

**PROCEEDINGS AT HEARING  
OF  
APRIL 7, 2021**

**COMMISSIONER AUSTIN F. CULLEN**

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**April 7, 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, Mr. Davis.

MR. DAVIS: Yes, Mr. Commissioner. The next witness will be Mr. Doug LePard. Before we proceed with Mr. LePard's oath and evidence I wanted to signal to the Commissioner and participants that today has the potential to run long. After will LePard we have a second set of witnesses, two representatives from the JIGIT team of the RCMP. I'm in your hands, Mr. Commissioner, but I hope today that we'll finish by ideally about 2:30 or 3:00 Pacific time, at the latest.

THE COMMISSIONER: That's fine as far as I'm concerned, Mr. Davis. And if there's any difficulty with any of the participants, they are certainly free to speak up.

**DOUGLAS LEPARD, a  
witness for the  
commission, affirmed.**

THE REGISTRAR: Please state your full name and spell

1                   your first name and last name for the record.

2           THE WITNESS: Douglas Alan LePard. My first name is  
3                   spelled D-o-u-g-l-a-s. I go by Doug. And the  
4                   last name is L-e-P-a-r-d.

5           THE REGISTRAR: Thank you.

6           THE COMMISSIONER: Yes, Mr. Davis.

7           MR. DAVIS: Thank you, Mr. Commissioner.

8           **EXAMINATION BY MR. DAVIS:**

9           Q     Mr. LePard, can you see and hear me okay?

10          A     Yes, I can.

11          Q     I'm going to start off with some questions about  
12                your background and current role.

13          MR. DAVIS: Madam Registrar, if you could please  
14                bring up the document titled "CV Doug LePard"  
15                from the list of documents, please.

16          Q     Mr. LePard, please let me know when you're able  
17                to see that document on the screen.

18          A     I can see it now.

19          Q     And do you recognize that as an up-to-date copy  
20                of your CV with the -- note the redactions at  
21                the top, but this is your CV?

22          A     Yes.

23          MR. DAVIS: Mr. Commissioner, if I could ask this  
24                please be marked as exhibit number 802.

25          THE COMMISSIONER: Yes, very well. 802.

1 THE REGISTRAR: Exhibit 802.

2 **EXHIBIT 802: Curriculum vitae of Doug LePard**

3 MR. DAVIS:

4 Q Mr. LePard, looking at your résumé, since 2018  
5 you've worked as a policing and criminal justice  
6 consultant at your consulting firm Doug LePard  
7 Consulting; is that right?

8 A Yes.

9 Q And what sorts of services do you offer in your  
10 consulting business?

11 A A variety of services to police organizations  
12 and law firms around policy analysis, research,  
13 investigations on occasion. Done an  
14 investigation for the BC legislature into a  
15 matter there. Have provided advice to law firms  
16 on various matters and have conducted research  
17 projects like this one in looking -- basically  
18 doing an operational review of JIGIT. I worked  
19 with Peter German on *Dirty Money - Part 2* and  
20 was responsible for the horse racing and luxury  
21 vehicles chapters of that report. Those are  
22 examples.

23 Q And before your work as a consultant,  
24 Mr. LePard, you held the role of Chief of the  
25 Metro Vancouver transit police, a role that you

1                   held from 2016 until 2018. Do I have that  
2                   right?

3           A     Yes.

4           Q     And prior to that role you were a member of the  
5                   Vancouver Police Department from 1981 until  
6                   2016; is that correct?

7           A     Correct.

8           Q     And you acted as the Deputy Chief of the VPD  
9                   from August 2003 until March 2016 commanding the  
10                  investigation division. Do I have that correct?

11          A     During that time I was first commanding the  
12                  investigation division and then I moved to the  
13                  operations division.

14          Q     And for your policing work and your  
15                  contributions to the criminal law, Mr. LePard,  
16                  you've received a number of awards. And I'm not  
17                  going to through all of them, but I'll provide  
18                  you with a short list here and ask you to  
19                  confirm it. To name just a few of those awards  
20                  you've received, the first is the gold medal  
21                  from the International Society For the Reform of  
22                  Criminal Law. You've received that award;  
23                  correct?

24          A     Yes.

25          Q     You've also received the Queen Elizabeth II

1 Diamond Jubilee Medal; is that correct?

2 A Yes.

3 Q And you are an Officer of the Order of Merit for  
4 the police forces from an award that you  
5 received from the Governor General of Canada; is  
6 that correct?

7 A Correct.

8 Q And, Mr. LePard, in terms of education you hold  
9 a Master of Arts in Criminal Justice from the  
10 University of the Fraser Valley?

11 A Yes.

12 Q And you hold a Bachelor of Arts from Simon  
13 Fraser University; is that correct?

14 A Correct.

15 MR. DAVIS: Thank you, Madam Registrar, I won't need  
16 that document displayed for the time being.  
17 Thank you.

18 Mr. Commissioner, I'm getting a note that my  
19 internet connection is unstable. Are you able  
20 to hear me okay?

21 THE COMMISSIONER: Sorry. I'm having no difficulty  
22 at all, Mr. Davis.

23 MR. DAVIS: Thank you, Mr. Commissioner.

24 Q Mr. LePard, carrying on. You were retained in  
25 2020 by the Government of British Columbia to

1                   conduct a review of the Joint Illegal Gaming  
2                   Investigation Team, JIGIT, of CFSEU. Is that  
3                   correct?

4           A     Yes.

5           MR. DAVIS: Madam Registrar, if I could ask that you  
6                   please pull up the document titled GPEB5699 with  
7                   redactions from the list of documents, please.

8           Q     And, Mr. LePard, do you recognize this as a copy  
9                   of that review with the date you can see here on  
10                  the front of November 2020?

11          A     Yes.

12          MR. DAVIS: Mr. Commissioner, if I could ask that  
13                  this please be marked as exhibit number 803.

14          THE COMMISSIONER: Yes, very well. 803.

15          THE REGISTRAR: Exhibit 803.

16                   **EXHIBIT 803: Review of the Joint Illegal Gaming**  
17                   **Investigation Team (JIGIT) - Doug LePard,**  
18                   **Catherine Tait - November 2020**

19          MR. DAVIS:

20          Q     You conducted this review with Ms. Catherine  
21                  Tait; is that correct, Mr. LePard?

22          A     Correct.

23          Q     And who Ms. Tait?

24          A     She's another consultant who was hired by the  
25                  provincial government to work with me on this



1                   and supported by several staff in police  
2                   services, and she had previous experience on a  
3                   related matter in that she had written a report  
4                   about the IIGET team which was disbanded in  
5                   2009.

6           Q     And on these reports, Mr. LePard, what is the  
7                   purpose of an operational review?

8           A     Well, it's really to look at the operation and  
9                   see whether it is functioning well, whether  
10                  there are improvements that could be made in  
11                  terms of improving its capacity or its  
12                  efficiency or its operations.

13          Q     And what was the purpose of this review then,  
14                  Mr. LePard?

15          A     Well, as I understand it in its delegation  
16                  letter when JIGIT was created back in 2016 that  
17                  their -- part of their mandate was that -- after  
18                  four years that there would be a review. So it  
19                  had always been planned that there had been a  
20                  review to see if the funding ought to continue.

21          MR. DAVIS: Madam Registrar, if you could scroll to  
22                  the bottom of page 34 of the PDF, please.

23          Q     Do you see here the heading "Objectives" and  
24                  there's a sentence below with two bullets,  
25                  Mr. LePard?

1           A     Yes.

2           Q     The first sentence under "Objectives" reads:

3                     "The ToR --"

4                     Is that terms of reference?

5           A     Terms of reference, yes.

6           Q     Thank you.

7                     "The ToR set out that the review would  
8                     undertake an examination of both outputs  
9                     and outcomes."

10                    What can you tell the Mr. Commissioner about --  
11                    what are outputs and what are outcomes?  What  
12                    are the differences between them?

13           A     The outputs is more measures of activities.  So  
14                    measures of internal performance, for example,  
15                    the number of investigations, the number of  
16                    enforcement activities against illegal gaming,  
17                    numbers of arrests, numbers of charges.  Those  
18                    are the outputs.

19                    Outcomes are farther down the road.  What is  
20                    the benefit to society.  It can include things  
21                    or it's influenced by things that are not  
22                    necessarily under control of the police unit  
23                    involved because there are other players, for  
24                    example, the courts and sentencing and Crown  
25                    prosecutors and so on that the outcome is what's

1           the level of interruption and disruption of a  
2           criminal organization, if that's the goal of the  
3           JIGIT team in this case.

4           Q    And both outcomes and outputs are metrics that  
5           you -- or not metrics but terms that you explore  
6           in this report?

7           A    Yes.

8           Q    And what methodology did you employ when you  
9           conducted this review, Mr. LePard?  What was  
10          your -- what was your plan of attack?

11          A    It was broad.  We wanted to look from as many  
12          different angles as we could, and so we first  
13          started with looking at all the related  
14          documentation.  There was a lot of  
15          correspondence leading up to the creation of the  
16          team and the other relevant documents.  We  
17          engaged in database mining to get actual police  
18          statistics.  We looked at what the program costs  
19          were, so how much was government investing in  
20          the JIGIT program, and then what was the  
21          cost-benefit analysis.  And not in the same way  
22          that you would look at the cost-benefit analysis  
23          of a business.  Policing is not about producing  
24          a profit but looking at what we call a social  
25          return on investment.  What is the downstream

1 benefits of the activities of JIGIT.

2 So we looked at that. We conducted over  
3 40 interviews. We looked at their human  
4 resource issues. We looked at the environmental  
5 state. So there was a variety of techniques  
6 that we used to try to get the big picture and  
7 the full picture.

8 Q And that term "social return on investment" is  
9 something that we'll return to later in your  
10 examination. But I wanted to clarify for now,  
11 Mr. LePard, that the study period for this  
12 report is 2016 through 2019 inclusive; is that  
13 correct?

14 A Correct.

15 MR. DAVIS: Madam Registrar, if you go to page 37 of  
16 the PDF, please. Towards the bottom half  
17 there's a paragraph -- yes -- "Limitation of  
18 Methodology/Findings."

19 Q Do you see that, Mr. LePard?

20 A Yes.

21 Q I'm not asking to you to read from the report  
22 per se, but can you summarize the limitations  
23 that you had, data or otherwise, in conducting  
24 this report?

25 A Well, a big limitation when we're looking at for

1           example, the impact and the value of that impact  
2           is that the amount of money laundering is one of  
3           those big unknowns. I mean, the estimates of  
4           that range so widely that it's hard to know, you  
5           know, what the figure is that you're actually  
6           dealing with. And then narrowing that down to  
7           the amount that's occurring in a gaming  
8           facility.

9           The other thing is is that there's always  
10          some bias when you're interviewing people who  
11          have an interest in it. And not that anybody  
12          was attempting to mislead us or anything like  
13          that, but naturally the members of JIGIT who we  
14          interviewed were proud of their work, they were  
15          very passionate about it, but that does  
16          introduce a bias. And so we mitigated that by  
17          interviewing as broadly as we could not just  
18          JIGIT members but other stakeholders.

19          Q    And before we go into the results of the review,  
20                are there any typographical or other areas that  
21                you'd like to bring to the Commissioner's  
22                attention in the report?

23          A    Well, to make a long story short, the report was  
24                actually the -- I submitted it in July. There  
25                was a problem. No one's fault. Everybody was

1           trying to do their best, but there were three  
2           different executive directors that I was working  
3           with in police services, so there was some  
4           different people influencing the report that had  
5           different ideas and that resulted in some  
6           editing problems and some version control.

7                        So by the time it was finalized in  
8           November there were a number of minor errors,  
9           but the two significant ones that I would bring  
10          that were errors is in the conclusion. There's  
11          an appendix X mentioned. That appendix has been  
12          removed, so you won't find it in the report.  
13          And in the conclusion as well it refers to --  
14          several times to a chart. That chart has --  
15          actually still exists, but it was moved to the  
16          front of the report to page 18. The rest of the  
17          errors are minor editing errors that occurred  
18          during the different versions that were being  
19          worked on.

20          Q        So beyond minor editing errors, just to  
21                    summarize, then, it's the absence of appendix X  
22                    which is mentioned in the conclusion as well as  
23                    a chart that is on a different page than it's  
24                    referenced. Is that a fair summary?

25          A        Correct.

1           Q     Okay.  And, Mr. LePard, now I'd like to discuss  
2                   the results of the review starting with what you  
3                   learned about JIGIT and its mandate more  
4                   generally.  Mr. LePard, to begin what's your  
5                   understanding based on the work you did on this  
6                   report of the mandate of JIGIT?

7           A     Well, the basic mandate was to have a unit that  
8                   could investigate illegal gaming activities,  
9                   whether they were occurring inside or outside  
10                  casinos and interrupt organized crime, interrupt  
11                  and suppress organized crime.

12          Q     And in your review how well does JIGIT balance  
13                  that mandate of looking into legal and illegal  
14                  gaming venues?

15          A     Well, they had quite a few cases of illegal  
16                  gaming outside of casinos, so I think there were  
17                  about 30 files open into illegal gaming outside  
18                  casinos and also a number of files inside  
19                  casinos.  How well they accomplished their  
20                  mandate, I think that they -- first of all they  
21                  worked very hard.  That was clear.  They had a  
22                  lot of cases.  They had one very significant  
23                  case that unfortunately is still at the charge  
24                  approval process and so we don't know the  
25                  outcome of that, but they were successful in a

1                   number of other investigations.

2                   And when I say successful that isn't just  
3                   about getting arrests and charges; it's about  
4                   successfully interrupting or suppressing  
5                   criminal activities. Seizing their assets is an  
6                   important way that they do that. So when  
7                   they're targeting and disrupting organized  
8                   crime, there are a number of ways that they do  
9                   that, including criminal investigations.

10                  And also a key part of their mandate --  
11                  because arrests and charges are not necessarily  
12                  the most efficient way and sometimes they're the  
13                  most inefficient way to try to deal with a  
14                  problem, so JIGIT recognized that from early on  
15                  and it was always part of their mandate to try  
16                  and look farther upstream in terms of education  
17                  and prevention activities, improving  
18                  coordination and collaboration between  
19                  stakeholders to try to reduce the amount of  
20                  criminal activity that was occurring in the  
21                  first place and narrow the funnel so that  
22                  there's a limited number of cases that are left  
23                  that the best way to deal with it is with the  
24                  police.

25                  So they engaged in all of those aspects in



1 terms of prevention and education and  
2 suppression, disruption and also criminal  
3 charges.

4 Q You referred to a major investigation in your  
5 answer there. Is that E-Nationalize, the large  
6 investigation that resulted in I think nine  
7 persons arrested?

8 A Yeah, I was wondering if we were going to be  
9 able to say the word because I see it's redacted  
10 from the redacted version of the report. But  
11 yes, E-Nationalize.

12 Q Hearing no objection, you can confirm that it is  
13 E-Nationalize, that large investigation?

14 A Yes.

15 MR. DAVIS: Madam Registrar, if you could please turn  
16 to page 53 of the PDF, please. There's a  
17 paragraph that begins with "The JIGIT Mandate"  
18 on the second half of the page there.

19 Q Mr. LePard, right under this heading in bold  
20 there I'm going to read to you, you've written:

21 "In the years since inception, JIGIT has  
22 delivered on key portions of its mandate  
23 as outlined in the business case submitted  
24 with less of an impact on illegal gaming  
25 houses linked to organized crime."

1 Do you see that there in bold?

2 A Yes.

3 Q So what can you tell the Commissioner about that  
4 finding? What made you so conclude in the  
5 report?

6 A Sorry, we're looking at the bottom paragraph on  
7 page 52 now?

8 Q Sorry, no, we're on page 53 of the PDF. That is  
9 page 52 of the report.

10 A Yeah.

11 Q There's -- under the "The JIGIT Mandate" in bold  
12 there's a short paragraph there and it starts  
13 with "the finding."

14 "In the years since inception, JIGIT has  
15 delivered on key portions of its mandate  
16 as outlined in the business case  
17 submitted, with less of an impact on  
18 illegal games houses linked to organized  
19 crime."

20 And this stems from my earlier question about  
21 balancing those two kinds of competing  
22 investigative avenues, and I'm asking what's  
23 made you conclude that they have had less of an  
24 impact on illegal gaming houses?

25 A Well, the information was a little bit

1                   contradictory, but they opened about 30 files on  
2                   illegal gaming houses and only a minority of  
3                   those files were actually associated to  
4                   organized crime. Some of them were -- they were  
5                   illegal in that they were operating, but they  
6                   weren't necessarily associated to organized  
7                   crime. But having said that, the ones where  
8                   they undertook the most significant  
9                   investigative steps, obtaining a search warrant,  
10                  executing a search warrant and so on, where they  
11                  did the most work was in 11 files that were  
12                  associated to organized crime.

13                                So they may not have been successful as they  
14                                wanted to be in terms of focusing on illegal  
15                                gaming houses because that was their mandate was  
16                                to focus on those ones that were being run by  
17                                organized crime and they actually investigated a  
18                                number that were not being run by organized  
19                                crime but were illegal nonetheless. And so that  
20                                is why we came to that finding.

21                   Q     Mr. LePard, maybe we can unpack a little bit.

22                   MR. DAVIS: Madam Registrar, if you could go to  
23                   page 51 of the PDF. I'm going to begin by  
24                   asking you below -- in the paragraph below this  
25                   table here, Mr. LePard, do you see that? The

1 paragraph that starts with "currently"?

2 A Yes.

3 Q So it reads:

4 "Currently, JIGIT is comprised of 26 staff  
5 positions, made up of 14 police officers,  
6 7 GPEB members and 7 civilians (analysts,  
7 administration, disclosure) either  
8 employed or contracted to OCABC."

9 Is that the Organized Crime Agency of BC?

10 A Yes.

11 Q So do you recall, Mr. LePard, the date on which  
12 these staffing metrics were accurate? Is this  
13 2019 or 2020? When was this?

14 A That was a paragraph describing the current  
15 state so that was in early 2020.

16 Q Okay. And how, in your view, does this staffing  
17 composition and the -- and you know, the 26  
18 staff position, how do those deal or how do  
19 those measure up to deal with complicated money  
20 laundering investigations?

21 A Well, every police unit will tell you that they  
22 would benefit from having more resources and  
23 that was -- certainly we heard that loud and  
24 clear from JIGIT members is that, you know, to  
25 be optimally successful they needed more

1 resources. And that may very well be true and  
2 there's a couple of specific issues that I did  
3 write about in the report where they would  
4 benefit from more resources and specifically  
5 around their surveillance capacity.

6 But one of the problems that JIGIT also  
7 suffered from which is not necessarily uncommon  
8 in specialized units is that they carried  
9 vacancies quite regularly, and so that  
10 exacerbated the sense that members had that they  
11 didn't have enough members. Well, when you have  
12 three to five vacancies typically, then it's  
13 going to feel like you don't have enough members  
14 because they didn't even have their actual  
15 authorized allotment for much of the time that  
16 they were operating.

17 Q Did you have any insight into how that -- you  
18 know, how that was reflected in terms of  
19 expertise and capacity within the unit, these  
20 staffing and turnover issues?

21 A Well, it just makes it very difficult because if  
22 you don't have that continuity, you're always  
23 onboarding new members and they have to get up  
24 to speed and be developed and they're being  
25 trained as they're working. And so like I say,

1                   this is not unique to JIGIT. It's just one of  
2                   the realities of policing where you have members  
3                   coming in and out.

4                   The attrition in JIGIT, just based on my  
5                   experience, did seem to be quite high but also  
6                   they're mostly RCMP members and of course the  
7                   RCMP have so many and varied demands on them as,  
8                   you know, municipal, provincial and federal  
9                   policing that it didn't surprise me to see that.  
10                  I note in the RCMP's own report, for example,  
11                  describing the proposal for the FIIU, it talks  
12                  about the 30 percent vacancy in federal  
13                  positions and so on.

14                  So it just makes it is more difficult to  
15                  function well when you've got that sort of  
16                  turnover. At one point we were told, I believe,  
17                  that only three -- when we were doing the review  
18                  that only three of the original members from  
19                  2016 were still in the unit. So that's quite a  
20                  bit of turnover and it just makes it more  
21                  challenging because, like I say, you're  
22                  constantly bringing people up to speed, getting  
23                  them the training they need. They're learning  
24                  on the fly essentially.

25                  Q       When you say resources, are you referring only

1 to sworn officers or other resources as well?

2 A Well, I would be referring to the other  
3 resources if we'd heard that. We didn't hear  
4 that that was a challenge, for example, with  
5 support staff or with the GPEB members. We  
6 heard that that was a problem with -- basically  
7 at the constable and corporal level with the  
8 RCMP positions.

9 Q And looking at some of the enforcement  
10 statistics here, Mr. LePard, you've touched on  
11 this a bit, but I thought I'd ask you. Compared  
12 to other measures, for example, if we consider  
13 regulatory measures, where do you think that a  
14 police response to money laundering should be  
15 and kind of where should it be in the priority  
16 chain? Should it be the first response? Should  
17 it be considered after regulatory measures?  
18 What's your view on that question?

19 A Really it doesn't just apply to this issue. I  
20 mean, it really should be the last line of  
21 defence. I mean, if war is a failure of  
22 diplomacy, crime is a failure to a great extent  
23 of policy. And, you know, policing is not  
24 necessarily the best response except where  
25 police can be very influential and effective in

1                   prevention because investigating is complicated  
2                   and expensive and the results are uncertain.  
3                   And even when they are successful, the nature of  
4                   the crime may be that the sentences don't  
5                   provide necessarily deterrent or incapacitation  
6                   of the offenders.

7                   So that's why police recognize that it's far  
8                   better to look upstream and engage in prevention  
9                   activities and police have an important role in  
10                  that, but so do many others. And so around  
11                  policy and legislation and regulation,  
12                  cooperation between businesses and government  
13                  and so on, far better to prevent than to try to  
14                  investigate or to use investigation as the way  
15                  to address a problem.

16                Q    The term you just used "going upstream," that  
17                    refers to reliance on, for example, regulatory  
18                    or policy as opposed to investigative measures?

19                A    Absolutely.

20                Q    And what can you tell the Commissioner about  
21                    examples of going upstream? Have you seen any  
22                    in your time in policing of this working in  
23                    practice?

24                A    Oh, of course. I mean, police -- I mean, what  
25                    people see that's public is, you know, the



1                   arrests and police officers out there in  
2                   uniform, but all police agencies are engaged  
3                   in -- to some extent in prevention activities.  
4                   And I know -- and I can speak for my own police  
5                   departments that I've worked in for my whole  
6                   career -- I saw good prevention activities.

7                   And if I think right back to the 1980s when  
8                   we had a problem with drug-fuelled spontaneous  
9                   stabbings in bars in the Downtown Eastside and  
10                  the police department pursued amendments to the  
11                  *Liquor Control and Licensing Act* to prevent  
12                  people from bringing knives and/or weapons into  
13                  bars and those regulations or amendments were  
14                  passed and that had a measurable impact.

15                 I could give many other examples of police  
16                 agencies engaging in prevention by looking  
17                 farther upstream, either seeking legislative  
18                 change or proactive investigations to focus  
19                 farther upstream or even -- for example, in  
20                 about 2008 we started focusing on great concerns  
21                 we had about violent incidents involving the  
22                 mentally ill both as victims and perpetrators  
23                 and did a lot of advocacy work to look for  
24                 better resources to assist the mentally ill.  
25                 And one of those outcomes was assertive

1 community treatment teams and assertive outreach  
2 teams, the idea being to get resources to those  
3 mentally ill people most likely to come in  
4 conflict with the law and to reduce that.

5 And there's a study on the Department of  
6 Justice website showing the impact of that with  
7 criminals looking -- when we are dealing with  
8 gang murders, for example, to look upstream, use  
9 really good information and analysis from our  
10 excellent crime analysts about who is most  
11 likely to engage in a shooting and then target  
12 them for less than murder but still serious  
13 offences and try and incapacitate them so  
14 they're not going to engage in shootings. So  
15 that is an example of targeted police  
16 investigations that looks upstream.

17 Q And in your view, Mr. LePard, would this --  
18 going upstream, would that apply equally to  
19 financial crime as it does stabbings or roadside  
20 prohibitions or anything else?

21 A Even more so. Even more so because so much can  
22 be accomplished by regulation and cooperation  
23 and appropriate information sharing between  
24 business and government and police where  
25 appropriate to reduce the impact.

1                   And, you know, there have been international  
2                   reports that have pointed out where there have  
3                   been effective anti-money laundering regimes,  
4                   and Canada unfortunately has not been one of  
5                   those countries that has been pointed out for an  
6                   effective money laundering regime. In fact some  
7                   of the headlines from the *New York Times* or the  
8                   *Wall Street Journal* or C.D. Howe Institute, none  
9                   of them have been very flattering about Canada's  
10                  essentially a haven for money laundering as  
11                  opposed to the UK and Australia and the United  
12                  States.

13                  Q    Mr. LePard, kind of removing ourselves from the  
14                  upstream questions and looking at this table  
15                  we've got still helpfully here on page 51, are  
16                  you able to see that table there, Mr. LePard?

17                  A    Yes.

18                  Q    What does this table show? Can you explain that  
19                  to the Commissioner.

20                  A    Yes. What we did is we went to both the RCMP  
21                  and the Vancouver Police Department and asked  
22                  them to extract files from PRIME, which is the  
23                  Provincial Records Information Management  
24                  Environment, so the common records management  
25                  system that all police in British Columbia use,

1           and look for files in the study period that were  
2           associated with money laundering and illegal  
3           gaming. And the combination of the files  
4           located by the RCMP and the VPD was 66 and about  
5           half of them were illegal gaming houses.

6                     And so the first thing I should say is that  
7           that is a very small number of files and really  
8           requires some explanation. And so just to  
9           digress just a little bit, I mean, there's  
10          what's called a dark figure in crime and in some  
11          crimes like murder, for example, the dark figure  
12          is very small because most murders become known  
13          to the police. Most break and enters of  
14          residences become known to the police because  
15          people report them for various reasons.

16                    There are other criminal offences who are  
17          much less likely to become known to the police  
18          because they don't necessarily have a direct  
19          victim who's going to report it, and we can see  
20          other examples of that. For example, impaired  
21          driving. Those numbers are really mostly a  
22          product of the level of police informant --  
23          police enforcement, sorry. The same with drug  
24          offences. I mean, we joke that if you want to  
25          eliminate drug crime simply stop enforcing it;

1                   the numbers will go to zero. Of course it will  
2                   still exist. It's just the dark figure that  
3                   will get larger.

4                   So these types of offences that are  
5                   displayed in this table, you know, are  
6                   relatively small numbers. We know that the  
7                   issue of money laundering is much larger than  
8                   that, but the reporting of it is very low. The  
9                   detection of it is very low and the only way  
10                  that we can see the size of the problem is to  
11                  have more in-depth analysis and really to have  
12                  adequate enforcement in place.

13                  If we look at a country or, you know, if we  
14                  look at the United Kingdom, it's less than twice  
15                  the population of Canada. They have 2,000  
16                  criminal cases a year and about 1,400  
17                  convictions a year compared to Canada where  
18                  2016, so over 16 years, I think there were 314  
19                  or 318 convictions. So about 20 a year. So I  
20                  don't think that it's because we're doing so  
21                  well here with money laundering that no one has  
22                  decided to do it here. It's we don't have the  
23                  tools and we don't have the enforcement regime  
24                  that's detecting the level of money laundering  
25                  that other information suggests is significant.

1           Q     And I suppose that ties back to your earlier  
2                   evidence about going upstream and information  
3                   sharing, that those are avenues that might help  
4                   with that detection problem.  Is that a fair  
5                   statement?

6           A     Yes.

7           MR. DAVIS:  Madam Registrar, if we could please turn  
8                   to page 97 of the PDF.  At the very bottom,  
9                   please, there should be a number of bullet  
10                  points down there.  That's perfect.

11          Q     Do you see that, Mr. LePard, there at the  
12                  bottom, the two bullets, "27 investigations/  
13                  files, 34 arrests"?

14          A     Yes.

15          Q     So we can see here, Mr. LePard, that in the 2016  
16                  to 2019 period you've described that JIGIT  
17                  undertook 27 investigations that resulted in  
18                  34 arrests.  Am I reading this correctly?

19          A     Yes.

20          Q     And of all of those cases there have been no  
21                  charges yet laid for money laundering; is that  
22                  right?

23          A     Correct.

24          MR. DAVIS:  And if we go, Madam Registrar, to page 99  
25                  of the PDF, please.  And it's at the very bottom



1                   complex. Obviously nowhere near as complex as  
2                   the major investigation we discussed.

3                   But I would make a couple of other points.  
4                   First of all, it is part of their mandate to  
5                   investigate illegal gaming operations and there  
6                   are a couple of reasons for that. Because  
7                   sometimes they are run by organized crime.  
8                   Secondly, they create a revenue stream for  
9                   organized crime and criminals generally that  
10                  then has to probably be laundered somewhere, and  
11                  so that is an issue.

12                  And a very significant thing -- and we heard  
13                  loud and clear from police of jurisdiction when  
14                  we interviewed them was that these illegal  
15                  gaming operations, they breed other kinds of  
16                  crime, whether it's loan-sharking, assaults,  
17                  robbery, disruption, disorder in communities.  
18                  And so they were extremely appreciative of  
19                  JIGIT's work in responding promptly and  
20                  effectively and coming and assisting or taking  
21                  over and dealing with illegal gaming operations.  
22                  So there is great value in that in terms of the  
23                  value to the community, the magnifying effect of  
24                  working with the police of jurisdiction in  
25                  dealing with issues that they don't have the



1 capacity or the expertise to deal with.

2 And the other thing is is that those  
3 investigations -- you know, no one starts as --  
4 you know, on their first day as an investigator  
5 and saying, here is a complicated murder for you  
6 to solve. I mean, they start with smaller  
7 investigations and it's that variety of  
8 investigations that police officers conduct that  
9 they build the skills so that they can take on  
10 the more significant ones. And so there is  
11 value for the members of JIGIT themselves in  
12 conducting these relatively smaller  
13 investigations in terms of building their  
14 skills.

15 Q And, Mr. LePard, when you -- through the course  
16 of conducting your review and your interviews,  
17 did you ever get a sense of what one of these  
18 illegal games houses look like for the  
19 Commissioner and the public? What level of  
20 sophistication? What's going on at those  
21 illegal gaming houses?

22 A Yeah, well, one of their more significant ones  
23 was occurring in a mansion on the west side of  
24 Vancouver and was quite a sophisticated  
25 operation in which they had professional gaming

1 equipment and so on. So some of them are  
2 smaller. They're occurring in -- you know, they  
3 might be occurring in a house, in a residence or  
4 in a back room somewhere. So they really  
5 varied, but they can be quite significant.

6 And although it wasn't a JIGIT  
7 investigation, just as an example of how  
8 significant these can be, there was an  
9 investigation conducted by FSOC in which the  
10 total revenue of the illegal gaming house in  
11 four months was over \$60 million and over  
12 30 million of that was net profit for the gaming  
13 house. So --

14 Q Sorry, across four months? Four months?

15 A In four months. So again I want to be clear.  
16 That wasn't one of JIGIT's investigations, but  
17 it does show the potential for these operations  
18 in terms of criminal organized crime creating a  
19 revenue stream for them, requiring laundering of  
20 course, the other crimes that it breeds, the  
21 revenue stream that is created that can be  
22 re-invested in crime.

23 So these operations can be quite  
24 significant. Run by organized crime. And also  
25 to be fair there are some that they are run

1                   really because they are providing a service to  
2                   people who don't want to go to a casino or  
3                   because they want to play games that aren't  
4                   being offered in the casino. And so they are  
5                   illegal, but they aren't necessarily being run  
6                   by organized crime.

7                   Q    Do you have any insight, and I -- why would  
8                   someone -- beyond wanting to play different  
9                   games, why would they choose an illegal gaming  
10                  house? Did you ever get any insight into that  
11                  during your time in policing or during this  
12                  review?

13                 A    Well, I can just say from my general knowledge  
14                  that they might not want to be in a casino  
15                  because they have been banned, because they  
16                  don't want to be under that sort of  
17                  surveillance, because they think that they may  
18                  be targeted or, you know, some criminals -- some  
19                  people just like to live an outlaw lifestyle and  
20                  would prefer -- why do people buy marijuana from  
21                  an illegal source now when they can buy it from  
22                  a legal source. Well, some people just choose  
23                  to do that.

24                 MR. DAVIS: Madam Registrar, if we could turn to  
25                  page 139 of the PDF, please. One three nine.

1                   There's a table in the middle of the page. Oh,  
2                   yours is in colour that's even better.

3           Q       Mr. LePard, are you able to see that table on  
4                   the middle of the page there?

5           A       Yes.

6           Q       What can you tell the Commissioner about this  
7                   table? It relates, I think, to what you were  
8                   just describing the profitability of illegal  
9                   gaming venues.

10          A       Right. Well, this is taking various examples  
11                   and looking at how much money is going through  
12                   them and then looking at well, if we stop that,  
13                   you know, how much interruption has there been  
14                   in terms of money being re-invested into crime,  
15                   because that's what happens with criminal  
16                   proceeds is it's used to further other crimes.  
17                   And so if a small gaming operation is producing  
18                   \$140,000 a year, which by the way is untaxed  
19                   revenue, so it's not only being taken away from  
20                   a legal gaming facility which produces some good  
21                   in terms of the money that can go to government  
22                   for good purposes, but it's also being untaxed.  
23                   And it's also just an estimate that the effect  
24                   of removing that operation, the downstream  
25                   impact is over half a million dollars.

1           Q     And then we see here looking, for example, the  
2                    lower bound estimate for a year of successful  
3                    operation is \$40,000. That's significantly  
4                    lower than the FSOC file you described, isn't  
5                    it?

6           A     Yeah, they're not even comparable.

7           Q     Magnitudes lower. Is that fair to say?

8           A     Yes.

9           Q     So is there -- do you have a sense of how  
10                   these -- like, is there a significant variance  
11                   in the size, structure, sophistication of these  
12                   illegal games houses?

13          A     Yes. Like I say, some of them it appears that  
14                   they're almost like mom and pop operations,  
15                   quite a small operation, and then you have your  
16                   mid-level ones. Like the one that was, I  
17                   believe, in a warehouse in East Vancouver and  
18                   then the same operator was operating out of a  
19                   mansion in the west side of Vancouver, a  
20                   multi-million dollar operation. So I would say  
21                   that's a mid level. And then you've got these  
22                   very sophisticated operations that are moving  
23                   tens of millions of dollars through them which  
24                   is creating this huge revenue stream for  
25                   organized crime which can then be re-invested in

1                   crime and whether that's into buying opioids for  
2                   trafficking or whatever that is that the  
3                   criminal organization is involved in.

4           MR. DAVIS: And on the issue of metrics related to  
5           illegal gaming houses, Madam Registrar, if you  
6           could go to page 56 of the PDF, please, at the  
7           bottom.

8           Q        There's a paragraph there that says "discussion  
9           and recommendations" at the very bottom. Do you  
10          see that, Mr. LePard?

11          A        Yeah.

12          Q        I'm going to read a small portion of this to  
13          you. It says:

14                   "Despite the concerns about the value of  
15                   illegal gaming house investigation, JIGIT  
16                   members may be too focused on sentences  
17                   received by operators of illegal gaming  
18                   houses rather than other outcomes that are  
19                   also important, although less easily  
20                   measured."

21          What can you tell the Commissioner about what  
22          you've written there?

23          A        Well, there was a fair amount of disappointment  
24          from the JIGIT members about the outcome of  
25          their successful gaming house investigations in

1 terms of the sentences. And so they found that  
2 demoralizing and I think were quite focused on,  
3 you know, what is the point of putting all these  
4 resources into these investigations, which, like  
5 I say, are still relatively considerable and a  
6 lot of effort, and then they were disappointed  
7 to see a one-day sentence or probation and that  
8 sort of thing. And what I've written about in  
9 there is that, you know, I understand that. I  
10 understand when you're an operational police  
11 officer and you want the sentence to be somewhat  
12 commensurate with the level of effort that went  
13 into it.

14 But as we all know that's really not the  
15 issue. An investigation can be resource  
16 intensive and not necessarily result in a  
17 significant sentence. But as I wrote in the  
18 report, there are other benefits which I  
19 mentioned earlier in terms of the service that  
20 they're providing to the communities that those  
21 gaming houses were operating in. The service to  
22 the police department in terms of assisting  
23 them. The crimes that are generated by gaming  
24 houses, by the very existence of the gaming  
25 house in terms of, like I say, the potential for

1                   assaults, shootings.

2                    You know, one police agency that we spoke  
3                   to, you know, were extremely pleased with the  
4                   work JIGIT had done and said, look, we've seen a  
5                   real reduction in those sorts of incidents  
6                   associated to gaming houses because of their  
7                   work.

8                    So there's also a deterrent effect and  
9                   there's the issue, when people are able to flout  
10                  the law and it becomes known that there's not  
11                  going to be enforcement, then it breeds further  
12                  flouting of the law and a disrespect for the  
13                  criminal justice system and a lack of faith and  
14                  confidence by the public. And so I know from a  
15                  municipal policing point of view -- that's why  
16                  when we spoke to officers in charge or --  
17                  chiefs, people at a high level in municipal  
18                  police departments, RCMP detachments, they're  
19                  very concerned about the public seeing the  
20                  police as being responsive and being capable of  
21                  dealing with problems that affect  
22                  neighbourhoods.

23                  And so the point was -- you know, my point  
24                  in writing this in terms of JIGIT members  
25                  reading it is don't be so hard on yourself,



1           you're actually having more impact that than  
2           you're really thinking through and don't be so  
3           focused on what you consider an inadequate  
4           sentence. The sentence is probably the least  
5           important. The fact that they shut the  
6           operation down, seized their property, made a  
7           referral to the Civil Forfeiture Office, got  
8           charges against the person, those are all  
9           significant wins in my mind.

10           Q    And what can you tell the Commissioner, then,  
11           about another method, the social return on  
12           investment method that you describe in your  
13           report?

14           A    Right. So, you know, I think most people  
15           understand return on investment. I mean, a  
16           business invests in new equipment for  
17           automation. It makes them more efficient. They  
18           can reduce their labour force, their profits go  
19           up. That's pretty simple. Social return on  
20           investment is different. Police and, you know,  
21           government services, they're not in the business  
22           generally of making a profit. And there are  
23           other ways that you have to measure the impact.

24                        So social return on investment is  
25           essentially a framework for measuring and

1                    accounting for these broader concepts of value  
2                    which might include reducing inequality,  
3                    negative impacts on the environment by looking  
4                    at the social, environmental and economic costs  
5                    and benefits.

6                                       So if I can just give a quick example, I saw  
7                    on the news last week that the provincial  
8                    government bought three more Downtown Eastside  
9                    hotels that they are going to convert to  
10                    supportive housing. They're not going to make  
11                    money, I don't think. The rent's not going to  
12                    cover the mortgage on these very expensive  
13                    buildings. But in terms of the social return on  
14                    investment, we know -- the research is clear --  
15                    that stable adequate housing is the starting  
16                    point for marginalized people to be successful.

17                                       And so I don't know whether they're going to  
18                    have an evaluation scheme in place, but if I  
19                    were designing an evaluation scheme, I would be  
20                    looking at are there improvements in those  
21                    people that they brought in from outside and put  
22                    in housing if there are improvements in their  
23                    health. Have they had reduced visits to the  
24                    emergency ward. Have their incidence of  
25                    conflict with the police been reduced in terms

1                   of arrests and charges and court appearances.  
2                   So a less of a drain on the criminal justice  
3                   system. Less of a drain on the ambulance  
4                   service. Can they measure improved quality of  
5                   life and access to support services that may  
6                   be -- for some of them hopefully will result in  
7                   reduced drug use and maybe even lead to  
8                   employment for some of them.

9                   And then lastly, if we look at what's going  
10                  on in Strathcona Park in Vancouver, if they can  
11                  bring those people inside and into housing, what  
12                  is the value to that community around Strathcona  
13                  of the reduced distress in the community and  
14                  reduced petty crime and assaults and threatening  
15                  behaviour and fires and overdose deaths. All of  
16                  the things that they've seen in Beacon Hill Park  
17                  in Victoria as well.

18                 So looking at all those impacts as an  
19                 example of looking at the social return of  
20                 investment which could be quite significant and  
21                 can have a value attached to it might not be,  
22                 like I say, for the building itself, but for  
23                 society in general there are many benefits to  
24                 it. And that's what we are talking about when  
25                 talking about measuring a social return on

1 investment.

2 Q Are you aware if there's any other police forces  
3 around the country or in BC that use this metric  
4 or is this something that's kind of unique to  
5 this report and up and coming?

6 A Well, I think social return on investment is  
7 well known. It's used in many different  
8 circumstances. I can think of, you know,  
9 studies that are done, for example, providing  
10 better service to children and women who have  
11 been the victims of domestic violence and a  
12 significant return on an investment.

13 In terms of policing, I have seen other  
14 studies looking at the impact of policing  
15 programs. Generally not done by the police  
16 departments themselves. I think that they --  
17 that probably will become more common, but it's  
18 generally through partnering with academia. In  
19 Peel Region, the Peel Region Police partnered  
20 with Carlton University and Professor Duxbury  
21 did an examination of their school resource  
22 officer program and found that the social return  
23 on investment was actually \$11 in return for  
24 every dollar invested in terms of students who  
25 are less likely to be bullied, less likely to be

1                   victims of crime, less likely to commit crimes,  
2                   more likely to graduate, leading to better  
3                   employment opportunities. And so Carlton  
4                   University's examination concluded that the  
5                   social return on investment was very  
6                   significant.

7                   So I have seen these studies in academia  
8                   being conducted by academia and external  
9                   examinations, but I haven't seen them conducted  
10                  by individual police departments themselves, but  
11                  I expect with the ever increasing demands or  
12                  accountability and policing that we will see  
13                  more of that.

14                 Q     Mr. LePard, you applied this social return on  
15                         investment formula to the statistics from JIGIT  
16                         in your review; is that correct?

17                 A     Yes.

18                 MR. DAVIS: Madam Registrar, if we could scroll to  
19                         page 137. There's a box in the middle of that  
20                         page on the PDF, please. If you could centre  
21                         that. Thank you very much.

22                 Q     Mr. LePard, can you explain to the Commissioner  
23                         what we're seeing with this box here in the  
24                         middle of the page, please.

25                 A     Right. So this was -- there are a couple of

1                   different formulas, and I should say that this  
2                   is one where a bright young analyst named Nick  
3                   Pauls at police services conducted the analysis  
4                   for this part of the report and then we co-wrote  
5                   this portion. But we looked at various measures  
6                   and this is one which is a formula called POCDI  
7                   which is looking at what the value of the  
8                   interruption was. So -- I've just forgot.  
9                   Proceeds of crime disruption index is what  
10                  that's based on.

11                  And essentially what it does is it's used to  
12                  estimate the total impact of the proceeds of  
13                  crime action on criminal activity, including the  
14                  costs that are saved to society. So it  
15                  estimates that the revenue that would have been  
16                  available for reinvestment in the criminal  
17                  enterprise had it not been for successful  
18                  proceeds of crime action and the downstream  
19                  impacts of that investment.

20                  And so it's based on research that came out  
21                  of Australia and New Zealand and they come up  
22                  with a factor, an estimate, of what that would  
23                  be. And so what you're seeing in this box here  
24                  is looking at the total amount of cash seized,  
25                  just over a million dollars by JIGIT, multiplied

1                   by the POCDI multiplier, which comes out of the  
2                   research, and you get this figure of around  
3                   \$4.7 million in impact.

4           Q     4.27.  Sorry.

5           A     Sorry, 4.27.  It's very small on my screen here.

6           Q     Me too.

7           MR. DAVIS:  Madam Registrar, if we could scroll to  
8                   the next page, please.  138 at the top.

9           Q     And, Mr. LePard, what can you tell the  
10                Commissioner about what this box shows, please.

11          A     Well, it's just showing based on that limited  
12                analysis because there is more in terms of  
13                assessing the value of JIGIT, but just based on  
14                the money seized what it's saying is that for  
15                every \$4.19 invested there was a \$1 return.  
16                Which doesn't sound very good, but, again,  
17                policing is not a business and that's actually  
18                consistent with what the research says about the  
19                return on investment of money laundering  
20                enforcement.

21                        And again, though, it's not looking at all  
22                        the benefits.  It's simply looking at the amount  
23                        of money seized and the estimate of the  
24                        potential criminal activity disrupted.  And as  
25                        I've described, there's many other benefits to

1                   what JIGIT is doing as well.

2                   Q     Mr. LePard, I'd like to ask you now some  
3                   concluding questions about this report.

4                   MR. DAVIS:  Madam Registrar, if you could please  
5                   scroll to page 28 of the PDF, please.  Thank  
6                   you.

7                                 And Mr. LePard, this is the section of your  
8                   report that deals with recommendations.  And I  
9                   don't plan to take to you each one on the  
10                  screen, but I hope I can just ask you about  
11                  them, if that works.

12                  A     Sure.

13                  Q     The first recommendation is recommendation  
14                  number 3.  And it's that:

15                                 "Once the recommendations of the Cullen  
16                                 Commission are known, consideration be  
17                                 given to expanding JIGIT's mandate to  
18                                 other key sectors, if deemed appropriate."

19                  What made you make that recommendation?

20                  A     Well, first of all, it became clear in speaking  
21                                 to JIGIT members is that they were often  
22                                 receiving information about other forms of money  
23                                 laundering that's occurring in other sectors,  
24                                 but they did not have the mandate nor did they  
25                                 have the capacity to deal with it.  And we know



1                   from previous reports that have been out there,  
2                   including one that I was involved in, *Dirty*  
3                   *Money 2*, is that there are some very significant  
4                   sectors out there that are being subject to  
5                   money laundering, and there are probably many  
6                   more because we know criminals, money launderers  
7                   will go the route of least resistance where they  
8                   can be most effective and do the best.

9                   And so to avoid this what Dr. Peter German  
10                  called the Whac-A-Mole approach, you know, there  
11                  needs to be capacity to deal with money  
12                  laundering across sectors. So it's either  
13                  expanding the mandate of an existing unit like  
14                  JIGIT or it's creating new capacity, for  
15                  example, the FIIU that is one of the  
16                  recommendations being looked at right now.

17                 So that's what that was based on, but we  
18                 didn't want to recommend prior to knowing what  
19                 this commission was going to find and recommend,  
20                 to have a recommendation sitting there that they  
21                 needed to deal with, we thought was premature.  
22                 And it was basically just raising the flag that  
23                 money laundering is occurring much more broadly  
24                 than in casinos.

25                 Q     And how, Mr. LePard, does that relate to

1 recommendation number 4 which serendipitously is  
2 on the screen. That recommendation says that:

3 "Consideration be given to expanding  
4 provincial police resources to address  
5 money laundering outside of the casino  
6 sector as part of a broader, multisector  
7 approach."

8 Why did you make that recommendation and how  
9 does it relate to number 3?

10 A Well, it relates to number 3 in that, for  
11 example, a decision could be made to maintain  
12 JIGIT's mandate which there are arguments on  
13 both sides of it. I mean, one thing that's  
14 different about casinos than many other sectors  
15 is it's actually geographically contained. You  
16 have a relatively small number of major casinos  
17 in the province that have been implicated, at  
18 least historically, in money laundering and you  
19 know exactly where the activity is. Whereas  
20 when you're talking about other sectors, whether  
21 it's luxury cars or real estate or other  
22 businesses that primarily deal in cash that have  
23 vulnerabilities, it makes sense that there be a  
24 unit that can cross sectors and go wherever  
25 the -- you know, wherever the intelligence

1 suggests that they can have the greatest impact  
2 because criminals certainly go to the sector  
3 where they can have the greatest impact.

4 So it would have a broad -- a unit with a  
5 broad mandate and sufficient resources and  
6 expertise such as is proposed in the recent  
7 proposal for an FIIU, that makes a lot of sense.

8 MR. DAVIS: Thank you. And, Madam Registrar, if you  
9 could scroll down one page to page 29, please.  
10 There's a -- that's perfect. Thank you, Madam  
11 Registrar.

12 Q There's a recommendation number 13 there,  
13 Mr. LePard, and it reads:

14 "That CFSEU-BC conduct a review of the  
15 costs and benefits of contracting,  
16 seconding from the BCPS or PPSC --"

17 I'll pause there. Is that the BC Prosecution  
18 Service and the Public Prosecution Service of  
19 Canada?

20 A Yes.

21 Q Thank you. I'll continue.

22 "-- or having on retainer an expert legal  
23 advisor for JIGIT and other CFSEU-BC units  
24 to support complex investigations."

25 Why did you make that recommendation?

1           A     You know, we heard three things loud and clear  
2                    about what JIGIT needed to be more successful.  
3                    The first thing I already mentioned was  
4                    resources. The second thing I mentioned was  
5                    increased surveillance capacity. And the third  
6                    thing that they mentioned and we heard it  
7                    repeatedly was the need for prompt, ongoing  
8                    legal advice because the investigations are so  
9                    complex, they know that they are going to be  
10                  facing incredible scrutiny.

11                    You know, their most major case has been in  
12                    the charge approval process for several years  
13                    now, which I think speaks to the level of  
14                    complexity in assessing this. And so there was  
15                    frustration that if, you know, cases are going  
16                    to be at risk because they weren't done as  
17                    perfectly as they need to be, then they need to  
18                    have that ongoing legal advice.

19                    And so we looked at various models that had  
20                    been in existence, including, for example, the  
21                    former integrated proceeds of crime units that  
22                    had PPSC prosecutors actually assigned to them.  
23                    IMET, the Integrated Market Enforcement Team,  
24                    currently has a PPS prosecutor assigned to it.  
25                    I know that they did get some contracted legal

1           advice during their investigation but they  
2           really expressed the need to have that going --  
3           ongoing.

4                   And so we looked at different models. I  
5           mean, you can contract a lawyer or have a lawyer  
6           on retainer. You could look to have -- a  
7           seconded prosecutor has occurred with IMET and  
8           IPOC. Or the one that we actually liked the  
9           best and result of consultation with senior  
10          Crown was what was described as the WorkSafe  
11          model in which you have a small pool of expert  
12          prosecutors who are in place and whenever a unit  
13          like JIGIT would need access to that advice,  
14          they could draw on it. And the benefit is is  
15          that you have a group of prosecutors, who, just  
16          like police officers, like to able to brainstorm  
17          and bounce ideas off each other, they remain  
18          within their prosecution service but develop  
19          that expertise. And it doesn't rely on one  
20          person being available 365 days year. You can  
21          have a small pool available.

22                   And that was one that was supported by  
23          senior Crown as the model that he thought would  
24          be best for JIGIT considering all the pros and  
25          cons of the various models.

1 Q Was that senior Crown at the PPSC or the BCPS?

2 A The BCPS.

3 MR. DAVIS: Thank you, Madam Registrar, I don't need  
4 that document displayed any longer.

5 Q Mr. LePard, in the interests of time is it fair  
6 to say that the commission provided to you a  
7 number of proposals that were prepared by the  
8 RCMP for new financial crime and policing units?

9 A Yes.

10 Q I don't intend to take you through each of them,  
11 but what I'm hoping to do is pull them up, have  
12 you identify and confirm that you've seen them,  
13 have them marked and then I'll ask you generally  
14 about your views on those sorts of proposals if  
15 that works.

16 A Sure.

17 MR. DAVIS: Madam Registrar, I'm going to ask that  
18 you first please pull up exhibit 796. For  
19 participants that's CAN-208 from the list of  
20 documents, please.

21 Q Mr. LePard, have you seen this November 9th,  
22 2016 proposal for a provincial financial crime  
23 unit?

24 A Yes.

25 MR. DAVIS: This is already marked. So, Madam

1 Registrar, if I could ask that you please pull  
2 up CAN-001205 from the list of documents,  
3 please.

4 Q Mr. LePard, do you recognize this as a 2018  
5 proposal for a provincial financial integrity/  
6 crime unit?

7 A Yes.

8 MR. DAVIS: Mr. Commissioner, if this could be marked  
9 as exhibit 804, please.

10 THE COMMISSIONER: Yes, very well. 804.

11 THE REGISTRAR: Exhibit 804.

12 **EXHIBIT 804: Draft Proposal for a Provincial**  
13 **Financial Integrity/Crime Unit - January 22,**  
14 **2018**

15 MR. DAVIS: Madam Registrar, next if I could ask that  
16 you please pull up document CAN-001009 from the  
17 list of documents, please.

18 Q Mr. LePard, do you recognize this as a 2019  
19 proposal for a designated provincial financial  
20 crimes unit?

21 A Yes.

22 MR. DAVIS: Mr. Commissioner, if that could please be  
23 marked as exhibit 805.

24 THE COMMISSIONER: Very well, 805.

25 THE REGISTRAR: Exhibit 805.

1                   **EXHIBIT 805: Final Draft - Concept Paper:**  
2                   **Designated Provincial Financial Crimes Unit -**  
3                   **February 15, 2019**

4                   MR. DAVIS: And, Madam Registrar, if you could please  
5                   pull up CAN-000204 from the list of documents,  
6                   please.

7                   Q     Mr. LePard, do you recognize this undated  
8                   proceeds of crime asset forfeiture proposal?

9                   A     Yes.

10                  MR. DAVIS: If I could ask that be marked as 806, I  
11                  believe.

12                  THE COMMISSIONER: Yes, very well, 806.

13                  THE REGISTRAR: 806.

14                   **EXHIBIT 806: CFSEU-BC Proposal for Proceeds of**  
15                   **Crime/Asset Forfeiture Team - December 2018**  
16                   **(redacted)**

17                  MR. DAVIS: Thank you. And, Madam Registrar, lastly,  
18                  if you could please pull up the already marked  
19                  inquiry exhibit 59 from the list of documents,  
20                  please.

21                  Q     Mr. LePard, have you reviewed this anti-money  
22                  laundering designated policing unit discussion?

23                  A     Yes.

24                  MR. DAVIS: Thank you, Madam Registrar, I won't need  
25                  that document displayed any longer.



1           Q     And, Mr. LePard, considering your evidence that  
2                    you reviewed these, perhaps you can give the  
3                    Commissioner in a general sense your views on  
4                    the proposals made here and what makes for an  
5                    effective financial crime unit?

6           A     Okay. Well, there's some significant  
7                    differences between them. So the first two look  
8                    to be different versions of the same proposal.  
9                    And they're really the -- they're proposals to  
10                   replace what we had in British Columbia up until  
11                   2013, which was the RCMP's commercial crime  
12                   unit. And that was almost a hundred resources  
13                   in the province, mostly in the Lower Mainland,  
14                   to deal with major fraud cases.

15                   And that unit was shut down in 2013 because  
16                   of other federal policing priorities, but that  
17                   in my mind was a real loss to policing because  
18                   they were the ones that developed great  
19                   expertise in financial crime and frauds. And  
20                   they were a resource to municipal police  
21                   departments and RCMP detachments in terms of  
22                   major frauds that were beyond our capacity to  
23                   deal with. And so it was an expert resource to  
24                   take on those long-term investigations. And I  
25                   think in reading those two proposals and the

1           rationale -- which are much more modest than the  
2           original proposals. I think the first one calls  
3           for 25 investigators and the second one calls  
4           for 38 investigators considering that there was  
5           more than double that in terms of investigators  
6           in the original commercial crime section.

7                     And so it just in my mind addresses a real  
8           gap in policing that exists right now is that it  
9           used to be that we would consider well, if we  
10          had a low-level fraud that was affecting an  
11          individual, we had the capacity to take that in  
12          the financial crime section in the Vancouver  
13          Police Department, but a major fraud with a few  
14          exceptions, it could go to the commercial crime  
15          section.

16                    The gap that we were really concerned about  
17          was those cases in the middle that no one was  
18          looking at because they didn't have the  
19          capacity. And so that capacity is -- was really  
20          removed. And my concern is that, you know,  
21          post-2013 there was really no one that could  
22          take on significant fraud investigations because  
23          they just didn't have the capacity. I mean, the  
24          Vancouver Police Department currently has a  
25          financial crime unit of 11 investigators.

1                   So if they get tied up on a significant  
2                   fraud, that can run out their capacity very  
3                   quickly. And I know they have in the past.  
4                   There was a multimillion dollar fraud, a  
5                   discredited lawyer named Werwick [phonetic],  
6                   something like that, and a real estate agent he  
7                   was working with. But that was an extraordinary  
8                   case. It took years to come to a conclusion and  
9                   used a lot of resources. So there's always  
10                  going to be more demand for service than there  
11                  are resources but I'm pleased to see that the  
12                  RCMP has made this proposal.

13                Q     And -- thank you. And, Mr. LePard, I'd like to  
14                  conclude with some questions about your work  
15                  with Dr. German. You were tasked by Dr. German  
16                  for conduct work in the horse racing sector; is  
17                  that right?

18                A     Yes.

19                Q     And what were you asked to do?

20                A     Basically to do an analysis and see whether  
21                  there was evidence of money laundering occurring  
22                  in the horse racing sector.

23                Q     And how did you go about conducting that  
24                  research?

25                A     I educated myself. I knew very little about

1 horse racing and money laundering and horse  
2 racing, so I did a lot of reading of the  
3 literature and previous reports into it and then  
4 I interviewed a lot of key stakeholders and  
5 formulated an approach that I could look at it  
6 from a variety of different angles to see  
7 whether it was likely that money laundering was  
8 occurring.

9 Q And what did you conclude?

10 A In a nutshell that it wasn't. That the industry  
11 is really just a shadow of its former self  
12 pre-legal casinos when it was really the only  
13 game in town and, you know, you had a lot of  
14 money being bet on horse racing. You know, I  
15 mean, it went from -- prior to legal casinos it  
16 went from, like, \$100 million a year to, like,  
17 \$7 million a year so a very, very dramatic  
18 decline in betting on live racing.

19 And so, you know, looking at just the size  
20 of the bets which average, you know, 2 or \$4 and  
21 how much money was bet on an entire racing day  
22 and what the opportunities were considering, you  
23 know, the maximum bet was \$100 at the wicket and  
24 \$1,000 electronically, it just wasn't there.  
25 There were many reasons why it just wasn't

1                   there. There had not been a single case  
2                   reported. I interviewed detectives from  
3                   many years previously from when the VPD had a  
4                   gaming unit and although they had dealt with  
5                   other kind of offences associated to the  
6                   racetrack, they'd never even had a report of  
7                   money laundering going on at the racetrack.

8                   There are other ways that money laundering  
9                   does occur in horse racing. For example, doping  
10                  horses and cheating and various schemes and  
11                  scams at the racetrack. Buying and selling very  
12                  expensive horses. There are a number of cases  
13                  where money laundering has occurred through  
14                  that, for example, through a major drug cartel  
15                  buying what were described as narco horses.

16                 So there is money laundering going on in the  
17                 horse racing industry internationally where it  
18                 is very, very large industry, like in the UK or  
19                 Australia or Hong Kong, which has an incredible  
20                 anti-money laundering regime in place to prevent  
21                 it. Major tracks in the US. But there was not  
22                 a scintilla of evidence to suggest that money  
23                 laundering was occurring in horse racing in  
24                 British Columbia or even that it was realistic  
25                 for it to be occurring.

1           Q     And you were similarly tasked by Dr. German to  
2                    conduct work into the luxury vehicle sector; is  
3                    that right?

4           A     Correct.

5           Q     And how did you go about conducting that  
6                    research?

7           A     A similar approach. I did a lot of reading to  
8                    orient myself to what the situation was and  
9                    looked at investigations into money laundering  
10                  in other jurisdictions that had been occurring  
11                  through vehicles. There was really a wealth of  
12                  information about that. I applied my police  
13                  experience too in terms of well, how does a  
14                  criminal with no legal source of income buy an  
15                  expensive car. Well, they are going to need to  
16                  buy it with cash because they're not going to be  
17                  getting bank loans and that sort of thing.

18                         So again, to put it in a nutshell, I  
19                         approached it from a number of different angles.  
20                         And one of those was to cold call dealerships,  
21                         sometimes with information that I had received  
22                         confidentially either through tips that we  
23                         received when we were working on the project or  
24                         through police officers who were expert at these  
25                         kinds of investigations about where I might want

1           to look, and found it wasn't hard at all to find  
2           that there was money laundering going on through  
3           luxury cars in a number of different ways,  
4           either directly purchasing very expensive cars  
5           with the proceeds of crime to engaging in  
6           various scams to legitimize proceeds of crime.

7           Q    And, Mr. LePard, in doing that, what material  
8           were you able to obtain from the province when  
9           you were working on that section of *Dirty*  
10          *Money 2*?

11          A    Well, one of the areas that we looked into was  
12          what is called the grey market in vehicles.  And  
13          we wanted to -- it can be a conduit for  
14          trade-based money laundering in which various  
15          scams, re-invoicing, false invoices are used in  
16          sending property overseas.  It might be -- you  
17          know, result in a payment with drugs, for  
18          example, that is going to be trafficked here.  
19          There's just a wealth of information,  
20          particularly in cases internationally in the US  
21          of how criminal organizations have used the  
22          purchase or theft of expensive cars and even  
23          used cars as a way to fund criminal operations.

24                        So getting back to my point.  One of the  
25          things that we asked the province for was

1 provincial sales tax refund data and what we  
2 found was that from not many years ago, just in  
3 2013, there had only been about 100 requests for  
4 refunds of provincial sales tax on vehicles.  
5 And by I think it was -- the last year we looked  
6 at was 2018, that had increased to more than  
7 4,400 times a year that PST refunds had been  
8 requested. And the reason that they are being  
9 requested is because vehicles had been bought  
10 and then exported out in contravention of the  
11 purchase agreement.

12 So I don't know how much detail you want me  
13 to go into, but it was a mechanism for sending  
14 vehicles, the grey market where they could get a  
15 much higher price for them, for example, in  
16 China, despite signing a purchase agreement  
17 saying it was not for export. And because the  
18 law says that if you export the vehicle you can  
19 apply to have the PST refunded, it was ending up  
20 in the last year that we looked at I think that  
21 the province refunded \$85 million to people who  
22 clearly were not the actual exporter. They were  
23 straw buyers, nominees who had been hired by the  
24 actual exporters, the actual beneficial owner of  
25 these vehicles who were making huge profits on



1                   these vehicles sending them overseas into  
2                   this -- you know, a sketchy industry that may  
3                   support trade-based money laundering requiring  
4                   the province to greatly increase its resources.  
5                   So costing all of us taxpayers as they increased  
6                   their resources to support this sketchy grey  
7                   market export of vehicles and huge losses in  
8                   terms of PST that is not being paid to the  
9                   benefit of society.

10                Q    And were there materials, Mr. LePard, that you  
11                   asked for from the province but that you weren't  
12                   able -- or weren't able to get?

13                A    Yes. For privacy reasons we wanted to know the  
14                   actual identities of who these straw buyers and  
15                   nominees were, who the people that were  
16                   exporting the vehicles, who the PST refunds were  
17                   going to because we were provided statistics  
18                   showing that we had the same nominee or straw  
19                   buyer involved over and over and over again in  
20                   buying these vehicles and we wanted to also know  
21                   who were the dealerships that were selling these  
22                   vehicles to them. Because while most of them  
23                   were probably duped and believed that this the  
24                   person was the actual purchaser and would honour  
25                   their commitment not to export it, we also

1           received information that there were dealers  
2           that were -- possibly at least knew that this  
3           was the reason -- this is what was going on,  
4           which they would know if the same nominee straw  
5           buyer was going back to the same dealership  
6           repeatedly. We weren't able to get that  
7           information to confirm that, but that was the  
8           suspicion.

9           MR. DAVIS: Thank you, Mr. LePard.

10                         Mr. Commissioner, those are my questions.  
11           I've received that note that estimates for  
12           further examination of Mr. LePard are now just  
13           under 30 minutes. If it works for you, I might  
14           suggest a five-minute break before we get going  
15           with those cross-examinations.

16           THE COMMISSIONER: All right. Mr. Davis, I think  
17           that makes sense. Let's take five minutes now  
18           and we'll resume with the examinations. Thank you.

19           MR. DAVIS: Thank you.

20           THE REGISTRAR: This hearing is adjourned for a five-  
21           minute recess until 10:56 a.m. Please mute your  
22           mic and turn off your video. Thank you.

23                         **(WITNESS STOOD DOWN)**

24                         **(PROCEEDINGS ADJOURNED AT 10:51 A.M.)**

25                         **(PROCEEDINGS RECONVENED AT 10:55 A.M.)**

1 **DOUGLAS LEPARD, for the**  
2 **commission, recalled.**

3 THE REGISTRAR: Thank you for waiting. The hearing  
4 is resumed. Mr. Commissioner.

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

6 Yes, I'll now call on Ms. Harlingten on  
7 behalf of the province, who has been allocated  
8 ten minutes.

9 MS. HARLINGTEN: Thank you, Mr. Commissioner.

10 **EXAMINATION BY MS. HARLINGTEN:**

11 Q Good morning, Mr. LePard. Can you hear me all  
12 right?

13 A Yes, I can.

14 Q Thank you. Am I correct, Mr. LePard, that  
15 there's currently seven GPEB members embedded  
16 within JIGIT?

17 A The last that I heard, yes, there were seven.

18 Q And in your report -- and please just let me  
19 know if you'd like me to bring it up. You make  
20 the recommendation, I believe it's  
21 recommendation number 12, that GPEB continue its  
22 efforts to have its special provincial constable  
23 investigators authorities enhanced to be in  
24 better alignment with their responsibilities; is  
25 that right?

1           A     Yes.

2           Q     And you made that recommendation because that  
3                   SPC status is currently -- I think you call it  
4                   narrow in your report?

5           A     They described it as narrow and that it had  
6                   interfered with their ability to be fully  
7                   integrated in the team, and that was described  
8                   to me by the Assistant Deputy Ministers as well  
9                   is that they were concerned that their  
10                  appointments were too narrow for them to be as  
11                  effective as they could be.

12          Q     And you sort of highlight that in your report, I  
13                  believe, beginning at one point at page 11 where  
14                  you note that the limited authorities of GPEB  
15                  investigators created challenges when integrated  
16                  into the original investigation team. And I  
17                  wondered if you could just expand on what you  
18                  mean by "challenges" for the Commissioner.

19          A     Right. Well, I mean, first of all, they were  
20                  integrated into the two investigative teams from  
21                  the beginning and they were essentially used  
22                  like the police officers as investigators. So  
23                  they were out doing, you know, enforcement  
24                  action in terms of surveillance of premises and  
25                  so on. And there were concerns that they're

1                   peace officers but they're not police officers,  
2                   they are unarmed, they are not trained in the  
3                   use of force, for example, and so that created  
4                   search vulnerabilities and concerns for them.

5                   And, you know, how much authority did they  
6                   have because their appointments under section 9  
7                   of the *Police Act* are very specific to their  
8                   duties which were originally envisioned as  
9                   regulation, not conducting police  
10                  investigations. So it seems like JIGIT, though,  
11                  came up with a good solution in terms of  
12                  focusing them in their intelligence unit where  
13                  they were developing the intelligence that could  
14                  then be actioned by the police officers. And if  
15                  that's going to continue, then -- and that model  
16                  works, then maybe nothing further is required.  
17                  But if they're going to be engaged in more  
18                  in-depth enforcement and investigation duties,  
19                  then I think it would be prudent to examine  
20                  whether the appointment is broad enough. And  
21                  especially if they are going to be put in a  
22                  position like they were in the first year of  
23                  engaging in actual enforcement actions yet are  
24                  unarmed and are not trained and authorized in  
25                  the use of force. That would be a concern.

1           Q     Thank you, Mr. LePard. Just to sort of go back  
2                   to something that you said in your answer. So  
3                   when you're discussing the restructuring, am I  
4                   correct in understanding you're discussing the  
5                   2019 development into the intelligence unit?

6           A     Correct.

7           Q     And am I correct that that was to sort of move  
8                   those GPEB investigators over into that  
9                   intelligence unit to sort of leverage their  
10                  knowledge and experience better?

11          A     Exactly.

12          Q     In your review am I correct in understanding  
13                  that that -- at least to the extent that you  
14                  could evaluate at that time, that leveraging of  
15                  that knowledge and expertise was being sort of  
16                  effective for the JIGIT model?

17          A     Yeah, from JIGIT members and GPEB members, both  
18                  of them were in agreement that this was -- that  
19                  it was working very well. It was early days  
20                  when we were doing the review. It had happened  
21                  just recently, but they thought that it was  
22                  working very well and had great potential for  
23                  the future in terms of better analysis of the  
24                  information to convert it to intelligence that  
25                  could then be actioned.

1           Q     And am I correct sort of in understanding that  
2                    you developed that theme in your report, I  
3                    think, but then you go on to sort of note that  
4                    there might be a concern about the new model.  
5                    That there is going to be actionable  
6                    intelligence from that new unit, but there may  
7                    not be enough investigative resources to follow  
8                    through with it?

9           A     Right. Right. Well, the concern was that in  
10                   the original model there were two investigative  
11                   teams and one was for the longer term more  
12                   in-depth projects, investigations, and the other  
13                   one was what I will describe as quick hit  
14                   investigations. So, for example, an illegal  
15                   gaming house in a community that's causing  
16                   problems for that community and that  
17                   jurisdictional police force.

18                           And so the concern was raised by actually  
19                   one of the police jurisdictions who is very  
20                   familiar with JIGIT and very complimentary of  
21                   their work, but it was concerned that that  
22                   capacity to do those quick hit investigations  
23                   that are of such value to a municipality would  
24                   be diminished. But the jury is out on that. We  
25                   don't know.

1           Q     Right.  And just linked back to what we were  
2                   discuss ago moment ago, that enhanced SPC  
3                   status, would that be in your view one way of  
4                   working towards alleviating any concern about  
5                   quick hits or being able to do quick hits?

6           A     Well, it might be if the GPEB investigators  
7                   could be used with more versatility,  
8                   interchangeably that that would provide more  
9                   flexibility for the team.  Like I say, they seem  
10                  to think that it was working quite well but also  
11                  were concerned that they simply didn't have the  
12                  capacity that they needed.  One of the  
13                  investigators pointed out that they knew of  
14                  20 illegal gaming houses that they were unable  
15                  to get to.

16          Q     I think you touched on this with Mr. Davis but  
17                  just to sort of draw it out, in terms of having  
18                  subject matter experts embedded in a policing  
19                  unit, I take it from your report that having  
20                  people with particular knowledge and expertise  
21                  in certain areas, if JIGIT was to be expanded  
22                  would be a useful tool in your view?

23          A     Yes.

24          Q     All right.  And just my last question touches on  
25                  something that you said to Mr. Davis in your



1 evidence a moment ago about being unable to  
2 access certain data from the province related to  
3 PST sales tax. Did I understand your evidence  
4 correctly that it was due to privacy concerns  
5 was your understanding that you couldn't get  
6 that data?

7 A Yes. They were extremely helpful and  
8 cooperative but explained that they had given us  
9 as much as they could give us without revealing  
10 personal identifying information that they were  
11 bound not to do by *FOIPPA*.

12 Q And were you aware at the time or are you aware  
13 now, Mr. LePard, that there is a confidentiality  
14 provision in the *Provincial Sales Tax Act* that  
15 doesn't allow disclosure of certain information,  
16 subject to some exceptions?

17 A I wasn't aware of that specific feature, but I  
18 understood and accepted that they were bound by  
19 legislation not to provide that information to  
20 us.

21 MS. HARLINGTEN: Those are all of my questions.

22 Thank you, Mr. Commissioner.

23 THE COMMISSIONER: Yes, thank you, Ms. Harlingten.

24 I'll now call on Ms. French on behalf of  
25 Canada, who has been allocated five minutes.

1 MS. FRENCH: Yes. Thank you, Mr. Commissioner.

2 **EXAMINATION BY MS. FRENCH:**

3 Q Mr. LePard, can you hear me all right?

4 A Yes, I can.

5 Q Thank you. I just have a couple of questions  
6 for you today. One is in reference to a  
7 question from Mr. Davis earlier.

8 MS. FRENCH: So, Madam Registrar, could we please  
9 bring up the JIGIT review again. That's  
10 exhibit 803. And I'm looking for PDF page 59,  
11 please. Sorry, 107, if you don't mind. Quite  
12 different. Thank you.

13 Q Mr. LePard, you were speaking with Mr. Davis  
14 about Reports to Crown Counsel and JIGIT's  
15 access to legal advice, and you mentioned that  
16 if these reports are going to be of the highest  
17 quality or if they're going to be as perfect as  
18 they can be, then this legal assistance during  
19 an investigation is important. Do you recall  
20 that testimony?

21 A Yes.

22 Q And I'm just looking at the finding here at the  
23 top of this page. And I'll read it to you.

24 "Finding: Crown counsel assesses that  
25 JIGIT investigations are of the highest

1                   quality."

2                   And the second sentence in the paragraph below

3                   reads:

4                   "One prosecutor who handled several JIGIT

5                   files described JIGIT's work as being of

6                   the highest quality and exceptionally

7                   thorough."

8                   Have I read that correctly?

9                   A     Yes.

10                  Q     And so it's your understanding that JIGIT's work

11                  and what was presented to Crown prosecutors has

12                  been of the highest quality; correct?

13                  A     Yes, based on the cases that that particular

14                  Crown had reviewed, he was very complimentary of

15                  their work.

16                  MS. FRENCH: Thank you. Madam Registrar, could we

17                  please turn to PDF page 32, please. And I'm

18                  looking here at recommendation 37, Mr. LePard.

19                  You recommend that JIGIT seeks more

20                  opportunities for communication and

21                  collaboration with BCLC and gaming service

22                  providers; is that correct?

23                  A     Yes.

24                  Q     You would agree with me that there will

25                  naturally be some limitations to the information

1                   that JIGIT can share with BCLC and service  
2                   providers?

3           A     Yes, absolutely.

4           Q     And that there also might be a difference in the  
5                   information that JIGIT is allowed to share with  
6                   BCLC versus what it can share with service  
7                   providers?

8           A     Yes.

9           MS. FRENCH:  If we can scroll down a bit further,  
10                   please, Madam Registrar, so we can see  
11                   recommendation 42.  Thank you.

12          Q     Recommendation 42 -- I'll just read it -- says  
13                   that:

14                                 "When possible, all relevant information  
15                                 on the value of proceeds of crime assets  
16                                 is recorded and tracked."

17                   Have I read that correctly, Mr. LePard?

18          A     Yes.

19          Q     And specifically you note further down in your  
20                   report that tracking non-liquid assets is  
21                   important.  Do you recall that?

22          A     I believe so.

23          Q     Can you explain what a non-liquid asset might  
24                   be?

25          A     Well, like for example, a vehicle.  In one case

1                   there was -- we weren't able to assess the total  
2                   value of a seizure in a case because we didn't  
3                   have information on the type of vehicles, the  
4                   year, the model and so on that might have  
5                   allowed us to assess that, and so we didn't have  
6                   that information. It was a fairly minor issue  
7                   and the recommendation was a fairly minor  
8                   recommendation, really. It was about  
9                   administrative housekeeping, tracking  
10                   information.

11                Q    And is it your understanding that generally  
12                   JIGIT does track non-liquid assets like  
13                   vehicles, phones, any property that is seized?

14                A    They certainly were tracking every item they  
15                   seized. Not necessarily assigning a value to  
16                   it, a dollar value to it, but they were  
17                   certainly tracking the items seized, whether it  
18                   was game equipment or vehicles or computers or  
19                   weapons.

20                Q    Thank you. And my last question here is about  
21                   recommend 43 which you've also discussed briefly  
22                   with Mr. Davis that high level gaming houses be  
23                   prioritized over low-level gaming houses. And  
24                   in discussing this point you referred to some  
25                   statistics, I believe, of the 30 files that were

1                   opened and which ones had a nexus to organized  
2                   crime. Do you recall that testimony?

3           A     Yes.

4           Q     And you base that conclusion -- you said that  
5                   there was some challenging information or  
6                   contradictory information on this point and you  
7                   looked at the difference in numbers of the files  
8                   opened; is that right?

9           A     Yes.

10          Q     Are you aware, though, that JIGIT does  
11                   internally prioritize files that have a nexus to  
12                   organized crime and high-level illegal gaming  
13                   houses?

14          A     Yes. And in fairness, looking at it now, I  
15                   should have worded that recommendation that  
16                   high-level gaming houses continue to be  
17                   prioritized over low-level gaming houses. I  
18                   think they were attempting to do that and that  
19                   really was a recommendation for the future based  
20                   on the analysis showing the impact, the greater  
21                   impact of dealing with a larger volume illegal  
22                   gaming house and the interference with organized  
23                   crime and removing proceeds of crime from the  
24                   revenue stream and so on. So it really was  
25                   about them continuing to do what they were doing

1 but recognizing the greater impact of a  
2 high-level house. But also making the point in  
3 the report, not necessarily in the  
4 recommendation, that there was value in doing  
5 the lower level gaming houses too. That they  
6 would have to assess them based on all the  
7 information known to them, including the impact  
8 on a community, a request from police of  
9 jurisdiction.

10 So it's a difficult balancing act they have  
11 to do and that was more of a general  
12 recommendation just to draw their attention to  
13 the fact of the greater impact at least in  
14 reducing criminal revenue streams of focusing on  
15 those that are associated to organized crime and  
16 because that's what was set out in their  
17 mandate.

18 MS. FRENCH: Thank you very much, Mr. LePard.

19 Mr. Commissioner those are all my questions.

20 THE COMMISSIONER: Thank you, Ms. French.

21 I'll turn now to Mr. Leung on behalf of  
22 BC Lottery Corporation, who has been allocated  
23 five minutes.

24 MR. LEUNG: Thank you. We have no questions for this  
25 witness at this time.

1 THE COMMISSIONER: Thank you, Mr. Leung.

2 Mr. McFee on behalf of James Lightbody who  
3 has been allocated ten minutes.

4 MR. McFEE: Well, the day is shortening

5 Mr. Commissioner. Having heard Mr. LePard's  
6 evidence, we have no questions for him. Thank  
7 you.

8 THE COMMISSIONER: Thank you, Mr. McFee. Ms. Tweedie  
9 on behalf of the BC Civil Liberties Association,  
10 who has been allocated ten minutes.

11 MS. TWEEDIE: Thank you, Mr. Commissioner.

12 **EXAMINATION BY MS. TWEEDIE:**

13 Q Good morning, Mr. LePard.

14 A Good morning.

15 Q So in your report you identify the Civil  
16 Forfeiture Office as a key tool for disruption  
17 of illegal gaming activities, money laundering  
18 and organized crime and you state that it's been  
19 used extensively by JIGIT; is that correct?

20 A Yes.

21 Q And you also state that it would be beneficial  
22 to have a designated person whose sole  
23 responsibility is civil forfeiture referrals; is  
24 that correct?

25 A Yes.



1           Q     And in your report you state that it has been  
2                    argued that the best measure of success for  
3                    anti-money laundering is reduction in harms from  
4                    financial crime; correct?

5           A     Yes.

6           Q     And that a key variable that is often used as a  
7                    proxy indicator for harm reduction is the  
8                    criminal asset forfeiture rate; is that correct?

9           A     Yes.

10          Q     And that rate is meant to measure the proportion  
11                   of criminal funds intercepted compared to all  
12                   criminal funds available. Do I have that  
13                   correct?

14          A     Yes, you do.

15          Q     Okay. But of course you're aware that civil  
16                   forfeiture proceedings are initiated against the  
17                   profits of alleged criminal activity and that it  
18                   doesn't actually require a criminal charge or  
19                   conviction?

20          A     Yes. The targeting is at the property or the  
21                   cash, not the person.

22          Q     And that the province must only demonstrate on  
23                   the civil standard of a balance of probabilities  
24                   that the property is the proceeds of crime?

25          A     Correct.

1           Q     So clearly having property seized through civil  
2                    forfeiture is not tantamount to proof that the  
3                    property is indeed proceeds of crime?

4           A     Sorry, can you give me that again.

5           Q     So clearly having property seized through civil  
6                    forfeiture is not tantamount to proof that that  
7                    property is the proceeds of crime?

8           A     No, I wouldn't agree with that. My  
9                    understanding is that it needs to be proved to  
10                  the standard of -- the civil standard of  
11                  probability.

12          Q     Okay. But just on that lower civil standard of  
13                  probability and it hasn't been proven in a court  
14                  of criminal jurisdiction to be the proceeds of  
15                  crime?

16          A     Correct. It doesn't meet the criminal standard  
17                  but it meets the civil standard.

18          Q     Okay. So to use the criminal asset forfeiture  
19                  rate as a measure of success, we're using funds  
20                  that have just met the balance of probability  
21                  standards and we're comparing it to a mere  
22                  estimation of all criminal funds; is that  
23                  correct?

24          A     Well, you're talking about money that has been  
25                  subject to civil forfeiture action. The formula

1 speaks to the amount of a seizure, the removal  
2 of -- however it occurs, whether it's through a  
3 criminal process, proceeds of crime or a civil  
4 process, that the money is taken out of  
5 circulation and is unavailable to invest back  
6 into the criminal activities, then, yes, that's  
7 what the formula is based on.

8 Q Okay. So it's fair to say that this way to  
9 measure impact involves estimation and it's  
10 rather uncertain, as is the case with many money  
11 laundering initiatives?

12 A Yes, that's fair.

13 MS. TWEEDIE: Okay. Madam Registrar, would we  
14 actually be able to pull up the report, please,  
15 exhibit 803, page 141.

16 Q So I just have one question about this chart  
17 here and this falls under the section of social  
18 return on investment which you testified about  
19 earlier. In the last category it states:

20 "Other potential unquantified impacts on  
21 the police stakeholders and the public."

22 Do you see that there?

23 A Yes.

24 Q And I take it that potential is italicized here  
25 to emphasize that we don't actually have a way

1 to measure or confirm these impacts?

2 A Well, they are potential impacts in that they  
3 may not occur in every case but some of them are  
4 actual impacts. It was just a way of  
5 recognizing that the value that is set out  
6 there, the \$4.271 million, is not the only  
7 value.

8 For example, I gave in my evidence in terms  
9 of the benefits to a community and assistance to  
10 a local police force that that has real value.  
11 And so in those cases where they are able to  
12 provide support in addressing a community  
13 problem which may be generating concerns in the  
14 community, that's a real impact. What the value  
15 of that is, that is difficult to assess but  
16 there is some value, but it's certainly it goes  
17 beyond potential when the value actually occurs  
18 when the assistance is provided to a community,  
19 for example, or to a local police force.

20 Q Okay. But to confirm, the values listed here  
21 are ones that have not been measured in a  
22 quantifiable way?

23 A No.

24 Q Okay. Can we please turn to page 17 of the PDF.  
25 So under the heading again on the "The Social

1                   Return on Investment," I just have one question.  
2                   The second paragraph there, the second sentence  
3                   states:

4                   "Additionally money laundering often  
5                   contributes to some of the most serious  
6                   and violent criminal activities, including  
7                   drug trafficking and gang-related violent  
8                   crime."

9                   Would you agree that it's in fact drug  
10                  trafficking that fuels money laundering in the  
11                  first place as it's these profits that need to  
12                  be laundered?

13                A    Well, it's symbiotic. I mean, drug trafficking  
14                  occurs and it creates profits that need to be  
15                  laundered, and then the laundering puts more  
16                  money into the criminal stream and is  
17                  re-invested in crime. I mean, that's what a lot  
18                  of money laundering is. You know, you can have  
19                  trade-based money laundering, which you can  
20                  have -- I spoke about before where you can have  
21                  vehicles that are either fraudulently obtained,  
22                  stolen or purchased that are being used to  
23                  purchase drugs which are going into the  
24                  community and the profits from those are used to  
25                  purchase more vehicles which are sent, exported

1                   to countries like Ghana and Nigeria and Asia and  
2                   so on as part of major drug and money laundering  
3                   conspiracies, and those have been very well  
4                   documented. So it's symbiotic and a little bit  
5                   of chicken and egg.

6           MS. TWEEDIE: Thank you. Madam Registrar, I don't  
7                   need that document anymore.

8           Q       And just one final question. You spoke about  
9                   enhanced police powers in the context of special  
10                  provincial constables. I assume you would agree  
11                  generally that any enhanced police powers must  
12                  of course conform to any limits of the Charter  
13                  of Rights and Freedoms; is that correct?

14          A       Of course. And the same with, you know,  
15                  activities related to CFO referrals obviously  
16                  have to conform to the legislation and that's  
17                  why we have an independent judiciary which  
18                  doesn't always agree with the CFO, for example.

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

20          THE WITNESS: Thank you.

21          THE COMMISSIONER: Thank you, Ms. Tweedie.

22                               And now I'll call on Mr. Rauch-Davis for  
23                               Transparency International Coalition, and he has  
24                               been allocated ten minutes.

25          MR. RAUCH-DAVIS: Thank you, Mr. Commissioner.

1                   **EXAMINATION BY MR. RAUCH-DAVIS:**

2                   Q     Mr. LePard, can you hear me okay?

3                   A     Yes, I can.

4                   Q     Okay. Great. I just have a few general  
5                                questions about some of the comments raised in  
6                                your evidence this morning. The first I have a  
7                                note when you were discussing the effectiveness  
8                                of Canada's money laundering regime or  
9                                anti-money laundering money laundering regime,  
10                              in looking at some of the kind of low numbers of  
11                              charges and prosecutions I believe your evidence  
12                              was that Canada doesn't have the necessary tools  
13                              compared to other successful jurisdictions. And  
14                              so I'm wondering if you could elaborate on what  
15                              tools are you referencing in that statement?

16                  A     Well, for example, the FATF has pointed out that  
17                              the -- you know, the law enforcement resources  
18                              devoted to this issue are insufficient and also  
19                              points out that the sentences aren't sufficient  
20                              to deter the activity as well. So, you know,  
21                              the very fact that we have seen so many -- so  
22                              few successful money laundering prosecutions in  
23                              Canada compared to other jurisdictions I think  
24                              speaks for itself.

25                  Q     Right. And so I take it when you gave that

1 evidence, you were referencing kind of the FATF  
2 reports and some of these second sources that  
3 you had consulted in your work?

4 A Yes.

5 Q Okay. And so I guess in the same vein your  
6 evidence this morning was also along the lines  
7 of it's better to look upstream from the  
8 policing units in terms of how to respond to  
9 the -- to combatting money laundering. I take  
10 it you'd agree, though, that the best deterrent  
11 is going to be successful prosecutions with  
12 seizure; right?

13 A I think that that is an important deterrent,  
14 absolutely.

15 Q Right. And -- pardon me, I didn't mean to --

16 A It doesn't necessarily have to be a criminal  
17 prosecution. Like I say, seizing wealth from  
18 criminals has shown to be a very effective  
19 technique. And so if you take the profit out of  
20 crime and especially if you can return that  
21 profit to actually good social purposes, that's  
22 a powerful tool as well. But I do agree that if  
23 you have successful investigations -- but, you  
24 know, what we know from, you know, the deterrent  
25 impact of policing on crime is that there has to



1                   be some certainty of being caught. And that  
2                   then the consequences are sufficient to deter  
3                   the activity in the future both in a specific  
4                   way with that offender, which might include  
5                   incapacitating them and in, you know, a way -- a  
6                   general way, a general deterrence with other  
7                   offenders who see the cost as being too high.  
8                   If the cost is just seen as -- if the cost is  
9                   seen low because the certainty of apprehension  
10                  is low, then there's not going to be much  
11                  deterrent value.

12                Q     Right. We have to avoid kind of the cost of  
13                  doing business where the penalties are too low,  
14                  money launderers are just like, I can eat the  
15                  penalty and still make a large profit. That's  
16                  what your evidence is?

17                A     Exactly.

18                Q     Yeah. And I think you mentioned the UK as a  
19                  successful jurisdiction, right, in combatting  
20                  money laundering?

21                A     According to the FATF they are successful and  
22                  have a strong AML regime and that one of the  
23                  pieces of evidence showing that is the number of  
24                  criminal cases that they have a year and the  
25                  number of successful prosecutions that they have

1                   a year, which is just in a different world than  
2                   what is going on in Canada.

3                   Q     Do you think part of the difference between  
4                   these two jurisdictions is the ability to detect  
5                   money laundering?

6                   A     Yes, absolutely.  When I speak about the tools  
7                   involved, I mean, there does seem to be so much  
8                   uncertainty.  I know that the most recent report  
9                   from the province estimated that in 2018 that  
10                  the amount of money laundered in BC was about  
11                  7.5 billion, but there are estimates that range  
12                  all over the place from the FATF, RCMP, that  
13                  report, you know, based on different models.  If  
14                  you don't have the tools in place to detect and  
15                  assess what's going on, then no one is really  
16                  going to have the answer.

17                  And so that is why -- and I hope made clear  
18                  in my evidence that what I really support is  
19                  looking at the police as the last line of  
20                  defence and doing as much as possible to detect  
21                  and interfere and prevent money laundering  
22                  upstream and just leaving those cases for which  
23                  there's no other reasonable solution but a  
24                  police investigation for the police to deal  
25                  with.  But, you know, the literature suggests,

1 including your report, you know, that there  
2 needs to be cooperation between governments and  
3 businesses and regulators in preventing money  
4 laundering or making it more difficult to occur  
5 in the first place.

6 MR. RAUCH-DAVIS: Thank you. I appreciate the  
7 clarification there. Those are my questions.

8 THE COMMISSIONER: Thank you, Mr. Rauch-Davis.

9 Anything arising, Ms. Tweedie?

10 MS. TWEEDIE: Nothing arising. Thank you.

11 THE COMMISSIONER: Thank you. Ms. French?

12 MS. FRENCH: Nothing arising. Thank you.

13 THE COMMISSIONER: Ms. Harlingten?

14 MS. HARLINGTEN: No, Mr. Commissioner. Thank you.

15 THE COMMISSIONER: Mr. Davis?

16 MR. DAVIS: Nothing, Mr. Commissioner.

17 THE COMMISSIONER: Thank you, very much, Mr. LePard.

18 I very much appreciate the time you've taken to  
19 share your experience and insights with us and  
20 to cast some light on some issues that the  
21 commission will be grappling with in its final  
22 report. So I am grateful to you for your  
23 testimony. You are now excused from further  
24 evidence. And I think, Mr. Davis, we need to  
25 stand down for about 15 minutes to get the next

1 panel on board. That's my understanding. So  
2 we'll take a 15-minute break.

3 MR. DAVIS: That's correct. Mr. Commissioner, if I  
4 could just advise as well that a separate Zoom  
5 link will be sent to participants for the  
6 afternoon session. If participants don't have  
7 one, they can contact me or one of the staff  
8 directly and we'll get that over to them. Thank  
9 you.

10 THE COMMISSIONER: All right. Thank you.

11 THE WITNESS: Thank you, Mr. Commissioner.

12 THE REGISTRAR: The hearing is now adjourned for a  
13 15-minute recess until 11:42 a.m. Please mute  
14 your mic and turn off your video.

15 **(WITNESS EXCUSED)**

16 **(PROCEEDINGS ADJOURNED AT 11:27 A.M.)**

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