

**PROCEEDINGS AT HEARING
OF
APRIL 27, 2021**

COMMISSIONER AUSTIN F. CULLEN

INDEX OF PROCEEDINGS

Witness	Description	Page
	Proceedings commenced at 9:30 a.m.	1
Cheryl Wenzenki-Yolland (for the commission)	Examination by Ms. Latimer	1
	Proceedings adjourned at 10:55 a.m.	64
	Proceedings reconvened at 10:58 a.m.	64
Cheryl Wenzenki-Yolland (for the commission)	Examination by Ms. Latimer (continuing)	64
	Proceedings adjourned at 11:43 a.m.	96
	Proceedings reconvened at 11:57 a.m.	96
Cheryl Wenzenki-Yolland (for the commission)	Examination by Mr. Stephens	96
	Examination by Mr. McFee	113
	Examination by Ms. Mainville	133
	Examination by Mr. Butcher	138
	Examination by Ms. Chewka	144
	Colloquy	170
	Proceedings adjourned at 1:39 p.m. to April 28, 2021	171

INDEX OF EXHIBITS FOR IDENTIFICATION

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

No exhibits for identification marked.

INDEX OF EXHIBITS

No.	Description	Page
922	Affidavit no. 1 of Cheryl Wenezenki-Yolland, sworn on April 8, 2021	2
923	Email chain, re Sanctions on high limit players - August 7, 2015	101
924	Responsible Gambling Standards for the BC Gambling Industry - February 2010	112

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

April 27, 2021
(Via Videoconference)

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

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

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

MS. LATIMER: Yes, Mr. Commissioner. The next witness is Cheryl Wenezenki-Yolland, who is appearing today with her counsel, Chris Massey, and I understand the witness will be sworn.

THE COMMISSIONER: Thank you.

CHERYL WENEZENKI-YOLLAND,
a witness called for the
commission, sworn.

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

THE WITNESS: Cheryl Renee Wenezenki-Yolland,
C-h-e-r-y-l W-e-n-e-z-e-n-k-i-Y-o-l-l-a-n-d.

THE REGISTRAR: Thank you.

THE COMMISSIONER: Yes, Ms. Latimer.

MS. LATIMER: Thank you.

EXAMINATION BY MS. LATIMER:

Q Good morning, Ms. Wenezenki-Yolland. Can you hear me okay?

1 A Yes, I can.

2 Q Okay. You've prepared an affidavit to assist in
3 presenting your evidence this morning before the
4 commission; is that right?

5 A Yes, I have.

6 MS. LATIMER: Madam Registrar, could I have that
7 displayed, please.

8 Q Ms. Wenezenki-Yolland, do you recognize this as
9 the affidavit you made dated April 8th, 2021?

10 A I do.

11 MS. LATIMER: Okay. Mr. Commissioner, may I have
12 this marked as the next exhibit, please.

13 THE COMMISSIONER: Yes. That will be exhibit 920.

14 THE REGISTRAR: 922, Mr. Commissioner.

15 THE COMMISSIONER: I'm sorry. I've fallen behind.
16 922.

17 **EXHIBIT 922: Affidavit no. 1 of Cheryl**

18 **Wenezenki-Yolland, sworn on April 8, 2021**

19 MS. LATIMER: Mr. Commissioner, I've been passed a
20 note this morning just advising me that this
21 affidavit is missing one redaction for
22 solicitor-client privilege, which is in
23 exhibit P, and so I'd ask for a direction that a
24 redaction can be made before the affidavit
25 [indiscernible] quickly.

1 THE COMMISSIONER: That's fine. I notice that
2 Ms. Wenezenki-Yolland's address is also in the
3 first page of the affidavit, and she may wish
4 that redacted.

5 THE WITNESS: Yes, please.

6 THE COMMISSIONER: All right. I'll make that
7 direction, then.

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

10 Q Ms. Wenezenki-Yolland, I'd like to begin first
11 today just talking briefly about your
12 professional background. You are a fellow of
13 the chartered professional accountants of Canada
14 and a fellow of the chartered management
15 accountants; correct?

16 A Yes, that is correct.

17 Q Okay. And you were employed by the BC Public
18 Service beginning in 1985?

19 A Yes, that is correct.

20 Q You spent some periods of time working for a
21 school district and then in accounting for BC
22 Transit and returned to the core public service
23 in 1999?

24 A Yes.

25 Q Between 1999 and 2013 you held a number of

1 different positions and in 2013 you joined the
2 Ministry of Finance as Associate Deputy
3 Minister; correct?

4 A That is correct.

5 Q You remained in that position until 2017?

6 A That is correct.

7 Q In that position your program responsibilities
8 included, among other things, the Gaming Policy
9 Enforcement Branch, and you also served as the
10 liaison between the BC lotto corporation and the
11 ministry; correct?

12 A That's correct.

13 Q My questions today will largely focus on your
14 role as it related to the gaming industry.
15 Prior to taking on the role of Associate Deputy
16 Minister in the Ministry of Finance, did you
17 have any familiarity with the gaming industry?

18 A No, I did not.

19 Q Can you describe, please, for the Commissioner
20 what your role was as Associate Deputy Minister
21 in respect of the gaming piece of your
22 portfolio.

23 A Yes. So as Associate Deputy Minister I provided
24 executive support and leadership to the Gaming
25 Policy and Enforcement Branch. In this context

1 at the beginning, the deputy minister Peter
2 Milburn had stepped aside because of potential
3 conflict of interest related to his family's
4 relations with horse racing. So in that
5 capacity while Peter Milburn was deputy minister
6 I certainly fulfilled that role, which included
7 ensuring that as the leadership team was
8 supported in their development, so the General
9 Manager and ADM were supported in their
10 development as executive leaders within
11 government to facilitate the administrative
12 roles around budget, service planning, strategic
13 planning and then to support the Assistant
14 Deputy Minister and General Manager in bringing
15 various policy information or updates to the
16 minister in his capacity as General Manager.
17 Another part of my role, because Gaming Policy
18 Enforcement Branch was new to the Ministry of
19 Finance, was to get the branch settled into the
20 ministry and the administrative processes and
21 just the culture of the ministry in general.

22 Q Okay. And Mr. Doug Scott was the ADM and
23 General Manager of GPEB when you first took on
24 the role, and he was succeeded eventually by
25 John Mazure; is that correct?

1 A That is correct.

2 Q And the ADM reported to you, and how frequently
3 would you receive briefings from those
4 gentlemen?

5 A My general practice with all of my direct
6 reports was to have biweekly briefings, like
7 standing biweekly meetings, on which I would
8 receive sort of updates on their various
9 activities, and then there was always the option
10 for specific issue-related briefings if they
11 felt that was necessary. But that would have
12 been driven by them.

13 Q Okay. And was it because of the conflict of
14 interest did you report directly to the minister
15 in respect of the gaming piece?

16 A I still reported to the deputy minister, but
17 yes, I briefed the minister and reported to the
18 minister on gaming while Peter Milburn was
19 there. Now, that did change as the other two
20 deputies that came after Peter Milburn.

21 Q Okay. And how frequently did you brief up?

22 A Well, I had other portfolios as well, but I was
23 briefing the minister, so I did not have
24 standing meetings with the minister. Typically
25 the way it would work is that I would request

1 meetings with the minister when there were
2 issues that needed to be raised to the minister
3 and sometimes those would be strictly on gaming,
4 but in other cases there may have been three or
5 four other areas as well, in which case gaming
6 would be one of three or four agenda items that
7 we would cover with the minister. So certainly
8 I was probably in the minister's office at least
9 monthly, and then more frequently depending on
10 the nature of what was occurring.

11 Q In your role you also had regular contact with
12 the CEO of the BC Lottery Corporation; is that
13 correct?

14 A Yes, I did. I had a standing, just a call set
15 aside as part of the liaison role so that there
16 would be time. So it was just once a month in
17 order to just do a touch base and are there any
18 issues emerging or anything that we need to know
19 about, and then, again, if there were issues or
20 briefings with ministers then that may happen
21 more frequently than that, but that was
22 generally the ...

23 Q Okay. And that was Mr. Graydon initially and
24 eventually Mr. Lightbody took over that role;
25 correct?

1 A That is correct.

2 Q And but BCLC did not report to you; correct?

3 A That is correct. Under the Crown accountability
4 structure the Crown agencies report to the
5 minister responsible through the chair of the
6 board, and so while there's a liaison with the
7 ministry, in order to facilitate the
8 administrative processes within government,
9 there is not a reporting relationship. They had
10 a direct reporting relationship to the minister.

11 Q Okay. You describe in your affidavit the
12 transition binder of materials that was provided
13 to you and your initial orientation to the
14 industry by Mr. Scott and Mr. Graydon, and can
15 you tell the Commissioner what were your early
16 impressions of the industry?

17 A Yeah. So yeah, initially it would have been
18 that well, I've got a presentation from both of
19 them, they highlighted -- you mean the industry
20 generally?

21 Q Yes.

22 A So I mean, they're very high-level briefings and
23 I didn't know anything, so some of them are
24 here's, like, the scope of the industry; this is
25 the kind of business; this is how it's

1 understand as the Kroeker Report, and that there
2 had been a strategy developed that both BCLC and
3 GPEB were working collaboratively and had
4 processes underway. They had developed a
5 strategy. And a number of those were underway.
6 And specifically at the early stages they were
7 focused on cash alternatives. And I don't
8 remember if that was in that very first briefing
9 or it was when I asked for more information
10 because I definitely asked for more information.
11 But I came to understand what was entailed in
12 that strategy.

13 Q And as part of your orientation to the gaming
14 piece of your portfolio, you visited the GPEB
15 offices; is that correct?

16 A Yes, I did. That was kind of a standard
17 practice that I had is that whenever I had a new
18 program or a new ministry, I would make a point
19 of going out. I liked to go out and meet every
20 staff member in person and so I would set up a
21 meeting to go out and do what I call a meet and
22 greet and then what would happen is I would meet
23 initially with typically the ADM would introduce
24 me to their executive team and then the -- those
25 executive directors or directors would walk me

1 around and I would go to each of the offices and
2 talk to each employee. And so I definitely went
3 over and met them all and put a face to a name
4 so that they would know who I was.

5 Q Okay. And one of the topics that was raised to
6 your attention on that visit was suspicious cash
7 in casinos; is that correct?

8 A Yeah. I was trying to recall because it had
9 been raised by someone else about a meeting and
10 so I was trying to dig into when that occurred,
11 and I do recall us walking through the various
12 offices being called into -- saying, can you
13 come in here a minute, and being called into a
14 side room and there were two individuals and I
15 couldn't remember who they were, but yeah, they
16 wanted to explain to me a bit about money
17 laundering and suspicious cash. And what I
18 remember is I do remember them drawing on a
19 board. I wouldn't have been there very long
20 because of the type of meeting. I think it
21 might have been 15 or 20 minutes, but I'm really
22 trying to remember.

23 So yes, there was a conversation, but I
24 can't remember the extent of it.

25 Q Okay. Do you recall whether any particular

1 solutions were presented to you for
2 consideration at that time?

3 A I don't recall any solutions. The themes that I
4 remember coming up was concern about volume of
5 files, which I understood were files that the
6 GPEB investigators were looking into. I think
7 at the time I didn't really understand exactly
8 what those files were. And that there was some
9 concern about BCLC, the flow of information from
10 BCLC. And I also recall them being concerned
11 about police response, because they had
12 indicated to me that they do some additional
13 work on these files and then they forward them
14 to police. If there are concerns then they
15 would forward them to police and there was a
16 lack of response there.

17 So those are the themes that I remember, but
18 I don't really remember the exact nature. Those
19 were just the themes that stand out from kind of
20 early on for me.

21 Q Okay. Did you take any action to address those
22 specific concerns that were brought to your
23 attention?

24 A Well, I would have taken those back and had a
25 conversation with the General Manager because I

1 was really new and I wanted to understand -- I
2 would have wanted to understand what was
3 happening in regards to those issues. So yeah,
4 I definitely took that back. And in the
5 conversation that I had with the General
6 Manager, the concern around police involvement,
7 I understood that they were reaching out to
8 police, like at the more senior levels. So --
9 but that there was concern but there was action
10 underway to try to improve that.

11 The piece about the sharing of information
12 I raised with the General Manager. And there
13 was some confirmation of that. So I do know at
14 various times -- I can't exactly remember
15 when -- with Jim Lightbody I definitely raised
16 the issue of flow of information, and he said he
17 would look into it. I know I followed up at a
18 subsequent time to find out if the information
19 flow had improved and I was advised it had, so I
20 think that -- looking back, I think that ebbed
21 and flowed, but I definitely took that
22 information to move it forward and see what I
23 could do.

24 Q Okay. Beginning at paragraph 35 of your
25 affidavit you describe that when you came to the

1 Ministry of Finance and government was in a
2 budget restraint mode, and can you describe to
3 the Commissioner what impact, if any, that
4 budget restraint mode would have had on GPEB
5 staffing levels and operations?

6 A Sure. So at the time -- and it was across
7 government. It was not -- it was not targeted
8 at any one organization. There was what they
9 would have called -- they were trying to cap our
10 full-time equivalents, which is our numbers of
11 people that we can hire into an organization,
12 and treasury board would have given a target
13 level for the ministry. In addition they had
14 restraints on what they considered to be
15 discretionary spending, so things like travel,
16 conferences, some training and particularly
17 international travel was really just banned
18 outright. So there was a lot of controls on
19 discretionary spending. That definitely had
20 implications for GPEB. And I also think because
21 they were coming to the Ministry of Finance, the
22 Ministry of Finance tends to take treasury board
23 directives around finance extremely seriously,
24 and so it would have been a different cultural
25 environment. I know it was a different cultural

1 environment as well for GPEB staff to get used
2 to some of the processes in the Ministry of
3 Finance and probably more restraints than they
4 were used to on some of their discretionary
5 spending from previous ministries, but in
6 particular because of the FTE caps we had to
7 argue for our full-time equivalents. And I did
8 argue on behalf of GPEB to try to retain all of
9 their -- what I would call their front line,
10 like their core enforcement and regulatory
11 staff, which we were generally successful with.

12 In the case of travel and training, they
13 had indicated to me that having the ability to
14 send individuals to the Nevada institute was
15 important as spent of their training, which was
16 international travel. So I put forward a
17 proposal on their behalf and got support or an
18 exemption for them to be able to have that
19 international travel in order to continue that
20 training for the -- I think it was the
21 investigators. I don't know if they offered it
22 to other people in GPEB.

23 But yeah, it definitely made hiring very
24 difficult and slow. In some respects GPEB,
25 though, was much better off than the other

1 programs that I was responsible for because GPEB
2 was held in a separate voted appropriation,
3 which meant that savings that GPEB might realize
4 within their voted appropriation could not be
5 transferred to other areas of the ministry of
6 Finance, whereas my other programs were having
7 to compete with the rest of the Ministry of
8 Finance for resources. So it was a challenging
9 time for everyone, and it was certainly
10 challenging for GPEB. And the areas that ended
11 up being hurt, tended to hurt the most, and not
12 just in GPEB but in government in general, would
13 have been those areas that were considered to be
14 less of the front-line work, such as
15 administration and policy areas.

16 Q Okay. Thank you. You identified a need to
17 maintain separation between the regulatory
18 oversight and financial oversight of the BC
19 lotto corporation. Can you explain that to the
20 Commissioner, please.

21 A Yeah. So I don't know if I recognized it right
22 away, but really quickly in my tenure I realized
23 that the General Manager and ADM was also the
24 lead on finance and -- but also the regulator,
25 which in my perspective and in my previous

1 experience from my various roles that I held,
2 that to me was attention potentially or a
3 potential conflict for the regulator. So
4 that -- those responsibilities were separated
5 and -- so that the General Manager was able to
6 focus solely in his regulatory capacity while
7 not being concerned about whether BCLC was
8 meeting their bottom line and other financial
9 issues like the reporting back to treasury
10 board. And so that responsibility went to the
11 ADM of corporate services, and then that ADM
12 took the lead on everything to do with finance,
13 including looking at things like procurement and
14 different practices that were not considered
15 regulatory in nature.

16 Q Okay. Were you kept up to date from time to
17 time in 2014 about what impact, if any, the cash
18 alternatives were having on concerns that had
19 been expressed to you about suspicious cash in
20 casinos?

21 A Yes, I was. I got -- I did get updates from the
22 General Managers, and so -- well, in 2014 it
23 would have been John. And my understanding is
24 that the cash alternatives were definitely
25 having a -- they were having a positive effect

1 in the fact that they were seeing players move
2 towards things like the patron gaming account
3 and other alternatives that had been put in
4 place, which meant that some of those players
5 that had previously been utilizing cash were no
6 longer utilizing cash. And I can't recall them,
7 but I do know that they had charts that were
8 tracking the movement. I can remember some
9 graphs or something like that that I had seen.
10 And I think there was at one point a concern
11 that perhaps there wasn't enough uptake. I
12 understood at one point there was a concern
13 there wasn't enough uptake perhaps on the patron
14 gaming account so there was a real effort put
15 forward, as I understood, to try to promote
16 these options with some of the players to try --
17 because under the money laundering -- anti-money
18 laundering strategy one of the primary, as I
19 understood -- one of the primary goals was to
20 take an industry that had been predominantly
21 cash based and try to shift the culture and the
22 system and the structures to support a new
23 reality that was less reliant on cash. That was
24 seen as a strong way of dealing with some of the
25 risks associated.

1 diligence around the reporting requirements to
2 the federal regulator and that that was
3 certainly one of the explanations. So that
4 seemed -- early on that seemed like a reasonable
5 explanation, given the timing of when there were
6 improvements.

7 And I think the other -- what was the other
8 thing they had? I think there was -- around
9 increase in international players or something.
10 I can't remember the timing of when I got that
11 particular explanation, but yeah -- so they were
12 explaining it, and I think in the earlier part
13 some of those explanations seemed reasonable.
14 But then I started to get other information as
15 it moved on later into 2014, so there was some
16 media that came out in the latter part of 2014,
17 and there was also -- we had some information
18 that was also shared through the internal audit
19 review. So there was other information that
20 started to come later in 2014 that made me think
21 that perhaps there was more to some of those
22 explanations than what I had been receiving
23 early on, yeah.

24 Q I think I'm going to come to ask you about some
25 of that other information in more detail, but

1 first I wanted to ask you some questions about
2 the BCLC Crown review.

3 A Yes.

4 Q You describe in your affidavit that in 2013
5 Mr. de Jong approved a Crown review of BCLC, and
6 can you just explain what the point of a Crown
7 review is.

8 A Yeah, so government had committed to doing -- I
9 think it was in 2011 to work through all of
10 their Crown agencies, both their commercial
11 Crowns and their service delivery Crowns to do
12 basically what is called a full -- it's a full
13 organizational evaluation. Sometimes they're
14 referred to value for money types of reviews.
15 And you basically are looking from kind of the
16 top to bottom of the organization, so you're
17 looking at governance, so what is the governance
18 around the organization, what are the controls
19 around operations, finances, what are the
20 objectives of the organization, are they
21 achieving their objectives, do you see any risk.
22 So it's a full -- it's a full examination of the
23 organization. And depending on the
24 organization, the recommendations that have come
25 out of those reviews has varied significantly,

1 but internal audit does a risk assessment and
2 they had been identifying, they would have
3 identified based on their risk assessment, the
4 Crown's and they made recommendations to the
5 minister as to which organizations they
6 perceived to be higher risk. And then the
7 minister, I believe -- I can't remember if it
8 was in consultation with treasury board, but the
9 minister would have determined which Crown
10 review to do.

11 And so BCLC's turn had come up for a Crown
12 review. We had been through BC Hydro and ICBC
13 and a number of service delivery Crown before
14 that.

15 Q That review was completed in late 2014; correct?

16 A That is correct.

17 Q And one finding of that review was that the
18 increase in suspicious cash transactions could
19 not be fully explained by improved training and
20 reporting; is that right?

21 A Yeah. There was -- that is correct. There was
22 more to it than just improved training and
23 reporting.

24 Q You say in your affidavit at paragraph 85 that
25 the increase represented an actual increase in

1 suspicious activity. And was that your
2 understanding at the time?

3 A That was my understanding at the time, yes.

4 Q What was your reaction to learning that?

5 A Well, I think at that point because -- like,
6 there was other information, I think, coming
7 out, like, within the media and different
8 places, and this internal audit was sort of a
9 third party independent review. It wasn't GPEB
10 and it wasn't BCLC. So I was just -- because it
11 was a flag it made me ask more questions and
12 start to ask more questions. So I need to
13 understand a bit more about this. And --
14 because it sounds to me like some of the
15 explanations that I had been hearing that were
16 common explanations just -- it wasn't
17 sufficient, and so I wanted to understand more
18 and dig into it a bit more.

19 Q Okay. One of the recommendations of that review
20 was that GPEB take a risk-based approach to
21 regulating the gaming industry; is that correct?

22 A That is correct.

23 Q And this was also something that you had
24 discussed with Mr. Mazure?

25 A Yes, I had.

1 Q I understand that you have some experience with
2 standards-based regulation.

3 A I do.

4 Q Could you tell the Commissioner about that
5 experience and what you understand a
6 standards-based approach to regulation to
7 entail?

8 A Sure. So, I mean, I have a great deal of
9 experience with risk management. Do you want me
10 to give you kind of my CV on that part? Okay.

11 Okay. So I was part of the team in the
12 provincial government that actually developed
13 the enterprise wide risk management framework
14 and policy for the BC public sector, so I was
15 part of the team, and we examined at the time
16 which was a leading practice which was
17 Australia, who had actually implemented a
18 similar type of risk-based framework for
19 Australia.

20 In addition I was the controller general
21 for the province of BC for four years in which
22 case I was responsible for the financial
23 management, the integrity of the financial
24 management framework for all of government and
25 the public sector and responsible in that way.

1 As a CPA, I have participated on regulatory and
2 in standards-based processes as part of my
3 profession and on various committees. And I've
4 provided training to various boards in regard to
5 risk management in regard to board governance.

6 Q Okay. And what did you understand a
7 standards-based approach to the regulation of
8 gaming [indiscernible]?

9 A So for me, one of the things I like to do -- so
10 a standards-based approach, looking at it from a
11 regulator's perspective -- because we have a
12 number of different parties in the context of
13 gaming because there is the minister and then
14 there is a corporation and then there is a
15 regulator. So for a regulator to take a
16 standards-based approach, it is a risk from my
17 perspective and my understanding it is a
18 risk-based approach, it is -- they actually have
19 something that is called right-touch regulation.
20 I don't know if you're familiar with that, but
21 that is also a risk-based approach. And what it
22 entails is developing a framework that considers
23 the entity or the industry that you're
24 regulating from a whole. So what it requires of
25 the regulator is the regulator have a very

1 strong knowledge of the industry that they're
2 regulating, and they have to build into their
3 regulatory structure and organization the
4 capacity and the time to understand that
5 industry, to try -- and work with the industry
6 to understand where it might be going in the
7 future because it is very proactive. In
8 addition what it means is you also have a
9 component that is typically focused on what is
10 the right capacity and entrance. So depending
11 on whether you're an industry that is a
12 professional industry or you may actually be
13 looking at what is the capacity of the
14 individual, so you'd be looking at entrance
15 capacity. So in the case of BCLC -- I mean of
16 GPEB they actually did examine entrance into the
17 industry through their licensing and regulatory
18 process; right? So when doing that they would
19 have a number of controls and risks that they
20 might be considering.

21 The other thing that you would be doing and
22 develop a standards-based framework or
23 principles that would be based on risk, which
24 means you need to understand the industry, you
25 need to understand where the risks are in your

1 industry, and then what you would do is you
2 develop your standards that are proportional to
3 the level of risk. And the concept being that
4 you want the right amount of regulation, but you
5 do not want to be overly regulating so that you
6 are putting unnecessary burdens both on the
7 regulator and on the industry. So if you
8 want -- if the objective is to have an industry
9 that is thriving and functioning in the
10 interest, best interests of the public, you want
11 to find that right touch in how you do that.

12 That also means that based on those risk
13 assessments you -- it's not a one size fits all.
14 You may have some parts or aspects of the
15 industry that are lower risk and some where
16 there may be higher risk. Often what you see is
17 you'll see an escalating model of perhaps
18 supervisions or actions that follow. And then
19 the other part of that is education. So I
20 should also say when you're developing those
21 standards, those standards are normally
22 developed collaboratively with the industry and
23 with input from the industry. And that's part
24 of the way of making sure that you're getting
25 the right touch. Because you really want to

1 make sure that when you're doing that that you
2 understand that. And you may also have input
3 from academia and other interested parties.

4 Another part of that would be education.
5 So once you have the standards and you have your
6 framework, there's an educational and
7 information component, and then you would also
8 have your ongoing monitoring and compliance.
9 And the idea is that it's a constant or a
10 continuous learning cycle in the regulation.

11 It doesn't mean -- because I've heard
12 people talk about prescriptive or
13 non-prescriptive. You can have -- you can have
14 more prescriptive components within a risk-based
15 framework, but those decisions to do that would
16 be based on getting that right elevating level
17 of risks. It wouldn't necessarily be a blanket
18 across the board.

19 Q Okay. Is there a distinction between a
20 standards-based approach for regulation and a
21 risk-based framework for addressing operational
22 risk for an entity like BC lotto corporation?

23 A Yeah, so often the regulation and the corporate
24 aspect of risk are mixed, which seems to be
25 happening. While they both use risk assessment,

1 which is understanding the risks, the
2 likelihood, the potential consequences, and then
3 implementing actions that are proportionally
4 responsive to those risks, they're in different
5 contexts. In the context of BCLC they would
6 have a risk assessment for their business
7 specifically. They were the operator, so in
8 that context they would have an operational --
9 they would have called it strategic at their
10 board, but when you're looking at regulator
11 versus the industry operator, they would have an
12 enterprise risk framework that would identify
13 those risks. When you get down specifically to
14 the area that they were looking at, which is
15 money laundering, the risk of money laundering
16 occurring within their facilities, that would be
17 a specific area within their overall risk
18 assessment and they would have another form of
19 risk specifically focused on the area of money
20 laundering.

21 So if you think about it as a framework or a
22 filter, what you would expect is that -- or what
23 I would have expected is that BCLC would have
24 been looking at what is the potential risk
25 within our business and where do we see that

1 level of risk elevating. So they would have
2 been examining that risk and saying what are the
3 indicators that those level of risk is
4 elevating? And then they would be monitoring
5 for those flags. And then as the risk level
6 increases you would anticipate the level of due
7 diligence that would go along with that
8 elevating risk to also potentially increase.

9 Q Okay. You mentioned that you can have
10 prescriptive elements within a risk-based
11 approach, and I'm wondering would it be
12 consistent with a risk-based approach to have
13 something like a dollar threshold over which
14 source of funds inquiries would need to be made,
15 or is that inconsistent with a risk-based
16 approach?

17 A No, I do think that that could be consistent
18 with a risk-based approach. And the reason I do
19 is if you are looking at the risk in this
20 particular case, you would be, as I said,
21 looking at your business, and you would be
22 saying okay, based on what we know, what do we
23 see as the activities or what are the things
24 that we would be observing where we actually
25 believe the potential that it could -- the

1 potential for money laundering would increase?

2 So in that context, one of the things that might
3 be an indicator of a potential increased risk of
4 money laundering might be the number of
5 suspicious cash transaction reports that an
6 individual has. It could also be that you
7 determine that it's based on past activity
8 that -- like, physical activity that you've
9 observed around a particular player or an
10 individual. But it could also be that we have
11 observed that when -- when dollars of, get to a
12 certain amount, the level of risk elevates when
13 the dollars get to a certain amount. So that
14 could be one of the items that you might
15 consider in the context of what are triggers
16 that indicate to us that there's an elevated
17 risk of -- for the potential for money
18 laundering. So it could feed in. It would
19 still be a risk-based framework, and it could be
20 one of the factors that you would consider in a
21 risk-based framework.

22 Q And turning now to a different review, which was
23 also conducted in 2014, which was a review of
24 GPEB; correct?

25 A Yes.

1 Q What was the purpose of that review?

2 A So that review was -- John was wanting to
3 undertake a review of his organization. We had
4 some conversations I think at that point about
5 moving to a standards-based regulator. He had
6 done some of his own research and work on his
7 own. I believe he had spoken to some other
8 people who were regulators and had a sense about
9 what he wanted to do, and I think being a new
10 person in the role, he wanted to get an
11 assessment of the strength of his organization
12 and how he could position his organization for
13 success moving into this new model, which would
14 be more of a standards-based model of regulation
15 than it had been in the past. And so he might
16 require different capacities. And so my
17 understanding is he was undertaking that work to
18 really position his organization to be
19 successful moving into a new model.

20 Q John you're referring to there is Mr. Mazure?

21 A Sorry, sorry, yes.

22 Q And in September of 2014 there was a separate
23 review in relation to the investigations
24 division and audit and compliance division of
25 GPEB; is that right?

- 1 A Yeah. My understanding is that they had an
2 individual from PSSG -- and I know John did
3 brief me about that telling me that they were
4 bringing someone over from PSSG that had
5 expertise in investigations. Because I think
6 the team that was doing the review didn't feel
7 confident that they had the expertise to really
8 look into that area. So my understanding is
9 that he drew on someone from Public Safety and
10 Solicitor General who had expertise in that area
11 in order to advise the review.
- 12 Q Okay. And following those reviews, a decision
13 was made to restructure GPEB; is that correct?
- 14 A That is correct.
- 15 Q And did that result in some senior positions
16 being eliminated and people being displaced or
17 terminated?
- 18 A Yes, it did.
- 19 Q Two of those people were Mr. Vander Graaf and
20 Mr. Schalk; is that correct?
- 21 A That is correct.
- 22 Q You approved those terminations; correct?
- 23 A Yes, I did.
- 24 Q Did those terminations have anything whatsoever
25 to do with the approach those two gentlemen had

1 taken to GPEB's anti-money laundering efforts?

2 A Absolutely not.

3 Q Okay. You also describe in your affidavit that
4 Mr. Mazure commissioned a report by Malysh
5 Associates and Consulting; correct?

6 A That is correct.

7 Q What do you understand the point of that report
8 was?

9 A So my understanding is that John -- sorry,
10 Mr. Mazure -- it's hard to remember to call him
11 that because I know him by his name. Sorry.

12 So Mr. Mazure was wanting to gather more
13 information about what other industries were
14 doing in regard to customer due diligence
15 practices. Because at that point in time they
16 were -- they were looking at what they might do
17 in regard to further strategies under the
18 anti-money laundering strategies, and so at that
19 point they were really in the place where they
20 were trying to gather as much information as
21 they could about what was going on in the
22 industry, what was going on in other areas of
23 the industry and what type of information might
24 inform future actions that they might be able to
25 take to help further mitigate the risk of money

1 laundrying.

2 And I know for myself at one point as part
3 of my own education and one of my briefings, I
4 had been told at one point that FINTRAC didn't
5 require the refusal of any transactions is what
6 [indiscernible] was in one of my briefings,
7 which I remember thinking was strange. And so I
8 actually on my own initiative had gone and done
9 some of my own research to look up FINTRAC's
10 website to actually see what it actually said.
11 And when I was doing that, I observed that there
12 was more detail provided around financial
13 institutions requirements than there was for
14 casino and gaming industries. And specifically
15 at that point in time I found some information
16 that referred to a process whereby management
17 would -- based on information that was being
18 collected at the time, management would make an
19 assessment or could make an assessment or a
20 decision to refuse to enter into a business
21 transaction. And it appeared to be based on a
22 risk framework. So I had sent that on to John
23 and said that this is something you might want
24 to look at.

25 Shortly after I -- I don't really know if

1 they actually led to the Malysh report, but it
2 certainly is consistent with the same sort of
3 area that they were examining under the Malysh
4 report.

5 Q Okay. So the Malysh report was looking at
6 standards used by financial institutions and
7 other businesses when accepting cash and --

8 A Yes.

9 Q -- looking at best practices?

10 A That's right.

11 Q Another thing that that report looked at was
12 anti-money laundering compliance issues and they
13 did a gap analysis for GPEB, is that correct, on
14 their anti-money laundering policies?

15 A I don't exactly remember the report, but I
16 believe that's true. I have read it, but again,
17 I believe that's correct.

18 Q Okay. Do you remember that one recommendation
19 in the Malysh report was that GPEB should
20 consider establishing a police accredited unit
21 to provide policing services for the gaming
22 industry?

23 A I do remember that, and ultimately I believe
24 that fed into the recommendation that we ended
25 up taking -- that ended up going up to the

1 minister later in the year. Which I'm sure
2 you're going to be talking about, but yes, I do
3 remember that being there. And that would have
4 been consistent with what I had heard when I was
5 out in the field, the need for additional
6 police, yeah.

7 Q Okay. All right. So in January 2015 BCLC
8 delivered a presentation to you, the ministry's
9 communication team and some GPEB and BCLC staff;
10 is that correct?

11 A Yes.

12 Q Could you --

13 A That's correct.

14 Q -- tell the Commissioner what the purpose of
15 that presentation was?

16 A So in -- leading up to January, if I just could
17 go back for a minute. So leading up to January
18 there was a few things that had been occurring.
19 We had talked earlier, like, I was starting to,
20 myself, ask more questions about the
21 explanations that I had been getting about the
22 increase in suspicious cash. In addition there
23 was some media that occurred in and around that
24 time as well. And so Jim and I had a
25 conversation, and I would have been asking for

1 more information on the strategies. I know I
2 was concerned about -- certainly what I was
3 seeing in the media, but I had also already been
4 asking my own questions. And so he and I agreed
5 that we needed to get more information. Not
6 only that, because this was now -- there was
7 media on this, we also wanted to make sure that
8 the minister was brought up to speed.

9 So initially the intention was to try to
10 have a technical briefing with the minister
11 in -- well, in that time frame. I mean, by the
12 time we organized it, it was January. As it
13 turned out the minister was unable to attend,
14 but I -- not that I remembered, but I understand
15 from somebody else's information that the chief
16 of staff attended that session as well. But at
17 that session both GPEB and BCLC gave updates on
18 the money laundering strategies. And then there
19 was a lot of discussions and I know I asked some
20 questions at those briefings.

21 Q When you were talking about organizing this,
22 what initially intended to be a technical
23 briefing, that Jim was Mr. Lightbody; is that
24 correct?

25 A That is correct, sorry.

1 Q What do you recall about the presentations that
2 were made at that meeting?

3 A Well, I know -- I remember the presentations
4 initially were -- they were quite high level, I
5 guess. There was some -- there was some
6 comments -- well, I've seen the presentations
7 now. I don't know if I remembered it or it's
8 from having refreshed -- having read the
9 presentations. And I can see -- so I can't
10 really tell you what I remember versus what --
11 it's hard to separate.

12 But, I mean, the pieces that stood out for
13 me is I know that after or through the
14 presentation at one point in time I was
15 receiving this explanation about the increase in
16 suspicious cash and it being related to cultural
17 practices, and I didn't really understand at the
18 time what that meant. And so I asked for more
19 information about that, and I believe it was --
20 it was Brad Desmarais that was providing the
21 explanation, and he -- the way he described it
22 to me, he talked -- there was a referral to it
23 as hawala, which at the time I actually didn't
24 know what that word was, but I can now actually
25 say it and I know now exactly what that word

1 was, but at the time I didn't. But the way he
2 described it it sounded like banking to me.

3 And so when I heard the description of what
4 that was, I said, that doesn't sound right to
5 me; that sounds like that that would be against
6 the bank -- I may have said the *Banking Act* is
7 what other people seem to think I said, but
8 against the *Banking Act*, and if that's true,
9 that is something that government wouldn't want
10 any part of; you should be rejecting that
11 business.

12 Q Why was it your view that the government
13 wouldn't want any part of that business?

14 A Well, it sounded like it wasn't -- it was -- to
15 me anything that goes against the law is
16 illegal, and so when I heard that description,
17 that's not a type of business that we would have
18 wanted. I don't know if I understood it exactly
19 to be money -- potentially money laundering, but
20 if that's what it was, that was definitely not
21 business that would have been wanted in the
22 public casinos.

23 Q Okay. You describe in your affidavit at
24 paragraph 101 your concern by early 2015 about
25 the amount of time it was taking GPEB to produce

1 concrete actions. Can you explain what was the
2 basis for that concern.

3 A Yeah. So -- and I would have been hearing also,
4 I think, concern from BCLC. So under the money
5 laundering strategy there was still a focus on
6 alternatives for cash and getting cash out of
7 the casinos. I know that BCLC was concerned
8 about how long it was taking for some decisions
9 on those issues to come from GPEB. So that was
10 one concern because we're watching suspicious
11 cash elevate, and we need to be taking action to
12 mitigate that. So I was, you know, trying to
13 push to try to -- in the capacity that I could,
14 to get things more quickly.

15 The other thing is that I appreciate in
16 government we definitely need to do what we call
17 evidence-based policy, and so when you do
18 evidence-based policy, it means you need to do
19 your research, which is totally appropriate.
20 You need to understand recommendations and
21 changes you're going to make and you need to
22 understand the implications of that. But it was
23 taking a long time for GPEB to complete their
24 research process and to look at what those
25 regulatory actions were that they could take

1 under phase 3 of the strategy.

2 Q Did you see any concrete action taken in
3 response to your concern that the government
4 would not want that money to be taken or would
5 not want that business?

6 A So I -- what I do understand is I do understand
7 that BCLC had implemented -- the other thing I
8 should say that was happening in 2014 is BCLC
9 had implemented increased customer due diligence
10 measures early in 2014. They were required to
11 do that for FINTRAC. And I do understand that
12 as a result of doing that, that that was
13 starting to have an impact, and I did understand
14 that they were starting to question more of the
15 players.

16 And in retrospect looking back, I do
17 believe that there was some perhaps shifts that
18 started to happen or changes in their practice
19 at the time. But I can't say for sure. And you
20 really have to ask BCLC exactly what they did.

21 Q Okay. Because of your concern about how long it
22 was taking GPEB to produce concrete actions, you
23 asked Mr. Mazure to commit to a timeline. And
24 the timeline he committed to was fall of 2015.
25 Did that timeline satisfy your concern about the

1 time it was taking to produce concrete action?

2 A So that's -- so that still felt far away to me
3 at the time because this -- I'm trying to
4 remember when I saw that note. I think it might
5 have been in May. I think it was May. I was
6 trying to recall back.

7 Q Exhibit O to your affidavit.

8 A Thank you. Yeah, so that -- yeah, it appears it
9 was prepared in May. Because one of the things
10 that I did understand is I'm not sure exactly
11 what BCLC did, but I do understand that those
12 comments that I made at the meeting in January
13 had an impact on GPEB. And the reason that I'm
14 able to say that is because Len Meilleur was at
15 the meeting, and he mentioned to me on at least
16 two other occasions that that was a pivotal
17 meeting for him, and I'm assuming that it was in
18 the context of the remarks that I made at the
19 meeting. But I'm sure he could speak to that.
20 So there was some shifting happening.

21 But when I got this in May, this note here,
22 yes, I didn't see any date initially at all.
23 There was no commitment around time frames and I
24 wanted to hold John to account to a time frame.
25 So when he came back with the fall I did inquire

1 A I did.

2 Q Can you tell the Commissioner about that
3 briefing?

4 A Yeah, so that was not -- that was a really
5 unusual briefing from the type of briefing that
6 I would normally get when I come back from
7 vacation. Normally when I come back from
8 vacation I would sit down with the Assistant
9 Deputy Minister who would have been acting in my
10 stead while I was away. In this case John
11 Mazure was away on vacation himself and so the
12 briefing was with Mr. Meilleur, Len Meilleur,
13 who was acting in John's stead, and Len advised
14 me that he wasn't going to give me the normal
15 briefing, that he was going to brief me on
16 suspicious cash transactions.

17 And so that briefing turned out to be --
18 basically he presented to me his concerns. And
19 he was very concerned. Like, there was a real
20 elevated level of concern in Len's demeanour
21 when he presented this to me. He shared a
22 spreadsheet with me about some work that they
23 had undertaken that was examining I believe it
24 was transaction -- it was in a very short period
25 of time and there was an extensive number of

1 suspicious transactions that were of very
2 significant dollar values in this spreadsheet.

3 He also -- I also was given a spreadsheet
4 that demonstrated there had been a really
5 significant spike in suspicious cash
6 transactions in -- I believe it was July. It
7 was really exceedingly high. And also that
8 there was a police investigation that had been
9 initiated, and they were looking at the
10 potential for money laundering tied to organized
11 crime.

12 So it was -- yeah, that was my very first
13 day back from vacation.

14 Q And what was your reaction to receiving that
15 information?

16 A So I was -- well, it was really -- I was really
17 concerned. It was really disturbing to see the
18 magnitude of what was occurring and what I was
19 seeing. And as a matter of fact, I know Len was
20 reluctant to do -- to take any immediate steps
21 because the General Manager was away and rightly
22 so. The General Manager needed to address the
23 issue. But I know for myself I didn't sleep
24 well that night at all. It really -- it was
25 just that concerning. It was -- yeah. It just

1 was extremely concerning. Anybody who saw that
2 information in that way would have been
3 concerned.

4 Q Okay. Mr. Meilleur has given evidence before
5 the commission and his recollection is a little
6 bit different. He testified that he was advised
7 by Mr. Mazure that Mr. Mazure had notified you
8 about the police investigation. So I just
9 wanted to ask you about your level of confidence
10 that it was Mr. Meilleur who advised you about
11 that investigation.

12 A Well, my confidence in that is that I had been
13 away on vacation, I believe, when this
14 information was being briefed. I didn't know
15 about an investigation. Not that I can recall
16 at all before I went on vacation. And it was
17 Mr. Meilleur who briefed me. Not only did he
18 brief me, he advised me that Mr. Mazure had
19 briefed the deputy minister, Peter Milburn, in
20 my absence and so I thought perhaps maybe in
21 that context Mr. Meilleur was confusing me
22 perhaps with Peter Milburn when in fact
23 Mr. Mazure had briefed Mr. Milburn and not
24 myself. So I'm very confident that Len was the
25 first person to brief me on that investigation.

1 Q Okay. And you spoke to Deputy Minister Milburn
2 shortly after that. What can you tell us about
3 that conversation?

4 A Yeah. So I spoke to him shortly after that. It
5 would have been the same day just to -- he
6 confirmed that he and the minister had in fact
7 been briefed by Mr. Mazure before he had gone
8 away on vacation. So he and the minister were
9 aware. I also shared with him my concerns about
10 what I had been presented with -- from Len, and
11 I immediately said, we need to get this to the
12 minister, like, the minister needs to be aware.
13 And we had some discussion. I also indicated to
14 him that GPEB had been working on a bunch of
15 strategies or options that they were looking at
16 under phase 3 and so I was pretty sure that they
17 had material that we would be able to -- they
18 would be able to come with some solutions really
19 quickly.

20 He gave some advice on how we might
21 approach that with the minister. But basically
22 at that point in time it became an immediate
23 all-out sort of effort to get strategies and
24 information to the minister and get some things
25 moving.

1 Q Okay. What did you do following that
2 discussion? What actions did you take?

3 A So in addition to -- well, I asked immediately
4 to get meetings set up for the minister, so
5 meetings were scheduled with the minister. I
6 understand he was -- now I understand -- and I
7 probably knew then -- he was away on vacation.
8 I didn't remember it earlier, but that could
9 have been one of the reasons why we had to wait
10 a little bit, but we got meetings scheduled with
11 the minister. I also had a phone call with John
12 because he was the General Manager. And even
13 though he was on vacation, I wanted to make sure
14 that he was aware of what Len had briefed me,
15 that he was aware of the information, and also
16 that as the General Manager that he was
17 comfortable with his staff preparing -- starting
18 to prepare information in order to get it to the
19 minister. And he was. And I asked if he would
20 be willing to contact Mr. Meilleur to advise him
21 that it was okay to work -- to prepare the
22 briefing materials for the minister, which he
23 did, and Len -- sorry, Mr. Meilleur got back to
24 me I think it might have been the next day
25 confirming that he had in fact heard from John

1 and been given that direction.

2 Q Okay. And did you ask Mr. Meilleur to turn that
3 briefing note into a more streamlined --

4 A Oh, yes, I did. And that was based on the
5 conversation with Peter Milburn. So GPEB staff
6 had a whole bunch of possible options, and the
7 recommendations was, is that we give the minister
8 the background, that we identify for the
9 minister what has been done, that we identify
10 then what activities are planned to be underway
11 that aren't the responsibility of the minister
12 and then identify those areas where we might
13 require further ministerial direction. And then
14 what we would do is then we would go back with
15 individual decision notes specifically on those
16 areas that required ministerial direction.

17 Q Okay. You set a briefing of the minister for
18 late September, and is it your understanding
19 today that that's because the minister was on
20 holiday or ...

21 A Well, actually in reflecting on that and the
22 time frames, there was more than one meeting
23 that happened. And so I said it was September
24 because I saw that in the note and normally when
25 we put a date required, it's -- it's usually

1 because that's the date the meeting is set up.
2 But it may have actually happened sooner because
3 it sounds like other people believe it happened
4 sooner, so I can't be exactly certain about the
5 exact date. And I do kind of recall that GPEB
6 was preparing the material, and then there was
7 some urgency, and they weren't quite ready. So
8 I'm wondering if it may be we had a later date
9 and then it got moved forward once the minister
10 got back from vacation and then we got it
11 accelerated. I can't really remember. But
12 either way we did take the material, both the
13 strategy document and also a document that
14 contained potential directives were taken
15 forward to the minister.

16 So I could be merging a couple of meetings
17 because I'm just drawing on memory.

18 Q Okay. You made a reference to directives, and
19 Mr. Mazure had expressed the view to us that the
20 need to get the minister to sign off on
21 directives was an impediment to addressing
22 concerns in a sort of timely way. Do you agree
23 with that view?

24 A I think -- so yes -- well, sort of yes and no.
25 I guess it depends on what directives and for

1 what purpose. But there was -- there were
2 specific areas under the legislation that
3 required the minister to provide directives
4 or -- and yes, if that was the case, I mean, you
5 had to go through the process of trying to get a
6 meeting with the minister and you present your
7 information. And then the minister would have
8 to make a decision. So that process is
9 certainly longer than if the General Manager,
10 for example, was able to just make a decision
11 himself without having to consult a minister.

12 But on the other hand there was areas of
13 the legislation in which the General Manager
14 could exercise his own authority or BCLC could
15 exercise their own authority that did not
16 require a directive. So I guess it depends on
17 your perspective on whether you feel the
18 minister should be making those decisions or
19 not. Yeah.

20 Q Okay. You've expressed in your affidavit in a
21 couple places a concern about the speed with
22 which GPEB was proceeding to take action and a
23 concern about the sort of amount of study being
24 undertaken. And I guess my question is who's
25 responsible for that, the amount of study and

1 the speed with which things were proceeding?

2 A So really that would have been the General
3 Manager. Clearly under the legislation the
4 General Manager is charged with the
5 responsibility of advising the minister on
6 policy related to gaming, and he had the
7 operational responsibility for -- for his team
8 and for his organization. I think to some
9 degree perhaps the resource -- in the earlier
10 part of -- depending on the timeline because at
11 the earlier part, definitely GPEB was
12 underresourced in the policy area, but over time
13 and after doing his organizational review, based
14 on the priorities identified in that policy was
15 enhanced and he ended up gaining more staff in
16 those areas. So I think some of the restraints
17 on resources early on probably caused some
18 challenges for him. But that would have been
19 John's responsibility.

20 Q Okay.

21 A Or Mr. Mazure's responsibility.

22 Q The missing policy resources, is that basically
23 it's an expertise gap, then, within the agency
24 at that time, or ...

25 A Yes, it would have been. It would have been.

1 component into an operational risk assessment
2 such as a source of cash assessment. So is that
3 considered broad policy as was contemplated
4 under the *Gaming Act*, or is that considered
5 operational or conduct and management in nature.

6 And so I think early on I would have
7 anticipated, for example, if there were
8 reviewing coming up and suggesting that it's
9 best practice to have a source of cash inquiry,
10 I wouldn't have actually thought that that would
11 be something that the minister would actually
12 have to enter into a conversation of whether you
13 would need that or not had BCLC proceeded and
14 thought that that was a valuable aspect to
15 implement under their own risk framework and
16 under their operation.

17 And the same would be said for GPEB. The
18 General Manager had some very broad authorities
19 under the legislation and within his own mandate
20 and actions he could have taken that did not
21 require ministerial intervention or decision.

22 Q Okay. And one of those GPEB actions -- perhaps
23 you refer to at paragraph 131 of your affidavit,
24 you refer to Mr. Mazure's letter and request to
25 Mr. Lightbody that BCLC implement additional

1 customer due diligence based on financial
2 industry standards with a focus on identifying
3 source of wealth and source of funds, and you
4 say you understood this to be a direction to
5 implement one of the key recommendations of the
6 Malysh report?

7 A M'mm-hmm.

8 Q Can you explain to the Commissioner what you
9 understood this recommendation and then this
10 direction or request for Mr. Mazure to entail.

11 A Yeah. So I think what I understood this to be
12 was based on all of the learnings and
13 information that they had coming out of the
14 Malysh report and at this point they would have
15 also had the benefits of the common ground work
16 shop that there have been a -- there was a
17 consensus forming around the need to not only
18 focus on source of wealth, which is where --
19 which is where I believe -- what I understood to
20 be the more historical focus of the customer due
21 diligence. There was now this emphasis on
22 focusing on not only where is your wealth coming
23 from and knowing the customers' wealth but where
24 are they obtaining the funds from.

25 And so what I understood this to require

1 was a need to enhance the level of due diligence
2 that was occurring around inquiries related to
3 the source of funds coming into the organization
4 and that that would be a component, yeah, that
5 BCLC would have considered in part of their
6 operational risk frame work around money
7 laundering. At that time for this -- although I
8 did not see this letter. I would add this
9 letter was issued while I was on vacation. So I
10 may not even have seen this letter at the time
11 that I was being briefed by Len and then we were
12 going to the minister. I did come to see it. I
13 just can't say when I would have seen it. But
14 what I just explained to is how I understand
15 that to be

16 Q Did you later ask the minister to back
17 Mr. Mazure up on this request?

18 A Yes, I did. I specifically asked the minister
19 to do that, and when he had chosen to issue a
20 letter of direction to BCLC, I asked the
21 minister if he would explicitly reference
22 Mr. Mazure's letter of August to reenforce or
23 support his commitment to the General Manager
24 and that BCLC should be in fact working with the
25 General Manager.

1 Q Why was it your view that that needed to be
2 reenforced?

3 A I think because -- I think I was aware that BCLC
4 had sent a letter to the minister. I think BCLC
5 had sent a letter. I think I reference it here
6 as well. And in that letter when I saw that
7 letter, it appeared that they were -- they were
8 proposing some other alternatives, which were
9 absolutely appropriate, and I know GPEB
10 supported those as well. But from my
11 perspective they appeared to be pushing back a
12 bit on a source of funds area, and so I really
13 wanted the minister to support the General
14 Manager in that respect.

15 Q Okay. I think that letter that you're
16 referencing is found at exhibit U of this
17 affidavit. And I'd just like to turn to that
18 briefly. I take it you have a hard copy of
19 that. Do you?

20 A I do, yes.

21 Q I'm looking at the fourth paragraph of that
22 letter. It's sort of near the middle of the
23 page. And in that paragraph Mr. Lightbody
24 begins with the word "well, it is generally."
25 Do you see that?

1 A Yes, I see that.

2 Q Mr. Lightbody says:

3 "While it was generally easier to identify
4 an individual's source of wealth,
5 identifying source of funds per
6 transaction is far more problematic,
7 especially when the funds are presented as
8 cash."

9 And then if you jump down to the last paragraph
10 before the heading "Recommendation" he says:

11 "BCLC believe that currently no one agency
12 in British Columbia is equipped to
13 identify the actual source of funds. To
14 do so would require in most cases law
15 enforcement intervention."

16 Did you accept that view expressed by
17 Mr. Lightbody?

18 A So on that particular statement, I think the
19 thing about a source of funds at the point of --
20 so in some respects, yes. But in some respects
21 no. If I can just explain a little bit better.

22 So there's two different pieces there. One
23 is sort of took investigating sort of the
24 predicate -- like going and digging into
25 financial institution records and investigating

1 the exact source of funds. To me the only
2 people that could really do that would be the
3 police would be able to truly go to that level.
4 But then there is an operational element where
5 somebody is coming in and they're buying --
6 buying in with cash at a casino, and the type of
7 diligence you might do at that particular point
8 in time, while you can't prove where the money
9 is, what you might do is elevate your level of
10 diligence and questioning. And so -- and you
11 may not be able to prove, but what you would be
12 looking for is that the responses from the
13 individual are reasonable, right, and that they
14 are -- and they may be substantiated with a bank
15 receipt or an ATM receipt. I know we had some
16 of those conversations with the minister. But
17 you're not looking to absolutely prove at the
18 operational level. But what they were looking
19 for is an elevated level of diligence that would
20 say okay, the source of cash is a potential risk
21 associated with money laundering, and so we're
22 going to elevate our level of diligence and
23 we're going to ask some more questions.

24 And so I think that's really what they were
25 looking for, what GPEB was looking for. And so

1 I don't feel -- I feel that the response in this
2 letter is a little bit misleading because it
3 really speaks to having to go and investigate.
4 And I don't believe that that's what GPEB was
5 expecting or asking of BCLC at the time.

6 Q Okay. Mr. Lightbody goes on to make a
7 recommendation for a dedicated law enforcement
8 gaming unit that one of those be established,
9 and was that recommendation consistent with the
10 recommendation made earlier in the Malysh
11 report?

12 A I saw that -- I viewed that as being consistent,
13 yes.

14 Q Okay. Did you support that recommendation at
15 this time?

16 A Yes. Yes, I did support -- well, I don't know
17 if it's a specific law enforcement -- but
18 definitely some kind of law enforcement. We
19 ended up putting different options to the
20 minister. One would have been to have a very
21 specific sort of unit like they had in Ontario.
22 Another option was to have a joint interdiction
23 team. But yes, there was definitely no question
24 that I agreed that we needed some kind of
25 dedicated enforce at that point.

1 Q Okay. And did you continue to view source of
2 funds as an important component of the response
3 to suspicious cash transactions?

4 A Yes, I did.

5 Q In September 2015 you participated in a briefing
6 of the minister; correct?

7 A Yes, I did.

8 Q One issue that was identified at the briefing
9 was a continued focus on source of funds; is
10 that right?

11 A Yes, it was.

12 Q And you say at paragraph 139 of your affidavit
13 that the minister decided not to issue any
14 directives but rather to send BCLC a letter of
15 direction which reflected the language of the
16 recommended directives. Were you involved with
17 the minister's decision in discussions about
18 that decision to send that letter as opposed to
19 a directive?

20 A So I don't remember the specific discussion.
21 John Mazure would have been in that meeting as
22 well. It would have been in the same briefing
23 where we were giving him -- I believe it was the
24 strategy document at the time. And John Mazure
25 had with him a file, I know, with possible

1 directives, so there was discussion about the
2 directives. I cannot remember the specific
3 circumstances around the decision to do a letter
4 versus the directive. The only rationale that I
5 could -- I believe it might have been, was that
6 there was a Crown accountability structure and
7 there was a structure upon which direction was
8 normally given from the minister responsible for
9 a Crown to the Crown when it was of a -- delving
10 more into providing strategic direction, and I'm
11 assuming that there was some desire to perhaps
12 be consistent with that rather than entering
13 more into an operational direction through the
14 *Gaming Control Act*. But those would be
15 suppositions, but I really can't remember the
16 essence of the conversation at the time.

17 Q Okay. Mr. Lightbody has given evidence that in
18 or around October 2015 you had a conversation
19 that in making this direction the minister did
20 not mean all cash transactions. Do you recall a
21 conversation like that with Mr. Lightbody?

22 A So --

23 (CONNECTION INTERRUPTED)

24 MS. LATIMER: -- and see if the issue could be
25 resolved.

1 THE COMMISSIONER: My screen dropped off. I think
2 we're going to have to stand down for five
3 minutes or so long as it takes to fix the
4 problem. So we'll take five minutes, Madam
5 Registrar.

6 THE REGISTRAR: The hearing is now stood down for
7 five minutes.

8 **(WITNESS STOOD DOWN)**

9 **(PROCEEDINGS ADJOURNED AT 10:55 A.M.)**

10 **(PROCEEDINGS RECONVENED AT 10:58 A.M.)**

11 **CHERYL WENEZENKI-YOLLAND,**
12 **a witness called for the**
13 **commission, sworn.**

14 THE REGISTRAR: Thank you for waiting. The hearing
15 is now resumed. Mr. Commissioner.

16 THE COMMISSIONER: Yes. Thank you, Madam Registrar.

17 Ms. Latimer, I think it might be necessary
18 for you to repeat your last two questions, if
19 you could do that. That's when I sort of lost
20 contact or at least intermittently and then
21 completely for the last question

22 MS. LATIMER: Yes, certainly.

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

24 Q I think when we left off I had been asking you,
25 Ms. Wenezenki-Yolland, about a conversation --

1 well, I had put to you evidence that
2 Mr. Lightbody has given that in or around
3 October 2015 you had a conversation with
4 Mr. Lightbody in which you communicated that in
5 making the direction that the minister made he
6 did not mean all cash transactions, and I had
7 asked you what, if anything, you recalled about
8 that conversation with Mr. Lightbody.

9 A Yeah. And so what I said is I don't
10 specifically recall the conversation, but I do
11 believe that I would have said it doesn't mean
12 all cash transactions, and the reason I believe
13 I would have said that is because of the
14 conversation that we had had in the minister's
15 office when the GPEB staff were present and
16 giving him the briefing and there was a
17 discussion, and the minister had inquired, so
18 what does that mean; does that mean everybody
19 who comes in with \$100, you know, has to have
20 proof of the source of their cash or needs a
21 receipt for their cash or -- and the answer to
22 that question was no, that that's not what it
23 means, that it would be based on risk and any
24 kind of threshold or due diligence would depend
25 on a risk assessment. So I can believe that I

1 would have said that.

2 However, I also, if I could add, I also
3 understand that Mr. Lightbody testified that I
4 implied that that meant that they could just
5 keep doing what they were doing, and so I have
6 been very clear in my affidavit to say under no
7 circumstances would I have communicated to
8 Mr. Lightbody that that should be interpreted as
9 they can keep doing what they're doing. And I
10 do not believe that the minister intended that
11 either.

12 Q What did you understand the direction to
13 capture, if not all cash transactions, should
14 have captured large cash transactions or
15 suspicious cash transactions or something else?

16 A Well, from my perspective, it would have meant
17 that based on a determination of some of the
18 risk elements which could be a level of cash, a
19 level could be a trigger for risk assessment.
20 It would depend on a number of risk factors.
21 And I mentioned before it could be that you
22 would increase your questioning around source of
23 funds depending on -- it could be a player's
24 behaviour that might -- what you need to do in
25 the context of operations is provide some kind

1 of direction or procedures for the people who
2 are at the cash cage who would know what to do
3 when they encounter different types of
4 transactions, and that would typically be based
5 on risk and some parameters that identify what
6 would be potential risk.

7 So it could be a dollar value. It could be
8 a number of suspicious cash transactions,
9 depending on what that was. That had not been
10 totally defined at that point. But my
11 understanding is that GPEB and BCLC after that
12 meeting would have left that meeting and then
13 defined what those risk parameters might be.

14 Q Do you accept that it was ambiguous whether BCLC
15 could continue with the approach that they had
16 been taking to customer due diligence?

17 A No. It was very clear from my perspective that
18 the minister expected more customer due
19 diligence to be taken, even if he wasn't
20 specific at the time about what that was, and it
21 was very clear in my mind as well that that is
22 what was intended.

23 Q Returning back to that September briefing,
24 another topic was the idea of a dedicated
25 policing unit for gaming; correct?

1 A That's correct.

2 Q And is that what ultimately became the Joint
3 Illegal Gaming Investigation Team?

4 A Yes, it is.

5 Q Okay. In or around December 2015 did you convey
6 to Mr. Lightbody that BCLC would be responsible
7 to pay \$3 million annually towards the formation
8 and operation of JIGIT?

9 A Yes, I would have communicated that based on
10 direction I had received from the minister, that
11 that was to happen. And as a matter of fact,
12 not only that it -- was it communicated, it was
13 followed up with some written communication that
14 included the direction from the minister saying
15 that that was the case, yes.

16 Q Okay. What was his reaction to receiving that
17 information?

18 A Well, he was concerned -- he was concerned about
19 the cost, and he was concerned about the
20 implications on his cost ratio. So I raised
21 that issue back with the minister, and I believe
22 I probably did that in conjunction with the ADM
23 of corporate services, who was responsible for
24 the financial side of advising the minister on
25 BCLC. And the decision was -- was made that the

1 minister did not want any impediment to moving
2 forward on these strategies and so he agreed
3 that he would increase BCLC's cost ratio to
4 accommodate any of the costs associated with
5 this -- with moving forward.

6 Q Can you just explain sort of briefly what a cost
7 ratio is.

8 A Yeah. So what it means is -- because BCLC was
9 commercial in nature and their revenues would
10 fluctuate. And so rather than providing -- in
11 order to provide the flexibility for them and
12 the board to manage, treasury board had
13 identified a cost ratio target, which was really
14 their primary financial performance measure,
15 which means they're able to -- if their revenue
16 is increasing, they're able to increase their
17 costs in a corresponding nature to their
18 revenue. And in many ways that actually makes
19 sense because if you've got more activity, more
20 business, you likely have more compliance
21 requirements and so it allows for the
22 flexibility for the expenditures to move up or
23 down with the revenue, and you're not
24 constrained by fixed expenditure targets or the
25 converse.

1 Q Okay. One of the other items, as I understand,
2 that came out of after your briefing at the end
3 of October -- or at the end of August with
4 Mr. Meilleur was eventually the MNP report; is
5 that correct?

6 A That is correct.

7 Q Can you tell us about -- you describe at
8 paragraph 165 of your affidavit comments you
9 provided on an initial draft of that report.
10 Can you briefly summarize those concerns for the
11 Commissioner.

12 A Yes. So I think in the context of this, this
13 was an early draft, which is normal process that
14 I've seen in regard to these types of reports.
15 And I remember highlighting concerning around
16 some of the tone in the report, and I think at
17 the time I was highly sensitized to tone and
18 more so because of things that were going on in
19 other aspects of my portfolio where we had had
20 some significant events around reports that were
21 written that had certain tone but not
22 necessarily have the evidence or sufficient
23 evidence to substantiate some of those tone or
24 leading tone. So that was one of the concerns.
25 So I was very concerned about tone.

1 I think the other thing that I was -- I
2 recall being concerned about was the fact that
3 there had been a number of efforts, as I
4 understood it, that had been put in place by
5 BCLC in regard to customer due diligence because
6 of all of the work. And this report was
7 backwards looking. And it didn't seem to take
8 into -- it didn't take into account the new
9 efforts, and so while it was beneficial, I was
10 concerned, and I knew that because it was prior
11 to all of these additional actions that that was
12 doing to be challenging. And so one of the
13 things I had inquired about at the time was is
14 there any way to reflect or to incorporate or
15 consider at least what's been done to date and
16 if that might have any impact on your
17 recommendations or change anything. Because one
18 of the things we were looking to the MNP report
19 to inform was -- would have been additional
20 activities around due diligence.

21 So those were a couple of the things at
22 that time that I was concerned about, and I gave
23 that feed -- I gave that feedback. And I think
24 I had some other concerns later on, and I don't
25 know if it's here, but one of the other concerns

1 I had was just around roles. Because I think in
2 some of their recommendations they were
3 specifically identifying who should be doing
4 what, and BCLC and GPEB had been working
5 collaboratively on a whole lot of work around
6 their roles and who should be doing what. And
7 so I also had concerns as to whether -- how they
8 were defining the roles was consistent with the
9 joint work that both of those organizations had
10 been doing together and competing. So I had a
11 few different concerns about the report. And
12 also the report had taken longer. So I didn't
13 write them all down, but the report had also
14 taken longer than I had anticipated and so the
15 timing of this report relative to when we
16 initially thought we might get it was quite
17 delayed, which also created some potential
18 challenges.

19 Q Okay. Were your concerns about tone and the
20 concern about the report not sort of
21 acknowledging the work that had been done by the
22 entities in advance, were those concerns
23 addressed in the final version of the report?

24 A They were -- I mean, there was -- the way they
25 addressed them was to say that they couldn't

1 address them. So they put a qualifier --
2 qualification into the report to kind of
3 acknowledge that the report didn't take into
4 account those activities. So that was -- that's
5 my understanding about how that got addressed.

6 Q Did you share your concerns about the MNP report
7 with Mr. Lightbody?

8 A He would have been aware of my concerns because
9 we had also attended joint briefing with MNP.

10 Q And you expressed that at that meeting?

11 A Yes.

12 Q Okay. At paragraph 168 of your affidavit you
13 talk about that concern you ended with that MNP
14 had not assigned roles and responsibilities to
15 certain parties that were not necessarily
16 consistent with statutory divisions of
17 responsibilities or the framework developed by
18 BCLC and GPEB. Were there specific
19 recommendation that you had that concern about
20 that you can recall?

21 A I cannot recall specifically which ones they
22 were at the time, but I know -- but I know I
23 talked about the roles, and I don't remember if
24 it was -- it could have been who had to issue a
25 directive perhaps because I think it actually

1 said that GPEB should issue a directive, and I
2 think at the time I was still thinking that
3 perhaps that was something that was within
4 BCLC's authority to do and they could do without
5 a directive. So I think there was -- there may
6 have been things like that at the time. But I'm
7 just -- I'm trying to recollect, but I really
8 don't recall.

9 Q Okay. Did you direct Mr. Mazure that GPEB and
10 BCLC had to come to an agreement on next steps
11 coming out of the MNP report?

12 A So I'd like to rather than -- I'd like to
13 explain just kind of what happens in general
14 practice in government when we get reports like
15 this. Because -- so normally when you get a
16 report that has recommendations that affect
17 multiple parties within government, those
18 parties will come together and they will work
19 together to provide a response or an action plan
20 to the report. They'll look at the
21 recommendations, they'll analyze the
22 recommendations, they'll go through them. It's
23 completely legitimate to accept some of the
24 recommendations. Like, they may choose to
25 accept the recommendations. They may actually

1 propose an alternative action to some of the
2 recommendations or they may outright reject some
3 of the recommendations, but it's normal for the
4 groups to work to do that. And that would have
5 been similar to the experience that we had on
6 the provincial health officer's report where we
7 would have had GPEB and BCLC work together. Not
8 only that, in conjunction with two other
9 ministries in order to develop a single response
10 to the recommendation. So that was standard
11 practice. So yes, I would have asked them to do
12 that as was normal practice in government.

13 Q Okay. You understood that these two parties had
14 different views in respect of source of funds at
15 this time?

16 A Well, I had seen some of that earlier pushback
17 about source of funds, and I certainly came to a
18 greater appreciation of that as time certainly
19 went on and as we attempted to implement some of
20 these recommendations later, yes.

21 Q Okay. You describe in your affidavit at
22 paragraph 185 the pre-existing practice in
23 gaming before it came to the Ministry of Finance
24 about presenting joint briefing notes on issues
25 of shared accountability. Did anyone express to

1 you a concern that negotiating joint wording for
2 briefing notes or for responses to reports like
3 this might mean that where there was
4 disagreement that message would be diluted or
5 left out?

6 A So if that had been raised to me, which it may
7 have been, my response to that would have been
8 to include both perspectives and both points of
9 views. And I do know that I definitely did that
10 again later on and there's an email that
11 acknowledges that that would have been my
12 direction. So at no time would that have been
13 acceptable to just leave responses out.

14 Q Okay. In or around 2015 or 2016 do you recall a
15 meeting in the boardroom of the audit section of
16 GPEB in Burnaby with GPEB's staff present and
17 with Mr. Mazure where Mr. Mazure suggested that
18 BCLC did not understand GPEB to be their
19 regulator and would not listen to Mr. Mazure as
20 the General Manager?

21 A Sorry, so that was in the -- you said in the
22 fall of 2000 and ...

23 Q I said in or around 2015 or 2016.

24 A Yeah. So I understand from what I received from
25 the commission that somebody had raised that, so

1 I actually was able to get my calendar from
2 October 2015 right through to the end of my
3 tenure with government. And I looked to see
4 when I would have been over meeting with the
5 GPEB staff. Because I do recall meeting with
6 the GPEB staff and in that context the only date
7 where I met with GPEB staff would have been the
8 very next day after we had had a meeting with
9 the minister and BCLC in which there was some
10 contentious remarks around source of funds.

11 So I do -- I can recall that meeting. I
12 think the way that it was characterized,
13 however, by the individual who spoke about the
14 meeting is not appropriate -- it's not
15 characterized first in the way that I would
16 speak to my staff, but also in the context of
17 what was occurring. So based on the meeting
18 that had happened the previous day, I believe
19 what was probably occurring is John was likely
20 giving an update and I was there with him --
21 from the discussions that had occurred with the
22 minister and his staff were inquiring about what
23 was going to be happening. And in that meeting
24 the previous day, we -- do you want me to talk
25 about -- it might be easier if I talk about the

1 other meeting first because it was the precursor
2 to this meeting.

3 Q Sure.

4 A Is that helpful, Alison? Okay. So the previous
5 day we had had a meeting with the minister and
6 BCLC and one of the items on the agenda was the
7 MNP report and the recommendations and actions
8 coming out of the report. And leading up to
9 that, we -- GPEB was of the view, the General
10 Manager was of the view that source of funds was
11 still an important issue. It had been
12 remembered in the MNP report. He believed that
13 it would help advance addressing money
14 laundering, but there was pushback, as you've
15 already mentioned, around source of funds. And
16 in that meeting we had discussions about the
17 report.

18 The challenge with the report is BCLC --
19 there was challenges with the data in the
20 report, and that issue was identified for the
21 minister, and therefore it ended up to some
22 degree undermining the credibility of the
23 report, which made it challenging when GPEB was
24 wanting to utilize the recommendation from the
25 report for source of funds.

1 Also in that meeting and leading up to that
2 meeting I had received separate information from
3 GPEB as to some of the reasons why they still
4 remained concerned about source of funds and the
5 level of diligence in and around source of funds
6 at BCLC. John did express in the meeting his
7 belief that we needed to proceed -- that he
8 wanted to proceed with source of funds, and BCLC
9 in that meeting through Bud Smith, the chair at
10 the time, was very assertive about the fact that
11 they had implemented enhanced due diligence,
12 they were banning customers, they had experts
13 working for them, that there had been
14 significant reductions in cash transactions, all
15 of which in fact were true. They did have all
16 of those things. But it was making it
17 challenging for the General Manager to gain
18 traction on doing additional -- proceeding with
19 additional activities.

20 And as I listened to this, I became a little
21 more frustrated. So I actually at that meeting
22 intervene and said, with all due respect, there
23 are still challenges and there's still more that
24 needs to be done. And so there was some
25 discussion, but at the end of the day there was

1 definitely a feeling that there was a leaning
2 towards BCLC's position and not the support for
3 the General Manager.

4 So the next day we were in the offices with
5 GPEB staff. So I think it's important to know
6 that context before we talk about that meeting.

7 Q Okay. Just before we turn to the GPEB office
8 staff, you say there was a leaning towards
9 BCLC's position. Who was leaning towards
10 that --

11 A Sorry, the minister. I mean, because it was
12 really both organizations were expressing -- I
13 mean, the minister was always very clear that
14 his expectation is that in those meetings that
15 people would voice their perspective, if they
16 had differences of opinions that they would
17 share those differences of opinions, and that he
18 would hear all -- he was reluctant really to
19 step in and make a decision between the two. He
20 really preferred people work that out
21 himself [sic]. And so in that meeting I think
22 there was -- they may have raised the discussion
23 of prescriptive versus non-prescriptive. I
24 don't recall that myself, but I know people have
25 raised it during these proceedings. And they

1 were -- I think there was -- BCLC's argument was
2 that putting in the source of cash threshold as
3 the General Manager was wanting to do was
4 prescriptive in nature.

5 And so that conversation did happen in that
6 meeting, and I think we left -- John certainly
7 left dissatisfied, and there was a need for them
8 to do more work, but I don't believe he felt
9 that he could do that work with BCLC. So the
10 meeting with his staff happened the next day.

11 Q Okay. And then could you just walk us through
12 the meeting with the GPEB staff and what
13 happened there.

14 A Yeah. So the meeting with the GPEB staff, they
15 were inquiring about, you know -- I don't
16 remember who it was that was inquiring, but they
17 were asking about what had occurred, and John
18 was giving an update, and I think at that point
19 he was feeling discouraged. And so in the
20 meeting he kind of turned to me and -- so the
21 meeting was not about you're on your own. He
22 turned to me and I'd been in the same meeting as
23 him, and my conversation was John, I'm doing --
24 I'm doing what I can; I don't have any
25 legislative authority here; the authority

1 resides with you; it resides with the minister;
2 you know, you've got to do what you can under
3 your own authority; I am happy to support you;
4 if you have things you want to take to the
5 minister I will do what I can; but I can't make
6 any of those decisions; I don't have any
7 authority to make any of these decisions; I
8 really have to turn to you and what you and your
9 team can bring to this -- to the process. So it
10 was really that type of discussion.

11 Q Okay. You set out at paragraph 197 of your
12 affidavit that at some point you requested a
13 briefing that would clarify the scope of the
14 minister's and General Manager's authority over
15 BCLC. That briefing document is attached at
16 exhibit GG, and it's dated November 2016. And
17 my question is why were you requesting that
18 briefing at this stage of the game?

19 A I think because of the meeting and the way that
20 the meeting had occurred, I had decided at that
21 point -- while I believed I understood what was
22 in the General Manager's authority and ability
23 to do, I really wanted a better understanding
24 because I was really encouraging John to really
25 take on his role as General Manager and to own

1 that role and to not seek advice or decisions
2 where he really didn't need to seek further
3 decisions. And to some degree I was drawing on
4 that experience from my previous experience in
5 two roles I had. One is comptroller general
6 where I had a similar role in providing advice
7 around policy. And you had your own statutory
8 authority. And it is you as a statutory
9 decision maker that have to ground yourself and
10 be satisfied with the decisions and the actions
11 that you're taking. And this is the type of
12 coaching that I was trying to give to John. And
13 then also when I had been the executive director
14 of the environmental assessment office, I was
15 Associate Deputy Minister there, I was
16 responsible for providing recommendations
17 directly to the minister on major projects and
18 major developments based on assessments. And
19 when you're doing that and you have that
20 statutory authority, it is about you as a
21 person, an individual, your integrity, and you
22 have to be sure in and of yourself that you are
23 confident and that you're satisfied that you're
24 providing the best possible advice that you can.
25 And that was his role. So I was really trying

1 to encourage him to do that.

2 Q And I take it from the evidence you've just
3 given, but correct me if I'm wrong, you didn't
4 understand given that he reported to you, you
5 didn't understand you had any authority to
6 assist him in making those decisions or making
7 those directions?

8 A All I could do was give him my best advice and
9 support him in taking things forward to the
10 minister because it's different in government
11 where there is -- when you have legislation and
12 there is authority invested in the minister, as
13 a deputy minister you can act in the minister's
14 stead or he can delegate that down. But in this
15 particular case the legislation gave very clear
16 authority to the General Manager and was very
17 specific about his role in advising the minister
18 on policy. Therefore it removed any authority I
19 might have to function in that capacity. It was
20 clearly in the legislation, his statutory
21 authority, and if I was to do that I would have
22 been fettering his statutory decision maker. So
23 my role in that was to really support him to be
24 as strong as he possibly could in his role as
25 the General Manager.

1 Q Okay. The briefing at exhibit GG concluded that
2 the General Manager could not receive directives
3 to BCLC without ministerial approval. Do I have
4 that right?

5 A Sorry, could you please repeat which one that
6 was. I just want to look it up.

7 Q Exhibit GG. And you sort of summarize that at
8 paragraph 197 of your affidavit.

9 A Thank you. Oh, yes. So this was -- yeah.
10 Basically at that time, yeah, the note came, and
11 it was summarized and basically said that the
12 General Manager could not issue a directive to
13 BCLC. And I believe the way that John
14 characterized it to me at the time is that he
15 wasn't the regulator of BCLC, which for me was
16 surprising because previous to this point every
17 briefing I had ever received GPEB had been
18 articulated as the regulator, even the regulator
19 of BCLC, and I believe general managers before
20 him believed that as well. So that was a bit
21 of -- I think that piece was a bit of a
22 surprise. But there were still elements within,
23 as I understand it, within the legislation where
24 he did have authority where he didn't require
25 ministerial directives, and that would have been

1 such things as public interest standard. I
2 believe the way of the legislation is
3 articulated ministerial directive was not
4 required for public interest standards.

5 Q In light of this briefing at exhibit GG, did you
6 seek ministerial approval for a directive
7 addressing source of funds at this stage?

8 A Well, yes. John talked to me about it, and
9 based on some of the continuing dialogue with
10 BCLC and this information, I agreed to support
11 him in taking forward a ministerial directive in
12 regards to source of funds. He did express to
13 me at the time, you know, that BCLC wasn't going
14 to agree, and I knew that, and I said that's
15 fine; we'll just make sure that everybody's
16 position is documented and it's all there for
17 the minister to make that decision. And so my
18 understanding is that he went away and he and
19 his team were working on that, working on that
20 directive. They were completing the analysis
21 that they needed to do to fully support the
22 recommendation that they were bringing forward.

23 Q Okay. You indicate at paragraph 202 of your
24 affidavit that the sort of timing on this is now
25 sort of January 2017. Do I have that right?

1 A That's correct.

2 Q And you provided a draft briefing document to
3 the deputy minister on this topic; correct?

4 A Yes, I did.

5 Q And he was supportive of proposing a directive
6 to the minister?

7 A She was.

8 Q Okay. But you indicate at paragraph 207 of your
9 affidavit that before GPEB could finalize the
10 proposal, the ministry's executives were all
11 advised by the deputy minister that government
12 would not be pursuing any further policy
13 initiatives before the May provincial election;
14 is that right?

15 A That is correct.

16 Q Do you recall when that advice was given?

17 A I can't recall specifically. I tried to look in
18 my calendar to see if I could figure it out.
19 But I do know that John -- I more remember it
20 because I know John was at the same meeting --
21 Mr. Mazure was at the same meeting as I was, and
22 he came back to my office with me. And the
23 reason I remember it so well is because he sat
24 in my office in the chair and just sort of sunk
25 down in the chair looking at me relatively

1 deflated and said, I guess that means no
2 directive.

3 So I did go and I followed up to see if
4 there was any chance that we could still proceed
5 with the decision note that was in process, and
6 I was told that that also applied -- you know,
7 it applied across the board, including GPEB.

8 Q Okay. You had mentioned earlier and you do
9 refer to it in your affidavit as well your
10 understanding that the General Manager had
11 statutory authority to issue public interest
12 standards and that you had encouraged Mr. Mazure
13 to consider that. Was that something that you
14 considered might extend to source of funds?

15 A Yeah, well, I think the source of funds to me is
16 interesting because that is not something that I
17 would have thought would have required a
18 ministerial directive. Because my understanding
19 is ministerial directives were intended to be
20 broad policy. And to me a source of funds is
21 really getting very quite specific. And so my
22 understanding early initially is that I would
23 have thought that BCLC could have done that
24 under their own authority. I believe that the
25 General Manager could have done public interest

1 standard, like, he could have done -- as he
2 did with -- he had done one other public
3 interest standard while I was there that I
4 recall. I believe it was around advertising or
5 marketing standards. So he could have in my
6 mind done something there. He may have been
7 reluctant to do that, though, given the tenure
8 of the conversations between him and BCLC and
9 knowing that the minister preferred that parties
10 resolve these issues.

11 Q Okay. Did you communicate to Mr. Lightbody at
12 any point frustration with Mr. Mazure or that he
13 was on thin ice in his role or anything similar?

14 A I would never have talked to Mr. Lightbody about
15 Mr. Mazure being on thin ice. And Mr. Mazure
16 was not on thin ice with me as far as I know,
17 and I don't believe he has said he was -- in
18 anything I've seen from him I haven't seen him
19 communicate that.

20 I would have had some conversations with
21 Mr. Lightbody at various times around
22 frustration around timing because certainly
23 Mr. Lightbody was very concerned about how long
24 it was taking to get cash alternatives approved
25 through BCLC. And I may have commiserated

1 around timing because those were things that I
2 also wanted to -- or through, sorry, through
3 GPEB that I also wanted to see, but I definitely
4 wouldn't have had the conversation as that was
5 articulated.

6 Q Okay. At paragraphs 219 and 220 of your
7 affidavit you outline some difficulty -- or that
8 it was difficult to arrange meetings with the
9 minister who was extraordinarily busy. Was it
10 your view that this inability to meet with the
11 minister adversely affected your ability to
12 address the issue of suspicious cash in casinos
13 in a timely way?

14 A I did find it difficult to get meetings with the
15 minister, and so I don't want to necessarily
16 attribute it in a blanket statement that way
17 because we had a lot of very good meetings with
18 the minister, and the minister was extremely
19 passionate about dealing with this issue.
20 Certainly BCLC and GPEB had some different
21 perspectives on one -- from what I can see it's
22 one aspect of what was a strategy, but it wasn't
23 the whole strategy. There were lots of areas
24 where they had absolute agreement, and they
25 generally had a very good working relationship.

1 So -- but yes, getting meetings in a timely way
2 was frustrating for me, but I know it was
3 frustrating -- it was frustrating for the staff.
4 And I think because they could not always see
5 what the holdup was. They only would have --
6 they just would have known it was taking a long
7 time to get to the minister. They wouldn't have
8 seen all of the things that were going on around
9 other meetings and how to get those meetings.
10 So there was -- there was definitely challenges.
11 And that did get more difficult as time went on
12 because each deputy minister had different
13 approaches to how they wanted the ministry to
14 engage with the minister's office, and so at the
15 end of my tenure, yeah, Athana Mentzelopoulos,
16 who was the deputy minister at the time, you
17 know, she wanted very full and very deep
18 briefings beforehand and she wanted everything
19 to go through her, and generally items for the
20 Gaming Policy Enforcement Branch would be one of
21 many items from the Ministry of Finance. So
22 there was no longer, you know, setting up a
23 meeting for an hour with the minister just on
24 gaming issues. It just changed the structure,
25 and I think the staff found that frustrating.

1 Q Beginning at paragraph 221 of your affidavit you
2 describe some efforts to get the *Gaming Control*
3 Act onto the legislative agenda for an update or
4 a modernization. Can you just briefly outline
5 what were the problems with the act that you
6 thought needed to be addressed?

7 A Yeah. So early on there was two attempts that I
8 remember. So one was early on, and there were
9 concerns that, first off, the timing of when the
10 act was designed, it contemplated a world that
11 did not necessarily even involve technology, for
12 one, and so a lot of the language in the act
13 ended up being -- GPEB seemed to spend an awful
14 lot of time with lawyers getting interpretations
15 of various aspects of the act. So that would
16 have been one area.

17 Another area would have been authorities
18 and getting clarity around some of the
19 authorities. I know the first time we went
20 through and -- I mean, the ADM of gaming would
21 have been able to advise more clearly because
22 they would have been given the briefing, but I
23 know they kept very -- a very detailed record of
24 all of their problems and challenges that they
25 saw with the legislation. They got some minor

1 changes through, specifically related to their
2 ability in regards to their administrative
3 sanctioning powers in regards to registries.
4 And I think that was important because there
5 was -- I understand there was a hole that was
6 created in the legislation where they would have
7 been able to provide administrative sanctions to
8 a facility but not necessarily individuals who
9 may be in non-compliance with conditions of
10 registration. And so that -- that issue was
11 addressed, but I know also at the time it was
12 suggested that it would be a good time to take a
13 look at the whole legislative framework, bring
14 it all up to date, is this the right structure
15 going forward; we've got e-gaming and we've got
16 all kinds of online gambling emerging; does it
17 contemplate this future world we're in? And
18 there just really was not a desire at that time.

19 So I know there was a second attempt and I
20 talk about it in here. And it was the same
21 thing, and I think at that point there was
22 probably more clarity about some of the
23 challenges around roles and there were things
24 that GPEB would have liked to have seen shifted
25 in the legislation.

1 At that point in time we did, as I
2 understand from the ministry's tracking, we did
3 get into the queue, but it was so far out that
4 it didn't happen in my term, and it wasn't going
5 to happen in that legislative term.

6 Q Did those challenges about roles flowing from
7 the legislation impact your ability to address
8 the suspicious cash issue in a timely way during
9 your tenure?

10 A Well, and I guess [indiscernible] in a timely
11 way. I just want to be careful about that
12 because there was a lot of work done. And so
13 they weren't able to do the source of funds, but
14 there was a lot of really good work that was
15 done, so I don't want to say it impeded our
16 ability to address it in a timely way because I
17 do believe there was a lot of work that was
18 done. Certainly if the General Manager could
19 have just issued a directive for BCLC, it would
20 have made that piece much easier for him to be
21 able to do that in a more timely way. But I
22 don't want to put it in the context of
23 addressing all of the suspicious cash or money
24 laundering. Because when I look back about --
25 certainly there was a spike in July, but when I

1 look back at how far down they were able to
2 drive the suspicious cash as a result of all of
3 the incremental actions that were taken, it had
4 a more profound effect in that period of time
5 with everything else that they did other than
6 the source of cash.

7 So I just want to be really careful about --
8 I don't want to -- I just want to be really
9 careful about saying just because they couldn't
10 complete this one strategy that other elements
11 weren't addressed in a timely way because there
12 really was -- there was a positive effect.
13 There was just difference of opinions or views
14 about what was the -- how far down it needed to
15 be driven in order to get to a risk level that
16 was tolerable for all parties and my perspective
17 is that GPEB had a lower risk tolerance than
18 perhaps BCLC did and maybe even the minister
19 based on some of the conversation. And my risk
20 tolerance was probably somewhere between BCLC
21 and GPEB. So I just want to be cautious about
22 saying that.

23 Q Okay. And you were terminated following the
24 change of government after the May 2017
25 election, and that was without cause and without

1 explanation; correct?

2 A That is correct.

3 MS. LATIMER: Okay. Thank you. Mr. Commissioner,
4 those are all my questions for this witness.

5 THE COMMISSIONER: Thank you, Ms. Latimer.

6 I think we'll take a 15-minute break now.

7 THE REGISTRAR: This hearing is adjourned for a
8 15-minute recess until 11:58 a.m.

9 **(WITNESS STOOD DOWN)**

10 **(PROCEEDINGS ADJOURNED AT 11:43 A.M.)**

11 **(PROCEEDINGS RECONVENED AT 11:57 A.M.)**

12 **CHERYL WENEZENKI-YOLLAND,**
13 **a witness called for the**
14 **commission, sworn.**

15 THE REGISTRAR: Thank you for waiting. The hearing
16 is resumed. Mr. Commissioner.

17 THE COMMISSIONER: Thank you, Madam Registrar.

18 I'll call on Mr. Stephens on behalf of the
19 British Columbia Lottery Corporation, who has
20 been allocated 25 minutes

21 MR. STEPHENS: Thank you, Mr. Commissioner.

22 **EXAMINATION BY MR. STEPHENS:**

23 Q Ms. Wenezenki-Yolland, my name is Mr. Stephens.
24 I act for BC Lottery Corporation. Can you hear
25 me okay?

1 A Yes, I can.

2 Q Very good. I'd like to start asking you about
3 the time period August, September 2015, and
4 Ms. Latimer asked you some questions around
5 about paragraph 127 to 133 of your affidavit,
6 and I just would like to start there, if I may.

7 You recall giving evidence about that time
8 period, and I think the marking point being your
9 return from holidays. You recall that?

10 A Yes, I recall that.

11 Q Yes. I get that impression. I would like to
12 ask if Madam Registrar could simply call up the
13 affidavit and page 19 just to situate me for the
14 questions. I just want to refer you to
15 paragraph 129 and 130. And I don't think you
16 referred to these, but you state in that part of
17 the affidavit that by the time the September
18 2015 briefing of the minister, you were
19 satisfied that the enhanced customer due
20 diligence implemented in February 2014 and other
21 measures BCLC had taken had not been sufficient,
22 et cetera. And then at paragraph 130 you say
23 that one of the measures that GPEB wanted
24 introduced was a requirement that service
25 providers implement a source of funds

1 assessment. And you see that?

2 A Yes, I do.

3 MR. STEPHENS: Now, if I could ask that be taken down
4 and, Madam Registrar, would you please call up
5 GPEB document 4165.

6 And, Mr. Commissioner, I'd ask for a
7 direction that this not be livestreamed because
8 of some of the information in this document,
9 please.

10 THE COMMISSIONER: All right. I'll make that
11 direction.

12 MR. STEPHENS: Thank you.

13 Q And, Ms. Wenezenki-Yolland, if I could just ask
14 you, if you would -- and, Madam Registrar, if
15 you could just go to the bottom of this first
16 page. And you'll see it's a forward from a
17 Mr. Mulcahy to Len Meilleur in around August 7,
18 2015 "re sanctions on high-limit players." Do
19 you see that?

20 A I see that.

21 MR. STEPHENS: And if you could scroll down to the
22 next page, please, Madam Registrar, to the
23 bottom part of that page just to see what's
24 being forwarded through to Mr. Meilleur.

25 Q There's an email from a Mr. Alderson of BCLC of

1 August 5th, 2015. Do you see that?

2 A Of August 5th, yep.

3 Q That's right.

4 A I see that.

5 Q That's the one I'm directing you to.

6 A Yes.

7 Q In it Mr. Alderson advises the recipients and it
8 then gets to Mr. Meilleur that this morning
9 certain conditions were imposed on a list of
10 casino patrons that are attached. And then
11 at the next paragraph it says:

12 "All players on the list are no longer
13 permitted to buy in at any BC casino with
14 any 'unsourced' cash or gaming chips until
15 further notice."

16 And then just dropping down to the top of the
17 next page, one of the conditions at the top
18 there stated:

19 "If any of the players on the list decides
20 to buy in using cash (any amount) this
21 buy-in must be accompanied by a withdrawal
22 slip from an accredited financial
23 institution showing the same date as the
24 attempted buy-in."

25 And then it goes on from there. Now, my

1 question is to you because I understand your
2 evidence is that Mr. Meilleur briefed you upon
3 your return from holiday in August of 2015.

4 A Correct.

5 Q Is whether Meilleur briefed you about this
6 implementation of cash conditions on
7 10 high-limit players on August 5th, that
8 happened on August 5th, 2015?

9 A So in the context of the specific players, I do
10 not recall that being specifically part of the
11 briefing, but I was aware that as part of BCLC's
12 customer due diligence prior -- as far as I knew
13 prior to September, they were in fact doing some
14 extra due diligence around source of -- source
15 of funds, I believe.

16 Q You'll agree with me it sounds like you knew at
17 the time that in August 2015 BCLC was doing a
18 source of funds assessment on certain high-risk
19 players; right?

20 A That's right. They were doing some form of an
21 assessment. That is correct.

22 MR. STEPHENS: Right. And, Mr. Commissioner, could I
23 ask this be marked just before I omit to do
24 that, as the next exhibit, please.

25 THE COMMISSIONER: Yes, all right. That will be two

1 twenty -- I'm sorry, 922.

2 THE REGISTRAR: 923, Mr. Commissioner.

3 THE COMMISSIONER: Thank you, Madam Registrar.

4 **EXHIBIT 923: Email chain, re Sanctions on high**
5 **limit players - August 7, 2015**

6 MR. STEPHENS: That document can be taken down.

7 Q Ms. Wenezenki-Yolland, you'll agree with me that
8 that step that BCLC took, a source of funds
9 step, was done prior to even Mr. Mazure writing
10 his letter of August 7th, 2015?

11 A Based on the dates on these emails, I would have
12 to agree. I would have to agree with that based
13 on the dates that you've presented.

14 Q And without any ministerial directive as well;
15 correct?

16 A That is -- that is my -- yes, there was no
17 ministerial directive at this point in time.

18 Q And were you aware from Mr. Meilleur or
19 Mr. Mazure that in September of 2015 BCLC placed
20 another 26 high-risk patrons on sourced-cash
21 conditions?

22 A I cannot say that I was aware of the volume of
23 people being placed on sourced cash, but I was
24 aware that BCLC had a process around placing
25 high-risk players on conditions. But I didn't

1 know all the specifics or the details of it.

2 Q The reason I ask is you've used the word in your
3 affidavit and your testimony the phrase
4 "pushback" to describe BCLC's response in late
5 August of 2015, and my question is would you
6 agree with me that from the document I showed
7 you and from the measures that you've described
8 that BCLC was taking source of funds steps by
9 that time?

10 A What I would say is they were taking certainly
11 some steps that would be -- that are source of
12 funds steps, but not to the extent that was
13 envisioned based on what I understood from GPEB.
14 So they were identifying certain risks, but
15 there was concern that -- that more still needed
16 to be done beyond what was happening. So I
17 wasn't saying they weren't doing anything. Just
18 to be clear. I did know they were doing some
19 things, but what I was hearing was that they
20 needed to do more than what was already there.

21 Q So you'll agree with me -- thank you, that's
22 helpful. You'll agree with me, though, that by
23 August 2015, though, BCLC was forging ahead with
24 source of funds measures at its gaming
25 facilities; correct?

1 A Yes. My understanding is that they were
2 definitely taking action and that there was a
3 difference of perspective, I suppose, on what
4 triggers would cause those actions to be taken.

5 Q Thank you. Now, just moving ahead in the
6 sequence. You've also discussed the minister's
7 October 1st, 2015 letter of direction, and you
8 recall that. And in your affidavit paragraphs
9 152, 154 and 158, you provide your views as to
10 what the minister's expectations were in regard
11 to his direction. And my question to you is --
12 because the former minister, Mr. de Jong, has
13 testified at the hearing. I take it you would
14 agree with me that Mr. de Jong is in the best
15 position to advise the Commissioner as to what
16 his expectations were and whether he expected a
17 threshold amount at which a source of funds
18 would be evaluated?

19 A Yes, the minister would definitely be in the
20 best position to advise as to his expectations.
21 What I've articulated here is what I understood
22 to be his expectations based on the
23 conversations I attended.

24 Q Correct. But you would defer to his --

25 A I would.

1 Q -- in this regard?

2 A Yes, I would.

3 MR. STEPHENS: Thank you. Just moving ahead a little
4 bit in the sequence of events, I would ask,
5 Madam Registrar, if you could pull up what I
6 understand to be exhibit 903 of the hearings.
7 It was made an exhibit recently. It should be
8 GPEB4824. Thank you. And if I can ask, Madam
9 Registrar, if you could scroll down to the
10 bottom just so that the bottom of the first page
11 and the top of the second page shows. That's
12 perfect. Thank you.

13 Q And, Ms. Wenezenki-Yolland, you're not a
14 recipient of this email, but I believe you're
15 referred to in this email. I just want to ask
16 you a question about it. It's dated
17 November 19th, 2015. It's from a Brittney Speed
18 to Mr. Meilleur, and in the first paragraph in
19 the second line, second sentence, it says:

20 "John and I met with Cheryl today to
21 discuss the draft 2016/17 mandate letter.
22 In a meeting with Bud Smith yesterday,
23 Minister committed to clarify through the
24 mandate letter that the evaluation of
25 source of funds prior to cash acceptance

1 does not imply they need to check every
2 \$20 bill that comes through the door.
3 That a pragmatic, risk-based approach
4 should be taken in appropriate
5 consideration of evaluating source of
6 funds."

7 And my question to you is would you agree that
8 that recounting of those conversations is
9 consistent with your recollection with respect
10 to what was said in around that time as to the
11 source of funds issue?

12 A What I would do is I think I've already -- I've
13 said earlier that there was definitely a
14 conversation with the minister, as I've already
15 testified, that in the context of does this mean
16 every dollar or every \$20 bill would require
17 source of funds, that absolutely was not the
18 minister's intention, and that the intention
19 would be that a risk framework would make the
20 determination as to -- based on different risk
21 criteria you would make the determination as to
22 source of funds, what was required for source of
23 funds.

24 Q Thank you. And I take it from that that what
25 you've just said is consistent with what's

1 recounted in this email?

2 A I think the email if you go further up to the
3 top, there was further explanation from
4 Mr. Meilleur that explained that yeah, he agreed
5 that it was a pragmatic approach and he gives a
6 couple of examples of things that might be
7 considered. Specifically he says that some of
8 the triggers that might be considered in this
9 risk framework could possibly be the number of
10 suspicious cash transactions, and it could be a
11 dollar value that is a trigger that would
12 require further diligence as a result.

13 And I think the other piece that I would
14 add to this is that my understanding after
15 leaving those earlier briefings with the
16 minister is that there was an expectation that
17 BCLC and GPEB would actually work together on
18 what this risk framework would entail, that the
19 General Manager from GPEB would provide input,
20 advice, guidance to BCLC, and these are some of
21 the considerations that were being talked about
22 at the time that I was in the meeting with the
23 minister in September.

24 MR. STEPHENS: Thank you, Madam Registrar. I don't
25 need that document anymore.

1 Q Just moving forward, then, because I think
2 perhaps you just foreshadowed what I was going
3 to ask about next, which is the time period that
4 followed into 2016 and 2017, and you described
5 that in around January or February 2017 GPEB
6 prepared a draft briefing note to the minister
7 with respect to a proposed further source of
8 funds measures or directive. Do you recall
9 that?

10 A Sorry, could you repeat the year again, please.

11 Q 2017. So now I've taken you into 2017. Sorry.

12 A Thank you. I have to --

13 Q Rather abruptly. But just to do that --

14 A Yes.

15 Q -- and in your affidavit you refer to but you
16 don't attach because it's already been marked a
17 document.

18 MR. STEPHENS: Madam Registrar, if I could ask if you
19 could bring up exhibit 556, please, which is
20 GPEB document 0998.

21 Q And I believe in your affidavit you depose that
22 you believe there are a couple of draft briefing
23 notes generated and you believe that this was
24 the most recent draft. Am I --

25 A That's my belief. But I am going back, and I

1 only have the benefit of the documents that have
2 been provided to me, so in looking at them, this
3 looks like the latest version of what they were
4 working on, yes.

5 Q And you were provided a copy of this at the
6 time, I take it. You saw this at the time?

7 A I was. I can see it has a CLIFF number on it,
8 which usually means it's moved forward in the
9 process, and so I was provided a copy of this at
10 the time, and I believe if you could scroll
11 down, I believe -- I just want to make sure just
12 to see the content of it. Can you go a little
13 further. Does this have a diagram and a flow
14 chart and -- yeah. Yep.

15 MR. STEPHENS: So if I could ask you, Madam
16 Registrar, to go to page 3 of --

17 Q Ms. Wenezenki-Yolland, I take it you are
18 satisfied that this is the document --

19 A Yes. It is, yeah.

20 Q And this is -- the direction is entitled "Draft
21 Direction" -- "Draft Briefing Note," pardon me.
22 It's entitled "Minister's Direction to Manage
23 Source of Funds in British Columbia."

24 MR. STEPHENS: And on page 3 of it, if I could ask
25 you to scroll down further, Madam Registrar,

1 there should be a heading "Discussion."

2 Q And you'll see under that paragraph it says that
3 BCLC had made a number of enhancements, et
4 cetera. And then at the bottom paragraph, the
5 one below, it says:

6 "In addition, BCLC advised that it
7 reassessed the risk posed by the number of
8 high stakes table players conducting
9 source of funds interviews and issuing a
10 source of funds directive for a number of
11 players. These tools are used with
12 patrons that are considered high risk by
13 BCLC."

14 And then there's a note:

15 "How do they determine who gets these
16 directives?"

17 And my question to you is that you agree with me
18 it's evident from this draft briefing note from
19 around January or February 2017 that GPEB didn't
20 have a complete understanding of how BCLC's risk
21 rating system worked with respect to decisions
22 around source of cash conditions?

23 A So my understanding is as part of this work that
24 they were working with BCLC, and this note was
25 still in process, and I understand there was

1 some ongoing conversations back and forth with
2 BCLC on making sure they had a full
3 understanding of that before this recommendation
4 would go up to the minister. And so, like, this
5 was a draft which was still in process, but it
6 was not finalized, as you would know from my
7 testimony. So I don't know where they were in
8 their discussions exactly with BCLC on that
9 process at the time, but I do know that there
10 was work and analysis underway to further inform
11 this note.

12 Q But as of January, February 2017 it did not
13 appear that GPEB had a good understanding of how
14 BCLC implemented its source of funds conditions;
15 correct?

16 A Based on that note, that looks like that's their
17 question for sure.

18 MR. STEPHENS: Thank you. That document can be taken
19 down. Thank you, Madam Registrar.

20 Q And my last question, Ms. Wenezenki-Yolland, is
21 just this: you've referred to public interest
22 standards in your testimony, and I stand to be
23 corrected, but I don't think the Commissioner
24 has seen a form of one yet.

25 MR. STEPHENS: And I'd ask if a public interest

1 standard can be put up. There is no document,
2 but we emailed it to Madam Registrar. It's
3 responsible gambling standards for the BC
4 gambling industry.

5 Q And, Ms. Wenezenki-Yolland, do you recognize
6 this as an example of a public interest
7 standard?

8 A Yes, this is one. And I believe in my testimony
9 I mentioned another one that was more current
10 than this, which was one that was issued under
11 John Mazure, which was one in regard to
12 advertising, I believe it was, or marketing
13 related to gaming. But yes, this is -- this is
14 one.

15 Q And on page 4 of it, this one, it says it's
16 issued by Mr. Sturko and was updated in February
17 2010. So you're exactly right. This form of
18 one was on a -- one of Mr. Mazure's
19 predecessors?

20 A Correct.

21 MR. STEPHENS: And just for reference given the
22 subject matter if I could ask if Madam Registrar
23 go to page 3 of this under heading 5.

24 Q Under financial transactions item 5.1 is the
25 requirement of gaming -- that the General

1 Manager requires that gaming service providers
2 not extend credit or lend money to patrons as
3 per provincial policy. That's part of this
4 public interest standard?

5 A I see that.

6 Q Yes. So I simply put that up just to confirm
7 this is an example of a public interest
8 standard, one of the ones to which you referred
9 to in your testimony?

10 A Yes, this is what I was talking about when I was
11 talking about a public interest standard.

12 MR. STEPHENS: Thank you. Mr. Commissioner, could I
13 ask that this be marked as the next exhibit.

14 THE COMMISSIONER: Yes, very well.

15 THE REGISTRAR: Exhibit 924.

16 **EXHIBIT 924: Responsible Gambling Standards for**
17 **the BC Gambling Industry - February 2010**

18 MR. STEPHENS: Thank you, Ms. Wenezenki-Yolland.

19 Thank you, Mr. Commissioner, those are my
20 questions.

21 THE COMMISSIONER: Thank you, Mr. Stephens.

22 I'll turn now to Ms. Harmer on behalf of
23 Great Canadian Gaming Corporation, who has been
24 allocated five minutes.

25 MS. HARMER: Thank you, Mr. Commissioner. Great

1 Canadian does not have any further questions for
2 this witness.

3 THE COMMISSIONER: Thank you, Ms. Harmer.

4 I'll turn then to Mr. McFee on behalf of
5 Mr. Lightbody, who has been allocated 30
6 minutes.

7 **EXAMINATION BY MR. McFEE:**

8 Q Ms. Wenezenki-Yolland, as I understand your
9 evidence, you had fairly regular contact with my
10 client Mr. Lightbody after he was appointed
11 the -- I guess initially the interim president
12 and CEO of BCLC in February of 2014?

13 A Yes, I did.

14 Q And is it fair to say that you enjoyed a
15 positive working relationship with
16 Mr. Lightbody?

17 A Yes, I did. Very much so.

18 Q You -- as I gathered from your evidence would
19 you characterize it as you were able to have
20 candid exchanges about matters in issue?

21 A Yes.

22 Q Now, I'd just like to refer or reference GPEB's
23 anti-money laundering strategy. It was, as we
24 heard in the evidence, designed and was being
25 implemented before you became the Associate

1 Deputy Minister; correct?

2 A That is correct.

3 Q And when you became the executive -- or
4 Associate Deputy Minister, did you understand
5 that this strategy was to be implemented in
6 three phases?

7 A That was my understanding. They were -- I would
8 just like to qualify that. There were three
9 phases but they weren't necessarily, you know,
10 one after the other. They could be overlapping
11 and -- so there were three phases, but yes, some
12 of them overlapped each other.

13 Q And as we heard the first two phases you say
14 there was some overlap --

15 A Yeah.

16 Q -- but they were really focused on designing and
17 implementing cash alternatives for patrons?

18 A Predominantly. I can't remember, but I also --
19 I believe the enhanced customer due diligence to
20 meet the new FINTRAC requirements may also have
21 been identified in phase 2 I believe is where it
22 landed in the strategy. So yes, cash but also
23 enhanced customer due diligence.

24 Q And do you recall that phase 3 involved the
25 regulator, specifically GPEB, undertaking direct

1 regulatory action to address the remaining
2 suspicious cash after the cash alternatives had
3 been implemented and the other measures in
4 phase 1 and 2?

5 A Yes, I remember that language, and I didn't -- I
6 can say I didn't know it at the time when I
7 first was briefed on that what that language
8 meant, but I do know that was the language in
9 the strategy.

10 Q And when you first became the Associate Deputy
11 Minister what was your understanding, if you had
12 one, as to when phase 1 was to be implemented?

13 A Well, to me phase 1 was to be started
14 immediately, but it would likely continue to be
15 implemented, so if I can -- like, it would
16 continue to be implemented as long as they were
17 new alternatives required. I think it's a
18 mistake to think that the intention was you just
19 implement a strategy and you're done or that you
20 can just stop. Because the industry keeps
21 evolving and keeps changing and there are new
22 dimensions to the industry, there's no risks
23 that emerge. So, I mean, we started with the
24 strategy but also you had to be aware of things
25 that were changing and occurring in the

1 environment and how you might modify or adjust
2 your strategy based on new information and new
3 things you're learning in your environment. So
4 I just want to be really careful about, you
5 know, it starts here and it finishes there. I
6 don't know if we ever would have finished this
7 work. To me risk management is an ongoing
8 process. But yes, phase 1 was going to start
9 immediately and from my perspective I'm not sure
10 it ever would have necessarily concluded.

11 Q Fair enough.

12 A Because we're talking about Bitcoin now, for
13 example. So there's always going to be
14 something new.

15 Q Right. And so just to be clear, when you became
16 the Associate Deputy Minister you expected that
17 there may be further proposals for cash
18 alternatives coming forward in the future?

19 A Oh, absolutely.

20 Q And similarly, what was your understanding as to
21 when phase 3, so this direct intervention by the
22 regulator was to be implemented?

23 A Well, my understanding is the way that that was
24 briefed to me is that that was -- at least at
25 the time and the way it was articulated is that

1 that is something that would be done after
2 analyzing the impact of some of these earlier
3 strategies such as implementing some of the more
4 immediate cash alternatives that had been
5 identified, implementing the new customer due
6 diligence that BCLC had. Because I think there
7 was -- at least my understanding is that those
8 actions would result in driving down some of the
9 suspicious cash, which was a risk indicator of
10 potential money laundering, and then the
11 regulator would be able to assess the impact of
12 those strategies and make some determination as
13 what might be an appropriate -- an appropriate
14 intervention or addition to what was there.
15 Because if you -- and in the context of a
16 risk-based regulator, that's probably the right
17 perspective because you want to make sure that
18 your regulation is appropriate to the
19 circumstance; right? So that's my
20 understanding, is from the strategy and how it
21 was explained is that those activities would
22 happen and they would take what they learned
23 from that to further inform what might -- what
24 else might be needed.

25 Q Well, did you have an understanding that when

1 this government AML strategy was designed and
2 was initially being implemented that the target
3 date for implementing phase 3 was December 31st,
4 2013?

5 A I didn't really have that understanding. I know
6 that having reviewed the document, looking back,
7 I saw that that date was in there, but I did not
8 understand that was to be implemented at that
9 time when I think back on my discussions. Like,
10 it wasn't something that stood out in my mind.
11 And I don't actually know what was defined or
12 what that particular strategy entailed. I do
13 not believe -- it's not my understanding that
14 the specifics of what that was, was defined back
15 in 2013.

16 Q But as I understood your evidence, after you
17 became the Associate Deputy Minister, phase 3
18 wasn't implemented until it appears the fall of
19 2015. Is that accurate?

20 A Well, I think it depends on what you consider to
21 be phase 3. What I did understand is there was
22 a whole bunch of analysis and work being
23 undertaken, and so to me phase 3 isn't just
24 about acting. It's about doing the analysis,
25 the work that you need in order to inform the

1 action that you're going to take. And I
2 mentioned before that in government we do
3 attempt to implement evidence-based policy.
4 It's also good practice for a regulator to do
5 that work to understand the implications of any
6 regulation that they might be -- or activity
7 that they might be putting in place. So there
8 was work being undertaken by both GPEB and BCLC
9 in 2014 to understand what those additional
10 actions might be. And there was subsequent
11 recommendations around a policing unit, which I
12 know BCLC supported.

13 So I think to just say it wasn't happening
14 would be not completely accurate. There was a
15 whole lot of work happening under phase 3. They
16 had not landed specifically on what those
17 recommendations for action might be in the early
18 part of 2014, but they certainly were coming
19 close to that by the end of 2015 and -- and as
20 I've already testified, there were things going
21 on to make that happen.

22 Q Is it fair to say, then, that there was a fair
23 bit of preparatory work, research, studying
24 being done but phase 3 wasn't actually
25 implemented until the fall of 2015?

1 A Well, I guess -- well, I don't -- I can't say
2 for certain because I don't know what other
3 things may have been undertaken that were
4 specifically within the power perhaps of the
5 various divisions of GPEB or the regulator.
6 Like, they may have done some things that I
7 wasn't aware of. I'm certainly aware of the
8 work I was seeing did not get implemented until
9 2015. So I just want to put it in the context
10 of what I know of.

11 Q Fair enough.

12 A Okay.

13 Q You can only testify as to your knowledge. I
14 understand that.

15 A Yep, yep.

16 Q But as the Associate Deputy Minister, were you
17 concerned about the length of time GPEB was
18 taking to move its AML strategy forward?

19 A Yeah, I think I have already testified to the
20 effect that I was concerned about the amount of
21 time.

22 Q And in fact by the summer of 2015 did it appear
23 to you that GPEB was undertaking a lot of study
24 and research that was lacking in implementing in
25 any actual AML measures to your knowledge?

1 A Well, I would go back to characterizing -- there
2 was a lot of -- there were AML measures that had
3 been implemented, so they had been -- they had
4 approved some cash -- like, I don't want to say
5 they hadn't done anything at that point in time.
6 That wouldn't be an appropriate
7 characterization. Both GPEB and BCLC had worked
8 together to implement AML actions. What I would
9 say is that they were doing a lot of studying.
10 I did actually inquire as to the amount of study
11 and I've already testified to that fact. And
12 when they might be -- if there was anything that
13 they were going to be bringing forward to the
14 minister, when that might be occurring. And
15 that would have been in -- was that -- I think
16 that was in the summer of -- going back. I'm
17 getting my dates mixed up, but it would have --

18 Q Go ahead.

19 A No, that's fine.

20 Q But in that context when you returned from
21 vacation in late August 2015 and received this
22 briefing from Mr. Meilleur and you saw the
23 spreadsheet about the STRs and were advised
24 about this active policing investigation, did it
25 cause you concern that GPEB might be criticized

1 for the delays in moving forward its AML
2 strategy with these significant developments now
3 coming to the fore?

4 A The situation that was being presented to me
5 caused me concern just on the surface of what it
6 was. I knew that they had a number of
7 strategies that had been identified, and I asked
8 them to bring those forward immediately, like
9 accelerate them. Because they were originally
10 planning to bring them later in the fall. So I
11 had already expressed concern prior to July
12 about the timing. So I'm not sure that that
13 particular trigger -- I don't think that was a
14 trigger for concern around timing.

15 Q Well, was that in part a trigger for
16 accelerating bringing these matters forward to
17 the minister, a concern that GPEB might be
18 criticized for not acting quickly enough before
19 that?

20 A Well, I don't know whether they would have been.
21 They could -- I suppose someone could have done
22 that. And certainly in taking the information
23 forward to the minister, they were asked to lay
24 out kind of the background and what had occurred
25 since that point because it was possible that

1 the minister would ask questions in that regard.
2 So yeah, I suppose. I don't know that I
3 would -- it depends on whether you think taking
4 so many months in -- a certain amount of months
5 in government to analyze an issue is long or
6 not. And in my experience moving things through
7 government does take a long time. It takes a
8 long time to collect the research. I know I
9 have a habit of pushing for things and being
10 told by my staff, not just in GPEB, that
11 sometimes my expectations around deliverables
12 are too fast and not realistic. So from my
13 perspective things were taking a long time.
14 From another person's perspective that would
15 have been considered an appropriate amount of
16 time given the need for the level of due
17 diligence in order to make those
18 recommendations. So that would be my response.
19 Different people may look at it differently.
20 Because it wasn't an extraordinarily long time
21 in a government world.

22 Q So and in your evidence you made reference to
23 Mr. Lightbody's August 24th, 2015 letter to the
24 minister, which I think is exhibit U to your
25 affidavit. And that obviously preceded your

1 briefing to with -- when you returned from
2 vacation that you received from Mr. Meilleur?

3 A I see that, yes.

4 Q Do you recall when you saw this letter for the
5 first time?

6 A I believe that I saw it back in September. I
7 don't believe I saw it at the time of the
8 briefing because I was aware of this letter. I
9 know I was aware of this -- or at least I had
10 been verbally -- no, I was aware of this letter
11 when I was asking the minister to reference the
12 general manager's letter in his letter. So it
13 would have been before the minister issued his
14 letter in -- on October 1st. So I became aware
15 of this letter somewhere before October 1st, but
16 I can't be more specific than that.

17 Q And in your responses to Ms. Latimer's questions
18 you indicated with respect to this letter that
19 you agreed with some of what Mr. Lightbody said
20 and others not so much. And you were saying --
21 as I understood your evidence you characterized
22 this letter of Mr. Lightbody's as providing some
23 pushback. And I must say I wasn't clear about
24 that. Where were you seeing pushback?

25 A Well, I think -- I think in the context of the

1 paragraph that says:

2 "While it's generally easier --"

3 Hang on. Yeah. Yeah, so I guess in the context
4 of how I read this letter, I knew that BCLC and
5 GPEB were having -- they had had discussions
6 previously about source of funds, they had
7 discussions about policing, and because that had
8 come out of some of their earlier studies and
9 some of their joint work and when I read this
10 letter what I see is there is definitely support
11 for cash alternatives and there is definitely
12 clear support for enforcement, which are some of
13 the things that they have both discussed, but in
14 the context of the source of funds declaration
15 and threshold, I don't see support from that in
16 that regard from this letter. And that's where
17 that came from.

18 Q Okay. But by the time you saw this letter, were
19 you aware of the unsourced-cash conditions
20 program that BCLC had implemented in April of
21 2015 and Mr. Stephens took you through some of
22 the impact of that that was occurring
23 contemporaneously with this in August of 2015?

24 A Yeah, so I believe, as I had indicated before, I
25 was aware that BCLC had implemented some

1 additional customer due diligence and some
2 elements of what would be considered source of
3 funds, but it was not at the -- it was
4 specifically, as I understood, targeted at very
5 specific players as opposed to being more of a
6 full risk-based assessment at that time. So I
7 was definitely aware that they were doing
8 something, and I would have anticipated that
9 because I knew they were increasing their
10 customer due diligence even under the phase 2 of
11 the strategy; right? So I was aware that they
12 were taking some actions.

13 Q But in terms of a risk-based framework, did you
14 become aware in the fall of 2015 that initially
15 BCLC targeted the high-limit, highest risk
16 players and then as they interviewed those
17 players and put a number on cash conditions they
18 then reduced the risk level and started
19 interviewing patrons that were categorized as
20 moderate risk and continued to go down in a
21 risk-based framework? Are you aware of that?

22 A I was not necessarily aware of the specifics of
23 how they were doing that. I did know that they
24 were increasing because we could see clearly in
25 the trends that I was being advised of that we

1 were seeing very significant downward declines
2 in the suspicious cash transactions, a large
3 part of that, which definitely contributed to
4 the actions being taken by BCLC. But I was also
5 at that time still getting reports from my --
6 from my staff that the application of source of
7 funds was not necessarily happening
8 consistently, and that also that there was
9 concern that they were seeing reports of
10 suspicious cash still coming through that was
11 highly concerning for them.

12 And so I think based on that -- if they
13 were stepping down, which I knew they were
14 enhancing; I didn't know specifically the
15 structure that they were following at the time,
16 but I knew that they were increasing their
17 activity because it was showing in the results
18 in the decline of suspicious cash transactions.

19 Q Right. When you were having this regular
20 communication with Mr. Lightbody, did you ask
21 him in the fall of 2015, what is this
22 unsourced-cash condition program; what does it
23 comprise of and how are you evaluating risk?

24 A Sorry, in 2015?

25 Q Yes. In the fall of 2015 is this program

1 rolling out and taking effect?

2 A I knew they were rolling something out. I
3 wasn't into the detail of the specifics of what
4 they were rolling out. Certainly they were
5 having conversations with the General Manager,
6 and I was being briefed on that.

7 Q Well, let's just cut to the chase, though. I
8 mean, my understanding of your evidence or one
9 of the themes through your evidence is that you
10 didn't feel that BCLC was doing enough in terms
11 of source of funds; is that fair?

12 A So I want to just characterize that. So there
13 was a need to do more, and so as -- if you go
14 back to July, which was leading in -- or August
15 when I came back from vacation and I was advised
16 of this large spike that happened in July, I
17 mean, that was a clear indicator that something
18 had happened in July that required more
19 diligence. So -- and -- so that was in 2015.

20 I don't think there was a big change in
21 perspective between the September briefings with
22 the minister and November of 2015 about the need
23 to do more. My understanding is what people
24 were trying to do at that point in time is
25 understand the minister's direction and what it

1 meant to implement a risk-based framework and
2 articulating what that was. And the minister
3 was very clear in his expectation that we needed
4 to do more, and yes, there had been -- I think
5 at that point in time there had not been a
6 significant decline in suspicious cash
7 transactions. That came after in between the
8 minister's directive of October 1st and 2016.
9 There's graphs around that show when all that
10 happened.

11 Q But in this time frame when your reports -- I
12 guess Mr. Mazure and Mr. Meilleur are telling
13 you that BCLC needs to do more and you seem to
14 be forming the viewpoint that more needs to be
15 done. What understanding did you have of what
16 BCLC was doing with respect to its sourced cash
17 or sometimes referred to as cash conditions
18 program?

19 A So what I understood what they were doing is
20 they were identifying high-risk players. I do
21 not know the specifics about how they were doing
22 that. And I would have had some conversation
23 with Jim at the time, but it would have been a
24 high level. It wasn't a detailed technical
25 briefing because I wouldn't have anticipated

1 needing to have one. I was getting briefed at
2 the level that I normally did between GPEB and
3 BCLC back in -- because you're still back in
4 November. So, I mean, he would have explained
5 that. And I would have been explaining to him
6 that that -- that he needed to do more in
7 regards to the level of risk and lower it down.
8 And no, it didn't mean every cash transaction,
9 but you need to reconsider your level of risk
10 and you need to determine some additional level
11 of due diligence and action that is going to
12 have a more aggressive impact on the level of
13 suspicious cash.

14 And I should qualify. Not every suspicious
15 cash transaction, as I understand it, means
16 money laundering. I was cautioned about that
17 many times by BCLC and GPEB. But it is an
18 indicator, a risk indicator of the potential for
19 money laundering. And so the volume from my
20 perspective from number of suspicious cash and
21 the dollar value based on the trends that I was
22 being presented with at the time were still
23 extremely high.

24 Q Right. And you saw those trends dropping quite
25 dramatically after the fall of 2015?

1 A I did. Between 2015 and 2016 -- well, and
2 going -- and then doing into '17, they came down
3 dramatically and they kept coming down.

4 Q And so did it appear to you that even in the
5 absence of a ministerial directive that GPEB had
6 been seeking, BCLC was taking active and
7 positive steps to address the issue?

8 A Yes, that is absolutely correct. I did believe
9 that.

10 Q Just want to close with some questions about the
11 public interest standard that has been referred
12 to in your evidence. The General Manager, as
13 we've heard, has the ability to issue a public
14 interest standard. Did you at any time
15 encourage Minister Mazure to issue a public
16 interest standard with respect to source of
17 funds?

18 A I did have a conversation with Mr. Mazure about
19 a public interest standard, but to be fair, I
20 cannot remember all of the details of it. I
21 believed at one point he was working on one. I
22 don't know if it was specific to source of funds
23 or I can't remember if it was specific to source
24 of funds or anti-money laundering in general,
25 but there was a conversation at some point in

1 time about the possibility of a public interest
2 standard.

3 Q Okay. Are you able to assist the commission in
4 terms of what Mr. Mazure's response was?

5 A I believe that he was looking into it or -- with
6 his staff. Like, I do believe he would have
7 assigned staff to look into it, and I don't -- I
8 cannot speak as to -- for Mr. Mazure as to why
9 that didn't finish or why that didn't come
10 forward. He would have to advise on that. But
11 as I understand it he did have staff do some
12 work on a public interest standard.

13 Q But I take it from what you've just told the
14 commission, you don't know why a public interest
15 standard was issued or not; it was just there
16 was a discussion and that's basically the last
17 you heard of it?

18 A There was a discussion. I believe there was
19 some work. He may have gotten some legal advice
20 as part of that, and at the end of the day, what
21 he came back to me is and he told me that he
22 needed to seek a ministerial directive. So that
23 may have been informed from legal advice, but I
24 really cannot speak on behalf of Mr. Mazure.

25 Q No, I'm not asking you to speak on behalf of

1 Mr. Mazure. We're just asking for your
2 knowledge.

3 A Yeah. So my --

4 Q To your knowledge that avenue wasn't pursued any
5 further by --

6 A No, no, what he came back with after that
7 discussion was this need for a directive from
8 the minister.

9 MR. McFEE: Those are my questions for you. Thank
10 you.

11 THE COMMISSIONER: Thank you, Mr. McFee.

12 I'll call now on Mr. Mainville on behalf of
13 Robert Kroeker, who has been allocated
14 20 minutes.

15 MS. MAINVILLE: Thank you, Mr. Commissioner.

16 **EXAMINATION BY MS. MAINVILLE:**

17 Q If I could, I think, describe -- tell me if you
18 agree with what effectively I believe your
19 description is of an elevated level of concern,
20 I think you said, by -- on GPEB's part and
21 perhaps on your part over the summer of -- or at
22 the end of the summer of 2015 as a result of
23 both the Excel spreadsheets brought to your
24 attention by Mr. Meilleur and information
25 obtained in respect of the ongoing police

1 investigation; is that correct?

2 A The Excel spreadsheets, yes, and the police
3 investigation, yes.

4 Q Okay. And so I take it things then became
5 precipitated as of that point in time from your
6 perspective and from GPEB's perspective.

7 A Yeah, I think there was a number of things that
8 really became very real and very tangible and
9 the fact that there were -- I mean, it was no
10 longer sort of trends and discussions that were
11 out of context. I mean, it was this -- these
12 very real transactions. It was this real spike
13 that showed clearly that happened in July. And
14 then the fact that there was an investigation
15 and there was serious -- a serious investigation
16 with the potential links to organized crime.
17 And if there was any doubt in anyone's mind at
18 all prior to that point, there could be no doubt
19 anymore that this was --

20 Q Right. And so are you aware that around the
21 same time BCLC similarly obtained this
22 information for the first time about this link
23 to organized crime from the concrete link being
24 established by the police which similarly
25 precipitated its -- or amplified, led to it

1 amplifying its response on AML?

2 A Well, I would prefer that BCLC speak to what
3 they knew because I do not necessarily know
4 everything that BCLC knew or when they knew it,
5 so I kind of feel that that's not really a good
6 question for me, but what I can say is that BCLC
7 and GPEB were absolutely of the same mind, that
8 things needed to happen at that point in time.
9 While they may not have agreed on a particular
10 strategy, in a particular way, there was no lack
11 of agreement among the parties that things
12 needed to happen at that point.

13 Q Okay. And are you aware that at that very same
14 time BCLC was transitioning to a new Vice
15 President of Compliance in September of 2015
16 when Mr. Kroeker took over from Mr. Desmarais?

17 A So I cannot speak to the timing of when that
18 transition -- I don't recall the timing. I know
19 that transition took place at some point, but I
20 cannot recall exactly when that happened. I'm
21 sorry.

22 Q And I think you've agreed that at various points
23 in time Mr. Mazure or GPEB were trying to gain a
24 better understanding of exactly what it was that
25 BCLC was doing around that time?

1 A Yes. I believe there was a lot of work underway
2 between both GPEB and BCLC and they were sharing
3 a lot of information back and forth between each
4 other so that everybody could have a collective
5 understanding of what was going on.

6 Q And it may be the case it was a rapidly evolving
7 situation. As you've described it the
8 expectation was that BCLC would react and
9 continue to evolve or amplify its program and
10 indeed it may have been the case that there were
11 rapidly changing policies over that point in
12 time that perhaps made it a bit difficult for
13 GPEB to keep up with what was happening?

14 A Well, I'm not -- I'm actually not -- sorry.
15 Sorry. So could you just -- so yeah. Whose
16 policies --

17 Q BCLC was actively, you know, taking charge and
18 making improvements to its AML program at a
19 pretty fast pace over that period of time?

20 A I would imagine that based on the meeting that I
21 attended with people that everybody was acting
22 quickly and it would have been my expectation
23 that everybody was acting quickly to make
24 changes based on what was happening.

25 Q Thank you. Just briefly on the MNP report, you

1 mention in your affidavit, I believe, that BCLC
2 took issue with the methodology and some of the
3 recommendations. Do you recall that ultimately
4 in BCLC's response to the report they accept the
5 recommendations?

6 A Actually I do. As I recall as a matter of fact
7 I believe that BCLC implemented almost all of
8 the -- like, I'm just going back, but I believe
9 they actually implemented almost all of the
10 recommendations. I think the area that became
11 the challenge from the MNP report was
12 specifically the recommendation in regards to a
13 threshold in related -- in relation to
14 additional due diligence regarding -- like, a
15 dollar threshold in regarding source of cash due
16 diligence. That seemed to ultimately, after you
17 go through all of it, ultimately, that seemed to
18 be the one area where the organizations did not
19 seem to be able to find common ground.

20 Q Right. And this may go to your point about how
21 perhaps the roles of each entity were unclear to
22 MNP, but do you recall that that recommendation
23 was directed at GPEB, that it should define if
24 not a threshold, its level of acceptable risk?

25 A I do -- I do recall that that is how they

1 directed it, yes. Yep.

2 Q And that BCLC indicated in its response that
3 effectively GPEB was to develop a response to
4 that, and they would -- they would consider that
5 response -- or GPEB's position?

6 A I don't remember specifically what BCLC's
7 response in that point was. I just know that
8 there were subsequent -- I just recall there
9 were subsequent discussions and dialogue around
10 that particular recommendation. But I don't
11 remember specifically what BCLC's ultimate
12 response was on that particular --

13 MS. MAINVILLE: Fair enough. Those are my questions.
14 Thank you.

15 THE COMMISSIONER: Thank you, Ms. Mainville.

16 I'll call now on Mr. Butcher on behalf of
17 Mr. Desmarais, who has been allocated 15
18 minutes.

19 MR. BUTCHER: Thank you.

20 **EXAMINATION BY MR. BUTCHER:**

21 Q As you've heard, I act for Mr. Desmarais, who
22 you've mentioned during your evidence.

23 You became the Associate Deputy Minister at
24 the Ministry of Finance in 2013; correct?

25 A That is correct.

1 Q Do you remember which month that was?

2 A It would have been June. Because it was right
3 after the provincial election and there was a
4 shifting of deputies at that time. And I went
5 to the Ministry of Finance right after that, the
6 election.

7 Q Was the gaming portfolio transferred to the
8 Ministry of Finance at the same time?

9 A I believe it was. I cannot totally recall, but
10 I do believe it was.

11 Q And you've told us that you had no experience in
12 the gaming industry prior to that time.

13 A That is correct.

14 Q Now, you mentioned in your evidence a meeting
15 which my client attended at your office in
16 January 2015. Do you remember that?

17 A I do. I do. It was in a boardroom upstairs
18 with lots of people, yes.

19 Q And do you remember who the GPEB people were at
20 that meeting?

21 A So my recollection is that John Mazure was
22 there. Len Meilleur was there. There was
23 another individual there, but I can't remember
24 his name. And there was another individual -- I
25 think there may have been two other GPEB

1 individuals, but I'm sorry, I cannot remember
2 their names because I didn't interact with all
3 of the GPEB staff on a regular, and it's been a
4 long time since.

5 Q So four of five people from GPEB?

6 A I think there were four people from GPEB. And
7 then there was also -- I believe the minister's
8 chief of staff was in attendance and I believe a
9 communications person as well may have been
10 there.

11 Q And there was a number of staff from what was
12 then called GCPE, Government Communications --

13 A Yeah, that's government communications.

14 Q -- and Public Engagement?

15 A That's correct.

16 Q And who else was there from BCLC?

17 A So I believe -- I believe Jim Lightbody was
18 likely there because it was he and I who had the
19 discussion to set up the meeting in the first
20 place. And -- but I remember Brad because he
21 did the presentation and there was an exchange.
22 And I cannot recall if there was another
23 individual -- there may have been another
24 individual. Because there was communications,
25 Susan Dolinski may have been there because she

1 was responsible for communication, but I cannot
2 remember those. I more remember the people that
3 I interacted with on a regular basis.

4 Q Did GPEB make a presentation about money
5 laundering at that meeting?

6 A Both GPEB and BCLC made presentations at that
7 meeting.

8 Q And was there any difference of opinion or
9 tension between the two presentations, or did
10 they or did they appear --

11 A Not that I recall. They appeared to be
12 working -- I did not see a lot of differences at
13 that time between BCLC in January. Like, there
14 was a very -- it seemed there was a constructive
15 working relationship, which was generally my
16 observations.

17 Q And it appeared they were working together to
18 you?

19 A Yes.

20 Q With the same opinions about the same subject
21 matters?

22 A Yes.

23 Q You've told us about Mr. Desmarais mentioning
24 the word "hawala" during that meeting.

25 A Yes.

1 Q And you'd never heard of that word prior to the
2 meeting?

3 A No. I had not. And the reason that that stood
4 out for me is because I initially had a very
5 hard time saying it. So no, I had not.

6 Q But you now know that that word describes an
7 informal banking system that's primarily used in
8 the Indian subcontinent?

9 A Okay. Yep.

10 Q You told us that you'd done some -- tried to
11 learn to understand what terms --

12 A That's correct. Yes, I did.

13 Q Mr. Desmarais told you that informal or
14 underground banking systems were one possible
15 explanation for some of the cash that was coming
16 into the casinos; is that correct?

17 A That is correct.

18 Q It was never suggested to you that all of the
19 cash coming in was from that source?

20 A That's correct. It was never suggested all of
21 the cash was from that source, no. And I never
22 relayed that that was the case to anyone else
23 either.

24 Q Now, Mr. Desmarais has given evidence that you
25 responded by saying that such a process of using

1 an informal banking system would be a breach of
2 the *Bank Act*. Do you remember you saying that?

3 A I remember I did say something like that. And I
4 believe he agreed with me.

5 Q And did you do anything yourself about that
6 potential breach of the *Bank Act*?

7 A Well, in the meeting at the time I said if you
8 believe that this is where some of this money is
9 coming from, that government wouldn't want to be
10 having that kind of business in the casino.

11 Q I understand you say that you expressed that
12 opinion.

13 A I did.

14 Q But did you do anything about it?

15 A So I also advised the minister about that
16 briefing and that dialogue.

17 Q And did he do anything about it to your
18 knowledge?

19 A Not that I'm aware of.

20 MR. BUTCHER: Thank you. Those are my questions.

21 THE WITNESS: Okay.

22 THE COMMISSIONER: Thank you, Mr. Butcher.

23 I'll now call on Ms. Chewka on behalf of
24 the Province, who has been allocated 30 minutes.

25 MS. CHEWKA: Thank you, Mr. Commissioner.

1 **EXAMINATION BY MS. CHEWKA:**

2 Q Can you hear me okay?

3 A Yes.

4 Q Excellent, thank you. As Associate Deputy
5 Minister at the Ministry of Finance, you were
6 responsible for several program areas; is that
7 correct?

8 A Yes, I was.

9 Q And that includes the internal audit and
10 advisory services?

11 A Yes, it does.

12 Q It also includes GPEB?

13 A Yes, it does.

14 Q You were also the liaison for three Crown
15 agencies; is that correct?

16 A Yes.

17 Q And that --

18 A Sorry. Yes the three at the time, but they did
19 sometimes change, so yes.

20 Q That included BCLC?

21 A Yes, it did.

22 Q As Associate Deputy Minister, the heads of each
23 program area reported to you directly; is that
24 correct?

25 A That is correct.

1 Q And I understand from your evidence today that
2 you had biweekly meetings with the ADM of GPEB.
3 Is that correct?

4 A Yes, I did.

5 Q You would then report to the deputy minister; is
6 that accurate as well?

7 A Yes, I did.

8 Q And I understand from your affidavit that you
9 had biweekly meetings with the deputy minister;
10 is that correct?

11 A Yes, I did.

12 Q You also had regular meetings with the minister?

13 A So just to qualify that, I did not have a
14 regularly scheduled -- like, I did not have a
15 standing meeting block with the minister, which
16 had been my experience in a previous portfolio.
17 As the Associate Deputy Minister within finance,
18 I would need to request a meeting time with the
19 minister, but yes, I requested that meeting time
20 on a regular basis when there were issues from
21 within my portfolio that needed to have the
22 minister's attention.

23 Q I understand from your evidence today that you
24 met with the minister at least monthly but
25 sometimes more frequently?

1 A Yeah, and that's a rough -- that is a rough. I
2 just want to say that's a rough estimate because
3 it depended on what types of activities or
4 issues. So if I averaged it out it might likely
5 average out to maybe monthly, yeah.

6 Q Mr. Mazure was the Assistant Deputy Minister of
7 GPEB beginning in September 2013; is that
8 correct?

9 A Yes.

10 Q Were you aware that Mr. Mazure gave evidence in
11 this proceeding?

12 A Yes.

13 Q And Mr. Mazure advised the Commissioner that you
14 controlled access to the minister. He said that
15 they would arm you with information and you'd
16 have a conversation with the minister. Would
17 you agree with that?

18 A I do not agree with that.

19 Q Okay.

20 A That would not be an appropriate
21 characterization. What I can tell you -- and
22 this was my general practice with all of my
23 programs -- is that if there were issues going
24 to the minister, my program ADMs would attend
25 those briefings with the minister and they would

1 brief the minister on their portfolios. I had
2 very few meetings in which ADMs were not present
3 with the minister.

4 Q Would you agree with me that based on the idea
5 that you had regular meetings with the minister
6 it was easier for you to access the minister?

7 A I -- so just to clarify that. It was not always
8 easy for me to access the minister. The
9 minister had a very, extremely busy calendar and
10 on some occasions I had to phone and advocate
11 with the chief of staff in order to try to get
12 time with the minister. I certainly would have
13 had more meetings with the minister because I
14 had other programs that I needed to speak with
15 the minister on, and they had different issues
16 and different amounts of time. But just to be
17 clear on that, I did not have additional
18 meetings about gaming without -- it would have
19 been very rare that I had any meetings on gaming
20 without the General Manager or his
21 representative present.

22 Q In your affidavit you describe the orientation
23 that you went through when you joined the
24 Ministry of Finance.

25 A Yes.

1 Q In particular at paragraphs 28 and 29 of your
2 affidavit you refer to a visit to GPEB offices?

3 A Yes.

4 Q Do you recall when that occurred?

5 A Paragraph 28 and 29. Yeah, so I do not know
6 exactly the date that occurred because I had
7 requested access to my calendar for that time
8 frame so I could be more precise but was advised
9 by the GPEB lawyers that my calendar was not
10 available for that time frame. So I can assume
11 that it would have been very early on because it
12 was my standard practice to try to get out and
13 meet the staff and put a face to the name, and
14 so I believe it may even -- it may have been,
15 though, when John came. Like, I just can't be,
16 I cannot be certain exactly when. I wasn't
17 there that long before John Mazure joined as
18 General Manager, so it may even be that we both
19 went over at the same time, but I just -- I
20 can't be absolute without a calendar to give you
21 a specific reference.

22 Q But in these paragraphs of your affidavit you
23 reference being pulled into an office?

24 A Yes.

25 Q By two GPEB employees?

1 A Yeah. I recall walking by. I may have seen
2 them in the rounds when I was meeting people at
3 their desks and what I recall is walking by and
4 saying hey, come in here for a minute. That's
5 what I recall.

6 Q And I understand from your testimony today you
7 don't recall who those two individuals are.

8 A Well, I did not recall. I have certainly seen
9 information given to the commission that
10 indicates who those individuals might have been,
11 but prior to that I wouldn't have remembered who
12 they were.

13 Q So if I had suggested to you that it was
14 Mr. Barber and Mr. Vander Graaf, that wouldn't
15 help you recall?

16 A I wouldn't have remembered, but I have seen
17 their affidavits, so I understand that that's
18 who they were.

19 Q You describe in your testimony today as well as
20 your affidavit the conversation that you had
21 with those two individuals and that they raised
22 some themes with you. Did that include the
23 suspicious cash transactions?

24 A Well, I think what they were -- yes. I believe
25 they would have raised that because their

1 context was -- I believe that's something to do
2 with what they were drawing on the board, but I
3 cannot really remember all of the conversation.
4 I'm sorry. It was too long ago. It was almost
5 eight years ago, so I really -- I'm sorry.

6 Q That's fair enough. Would you agree with me
7 that being pulled into the office in the way
8 that you've described at a meet-and-greet at the
9 GPEB offices was unusual?

10 A I don't know if that was unusual for GPEB. They
11 were new to me. But I was very open to talk to
12 people, so -- and sometimes in my
13 meet-and-greets people wanted to show me what
14 they were working on. That's another part of
15 the meet-and-greet. It's not just -- sometimes
16 they want to show me what they're working on and
17 I want to learn more about what they're doing
18 and ask them about their job, so not
19 necessarily. Because to me it was like I walked
20 around and so this was -- this would have been
21 them showing me more about what they may have
22 talked to me about when I was at their cubicle.

23 Q And so it didn't raise red flags for you that
24 there was a potential problem at that point?

25 A Well, in the context of -- so in the context of

1 talking about suspicious cash, that would have
2 been after -- I would have already have received
3 my orientation briefings from the general
4 managers, from BCLC. I would have been aware of
5 the strategy. So I just would have seen it, I
6 expect I probably just saw it as more
7 information to inform what I had already been
8 briefed on by the General Manager.

9 Q And in your affidavit and I believe in your
10 testimony today as well you had said that you
11 would have raised this issue with the Assistant
12 Deputy Minister; is that correct?

13 A I definitely would have done that when I went --
14 that's the kind of thing I would have brought
15 back. Because they were identifying concerns.
16 There was some themes that I had identified and
17 I would have definitely said oh, when I was
18 talking with the staff they identified these
19 things, and I would have been -- I would have
20 definitely have sought more information about
21 what was happening and tried to clarify that
22 from the General Manager or the ADM, however you
23 want to refer to them.

24 Q Would that have been Mr. Mazure at the time?

25 A I believe it was.

1 Q And do you recall what Mr. Mazure did in
2 response to you raising these issues with him?

3 A I do not remember specifically, but what I do
4 recall is that there was -- because the types of
5 issues I was raising -- that were raised to me
6 was about the need for additional police
7 involvement, the flow of information from --
8 those -- these are the things I remember. BCLC.
9 And so in that context he would have been
10 clarifying for me what they were doing around
11 trying to get police engagement, and certainly
12 on the information piece I know that that
13 concern was validated through other sources
14 because I know at some point I ended up raising
15 that specifically with Mr. Lightbody myself
16 about, you know, I've heard this concern; can
17 you check into what's going on, you know, why is
18 there challenges around getting information.

19 Q But in addition to the policing issue and the
20 information sharing it was also the suspicious
21 cash as well --

22 A Yes.

23 Q -- is that correct?

24 A Yes. And what I would have received at that
25 time would have been -- I mean, I can't expand

1 on what I've already said is my understanding is
2 that what they were explaining was consistent
3 with what was already covered in the gaming
4 strategy. And I think the thing is you've asked
5 me if that was Mr. Mazure. It could have been.
6 I just can't pinpoint the date I was at that
7 meeting. It would have been Doug Scott that I
8 went back to. And so I just want to go back to
9 that point because I do not want to say it was
10 this date or that date because I really cannot
11 remember the specific date of the meeting and --
12 but I would have taken it back and I would have
13 had a conversation with the General Manager.

14 Q Would you have raised it with the deputy
15 minister in 2013?

16 A Well, in that case, that would have been -- I
17 wouldn't have raised those issues necessarily in
18 that context with the deputy minister because
19 Peter Milburn had stepped aside, as I mentioned
20 earlier, for the most part in his role and
21 related to gaming because he had a personal
22 conflict of interest on the horse racing file.
23 So in my briefings with the deputy minister I
24 would have probably given him a high level
25 overview of the fact that I had visited the

1 offices. I may have identified that there had
2 been concerns around police involvement.
3 Because I had to be very careful about not
4 breaching that separation between his personal
5 conflict.

6 So I -- things like that I may well have
7 raised because I wouldn't have seen those as
8 being in the horse racing field or sphere of
9 conflict.

10 Q So you would have briefed the deputy minister on
11 what you were advised of at the GPEB office?

12 A I may well have done that. Because I did give
13 him regular updates about what my different
14 programs were working on or observations and
15 things that were going on, and also with Peter
16 Milburn, he also used to go out and visit the
17 offices as well, so -- and I know he used to
18 host, like, all staff types of events. So he
19 had a lot of activity where we tried to bring
20 the executive together with the staff to really
21 try to minimize that separation between
22 executive and staff in the organization.

23 Q Would you have briefed the minister in 2013 of
24 what you were learning about suspicious cash
25 transactions?

1 A I believe the minister had the same information
2 about suspicious cash transactions as I did in
3 2013. It was very high level at the time, and
4 what we were hearing is that there was a
5 strategy in place, as you know, an anti-money
6 laundering strategy, GPEB and the -- and BCLC
7 were working on it. At the early days it was
8 focused on cash, and there was a belief that if
9 they provided with that strategy that it would
10 address the issue. I wasn't hearing anything in
11 that meet-and-greet that seemed, like, out of
12 sync from anything we had really been briefed on
13 previously. So I'm not sure what I would have
14 been raising, but ...

15 Q Maybe just to be more specific, again, I
16 understand that you said that the minister had
17 the same information, but did you brief the
18 minister on that issue in 2013?

19 A So I really -- I cannot tell you. I do not
20 recall that far back. Like, there was no
21 specific briefing on that particular meeting
22 with the minister.

23 Q At the end of 2013 the public health officer
24 issued a report regarding a public health
25 approach to gambling; is that correct?

1 A Yes.

2 Q And GPEB's response to that document was a
3 priority for you, isn't that correct?

4 A It was the priority for -- yes. Myself and GPEB
5 and the minister.

6 Q And in your affidavit you say that much of your
7 time in 2014 was dedicated to developing a
8 strategy in response to the public health
9 officer report; is that correct?

10 A So I'd like to explain that a little bit. So as
11 a deputy minister, your degree of engagement in
12 a file elevates as there is a need to engage
13 with cabinet and treasury board on funding. So
14 the day-to-day operations of GPEB were the
15 responsibility of the General Manager. However,
16 as the General Manager has -- and there's issues
17 that come forward that may require the
18 engagement of cabinet and treasury board, then
19 you'll see a much greater involvement of the
20 deputy minister into those -- into those files,
21 and in this particular case it required
22 coordination across multiple ministries,
23 including the Ministry of Health, the Ministry
24 of Education, GPEB and BCLC. And so when you
25 have a complex file like that with multiple

1 ministries you'll also see an elevation of
2 executive involvement in the files. So I just
3 want to put that in context. But yes, that --
4 because of all of those issues, there was more
5 involvement of me on that file.

6 Q We heard evidence from Mr. Doug Scott who
7 actually said that you were quite involved in
8 the day-to-day GPEB operations. Would you
9 disagree with that?

10 A I would disagree with that.

11 Q So Mr. Scott's affidavit, I can read it to you.
12 It says:

13 "I began reporting to Associate Deputy
14 Minster Cheryl Wenezenki-Yolland. From my
15 perspective Ms. Wanamaker was more
16 involved with GPEB in a big picture
17 strategic level, while
18 Ms. Wenezenki-Yolland had a greater
19 interest in the day-to-day operations of
20 GPEB."

21 Do you disagree with that assessment of your
22 role with GPEB?

23 A Well, I think -- well, I can't speak for
24 Ms. Wanamaker what her practice was. Certainly
25 she can. I had regular biweekly meetings with

1 my ADMs, including the General Manager of GPEB,
2 which was my practice in all of my executive
3 positions. And certainly as somebody new to the
4 file of gaming, I would have had a much
5 higher -- whereas I believe Mr. Scott was new to
6 government and the gaming file and Ms. Wanamaker
7 had more experience on that file, she would not
8 have required the kind of briefings and the kind
9 of detail that I would have required, so
10 certainly as a new -- as the new Associate
11 Deputy Minister to a file, I expect that I would
12 have been asking for a lot more detail and
13 needed to understand a lot more than
14 Ms. Wanamaker would have been when Mr. Scott was
15 dealing with Ms. Wanamaker.

16 Q In 2014 there was also an organizational review
17 of GPEB; is that correct?

18 A Yes, there was.

19 Q And you were brief on those bindings in
20 September, October 2014; is that correct?

21 A I believe that's correct, yes.

22 Q And I understand from your affidavit that the
23 restructuring that followed resulted in the
24 termination of Mr. Schalk and Mr. Vander Graaf.

25 A That is correct.

1 Q Is it fair to say that the GPEB restructuring
2 process also occupied some of your time in 2014?

3 A It would have occupied some of it, yes.

4 Q In 2014 the province also undertook a review of
5 BCLC; is that correct?

6 A Yes.

7 Q That review was conducted by internal audit and
8 advisory services?

9 A Yes.

10 Q And that was a program area that you were
11 responsible for?

12 A Yes, I was.

13 Q And you were part of the committee that was
14 responsible for overseeing the BCLC Crown
15 review; is that correct?

16 A Yes. I was the most junior member of the
17 committee that was overseeing the Crown review.

18 Q Is it fair to say again that the Crown review
19 also occupied a fair bit of your time in 2014?

20 A Yes, it did.

21 Q In 2014 did you raise the issue of money
22 laundering or suspicious cash transactions to
23 the deputy minister?

24 A Yes. The issue would have been raised because
25 in 2014 there was a lot of new information that

1 was coming out at the time. First off, the
2 deputy minister was a member of the BCLC Crown
3 review as well. In addition there was media
4 reports in 2014 that were coming out, and there
5 was -- I'm trying to remember what else was
6 happening at that time.

7 So Jim and I had had conversations at that
8 time about getting further briefings. So yes,
9 the deputy minister would have been aware and
10 issues would have been elevated, or he would
11 have been advised of issues during my briefings
12 and what I was working on at that time.

13 Q Did you also brief the minister at that time
14 regarding the suspicious cash transactions and
15 money laundering concerns?

16 A So I cannot remember the specifics of the
17 briefings, but there would have been ongoing
18 briefings. I would not have briefed the
19 minister, but the General Manager would have had
20 the opportunity to brief the minister through
21 that time frame.

22 Q But just so I'm clear on that, it's you that
23 controlled access to the minister even if the
24 General Manager was the one doing the actual
25 briefing; isn't that correct?

1 A No. I did not control access to the minister.

2 Q But the meetings of the minister would have been
3 organized at your request; is that correct?

4 A Well, GPEB would have requested a meeting, and
5 when GPEB requested a meeting with the minister,
6 I would request a meeting from the minister. I
7 do not recall at any point denying a request for
8 a meeting with the minister from GPEB.

9 Q The evidence that you gave earlier was that
10 although you didn't have regularly scheduled
11 meetings with the minister you would make
12 requests when you had something to brief the
13 minister on; is that correct?

14 A That would be true. And the make request -- if
15 I had something to brief the minister on, it
16 would have been based on requests that I was
17 receiving from my staff, including the General
18 Manager.

19 Q In 2014 I understand -- you had just given
20 evidence on this -- there was media coverage
21 regarding suspicious cash transactions; is that
22 correct?

23 A There was.

24 Q And Mr. Mazure was briefing you as well
25 regarding suspicious cash transactions and his

1 concerns?

2 A Yes. He would have been doing that. I don't
3 remember any specific briefings, but I'm
4 assuming that he would have -- he would have
5 raised any concerns he had in our one-on-one
6 briefings, but there's no particular instance
7 that stands out at that time.

8 Q But that's what you -- you've deposed that at
9 paragraph 83 of your affidavit:

10 "I was also aware through my briefings,
11 through Mr. Mazure, that SCTs were
12 increasing in number."

13 Is that correct?

14 A Yes, that part is. That is correct, yes.

15 Q So you were receiving briefings from Mr. Mazure
16 in 2014 with respect to increasing suspicious
17 cash transactions?

18 A Yes, that would be true.

19 Q And also in 2014 we have the BCLC Crown review
20 where the auditors advised you through the
21 committee that there was concern regarding these
22 increases in suspicious cash transactions?

23 A Yes. They advised everyone in the committee of
24 that.

25 Q And you depose in your affidavit at paragraph 86

1 that the -- this was a warning flag for you; is
2 that correct?

3 A Yeah. For me it represented kind of an
4 independent -- it was an independent view into
5 suspicious -- the reporting around suspicious
6 cash transactions and what those things might
7 be. So beyond the briefings that I had received
8 from GPEB and BCLC which had defined various
9 reasons for the elevation in suspicious cash,
10 which included reporting and training, it was an
11 indicator that I think at that point they were
12 saying there was increased -- increased business
13 and, yes -- so it was just an independent
14 validation of information that I was receiving.

15 Q But today in your evidence in your testimony you
16 had said that it wasn't until August 2015, and I
17 quote, that it was an all-out effort to
18 implement a strategy to address the suspicious
19 cash transactions. Isn't that right?

20 A So I didn't -- I don't believe that I actually
21 characterized it that way. I do not believe
22 that that was my characterization of what I
23 said. And what would have been happening in
24 2014 is that GPEB was undertaking a significant
25 amount of work in regards to suspicious cash

1 transactions. They were undertaking -- they
2 were having the Malysh review was underway, they
3 were gathering information, and I was aware that
4 that was underway in 2014. They were looking --
5 BCLC was implementing additional customer due
6 diligence that only went into place in February
7 of 2014. So there was a whole lot of activities
8 underway in regard to anti-money laundering.

9 The crystallizing -- the point in August when I
10 came back is that there was a convergence of a
11 whole number of issues that made -- that
12 triggered a need to accelerate bringing forward
13 the work that GPEB had already been working on.

14 Q This morning you gave evidence that BCLC didn't
15 need your approval to pursue policies that were
16 relating to the conduct or management of gaming;
17 is that correct?

18 A That is correct.

19 Q And you also testified today that the minister
20 had authority under the *Gaming Control Act* to
21 issue directives; is that correct?

22 A That is -- I'm not a lawyer, but it is my
23 understanding that the minister has authority
24 under the *Gaming Control Act* to issue
25 directives.

1 Q And is it your understanding that the minister
2 has authority to issue directives to both BCLC
3 and the General Manager under the *Gaming Control*
4 Act?

5 A Yes, that is my understanding.

6 Q You also testified today that in your view
7 Mr. Mazure was responsible for implementing
8 phase 3 to address the issue of suspicious cash
9 transactions; is that correct?

10 A Yes.

11 Q Your evidence was that Mr. Mazure didn't need
12 your approval to implement these policies; is
13 that correct?

14 A Yes, that is -- like, he -- under his own
15 authority as General Manager there were things
16 he could implement; yes, he did not need my
17 approval to implement them.

18 Q You also testified that Mr. Mazure didn't need
19 ministerial approval to make directions to BCLC;
20 is that correct?

21 A So I don't believe I actually said that. I
22 don't believe I actually said that. And I
23 believe in going through the testimony there
24 was -- there was -- I had made a request to
25 better understand the authority, and I believe

1 in that -- I don't remember what the document
2 was. So no, I don't believe that that is
3 actually what I said.

4 Q So is it your evidence that Mr. Mazure would
5 need ministerial approval, then, to issue
6 directives to BCLC?

7 A It became my understanding that in order to
8 issue a specific directive to BCLC, that he
9 would require ministerial approval based on the
10 information that they provided to me.

11 Q As I understand your evidence, BCLC had
12 responsibility, Mr. Mazure had responsibility
13 and the minister had responsibility. What was
14 your responsibility for AML initiatives?

15 A So my responsibility was to understand
16 government strategic priority around it, which I
17 did, to understand the strategy that was being
18 undertaken, to support the General Manager in
19 bringing forward policy and initiatives to the
20 minister, and -- which I did.

21 Q You would agree with me that the Assistant
22 Deputy Minister of GPEB was one of your direct
23 reports? Is that correct?

24 A That is correct.

25 Q And you would agree with me that you were the

1 one responsible for requesting meetings with the
2 minister; is that accurate?

3 A Well, they -- so in -- could they request a
4 meeting -- I mean, they did request meetings
5 with the ministry. They didn't request them
6 directly through me. They went through the
7 office staff to request the meeting, but yes,
8 yes. I guess that that is correct.

9 Q Ms. Wenezenki-Yolland, I put it to you that you
10 didn't prioritize the anti-money laundering
11 strategy or initiatives until you came back from
12 holidays in August 2015. Isn't that correct?

13 A No.

14 Q And it's upon your prioritization in August 2015
15 that we then see action being taken at the
16 ministerial level reflected in the October 1st,
17 2015 letter?

18 A So ...

19 MR. MASSEY: Mr. Commissioner, I'm just going to
20 object to the way that question is phrased. My
21 client has just disagreed with that suggestion
22 that it wasn't prioritized until 2015 and maybe
23 that wasn't baked into the next question, and so
24 I would just ask my friend to perhaps rephrase
25 that question.

1 MS. CHEWKA: I would be happy to, Mr. Commissioner.

2 THE COMMISSIONER: All right, thank you.

3 MS. CHEWKA:

4 Q Ms. Wenezenki-Yolland, in your testimony today
5 you said that when you came back from holidays
6 that you were losing sleep after being briefed
7 in August 2015. Do you recall that?

8 A I do.

9 Q And after that you had testified that it was an
10 all-out effort to implement a strategy to
11 address this issue. Do you recall giving that
12 testimony?

13 A I don't remember if those were exactly my words,
14 but there was definitely an effort by BCLC and
15 GPEB and the minister and myself, yes.

16 Q And shortly after that -- sorry. I think I
17 might have cut you off. Did you have something
18 else to add?

19 A No.

20 Q Shortly after that return from your holidays in
21 August 2015 there were ministerial briefings; is
22 that correct?

23 A My understanding is there was ministerial
24 briefing before I came back from vacation.
25 Initially about the investigation. And yes,

1 there was additional briefings when I came back
2 from holidays.

3 Q And so I put it to you that you prioritized this
4 issue upon your return from your holidays in
5 August 2015. Is that correct?

6 A So I would object to the fact that you're
7 suggesting that the only time I ever prioritized
8 money laundering -- or anti-money laundering or
9 money laundering was after I came back from
10 vacation in August. And so that is a false
11 characterization. That is not true at all. It
12 was a priority from the very beginning when I
13 was briefed and it remained a priority for
14 myself and for GPEB and for the minister prior
15 to that. The level of activity was accelerated
16 after the situation that occurred in July
17 because there was a number of activities that
18 actually indicated a need to accelerate what
19 GPEB was already planning to bring forward or
20 working on bringing forward to the minister
21 later in the fall. But up until that point
22 there had been a whole lot of activity already
23 underway. And it was always a priority. And I
24 object to your characterization. It's false.

25 MS. CHEWKA: Mr. Commissioner, I have no further

1 questions for this witness.

2 THE COMMISSIONER: Thank you, Ms. Chewka.

3 Anything arising from that, Mr. Butcher?

4 MR. BUTCHER: No, thank you.

5 THE COMMISSIONER: Ms. Mainville?

6 MS. MAINVILLE: No, thank you.

7 THE COMMISSIONER: Mr. McFee?

8 MR. McFEE: Nothing arising. Thank you.

9 THE COMMISSIONER: Mr. Stevens?

10 MR. STEPHENS: No, thank you, Mr. Commissioner.

11 THE COMMISSIONER: And Ms. Latimer?

12 MS. LATIMER: No, thank you.

13 THE COMMISSIONER: Thank you. Well, thank you very
14 much, Ms. Wenezenki-Yolland. Your evidence has
15 been very helpful in providing us with your
16 recollections of your experiences and insights
17 during a critical period in the money laundering
18 and anti-money laundering file, so I appreciate
19 the help you've provided us with. You're now
20 excused from further testimony.

21 **(WITNESS EXCUSED)**

22 THE COMMISSIONER: And, Ms. Latimer, I think we're
23 now in a position to adjourn until tomorrow at
24 9:30.

25 MS. LATIMER: Yes. Thank you.

1 THE COMMISSIONER: Thank you.

2 THE REGISTRAR: The hearing is now adjourned until

3 April 28th, 2021 at 9:30 a.m. Thank you.

4 **(PROCEEDINGS ADJOURNED AT 1:39 P.M. TO APRIL 28, 2021)**

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25