities
42 would -- you know, may occur in. The sentence
43 clearly describes the high-level threats, and
44 it's an attempt to provide context to the reader
45 as to what -- what attributes result in an
46 organized crime group being viewed as a high-
47 level threat, recognizing that that's not a

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1 concept that folks that aren't intricately
2 involved in criminal intelligence may not be
3 aware of. And so the purpose of this is to
4 provide some context with regards to those 14
5 organized crime groups, explaining that typically
6 they have interprovincial networks. If not
7 always international connections, they engage in
8 multiple criminal markets. They use -- excuse me
9 -- use violence to further their criminal
10 business and have a large number of criminal
11 organized crime group association links. There
12 are, you know, many other aspects that would
13 describe these 14 organized crime groups that are
14 high-level threats. However, these are the ones
15 that were deemed to provide that overview of a
16 general description.

17 Q With great respect, Chief Superintendent
18 Gilchrist, you didn't answer my question. Will
19 you agree with me that this preface to the pie
20 chart is dealing exclusively with illegal
21 gambling?

22 MR. GILCHRIST: This preface to the pie chart deals
23 exclusively with illegal activities.

24 Q Thank you.

25 MR. GILCHRIST: I believe that answers your question
26 with regards to illegal gambling.

27 Q Yes, thank you. If my questions are unclear,
28 please ask me to ask them better. Thank you.

29 MR. GILCHRIST: Thank you, sir.

30 Q In fact, throughout this report, virtually all of
31 the references are to illegal gambling. Would
32 you agree with that?

33 MR. GILCHRIST: Once again, given that our focus is on
34 the illegal activities, yes. With regards when
35 we refer to gambling, we would be referring to
36 the illegal activities in relation to gambling.

37 Q Right. In the context of illegal gaming, this
38 report is not focusing on gaming at casinos, it's
39 focusing on illegal gaming conducted outside of
40 the premises of casinos by potentially organized
41 criminal groups, correct?

42 MR. GILCHRIST: Once again, sir, at great risk of
43 repeating myself here, I don't view that the
44 report necessarily gets into the locations in
45 which any of these criminal acts may be
46 conducted, so I -- I don't believe that I can
47 draw that conclusion that you're -- you're

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1 suggesting, one way or the other.

2 Q All right. Well, maybe I can take you through
3 your report. And let me go firstly to page 9,
4 and this is under the heading "Outlaw Motorcycle
5 Gang Networks."

6 MR. GILCHRIST: Yes.

7 Q Do you have that? And the fourth line down in
8 that paragraph. "They" -- that being the
9 motorcycle gangs:

10
11 ... are involved in importing cocaine, money
12 laundering, gaming...

13
14 -- et cetera. That's not a suggestion that they
15 are gaming at casinos, is it? The focus of this
16 paragraph is on offsite gaming, correct?

17 MR. GILCHRIST: Well, within the context of this
18 report, it is described as gaming. Again, it did
19 not get down into the locations. It's largely in
20 the context of outlaw motorcycle gangs. It would
21 be referring primarily to illegal online gaming.

22 Q Thank you. On page 10, the second paragraph:

23
24 These networks are involved...

25
26 And this is traditional organized crime networks.
27 The second line refers to illegal gaming. You'll
28 agree with me that that illegal gaming is a
29 reference to non-casino gaming, correct?

30 MR. GILCHRIST: In that context, the illegal gaming
31 would refer to gaming that's not being conducted
32 in accordance with prescribed legislation, so
33 therefore when you're referring to gaming that
34 occurs in casinos, and it does -- is subject to
35 that legislation and is legal activity, then you
36 are correct, this would be referring to other
37 types of gaming.

38 Q All right. The same thing with the very next
39 sentence, there's a reference to illegal online
40 gaming. Again, that's not casino gaming,
41 correct?

42 MR. GILCHRIST: Illegal online gaming would be
43 referring to illegal online often referred to as
44 sports bets, but it's not -- not exclusive to
45 sports, but illegal online betting.

46 Q And again, on the third paragraph from the
47 bottom, starting with, "There's been a rise in

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1 violence," the second sentence starts off with:

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The violence in the Greater Toronto area may have been a result of a power struggle for territorial control and conflicts related to cocaine importing, illegal gaming...

-- and a number of other things. You'll agree with me, sir, that again we're talking about non-casino gaming?

11

MR. GILCHRIST: That there would refer to -- largely to non-casino -- non-casino gaming, once again, with regards to illegal online betting.

12

13

14

Q I'm going to advise you, I've done a wee bit of arithmetic through the report, and I saw approximately 13 references to gaming that were all dealing with illegal gaming, and from that, assuming my arithmetic is somewhat accurate, the emphasis of the report is on illegal gambling, not on gaming in casinos, correct?

15

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MR. GILCHRIST: As I have testified, the CISC assessment is focused on the illegal activities, including illegal gaming.

21

22

23

Q Outside of the casino premises?

24

MR. GILCHRIST: Well, as I've indicated, with regards to all of these acts -- and once again, I would clarify or I would -- I would further explain, I am not an expert in gaming. However, in a general sense, it refers to illegal gaming in general, and as we've discussed, that would not include legal gaming that's performed by businesses and provinces, depending on the jurisdiction.

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Q This is a question for both you, sir, and for Mr. Wellwood. You both testified that no effort was taken in this report to distinguish between legal and illegal gambling. Do I have your evidence right? First, Deputy Superintendent.

34

35

36

37

38

MR. GILCHRIST: The -- I think the report in its entirety is clear that the focus of CISC is on the illegal criminal markets.

39

40

41

Q All right. You'll agree with me that there are some very substantial differences between gaming casinos and gaming at institutions controlled by gangs, correct?

42

43

44

45

MR. GILCHRIST: Absolutely.

46

Q Casinos are subject to what's been referred to as

47

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1 a dizzying array of regulation and report to a
2 number of authorities who supervise their
3 activities. Dr. German, in his report, suggested
4 that there's arguably greater emphasis placed on
5 compliance in the casino industry than in
6 virtually any other financial industry. Firstly,
7 do you have any reason to disagree with that
8 suggestion?

9 MR. GILCHRIST: What I would say with regards to other
10 testimony, including the one that you've just
11 referenced, is -- not being an expert in gaming,
12 in illegal gaming, I do believe there'll be other
13 witnesses that appear before this Commission that
14 are better positioned to be able to provide you
15 the -- the definitive explanations that you're
16 looking for. With regards to the strategic type
17 reporting that CISC produces, the -- given the
18 strategic nature of our -- of our products, often
19 the details that you may be referring to go down
20 to a level that I just don't have visibility on.

21 Q Fair enough. The last area of questioning I'd
22 like to explore with you is on page 11, the
23 bottom paragraph. And here is the only reference
24 in the report that I see relating to conduct in
25 casinos. If you look at the bottom paragraph,
26 there's a discussion about how the casinos
27 allegedly can be exploited. One of the areas are
28 wealthy gamblers that have been provided proceeds
29 of crime from members of the money laundering
30 service provider network. There's no suggestion
31 that entities such as Great Canadian would know
32 the source of those deposits, right?

33 MR. GILCHRIST: I believe that the question that
34 you're posing goes beyond the -- the knowledge
35 that I would have or the visibility on the
36 information that's reported to us by our member
37 agencies. I really am not positioned, without
38 knowing those details, to be able to comment one
39 way or the other with regards to it.

40 Q And the last question I want to address relates
41 to the third line where there's a reference of:

42
43 ... deposits of casino cheques, representing
44 cashed-out casino chips bought with proceeds
45 of crime, into Canadian banks...

46
47 This seems to be a reference to the theory that

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Examination by Mr. Skwarok, Counsel for the Great Canadian Gaming Corporation

1 criminals or their associates can go into
2 casinos, gamble for short periods of time with
3 ill-gotten games, and then walk out with casino
4 chips. What's the source of that -- that
5 assertion?

6 MR. GILCHRIST: The information from -- that goes into
7 the Public Report on Organized Crime comes
8 through the Integrated Threat Assessment Process,
9 which I've -- I have described in detail in my
10 testimony, comes from a variety of sources, as
11 I've testified, primarily from law enforcement,
12 but not restricted to law enforcement.

13 With regards to this specific piece of
14 information and sourcing of that specific
15 element, I just don't have that information.

16 Q I'm going to suggest to you, sir, that that
17 assertion is completely false. I anticipate that
18 the evidence that's going to be tendered in this
19 hearing is as follows. If a patron buys chips
20 with cash, and doesn't legitimately or
21 substantially gamble, and then cashes out, they
22 don't get cheques. They are paid out in the same
23 denomination of bills as they bought in with. Do
24 you have any reason to take issue with that
25 anticipated evidence?

26 MR. GILCHRIST: It's a question that I really cannot
27 agree or disagree with, simply because it's not
28 an area that I have sufficient enough knowledge
29 about. This is -- what's reflected in the report
30 is a description of a technique that, through the
31 very detailed analysis of our criminal
32 intelligence analysts, was believed to be a money
33 laundering technique, one of the techniques.

34 As I mentioned, criminal intelligence
35 analysts receive information from a variety of
36 our member agencies, as well as other partner
37 groups. When producing analytical reports,
38 statements or conclusions such as this are never
39 based on only one piece of information. Analysts
40 are trained to be looking for multiple pieces of
41 information that would lead to a statement or a
42 conclusion. But with regards to your statement
43 that this will be found to be false or incorrect
44 -- I can't recall the exact word that you used --
45 by this Commission, what I can indicate is that
46 this report, you know, was produced, and
47 including this statement, based on our good faith

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Examination by Mr. Mistry, Counsel for the B.C. Government and Service Employees' Union

1 understanding of the situation.

2 Q I have no doubt about that, sir. Those are my
3 questions. Thank you very much.

4 A Thank you.

5 THE COMMISSIONER: Thank you, Mr. Skwarok, and now Mr.
6 Mistry, on behalf of the B.C. Government
7 Employees Union.

8 MR. MISTRY: Thank you, Mr. Commissioner. My
9 questions will be directed to the panel as a
10 whole, but I invite anyone to respond.

11

12 EXAMINATION BY MR. MISTRY:

13

14 Q As the Commissioner mentioned, I'm here on behalf
15 of the B.C. Government & Service Employees Union
16 which, if I could offer some background very
17 briefly, represents the vast majority, if not
18 almost all of the B.C. Public Service, but also
19 has a significant presence in the casino and
20 financial services industry. And our perspective
21 here is to -- really to just simply protect our
22 members.

23 My first question will be -- and I
24 appreciate that the panel's perspective is at a
25 high level, however, I take it you wouldn't
26 disagree that the practice of money laundering
27 permeates throughout an organization and often
28 engages frontline workers, either inadvertently
29 or through some form of compulsion, perhaps by a
30 criminal organization. I gather you wouldn't
31 disagree?

32 MR. GILCHRIST: When you refer to "organization" are
33 you referring to your organization that you
34 represent or are you referring to the criminal
35 organization?

36 Q Forgive me. I mean in the context of, say, a
37 worker in a casino or a worker in the financial
38 services industry or in any other part of the
39 private sector, if that entity, whether it's a
40 casino or financial services industry or other
41 private sector entity, is used as a vehicle for
42 money laundering, that often engages frontline
43 workers within that particular industry. Whether
44 it's a casino dealer or what have you.

45 MR. GILCHRIST: Thank you for clarifying. With
46 regards to CISC at a national perspective, I'd
47 have to defer to other law enforcement experts.

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1 As I've testified, I'm not an expert in gaming.
2 I actually have not worked myself -- through my
3 career trajectory, I have not worked on a gaming
4 unit, enforcement unit, and so I just don't have
5 that level of expertise or knowledge as to who
6 actually, within the confines of a casino, would
7 be exposed to this in one way or the other. So,
8 I would respectfully defer that to other law
9 enforcement who have expertise in that area,
10 particularly on the enforcement side, would be my
11 -- my assumption that it would be a question
12 better positioned for an operational enforcement
13 unit that's been involved specifically with
14 casinos.

15 Q Before I follow up, would the other members of
16 the panel have any thoughts, or do you concur
17 with Mr. Gilchrist?

18 MS. STEVENS: I concur. As I testified to yesterday,
19 I'm not an expert in money laundering or the
20 pillars it's built on. So, yes, best saved for
21 someone who's in the enforcement and tactical
22 area.

23 Q Fair enough. What I do understand, though, is --
24 is your respective areas of expertise do involve
25 collecting of intelligence. Is that fair to say?
26 I presume it is. The -- do you experience or can
27 you relate any challenges in collecting
28 intelligence from frontline workers who may have
29 observed conduct -- and I'm not simply speaking
30 of the casino industry, but financial services or
31 other private sector industries -- collecting
32 intelligence from frontline workers, are there
33 any specific challenges in that, or again, is
34 that something that might be left to another
35 expert?

36 MR. GILCHRIST: From a CISC national perspective, we
37 wouldn't be gathering information from frontline
38 workers involved in any sector, and so, you know,
39 as a result of that, I don't see myself
40 positioned to be able to provide any meaningful
41 insight into your question. To be frank, if I
42 was to start offering opinions on that, they
43 would largely be speculative, which I know is not
44 what the Commission is looking for.

45 Q Of course, and I -- I do appreciate the fact that
46 you've decided not to proceed in that way.
47 Sorry, and just so I understand, it's -- you're

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1 not saying that it wouldn't be a useful piece of
2 intelligence to reach out to frontline workers,
3 but rather, that's not within the box of what
4 your organization does? Is that -- is that
5 correct?

6 MR. GILCHRIST: I think -- not I think -- information
7 from a variety of sources is of assistance to law
8 enforcement, and that information can certainly
9 assist law enforcement in creating intelligence.
10 And so, members of the general public are often
11 the best positioned to be able to report
12 suspicious activities to their law enforcement
13 agency of jurisdiction who then in turn,
14 depending on the nature of what's reported, that
15 may fit into part of a larger picture. But
16 that's a very general answer to what I think is a
17 general question.

18 The point that I was wanting to make is that
19 information that is important to the creation of
20 intelligence is not solely information that's
21 within the holdings of the police. There are
22 many -- many non-police stakeholders, many other
23 non-police government departments, many other
24 sectors, which I've testified to earlier with
25 regards to enhancing private and public sector
26 partnerships. And to loop back to the fact that
27 often information from the general public can be
28 the missing piece that -- that starts to tell a
29 story. That's a general answer. Given my
30 previous comments, I cannot correlate that back
31 to the world of casinos, but in a general sense,
32 all sources of information are -- are helpful for
33 law enforcement in assessing the criminal
34 landscape.

35 Q And just to clarify. When you say "general
36 public," I assume you mean entities that are not
37 either law enforcement or criminal enterprises.
38 Because I would say that workers that are
39 implicated within industries that are used as
40 vehicles for money laundering would -- would
41 probably have a different interest than the
42 general public, but I -- perhaps I'm parsing a
43 little bit too much here.

44 MR. GILCHRIST: Once again, going back to the -- to
45 discussing the specific of casino employees, I
46 just don't -- do not have that knowledge.

47 Q Sure.

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1 MR. GILCHRIST: I'll be starting to speculate if I
2 took it down to that level.

3 Q So, with respect to that -- and our evidence will
4 be that in many cases frontline workers are
5 simply fearful of coming forward, especially if
6 they're not unionized. Has your entity
7 contemplated information sharing with unions that
8 are in industries that are often implicated in
9 money laundering?

10 MR. GILCHRIST: Not that I'm aware of at a -- once
11 again, CISC national level.

12 Q Sure.

13 MR. GILCHRIST: Whether that is done with local
14 authorities, i.e. individual services in any
15 specific jurisdiction, that -- whether it's been
16 done or not, I simply wouldn't have visibility on
17 that, and therefore unable to provide any clarity
18 on that.

19 Q That's fair enough. I thank the Commission for
20 their time, and those are our questions. Thank
21 you.

22 MR. GILCHRIST: Thank you, sir.

23 THE COMMISSIONER: Thank you, Mr. Mistry. Now, Ms.
24 Mainville, on behalf of Robert Kroeker.

25 MS. MAINVILLE: Thank you. Thank you, Mr.
26 Commissioner.

27

28 EXAMINATION BY MS. MAINVILLE:

29

30 Q Just to follow up on Mr. Mistry's point right now
31 relating to information sharing. You -- you
32 spoke about three different categories of
33 agencies with which CISC might share information.
34 And I take it if a lottery corporation were to be
35 one of those agencies, they would fall into what
36 you describe as Category 3? Is that correct?

37 MR. GILCHRIST: In general terms, yes, given that --
38 given that Category 1 is police and Category 2
39 is an agency with a non-law enforcement role,
40 if it were to be a member, the only other
41 category would be Category 3.

42 Q Who currently has no members, but -- but you'd be
43 looking into potentially adding some?

44 MR. GILCHRIST: With regards to Category 3 in not
45 having members, I think you're referring to the
46 CISBC office --

47 Q Okay.

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1 MR. GILCHRIST: -- bureau, and so I'll defer to my
2 colleagues or panelists with regards to that
3 question.

4 Q Thank you.

5 MS. STEVENS: That's correct. We don't have any
6 Category 3 agencies at this time.

7 Q And you may or may not know, Inspector, if I can
8 follow up on that, that BCLC has an information
9 sharing agreement with the RCMP since 2014. Do I
10 take it, then -- would you receive that
11 information or does that -- does that impact you
12 at all or --

13 MS. STEVENS: We may or may not receive that
14 information. We are not a branch of the RCMP.
15 We are an integrated unit that represents the
16 entire province, so we don't automatically get
17 what they have.

18 Q Right.

19 MS. STEVENS: I'm not aware specifically if we have
20 received that specific piece of information.

21 Q And if that information sharing agreement between
22 the RCMP and BCLC is beneficial -- and going both
23 ways, in terms of information going both ways
24 between those two entities, I take it that's
25 indicative of the fact that it -- it may well, in
26 the same way, be beneficial to the CISC, if that
27 were to happen?

28 MS. STEVENS: I can't answer on behalf of CISC. I
29 will --

30 Q Oh, sorry. [overlapping speakers]

31 MR. GILCHRIST: With regards to CISC, I acknowledge
32 that our members have a wide range of
33 partnerships across the country, you know,
34 different types of stakeholders. If there's
35 information that surfaces through those
36 partnerships that assists in the assessment of
37 serious and organized crime, then that would be a
38 positive outcome.

39 Having said that, that's a very broad
40 answer, given that I do not have specific
41 visibility with regards to the partnership that
42 you've referred to.

43 Q Thank you, and I'm sorry, I also meant with the
44 CISBC. Would that also apply?

45 MS. STEVENS: Sorry, can you ask the question again?

46 Q Well, simply that -- would CISBC consider the
47 prospect of an information sharing agreement with

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1 a lottery corporation and would that be of any
2 benefit?

3 MS. STEVENS: We love all the information we can get.
4 We are just a sponge. But I see that Ryland has
5 unmuted, so I suspect he has something to wade in
6 on.

7 MR. WELLWOOD: I would agree with Inspector Stevens'
8 comments that -- pertaining to criminal activity,
9 if there was information to be shared through
10 that information sharing agreement that could be
11 provided to us, it potentially could be of
12 benefit.

13 Q Thank you. Now, I believe I'll be returning to
14 you, Chief Superintendent Gilchrist. In terms of
15 assessing what offences are taking place, what
16 typologies are taking place, given that much of
17 CISC's information is gathered from police
18 sources, and in particular, police
19 investigations, I take it you'd agree, it's not a
20 complete picture of what is in fact happening on
21 the ground? Is that fair?

22 MR. GILCHRIST: We gather from a variety of sources as
23 part of our collection efforts, as I've testified
24 to. Primarily it's from police forces, given the
25 topic that we assess being serious and organized
26 crime. However, we do draw information from
27 quite a broad cross-section of organizations.

28 For example -- and as my previous testimony
29 relates to engaging with other non-police
30 departments, I've provided testimony naming a few
31 of those departments and how their information is
32 helpful for our assessments. As well, there
33 would be information that's publicly available
34 that we would draw from. There would be
35 research, academic research, NGOs. Once again,
36 depending on the topic that we're assessing, if
37 there's a significant report that's produced and
38 that our analysts become aware of, through
39 whatever means, then that would be part of their
40 analysis for their considerations.

41 Q But given that a lot of the information, as you
42 indicated, primarily comes from police, I take it
43 that information would be influenced by what is
44 being reported to police and -- and where police
45 decide to focus their resources on? So, where
46 the police chooses to look and what they choose
47 to investigate? Is that fair?

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1 MR. GILCHRIST: If I understand the question
2 correctly, I'd refer back to my earlier testimony
3 with regards to the prioritization efforts that
4 are quite extensive in consulting a very broad
5 base in order to ensure that CISC has an
6 awareness of what the issues are impacting law
7 enforcement in jurisdictions across the country,
8 and prioritizing our ability to support our
9 assessment products along those lines.

10 Q But once you prioritize, that will lead to
11 investigations in respect of certain particular
12 types of offences or -- or in any given
13 jurisdiction or -- or sector. In light of that
14 fact, would -- would there not be a potential, at
15 least to a certain extent, of some sort of
16 confirmation bias or sort of a closed loop
17 feedback bias so -- so that if police sources are
18 relying on CISC's reports to decide where to
19 focus their resources, and they -- they then do
20 that and report back on what they're seeing and -
21 - and what they're -- on the areas that they're
22 investigating, that will be more visible to the
23 CISC, and so maybe confirmatory in a way?

24 MR. GILCHRIST: With regards to confirmation bias,
25 your question sounds like a finding that -- that
26 the audience of our products -- you know, that
27 would be -- that would be a perception or a
28 decision or a finding that a reader of our
29 reports would -- would consider in evaluating how
30 much strength that they -- that they assign to
31 our products. From a CISC perspective, as I've
32 testified, the information is drawn from a wide
33 number of sources. I've spoken about the
34 Integrated Threat Assessment Process in great
35 detail to demonstrate that there is a structure
36 to what we collect. The Integrated Threat
37 Assessment Process Working Group, I've described
38 that and the collective expertise within that
39 working group, to continually refine our
40 products.

41 So, my answer to your question would be that
42 that certainly is not our intention or our goal
43 to have any sort of confirmation bias. I have
44 testified to some of the limitations to our --
45 our reporting, and I believe that those comments
46 appropriately lay out the limitations that --
47 that CISC acknowledges with regards to its

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1 reporting. I do not agree, from a CISC
2 perspective, that our products are going to be
3 suffering from confirmation bias. But once
4 again, that's -- as the producers of that report,
5 or of this reporting, that certainly is not our
6 perspective.

7 Q Well, and -- yes, you've certainly fairly
8 acknowledged some of the limitations. But let's
9 -- let's apply it to money laundering, for
10 instance. If you rely primarily -- and I -- I
11 understand that you have some visibility beyond
12 the -- the police information that you receive,
13 and you do consult other sources, or have other
14 sources of information, but given that you
15 primarily rely on police information, if the
16 police says, okay, most cases of money laundering
17 occur in sector X, then your analysis will show
18 that most cases of money laundering are in that
19 sector because the investigations will be focused
20 on that sector. Would that, at least to a
21 certain extent, be the case? That the more
22 information -- the more you investigate a
23 particular sector, the more information you have
24 about it, and -- and that will feed back into
25 what your assessment of the risks are?

26 MR. GILCHRIST: There's a couple of -- what I perceive
27 as a couple of aspects to your question. One
28 that I testified to is that we are limited in
29 that our assessments are limited to the
30 information that's known. So, if there's
31 information out there that we don't know about,
32 that we haven't collected, then by that very
33 attribute, it would not be part of the analysis
34 and assessment.

35 But having said that, I've testified, as
36 well, that we consult a wide cross-section of
37 both law enforcement and we work closely with
38 other stakeholders. Some of those stakeholders
39 bring vast knowledge and expertise with regards
40 to money laundering. And as a result, I -- I do
41 not agree with the -- with the thought that --
42 that our focus is on only the money laundering
43 sectors as seen by the police. I believe very
44 clearly that we're drawing upon the expertise of
45 others and -- and that that's reflected and where
46 our assessments are directed.

47 Q But in terms of how that's reflected in the

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1 threat assessments, if I -- I can raise the
2 example that I believe you gave about -- I think
3 you indicated that only two percent of groups
4 involved in money laundering were engaged in
5 trade-based money laundering, which is
6 comparatively low in respect of -- in comparison
7 to other sectors or typologies. But you
8 indicated that that was because it's more
9 sophisticated and harder to detect, right?
10 Correct? And so, I'd suggest that the fact that
11 it's more sophisticated and harder to detect
12 doesn't mean it's not in fact occurring at a more
13 significant level than two percent? Is that
14 fair?

15 MR. GILCHRIST: As I've testified with regards to
16 trade-based money laundering -- as actually as
17 I've testified with regards to money laundering
18 in general, we do believe that our assessment of
19 it, that the level of organized crime involvement
20 in money laundering is currently under-reported
21 through our assessment processes. And I've
22 testified as to the efforts that are ongoing to
23 try to improve the collection of that
24 information.

25 Q Yes, and -- and similarly, then, you'd agree with
26 me that, for instance, financial -- financial
27 institutions don't feature in what -- what's been
28 highlighted as forming typologies of money
29 laundering that are most prevalent in B.C., but
30 that it's simply maybe just a matter of that not
31 being as visible or more harder to detect or
32 simply the police not having focused their
33 resources on -- on that sector. Is that not
34 fair?

35 MR. GILCHRIST: Well, I -- once again, one way or the
36 other, I don't know if I can make that same
37 connection that you're referring to, other than
38 in a broad sense, that we -- we acknowledge
39 limitations in our assessments, in that we are
40 limited to the information that is available to
41 us. But having said that, some of the -- you
42 know, to use your example with the financial
43 sector, there are positive partnerships and --
44 you know, with that sector, so I don't want to
45 leave the impression that there's no information
46 from that sector that's being made available to
47 law enforcement and by extension to CISC in our

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1 assessments.

2 I do acknowledge -- you'll recall earlier in
3 my testimony yesterday that one of the challenges
4 that we face is in relation to the availability
5 of information for us to assess. I testified
6 with regards to the fact that there are very few
7 pure intelligence collection resources, and so we
8 -- we do face a limitation in that a lot of our
9 information in relation to serious and organized
10 crime does originate from police investigations
11 and police investigators, as opposed to a more
12 pure -- you know, from a methodological
13 perspective, intelligence collection.

14 Q And -- and perhaps -- feel free to answer this as
15 well, but perhaps it's more directed to Officer
16 Wellwood -- because if -- if you look at other
17 threat assessments, for instance, the national
18 threat assessment, the financial -- and we've
19 heard about some of these in -- with prior
20 witnesses -- financial institutions are
21 consistently seen as the highest risk and -- and
22 at the top of the charts. And, Officer Wellwood,
23 you indicated that organized criminal groups
24 associated with money laundering in B.C., there
25 were main -- four main typologies that are most
26 prevalent and that did not include financial
27 institutions. So, so I ask you essentially the
28 same question. It's not -- I would suggest that
29 it's not necessarily that it's less prevalent,
30 that money laundering is less prevalent in
31 financial institutions, it may simply be not one
32 of the typologies that's most visible or looked
33 at by police. Is that fair?

34 MR. WELLWOOD: I would say that's consistent with my
35 testimony yesterday. The information I provided
36 regarding frequency at which we had noted
37 typologies for money laundering is based on
38 information we had available to us. And similar
39 to Chief Superintendent Gilchrist's response,
40 that's to include law enforcement, but also other
41 sources of information.

42 Q And -- and given the low number of money
43 laundering investigations, for the police to have
44 a major case in one sector or -- or for them to
45 focus on one sector in the context of -- of one
46 or several investigations, that fact would likely
47 skew the statistics, at least for that -- that

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Examination by Ms. Mainville, Counsel for Robert Kroeker

1 time period? Is that fair?

2 MR. WELLWOOD: I can't speak to the -- the volume of
3 law enforcement investigations regarding money
4 laundering. I -- I can state that CISBC/Yukon,
5 within the Integrated Threat Assessment Process,
6 we look at indicators, and we aren't necessarily
7 bounded by one particular type of investigation,
8 or whatever the most serious offence may have
9 been in that investigation. And if we see
10 indicators leaning towards money laundering
11 occurring as a part of an illicit drugs
12 investigation or a fraud investigation or some
13 sort of cyber-related offence, we would be
14 looking to capture and assess that information.
15 Again, regardless of the type of the
16 investigation itself, with an investigational
17 focus.

18 Q And in terms of the sources of information, can
19 you -- and that's directed to -- to probably the
20 entire panel -- could you just talk a bit about
21 the usefulness of the information received from
22 FINTRAC and what purpose it tends to serve for
23 you? Is it -- for instance, is it simply more
24 helpful in devising typologies or -- or seeing
25 where efforts need to be focused in terms of
26 either sector jurisdiction, or is it -- or is it
27 really most useful in the context of a specific
28 investigation?

29 MR. GILCHRIST: From a CISC perspective, information
30 that's available from FINTRAC is -- is of
31 assistance to us in understanding the overall
32 suspicious activity, the overall money laundering
33 -- suspected money laundering activity, including
34 trends, methodologies, areas of geographic
35 concern. So, it's very useful information from
36 that perspective.

37 With regards to its usefulness on
38 enforcement, simply not within my -- my purview.
39 I don't -- I don't have that -- that knowledge to
40 be able to inform you on that. But with regards
41 -- once again, just to summarize, with regards to
42 criminal intelligence, their products are very
43 helpful for our analysts, and certainly they're
44 one of the departments that our analysts are very
45 avid consumers of any products that are available
46 from FINTRAC.

47 Q And is that -- unless someone else wants to jump

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1 in on that, is it a two-way street with FINTRAC
2 or is it really you -- the police receives
3 information from FINTRAC and -- and I only raise
4 this because I -- I believe the legislation that
5 has created FINTRAC allows -- or envisions
6 FINTRAC providing some level of feedback to
7 reporting entities and -- and so -- so I wonder,
8 is FINTRAC limited to the information it has in
9 its own possession from the reporting entities or
10 -- or do they obtain information from law
11 enforcement?

12 MR. GILCHRIST: I would respectfully defer that
13 question to FINTRAC. I'd be speculating if I was
14 to describe how they build their products, so
15 I'll defer to FINTRAC for that.

16 Q Okay, and in terms of the other panelists, just
17 from a B.C. perspective, would the same answer
18 apply? Just in terms of the usefulness of the
19 information from FINTRAC.

20 MR. WELLWOOD: I would respond that the answer for
21 CISBC/Yukon would be consistent with Chief
22 Superintendent Gilchrist's responses.

23 Q Okay. And I believe my last question is -- is
24 just between the -- the absence of
25 differentiation between legal and illegal
26 casinos. So, in the numbers that we've been
27 provided in respect of the -- how prominent money
28 laundering in respect of casinos is -- I believe
29 you've all indicated that there's no distinction
30 made at present between legal and illegal casinos
31 or gaming. And it just strikes me, I just wonder
32 how that -- not differentiating that is of
33 assistance to police agencies, because -- because
34 of how significantly different it is and how -- I
35 expect you would investigate activities that take
36 place in a legal casino much differently than you
37 would in an underground casino. So, I just
38 wonder, is that -- would that not be a
39 significant enough distinction to make going
40 forward?

41 MR. GILCHRIST: With regards to the typologies, and --
42 and as I've indicated, through the Integrated
43 Threat Assessment Process, we do gather
44 information with regards to typologies. However,
45 I did testify that one of the typologies is a
46 what some may consider a broad category of
47 casinos/gambling. And I've testified that the

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1 term "gambling" refers to both illegal and legal
2 gambling. As the Integrated Threat Assessment
3 Process does not make a distinction between
4 involvement in illegal gambling or the abuse or
5 exploitation of legal gambling by organized
6 crime.

7 With regards to your question as to, you
8 know, would there be value in -- I having a
9 subcategory, if I can frame it that way, without
10 -- without, you know, specifically assessing that
11 question, I can't really provide you a definitive
12 answer one way or the other.

13 What I can say is that, as I've testified,
14 our Integrated Threat Assessment Process is an
15 evergreen process. We bring together experts
16 from across the country on a regular basis to
17 have discussions as to is the -- is the
18 methodology meeting our needs, are there other
19 things that we need to drill down deeper on, to
20 -- to use an expression, and it's all -- it's
21 possible that that would be something that would
22 surface, you know, at a future point, but at this
23 point here, all I can really testify to is the
24 fact that the process as it currently stands does
25 not make that differentiation.

26 Q Those are all my questions, thank you.

27 A Thank you.

28 THE COMMISSIONER: Thank you, Ms. Mainville.

29 MR. McCLEERY: Mr. Commissioner, if I may interject, I
30 think our time allocations allow us to have a 10-
31 minute break, and I suggest we take that now.

32 THE COMMISSIONER: All right, we'll do that. Thank
33 you, Mr. McCleery. We'll take 10 minutes.

34 THE REGISTRAR: The hearing is adjourned for a 10-
35 minute recess, until 12:30 p.m. Please mute your
36 mike and turn off your video. Thank you.

37

38 (WITNESSES STOOD DOWN)

39

40 (PROCEEDINGS ADJOURNED)

41 (PROCEEDINGS RECONVENED)

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43 THE REGISTRAR: Thank you for waiting. The hearing is
44 now resumed.

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ROBERT GILCHRIST, a witness,
47 recalled.

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LESLIE STEVENS, a witness,
recalled.

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RYLAND WELLWOOD, a witness,
recalled.

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THE COMMISSIONER: Thank you, Madam Registrar. I understand now that Ms. Chiu, of BMW Canada and BMW Financial Services, has some questions to ask of the panel.

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MR. McCLEERY: Sorry to interrupt, Mr. Commissioner. I believe it's Mr. McFee, for Mr. Lightbody next on the list.

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THE COMMISSIONER: I'm sorry?

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MR. McCLEERY: I believe it's Mr. McFee, for Mr. Lightbody.

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THE COMMISSIONER: Oh, I beg your pardon. You're quite right. I'm sorry, Mr. McFee, I -- I jumped over you.

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MR. McFEE: Thank you, Mr. Commissioner. I can be forgettable on occasion, so --

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EXAMINATION BY MR. McFEE:

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Q My first question is addressed to Chief Superintendent Gilchrist. In your testimony yesterday, you advised the Commission as to the number of organized crime groups that were identified as being involved in money laundering, and that was 176? Did I understand you correctly? I'm sorry, you seem to be muted.

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MR. GILCHRIST: My apologies, sir. Yes, that figure is correct with regards to the number of organized crime groups involved -- assessed as being involved in money laundering activities in 2019.

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Q And then you went on to assist the Commission by outlining the most prevalent money laundering typologies used by these assessed organized crime groups, and you gave us percentages by certain economic sectors. And I think, as I have got my notes, it's private sector business, 28 percent, money service business, and informal value transfer systems, nine percent, casinos and gambling, 20 percent, real estate, seven percent.

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Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Mr. McFee, Counsel for James Lightbody

1 Do you remember that evidence?

2 MR. GILCHRIST: Yes, I recall the evidence.

3 Q I just want to make sure I understand this
4 analysis and what use it provides to us. Just to
5 be clear, these figures are the percentage of the
6 176 assessed organized crime groups that are
7 identified as being engaged in money laundering
8 in those particular sectors of the economy?

9 MR. GILCHRIST: If you can bear with me for one
10 moment. Yes, so for clarification, the testimony
11 was provided in relation to money laundering
12 typologies, and you're correct in that it is of
13 the 680 assessed organized crime groups that were
14 identified in 2019, 176 of that 680 were
15 identified to be involved in money laundering
16 activities. And then a further analysis was done
17 to provide the most prevalent typologies, and --
18 and as a result, my testimony broke that down by
19 categories. Private sector businesses, money
20 service businesses, casino gambling, real estate
21 and cryptocurrency.

22 Q But just to be clear, those percentages you
23 provided to the Commission are percentages of the
24 176 identified organized crime groups that are
25 engaged in money laundering in those particular
26 sectors of the economy?

27 MR. GILCHRIST: That's -- that's correct, it is a
28 percentage of the 176 organized crime groups.
29 And keeping in mind, of course, that organized
30 crime groups may be involved in more than one
31 typology.

32 Q Right. But does this analysis tell the
33 Commission anything about the relative quantum of
34 the total proceeds of crime that are perceived to
35 be laundered in these identified sectors of the
36 economy?

37 MR. GILCHRIST: No, it does not speak to
38 quantification. As I testified yesterday, the
39 issue of quantifying money laundering is -- is
40 very challenging. We do -- it's not something
41 that CISC has -- has assessed, a formal
42 quantification of the amount of money laundering
43 that's occurring, either in general or within the
44 specific typologies.

45 There were -- as I acknowledged yesterday,
46 there are other groups who have provided
47 estimates of the overall amount of money

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Examination by Mr. McFee, Counsel for James Lightbody

1 laundering that occurs in Canada. And we do --
2 we do use those as far as general knowledge or
3 background context, but they were -- they were
4 kept in that -- in that -- in that context simply
5 because the estimates that we have seen are quite
6 varied. And given the secretive nature of money
7 laundering, that it's -- it's very difficult to
8 -- to put a dollar figure on with precision.

9 Having said that, I acknowledge that some
10 other groups have done -- invested considerable
11 effort in attempting to do that. And when we do
12 see those figures, it is helpful for general
13 context but only as context.

14 Q Fair enough, but just to flesh out the use to
15 which the Commission could put these percentages.
16 By way of example -- and this is theoretical --
17 the money services business and informal value
18 transfer systems are utilized by nine percent of
19 the 176 identified and assessed organized crime
20 groups, according to these statistics, correct?

21 MR. GILCHRIST: That's correct.

22 Q But foreseeably, and we don't know this, 50
23 percent of the proceeds of crime could be
24 laundered through that sector, even though only
25 nine percent of the organized crime groups are
26 utilized, and you just don't have that
27 information, do you?

28 MR. GILCHRIST: In the absence of comprehensive
29 assessment of the quantification for any of those
30 sectors, I'm not really able to draw conclusions
31 one way or the other.

32 Q All right. And so when we see casinos and
33 gambling are utilized by 10 percent of the
34 organized crime groups, potentially only one
35 percent of the proceeds of crime might be
36 laundered through casinos in gambling; we just
37 don't know that, do we?

38 MR. GILCHRIST: Once again, I cannot give exact
39 quantification. The -- through these statistics,
40 we -- we certainly hear -- and it's reflected in
41 the Public Report on Organized Crime -- for
42 example -- if you can just bear with me. My
43 apologies for taking such a delay. On page 11,
44 the final paragraph, in the one -- in the example
45 that we provide with regards to a network, the
46 last sentence:

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Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Mr. McFee, Counsel for James Lightbody

1 This network is comprised predominantly of
2 career criminals and highly-interconnected
3 organized crime groups, and is believed to
4 have laundered proceeds of crime totaling
5 upwards of hundreds of millions of Canadian
6 dollars.

7
8 So, in that context, we do receive some
9 information on specific organized crime groups,
10 but it's -- it's clearly acknowledged that the
11 quantification is often an estimate and is a
12 difficult number to put any precision to.

13 Q And you fairly stated that in this category,
14 casinos and gambling, that includes legal and
15 illegal gambling?

16 MR. GILCHRIST: That's correct.

17 Q But even within legal gambling, that sector,
18 would you agree, is diverse in that there's
19 online legal gambling and then there's
20 traditional bricks and mortar casinos?

21 MR. GILCHRIST: Yes, that gambling would -- would
22 involve both of those types of gambling and --
23 and others.

24 Q So has the Criminal Intelligence Service Canada
25 done any analysis of what portion of the proceeds
26 of crime within that sector are laundered through
27 traditional bricks and mortars casinos versus
28 legal online gambling versus illegal gambling, or
29 is it all just lumped together?

30 MR. GILCHRIST: For the purposes of the money
31 laundering typologies, it -- it does not make
32 that distinction. There -- you know, in
33 assessing, you know, specific subsets, such as
34 the illicit or illegal online sportsbooks, once
35 again, I -- I don't recall having seen any
36 precise figures other than it certainly
37 generates, you know, very large amounts of
38 illicit funds for organized crime. But to put a
39 precise figure on that, which I believe is what
40 you're looking for, is not -- I do not have that
41 information.

42 Q Well, I'm not -- not even -- I appreciate the
43 difficulty in quantification. We've heard some
44 evidence about that. But I'm not even looking
45 for a precise figure. Has your service done any
46 analysis of what portion of the 10 percent of the
47 organized crime groups that launder money through

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Examination by Mr. McFee, Counsel for James Lightbody

1 casinos and gambling do it through legal bricks
2 and mortars casinos versus legal online gambling
3 versus illegal gambling, sports betting?

4 MR. GILCHRIST: Not that I'm aware of. It's not to --
5 it's possible that analysts that work in the
6 various criminal markets have done some thinking
7 around that, but as far as a finding or
8 definitive assessment on that, not that I'm aware
9 of.

10 Q So the Commission's left in a situation, you'll
11 agree with me, that when we get this 10 percent
12 of assessed organized crime groups are laundering
13 money through casinos and gambling, that the
14 actual percentage of organized crime groups that
15 are laundering money through legal bricks and
16 mortars casinos could be anywhere from zero to 10
17 percent?

18 MR. GILCHRIST: The -- as I've testified, that -- that
19 typology and the way the information is gathered
20 is -- is not further subdivided, and therefore
21 there is not an answer that I can provide as to
22 what fraction of that would relate to illegal
23 gambling, what fraction of that would relate to
24 legal gambling.

25 Q My next question is addressed, if I could, to the
26 panel members from the B.C. Bureau, but Chief
27 Superintendent, you can have input into it is
28 fine, but I think it's primarily for the members
29 of the B.C. Bureau. Are you aware that in the
30 spring of 2016, a combined special forces
31 enforcement unit, with the acronym JIGIT, the
32 Joint Illegal Gaming Investigation Team, was
33 formed in British Columbia?

34 MS. STEVENS: Sorry, can you ask the question again?
35 You're a bit low.

36 Q I'm sorry. Are you aware that in the spring of
37 2016, an announcement was made of the formation
38 of a joint forces special investigation unit with
39 the acronym JIGIT, Joint Illegal Gaming
40 Investigation Team?

41 MS. STEVENS: Yes.

42 Q And as I understand it, and tell me if this
43 accords with your understanding, that unit was
44 activated and -- and on the scene in 2017?

45 MS. STEVENS: I do not have any direct information
46 about that. I'll just defer to Ryland in case he
47 may.

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Examination by Mr. McFee, Counsel for James Lightbody

1 MR. WELLWOOD: I don't have any direct information
2 regarding that.

3 Q Well, Chief Superintendent said in his testimony
4 earlier today that information from a variety of
5 sources is of assistance to law enforcement and
6 to the creation of intelligence. Did this joint
7 investigation team provide information and
8 intelligence respecting the extent and scope for
9 illegal gaming in British Columbia to the B.C.
10 Bureau, from 2017 on?

11 MR. WELLWOOD: I don't have that information available
12 in front of me or via recollection. We -- again,
13 we deal with information from a wide number of
14 sources and partner agencies, and unfortunately,
15 I'm unable to comment.

16 Q Inspector Stevens, are you able to help us with
17 that? Are you able to help us with whether or
18 not this Joint Illegal Gaming Investigation Team
19 provided information and intelligence to the B.C.
20 Bureau in this timeframe, after 2017, respecting
21 illegal gambling in British Columbia?

22 MS. STEVENS: No, I'm not. I don't deal with the
23 information itself. That's why I have the team
24 of analysts and analyst supervisors who do that.
25 We deal with thousands of pieces of information
26 and data. We aren't able to answer that, weren't
27 expecting that question, so I'm not aware if we
28 have received information from them or not.

29 MR. McFEE: Those are my questions. Thank you.

30 MR. GILCHRIST: Thank you.

31 THE COMMISSIONER: Thank you, Mr. McFee. And now I
32 think we turn to Ms. Chiu, for BMW Canada and BMW
33 Financial Services.

34 MS. CHIU: Yes, thank you, Mr. Commissioner.

35

36 EXAMINATION BY MS. CHIU:

37

38 Q My questions today are for Chief Superintendent
39 Gilchrist. As you stated at the beginning of
40 your testimony yesterday, you noted that you are
41 not an expert in money laundering, but rather,
42 that you have knowledge of money laundering as an
43 aspect of organized crime; is that correct?

44 MR. GILCHRIST: That's correct. It's one of several
45 activities that are undertaken by organized crime
46 groups.

47 Q Thank you. So, my questions will focus on the

Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Ms. Chiu, Counsel for BMW

1 Public Report on Organized Crime which has been
2 marked as Exhibit 3, Appendix E. Yesterday, you
3 provided testimony that 680 organized crime
4 groups were assessed in 2019; is that correct?

5 MR. GILCHRIST: That's correct.

6 Q And of these 680 groups, you mentioned that 176,
7 or approximately 26 percent of them, were
8 identified to be engaged in money laundering,
9 were suspected or believed to be involved in
10 money laundering activities; is that correct?

11 MR. GILCHRIST: That's correct.

12 Q And so at a national level, you had identified
13 private sector businesses as the most prevalent
14 money laundering typology; is that correct?

15 MR. GILCHRIST: As one of the typologies, yes, it was,
16 and just going to my reference notes, I do
17 believe it was at the top percentage. I'll
18 just --

19 Q I have 28 percent in my notes.

20 MR. GILCHRIST: Yes, that is correct. Private sector
21 businesses was one of the money laundering
22 typologies most prevalently used, and at 28
23 percent was the highest of the typologies from a
24 number of groups nationally that use that
25 typology.

26 Q Thank you. And those private sector businesses
27 you're referring to, are those businesses that
28 are owned or controlled by criminal
29 organizations?

30 MR. GILCHRIST: It would be a combination of
31 [indiscernible - break in recording] sector
32 businesses, maybe groups and other private sector
33 businesses would -- not be owned by the organized
34 crime group, but would be being used as a
35 typology for other money laundering activities.

36 Q If I could take you to page 10 of the public
37 report.

38 MR. GILCHRIST: Yes.

39 Q There's a section on traditional organized crime
40 networks, and it's specifically at paragraph 3.
41 So:

42
43 Traditional organized crime groups maintain
44 control of hundreds of businesses in
45 multiple industries, including food
46 services, transportation, construction and
47 haulage...

Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Ms. Chiu, Counsel for BMW

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-- and et cetera. There's a number of other industries mentioned. Is that the appropriate reference in the public report for your comments in relation to the sectors involved in money laundering?

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MR. GILCHRIST: I'm not sure if I understand your question.

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Q Yesterday, you provided testimony in relation to the most prevalent money laundering typologies, the most which was private sector businesses. So, my question is whether the reference at page 10 in the report is what you are referring to. You had given examples of various types of industries that were at the top, being food services, transportation or automotive, as well as construction, so I just wanted to confirm that that is the part of the report that you were referring to?

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MR. GILCHRIST: The -- thanks for clarifying the question. I now understand it. The reference on page -- excuse me -- on page 10 is specific to traditional organized crime networks, and that would be part of but would not be exclusive. So, for clarity, when I'm -- when I'm referring to approximately 28 percent of the groups nationally, using private sector businesses as one of their money laundering typologies, that would include traditional organized crime networks, but not exclusive to the -- that -- networks.

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Q Thank you for clarifying. And will you agree with me that there's a distinction between private sector businesses owned or controlled by criminals and those owned by legitimate non-criminal entities?

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MR. GILCHRIST: In what sense?

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Q In -- in a general sense, that --

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MR. GILCHRIST: In a general -- in a general sense, there are obvious differences between private sector businesses that are owned or controlled by organized crime, however, it's not to -- excuse me -- it's both types of private sector businesses can be used by organized crime to launder illicit funds.

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Q Now, specifically in relation to the automotive industry, you will agree with me that you do not

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Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Mr. Comeau, Counsel for the Transparency International Coalition

1 have specific expertise in relation to anti-money
2 laundering efforts used by legitimate non-
3 criminal entities; is that correct?

4 MR. GILCHRIST: That's correct. I do not have that
5 specific knowledge or expertise with regards to
6 the automotive industry and what their anti-money
7 laundering efforts are.

8 Q Thank you, sir. Those are my questions.

9 MR. GILCHRIST: Thank you.

10 THE COMMISSIONER: Thank you, Ms. Chiu. And now I
11 understand -- and please correct me if I'm wrong,
12 Ms. Farrell, but the B.C. Civil Liberties
13 Association does not have any questions?

14 MS. FARRELL: That's correct, Mr. Commissioner. Thank
15 you.

16 THE COMMISSIONER: Thank you. So, we'll move to Mr.
17 Comeau, on behalf of the Transparency
18 International Coalition.

19 MR. COMEAU: Thank you.

20 EXAMINATION BY MR. COMEAU:

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22 Q This -- Good afternoon. I'm here on behalf of
23 Transparency International Canada, "Publish what
24 you Pay" and "Canadians For Tax Fairness." And
25 to begin, I just want to clear up a matter raised
26 through questioning earlier this afternoon.
27 Chief Superintendent Gilchrist, since money
28 laundering in Canada is sourced from both
29 predicate crimes committed in Canada and
30 predicate crimes committed in foreign
31 jurisdictions around the world, would it be
32 incorrect to conclude that if Canadian law
33 enforcement were to focus solely on reducing
34 predicate crimes, money laundering in Canada
35 would be reduced? In other words, do you agree
36 that Canadian law enforcement agencies have no
37 jurisdictional power or ability to reduce
38 foreign predicate crimes, and therefore their
39 focusing only on predicate crimes and not money
40 laundering itself would be a mistake?

41 MR. GILCHRIST: I'm sorry, sir, the volume dropped at
42 the end. If I could have you repeat the
43 question?

44 Q The whole question or just the last part?

45 MR. GILCHRIST: I'm not clear what your question is,
46 so if perhaps by -- if you can summarize it, just
47 so I can --

Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Mr. Comeau, Counsel for the Transparency International Coalition

1 Q Sure. Basically, I'm saying there's predicate --
2 for money laundering in Canada, it can come from
3 predicate crimes committed in Canada and
4 committed outside of Canada. And so the
5 suggestion made earlier this afternoon for law
6 enforcement agencies to focus only on reducing
7 predicate crimes, it would not necessarily follow
8 that you've reduced money laundering, because
9 many of those predicate crimes are committed in
10 foreign jurisdictions where we have absolutely no
11 jurisdiction whatsoever, no jurisdictional power,
12 and no ability to reduce those crimes? Is that
13 -- does that make sense?

14 MR. GILCHRIST: If I understand your question
15 correctly, I think there's a few aspects to it
16 there that I could comment on. One is, as I've
17 testified, with regards to the enforcement
18 efforts and where they are directed or should be
19 directed is really an area outside of -- of my
20 purview.

21 With regards to serious and organized crime
22 and where it operates, most certainly it's not a
23 purely domestic issue. Many -- as I've
24 testified, many of the organized crime groups
25 have significant links to international -- to
26 other countries. And in a general sense,
27 tackling serious and organized crime requires a
28 comprehensive approach beyond any one individual
29 jurisdiction, beyond any individual municipality,
30 beyond an individual province. Often, it's a
31 multi-region approach that's required.

32 And more specific to your question, or as I
33 understood it, is with regards to international,
34 and certainly working closely with -- with
35 partners. I'm once again keeping my comments to
36 the criminal intelligence area. Working closely
37 with information from international partners is
38 an important piece of understanding the -- the
39 activities of organized crime in Canada.

40 Q Okay, thank you for that. Now, for clarity, can
41 you confirm that the pie diagram -- well, I'm
42 going to refer you to the 2019 Public Report on
43 Organized Crime, page 4, Figure 2. And that's
44 the proportional overview of the 2019 National
45 High-Level Threat Groups' Criminal Activities
46 and Scope. For clarity, can you confirm that
47 the pie diagram is referencing high-level threat

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1 crimes committed in Canada? In other words, these
2 crimes are not often -- may and often do have have
3 international connections, but the assessment is
4 being made with respect to crimes committed
5 predominantly in Canada itself; is that correct?

6 MR. GILCHRIST: The -- and you're -- sorry, once
7 again, sir, the volume is problematic. But
8 you're referring to the pie chart on page 4 of
9 the Public Report on Organized Crime, is what I
10 heard. And so Figure 2, which is on page 4, as
11 explained on page 3, provides a proportional
12 overview of the high-level threat groups of which
13 there were 14 assessed in 2019, and it provides a
14 proportional view into the criminal activities,
15 which is the one pie chart on the top left, and
16 the one on the bottom left is representative of
17 the geographic reach.

18 Q Thank you very much.

19 MR. GILCHRIST: If I understood you correctly, it is
20 specific to the high-level threat groups.

21 Q Thank you. Now, if foreign-sourced money
22 laundering is coming into Canada, and it were
23 estimated to be so large that it was
24 significantly inflating housing prices in
25 Canada's major cities, such that entire
26 generations of Canadians couldn't afford to buy a
27 home, and there was also increase in the number
28 of empty houses and condominiums hollowing out
29 the local economy and reducing the tax base,
30 would that degree of money laundering, on its
31 own, amount to high-risk threat?

32 MR. GILCHRIST: As explained in the public report,
33 there's a number of elements that are considered
34 when assessing a group and whether it's a high-
35 level threat. I don't think that -- certainly
36 the description you've provided is -- would be
37 very concerning. However, it's -- there are
38 multiple elements that are taken into
39 consideration when assessing. In an effort to
40 try to explain to, in this case, the general
41 public as to what would result in a group
42 becoming a high-level threat, the common, once
43 again, generic descriptors would be that they
44 have interprovincial links, if not always
45 international connections, engage in multiple
46 criminal markets, use violence to further their
47 criminal business, have a large number of

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1 criminal organized crime group association links.
2 So, I think that -- the point that I'm
3 attempting to make here is that the assessment of
4 what results in an organized crime group being
5 attributed as a high-level threat involves
6 multiple criteria.

7 Q Thank you very much. Yesterday, you testified
8 that CISC had not made an estimate of the amount
9 of money laundering in Canada. Is the reason
10 that it's probably impossible to do, given the
11 shortage of reliable data available due to the
12 secrecy surrounding money laundering?

13 MR. GILCHRIST: I guess impossible would be -- not a
14 term that I would use, simply because perhaps --
15 I simply don't know if it is possible, I guess
16 would be my evidence. What I can say is that
17 CISC, as I testified, we haven't put a dollar
18 figure on it as far as quantifying it. We do
19 follow, with a great interest, other groups that
20 have invested significant efforts. But we do
21 note that the figures that are quoted, they often
22 vary or they are a significant range. And so, it
23 is safe, from a CISC perspective, to say that we
24 would see it as a very challenging area.

25 Whether it's theoretically possible or not,
26 I would defer to perhaps academics or other
27 experts, but certainly not something that we have
28 been able to -- to come up with a dollar figure.
29 Not that we -- given that we're supporting
30 operations, I think it's an important distinction
31 that we do do assessments and analysis, but we
32 don't do pure research for -- for the explicit
33 and sole purpose of research. We're often
34 assessing in order to provide advice and guidance
35 to our law enforcement operational partners. And
36 so, it's -- the point that I'm attempting to make
37 here is that we -- we do follow closely other
38 efforts in this, but it is not something that we
39 have completed the research in.

40 Q Thank you. Is it more difficult to obtain
41 reliable evidence and data of money laundering in
42 Canada when the predicate crime is committed in a
43 foreign jurisdiction?

44 MR. GILCHRIST: The international nature of criminal
45 offences increases the complexity of
46 understanding and properly assessing the nature
47 of -- of an organized crime group. Once again,

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1 with regards to enforcement and what impact that
2 would have on Canadian enforcement
3 investigations, if the predicate crime is
4 committed in a foreign jurisdiction, I would
5 defer to my -- future witnesses from the
6 enforcement area of Canadian law enforcement.
7 But purely from a criminal intelligence
8 perspective, I can indicate that when organized
9 crime groups operate across borders, it is
10 increasingly complex and -- and is more difficult
11 to -- to collect the information required to give
12 a comprehensive assessment on the organized crime
13 group.

14 Q It is even more difficult, complex, when the
15 foreign jurisdiction is an authoritarian or
16 corrupt regime?

17 MR. GILCHRIST: We work with a variety of countries
18 around the world. Canadian law enforcement works
19 with a variety of countries around the world.
20 It's clear that countries that we have
21 information sharing agreements with or that
22 generally cooperate police to police, it's clear
23 that information for the intelligence process
24 would originate easier from -- from those
25 countries, likeminded countries, and that some
26 countries are -- if the criminal acts are
27 occurring in those countries, it can be extremely
28 difficult to obtain information to assist in our
29 development of an intelligence assessment.

30 Q Thank you. Is it fair to say, when combating
31 money laundering, if you were granted just one
32 wish, right near the top would be greater access
33 to reliable actionable high-integrity information
34 of evidence in money laundering and its predicate
35 crimes?

36 MR. GILCHRIST: Could you repeat what that wish was,
37 sir? Just so I --

38 Q Sure. Right near the top of that wish list would
39 be greater access to a reliable, actionable,
40 high-integrity information and evidence of money
41 laundering and its predicate crimes. When
42 combating money laundering, would that be the top
43 of your wish list?

44 MR. GILCHRIST: Absolutely, the accurate and reliable
45 information is the cornerstone for developing,
46 you know, timely and accurate criminal
47 intelligence. It's a fairly general question,

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1 and my answer is general in response. But the
2 underlying principle of where the information
3 comes from, is it accurate, is it timely, can it
4 be depended on, is -- absolutely has an impact on
5 our ability to assess organized crime.

6 Q Thank you. In your opinion, would it improve the
7 integrity of information -- well, first of all,
8 are you aware that the B.C. Government is in the
9 process of developing and implementing a public
10 registry of beneficial ownership of land, and
11 it's also in public discussions about a potential
12 public registry of beneficial ownership of
13 companies? Are you generally aware of that?

14 MR. GILCHRIST: I do have awareness of the B.C.
15 *Landowner Transparency Act*, if that's -- if
16 that's what you're referring to.

17 Q Yes.

18 MR. GILCHRIST: I will -- I will preface that answer,
19 though, however, it's a general awareness. It's
20 not -- that specific piece of legislation is not
21 something that I've delved into in great detail,
22 but I am aware of it in a general sense.

23 Q Thank you very much. In your opinion, would it
24 improve the integrity of the information filed on
25 the beneficial ownership registry if the
26 government were to proactively vet the
27 information filed on the registry, in particular,
28 vet the identification information filed with
29 respect to beneficial owners?

30 MR. GILCHRIST: I'm not sure if I understand your
31 question, sir.

32 Q I'm basically saying would the integrity of the
33 information filed on the beneficial ownership
34 registry improve if that information were vetted?

35 MR. GILCHRIST: Yes. Yes, I would agree with that
36 statement. One of the challenges with regards to
37 developing a comprehensive assessment of an
38 organized crime group is not knowing the ultimate
39 beneficial owners, here in Canada. For any type
40 of corporate intelligence analysis or research
41 about companies in Canada, beneficial ownership
42 information becomes an important piece of --
43 pieces of information in order to properly assess
44 organized crime involvement.

45 Q Thank you.

46 MR. GILCHRIST: When --

47 Q Oh, sorry, go ahead.

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1 MR. GILCHRIST: Just to expand on that. When
2 conducting intelligence research on professional
3 money launderers, for example, or for identifying
4 the structures of transnational organized crime
5 group, those are examples of where intelligence
6 requires access to corporate registry databases
7 across the country to determine the ownership of
8 companies known to criminal intelligence. For
9 example, a list of directors. And these
10 registries, as they currently exist, are
11 accessible by an intelligence within Canadian law
12 enforcement without the need for a warrant.
13 What's not known, though, is -- when conducting
14 that research -- who may actually be behind these
15 companies. Simply because, with the current
16 process, it's easy to register in nominee names,
17 in Canada. And so, I believe, in answering your
18 question, having a vetted process which validates
19 the information is an important part of assessing
20 the assets of organized crime groups.

21 Q Thank you for that. Now, how about requiring
22 filers to provide certified copies of government-
23 issued photo ID for beneficial owners? Which I'm
24 pretty sure you know, it's an integral part of
25 the identification method set out by FINTRAC for
26 reporting entities. Would that likely lead to
27 improved integrity quality of information filed
28 on the registry?

29 MR. GILCHRIST: Once again, without having delved
30 deeper into this topic, I can't really state one
31 way or the other as to what that verification of
32 identification should look like.

33 Q Fair enough.

34 MR. GILCHRIST: But the underlying principle of the
35 identification being verified is critical.
36 Otherwise -- otherwise, it's impossible or close
37 to impossible to know whether the identity that's
38 been registered is in fact an actual person or --
39 or not. As well, it's -- it remains unknown
40 whether the name that's -- that's put on the
41 registry is actually a director of the -- of the
42 business or whether it's simply a nominee that's
43 been a name that's been used. So, the validation
44 of the information going into a registry would be
45 a critical piece in improving the accuracy, and
46 by extension, our ability to use that
47 information.

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1 Q Thank you. Given that one of the principal
2 objectives of the public registry, publicly
3 accessible registry, is to enable persons from
4 around the world, investigative journalists,
5 NGOs, ordinary citizens, to use their local
6 knowledge to connect falsely-declared registrants
7 to the true beneficial owners, would it be
8 counterproductive to require those persons
9 searching the registry to pay a user fee each and
10 every time they conducted a search?

11 MR. GILCHRIST: I really don't feel that the fee
12 structure, or even whether there is a fee, is
13 something that would be within my purview. I can
14 only presume that others responsible for pursuing
15 this would be -- have that expertise. I really
16 don't think that it's appropriate for me to get
17 into whether it's -- whether a fee is charged or
18 what that fee is.

19 Q That's fair enough. Let me move the fee thing to
20 -- to law enforcement agencies. Would it be
21 particularly unhelpful in combating money
22 laundering to require law enforcement agencies
23 and other government officials across Canada to
24 pay a user fee each and every time they conducted
25 a search in the B.C. registry?

26 MR. GILCHRIST: No, I don't think that would be
27 helpful to have to pay a fee, simply because of
28 the volume of potential checks against the
29 database. However, that's a general statement.
30 Once again, it's outside of my purview. I would
31 defer to others that, perhaps on the enforcement
32 side, may have views on that.

33 What I am aware of is the Canadian
34 Association of Chiefs of Police and their
35 resolution, which I have reviewed, in relation to
36 beneficial ownership. And as part of their --
37 their resolution, they have urged governments to
38 create a centralized and Canadian beneficial
39 ownership registry to provide law enforcement and
40 competent authorities with readily accessible,
41 accurate and verified beneficial ownership
42 information, to prevent, detect and deter
43 financial crime and advance money laundering
44 and/or terrorist financing investigation. And
45 the reason I refer to that is, in reviewing that
46 CACP resolution, it's clear to me that although
47 it speaks to investigations, in a larger context,

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1 it talks about preventing, detecting and
2 detering financial crime and to advance
3 investigations. And my point being is that the
4 production of criminal intelligence assessments
5 would be included in that description as part of
6 the law enforcement activities that would be --
7 that would benefit from the existence of such
8 registry.

9 Q Thank you. Would it be helpful to assist, or
10 more specifically, to other law enforcement
11 agencies in Canada, to have the ability to
12 receive from persons in Canada and all around the
13 world, information and evidence connecting
14 falsely declared beneficial owners of the
15 perpetrators of the predicate crimes?

16 MR. GILCHRIST: The underlying principle is that the
17 registry -- the information needs to be accurate.
18 And so, if one of the mechanisms to validate the
19 accuracy of the information is, as you've
20 described -- first of all, submission of some
21 sort of documentation with a level of comfort
22 that the information is actually accurate, that
23 would be one critical piece. And then the other
24 piece would be the ability for individuals who
25 may have knowledge beyond what law enforcement
26 would have, and if there are incidents where a
27 member of the general public, as you've said --
28 it could be a member of the general public or it
29 could be a researcher or it could be a member of
30 a media, but if they have information that
31 suggests that the information in the registry is
32 incorrect, absolutely, there'd be benefit in that
33 -- that information surfacing.

34 Q I'm actually going much further than that. I'm
35 actually saying it's not just that the
36 identification information is incorrect, it's
37 that -- let's say you have someone overseas and
38 they see that the person that is registered on
39 the registry is the, say, 19-year-old nephew of a
40 -- the mayor of their town, known to be corrupt,
41 and it is -- or it's of a known, you know,
42 criminal, criminal organization -- in other
43 words, it's far beyond identification, it's
44 actually talking about providing Canadian law
45 enforcement agencies with evidence connecting the
46 falsely declared beneficial owner with the
47 perpetrators of the predicate crimes. Would that

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- 1 be helpful for Canadian law enforcement agencies
2 to have a way to receive that information?
- 3 MR. GILCHRIST: I think that information coming from
4 whatever source that can provide perhaps linkages
5 between an individual to an organized crime group
6 would be of assistance. And once again, I'll
7 keep my comments confined to the generation of
8 criminal intelligence assessments. However,
9 absolutely, the reality is, is that as names are
10 registered, some of that information, when
11 checked against intelligence holdings, may
12 indicate a linkage to an organized crime group.
13 However, it's still knowledge that many such
14 linkages simply would not be known to -- to law
15 enforcement, and therefore if there's
16 opportunities whereas a member of the public, in
17 whatever role that member of the public is, can
18 surface that information, that would be
19 beneficial for Canadian criminal intelligence in
20 -- in essentially pointing to the right direction
21 of a potential linkage to organized crime.
22 Obviously, it would be inherent on that
23 information being validated, but as a -- as a
24 preliminary indicator to point in the right
25 direction, it would be very valuable information.
- 26 Q Is it correct that FINTRAC, Canada Border
27 Services Agency and -- and Canada Revenue Agency
28 each have a confidential tip line for the public
29 to confidentially provide information about
30 potential crimes to these agencies?
- 31 MR. GILCHRIST: I don't have any reason to doubt that
32 statement. However, I must say, I don't
33 personally have knowledge of what their tip lines
34 are. I can only say in a general sense that,
35 with my experience in law enforcement, most major
36 federal departments, particularly ones that are
37 involved in law enforcement functions in one way
38 or another, do have tip lines. I just -- I don't
39 have that - [indiscernible - overlapping
40 speakers]
- 41 Q Fair enough. I'm really -- I'm really looking
42 for the concept. In the same vein, are you aware
43 of the existence, say, of Crime Stoppers programs
44 used across Canada, just the existence --
- 45 MR. GILCHRIST: Yes, I am.
- 46 Q Okay. And more specifically, are you aware that
47 according to -- I'm just reading you off the

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1 statistics of their website -- the Ontario
2 Association of Crime Stoppers website states that
3 since its inception in Ontario, it has resulted
4 in 126,000 arrests, and over \$2 billion in
5 property recovered and drugs seized.

6 MR. COMEAU: And I believe the Commission may have
7 that statistic page. If we could put that up on
8 the screen, if possible. Is that possible?

9 THE COMMISSIONER: Can you -- Can you -- I'm sorry -
10 Can you identify that by -- [indiscernible -
11 overlapping speakers]

12 MR. COMEAU: I can't. Sorry. It's okay. I tell you
13 what, if at one point we could put it up -- you
14 know, and have it -- it was entered yesterday,
15 and so I don't have the reference number. But
16 it's not important. I really just would like
17 that to be put into evidence because of the --
18 just the overwhelmingly surprising number of
19 arrests and over \$2 billion in property
20 recovered. So, what I really want to do is --

21 THE COMMISSIONER: If it is already exhibited before
22 the Commission, then it is in evidence.

23 MR. COMEAU: Terrific. Thank you very much.

24 Q And I'd like to ask Chief Inspector Gilchrist,
25 are you aware that the Transparency International
26 Coalition has recommended to the B.C. and
27 Canadian Government that a confidential tip line
28 be added to the publicly accessible registries of
29 beneficial ownership so that Canadian law
30 enforcement agencies, probably through FINTRAC,
31 but clearly up to Canadian law enforcement
32 agencies, would receive confidential information
33 from around the world, providing facts and
34 evidence connecting falsely declared beneficial
35 owners with perpetrators of predicate crimes,
36 were you aware of that submission by Transparency
37 International?

38 MR. GILCHRIST: No, actually I'm not aware of that
39 specific submission with regards to a tip line.
40 As I've testified, I am aware of a variety of tip
41 lines, and throughout my career, am aware of the
42 benefits of having a readily accessible known way
43 for the public to phone in to report crimes or to
44 report suspicious circumstances. Often it is a
45 launching point for law enforcement to be able to
46 conduct further inquiries based on the
47 information that comes in from the public.

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1 Q Okay.

2 MR. GILCHRIST: But the specific one that you
3 reference, I just don't have knowledge of it.

4 Q In my understanding -- and I think we're going to
5 find out more over the next couple days, at least
6 I hope -- there's a big problem with the
7 beneficial ownership registry in B.C. and
8 probably will be in other jurisdictions, is the
9 cost. It's the cost of doing the vetting, proper
10 vetting, and if we do this confidential tip line
11 -- and going to you know, -- to Canada --
12 Canadian law enforcement agencies -- it's going
13 to be the cost to them of the additional
14 administrative staff, expert staffing, to analyze
15 the credibility of the information and evidence
16 that they receive through that tip line. So --
17 well, I guess just a rough question. Would \$2
18 billion go a long way in financing those costs?

19 MR. GILCHRIST: I really am not informed to provide --
20 you know, information one way or the other as to
21 the cost. I haven't been involved or even
22 exposed to -- to those discussions, and it's, as
23 I testified, beyond my purview. I simply defer
24 to other witnesses as you've mentioned that may
25 appear before the Commission.

26 Q I'd like to move on to law enforcement's ability
27 to flip front men for money launders,
28 particularly because of -- you know, any time
29 you've got a front man for money laundering,
30 you've got him, but you really want to go after,
31 you know, the perpetrator of the predicate crime.
32 Just generally, are you -- well, I'll give you a
33 specific one, but I'm not expecting you to know
34 the specific one. Are you aware that U.S. Code
35 18, Section 1001, makes it an offence punishable
36 by fines up to \$5 million and five years in
37 prison for making a false or misleading statement
38 in a government file? I just mean generally,
39 have you heard of that type of thing going on in
40 the States?

41 MR. GILCHRIST: That, once again, with regards to
42 enforcement, is largely outside of my purview. I
43 -- I have a general knowledge of various
44 criminal justice systems around the world, but I
45 have not looked into this specific piece of
46 legislation that you refer, and very frankly, I
47 would suggest that -- and very respectfully, I

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1 would suggest that individuals -- law enforcement
2 -- witnesses from the enforcement aspects of that
3 -- Canadian law enforcement are much better
4 positioned to be able to comment on -- on any
5 investigative techniques, including the one that
6 you have alluded to.

7 Q Right. Okay, thank you for that. And also,
8 right now we have, I believe, a situation in
9 Canada where, say, a reporting entity, let's say
10 a bank, financial institution, and their client
11 lies to them about their true beneficial owner,
12 the bank bears that risk, and if they get the
13 vetting wrong, it's huge reputational risk, but
14 also they risk sanction for doing so. My
15 understanding is there is not an offence, per se,
16 for that client, who has the best information
17 about his own beneficial ownership. It's not an
18 offence, per se, to falsely represent his
19 beneficial ownership to the reporting entity.
20 Does that seem like a hole in our money
21 laundering system?

22 MR. GILCHRIST: Once again, I -- I don't feel that
23 it's an area that I have enough knowledge or even
24 that it's within the purview of criminal
25 intelligence to necessarily comment on. I -- one
26 way or the other, I have no doubt that there are
27 other law enforcement -- potentially law
28 enforcement witnesses that would have much
29 greater knowledge in this area, and I would
30 simply refer the Commission to such witnesses.

31 Q Okay, let me -- let me switch then to something
32 much more -- you were talking about, over the
33 last two days, and with much expertise -- and I
34 greatly appreciate all of that. I want to focus
35 on the business models of money laundering,
36 basically putting them into two groups. Is it
37 generally the case that the business model for
38 the drug trade, say, cocaine, fentanyl, those
39 precursors and synthetics, is such that a
40 significant portion of the profits from those
41 drugs sales are reinvested back into the business
42 itself? For example, to purchase more drugs,
43 more drug precursors, in order to accumulate and
44 create more inventory to sell again? Is that --
45 they have to keep reinvesting in their inventory?

46 MR. GILCHRIST: That -- that would be part of what
47 they would use the laundered funds, would be to

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1 continue their illicit activities.

2 Q Thank you. And so is it also the case that -- so
3 money laundering is used for that inventory-
4 based business model. Is it also a case that
5 many other crimes, such as bribery, political
6 corruption, fraud, extortion, tax evasion,
7 there's no inventory per se to replenish, and
8 therefore when criminals launder these proceeds,
9 they're not doing so for the purpose of quickly
10 buying more inventory; is that correct?

11 MR. GILCHRIST: I'm not sure I understand your
12 question.

13 Q So I'm saying, if we were to divide money
14 laundering business models into two groups, one
15 would be an inventory-based business, much like,
16 you know, a consumer business, a retailer,
17 wholesaler, they have to keep buying inventory,
18 they sell it, they make a profit, but much of
19 those profits have to go -- reinvested back, i.e.
20 they have to buy more inventory to sell. And to
21 me, that sounds like the drug trade. Whereas if
22 we're talking about many other types of money
23 laundering predicate crimes like bribery,
24 political corruption, fraud, extortion, tax
25 evasion, there's no inventory per se to
26 replenish. There is certainly revenue, but
27 there's no inventory. They don't have to go back
28 and buy more of whatever got them that money.
29 And so, in other words, when they launder their
30 money, they're not doing so for the purpose to
31 quickly buy more inventory, they're doing it for
32 another purpose. Does that seem fair? A good
33 categorization of inventory and non-inventory?

34 MR. McCLEERY: Mr. Commissioner, if I may rudely
35 interrupt. I note that Mr. Comeau is over his
36 time, and in light of Chief Superintendent
37 Gilchrist's earlier comments that he's not an
38 expert on money laundering, I wonder if we might
39 be able to narrow the inquiries and to focus on
40 his particular area of expertise if there are
41 further questions.

42 MR. COMEAU:

43 Q So what I was getting at there --

44 THE COMMISSIONER: Well, just before you do, Mr.
45 Comeau, I think the point is well taken. We're
46 coming near to the end of the day. I'm not going
47 to stop you right here and now, but if you can

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1 just focus in on what Chief Superintendent
2 Gilchrist was -- was called to testify about.
3 You're really asking him much more about the area
4 of money laundering and he's already told us he
5 has no expertise in that.

6 MR. COMEAU:

7 Q Well, can I talk about -- so I would like to talk
8 about what you had mentioned previously in your
9 testimony about trade-based money laundering and
10 the difficulties of - investigating under and
11 over invoicing and estimating what that is
12 about, and just wondering if you -- if you have
13 -- would be willing to talk about a red flagging
14 system that could be used in trade-based money
15 laundering. Do you have a minute to talk about
16 that?

17 MR. GILCHRIST: I'm not sure what you're referring to
18 with regards to a red flag system.

19 Q Well, very briefly, as -- as you've actually
20 talked about previously, an overwhelming majority
21 of trade-based money laundering involves illegal
22 transfer of value through trade that benefits one
23 willing party at the expense of another willing
24 party, but both parties are willing. And that
25 suggests that there is often commonality of
26 beneficial ownership -- the ultimate beneficial
27 owner -- ownership is the same, or they're part of
28 some organized crime syndicate where the bene-
29 ficial ownership is likely to have commonality.
30 Is that fair? And is it something that CICS or
31 CBSA would be interested in exploring?

32 MR. GILCHRIST: The level of detail of your question
33 with regards to trade-based money laundering --
34 although it is one of the typologies that is
35 considered by CISC, but I just don't have the --
36 the specialized knowledge in trade-based money
37 laundering to respond to the very precise
38 inquiries that you're asking.

39 Q Fair enough. Fair enough.

40 THE COMMISSIONER: And I think, Mr. Comeau, you will
41 get a chance at some point to cross-examine
42 witnesses who do have some expertise in that
43 area. So, I just encourage you to bring your
44 cross-examination to a close, as you're well over
45 your time now.

46 MR. COMEAU: Yeah, and I will. And I just want to
47 close by thanking the Chief Inspector and other

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1 members of his staff for -- for all they've done
2 over the last couple of days, and thank you for
3 answering my questions. I appreciate it. I'm
4 completed.

5 THE COMMISSIONER: Thank you, Mr. Comeau. And we are
6 near the end of our scheduled time for today, but
7 are there any other participants who have any
8 questions who have not had an opportunity yet to
9 ask them? All right. Mr. McCleery, do you have
10 any re-examination you wish to make?

11 MR. MCCLEERY: I do not. Maybe just one issue to
12 clarify, mostly for the benefit of the record.
13 The website that Mr. Comeau referred to was not
14 entered as an exhibit yesterday, but it was
15 provided along with a set of documents from
16 Transparency International and their coalition
17 partners, so we will speak with Mr. Comeau about
18 the best way to get that into evidence.

19 THE COMMISSIONER: All right. Thank you. That's
20 helpful. All right. So, we have to come to the
21 end of the proceedings for today, and I think it
22 is important that I thank Chief Superintendent
23 Gilchrist, Inspector Stevens and Mr. Wellwood for
24 their evidence and their attention to detail and
25 providing it to us. You have collectively given
26 us a wide-ranging and thorough introduction to
27 the world of criminal intelligence, and it will
28 help us as we move through the Commission to
29 better understand the need for communication
30 between and among various agencies, and it will
31 also help us in developing a response to the many
32 issues that arise from our mandate. So, thank
33 you, the three of you, and you are now excused
34 from further testimony.

35 MR. GILCHRIST: Thank you, Mr. Commissioner, for the
36 opportunity to appear as a CISC representative.
37 It's greatly appreciated that CISC was invited to
38 provide and share our insight, and I truly hope
39 that it has been of assistance, and once again,
40 thank you to you and to counsel.

41 THE COMMISSIONER: Thank you. We will now adjourn to
42 tomorrow at 9:30.

43 THE REGISTRAR: The hearing is adjourned for the day
44 and will commence at 9:30 a.m. on June 11, 2020.
45 Thank you.

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(WITNESSES EXCUSED)

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Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for
the Commission)

Examination by Mr. Comeau, Counsel for the
Transparency International Coalition

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(PROCEEDINGS ADJOURNED TO JUNE 11, 2020, AT 9:30
A.M.)