

PROCEEDINGS AT HEARING OF OCTOBER 26, 2020

COMMISSIONER AUSTIN F. CULLEN

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October 26, 2020
(Via Videoconference)

(PROCEEDINGS COMMENCED AT 9:31 A.M.)

THE REGISTRAR: Good morning, everyone. The hearing is now resumed.

THE COMMISSIONER: Thank you, everyone, for joining us in the resumption of the commission. I hope that everyone has kept well in the intervening period.

I will now call on commission counsel to commence with the fall session of the commission hearings.

MR. MCGOWAN: Yes, Mr. Commissioner. Today we resume our evidentiary hearings. I expect that today and over the next three weeks you will be hearing evidence focused primarily on the casino and gaming sector topic. There are a number of participants represented in this sector and present in the virtual hearing room. I don't propose to have each participant's counsel introduce themselves. They are apparent to you on the screen and their names are reflected in front of their pictures, and most of them have appeared before you in the earlier block of hearings.

1 already advised a number of individuals that
2 they will be exempt by commission counsel from
3 that Witness Exclusion Order if it is indeed
4 made, and we are continuing to work with others
5 to address issues as they arise.

6 THE COMMISSIONER: All right. Thank you,
7 Mr. McGowan. Are there any contrary submissions
8 to make on behalf of any of the participants?

9 MS. HUGHES: Mr. Commissioner, Jacqueline Hughes,
10 counsel for GPEB.

11 THE COMMISSIONER: Yes. Thank you.

12 MS. HUGHES: I do have submissions to make on the
13 proposed order. I've advised my friends,
14 counsel for the commission, that the province
15 does have some concerns with the breadth and
16 scope of the order sought.

17 In particular -- and I should make clear,
18 the province does not oppose a properly tailored
19 exclusion order being granted but says that the
20 order sought here, which is intended to apply to
21 all witnesses across all sectors, and
22 particularly the inclusion of a prohibition on
23 access to exhibits is problematic, and this
24 applies particularly for the province given that
25 we are one of the few participants who is in

1 fact expected to have witnesses called during
2 the majority, if not all, of the various
3 sectors.

4 And so what we do take issue with here, as I
5 said, is the nature and the scope of the order
6 sought. The effect, as I understand it, is that
7 the presumption would now be that all witnesses
8 are excluded from all hearings, irrespective of
9 whether there is in fact a risk that evidence
10 would be tailored or in fact, as I would say, a
11 need for such a broad exclusion order.

12 Your power to make this order, of course,
13 derives from section 15 of the *Public Inquiry*
14 *Act*. I don't -- I can't profess to say whether
15 from my personal experience these orders are
16 made as a matter of course in proceedings such
17 as these, but the test set out in the statute
18 requires that the commission have reason to
19 believe that the order is necessary for the
20 effective and effective fulfilment of the
21 commission's terms of reference.

22 And I simply say that we have -- in our
23 submission an exclusion order of this nature for
24 all witnesses across all sectors simply doesn't
25 meet that standard. In civil law it's a heavy

1 onus on a party seeking an exclusion order to
2 obtain it. And what this does here is that it
3 effectively reverses the presumption or reverses
4 the onus, and rather than the starting point
5 being one of access, the starting point becomes
6 one of exclusion. And instead of the onus
7 falling on the party seeking the exclusion order
8 here, commission counsel, to justify the need
9 for that order, it -- the onus now falls on the
10 participant or the witness to justify why they
11 should be able to access the proceedings.

12 And so, for example, commissioner, as I
13 understand it, the proposed order would apply to
14 two witnesses, investigators with the registrar
15 of mortgage brokers, who would be now prohibited
16 from watching the gaming sector hearings. And
17 in our submission that's not an order that meets
18 the standard set out in the statute as being
19 necessary for the fulfillment of the terms of
20 reference for the commission.

21 It also causes an issue in terms of
22 preparation of witnesses. For example, another
23 witness that we are advised would be subject to
24 the order is someone whom commission counsel
25 have asked us to prepare an affidavit for, and

1 if that individual is subject to this order it
2 causes real concern in terms of how we are to
3 prepare that evidence for commission counsel.
4 It would place limitations on what counsel can
5 discuss with the witness in preparing the
6 evidence and would cause some significant issues
7 in terms of our ability to prepare the evidence
8 and make sure that the best evidence is now put
9 before you.

10 And so for those reasons we say it's too
11 broad in terms of its application outside on
12 a -- not on a sector-by-sector basis. As I
13 said, if the order were to be tailored to
14 particular witnesses within a particular sector
15 where there is a real risk -- and we don't
16 disagree that an order is appropriate for
17 certain witnesses, but what we say is not
18 necessary here is the broad form of order being
19 sought that would apply across all sectors.

20 The other issue that we have particular
21 concern with is the inclusion of exhibits in the
22 list of prohibited material. And we say
23 commission counsel haven't articulated a
24 basis -- or a principal basis for why exhibits
25 need to be included. We don't take issue with

1 witnesses being precluded from following the
2 live stream, accessing the archived live stream
3 or accessing transcripts, but the issue with
4 exhibits is this: we expect, and as has already
5 been the case, that many of the key documents in
6 this commission of inquiry and in this sector
7 will be marked as exhibits and it is the intent,
8 then, that once those documents are marked we
9 cannot discuss them with our witnesses.

10 The participants, some of them may -- they
11 may be our own documents. Others may be
12 documents we have access to through the
13 participant database in Relativity. And so this
14 issue around access to exhibits causes a
15 significant prejudice to us in terms of our
16 ability to prepare future witnesses to testify.
17 And in the absence of a principal basis for
18 including exhibits in the exclusion order, we
19 say that that ought not to be done.

20 For example, future witnesses, the further
21 along we get in the hearings, the number of
22 documents they'd be precluded from accessing
23 would increase as matters get marked. And, for
24 example, even the overview reports are exhibits,
25 so then our witnesses who are going to be

1 testifying are not permitted to have a look at
2 the overview reports. That's a question mark
3 there. And it would prevent witnesses from
4 reviewing their own documents or the documents
5 of other participants in order to refresh their
6 memories prior to testifying and therefore it
7 negatively impacts, we say, the quality of
8 evidence that will be put before you.

9 And so to that extent, absent, you know,
10 articulating a principled reason for why
11 exhibits need to be excluded in this order, we
12 say that to the extent it includes exhibits, the
13 order is too broad.

14 And then, finally, we very much appreciate
15 and have been working with commission counsel
16 over the course of the weekend to identify
17 individuals who would be exempt from the order,
18 and we appreciate their willingness to do that,
19 and we don't take any issue with what my friend
20 said about the need for a significant number of
21 exemptions. But what does arise here is it is a
22 problem in that if we have to identify -- and
23 this may be a problem unique to government; I'm
24 not sure the extent to which it would impact
25 others. But once we have to identify the need

1 to exempt people, we are in some ways intruding
2 on matters of privilege to the extent that we
3 would need to then say well, we need this
4 witness exempt to look at these documents or the
5 like. It does pose some concerns in terms of an
6 impairment on our ability to have that zone of
7 privacy within which to prepare our witnesses to
8 come and testify before you.

9 THE COMMISSIONER: All right. Thank you, Ms. Hughes.

10 Any other submissions from any other of the
11 participants?

12 MR. STEPHENS: Mr. Commissioner, it's Mike Stephens
13 from BCLC here. And we were notified of this
14 application by commission counsel on Friday
15 afternoon, and the only thing I'd add is I had
16 took the request for -- that witnesses not be
17 able to look at exhibits to not preclude us from
18 showing the native copy of that document to the
19 witness. And so that was my -- I was proceeding
20 on that footing. If that's not correct, then
21 Ms. Hughes is making a very good point, and I
22 have to say that's perhaps something that
23 requires clarification because BCLC is in the
24 same boat.

25 We have witnesses who are preparing

1 province, for employees of the province to
2 access BC government records, but only to that
3 extent.

4 And I would simply caution -- when
5 Ms. Hughes suggests applying perhaps the
6 exemption sector by sector, I would simply
7 caution or raise this caution, which is that
8 there are hearings that will be taking place, I
9 believe, on the subject of law enforcement and
10 government response, and those certainly overlap
11 with, for instance, the gaming sector hearings.
12 And so our position would be that any witnesses
13 being heard during the context of those later
14 hearings not be able to access records relating
15 to the gaming sector subject to the
16 qualification I just made about a witness's own
17 documents or records.

18 And, finally, I would simply like to seek a
19 point of clarification more than anything about
20 whether the participants will be notified at the
21 appropriate time of who has benefitted from an
22 exemption and certainly I would ask that we be
23 made aware of that prior to any such witness
24 testifying.

25 THE COMMISSIONER: Okay. Thank you. Yes. Any

1 further submissions?

2 All right. Mr. McGowan, any reply.

3 MR. MCGOWAN: Yes, Mr. Commissioner. With respect to
4 notification of the exemptions, that sounds like
5 a sensible suggestion, and I don't have any
6 objection to commission counsel making available
7 to counsel for participants the list of those
8 individuals who commission counsel has exempted.

9 With respect to exhibits, the order sought,
10 in my submission, was intended to apply to the
11 exhibit itself, not to a participant's documents
12 or documents otherwise available to them on
13 relativity. Even if that document has been
14 marked as an exhibit, it is the exhibit itself
15 that we say the order would apply to as posted
16 on the commission's website.

17 With respect to Ms. Hughes' other points.
18 In my submission this is an evidentiary
19 proceeding where there will be contested factual
20 matters and issues of credibility will arise,
21 and in that context a general witness exclusion
22 order is appropriate. In my submission it's
23 unrealistic to do it on a witness-by-witness or
24 sector-by-sector basis, and the more appropriate
25 approach is to have the broad exclusion order in

1 place, but also with liberal options to exempt
2 participants and the ability, as we've worked
3 in, for counsel or for participant or witness to
4 come to the commissioner to overcome the witness
5 exclusion order if they can't come to an
6 agreement with commission counsel.

7 So, in my submission, there are enough
8 opportunities built into the witness exclusion
9 order to address the concerns that have been
10 raised.

11 THE COMMISSIONER: All right. Thank you. Well, I
12 think commission counsel's concession with
13 respect to the documents obviates the concern
14 raised by Ms. Hughes, Ms. Wray and Mr. Stephens
15 in particular concerning access by potential
16 witnesses to their own documents or other
17 documents that they will require to review in
18 order to prepare for their testimony.

19 Insofar as the order excluding witnesses is
20 concerned, I think it's appropriate to make the
21 order subject of course to the exemptions -- sorry,
22 subject to the commitment made by commission
23 counsel to consider all exemptions proposed by
24 counsel for the various participants with
25 ultimately the issue coming before me for

1 directions.

2 I'm a little concerned about the breadth of
3 the order in as much as there may well be quite
4 a number of witnesses whose access to the
5 proceedings would have no effect -- I'm sorry,
6 whose access to this portion of the proceedings
7 would have no effect on their potential evidence
8 in some other aspect of the proceedings or other
9 sector of the proceedings. However, it seems to
10 me that those parties would easily fit within an
11 exemption and it's one that could and should be
12 made by agreement of counsel.

13 The difficulty with trying to structure an
14 order exempting some but not all witnesses is
15 simply that it has to take into account a wide
16 variety of circumstances and nuances that simply
17 can't be dealt with in the relatively short time
18 we have to deal with it here and now. I do
19 think the better course of action is to make the
20 order but subject to exemptions. I agree it
21 would be appropriate for all parties to know and
22 understand who have been exempted from the
23 proscription against access to the proceedings,
24 and so I'll make that order as well.

25 So I think that I will make the order in

1 the terms sought by commission counsel. I will
2 not -- the order will not cover original
3 documents, that is documents in the possession
4 of the parties or documents available or
5 accessible on the relativity platform. The
6 parties are quite entitled to look at those in
7 preparation for their evidence.

8 I encourage free and open discussion about
9 exemptions and a relatively benign approach to
10 that prospect, particularly where we're looking
11 at cross-sectoral witnesses.

12 Is there anything further, then, on that
13 issue, Mr. McGowan? Have I covered the
14 territory?

15 MR. MCGOWAN: From my perspective, yes.

16 THE COMMISSIONER: All right. Any other issues or
17 questions, counsel? Ms. Hughes?

18 MS. HUGHES: No, thank you.

19 THE COMMISSIONER: Mr. Stephens?

20 MR. STEPHENS: No, thank you. Not at this time. I
21 will be asking for clarification after our
22 witness is finished whether the order will
23 continue to apply to that witness. For example,
24 Mr. Beeksma. I don't know that that needs to be
25 addressed, but I will be asking at the end of

1 Mr. Beeksma's evidence to that effect.

2 THE COMMISSIONER: All right. Well, fair enough. I
3 mean, it seems to me that presumptively once a
4 witness has testified, there's no reason that he
5 or she can't access the proceedings, but it may
6 be, as you point out, that there's some
7 extenuating circumstances that need to be
8 addressed in relation to that witness. All
9 right.

10 Ms. Wray?

11 MS. WRAY: Nothing further. Thank you.

12 THE COMMISSIONER: Thank you. Ms. Mainville?

13 MS. MAINVILLE: No. Thank you.

14 THE COMMISSIONER: All right. The order will go in
15 the fashion that I have indicated. Thank you.

16 MR. MCGOWAN: Mr. Commissioner, the next matter to
17 address is the introduction of a number of
18 overview reports that commission counsel have
19 prepared and that have been circulated to
20 participants. I'll ask Mr. McCleery to address
21 that issue, please.

22 THE COMMISSIONER: I'm sorry, just before we move on
23 that, Mr. McGowan, your friend Ms. Hughes raised
24 the issue of the overview reports and the access
25 of witnesses to those. Are those reports in

1 some fashion or another available to the various
2 witnesses, or are you anticipating that they
3 would be proscribed from access to them?

4 MR. MCGOWAN: It strikes me, Mr. Commissioner, that
5 there is little risk in allowing witnesses
6 access to the overview reports, and I wouldn't
7 have any objection to those being exempt from
8 the Witness Exclusion Order.

9 THE COMMISSIONER: I think that's sensible. All
10 right. I will exempt those.

11 MR. MCGOWAN: Thank you, Mr. Commissioner. Just for
12 your information and that of Madam Registrar, I
13 believe the last exhibit entered in our previous
14 block of hearings was exhibit 66, and I believe
15 we'll be starting with exhibit 67.

16 THE COMMISSIONER: Thank you.

17 THE REGISTRAR: That's correct.

18 THE COMMISSIONER: All right. So you're seeking to
19 have tendered those 11 overview reports, and I
20 gather there's a list of them. Is that correct,
21 Mr. McGowan?

22 MR. MCGOWAN: Yes, Mr. Commissioner. Mr. McCleery
23 will address the list, and there are some
24 requests he will be making with respect to what
25 should be posted on the website because of an

1 outstanding application.

2 THE COMMISSIONER: All right. Thank you.

3 MR. McCLEERY: Thank you, Mr. Commissioner. I

4 understand Madam Registrar has the list of the
5 11 overview reports we're seeking to tender at
6 this time.

7 THE COMMISSIONER: Yes, those have been put up, at
8 least on my screen.

9 MR. McCLEERY: Thank you. As Mr. McGowan indicated,
10 we have -- we're seeking directions with respect
11 to three of these reports. The first of those
12 is the report titled "Past Reports and
13 Recommendations Related to the Gaming Sector in
14 British Columbia." For this report we've
15 produced both unredacted and redacted versions.
16 The redacted version removing certain sensitive
17 information related to particular anti-money
18 laundering strategies.

19 THE COMMISSIONER: Yes.

20 MR. McCLEERY: So with respect to this report we're
21 seeking a direction that only the redacted
22 version be posted to the website and made
23 available to the public.

24 THE COMMISSIONER: All right. The unredacted version
25 forms the exhibit itself; is that correct?

1 MR. McCLEERY: That's correct.

2 THE COMMISSIONER: All right. I'll make that order.

3 MR. McCLEERY: Thank you. The second direction we
4 are seeking is with respect to the report titled
5 "2016 River Rock Casino Chip Swap."

6 THE COMMISSIONER: Yes.

7 MR. McCLEERY: Again with this one, based on feedback
8 from participants, we've prepared redacted and
9 unredacted versions. The redacted version
10 removing personal information about third
11 parties. And, again, while the unredacted
12 version, in our submission, should form the
13 exhibit, we're seeking a direction that only the
14 redacted version be posted to the website and
15 made available to the public.

16 THE COMMISSIONER: All right. I'll make that
17 direction.

18 MR. McCLEERY: And finally with respect to the report
19 titled "BCLC Standards, Policies, Procedures and
20 Operational Services Agreements." With respect
21 to this report the British Columbia Lottery
22 Corporation **is** advised this report contains
23 certain sensitive information. As it's only
24 very recently been finalized, we remain in
25 discussions around appropriate redactions to

1 some of the material in this report. And
2 accordingly we're seeking a direction that this
3 report not be posted publicly until you have
4 provided further direction that so we can come
5 to terms on what information should be redacted
6 from the public-facing version.

7 THE COMMISSIONER: All right. So, again, a full
8 unredacted version is made the exhibit, but it
9 will not be posted for public consumption until
10 an agreement is reached on a redacted version;
11 is that correct?

12 MR. McCLEERY: That's correct.

13 THE COMMISSIONER: Okay. All right. So what we'll
14 do, then, is mark these 11 overview reports
15 sequentially, 1 through 11, as exhibit 67
16 through 77 inclusive.

17 THE REGISTRAR: Yes. Shall I repeat the number?
18 First report is exhibit 67.

19 **EXHIBIT 67: Overview Report: Regulation of**
20 **Gaming in BC**

21 THE REGISTRAR: The second report is 68.

22 **EXHIBIT 68: Overview Report: Regulation of**
23 **Land-Based Casino Gaming and Horse Racing in**
24 **Ontario**

25 THE REGISTRAR: The third report is 69.

1 **EXHIBIT 69: Overview Report: Regulation of**
2 **Horse Racing in British Columbia**

3 THE REGISTRAR: The fourth report is 70.

4 **EXHIBIT 70: Overview Report: *Gaming Control***
5 **Act Hansard**

6 THE REGISTRAR: The fifth report is 71.

7 **EXHIBIT 71: Overview Report: Gaming Policy and**
8 **Enforcement Branch Annual Reports**

9 THE REGISTRAR: The sixth report is 72.

10 **EXHIBIT 72: Overview Report: British Columbia**
11 **Lottery Corporation Annual Reports**

12 THE REGISTRAR: The seventh report is 73.

13 **EXHIBIT 73: Overview Report: Past Reports and**
14 **Recommendations Related to the Gaming Sector in**
15 **British Columbia**

16 THE REGISTRAR: The eighth report is 74.

17 **EXHIBIT 74: Overview Report: 2016 River Rock**
18 **Casino Chip Swap**

19 THE REGISTRAR: The ninth report is 75.

20 **EXHIBIT 75: Overview Report: 2016 BCLC**
21 **Voluntary Self-Declaration on Non-Compliance**

22 THE REGISTRAR: The tenth report is 76.

23 **EXHIBIT 76: Overview Report: BCLC Standards,**
24 **Policies, Procedures and Operational Services**
25 **Agreements**

1 THE REGISTRAR: And eleventh report is 77.

2 **EXHIBIT 77: Overview Report: Integrated**
3 **Illegal Gaming Enforcement Team**

4 THE COMMISSIONER: Yes, that's correct. Thank you,
5 Madam Registrar.

6 MR. MCGOWAN: Mr. Commissioner, those are all of the
7 housekeeping matters that I plan to attend to,
8 so unless there is anything else from your
9 perspective, I would ask that we have the
10 witness affirmed.

11 THE COMMISSIONER: Very well. Thank you.

12 MR. MCGOWAN: The first witness will be Mr. Steven
13 Beeksma.

14 **STEVEN BEEKSMA, called**
15 **for the commission,**
16 **affirmed.**

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

19 THE WITNESS: My full name is Steven Beeksma. That's
20 S-t-e-v-e-n B-e-e-k-s-m-a.

21 THE REGISTRAR: Thank you.

22 **EXAMINATION BY MR. MCGOWAN:**

23 Q Mr. Beeksma, can you hear me okay?

24 A Yes, I can.

25 MR. MCGOWAN: Madam Registrar, I'm still seeing on my

1 primary screen the words "hearing registrar."

2 I'm not seeing Mr. Beeksma's image. I'm not

3 sure if that impacts on what's being broadcast

4 to the live stream.

5 THE REGISTRAR: No, we have Mr. Beeksma's image.

6 MR. MCGOWAN: Thank you.

7 Q Mr. Beeksma, you are currently the anti-money

8 laundering programs specialist within the

9 British Columbia Lottery Corporation?

10 A Yes.

11 Q You have worked in the gaming industry for

12 approximately 20 years?

13 A That's correct.

14 Q The first eight of those you were with the Great

15 Canadian Gaming Corporation?

16 A Correct.

17 Q And for the last approximately 12 years you've

18 been with the British Columbia Lottery

19 Corporation?

20 A Yes, that's right.

21 Q BCLC as it's often referred to.

22 A Right.

23 Q You've sworn an affidavit of some 22 pages

24 appending quite a number of exhibits?

25 A Yes.

1 Q And in that affidavit you detail your work
2 history and some of your experiences and
3 observations during that work history?

4 A That's correct.

5 Q And you've sworn a second affidavit to which you
6 attach a number of iTrak incident reports, many
7 relating to quite large cash transactions?

8 A Correct.

9 MR. MCGOWAN: Mr. Commissioner, I'm going to ask that
10 Mr. Beeksma's two affidavits, affidavit 1 and 2
11 be marked as the next two exhibits, please.

12 THE COMMISSIONER: All right. Any objections?

13 MR. STEPHENS: I have -- it's Mr. Stephens. Pardon
14 me. I'm sorry, Mr. Commissioner. It's
15 Mr. Stephens for BCLC. And the only thing I
16 would just bring to your attention is just in
17 terms of the posting of this affidavit in terms
18 of whether any redactions are appropriate.
19 We've been in communication with commission
20 counsel in regards to proposed redactions to
21 personal information in it, and I wasn't certain
22 if commission counsel was going to address that
23 later.

24 THE COMMISSIONER: Yes.

25 MR. STEPHENS: But I just wanted to raise it now for

1 consideration, please.

2 MR. MCGOWAN: No, Mr. Stephens and Mr. Commissioner,
3 once the exhibit was marked, it has been my
4 intention -- and perhaps I'll do it now -- is to
5 seek a direction from you that the two
6 affidavits not be posted on the website until
7 further direction from you, Mr. Commissioner.
8 The reason for that is because there are ongoing
9 discussions about the need for redactions and
10 also because the need for redactions may be
11 impacted on certain applications that are before
12 you for consideration.

13 THE COMMISSIONER: All right. Thank you. So unless
14 there are any other objections I will mark
15 affidavit number 1 as exhibit 78.

16 **EXHIBIT 78: Affidavit #1 of Steven Beeksma,**
17 **affirmed on October 22, 2020**

18 THE COMMISSIONER: And affidavit number 2 as exhibit
19 79.

20 **EXHIBIT 79: Affidavit #2 of Steven Beeksma,**
21 **affirmed on October 22, 2020**

22 THE COMMISSIONER: And I will direct that they not be
23 posted for public access at this point until the
24 question of redactions has been resolved.

25 THE REGISTRAR: Exhibits 78 and 79.

1 THE COMMISSIONER: Thank you.

2 MR. MCGOWAN:

3 Q Mr. Beeksma, you were hired by the Great
4 Canadian Gaming Corporation, GCGC, in October of
5 2000 as a security officer?

6 A That's right.

7 Q And you went on to work with them in both
8 security and surveillance, including in
9 supervisory roles at the Richmond Casino, the
10 Renaissance Casino, then Holiday Inn Casino and
11 then eventually in 2004 at the River Rock
12 Casino; is that correct?

13 A That's correct.

14 Q In 2004 you became in fact a surveillance shift
15 manager at the newly opened River Rock Casino?

16 A That's right.

17 Q And you held that position until you left Great
18 Canadian in December of 2008 when you were hired
19 as a casino investigator by BCLC?

20 A Correct.

21 Q And with BCLC you spent some time moving about
22 casinos before doing approximately a one-year
23 stint at the Starlight Casino?

24 A That's correct.

25 Q And in 2010 you were stationed at the River Rock

1 Casino as a BCLC investigator?

2 A Yes.

3 Q And for almost the next 10 years you continued
4 in that position as a BCLC investigator, or
5 later AML investigator, stationed in the River
6 Rock Casino?

7 A That's correct.

8 Q And you left that posting in January 2019 to
9 take on your current role?

10 A Correct.

11 Q I'm going to ask you about your experience and
12 observations in various of those roles, and I'm
13 going to ask you about certain information that
14 you've provided in the affidavit you've sworn.
15 I'd like to first ask you just briefly about
16 your experience in the Richmond Casino. That
17 was the casino in Richmond that predated the
18 River Rock; correct?

19 A That's correct.

20 Q And you speak in your affidavit, you say -- you
21 speak of observations of loan sharks operating
22 at the Richmond Casino, and you say:

23 "It was not a big casino, so suspected
24 loan sharks were relatively easy to
25 identify."

1 How is it that you and your colleagues were
2 easily able to easily identify who was operating
3 as a loan shark at the Richmond Casino?

4 A Well, typically it would be an individual that
5 wasn't engaged in gaming, or at least very
6 minimal gaming, and we would observe the passing
7 of cash and/or chips.

8 Q Okay. And back in your time at Richmond Casino,
9 what was the magnitude of chips being passed and
10 cash being passed to your observation in terms
11 of quantity?

12 A Yeah, amounts would range from \$500 to \$20 --
13 \$20,000 would have been a significant
14 transaction amount at that time.

15 Q Okay. And would \$20,000 equally have been a
16 notable buy-in?

17 A Yes, it would have at that time. Yes.

18 Q And was there any way other than cash to buy in
19 to gamble at the Richmond Casino --

20 A No, there wasn't.

21 Q -- at that time?

22 A It was cash only at that time, yes.

23 Q Okay. And you say in your affidavit that --
24 this is -- the issue of loan sharks was a
25 manageable problem and that your understanding

1 was that -- the casino's approach to be that it
2 was better to know who the suspected loan sharks
3 were and try to keep them in line.

4 What do you mean by the approach was to know
5 who they were and keep them in line?

6 A Well, what I'm referring to is in our
7 observations, once a loan shark was barred from
8 the casino, they were replaced in short order.
9 So you would go from somebody who you knew and
10 identified and could monitor their activities to
11 somebody new who you haven't seen before, and
12 you would go through the whole process of trying
13 to, I guess, investigate that person to
14 determine what is their purpose in attending the
15 casino.

16 Q So is it the case that the approach at that time
17 was to let the known loan sharks continue to
18 operate because to remove them would just result
19 in them being replaced?

20 A It wavered. I saw both sides in my time at the
21 old Richmond Casino. There was a period of time
22 where yes, that was the case, and then there was
23 also periods of time where they would just
24 decide for whatever reason it's time to bar all
25 these people and they would take action against

1 them.

2 Q And was your approach in security and
3 surveillance dictated by directions you received
4 from your superiors?

5 A Yes.

6 Q And in your time at the Richmond Casino, who did
7 you report to?

8 A Many different people. I mean, I wasn't in a
9 supervisory role and there was multiple
10 supervisors that could be supervising on any
11 given shift, so I wasn't assigned just one
12 supervisor.

13 Q So your direction would come from your shift
14 supervisors?

15 A That's correct, yes.

16 Q Thank you. I'd like to ask you a few questions
17 about some of the evidence you've given in your
18 affidavit about your time at the River Rock
19 Casino when you were still working for Great
20 Canadian. You were a surveillance shift
21 manager?

22 A That's right.

23 Q Just briefly, what did that position entail?

24 A It was basically a shift supervisor that oversaw
25 the operations of the surveillance room for that

1 particular shift. So I would oversee the
2 surveillance operators, the surveillance
3 supervisors, and just fill in wherever there
4 might be help needed.

5 Q And the River Rock Casino has quite a
6 sophisticated surveillance room with the ability
7 to in real time watch camera angles throughout
8 the facility and even the outdoors of the
9 facility and the ability to move cameras to
10 follow individuals; is that fair?

11 A Yes, it is.

12 Q And this can all be done in real time if the
13 surveillance personnel so choose?

14 A That's correct. Yes.

15 Q And there's also recordings kept of all of these
16 camera angles that can be viewed afterwards?

17 A Yes.

18 Q You speak in your affidavit about the time
19 period shortly after the River Rock opened, and
20 what you describe as problematic activity mainly
21 relating to cash and chip passing by suspected
22 loan sharks. You talk about an increase in the
23 number of individuals and suspected individuals
24 who were working as loan sharks.

25 I wonder if you can just describe for the

1 commissioner the observations you made about
2 what you say was an expansion of the presence of
3 loan sharks when the River Rock opened.

4 A Yes. So in the old Richmond Casino there might
5 be one or two that you might observe on a
6 10-hour shift. When the River Rock Casino
7 opened, obviously it was significantly larger a
8 facility, but it did seem that -- almost as if
9 the suspected loan sharks saw this as a new
10 opportunity to expand, and we observed
11 indicators that would suggest there was an
12 increase in that type of activity.

13 Q And was there an increase in the volume and
14 amount of cash transactions that was occasioned
15 or heard in conjunction with the opening of the
16 River Rock in your observations?

17 A I can't recall specifically right when it
18 opened. Yeah, I can't recall.

19 Q Okay. You speak in your affidavit about your
20 time at both the Richmond Casino and the River
21 Rock Casino when you remember working for the
22 Great Canadian Gaming Corporation about what I
23 took to be your observation of a lack of law
24 enforcement presence in the casinos. Is that a
25 fair interpretation of what you said?

1 A Yes, that's fair.

2 Q Okay. Maybe just in brief describe your
3 observations of how often you would see law
4 enforcement physically present in the casino and
5 what you'd see them doing during that time
6 period.

7 A Yeah. Generally when we did see law enforcement
8 it was them responding to an incident where they
9 were -- their presence was requested.
10 Occasionally we would see, like, a walk-through
11 where a couple officers might do a walk-through
12 of the casino. There was only one instance that
13 I can recall where they were actively monitoring
14 an individual and requested surveillance
15 assistance.

16 Q Okay. I gather from your affidavit that both at
17 the Richmond Casino and maybe to a greater
18 extent at the River Rock when it first opened
19 there was sort of an obvious and persistent
20 issue with loan sharking. Is that a fair
21 interpretation of what you've said?

22 A Yes. Initially, yeah.

23 Q Did you in your role as either surveillance or
24 security and ultimately surveillance shift
25 supervisor ever call law enforcement to ask them

1 to assist you in addressing the loan sharking
2 issue?

3 A I didn't personally, no.

4 Q Were you aware of whether your superiors or any
5 other shift managers did?

6 A I'm not aware, no. I mean, they would have
7 reported it to our gaming regulator but not
8 necessarily calling the police.

9 Q Okay. Did you make observations of either the
10 British Columbia Lottery Corporation or the
11 Gaming Policy Enforcement Branch taking steps to
12 address loan sharking when you were in your
13 positions with Great Canadian?

14 A Yes, I did. Specifically the BCLC investigators
15 assigned to River Rock took quite aggressive
16 action against the suspected loan sharks at the
17 time.

18 Q And was that at the Richmond Casino or the River
19 Rock Casino?

20 A The River Rock Casino.

21 Q Okay. And what were those actions?

22 A They were being banned from the casino. As a
23 surveillance shift manager I recall receiving
24 multiple calls, phone calls from the
25 investigators requesting still photos of what

1 were suspected loan sharks, and then
2 subsequently I would observe that they would be
3 being banned as well, so ...

4 Q Okay. Despite these ongoing bannings did the
5 issue of the presence of loan sharks persist?

6 A To a degree, yes. It was greatly diminished by
7 that initial -- I guess you could call it a mass
8 banning. But it was always present, just not to
9 that degree anymore.

10 Q Okay. As you've indicated, you joined BCLC in
11 2008 and were ultimately stationed at the River
12 Rock in 2010. I'd like to ask you some
13 questions about the time you've been with the
14 British Columbia Lottery Corporation.

15 Perhaps, though, you could take a moment
16 and explain to the commissioner what your job
17 was as a BCLC investigator when you were
18 stationed at both the Starlight and River Rock
19 casinos. Just in brief, what was it you were
20 tasked with doing?

21 A So we reviewed -- in part our job was to review
22 incidents that were reported to us by the casino
23 through our global reporting system. Generally
24 speaking they would be incidents of -- with some
25 suspected element of criminality, which could

1 range from an assault to a cheat at play to a
2 chit pass. Additionally we would investigate
3 any potential policy breaches or integrity
4 issues in the gaming facilities.

5 Q And were a significant number of the incidents
6 that you reviewed related to suspicious cash
7 buy-ins?

8 A Yes. At River Rock definitely, yes.

9 Q I gather from what you're saying is that your
10 role was primarily after-the-fact review and
11 reporting. Is that correct?

12 A Generally speaking, yeah. We did initiate our
13 own reviews and investigations, but I guess you
14 could say the baseline would be responding to
15 reports that were reported to us, and then we
16 would investigate it further and request further
17 information as needed.

18 Q Did you have any role to play throughout your
19 time at River Rock or Starlight in investigating
20 or intervening in prospective buy-ins in real
21 time as they were occurring?

22 A No. Not personally, no.

23 Q Okay. And why is it that you didn't take a role
24 in monitoring or potentially intervening in
25 suspicious buy-ins as they were occurring?

1 A We would follow the direction from our
2 management at the time and if -- unless we were
3 instructed that that was the actions we were
4 expected to take, we wouldn't take them; we
5 would just continue as expected.

6 Q Were you instructed that your role was in fact
7 not to intervene in that manner but was only to
8 review after the fact and report?

9 A I can't say that specifically those instructions
10 were given to us, but just based on when I
11 started and learning from the other
12 investigators, this was the standard protocol, I
13 guess, for the investigator.

14 Q Okay. One of the things you would do as part of
15 your review was speak to casino staff?

16 A Yes.

17 Q Was that for the purpose of gathering
18 information, or was that for the purpose of
19 providing directions about how they should
20 conduct themselves in the future on the basis of
21 what had occurred?

22 A In most cases it would be gathering information
23 for a more complete report.

24 Q You speak in your affidavit about one incident
25 at the Starlight. I'd like to ask you just a

1 couple of questions about your time there. And
2 you were there at approximately 2009, 2010?

3 A That's correct.

4 Q And at that time could a prospective player buy
5 in with any method other than cash?

6 A No.

7 Q And when you were at the Starlight in that time
8 period, what would be a notable cash buy-in?
9 What would have caught the attention of an
10 investigator?

11 A It really could range from 30-, \$40,000 to
12 upwards of \$200,000 or more. It really ranged,
13 yeah.

14 Q So in 2010 at the Starlight Casino, six-figure
15 cash buy-ins were something that occurred with
16 some regularity?

17 A Yeah, I would say so.

18 Q Okay. And did you make observations about
19 individuals present who you suspected to be loan
20 sharks when you were at the Starlight during
21 that period?

22 A I don't recall that being something that was
23 frequently investigated in that year I was
24 there, specifically.

25 Q All right. I understand that in the fall of

1 Q Right. And you say typically there would not be
2 investigators on-site late at night or early in
3 the morning, BCLC investigators?

4 A Not typically.

5 Q Okay. And that remained the same throughout
6 your time at River Rock?

7 A Yes.

8 Q Okay. Were large cash buy-ins more common on
9 the weekends and evenings and early mornings,
10 say, as compared to the middle of the day on a
11 Tuesday or Wednesday?

12 A It's hard to say. It was oftentimes
13 unpredictable. I know there was a period of
14 time where I did look at significant buy-ins and
15 when they were occurring, and at that time -- I
16 can't recall what year I was looking at, but it
17 turned out to be a Wednesday or a Thursday that
18 was the busy night or 24-hour period that week.
19 It's very unpredictable. You get visitors,
20 nationals coming from out of town, and they
21 gamble when they want to gamble.

22 Q I gather at times there's been issues of an
23 organized -- concern about an organized crime
24 presence in the casino?

25 A Yeah. I suppose so, yes.

1 Q To your observation based on your review of
2 reports over the years, was the issue of the
3 presence of loan sharks and organized crime
4 figures more prominent on the weekends and
5 especially later at night and early morning as
6 compared to mid-week in the middle of the day?

7 A I can't say. I don't know. Sorry.

8 Q Fair enough. You outline in your affidavit some
9 specific instances, and some specific instances
10 relating especially to large cash buy-ins which
11 you found notable; correct?

12 A Yes.

13 Q And I'm going to go through just a few of those
14 with you, sir. You speak in your affidavit
15 about one particular incident in May of 2010
16 which I gather to your mind brought the issue of
17 concerns about large cash buy-ins really to the
18 forefront. I'm speaking of an incident you talk
19 about where a male bought in for close to half a
20 million dollars, \$460,000 in \$20 bills. Do you
21 recall that?

22 A I do, yes.

23 Q And is it -- do I take the language of your
24 affidavit accurately to sort of suggest that
25 this was an incident that caused BCLC personnel

1 to take note and brought the issue of concern
2 surrounding large cash buy-ins to the forefront?

3 A Yes, I think that's fair to say.

4 Q And just to describe this incident, this was an
5 incident where a male bought in for \$460,000 in
6 \$20 bills wrapped in elastic bands in bricks?

7 A Yes, that sounds accurate.

8 Q Brought in in some sort of bag?

9 A Yes.

10 Q And this is a patron who had bought in on a
11 number of other occasions for large amounts of
12 \$20 bills?

13 A I can't speak to that specifically, but likely,
14 yes.

15 Q And a concern arose in this particular case
16 because despite the manner of buy-in, I gather
17 the service provider did not believe they
18 needed to report the transaction as suspicious?

19 A Yes, that's correct.

20 Q And BCLC, in particular Investigator Hiller,
21 took a different view of the matter?

22 A That's right. Exactly.

23 Q And in that regard gave some direction to the
24 service provider?

25 A He did.

1 Q And have you had a chance to review the
2 direction that Mr. Hiller gave the service
3 provider?

4 A Yes. You're referring to the email?

5 Q I'm referring to the email and you were in fact
6 copied on that email; is that right?

7 A Yes. Yep.

8 Q And I'm just going to read to you part of the
9 direction that was given because I'd like to ask
10 you about it.

11 "Surveillance should be the front line
12 with this thing, and it should have
13 reported the incident as suspicious
14 activity before the need for a BCLC
15 investigator to request it. In future I
16 would expect that this type of buy-in is
17 reported as suspicious activity."

18 And was that -- that was the direction given in
19 this instance?

20 A Yes.

21 Q And is that consistent with the directions that
22 were given to service providers for buy-ins of
23 this nature?

24 A The direction from ...

25 Q From BCLC.

1 A Yes. Yeah.

2 Q At the time with this buy-in and other buy-ins
3 of this sort, had you formed a view as to the
4 most likely source of \$20 bills packaged in this
5 way that were being used to buy in?

6 A At that time we had almost nothing to go by
7 other than suspicion. We had nothing concrete
8 to base our assumptions on. Mike Hiller in
9 particular had quite an extensive career with
10 law enforcement, so he had a bit of an inside
11 track, I guess, or background knowledge on where
12 this cash could come from. So yeah, we had
13 concerns about the cash's origin for sure.

14 Q And what was the potential origin that was
15 causing you concern?

16 A Well, the concern would be it was proceeds of
17 crime, but with limited information available to
18 us it was more of an assumption at that point.

19 Q Can you -- at the time could you conceive of any
20 legitimate source that would explain somebody
21 walking into the casino with close to half a
22 million dollars in \$20 bills?

23 A At the time, no. But as time progressed and we
24 started to interview players and started to
25 learn more, there were other possibilities that

1 presented itself, however far-fetched this may
2 have been, but there are some possibilities.

3 Q Was there any plausible possibility?

4 A Well, again, they would be a stretch, but, like,
5 players have safes in their houses and they have
6 safes full of cash. Using money exchange
7 businesses to transfer their funds from China to
8 Canada. So those would be some possibilities,
9 but -- again, it may be a stretch, but I suppose
10 they were possibilities.

11 Q In your mind at the time was the more likely
12 explanation that these funds were illicit in
13 origin?

14 A Yeah, at the time, for sure, yeah.

15 Q And was that a view that was shared by your
16 fellow BCLC investigators including Mr. Hiller?

17 A I believe so, yes.

18 Q In the face of that concern, why was the
19 approach to the casino operators to report as
20 opposed to decline transactions of this nature?

21 A I don't know why that was the approach. It just
22 was the approach at the time. Yeah, there was
23 no direction or consideration given to flat out
24 refusing the funds until -- 2014 or so that
25 started to become an option. Yeah, I can't say

1 why that wasn't presented as an option at the
2 time.

3 Q Did you have the authority to direct a service
4 provider to decline a transaction?

5 A I don't believe I did. At least at the time
6 that wasn't my thought process. I didn't think
7 I did. I mean, I was essentially a front-line
8 investigator, so something -- aggressive actions
9 like that would be direction that would come
10 from our head office, our management team.

11 Q Was the approach you and your fellow
12 investigators took in terms of mandating
13 reporting as opposed to declining, was that the
14 result of direction you were given from your
15 superiors?

16 A Not specifically. That was just how our job,
17 our role in the casino had always functioned and
18 we had reporting obligations. And we -- as far
19 as the criminal side of things, we left that to
20 law enforcement and our regulator.

21 Q You talk in your affidavit about sort of
22 starting in 2010 and going forward the quantity
23 of large cash buy-ins sort of increasing year by
24 year. Is that fair?

25 A Yes, that was my observation, yes.

1 Q And by the time you got -- sort of a short while
2 after 2010, 100- and \$200,000 cash buy-ins
3 predominantly in \$20 bills were a common
4 occurrence?

5 A Yes, I'd say so.

6 Q And it even got to the point where 400- and even
7 \$800,000 or gibber buy-ins were happening with
8 some regularity. Is that -- do I take that from
9 your affidavit as accurate?

10 A Yeah. Yes.

11 Q And what was the most common denomination?

12 A Large buy-ins most commonly were \$20 bills.

13 Q And how were they typically packaged?

14 A Typically what we would observe would be bricks
15 of \$10,000 each secured on both ends with
16 elastic bands.

17 Q And what were they typically transported in?

18 A Anything. Typically a bag, a shopping bag,
19 boutique bag. Could be a small piece of luggage
20 or a backpack.

21 Q Did you receive any training on how cash is
22 typically packaged in the drug industry in
23 Canada or in British Columbia?

24 A No, I did not.

25 Q Did you have any information at the time or at

1 any time during your time at BCLC about how one
2 would be presented with large quantities of cash
3 if they obtained it from a bank?

4 A No. But it was my general understanding that it
5 would be unlikely that a bank would disburse
6 \$20 bills versus larger bills.

7 Q And did you have any understanding of the
8 likelihood that the bank would present \$20 bills
9 in \$10,000 bricks bound by elastic bands on each
10 end?

11 A Just a general understanding that that was
12 unlikely, but yeah.

13 Q In your mind at the time and during these years
14 at BCLC when these cash buy-ins were occurring,
15 did you think there was any prospect that this
16 cash was coming from a bank?

17 A No. Unlikely. At least not directly from a
18 bank, but I think as time went on the money
19 service business became more likely as a source,
20 but that would've been a few years later.

21 Q I gather from your affidavit that you had
22 increasing concerns about the source of the cash
23 that was being used for buy-ins, and that --
24 those increasing concerns were shared by a
25 number of your fellow BCLC investigators; is

1 that fair?

2 A That's fair, yes.

3 Q Did you communicate those concerns to your
4 superiors?

5 A We had regular investigator meetings monthly,
6 and most meetings the topic of conversation was
7 any unusual or suspicious activity in the
8 casinos, including these types of buy-ins.

9 Q And when would you have first -- you and your
10 fellow investigators have first started
11 reporting on concerns about these large cash
12 buy-ins?

13 A It likely was somewhere around the time of that
14 2010 file where it became a more frequent
15 conversation.

16 Q And you talked of these monthly investigator
17 meetings. Who was present at those?

18 A All of the casino investigators and usually a
19 manager and assistant manager.

20 Q And who were your managers and assistant
21 managers?

22 A Depending on the time frame, Gord Friesen was my
23 manager and John Karlovcec was my assistant
24 manager. And I believe sometime, 2012 or 2013,
25 John Karlovcec took on a different role as

1 manager of AML and Bruno Gatto became the
2 assistant manager.

3 Q Okay. And would there being anybody sort of
4 higher up in the organization present at these
5 meetings?

6 A Occasionally we might get, let's say, a guest
7 appearance by, you know, a VP or a director
8 level, but not with any regularity, no.

9 Q Do you have any knowledge about whether your
10 concerns about the source of the cash being used
11 for these large cash buy-ins was communicated
12 higher up the chain than your manager or
13 assistant manager?

14 A I don't have any direct knowledge, but I believe
15 it likely was.

16 Q You say in your affidavit that your
17 understanding was that BCLC had no role in
18 deciding whether cash buy-ins should be
19 accepted. Where did that understanding come
20 from?

21 A I'm not sure. Which part are you referring to?

22 MR. STEPHENS: Mr. McGowan, what paragraph?

23 MR. MCGOWAN: Certainly. I'm reading a sentence from
24 the middle of paragraph 51 on page 11.

25 MR. STEPHENS: I'll just turn it up for him.

1 MR. MCGOWAN:

2 Q And the sentence reads:

3 "We had no role in deciding whether cash
4 buy-ins should be accepted."

5 A So you're on paragraph 51?

6 Q Yeah, 51 about four -- one, two, three, four --
7 five lines from the bottom.

8 A Okay. Yeah, so leading up to that I understood
9 that it was our role as investigators not to
10 intervene, and then I mention a meeting whereby
11 we were directly told that we don't talk to the
12 customers. So that was my understanding based
13 on that particular interaction that that wasn't
14 our role.

15 Q Yes, I'm going to come to that meeting, and
16 perhaps I'll just digress and ask you about it
17 now.

18 One of your fellow investigators was an
19 individual named Ross Alderson?

20 A Correct. Yes.

21 Q And he joined the British Columbia Lottery
22 Corporation sometime after you?

23 A I believe so, yes.

24 Q And in -- I'm just trying to find my note of
25 when this occurred. In approximately 2012

1 Mr. Alderson took it upon himself to interview a
2 couple of players who he had -- patrons who he
3 suspected had been involved in an unusual
4 transaction. Is that fair?

5 A That's correct, yes.

6 Q And that was out of step with what, I gather
7 from your affidavit, investigators typically
8 did?

9 A That's right.

10 Q And shortly following on that or in close
11 proximity to that he took it upon himself to
12 intervene and direct a service provider to pay
13 out a patron in 20s as opposed to hundred dollar
14 bills?

15 A That's correct.

16 Q And this is a patron who on a couple of
17 consecutive days or closely proximate days had
18 bought in for 20s, and there had been minimal
19 play and then sought to get paid out in \$100
20 bills?

21 A That's correct.

22 Q And can you maybe explain to the commissioner
23 the concern that arises with somebody buying in
24 and minimal play and then trying to cash out for
25 hundreds?

1 A Yes. We were commonly referred to that as
2 refining. So if a player has small bills and
3 attends the casino with the goal of converting
4 that into larger bills, larger bills may be --
5 may receive less scrutiny if they were, say,
6 trying to deposit that to a bank account. At
7 least that was our understanding. So I mean,
8 they're not verifying -- they're not converting
9 it to a verifiable source, but -- and
10 logistically speaking, obviously hundreds take
11 up less room than \$20 bills do.

12 Q And is that process sometimes referred to as
13 colouring up?

14 A Yes, you might call it colouring up. Yeah.

15 Q And was Mr. Alderson's intervention and
16 direction to the service provider out of step
17 with what had been the practice and approach of
18 BCLC investigators to that point?

19 A Yes, that's fair to say.

20 Q And following closely on these two interventions
21 by Mr. Alderson, was there a meeting that
22 occurred?

23 A Yes.

24 Q And who was present at this meeting?

25 A You're referring to the meeting at Mr. Towns'

1 office?

2 Q Yes, that's correct.

3 A So it was myself, investigator Stone Lee,
4 investigator Ross Alderson, our manager Gord
5 Friesen, a gentleman named Brian Hodgkins. I'm
6 not sure what his title was at the time. Either
7 manager or director, I believe. And Mr. Terry
8 Towns, who was our VP.

9 Q And this meeting was sometime in 2012?

10 A That's correct.

11 Q Can you recall the month?

12 A I believe it was April. I could try and verify
13 that for you.

14 Q That's fine. If you placed the information in
15 your affidavit we can get it from there. Can
16 you tell the commissioner how it is you came to
17 be in this meeting, please.

18 A Yes. We attend our head office from River Rock
19 for a monthly investigator meeting, and the
20 three of us were escorted from the meeting by
21 Gord Friesen into Terry's office, and that's
22 when Terry spoke to us in his office in large
23 part regarding our, I guess, aggressive stance
24 on chit passing.

25 At that particular time BCLC had a program

1 called the chit pass warning program, warning
2 cards. Essentially it was a three strikes,
3 you're out type of a program where we had
4 warning cards in English and Chinese, and if
5 somebody was caught passing chips they would be
6 served with this card, which is essentially
7 their first warning. By the third warning
8 players were getting banned, and I think it
9 started with two weeks and it would escalate
10 from there. Obviously River Rock was
11 considerably busier than most sites, so we were
12 banning players with more frequency.

13 So the -- my understanding at that meeting
14 was basically Terry letting us know we're being
15 too aggressive in implementing that program. I
16 can only assume that River Rock must have lodged
17 a complaint that they were losing some of their
18 big players due to our actions. It was a fairly
19 brief meeting. Sort of towards the end there
20 was -- Terry brought up our -- Ross Alderson and
21 my actions we took in, I guess, the month or
22 weeks proceeding that meeting and suggested that
23 we're not cops and stop intervening players,
24 essentially is what he told us.

25 Q And did he use some fairly strong language to

1 communicate that?

2 A Yes. In my recollection his words were "cut
3 that shit out."

4 Q And when you refer to Terry, that's Terry Towns?

5 A Correct.

6 Q And what was his position at the time in the
7 British Columbia Lottery Corporation?

8 A He would have been the vice-president of
9 corporate security and compliance.

10 Q You talked about a program that you were
11 implementing to aggressively -- well, to target
12 chip swapping.

13 A Yes.

14 Q And does the concern about chip swapping arise
15 from concerns that it may be a component of loan
16 sharking?

17 A In part, yes. There's also an element of
18 accuracy of our reporting obligations for
19 financial transactions.

20 Q And did the directions you were given at this
21 meeting impact on how you conducted yourself as
22 an investigator in the years that followed?

23 A Not in particular, no. I mean, there may have
24 been a brief period of time where that
25 particular warning card system kind of felt a

1 bit like a waste of time if there was kind of a
2 grey area that could be interpreted either way.
3 That system subsequently just kind of faded away
4 anyways.

5 Q Did it impact on how you approach your job in
6 terms of whether or not you interviewed patrons?

7 A Yeah, definitely. Until we began a formal
8 process of where we would arrange interviews,
9 which would have been in 2015, but yes,
10 [indiscernible].

11 Q Thank you, sir. Did that formal process where
12 you changed course and ultimately did start
13 interviewing players occur under Mr. Towns'
14 direction?

15 A No, it did not.

16 Q Was he still with the organization at that time?

17 A No, he was retired at that time.

18 Q Okay. Under whose direction did the -- I gather
19 what you describe as a change in approach where
20 you started interviewing patrons again?

21 A Yes.

22 Q Under whose direction did that occur?

23 A I can't recall if it was under Brad Desmarais
24 that we started interviewing or whether it was
25 under Rob Kroeker. I want to say it first

1 started under Brad Desmarais and shortly
2 thereafter Rob Kroeker joined as VP and we
3 continued and escalated from there.

4 MR. MCGOWAN: Thank you. Mr. Commissioner, I'm just
5 going to pause my questioning because I've been
6 passed a note to suggest that anybody who is
7 watching on the live stream should refresh their
8 browser and it should clear up any issues with
9 the smoothness of the playback.

10 THE COMMISSIONER: All right. Thank you.

11 MR. MCGOWAN:

12 Q Mr. Beeksma, I'd like to come back to a couple
13 of the incident reports that you have attached
14 to your affidavit respecting large cash buy-ins
15 and just ask you about a couple that I expect
16 you will agree were sort of demonstrative of the
17 types of buy-ins that you were encountering.

18 You've attached at exhibit D to your
19 affidavit -- and I don't require it to be
20 brought up -- a report relating to a \$645,000
21 buy-in in October of 2014. And I'd alerted you
22 I might ask you about this. Do you recall this
23 incident?

24 A Yes, I do.

25 Q And is this sort of consistent with the type of

1 large cash buy-ins that were happening at the
2 time? This one may be one of the more notable
3 ones?

4 A Yeah, it would definitely be on the higher end
5 of what would be typical, but yes.

6 Q And in this incident the patron bought in for
7 \$645,000 in cash, which included over 7,000
8 \$20 bills?

9 A That sounds right, yes.

10 Q And this was an individual who in fact had a
11 player gaming fund account?

12 A Correct.

13 Q And that was an account that allowed money to be
14 wired in from a financial institution for the
15 purpose of gambling as opposed to bringing cash
16 in?

17 A Typically it would be via bank draft. So the
18 player would go to the bank, acquire a draft and
19 bring that in to deposit and withdraw for play.

20 Q So this is a player that had the ability to do
21 that if they wanted to?

22 A Yes. And I believe, if I'm thinking of the same
23 incident, he did earlier utilize his player
24 gaming fund account prior to reverting to cash.

25 Q He bought in twice that night and in fact still

1 had some chips from those buy-ins. Is that
2 fair?

3 A I believe so. That sounds accurate, yes.

4 Q And he was observed by surveillance on that
5 evening in October in real time receiving a
6 phone call; correct?

7 A Yeah, I believe it described him waiting at the
8 hotel reception area and receiving a phone call,
9 perhaps.

10 Q Yes. And he was ultimately observed by
11 surveillance being provided a shopping bag which
12 he brought to the cash cage?

13 A Yeah, that sounds right. Now --

14 Q Now, you know of this because you were --

15 MR. STEPHENS: I'm sorry, Mr. McGowan. I think
16 Mr. Beeksma just wanted to finish his answer.

17 MR. MCGOWAN: I'm sorry, sir. Please carry on.

18 A No, I just wanted to clarify that
19 surveillance -- observing something doesn't
20 necessarily mean that they were following it
21 live. And I just want to clarify with this
22 specific incident, I don't recall if this was
23 found on review or if they were actually live
24 monitoring these occurrences.

25 Q They had the ability to live monitor and at

1 times did live monitor. And in fact if I'm
2 looking at exhibit D under the description, and
3 it says:

4 "The patron is seen holding four stacks of
5 5K chips at --"

6 And it references a table.

7 "... and answering a phone. Live
8 monitoring has begun."

9 A Okay. Yeah.

10 Q Does that indicate to you they're actively --
11 they're watching this happen in real time?

12 A From that point yes, if they've noted that.
13 Correct.

14 Q So in real time the service provider is watching
15 this patron receive the shopping bag and
16 watching him bring it to the cash cage?

17 A Yes.

18 Q And from that bag the player produced \$645,000
19 in cash, much of it \$20 bills?

20 A Yes, that's correct.

21 Q Wrapped in the fashion that you had -- packaged
22 in the fashion that you described with elastic
23 bands?

24 A Correct.

25 Q And the service provider ultimately accepted

1 significant volumes of cash used to buy in
2 may have originated. Furthermore, the
3 delivery of significant amounts of cash to
4 the casino in the early morning or late
5 evening hours is a casino indicator of an
6 unusual transaction. Cash presented in
7 bricks bound by elastic bands also
8 suggests the money did not come from a
9 recognized financial institution.

10 The patron is on BCLC's list of
11 high-profile patrons, will continue to be
12 monitored when attending BC casinos, with
13 reports escalating as deemed necessary."

14 A Right.

15 Q So is that consistent with the approach that was
16 taken with buy-ins of this nature to --
17 including those who are on essentially a watch
18 list to report but continue to allow the service
19 providers or to accept that the service
20 providers were accepting these buy-ins?

21 A Yes, that would've been typical for that period
22 of time. This particular player, if I'm
23 recalling correctly, was one of the first that
24 was placed on conditions by BCLC. That was kind
25 of a test case.

1 Q That was perhaps a year after this incident?

2 A I believe it was in 2014. He was kind of, I
3 guess, a test case for that -- what eventually
4 became that program. But at the time yes, this
5 would've been how these incidents were handled.

6 Q This player had been buying in for quite some
7 time in the fashion we see here?

8 A He was one of the biggest players in the
9 province at the time, yes.

10 Q And had been for quite some time?

11 A I can't speak to exactly how long, but yeah,
12 let's say in the previous year leading up to
13 that.

14 Q I'd like to ask you about the first exhibit to
15 your second affidavit. This relates to a 2012
16 incident at the River Rock Casino where a female
17 patron, I believe, bought in three times for a
18 total of \$110,000?

19 MR. STEPHENS: Just a second, Mr. Beeksma. I'm just
20 going to turn it up, Mr. McGowan. Exhibit 1.

21 MR. MCGOWAN: Exhibit 1. The February 27th, 2012
22 incident.

23 MR. STEPHENS: Right.

24 MR. MCGOWAN:

25 Q You're familiar with this incident, sir?

1 A I am, yes.

2 Q Because you were the BCLC investigator
3 tasked with -- or whether you were tasked with,
4 you ultimately did review it?

5 A That's correct, yes.

6 Q And I'm going to summarize it, and you tell me
7 if I've got anything wrong. This was a female
8 patron who bought in for \$10,000 initially with
9 cash; is that fair?

10 A Yeah. That sounds correct. I know 50,000 was
11 the primary focus of the file.

12 Q Yes. There was then a \$50,000 buy-in --

13 A Yes.

14 Q -- that was determined to have been cash
15 provided to the patron in a washroom by an
16 individual who had previously been banned for
17 loan sharking?

18 A Sorry. I don't know if we're looking at the
19 same incident. It was my understanding she came
20 from the restaurant with the 50,000.

21 Q There was two buy-ins of 50,000, if I understand
22 correctly.

23 A Yes. In the washroom. The hundreds; right?
24 Yes, the 50 K in hundreds. Okay. Yeah, I've
25 got you.

1 Q So there was an initial buy-in and then there
2 was 50- in the bathroom, and do you agree that
3 this person who was determined to have provided
4 the funds in the bathroom had previously been
5 banned for loan sharking? Look at the second
6 paragraph under your conclusions on page 4 of
7 the report.

8 A Right. I believe so, yes. She was a person of
9 interest.

10 Q Okay. And the report will confirm, but my
11 understanding is the person had been the banned.
12 And the individual, the patron then left the
13 casino; correct?

14 A Yes.

15 Q And was later observed by surveillance to be
16 dropped off either in real time or after the
17 fact; I don't know which, but surveillance
18 captured her being dropped off back at the
19 casino by the general manager at the time of
20 Great Canadian Gaming Corporation?

21 A That's correct.

22 Q Okay. And there was some investigation
23 conducted about that and it was ultimately
24 determined that she had been at dinner with the
25 general manager of the Great Canadian Gaming

1 Corporation?

2 A Yes, with some other VIPs was my understanding,
3 yes.

4 Q Okay. At that meal, the investigators
5 determined that there had been an exchange of
6 gifts, some chocolates and roses and the like?

7 A Correct.

8 Q Okay. And upon returning to the casino, this
9 individual again entered a bathroom and then
10 bought in for another \$50,000 in \$20 bills?

11 A That's right.

12 Q And that buy-in was accepted?

13 A Yes, it was.

14 Q Okay. And, again, the review of this determined
15 that it should be reported, but there was no
16 direction that buy-ins of this nature not be
17 accepted; is that fair?

18 A That's fair, yes.

19 Q And did you as the BCLC investigator tasked with
20 reviewing this incident have any concerns about
21 the interaction and the nature of the
22 interaction of this patron with the general
23 manager of Great Canadian?

24 A I did. It was definitely out of the ordinary
25 for me. Yeah. Obviously it prompted me to

1 attend his office and ask him about it, so yeah,
2 it was definitely out of the ordinary.

3 Q Okay. And did you give any direction about how
4 interactions between management and patrons
5 should occur in the future?

6 A No, I didn't. It wasn't unusual for me for a
7 general manager to go out for a fancy dinner
8 with some VIP players. I think that was a
9 fairly common occurrence for them to -- wine and
10 dine, so to speak, the valuable customers. It
11 just -- the integration of an unusual
12 transaction, and his vehicle being seen was
13 just -- it was -- whether his intentions -- you
14 know, he likely had no idea what was about to
15 happen, but he put himself in a pretty
16 precarious position by doing that.

17 Q One of the indicators of suspicion to you as an
18 investigator is an individual being dropped at a
19 gaming facility as opposed to arriving in a car
20 where they're driving themselves? Is that ...

21 A It could be. I mean, yeah.

22 Q I'd like to ask you about the second exhibit to
23 that affidavit, sir. It's a February 9th, 2014,
24 incident.

25 A Yes.

1 Q And again you were the investigator reviewing
2 this?

3 A Yes.

4 Q This is an individual who came into the casino
5 and bought in for \$200,000 in \$20 bills wrapped
6 in elastics?

7 A Yes.

8 Q February 9th, 2014?

9 A Yes, that's correct.

10 Q And after buying in, the individual was observed
11 to take \$100,000 worth of chips and place them
12 in one pocket and \$80,000 and place them in
13 another?

14 A Yes, that's right.

15 Q The individual then played with the remaining
16 \$20,000, ultimately losing \$6,000, and the
17 individual then cashed out for \$194,000 in
18 hundred dollar bills, having previously walked
19 in with 20s.

20 A That's correct.

21 Q What does this incident -- when you look at this
22 incident, what does it look like is occurring
23 here to you as the investigator?

24 A Well, as we described earlier this would be a
25 case of refining where the player was using the

1 casino to exchange his \$20 bills for hundred
2 dollar bills, either for his own purpose or
3 acting on behalf of a third party. We would
4 have no way of knowing that. But that behaviour
5 on its own would be suspicious to us.

6 Q Okay. And I just -- I want to go to your
7 conclusions, sir, in the report at exhibit 2.
8 And I'm on the third page near the bottom. This
9 is the second bottom paragraph. You say:

10 "According to casino records, the patron
11 has previously provided his operation
12 [sic] as the GM for a realty company.
13 Although the writer cannot confirm, it
14 seems unlikely his business would generate
15 such a large volume of small denomination
16 cash, particularly cash bundled and bound
17 by elastics."

18 And then skipping down, you say:

19 "He will be monitored closely should he
20 return with reports generated and
21 escalated as deemed necessary."

22 Was that consistent with the approach you would
23 take in situations like this at that time?

24 A Yes, that was -- that's a pretty standard
25 conclusion to an incident, yes.

1 Q Would a circumstance like this where it seemed
2 obvious to you that an aspect of money
3 laundering may be taking place not be sufficient
4 to get somebody banned from the facility?

5 A At that time that wasn't the direction we were
6 given. About a year later it would be, but yes.

7 Q Okay. Sir, sometime in 2015 you were tasked
8 with putting together some -- a collection of
9 videos of large cash buy-ins to demonstrate the
10 nature of those buy-ins. Do you recall that?

11 A I do, yes.

12 Q And ultimately you sent an email about that
13 identifying some of those videos to Patrick
14 Ennis?

15 A Yes, that sound right.

16 Q And who was Patrick Ennis?

17 A He was the director of surveillance for Great
18 Canadian Casinos. I believe that was his title
19 at the time.

20 MR. MCGOWAN: Okay. Madam Registrar, I don't need
21 you to pull it up, but have you got the GCGC
22 document 0023272?

23 THE REGISTRAR: Yes, I do.

24 MR. MCGOWAN:

25 Q Sir, you've seen that email recently and

1 ultimately the copy of it that came from Great
2 Canadian showing it was forwarded from Mr. Ennis
3 to Mr. Kroeker? Do you have the email?

4 THE REGISTRAR: Yes.

5 THE WITNESS: Sorry, Mr. -- sorry, are you asking me?

6 MR. MCGOWAN:

7 Q Yes, Mr. Beeksma. Sorry.

8 A Yes, I do have a copy of my email to the service
9 provider requesting the footage be burned, yes.

10 MR. MCGOWAN: Okay. Mr. Commissioner, I'm just doing
11 this a bit awkwardly because I'd like to have
12 this marked as the next exhibit, but because of
13 the application that is before you I don't think
14 it's appropriate to display it on the screen.

15 THE COMMISSIONER: Okay.

16 MR. MCGOWAN:

17 Q Sir, the email you've seen is, as we've
18 discussed, identifying a number of demonstrative
19 cash buy-ins to Mr. Ennis?

20 A Yes.

21 Q And those buy-ins that you identify are typical
22 of the type that you were seeing in the years
23 leading up to 2015?

24 A I don't know if they were typical. They were --
25 I might call them extreme examples to really

1 drill home whatever point Laird was trying to
2 make in his presentation.

3 MR. MCGOWAN: Mr. Commissioner, if that email could
4 be the next exhibit, please.

5 THE COMMISSIONER: That's document 0023272; is that
6 right?

7 MR. MCGOWAN: Yes, from the Great Canadian
8 production.

9 THE COMMISSIONER: Yes, okay. That will be marked as
10 exhibit --

11 THE REGISTRAR: 80.

12 THE COMMISSIONER: 80.

13 THE REGISTRAR: Yes, it's exhibit 80.

14 **EXHIBIT 80: Email from Patrick Ennis re**
15 **DVD/Footage request: Large Cash buy-ins -**
16 **Jan 28, 2015**

17 MR. MCGOWAN: Yes, with the direction,
18 Mr. Commissioner, that it not yet be posted
19 until further direction.

20 THE COMMISSIONER: Very well. I'll make that
21 direction.

22 MR. MCGOWAN:

23 Q And, sir, two of the videos identified on there
24 are from 2014, a \$200,000 buy-in, video
25 2014-60563, and \$298,000 buy-in, 2014, 64483.

1 Those are two of the videos, short videos, that
2 you compiled for this clip?

3 A Right. They were already saved in surveillance
4 because there were incidents relating to them
5 already. So they basically compiled the disk
6 with those clips on it.

7 Q Right. And I'm picking out these two examples
8 because they're sort of, in terms of quantity,
9 moderate buy-ins at that time in \$20 bills sort
10 of the nature that you've been talking about.
11 Are they sort of -- would they represent a
12 relatively typical buy-in of that size and at
13 that time?

14 A Yeah, maybe slightly on the higher end, but
15 yeah. Yes.

16 MR. MCGOWAN: Mr. Commissioner, I'm going to ask --
17 we have copies of those two videos, and I think
18 it's appropriate we put them in the evidentiary
19 record. I'm going to ask that those two videos
20 that I've just identified be marked as the next
21 two exhibits, but with the direction that they
22 not be posted until further direction from you
23 because they are impacted by some ongoing
24 discussions about whether there needs to be
25 obscuring of images of third parties and also

1 they may be impacted by the application that's
2 before you.

3 THE COMMISSIONER: All right. Those will be marked
4 as exhibits 81 and 82.

5 **EXHIBIT 81: River Rock Casino Surveillance**
6 **Video (File No. 14-60563)**

7 **EXHIBIT 82: River Rock Casino Surveillance**
8 **Video (File No. 14-64483)**

9 THE COMMISSIONER: And I will make the direction
10 you're seeking, Mr. McGowan.

11 THE REGISTRAR: Yes, exhibit 81 and 82.

12 MR. MCGOWAN: Thank you.

13 Q Mr. Beeksma, I gather from your affidavit that
14 the position of British Columbia -- the British
15 Columbia Lottery Corporation in the years
16 leading up to 2015 was that if a player put
17 their money at risk that this was not money
18 laundering. Was that sort of the message that
19 was communicated to you from your superiors in
20 the position that you --

21 A Yeah, that was my understanding, or specifically
22 if a player lost the money, it wasn't money
23 laundering. But yes.

24 Q Was the possibility that a player had been
25 loaned cash and that that debt had been paid

1 back in some other form and that this
2 transaction might be a component of money
3 laundering, was that scenario or possibility
4 drawn to your attention?

5 A Not at the time, no. We learned of that as a
6 possibility in later years, though.

7 Q Had Mr. Hiller not brought that as a possibility
8 to your attention and the attention of others at
9 the British Columbia Lottery Corporation prior
10 to 2015?

11 A I can't recall. He likely did have a theory
12 around that, but I don't know. I can't say for
13 sure if Mike brought that up as a possibility.
14 I know we did learn that from conducting
15 interviews subsequently, but yeah.

16 Q I gather that the focus of the British Columbia
17 Lottery Corporation in assessing risk was to
18 focus on the source of wealth of the player as
19 opposed to the source of the cash that was being
20 presented, the buy-in. Is that a fair
21 understanding from what you've told us in your
22 affidavit?

23 A Yes, initially. Yeah.

24 Q And when you say initially, that carried on from
25 the time you started with the British Columbia

1 Lottery Corporation until at least 2015?

2 A Yes.

3 Q There were a number of bet limit increases over
4 the years when you were working for the British
5 Columbia Lottery Corporation. Is that fair?

6 A Yes.

7 Q And how did you observe those bet limit
8 increases to impact on the size -- quantity and
9 size of cash buy-ins at the casino you were
10 stationed at?

11 A It had a direct impact on that. Casinos -- for
12 many years the biggest chip was a \$500 chip. I
13 don't remember the exact years or dates, but
14 \$1,000 chips were introduced and eventually
15 \$5,000 chips were introduced, and then VIP rooms
16 were developed. And as these chips were
17 introduced, the table limits increased as well
18 in specific areas of the casino. So it's not at
19 all surprising to me that there's a correlation
20 there between the amount you can wager and how
21 much cash was coming in.

22 Q And at the height of the large buy-ins, what
23 would a -- what you might consider to be a
24 high-roller patron be betting on a single hand
25 of baccarat in the VIP room?

1 A It could really range from -- at the height of
2 it, it would have ranged from -- it could be a
3 \$5,000 bet up to \$100,000 a hand in a private
4 room. And -- yeah, so a player in a private
5 room could bet \$100,000 a hand.

6 Q And how many -- and this is on baccarat?

7 A Correct, yes.

8 Q Roughly how many baccarat hands could be run in
9 an hour?

10 A A hand can be dealt in a matter of 10 seconds.
11 Dealt and concluded in a matter of 10 seconds,
12 so ...

13 Q And how many players can sit at a baccarat
14 table?

15 A Well, it depends. In a private room, typically
16 there would be one primary player. He might
17 have friends with him, but typically it would be
18 one primary player in a private room. Otherwise
19 there's nine spots for players.

20 Q And is there also back betting that can occur
21 from those that aren't seated at the table?

22 A Yes, it can occur, but not to exceed the table
23 maximum.

24 Q And what would the table maximum -- what was the
25 table maximum, if you recall, per hand at its

1 highest?

2 A Again, it really depended on what area of the
3 casino. \$75,000 would be a typical table max on
4 a VIP table. But as I said, if it was a private
5 room the bets could be up to \$100,000 a hand.

6 Q And those numbers are per hand?

7 A Correct.

8 Q You have a section of your affidavit where you
9 speak of an individual by the name of Paul Jin?

10 A Yes.

11 Q And how did you come to be familiar with him?

12 A He was involved in a number of incidents whereby
13 it was suspected he was facilitating cash and/or
14 chips for players in the casino.

15 Q And he was ultimately banned for that?

16 A That's correct.

17 Q And you indicate in your affidavit that you
18 learned he was continuing to be make cash
19 drop-offs at the River Rock, I guess with some
20 regularly after his ban. Is that fair?

21 A Yeah. It was strong suspicious, but yes, we
22 believed he was still quite active and his
23 associates that we had identified as well.

24 Q And what did you base that suspicious on?

25 A Repeat vehicles. When possible, licence plates.

1 The surveillance guys are quite capable or quite
2 experienced in gathering evidence, so, I mean,
3 if they would tie a vehicle to an individual,
4 get a licence plate. Sometimes there would be
5 identifying features of a particular vehicle
6 that we would base our assumptions on. Like, if
7 a vehicle had two sunroofs or one. Things like
8 that. The colour of the wheels. But yeah,
9 usually it was just vehicles that would tie
10 them.

11 Q Okay. Thank you. You talked about the
12 introduction of a cash conditions program, and I
13 gather from paragraph 73 of your affidavit that
14 this commenced in August of 2015?

15 A Yes, that sounds correct.

16 Q And this was a program where certain players
17 were placed on conditions where they were only
18 permitted to buy in with cash if they could
19 source the cash with a receipt from a financial
20 institution or ATM within the last 48 hours.

21 A Yes, that sound right.

22 Q And at that time they were 10 patrons placed on
23 that -- 10 players placed on that list?

24 A The original list was 10 players as I recall,
25 yes.

1 Q And that grew over time?

2 A Substantially, yes.

3 Q And the direction was as I've set out that these
4 players not be permitted to buy in without being
5 able to establish the source of the cash and
6 establish that it came from a financial
7 institution, a legitimate financial institution?

8 A That's correct. And if they couldn't do that,
9 the cash was refused or the buy-in would be
10 refused, was the direction.

11 Q Is there any reason to your knowledge why in
12 2015 that policy could not have just been
13 implemented across the board instead of just for
14 10 identified players?

15 A I don't know specifically why it wasn't made
16 across the board at that time. I believe,
17 although I wasn't involved in those
18 conversations, but I believe this was in large
19 part in reaction to information from law
20 enforcement where they shared a list of persons
21 of interest or people they had identified, and
22 we acted on that as a starting point.

23 Q Okay. And did that impact the extent to which
24 these 10 players were continuing to buy in with
25 large cash buy-ins?

1 A Yes, it did.

2 Q Did it all but eliminate it?

3 A Yeah, it did.

4 Q Okay. And ultimately as you said there were
5 individuals added to the list. And then in the
6 wake of Dr. German's recommendation, essentially
7 something quite similar, in fact with a tighter
8 time frame for the receipt was implemented
9 across the board. Is that fair?

10 A That's correct, yes.

11 Q And in the period following the implementation
12 of Dr. German's recommendation with some
13 additional requirements imposed by BCLC about
14 receipting, what happened to large cash buy-ins
15 at British Columbia casinos to your observation?

16 A They basically ceased to exist.

17 Q Was it sort of a dramatic almost instantaneous
18 drop-off?

19 A Yes, I'd say so. There may have been a few
20 people who weren't informed that may have
21 attempted a buy-in, but to my recollection it
22 pretty much just -- it cut it off right there.

23 Q And you speak of the player interviews that you
24 conducted. And these people that were being
25 placed on conditions, you and Mr. Lee, who was

1 another investigator and perhaps some others
2 were tasked with conducting interviews of them?

3 A That's correct.

4 Q And one of the things you were told in these
5 interviews is that some of the higher level
6 borrowers were not charged interest?

7 A Yeah, that's information we learned from some of
8 these significant gamblers is that -- I mean,
9 whether they were being truthful or not, I mean,
10 that's questionable, but that was the
11 information provided that yes, weren't charged
12 interest.

13 Q If they weren't charged interest, what did that
14 tell you about the name of the transaction, if
15 anything?

16 A It seems unlikely that somebody would lend an
17 individual that much money and get nothing out
18 of it.

19 Q Did it occur to you that perhaps what they were
20 getting out of it is the transformation of the
21 cash into some other form of equity that was not
22 as suspicious?

23 A Yeah, eventually that -- I guess we learned that
24 as a possibility, yeah.

25 Q One of the other things you learned from these

1 interviews, you tell us is, that one Chinese
2 national had difficulty accessing funds in
3 Canada, I gather in part because of restrictions
4 on the quantity that could be removed from
5 China; is that fair?

6 A That was my understanding, yes.

7 Q Did you have familiarity with restrictions on
8 the removal of equity from China for Chinese
9 nationals prior to that interview?

10 A Yes, it was my understanding that they were
11 limited to \$50,000 per year per person. I never
12 received any sort of verification or
13 confirmation that that was so.

14 Q Did that knowledge impact on your assessment of
15 the likely source of funds that foreign
16 nationals were using to buy in with cash at the
17 River Rock Casino and other British Columbia
18 Casinos?

19 A Well, yeah, it did. Obviously they couldn't get
20 cash out of China, so they were either using --
21 call it a private lender or a money service
22 business to get their cash when they come here.

23 Q Right. And any concerns you had in that regard,
24 were those communicated at your monthly
25 meetings?

1 A Yes.

2 Q One of the issues you identify in your affidavit
3 that continues to persist after the
4 implementation of Dr. German's recommendation
5 and the BCLC receipting requirements, are
6 buy-ins in the 9- to \$10,000 range that you have
7 some concern are suspicious. Is that fair?

8 A Yes.

9 Q In fact you talk about one incident at
10 exhibit EE of your first affidavit. And I'll
11 just say you have a report about this which you
12 reviewed as the BCLC investigator but you also
13 have seen a video of it, I gather?

14 A Yes. This is the 9,900 buy-in?

15 Q Yes. This is a patron who was dropped off by a
16 vehicle, produced a brick of \$10,000 in 20s at
17 the cash cage, had some discussion with the cash
18 cage personnel, and then removed five \$20 dollar
19 bills from the brick and bought in for 9,900?

20 A Yeah, that sounds familiar. I think it might've
21 been a guest service employee that he had a
22 conversation with, but that sounds accurate,
23 yes.

24 Q At that time and still the FINTRAC large cash
25 transaction reporting requirement limit is

1 \$10,000?

2 A That's correct.

3 Q And the quantity at which -- of a buy-in at
4 which a patron would be required to produce a
5 receipt was 9,900 -- or pardon me, was \$10,000?

6 A That's correct. It matched the LCT threshold.

7 Q By removing those five \$20 bills, \$100, this
8 patron would avoid both FINTRAC reporting and
9 the requirement to produce a receipt?

10 A Yes, he would have essentially. Yeah.

11 Q And you've given a number of examples of buy-ins
12 in that range, and is it your concern that
13 individuals continue to buy in and are doing so
14 at a level such that they can avoid one or the
15 other or both of those requirements?

16 A Yeah. My concern is that they're not avoiding
17 an LCT; they're avoiding the receipting. And
18 most of these players are on file and have a
19 history of generating reports and LCTs, so it
20 doesn't make sense that suddenly they're going
21 to decide they don't want these LCTs generated.
22 More likely they're avoiding the receipting
23 threshold.

24 Q I see. You speak at exhibit JJ of your
25 affidavit of another similar incident where

1 somebody buys in initially for \$8,000, and then
2 buys in for another, it looks like -- going to
3 be 2,000 but removes two \$50 bills to buy in for
4 1,900, again for a cumulative buy-in of 9,900?

5 A Right. Yes.

6 Q I'm just going to go to your conclusion because
7 you were the investigator tasked with reviewing
8 this?

9 A I don't believe I was. If we're looking at the
10 same file, I believe it was J.K Lam is the BCLC
11 investigator.

12 Q Yes. And I should be clear. This is a 2020
13 incident; is that correct?

14 A That's correct, yes.

15 Q So January of this year?

16 A Yes, correct.

17 Q And it appears to me that perhaps in your
18 current role as -- your current AML role you
19 were tasked with reviewing the review; is that
20 fair?

21 A Yeah. So as an extra set of eyes or extra layer
22 of diligence, either myself or my manager Daryl
23 Tottenham would review any incident where the
24 investigator determined it was unsubstantiated,
25 and just look at the overall assessment by our

1 investigator and determine whether we agree or
2 disagree with them.

3 Q Okay. And I'll just read your conclusion:

4 "File has been reviewed and the
5 circumstance of this file do not meet the
6 reporting requirements for FINTRAC
7 reporting and therefore can be concluded
8 without further action."

9 That was your conclusion?

10 A Yes. Well, it was Ms. Lam's conclusion and I
11 concur with her, yes.

12 Q So is that the -- is BCLC not as a matter of
13 routine reporting suspicious circumstances where
14 it seems obvious that the person buying in is
15 tailoring the amount in order to avoid either
16 FINTRAC or receipting requirements?

17 A If it's obvious they're avoiding FINTRAC
18 reporting, then yes, that would be suspicious to
19 us.

20 Q If they're taking a quantity and removing \$100
21 to get it just under the \$10,000 threshold,
22 doesn't it seem certain they're attempting to
23 avoid one or the other or both?

24 A Yes. One or the other, yes.

25 MR. MCGOWAN: Mr. Commissioner, we have a video of

1 the incident represented at exhibit EE. It is
2 number 18-30356. I'm going to ask that that
3 video be the next exhibit, but without playing
4 it today and with a direction from you, please,
5 that it not be posted on the website until
6 further direction for the reasons I mentioned
7 earlier.

8 THE COMMISSIONER: Okay. Very well. I will make
9 that direction and it will be exhibit -- are we
10 at 83, Madam Registrar?

11 THE REGISTRAR: That's right, Mr. Commissioner.

12 THE COMMISSIONER: Thank you.

13 THE REGISTRAR: Exhibit 83.

14 **EXHIBIT 83: River Rock Casino Surveillance**
15 **Video (File No. 18-30365)**

16 MR. MCGOWAN: If I might just have a moment,
17 Mr. Commissioner.

18 Q Sir, one of the issues you identify as -- in
19 your affidavit is an ongoing concern about bank
20 drafts. And is that a concern that you continue
21 to have today or do you feel it's been
22 adequately addressed?

23 A My concern is based on information received from
24 both our gaming regulator and law enforcement
25 where they have brought up in the past concerns

1 about bank drafts and potential for third-party
2 drafts. I can't recall any specific instances
3 where that was -- that information was
4 confirmed, but that is a risk presently, yes.

5 Q Thank you. And, sir, one of the issues you
6 address in your affidavit is the viability of
7 the implementation of a hard cap whereby service
8 providers would be directed by either the
9 regulator or BCLC to not accept cash over a
10 certain limit. Do you have a view on whether
11 the implementation of such a hard cap would be
12 viable?

13 A Yes, it would be viable. A hard cap on cash in
14 and cash out as well.

15 Q Okay.

16 A Yeah.

17 Q And do you have any view as to where that cap
18 could appropriately be placed to not unduly
19 limit a casual player who's got a bit of money
20 in their back pocket but to eliminate concerns
21 about large cash buy-ins and maybe even some of
22 the more modest ones that you address in the
23 \$9,900 range?

24 A Right. Something in the 3- to 5,000 range seems
25 reasonable to me. Yeah.

1 MR. MCGOWAN: Mr. Beeksma, thank you for coming today
2 and taking the time to answer my questions.

3 Mr. Commissioner, as you'll note, much of
4 the information Mr. Beeksma's providing the
5 commission is contained in the two affidavits in
6 the exhibits thereto, so I have focused my
7 examination today on elaborating and asking
8 about some of those incidents.

9 But subject to anything you would like me to
10 canvass, those are the questions I have for
11 Mr. Beeksma.

12 THE COMMISSIONER: All right. Thank you. I think
13 what we will do is take an adjournment before we
14 move to cross-examination.

15 MR. MCGOWAN: Yes. I'm going to suggest just
16 10 minutes, Mr. Commissioner. We have a number
17 of participants who are seeking to ask questions
18 of Mr. Beeksma.

19 THE COMMISSIONER: Very well. 10 minutes. Thank
20 you.

21 MR. MCGOWAN: Thank you.

22 THE REGISTRAR: The hearing is adjourned for the morning
23 recess until 11:28 a.m.

24 **(WITNESS STOOD DOWN)**

25 **(PROCEEDINGS ADJOURNED AT 11:17 A.M.)**

1 questions for you this morning. According to
2 your evidence you've been an investigator with
3 BCLC since 2008. Correct?

4 A Correct. Yes.

5 Q And you were working as -- you've confirmed that
6 you were working as a BCLC investigator when
7 BCLC implemented the source cash conditions for
8 high-risk patrons in 2015?

9 A That's correct.

10 Q And so I have a series of 18 documents that I'd
11 like to show to you. And the document numbers
12 are GPEB 5137, and they range from that number
13 to GPEB 5154.

14 Madam Registrar, if you could call up those
15 documents.

16 THE REGISTRAR: Yes. Sorry. Give me one second.
17 5137?

18 MS. FRIESEN: Correct. 18 documents from 5137
19 ranging to 5154.

20 THE REGISTRAR: My apologies, Mr. Commissioner. I
21 have some technical difficulties. I'm not able
22 to call the documents at the moment. I'm trying
23 to do it now.

24 THE COMMISSIONER: I have one. I have 5137 in front
25 of me.

1 THE REGISTRAR: Yes. The following ones I'm not able
2 to call. I'm very sorry.

3 THE COMMISSIONER: All right.

4 MR. MCGOWAN: Mr. Commissioner, I'm just going to
5 interject to inquire whether it's counsel's
6 intention that these documents be displayed for
7 you and the witness only, or whether there's any
8 concern about them being displayed on the live
9 stream.

10 MS. FRIESEN: Well, my understanding is -- well,
11 these documents we would like to treat in the
12 same fashion as the other documents, and not
13 have them posted to the website after being
14 marked as an exhibit, as I understand commission
15 counsel has agreed to redactions and we've
16 provided certain copies of redactions indicated,
17 and we provide that there is no issue taken with
18 respect to the redaction. However I do note
19 that this document is not redacted in the form
20 produced here.

21 MR. MCGOWAN: But I don't know with respect to these
22 particular documents, Mr. Commissioner, whether
23 these are the subject of any agreement yet or
24 whether they may be impacted on applications
25 that are before you, but if it's my friend's

1 expectation that they not be posted at this
2 stage, and it does appear from seeing the
3 document that's in front of me that there is a
4 reason to at least consider that issue, I
5 suggest they not be broadcast on the live stream
6 while counsel asks the witness about them.

7 THE COMMISSIONER: Yeah, I think that is a good
8 suggestion in order to protect the information
9 in there that may end up redacted.

10 So is that possible to do that, Madam
11 Registrar or Madam Coordinator? That is, can
12 we ...

13 I'm sorry, I was muted. I was just asking
14 whether it would be possible to have the
15 documents shown to the participants and the
16 witness but not the live stream at this time in
17 order to protect against information that may be
18 redacted.

19 IT SUPPORT: Yes, Mr. Commissioner, this is possible.

20 THE COMMISSIONER: Thank you.

21 MR. MCGOWAN: And has -- Mr. Commissioner, I wonder
22 if I might inquire whether the document that was
23 shown on my screen earlier just a moment ago was
24 also shown on the live stream.

25 IT SUPPORT: It wasn't.

1 MR. MCGOWAN: Thank you.

2 THE REGISTRAR: My apology, Mr. Commissioner. All
3 the documents I have linked to last night has
4 disappeared, so I need to find them. I need a
5 moment. Could you give me a moment while
6 continuing with the cross-examination?

7 THE COMMISSIONER: Ms. Friesen, is that possible, or
8 is that going to interrupt your
9 cross-examination?

10 MS. FRIESEN: Mr. Commissioner, I propose that I move
11 to another topic with this witness and return to
12 the topic of these forms once they are ready.

13 THE COMMISSIONER: Yes, thank you. I think that's
14 very useful. Obviously it will interrupt your
15 cross-examination. What I meant to say was will
16 it disrupt it, but thank you. If you could --

17 THE REGISTRAR: My apology.

18 MS. FRIESEN:

19 Q Thank you, Mr. Beeksma. Moving on. I wanted to
20 ask you a little -- some questions about a
21 portion of your affidavit in which you say that
22 it's your understanding that there were some
23 discussion regarding a cash buy-in dollar
24 threshold of which --

25 MS. FRIESEN: And sorry, I'm going to pause,

1 Mr. Commissioner, as I'm hearing some voices
2 that may be -- also be broadcast.

3 THE COMMISSIONER: All right. Well, I just would ask
4 everyone to mute themselves, except the witness
5 and the examining lawyer.

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

7 Q Just returning to your affidavit, Mr. Beeksma,
8 as I was saying, I wanted to ask you a few
9 questions just about your understanding that you
10 spoke about in your affidavit, that there were
11 some discussions regarding a cash buy-in dollar
12 threshold above which service providers were
13 required to report as suspicious. And is
14 your -- you were not directly involved in any
15 conversations, as I understand your evidence,
16 that may have taken between GPEB and GCGC
17 regarding establishing a threshold for
18 suspicious cash buy-in reporting; is that right?

19 A That's correct, yes.

20 Q But you understand that it was discussed?

21 A Yes, it's my understanding there was a
22 discussion there. Yes.

23 Q But you don't have any direct knowledge of the
24 details of those discussions?

25 A No.

1 Q And you don't have direct knowledge of the
2 outcome of those discussions?

3 A No. Other than an email from my manager at the
4 time notifying us that this was an agreed-upon
5 threshold --

6 Q Go ahead.

7 A No, I was just going to add that until preparing
8 for this day, I didn't even recall receiving
9 that email until it was provided to me.

10 Q Right. And that was through your manager. That
11 was not a direct discussion with GPEB or GCGC?

12 A No, it was not. It was from my manager to the
13 investigators assigned to River Rock, including
14 myself.

15 Q Okay. I wanted to refer you to exhibit F of
16 your affidavit.

17 A Okay. Yes.

18 Q This may be the email that you're referring to,
19 but this is an email from Gordon Friesen.
20 That's your superior at the time?

21 A That's correct.

22 Q To you and certain other individuals at BCLC and
23 GCGC?

24 A Yes.

25 Q And no one from GPEB is copied on this email?

1 A You're correct.

2 Q I'd also like to refer you to another document
3 today, and this is -- I'll need -- require the
4 assistance of Madam Registrar to call up another
5 document. My understanding is Madam Registrar
6 might be tied occupy on another technical issue.
7 But, if possible, I'd like document GPEB4302 to
8 be called up.

9 THE COMMISSIONER: I'm sorry, would you give me that
10 number again, please.

11 MS. FRIESEN: Document number GPEB4302.

12 THE COMMISSIONER: Thank you.

13 MS. FRIESEN: I'm sorry, this is -- the document that
14 I see on the screen is 4032, but we are looking
15 for 4302.

16 THE HEARING COORDINATOR: I'm sorry, Mr. Commissioner,
17 I was muted.

18 The registrar is having problems finding
19 that document at the moment. She is attempting
20 to find it.

21 THE COMMISSIONER: Thank you. Do you know,
22 Ms. Peter, whether she has found the earlier
23 documents yet?

24 THE HEARING COORDINATOR: She is still working on
25 that, Mr. Commissioner.

1 THE COMMISSIONER: All right. Thank you.

2 MR. STEPHENS: Mr. Commissioner, it's Mr. Stephens
3 here. I don't know if this helps and I know
4 this is a different way of proceeding in a
5 hearing, but we could provide Mr. Beeksma with
6 viewing a copy of it on a laptop here, if
7 that -- I just throw that out as an option, if
8 there's an issue.

9 THE COMMISSIONER: Yes, all right. I think that's an
10 option we could pursue. The rest of us, of
11 course, won't have access to it. Is that
12 problematic from your perspective, Ms. Friesen?

13 MS. FRIESEN: Mr. Commissioner, I'm of the view that
14 it's best that you have an opportunity to view
15 the document as well during the course of the
16 cross-examination. And I suggest that perhaps
17 one way we could approach this is to
18 unfortunately take a five-minute recess so that
19 the issue can be resolved.

20 THE COMMISSIONER: Okay. Yes. No, I think that's a
21 sensible suggestion. So I think what we'll do
22 is we'll stand down for five minutes, and if
23 we're nearly but not quite there, we will take a
24 few more minutes.

25 THE HEARING COORDINATOR: Mr. Commissioner, I'm sorry

1 to interrupt, but Madam Registrar has now found
2 a document.

3 THE COMMISSIONER: 4302?

4 THE HEARING COORDINATOR: The first one. The first
5 one Ms. Friesen had requested.

6 THE COMMISSIONER: 4302 or the earlier one? 4302.

7 Okay.

8 THE HEARING COORDINATOR: The series of five
9 documents that Ms. Friesen was requesting.

10 THE COMMISSIONER: All right. I'm sorry,
11 Ms. Friesen. Can you jump back to that?

12 MS. FRIESEN: Well, one point is -- to clarify is
13 that the series of documents was a series of 18
14 documents. Do we have 18?

15 THE HEARING COORDINATOR: She's attempting to pull
16 them up, all of them, right now.

17 MR. MCGOWAN: Mr. Commissioner, I'm going to suggest
18 we stand down for five minutes. And, if
19 possible, Ms. Friesen, if you have a list in a
20 convenient way of the document numbers that you
21 plan to refer to and the order, I'm going to
22 suggest that you send that to -- I'll send you
23 an email with the hearing personnel who would be
24 best placed to receive that.

25 MS. FRIESEN: I can do that. Thank you, Mr. McGowan.

1 THE COMMISSIONER: Thank you. Yeah, I think we're
2 all still feeling our way forward with this
3 process, so that's a good suggestion. We'll
4 stand down.

5 THE HEARING COORDINATOR: The hearing is stood down
6 until 11:48.

7 (WITNESS STOOD DOWN)

8 (PROCEEDINGS ADJOURNED AT 11:43 A.M.)

9 (PROCEEDINGS RECONVENED AT 11:49 A.M.)

10 STEVEN BEEKSMA, a
11 witness for the
12 commission, recalled.

13 THE REGISTRAR: Thank you for waiting,
14 Mr. Commissioner. I have all the documents
15 ready.

16 THE COMMISSIONER: Thank you. Yes, Ms. Friesen
17 Ms. Friesen.

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

19 **EXAMINATION BY MS. FRIESEN (continuing):**

20 Q So, Mr. Beeksma, we now have document GPEB4302
21 there next to you. I'd like you to turn to
22 page 27, please, of that document.

23 So what you're looking at here, this is a
24 copy of an email dated September 23, 2011, from
25 you to Gordon Friesen, Ross Alderson and then

1 CCs John Karlovcec?

2 A Correct, yes.

3 Q Okay. You've confirmed that Mr. Friesen was
4 your supervisor at the time; he was the manager
5 of investigations at the time?

6 A Yes.

7 Q And John Karlovcec, he was the assistant manager
8 of investigations at the time?

9 A Yes.

10 Q Okay. Now, the subject line of this email that
11 you see there is under -- it says "under 50 K
12 buy-ins in \$20 bills." Do you see that there?

13 A Yes.

14 Q And I'm just going to read the first part of
15 your first paragraph there. It says:

16 "If I may chime in here, in addition to
17 Ross's point pertaining to the unusual
18 coincidence of a few recent buy-ins being
19 literally \$20 or \$40 shy of the reportable
20 50 K in 20s threshold here at RRCR, there
21 are some secondary/related issues."

22 And in this email you describe a circumstance
23 where you identified an incident where a \$99,960
24 buy-in occurred and it was not reported?

25 A Yes, I believe so. Yeah.

1 Q And you were told by service provider staff that
2 it wasn't the supervisor's job to report that
3 amount unless 50 K of it was in 20 dollar bills?

4 A Yeah, it was something to that effect. That's
5 why it wasn't included in the report, yes.

6 Q Right. And then later on in that email, further
7 down you state this, you say:

8 "When I commented to surveillance 'come
9 on, 40 bucks away from the threshold' and
10 all of a sudden it's irrelevant to the
11 \$200,000 buy-in already reported. A
12 typical response is well, it's under the
13 \$50,000 threshold."

14 Do you see that there?

15 A I do.

16 Q Okay. And then further on in your email you
17 state:

18 "Basically a guy could buy in 10 times
19 over, say, a 15-hour period for 49 K each
20 time and nothing would get reported."

21 Do you see that there?

22 A Yes, I do.

23 Q And you were concerned, were you not, that
24 suspicious buy-ins were not being reported
25 simply because they were under \$50,000?

1 A Exactly. Yes.

2 MS. FRIESEN: Now, Mr. Commissioner, the document
3 that I referred the witness to is really a
4 compilation of miscellaneous documents, a number
5 of which do not appear to relate to this witness
6 and which the witness can't authenticate. So if
7 it's agreeable to you, I propose that pages 27
8 to 29 of this document be marked as the next
9 exhibit.

10 MR. MCGOWAN: Yes, Mr. Commissioner. Ms. Friesen is
11 proposing, I believe, that just the email be
12 excerpted from the larger collection of
13 documents and that the email itself be marked
14 the next exhibit.

15 THE REGISTRAR: Can't hear him.

16 MS. FRIESEN: Mr. Commissioner, I believe we can't
17 hear you at this time.

18 THE COMMISSIONER: I didn't notice I was muted. Yes,
19 that's fine. Those pages will be marked as
20 exhibit 84.

21 THE REGISTRAR: Exhibit 84.

22 **EXHIBIT 84: Email from Gordon Friesen to Steve**
23 **Beeksma re under \$50K buy-ins in \$20 bills -**
24 **September 23, 2011 (pages 27 to 29 of document**
25 **GPEB4302.001)**

1 MS. FRIESEN: Thank you.

2 Q Mr. Beeksma, if I could, I'd like to return you
3 now to a number of forms that we were attempting
4 to discuss earlier, and I believe that they are
5 now ready for display. And they are document --
6 just to repeat the range of document numbers
7 it's GPEB5137 ranging to GPEB 5154 and there's a
8 series of 18 documents that we will be looking
9 at.

10 And so if you can see those documents
11 there, Mr. Beeksma.

12 A I can.

13 Q Mr. Beeksma, I can no longer see you.

14 A I think we lost the video.

15 Q Thank you. So you'll have a look at this
16 document here. Just the look at the first
17 document there. It's a document entitled
18 "Interview Format For Identified HRP Patrons
19 Interview Form." The first one that you see
20 there is dated, I believe, May 20, 2016.

21 A Yes.

22 Q You're familiar with these documents, are you
23 not?

24 A I am, yes. There's actually a page 1 that goes
25 with this form that contains more or less the

1 instructions on how to fill it out.

2 Q Okay. And regarding the title of the document,
3 that abbreviation at the top, the HRP, that
4 stands for high-risk patron?

5 A Yes, it does. Sorry, I believe this document it
6 was actually referred to as a source of funds
7 document.

8 Q Okay.

9 A And that was kind of the interview portion of
10 the source of funds declaration.

11 Q The document was intended to document answers
12 from the interview; correct?

13 A That's correct.

14 Q Okay. And this is a document that was created
15 by BCLC; correct?

16 A Yes.

17 Q Okay. And the purpose of this document was
18 really to determine a patron's source of funds?

19 A Yes. It was to explore the answers that would
20 be provided to us. I believe it was rolled out
21 around the same time as reasonable measures
22 forms came into play, which is essentially a
23 third-party declaration, but yes.

24 Q Okay. And it's a year after the cash conditions
25 program was established?

1 A Yes. That looks to be in 2016.

2 Q But for this particular form, this was not
3 completed by -- completed by all patrons;
4 correct?

5 A It's my understanding that this was done for
6 every buy-in of \$10,000 or more during that
7 period of time. This form doesn't exist anymore
8 currently, but at that time I believe it was for
9 \$10,000 or more.

10 Q Was it your understanding that it was intended
11 to target certain 34 patrons?

12 A I don't recall that, no.

13 Q Was it your understanding that the service
14 providers completed this form --

15 A Yes.

16 Q -- when they interviewed the patron?

17 A That's correct, yes.

18 Q And this form after it was completed, it was
19 posted on iTrak; is that correct?

20 A Yes. If I'm -- my recollection is correct, I
21 believe they were scanned into the large cash
22 transaction report as media or supporting
23 documents.

24 Q And I want to take you just through some
25 examples. Not every one of these documents in

1 terms of the answers provided, but just some
2 examples. If you could refer to 5139, please.
3 So this is a document dated May 18, 2016. The
4 form captures the name and the address and
5 occupation of the patron. Do you see that
6 there?

7 A I do, yes.

8 Q And then there's question 2, and the question 2
9 is:

10 "What is the source of funds for this cash
11 buy-in?"

12 Do you see that question under question 2?

13 A Yes, I do.

14 Q And in this document the written response is:

15 "It is my own money."

16 A Not very helpful, is it?

17 Q And further on -- this was one example from May
18 of 2016, and moving on to another example of
19 October -- the last document in this series,
20 which is document 5154. This is in October of
21 that year, 2016. The answer to question
22 number 2, which is, again:

23 "What is the source of funds for this cash
24 buy-in?"

25 You'll see that it says "own money."

1 A Yes.

2 Q And to your knowledge were the funds accepted by
3 the service provider in these cases?

4 A Yes, they would have been. Yes.

5 Q Those are my questions with respect to these
6 documents, Mr. Beeksma.

7 MS. FRIESEN: Mr. Commissioner, I ask that this
8 series of 18 documents be marked as the next
9 exhibit.

10 THE COMMISSIONER: Very well.

11 MS. FRIESEN: And that the documents not be posted on
12 the website in a similar fashion as we have been
13 doing for other exhibits until the redactions
14 have been confirmed.

15 THE COMMISSIONER: All right. Thank you. This will
16 be marked exhibit 85, and I will direct that in
17 the interim the document will not be posted on
18 the website.

19 MS. FRIESEN: Thank you. Those are my questions.

20 THE REGISTRAR: Mr. Commissioner, that will be
21 exhibit 85 to exhibit 97.

22 THE COMMISSIONER: Did you want to mark those
23 collectively, Ms. Friesen, or singly?

24 MS. FRIESEN: I had intended to mark them
25 collectively, but I'm in your hands if you have

1 a preference, Mr. Commissioner.

2 THE COMMISSIONER: No, I think collectively is
3 probably fine. So, Madam Registrar, if we could
4 mark the entirety of those 18 exhibits as
5 exhibit 85.

6 THE REGISTRAR: Yes, exhibit 85.

7 THE COMMISSIONER: Thank you.

8 **EXHIBIT 85: Collection of 18 interview forms -**
9 **interview format for identified HRP patrons**
10 **(document GPEB5137.0001 to GPEB5154.001)**

11 MR. MCGOWAN: Yes, Mr. Commissioner. Next will be
12 Mr. Skwarok for the Great Canadian Gaming
13 Corporation. He has up to 20 minutes.

14 THE COMMISSIONER: Yes, Mr. Skwarok.

15 MR. SKWAROK: Thank you, sir.

16 **EXAMINATION BY MR. SKWAROK:**

17 Q Mr. Beeksma, my name's Mark Skwarok, and I'm one
18 of the lawyers for Great Canadian Gaming
19 Corporation. I'm going to ask you some
20 questions about a number of matters that have
21 arisen in your affidavit. I want to start off
22 asking some questions about the relationship
23 between the Lottery Corporation and Great
24 Canadian.

25 In your role as an AML investigator, you're

1 aware that BCLC has the exclusive right and the
2 obligation to conduct and manage gaming in the
3 province; correct?

4 A Yes.

5 Q Is it fair to say that to your knowledge that
6 means that BCLC is effectively responsible for
7 all aspects of gaming?

8 A Yes.

9 Q Service providers like Great Canadian are hired
10 as contractors to perform some duties, but
11 they're just contractors with BCLC; correct?

12 A Yeah, that's my understanding of how it works,
13 yes.

14 Q Sorry, I didn't mean to ask you a legal
15 question. If you're not comfortable answering
16 such things, just let me know.

17 A Will do.

18 Q But you're aware that service providers are
19 obliged to comply with all policies and rules
20 and directives from BCLC; correct?

21 A Yes.

22 Q And amongst those various documents that are
23 provided to providers, there's a large one
24 called "the standards." Are you familiar with
25 that?

1 A The standards. Policies and procedures?

2 Q Yes.

3 A Yes.

4 Q And I won't go into them in any detail other
5 than to point out that that document contains
6 some fairly detailed rules on reporting AML
7 activities; correct?

8 A Yes.

9 Q Technically BCLC is the reporting agent with
10 FINTRAC, but BCLC requires input from the
11 service providers?

12 A Yes, that's correct.

13 Q I'll talk to you about the reports that the
14 providers prepared in a little bit.

15 I'd like to move on a bit to the service
16 providers just for a second. Would it be fair
17 to say that their job in the anti-money
18 laundering context is to report, full stop?

19 A Yes. Yeah.

20 Q It's not their job to investigate the legitimacy
21 of funds and that type of thing; correct?

22 A No, not explicitly. I mean, as you've pointed
23 out, following directives and policies that are
24 put in place, but yeah -- no, you're correct.

25 Q If there's a particular incident of what may

1 appear to be a suspicious transaction, the
2 company's obligation is simply to report it and
3 to allow others to investigate; right?

4 A Yes.

5 Q Amongst its other activities, BCLC has oversight
6 of service providers, including Great Canadian
7 and River Rock; right?

8 A Yes.

9 Q And this type of oversight includes things like
10 regular audits, audits from -- on a number of
11 different areas, but including anti-money
12 laundering requirements; right?

13 A Yes, that's my understanding. Yeah.

14 Q Are you aware that in addition to BCLC's
15 internal audits of River Rock, et cetera, that
16 there's a lot of external audits that are
17 conducted of Great Canadian?

18 A Definitely, yes.

19 Q And those would be conducted sometimes by BCLC;
20 right?

21 A Yes.

22 Q And then sometimes by GPEB?

23 A Correct.

24 Q And sometimes by FINTRAC?

25 A That's right.

1 Q If I could talk to you briefly about the BCLC
2 investigators that are on-site at River Rock.
3 How many are currently there now?

4 A Currently there are -- well, one of them just
5 took on a new role, so right now officially
6 there's two assigned to River Rock.

7 Q And they work what types of hours, again? Just
8 work workdays -- weekdays?

9 A Generally speaking, yes. It's flexible, but
10 yes.

11 Q And they have offices in the premises at River
12 Rock?

13 A Yes, they do.

14 Q And what are their responsibilities?

15 A Our AML investigators at River Rock?

16 Q Yes.

17 A So they focus primarily on suspicious
18 transactions or what we refer to as unusual
19 financial transactions that are reported to
20 BCLC. They could do anything from conducting
21 enhanced due diligence on players, assessments
22 on players, including interviews of patrons,
23 reviewing the accuracy of documents for
24 compliance. Yeah, it really runs the gamut.

25 Q Do these duties include conducting

1 investigations where there's a perception that
2 there's been a breach of the BCLC directions?

3 A Specifically for an AML investigator, not
4 likely. We also have casino investigators and,
5 as you've pointed out, our compliance auditors.
6 Yeah. I can't think of a specific example where
7 that would be an AML investigator role per se.

8 Q But it would be a BCLC role?

9 A Sure. Yes.

10 Q And what about reporting incidents of concern to
11 third parties like GPEB? That's certainly
12 something that was done; correct?

13 A Absolutely, yes.

14 Q And what about the police? What's the
15 interaction with the RCMP, I guess, and various
16 units of it and BCLC?

17 A Well, during which time period? Generally
18 speaking now, or?

19 Q Sure.

20 A Yeah. So we have an information sharing
21 agreement with the RCMP. We hold weekly
22 meetings with the joint illegal gaming task
23 force, JIGIT, and BCLC investigators. And then
24 we have monthly face-to-face meetings and we
25 also have just contacts that we've established

1 over the years with individuals in jurisdiction,
2 for example, Richmond RCMP, that we keep in
3 regular communications with.

4 Q Does BCLC perform any training of Great Canadian
5 staff?

6 A Yes, they have. And we also provide anti-money
7 laundering training, which is an online based
8 training course.

9 Q Is there an investigator who's on call who can
10 assess iTrak remotely?

11 A All of us can now. But previously Daryl
12 Tottenham was kind of the go-to the guy who's
13 the manager of AML. And he -- obviously now
14 it's a new situation where we're all working
15 from home, so we can do that from home now all
16 of us.

17 Q And you can take calls from, let's say, River
18 Rock at home at any time; right?

19 A Yes, I could.

20 Q Let's get back to the reporting documents that
21 service providers are obliged to prepare. One
22 of them is called a large cash transaction
23 report; right?

24 A Right.

25 Q And what is that?

1 A That's -- a large cash transaction report is a
2 buy-in that is reported to FINTRAC for an amount
3 of \$10,000 or more accumulated or in a single
4 transaction within in rolling consecutive
5 24-hour period.

6 Q And what type of information is put into that
7 document?

8 A The amounts. Any supporting tracking documents
9 would be attached. And then the conductor of
10 the transaction, all of their information
11 including occupation and, where applicable and
12 when available, company name as well.

13 Q So identification?

14 A Sorry?

15 Q It's identification.

16 A Yes, that's correct. Yeah.

17 Q In your experience and in your reviews, how did
18 River Rock do on filing its LCTs?

19 A I think they did fine. Yeah.

20 Q I'm going to move on to the more interesting
21 subject of unusual financial transactions.

22 A Okay.

23 Q And those are documents that are required to be
24 filed with BCLC. A notice of them has to be
25 given to GPEB under section 86; right?

1 A That's right.

2 Q So what is a UFT, an unusual financial
3 transaction?

4 A What is it?

5 Q Yeah.

6 A It's, again, a transaction that typically casino
7 surveillance, but it could come from other
8 casino personnel, identifies as unusual based on
9 a list of indicators that are included in our
10 policies. I mean, it's not all-inclusive list,
11 but there are prescribed indicators to look out
12 for. And if the indicators are present, they
13 report to it BCLC as unusual.

14 Q Are you aware that in many cases Great Canadian
15 actually exceeded its obligations for preparing
16 such documents in doing such things as putting
17 cameras in its hotel and sophisticated cameras
18 in its parking areas?

19 A Yes, I'm aware of the capabilities of their
20 surveillance.

21 MR. STEPHENS: Can I just say -- and I don't want to
22 interrupt, but Mr. Skwarok's referred to
23 "obligations" and "duties" several times, and I
24 don't know -- I'm comfortable with you asking
25 about practices, but not to stray -- and I know

1 we're not bound by the strict rules of evidence
2 here, but, just to be fair at to the witness,
3 not to stray into things that might be legal
4 matters.

5 MR. SKWAROK: I was posing the questions in more of a
6 layman's type of intention rather than some
7 legal context.

8 Q But if you're unclear about what I mean, please
9 let me know.

10 A Okay.

11 Q I'm not trying to pin you down to the ins and
12 outs of the *Gaming Control Act* or the operating
13 agreements or whatever. Just general.

14 A Okay.

15 Q And I think you've been pretty comfortable with
16 the questions so far.

17 A Yes.

18 MR. STEPHENS: And, Mr. Skwarok, I have too. I think
19 that I know what you're asking this witness, but
20 just because of the number of times you referred
21 to it, I thought it best for you to clarify that
22 that's what your intention was when you use
23 words like "duties" and "obligations."

24 MR. SKWAROK:

25 Q In your experience, sir, did the Great Canadian,

1 and in particular River Rock, do a good job at
2 filling out UFTs?

3 A Generally speaking. I mean, obviously you have
4 different skill levels of individuals, so, you
5 know, there will be individuals that write
6 fantastically detailed reports supported by, you
7 know, an abundance of footage and you might have
8 somebody who's not as skilled as that
9 individual. So yeah, there would be variances
10 there, but generally speaking, yes.

11 Q And by generally speaking, you mean that events
12 that should have been recorded were recorded?

13 A Yes.

14 Q What were these UFTs used for? They went to
15 BCLC; correct?

16 A Right.

17 Q And what did BCLC make of these UFTs?

18 A Well, this would become the -- set the
19 groundwork for meeting our reporting obligations
20 to FINTRAC.

21 Q Did BCLC typically investigate suggested
22 concerns from the UFT?

23 A Yes.

24 Q And then the STRs would get filed with FINTRAC;
25 right?

1 A Yes.

2 MR. STEPHENS: Mr. Commissioner, it's just

3 Mr. Stephens here and I have no objection to

4 that to question. I just wanted to alert you

5 that we are aware the Department of Justice and

6 FINTRAC has sensitivities over -- and has

7 claimed public interest immunity over some

8 aspects of the filing of suspicious transaction

9 reports, and so I've asked Mr. Beeksma to just

10 wait a second after a question in the event the

11 Department of Justice has an objection.

12 MR. SKWAROK: I'm going to advise that the objections

13 extend to whether a particular STR was filed and

14 whether a UFT was substantiated. My questions

15 are aimed at a general situation of what happens

16 when the UFTs get to --

17 THE COMMISSIONER: Ms. Wray is certainly there and

18 ready to leap in, if necessary, but I think

19 nothing has been violated yet.

20 MS. WRAY: Yes, Mr. Commissioner, it is Ms. Wray.

21 And I just perhaps for information purposes can

22 help clarify some things. Our concerns relate

23 to information about specific STRs being filed

24 for specific incidents. General discussions

25 about the practice of filing STRs, the process

1 that's taken with respect to providing
2 information related to STRs, that I would say
3 does not fall within the public interest
4 immunity claim. We're very much concerned about
5 specific testimony that would go to an STR
6 actually being filed with FINTRAC. That would
7 compromise the financial intelligence gathering
8 function of FINTRAC.

9 Similarly -- and I think this is maybe
10 helpful for if future questioners as well, with
11 respect to public interest immunity about the
12 actual information contained within an STR, that
13 of course is also something we would be very
14 concerned about. However, speaking generally
15 about incidents that occurred that's related to
16 those incidents, the steps that were taken with
17 respect to those incidents would fall outside of
18 that public interest immunity claim. So I hope
19 that helps to clarify, and I certainly will jump
20 in if I feel the need to object.

21 THE COMMISSIONER: Thank you, Ms. Wray. That's very
22 helpful.

23 Yes, Mr. Skwarok.

24 MR. SKWAROK:

25 Q In any event, BCLC makes the decision whether or

1 not to file an STR with FINTRAC; correct?

2 A Yes, that's correct.

3 Q So generally speaking, then, Great Canadian's
4 responsible for identifying problems of a
5 financial nature. They provide information to
6 BCLC in the form of a UFT. And then the
7 information is distributed to GPEB and perhaps
8 the police and FINTRAC; correct?

9 A Yes, that's correct.

10 Q Has that been the procedure for the last number
11 of years?

12 A Yes. The different police agencies that receive
13 the information have varied over the years, but
14 yes. It's pretty consistent.

15 Q Let me ask you a question about the working
16 relations that you and your team have with Great
17 Canadian in general and River Rock in
18 particular.

19 A M'mm-hmm.

20 Q Were the Great Canadian employees made available
21 to you when you wanted to speak with them?

22 A Yes.

23 Q Did they do what you asked them to do?

24 A Yes. Speaking generally, yeah, I believe so.

25 Yes.

1 Q No, I'm talking in the context of gaming-
2 related investigations.

3 A Yes. Yeah.

4 Q Did they provide access to the camera feeds
5 whenever you wanted?

6 A Yes, they did.

7 Q And they're generally cooperative?

8 A Generally speaking, yes.

9 Q And would you say it was a good working
10 relationship?

11 A I mean, it's had its ups and downs over the
12 years, but yeah, in the last five or six years
13 or so, I would say it's been a really good
14 working relationship.

15 Q Now, your interactions with senior management,
16 people like Mr. Doyle, have they ever indicated
17 an unwillingness to comply with any BCLC
18 anti-money laundering directives or policies?

19 A I'm not aware of any interactions I may have had
20 with Mr. Doyle.

21 Q Are you aware of Great Canadian's reputation
22 with the Richmond RCMP?

23 A Not specifically, no.

24 Q In 2012 there was two awards given to the
25 surveillance department for outstanding

1 contributions. Were you aware of that?

2 A It does sound familiar now that you mention it.

3 I think I've seen the letter or plaque.

4 Q Yeah, the first one was for continued
5 professional and timely assistance with criminal
6 investigation. The second was outstanding
7 assistance conducting surveillance reviews for
8 members beyond the scope of its regular duties.
9 Does that refresh your memory?

10 A Yeah, that sounds familiar.

11 Q I'd like to move now to large cash buy-ins. The
12 investigators' office at River Rock have a
13 direct feed to the surveillance system; correct?

14 A Yes, it does.

15 Q And it could be live monitored?

16 A Yes. Correct.

17 Q Is it often?

18 A Yes, it's always on, whether it's getting full
19 attention or not, but it is available, yes.

20 Q And so BCLC investigators have the capacity to
21 view such things as large cash transactions
22 live?

23 A Yes.

24 Q You talked about a couple of incident reports
25 where you pointed out that there were large cash

1 transactions. You were taken there by
2 commission counsel. And if I could ask you,
3 please, to go to your affidavit number 2.

4 A Okay.

5 Q I'm sorry, sir, it's affidavit 1.

6 A Okay.

7 Q And if you go to tab D, please, which is the tab
8 that commission counsel took you to.

9 A Sorry. You said D?

10 Q D as in dogma.

11 A Right.

12 Q Now, in the second page of this document, it has
13 the number 20 at the top.

14 A Yes.

15 Q And at the bottom there is a description of
16 activities that were undertaken by this
17 particular page; correct?

18 A Yes.

19 Q And the description includes this particular
20 person getting money, large amounts of it,
21 getting the cash put into a bag, then using cash
22 to get chips, and that's the \$600,000 incident
23 that you talked about; right?

24 A Yes, correct.

25 Q So in other words, Great Canadian reported this?

1 A Oh, yes, they did.

2 Q Yes. And in fact it was Great Canadian's
3 reporting that piqued the interest of BCLC?

4 A That's correct.

5 Q And I didn't mean that in a derogatory term.
6 What I meant is Great Canadian puts in the
7 information and as a result of that information
8 on your reviews, you developed an interest?

9 A Yes, that's fair to say. Yeah.

10 Q All right. I'll take you to the next tab.
11 That's E. And on the page 26 -- sorry. On the
12 first page, 25, it's "incident filed." And
13 halfway down there's a mention of 3,400 cash;
14 counter used, CB19; and a section 86 form, which
15 is --

16 A Yes.

17 Q And that related to another large transaction of
18 cash?

19 A Yes.

20 Q With respect to these large cash buy-ins, did
21 BCLC ever tell Great Canadian not to take them?

22 A Not until later on when we started targeting
23 specific individuals, but no.

24 Q In the targeted, it was just -- they weren't
25 prohibited from bringing in large amounts of

1 money; they just had to show the source of
2 funds?

3 A That's accurate. Yeah.

4 Q How about with GPEB? To the best of your
5 knowledge did they ever tell Great Canadian not
6 to accept large amounts of cash?

7 A I don't know if they did or didn't.

8 Q Did you ever -- or anybody you know at BCLC
9 instruct Great Canadian to investigate the
10 legitimacy of funds?

11 A Other than the forms that were brought up by the
12 previous counsel to you, source of funds forms.
13 Other than that, no.

14 Q All right. I'm not going to spend much time on
15 Jin, but is it fair to say that concerns that
16 developed in BCLC's mind were the result of work
17 done by Great Canadian inputting data into
18 iTrak?

19 A Yes, that's fair to say. Yep.

20 Q And the last thing I'm going to take you to,
21 sir, is a question my learned friend for the
22 commission engaged in with you about the
23 sub-10,000 investments. And there was a
24 suggestion that if somebody puts in, let's say,
25 \$9,500, that's suspicious because they could be

1 trying to avoid the reporting obligations.

2 That's what -- the question was asked of you,

3 and I think you agreed.

4 A Yes, that's a possibility. Yeah.

5 Q But it's not necessary, is it?

6 A No, it's not necessarily the case. No.

7 Q If I could take you to affidavit number 1,

8 tab JJ. The one that Mr. McGowan took you to.

9 Halfway -- do you have it?

10 A Yes, I have it.

11 Q Halfway down the page is -- under the synopsis.

12 This is prepared by Great Canadian. It talks

13 about 9.9 thousand dollars being brought in;

14 right?

15 A Yes, that's right.

16 Q And on the next page, there is a continuation of

17 the incident report at the bottom, and other

18 comments are made by Great Canadian staff about

19 the concerns; right?

20 A That's right.

21 Q On the next page at the bottom, under the

22 heading "Conclusion Taken" you see the paragraph

23 that says "based on the above information"?

24 A Yes.

25 Q And this is a BCLC entry; right?

1 A That's correct, yes.

2 Q "Based on the above information, an STR

3 will not be submitted to FINTRAC."

4 Correct?

5 A That's correct.

6 Q And if you go to the next page, 210, halfway

7 down, it appears to be an entry saying that you

8 reviewed the decision and you agreed with it,

9 that it need not be filed?

10 A Correct.

11 MR. SKWAROK: Okay. Those are my questions. Thank

12 you very much.

13 MR. MCGOWAN: Mr. Commissioner, next is Mr. Gruber

14 for Gateway Casinos. You will recall that in

15 your ruling on standing you directed that the

16 participants Great Canadian and Gateway

17 coordinate and communicated an expectation that

18 they operate jointly through a single counsel.

19 I believe in the case of this witness Mr. Gruber

20 has questions to put to this witness that may

21 relate specifically to a Gateway property, and

22 in those circumstances you may well -- in my

23 submission there may well be a basis to allow

24 them to operate separately with this witness.

25 MR. GRUBER: Thank you, Mr. McGowan.

1 Mr. Commissioner, I can advise that counsel
2 for gateway and counsel for Great Canadian did
3 confer before this set of hearings to ensure
4 that we weren't overlapping.

5 **EXAMINATION BY MR. GRUBER:**

6 Q Mr. Beeksma, I just have a couple of questions
7 about the content of paragraphs 41 and 42 of
8 your first affidavit. If you have those.

9 A I will. Sorry, you said 41 and 42?

10 Q That's right, yes.

11 A Okay.

12 Q Now, referring to those paragraphs in your first
13 affidavit, when you were being questioned by
14 Mr. McGowan, you'll recall that he asked you
15 whether you were aware of any ownership transfer
16 or control transfer from Gateway Casinos &
17 Entertainment Inc. to Gateway Casinos &
18 Entertainment Limited in the fall of 2010, and
19 you said you were not aware of that. Do I have
20 that correct?

21 A That's correct, yes.

22 Q And so do I take it from that that you don't
23 actually know if the service provider in place
24 at Starlight in May of 2010 is in any way
25 connected with the current service provider?

1 A I'm not aware of -- in my mind, Gateway has
2 always been Gateway. I don't know what's been
3 happening behind the scenes there, so ...

4 Q So you're just familiar with the name Gateway.
5 You don't know if those corporations have any
6 relationship to each other?

7 A I don't, no.

8 Q And also you don't know if the individual or
9 individuals who allowed the incident that you
10 describe in paragraph 41 of your first affidavit
11 remained with the current service provider after
12 the fall of 2010?

13 A I don't know for certain, no, if they remained.
14 Yeah.

15 MR. GRUBER: Those are my questions, Mr. Commissioner.

16 MR. MCGOWAN: Thank you, Mr. Commissioner. Next we
17 have Mr. Lightbody -- or pardon me, Mr. McFee is
18 counsel for Mr. Lightbody, and he had been
19 allocated up to 15 minutes if he requires it.

20 **EXAMINATION BY MR. MCFEE:**

21 Q Mr. Beeksma, are you able to hear me fine?

22 A I am. Thank you.

23 Q Thank you. Now, I see looking in at your
24 affidavit that you've been working in the gaming
25 industry since October of 2000?

1 A That's correct.

2 Q So for about 20 years, would it be fair to
3 describe you as a veteran in the gaming
4 industry?

5 A I suppose so, yes.

6 Q And your experience of the gaming industry
7 appears to be quite broad in that you've worked
8 both for service providers and for BCLC?

9 A That's right.

10 Q And in December of 2010 you joined BCLC as a
11 casino investigator?

12 A Correct.

13 Q And you have 10 years of experience as a BCLC
14 investigator?

15 A Yes, approximately.

16 Q And as I understand your evidence, and correct
17 me if I'm wrong, for most of the time you were
18 assigned to a specific casino?

19 A Yes.

20 Q To Starlight for a year and then River Rock for
21 about nine years?

22 A Yeah, that's about right. Yes.

23 Q And based on that experience, you in your
24 affidavit say that as a casino investigator you
25 investigated everything that incurred in the

1 casinos from suspected service provider breaches
2 of BCLC policies to suspected criminal
3 activities?

4 A That's correct.

5 Q But to be clear, as a BCLC investigator, did you
6 have any law enforcement role?

7 A No, I did not.

8 Q Were you or any of your fellow BCLC
9 investigators designated as special provincial
10 constables under the *Police Act*?

11 A No, we were not.

12 Q So in that context, did you understand that a
13 significant part of your role as a BCLC
14 investigator was to observe, record and report?

15 A Yes.

16 Q In terms of reporting, you were to report
17 suspicious transactions to FINTRAC?

18 A That's correct.

19 Q And you did that?

20 A We did.

21 Q And you were also to report suspicious
22 transactions and activities to GPEB?

23 A Yes, that's right.

24 Q And that was largely in the form of the
25 section 86 reports?

1 A Yes. But just to clarify, the section 86
2 reports were typically submitted by the service
3 provider.

4 Q And they'd go directly to GPEB from the service
5 provider?

6 A That's correct, yes.

7 Q And did you understand that a number of the GPEB
8 investigators were designated as special
9 provincial constables under the *Police Act*?

10 A Yes.

11 Q And you've been asked some questions about the
12 relationship between the BCLC investigators and
13 law enforcement. Did you in your capacity as an
14 investigator typically report suspicious
15 transactions and activities to the law
16 enforcement agencies?

17 A Yes, we did.

18 Q And was that in large part the integrated
19 policing units that had a specialized capacity
20 in terms of proceeds of crime?

21 A Yes, it was.

22 Q And I guess in the earlier part of your tenure
23 that would be to the integrated proceeds of
24 crime unit?

25 A Correct.

1 Q And who do you typically report suspicious
2 transactions and activities to now on behalf of
3 law enforcement?

4 A The JIGIT, joint illegal gaming task, and their
5 subsequent gaming intelligence unit and also our
6 regulator, GPEB. And of course --

7 Q In your time -- I'm sorry. In your time as a
8 BCLC investigator, what were your observations
9 with respect to the frequency of attendance at
10 casinos of, firstly, GPEB investigators?

11 A For a period of time we met nearly weekly with
12 the two investigators assigned to River Rock.
13 That became less consistent. One of those
14 gentleman retired. Another one took on a
15 different role. So I can't speak to how it is
16 currently, but for a large period of time we had
17 weekly meetings with them.

18 Q Are you able to give the commissioner a
19 reasonable estimate as to when those weekly
20 meetings became less consistent?

21 A To my best guess, probably 2016, '17, somewhere
22 in that ballpark. Again, I can't be sure on
23 that, though.

24 Q And in your time as a BCLC investigator, what
25 were your observations with respect to the

1 frequency of attendance at casinos of police
2 officers?

3 A As I spoke about earlier, typically if they
4 attended the casino it was responding to a call
5 either made by a player or the casino
6 themselves, or it could just be a random
7 walk-through. But that would be the extent of
8 what I saw.

9 Q And while you were stationed at River Rock, I
10 take it from the evidence we heard earlier that
11 there were GPEB investigators who were assigned
12 responsibility for River Rock also?

13 A That's correct, yes.

14 Q And do you recall who they were?

15 A Yeah. The ones that we worked the most with
16 was -- were Ken Ackles and Rob Barber.

17 Q Okay. And how would you describe your working
18 relationship with those GPEB investigators?

19 A Excellent.

20 Q Did you experience a relatively free flow of
21 communication and information between you and
22 the GPEB investigators?

23 A Yeah, I would say so. Yeah.

24 Q Now, in your evidence you described and
25 Mr. McGowan took you to this -- observing the

1 specific incident involving a significant amount
2 of cash being utilized as a buy-in, \$460,000 at
3 the River Rock Casino in May of 2010?

4 A Right.

5 Q And is it your recollection that that incident
6 was sort of the front end and the beginning of
7 the period in which significant amounts of cash
8 were entering River Rock?

9 A Yes, that was my recollection.

10 Q And to be clear, at this time casino patrons
11 were required to use cash, weren't they?

12 A They didn't have another option; correct.

13 Q And relatively soon after that incident, did
14 BCLC implement the cash alternatives programs in
15 terms of patron gaming funds and hold cheques?

16 A Yes. I believe PGFs are implemented in
17 approximately 2012.

18 Q And were these large cash buy-ins that you were
19 observing reported to FINTRAC?

20 A Yes, they were.

21 Q And were they reported to GPEB?

22 A Yes.

23 Q And were they reported to the police?

24 A Yes.

25 Q And did you observe any action taken by GPEB in

1 response to these large cash buy-ins?

2 A No.

3 Q And did you observe any action taken by the
4 police with respect to these large cash buy-ins?

5 A No, not that I can recall.

6 Q And in your evidence you described to us the
7 incident in -- or two incidents in 2012 where
8 BCLC investigators were instructed not to
9 interview casino patrons?

10 A Yes.

11 Q And in your affidavit, in the context of those
12 instructions, you state that Michael Graydon was
13 the BCLC CEO at the time?

14 A Yeah, that's -- according to my best
15 recollection, yes.

16 Q And is it your recollection that BCLC's practise
17 changed after Mr. Graydon departed and my
18 client, Mr. Lightbody, became initially the
19 interim president and CEO and then the president
20 and CEO?

21 A Yes, I would say BCLC did make significant
22 changes forward, yes.

23 Q In fact on my client's watch BCLC introduced the
24 cash conditions program that you transcribed
25 earlier, and that was in August of 2015?

1 A That's correct. Yes.

2 Q And an integral part of that program was BCLC
3 investigators interviewing casino patrons,
4 including when the behaviour or activity of the
5 patron was inconsistent with the anti-money
6 laundering strategies; correct?

7 A That's correct.

8 Q And part of the purpose, a large part of the
9 purpose of the interview was to ascertain the
10 source of the patrons' funds. Is that accurate?

11 A Yes, that was part of it, yes.

12 Q And as I read your affidavit -- and correct me
13 if I'm wrong -- was it in the course of these
14 interviews, so in the fall of 2015, that you
15 learned for the first time that funds were being
16 lent to patrons that were then being repaid
17 offshore?

18 A Yes. It was through the interviews that we
19 started to learn the methods on how money was
20 being obtained, yes.

21 Q And to be clear, that was in the fall of 2015 at
22 the earliest?

23 A That sounds right, yes.

24 Q And as a result of these interviews, in the
25 event a patron couldn't or was unwilling to

1 verify that his or her funds came from an
2 identifiable legitimate source, the patron was
3 put on cash conditions. And that's kind of an
4 odd term, cash conditions, but it really meant
5 he was not permitted to play with any unsourced
6 cash or chips; correct?

7 A That's correct, yes.

8 Q And in addition, did BCLC personnel take action
9 by banning patrons from BCLC facilities
10 throughout the province?

11 A Yes, we have.

12 Q And in fact banning of patrons took place even
13 before the cash conditions program, and you
14 described the banning of Mr. Jin, and that
15 occurred in September of 2012; correct?

16 A Yeah. That's right.

17 Q And not only did -- was Mr. Jin banned, but
18 anybody that BCLC could ascertain was seemed to
19 be an associate of his and engaged in cash
20 facilitation was also banned; correct?

21 A That's correct.

22 Q And that was even before the cash commission --
23 conditions program?

24 A Yes.

25 Q And this source of funds declaration that you

1 describe for buy-ins of \$10,000 or more, to be
2 clear, that didn't apply just to cash; that
3 applies also to bare monetary instruments, such
4 as bank drafts and certified cheques?

5 A That is correct.

6 Q And in addition, we talked about -- you've
7 talked about the cash conditions program, but a
8 significant event that preceded that cash
9 conditions program was the establishment by BCLC
10 of a dedicated anti-money laundering unit in
11 2013?

12 A Yes, that's right.

13 Q And that money laundering unit started
14 relatively small in terms of two investigators
15 and one analyst; is that right?

16 A Yeah, to my recollection there was a manager, a
17 specialist and an analyst initially. Yeah.

18 Q And was there a significant expansion that you
19 were aware of to that AML dedicated unit in the
20 spring of 2016?

21 A Yes.

22 Q And do you recall the scope of that expansion?

23 A Yes. That is when I joined the AML unit along
24 with -- I believe it was four other
25 investigators were now assigned as AML

1 investigators, and I believe they also at or
2 around that time added more analyst support as
3 well.

4 Q So as you've described in your evidence,
5 although you and other BCLC investors had a
6 concern when these large cash buy-ins were
7 starting and then accelerating in 2010 and 2011,
8 as an investigator and then an AML analyst, did
9 it appear to you that with all these steps that
10 were taken that BCLC senior management was
11 taking the concerns that BC casinos were being
12 used to launder cash from illegitimate proceeds
13 seriously?

14 A Yes, that was my impression.

15 Q And was it also your impression that BCLC senior
16 management were taking concrete steps to
17 identify and to the degree possible eliminate
18 the potential for money laundering occurring in
19 its casinos?

20 A Yes, I believe so.

21 Q And as a BCLC investigator in the sense of being
22 on the ground, actually being located in BC's
23 largest casino, River Rock, was it your
24 observation that the measures, once implemented,
25 were having the desired effect?

1 A Yes, definitely.

2 Q And I think in your affidavit you describe the
3 current situation as night and day difference
4 from what was occurring in 2010 and 2011?

5 A That's right.

6 Q And to be clear, these many AML measures that
7 we've discussed, including cash alternatives,
8 source of funds declarations, cash conditions,
9 proactively identifying and interviewing patrons
10 who may be involved in money laundering and then
11 imposing sanctions, including banning them from
12 BC casinos, those measures were all implemented
13 during my client, Jim Lightbody's tenure as
14 president and CEO of BCLC?

15 A That sounds right, yes.

16 Q Now, on a slightly different topic. In your
17 almost 12 years with BCLC, have you ever
18 witnessed a patron buying in with a large amount
19 of cash, playing notionally or perhaps not
20 playing at all or only a few hands and then
21 cashing his or her chips out for a casino
22 cheque?

23 A No, I have not seen that.

24 Q And are there protocols and procedures in place
25 to make sure that doesn't happen?

1 A Yes, there is. There's an equation for verified
2 win cheques, which is cash-out minus buy-in,
3 essentially. So only winnings can be awarded in
4 the form of a cheque.

5 Q And commission counsel Mr. McGowan took you to
6 some incident reports and referred to videos
7 regarding relatively large cash buy-ins. Now,
8 would those buy-ins typically result in BCLC
9 reporting the transactions to FINTRAC?

10 A Yes.

11 Q Would they typically result in BCLC ensuring
12 that they were reported to GPEB?

13 A Yes.

14 Q And with transactions of that magnitude, would
15 BCLC typically ensure that those transactions
16 were reported to the proper and dedicated
17 policing units?

18 A Yes.

19 MR. McFEE: Those are my questions for you.

20 THE COMMISSIONER: Thank you, Mr. McFee.

21 MR. MCGOWAN: Thank you, Mr. Commissioner. Next on
22 the list is Ms. Mainville, counsel for
23 Mr. Kroeker, who has been allotted 25 minutes.

24 I will note we have Mr. Stephens scheduled
25 after Ms. Mainville also with the 25 minutes,

1 and we are running a little tight, so I'll
2 encourage counsel to be as official as we can.

3 THE COMMISSIONER: We did have unexpected
4 interruptions, so if necessary we can sit a
5 little longer.

6 MR. MCGOWAN: Thank you.

7 THE COMMISSIONER: Yes, Ms. Mainville.

8 MS. MAINVILLE: Thank you, Mr. Commissioner.

9 **EXAMINATION BY MS. MAINVILLE:**

10 Q Mr. Beeksma, Mr. McFee just mentioned that in
11 your affidavit you talk about how the situation
12 is now night and day from how it was back in the
13 mid-2010s.

14 A That's correct.

15 Q And so am I right that since 2015 there has only
16 been progress from your perspective?

17 A Yes.

18 Q And so if Mr. Kroeker, my client, took over as
19 VP compliance at BCLC in September 2015, would
20 you say that under his watch things have only
21 improved on the AML front?

22 A Yes, that's fair to say.

23 Q And I'm going to suggest that the most important
24 part of that change is attributable to the
25 source cash conditions program that was

1 implemented a bit earlier in 2015. Is that
2 fair?

3 A Yes.

4 Q In fact you indicated earlier that that began
5 with information from law enforcement regarding
6 10 players; right?

7 A That was my understanding, yes.

8 Q So would you agree that the information sharing
9 agreement between the RCMP and BCLC in 2014 is
10 effectively what permitted the cash condition
11 program to take off?

12 A Yes, that's fair to say.

13 Q And that would be because the information
14 sharing agreement allowed greater insight on
15 BCLC's part into both player backgrounds and
16 source of funds?

17 A Yes.

18 Q As well as various public safety risks?

19 A That's correct, yeah. It would identify
20 potential risk levels for players as well.

21 Q Okay. And then BCLC acted on that information?

22 A Exactly. Yes.

23 Q So prior to the information sharing agreement,
24 not having access to information from law
25 enforcement or from GPEB about what was going on

1 beyond the casinos, was that an obstacle both
2 for BCLC and the service providers in terms of
3 taking action?

4 A Yes, definitely.

5 Q Was that lack of visibility something that was
6 frustrating to BCLC?

7 A Yeah, at times it would be frustrating for BCLC
8 and River Rock, particularly surveillance as
9 well. Yes.

10 Q For the service provider as well?

11 A Correct.

12 Q And before that indeed I think you used words
13 such as BCLC or the service provider making the
14 assumptions or having theories about the source
15 of the funds; is that fair?

16 A Yes.

17 Q But no confirmation or actual evidence or
18 information, concrete information to act on; is
19 that fair?

20 A That's right. Until 2015.

21 Q Yes.

22 A Yeah.

23 Q And am I right, then, that source cash
24 conditions and sanctions against patrons
25 continued as BCLC received information about

1 patrons over the years?

2 A Yes. And even based on our own assessments
3 currently, we don't need information from law
4 enforcement to determine or assess that somebody
5 should be placed on conditions. That happens
6 quite frequently.

7 Q And am I right that in around 2018 you conducted
8 a review of patrons who were the subject of
9 production orders or requests from law
10 enforcement?

11 A Yes, that's right.

12 Q And was that with a view to potentially banning
13 or cash conditioning these patrons?

14 A Yes, I -- yeah, that was in response to an
15 audit. And I was asked by my direct superiors
16 to conduct a review of individuals that may have
17 been subject of a law enforcement request to
18 determine if there's any further action that's
19 required based on this information. Yeah.

20 Q Okay. And am I right that when the player
21 interviews began around 2015, part of the
22 intention was to determine the source and the
23 origin of the funds being used --

24 A Yes.

25 Q -- to buy in?

1 A Yes.

2 Q In fact you referenced earlier one of the forms
3 that was used in 2016 as a source of fund
4 declaration; correct?

5 A That's right.

6 Q And effectively, then, there were -- BCLC was
7 seeking a source of funds declaration, which is
8 effectively what Peter German recommended two
9 years later in 2018; is that fair?

10 A Yes. Yeah.

11 Q And there is as exhibit O to your affidavit
12 the -- I don't need to take you -- well, you can
13 go to it, if you want, but it's the
14 investigation protocol for educating, warning
15 and sanctioning players. That's effectively the
16 start of the cash condition program; correct?

17 A Yeah, that laid the groundwork for what was to
18 come. Yes.

19 Q Right. And what was to come, do you recall that
20 a bit later in 2015 interviews -- player
21 interviews were accelerated or enhanced in late
22 2015?

23 A Yes. That's right.

24 Q After Mr. Kroeker's arrival at BCLC?

25 A Yes.

1 Q And so if I could ask Madam Registrar to put up
2 a document, BCLC0289, which I don't think is in
3 your affidavit, Mr. Beeksma. This is a protocol
4 for conditions and interviews, and if we could
5 just go to the last page -- there's three
6 pages -- you'll see that the date of this
7 document is October 2015?

8 A Okay, yep.

9 Q And it's approved by Mr. Kroeker?

10 A Yes.

11 Q And do you recall that this is -- this was sort
12 of a supplementary protocol that formalized --
13 better formalized the cash conditions program
14 and enhanced it?

15 A Yes, that's right.

16 Q In fact if you look at the first page, if we can
17 return there. The first paragraph indicates
18 that this is to be used as a supporting document
19 to the protocol I just referenced that at
20 exhibit O of your affidavit that was distributed
21 to service providers in April 2015?

22 A Right. Yes.

23 Q So am I right that that protocol was distributed
24 in April 2015 but was -- came into force
25 effectively in August 2015?

1 A Yeah, that sounds right. Yeah.

2 Q And if you go to page 2, there's a list here of
3 a number of suspicious indicators. The first
4 one of which is when patrons are buying in
5 predominantly in cash, particularly using small
6 bills. And you'll see that below that list of
7 bullet points it indicates that in these
8 circumstances, interviews will be conducted by
9 BCLC investigators?

10 A Correct.

11 Q So am I right that in instances where there was
12 one of these suspicious indicators, interviews
13 became mandated?

14 A Yes.

15 Q And references below to various sanctions that
16 could be applied, whether pending an interview
17 or subsequent to an interview; correct?

18 A That's right, yes. Just to be clear, this
19 wasn't necessarily something that a site-level
20 investigator would initiate during this first
21 roll out. The direction would have come from
22 management based on an incident. They might say
23 okay, guys, this person's now on conditions; we
24 need to set up an interview kind of thing, but
25 yeah.

1 Q Do you mean management at the site?

2 A No, no. BCLC management. Like, the manager of
3 AML would direct us investigators, so-and-so had
4 a transaction last night or an incident; let's
5 put them on full source conditions and arrange
6 for an interview, so ...

7 Q Got it. So they would review the reports they
8 received or these indicators and take action
9 from there?

10 A Right. Exactly. Yeah.

11 Q Do you recall as of this point in time in the
12 fall of 2015, a dramatic decline in large cash
13 transactions as well as STRs?

14 A Yes. There was a significant decline by late
15 2015. Yeah.

16 Q Is it fair to say, if you know, that it was a
17 much more steep and significant decline that --
18 than what eventually came about in 2018 after
19 Peter German's recommendation?

20 A Yeah. I don't know the stats on that.

21 Q Sure.

22 A But both had a significant impact. I can say
23 that.

24 Q And to be clear about the direction that came
25 about in January 2018, what Peter German

1 recommended was a source of fund declaration,
2 but the receipt requirement was a BCLC
3 initiative above and beyond the recommendation;
4 is that correct?

5 A Yes, that's my understanding.

6 MS. MAINVILLE: We can take this document down.

7 Although I would ask that it be made an exhibit.

8 THE COMMISSIONER: All right. Exhibit 87, I
9 think we're -- no, 86. Is that correct?

10 THE REGISTRAR: That's correct, Mr. Commissioner.
11 Exhibit 86.

12 THE COMMISSIONER: Thank you.

13 **EXHIBIT 86: BCLC Anti-Money Laundering (AML)**
14 **Protocol for Conditions and Interviews**

15 MS. MAINVILLE:

16 Q Now, as I understand your evidence, Mr. Beeksma,
17 is it fair to say that the player interviews you
18 thought were quite fruitful in providing BCLC
19 with insight into the source of funds?

20 A Yes, absolutely.

21 Q And that information was passed on to law
22 enforcement and GPEB?

23 A Yes. That's my understanding. Not directly
24 from the investigators that conducted the
25 interviews, though. They get forwarded to AML

1 management for review, and then they will
2 determine if there's information in there that
3 may be valuable to law enforcement.

4 Q And am I right that the players being
5 interviewed who were heavy gamblers were not --
6 didn't necessarily see the risk involved in the
7 way that they were obtaining their funds, but
8 that the funds could be proceeds of crime?

9 A Yes, that's fair to say. Some of them seemed
10 kind of shocked or surprised when we even
11 suggested that as a possibility. Yeah.

12 Q Many of them just explained that they were
13 trying to access their funds in Canada?

14 A Yes. It seemed like they were in large part
15 flight of capital restraints for what they were
16 trying to get around.

17 Q And they were not necessarily aware -- if they
18 didn't mention Mr. Jin or were aware of his
19 existence, they were not necessarily aware that
20 he was affiliated with -- that he was a criminal
21 essentially or affiliated with organized crime?

22 A No, that was the impression we were given from
23 the interviews. Yeah.

24 Q And the interviews sought in part to educate the
25 players; is that correct?

1 A That's correct, yes.

2 Q And did you see this as tipping them off as to
3 ways to avoid detection, as I believe Mr. German
4 suggested?

5 A No. No, I didn't see them that way at all.

6 Q And I just want to talk to you about an
7 investigation into a money service business that
8 took place in 2016 when Mr. Tottenham asked you
9 and Stone Lee as well as Jim Husler to look into
10 a \$170,000 buy-in that was sourced to an MSB, do
11 you recall that?

12 A Right. Yes, I do.

13 Q And you were provided with a receipt by
14 Mr. Tottenham; correct?

15 A Yes. The player provided a receipt to source
16 his money, yes.

17 Q To source his money. And that was because the
18 player was on cash conditions?

19 A Yes, that's my understanding or recollection.

20 Q Am I right that sourcing the funds to an MSB at
21 the time could have been compliant with the
22 source cash condition program requirements?

23 A Yes, that is correct.

24 Q So BCLC could have stopped there, effectively?
25 Taken that receipt and papered their file.

1 A Yes, exactly.

2 Q But am I right that BCLC went further than
3 simply doing that and wanted to verify the
4 receipt's authenticity?

5 A Exactly. Yes.

6 Q And so you attended the money service business
7 for that purpose?

8 A That's right.

9 Q And it was an MSB that was registered with
10 FINTRAC; correct?

11 A I'm not aware of that detail.

12 Q Okay.

13 A Yeah, I don't know that.

14 Q And you also had concerns, though, about where
15 the money service business itself sourced their
16 cash; is that fair?

17 A Yeah, that's fair to say. Yes.

18 Q And you asked some questions in that regard?

19 A Yes. Yes, I believe we simply asked the
20 gentleman at the counter if it was typical that
21 they disburse \$20 bills, and as I recall the
22 response was, we disburse whatever we have on
23 hand.

24 Q So is this from your perspective BCLC conducting
25 its due diligence on information and records

1 provided to them by patrons?

2 A Yes, it is.

3 Q And effectively you're trying to ensure that
4 BCLC was not implicated in the money laundering
5 operation or receiving proceeds of crime?

6 A That's correct.

7 Q Am I right this is the operation that was termed
8 an undercover operation by Mr. German that he
9 took issue with?

10 A I believe that was the one being referenced,
11 yes.

12 Q Now, you've indicated prior to receiving
13 confirmation from law enforcement about the
14 source of some of these funds, BCLC and the
15 service providers couldn't determine or confirm
16 whether the cash was proceeds of crime simply by
17 its volume or the way it was presented; correct?

18 A That's correct.

19 Q And money service businesses, at least
20 eventually, were believed to be a possible
21 source for these funds?

22 A Yes.

23 Q And dealing with seasonal players, wasn't that
24 deemed a plausible explanation?

25 A Yes, it was. It made sense to us.

1 Q And why is that in particular dealing with
2 seasonal players?

3 A Well, because a seasonal player wouldn't
4 necessarily go through the trouble of opening
5 accounts at a Canadian financial institution and
6 whether they're here on business or pleasure,
7 vacation, it made sense to me, like most people
8 would do going to a foreign country that you
9 would use a money exchange business to
10 facilitate a transfer of your funds.

11 Q I understand there are several money services
12 business in the Richmond area.

13 A Yes, that's my understanding as well.

14 Q Would you have necessarily assumed these money
15 service businesses used proceeds of crime?

16 A No, that wouldn't be my immediate assumption.
17 No.

18 Q I just want to talk about cash drop-offs. Am I
19 right that it could not be known in advance when
20 these cash drop-offs were going to take place?

21 A No. Generally speaking, no.

22 Q And so if I suggested they were not generally
23 live monitored; is that fair?

24 A Yeah, in most cases. Yes.

25 Q So most of the time they were captured on review

1 after the fact?

2 A That's right, yeah.

3 Q And when they were caught live or even
4 subsequent to that, would you necessarily be
5 able to identify the person receiving the cash?

6 A The person receiving the cash could be
7 identified. The person dropping off the money
8 in most cases wouldn't be identified.

9 Q You could not make out a face or who they were?

10 A Yeah, it really varied depending on the
11 limitations of the system, the time of day,
12 darkness of night, distance of cameras. There
13 was a lot of variables, but it wouldn't be
14 uncommon for you to basically just get a vehicle
15 description.

16 Q Okay. And am I right that a big difference
17 between your role at GCGC and when you went to
18 BCLC was that you then had a province-wide view
19 of gaming once you were at BCLC?

20 A Yes, that's right.

21 Q So you could see effectively a player's activity
22 across the province?

23 A Yes.

24 Q And I take it BCLC conducts a lot of analysis on
25 the basis of that information relying on several

1 data points?

2 A Yes, I believe they do. Yes.

3 Q And prior to 2014, prior to the information
4 sharing agreement, that was mostly based on a
5 open source data?

6 A Yeah.

7 Q Meaning available to anyone to analyze.

8 A Right. Yeah, that's fair to say. Yeah.

9 Q And eventually as of 2014 it was also based on
10 information received from law enforcement?

11 A Yes.

12 Q And by contrast would you say that the staff at
13 GCGC is more hampered in its ability to confirm
14 that the cash is of criminal origin?

15 A Yes, that's fair to say.

16 Q So that unless they are told by BCLC or GPEB or
17 the police that cash is of a criminal origin or
18 that certain players are linked to organized
19 crime, they don't really have visibility into
20 that or a way to determine that?

21 A That's correct.

22 Q Now, is it fair to say that money laundering in
23 the traditional sense, money laundering through
24 the casinos where clean cash is extracted from
25 the casino, has that always been easier to

1 detect for BCLC or even service providers? I
2 should say easier as compared to -- as compared
3 to players bringing in potential proceeds of
4 crime and losing those proceeds at the casino?

5 A Right. Yes. In terms of converting funds into
6 another instrument yes, that would have been
7 easier to detect. Yes.

8 Q So BCLC, I would suggest, is quite capable of
9 detecting that, notional play and when funds are
10 not truly placed at risk?

11 A Yes.

12 Q But the proceeds of crime, coming into a casino
13 and being gambled and most of the time lost is
14 much more complicated to confirm?

15 A Yes. It's based on indicators --

16 Q Right.

17 A -- for the most part, yeah.

18 Q And the initial strategy -- BCLC's initial
19 strategy was to try to ascertain source of
20 wealth and know the clients; right?

21 A Yes, that's right.

22 Q And it was mostly BCLC that took that
23 initiative, correct, to ascertain source of
24 wealth and conduct due diligence on clients?

25 A Yes, that's right.

1 Q And am I right that service providers would
2 occasionally be asked for assistance in that
3 regard?

4 A Yes. They would ask for verifying customer
5 details, like occupation, company name, address,
6 things like that.

7 Q And they would update that information from time
8 to time?

9 A Yes, they would.

10 Q And would they comply with BCLC's requests?

11 A Yes, they would.

12 Q Were you aware of GCGC or the service providers
13 ever receiving directions from GPEB in relation
14 to the integrity of gaming?

15 A Not that I'm aware of, no.

16 Q So you may have answered this, but to your
17 knowledge or to the best of your awareness,
18 aside potentially from directions about what to
19 report to GPEB when it came to large cash
20 transactions, do you know of any direction GPEB
21 issued in respect of taking action in relation
22 to large cash buy-ins?

23 A No, nothing that I can think of. No.

24 Q And I am correct that GPEB was made aware of
25 these large cash buy-ins effectively as they

1 were -- as the years passed and as the buy-ins
2 evolved?

3 A Yes. Section 86s were filed. Yes.

4 Q And what do these section 86 reports look like?

5 A They're quite basic in their information. They
6 would just contain a sentence or two describing
7 an incident.

8 Q And then would there be followup on that?

9 A Yeah. So that's the -- the idea is that's kind
10 of a preliminary report so that GPEB is notified
11 without delay of an occurrence and then they
12 conduct further followup and inquiries based off
13 of that notification.

14 Q Would they get a full incident report from BCLC?

15 A If asked, yes, either from BCLC or direct from
16 the service provider. Yes.

17 Q And did the GPEB investigators you dealt with
18 have any view about the quality of your reports
19 that BCLC generated?

20 A Yes. The feedback that I received was always
21 positive and they were quite happy with the
22 quality and content of our reports.

23 Q So did that include Mr. Ackles, or Eckles
24 [phonetic], and Mr. Barber?

25 A Yes, that's right.

1 Q And do you know what, if anything, they would do
2 with those reports?

3 A I don't.

4 Q Did you see any action yourself taken from
5 those -- on the basis of those reports?

6 A I can't think of any specific instances, no.
7 Until the formation of the JIGIT unit and, you
8 know, they would assist in that regard, but
9 yeah. Nothing stands out.

10 Q Do I -- I understand that BCLC investigators
11 considered or analyzed a lot of information
12 about Mr. Jin. Am I right that much of that
13 information came from River Rock staff?

14 A Yes, the reports that were reported as unusual
15 would have been generated by River Rock
16 surveillance staff and other surveillance rooms
17 in the province as well.

18 Q So did they -- would you say they played an
19 important role in Mr. Jin being targeted or --
20 identified or targeted?

21 A Yes, absolutely they did.

22 Q And am I right that this was all during the 2012
23 to 2015 time frame?

24 A Yes, that sounds right.

25 Q So this would have been when Mr. Kroeker, my

1 client, was VP compliance at GCGC, if you have
2 any awareness of that.

3 A Yeah, I am aware he held that role. I don't
4 know the specific years in which he did.

5 Q Okay. And did River Rock staff assist, then,
6 also with identifying members of Mr. Jin's
7 network?

8 A Yes.

9 Q And these -- were these the players that were --
10 that eventually became targets of BCLC's first
11 round of cash conditions in 2015?

12 A I believe so, yes.

13 Q There's just a couple other points, if I could.
14 There may be a suggestion by a later witness
15 that higher level players seem to be treated
16 more leniently. Would you say that was the case
17 from your perspective?

18 A As far as --

19 Q On the part of BCLC.

20 A Right. No, not from my perspective. From an
21 AML unit perspective, they were treated no
22 differently.

23 Q And in fact the cash condition program in --
24 when it began in to 2015, am I right that it
25 targeted these higher level players as a

1 priority?

2 A That's correct. That's where we started was
3 with the most significant players in the
4 province, essentially.

5 Q And am I right that BCLC not only reviews
6 reports generated by the sites that are deemed
7 suspicious but also the ones that they deem
8 non-suspicious?

9 A Yes, we review all of those reports. Yes.

10 Q To see whether in fact in consideration of
11 additional information that BCLC has access to,
12 whether in fact it could be deemed suspicious?

13 A Yes. We always encourage the service provider
14 to just put in the report for us to review and
15 let us make the determination. Yeah.

16 Q Okay. And so that if the service provider was
17 the reporting entity, as you may be aware that
18 Mr. German recommended, would that be a
19 disadvantage from your perspective that that
20 exercise -- that province-wide exercise could
21 not take place?

22 A Yes, it would be.

23 Q Sorry?

24 A Sorry. I just said yes, it would be.

25 Q My very last question. Would you say that bank

1 drafts are a risk now based on BCLC's
2 information?

3 A Sorry, based on BCLC's information?

4 Q Yes. Yes.

5 A There's always a risk when you're dealing with
6 monetary instruments, but I'm not aware of any
7 instances other than perhaps fraud-related type
8 instances, but yeah. As far as money laundering
9 risk specific to bank drafts, I'm not aware of
10 any specific instances.

11 Q Has law enforcement or GPEB suggested that there
12 are issues?

13 A Yeah, it's my understanding that both GPEB,
14 JIGIT and law enforcement have made suggestions
15 that there is a pretty significant vulnerability
16 there with regards to potential for third-party
17 bank drafts; however, BCLC requires receipts now
18 to accompany the bank draft to source it to the
19 account holder.

20 Q Okay. And are you aware of challenges that BCLC
21 has had to obtain information from GPEB or law
22 enforcement about what in fact the issue is with
23 bank drafts?

24 A Yeah, it's my understanding that no evidence has
25 been provided to support those allegations to

1 date. But again, I'm not involved in all
2 conversations in all levels, so ...

3 MS. MAINVILLE: Thank you. Okay. Those are my
4 questions. Thank you.

5 THE WITNESS: Thank you.

6 THE COMMISSIONER: Thank you, Ms. Mainville.

7 MR. MCGOWAN: Yes, Mr. Commissioner. I believe
8 Mr. Stephens has some questions for Mr. Beeksma.

9 MR. STEPHENS: And if I could ask -- if I could ask
10 Mr. Commissioner, would I just be able to take a
11 two- or three-minute break. I just would like
12 to review my notes briefly and then, secondly, I
13 would like to just have a bathroom break, if
14 that's okay.

15 THE COMMISSIONER: That's fine. We'll take five
16 minutes. Thank you.

17 THE REGISTRAR: The hearing is stood down for five
18 minutes until 1325.

19 **(WITNESS STOOD DOWN)**

20 **(PROCEEDINGS ADJOURNED AT 1:19 P.M.)**

21 **(PROCEEDINGS RECONVENED AT 1:24 P.M.)**

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

24

25

1 that says "GPEB's Barber and Ackles CC'd on
2 email to IPOC." Could you explain for the
3 commissioner what that means in this business
4 record?

5 A Yes. So it was standard practice at that time
6 for all incidents identified as unusual. Emails
7 containing the report narrative were sent to the
8 integrated proceeds of crime branch of law
9 enforcement. On those emails we would also CC
10 the Gaming Policy Enforcement Branch
11 investigators assigned to River Rock, which were
12 Rob Barber and Ken Ackles.

13 Q I see. Thank you. And, now, Mr. Beeksma, I'm
14 just going to ask you a question. And I'm going
15 to ask this, but I'm going to let Ms. Wray have
16 an opportunity before you are to answer. As I
17 understand this is a source of difficulty and
18 sensitivity for FINTRAC.

19 If I ask the question, Mr. Beeksma, whether
20 BCLC submitted a suspicious transaction report
21 for this incident, I just would like Ms. Wray's
22 position or confirmation that that question and
23 answer would be objected to.

24 MS. WRAY: Yes, Mr. Stephens, you are quite right
25 that I will be objecting to answer -- having

1 your client answer that question. That would
2 fall, in our view, afoul of the public interest
3 immunity claim you're making with respect to the
4 filing of specific suspicious transaction
5 reports with FINTRAC.

6 MR. STEPHENS: Thank you, Ms. Wray, for clarifying
7 that. Just by followup, if I were to ask
8 Mr. Beeksma about any of the larger cash buy-ins
9 specifically and whether an STR was filed with
10 FINTRAC, you would object to that; am I correct?

11 MS. WRAY: If it was with respect to specific
12 incidents, yes, we would. We don't object, as
13 I've I think stated earlier, to a general
14 discussion of BCLC's process with respect to the
15 filing of STRs.

16 MR. STEPHENS: Thank you, Mr. Beeksma.

17 Q If I could now ask you is a somewhat different
18 but related question. Mr. McGowan asked you
19 some questions about two video surveillance
20 clips that he didn't play but were filed as
21 exhibits, and you'll recall one of them was
22 \$200,000, one -- I believe was filed as
23 exhibit 81. And the other one was a 290-some
24 thousand cash buy-in, which is exhibit 82. Do
25 you recall that?

1 A Yes.

2 Q And you had an opportunity in preparing for your
3 testimony to review those clips even though they
4 weren't played today?

5 A Yes, I did.

6 Q And so you're familiar with those and the
7 incident reports that relate to them?

8 A Yes.

9 Q And, again, I'd ask just if the Department of
10 Justice will object. Were these sorts of
11 transactions, were these sorts of incidents ones
12 that you on behalf of BCLC would report to
13 FINTRAC with an STR.

14 MR. STEPHENS: And I just see Ms. Wray has come up.

15 MS. WRAY: I just want to clarify. You're just
16 asking if it's of a particular type of incident
17 that would traditionally normally be reported?

18 MR. STEPHENS: These types of buy-ins, yes. These
19 types of cash buy-ins. Is that general question
20 objected to?

21 MS. WRAY: I think that general question is
22 unobjectionable.

23 THE WITNESS: My answer is yes, then.

24 MR. STEPHENS:

25 Q And when I say were they reported, they were

1 reported by BCLC?

2 A That's correct.

3 Q To FINTRAC?

4 A Exactly. Yes.

5 Q Thank you. And just a followup question,
6 Mr. Beeksma. With these large cash buy-ins of
7 the sort that are in these two video clips, was
8 it common for the patron to then play that money
9 and lose some or all of it in their casino play
10 in the evening or day that they did it?

11 A Yes. It was -- in the vast majority of cases
12 legitimate gaming commenced following receipt of
13 the chips, and in quite a few cases players
14 would lose that money, yes.

15 Q Now, Mr. Beeksma, Mr. McGowan asked you some
16 questions about some incidents in your first
17 affidavit. I'm just wondering if you could
18 switch over for a moment for me. If I could ask
19 you to go to exhibit B as in bob. This was the
20 \$1.2 million cash-out with the letter, if I can
21 call it that.

22 A Yes.

23 Q Perhaps not very elegantly. And I just wanted
24 to ask you, just to provide a reference, if you
25 go to page 3 of that document, which is page 9

1 in the top right-hand corner.

2 A Right.

3 Q And just a little bit above the FINTRAC
4 redaction there's a sentence that begins "a
5 section 86 has been forwarded."

6 A Yes.

7 Q Could you just -- again, just to give reference,
8 and this is in the incident report, what is this
9 communicating about this incident that
10 Mr. McGowan asked you about?

11 A That this particular incident was reported to
12 GPEB, the Gaming Policy Enforcement Branch.

13 Q Thank you. And similarly, Mr. Beeksma, at
14 exhibit D, please. This was a \$645,000 cash
15 buy-in from 2014. If I could ask you to go to
16 page 22 in the top right-hand corner.

17 A Okay. Yes.

18 Q And just below the lowest redaction, what can
19 you advise about this incident in terms of
20 reporting?

21 A Oh, that the Gaming Policy Enforcement Branch
22 investigator Barber and Ackles were CC'd on the
23 email to integrated proceeds of crime division
24 of police.

25 Q So this was reported onto GPEB, which is BCLC's

1 regulator, and to police; correct?

2 A Yes, that's correct.

3 Q If I could ask you, then -- Mr. McGowan asked
4 you some questions about a 2012 meeting that
5 happened with Mr. Towns.

6 A Right.

7 Q And he asked you about some incidents that
8 preceded that. Do you recall that?

9 A Yes.

10 Q And he was asking you about an incident, and I
11 think you described it as where Mr. Alderson
12 instructed Great Canadian to pay out in 20s?

13 A That's right.

14 Q Is that right?

15 A Yes.

16 Q So if I could ask you to go to one of your
17 related exhibits in your affidavit, which is
18 exhibit I.

19 A Okay.

20 Q And could you just confirm for the commissioner
21 that this is one of the incidents that you
22 described as preceding the meeting you had with
23 Mr. Towns?

24 A Yes, that's correct.

25 Q And this is the one that relates to the

1 instruction about paying out? If you go to
2 page 55 in the top right-hand corner, for
3 example, or you can have a look at it. Is that
4 right?

5 A Yes.

6 Q And if you could go to page 56, Mr. Beeksma, and
7 the very -- the last entry, the last words of
8 the entry.

9 A Yes.

10 Q If you could just read that and just confirm
11 what that means.

12 A "Copy to integrated proceeds of crime and
13 gaming policy enforcement."

14 Q And then I think this is the last one in this
15 sequence. If you could go to exhibit J, the
16 next one over.

17 A Okay.

18 Q And this one is similar but a little bit
19 different. This is an incident report of the
20 same incident, I guess; is that right?

21 A Involving the same subject.

22 Q Thank you. Yes.

23 A Yes.

24 Q And just if I could ask you to go to page 59.

25 A Okay.

1 Q And the very top, sort of the 1330 hours.

2 A Right.

3 Q And could you just describe what's being
4 communicated in this business record in terms of
5 what happened in regard to this incident?

6 A This is documenting that the Gaming Policy
7 Enforcement Branch investigator Barber attended
8 the BCLC office located in River Rock to discuss
9 a date and/or time to interview the subject of
10 this incident.

11 Q So if I understand collectively, then, as a
12 result of whatever reporting happening, GPEB
13 attended and it was -- considered interviewing
14 the subject; is that right?

15 A Yes. And I believe they agreed to interview the
16 subject with BCLC as kind of a joint effort.

17 Q Okay. And if you turn over to page 60, the
18 first full paragraph with -- beginning
19 "Alderson"?

20 A Yes.

21 Q Is that indicating that Mr. Barber met with
22 BCLC, persons including yourself in that regard;
23 is that right?

24 A Yes, that's correct.

25 Q Okay. And just the last one, Mr. Beeksma, if

1 you could go to EE, please. And this was one of
2 the -- one of the below 10,000 reports?

3 A Right.

4 Q And I'm wondering if you could advise on a
5 review of this whether it's your understanding
6 or your evidence that this was reported to GPEB
7 and police?

8 A Let me see here. My version is quite heavily
9 redacted. A section 86 form is indicated to
10 have been filed on page 178.

11 Q Thank you.

12 A And the fact that there are FINTRAC redactions
13 suggest to me --

14 MS. WRAY: I don't think that that would be proper as
15 testimony, Mr. Beeksma. Thank you.

16 THE WITNESS: Sorry, you're right. I caught myself.

17 MR. STEPHENS:

18 Q This is a restriction that we have, Mr. Beeksma.

19 A Yes.

20 MS. WRAY: Thank you.

21 MR. STEPHENS:

22 Q Just one other reference just while we're in
23 your affidavit. If you could just go to
24 exhibit M as in Michael. And Mr. Skwarok in his
25 questions was asking you about directions to --

1 directives, I should say, to service providers?

2 A Yes.

3 Q And I don't think we've -- you were taken to

4 this one, but just on that topic which

5 Mr. Skwarok asked about, can you describe for

6 the commissioner what this document is at

7 exhibit M?

8 A Yes. This is a 2016 October BCLC directive sent

9 to all service providers instructing them that

10 any time any suspicious activity is detected and

11 when possible to refuse the buy-in itself.

12 Q So this is a directive to refuse --

13 A Exactly.

14 Q -- cash buy-ins in certain circumstances?

15 A That's right, yes. Basically any suspicious

16 activity detected leading up to the buy-in

17 happening.

18 Q And could you give the commissioner --

19 Mr. Commissioner an example of what that would

20 be in your experience from this occurring?

21 A Yeah. Yes. The most common occurrence would be

22 the delivery of cash to a patron, whether it be

23 along the side of the driveway or aside of the

24 street, across the street, or a drop-off of

25 funds of any kind. If detected, surveillance

1 was instructed to refuse the funds.

2 Q Refuse the cash buy-in?

3 A Correct. Yes.

4 Q Mr. Beeksma, if I could just ask you just in
5 general a question not related to this anymore.
6 During your time at BC Lottery Corporation were
7 you involved in any discussions at the executive
8 level in regard to anti-money laundering
9 strategy?

10 A No, I was not.

11 Q Were you involved at the executive level at BCLC
12 in discussions about ways to address the volume
13 of cash in casinos?

14 A No, I wasn't.

15 MR. STEPHENS: Thank you, Mr. Beeksma. Those are my
16 questions.

17 THE WITNESS: Thank you.

18 THE COMMISSIONER: Thank you. I take it Mr. McGowan,
19 we've come to the end of today's evidence.

20 MR. MCGOWAN: Yes, Mr. Commissioner. Commission
21 counsel has no further questions for the
22 witness. And we have reached the end of our
23 time, so I'm going to suggest we adjourn until
24 tomorrow.

25 MS. FRIESEN: Mr. McGowan, it's Ms. Friesen here.

1 I'm wondering if GPEB could have the opportunity
2 to ask really just a few short questions of
3 Mr. Beeksma prior to adjourning.

4 THE COMMISSIONER: All right.

5 MR. MCGOWAN: If those are something that arise from
6 questions that came after the time when
7 Ms. Friesen questioned, then I think it would be
8 appropriate.

9 THE COMMISSIONER: No, I agree. You go ahead,
10 Ms. Friesen.

11 MS. FRIESEN: Thank you very much, Mr. Commissioner.

12 **EXAMINATION BY MS. FRIESEN (continuing):**

13 Q Mr. Beeksma, you are not privy to the full
14 volume and content of the reports received by
15 GPEB; correct?

16 A Sorry, referring to which report, specifically?

17 Q Section 86 reports?

18 A BCLC does have access to section 86 reports.

19 Q But are you -- you may have access to them, but
20 are you aware of the full -- you have awareness
21 of the full volume and the full content of all
22 the section 86 reports received by GPEB?

23 MR. STEPHENS: I'm sorry, what time period are you
24 speaking about Ms. Friesen? I mean, just to be
25 fair to the witness. I think that's a pretty

1 broad question.

2 MS. FRIESEN: Well, that's right. And during the
3 period in which he was -- that he's been working
4 as an investigator with BCLC.

5 MR. MCGOWAN: I'm sorry. I'm a little unclear on the
6 question, too, Mr. Commissioner. Is my friend
7 asking whether he is familiar with the content
8 of every section 86 report in the time he worked
9 for the British Columbia Lottery Corporation?

10 MS. FRIESEN: Perhaps I can rephrase it, counsel.
11 Really Mr. Beeksma has been providing evidence
12 with respect to GPEB's response to section 86
13 reports.

14 Q But perhaps I can ask this: Mr. Beeksma, you
15 weren't responsible for any steps taken of
16 course by GPEB in response to section 86
17 reports; correct?

18 A No, I was not.

19 Q And so you wouldn't have any direct insight into
20 those responses?

21 A That's correct.

22 Q And as a BCLC investigator, it wasn't your job
23 to engage in discussions at the executive level
24 within GPEB regarding the AML initiatives?

25 A No, it was not.

1 MS. FRIESEN: Those are my questions.

2 THE COMMISSIONER: Thank you. I think in view of
3 that I should canvass with any of the other
4 participants whether they have anything arising
5 from the evidence of Mr. Beeksma after each of
6 them testified -- or examined the witness.

7 All right. It appears not.

8 **(WITNESS EXCUSED)**

9 THE COMMISSIONER: So we will adjourn until tomorrow
10 morning at 9:30.

11 MR. STEPHENS: And may I ask -- I apologize. Just --
12 if I could just ask about the exclusion order.
13 And I can deal with Mr. McGowan directly --
14 Mr. McGowan, if you ask me to -- but I just
15 wanted some clarification about whether
16 Mr. Beeksma is permitted to watch the video
17 going forward.

18 MR. MCGOWAN: Mr. Commissioner --

19 THE COMMISSIONER: My --

20 MR. MCGOWAN: Sorry.

21 THE COMMISSIONER: No, you go ahead, Mr. McGowan.

22 MR. MCGOWAN: I was just going to say,
23 Mr. Commissioner, the order that you have made
24 provides for commission counsel extending
25 exemptions to witnesses, and commission counsel

1 is prepared to extend an exemption to any
2 witness who has testified unless they have been
3 notified that they will be required to give
4 further evidence.

5 THE COMMISSIONER: Yeah, well that makes sense it
6 seems to me, so it's a blanket exemption and --
7 unless there's, as I say, some particular
8 circumstances that may require the witness to
9 reconvene. So in other words, Mr. Beeksma can
10 watch from hereon in.

11 MR. STEPHENS: Thank you for that clarification.

12 THE COMMISSIONER: We will adjourn until tomorrow
13 morning at 9:30.

14 THE REGISTRAR: The hearing is adjourned for the day
15 and will reconvene at 9:30 a.m. on October 27th,
16 2020. Thank you.

17 **(PROCEEDINGS ADJOURNED AT 1:44 P.M. TO OCTOBER 27, 2020)**

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