

**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

Friday, June 12, 2020

## APPEARANCES

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Ron Usher	Society of Notaries Public of B.C.
William Smart, QC	B.C. Lottery Corporation
Mark Skwarok Melanie Harmer	Great Canadian Gaming Corporation
Christine Mainville	Robert Kroeker
Robin McFee, QC Maya Ollek	James Lightbody
Chris Weafer Patrick Weafer	B.C. Real Estate Association
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Emily Lapper	B.C. Civil Liberties Association
Jo-Anne Stark	Canadian Bar Association, B.C. Branch
Kevin Comeau	Transparency International Coalition

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1  
Mark Sieben, Christina Dawkins and Megan Harris (for  
the Commission)  
Examination by Mr. McGowan, Counsel for the Commission

Vancouver, B.C.  
June 12, 2020

1  
2  
3  
4 THE REGISTRAR: Good morning. Thank you for waiting.  
5 The hearing is resumed.

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

8 MR. MCGOWAN: Yes, Mr. Commissioner. Thank you. I  
9 have a few more questions for the panel this  
10 morning.

11  
12 MARK SIEBEN, a witness,  
13 recalled.

14  
15 CHRISTINA DAWKINS, a witness,  
16 recalled.

17  
18 MEGAN HARRIS, a witness,  
19 recalled.

20  
21 EXAMINATION BY MR. MCGOWAN, continuing:

22  
23 Q Ms. Harris, first of all to you. In your  
24 evidence yesterday, you made reference to a body  
25 or a concept which I gather has a working name,  
26 at least, as the Fusion Centre?

27 MS. HARRIS: Yes, that's correct.

28 Q I'm just going to ask that -- you've provided the  
29 Commission with a document titled "B.C.  
30 Compliance and Enforcement Anti-Money Laundering  
31 Fusion Centre."

32 MR. MCGOWAN: I wonder if that could be displayed,  
33 Madam Registrar.

34 Q Ms. Harris, is this a PowerPoint slide deck that  
35 presents, at a fairly high level, an overview of  
36 this concept?

37 MS. HARRIS: Mr. McGowan, if you can just give me a  
38 moment, I'm just looking for it in my documents.  
39 Yes, that's correct.

40 Q Thank you. And I don't intend to have you take  
41 the Commissioner through the slide deck in any  
42 detail, but I wonder if you might just take a  
43 moment and explain to the Commissioner what this  
44 fusion centre is all about, where it's at in its  
45 -- in its development or approval, and what the  
46 plan is going forward?

47 MS. HARRIS: As I noted yesterday, in the development

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1 and the concept of financial intelligence and  
2 investigative unit, we went through consultation  
3 with a third-party consultant, which you noted,  
4 Sir Robert Wainwright, and others at Deloitte.  
5 In those conversations, the working group heard  
6 that there was a benefit to understanding the  
7 data we had and the regulatory information that  
8 could come forward and the need for a strong  
9 regulatory compliance program. So, in the  
10 process of the review of what an FIIU -- a  
11 financial intelligence investigative unit -- can  
12 look like, we -- the working group also looked at  
13 a concept for a regulatory information sharing  
14 centre.

15 Q Okay, and what sort of regulatory bodies did you  
16 envision would be part of this information  
17 sharing centre?

18 MS. HARRIS: This is a very high-level concept, very  
19 high-level introductory discussions. The  
20 thinking was to have groups like members of the  
21 real estate sector as a starting point, and  
22 gambling, as well, understanding that those are  
23 two sectors that are already involved in this  
24 discussion and would be a good starting point.  
25 As it grew, we could begin to include other  
26 regulators and possibly non-regulators in the  
27 future.

28 Q Okay, and what is the status of the fusion centre  
29 right now? Are you proceeding with the  
30 development of that or is it ongoing?

31 MS. HARRIS: No, that -- it was -- it's just in the  
32 concept phase.

33 Q And are you moving forward with developing that  
34 concept and ultimately seeking approval or are  
35 you -- have you halted work on that?

36 MS. HARRIS: This is a presentation that was provided  
37 to the Anti-Money Laundering deputy ministers  
38 committee back in May, and so I can let Mr.  
39 Sieben speak to any of the conversations from the  
40 deputy ministers.

41 MR. SIEBEN: Good morning, Mr. McGowan, perhaps --

42 Q Good morning.

43 MR. SIEBEN: -- I might add a comment. The fusion  
44 centre remains a path of great interest to the  
45 deputy minister's council. It's particularly  
46 attractive to us, given that it portrays an  
47 approach that is both integrated and holistic and

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1 takes into account the regulatory  
2 responsibilities and regimes across multiple  
3 sectors. So we very much support the early work  
4 to continue. There is work, as we discussed  
5 yesterday, happening in a number of the sectors,  
6 and I understand that the Commission is going to  
7 be hearing from a number of representatives from  
8 a number of the regulatory agencies. As those  
9 discussions mature, we are hopeful that the  
10 individual sort of mandates that each of the  
11 regulatory agencies pursues will be sort of  
12 consistent with the division that's laid out in  
13 the slide deck. And we are also cognizant that  
14 this, too, potentially is an area in which the  
15 Commissioner may have some advice to pass along  
16 to the province and the regulatory agencies.

17 MR. MCGOWAN: Mr. Commissioner, if that slide deck  
18 could be the next exhibit, please.

19 THE COMMISSIONER: Very well. That will be Exhibit  
20 61.

21 THE REGISTRAR: Exhibit 61.

22  
23 EXHIBIT 61: B.C. Compliance and Enforcement  
24 Anti-Money Laundering Fusion Centre (Slide  
25 Deck) May 2019  
26

27 MR. MCGOWAN: Thank you. We can take that down now,  
28 Madam Registrar.

29 Q I wanted to -- just to come back and ask you a  
30 couple of questions relating to the gaming  
31 industry. You talked about the fusion centre  
32 being a centre for information sharing of  
33 regulators, and one of the regulators who has  
34 been in existence and would likely be part of  
35 that would be the Gaming Policy Enforcement  
36 Branch, but I understand there's a plan to  
37 transition that to the Independent Gambling  
38 Control Office. I wonder, either Ms. Harris or  
39 Mr. Sieben, whoever's best placed, if you can  
40 speak to what that transition is intended to  
41 accomplish and how the structure and role of the  
42 organization will change with that transition?

43 MS. HARRIS: Yes, there is an intention to transition  
44 the Gambling Policy Enforcement Branch to the  
45 Independent Gambling Control Office. This is  
46 based off of recommendations from Dr. German's  
47 first report. And the -- there's a number of

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- 1 reasons for that. That will help provide the  
2 ability for the general manager to have further  
3 statutory authority and independence from the  
4 revenue generation of casinos. Beyond that, I  
5 think that those are good questions to ask the  
6 Gaming Policy and Enforcement Branch, as well.
- 7 Q The structure is intended to provide a greater  
8 independence from -- from government and from, I  
9 guess, as you said, I guess the revenue  
10 generation side; is that fair?
- 11 MS. HARRIS: From revenue generation, that's correct.  
12 You need to understand that the -- the  
13 Independent Gambling Control Office would  
14 still report through a ministry of government.
- 15 Q Thank you. One of the things we discussed  
16 yesterday was the implementation of source of  
17 cash rules that had, I think, their origin, at  
18 least in part, in Dr. German's first report. So  
19 I wanted to ask Mr. Sieben, at a general level --  
20 and I understand you may not be the person to  
21 have specific numbers, but -- but has the  
22 implementation of the source of cash rules had an  
23 impact on the quantity of cash coming into Lower  
24 Mainland casinos and a corresponding impact on  
25 revenue generation?
- 26 MR. SIEBEN: Yeah, I'm sorry, I'm not familiar with  
27 what the -- the results felt at individual -- at  
28 casinos, Mr. McGowan. I don't know if Ms. Harris  
29 is aware of that.
- 30 MS. HARRIS: I can't speak to the revenue generation,  
31 no.
- 32 Q Has the deputy ministers committee or the  
33 secretariat looked at or considered the prospect  
34 of lowering the level at which the source of cash  
35 rules would kick in? Ms. Harris?
- 36 MS. HARRIS: Sorry, Mr. McGowan, I'm just thinking. I  
37 don't recall a conversation.
- 38 Q Has the secretariat or the deputy ministers  
39 committee considered the prospect of imposing a  
40 cap on the quantity of cash that can be used to  
41 buy in at British Columbia casinos?
- 42 MS. HARRIS: I can't recall a conversation.
- 43 Q If we can move on to a different topic. Dr.  
44 Dawkins, yesterday you made reference to  
45 unexplained wealth orders as one concept that is  
46 being explored.
- 47 MR. MCGOWAN: And, Madam Registrar, I wonder if we

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1           might, please, have a briefing document, my --  
2           our internal 15H, displayed, on unexplained  
3           wealth orders?  
4       Q     Dr. Dawkins, do you -- do you see that document?  
5       DR. DAWKINS: I do.  
6       Q     And just for the benefit of anyone listening who  
7           doesn't already know, I wonder if you just might,  
8           in brief, explain what an unexplained wealth  
9           order is?  
10       DR. DAWKINS: An unexplained wealth order puts --  
11       THE COMMISSIONER: I'm sorry, I'm not sure if it's  
12           just me, Dr. Dawkins, but I'm having difficulty  
13           hearing you, and I'm not sure if that's  
14           widespread or not.  
15       DR. DAWKINS: Is this better? No?  
16       THE COMMISSIONER: Yes, it is marginally better.  
17       DR. DAWKINS: How about now? Is that okay? Can you  
18           hear me?  
19       MR. MCGOWAN: I can hear you, but it is -- it is a  
20           little fainter than Mr. Sieben and Ms. Harris.  
21       DR. DAWKINS: I can maybe speak more loudly, but  
22           otherwise, I don't know how to remedy this, with  
23           the technology --  
24       THE COMMISSIONER: That's fine, you can --  
25       MR. MCGOWAN: Can you hear sufficient for us to carry  
26           on?  
27       THE COMMISSIONER: Yes, I can, thank you. Carry on.  
28       MR. MCGOWAN: Thank you.  
29       Q     So you were just going to tell the Commissioner,  
30           in brief, what an unexplained wealth order is.  
31       DR. DAWKINS: An unexplained wealth order requires a  
32           person to explain the source of their -- their  
33           wealth, and if they cannot provide sufficient  
34           evidence of how they obtained their wealth, it  
35           allows for -- for that wealth to be -- to be  
36           removed.  
37       Q     And jurisdictions that have that in place right  
38           now, it allows them to target specific assets  
39           where they have some suspicion they may have come  
40           from illicit origins and require the owner of  
41           that asset to explain the source of funds that  
42           were used to purchase it and provide evidence of  
43           that, failing which, they risk losing it? Is  
44           that a fair summary?  
45       DR. DAWKINS: That's correct, yes.  
46       Q     And this briefing document is addressed to the  
47           Deputy Minister of -- or, pardon me -- yes, to



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- 1           the Deputy Minister of Finance and is, I gather,  
2           for a decision on whether or not the province  
3           will preclude a development of an unexplained  
4           wealth order regime in British Columbia; is that  
5           fair?
- 6       DR. DAWKINS: Correct. It's to seek direction on  
7           whether we should continue working on this -- in  
8           this area and exploring the policy options  
9           related to unexplained wealth orders.
- 10       Q     Okay, and the direction was that you should so  
11           proceed?
- 12       DR. DAWKINS: Correct.
- 13       Q     And is that work carrying on?
- 14       DR. DAWKINS: It is, yes.
- 15       Q     And what -- what stage is the development of this  
16           regime at or the exploration of this regime at?
- 17       DR. DAWKINS: It's still at a very early stage. Staff  
18           continue to -- to talk with stakeholders and  
19           experts to understand better the -- the  
20           implications and the policy issues surrounding  
21           unexplained wealth orders. It's still at a very  
22           early stage.
- 23       Q     Okay, and has the investigation yet landed on a  
24           decision or options as to who would conduct  
25           investigations to gather the evidence to pursue  
26           unexplained wealth orders?
- 27       DR. DAWKINS: No, it has not.
- 28       Q     And is it fair, understanding that if the  
29           unexplained wealth order regime was put in place,  
30           that the revenue generated from that would go to  
31           the province?
- 32       DR. DAWKINS: That has not been decided, no.
- 33       MR. MCGOWAN: If I might just have a moment, Mr.  
34           Commissioner.
- 35       Q     Has the decision about pursuing an unexplained  
36           wealth order regime risen to -- I see the  
37           briefing note was addressed to the Deputy  
38           Minister. Has it risen to the level of Minister?
- 39       DR. DAWKINS: I have not -- I have not raised it to  
40           the level of the Minister. I'm not privy to  
41           whatever conversations may have occurred between  
42           the Deputy Minister and the Minister on this  
43           matter.
- 44       Q     Does the deputy minister's committee, in  
45           principle, support pursuing unexplained wealth --  
46           an unexplained wealth order regime in British  
47           Columbia?

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1 DR. DAWKINS: That would be a question better directed  
2 to Mr. Sieben.

3 MR. SIEBEN: Yeah, I'm happy to comment. Thank you.  
4 It's a topic and concept of -- of strong interest  
5 to the -- to the committee. We'd like to see  
6 further work done in the area.

7 MR. MCGOWAN: Thank you. Mr. Commissioner, those are  
8 my questions for this panel.

9 THE COMMISSIONER: Thank you, Mr. McGowan. And I -- I  
10 invite you to step in if I've got this wrong, but  
11 I believe the first participant to ask questions  
12 is Ms. Herbst, from the Law Society of B.C.?

13 MR. MCGOWAN: That's correct, Mr. Commissioner, and  
14 she's been allocated 20 minutes for today.

15 THE COMMISSIONER: Thank you.

16 MS. HERBST: Thank you very much.

17

18 EXAMINATION BY MS. HERBST:

19

20 Q And you've heard, my name is Ludmila Herbst, I'm  
21 counsel for the Law Society of B.C. And I have a  
22 few questions regarding some of the exhibits that  
23 were marked yesterday and this morning. Various  
24 of my questions are clarification points, and I'd  
25 welcome any of you to jump in and provide  
26 whatever information you can.

27 MS. HERBST: And if we could start with Exhibit 41,  
28 and if Madam Registrar would be so kind as to  
29 display that document. It's the September 2018  
30 Terms of Reference that were referred to  
31 yesterday. And I believe that they were referred  
32 to as the initial terms of reference that struck  
33 the AML Deputy Ministers Committee. Thank you  
34 very much.

35 Q The word "draft" is on this document, and I  
36 don't, for a moment, by raising this, suggest  
37 anything amiss. And I know often when people ask  
38 questions about documents, it creates that  
39 impression, and I'm certainly not. But I just  
40 wanted to get some clarification for the record  
41 to the extent that you're able to provide it. We  
42 had heard yesterday some evidence regarding  
43 evolution of the terms of reference leading to  
44 June 2019 terms of reference for a re-established  
45 committee. I just wanted to ask whether the  
46 terms of reference for the originally constituted  
47 deputy ministers committee were ever finalized or

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1 if they remained in draft form?

2 MR. SIEBEN: Apologies, I was struggling with the mute  
3 there. That's a very -- very fair question,  
4 given that "draft" is watermarked all over this  
5 document. And I wonder at times whether  
6 watermarking of any type on our documents is  
7 insightful or useful, frankly. I note that in a  
8 few other documents, they're noted as  
9 confidential, and nothing really stands out as a  
10 document that might make of interest unless you  
11 mark it as confidential. It really isn't all  
12 that different than any other document that might  
13 be made available.

14 My -- It might be worth noting that the June  
15 2019 updated version of the terms of reference  
16 included, at the back, a sign-off page which  
17 deputies, including my acting deputy, signed off,  
18 and it would be fair to say that we -- that we  
19 sort of learned some discipline by June 2019.  
20 But I would -- I would consider --  
21 notwithstanding this watermark that is noted as  
22 "draft", that this September 2018 document  
23 reflects the true and final version of the terms  
24 of reference for our initial AMLDMC group.

25 Q Okay, that's fair. So you're not aware of  
26 another version of this from back in September of  
27 2018?

28 MR. SIEBEN: I am not, nor a version between September  
29 2019 and the June 2019 document that the  
30 Commission is also in receipt of.

31 Q Okay, thank you.

32 MS. HERBST: Now, the next document I'd like to turn  
33 to, if possible, and if Madam Registrar would be  
34 so kind as to pull it up, is Exhibit 46, which is  
35 the Provincial Anti-Money Laundering Strategy  
36 document.

37 Q And, with apologies, I have a question about  
38 another notation on it, and that -- that's the  
39 document last updated January 30, 2020. And if  
40 you could turn to the second page of this  
41 document, and going forward, there is, at the  
42 very bottom of the page, a red marking that says  
43 "For Cullen Commission." And again, I'm not for  
44 a moment suggesting anything wrong with this. I  
45 know part of the deputy ministers committee's  
46 mandate is to communicate with the Commission.  
47 But I -- I wondered if this document was prepared

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the Commission)  
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of British Columbia

1 specifically for this Commission?

2 MS. HARRIS: This document was not prepared  
3 specifically for the Cullen Commission. However,  
4 this January 30th version is the latest version  
5 that was edited and brought forward to the Cullen  
6 Commission in -- in our primary meeting.

7 Q I see, and so there's not -- there's not a  
8 parallel version that -- a non-Cullen Commission  
9 version, if I can put it that way?

10 MS. HARRIS: No, there's not.

11 Q Okay, thank you. And if we could turn to page 7  
12 of this document, Exhibit 46. There is a  
13 reference to Strategy 1.2.4, and I just want to  
14 loop back at something that was in the evidence  
15 yesterday, and a little bit this morning. 1.2.4  
16 says:

17  
18 Review and consider any recommendations  
19 resulting from the independent commission of  
20 inquiry into ML activities within B.C.

21  
22 And then underneath that are -- are the comments:

23  
24 Align with findings of interim report of the  
25 commission.

26  
27 And:

28  
29 Review and align with findings of final  
30 report of the commission as needed.

31  
32 I just wanted to -- is Strategy 1.2.4 reflective  
33 of the comments that were made yesterday in terms  
34 of a desire to be able to take into account the  
35 Commission's recommendations and adjust the plan  
36 as needed rather than -- I think this was the  
37 expression used at one point -- jumping the gun  
38 with some of the steps taken first?

39 MS. HARRIS: Yes, that's correct. The strategy, as I  
40 mentioned yesterday, was meant to be agile and  
41 responsive, and this is a reflection of that.

42 Q Okay, and is it fair to say, then, that it  
43 remains open -- and I'm not suggesting that you  
44 can -- you can say for sure what will happen, but  
45 it at least remains open to the secretariat, Ms.  
46 Harris, and the deputy ministers committee, Mr.  
47 Sieben, to proceed in a way aligned with the

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1            recommendations made by -- by this Commission,  
2            even if they don't necessarily turn out to align  
3            with the recommendations of the German and  
4            Maloney reports?

5        MR. SIEBEN: My apologies again. I'll endeavour to be  
6            quicker on my mute button.

7            The short answer is, yes, however, I would  
8            also note that the deputy ministers committee  
9            would be and will continue to be open to advice  
10           and information from the regulatory bodies that  
11           continue to do work in this area. So it is  
12           prudent, in our view, to make sure, as Ms. Harris  
13           has indicated, that the strategy remains agile  
14           and nimble, and therefore made sense to craft a  
15           place specific for hearing advice from the --  
16           from the Commission. And I just wanted to  
17           underscore that that doesn't mean that there may  
18           be advice and agencies that don't have a strategy  
19           number linked to them in the document. That  
20           wouldn't mean that wouldn't be available to  
21           provide advice to government for us to continue  
22           our work in this area.

23        Q        Okay. And, Ms. Harris, from the point of view of  
24            the secretariat, is that -- is your perspective  
25            aligned with that?

26        MS. HARRIS: Yes, it is aligned. The strategy was  
27            developed with the thinking that the goals and  
28            objectives would remain consistent. However, the  
29            strategies and actions within would be -- would  
30            be agile to any -- any feedback.

31        Q        Okay. Now, I have a question that relates a  
32            little bit to -- but we don't need to turn to  
33            this document, but Exhibit 48 was a bundle of  
34            minutes from the deputy ministers committee  
35            meetings, and I see sometimes a reference to Dr.  
36            German, not as an attendee, but sometimes  
37            referred to as someone who would be consulted  
38            with or potentially met with. Does Dr. German --  
39            as opposed to -- as opposed to or as distinct  
40            from his reports, does he personally have an  
41            ongoing role in advising the government on anti-  
42            money laundering measures?

43        MS. HARRIS: Yes, we continue to work with Dr. German  
44            in an advisory function. As we are discussing  
45            and reviewing his recommendations and findings,  
46            we may speak with him around our approach and  
47            seek his feedback.

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the Commission)

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of British Columbia

1 Q Okay.

2 MR. SIEBEN: I might comment further, if that would be  
3 helpful.

4 Q Sure.

5 MR. SIEBEN: I don't recall -- in fact, I'm fairly  
6 confident that Dr. German has not been against  
7 nor provided -- had a direct participatory role  
8 in the DMCAML. The -- this -- their contact that  
9 occurs -- occurs through the secretariat and  
10 through the Ministry of Attorney General, given  
11 that's where his business relationship is as --  
12 as someone who has sort of done work at the  
13 ministry and the minister's -- that minister's  
14 behalf in -- in this area. Given -- a -- as is  
15 reflected in the initial terms of reference and  
16 then also supported in the September 2019 terms  
17 of reference, given that there continues to be a  
18 focus on how government is intending to approach  
19 his recommendations, his views relating to what  
20 -- what the province has in mind in relation to  
21 those recommendations is -- is relevant. That's  
22 not to say that Dr. German necessarily has a role  
23 in saying whether or not it is a direction the  
24 government is entitled to follow or not. We're  
25 simply seeking how we anticipate he would respond  
26 and how we would approach a recommendation if it  
27 seems that it's somewhat different than what he  
28 had laid out in his report.

29 Q Okay, thank you. Thank you for -- thank you for  
30 adding that. Now, I have two more areas of  
31 questions. One is just a brief one on a document  
32 that Mr. McGowan addressed before I started. And  
33 I am actually not sure from my notes if it was  
34 marked as an exhibit. It's a briefing note  
35 regarding unexplained wealth orders. It was  
36 prepared on November 22nd, 2019.

37 MR. MCGOWAN: Yes, I'll just interject, Mr.  
38 Commissioner, to say I neglected to ask that it  
39 be marked. I had intended to do so, and it was  
40 my plan to come back to it after Ms. Herbst was  
41 concluded, but perhaps she can have it marked  
42 now, if she's agreeable.

43 MS. HERBST: Yes, please. That would be helpful. If  
44 that could be marked as the next exhibit.

45 THE COMMISSIONER: All right, thank you. That will be  
46 Exhibit 62.

47 THE REGISTRAR: Exhibit 62.

Mark Sieben, Christina Dawkins and Megan Harris (for  
the Commission)  
Examination by Ms. Herbst, Counsel for the Law Society  
of British Columbia

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EXHIBIT 62: Briefing document dated  
November 22, 2019 - Unexplained Wealth  
Orders

MS. HERBST:

Q And on this document, I just have a brief  
question for Dr. Dawkins, if possible. On page 6  
of this document -- and of course it details  
unexplained wealth orders and some of the  
philosophies behind them more generally. There's  
just a comment that was wondering if, Dr.  
Dawkins, you recall what lay behind. And it's  
the second paragraph on page 6. I think that  
this isn't -- this is not -- what's being  
displayed may not be the unexplained wealth  
order.

THE REGISTRAR: My apology.

DR. DAWKINS: No problem. Thank you very much.

Q And so, Dr. Dawkins, my question is about the  
second paragraph on that page, the second  
unredacted paragraph, and the first line says:

It is becoming increasingly easy for the  
media and organizations like Transparency  
International to identify properties in B.C.  
that are owned by individuals involved in  
money laundering, including situations that  
cannot be addressed through the Civil  
Forfeiture Office.

And I realize this document was prepared some  
months ago. But do you recall why -- why you  
said at the time that it was becoming  
increasingly easy to do that?

DR. DAWKINS: I'm sorry, I don't.

Q Okay. And now the last document that I have  
questions about is Exhibit 49, if possible, and  
that's the jurisdictional scan that has the  
Deloitte logo on it and was touched on a little  
bit yesterday as well. It's the September 16th,  
2019 document. And I should forewarn everyone  
that one of my questions -- and again, without  
suggesting anything amiss with this at all, is  
why there is a "draft" notation and maybe more --  
more accurately, whether this report was  
finalized. There's a -- there's a "draft" at the

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of British Columbia

1 bottom of the first page and there is a reference  
2 to "draft" in the cover letter at the second  
3 page. And some of the pages, not all of the  
4 pages, have that "draft" watermark that Mr.  
5 Sieben referred to. And so if any of the  
6 witnesses is aware, could you advise whether this  
7 jurisdictional scan was finalized?

8 MS. HARRIS: This is the final report that we did  
9 receive from Deloitte. I think the question is  
10 better asked of Deloitte around the watermarking  
11 and the draft status, but this is the final  
12 version that was accepted.

13 Q I see. Accepted in what way?

14 MS. HARRIS: The Anti-Money Laundering Secretariat  
15 received this jurisdictional scan to support the  
16 development of the provincial strategy, and we  
17 received it as -- "we" being the secretariat --  
18 received it as the final report from Deloitte.

19 Q I see, and didn't ask for -- didn't ask for  
20 further -- further work on the same subject, or  
21 the same jurisdictional scan?

22 MS. HARRIS: We accepted the -- "we" being the  
23 secretariat" -- accepted the report as -- as it  
24 was written.

25 Q Okay. Now, if we could go to page 29 of this  
26 document, that would be helpful. It's an  
27 appendix that talks about scope limitations and  
28 scope and restrictions, and in the first  
29 paragraph there, 166, it talks about "pursuant to  
30 the General Service Agreement." And we've heard  
31 about, of course, this jurisdictional scan, and I  
32 -- I believe that at least participants who were  
33 -- who were listening to opening statements back  
34 a while ago in the inquiry, heard about some work  
35 that Deloitte did on -- in terms of compliance  
36 assessments for B.C. Lottery Corporation. And  
37 we've heard a little bit more generally about  
38 Deloitte's work over the past couple days. Could  
39 you describe what Deloitte's mandate more  
40 generally has been in relation to anti-money  
41 laundering for the province?

42 MS. HARRIS: I can't speak to their mandate. That's a  
43 better question for Deloitte.

44 Q Who did they receive instructions from at the  
45 province, if it's possible to say?

46 MS. HARRIS: I think I need to -- a better  
47 understanding of the question that you're asking,



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1 if you don't mind rephrasing it.

2 Q Oh, sure. I'm assuming Deloitte received  
3 instructions from someone to prepare the  
4 jurisdictional scan and to do the assessment work  
5 that it did for the B.C. Lottery Corporation, and  
6 presumably some other work that's been described  
7 a little bit over the past couple of days. I'm  
8 wondering, if they don't report to you or receive  
9 instructions or their mandate from you, from whom  
10 do they receive that mandate?

11 MS. HARRIS: I apologize. I understand now. The  
12 contract was -- and direction was given from the  
13 Anti-Money Laundering Secretariat on the daily  
14 day to day mandate of work.

15 Q I see. And so beyond -- beyond preparing the  
16 jurisdictional scan and beyond the B.C. Lottery  
17 Corporation assessment, can you describe what  
18 kind of work Deloitte engages in for the  
19 province? On anti-money laundering. I don't  
20 mean to delve more generally.

21 MS. HARRIS: I can only speak to the work that the  
22 secretariat has done with Deloitte, and that's  
23 specific to consultation on the analysis and  
24 potential of a financial investigative and  
25 intelligence unit, as well as this jurisdictional  
26 scan and advisory function on the development of  
27 the Provincial Anti-Money Laundering Secretariat.  
28 Sorry. Provincial anti-money laundering  
29 strategy.

30 Q Okay, and if we can just turn to page 30 of this  
31 document. There is a reference in paragraph 173  
32 here to:

33  
34 Should any of the information provided to us  
35 not be factual or correct, or should we be  
36 asked to consider different information or  
37 assumptions, any analysis set out in this  
38 jurisdictional scan could be significantly  
39 different.

40  
41 Are you aware generally of whether the province  
42 provided some information to Deloitte for this  
43 jurisdictional scan, and if so, what that -- what  
44 that, generally speaking, was?

45 MS. HARRIS: We had conversations and I -- and I  
46 provided them with internal research that we had  
47 completed, at a very, very high level.

Mark Sieben, Christina Dawkins and Megan Harris (for the Commission)

Examination by Mr. Smart, Counsel for the British Columbia Lottery Corporation

1 Q And was that on -- on other jurisdictions or  
2 within B.C.?

3 MS. HARRIS: No, it was similar jurisdictions as they  
4 included within this document.

5 MS. HERBST: Okay. Thank you. Thank you much. Those  
6 are -- those are my questions, and thank you for  
7 walking us through some of those documents.

8 THE COMMISSIONER: Thank you, Ms. Herbst. Now, Mr.  
9 Smart, for the British Columbia Lottery  
10 Corporation, who's been allotted 20 minutes.

11 MR. SMART: Thank you, Mr. Commissioner. I'm going to  
12 have a few questions to start for Mr. Sieben,  
13 please.  
14

15 EXAMINATION BY MR. SMART:  
16

17 Q So I'm asking you these questions, Mr. Sieben,  
18 given your -- the ministry that you are the  
19 Deputy Minister in. Do you agree that to deter  
20 money laundering, we need to focus not just on  
21 anti-money laundering measures, but also on  
22 investigating and prosecuting the criminals that  
23 commit the underlying offences, the predicate  
24 offences, that generate the proceeds that need to  
25 be laundered? Do you agree with that?

26 MR. SIEBEN: Generally, I would say that's a fair  
27 statement, yes, it would -- I would be sort of  
28 reluctant to embrace a strategy that didn't  
29 address both of those -- those paths.

30 Q When we read, as we did the -- I think just  
31 yesterday -- about the number of deaths in  
32 British Columbia from illicit drugs, I think it  
33 was somewhere in the range of 170, and many from  
34 fentanyl, it highlights the need to actually --  
35 to focus also on the criminals that sell those  
36 drugs, right?

37 MR. SIEBEN: Certainly, and particularly on the  
38 addiction of -- of the drug trade, there have  
39 been -- there continue to be efforts to increase  
40 and improve our enforcement efforts in that area.

41 Q Yes. So, in other words, deterring money  
42 laundering, which is the focus of this inquiry,  
43 really needs to be part of a broader effort to  
44 deter and reduce the crimes that generate the  
45 proceeds? I think you agree with that?

46 MR. SIEBEN: Generally, I think that would be a fair  
47 statement. What I might offer is that to date,

Mark Sieben, Christina Dawkins and Megan Harris (for the Commission)

Examination by Mr. Smart, Counsel for the British Columbia Lottery Corporation

1 up until actually 2015, 2016, when JIGIT was  
2 created, there was -- there wasn't a lot of  
3 presence targeted specifically at -- at money  
4 laundering, while through the efforts of various  
5 police agencies and through CFSEU, there began to  
6 be stronger approaches towards the -- sort of the  
7 underlying sort of criminal offences, at least as  
8 they organized occur here in British Columbia.  
9 Also taking into account that British Columbia  
10 may be a destination for money laundering  
11 availing sort of proceeds of crime from other  
12 jurisdictions.

13 So while, yes, Mr. Smart, I would generally  
14 agree with your statement, I would note that a  
15 part of our committee's role is to develop a  
16 money laundering strategy and approach that can  
17 -- can increase and profile and -- and  
18 significance consistent what's happening at the  
19 -- at the -- in addition to our efforts that --  
20 the drug trade and other initial criminal  
21 activity that results in proceeds of crime.

22 Q Economic crimes is a good example that generates  
23 a great deal of proceeds, doesn't it?

24 MR. SIEBEN: That's a fair statement.

25 Q So, but let me just come back to what you've  
26 said, which is you've referenced 2015, I think  
27 2016, greater efforts by really federal policing  
28 agencies in British Columbia to investigate money  
29 laundering. I think that's what you've  
30 emphasized?

31 MR. SIEBEN: No, I was referencing the point in time  
32 in which the Joint Illegal Gaming and  
33 Investigation Team was created, which was done  
34 here in British Columbia.

35 Q Okay. Are you aware that prior to that, BCLC,  
36 the participant I am representing, made efforts  
37 to try to get greater police involvement to  
38 investigate the cash that was coming into its  
39 casinos?

40 MR. SIEBEN: I would be -- I don't have any factual  
41 knowledge of that. I wouldn't dispute it, Mr.  
42 Smart, but I don't have any factual knowledge of  
43 that, given I've -- I've come into the role as  
44 Deputy Solicitor General in June of 2016.

45 Q All right, fair enough. And I think you said  
46 this yesterday. One of the challenges with  
47 dealing with anti-money laundering measures is

Mark Sieben, Christina Dawkins and Megan Harris (for the Commission)

Examination by Mr. Smart, Counsel for the British Columbia Lottery Corporation

1           that criminals are pretty able to adapt and  
2           change their methods of laundering as those  
3           methods become less effective?

4       MR. SIEBEN: That's a fair statement.

5       Q     Another point about -- with respect to the -- the  
6           challenges that this inquiry faces is that money  
7           laundering and the predicate crimes that create  
8           the proceeds to get laundered, in many respects,  
9           are a national and international problem, isn't  
10          it, and B.C. can't solve those problems on its  
11          own?

12       MR. SIEBEN: Again, a fair enough comment, yes.

13       Q     Yeah. You talked a little bit yesterday about  
14           the Civil Forfeiture Office, and do you agree  
15           with me that the best deterrent -- because your  
16           strategy -- Ms. Harris's strategy referred to was  
17           detering money laundering -- that in many  
18           respects, the best deterrent is to effectively  
19           investigate and prosecute those that launder the  
20           proceeds, not just seize and confiscate them?

21       MR. SIEBEN: Yeah, I -- I would -- if I had my choice,  
22           I would like to pursue both paths.

23       Q     Because forfeitures can simply become the cost of  
24           doing business, for some criminal organizations?

25       MR. SIEBEN: It would -- I would be uncomfortable sort  
26           of recommending a specific focus exclusively on  
27           relying on civil forfeiture.

28       Q     Yes. The threat of jail is a greater deterrent;  
29           do you agree with that? Should be?

30       MR. SIEBEN: Well, perhaps, yeah. I think I would --  
31           speaking -- I would be speaking more  
32           philosophically than I would on what I -- what I  
33           know in my role, Mr. Smart.

34       Q     And the difficulty with having -- and I think,  
35           coming back to this, is that we've heard a lot  
36           about resources and governments and police forces  
37           have limited resources and they have to try to  
38           prioritize where they put those resources. And  
39           would it be a fair statement that -- from your  
40           perception, that the RCMP's focus -- at least  
41           maybe it's changed a little bit now, but over the  
42           last number of years, has not been on economic  
43           crimes, has not been on money laundering, it's  
44           been on other important public concerns like  
45           violence and terrorism?

46       MR. SIEBEN: The -- the RCMP is, by definition, almost  
47           Canada's national sort of police force, so it is

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Examination by Mr. Smart, Counsel for the British Columbia Lottery Corporation

1           -- its relationship with -- with the country and  
2           with -- with provincial and territorial sort of  
3           jurisdictions is -- is multi-layered.

4           Q     Yes.

5           MR. SIEBEN: So, while certainly I would -- I would  
6           confirm your comments pertaining to the need for  
7           the RCMP and other police agencies in the  
8           province to be sort of cognizant of what their  
9           budget limits are, while looking to maintain a  
10          presence, inclusive at a provincial level as well  
11          as investigating fraud or money laundering as  
12          appropriate, at a federal level, and as commented  
13          on in Dr. German's report, there -- there has  
14          been a known shift in prioritization at the  
15          federal level within the RCMP away from economic  
16          crime toward prioritizing of internal and  
17          external terrorism threats and also to high-end  
18          organized crime.

19          Q     Mm-hmm.

20          MR. SIEBEN: And that's been commented publicly, as  
21          well, by the attorney in some of his comments  
22          directed towards his federal counterpart.

23          Q     I don't want to put you on the spot, but if we  
24          want to, in this province, to prioritize other  
25          areas for enforcement, has thought been given to  
26          having our own provincial police force?

27          MR. SIEBEN: A very timely question, Mr. Smart,  
28          because the solicitor general yesterday  
29          identified an intention to review the province's  
30          *Police Act* and set out -- received direction from  
31          the premier to establish an all-party committee.  
32          When the legislative session resumes in a week's  
33          time, that will assist in helping to guide that  
34          purpose of -- that is not to say that the  
35          conclusion of that process leads one to an  
36          eventual provincial police force. That would --  
37          that would very much be speculation on my part.

38          Q     Mm-hmm.

39          MR. SIEBEN: But it is a very timely question, as this  
40          large question has now formally been asked and  
41          we're quite -- quite enthusiastic about taking up  
42          the work across the province to review and  
43          revitalize the structure of policing here in  
44          B.C., beginning with our 45-year-old statute, and  
45          we'll see where that leads us. It may result in  
46          strengthening and hopefully improving a  
47          relationship with Canada's national police force,

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Examination by Mr. Smart, Counsel for the British Columbia Lottery Corporation

1 or perhaps it presents other -- other options.

2 Q Yeah, which allows the province to focus on the  
3 areas it wants police to focus on?

4 MR. SIEBEN: The province as a whole, but then also  
5 certainly the intention is that communities  
6 across the province, both geographic as well as  
7 ethnic and -- and many of the voices that we're  
8 hearing more loudly can also see more reflected  
9 in their policing of what -- in a new Act and a  
10 new structure here in B.C. And again, while we  
11 would anticipate some amount of change in terms  
12 of structure, what that means in terms of who and  
13 what are the agencies that are going to be  
14 providing the service, that would be determined  
15 over the course of the next likely three to five  
16 to six years.

17 Q All right, thank you. Just one last area for  
18 you, Mr. Sieben, and that is, much of money  
19 laundering is sort of tied to the hip to drug  
20 trafficking, and as we know, it's much broader  
21 than that, but one of the challenges is that  
22 proceeds of crime are often tied to drug  
23 trafficking offences, I'm going to suggest, and  
24 drug trafficking is governed by the *Narcotic* --  
25 I'll see if I can remember -- it used to be  
26 called the *Narcotic Control Act*.

27 MR. SIEBEN: *Narcotic Control Act*.

28 Q Yeah, the -- anyway, the *Controlled Substances*  
29 *Act*, I think it is now, and that's prosecuted by  
30 the Public Prosecution Service of Canada. The  
31 money laundering provision in the *Criminal Code*,  
32 of course, is prosecuted, or can be -- it's a  
33 provincial jurisdiction and it's the Provincial  
34 Public Prosecution Service that would -- unless  
35 it's delegated to the federal prosecutors -- that  
36 would have jurisdiction to prosecute money  
37 laundering. And so it causes me to ask you --  
38 we've heard about the challenges of prosecuting  
39 money laundering cases, the cost of investigating  
40 them, and sometimes it's easier, because of  
41 limited police resources -- and I'm sorry, I'm  
42 not trying to make a speech here -- to put it  
43 into context, police turn the -- what's been  
44 seized over to Civil Forfeiture. But if we want  
45 to effectively investigate and we want to  
46 effectively prosecute money laundering, do you  
47 agree that perhaps what we need is a specialized

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Columbia Lottery Corporation

1 group of Crown counsel at the Public Prosecution  
2 Service that has that expertise in dealing with  
3 money laundering offences that can advise police  
4 and then conduct those prosecutions?

5 MR. SIEBEN: You have a sympathetic ear with me, Mr.  
6 Smart, however, I would note that those -- those  
7 issues are probably sort of best considered and  
8 best responded to by my colleagues in the  
9 Ministry of Attorney General.

10 Q Or maybe they might consider that I think there's  
11 nine lawyers working for this Commission, that  
12 are developing a broad expertise in money  
13 laundering and might be a good source. Anyway,  
14 thank you, Mr. Sieben. I want to ask a few  
15 questions now of Ms. Harris, if I may.

16 Ms. Harris, I'm going to start -- and to  
17 sort of follow up a little bit on the questions  
18 that Ms. Herbst asked you. As you're aware, this  
19 inquiry has heard from a number of highly qual'd  
20 individuals with diverse backgrounds, including  
21 law enforcement, who have, for decades, dealt  
22 with and written and studied and written about  
23 organized crime and money laundering. And in the  
24 fall, the Commission will hear from people who  
25 work in different sectors, are associated with  
26 the various sectors that are vulnerable to money  
27 laundering. They will be questioned by  
28 Commission counsel and by participants. So their  
29 evidence will be tested, and hopefully that'll  
30 assist the Commission to perform the difficult  
31 task of making findings and recommendations.  
32 It's an expensive process, but one that the  
33 government has determined that is important to  
34 public interest. As I listened to your evidence  
35 about the AML Secretariat strategy, it's largely,  
36 in many respects, based on Dr. German's report,  
37 and I guess, Dr. Maureen Maloney's reports.  
38 Isn't it important to wait and not really proceed  
39 very far with your strategy and goals until you  
40 have the benefit of Justice Cullen's findings and  
41 recommendations? Do you agree with that?

42 MS. HARRIS: I'm going to let Mr. Sieben --

43 Q All right.

44 MS. HARRIS: -- answer first.

45 MR. SIEBEN: I -- I open the -- particularly the  
46 responses that are provided to some of Mr.  
47 McGowan --

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Examination by Mr. Smart, Counsel for the British Columbia Lottery Corporation

1 Q Ms. Herbst --

2 MR. SIEBEN: -- and Mr. McGowan's inquiries yesterday.

3 I was looking to ensure that it was understood  
4 that, through the deputy ministers committee, we  
5 were very much looking to create the space for  
6 government to be informed by the Commission so  
7 that further consideration can be given about how  
8 best to articulate a robust and meaningful  
9 response to money laundering that had the highest  
10 degree of -- of likelihood of success. And we've  
11 -- we've spent some amount of time talking on a  
12 number of potential sort of models that have been  
13 developed, both through my ministry and support  
14 from the secretariat as initial concepts that may  
15 have -- may have merit or being a part of -- of  
16 that response.

17 The considerations from the deputy ministers  
18 committee has been that work should continue as  
19 we -- as we shouldn't -- we shouldn't stand  
20 still. We should be able -- we should proceed  
21 with doing what we can. And we talked about a  
22 number of proposals, for example, relating to  
23 unexplained wealth or other -- other initiatives  
24 through the Ministry of Health. And we've also  
25 spoken about potentially some -- some proposals  
26 that may take legislative change, such as a new  
27 authority associated with -- with regulating the  
28 -- enforcing some aspects of gaming. Much of  
29 that work can proceed instead.

30 However, I would agree that it would be a  
31 mistake for the government, and certainly  
32 wouldn't be recommended by the deputy ministers  
33 committee to come up with a final and robust  
34 model that would require, in the neighbourhood of  
35 investment, 15 to \$20 million, without getting  
36 the best advice possible, which might be offered  
37 through -- through the Commission and the  
38 Commissioner.

39 Q We don't want to take steps that are going to  
40 have to be undone later on?

41 MR. SIEBEN: Agreed.

42 Q Yes, okay. Thank you. I'll come back to Ms.  
43 Harris, then, if I can, for a few further  
44 questions. Do you -- are you aware -- and I  
45 appreciate you are -- I think your involvement  
46 with gaming is more recent, Ms. Harris, but  
47 you've been involved for how long now?



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the Commission)

Examination by Mr. Smart, Counsel for the British  
Columbia Lottery Corporation

1 MS. HARRIS: I've been the lead for the Anti-Money  
2 Laundering Secretariat since November 2018.

3 Q All right. You must have been, in the course of  
4 preparing for and carrying out those duties, have  
5 looked at the history of gaming in casinos and in  
6 this province that predate your time?

7 MS. HARRIS: When it's relative to the work that we  
8 do, yes.

9 Q Are you aware that BCLC -- and that's the person  
10 -- the company I'm -- the organization I'm  
11 representing -- has, over the last number of  
12 years, hired individuals with years -- years of  
13 prior experience investigating organized crime  
14 and assessing and controlling money laundering  
15 risk?

16 MS. HARRIS: I'm aware that BCLC has hired staff that  
17 have experience, yes.

18 Q And in the course of considering Dr. German's  
19 recommendations, I expect you're aware that many  
20 of the BCLC staff, with expertise in money  
21 laundering, years of experience before they ever  
22 joined BCLC, they believe that Dr. German didn't  
23 adequately consult with them about money  
24 laundering in the gaming industry? Are you aware  
25 of that?

26 MS. HARRIS: I can't speak to their perspective.

27 Q Okay. Are you aware that BCLC disagrees with  
28 some of Dr. German's recommendations?

29 MS. HARRIS: I'm aware from what is made public in the  
30 media.

31 MR. SMART: Okay. Now, Mr. McGowan, are you about to  
32 cut me off?

33 MR. MCGOWAN: I was going to let you finish your  
34 question.

35 MR. SMART: I see.

36 Q All right. Well, let me -- let me -- I had --  
37 I'm a bit slow, so I was going to be a little bit  
38 longer, but -- I was going to review with you the  
39 measures that BCLC has taken over the last six or  
40 seven years to deal with money laundering, but  
41 let me sum up like this. Given the measures that  
42 BCLC has implemented, before the German report,  
43 to address proceeds of crime coming into its  
44 casinos, and given the measures that have gone  
45 into effect over the last couple of years, do you  
46 agree that the risk in 2020 of cash proceeds of  
47 crime being used in B.C. casinos has been

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Examination by Mr. Mistry, Counsel for the British Columbia Government and Service Employees' Union

1 significantly reduced?

2 MS. HARRIS: I'll let Mark -- sorry -- Mr. Sieben  
3 answer that question.

4 MR. SIEBEN: Perhaps I might comment from the vantage  
5 point of the deputy ministers committee, Mr.  
6 Smart.

7 Q Yes.

8 MR. SIEBEN: Certainly the deputy ministers committee,  
9 and I think certainly from my ministry's point of  
10 view, we regard the BCLC as a strong and welcome  
11 partner in the province's efforts to improve its  
12 -- its approach to both ensuring fair play within  
13 casinos and making -- making B.C., and casinos in  
14 particular, less attractive to those who might --  
15 might avail those venues as centres for money  
16 laundering. Whether that is as a result or  
17 consistent with Dr. German's recommendations or  
18 as a testament to the expertise and experience  
19 that BCLC and its staff have in this area, I am  
20 confident that the organization, both at a staff  
21 level as well as the board, will continue to be  
22 supportive of our collective efforts to enhance  
23 the -- B.C.'s money laundering strategy.

24 MR. SMART: All right, thank you. Those are my  
25 questions.

26 THE COMMISSIONER: Thank you, Mr. Smart. Next, Mr.  
27 Skwarok, for Great Canadian Gaming Corporation,  
28 do you have any questions of the panel?

29 MR. SKWAROK: No, I don't, sir, thank you.

30 THE COMMISSIONER: Thank you, Mr. Skwarok. Next,  
31 then, we have Mr. Mistry, from the B.C.  
32 Government and Service Employees Union.

33 MR. MISTRY: Thank you very much, Mr. Commissioner.

34 THE COMMISSIONER: I'm sorry, was it 15 minutes  
35 allotted to you, Mr. Mistry?

36 MR. MISTRY: That was, and it is my sincere hope that  
37 it'll be significantly less than that.

38

39 EXAMINATION BY MR. MISTRY:

40

41 Q Generally to the panel, and without delving into  
42 a monologue here, I just wanted to explain why we  
43 are here. I'm sure that the whole panel is quite  
44 familiar with the BCGEU as the predominant union  
45 in the public service. We also have a  
46 significant presence representing thousands of  
47 workers in the casino industries, various other

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1 private sector industries, as well as financial  
2 service industries as well. I thought I'd  
3 provide that context.

4 MR. MISTRY: I -- Madam Registrar, it is my hope that  
5 you could perhaps bring up Exhibit 45, at page 4,  
6 if possible.

7 Q And this is really for my just education, and  
8 perhaps this was discussed. The strike-throughs  
9 in these various line items, what's the nature of  
10 the strike-throughs? That is, have they now  
11 fallen away as a priority or is there some other  
12 reason? And sincerely, I'm not sure who would be  
13 best situated to answer that.

14 MS. HARRIS: I can answer that. The strike-throughs  
15 represent items that are envisioned within the  
16 strategy and to proceed at a future date upon  
17 further review. However, at this time they have  
18 been put on hold as they all have some form of a  
19 new capital or operating resource attached to it.  
20 They're also -- sorry -- they're also items that  
21 we would seek further feedback or would like to  
22 wait until the Cullen inquiry reports, both  
23 interim and final, have come and been made  
24 public.

25 Q So it's not necessarily the case that they're  
26 held off for the entirety of the three to four-  
27 year span, it's just that we're putting a pin in  
28 this for now --

29 MS. HARRIS: That's correct.

30 Q -- but they may well resurrect themselves by year  
31 two, for example?

32 MS. HARRIS: That's correct. I'll let Mr. Sieben  
33 answer.

34 Q Sure. Absolutely.

35 MR. SIEBEN: I'll add a bit of a further comment in my  
36 view that's sort of consistent with experience  
37 not only in this project, but others. This is an  
38 example of doing the very best with what we've  
39 got, and that is inclusive both of the -- the  
40 budget that the Attorney General and the PSSG and  
41 the Ministry of Finance has in this area, as well  
42 as the amount of work and efforts and  
43 consideration with our various stakeholders, in  
44 order to be confident that the initiatives  
45 themselves are going to be successful. So I  
46 would hope that we would -- I wouldn't -- I  
47 wouldn't characterize this as putting a pin on it

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1 as necessarily completely accurate. We'll  
2 continue to consider how best to approach areas  
3 that are -- are lined out, while recognizing that  
4 we have limitations both in terms of staffing and  
5 budget at this point, as well as we do anticipate  
6 that there may be a number of these areas where  
7 the Commissioner or a number of stakeholders may  
8 have views that might help inform our progress.

9 Q Very good. Thank you so much.

10 MR. MISTRY: Madam Registrar, if we could now move on  
11 to Exhibit 46, please. I believe that's the  
12 Provincial AML Strategy. In particular, page 3,  
13 please. Right.

14 Q So the -- at the bottom of page 3, there's a very  
15 pithy statement of the problem.

16  
17 A thriving criminal economy that has  
18 infiltrated many sectors of the economy...

19  
20 And I want to drill down that "infiltrated many  
21 sectors of the economy." I think -- I would hope  
22 you'd agree that -- that that would include  
23 frontline workers that -- for instance, in the  
24 casino industry, but not necessarily the casino  
25 industry, but also financial services and other  
26 private sector industries that are often left as  
27 the -- as the vehicles for that money laundering,  
28 often inadvertently or under some form of duress.  
29 I assume you'd agree that those frontline workers  
30 are -- are, in particular, a group that have been  
31 infiltrated or -- or deeply affected?

32 MR. SIEBEN: I would -- I fear I would hazard to make  
33 a definitive statement that might suggest that  
34 the -- that the workers in the casinos might be  
35 more -- more amenable to the lure of money  
36 laundering than others. I --

37 Q Oh, pardon me.

38 MR. SIEBEN: I wouldn't think that would be the case.

39 Q No, and that was not at all my intention, and I  
40 -- I apologize for my poorly worded question. My  
41 thought is more that -- and let me move on  
42 perhaps to the -- by "infiltrated" I mean  
43 impacted or affected and their safety and  
44 security is impacted and affected, those  
45 frontline workers who have been either pressured  
46 or -- or otherwise under duress by criminal  
47 parties are -- let me put it frankly -- they're a

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1 stakeholder here.

2 MR. SIEBEN: I would -- I would have no trouble at all  
3 identifying that -- that workers in the casino  
4 industry have a -- have a very definite role,  
5 both as potential sort of victims or a vulnerable  
6 group that might be approached, as well as those  
7 who no doubt share an interest as -- as casinos  
8 themselves and the province has in making gaming  
9 safe for British Columbians.

10 Q Thank you. Thank you very much. And, again, I  
11 want to be clear, we're not limited ourselves to  
12 the casino industry, but the financial service  
13 industries and other private sector industries  
14 that are often somehow implicated by criminal  
15 enterprises. I think you'd agree that the safety  
16 and security of those frontline workers is --  
17 should be a priority of the -- of our efforts  
18 towards reducing money laundering?

19 MR. SIEBEN: I would agree, certainly.

20 Q Very good. And as -- as I review both of the  
21 documents, I -- it's difficult to find anywhere  
22 that, in terms of engaging stakeholders or  
23 reaching out, that there's any significant note  
24 about engaging workers themselves or their unions  
25 who, from our perspective, are tasked with  
26 protecting those members, in the documents. Have  
27 I missed anything, or is that a fair statement?

28 MS. HARRIS: It's fair to say that they're not listed  
29 directly within the strategy. I can note that in  
30 the development of the strategy, you'll notice  
31 specifically in Goal 3 we speak to education and  
32 collaboration, and that is important to work with  
33 all stakeholders. And, yes, you're correct that  
34 the service providers and their workers and their  
35 union would be represented within those -- that  
36 list of stakeholders.

37 Q Very good.

38 MR. SIEBEN: I might --

39 Q Of course, certainly.

40 MR. SIEBEN: -- go a little further even, that the --  
41 first off, there has been engagement through the  
42 secretariat, both through BCLC and of course with  
43 casino operators themselves, we would -- would  
44 anticipate that there would be discussion amongst  
45 the operators and their staff. However, I  
46 recognize the very legitimate point that  
47 discussion directly with -- with frontline

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1 service providing staff would have value. But  
2 second and apart from that, Mr. Mistry, I can  
3 attest that in -- in my current and previous  
4 roles, I have always regarded, with high-value  
5 advice that might come from the BCGEU or other  
6 unions that were representing workers in our  
7 services and program areas, and should there be  
8 advice to be offered in regard to the strategy or  
9 separate and apart pertaining to money  
10 laundering, we would be open to hearing it.

11 MR. MISTRY: Excellent, and -- and I have no doubt  
12 that you all take us up on that offer. Thank you  
13 so much. I appreciate your time and I appreciate  
14 the Commission's time. Those are our questions,  
15 Mr. Commissioner.

16 MR. MCGOWAN: Yes, Mr. Commissioner, I'm going to  
17 suggest that prior to the next examination, Ms.  
18 Mainville, for Mr. Kroeker, who has a fairly  
19 significant time allotment, that we take perhaps  
20 just a 10-minute break, because we're a little  
21 tight on time today.

22 THE COMMISSIONER: Thank you, Mr. McGowan, we'll do  
23 that, 10 minutes.

24 MR. MCGOWAN: And I wonder if it might just be  
25 appropriate to remind the panelists that they  
26 should not discuss their evidence with each other  
27 or anyone else during the break.

28 THE COMMISSIONER: Thank you. That's good advice.  
29 While you're under cross-examination, it is  
30 important that you not discuss your evidence.  
31 Thank you. We'll adjourn for 10 minutes.

32

33

(WITNESSES STOOD DOWN)

34

35 THE REGISTRAR: The hearing is adjourned for a 10-  
36 minute recess, until 10:51 a.m.

37

38

(PROCEEDINGS ADJOURNED)

39

(PROCEEDINGS RECONVENED)

40

41 THE REGISTRAR: Thank you for waiting. The hearing is  
42 now resumed.

43

44

MARK SIEBEN, a witness,  
recalled.

45

46

47

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1 CHRISTINA DAWKINS, a witness,  
2 recalled.

3  
4 MEGAN HARRIS, a witness,  
5 recalled.  
6

7 THE COMMISSIONER: Thank you, Madam Registrar. I'll  
8 now ask Ms. Mainville, for Robert Kroeker, to  
9 commence with your questions. And, Ms.  
10 Mainville, I understand you've been allotted one  
11 hour.

12 MS. MAINVILLE: Yes, thank you, Mr. Commissioner.  
13  
14

15 EXAMINATION BY MS. MAINVILLE:  
16

17 Q If I could first ask Ms. Harris, I've -- and I  
18 don't see -- okay. Ms. Harris, I've noticed that  
19 you've been consulting with others in the room  
20 during your examination, both yesterday and  
21 today. May I ask who -- who is with you?

22 MS. HARRIS: I'm sitting with my colleagues, Dr.  
23 Dawkins, Dr. Sieben, and legal counsel.

24 Q Legal counsel from -- in this inquiry?

25 MS. HARRIS: Yes.

26 Q And could I please ask you to refrain from doing  
27 that during my cross-examination? And I'll  
28 direct my questions generally to you, I can  
29 advise, but --

30 MS. HUGHES: Commissioner, if I may interject.

31 THE COMMISSIONER: Yes, Ms. Hughes.

32 MS. HUGHES: Just to dispel any notion that there's  
33 been anything improper that's transpired here.  
34 Counsel's not been speaking with the witnesses  
35 during their testimony.

36 THE COMMISSIONER: Thank you, Ms. Hughes.

37 MS. MAINVILLE: Yes, thank you for that clarification.  
38 And essentially what I -- what I would like is to  
39 direct most of my questions to Ms. Harris. And  
40 when I have questions for Mr. Sieben, I will  
41 direct them to him and, you know, I'm happy for  
42 you to say if you have no knowledge of anything,  
43 but I -- I do -- what I'm most interested in is  
44 events that were taking place in the office of  
45 the Attorney General, and so that's where most of  
46 my focus will be.

47 Q If I could first clarify that you were in

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- 1 government from July 2017 to January 2018, at  
2 first, correct?
- 3 MS. HARRIS: I began with the Public Service in August  
4 of 2016.
- 5 Q And, sorry, in the Ministry of the Attorney  
6 General as of July 2017?
- 7 MS. HARRIS: That's correct.
- 8 Q And when abouts in January 2018 did you depart?
- 9 MS. HARRIS: The first or second week of January.
- 10 Q And you then returned from November 2018 to the  
11 present day, correct?
- 12 MS. HARRIS: Correct.
- 13 Q And so it's correct to say that you were there  
14 when Dr. German was working on his review and his  
15 report, at that time you were there in your  
16 communications role, correct?
- 17 MS. HARRIS: In my communications role, I was there  
18 for the period of time when Dr. German was hired  
19 to do the report and the very start of his  
20 review.
- 21 Q And while he was appointed -- he was tasked in  
22 September 2017, correct?
- 23 MS. HARRIS: That's correct.
- 24 Q So a few months. And your departure in fact  
25 coincides with Dr. German releasing his two  
26 interim recommendations? Is that about right?
- 27 MS. HARRIS: I can't recall. Do you have the date of  
28 the releasing interim recommendations?
- 29 Q I believe they were issued at least the very,  
30 very start of January, if I'm not mistaken, and  
31 so you would have left shortly thereafter?
- 32 MS. HARRIS: I left in January 2018.
- 33 Q First or second week? I'm sorry.
- 34 MS. HARRIS: Correct.
- 35 Q I'm assuming you returned after the holidays for  
36 a period?
- 37 MS. HARRIS: I think I returned for a week.
- 38 Q And you were not there when the report was first  
39 submitted to government around April 2018,  
40 correct?
- 41 MS. HARRIS: No, I was not.
- 42 Q Nor when it was released in June 2018?
- 43 MS. HARRIS: No, I was not.
- 44 Q And so you returned to government once the  
45 government was effectively working on  
46 implementing the recommendations, in November  
47 2018?



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1 MS. HARRIS: That's correct.

2 Q Now, prior to the DMC being formally established  
3 in September 2018, I take it government was  
4 keeping tabs on money laundering and AML?

5 MS. HARRIS: That is a better question for someone  
6 else. I'm not aware.

7 Q You were in the communications department of the  
8 Ministry of the Attorney General, and I'm going  
9 to suggest that the Attorney General made several  
10 public comments and statements on money  
11 laundering in the province, so I would assume you  
12 had some involvement on that file in terms of  
13 what BCLC and GPEB were doing prior to -- even  
14 prior to Peter German being appointed with his  
15 review. Certainly leading up to that, and -- and  
16 prior to September 2018 when the DMC was  
17 established?

18 MS. HARRIS: In my communications role, I provided  
19 strategic communications advice and issues  
20 management. Yes, that included anti-money  
21 laundering announcements and monitoring of media  
22 of the same sort.

23 Q And I'm going to suggest that there was fairly  
24 close contact with Peter German about AML within  
25 the Ministry -- or, rather, within the Attorney  
26 General's office as Mr. German conducted his  
27 review; is that fair?

28 MS. HARRIS: Can you clarify which review you're  
29 speaking of?

30 Q Sorry, Dr. German's first review on casinos.

31 MS. HARRIS: I can't speak to any communication that  
32 he would have had with the minister. I can tell  
33 you that I spoke to Peter German solely around  
34 any media that was received by the Ministry.

35 Q And what -- what were those discussions about in  
36 terms of the media?

37 MS. HARRIS: Strictly letting him know when a media  
38 request came in, and if he was able to fulfil any  
39 interview requests.

40 Q And I take it, though, that even as the  
41 communications person, you were aware of the  
42 minister consulting with Peter German in respect  
43 of media statements?

44 MS. HARRIS: I'm aware that the minister spoke to Dr.  
45 German. I am not -- not privileged to have the  
46 conversation or be involved in the conversations  
47 between the minister and Dr. German.

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1 Q And so, for instance, if I -- if I point to a  
2 statement in December 2017 where the Attorney  
3 General said that Mr. German has confirmed for me  
4 that there is cash coming from unknown  
5 illegitimate sources in Lower Mainland casinos,  
6 and these are sizable cash transactions, was that  
7 -- were you -- were you at all aware of  
8 discussions surrounding that between Mr. German  
9 and the Attorney General?

10 MS. HARRIS: I'm aware that the minister spoke to Dr.  
11 German. I'm not aware of the conversation that  
12 took place.

13 Q And I take it there were a fair bit of  
14 discussions, but just to jog your memory a little  
15 bit, the Attorney General said at one point in  
16 early January 2018, that I'm -- I'm told hundreds  
17 of millions of dollars have passed through B.C.  
18 casinos in this way, especially casinos in the  
19 Lower Mainland, and this is the figure that Dr.  
20 German ultimately says was laundered in B.C.  
21 casinos. I'm going to suggest there were some  
22 communications about that between Dr. German and  
23 the Attorney General. Are you aware of that?

24 MS. HARRIS: Again, I'm not aware of the specifics of  
25 the conversations that the minister would have  
26 had directly with Dr. German, and I can't recall  
27 the specifics of the media requests that would  
28 have come in and how we would have advised on  
29 framing those answers.

30 Q But fair to say, as you've kind of put it, that  
31 Dr. German was providing some input to the -- the  
32 Attorney General's office on AML-related matters?  
33 Fair?

34 MS. HARRIS: Again, I know that the minister sought  
35 the advice of Dr. German. I am not familiar with  
36 what was discussed in those conversations.

37 Q You were not -- did you tend to not be present  
38 for discussions between the Attorney General and  
39 Dr. German?

40 MS. HARRIS: No, I was not.

41 Q Are you aware then, for instance, of a personnel  
42 issue arising in late 2017 relating to the leak  
43 of BCLC records and where the Attorney General  
44 got involved in and characterized as a potential  
45 whistleblower situation, publicly stating that?  
46 Do you have knowledge generally of that -- those  
47 events?

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1 MS. HARRIS: Yes, I do.

2 Q And I understand that the Attorney General, in  
3 that regard, sought to consult with Dr. German?

4 MS. HARRIS: I was not aware of that.

5 Q Do you recall, more recently in February 2019, so  
6 when you're back in government, that the Attorney  
7 General, in relation to the same employee, asked  
8 that BCLC explain itself in respect of a letter  
9 it had sent to this former employee, reminding  
10 him of the need to be truthful and of his ongoing  
11 confidentiality obligations? Do you have any  
12 knowledge of that?

13 MS. HARRIS: I do not have knowledge of it. I am  
14 aware, but no specific knowledge.

15 Q What are you aware of?

16 MS. HARRIS: I'm aware that that -- that took place.

17 Q That the Attorney General got involved in --  
18 asked BCLC to provide an explanation?

19 MS. HARRIS: No, I'm not aware of the minister asking  
20 for an explanation. I'm just aware that a  
21 conversation may have taken place. I'm not even  
22 sure if that actually was the case.

23 Q Conversation with BCLC or with Dr. German?

24 MS. HARRIS: I don't know. I'm just aware of that  
25 situation. I'm not -- how I -- I honestly cannot  
26 recall how I know.

27 Q Okay, fair enough. And prior to Dr. German  
28 issuing his report, is it fair to say that the  
29 Attorney General already had a view as to what  
30 had been taking place in B.C.'s casinos and who  
31 was responsible?

32 MS. HUGHES: My Lord, I object to the question.

33 MS. MAINVILLE: Well, on the basis of?

34 THE COMMISSIONER: Well --

35 MS. HUGHES: Well, Ms. Harris can't speak to the  
36 Attorney General's knowledge or what his views  
37 were.

38 MS. MAINVILLE: Okay, I'll rephrase the question.

39 Q Are you aware of the Attorney General expressing  
40 a view as to what had been taking place in B.C.  
41 casinos, before Peter German issued his report?

42 MS. HARRIS: No, only from what I have seen in the  
43 media.

44 Q Right, and in those statements, he did make -- If  
45 I could suggest, for instance, indicating in  
46 February 2018 that:

47

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1           The province had been banking on garbage  
2           transactions that at our casinos, if I can  
3           use that language, where if someone shows up  
4           with a duffle bag full of \$20 bills,  
5           frankly, in my opinion, turning a blind eye  
6           to the implications for where that cash is  
7           coming from. When they turned a blind eye,  
8           then that meant that they didn't respond to  
9           it, they didn't develop the infrastructure  
10          we needed to detect, prevent and prosecute  
11          money laundering within the province.  
12

13           Is that -- were you familiar with the Attorney  
14          General's statement in that respect, in February  
15          2018?

16       MS. HUGHES: My Lord, I -- again, I object to the  
17          question. Ms. Harris, as Mr. McGowan indicated  
18          at the beginning of the session today, Ms. Harris  
19          and the panel here today are here to speak to the  
20          AML strategy and not to comment on specific media  
21          articles or give their views on persons who are  
22          not themselves, opinions or statements or views.

23       THE COMMISSIONER: All right. I'm a little unclear as  
24          to what -- as to what is actually being asked of  
25          the witness at this point.

26       MS. MAINVILLE: Well, I can --

27       THE COMMISSIONER: Well, just a moment, Ms. Mainville.  
28          Are you asking the witness whether or not she's  
29          aware of that particular article or are you  
30          asking her whether she's aware of the information  
31          that the Attorney General received that underlies  
32          the quotation that you've made? What exactly are  
33          you asking?

34       MS. MAINVILLE: I'm asking effectively if she's aware  
35          that the Attorney General had expressed views on  
36          what had been transpiring in B.C.'s casinos prior  
37          to the German report, and in doing that, I was  
38          simply trying to jog her memory. So I can amend  
39          the question that I had posed.

40       THE COMMISSIONER: All right. I think -- I think it  
41          would be helpful if you were to do that. And I  
42          don't think the fact that we're primarily dealing  
43          with background and overview issues here and that  
44          the state of things in government precludes you  
45          from asking questions that are relevant to your  
46          client's situation. This isn't a hermetically  
47          sealed portion of the inquiry, but just if you

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- 1           wouldn't mind confining your questions to one  
2           that -- ones that really probe this witness's  
3           knowledge and understanding --
- 4   MS. MAINVILLE: Certainly.
- 5   THE COMMISSIONER: -- rather than others.
- 6   MS. MAINVILLE: Certainly, thank you, Mr.  
7           Commissioner, and I -- you will see that this  
8           leads me directly into AML and Ms. Harris's work.
- 9   Q   In that regard, I take it the Attorney General's  
10          office works closely with GPEB?
- 11   MS. HARRIS: Yes, that's correct. I work closely with  
12          GPEB.
- 13   Q   With, in particular, the policy leads there and  
14          the ADM responsible for GPEB, Sam MacLeod?
- 15   MS. HARRIS: Yes, that's correct.
- 16   Q   And is it fair to say that there is direct  
17          involvement -- direct government involvement in  
18          GPEB's activities specifically as it relates to  
19          the Attorney General's office?
- 20   MS. HARRIS: GPEB is a branch of government and a  
21          branch of the Ministry of Attorney General, so  
22          they -- we work within the same ministry and we  
23          are colleagues.
- 24   Q   And so I take it GPEB's communications largely go  
25          through government?
- 26   MS. HARRIS: GPEB's communications go through  
27          government's communications and public engagement  
28          branch.
- 29   Q   And do they occasionally go through the Attorney  
30          General's communications team?
- 31   MS. HARRIS: Yes. Sorry, I should clarify that  
32          Minister of Attorney General's communications  
33          team is part of government communications and  
34          public engagement.
- 35   Q   Yes, and is that -- I take it that's the same  
36          with BCLC in recent years as it relates to AML?
- 37   MS. HARRIS: Yes, BCLC does provide the ability for  
38          that government team, that government  
39          communications team, to take a look at any media  
40          responses they provide.
- 41   Q   And because you spoke earlier in your testimony  
42          about the need for government to coordinate  
43          responses to AML, and we see some references in  
44          some of the documents we've been provided to a  
45          coordinated communications approach, so I take  
46          it, as you were saying, there is some  
47          coordination between BCLC and the government on

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1 that?

2 MS. HARRIS: BCLC provides us with the opportunity to  
3 take a look and provide advice, but they're  
4 responsible for direction in all communications.

5 Q I'm going to suggest that at least in some  
6 instances there has been direction from the  
7 Attorney General's office prohibiting BCLC from  
8 correcting the record on money laundering-related  
9 matters. Is that fair?

10 MS. HARRIS: I can't speak to that. That would be a  
11 question directly to the minister's office.

12 Q Well, you were responsible for communications, at  
13 least in the first part of your time in that  
14 office. Are you aware of some directions in  
15 respect of BCLC's communications regarding money  
16 laundering?

17 MS. HARRIS: Again, we would provide advice from the  
18 government communications team, and that would be  
19 directly from myself to BCLC. I can't speak to  
20 any specific direction of the Minister.

21 Q I know, not from the Minister, and I'm sorry if I  
22 misspoke, but in terms of his office. For  
23 instance, in the beginning of January 2018, I'm  
24 going to suggest you were tasked with preparing a  
25 press release in relation -- that spoke to the  
26 fact that the information sharing agreement with  
27 the RCMP that BCLC has had not been cancelled.  
28 Do you have any recollection of that?

29 MS. HARRIS: No, I do not.

30 Q No recollection?

31 MS. HARRIS: No.

32 Q In terms of more recent -- more recent events --  
33 the DMC and the Attorney General's office have of  
34 course been involved in the implementation of the  
35 German recommendations, as we've been all here to  
36 explain, because I gather that's the main purpose  
37 of the DMC, and AMLS, right?

38 MS. HARRIS: That's correct.

39 Q But you agree that they've -- these two  
40 committees have also gotten involved in some of  
41 the day to day operations of BCLC?

42 MS. HARRIS: The AMLS, the AML Secretariat, is  
43 responsible for the implementation of the Dr.  
44 German report, and involvement with BCLC would be  
45 relative to those recommendations. The same  
46 would be said for the deputy ministers committee,  
47 and I can let Mr. Sieben speak to that if you

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- 1           have questions specifically around anything  
2           coming from the deputy ministers committee.
- 3       Q       Well, essentially what I'm saying is, aside from  
4           the German recommendations, the -- is it fair to  
5           say that AMLS and DMC -- and I -- and I take it  
6           you sit on the DMC Committee as a non-voting  
7           member, correct?
- 8       MS. HARRIS: That's correct.
- 9       Q       So in those two instances, is it not fair to say  
10          that AML measures beyond those that relate to the  
11          German recommendations have been discussed,  
12          canvassed, et cetera?
- 13      MS. HARRIS: Yes, that's correct. The advice is that  
14          all anti-money laundering measures make their way  
15          through to the AML deputy ministers committee,  
16          through the secretariat.
- 17      Q       Right, and BCLC has had to get approval for AML  
18          measures that they plan to implement; is that  
19          fair?
- 20      MS. HARRIS: I'm not necessarily sure I'd agree with  
21          approval. I would say that anti-money laundering  
22          measures, they would come to deputy ministers  
23          committee to seek advice. Approval, absolutely,  
24          when it comes to recommendations and advice and  
25          wholesome discussion around those outside that  
26          would have an impact to government and the  
27          broader economy.
- 28      Q       So you deny that they've had to get clearance  
29          from AMLS and the DMC and the Attorney General's  
30          office in respect of some AML measures that are  
31          not directly related to Peter German's  
32          recommendations?
- 33      MS. HARRIS: It would be helpful to understand which  
34          measures, because generally those that come  
35          forward are somehow -- are somehow related to a  
36          recommendation or are -- are measures that fall  
37          out of a recommendation and therefore would  
38          require approval --
- 39      Q       So --
- 40      MS. HARRIS: -- or discussion.
- 41      Q       Okay, and I'll go through some of them in due  
42          course. Am I correct that the ADM, Mr. Doug  
43          Scott, attended BCLC board meetings?
- 44      MS. HARRIS: I am not aware. That is a better  
45          question for Mr. Scott.
- 46      Q       You have no knowledge of him attending any board  
47          meeting of BCLC?

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1 MS. HARRIS: I believe he does. I -- I'm not aware  
2 specifically of any -- I don't know when he  
3 attends or if he attends. He may. I don't know.  
4 It's a good question for Mr. Scott.

5 Q Certainly, and I'll gladly ask him if I have the  
6 opportunity. Are you aware that he  
7 occasionally sits on in-camera meetings of  
8 the board?

9 MS. HARRIS: No, I'm not aware.

10 Q Now, this inquiry, I think it's been made  
11 abundantly clear, has not prevented you, the AML  
12 Secretariat, or government, from devising an AML  
13 strategy and getting to work on certain  
14 improvement. And I understand the qualification  
15 about measures would be costly to implement,  
16 pending this inquiry, but as Mr. Sieben pointed  
17 out, work shouldn't stand still. You're doing  
18 what you can for the time being? Fair?

19 MS. HARRIS: Yes, that's correct.

20 Q And so you agree that if there's a need for AML  
21 improvements that is identified now, that those,  
22 to the extent they can be, should be implemented  
23 without delay, despite the work of the  
24 Commission?

25 MS. HARRIS: Those -- any feedback or any of those  
26 suggestions that come forward would go through  
27 proper review and analysis, and that is done by  
28 the secretariat and along with colleagues that  
29 are subject matter experts. Following that,  
30 there would be -- the items would come forward to  
31 the deputy ministers committee and move forward  
32 for proper approval. That's not -- it's not my  
33 position to make a decision on that.

34 Q No, but it's fair to be taking some steps pending  
35 this inquiry in terms of -- if new needs are  
36 identified in terms of anti-money laundering,  
37 it's fair to be taking those steps?

38 MS. HARRIS: Correct.

39 Q And prior to the German report being issued, are  
40 you aware of government advising BCLC not to  
41 implement certain changes pending completion of  
42 the German report and his recommendations?

43 MS. HARRIS: I would need specifics. I can't think of  
44 any off the top of my head.

45 Q Sure. Are you aware that, for instance, in early  
46 2018, when BCLC decided to ban money emanating  
47 from money service businesses in B.C. casinos,



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- 1 the Attorney General was upset about this and  
2 indicated that BCLC was not to take any action  
3 until he released the German recommendations?  
4 Were you --
- 5 MS. HARRIS: I was -- I was not in government at that  
6 time, so I can't speak to that. I'm not aware.
- 7 Q All right, and then are you aware of, in late  
8 2018, December, BCLC wanting to drop the  
9 requirement to ascertain identification from  
10 \$9,000 to \$3,000, given a huge shift in  
11 transactions to below the \$10,000 threshold, after  
12 Peter German's first interim recommendation  
13 relating to source of funds and BCLC having been  
14 told that this change had to be approved by AMLS  
15 and DMC, and indeed, the Attorney General?
- 16 MS. HARRIS: I just want to clarify that again, the  
17 Anti-Money Laundering Secretariat does not give  
18 approval. It is -- the AML Secretariat provides  
19 advice and brings forward a suggestion for the  
20 Anti-Money Laundering Deputy Ministers Committee  
21 to consider it. From there, the deputy ministers  
22 committee decides and makes the decision on how  
23 to proceed. I am aware of that -- that measure,  
24 yes.
- 25 Q And, indeed, I don't think I need to take you to  
26 it, unless you would like me to, but in the DMC  
27 minutes that we've been provided, on December  
28 13th, 2018, this did go to the DMC and this one  
29 was approved?
- 30 MS. HARRIS: If you could give me a moment, I would  
31 like to look at those minutes, please.
- 32 Q And it's point 5 in the minutes, just so you --
- 33 MS. HARRIS: Can you please tell me the date of the  
34 meeting?
- 35 Q December 13th, 2018.
- 36 MS. HARRIS: Yes. Sorry, I can't recall your  
37 question.
- 38 Q So you --
- 39 MS. HARRIS: But yes, I'm aware of that.
- 40 Q You were present at that meeting and the change  
41 was presented and DMC indicated they had no  
42 concerns with that policy implementation,  
43 correct?
- 44 MS. HARRIS: There was no concerns around the proposed  
45 policy implementation, but my understanding, if I  
46 recall correctly, is that more further review was  
47 -- was needed and was going to be taken by BCLC.

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1 Q At DMC's request?

2 MS. HARRIS: No, I believe that that was from BCLC,  
3 but I can't recall.

4 Q And am I right that these changes do not relate  
5 to the implementation of any of Peter German's  
6 recommendations?

7 MS. HARRIS: Sorry, just give me a moment. I'm trying  
8 to recall all 48 recommendations. Without having  
9 the recommendations in front of me, I -- I can  
10 recall that there are recommendations around  
11 source of funds and other items, and this is a  
12 good example of an AML measure that may not be  
13 directly a recommendation, but is relative to  
14 those that were stated by Dr. German.

15 Q Do you recall -- you said further review was to  
16 be conducted -- do you recall that there was a  
17 procurement process that was canvassed given that  
18 this required a new -- a new system with enhanced  
19 anti-money laundering capabilities? Do you  
20 recall that?

21 MS. HARRIS: I am not familiar with the requirements  
22 needed to put this new policy in place. That's a  
23 better question for BCLC. So I am not aware.

24 Q Do you recall, then, in a separate instance, in  
25 January 2018, BCLC developing three policy  
26 changes relating to limiting cash payouts to 25  
27 -- payouts, so not buy-ins, to \$25,000 a day,  
28 removing the \$10,000 limit on return of fund  
29 cheques, and removing the minimum deposit amount  
30 for opening a casino account? Does that sound  
31 familiar to you?

32 MS. HARRIS: I can't even say if it sounds familiar,  
33 and if it was, it would be through the media. I  
34 was not in this position at that time.

35 Q Unless it came in very early January 2018, but  
36 you're attention was perhaps [indiscernible -  
37 break in recording].

38 MS. HARRIS: I'd like to reiterate, I think I was in  
39 this position, or in that position for one week,  
40 and when returning from holidays, it's atypical  
41 to have large policy discussion with a deputy  
42 ministers committee in the first week back.

43 Q This current government has put a fair bit of  
44 blame on the previous government and suggested  
45 that the previous government was motivated by  
46 profits on the casino file. I would take it  
47 you're generally aware of that from the media?

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1 MS. HARRIS: I'm only aware from what I see in the  
2 media.

3 Q And the Attorney General effectively has  
4 suggested a conflict of interest between  
5 promoting AML compliance and generating revenue  
6 for government; that's fair?

7 MS. HUGHES: My Lord, I object to the question. This  
8 witness is not in a position to comment on that.

9 THE COMMISSIONER: I think that's a fair objection.

10 MS. MAINVILLE: Sure. I'm happy to move on.

11 THE COMMISSIONER: All right, thank you.

12 MS. MAINVILLE: To my next question. Thank you.

13 Q Would you agree, then, that -- would you agree  
14 that it's best that responsibility for AML be  
15 independent from government?

16 MS. HUGHES: Again, My Lord, I object. This witness  
17 is not in a position to provide her opinions on  
18 this matter.

19 MS. MAINVILLE: Well, she is the lead of the AML  
20 Secretariat, so I -- from my perspective, her  
21 opinion has some merit or relevance.

22 THE COMMISSIONER: All right. Yes, Ms. Hughes?

23 MS. HUGHES: I was simply going to reiterate, My Lord,  
24 the evidence earlier given about the distinct  
25 roles between the AMLS and the AML/DMC.

26 THE COMMISSIONER: Yes. I think her opinion has a  
27 limited utility, but I will hear from her on  
28 that.

29 MS. HARRIS: Ms. Mainville, can you repeat your  
30 question, please?

31 MS. MAINVILLE:

32 Q I just asked whether you would agree that it's  
33 best for the responsibility for anti-money  
34 laundering to be independent from government?

35 MS. HARRIS: That the response to anti-money  
36 laundering be independent from government?  
37 That's the question?

38 Q Yes. In terms of -- because -- and you've  
39 alluded to it before -- because of the revenue  
40 being generated to government by gaming.

41 MS. HARRIS: Sorry, I think your question is separate  
42 from a specific gaming question. Response, in  
43 general, to anti-money laundering as a whole is I  
44 think quite different from what you're asking.

45 Q Well, okay.

46 MS. HARRIS: Or I may not be understanding your  
47 question correctly.

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1 Q Do you feel more comfortable answering it if I  
2 focus it on gaming? Okay, is it --

3 MS. HARRIS: Well, I would prefer you to rephrase the  
4 question.

5 Q It's preferable -- would you agree -- sorry --  
6 that it is best for AML, in relation to the  
7 gaming sector -- that responsibility for AML,  
8 generally speaking, be independent from  
9 government?

10 MS. HARRIS: I'm not an AML expert and I rely on the  
11 advice of experts, and I -- I seek to look into  
12 the information provided by subject matter  
13 experts, and I don't have an opinion on that.

14 Q Well, and one of those subject matter experts,  
15 Peter German, did recommend, in fact, that GPEB,  
16 the regulator, be independent, correct? From  
17 government?

18 MS. HARRIS: That was the advice and recommendation by  
19 Dr. German, correct.

20 Q And indeed, I believe it was Mr. Sieben who  
21 answered this question, but that this was, in  
22 part, so that there'd be greater independence  
23 from revenue generation?

24 MS. HARRIS: I made that statement, and that was based  
25 on review and analysis. Yes, that is correct.

26 Q And it's fair to say that the government has  
27 supported this recommendation of an independent  
28 regulator?

29 MS. HARRIS: Yes, government supported that and  
30 announced publicly the transition that would be  
31 made in the future from the Gaming Policy and  
32 Enforcement Branch to what would be the  
33 independent gambling control office.

34 Q I take it these principles would equally be  
35 applicable to BCLC in terms of its obligation to  
36 control for anti-money laundering risk? These  
37 concerns about independence.

38 MS. HARRIS: Sorry, how -- I think I need you to  
39 rephrase the question.

40 Q Okay. I'm going to suggest that these concerns  
41 identified by Peter German in terms of -- in  
42 relation to independence relating to the  
43 regulator, GPEB, would apply equally to BCLC?

44 MS. HARRIS: I think that amendments would support the  
45 need for clear delineation of roles and  
46 responsibilities between the gambling regulator  
47 and the operator.

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1 Q Is it -- is it fair to say that -- and I'm happy  
2 for Mr. Sieben to answer this one -- that BCLC  
3 really is already supposed to operate  
4 independently, subject to directions in writing  
5 from the government, that is, under the *Gaming*  
6 *Control Act*, any policy direction to BCLC must be  
7 published, that --

8 MR. SIEBEN: My apologies, just finding the mute  
9 button again. I'm happy to provide a  
10 perspective. I do not have a direct knowledge  
11 of the relationship between the Ministry of  
12 Attorney General and BCLC. However, having been  
13 a deputy minister with responsibility for  
14 maintaining relationships with a public Crown  
15 corporation, I can identify that the specific  
16 sort of instrument of direction that most people  
17 use in such circumstances is some letter of  
18 expectation between the ministry and the  
19 minister's office and to both the board of  
20 directors for that Crown corporation and as well  
21 as to the CEO of that corporation. However, it  
22 would be naïve to suggest that there isn't  
23 ongoing contact and engagement between  
24 particularly a deputy minister and the Crown on  
25 a more regular basis, depending on what the  
26 affairs of a Crown might entail, and what  
27 activities were attracting either government  
28 attention or media attention or whether the  
29 Crown might be the source of a day to day high-  
30 profile activity.

31 So, but while the Crown would certainly  
32 have a separate board with a chair appointed by  
33 government and their primary responsibility  
34 would be to maintain a relationship with the CEO  
35 and provide some direction pertaining to the  
36 strategic direction of the Crown and their --  
37 and their budget, I would anticipate, and in  
38 fact have experience as a deputy minister  
39 providing advice on behalf of the ministry and  
40 government to both the board and the CEO on  
41 various matters that might be of interest to  
42 both government and the Crown agency in regard  
43 to how it provides its services.

44 So I would -- well, again, I don't have  
45 specific knowledge of a discussion or  
46 relationship between the associate deputy  
47 minister or the deputy minister and the ministry  
attorney general and BCLC. I would anticipate

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- 1           that their experience is somewhat similar to my  
2           own in my previous [indiscernible - break in  
3           recording].
- 4       Q     And I'm thinking, Mr. Sieben -- I'm sorry, I  
5           missed a few parts of the initial portion of your  
6           answer because the volume was going up and down,  
7           at least for me. But can you -- are you -- if  
8           you're familiar, then -- are you familiar with  
9           the -- the reason that the *Gaming Control Act* was  
10          amended, which followed a court case that I  
11          understand was fairly high-profile in B.C., the  
12          purpose really was that if a politician was going  
13          to weigh in, that the principle, the general  
14          principle is that it should be transparent?
- 15       MR. SIEBEN: I'm sorry, I don't have -- I don't have  
16          knowledge of that specific instance.
- 17       Q     Okay. Would you agree with me that the need for  
18          independence -- and Mr. Sieben, feel free to  
19          answer this -- between the entities responsible  
20          for AML and government cannot be dependent on who  
21          -- on what government is in power? I don't think  
22          we have any sound.
- 23       MR. SIEBEN: No, I got it. Thank you. I think  
24          generally yeah I would -- I would agree with your  
25          statement, Ms. Mainville. I don't see how -- how  
26          the perspective would -- would really change from  
27          one government to another. I have experience  
28          working with both governments over the course of  
29          my 30 plus 10 years in government and 10 years as  
30          a deputy minister, and my experience is their  
31          approach to working with Crown entities is more  
32          or less consistent.
- 33       Q     Ms. Harris, if I can return to you. I take it  
34          you were aware in December 2017 that BCLC was  
35          contemplating imposing a cash limit of \$25,000 on  
36          buy-ins?
- 37       MS. HARRIS: I can't recall, and wouldn't be -- I  
38          don't recall being privileged to information of  
39          what BCLC was contemplating in that previous  
40          role.
- 41       Q     And you indicated earlier in your testimony that  
42          -- in response to a question from Mr. McGowan  
43          about whether a cash cap has been considered, and  
44          you indicated you could not recall a conversation  
45          about that. And I -- frankly, I was a little bit  
46          surprised by your answer, given the number of  
47          comments that have been made by government about

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1 the amount of cash being brought into casinos,  
2 and I'm going to suggest -- tell me if you have  
3 any knowledge of this -- that there haven't been  
4 any such discussions because the minister has  
5 shut down that conversation after BCLC sought to  
6 implement such a cap?

7 MS. HUGHES: My Lord, I object to the question. It's  
8 based on a number of premises that are unfounded,  
9 and also this witness is not in a position to  
10 speak, again, to what the minister did or didn't  
11 do in conversations with BCLC.

12 MS. MAINVILLE:

13 Q You have not had any discussion whatsoever with  
14 anyone in the Ministry of the Attorney General's  
15 office about whether a cash cap should be  
16 imposed?

17 MS. HUGHES: My Lord, again, I rise through a voice of  
18 caution. This question could potentially intrude  
19 onto matters of solicitor-client privilege. I  
20 would ask my friend to please restate the  
21 question in a manner that appropriately protects  
22 that.

23 MS. MAINVILLE: Thank you.

24 THE COMMISSIONER: That's a good point.

25 MS. MAINVILLE: Certainly.

26 Q So aside from any discussions with legal counsel  
27 or that could attract solicitor-client privilege,  
28 are you saying that you have not been privy to  
29 any discussions with anyone in the office of the  
30 Attorney General regarding cash caps, imposing  
31 limits on cash buy-ins at casinos in B.C.?

32 MS. HARRIS: I can confirm that we've talked about  
33 cash buy-ins. I can honestly not recall all  
34 conversations I've had. And if you're speaking  
35 specifically the timeframe of December 2017, that  
36 was quite some time ago. I can't recall specific  
37 conversations.

38 Q Do you have any awareness of the minister  
39 discussing the issue with Peter German?

40 MS. HARRIS: Again, I'm not privy to conversations  
41 that the minister had or did not have with Dr.  
42 German.

43 Q Do you have any understanding of how it comes to  
44 be that Dr. German ultimately recommends that no  
45 cash cap be imposed? And that's Recommendation  
46 number 21.

47 MS. HARRIS: I'm not privy to Dr. German's work that

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- 1 he did, and I'm only privy to reading the  
2 document that was produced.
- 3 Q Did that not strike you or anyone you worked with  
4 as an odd recommendation as opposed to simply  
5 saying, for instance, I'm not -- I'm not going to  
6 comment on whether there is a -- whether a cash  
7 cap should be imposed, I don't think it's  
8 necessary, so I leave it to further analysis, or  
9 other discussions, as opposed to saying, no cash  
10 caps, effectively objecting to cash caps?
- 11 MS. HUGHES: Again, My Lord, I'm going to object to  
12 this question. And I've given my friend quite a  
13 lot of leeway here. I'm failing to see how this  
14 pertains to the matters that are properly being  
15 canvassed in these hearings. The issue of cash  
16 caps and minutia of what was or wasn't discussed  
17 at various times seems to me a more appropriate  
18 matter to be canvassed in the fall with  
19 individuals who are in decision-making positions  
20 on those issues.
- 21 THE COMMISSIONER: Yeah, I think, Ms. Mainville,  
22 you're sort of three or four steps removed from  
23 the person you should be questioning about this.  
24 And just as a matter of formality, it's not "My  
25 Lord," it's Mr. Commissioner. Thank you.
- 26 MS. HUGHES: My apologies, old habits die hard.
- 27 THE COMMISSIONER: Of course. Thank you. I'm sorry.  
28 Ms. Mainville, carry on.
- 29 MS. MAINVILLE: Yes, thank you. Your indulgence.
- 30 Q You were, Ms. Harris, in attendance at a  
31 ministerial meeting in February 2019 where the  
32 Ernst and Young report was presented to the  
33 Attorney General. Do you recall that?
- 34 MS. HARRIS: Yes, I was.
- 35 Q Which is a report regarding people coming into  
36 casinos and basically obtaining cheques for cash,  
37 correct?
- 38 MS. HARRIS: Yes, that's correct.
- 39 Q And do you recall the Attorney General's response  
40 to that report questioning that that allegation  
41 had been made? That -- sorry, to be clear. That  
42 the allegation had been made that people were  
43 bringing in proceeds of crime into casinos and  
44 getting cheques in exchange for cash?
- 45 MS. HARRIS: I believe that was a finding of Dr.  
46 German, if I recall correctly.
- 47 Q Right, but -- right, and do you recall the



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1 Attorney General's response to that being -- who  
2 had made that allegation?

3 MS. HARRIS: No, I can't recall specifics -- the  
4 specific conversation, no.

5 Q I'm going to move on to specific recommendations.  
6 And this is a question for Deputy Minister  
7 Sieben. In the -- and I'm happy to turn them up  
8 if you like. In the minutes of the DMC meeting  
9 of May 2nd, 2019, there's some discussion at  
10 point 4 about an accounts-based system being  
11 discussed. Or, sorry, let me just -- sorry, not  
12 point 4, [indiscernible] -- at point 2.

13  
14 Briefing; Account-based cashless gambling  
15 and AML enhancement... provided by BCLC.

16  
17 MR. SIEBEN: Yes, I see that reflected in the minutes.  
18 I'd have to really sort of rely on the -- on the  
19 minutes. I don't -- I can't say I have a direct  
20 recollection from --

21 Q Okay.

22 MR. SIEBEN: -- from the discussion at that time, May  
23 2nd, 2019.

24 Q It effectively says that -- at the fourth point  
25 down:

26  
27 New System Options: (Account Based System -  
28 would require 2-3 years to be fully  
29 implemented)

30  
31 Shift from cash to purchasing credits to be  
32 used for gaming.

33  
34 Effectively appears that this -- these cash  
35 alternatives and shifting away from cash was --  
36 was discussed.

37 MR. SIEBEN: Right. Yeah, I recall. Yes, I recall  
38 discussions pertaining to that, whether they  
39 occurred on May the 2nd or otherwise, but  
40 certainly that is -- that's an area of interest  
41 for -- for limiting the opportunity for -- for  
42 cash transactions that might lend itself to money  
43 laundering.

44 Q Right, so it was being entertained and the  
45 proposal brought to DMC for consideration?

46 MR. SIEBEN: Yeah. Yeah, and as the -- what I recall  
47 from what's represented in the minutes is that,

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- 1           just as it is referenced as a new system option,  
2           was something that BCLC was -- was looking at.  
3           And again, if I recall -- and I'm allowing myself  
4           the opportunity to remember as -- as we're  
5           speaking, is that I think I recall BCLC  
6           representing that some of what they were finding  
7           was premised on them having observed similar --  
8           similar systems in gaming operations in other  
9           jurisdictions.
- 10          Q       And is it fair to say that this proposal didn't  
11                have to do with any of Peter German's  
12                recommendations?
- 13          MR. SIEBEN: I have to confess, I'm not as familiar  
14                with the individual recommendations as my  
15                colleague, Ms. Harris is, so I would have to rely  
16                on Ms. Harris, or even yourself for that.
- 17          Q       Sure, and I'm happy even to assist Ms. Harris.  
18                To me, it sounds like the opposite of what Peter  
19                German recommended, which was to eliminate casino  
20                customer accounts once responsibility for cash  
21                alternatives had transitioned to a service  
22                provider. So that's Recommendation number 22,  
23                and referencing Recommendation 20, which is to  
24                transition responsibility for cash alternatives  
25                to the service providers. Am I right --
- 26          MR. SIEBEN: I --
- 27          Q       -- so if Ms. Harris could indicate whether this  
28                -- this discussion at least that was brought  
29                before the DMC was separate and apart from or  
30                didn't have anything to do with Peter German's  
31                recommendations?
- 32          MS. HARRIS: No, point 2, if I can recall correctly,  
33                point 2 was a review and analysis done that was  
34                in conjunction with Recommendation 20, which  
35                refers to exploring cash alternatives, as well as  
36                a dependent recommendation, which is  
37                Recommendation 22, which is Dr. German's  
38                recommendation to eliminate player gaming fund  
39                accounts.
- 40          Q       Is it fair to say that this is consistent with  
41                Recommendation 20, which is that cash  
42                alternatives be the responsibility of service  
43                providers, and now what we have is government  
44                weighing in on cash alternatives, not service  
45                providers?
- 46          MS. HARRIS: I think it's important to note that the  
47                recommendations -- Recommendations 20 and 22 were

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- 1 reviewed and consulted with service providers,  
2 and conversations did occur with service  
3 providers, and they did provide their -- their  
4 feedback on those areas.
- 5 Q Are these recommendations that are being  
6 implemented or -- or not?
- 7 MS. HARRIS: On Recommendation 20, I can tell you that  
8 cash alternatives are already the responsibility  
9 of service providers.
- 10 Q Exactly.
- 11 MS. HARRIS: And any changes that they wish to make  
12 need to be approved by BCLC. Recommendation 20  
13 has been reviewed and explored and has -- I need  
14 to recall -- Recommendation -- sorry, again, I  
15 don't have the list in front of me. Some of the  
16 intent behind Recommendation 20 as per Dr. German  
17 was also exploring cash alternatives. It's been  
18 brought forward to the Anti-Money Laundering  
19 Deputy Ministers Committee for review and  
20 consideration, and I don't believe -- in my  
21 recollection, I can't recall if that  
22 recommendation or those series of recommendations  
23 have been addressed and approved by the deputy  
24 minister's committee at this time. I'd have to  
25 look at my notes.
- 26 Q But I take it casino accounts are not going to be  
27 eliminated, and tell me if you're aware, but  
28 these accounts are necessary in fact to introduce  
29 cash alternatives because the funds need to go  
30 somewhere in terms of if their [indiscernible] is  
31 from e-transfers, wire transfers, certified  
32 cheques, bank drafts, all of that, needs an  
33 account to be implemented? Is that fair?
- 34 MS. HARRIS: Yes. Your -- to my knowledge, your  
35 statement is correct. Service providers do  
36 support keeping player gaming fund accounts, as  
37 does the secretariat and working group.
- 38 Q And I take it, at the outset, the government set  
39 out to implement all of Dr. German's  
40 recommendations?
- 41 MS. HARRIS: The recommendations were accepted in  
42 principle by government.
- 43 Q And is it fair to say the direction was given to,  
44 at least initially, to implement everything,  
45 contrary to -- you've spoken about how AMLS was  
46 to, for the time being, analyze and consider the  
47 other two reports, but when it comes to the first

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1 German report, the direction was to implement,  
2 correct?

3 MS. HARRIS: I was not here at the time of receipt of  
4 that report, and I was not in this position, so  
5 I'm not aware.

6 Q Well, is it fair to say that you've had a number  
7 of communications with Mr. Kroeker, amongst  
8 others at BCLC, telling them that they had to  
9 implement all of the recommendations?

10 MS. HARRIS: No, that's not -- sorry, that's not  
11 correct. The advice and directive was to review  
12 and analyze all recommendations.

13 Q And --

14 MS. HARRIS: And that was given from the secretariat,  
15 yes, that's correct. My statement is correct in  
16 saying review and analyze recommendations.

17 Q You've indicated that you were only aware of -- I  
18 think this was in response to Mr. Smart's  
19 question -- that you were aware that BCLC  
20 disagreed with some of Dr. German's  
21 recommendations from the media. I'm going to  
22 suggest you have had a number of discussions with  
23 representatives from BCLC directly and are aware  
24 in that context that they disagreed with a number  
25 of the recommendations?

26 MS. HARRIS: I'm aware that -- of the recommendations  
27 that I worked directly with them on -- that there  
28 was disagreement on how or if they could be  
29 implemented.

30 Q And do you have an account of how many of the 48  
31 recommendations are not going to be implemented?

32 MS. HARRIS: No, I can say that all recommendations  
33 have been -- have been and are being reviewed and  
34 analyzed, and to date, we are addressing all  
35 recommendations.

36 Q Well, by my count, you've indicated to this  
37 Commission that some have been set aside, and by  
38 my count, it's at least 11 that are not being  
39 proceeded with. Is that not fair?

40 MS. HARRIS: I would need you to take me through those  
41 11. All recommendations are being addressed in  
42 some manner.

43 Q Well, for instance, the -- the ones we just went  
44 through on casino accounts, the police unit, the  
45 designated police unit, and STR recommendations,  
46 all the STR recommendations that would not go  
47 through the service providers, are those not some

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1           that are off the table?

2   MS. HARRIS: Based on the original intent of the  
3           recommendations or how Dr. German originally  
4           intended it, we are not necessarily implementing  
5           exactly to that, but we are addressing the spirit  
6           of those recommendations and have done -- in a  
7           number of ways, have explored other avenues that  
8           would speak to the spirit of those  
9           recommendations.

10   MR. SIEBEN: Ms. Mainville, would you -- or would the  
11           Commissioner permit me to provide a response to  
12           your question?

13   MS. MAINVILLE: Sure.

14   MR. SIEBEN: As a member of DMCAML, I can -- I can  
15           confirm that we are -- we certainly regard as a  
16           starting point, particularly from the original  
17           report, Dr. German's sort of recommendations, and  
18           as Ms. Harris has indicated, our intent is to  
19           respond as best that we can to those  
20           recommendations. However, that does not  
21           necessitate that we implement each of them to the  
22           letter or as they are written. And, in fact, we  
23           may choose to move in a slightly different  
24           direction. In doing so, we would want to be  
25           cognizant that whatever recommendation or  
26           findings that Dr. German made would have likely  
27           had some reason behind them, so we want to be  
28           sure that there was merit in doing so. But I,  
29           for one, and I think I can speak confidently of  
30           the view of my colleagues on the committee, do  
31           not have -- feel a responsibility to slavishly  
32           follow each of the individual recommendations  
33           word for word.

34   MS. HUGHES: My Lord, I interject at the moment to  
35           note the time.

36   THE COMMISSIONER: Yes, I'm --

37   MS. HUGHES: As I understand that we're quite tight  
38           for time with this panel, and Ms. Mainville is  
39           now about -- over her time limit.

40   MS. MAINVILLE: Yes, and I was going to acknowledge  
41           that, Mr. Commissioner, and I intend to wrap up  
42           in just a few minutes, if that's agreeable.

43   THE COMMISSIONER: That's fine, Ms. Mainville. What  
44           do you mean by "a few minutes?"

45   MS. MAINVILLE: Let's say tops, five, but I will try  
46           to be faster than that.

47   THE COMMISSIONER: All right, thank you.

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1 MS. MAINVILLE: Thank you.

2 Q In respect of the STR recommendations from  
3 service providers, what then has been implemented  
4 -- you've said we've taken other steps to achieve  
5 the purpose behind the recommendations, what  
6 would that be exactly?

7 MS. HARRIS: Could you -- would you like me to respond  
8 to one specific recommendation?

9 Q Well, for instance, that service providers be  
10 responsible for reporting to STRs, to FINTRAC,  
11 what's been done in lieu of that?

12 MS. HARRIS: Some of the --

13 Q [Indiscernible - break in recording].

14 MS. HARRIS: Some of the concerns that Dr. German had  
15 was the manner in which STRs were created and the  
16 concern around unusual financial transaction  
17 alerts, or UFTs, being amended prior to being  
18 transitioned into an STR. It's been confirmed  
19 and we can -- BCLC can clearly state that the  
20 information provided in a UFT that's provided by  
21 service providers is not changed and it's  
22 incorporated into an STR. And STRs also allow  
23 the opportunity to add additional information,  
24 and that is done by BCLC and provided directly to  
25 FINTRAC within the allotted time.

26 In addition, the concern around eliminating  
27 UFTs, it would mean that there's important  
28 information provided in UFTs that would go -- or  
29 do go to the Gaming Policy and Enforcement Branch  
30 in addition to JIGIT, as well as new gaming  
31 information groups that was created based on  
32 recommendations or would fall from  
33 recommendations of Dr. German. They also receive  
34 and review UFTs on a weekly basis. If those UFTs  
35 are eliminated, then that information would not  
36 be seen by those groups.

37 Q Right, and so I'm going to suggest actually it's  
38 largely a status quo, that what pre-existed has  
39 remained? Is that not fair?

40 MS. HARRIS: It's correct in stating that service  
41 providers would not be submitting STRs directly  
42 to FINTRAC.

43 Q Am I right that in March 2019, it appears from  
44 the DMC minutes of that date, where you were  
45 present, Ms. Harris, the proposed recommendation  
46 was to keep the status quo, and it's indicative  
47 that the secretariat and, I gather, the DMC,

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1           agreed with that?

2       MS. HARRIS: Sorry, I would need time to take a look  
3           at the minutes of that meeting. If you'd allow  
4           me time, or Mr. Commissioner, for me to do that.

5       THE COMMISSIONER: Yes, that's fine. Thank you.

6       MS. HARRIS: Ms. Mainville, can you confirm that it's  
7           the March 19th minutes that you're speaking to?

8       MS. MAINVILLE:

9       Q       March 19, 2019, where, at point number 4, the  
10           concerns -- sorry -- there's a discussion  
11           regarding the concern that BCLC raised, including  
12           concerns that FINTRAC relayed in respect of these  
13           Recommendations 5 and 6, and you'll see at the  
14           bottom:

15  
16                   The proposed recommendation for 5 and 6  
17                   would be to continue as status quo. This  
18                   also impacts recommendations 8, 9, part of  
19                   11.

20  
21                   ACTION: Return to AML DMC with a final  
22                   briefing and decision...

23  
24       And:

25  
26                   ... meet with Peter German to walk him  
27                   through the decision.

28  
29                   So it sounds to me like effectively there was, at  
30                   least at that time, general agreements about  
31                   maintaining the status quo.

32       MS. HARRIS: This was a check-in with the Anti-Money  
33           Laundering Deputy Ministers Committee, and yes,  
34           we did discuss Recommendations 5 and 6 and the  
35           work that was completed to date, at this time.  
36           This was March 19th, and I can -- I can tell you  
37           that much work was continued after this point.  
38           As noted within these minutes, that FINTRAC noted  
39           to BCLC that it has concerns around a significant  
40           increase they would see if UFTs went straight to  
41           them, in addition to other concerns, as well as  
42           other notes such as it was noted that BCLC is  
43           using data differently, there was more work to be  
44           completed and that is why the action below, that  
45           we need to return to AMLDMC following further  
46           review and analysis. And I can confirm that that  
47           did happen.

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1 Q And was it not the case, though, that it was  
2 ultimately the minister who pushed for the  
3 recommendations to be implemented -- these  
4 recommendations to be implemented? I know they  
5 ultimately were not, but in June, there was still  
6 a lot of discussion about that, so was that not  
7 the process that this went through?

8 MS. HUGHES: My Lord, if I could just ask my friend to  
9 rephrase the question. I'm not sure I understand  
10 it. Again, my apologies, Mr. Commissioner.

11 THE COMMISSIONER: Yes.

12 MS. MAINVILLE: Sorry, and I do want to wrap up.

13 Q This was in March 2019, and in June, there is  
14 input, as you said, more work was done, FINTRAC  
15 -- more input was obtained from FINTRAC. Am I  
16 right that in between March and June, what --  
17 what sort of delayed a final conclusion on that  
18 issue was push back from the minister and him  
19 wanting the recommendations to be implemented as  
20 they were?

21 MS. HARRIS: I don't think that's an accurate  
22 statement. I can tell you that I had concerns  
23 around some of the information, and the  
24 information brought forward, and I asked for  
25 further review to be done by BCLC. And to go  
26 back and essentially do more work to understand  
27 the information brought forward by FINTRAC.

28 Q I have a final question, if I may, Mr.  
29 Commissioner.

30 THE COMMISSIONER: Yes, Ms. -- I think we're at the  
31 stage now where one final question, and then  
32 regardless of the answer, we're shutting down.

33 MS. MAINVILLE: I agree, and I appreciate your  
34 indulgence.

35 Q Mr. Sieben, Deputy Minister, you were Deputy  
36 Minister when the German report was first  
37 received by government on March 31st, 2018. Am I  
38 right that many in government had significant  
39 concerns about the quality of the report?

40 MS. HUGHES: My Lord, I object to the question. Mr.  
41 Sieben can only speak to his own personal  
42 knowledge or views.

43 MS. MAINVILLE: Right. Your knowledge of concerns  
44 that government had, discussions that you had or  
45 were privy to.

46 MR. SIEBEN: I'm quite happy to comment in relation to  
47 my own views, if that would be sufficient and of



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1 interest to the Commissioner. I very much  
2 appreciated Dr. German's work and findings, and  
3 continue to do so. His report, in and of itself,  
4 in that structure and tone is a little bit  
5 different than in my experience as government  
6 received as a form of external advice for review,  
7 I recall a bit of a flare for alliterative  
8 headings and comments in places. So it certainly  
9 struck those of us who are reading perhaps  
10 reports more consistent in form and structure  
11 such as the Deloitte report or the E & Y report  
12 that we haven't spoken yet, but it is also in the  
13 materials, that it's more usually what we got.  
14 So therefore some of the -- some of the narrative  
15 and some of the prose was not only different, but  
16 perhaps a little bit more colourful than some of  
17 us -- and it may be the nature of the work that  
18 we do -- would often prefer a more businesslike  
19 approach to the narratives that were provided.  
20 That's my comments upon reflection. Really more  
21 to pertaining to sort of style that was  
22 introduced in the narrative as it might have been  
23 -- seems to have been provided more for external  
24 review and consideration rather than directly for  
25 -- for government's consideration.

26 MS. MAINVILLE: Thank you for that, and I thank my  
27 colleagues who are following me for the  
28 indulgence of time.

29 THE COMMISSIONER: All right. Thank you, Ms.  
30 Mainville. We will now turn to Mr. McFee on  
31 behalf of James Lightbody.

32 MR. McFEE: Thank you, Mr. Commissioner.

33  
34 EXAMINATION BY MR. McFEE:

35  
36 Q My questions will be directed largely to Mr.  
37 Sieben and [indiscernible] he's a member of the  
38 AML Deputy Ministers Committee, but feel free,  
39 Dr. Dawkins and Ms. Harris, to contribute also.  
40 As I understand matters, the -- Dr. German's  
41 first report, the "Dirty Money" report, was  
42 released publicly at the end of June 2018. Does  
43 that match with your recollection, Mr. Sieben?

44 MR. SIEBEN: Generally, I believe so, yes. I think  
45 that's been stated here already, yes.

46 Q And this AMLDMC committee was established quite  
47 soon thereafter, as I understand?

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- 1 MR. SIEBEN: Yes, as reflected in the -- in the terms  
2 of reference.
- 3 Q Right, and the terms of reference say that the  
4 committees will oversee, guide and direct the  
5 implementation of the recommendations from the  
6 German report. Do you recall that?
- 7 MR. SIEBEN: They do, yeah, as outlined in paragraph  
8 1, I believe.
- 9 Q And as Ms. Harris told us, the president and CEO  
10 of BCLC was appointed as a non-voting member  
11 right from the inception of the committee?
- 12 MR. SIEBEN: As reflected in the minutes, and which  
13 coincides with my recollection, yes.
- 14 Q Right, and it was my client, Jim Lightbody, that  
15 was the non-voting member in his capacity as the  
16 President and CEO of B.C. Lottery Corporation?
- 17 MR. SIEBEN: Who attended in -- in that role, yes, I  
18 recall him attending both in person and, at  
19 different times, by phone.
- 20 Q And we don't need to go through all of the  
21 minutes, but is it your recollection that Mr.  
22 Lightbody regularly attended the committee  
23 meetings and participated actively in its  
24 deliberations?
- 25 MR. SIEBEN: That is my recollection, yeah, that's --  
26 I would agree with that statement.
- 27 Q And do you recall that Mr. Lightbody made  
28 presentations to the committee respecting BCLC's  
29 efforts to implement the German report  
30 recommendations where BCLC was designated as the  
31 lead agency to do so?
- 32 MR. SIEBEN: That's consistent, again, with what I  
33 recall, and I -- I think as reflected in the  
34 minutes, yes.
- 35 Q And do you recall that Mr. Lightbody also made  
36 senior personnel of BCLC available to make  
37 presentations to and to provide information to  
38 the committee respecting BCLC's existing AML  
39 regime and their efforts to enhance it?
- 40 MR. SIEBEN: Yes, that, too, sounds -- sounds accurate  
41 to me.
- 42 Q And in that context, the very first meeting of  
43 the committee, as I understand the minutes,  
44 occurred on September 18th, 2018?
- 45 MR. SIEBEN: Again, that -- again, counsel, I believe  
46 that is correct, yes.
- 47 Q Well, we don't need to bring them up, but if you

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1           just look at those minutes for a moment. Do you  
2           have them handy?

3 MR. SIEBEN: If you allow me just a moment, I will  
4           locate them. That's 5A, I think.

5 Q       It's Exhibit 48, 5A.

6 MR. SIEBEN: Yes, I have them in front of me now,  
7           thank you.

8 Q       And you see in the minutes there -- and this is  
9           the first meeting, isn't it?

10 MR. SIEBEN: I believe it's the first meeting, yes.

11 Q       You'll see item number 2 is "Stated AML." And it  
12       says "Rob and Anna" so that would be Rob Kroeker,  
13       who is from BCLC, and Anna Fitzgerald, from GPEB:

14                                 ... made presentation on the state of money  
15                                 laundering and anti-money laundering  
16                                 efforts. DMC representatives asked  
17                                 questions for clarification throughout.  
18

19  
20           Do you have any recollection of that  
21           presentation?

22 MR. SIEBEN: Generally, I do. I recall -- I recall  
23           the first meeting. I recall the presentation  
24           being made. I can't say I recall it slide by  
25           slide, but I remember it being very informative,  
26           certainly for me, as -- as relatively new to the  
27           topic both of gaming as well as -- as well as  
28           money laundering in casinos. It's my sort of  
29           introduction to that coincides with the -- with  
30           the release of Mr. -- or Dr. German's first  
31           report.

32 Q       Do you recall --

33 MR. SIEBEN: Very useful to me.

34 Q       Do you recall as part of this presentation Mr.  
35       Kroeker informed the committee as to the steps  
36       that BCLC had already taken to strengthen its AML  
37       regime?

38 MR. SIEBEN: I recall -- I couldn't recite for you  
39       point by point, but yes, I can recall that  
40       happening.

41 Q       Thank you. Maybe I can just jog your memory, and  
42       tell me if you have any recollection that Mr.  
43       Kroeker advised that committee that BCLC had  
44       already expanded patron checks for source of  
45       wealth and source of funds. Does that ring a  
46       bell to you?

47 MR. SIEBEN: I couldn't say for sure, but I wouldn't

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1 dispute you.

2 Q Do you recall being advised that BCLC's AML unit  
3 had already been expanded and more personnel  
4 added to it?

5 MR. SIEBEN: That point, I do recall. I recall Mr.  
6 Kroeker making that point.

7 Q And do you recall being advised that BCLC had  
8 already acquired additional automated money  
9 laundering analytical tools?

10 MR. SIEBEN: I recall discussion in and around their  
11 desire to do so, but it could very well have been  
12 that the acquisition had already been made.

13 Q And do you recall there being -- being advised by  
14 Mr. Kroeker that -- that JIGIT had been added to  
15 the existing BCLC-RCMP information sharing  
16 agreement?

17 MR. SIEBEN: Yes, I do recall that, JIGIT being  
18 particular area of interest of mine.

19 Q And do you recall Mr. Kroeker advising that BCLC  
20 had -- I think the word they use is "delisted"  
21 money service businesses, wouldn't accept  
22 transactions from them any longer?

23 MR. SIEBEN: I don't recall that specific point, but I  
24 -- again, I wouldn't dispute it.

25 Q And do you recall in that meeting being advised  
26 that BCLC had joined the Federal Advisory  
27 Committee on Money Laundering and Terrorist  
28 Financing?

29 MR. SIEBEN: My response would be consistent with my  
30 most previous one.

31 Q Now, that was the first meeting, but thereafter,  
32 during his tenure as a member of the committee,  
33 did it appear to you that Mr. Lightbody was at  
34 all times willing to contribute to the work of  
35 the committee?

36 MR. SIEBEN: Oh, very much so, yes. I found him to be  
37 extremely knowledgeable and helpful, both drawing  
38 upon his experience in the past, and certainly in  
39 his -- in his role, yeah.

40 Q And from your observations, did Mr. Lightbody  
41 display a willingness to do what was necessary to  
42 improve and enhance BCLC's AML regime?

43 MR. SIEBEN: Generally I'd say that was a fair  
44 statement, that he struck me as being very --  
45 very cognizant of the issues, expressed interest  
46 in bottling up on the other recommendations that  
47 had come from Dr. German, and participating in

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- 1 discussion about how best to pursue them, and was  
2 willing to provide sort of backgrounds of  
3 information to -- to the DMC voting members. He  
4 was very helpful.
- 5 Q And in terms of his participation in the  
6 committee, do you recall that Mr. Lightbody  
7 consistently made it clear that BCLC, under his  
8 direction, was committed to doing its part to  
9 enhance the British Columbia and BCLC AML  
10 regimes?
- 11 MR. SIEBEN: I don't -- I can't say I recall that  
12 statement, that pithy in tone or substance, but  
13 certainly from what I observed, your statement  
14 reflected what I saw in terms of his engagement  
15 with our committee and his interest in the  
16 issues.
- 17 Q Now, in his report, Dr. German made 48  
18 recommendations. Do you recall that?
- 19 MR. SIEBEN: I do.
- 20 Q And do you recall that your committee, the DMC,  
21 assigned responsibility to BCLC to take the lead  
22 role in implementing 10 of those recommendations?  
23 Does that sound about right?
- 24 MR. SIEBEN: With -- with support through the  
25 secretariat, certainly there were some  
26 recommendations that were very much directly  
27 within the purview of BCLC.
- 28 Q Do you recall that by the time the first meeting  
29 in September of 2018, when the committee met,  
30 that BCLC had already implemented three of the 10  
31 recommendations that it had been assigned the  
32 lead role on?
- 33 MR. SIEBEN: I couldn't confirm that it was three, but  
34 I can confirm that it struck me that I saw BCLC  
35 as being sort of responsive to the issues and to  
36 -- and to our interest in the topic.
- 37 Q And in the context of Dr. German's  
38 recommendations, I just want to be clear what  
39 your evidence was in response to Ms. Mainville,  
40 the terms of reference seemed -- of the  
41 committee, seemed to say that its role was to  
42 implement the recommendations, but you and the  
43 other committee members didn't view it as your  
44 role to slavishly follow those recommendations.  
45 Is that accurate?
- 46 MR. SIEBEN: Yeah, I -- again, I would -- I have been  
47 in government for quite a while, and in senior

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1 roles for over 15 years, and have -- have, over  
2 that period of time, been in the position of  
3 receiving countless reports from external bodies  
4 and advisors in and around the areas that I've  
5 had responsibility for, and it's quite often the  
6 case that government decides or chooses to  
7 implement the recommendations associated with  
8 those reports. It is, in my experience, always  
9 the case that an implementation -- that we  
10 approach implementation with an open mind and  
11 seek to -- where it makes sense, to implement to  
12 the letter the recommendation. Then we look for  
13 a means by which to do so. Sometimes that  
14 requires policy changes. Sometimes it requires  
15 legislative changes. Sometimes that requires  
16 changes in service delivery or in budget  
17 allocation. At other times, it makes more sense,  
18 in order to get a better result or for -- for  
19 limitations that we have both in terms of a  
20 budget or service delivery structure, to meet the  
21 intent of the recommendation in spirit, and at  
22 other times it makes sense to do something  
23 different than what was recommended, predicated  
24 on best information and advice of -- beyond the -  
25 - the external advisor.

26 So, it is with that -- that history and  
27 experience that I bring to my current role as a  
28 member of the Deputy Minister Committee on Anti-  
29 Money Laundering. So we take the recommendations  
30 from Dr. German very seriously, as we do with --  
31 with the Maloney report, and that as it's  
32 outlined in both sets of terms of reference, our  
33 goal and our direction is to implement them. In  
34 doing so, though, it is our responsibility as --  
35 both as a committee and individual deputies, to  
36 give our respective ministers and government as a  
37 whole our best advice as to how their broader  
38 policy objectives can be achieved, and in this  
39 instance, that means making B.C. as resistant and  
40 as -- most successful as it can be in addressing  
41 anti-money laundering, or is addressing money  
42 laundering.

43 Q So, in sum, was it the committee's collective  
44 view that Dr. German's recommendations were a  
45 sound starting point, but the committee was open  
46 to potentially better or smarter options and  
47 solutions?

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1 MR. SIEBEN: If they -- if those options are available  
2 to us, yes. I would add a caveat, is if  
3 government has requested that an expert in an  
4 area provide advice to us to the extent of  
5 actually providing recommendations, then we also  
6 want to do those recommendations justice. So  
7 should we seek to deviate or move from a  
8 recommendation slightly or decide we want to move  
9 in another direction, we would want to make sure  
10 that, first of all, we're not missing something,  
11 that there might be something beneath the  
12 recommendation that is worth hearing about that  
13 might redirect our -- our efforts. And we would  
14 want to make sure that the -- the result was  
15 going to be value -- value added.

16 So I just want to underscore that I wouldn't  
17 want to make light of our industry to bring  
18 awareness in regard to the recommendations  
19 either. But while they're -- while they're a  
20 starting off point, they're also more or less the  
21 direction we're proceeding, unless, as your  
22 question suggests, in fact there might be an  
23 improved approach.

24 Sometimes the time period between when the  
25 report and the recommendations are received and  
26 when the recommendations can be implemented has  
27 resulted in a change of circumstance. Other  
28 occurrences, there's additional information that  
29 might inform what a better option might look  
30 like. Or, there may be a decision that impacts a  
31 ministry set a budget either for the better or --  
32 or for the worst. All those factors end up  
33 influencing how best an individual recommendation  
34 might be made, or might be implemented.

35 Q As you say, sometimes there's a time lag between  
36 receipt of the report and implementation, and in  
37 that context, when the committee members were  
38 first convening in the fall of 2018, was there a  
39 recognition that Dr. German's report, in terms of  
40 when the incidents occurred, was -- in B.C.'s  
41 casinos, was somewhat dated in that the events  
42 that he was reporting on took place up to -- from  
43 about 2004 up to 2015, and you were now in the  
44 fall of 2018?

45 MR. SIEBEN: Yeah, and -- and, again, that's -- that's  
46 not unique to this instance. It's quite often  
47 that the impetus for an external review is

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- 1           reflective into a previous experience and then  
2           the focus of -- of the report's sort of findings  
3           and the recommendations are -- end up being more  
4           forward looking.
- 5           Q     And when the -- in answer to Ms. Mainville's  
6           questions, you talked about and commented on the  
7           form of Dr. German's report. In that context, in  
8           the fall 2018 meetings, did the committee members  
9           articulate the view that Dr. German's report was  
10          largely not based on hard data and analysis?
- 11          MR. SIEBEN: I wouldn't make that -- that overall sort  
12          of finding. It is often the case with reports  
13          that when they're received, that you may want  
14          more analysis or data in some places. So that's  
15          certainly sort of consistent with what we found  
16          with Dr. German's report.
- 17          Q     Wasn't the view articulated that Dr. German's  
18          report was largely anecdotal and there really  
19          wasn't any data analysis done?
- 20          MR. SIEBEN: I think that's sort of somewhat unfair.  
21          There was some amount of data in Dr. German's  
22          report, but I would certainly agree that there  
23          was much commentary that -- utilized in the  
24          report based on his exchanges with -- with  
25          individuals in various roles in the gaming and  
26          enforcement area.
- 27          Q     And Ms. Mainville asked some questions about the  
28          receipt by the committee of the Ernst and Young  
29          analysis of the issuance of cheques at the River  
30          Rock Casino. Do you remember that report?
- 31          MR. SIEBEN: I'm sorry, do I remember the -- Ms.  
32          Mainville's questions or do I remember the  
33          report?
- 34          Q     Well, do you remember the Ernst and Young report  
35          being presented to the committee?
- 36          MR. SIEBEN: Of course, yes, I do.
- 37          Q     And it was presented by BCLC?
- 38          MR. SIEBEN: I believe that to be the case, yeah. I  
39          don't have a direct recollection of whether that  
40          was actually brought to us through the  
41          secretariat or BCLC, but likely all for the same  
42          purpose.
- 43          Q     Do you recall that after the report was reviewed  
44          by the committee, the committee members  
45          questioned whether the public narrative being  
46          disseminated at that time about bags of cash  
47          coming into casinos and little play taking place,



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1 and and then the patron leaving with a casino  
2 cheque was likely not accurate?

3 MR. SIEBEN: No, that isn't what my recollection sort  
4 of reflects. My recollection is the -- I don't  
5 necessarily see a disharmony from one to the  
6 other, but in my view, the findings of the E & Y  
7 report suggest that for the period of time that E  
8 & Y were looking at the -- in casinos for  
9 cheques, there was little evidence of large sums  
10 of cash being -- being brought into casinos for  
11 the purpose of money laundering. Whether that  
12 may have happened at times previous to that  
13 couldn't be proved really I don't think one way  
14 or the other. Our responsibility as a committee,  
15 regardless, would be to make sure that casinos  
16 would -- would offer the citizens of British  
17 Columbia a fair gaming environment and that they  
18 would -- they would also be sort of reticent in  
19 being sort of venues that would be available for  
20 -- for money laundering in the future.

21 Q But once the Ernst & Young report was received  
22 and reviewed by the committee, do you recall one  
23 of your committee members, Ms. Wanamaker,  
24 stating, well, what we're reading in the media  
25 isn't accurate, or words to that effect?

26 MR. SIEBEN: I couldn't have -- I can't say I have  
27 that specific remembrance, no.

28 Q Do you have a recollection of words to that  
29 effect being articulated in the committee  
30 meetings?

31 MR. SIEBEN: My recollection is that the discussion  
32 was consistent with my -- my previous answer.

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

34 MR. MCGOWAN: Yes, Mr. Commissioner, I'm going to  
35 suggest this might be a good time for us to take  
36 maybe 10 minutes.

37 THE COMMISSIONER: All right. Thank you, Mr. McGowan,  
38 we will do that. Thank you, Mr. McFee. We will  
39 adjourn for 10 minutes. Thank you.

40  
41 (WITNESSES STOOD DOWN)

42  
43 THE REGISTRAR: The hearing is adjourned for a 10-  
44 minute recess, until 12:37 p.m. Thank you.

45  
46 (PROCEEDINGS ADJOURNED)

47 (PROCEEDINGS RECONVENED)

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

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THE COMMISSIONER: Thank you, Madam Registrar. Now, as I understand it, Mr. Comeau, on behalf of the Transparency International Coalition, will ask his questions, and he's been allotted 30 minutes.

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MR. COMEAU: Thank you.

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EXAMINATION BY MR. COMEAU:

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Q Ms. Harris, yesterday the B.C. panel confirmed what has been known for -- for months, that the beneficial ownership information found on the LOTA registry would not be vetted. I believe the panel explained that the B.C. Government arrived at that decision because the cost of vetting was prohibitive; is that correct?

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MS. HARRIS: Sorry, can you clarify? I think I missed your meaning.

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Q Sure. Yesterday the panel confirmed that the beneficial ownership information found on the *Land Owner Transparency Act* registry would not be vetted, and I believe the panel explained the reason for that was because the cost of vetting was prohibitive; is that correct?

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MS. HARRIS: I think that's -- I think that's a question better suited to Dr. Dawkins.

28

29

Q Dr. Dawkins, is that correct, the cost to vetting -- it was expensive to vet?

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DR. DAWKINS: I'm sorry, but I don't recall having had that conversation yesterday. There are some provisions for enforcement in the *Land Owner Transparency Act*, and I'm not sure that I -- I'm not sure that I understand or accept the premise that there would be no vetting.

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Q Sure. Let me explain, just to be perfectly clear. That the beneficial ownership information, the identification information of registrants is not going to be systematically vetted as -- principally, you know, prearranged vetted for each of the filings. It's not being done like that. In other words, there's not the -- the automatic filing of what comes on the registry as vetted by the government. Is that correct?

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DR. DAWKINS: The infor -- sorry. The LOTA registry

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1 will be administered by the LTSA, the Land Title  
2 and Survey Authority, so they will be able -- it  
3 will not be the government receiving the  
4 information. And I cannot speak to what  
5 processes the LTSA will -- will apply to -- to  
6 transparency reports that are being received at  
7 -- at their offices. However, my understanding  
8 is that if you are referring to a full systematic  
9 vetting of every -- of every item that is  
10 submitted to the LTSA, my understanding is that  
11 not every -- every transparency report will be  
12 fully vetted. But that question would be better  
13 directed to the LTSA.

14 Q Right, but -- okay, and the reason why you didn't  
15 have the full vetting, the vetting where each  
16 person who -- who is a beneficial owner, they  
17 file -- you know, vetting of identification, much  
18 like is required by FINTRAC or reporting  
19 entities, et cetera, the problem with doing that  
20 is it's very expensive. Is that correct?

21 DR. DAWKINS: I would say -- I would say there is  
22 always a way to vet more and more so that it  
23 becomes very expensive. I agree with that. I  
24 would just like to clarify that it is not the  
25 beneficial owners who supply the information to  
26 the registry. It is the reporting entity,  
27 usually the corporation or the trust or the  
28 partnership.

29 Q I understand that, but what they are providing is  
30 the identification information for the -- for  
31 those beneficial owners, such as name, address,  
32 and usually in vetting, they would provide a  
33 passport or other document to prove they are who  
34 they are. And that is not being done on the *Land  
35 Owner Transparency Act* registry; is that correct?

36 DR. DAWKINS: My understanding -- my understanding is  
37 that that is correct, yes.

38 Q Right, and the reason that isn't done is because  
39 it's expensive. It's the cost; is that correct?

40 DR. DAWKINS: I can't speak to the reason why it's not  
41 being done, but I would imagine that cost  
42 certainly is an element.

43 Q Okay. And, Ms. Harris, in arriving at the  
44 decision -- the B.C. Government arriving at the  
45 decision that it would not be doing that full  
46 vetting of all of the beneficial ownership  
47 information, did the B.C. Government conduct a

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1 cost benefit analysis of vetting versus not  
2 vetting the information on the registry? Ms.  
3 Harris?

4 MS. HARRIS: Again, that's a question better suited to  
5 Dr. Dawkins.

6 Q Dr. Dawkins?

7 DR. DAWKINS: I --

8 Q Did they do a cost benefit analysis?

9 DR. DAWKINS: No, there was no cost benefit analysis  
10 done.

11 Q Thank you. So, do you recall any discussions of  
12 it, in other words, when they were looking at it,  
13 on the benefit side of that analysis, were there  
14 revenues considered? And to be clear, I'm not  
15 asking at this time for numbers or anything, I'm  
16 merely asking, what would the sources of revenues  
17 been, such as user fees on the registry, can you  
18 recall what type of revenues would have been  
19 considered?

20 DR. DAWKINS: I believe that in the *Land Owner*  
21 *Transparency Act* -- or I believe that the LTSA is  
22 imposing both search and filing fees in relation  
23 to -- to activities undertaken with respect to  
24 the LOTA registry.

25 Q Okay, and so you're saying since there was not a  
26 cost benefit analysis, no one looked at the  
27 benefit to society as a whole, say, from catching  
28 more money launderers and drug dealers and  
29 removing the artificial inflation they cause in  
30 B.C.'s real estate?

31 DR. DAWKINS: No, not to my knowledge.

32 Q Okay, and they also never looked at the  
33 estimated revenues from the fines and seized  
34 houses of money launderers?

35 DR. DAWKINS: No, not to my knowledge, no.

36 Q Okay. And this is for Ms. Harris. Ms. Harris,  
37 were you aware that four expert witnesses  
38 immediately preceded you, including two world-  
39 renowned AML experts, they gave testimony to the  
40 effect that failure to properly vet beneficial  
41 ownership information filed on a registry would  
42 significantly compromise the integrity and  
43 usefulness of that information? Were you aware  
44 of that testimony, Ms. Harris?

45 MS. HARRIS: No, I am sorry, I'm not aware. I was not  
46 listening to the testimony.

47 Q And did anyone else on the panel -- are they

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1 aware of testimony to that effect? Dr. Dawkins?

2 DR. DAWKINS: I am not aware of testimony to that  
3 effect, no.

4 Q And Mr. Sieben? I can't hear Mr. Sieben.

5 MR. SIEBEN: No, I'm not.

6 Q Okay, thank you. And Ms. Harris, were you aware  
7 that when asked about the need to vet the  
8 information on the B.C. Beneficial Ownership  
9 registries, the Chief Superintendent of the  
10 Criminal Intelligence Service of Canada gave  
11 testimony to the effect that without proper  
12 vetting, filers could simply make up a name?  
13 Were you aware of that?

14 MR. MCGOWAN: Mr. Commissioner, I'm going to step in  
15 here. The witness has advised that she didn't  
16 watch the testimony. I'm not sure there's much  
17 utility in Mr. Comeau simply restating evidence  
18 that you've heard from other witnesses.

19 MR. COMEAU: I'll move on.

20 Q Ms. Harris, are you aware that by failing to  
21 require vetting of filed information on the  
22 registry, that B.C. Government has reduced the  
23 province's potential to deter, detect,  
24 investigate and prosecute money launderers in  
25 B.C. real estate?

26 MS. HUGHES: Mr. Commissioner, I'm going to object to  
27 this question. This isn't a question that Ms.  
28 Harris is suited to answer.

29 MR. COMEAU: I'm sorry, she's the Secretariat of the  
30 Deputy Ministers Committee on Anti-Money  
31 Laundering. I think at least hearing her opinion  
32 on this I think would be very relevant.

33 MS. HUGHES: Ms. Harris, Mr. Commissioner, is  
34 testifying as to the -- as a representative of  
35 the AML Secretariat, and the question, as I  
36 understood it, sought to elicit expert opinion  
37 evidence.

38 THE COMMISSIONER: Yeah, I -- I also think that what  
39 you're doing, Mr. Comeau, is really making  
40 argument disguised as questions. All of what you  
41 -- you say, you can -- you can use in your  
42 ultimate submissions to me about the  
43 effectiveness or ineffectiveness of a certain  
44 regime at the end of the day, but you're really  
45 disguising argument as questions, it seems to me,  
46 and you're also asking --

47 MR. COMEAU: Okay.

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1 THE COMMISSIONER: -- these questions of -- of  
2 witnesses who -- whose qualifications are -- are  
3 limited in the areas that you're asking them  
4 questions about.

5 MR. COMEAU: Okay.

6 Q Well, would anyone on the panel, then, be aware  
7 of the principal advantages of a publicly  
8 accessible beneficial ownership registry? Is  
9 that a fair question to be asked? Ms. Harris,  
10 are you aware of principal advantages of a  
11 publicly accessible registry?

12 MS. HARRIS: No, I'm not an expert in that area.

13 Q And Mr. Sieben, are you aware of any of the  
14 principal advantages of a publicly accessible  
15 beneficial ownership registry?

16 MR. SIEBEN: No, the -- the topic of beneficial  
17 ownership probably is best directed to staff and  
18 representatives of the Ministry of Finance who  
19 are working on that topic. Whether that's Dr.  
20 Dawkins or others, so I would -- I would suggest  
21 Dr. Dawkins may provide a comment or she may  
22 indicate whether there are others in the Ministry  
23 of Finance who might be able to adequately  
24 respond.

25 Q But -- but you are generally aware that it allows  
26 people from around the world to use their local  
27 knowledge to connect someone who's falsely  
28 declared beneficial owner on the registry with  
29 someone who's committed a crime? You're aware of  
30 it?

31 MR. SIEBEN: As the Deputy Minister for the Ministry  
32 of Public Safety and Solicitor General, I  
33 confess, I do not really have a view on that  
34 topic.

35 Q And, Ms. Harris, as the Secretariat of the  
36 committee, are you aware that a publicly  
37 accessible registry would allow people from  
38 around the world to connect a falsely declared  
39 beneficial owner with the perpetrator of  
40 predicate crimes?

41 MS. HARRIS: No, my role is not as an expert, so I'm  
42 not aware.

43 Q I would just ask if you're generally aware?

44 MS. HARRIS: No, I'm not aware.

45 Q Okay, thank you. All right. All right, Mr.  
46 Sieben, are you aware, just generally, that in a  
47 registry, you've got someone who's a criminal

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- 1 from around the world, and he's gone through  
2 numerous tax havens with, you know, his company  
3 and that, and he -- and he's bought real estate  
4 in B.C., is it not the case that -- he's going to  
5 be using his name on the registry as the  
6 beneficial owner. Is it fair to say he's going  
7 to lie? Is that reasonable?
- 8 MS. HUGHES: Again, Mr. Commissioner, the question  
9 calls for speculation outside of Mr. Sieben's,  
10 stated area of knowledge.
- 11 THE COMMISSIONER: Yeah, I do think -- again, we've  
12 had this kind of evidence already addressed by  
13 other witnesses who have some expertise in the  
14 field, and I'm --
- 15 MR. COMEAU: Okay.
- 16 THE COMMISSIONER: -- I'm not exactly sure what you're  
17 hoping to achieve by -- by this line of  
18 questioning, Mr. Comeau.
- 19 MR. COMEAU: I really just wanted to look at the flaws  
20 with the registry and to show some of the  
21 problems that we are facing because of the flaws  
22 in the registry.
- 23 MS. HUGHES: Mr. Commissioner --
- 24 THE COMMISSIONER: Yes.
- 25 MS. HUGHES: -- as the panel have already testified --  
26 I believe it was Dr. Dawkins -- such questions  
27 are more properly directed, as I understood her  
28 testimony, to the LTSA.
- 29 THE COMMISSIONER: Yeah, I -- I think that's so.
- 30 MR. COMEAU: Directed to whom? I'm sorry.
- 31 THE COMMISSIONER: Dr. Dawkins.
- 32 MR. COMEAU: Dr. Dawkins?
- 33 DR. DAWKINS: Yes?
- 34 Q Would you agree to charging a user fee generally  
35 on the registry would be a deterrent to persons  
36 using the registry?
- 37 DR. DAWKINS: Absent everything else, a fee, I would  
38 imagine, would deter people from using a  
39 registry, yes.
- 40 Q Okay, and are you aware that the -- that the *Land*  
41 *Owner Transparency Act* registry, it only allows  
42 searches by name of beneficial ownership and  
43 parcel of land? Are you aware of that?
- 44 DR. DAWKINS: I believe that to be the case, yes.
- 45 Q Thank you. So -- so let's just take an example,  
46 then. For instance, you just had an honest  
47 citizen, somewhere in any country, doesn't matter

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1           which country, let's say it's Kazakhstan -- it  
2           could be a police officer, a journalist, just a  
3           concerned citizen, and he's sick and tired of  
4           criminals in his country trafficking in drugs and  
5           corrupt government officials taking bribes --  
6           he's that guy -- so he's heard of the B.C. *Land*  
7           *Owner Transparency Act* registry, and he decides  
8           to do a search of the registry to see if he can  
9           find anyone in Kazakhstan that is registered as  
10          the beneficial owner. Okay. And so if he -- if  
11          the registry had different search fields -- in  
12          fact, if it allowed to search by, say, country,  
13          if he could just put in the word "Kazakhstan"  
14          he'd be able to get a list of all registered  
15          persons with an address, country or residence,  
16          citizens from Kazakhstan, and voila, he would see  
17          a 19-year-old unemployed nephew of the mayor of  
18          Almaty, Kazakhstan's largest city, who owns three  
19          houses in West Van, but to get that same  
20          information on the present search restrictions,  
21          he would be required to either enter the name of  
22          every person in Kazakhstan or to have entered the  
23          identifier for every parcel of land in B.C., does  
24          that strike you as counterproductive?

25        MS. HUGHES: Again, Mr. Commissioner, I had trouble  
26          following that question, and again, I think we're  
27          straying into the territory of argument in the  
28          guise of questioning and hypotheticals and  
29          speculation here.

30        MR. COMEAU: Well, sorry, but isn't it very relevant  
31          that the registry doesn't allow people who just  
32          want to search the registry for people in their  
33          country, and it does not allow them to do that?  
34          I mean, it's a publicly accessible registry.

35        THE COMMISSIONER: Yeah, I think so, but I think you  
36          can pose that -- that question directly. Ask Dr.  
37          Dawkins if either she has concerns or if she's  
38          aware of concerns within her ministry that there  
39          are limitations on the ability of people to  
40          conduct searches of the registry. You can ask  
41          that question very directly.

42        MR. COMEAU: Certainly, and may I now do that?

43        THE COMMISSIONER: Yes.

44        MR. COMEAU:

45        Q     Dr. Dawkins, are you aware -- can you just answer  
46          the question?

47        DR. DAWKINS: First of all, let me preface this by



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1 saying I understand -- my understanding is that  
2 they can search by PID and by name, but I am not  
3 confident that those are the only search  
4 criteria, and that, I would have to refer to the  
5 legislation, which is not before me now, to -- to  
6 answer that question with a greater degree of  
7 confidence.

8 However, I would -- I can also point out  
9 that the purpose -- or my understanding of the  
10 purpose of the Land Owner Transparency Registry  
11 is for British Columbians to understand what --  
12 who owns land in British Columbia, because  
13 there's a -- at this point, if you just look at  
14 the legal ownership, there's a very limited  
15 understanding of who actually owns the land in  
16 British Columbia. So having that understanding  
17 will have knock-on effects in terms of it will be  
18 greater transparency and it may help reduce fraud  
19 and money laundering, but it -- by having a  
20 greater set of information, we just have a bigger  
21 -- better understanding of the -- of who owns the  
22 land in British Columbia.

23 Q And you would agree, in meeting that objective,  
24 that the registry would be more helpful if the  
25 search fields were as user friendly as possible?

26 DR. DAWKINS: I don't really have a view on that. I'm  
27 sorry.

28 Q Does your ministry or you have any concerns that  
29 the search fields may be too narrow?

30 DR. DAWKINS: That is not -- that is not a concern  
31 that I have heard expressed.

32 Q And has -- have you or anyone in your ministry  
33 had concern that a land owner transparency  
34 registry does not assign a unique identifier  
35 number to each registrant such that searches  
36 could tell whether John Smith from New York owns  
37 17 houses in West Van or 17 different John Smiths  
38 owned a house in West Van? Do you or the  
39 ministry -- are you aware of any concerns in that  
40 regard?

41 DR. DAWKINS: I have heard that concern raised, and I  
42 have discussed it with my staff, but I do not  
43 know -- I do not know -- I do not know the answer  
44 to that question. I know that there are two  
45 types of searches, so there are searches that  
46 are permitted by law enforcement and other  
47 competent authorities, and for those -- those  
searches --

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

1 information that is -- social insurance number  
2 and business number and so on, birth dates,  
3 information that would allow for identified --  
4 identification of the specific individual, that  
5 that information is available to those competent  
6 authorities.

7 The other -- the other portion of the search  
8 is the search that is available to the public,  
9 and there has always been a balance between  
10 privacy considerations and providing information,  
11 and those searches, I understand the name is  
12 available, the property identification number is  
13 available, and the intention is that there would  
14 be some other primary identification information  
15 that also be available, such as country of  
16 citizenship or, I believe --

17 Q Residency?

18 DR. DAWKINS: Pardon me?

19 Q Residency.

20 DR. DAWKINS: Yeah, I believe it's sort of -- there is  
21 some identification information that would allow  
22 -- that would allow -- to allow the search to  
23 distinguish between individuals with the same  
24 name. But again, it is not as fulsome as in --  
25 as in the available -- the information available  
26 to the competent authorities.

27 Q And did you or anyone in your ministry have  
28 concerns that if you just disclose the country of  
29 residence and not past countries of residence,  
30 that it be too narrow, because someone could  
31 just change their residency by moving across a  
32 border and therefore asking disclosure of that?

33 DR. DAWKINS: I cannot speak to concerns by others in  
34 my ministry. None of them have expressed that  
35 concern to me, and I have not personally had that  
36 concern.

37 Q Okay. Let me change the topic. So have you or  
38 anyone in the ministry or any of you of the view  
39 that it would significantly help in detecting,  
40 investigating, prosecuting money laundering in  
41 B.C. if Canadian law enforcement agencies were to  
42 receive facts and evidence connecting the  
43 improperly registered front man on the registry  
44 to the criminal beneficial owner? Is that -- is  
45 that fair?

46 DR. DAWKINS: Again, I can't speak to the views of  
47 anybody else in my ministry, but I'm not sure --

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

- 1 I'm not sure I actually understand the question.  
2 Could you repeat that, please?
- 3 Q I'm just saying that, you know, the registry --  
4 would you say that it would significantly help in  
5 detecting, investigating, prosecuting money  
6 laundering if Canadian law enforcement agencies  
7 were to receive facts and evidence connecting a  
8 wrongfully registered front man to the criminal  
9 beneficial owner, the real beneficial owner?
- 10 MS. HUGHES: Mr. Commissioner, this question seeks an  
11 answer that's far outside this witness's  
12 expertise. She can't speak to what would assist  
13 law enforcement or not.
- 14 MR. COMEAU: Okay.
- 15 Q So, Ms. Dawkins, did anyone, either you or in  
16 your ministry, have a concern that the registry,  
17 as presently constructed, is a one-way flow of  
18 information?
- 19 MR. MCGOWAN: Mr. Commissioner, I'm just going to step  
20 in here. It may just be the manner in which the  
21 questions are phrased, but Mr. Comeau keeps  
22 asking the witness about concerns on the part of  
23 others. I think it's fair to ask whether this  
24 witness has considered and addressed a concern or  
25 whether others have expressed a concern, but  
26 asking whether others hold a concern is --
- 27 THE COMMISSIONER: Right.
- 28 MR. MCGOWAN: -- not an appropriate question, in my  
29 view.
- 30 THE COMMISSIONER: Yeah, I think that's right, so if  
31 you could refrain from that, Mr. Comeau.
- 32 MR. COMEAU:
- 33 Q So I change it to has anyone expressed a concern  
34 in the ministry that -- that the registry, as  
35 constructed, is a one-way flow of information?
- 36 MS. HUGHES: Mr. Commissioner, I understand the  
37 question to be whether anyone has expressed a  
38 concern to Dr. Dawkins. I think that's a fair  
39 question.
- 40 MR. COMEAU: Yeah, to Dr. Dawkins.
- 41 Q Has anyone expressed a concern that the registry  
42 is constructed as a one-way flow of information  
43 and sends beneficial ownership information out  
44 into the world, but there's no ability within the  
45 registry for searchers to send Canadian law  
46 enforcement agencies the facts and evidence that  
47 they have connecting the front man to the

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1 criminal owner?

2 DR. DAWKINS: No, I have not heard that -- that  
3 concern expressed, and I do not personally have  
4 that concern.

5 Q And did any of them discuss with you or did you  
6 have any knowledge that the -- that the -- that  
7 the Transparency International Coalition made a  
8 recommendation to the B.C. Government that a  
9 confidential tip line be incorporated into that  
10 broader registry, much like that used by Canada  
11 Revenue Agency, Canada Border Services, Crime  
12 Stoppers? Are you aware that they made that?

13 DR. DAWKINS: Yes, I am aware that Transparency  
14 International made that recommendation to  
15 government.

16 Q Were you aware that -- or has anyone in your  
17 ministry made you aware that according to the  
18 Ontario Association of Crime Stoppers website,  
19 since its inception in Ontario, its resulted in  
20 126,000 arrests and over \$2 billion in property  
21 recovered and drugs seized?

22 DR. DAWKINS: No, I am not aware of that.

23 Q Okay. Are you aware of Transparency  
24 International Canada's 2016 report, "No reason to  
25 Hide" found nearly half of Vancouver's most  
26 valuable properties were hidden behind shell  
27 companies, trusts and nominee owners? Were you  
28 aware of that?

29 DR. DAWKINS: I am aware that the report stated that,  
30 yes.

31 Q Okay, and has anyone in your ministry expressed a  
32 concern to you or pointed out to you that, unlike  
33 drugs which are seized by the police and must be  
34 destroyed, and unlike cash from drugs, which  
35 criminals can hide or run away with, land, an  
36 unmovable asset, is always sitting in the same  
37 spot and can always be sold under lawful seizure  
38 and sale under civil forfeiture, and -- and is  
39 always there for fines, if you need fines to --  
40 so have they pointed out to you that land is much  
41 more valuable basis for money laundering  
42 prosecutions and to put money in the government  
43 coffers? Have they expressed that to you?

44 DR. DAWKINS: I don't believe that it has been  
45 expressed as such. However, I do understand  
46 that -- that land is immovable and not fungible  
47 and so on.

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

1 Q So has anyone in your ministry expressed to you  
2 their either -- their promotion of the idea or  
3 concern about the idea that if you add a  
4 confidential tip line into the Landowner  
5 Transparency registry, it would not only increase  
6 the probability of investigations and  
7 prosecutions, but also the probability of  
8 additional revenues for the B.C. Government? Has  
9 anyone mentioned that to you?

10 DR. DAWKINS: The -- I should clarify that my area in  
11 government, the -- the FREDA Policy Branch is  
12 responsible for the legislation that sets out the  
13 - for the *Land Owner Transparency Act*. The  
14 administration of that, of the Act, will fall to  
15 the Land Title and Survey Authority and, to a  
16 certain extent, to an enforcement officer that  
17 would be in a different area of -- of the  
18 ministry. A tip line, in my view, would be  
19 something that would -- should be considered  
20 within the realm of administration of the Act,  
21 and so questions about whether or not a tip line  
22 should or should not be implemented are probably  
23 better directed to those who will be  
24 administering the Act rather than -- than to me.

25 Q Thank you. Let's change the topic. So has  
26 anyone in your ministry or you been concerned  
27 about the problem of potential money launderers  
28 who are presently -- who presently own land in  
29 B.C. -- and what I'm really getting at is, while  
30 corporations are easily identified by their name  
31 in the land registry, the present land registry,  
32 all other nominee owners aren't. In other words,  
33 it's impossible -- it's impossible to tell by the  
34 registered name whether John Smith is a trustee,  
35 a partner, or simply an individual owning both  
36 the legal and beneficial interest to land. Has  
37 anyone raised concerns about that with you?

38 DR. DAWKINS: I believe that the issue of nominee  
39 owners of corporations was brought up during the  
40 consultation phase of the *Land Owner Transparency*  
41 *Act*. The white paper was released in I believe  
42 June 2018, with draft legislation, and I believe  
43 as a result of that consultation, that issue was  
44 brought up. It was directed to the technical  
45 staff in -- in my area of the ministry, and I  
46 believe that upon further review and reflection,  
47 that they are confident that -- I believe that

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1           they are confident that nominee owners are  
2           captured within the requirements of the *Land*  
3           *Owner Transparency Act* as -- as individuals who  
4           -- who have to -- to have to be identified as  
5           beneficial owners.

6           Q     Do they --

7           DR. DAWKINS:  However -- however, you know, this is --  
8           this is something that -- it's a very technical  
9           question, and I personally am not in a position  
10          to be able to respond to that very technical  
11          question, from my own personal expertise.

12          Q     Right, and did -- in their discussions with you,  
13          did they raise the concern that these, you know,  
14          individual trustees, partners, nominees, other  
15          front men who may be acting on behalf of money  
16          launderers, they've already purchased the B.C.  
17          real estate, they can simply not require to file  
18          -- requirement to file the initial transparency  
19          report, did they -- they raise their concerns to  
20          you that -- that the chances of being caught are  
21          minimal because, unlike the corporations, they're  
22          not easily identified as acting on behalf of the  
23          third party nominee?  Did they raise that  
24          concern?

25          MR. MCGOWAN:  Mr. Commissioner, I'm just going to step  
26          in.  The question lacks clarity.  The question  
27          was did they express to you or did they -- I  
28          don't know who "they" is.

29          MR. COMEAU:  I meant -- sorry -- "they" is members of  
30          your ministry.  I'm sorry.

31          DR. DAWKINS:  I'll return to my previous answer to say  
32          that the issue of nominee owners was raised with  
33          my staff and that my staff explored that issue  
34          and informed me that it was -- that they  
35          understood it to be resolved within the  
36          legislation.  However, I'm not sure that I  
37          understand precisely what your question is in  
38          respect -- beyond that in respect of nominee  
39          owners, and if there is some concern beyond that  
40          with nominee owners, I can say that I am not  
41          aware of that or I'm not -- nobody has expressed  
42          that concern to me within my ministry.

43          Q     Okay.  All right.  Let's move on to prison  
44          sentences, briefly discussed earlier.  Has anyone  
45          in your ministry raised the concern to you that  
46          not including prison sentences for false  
47          declarations, the LOTA has undermined the ability

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- 1 of law enforcement agencies to flip front men  
2 into disclosing the name of the true beneficial  
3 owner, the perpetrator of the predicate crime?
- 4 DR. DAWKINS: No, no one has raised that issue with  
5 me.
- 6 Q Okay, and has anyone, in raising prison  
7 sentences, raised their concern or pointed out in  
8 their discussions with you that the *B.C.*  
9 *Securities Act* imposes sanctions of \$5 million  
10 and five years in prison for materially false  
11 statements in a prospectus? Have they raised  
12 that with you?
- 13 DR. DAWKINS: I believe I have heard that from my  
14 staff -- have heard that from my staff, perhaps  
15 in a different context than the LOTA registry.
- 16 Q And in raising those concerns -- and we've  
17 already heard in prior testimony that the *B.C.*  
18 Government does not consider money laundering a  
19 victimless crime -- it's connected to its  
20 connected drug crimes as well -- not just drug  
21 crimes, but all its underlying predicate crimes,  
22 drug trafficking, human trafficking, extortion,  
23 et cetera -- so, in that vein, has anyone in your  
24 ministry raised their concern to you that a  
25 materially false declaration, a beneficial  
26 ownership declaration that possibly is connected  
27 to drug trafficking, human trafficking, fraud,  
28 extortion, that they -- their concern was that  
29 it's, you know, considered now because it's less  
30 -- no prison sentences, that it may look like  
31 it's less heinous than a crime that materially --  
32 than a materially false statement in a  
33 prospectus?
- 34 THE COMMISSIONER: I really think you're getting into  
35 sort of argument here, Mr. Comeau.
- 36 MR. COMEAU: I just want to know if anyone's raised  
37 their concern about that. I mean, when, you  
38 know, a false statement in a prospectus gets five  
39 years in prison and a false statement on the  
40 registry gets no prison at all, I just want --  
41 did anyone raise that concern with you, Ms.  
42 Harris -- or Dr. -- sorry -- Dr. Dawkins?
- 43 DR. DAWKINS: No, nobody has raised that concern with  
44 me.
- 45 Q Okay, thank you. And I -- I'd like to talk about  
46 the unexplained wealth orders that were raised  
47 earlier. And this is for Mr. Sieben. I assume

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

- 1           you're aware that these orders are very limited  
2           in scope because of *Charter* right protection?  
3           You -- you can't just pull someone into court and  
4           say, tell me where you got the money to buy your  
5           house or we're going to seize it and sell it.  
6           They have the right to privacy, right to remain  
7           silent. Mr. Sieben, am I correct in assuming  
8           you're -- you're already well aware of that?
- 9           MR. SIEBEN: I don't have a perspective to share on  
10           unexpected wealth orders. I might defer to my  
11           colleague, Dr. Dawkins, to see whether or not it  
12           would be a topic that she felt comfortable  
13           responding to.
- 14          Q       Well, Dr. Dawkins, has anyone expressed concern  
15           to you or do you have any concerns that --  
16           anyone in your ministry expressed concerns to you  
17           or do you have any concerns that unexplained  
18           wealth orders have *Charter* right protections and  
19           therefore they may well be limited in scope?
- 20          MS. HUGHES: Mr. Commissioner, I need to interject at  
21           this point, as that question may potentially  
22           stray into matters of solicitor-client privilege.  
23           I also note that Mr. Comeau is now over his time  
24           estimate, and I am concerned about there being  
25           sufficient time for my questions in redirect and  
26           any further questions that Commission counsel may  
27           have.
- 28          MR. MCGOWAN: Mr. Commissioner, I've unmuted for the  
29           same purpose. We have just about 15 or 16  
30           minutes left, and I know that Ms. Hughes does  
31           have some questions for the panel.
- 32          MR. COMEAU: May I just -- may I just wrap up then?
- 33          THE COMMISSIONER: Yes, you may wrap up, and do so  
34           quickly. As far as your question about the  
35           unexplained wealth orders and the *Charter* is  
36           concerned, it's really a legal question, and I  
37           don't think the witnesses you're questioning are  
38           legally trained.
- 39          MR. COMEAU: Fine, I --
- 40          THE COMMISSIONER: I'm sorry, Mr. Sieben, I think, has  
41           a law degree, but that's not his area.
- 42          MR. COMEAU: The -- really the point I was going to  
43           get in there is that if you have vetting and a  
44           confidential tip line, then you're much more  
45           likely to get the evidence you need in order to  
46           meet those conditions for an explained wealth  
47           order. Right? That was just where I was going.



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

1 I'm sorry.

2 THE COMMISSIONER: Okay.

3 MR. COMEAU: Can I just finish my final question?

4 THE COMMISSIONER: One -- one final question.

5 MR. COMEAU: Sure. And it's just a summary.

6 Q Given that the B.C. Government has not conducted  
7 a rigorous and complete analysis of the cost and  
8 benefits of adding vetting and adding a  
9 confidential tip line to the *Land Owner*  
10 *Transparency Act* registry, and given that -- the  
11 other flaws that we talked about in the  
12 searchability, et cetera, would it not make sense  
13 for the government to postpone the launch of the  
14 LOTA registry until the B.C. Government has  
15 completed that analysis, presented it to the  
16 Commission and to the general public?

17 MS. HUGHES: Again, Mr. Commissioner, this panel is  
18 not -- doesn't speak on behalf of government at  
19 large in the sense that the question was posed.  
20 I think Dr. Dawkins has answered the substance of  
21 that summative question in her earlier testimony.

22 MR. MCGOWAN: Mr. Commissioner, I'm also not sure that  
23 the factual basis upon which the question was  
24 premised has been established.

25 MR. COMEAU: Well, let's -- sorry, I may rephrase it  
26 then. I mean, the factual basis is that they  
27 said that they have not conducted a cost benefit  
28 analysis of adding vetting to the registries.

29 THE COMMISSIONER: Yeah, and I accept that portion of  
30 it. There has been no cost benefit analysis  
31 conducted and there are -- things that can be  
32 argued are deficiencies about how the government  
33 proposes to -- to implement the beneficial  
34 registry. But I do think you're getting into  
35 argument in the guise of questions here, Mr.  
36 Comeau, and you'll have every opportunity to make  
37 the submissions to me at the end of the day. So  
38 I think we're going to now conclude with your  
39 examination and move on to that of Ms. Hughes for  
40 the Province.

41 MR. COMEAU: Thank you, Commissioner.

42 THE COMMISSIONER: Thank you.

43 MS. HUGHES: Thank you, Commissioner. I intend to be  
44 brief with my questions in redirect.

45

46

47

Mark Sieben, Christina Dawkins and Megan Harris (for the Commission)

Examination by Ms. Hughes, Counsel for British Columbia

1       EXAMINATION BY MS. HUGHES:

2  
3       Q     I would first like to start with Dr. Dawkins.  If  
4             I could ask you, please, to turn to Exhibit 56,  
5             which you'll find at Tab 15E of your book of  
6             documents, and what you should have before you --  
7             Madam Registrar, I do not need it brought up.

8       Q     What you should have before you is a briefing  
9             note titled "Federal Provincial Implications of  
10            Expert Panel on Money Laundering in Real Estate  
11            Recommendations."  Do you have that document?

12       DR. DAWKINS:  Yes, I do.

13       Q     And now, Commission counsel was asking you  
14             questions about whether points in this briefing  
15             note were communicated to the Federal Minister of  
16             Finance at the June 2019 federal provincial  
17             territorial meeting, which I'll refer to as an  
18             FPT meeting.  Do you recall that line of  
19             questioning?

20       DR. DAWKINS:  I do.

21       Q     And you testified in response that you did not  
22             recall the key messages outlined in that briefing  
23             note being delivered in the meetings that you  
24             participated in, but that you weren't privy to  
25             all of the private conversations that the  
26             minister might have had with her federal and  
27             provincial counterparts.  Do you recall giving  
28             that evidence?

29       DR. DAWKINS:  Yes, I do.

30       Q     Now, aside from the June 2019 FPT meeting, are  
31             you aware of any other instances where the  
32             Minister of Finance communicated with her federal  
33             or provincial counterparts about the Maloney  
34             report?

35       DR. DAWKINS:  Yes, the Minister of Finance -- the  
36             Minister of Finance sent a copy of the Maloney  
37             report to her federal, provincial and territorial  
38             colleagues, together with a cover letter that  
39             emphasized that -- that money laundering is not  
40             -- is not a unique problem in British Columbia  
41             and that it's -- it's a problem that's national  
42             in scope, and that -- and that any solutions to  
43             that -- to money laundering will require all  
44             provinces to -- to -- provinces and jurisdictions  
45             to work together.

46       Q     Thank you.  If I could ask you now, Ms. Dawkins  
47             -- Dr. Dawkins -- to please turn to Tab 15H, and

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the Commission)  
Examination by Ms. Hughes, Counsel for British  
Columbia

- 1           what you should have before you is a briefing  
2           document titled "Unexplained Wealth Orders." And  
3           do you recall earlier this morning being asked  
4           questions by counsel for the Law Society why the  
5           -- and if you could turn to page 6 of that  
6           document -- why the first sentence in the second  
7           unredacted paragraph on that page was included,  
8           and you responded that you did not know. Do you  
9           recall giving that evidence?
- 10          DR. DAWKINS: Yes, I do.
- 11          Q        Now, if I could ask you to turn back to the first  
12               page of the document, please, Dr. Dawkins. It  
13               notes that the document was initiated by you.  
14               Did you draft this document?
- 15          DR. DAWKINS: No, I did not.
- 16          Q        Thank you. Turning now to Mr. Sieben. And I'd  
17               ask you to refer to Exhibit 60, which is the  
18               Anti-Money Laundering FIU proposal. And this is  
19               at Tab 13 of your book of documents. Now, do you  
20               recall --
- 21          MR. SIEBEN: Thank you.
- 22          Q        -- at the end of the day yesterday, on Thursday,  
23               you were being asked questions about Exhibit 60,  
24               and Commission counsel put a proposition to you  
25               in which he suggested that despite money  
26               laundering being a concern in 2015, there was not  
27               much of a law enforcement response until five  
28               years later, do you recall being asked that  
29               question?
- 30          MR. SIEBEN: I recall the question, yes.
- 31          Q        And your response to that question included  
32               noting that much has happened and much has been  
33               learned both through external reports and within  
34               government. Do you recall giving that evidence?
- 35          MR. SIEBEN: I do.
- 36          Q        And if you could turn then, please, to page 4 of  
37               the document, and the first paragraph on that  
38               page, to the extent that this paragraph speaks to  
39               money laundering in casinos, does that accurately  
40               reflect your understanding of the focus of money  
41               laundering initiatives in 2015?
- 42          MR. SIEBEN: Which paragraph? I'm sorry.
- 43          Q        The first paragraph on page 4.
- 44          MR. SIEBEN: First paragraph. Is that the first  
45               paragraph of the Executive Summary?
- 46          Q        Yes, that's it.
- 47          MR. SIEBEN: Yeah, that's -- I would agree with that

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Examination by Ms. Hughes, Counsel for British Columbia

1 summation.

2 Q And then my question is this, Mr. Sieben. To  
3 what extent was the broader scope of the  
4 potential impact of money laundering on sectors  
5 other than gaming known in 2015?

6 MR. SIEBEN: I'm not aware that the extent of money  
7 laundering beyond the gaming sector was well  
8 understood. I would reference that between 2015  
9 and 2016, the Joint Illegal Gaming Investigation  
10 Team was -- was established at the -- at the  
11 request of the B.C. Government and in partnership  
12 really with the RCMP, CFSEU, and integrated --  
13 integrated police agencies. The focus of that  
14 enterprise, though, was specific to illegal  
15 gaming activity and money laundering within a  
16 gaming casino context, not -- not more broadly  
17 than that.

18 Q Thank you. And then my final set of questions,  
19 again for you, Mr. Sieben. You'll recall, in --  
20 yesterday, in her testimony, Ms. Harris was asked  
21 questions about Exhibit 46, which is the  
22 Provincial AML Strategy dated January 30th, 2020.  
23 And I don't need you to go to the document. But  
24 you'll recall she was specifically asked whether  
25 that strategy had been approved by government.  
26 Do you recall that?

27 MR. SIEBEN: I do.

28 Q And in response, Ms. Harris testified that the  
29 strategy was supported by the Minister of  
30 Finance, your ministry and the Attorney General.  
31 Do you recall that?

32 MR. SIEBEN: I do.

33 Q And if you could please just advise the  
34 Commissioner, what does the strategy being  
35 supported mean within government?

36 MR. SIEBEN: At this juncture, the strategy remains  
37 the -- the path that government is intending to  
38 take to continue to do work on. As Ms. Harris --  
39 I think I recall -- indicated, it's not the case  
40 that the strategy itself has made its way to  
41 cabinet, been approved at that level, nor  
42 necessarily, arguably, is there a need, given the  
43 -- the level of interest and the roles of the  
44 Minister of Finance, the Solicitor General and  
45 the Attorney General, their collective direction  
46 to each of our ministries and to the DMCAML and  
47 through us, to the secretariat, is strong enough

Mark Sieben, Christina Dawkins and Megan Harris (for  
the Commission)  
Examination by Ms. Hughes, Counsel for British  
Columbia

1 direction for us to regard that as our -- our  
2 current approach and plan for addressing money  
3 laundering. Subject, again, to further  
4 information and advice coming to -- to  
5 government, whether through external sources  
6 or -- and, again, as noted a number of times over  
7 the course of the discussion the last two years,  
8 in due course, from advice and recommendations  
9 from the Commissioner.

10 MS. HUGHES: Thank you. Mr. Commissioner, those are  
11 my questions.

12 THE COMMISSIONER: All right. Thank you. Mr.  
13 McGowan, you have anything you wish to ask as a  
14 result of what has preceded?

15 MR. MCGOWAN: I do not, Mr. Commissioner.

16 THE COMMISSIONER: All right, thank you. So this  
17 draws today's session to a close, and I would  
18 like to thank Mr. Sieben, Dr. Dawkins and Ms.  
19 Harris for their engagement with the Commission.  
20 It's been helpful, very helpful to have you draw  
21 back the curtain on the efforts and industry of  
22 government in charting its approach to what is  
23 obviously a complex problem with some very  
24 elusive boundaries. And I think the Commission  
25 has received some real insight into how, in  
26 government, ideas are translated into enterprise  
27 and action, and it will help us to develop the  
28 organizing force to address the issues that we  
29 have been confronted with. So thank you to the  
30 three of you, and we will now adjourn until  
31 Monday morning at 9:30.

32 THE REGISTRAR: The hearing is adjourned for the day  
33 and will recommence at 9:30 a.m. on June 15,  
34 2020. Thank you.

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(WITNESSES EXCUSED)

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(PROCEEDINGS ADJOURNED TO JUNE 15, 2020 AT 9:30  
A.M.)

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