

**PROCEEDINGS AT HEARING
OF
OCTOBER 27, 2020**

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October 27, 2020
(Via Videoconference)

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

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

MR. MCGOWAN: Mr. Commissioner, I believe you're muted.

THE COMMISSIONER: I said the same thing about you. I think I'm now unmuted, so I turn it over to you. Thank you.

MR. MCGOWAN: Yes. Good morning, Mr. Commissioner. The first witness today will be a Mr. Stone Lee of the British Columbia Lottery Corporation. Like Mr. Beeksma, Mr. Lee has prepared an affidavit that will represent part of his evidence to you, and as with Mr. Beeksma's affidavit, we will be seeking a direction from you in respect of Mr. Lee's affidavit that it not be posted until further direction. The reason for that, as you know, is there are outstanding applications relating to certain personal and private information, and we are working through those issues. I will say that once those issues are resolved, it is our intention to seek a direction that those

1 restrictions be removed and to seek to have the
2 affidavits posted.

3 THE COMMISSIONER: All right. Thank you.

4 MR. MCGOWAN: Mr. McCleery has conduct of this
5 witness for the commission.

6 THE COMMISSIONER: Yes. Mr. McCleery.

7 MR. MCCLEERY: Thank you, Mr. Commissioner. One
8 preliminary matter before we begin with Mr. Lee.
9 Yesterday one of the overview reports filed as
10 an exhibit was a report titled "Integrated
11 Illegal Gaming Enforcement Team." That was
12 exhibit 77, I believe. Counsel for Canada has
13 raised a concern about some of the personal
14 information in that report, and as such we're
15 asking for a direction that that not be posted
16 until further direction from you.

17 THE COMMISSIONER: Very well. I will make that
18 direction.

19 MR. MCCLEERY: Thank you. As Mr. McGowan indicated,
20 our first witness today is Mr. Stone Lee, the
21 BCLC investigator, and I understand that Mr. Lee
22 prefers to be sworn.

23 THE COMMISSIONER: Thank you.

24 MR. STEPHENS: If I could -- sorry, before we get
25 started -- ask a question. Gateway had brought

1 an application that related to Mr. Lee's
2 evidence, and I'm not aware of a disposition of
3 that, and I just ask just for my own information
4 if there has been any disposition or if
5 there's -- just because it seems relevant at the
6 outset.

7 THE COMMISSIONER: I think yes, you're quite right,
8 Mr. Stephens, there was an application brought
9 by Gateway. I think to quote from their letter
10 of application, Gateway sought that the names of
11 individual Gateway employees referred to in
12 paragraphs 52 and 53 of affidavit number 1 of
13 Stone Lee sworn October 23rd, 2020, and
14 circulated to participants at 3:19 p.m. today be
15 redacted in the public facing copy of the Lee
16 affidavit and that commission counsel and
17 participants or their counsel be directed to
18 anonymize the names of the Gateway employees
19 referenced in paragraphs 52 and 53 during
20 examination or cross-examination at the hearing
21 should these paragraphs be the subject of
22 discussion at the hearing.

23 As I understand it, the foundation for the
24 application was that failing to redact or
25 anonymize the employee's name and Mr. Lee's --

1 from the narrative of the affidavit and
2 Mr. Lee's oral evidence is inconsistent with the
3 purpose of those redactions in exhibits I and J,
4 and moreover, other participants have raised in
5 separate correspondence that disclosure of third
6 party personal information such as the
7 information contained in paragraphs 52 and 53 of
8 the Lee affidavit is, so far as we are aware,
9 unnecessary to the commission's mandate and will
10 not impair access to relevant information by any
11 member of the public. As I understand it, the
12 only response, substantive response to that
13 application was provided by commission counsel
14 on October 24th -- I'm sorry, October 25th, and
15 it opposed the application fundamentally on the
16 footing that Mr. -- that the two employees, or
17 former employees, of Gateway referenced in
18 paragraphs 52 and 53 were not in essence third
19 parties and that the reference to them is not
20 conditioned by the same considerations that
21 apply to third parties who have no notice of the
22 fact that their names may be evidenced in these
23 hearings.

24 Commission counsel has also noted that
25 Mr. Lee's affidavit has been in the hands of the

1 participants for over a month, that both the
2 parties at paragraph 52 and 53 have been made
3 aware of these issues or that their names are at
4 issue. One of them, at least, has been
5 identified as a witness in these proceedings,
6 and the other, as I understand it, is going to
7 be interviewed to determine whether or not he
8 will be a witness. It seems to me that in those
9 circumstances the issue raised by Gateway cannot
10 be given effect to because, as commission
11 counsel argues, the two parties at issue are not
12 third parties. They have been given notice, and
13 at least one of them may be a witness and the
14 other is a potential witness.

15 In my view, to give effect to this
16 application would set a precedent that would
17 potentially deprive the public and the media of
18 insights into or understandings of the nature
19 and extent of interactions and relationships
20 between and among those individuals who work
21 within the gaming industry as representatives of
22 one or more of the participants and their
23 interactions and relationships with third
24 parties who are -- whose enterprises are of
25 interest to the commission.

1 So in my view, the application brought by
2 Gateway must be dismissed.

3 MR. McCLEERY: Mr. Commissioner, for the purpose of
4 clarifying the record, I should note I think
5 Mr. Lee's affidavit has been in the hands of
6 participants I think only for a few days.

7 THE COMMISSIONER: Okay.

8 MR. McCLEERY: There was a witness summary that would
9 have contained the same information that was
10 circulated in the time frame that you've
11 indicated in your --

12 THE COMMISSIONER: Okay. Thanks for that
13 clarification, Mr. McCleery. I don't think it
14 changes the basis for my ruling. All right.
15 Are we ready to proceed?

16 MR. McCLEERY: I believe we are. And, again, I
17 understand that Mr. Lee would prefer to be
18 sworn.

19 **STONE LEE, a witness**
20 **called for the**
21 **commission, sworn.**

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

24 THE WITNESS: Stone Lee, S-t-o-n-e, last name L-e-e.

25 THE REGISTRAR: Thank you.

1 **EXAMINATION BY MR. McCLEERY:**

2 Q Good morning, Mr. Lee.

3 A Good morning.

4 Q My name is Kyle McCleery. I'm one of the
5 lawyers for the commission, and I'll be leading
6 you through your evidence to begin this
7 morning's proceedings. Thank you again for
8 taking the time to join us.

9 Mr. Lee, I understand you've worked in the
10 gaming industry in British Columbia since 1997
11 with both the Great Canadian Gaming Corporation
12 and the British Columbia Lottery Corporation.
13 Is that correct?

14 A That's correct.

15 Q And, Mr. Lee, you've sworn an affidavit of
16 approximately 13 pages describing your
17 experiences in the gaming industry and attaching
18 a number of documents as exhibits; is that
19 correct?

20 A That's correct.

21 MR. McCLEERY: Mr. Commissioner, I'd ask that
22 Mr. Lee's affidavit be marked as the next
23 exhibit.

24 THE COMMISSIONER: Very well.

25 MR. McCLEERY: And as foreshadowed by Mr. McGowan,

1 we're seeking the direction that that not be
2 posted on the commission website at this time.

3 THE COMMISSIONER: Very well. I'll make that
4 direction.

5 MR. McCLEERY: Thank you.

6 THE REGISTRAR: Next number is 87, Mr. Commissioner.

7 THE COMMISSIONER: Thank you, Madam Registrar.

8 **EXHIBIT 87: Affidavit #1 of Stone Lee, sworn on**
9 **October 23, 2020**

10 MR. McCLEERY:

11 Q Mr. Lee, I'd like to begin by just walking
12 through some of your experience in the gaming
13 industry in a little more detail. You set this
14 out in your affidavit, but for the benefit of
15 those that haven't a chance to review it yet.
16 You began your career in the gaming industry as
17 a dealer where the Great Canadian Gaming
18 Corporation at the Richmond casino in 1997; is
19 that correct?

20 A That is correct.

21 Q And after about two years you joined the Great
22 Canadian security and surveillance department;
23 is that accurate?

24 A That is correct.

25 Q And in that role you began to work at the

1 Holiday Inn casino in Vancouver; correct?

2 A Yes.

3 Q And then around 2000 you became a manager in the
4 surveillance department?

5 A Yes.

6 Q And in that role did you work at one particular
7 casino or were there multiple?

8 A Multiple.

9 Q And which casinos were those?

10 A I was manager, surveillance manager at Holiday
11 Inn, as well as Hastings race course. I
12 believe -- actually, no, that was -- Renaissance
13 I was only a supervisor, I believe, or shift
14 manager.

15 Q And then in 2008 you joined the British Columbia
16 Lottery Corporation as an investigator; correct?

17 A That's correct.

18 Q And you're now an investigator assigned to the
19 BCLC anti-money laundering unit?

20 A Yes.

21 Q And in what year did you join the anti-money
22 laundering unit?

23 A 2016.

24 Q I'd like to begin by asking you about some of
25 the experiences you detailed in your affidavit

1 from your time as a dealer with the Great
2 Canadian Gaming Corporation. At paragraph 6 of
3 your affidavit you explain that the bet limit
4 for -- during that time for baccarat was \$500 a
5 hand. And the next paragraph you say that
6 players at that -- playing at that level would
7 often buy in for about \$5,000. Is that
8 accurate?

9 A As I recall, yes. The limit was low. I believe
10 blackjack were only \$25 at a time.

11 Q Thank you. And then at paragraph 8 you describe
12 an incident that took place when you were a
13 dealer where a young woman bought in for \$10,000
14 in \$20 bills which she carried in a Prada bag.
15 Do you recall that incident?

16 A I do have a memory of it. It was not, like, an
17 incident. It was just a normal transaction, a
18 table transaction. I recall the female was
19 very, very young looking.

20 Q Right. And you say in the affidavit that the
21 event itself, the buy-in itself wasn't
22 especially unusual, but you remember it because
23 the woman was essentially a teenager; is that
24 correct?

25 A She appears to be.

1 Q And you say it wasn't unusual to see a buy-in of
2 this size at that time. Was it unusual for
3 large buy-ins like this at that time to be made
4 in \$20 bills?

5 A It was often small denomination bills, but it
6 was not out of norm.

7 Q And you say that this wasn't unusual, it didn't
8 seem unusual to you at the time. Did it strike
9 you as suspicious at those times to see large
10 transactions in small denominations?

11 A When I began with Great Canadian, I don't
12 believe there was a requirement for large cash
13 transaction records, and we were not instructed
14 to track anybody's buy-in. Our job was just
15 there to deal the cards.

16 Q Did it seem strange to you that someone would
17 have that much cash in \$20 bills at the time?

18 A \$20 bills were pretty norm. Normal at the time.
19 I think that's most current -- most denomination
20 used. It did make me realize that there were a
21 lot more wealthier people than myself.

22 Q And am I correct that at this time there were no
23 alternatives to using cash to buy in in casinos?

24 A That's correct.

25 Q So if an individual wanted to buy in for \$10,000

1 casino operation manager on duty, I was
2 often met with resistance from management
3 who said these reports could not be
4 proven."

5 So in this paragraph you indicate that you are
6 reporting loan sharking. Is it your
7 recollection that by this time this chip passing
8 and cash lending was against the rules?

9 A It was brought to the management's decision --
10 attention, and ultimately it was their decision
11 to make to ask the patron to leave. It was --
12 when I reported these incidents it was often met
13 with, how do you know they're loan sharks; they
14 could be just friends lending each other money.
15 There was comments like there is no juice, there
16 is no interest.

17 Q And was it your -- sorry, go ahead.

18 A So therefore it was very hard to prove and
19 during that time I don't recall we ever had any
20 victim to come forward saying that, I'm a victim
21 of loan sharking, that I was aware of.

22 Q And is it your recollection if these reports had
23 been accepted and the managers had accepted what
24 you had to say, should those loan sharks have
25 been removed from the casino, or ...

1 A We did kick out the loan sharks when we have
2 spot them passing cash or chips to multiple
3 different patrons. Those people would be kicked
4 out. Barred from the casino.

5 Q And do you know if that was Great Canadian's
6 decision to make, or was there a direction from
7 BCLC that those individuals should be removed?

8 A I believe that Great Canadian casino were
9 kicking out people that were identified as loan
10 sharks.

11 Q And do you recall the reports that you were
12 making? You reported them to the managers in
13 the casino who were Great Canadian employees, I
14 take it. Is that accurate?

15 A I'm sorry. Could you repeat that question.

16 Q The casino managers that you were reporting
17 these incidents to, they were Great Canadian
18 employees; is that correct?

19 A That is correct.

20 Q Do we know if these reports were also sent to
21 the British Columbia Lottery Corporation?

22 A I believe some would have been submitted. This
23 is -- again, this would be prior to the BC
24 lottery reporting system that was implemented
25 later.

1 Q And along the same lines at paragraphs 22 and 23
2 of your affidavit, you describe an occasion
3 where a loan shark was banned from the casino,
4 and the casino manager became angry because he
5 was concerned that patrons would not be able to
6 get cash when they needed it. Do you remember
7 that?

8 A I do recall, yes.

9 Q Do you recall any other occasions when Great
10 Canadian staff or management became angry or
11 frustrated when loan sharks were removed from
12 casinos?

13 A I believe that would -- yes. That would have
14 taken place when I was assigned to River Rock.

15 Q When you were assigned to River Rock as a BCLC
16 investigator?

17 A Yes.

18 Q Okay. I think we'll come to that later. From
19 your time at the Great Canadian do you recall
20 other incidents where management would get upset
21 or angry when a loan shark was removed?

22 A Most of -- it was particular management, and I
23 think he was the general manager at the time.

24 Q Was it your understanding that this individual's
25 perspective was that loan sharks were good for

1 business at the casino?

2 A It was brought to my attention a comment was
3 made to one of my staff that the managers
4 actually said, if my customer needs \$50,000 at
5 2:00 a.m. in the morning, where do you think
6 they're going to get it if you guys keep on
7 kicking out these people?

8 Q And the manager that made that comment, is that
9 the same Mr. Stratton that's referred to in your
10 affidavit?

11 A That's correct.

12 Q Do you recall anyone else at Great Canadian ever
13 expressing the view to you that loan sharks were
14 good for business or a necessary part of the
15 casino's business?

16 A When I was a surveillance manager or in the role
17 of BCLC?

18 Q When you were a surveillance manager.

19 A That would be one -- the only person that I can
20 recall.

21 Q Thank you. I'd like to move ahead now to your
22 time as a BCLC investigator. Beginning -- we're
23 at page 5 of your affidavit. Am I correct that
24 after you joined BCLC the first casino to which
25 you were assigned was the Edgewater Casino?

1 A That's correct.

2 Q At paragraph 29 of your affidavit you say that:

3 "Based on my review of incident reports at
4 this time, I observed that the loan sharks
5 appeared to be lending upwards of \$100,000
6 at a time."

7 Am I correct to understand that these loan
8 sharks you observed during your time with Great
9 Canadian you saw those -- not the same
10 individuals but people doing the same thing at
11 Edgewater?

12 A I believe they all had their own preference. I
13 did not see -- I did not notice a pattern of
14 people from River Rock -- from Richmond Casino
15 to Edgewater. Edgewater had their own set of
16 group that was operating in downtown area, I
17 believe.

18 Q And you say that these loan sharks appeared to
19 be lending upwards of \$100,000 at a time. How
20 were you able to identify how much these
21 individuals were lending?

22 A This would -- it was my observation that as the
23 limit raised, a patron would lose more money,
24 and when they lose more money and when he run
25 out, they would go borrow money or leave with

1 certain people and come back shortly after and
2 buy in again at a higher level. So it was
3 getting higher and higher. It went from Holiday
4 Inn days where 5- to \$10,000 to upwards of 100-.

5 Q So you mentioned bet limits. Is it your
6 observation that the amount of money being
7 loaned and the size of the buy-ins started to
8 increase as bet limits increased?

9 A Yes.

10 Q And going back to these loan sharks you observed
11 at the Edgewater and you say are lending up to
12 \$100,000 at a time, were you seeing patrons buy
13 in for up to \$100,000 at a time at the
14 Edgewater?

15 A I would say yes, they have. They have at times.
16 They were few. Not as many as what I observed,
17 like, in other casinos, the Richmond ones.

18 Q These large buy-ins you observed at the
19 Edgewater Casino, do you recall what
20 denominations these buy-ins occurred in?

21 A It would vary. It would be 20s, 50s and 100s.

22 Q And did you -- do you recall if there was a
23 typical method in which this cash was packaged?

24 A Over -- not particular each site, each casino,
25 but I do recall I have -- in my experience I

1 have seen in bags, toolboxes, cardboard box of
2 drills, duffel bags, gym bags, heavy plastic.

3 Q Thank you. Let's maybe move forward, then, to
4 your next assignment. I understand around March
5 of 2012 you were reassigned from the Edgewater
6 to the River Rock. Is that accurate?

7 A That is accurate.

8 Q And at paragraph 33 of your affidavit, you say:
9 "At this time it was not out of the
10 ordinary to see two to three cash buy-ins
11 of \$300,000 or \$400,000 per night at River
12 Rock."

13 That's correct?

14 A That is correct.

15 Q And you go on to say:

16 "These buy-ins seemed suspicious to me
17 because of the amount of the cash involved
18 and the fact these transactions often
19 contained small denominations."

20 Can you tell us what denominations you commonly
21 saw these transactions conducted in?

22 A It would be mixed with a majority of 20 dollar
23 denominations.

24 MR. STEPHENS: Mr. McCleery, sorry to interrupt.

25 Just to be fair to the witness, if you read

1 something from his affidavit could you just
2 complete the sentence. You're starting to --
3 and just to be fair to him because -- to
4 Mr. Lee.

5 MR. McCLEERY: Sure. I'll go back and complete that
6 sentence. The sentence was:

7 "These buy-ins seemed suspicious to me
8 because of the amount of cash involved and
9 the fact these transactions often
10 contained small denominations."

11 And then continuing on:

12 "And I and the other investigators
13 assigned to River Rock reported them to
14 our managers, FINTRAC, GPEB and law
15 enforcement as required."

16 That's correct, Mr. Lee?

17 A That is correct.

18 Q And we were just speaking about the
19 denominations in which these transactions were
20 conducted. And you said that these were -- 20s
21 were a common denomination, and you said that
22 this was one of the sources of your suspicion.
23 Can you explain why it is you found the small
24 denominations suspicious?

25 A It is the quantity of it. First of all, it's

1 very difficult to carry. We're talking about
2 very -- the bulk for a typical \$50,000, you
3 would need a shopping bag to carry. And to my
4 knowledge, it's not normally what the bank would
5 give out. And I think it would be -- it would
6 take an awful long time of you standing in front
7 of an ATM machine trying to withdraw \$50,000 and
8 get \$20 -- \$20 bills.

9 Q And you say that you found this suspicious, but
10 in your affidavit you don't describe exactly
11 what it was that you suspected. What did you
12 suspect was the source of the funds?

13 A I just find it unusual that someone -- one can
14 have that much large quantity of small
15 denomination bills.

16 Q And did you have a theory as to where these
17 bills might have come from?

18 A I don't have a particular theory. I do know
19 that it's majority of the restaurants in
20 Richmond were cash business, so it could come
21 from just being a cash business, getting cash.
22 However, it is the quantity that -- that made me
23 think that it was unusual.

24 Q Did any of your fellow investigators have any
25 theories or beliefs on where this cash might

1 have come from?

2 A That I can't -- I cannot say what my colleague
3 was thinking.

4 Q You've spoken about the size of these
5 transactions and the denominations they were in.
6 Do you recall were there other features of these
7 transactions that caused you to be suspicious of
8 them?

9 A It would be -- example would be someone loses
10 their bankroll, they appear to run out of their
11 money, and they will make a phone call or follow
12 somebody out or leave the casino shortly after
13 and come back with another bag of cash to buy
14 in.

15 Q And what about the manner in which these
16 transactions -- and we're speaking specifically
17 of what you observed sort of around 2012 at the
18 River Rock -- can you speak to the manner in
19 which this amount of -- this cash was packaged?

20 A It all varies from -- varies from typical
21 grocery bag, plastic bag, to envelopes to duffel
22 bags.

23 Q And the cash inside of these shopping bags or
24 duffel bags, was it loose in these bags, or was
25 it collected or bundled with something?

1 A They typically would be bundled and wrapped with
2 elastic bands.

3 Q And did you at the time attach any significance
4 to their being bundled in elastic bands?

5 A We made notes of how it was packaged. However,
6 I do know that when you go to a bank, typically
7 when you withdraw a large quantity of bills and
8 they will provide you with elastic, so ...

9 Q And you say that you reported these transactions
10 to your managers at the time. Can you tell us
11 who your managers were at that time?

12 A What year were you referring?

13 Q I'm sorry. The beginning of your time at the
14 River Rock, around in 2012?

15 A Yes, I believe they were all aware as the
16 reports system is -- it goes -- it goes through
17 our -- it filters through and it goes up to our
18 management. They're able to review.

19 Q And who were your managers at that time?

20 A Doug Morrison.

21 Q And anyone else?

22 A That would be my manager, yes. Doug Morrison.

23 Q And do you recall what, if any, response you
24 received to these reports from your manager?

25 A It was often met that we were make sure that we

1 have reported to the proper channels, which
2 included GPEB, RCMP, and then as well as
3 FINTRAC.

4 Q So was the emphasis at that time to make sure
5 that these transactions were reported? Is that
6 fair?

7 A That's correct.

8 Q And -- sorry, go ahead.

9 A My understanding is that the purpose of
10 reporting to these entities were -- they were
11 police officers and they're regulators that they
12 can look into the matter further that we have no
13 jurisdiction over.

14 Q And so you say that these transactions were
15 reported to the regulator, which was GPEB at the
16 time. Is that accurate?

17 A Gaming enforcement branch, yes.

18 Q And did you observe any actions taken by GPEB
19 during this period around 2012 when you first
20 arrived at the River Rock in --

21 A Not that I was aware of. I do understand -- I
22 do know that they prepare a report. I'm not
23 sure who they submit the report to.

24 Q And then you say that these reports were also
25 submitted to law enforcement. Did you observe

1 any response from law enforcement to these
2 reports around 2012, 2013?

3 A Not that I was aware of.

4 Q I'd like to take you now still around the same
5 period during your time at the River Rock.
6 Looking to paragraph 36 of your affidavit. You
7 describe an incident in which a player bought in
8 for \$100,000 in \$20 bills, played very little
9 and then cashed out. And then you suggest that
10 the same player engaged in similar activity
11 shortly afterwards, and your colleague,
12 Mr. Alderson, directed the cage staff to pay him
13 out in \$20 bills instead of higher
14 denominations. Do you recall that incident?

15 A I do.

16 Q And is my summary of what you said in your
17 affidavit a fair reflection of what -- your
18 recollection?

19 A I do.

20 Q You go on to describe a meeting that took place
21 after that. Do you recall that meeting?

22 A In our head office, yes.

23 Q Can you maybe just describe to me who was in
24 that meeting, that followed that incident where
25 it was discussed?

1 A It was -- while we were attending our monthly
2 meeting at our head office, there was three
3 investigators that were called and pulled out of
4 our regular meeting to join our upper management
5 in his office and I do recall Mr. Terry Towns'
6 office. Present was our director of compliance
7 security and Gord Friesen, our manager, as well.

8 Q And who were the other investigators that you
9 said were present as well?

10 A It was Steve Beeksma and Ross Alderson, myself.
11 The three of us.

12 Q And do you recall what was said in that meeting?

13 A It was addressed that our management has been
14 contacted -- been advised by Great Canadian
15 casino. I'm not sure his title. But I do
16 recall his name. Rob Baker's name was brought
17 up that River Rock investigator were barring --
18 banning high-limit players in the salon, and we
19 were intervening, like, their operation by
20 instructing their staff what to do.

21 Q And what was the message communicated by
22 Mr. Towns about those actions? Was he
23 supportive, or ...

24 A I recall he said you guys are not police
25 officers; cut it out; you're not allowed -- you

1 should not approach patrons; that's not your
2 job; your job is to observe and report.

3 Q What was the -- if you can sort of summarize,
4 what was the direction you understood Mr. Towns
5 to be giving you at that time?

6 A To -- I say there were comments like these VIP
7 patrons would often bring their friends, and if
8 the chit passing or the exchanges were not
9 commercial, it's not suspicious and the warning
10 card should not be given out. And as regards to
11 interview player or talk to a player, we need to
12 cease that.

13 Q And prior to this incident involving
14 Mr. Alderson, during your time as a casino
15 investigator, had you ever interviewed a casino
16 patron at a casino before?

17 A I have. Regards to somebody that's -- that had
18 signed up or enrolled into the volunteer
19 self-exclusion program where they have attended
20 a casino and won a jackpot and subsequently the
21 jackpot is withheld, and we had to interview him
22 and have a chat with him before we can actually
23 release the money to them at that time.

24 Q Had you ever interviewed a patron regarding a
25 large or suspicious cash transaction?

1 A I have.

2 Q Prior to this meeting with Mr. Towns?

3 A No.

4 Q Okay. The interviews you have conducted, have
5 those been -- when did those begin?

6 A The timeline would be somewhere in 2015.

7 Q Okay. So prior to 2015, had you ever
8 interviewed a casino patron at a casino about a
9 large or suspicious cash transaction?

10 A No, not that I can recall.

11 Q Would you agree that if you were trying to
12 determine the source of cash used to make a
13 large buy-in, it would be helpful to ask the
14 person who made the buy-in where that money had
15 come from?

16 A I would.

17 Q And in the interviews you conducted since 2015,
18 would you agree that those interviews had helped
19 you to understand where that cash was coming
20 from?

21 A I do.

22 Q So you would agree with me that prior to 2015 it
23 would have been helpful to have had the ability
24 to interview patrons about where cash had come
25 from if you were trying to determine if a

1 transaction was suspicious. Is that accurate?

2 A That's accurate.

3 Q Can you tell me -- obviously -- well, I won't
4 say obviously -- following this meeting with
5 Mr. Towns, you indicated that you haven't -- you
6 did not interview any patrons until 2015. Was
7 it the case that this direction from Mr. Towns
8 caused you to believe that you were not allowed
9 to do that?

10 A Yes, that's my -- that was my feeling, was you
11 need to stop doing that.

12 Q And you said that prior to that meeting you had
13 not interviewed patrons about large or
14 suspicious cash transactions. Can you explain
15 to the commission why you had not interviewed or
16 tried to interview patrons prior to that time?

17 A It was always my understanding that that was not
18 a practice that BCLC have conduct to pull a
19 patron or talk to a patron. We had very little
20 actually to do with the patron except to review
21 their activity and investigate what is being
22 reported on them. But verbal communication with
23 the patron, that just didn't happen.

24 Q And do you recall prior to this meeting with
25 Mr. Towns did any of your managers ever tell you

1 you weren't allowed to interview patrons?

2 A No. Not directly, no. Nobody ever communicated
3 that to me.

4 Q Can you help us understand how you came to that
5 understanding.

6 A It was just like you would start a job.
7 There's -- you observe other investigator and
8 you find out what the role is and what they
9 typically would do. That was nothing that I had
10 ever done or learned to do.

11 Q Thank you.

12 A And the one -- one of the impressions I got was
13 we were even deterred to, like -- try not to go
14 into the VIP room because we might intimidate
15 the patrons, so those -- from that experience,
16 it was my understanding we were not allowed to
17 talk to the patrons.

18 Q Can you tell me who discouraged you from going
19 into the VIP rooms?

20 A I do -- I don't recall who. I know that we
21 were -- we would hear complaints from the
22 service providers that we were hanging around.
23 We were told not to hang around the VIP rooms.

24 Q Did you hear those complaints directly from the
25 Great Canadian staff or -- sorry, the service

1 provider staff, or did that come indirectly
2 through someone else?

3 A Indirectly.

4 Q Do you recall -- I think I asked you this
5 already; I'll ask you again. You don't recall
6 who provided that message to you?

7 A I don't recall.

8 Q Move forward, then, a few months and beginning
9 on page 8 of your affidavit. You discuss an
10 individual by the name of Paul Jin. And at
11 paragraph 47 of your affidavit, you say:

12 "Mr. Jin started as one of the loan
13 sharks. I was familiar with him from
14 River Rock and I recall that it seemed
15 like he knew everyone in the casino. I
16 noticed as I reviewed incidents not
17 related to Mr. Jin that he was constantly
18 in the background. Eventually I noticed
19 that Mr. Jin had a pattern of buying in
20 and not cashing out and I began to suspect
21 he was lending chips and cash to patrons."

22 That's your recollection?

23 A Yes.

24 Q And you describe that Mr. Jin was subject to
25 three barrings by the BC Lottery Corporation.

1 Paragraph 46 you refer to a 14-day ban issued in
2 September 2012. Paragraph 48, you refer to a
3 one-year can ban also in September 2012. And
4 then at paragraph 50 you indicate that Mr. Jin
5 was banned for five years in November 2012. Is
6 that accurate?

7 A That is accurate.

8 Q And you then describe a vehicle that was known
9 to you and to your fellow investigators to have
10 been associated with Mr. Jin after this November
11 2012 barring was observed at the casinos
12 dropping off cash and chips. Is that accurate?

13 A That is accurate.

14 Q And these drop-offs you began to notice them
15 after Mr. Jin was barred in 2012?

16 A Yes.

17 Q In some occasions people other than Mr. Jin
18 would be seen driving that vehicle, and those
19 people would be banned by BCLC as well. Is that
20 accurate?

21 A That is accurate.

22 Q And the casino patrons to which this money and
23 these chips were dropped off to, were those
24 patrons banned as well?

25 A No. Not that I'm aware of. It all depends on

1 what the incident is, what it involves in, but a
2 normal dropoff, it would be very difficult to
3 determine what is inside the bag. We can
4 suspect, and usually that's what we do is we
5 suspect the bag contains cash, and if we are
6 able to determine that there was cash from the
7 dropoff, the patron would -- it would be a file
8 on them. And if the same patron have multiple
9 files, eventually it would lead up to a ban.

10 Q Okay. You say that it's hard to identify what
11 was in the bag that was being dropped off, but
12 the casinos have sophisticated surveillance
13 systems; is that correct?

14 A Yeah, but they're not x-ray.

15 Q Okay. But you could -- could you not follow a
16 patron from the dropoff to the cash cage and see
17 if they pull cash out of that bag?

18 A Yes. If we can determine that was the case,
19 yes. But often they would go into a washroom or
20 hotel room where you can only suspect that --
21 what was happening because of their actions.

22 Q In those cases where it was possible to follow
23 the patron from receiving the buy-in to the cash
24 cage and see -- have a fairly good idea of what
25 was in the bag, were the casinos accepting those

1 buy-ins in 2012 and 2013?

2 A Yes.

3 Q Did BCLC ever issue a direction that the casinos
4 should not accept buy-ins connected to cash
5 dropoffs?

6 A Yes. I believe that came a few years later.

7 Q Do you recall what year?

8 A I don't recall the exact date. I would say
9 somewhere during 2015.

10 Q Okay. So you would agree with me then for at
11 least a few years, BCLC was aware that Mr. Jin,
12 who was a known loan shark who had been barred
13 for five years, BCLC was aware that he was
14 dropping cash off to patrons and was allowing
15 that cash to be accepted by casinos. Is that
16 accurate?

17 A I wouldn't say "allow." These incidents were
18 reported to be determined whether or not the
19 source of the cash was suspicious to, again,
20 GPEB and RCMP.

21 Q But BCLC did not direct the casinos, as you
22 said, until a few years later that transactions
23 that could be directly connected to a cash
24 dropoff should be refused. Is that accurate?

25 A That's my understanding, yes.

1 Q Do you recall anyone at BCLC ever suggesting
2 prior to this direction being made a few years
3 later that the casinos should not be accepting
4 this money?

5 A I believe the concern was brought up by another
6 investigator that there were these small
7 denomination bills were suspicious and yeah, we
8 should not accept it.

9 Q Can you tell us who that investigator was?

10 A Yes. I believe his name is Mike Hiller.

11 Q And do you recall what the response was from
12 management about Mr. Hiller's suggestion?

13 A Mr. Hiller was very vocal, but he would often
14 have these private concern or conversation with
15 the management, so I'm not aware of what was
16 being said to him, but my understanding was he
17 was frustrated with the response.

18 Q But it's fair to say then, though, that
19 Mr. Hiller was expressing these concerns for
20 some time, suggesting that BCLC should not be
21 accepting this cash and BCLC continued to allow
22 the cash to be accepted?

23 A I think it was often explained that you -- if
24 these patrons were buying in for \$100,000 and
25 losing \$90,000 or all of it, they're not very

1 good money launderers.

2 Q Thank you. I'd like to move ahead now to an
3 incident you describe at paragraphs 52 and 53 of
4 your affidavit. And this is an incident in
5 which you describe two Gateway employees meeting
6 with Mr. Jin in 2015 as part of a group outside
7 of the Starlight Casino. Is that accurate?

8 A That is accurate. I was investigating another
9 incident and during the investigation I noticed
10 they were subsequently this meeting, and so it
11 was -- it was looked into further, yes.

12 Q Thank you. And exhibit I to your affidavit is
13 an incident report that relates to this; is that
14 correct?

15 MR. STEPHENS: What exhibit, sorry, Mr. McCleery?

16 MR. McCLEERY: Exhibit I.

17 MR. STEPHENS: I.

18 THE WITNESS: Yes.

19 MS. FRIESEN:

20 Q You'll agree with me this incident report is
21 almost entirely redacted?

22 A Yes.

23 Q Madam Registrar, I wonder if you might display
24 document BCLC 0015449 for Mr. Lee.

25 Mr. Lee, can you see that?

1 A I can.

2 Q And we can move to a different page if it would
3 be helpful, but I'm hoping you can confirm that
4 this is at least a less redacted version of the
5 same incident report?

6 A I'm still seeing page 2. Yes.

7 Q You confirm it's the same report?

8 A Yes.

9 MR. McCLEERY: Mr. Commissioner, I ask that this be
10 marked the next exhibit. Mr. Commissioner, I
11 believe you're muted.

12 THE COMMISSIONER: My question was whether or not
13 that is already part of exhibit 87.

14 MR. McCLEERY: It is. The version attached to
15 Mr. Lee's affidavit is heavily redacted. We
16 have received this less redacted version that is
17 much more illuminating than the one in the
18 affidavit. And I'm hoping to add this to the
19 record.

20 THE COMMISSIONER: All right. That's fine, then.
21 That will be exhibit 88.

22 THE REGISTRAR: Exhibit 88.

23 **EXHIBIT 88: Incident report at Starlight Casino**
24 **on unusual financial transaction (IN20150010775)**
25 **dated February 27, 2015 (redacted)**

1 MR. McCLEERY:

2 Q Mr. Lee, you indicate in your affidavit that you
3 met with one of these two Gateway employees
4 after observing this incident. Is that
5 accurate?

6 A That is accurate.

7 Q And that employee advised you that he did not
8 know what Mr. Jin looked like and did not
9 realize he was part of the group that he was
10 meeting with; is that correct?

11 A That's correct.

12 Q And did you have any reason to believe that
13 employee did know what Mr. Jin looked like or
14 would have known that he was meeting with him?

15 A I have no reason to believe otherwise.

16 Q Thank you. Mr. Lee, next I'll take you to
17 page 11 of your affidavit, the bottom two
18 paragraphs, 55 and 56?

19 A I'm sorry, what was the pages?

20 Q Page 11, paragraphs 55 and 56.

21 MR. STEPHENS: Mr. McCleery, just if I can interrupt.
22 We don't see the copy right now from that
23 document, but we have a hard copy here if you
24 would like us to show him that. Is that
25 satisfactory?

1 MR. McCLEERY: Which document are you --

2 MR. STEPHENS: The recently made exhibit copy, the
3 less -- one with the less redactions on it.

4 MR. McCLEERY: I'm planning to move on from that.

5 MR. STEPHENS: Oh, you are.

6 MR. McCLEERY: Certainly I have no objection him
7 looking at that if it would be helpful, but I'm
8 planning to move on from that now.

9 MR. STEPHENS: Okay. So you are in exhibit I now.

10 MR. McCLEERY: No, we're back into the affidavit.

11 MR. STEPHENS: Okay. Thank you. Sorry for that. I
12 just wanted to make sure.

13 MR. McCLEERY:

14 Q Mr. Lee, so at paragraph 65 and 66 of your
15 affidavit, here you describe an incident in
16 which a River Rock VIP manager, to use your
17 words:

18 "Assisted a patron with a \$200,000 cash
19 buy-in and provided the patron with a
20 velvet River Rock bag. The patron
21 received \$45,000 chips, placed all of them
22 in the bag provided by Ms. Gao and left
23 the casino without placing a single bet."

24 Do you recall that incident?

25 A I do.

1 Q As part of your investigation did you observe
2 surveillance footage of that incident?

3 A I did.

4 MR. McCLEERY: Mr. Commissioner, we've been provided
5 with surveillance of this incident. For the
6 reasons outlined by Mr. McGowan yesterday I'm
7 going to propose that we not play that video at
8 this time, but I've ask that it be marked as an
9 exhibit. And the video is designated as
10 video 2017-52024.

11 THE COMMISSIONER: Exhibit 89.

12 THE REGISTRAR: Exhibit 89.

13 **EXHIBIT 89: River Rock surveillance video (File**
14 **No. 2017-52024)**

15 MR. McCLEERY: Thank you.

16 Q Mr. Lee, if we can move ahead to, I think, the
17 last section of your affidavit. A section
18 titled "Source of Funds Threshold," beginning at
19 paragraph 81.

20 MR. STEPHENS: Sorry, Mr. McCleery, what paragraph?

21 MR. McCLEERY: Oh, I'm sorry, beginning at
22 paragraph 67.

23 Q You describe a source of funds requirement
24 introduced by BCLC in January 2018. And I
25 wonder if you could briefly describe how that

1 requirement operates.

2 A My understanding is anybody that's -- that
3 reached a threshold of \$10,000 were required to
4 provide their source of the funds, so they would
5 be approached at the time, and they would have
6 to provide the receipts and as well as where
7 they obtained the money.

8 Q And does that apply to only cash buy-ins or
9 other types of buy-ins as well?

10 A I believe that was cash buy-ins.

11 Q Okay. Would it apply to, say, bank drafts in
12 some circumstances?

13 A Bank draft were separate conditions. I think
14 some -- some of the patrons had condition put on
15 that even with bank drafts they would have to
16 present a receipt from the bank. However, I
17 can't recall if it was during the same time.

18 Q And you say in your affidavit that people try to
19 avoid this requirement by buying in below the
20 \$10,000 threshold, but in your view only a small
21 percentage of these transactions where people
22 try to buy in just below the threshold are
23 genuinely suspicious. Can you explain to the
24 commissioner why you believe that only a small
25 percentage of these transactions are genuinely

1 suspicious?

2 A Yes. There would be a few different examples or
3 circumstances where a patron buys in for \$10,000
4 that were deemed suspicious. One would be
5 simply they just don't have receipts and they
6 know that there's a requirement, so they will
7 try to buy in below the threshold to avoid being
8 approached for receipt. Or they would have
9 multiple buy-ins and they have no clue how much
10 they have bought in with, and they have gone to
11 the ATM and withdraw money multiple times,
12 didn't keep the receipt with them, so those
13 would be deemed not suspicious. Or the simple
14 fact that they have previous disbursement from
15 the casino where the casino don't provide
16 receipts for them, and they have 24 hours period
17 to use the same -- same funds for the buy-ins.

18 Q And can you describe in your -- based on your
19 experience, how has this requirement impacted
20 the number of large cash transactions that took
21 place --

22 A I'm sorry, you kind of cut in and out a little
23 bit. Can you repeat the question, please.

24 Q Of course. I'm sorry about that. Can you
25 explain in your -- based on your observations,

1 how this requirement has impacted the number of
2 large cash transactions you're observing in
3 [indiscernible]?

4 A It impacted where now you have the loan sharks
5 that provide hundreds and hundreds of thousands
6 of dollars that could not provide a receipt for
7 the customer, so they are no longer able to use
8 the suspicious money to buy in.

9 Q But the patrons could still use money from loan
10 sharks to buy in for less than \$10,000; is that
11 accurate?

12 A Under \$10,000, yes.

13 Q And do you still see transactions for thousands
14 of dollars conducted in \$20 bills?

15 A Sorry? Say that again.

16 Q Do you continue to see since the introduction of
17 the source of funds requirements transactions
18 for thousands of dollars in \$20 bills?

19 A Yes.

20 Q And in some of those occasions, are those \$20
21 bills bound with elastic bands?

22 A In some cases, yes.

23 Q And do you agree those are both indicators that
24 a transaction might be suspicious, small
25 denominations and bound with elastic bands; is

1 that accurate?

2 A I would say some. Usually we look for other
3 indicator because I do believe some of the ATMs
4 only dispense 20 dollar denominations.

5 Q And you've continued to report transactions to
6 FINTRAC since January 2018; is that correct?

7 A That's correct.

8 Q But you would agree that there continues to be
9 suspicious transactions in BC casinos since
10 January 2018?

11 A There are some, yes.

12 Q Mr. Lee, I'd like to take you to a couple of
13 incidents that have happened more recently.

14 MR. McCLEERY: Madam Registrar, I wonder if you might
15 pull up for me document number BCLC0016423.

16 Q And can you see that, Mr. Lee?

17 A It's very small.

18 MR. STEPHENS: The font is quite small, Mr. McCleery.
19 Yes, that works, or we have a hard copy
20 available.

21 MR. McCLEERY: Yes, certainly if you have a hard copy
22 available, that might make things easier.

23 MR. STEPHENS: Yes. I'm presenting Mr. Lee 16423.

24 MR. McCLEERY: I'm sorry, I'm having a small
25 technical difficulty of my own. Here we are.

1 Q Mr. Lee, do you recognize this report?

2 A Yes.

3 Q This is a BCLC iTrak incident report dated
4 January 29, 2020; is that correct?

5 A That's correct.

6 Q And do you recognize this is a report of an
7 incident that you were responsible for
8 investigating?

9 A That's correct.

10 Q Mr. Lee, I'd like to take you to page 2 of that
11 report. And can you confirm, is this page --
12 this is an entry created by Great Canadian
13 surveillance staff. Is that accurate?

14 A That is correct.

15 Q And am I correct that your investigation would
16 begin, in this case would have begun with you
17 receiving this report from Great Canadian
18 surveillance and then you would have launched
19 your investigation from there?

20 A That's correct.

21 Q So the bottom half of this page describes an
22 incident in which an individual is dropped off
23 at the River Rock, enters the casino, and then
24 at 6:14 p.m. it says the individual removes two
25 bundles from -- it says "of," but I assume it

1 means "from his pockets at" and then I gather
2 that designates a gaming table, and places them
3 on the table for buy-in. "DLR," which I gather
4 means dealer:

5 "Removes the elastic bands and begins the
6 count."

7 And the next entry [indiscernible] do you agree
8 with that --

9 A Yes.

10 Q And then the next entry says:

11 "Dealer completes the count for a total of
12 \$40,000, 200 \$20 bills. The patron
13 receives chips and walks around to various
14 tables making numbers -- marking numbers
15 on the baccarat tracking card. Gaming
16 activity is limited with bets ranging at
17 \$20 wagers."

18 The next entry is:

19 "The individual removes a bundle of \$20
20 bills from his jacket pocket and places it
21 on another gaming table. The dealer
22 removes the elastic band and completes the
23 count for a total of \$2,000, 100 \$20
24 bills, and the individual receives his
25 chips and then eventually leaves the

1 casino."

2 Do you agree that's an accurate characterization
3 that that surveillance officer has reported?

4 A Without looking at the video and comparing to my
5 notes it's -- that's his statement.

6 Q Okay.

7 A And usually, generally, surveillance would put
8 in their review and often we would find
9 discrepancies with how it's been reported and
10 with additional review, and it's my finding --
11 usually that's where I add my comments in.

12 Q Okay. And above that entry that we've just
13 reviewed, the surveillance officer has listed
14 five reasons why he or she believes this
15 transaction is unusual; is that correct?

16 A Yes, that's what is on his report, yes.

17 Q And those features include that it's a -- that
18 the funds were bound with elastic bands, that
19 they're in small denominations and they were
20 packaged in \$2,000 bundles. Is that accurate?

21 A That is what he stated on his report, yes.

22 Q Right. That's what I mean. It's accurate that
23 that's what the report says.

24 And then if we go ahead to the next page,
25 there is -- I believe there's an entry created

1 by you. Is that accurate?

2 A That is correct.

3 Q And you concluded that this was not a suspicious
4 transaction; is that correct?

5 A That is correct. That was my findings.

6 Q Can you give us an idea of why in this case you
7 concluded that despite the reasons offered by
8 the surveillance officer this was not a
9 suspicious transaction?

10 A It would not be out of the norm for a patron to
11 obtain \$6,000 in \$20 bills.

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

14 THE COMMISSIONER: That will be exhibit 90.

15 THE REGISTRAR: Exhibit 90.

16 **EXHIBIT 90: Incident report from River Rock on**
17 **unusual financial transaction (IN20200006443)**
18 **dated January 29, 2020**

19 MR. McCLEERY: Mr. Commissioner, with respect to this
20 exhibit and the last one, for reasons we've
21 discussed yesterday I'm going to ask that these
22 not be posted to the website until further
23 direction from you.

24 THE COMMISSIONER: All right. I'll make that
25 direction. Thank you.

1 MR. McCLEERY: Mr. Lee, I think I'm finished with
2 that report. But Madam Registrar, I wonder if
3 we can see BCLC document 0016440. Mr. Stephens,
4 if you have a hard copy that might be helpful.

5 MR. STEPHENS: We do. We just provided that document
6 that you read out, 16440, to Mr. Lee.

7 MR. McCLEERY:

8 Q Mr. Lee, do you recognize this document?

9 A I do.

10 Q And this is another BCLC iTrak incident report;
11 is that correct?

12 A That is correct.

13 Q And in this case the dates are redacted, but
14 would you agree that the incident file number
15 suggests it was an incident that took place in
16 2020?

17 A Yes.

18 Q If I can take you down to page 2 of that report.
19 Again, we have a description that I gather is --
20 had been created by a Great Canadian
21 surveillance staff member; is that correct?

22 A That is correct.

23 Q And if you look at the bottom of the first
24 paragraph, there is a sentence that says:

25 "Total 24 hour completed transaction was

1 \$15,770 (19 times 100, 1 times \$50, 691
2 times \$20)."

3 Do you agree this line is intended to mean that
4 the -- at least the surveillance officer's
5 observation is that there was a total
6 transaction of \$15,770 within 24 hours and that
7 of that 691 \$20 bills were produced for those
8 buy-ins?

9 A Yes, that is in his report, yes.

10 Q And based on your investigation, which I gather
11 is detailed primarily on page 4, am I correct
12 that in this case no source of funds -- this
13 proof of source of funds was requested for this
14 patron?

15 A In this case the source of funds was requested
16 and was refused.

17 Q And are you able to identify how much the
18 individual bought in for before the source of
19 funds request was made?

20 A I believe that this patron has -- went over
21 before he was approached. In this case it's --
22 although it's within 24 hours, it was actually
23 conducted in two different days, so in a lot of
24 cases that casino staff record on that day, or
25 their tracking might have been not -- they did

1 not notice it right away. They did not add the
2 two gaming dates together. This is after the
3 fact that they realized that this patron has
4 gone over.

5 Q Can you tell us how they would track an
6 individual's buy-in, like this individual, to
7 identify whether they need to ask the source of
8 funds documents?

9 A To my knowledge the dealer supervisor would
10 track a patron when they buy in and it all
11 depends on the patron's gambling habits.
12 There's -- as you can see, he has conducted
13 multiple buy-ins on various tables, and if
14 that's the case, sometimes the tables, it's not
15 even in the same area, so unless you assign
16 somebody that's dedicated to each patron to
17 follow them around and track that buy-ins, it's
18 almost next to impossible to keep accurate
19 tracking.

20 Q Would you agree with me, then, that it can be
21 quite difficult to identify -- for a patron like
22 this one who goes to different tables or maybe
23 comes to the casino and leaves and comes back,
24 it can be quite difficult to identify when that
25 patron needs to provide proof of a source of

1 funds?

2 A Especially on two different gaming dates, yes.
3 And that's -- in -- now I think the current --
4 in my current role, that's what I observe
5 mostly, we are dealing with reports such as
6 this, two different gaming days where a patron
7 have gone over \$10,000 and when the service
8 provider realizes that they have gone over and
9 they did not get a source of funds interview or
10 receipt, they would create an incident report
11 saying it's suspicious, although they were often
12 a patron were never even approached. So that
13 would also help me in my investigation determine
14 whether or not this is a suspicious indicators
15 and it would be part of my findings.

16 MR. McCLEERY: Thank you. Mr. Commissioner, I ask
17 this report be marked as a next exhibit. And,
18 again, that it not be posted without direction
19 from you.

20 THE COMMISSIONER: Very well. It will be marked
21 exhibit 91 and I'll direct that it not be
22 posted.

23 THE REGISTRAR: Exhibit 91, yes.

24 **EXHIBIT 91: Incident report from River Rock on**
25 **unusual financial transaction (IN20200012826)**

1 **(redacted)**

2 MR. McCLEERY:

3 Q Mr. Lee, I'd next like to just conclude and ask
4 you about a couple of entries in your notebook.
5 You keep a notebook related to your
6 responsibilities as a BCLC investigator?

7 A I have kept the notebook since the first day I
8 started with BCLC and every working day.

9 Q Are you required to keep the notebook?

10 A There is no requirement. It's just a habit of
11 mine that -- to write in which file I have taken
12 ownership of and to document some of the stuff
13 that occurred that day.

14 Q And do you -- sorry, in taking notes in your
15 notebook you try to be as accurate and
16 [indiscernible]?

17 A That's correct.

18 MR. McCLEERY: So, Madam Registrar, I don't think we
19 need to have it pulled up, but maybe for
20 Mr. Lee's reference this is document
21 BCLC0016362.

22 MR. STEPHENS: Would you like us to provide Mr. Lee
23 that document, Mr. McCleery?

24 MR. McCLEERY: Perhaps I'll ask him about the
25 incident I'm going to refer to first and if he

1 needs it, we can --

2 MR. STEPHENS: Okay.

3 MR. McCLEERY:

4 Q Mr. Lee, the first thing I'm going to ask you
5 about is an entry dated March 20th, 2013, and
6 this refers to a monthly investigator meeting
7 and a discussion of suspicious transaction
8 reporting where -- quoting from your notebook,
9 you say:

10 "Manager Gord Friesen gave an example of."

11 And then he identifies a particular casino
12 patron. And then in quotations it says:

13 "If the patron came into the casino with
14 \$200,000 in \$20 bills that is not
15 suspicious because we know who he is."

16 Do you recall that meeting?

17 A I do.

18 Q And who was Gord Friesen at that time?

19 A Our manager.

20 Q Can you -- I read out how you characterize it
21 in your notes. Do you recall the exact comment
22 made by Mr. Friesen?

23 A That because we know -- we established that this
24 guy is -- has a source of wealth and we know
25 that he's a businessman, that therefore the

1 money that he -- that he have is not suspicious.

2 Q And did you agree with that sentiment?

3 A I did not.

4 Q Can you tell us why you disagree with that?

5 A It is just -- it's not a common practice of a
6 bank issuing \$200,000 in \$20 dollar. In my mind
7 if somebody such as Jim Pattison walked into the
8 casino with \$200,000, it would be the same
9 thing. We all know that Mr. Pattison is quite
10 wealthy. It's just unusual to have that. To me
11 it's unusual.

12 Q And when Mr. Friesen suggested that the
13 transaction was not suspicious, did you
14 interpret that as a direction that it should not
15 be reported as suspicious?

16 A I believe it would still be reported. That
17 was -- to my understanding was just an example
18 of we have established a patron's wealth.

19 Q In an incident like the one described, there
20 would still be -- could still be a report made
21 to FINTRAC?

22 A Yes. To my knowledge, there was no direction to
23 the service provider not to report such a thing.

24 Q And would it be recorded as both a large cash
25 transaction and a suspicious transaction?

1 A It would be -- to my knowledge, it would be
2 reported as a large cash transaction as well as
3 unusual transaction.

4 Q There's one other incident referred to in your
5 notes I would like to ask you about, and this is
6 an incident or entry dated February 13th, 2014.
7 And it's an incident in which you detail a phone
8 conversation you had with one of your fellow
9 investigators, Murray Ross, recording a large
10 cash transaction report that was not completed
11 because there was no occupation listed. Is that
12 a conversation that you remember?

13 A I do remember.

14 Q And do you recall what Mr. Ross told you?

15 A I recall that there was a large cash transaction
16 was incomplete which shows in our system that
17 hasn't been submitted to FINTRAC and is sitting
18 there waiting because the required field was not
19 complete. And I recall that we -- Mr. Ross
20 indicated to me that my manager, assistant
21 manager want me to close that LCT and submit
22 that -- submit that to FINTRAC.

23 Q And who was your assistant manager at the time?

24 A John Karlovcec.

25 Q And do you recall specifically how Mr. Ross

1 indicated that Mr. Karlovcec suggested you
2 should close that incomplete report?

3 A To make up occupation for the patron.

4 Q So your understanding, then, was that the
5 direction was to provide incorrect information
6 to FINTRAC?

7 A That's correct.

8 Q And how did you feel about that?

9 A I made a note, stated to my fellow investigator
10 that I was not comfortable with that. I said
11 if -- I said if my boss asks me to do something,
12 I will do it; if he have put in an email, so I
13 have it in writing that this is the direction
14 that he want me to take. And I was not
15 comfortable with it.

16 Q And did you do as you were directed and provide
17 an incorrect occupation?

18 A No, I did not.

19 MR. McCLEERY: Mr. Commissioner, I think those are my
20 questions for Mr. Lee.

21 THE COMMISSIONER: All right. Thank you,
22 Mr. McCleery.

23 MR. McCLEERY: I believe we have first up for
24 participants is Ms. Friesen for GPEB. I believe
25 the allocation is 20 minutes, but perhaps Madam

1 Registrar can confirm.iuytred

2 THE COMMISSIONER: I have 25 minutes for Ms. Friesen.

3 MR. McCLEERY: My mistake, then. I apologize.

4 Ms. Friesen.

5 THE COMMISSIONER: That's all right.

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

7 Ms. Friesen.

8 **EXAMINATION BY MS. FRIESEN:**

9 Q Thank you, Mr. Commissioner. Hello, Mr. Lee.

10 A Hello.

11 Q Can you hear me okay?

12 A Yes.

13 Q Thank you. You've given evidence regarding

14 BCLC's role in reporting incidents to GPEB.

15 Typically notice of the incidents would be in

16 the form of section 86 reports; is that right?

17 A That's correct.

18 Q And GPEB investigators have the ability to

19 request further information after receiving a

20 section 86 report?

21 A That's my understanding, yes.

22 Q And in fact GPEB investigators frequently did

23 request further information from BCLC after

24 receiving a section 86 report; is that right?

25 A That is correct.

1 Q And you have no direct knowledge as to what
2 steps GPEB took with respect to that
3 information?

4 A No, I don't.

5 Q As a BCLC investigator your role was to observe,
6 record and report?

7 A Yes.

8 Q As you understood it?

9 A Yes.

10 Q And as part of its observe and report function
11 BCLC would typically report any suspected
12 criminal behaviour to law enforcement; is that
13 right?

14 A That is correct.

15 Q It was not BCLC's role to conduct criminal
16 investigations?

17 A That's my understanding, yes.

18 Q And you're aware that GPEB was also reporting
19 incidents to law enforcement?

20 A My understanding, yes.

21 Q And you'll agree with me that like BCLC, GPEB
22 also did not conduct criminal investigations to
23 your understanding?

24 A That wasn't my understanding. My understanding
25 is they were sworn the special constables and

1 they have more power than us. We're just
2 corporate investigator versus their -- they have
3 the constable status.

4 Q However, you'll agree with me that an
5 investigator with a provincial regulator is not
6 the same thing as a police officer; correct?

7 MR. STEPHENS: If I could just say, it sounds like a
8 legal question, Ms. Friesen, like what their
9 powers are. If you want to ask the witness what
10 he observed, you know, that seems reasonable.

11 MS. FRIESEN: Just to clarify, I didn't use the word
12 "powers." I believe that that was the witness's
13 evidence. My question is that the investigator
14 with a provincial regulator is not the same
15 thing as a police officer. According to his
16 understanding.

17 THE COMMISSIONER: Doesn't that call for a legal
18 conclusion, or are you just asking for his
19 understanding, you said?

20 MS. FRIESEN: Yes, Mr. Commissioner, just his
21 understanding.

22 THE COMMISSIONER: Okay. I'm not sure what use that
23 is to me, but go ahead.

24 THE WITNESS: My understanding is they have more
25 jurisdiction or control as the regulators. They

1 can look into it further, much more than our
2 capability. I do know that they have permission
3 to look into police database, which we don't
4 have, so that was my understanding, that they
5 had similar role, but they did take a backseat
6 when RCMP or police were investigating
7 something. They would stand back. And then
8 they were investigating, then BCLC would stand
9 back, so we don't interfere in the
10 investigations.

11 MS. FRIESEN:

12 Q You're aware that they were reporting incidents
13 to law enforcement?

14 A I was aware that they were reporting, yes.

15 Q And with respect to -- just moving on to certain
16 other parts of your affidavit, Mr. Lee. Just
17 with respect to -- I want to talk to you a
18 little bit about your last statement in your
19 affidavit, your last paragraph. It says that
20 you say that it's your belief that suspected
21 dirty money was mostly eliminated from casinos
22 five years ago and that's when the source cash
23 conditions program was implemented; correct?

24 A That's correct.

25 Q And is it fair to say what you mean by that

1 statement is that you observed a reduction in
2 the suspicious cash buy-ins starting in 2015?
3 Is that accurate?

4 A That would be accurate.

5 Q Okay. And there may have been a reduction in
6 STRs as well?

7 A Not necessarily the STR. The money, the cash
8 that were coming in, that was dramatically
9 reduced from --

10 Q Cash that was coming in?

11 A Yes.

12 Q And your understanding is that there was no
13 correlating reduction in STRs?

14 A There were still STRs. I do believe that it was
15 a dropoff compared to preconditions.

16 Q Okay. And, now, STRs, now, that stands for
17 suspicious transaction report; correct?

18 A That's correct.

19 Q And whether an STR is filed is in part based on
20 a subjective -- it's partially a subjective
21 determination?

22 A Yes.

23 Q Okay. One must have evaluate the circumstances
24 to determine whether they are suspicious?

25 A That's correct.

1 Q That's part of the determination.

2 And there was no corresponding decrease in
3 large cash transactions that began five years
4 ago to your knowledge; correct?

5 A Sorry, I'm not following the question.

6 Q There was no decrease in large cash transaction
7 that began five years ago; correct?

8 MR. STEPHENS: Just to be fair to Mr. Lee, are you
9 asking him for sort of empirical statistical
10 data?

11 MS. FRIESEN: Well, is that his understanding. Is he
12 aware whether there was a decrease in large cash
13 transactions.

14 THE WITNESS: In the threshold, yes. Like, the
15 amount of cash buy-ins, yes, there was a
16 decrease. We stopped seeing what I mentioned
17 earlier that the 300,000 and \$400,000 buy-ins,
18 that just doesn't happen anymore.

19 MS. FRIESEN:

20 Q So you're saying there was a decrease in large
21 cash transactions?

22 A Yes the amount. We're talking about large cash
23 transaction, that's \$10,000, each report, and
24 whether or not that decreased, no. The \$10,000
25 threshold is still -- is still, I think, the

1 same. The amount of each buy-in, like, higher
2 amount, that decreased.

3 Q To your knowledge there's no requirement for BC
4 casinos to document the denomination of cash
5 payouts to patrons; is that right?

6 A That's correct.

7 Q So this would make it difficult to trace whether
8 patrons are being paid out in a different
9 denomination than what they bought in with?

10 A Yes.

11 Q And in 2015 you were not stationed at River
12 Rock, were you?

13 A I believe I might have been reassigned to River
14 Rock. I was always there as -- to assist.
15 Mainly with patron interviews and translations.
16 So -- and because the volume of reports that
17 River Rock gets, often I would assist because I
18 guess the sites that I was responsible for were
19 not as busy, so I can take on a few files for
20 them, and that's what often I did.

21 Q Just to confirm your evidence in 2014 you were
22 transferred to Hard Rock; is that right?

23 A That's correct.

24 Q That was your permanent base?

25 A That was -- I believe I got transferred to Hard

1 Rock Casino in the beginning of 2014.

2 Q Correct. Okay. Thank you. With respect to --
3 I wanted to ask you a question regarding
4 paragraph 40 of your affidavit. This paragraph
5 refers to that meeting that you refer to when
6 you were speaking with Mr. McCleery regarding
7 the meeting with Mr. Towns. And in that
8 paragraph you state -- and referring to
9 Mr. Towns you state:

10 "He also told myself, Mr. Alderson and
11 Mr. Beeksma that we were not police
12 officers and to stop speaking to patrons.
13 We were instructed that it was Great
14 Canadian staff who should speak with
15 patrons."

16 Do you see that there?

17 A Yes.

18 Q You were not advised that GPEB should be
19 speaking to patrons?

20 A I was not aware that GPEB was conducting any
21 patron interview during that time, no.

22 Q Right. So you were not advised it was GPEB who
23 should be speaking to patrons?

24 A No.

25 Q I also want to refer you, Mr. Lee, to

1 paragraph 71 of your affidavit. And
2 paragraph 71 you say:

3 "If a player tries to buy in with cash
4 casino winnings, they have to do so within
5 48 hours of the casino disbursement and
6 the buy-in must -- and must buy in at the
7 same casino that made the disbursement.
8 Otherwise they cannot use the cash to buy
9 in."

10 Do you see that there?

11 A Yes.

12 Q It is 48 hours? I know you referenced a 24-hour
13 window period in your evidence?

14 A To my knowledge, that service provider has the
15 okay to source the funds within 48 hours of the
16 disbursement. However, when I made that
17 statement, it is impossible for River Rock staff
18 to determine if this patron has just been paid
19 out from the park casino, because they do not
20 see a patron's transaction from other sites, so
21 they would not be able to confirm or tell that
22 the patron had received disbursement from
23 elsewhere.

24 Q Right. But this 48-hour window, just getting
25 back to the 48-hour window for the buy-in,

1 that's pursuant to BCLC policy or directive?

2 A Yes, that's correct. They have the ability to
3 source the funds to the previous 48 hours, yes.
4 Or even receipt, I believe, if a patron
5 withdrew \$3,000 from the bank, the receipt
6 that they produce, let's say it's to the time
7 that they arrived at the casino, they might only
8 buy in with a thousand dollars, but they have
9 48 hours to, I guess, use the rest of the funds
10 from the withdrawal.

11 Q Right.

12 A So they have -- yeah. Once the 48 hours
13 expired, that receipt would no longer accept.
14 The service provider won't accept.

15 Q Okay. So you've confirmed that it's a BCLC
16 policy or directive. And there's a good
17 rationale for that policy or directive, correct,
18 to have the 48-hour window, and that is to
19 ensure that the funds can be properly sourced;
20 correct?

21 A Right. It just give the patron some time.
22 Because not often they would buy in whatever
23 they withdraw from the bank. So if they take
24 out \$5,000, they might only want to gamble a
25 thousand dollars, then they start winning,

1 there's no reason for them to continue to buy
2 in.

3 Q Right. So it gives them some amount of time,
4 but not too much time?

5 A Yes.

6 Q And if it was -- the reason why there's a
7 48-hour window is to ensure that there's a
8 proper connection between the funds and the
9 receipt?

10 A That's my understanding, yes.

11 Q And the further away from the time of the
12 winnings, the more difficult it is to source the
13 funds?

14 A That's correct.

15 Q You'll agree with me that if the policy is not
16 followed this may create more of a money
17 laundering risk?

18 A That's correct.

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

20 THE COMMISSIONER: Thank you, Ms. Friesen.

21 Mr. Skwarok.

22 MR. SKWAROK: I'm wondering if I can request a
23 10-minute intermission.

24 THE COMMISSIONER: Yes. All right. Why don't we
25 just take the regular break. I think,

1 Mr. McCleery, are we on target to finish in
2 time? Can we take 15 minutes instead of 10?

3 MR. McCLEERY: I think we might be a little bit
4 pressed for time, Mr. Commissioner, but I'll
5 leave it to you to decide.

6 THE COMMISSIONER: Well, let's take 15 minutes and if
7 necessary, we can sit a little longer to
8 conclude today. Thank you.

9 THE REGISTRAR: This hearing is adjourned for the
10 morning recess until 11:23 a.m.

11 **(WITNESS STOOD DOWN)**

12 **(PROCEEDINGS ADJOURNED AT 11:07 A.M.)**

13 **(PROCEEDINGS RECONVENED AT 11:22 A.M.)**

14 THE REGISTRAR: The hearing has now resumed.

15 THE COMMISSIONER: Thank you. Yes, Mr. Skwarok.

16 **STONE LEE, a witness for**
17 **the commission,**
18 **recalled.**

19 **EXAMINATION BY MR. SKWAROK:**

20 Q Mr. Lee, I'd like just to ask you some broad
21 based questions to start off with relating to
22 Great Canadian's filing performance. We heard
23 from Mr. Beeksma yesterday about how Great
24 Canadian and other service providers were
25 required to file large cash transaction reports

1 and unusual financial transaction reports.

2 You're aware, sir, that over the last few years,
3 Great Canadian has filed thousands and thousands
4 of such documents?

5 A Yes, I'm aware.

6 Q And have you reviewed a large number of those?

7 A I have.

8 Q Dealing first with the large cash transaction
9 reports, those are reports prepared whenever
10 somebody comes in with \$10,000 or more in cash;
11 correct?

12 A Within 24-hour period, yes, that's correct.

13 Q And in the report it's got identification
14 information about the individual and the like?

15 A Yes. The required field.

16 Q What can you say about the quality of these
17 large cash transaction reports that were
18 prepared by Great Canadian?

19 A What do you mean by that?

20 Q Were they accurately and completely prepared?

21 A They were prepared, yes. There are sometimes
22 little, I guess, mistakes that would occur, but
23 that was -- it wouldn't be out of the norm if
24 something like that happens.

25 Q By and large they were done properly?

1 A I will agree.

2 Q And what became of those large cash transaction
3 reports? Do you know?

4 A They get filed to FINTRAC.

5 Q And are you aware of anything following that
6 filing if any prosecutions were initiated or
7 police action?

8 A No, not that I'm aware.

9 Q With respect to unusual financial transaction
10 reports, you reviewed lots of those too;
11 correct?

12 A That's correct.

13 Q And can you explain generally how good were
14 they?

15 A They were being reported, and it was up to the
16 investigator to determine and conduct further
17 investigation to figure out the full story.

18 Q So the Great Canadian surveillance or whoever
19 people would fill out the unusual financial
20 transaction report and put in sufficient
21 information to get your crew of people started
22 looking at the --

23 A That's correct.

24 Q And you'll agree with me, sir, it was not the
25 job of Great Canadian personnel to do any

1 investigation?

2 A No. They were -- I believe their job is to
3 conduct proper -- tell the proper story of what
4 took place and report it, yes.

5 Q And they did that?

6 A In most cases, I will agree.

7 Q I'll go so far to say in the vast majority of
8 cases. Would you agree with that?

9 A Yes. There are incidents where there's further
10 review need to be conducted to accurately tell
11 the story and often we will have to request for
12 further review or we would have to review
13 ourselves to determine what the incidents -- to
14 tell the full story.

15 Q Sure. But that was -- Great Canadian's job was
16 to put in the bare bones facts and BCLC's job to
17 investigate?

18 A That's correct.

19 Q How did you find relationships with Great
20 Canadian staff? Were they cordial,
21 professional?

22 A Yes, I would agree.

23 Q Did they provide you with information when you
24 asked for it?

25 A At times. Met with some challenges. But over

1 the years, the relations and communication and
2 cooperation has definitely improved. In my
3 experience.

4 Q In those challenges you talk about, was that
5 pre-2012?

6 A I would say right around 2012 there was some
7 challenges, yes.

8 Q And afterwards it got better?

9 A Yes, it did.

10 Q You were never denied access to the surveillance
11 room or --

12 A I have on occasions. That we were told that
13 we're not available to -- they were not
14 available for us to attend to review because
15 they were busy, and which we understand, but
16 yeah, that did occur.

17 Q But nothing to thwart your investigation?

18 A It just took more time to go attend surveillance
19 to review, conduct our review.

20 Q That wasn't a major problem for you, was it?

21 A That was at the beginning. And later on it
22 wasn't because now we have the capability of
23 reviewing from our office. So we no longer need
24 to go actually physically attend the
25 surveillance room.

1 Q All right. So these delays in getting access to
2 surveillance were in the 2012 period?

3 A I would say yes.

4 Q Thank you. I'm just going to take you to your
5 entire affidavit, sir. But I'm going to ask you
6 if you'll agree with this proposition: starting
7 in about paragraph 9 of your affidavit and then
8 going on to about paragraph 21, you talk about
9 issues relating to loan sharking. Just have a
10 quick look at it. And the question I'm going to
11 ask of you, those events were 20 years old;
12 right?

13 A That's correct.

14 Q Thank you. In paragraph 22 and 23 of your
15 affidavit, sir, you refer to the banning of a
16 loan shark and the manager of Holiday Inn casino
17 was upset; right? Do you see that, sir?

18 A Yes, sir.

19 Q Again, that was 20 years ago; correct?

20 A That's correct.

21 Q You were asked a question by my learned friend
22 for the commission staff about an incident in
23 which you heard that BCLC's staff management had
24 a discussion with Great Canadian senior
25 management about the inappropriateness of BCLC

1 banning some patrons. Do you recall that?

2 A Yes.

3 Q And you said -- I think you said it was in 2012
4 as well.

5 A That was in my notebook that I have -- that was
6 the meeting that I had got pulled into by my
7 senior management.

8 Q All right. And you see that -- when was that
9 again, sorry? 2012?

10 A Towns meeting ...

11 Q Around. Might be '14, whatever.

12 MR. STEPHENS: I think he'd like to refer to his
13 affidavit, Mr. Skwarok. Is that ...

14 MR. SKWAROK:

15 Q Try paragraph 39, sir.

16 A Yes.

17 Q What year was that?

18 A 2012.

19 Q In your testimony today you suggested that the
20 name of Rod Baker appeared or came up in the
21 discussion about this Great Canadian BCLC
22 management discussion. Do you recall your
23 recall evidence today?

24 A That was in my notes, yes.

25 Q Who did you hear that from?

1 A Terry Towns.

2 Q Terry Towns said that Rod Baker said that to one
3 of these patrons?

4 A Not back off. He was informed that BCLC
5 investigator were banning VIP patrons as well as
6 instructing the site staff what to do.

7 Q I'm going to suggest to you, sir, that Mr. Baker
8 never once in his life tried to interfere with a
9 BCLC investigation?

10 A I did not say he was tried to interfere with
11 investigations, sir.

12 Q He at no stage ever said back off from banning
13 players. I'll put that to you.

14 A I'm sorry, you're cutting in and out.

15 Q I put to you the statement or the assertion that
16 Mr. Baker never told anyone at BCLC to your
17 knowledge to quit banning high-limit gamblers.

18 A I'm just stating that that's what was said at
19 the meeting when we were told that Mr. Terry
20 Towns were informed or was advised that BCLC
21 investigator at River Rock were banning VIP
22 patrons and, like, I guess instructing the site
23 staff what to do.

24 Q I have no trouble with that proposition. My
25 concern relates to who the person at Great

1 Canadian was that was doing it.

2 A He stated Rob Baker.

3 Q Mr. Towns said Mr. Baker complained --

4 A Informed -- had informed him.

5 Q So you won't say that Baker told Towns that

6 Baker was upset about banning the patrons?

7 A I was not present with that conversation, sir.

8 Q So you don't actually know what was said at all?

9 A No, I don't.

10 Q When do you recall Mr. Baker's name in the

11 context of this discussion?

12 A Like I had stated in my notes, that I make notes

13 every day since I've been with BCLC, so after --

14 immediately after my interaction with Terry,

15 Mr. Towns, that the note was made that day, and

16 Rob Baker's name was there. It's in my notes.

17 Q You didn't mention Mr. Baker's name in your

18 affidavit, did you?

19 A Not that I recall, no.

20 Q You know that he's the CEO and president of the

21 company; right?

22 A I did not know what his position was during that

23 time. I just remember that was the name that

24 Mr. Towns had stated. That's how he became

25 aware that we had interviewed the patron.

1 Q All right. Let me move on to large cash
2 buy-ins. You talked about shopping bags of cash
3 coming into Great Canadian. These events were
4 properly reported by Great Canadian typically in
5 LCTs and UFTs; correct?

6 A That's correct.

7 Q And BCLC didn't tell Great Canadian not to
8 accept these funds, did they?

9 A I'm not aware of what is instructed beyond my
10 duties. If there's anything that was
11 communicated above from the management, I'm not
12 aware.

13 Q But certainly nobody at BCLC to your knowledge
14 told Great Canadian to not accept these funds;
15 correct?

16 A That's my understanding, correct.

17 Q And Great Canadian did file the appropriate
18 reports; correct?

19 A To the best of my knowledge, yes.

20 Q In your affidavit you refer to Mr. Towns
21 suggesting that BCLC are not police officers.
22 Do you remember that? That's at paragraph 40 of
23 your affidavit.

24 A That's correct.

25 Q What did you understand that to mean?

1 A That we're -- our role is to observe and report.
2 And it's up to the police and GPEB to
3 investigate whether or not the origin of the
4 funds were suspicious or not.

5 Q It certainly was not suggested by Mr. Towns that
6 it should be Great Canadian personnel that
7 should be investigating; correct?

8 A No, that's not my understanding.

9 Q I want to take you briefly to part of your
10 affidavit dealing with Paul Jin. And in
11 particular let's go to paragraph 47, and you
12 make reference to having reviewed incidents not
13 related to Mr. Jin. Do you see that?

14 A Yes.

15 Q And those incidents in fact were recorded by
16 Great Canadian staff; correct?

17 A That would be correct.

18 Q And in paragraph 51, if I could take you there
19 for a second. Do you have that?

20 A Yes.

21 Q The first sentence:

22 "Mr. Jin owned a white Toyota Sienna which
23 was well known to BCLC investigators."

24 In fact, the reason it was well known to BCLC
25 investigators is because they were told by Great

1 Canadian staff that that was Mr. Jin's vehicle;
2 correct?

3 A Well, that same vehicle would turn up in videos,
4 incident reports, as well as licence plate
5 recognition provided by BCLC.

6 Q Well, that -- sorry for interrupting.

7 A It's okay. So that's how that vehicle was
8 linked to Mr. Jin.

9 Q The identity or the problems that are arising in
10 Jin's dropoffs were noticed by Great Canadian
11 personnel?

12 A Yes.

13 Q And in fact are you aware that Great Canadian
14 personnel in 2016 issued a directive to its
15 compliance department and to other personnel to
16 refuse all cash buy-ins from people seen to have
17 got money from Jin's white Sienna. Are you
18 aware of that?

19 A I do not -- I'm aware, but, however, I don't
20 know the content of the directive. I was not
21 copied on their internal direction.

22 Q I can advise you, sir, it was in May of 2016.
23 And I don't expect that you would have seen it.

24 MR. MCGOWAN: With respect, Mr. Commissioner, it's
25 not appropriate for counsel to be advising the

1 witness of anything. He can ask questions as to
2 the witness's evidence that is before you.

3 MR. SKWAROK: There's a reason why I put that date.

4 Q When is it, Mr. Lee, that BCLC put a ban on
5 Jin's associates?

6 A As soon as we were able to establish their link
7 and their relations, they -- then we -- we were
8 able to start putting the ban forward.

9 Q In paragraph 59 you make reference to the BCLC
10 interviews. And the people who are interviewed
11 were selected from a variety of criteria that
12 were observed by Great Canadian; correct?

13 A I'm sorry, sir, you're cutting in and out. I'm
14 not quite getting that.

15 Q Sorry. You conducted interviews in 2015, BCLC
16 did, of a number of gamblers; correct?

17 A That's correct.

18 Q And there was some type of a vetting process
19 whereby certain gamblers were selected for
20 interviews; correct?

21 A There were two different type of interview
22 during that time. There were one that was the
23 gaming chips in the denomination of \$5,000 were
24 being swapped out. That was one of the
25 interviews. And then there were other ones.

1 Some of the top 10, I would say top 10, the
2 high-limit players were put on the condition
3 that we had to conduct interview with.

4 Q All right. And before the interviews you looked
5 at the iTrak history of these individuals to
6 determine what their past conduct was, including
7 chip passing and refusal to provide information;
8 correct?

9 A That's correct.

10 Q Those would have been observed and noted by
11 Great Canadian; correct?

12 A Yes.

13 Q You make reference to the Lisa Gao incident, and
14 that starts at paragraph 65 and Ms. Gao was
15 ultimately suspended for being involved in
16 improper actions with some cash; right?

17 A Correct.

18 Q The improprieties in question were noted by
19 Great Canadian staff in an incident report, and
20 that's what got the things rolling; right?

21 A It was my knowledge that a patron was buying in
22 at \$200,000 and left the casino without play,
23 and that was the initial report, yes.

24 Q Right. But the report was prepared by Great
25 Canadian?

1 A Yes.

2 Q Thank you. You made mention of the fact that
3 some people come in with just under \$10,000 and
4 you opine that it could be because they didn't
5 want to fill out reports; correct?

6 A No. It all depends if the person was trying to
7 avoid being detected as a FINTRAC guideline at
8 10,000 versus somebody that simply just did not
9 have receipt at 10,000.

10 Q So --

11 A Go ahead.

12 Q So there's nothing necessarily wrong with
13 intentionally bringing in less than \$10,000 to
14 avoid reporting?

15 A Intentionally? I'm not sure -- I'm not
16 understanding what your question is. So they're
17 intentionally trying to avoid being detected?

18 Q No. If somebody comes in with \$10,000 or under
19 \$10,000, one cannot assume they are trying to
20 avoid reporting requirements; correct?

21 A No. If you were driving 99 kilometres an hour,
22 I assume you're not trying to break the law by
23 speeding. It just -- you're following the
24 rules.

25 Q And in one case you looked at somebody came in

1 with \$10,000, removed 500 and then brought in
2 9,500; right?

3 A Sorry?

4 Q Are you aware in the case that you were involved
5 in a gambler came in with \$10,000 in cash for a
6 buy-in, cancelled it and then bought in for
7 \$9,500. Are you aware of that?

8 A Yes.

9 Q And in fact you determine that that was not
10 worthy of a suspicious transaction report;
11 correct?

12 A It all depends on the circumstance, a patron's
13 history. There are lots of occasions that
14 somebody that's come in from China, overseas for
15 visit, they buy in and the casino themselves
16 will say, you have to -- you have to produce
17 receipt at \$10,000. They will say well, I don't
18 have receipt. And then they were allowed to
19 pull back \$500, and I would determine if
20 that's -- depending on their history.

21 MR. SKWAROK: That's a very useful answer. Thank you
22 very much, sir, for answering my questions. I'm
23 finished.

24 THE COMMISSIONER: Thank you, Mr. Skwarok. I think
25 we're now at Mr. Gruber for Gateway.

1 MR. GRUBER: Thank you, Mr. Commissioner.

2 Mr. Stephens, I wonder if you could put
3 exhibit 88 before the witness.

4 MR. STEPHENS: Yes. Ours doesn't have a document
5 number on it, but it's incident report last
6 digits 775. Mr. Gruber, I think we're on the
7 same page.

8 MR. GRUBER: Yes, we are. Thank you, Mr. Stephens.

9 **EXAMINATION BY MR. GRUBER:**

10 Q Mr. Lee, just looking at the first page of this
11 document, if we look in the section entitled
12 "Synopsis" and the section entitled "Narrative,"
13 do I take it the subject matter of this incident
14 was a large cash transaction and specifically a
15 buy-in of \$50,000 all in \$20 bills?

16 A That's correct.

17 Q And the individual in question -- I'll just
18 refer to him as Mr. T -- we see on page 2 is in
19 some way associated with the Venetian casino in
20 Las Vegas?

21 A To my understanding, that's correct. That was
22 the occupation that he provided.

23 Q If we look back at the first page in the heading
24 "Incident Status," it's marked as closed;
25 correct?

1 A That's correct.

2 Q If we look at page 3 of 9 at the bottom of the
3 page, in the last couple of paragraphs you
4 observe that Mr. T appeared to be gambling
5 legitimately; correct?

6 A Yes.

7 Q And you also observed that a review of past
8 casino transactions confirms that large buy-ins
9 of this amount were not out of the ordinary for
10 him?

11 A No.

12 Q You're agreeing with me, that's what you
13 observed?

14 A Yes.

15 Q And then if we could turn to page 4 of 9. About
16 20 percent of the way down there's two
17 asterisks, and there you state that further to
18 the buy-in it was observed that the subject of
19 the incident report met up with Paul Jin; is
20 that correct?

21 A That's correct.

22 Q And then there's a brief summary under that
23 paragraph of an interaction at around 5:00 p.m.;
24 correct?

25 A Okay.

1 Q Do I have that right?

2 MR. STEPHENS: There's multiple in that area. 1652,
3 is that what you're speaking of, Mr. Gruber?

4 MR. GRUBER: Well, I'm just looking -- before we get
5 to the review of the surveillance video in
6 detail, I'm just looking at where it says
7 surveillance footage showed at 1702 hours. Do
8 you see what I'm looking at --

9 MR. STEPHENS: Mr. Lee is with you now.

10 MR. GRUBER: All right.

11 Q And that was about six hours after the buy-in
12 that was the subject of the incident report;
13 correct?

14 A That's correct.

15 Q And then you say under that section:

16 "Writer requested further surveillance
17 review as to when Jin had arrived on site.
18 Review showed the occurrence unfolded as
19 below."

20 I've read that correctly?

21 A That's correct.

22 Q And do I take it that your focus in reviewing
23 that surveillance was to observe the connection
24 between Mr. T, the subject of your report, and
25 Mr. Jin?

1 A Well, I was trying to determine why is a BCLC
2 prohibited patron was on site.

3 Q I see. All right. Very good. And about
4 40 percent of the way down the page, that's
5 where we see the paragraph I just read you.
6 What follows after that are your notes of your
7 review of the surveillance video; correct?

8 A Sorry, I'm not following which area that you're
9 referring.

10 Q Just after the paragraph I read to you, is that
11 your notes of your review of the surveillance
12 video?

13 A It is.

14 Q And did you review the surveillance video again
15 in preparing for your evidence here?

16 A No, I have not.

17 Q And I take it probably the last time you looked
18 at that video would have been more than five
19 years ago.

20 A It would be.

21 Q But to your understanding, that video would
22 still be archived; correct?

23 A Yes.

24 Q It is noted in here that Mr. Jin arrived with an
25 individual referred to as "star 15-10775B."

1 Correct?

2 A Yes.

3 Q And I take it that individual was not someone
4 known to BCLC investigators; correct?

5 A No, that's correct.

6 Q He was not a known associate of Mr. Jin;
7 correct?

8 A Not that I'm aware of.

9 Q And you never observed Mr. Jin entering the
10 casino; correct?

11 A He did not.

12 Q And if we look at page 5 of 9, in the second to
13 last paragraph of your entry here, it says "no
14 passing was observed by the writer"; is that
15 correct?

16 A That's correct.

17 Q And I take it you mean that no passing of money
18 or chips was observed by you?

19 A There was no passing of any object that I was --
20 I observed during the video review. From
21 Mr. Jin.

22 Q Thank you. And all of the matters that are
23 described in your notes took place in full view
24 of the surveillance cameras; correct?

25 A That's correct.

1 Q Now, you mentioned in your evidence an interview
2 you conducted of a Gateway employee. I have
3 that correct?

4 A That's correct.

5 Q And that Gateway employee to your knowledge was
6 a relatively new employee, having just joined
7 the company in late December 2014; right?

8 A I do believe, yes.

9 Q And he was also new to gaming in British
10 Columbia, having previously worked in Reno,
11 Nevada; correct?

12 A I'm not aware of his origin or where he came
13 from previously.

14 Q You didn't know him from gaming in British
15 Columbia before that; correct?

16 A No. I was introduced to him as his current role
17 at that time.

18 MR. GRUBER: Madam Registrar, could you put up
19 document BCLC0016362, please.

20 MR. STEPHENS: I've handed Mr. Lee a copy. But I
21 don't know how you want to precede, Mr. Gruber.
22 You lead the way.

23 MR. GRUBER: Well, I'm content to have him look at a
24 copy.

25 Q I'll have you look first at page 65 in the lower

1 right. And I understand this to be the proposed
2 questions that you were to use in the interview
3 of the Gateway employee. Do I have that right?

4 A This document was not prepared by me. It was
5 prepared by another investigator that conducted
6 an interview with me.

7 Q Was that Mr. Caverly?

8 A Yes.

9 Q Do you know these to be the questions that
10 Mr. Caverly prepared for that interview?

11 A I have reviewed it prior to the interview, yes.

12 Q Very good. And if we turn back to page 64,
13 these appear to be typewritten notes following
14 that interview. Do I have that correct?

15 A That's correct.

16 Q And are these Mr. Caverly's notes to your
17 knowledge?

18 A Yes, it is.

19 Q Okay.

20 MR. GRUBER: Mr. Commissioner, I wonder if those two
21 pages might be marked as the next exhibit.

22 THE COMMISSIONER: Very well. Those will be 92 I
23 think we're on.

24 THE REGISTRAR: Exhibit 92. Just page ...

25 THE COMMISSIONER: Just those two pages.

1 THE REGISTRAR: Yes, 64 and 65.

2 EXHIBIT 92: Notes of April 10, 2015 interview
3 of Stone Lee and proposed questions (redacted)

4 MR. GRUBER:

5 Q Now, Mr. Lee, I wonder if I might take you to
6 the contents of your affidavit and specifically
7 paragraph 52 of page 9.

8 MR. STEPHENS: He wants your affidavit.

9 THE WITNESS: Okay.

10 MR. GRUBER:

11 Q In the first sentence of paragraph 52 you refer
12 to observing a meeting between two employees of
13 Gateway, Mr. Jin and others outside the
14 Starlight Casino. Do you see that?

15 A Yes.

16 Q And you don't say there how long the meeting
17 was; correct?

18 A I believe it was all documented in that incident
19 report that you mentioned earlier, the
20 exhibit 88.

21 Q And from my review of that incident report, the
22 meeting would have been no more than 15 minutes.
23 Is that right?

24 A Yeah, if -- without looking at that, referring
25 to it, I would say around there. Approximately,

1 yes. That's the time that we left. About
2 20 minutes, I'd say.

3 MR. STEPHENS: Tell Mr. Gruber.

4 THE WITNESS: I would say about 20 minutes, roughly.

5 MR. GRUBER: Thank you.

6 Q And if we could look back at paragraph 53 in
7 your affidavit. You're referring there to the
8 interview that took place on April 10, 2015;
9 correct?

10 A That's correct.

11 Q And in your questioning by Mr. McCleery you
12 confirmed that you had no reason to doubt what
13 you had been told, namely that the Gateway
14 employee didn't know what Mr. Jin looked like
15 and would not know him if he was standing in
16 front of him; correct?

17 A I have no reasonable doubt that he was not
18 telling me the truth.

19 Q The sentence there, you refer to the meeting
20 being to discuss a certain investment. Do you
21 see where I'm looking? The next sentence?

22 A Yes.

23 Q And I didn't see that description of the
24 potential investment in your notes in exhibit J.
25 I just saw generically reference to an

1 investment.

2 MR. STEPHENS: Sorry, Mr. Gruber, I just referred
3 Mr. Lee to his notes at exhibit J.

4 MR. GRUBER:

5 Q So all I see is in your notes is reference to an
6 investment. There's no description of what the
7 investment was?

8 A Yes.

9 Q And similarly when I looked at Mr. Caverly's
10 typewritten notes, I didn't see any description
11 of what the investment was. And so what I'm
12 going to suggest to you is that you didn't
13 actually know what the nature of the investment
14 was.

15 A So I recall I was told the investment was to
16 possibly expand the VIP program or the VIP room
17 because the video shows that they were pointing
18 at the direction of where the VIP smoking lounge
19 was located, and it's basically an empty parking
20 lot and the VIP room was suspended on the second
21 level, and that was my understanding.

22 Q Was that an inference that you drew from the
23 video or was that something that --

24 A That was a reference that I recall that the
25 employee that I interviewed had expressed to me.

1 Q I'm going to suggest to you that what he
2 actually told you was that the investment was a
3 potential real estate development to be built in
4 the parking lot area.

5 A Okay.

6 Q And when you say "these individuals" in that
7 sentence, I'm going to suggest to you that
8 actually it was an attended meeting with one
9 wealthy individual who lives in China. Who
10 would that might be?

11 A I was -- because I recall doing during the
12 interview we had asked the employee that we were
13 conducting the interview with who was the person
14 that was unknown to us, and I believe that he
15 referred him he owned a few small hotels or
16 motels in China.

17 Q And that was the person who's referred to in
18 your notes as Star 15-10775B?

19 A Yes.

20 Q Thank you. In the next sentence you refer to
21 not being able to interview the female Gateway
22 employee because she was unavailable when you
23 requested that; correct?

24 A That's correct.

25 Q And then you were transferred to another casino?

1 A Yes.

2 Q So I take it you didn't follow up with the
3 interview request after your transfer?

4 A No.

5 Q And would it be fair to say you received full
6 cooperation from the Gateway employee that you
7 did interview?

8 A Yes.

9 MR. GRUBER: Thank you. Those are my questions.

10 THE COMMISSIONER: Thank you, Mr. Gruber. Mr. McFee
11 for Mr. Lightbody.

12 MR. McFEE: Thank you.

13 **EXAMINATION BY MR. MCFEE:**

14 Q Mr. Lee, can you hear me fine?

15 A I can.

16 Q Now, Mr. Lee, as I understand your evidence, you
17 have a long tenure in the gaming industry in
18 British Columbia, having commenced in 1997?

19 A That's correct.

20 Q And is it accurate that when you commenced work
21 in the gaming industry money laundering in
22 casinos had not been identified as a concern?

23 A No, that was not a concern.

24 Q And as time moved along you observed the gaming
25 industry in BC growing?

1 A Correct.

2 Q And larger casinos were being built, including
3 River Rock?

4 A That's correct.

5 Q And when you started employment with BCLC in
6 2008, I take it that the potential for money
7 laundering in BC casinos had not yet been
8 identified as a concern. Is that accurate?

9 A That would be my understanding, yes.

10 Q And when you transferred to the River Rock
11 Casino in March 2012, you indicated in your
12 evidence that you observed some large cash
13 buy-ins?

14 A Yes.

15 Q And as a result, at about this time frame in the
16 spring of 2012, from your observations, did you
17 and other BCLC investigators and your managers
18 turn your attention to the potential that
19 illicit money may be laundered through BC
20 casinos?

21 A Laundered? It was -- at the time it was more of
22 if they were losing the money in the casino,
23 they couldn't possibly be laundering the money
24 because they put everything at risk.

25 Q So in this time frame in the spring of 2012, did

1 you and the other investigators turn your
2 attention to the potential that money from
3 illicit sources may be being used in BC casinos?

4 A We were not sure where the origin of the cash
5 had come from.

6 Q But although you weren't sure of the source that
7 the cash came from, as a result of these large
8 cash buy-ins that you were observing, did you
9 see and experience BCLC's management
10 implementing a number of measures to address and
11 combat any potential money laundering?

12 A I did. There were more measures taking place,
13 and I think awareness through our meetings.

14 Q And in fact quite a number of measures took
15 place, didn't they, including establishing
16 alternatives to cash for patrons?

17 A That's correct.

18 Q And that included patron gaming fund accounts?

19 A Yes.

20 Q And included debits at the cash cage?

21 A That's correct.

22 Q And included the hold cheque program?

23 A Yes.

24 Q And those measures also included BCLC's
25 management creating a dedicated AML unit in

1 2013?

2 A That's correct.

3 Q And were you aware that BCLC had entered into an
4 information sharing agreement with the RCMP in
5 2014?

6 A I believe that actually occurred even before
7 that. The name on the document or the agreement
8 might have been outdated. I know there were
9 different versions being prepared throughout,
10 and I believe what you were referring was the
11 latest version.

12 Q But even before 2014 then, as you recall it,
13 BCLC had entered into information sharing
14 agreements with the RCMP?

15 A I believe there was one, yes.

16 Q And in the summer of 2015 BCLC implemented the
17 cash conditions program?

18 A Yes.

19 Q And an integral part of that program was
20 interviewing patrons who displayed patterns of
21 conduct of bringing in large amounts of cash for
22 buy-ins into the casinos?

23 A That's correct.

24 Q So contrary to the previous directions that you
25 and the other investigators had received in 2012

1 not to interact with casino patrons, quite to
2 the contrary now you were giving -- being given
3 directions to interview these patrons and
4 determine the source of their funds; is that
5 correct?

6 A That is correct.

7 Q And you in fact as we hear -- heard engaged in a
8 number of those interviews?

9 A Yes.

10 Q And other measures included banning individuals
11 who engaged in conduct that was inconsistent
12 with BCLC's AML strategies?

13 A That's correct.

14 Q And that wasn't just banning perceived cash
15 facilitators or loan sharks; that was banning
16 patrons who were bringing in large amounts of
17 cash and couldn't explain the source of funds;
18 correct?

19 A Yes.

20 Q And you also recall that BCLC senior management
21 expanded the AML dedicated unit considerably in
22 2016?

23 A That's right.

24 Q And further, BCLC imposed a requirement that
25 patrons provide a source of funds declaration

1 for all buy-ins of \$10,000 or more?

2 A That's right.

3 Q Did the implementation of these measures
4 indicate to you as a BCLC employee that BCLC's
5 senior management had listened to the concerns
6 expressed by you and the other investigators and
7 were taking steps to address potential entry of
8 illicit funds into BC casinos?

9 A Yes.

10 Q And as a BCLC employee stationed in a casino,
11 did you receive feedback from casino operators
12 and their staff about the impact of the
13 implementation of these BCLC measures?

14 A Yes, I have on occasions, yes.

15 Q And what was the nature of that feedback from
16 the service providers and their staff?

17 A Some words were killing -- were killing the
18 business.

19 Q But despite those kinds of complaints, as you
20 observed it, BCLC continued to implement these
21 measures?

22 A That's correct.

23 Q Did you see or observe any step back by BCLC
24 from these measures in response to the concerns
25 that these measures may be killing the business?

1 A No.

2 Q And in your greater than 12 years with BCLC,
3 what were your observations or are your
4 observations with respect to the relationship
5 between BCLC and the police agencies?

6 A There is two sides to that question. As a site
7 investigator, we had pretty good working
8 relations with our local law enforcement agency,
9 we have good communications. We often would
10 meet with them and discuss current events. I'm
11 not aware of what goes on into the meetings with
12 regards to our upper management with law
13 enforcement agency. I do know that they do have
14 meetings. How the relationship -- I cannot
15 describe because I'm not part of that group.

16 Q In the meetings that you were part of with the
17 local policing agencies when you say you'd have
18 discussions, would you discuss identified
19 concerns with respect to large cash buy-ins?

20 A Yes. We would discuss variable issues.
21 Sometimes they have a person of interest, they
22 would ask us if we can help them, assist them.
23 So yeah, it all depends on which police agency
24 or the group at the time.

25 Q And did you have similar meetings with GPEB

1 investigators?

2 A We have pretty regular -- we would meet
3 regularly and discuss issues.

4 Q And in your time at River Rock, how would you
5 describe the relationship between you and the
6 other BCLC investigators and the GPEB
7 investigators?

8 A I would say pretty good.

9 Q Now, Mr. McCleery in his questions asked you
10 about the large cash buy-ins that you and other
11 BCLC investigators observed in the 2012, 2013
12 time frame. Do you remember those questions?

13 A Yes.

14 Q And you testified that these types of
15 transactions were being reported by BCLC in the
16 ordinary course to FINTRAC; correct?

17 A That's correct.

18 Q And they were also being reported to GPEB?

19 A That's correct.

20 Q And they were also being reported to the police?

21 A That's correct.

22 Q And in response to Mr. McCleery's questions I
23 understood your evidence to be that despite BCLC
24 making these reports of these transactions you
25 were not aware of any action being taken in

1 response by the police or GPEB; is that correct?

2 A No, I was not.

3 Q Now, as I understood Mr. McCleery's questions
4 they were focused on the 2012, 2013 time frame.
5 In the time frames that followed, so after 2013,
6 I take it that BCLC continued to make reports in
7 the ordinary course when they saw large cash
8 transactions?

9 A That's correct.

10 Q And in the following time frames did you become
11 aware of any action being taken by GPEB in
12 response to these reports?

13 A Not directly by GPEB. I do know there were
14 concern that was raised by their own
15 investigators saying there was not much they can
16 do because it's not within their mandate to
17 investigate these things.

18 Q Was there any explanation given to you as to
19 what was meant by not within GPEB's mandate?

20 A No.

21 Q But you heard these concerns being expressed by
22 the GPEB investigators about the mandate, but
23 did you see any action being taken in response
24 to the reports that BCLC was sending in?

25 A How GPEB conducts their review and who they

1 submit their report to, I don't know the
2 process. However, I do know that later on they
3 were -- the GPEB team with the combined of RCMP
4 members and the GPEB investigator, they are
5 investigating the illegal gaming houses and
6 stuff like that. I do know that. As a result
7 of that unit, I believe that they had identified
8 a few illegal gaming houses.

9 Q Now, let me ask you in your 12 years with BCLC,
10 have you ever witnessed a patron buying in with
11 a large amount of cash playing notionally or
12 playing just a very little and then cashing out
13 for a casino cheque?

14 A No, not that I'm aware of.

15 Q And in your experience with BCLC are there
16 protocols in place to prevent that from
17 happening?

18 A There is.

19 MR. MCGOWAN: I'm slow to interject and interrupt my
20 friend's examination, but he's straying into
21 asking questions about a very broad time period
22 and very general questions that relate to the
23 conduct of BCLC, and his grant of standing of
24 course is specific to the interest of his client
25 and his personal conduct and his position where

1 it may diverge from that of the British Columbia
2 Lottery Corporation. And I don't know that some
3 of these questions are aligned with that grant
4 of standing.

5 THE COMMISSIONER: Sorry. Go ahead.

6 MR. McFEE: With respect to my friend, I think it's
7 common ground with counsel here that my client
8 became the VP of casinos and gaming in BCLC in
9 2011 and I've tried to focus my question on that
10 time frame, questions in large part in that time
11 frame and thereafter. Perhaps I should have
12 made it clear, but I was certainly trying to
13 focus on the time frame that my client was the
14 VP casinos and then subsequently the president
15 and CEO.

16 THE COMMISSIONER: All right. I think it's important
17 that you bear in mind the limitations on your
18 grant of standing or your client's grant of
19 standing, Mr. McFee, but given that you're
20 dealing with a time frame within which he was
21 the vice president, I think you're entitled to
22 probe BCLC's actions taken within that period of
23 time. But just bear in mind, if you can, that
24 BCLC has yet to examine the witness.

25 MR. McFEE: Yes. Thank you. And certainly when BCLC

1 examines the witness before me, I will do
2 everything I can not to duplicate it.

3 THE COMMISSIONER: All right. I think you can
4 anticipate what BCLC's counsel will be
5 exploring.

6 MR. McFEE: Thank you. And that concludes my
7 probing, so those are my questions. Thank you.

8 THE COMMISSIONER: Thank you. All right.
9 Ms. Mainville for Mr. Kroeker.

10 MS. MAINVILLE: Thank you.

11 **EXAMINATION BY MS. MAINVILLE:**

12 Q Mr. Lee, you described some challenges with some
13 of the people at GCGC up until you said around
14 2012. Now, during your time at GCGC, and
15 admittedly that was a long time ago, would you
16 say that everyone was of the same view about
17 these large cash buy-ins, or was there any sort
18 of division within GCGC?

19 A There were divisions.

20 Q And without completely generalizing, because
21 there would be a lot of people involved, would
22 that generally have been between the operations
23 side of the business and security and compliance
24 side of it?

25 A That would be correct.

1 Q And is it fair to say that generally speaking
2 compliance would have been more concerned about
3 the cash whereas the operations side may have
4 been more concerned about generating revenue for
5 the business?

6 A Yes.

7 Q And so if the business side or anyone on the
8 business side of it expressed a view that did
9 not necessarily mean that the compliance or
10 security side held that same view or wasn't
11 being diligent or as diligent as they could be;
12 is that fair?

13 A That's fair.

14 Q And it's fair to say you don't know what came of
15 that division, so to speak, after you left in
16 2008?

17 A That's correct.

18 Q And you did say to Mr. Skwarok that it appeared
19 to get better in terms of the challenges with --
20 now from your perspective at BCLC the challenges
21 with people from the company from GCGC around
22 2012. Are you aware that Mr. Kroeker, my
23 client, arrived at GCGC as VP compliance at the
24 very end of 2012?

25 A I wasn't aware of the date, but I do -- I do

1 understand -- I do know that Mr. Kroeker was
2 part of GCGC.

3 Q Okay. Were you aware of a review that Rob
4 Kroeker was asked to perform in 2011?

5 A I am.

6 Q And that after that review, BCLC sought his
7 assistance in following up on some of the
8 recommendations he had made?

9 A Yes.

10 Q And did you have any interaction -- opportunity
11 to work with him in that regard, do you recall?

12 A I have attended meetings where Mr. Kroeker was
13 introduced to the team and what his objective
14 was, what he was trying to accomplish. We were
15 tasked to assist with the project on various
16 duties. Personally I did not have too much
17 interaction with Mr. Kroeker other than that.

18 Q And what was it that he was trying to achieve or
19 what was the program --

20 A The reduce of cash reliance.

21 Q Reduction of -- sorry.

22 A Cash.

23 Q So reduction of cash, reduction of reliance on
24 cash?

25 A Yes.

1 Q Okay. From your perspective was that one of the
2 turning points in --

3 A It was. That's where PGF account was
4 undertaking. I think the debit transaction at
5 the cage as well as the hold cheque, although
6 the hold cheques program did not take off, but I
7 think majority of the high-level patron now all
8 have a PGF account now.

9 Q So cash alternatives began to be put in place?

10 A Yes.

11 Q Okay. And did you have interactions with Rob
12 Kroeker once he was at BCLC, which is as of
13 September 2015?

14 A Only at divisional meetings or at meetings.

15 Q And from your interactions with him, did you
16 have any reason to believe that he was not fully
17 supportive of AML measures and controls --

18 A No.

19 Q You had no reason to believe he wasn't?

20 A No, I don't.

21 Q As betting limits increased, I understand that
22 the volume of cash increased as well.

23 A Yes.

24 Q And would you say that that was to be expected?

25 A That was.

1 Q It was an expectation that at least BCLC had,
2 or ...

3 A I think that was a general sense that if you
4 increased the limit, the patron is going to --
5 there are some patrons that would gamble bigger,
6 so ...

7 Q So everyone pretty much expected that to happen?

8 A I did.

9 Q Sorry?

10 A I did. I expected it to, yes.

11 Q Because casinos are -- we're still very much a
12 cash business -- and sorry, I should clarify.
13 Do you recall a significant cash or betting
14 limit increase in 2014?

15 A Yes.

16 Q And at that time casinos were still very much a
17 cash business?

18 A Yes.

19 Q And we've heard I think evidence already that
20 the betting limits at that time in 2014 were
21 doubled to \$10,000 per spot, which means
22 \$100,000 for VIP high-limit tables; correct? Do
23 you recall that?

24 A I recall the \$10,000 betting spots, yes.

25 Q Do you know whether players could play up to

1 \$100,000 a hand?

2 A Yes.

3 Q And I'm assuming there can be more than one hand
4 in a game, or in a gambling period.

5 A It all depends how big their bankroll is.

6 Q So what kind of cash levels were -- are we
7 talking about that you would sometimes see
8 players gambling in one sitting?

9 A It all depends on their wealth, I suppose.
10 Could be upwards, up towards in the millions.

11 Q In the millions --

12 A In one sitting, yes.

13 Q They could be up millions in one sitting?

14 A In one visit, their gaming session.

15 Q There were a lot of -- there are a lot of
16 wealthy people I'm assuming who went to gamble?

17 A A lot more than me, yes.

18 Q And I understand that those betting limits
19 haven't changed today.

20 A No.

21 Q Now, I understand you had meetings with GPEB
22 investigators. Could you tell us a bit about
23 what feedback you would get from these
24 investigators.

25 A Some would express the same frustration that we

1 had at times. Depending on what time period.
2 Generally I believe they understand our role and
3 what we're able to do, and the type of hoping to
4 get information or feedback from them that
5 they're not able to share with us, I think they
6 understand our frustration. That was my sense.

7 Q They would say they were not able to share
8 information with you?

9 A A lot of time, yes.

10 Q And so would GPEB ever convey any information to
11 BCLC that BCLC could act on?

12 A Very seldom to my knowledge, yes. But there
13 have been some. Generally they would say oh,
14 yeah, that's a bad guy. But without any
15 information or -- that they can share with us,
16 we cannot just act on or we're going to bar this
17 patron because somebody said he's a bad guy.
18 There's nothing that we can establish or find in
19 our capabilities.

20 Q So they wouldn't give you any more specifics?

21 A Not often.

22 Q And would BCLC ask about obtaining more
23 information or follow up on that?

24 A We -- yes. We have -- at times we have
25 addressed that to our management and I do know

1 our management often would try to get
2 information through, I guess, their upper
3 management. But my understanding is often it
4 met with no result.

5 Q So would you say the communication between GPEB
6 and BCLC at least at the investigation level was
7 more of a one-way street between -- from BCLC to
8 GPEB?

9 A Yes.

10 Q And would BCLC try to do their own checks as for
11 instance if GPEB said that any player was a bad
12 guy?

13 A We would through our whatever means that's
14 available to us, open source and our analyst
15 would try to find as much as possible on --
16 information to confirm maybe the wealth or
17 company or any adverse media, try to determine
18 if this person was involved in any criminal
19 activity that we're able to find in that way.
20 Yeah, but when -- when -- sometimes information
21 is passed through us -- to us by GPEB it would
22 be, yeah, that's a bad person; you shouldn't
23 have him around. There's not much we can go by
24 when we can't find anything.

25 Q So BCLC was looking for more concrete

1 information or some sort of evidence?

2 A Well, we were hoping to have information
3 sharing, like, to assist us on our investigation
4 because I do understand they do pretty much a
5 parallel investigation as our duties, but we
6 don't know what their findings are, and usually
7 they get a copy of our report. I don't think I
8 ever seen a report from GPEB, so ...

9 Q So you would never know the outcome of their own
10 investigations, if there were any?

11 A No.

12 Q And you told the lead commission counsel that
13 BCLC reported cash dropoffs from Jin to GPEB,
14 and that it began refusing cash from players who
15 were linked to these dropoffs you thought around
16 2015. Do you have knowledge of whether that
17 coincides with the time at which BCLC finally
18 did get confirmation from the police that Jin
19 and his money had ties to criminality?

20 A I believe so, yes.

21 Q So then once BCLC had that link or that
22 confirmation, it acted?

23 A Yes.

24 Q And you had no knowledge of BCLC getting any
25 such confirmation prior to 2015?

1 A I have no knowledge.

2 Q Now, there may be a suggestion made by a later
3 witness that higher level players seem to be
4 treated more leniently. From your perspective
5 at BCLC, from BCLC's perspective, was that the
6 case?

7 A I do believe they -- the higher level players do
8 get the different treatment versus somebody that
9 would just buy in \$10,000.

10 Q How so?

11 A First of all, I wouldn't expect service provider
12 management would know somebody by their first
13 name or if a \$10,000 player were to, say, do
14 something inappropriate, I think they get banned
15 or reprimanded pretty quickly, and versus
16 higher-level player might not. They might just
17 get a -- maybe a talk to or talking to.

18 Q So are you talking right now from the service
19 provider's perspective?

20 A Yes.

21 Q So my question was in terms of BCLC. From your
22 perspective did BCLC treat higher level players
23 differently?

24 A Not in that regards, no.

25 Q And in fact is it the case that the 2015 cash

1 condition program started by targeting the
2 highest level players?

3 A That's correct.

4 Q And despite concern that may have been expressed
5 by certain service provider managers, BCLC
6 continued with that program?

7 A Yes.

8 Q And do you recall patron interviews increasing
9 in frequency in or around September 2015 or the
10 fall of 2015?

11 A Yes.

12 Q So do you recall the cash conditions program at
13 that time being enhanced?

14 A I do.

15 Q You do. Is it fair to say it accelerated pretty
16 swiftly?

17 A Yes, it did.

18 Q And that was immediately after Mr. Kroeker took
19 charge of compliance at BCLC? If you recall.

20 A Yes, I would say the period of time, yes.

21 Q And in fact you indicated in your affidavit that
22 the issue with dirty cash was already mostly
23 resolved five years ago, before the source of
24 funds declaration came in; correct?

25 A It had declined and it halted pretty significant

1 at that time.

2 Q So as of -- sorry. So as of about 2015;
3 correct?

4 A Leading up to this point, yes.

5 Q And so mostly as a result of this source cash
6 condition program?

7 A Yes. It began there, yes.

8 Q And I understand your evidence to be that the
9 2018 source of fund declaration was unnecessary.

10 A Yes. I think we already had a lot of policy and
11 procedure in place. I personally think it was
12 unnecessary.

13 Q Tell me if you understand the language I'm
14 using, but is it fair to characterize the 2018
15 changes as being -- as taking what was
16 risk-based, so a risk analysis on the part of
17 BCLC, and making it prescriptive, so applying it
18 across the board irrespective of risk or
19 suspicion but at a particular threshold?

20 A Yes, I believe that asking receipt at \$10,000,
21 it kind of created an issue where a patron that
22 did not have or unable to provide a receipt at
23 \$10,000 and then that kind of caused the patron
24 to buy in just below, where now you have a
25 service provider reporting incidents, try to

1 avoid being detected by FINTRAC. Now, to me
2 that's two different thing. If the level were a
3 little bit higher on the requirement for
4 receipt, you will have people that would have no
5 problem go above the 10,000 mark where we have
6 to identify them. So it's not the issue of
7 patron try to avoid being identified under the
8 FINTRAC rules versus just simply did not have
9 receipt.

10 Q But because it was difficult to distinguish
11 given the identical thresholds, this behaviour
12 led to service providers reporting all of these
13 transactions as unusual financial transactions;
14 correct?

15 A That's correct.

16 Q And so as a result of the source of fund
17 declaration, there's been a huge increase in
18 UFTs?

19 A In that regard, yes. It's simple fact that even
20 casino disbursement we don't issue receipts, so
21 therefore patron that comes -- a returning
22 patron that have previously received cash from
23 casino, they're unable to use because they don't
24 have receipts.

25 Q So it's your view that most of these are

1 actually determined, I think, to be
2 unsubstantiated UFTs?

3 A Yes, yes.

4 Q And what portion of those transactions that are
5 now being reported as suspicious that may not
6 have been beforehand would you say are in fact
7 genuinely suspicious in your experience?

8 A Just large amount of small denomination bills
9 that comes in and -- or, like, a very high
10 amount of buy-in from somebody that's visiting
11 or whatnot, that we look at. If they're able to
12 show receipt for, let's say, \$100,000 cash
13 buy-in, that -- you know, that would get
14 reported as suspicious just simple -- simply the
15 amount.

16 Q Would you say, then, that this 2018 source of
17 fund declaration has led to over-reporting?

18 A Somewhat, yes.

19 Q And that in my last question I assume -- does
20 that take up a lot of the BCLC AML unit's time
21 and resources?

22 A It does. Because it's -- we will have to review
23 and justify our findings, you know, why -- why
24 it was deemed not suspicious.

25 MS. MAINVILLE: Thank you for your time.

1 THE COMMISSIONER: Thank you, Ms. Mainville.
2 Mr. Stephens.

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

4 Mr. Lee, if I can ask you to turn to -- I'm
5 going to show, Madam Registrar, the witness
6 exhibit 91, which was BCLC document 16440. I
7 believe Mr. McCleery -- and I'm just showing
8 that to Mr. Lee.

9 **EXAMINATION BY MR. STEPHENS:**

10 Q Mr. Lee, I know you've seen a few incident
11 reports today. This I believe, if you agree
12 with me, is the one where the person went over
13 \$10,000 over two gaming days?

14 A Yes, that's correct.

15 Q Okay. Would you just turn -- and Mr. McCleery
16 asked you some questions about this one. Do you
17 recall that?

18 A Yes, I do.

19 Q Could you just go to the last page of it,
20 please?

21 A Okay.

22 Q The very last page, I think just before the next
23 tab, and just the very last entry there,
24 Mr. Beeksma has an entry.

25 A M'mm-hmm.

1 Q And could you just explain to Mr. Commissioner
2 what Mr. Beeksma's entry records there.

3 A The report was filed and transferred to the
4 police department, GPEB and JIGIT.

5 Q So this incident was relayed to GPEB and the
6 JIGIT?

7 A And FINTRAC.

8 Q Okay. Thank you. Mr. Lee, one other question.
9 If I could just ask you to go to paragraph 51 of
10 your affidavit.

11 MS. FRENCH: Mr. Commissioner, excuse my
12 interruption. This is Olivia French of
13 Department of Justice.

14 THE COMMISSIONER: Yes.

15 MS. FRENCH: I wanted to remind that specific
16 incidents, whether or not they're filed with
17 FINTRAC. I know Mr. Stephens is aware that we
18 have concerns with that, so perhaps to consider
19 those questions.

20 THE COMMISSIONER: Yes, thank you, Ms. French.
21 That's a timely reminder.

22 MR. STEPHENS:

23 Q Mr. Lee, just paragraph 51 of that is the
24 paragraph where you discuss Mr. Jin post-barring
25 being spotted -- his vehicle being spotted, et

1 cetera, and there's a sentence that says:

2 "After the five-year ban was imposed we
3 would spot Mr. Jin's vehicle in casino
4 parking lots delivering cash to patrons
5 both in person and on video."

6 Do you see that?

7 A Yes.

8 Q And you remember, I believe, you were asked
9 about this paragraph and some of the earlier
10 questions. Could you just tell Mr. Commissioner
11 how often you would observe this -- what you
12 describe in paragraph 51 in real time as opposed
13 to after the fact upon review?

14 A We wouldn't know -- we didn't see any in real
15 time. In fact, all -- most of these incidents
16 were after the fact that Mr. Jin's vehicle was
17 observed driven by others or himself being on
18 site across the street. But in real time I was
19 not aware of any incident we saw him personally
20 or indirectly dropping off cash to a patron.

21 Q Why -- sorry. Why would it be after the fact
22 you would be observing, just so
23 Mr. Commissioner -- tell the commissioner how
24 that process works that you would come to learn
25 of it after the fact.

1 A Well, generally we get notification from his
2 vehicle being spotted by surveillance, and the
3 report would be generated that Paul was observed
4 doing such and such in the report, and then we
5 will conduct our investigation and look into it
6 further and to determine what have taken place.

7 Q When you say "look into it further," can you
8 just explain what you mean by that, what steps
9 you take.

10 A We would look at the content of the report and
11 we would review surveillance footage. We try to
12 determine if patron have received money and what
13 do they do with it. Then we would conduct our
14 report finding, and if it's deemed suspicious,
15 we would submit our reports to the proper channels.

16 MR. STEPHENS: Thank you, those are my questions,
17 Mr. Commissioner.

18 THE COMMISSIONER: Thank you, Mr. Stephens.

19 Mr. McCleery, anything arising from any of
20 the examinations that occurred after you
21 concluded yours?

22 MR. MCCLEERY: Just one very brief question,
23 Mr. Commissioner.

24 **EXAMINATION BY MR. MCCLEERY:**

25 Q Mr. Lee, in your response to the questions from

1 Mr. Stephens, you've just indicated that you
2 never observed Mr. Jin in his vehicle in real
3 time; is that correct?

4 A That we were able to determine that he had
5 passed money to certain people that I can
6 recall.

7 Q I'll refer you to paragraph 51 of your
8 affidavit. The second sentence says:

9 "After the five-year ban was imposed we
10 would spot Mr. Jin's vehicle in casino
11 parking lots delivering cash to patrons
12 both in person and on video."

13 Can I ask you to explain what you meant by "in
14 person" in that sentence?

15 A Like, his vehicle would be spotted across the
16 street, and it doesn't mean that he's actually
17 the operator of the vehicle. It could be his
18 associates, but we would know that that would be
19 his vehicle and we cannot determine right away
20 that it was him or his associates that's
21 dropping off or just stopping by to do --
22 conduct whatever business. We would have to
23 review the videos to determine that.

24 MR. McCLEERY: Thank you. Those are my questions,
25 Mr. Commissioner.

1 THE COMMISSIONER: Ms. Friesen, anything that arose
2 following your examination?

3 MS. FRIESEN: No, thank you, Mr. Commissioner.

4 THE COMMISSIONER: Mr. Skwarok?

5 MR. SKWAROK: No, sir.

6 THE COMMISSIONER: Mr. Gruber?

7 MR. GRUBER: No, Mr. Commissioner.

8 THE COMMISSIONER: Mr. McFee?

9 MR. McFEE: No, Mr. Commissioner.

10 THE COMMISSIONER: Ms. Mainville?

11 MS. MAINVILLE: No, thank you.

12 THE COMMISSIONER: All right. Thank you, then. I
13 think that brings us to the end of today's
14 proceedings, so we will -- unless there's
15 anything else to deal with, Mr. McGowan or
16 Mr. McCleery, we'll adjourn until tomorrow.

17 **(WITNESS EXCUSED)**

18 MR. MCGOWAN: Yes, Mr. Commissioner, we actually have
19 another witness scheduled to commence today. He
20 likely won't finish.

21 THE COMMISSIONER: Oh, good. Okay.

22 MR. MCGOWAN: Perhaps I should have advised you at
23 the outset of the proceedings. The next witness
24 is just being lined up, and I wonder if it might
25 make sense for us just to stand down for five

1 brief minutes to allow the staff to change the
2 video around.

3 THE COMMISSIONER: Yes, of course.

4 MR. STEPHENS: And just before we break, could I, as
5 I did yesterday, just ask to confirm that
6 Mr. Lee is now able to watch the video feed
7 going forward if you're able to tell me,
8 Mr. McGowan?

9 MR. MCGOWAN: From my perspective, yes.

10 THE COMMISSIONER: Thank you, sir. We'll take a
11 five-minute break.

12 THE REGISTRAR: The hearing is stood down for five
13 minutes until 12:50 p.m.

14 **(PROCEEDINGS ADJOURNED AT 12:45 P.M.)**

15 **(PROCEEDINGS RECONVENED AT 12:49 P.M.)**

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

18 THE COMMISSIONER: Yes, Mr. McGowan.

19 MR. MCGOWAN: Yes. The next witness will be Ward
20 Clapham, former officer in charge of the
21 Richmond RCMP detachment.

22 **WARD CLAPHAM, a witness**
23 **called for the**
24 **commission, sworn.**

25 THE REGISTRAR: And please state your full name and

1 spell your first name and last name for the
2 record.

3 THE WITNESS: My full name is Ward Donald Clapham.
4 First name is spelled W-a-r-d, last name is
5 spelled C-l-a-p-h-a-m.

6 THE REGISTRAR: Thank you.

7 MR. MCGOWAN: Yes, Mr. Commissioner. This witness
8 will be commenced today. Given the time that
9 we're getting to this witness, I think there's
10 unfortunately a good chance that he will be
11 required to attend again in the morning tomorrow
12 to conclude his evidence. I'll try to move as
13 efficiently as I can, though.

14 THE COMMISSIONER: Thank you.

15 **EXAMINATION BY MR. MCGOWAN:**

16 Q Mr. Clapham, you were a member of the RCMP from
17 1980 until 2008?

18 A That is correct.

19 Q You had postings in both British Columbia and
20 Alberta?

21 A That's correct.

22 Q Including at E division headquarters?

23 A Yes. I was the -- with the deputy commissioner
24 as his executive officer, yes.

25 Q Yes, sir. And prior to coming to Richmond, you

1 spent a couple of years, two or three years in
2 Nanaimo as the second in command?

3 A That's correct. From 1999 to 2001 I was the
4 inspector operations officer second in charge.

5 Q And in 2001 you came to Richmond and took charge
6 of the Richmond RCMP detachment?

7 A Correct. I was promoted to superintendent and
8 transferred to Richmond.

9 Q And you remained there until your retirement in
10 2008?

11 A That's correct.

12 Q Retirement from the RCMP, I should say.

13 A Correct.

14 Q Following which you had a stint as the officer,
15 chief of the Vancouver transit police?

16 A I actually went to Absolute Software as a
17 front-line supervisor investigator first and
18 then transit police after.

19 Q And do you continue to work today as a
20 consultant?

21 A I teach for Dalhousie University police
22 leadership. I consult. I also -- I'm a
23 director and shareholder -- sole shareholder of
24 a corporation registered in British Columbia.

25 Q I'm going to take you back to your time as the

1 officer in charge of the Richmond detachment and
2 back to the beginning of that period. The
3 beginning of your tenure of the officer in
4 charge of that detachment, I gather the Richmond
5 casino was operating but the River Rock had not
6 yet been built.

7 A That's correct.

8 Q And what was your view of the Richmond casino in
9 terms of your degree of concern about that venue
10 as a crime source?

11 A I'd like to put in context that as the officer
12 in charge every morning I would have an
13 operational debriefing of all the significant
14 issues of the last 24 hours with a cross section
15 of my team and then we'd move forward on dealing
16 with tactical and strategically the issues that
17 have come about. There was no extreme or, at
18 this point in time that I can recall, issues
19 from -- calling that the Richmond casino. There
20 was -- I know there was crime related and
21 indirectly related to the casino and we knew
22 that there was loan sharking happening, but
23 anything to rise to the level that brought a
24 significant concern to my office, to me, I don't
25 recall.

1 Q Okay. You mentioned loan sharking concerns at
2 the Richmond casino. Did you direct your
3 officers to investigate that issue and were such
4 investigations in fact conducted?

5 A That was just by -- by just the nature of their
6 duties, the specialized units to investigate
7 loan sharking and other related crimes to that
8 casino at that time. It was just part of the
9 day-to-day business that they did.

10 Q And in the time when the Richmond casino was the
11 gaming facility in Richmond, did those
12 investigations result in any arrests or
13 prosecutions related to loan sharking, to your
14 recollection?

15 A I can't recall.

16 Q When do you recall you first learned about the
17 proposal for the development of the -- what
18 became the River Rock Casino?

19 A There was a consultative phase occurring, and I
20 was -- and my team, entire detachment team, was
21 reached out by the City of Richmond for our
22 input in the development of the River Rock
23 Casino. I'm going to say 2002, 2003, somewhere
24 in that range. I can't remember the exact
25 dates.

1 Q And do you recall what your input was in
2 response to the request for input from you?

3 A I told them that there would be policing issues,
4 that it was going to be manageable from all the
5 forecasts and from my experience from working
6 with Great Canadian Casino in Nanaimo and
7 knowing what -- I didn't have anything else to
8 compare it to RCMP detachment-wise at that time
9 for the size of what was coming. I recognized
10 that family entertainment, you know, gaming was
11 evolving within our province, wanted to work
12 with them, the city, with this positive
13 relationship to -- with the initiatives that
14 were going forward. I made no assurances to
15 them that crime and/or issues would not occur,
16 but we're willing to work with them at the time.
17 And during that consultative process I was
18 advised that there would be gaming revenue
19 coming back to the city through the province,
20 and that money would be diverted to community
21 safety and ultimately to policing issues that
22 arose. So that gave me that comfort level and
23 cushion that if issues did arise, I may be able
24 to tap into that revenue that was being created
25 from the casino.

1 Q And did that revenue ultimately arrive to the
2 city and to your detachment?

3 A You would have to talk to the city on the
4 specifics of their management of this money.
5 There are times and -- during the years I was
6 there where I was told certain money was being
7 diverted or put towards our overall budget, but
8 I was just given a budget to work within. Where
9 that money actually came from within the city, I
10 can't answer.

11 Q Fair enough. You mentioned that your input to
12 the proposed expansion to the River Rock in the
13 Richmond casino was in part based on your
14 experience with Great Canadian in Nanaimo. What
15 was your experience like with Great Canadian's
16 operation in Nanaimo when you were assigned to
17 that detachment?

18 A Right. So in Nanaimo, I mean, we had outlawed
19 motorcycle gang and other criminal organizations
20 active within our city. Also utilizing the
21 casino locally in Nanaimo for whatever type of
22 activities, legal and possibly illegal. The
23 location of the casino in Nanaimo was such that
24 we were able to tap into the surveillance
25 cameras that were outside of the casino that

1 assisted us in a number of investigations of
2 street -- if I could call it street crime and
3 other related and unrelated crimes within the
4 casino. We had a positive working relationship
5 with the Nanaimo casino at that time when I was
6 there. But we did have crime, and it was
7 manageable, and that's what I took with me to
8 Richmond to base -- and including talking to my
9 entire team and also my superiors within the
10 rank -- the rank structure of the RCMP to
11 ultimately during consultation process to say we
12 would manage whatever was brought forward as far
13 as a decision on the casino being expanded upon.

14 Q And you were -- remained the officer in charge
15 for the first four to five years after the River
16 Rock was opened; is that fair?

17 A That's fair.

18 Q And what was your observation of your observed
19 impacts on crime which you -- if any, which you
20 saw to be associated with the new River Rock
21 Casino?

22 A Well, by 2005, I don't think anyone could have
23 predicted what we started to see was -- because
24 it was a degree of unknown, but the
25 kidnappings -- we saw a couple kidnappings, and

1 we were getting lots of intelligent [sic]
2 reports and briefings regarding money
3 laundering, robberies, loan sharking. Now,
4 these generally speaking are not reported to the
5 police. The bad guys, bad girls, they're not
6 going to report to us and, generally speaking,
7 the victims, so a lot of this was intelligence
8 that we were picking up and/or when we were
9 called in to get involved in 2005 the two
10 kidnappings, for example, or just the other
11 large issues that we were starting to see come
12 from the River Rock.

13 Q Right. And you mentioned loan sharking is an
14 offence that sort of falls into the category of
15 sort of consensual offences which are sometimes
16 not reported by either the lender or the
17 borrower. Did your detachment have reports from
18 either the service provider or BCLC or the
19 gaming policy enforcement branch of concerns
20 about money laundering during the time that you
21 were the officer in charge of the Richmond
22 detachment?

23 A Yes. They would not have come directly to me.
24 They would have gone to the staff sergeant and
25 then through his chain of command of the general

1 investigation section through an operations
2 inspector and then down through the
3 investigator. So yes, we did have a working
4 relationship at that time with intelligence and
5 with reported known and suspected offenders. I
6 don't remember any specific details now of that
7 information.

8 Q Do you recall whether you or the sergeants under
9 you directed officers to conduct investigations
10 of money laundering at the River Rock Casino
11 during your tenure?

12 A Specifically do I recall today a specific
13 incident? No. But I would have expected that
14 would have been the written and unwritten
15 understanding that if any reports came in or
16 they had information or intelligence or source
17 information they would investigate it. We
18 also -- I need to just state that within the
19 RCMP there's three levels. There's the
20 provincial gaming enforcement component, which
21 worked out of E division headquarters, and then
22 there's the federal, the anti-money laundering,
23 commercial crime and other federal sections, so
24 we would sometimes work in partnership with
25 them. They may have a larger project where it's

1 not orders specific to Richmond. Those details
2 I can't recall today.

3 Q Okay. Did your officers -- aside from being
4 called in for a specific incident, did they have
5 a presence in the River Rock Casino during the
6 time you were the officer in charge?

7 A Yes. As we started to see this increase of
8 crime, I instructed my general duty, my foot, my
9 beat police officers to make uniform patrols in
10 and around the River Rock Casino, to be visible
11 and to deter what we were hearing was open
12 exchange of large quantities of money and all
13 kinds of other potential offences that were
14 occurring. I felt that our visibility would be
15 at least one part of a larger strategy of
16 deterrence, so the officers when on patrol in
17 that area were encouraged and did do foot
18 patrols in and around the River Rock.

19 Q Can you give the commissioner any sense of the
20 frequency of those patrols?

21 A They were infrequent, Mr. Commissioner. The
22 reason being is that at this time, around 2005,
23 2006, I was strapped for resources. I was
24 required to maintain a minimum of 10 general
25 duty constables on a 12-hour shift at any given

1 time and we were always running short. We were
2 just making it; from call to call was a
3 challenge. I was required to bring in one to
4 three officers every shift on overtime just to
5 meet the minimum. So it wasn't frequent. It
6 wasn't something -- I wish it could have been
7 more. It could have been sometimes just once a
8 week.

9 Q Did you receive any feedback from the service
10 provider, from Great Canadian, about police
11 patrols in the casino in or around the casino?

12 A Yes, I received a call from a vice president of
13 Great Canadian casino and I cannot remember his
14 name. I'm sorry, but I cannot remember at this
15 time. But it was someone at the senior rank
16 because that's who I dealt with at my level.
17 And I was told that it was bad for business to
18 have uniform police officers walking inside of
19 the casino and if I could curtail or stop the
20 visible presence of uniformed officers inside
21 the River Rock Casino.

22 Q What was your response to that request?

23 A It was very diplomatic. But I was charged with
24 the public safety of all citizens and visitors,
25 if I could it that, of Richmond and River Rock

1 Casino, and part of policing is the foot
2 patrols, preventive and response by uniformed
3 officers, and that would continue.

4 Q And did it in fact continue?

5 A Well, to lead by example, myself and my two
6 inspectors decided to lead my example by
7 starting to do our own foot patrols. I was
8 interested and curious to why it was bad for
9 business and what their concerns were, so no
10 better way to find out than to -- I wore a
11 uniform to work every day anyway, so get out and
12 start walking about, trying to figure out what
13 was going on. It was interesting when we were
14 met by the security at the front entrance to the
15 casino, the first question is why are you here
16 and what are you doing here. And it was like no
17 different than if we were doing bar checks or
18 anything else. We're providing a police
19 presence, what we're paid to do and expected to
20 do in and around any public facility. So we
21 did. And then I encouraged my officers by
22 leading through example to do the same.

23 Q What did you observe that sort of may be
24 relevant to our mandate during your
25 walk-throughs of the River Rock Casino in your

1 times there?

2 A Well, it was interesting because the
3 patrons were -- approached us, were very
4 approachable, the comfort level. I never heard
5 a complaint from a patron. And I would chat
6 with them -- obviously not when they're pulling
7 the slot machine, but when they walked away have
8 a chat and ask them how they're doing or we went
9 up to the gaming tables. And we were also
10 looking at a liquor licence at that time. I
11 believe there was already something in the
12 works, but I was also trying to understand how
13 that would work with alcohol being served right
14 in the casino because that was something new.
15 It was a positive environment with those people
16 that were legally utilizing the facilities.

17 Q Were you and your other officers were present in
18 the facility, did you observe the open exchange
19 of large quantities of cash?

20 A No. No, I never saw that.

21 Q That wasn't happening when you were present at
22 least?

23 A That -- uniform presence would be a deterrent to
24 that happening, I can guarantee you, promise you
25 that from my experience policing, and that was

1 one of the messages I wanted to send loud and
2 clear. That was something I could do within my
3 circle of influence for what we were seeing
4 within the River Rock at that time.

5 Q Okay. I wonder if the witness could be shown --
6 I provided you be a copy, Madam Registrar, of an
7 email. It's document number CAN000037. Sorry,
8 I recognize it's been quite some time, and so
9 you'll certainly be forgiven if you don't have a
10 recollection of this. But I want to show you an
11 email and see if it refreshed your memory and
12 see if you're able to comment on it.

13 This is an email which on its face appears
14 to be from you to an Al Macintyre. Who is Al
15 Macintyre?

16 A He would have been at the rank of assistant
17 commissioner at the time. I believe the
18 district commander for the Lower Mainland
19 district, 2004, yeah.

20 Q He was your superior?

21 A Exactly, yeah.

22 Q Right. And this appears to be an email from you
23 to him December 2004. It reads:

24 "I need five mins of your time to talk to
25 you regarding Great Canadian casino. I am

1 worried the monster is growing. Their
2 influence will soon control BC gaming."

3 Do you recall sending this email?

4 A Actually, I don't. But now that I see it, I can
5 confirm that I would have sent it.

6 Q And can you -- does it help you bring back to
7 mind what you may have been talking about when
8 you say "the monster is growing, their influence
9 will soon control BC gaming"?

10 A Not in specifics, but from best recollection,
11 this is pretty well six months into -- if I
12 recall right, the River Rock opening. And my
13 concerns would have been around obviously we
14 were getting a lot of -- I would have been
15 getting intelligence from my intelligence
16 officers that problems were significantly
17 increasing around gaming. And when I use the
18 word "BC gaming," I'm talking about not
19 provincial or department -- that's not BC gaming
20 department; it was just gaming in particular.
21 If I recall right, I think Great Canadian was
22 also looking at expanding to other -- building
23 other casinos than just -- but that's best I can
24 remember from that email.

25 MR. MCGOWAN: Thank you, sir. Mr. Commissioner, if

1 that could be the next exhibit, its relevance of
2 course limited to the extent to which the
3 officer was able to speak to it.

4 THE COMMISSIONER: Exhibit 93, Madam Registrar.

5 THE REGISTRAR: Yes, exhibit 93.

6 THE COMMISSIONER: Thank you.

7 **EXHIBIT 93: Email from Ward Clapham dated**
8 **December 13, 2004**

9 MR. MCGOWAN:

10 Q I'm going to take you through a series of
11 documents that relate to information you shared
12 about the casino and your budgeting process at
13 the time, but before I get to those, just let me
14 ask you this general question: I gather from
15 some of the documents I've read that you had a
16 concern about the degree of resources you had in
17 the Richmond detachment and the impact that
18 those resourcing levels had on your ability to
19 address gaming related crime. Is that fair?

20 A That's fair.

21 Q And as a result of that, did you make proposals
22 for an expansion of your unit and specifically
23 for the implementation of a unit directed at
24 targeting gaming related crime?

25 A Yes, I did.

1 Q How many proposals do you recall making?

2 A I recall specifically two with the beginning of
3 a third proposal prior to my retirement. The
4 first proposal was in 2005. I was calling it a
5 casino crime unit where I wanted to have
6 additional funding for four additional constable
7 resource positions that would be dedicated to
8 dealing with crime specifically to the River
9 Rock Casino. This team would have been both --
10 been a hybrid model of both uniform and plain
11 clothes. They would have been expected to be in
12 uniform and do foot patrols as a deterrent when
13 appropriate and also investigations specifically
14 as intelligence was being fed to them and
15 investigations were identifying targets to
16 follow up on. That was in 2005, and there was a
17 process in place where I presented that request.

18 Q Your 2005 proposal, was it accepted or rejected,
19 to your recollection?

20 A It was rejected. So I went back to the drawing
21 board and in 2006 I reduced the number to two
22 officers.

23 Q I'm going to just take you through some of these
24 documents, sir, and see if you can assist us
25 with a few questions about them.

1 MR. MCGOWAN: If I could have document COR00001, page
2 34 and 35 put before the witness, please. Madam
3 Registrar, I'm going to move through these in
4 the order that I have advised you in my email so
5 that I don't intend to diverge from that. If
6 you can show the witness the second page of this
7 document.

8 Q Sir, you'll see this is the briefing note. It
9 appears to be authored by you with your name at
10 the bottom?

11 A That's correct.

12 Q And it doesn't appear to have a date on it, but
13 I gather from the context that it was in and
14 around the time period we are speaking about?

15 A Correct.

16 Q Because if you reference the dates in the
17 document, it brings some clarity. Is that sort
18 of a fair assessment as to it was around the
19 2006 time period?

20 A That's correct. As it says in the last
21 paragraph, for the purpose of the 0708 R loop,
22 yes, this would have been --

23 Q This is a briefing note. Who was the purpose of
24 this note?

25 A This was just passing onto my direct reports,

1 which would be Lower Mainland district.

2 Q And under "strategic considerations," the third
3 paragraph under that reads:

4 "River Rock Casino crime trend explosion
5 and possibly increases. Since the opening
6 of the River Rock Casino, crime statistics
7 have increased steadily. Over the last
8 three months the Richmond RCMP and Lower
9 Mainland integrated units have been tasked
10 with three kidnappings, extortions,
11 assaults, loan sharking and other worse
12 serious crime associated to organized
13 crime cells operating in the city as a
14 result of having a gaming establishment in
15 Richmond."

16 Was that your observations of the trend at that
17 time?

18 A I'm looking at page 35. I believe --

19 Q If you could just move back one page, please,
20 Madam Registrar. I'm looking at -- I just read
21 you the third --

22 A Yeah, may I just read it?

23 Q Of course you may. You can maybe just it just a
24 little bit bigger.

25 A No, I'm fine. Thank you, though. Yes, I've

1 read over that paragraph.

2 Q Thank you. And were those observations you're
3 communicating in part the reason you were
4 proposing implementing a gaming-specific unit
5 within your detachment?

6 A Yes.

7 Q And those concerns, that document accurately
8 representing the concerns you held at the time?

9 A Yes.

10 MR. MCGOWAN: Those two pages could be the next
11 exhibit please, Mr. Commissioner, the briefing
12 note.

13 THE COMMISSIONER: Very well. That will be
14 exhibit 94.

15 THE REGISTRAR: Exhibit 94.

16 **EXHIBIT 94: RCMP briefing note from Supt. Ward**
17 **Clapham, Richmond RCMP Annual Reference Level**
18 **Update 2007/2008**

19 MR. MCGOWAN: Thank you. The next document, Madam
20 Registrar, these are all -- the next few
21 documents are all COR. This comes from the same
22 actual document COR00001, but I'd like pages 43
23 and 45.

24 Q Can you see that document, sir?

25 A Yes, I can.

1 Q And this appears to be prepared by criminal
2 intelligence analyst J. Miller in July of 2006,
3 and it's a summary of calls for service
4 comparing a three-month period from 2003 to a
5 three-month period in 2006. Do you recall this?

6 A Yes, I do.

7 Q And this document sets out the number of calls
8 in Richmond dealing with certain particular
9 types of calls in the Richmond area; is that
10 fair?

11 A That's fair.

12 Q And were these specific to the casino or just
13 generally?

14 A Well, so this report was requested by the City
15 of Richmond. At this time of the middle of
16 2006, it was quite a public and media -- there
17 was public and media interest regarding the
18 amount of crime happening at the River Rock. I
19 remember being directed to have the crime
20 analyst look best she could, J. Miller, at a
21 snapshot of what we were seeing for a related --
22 crime related stats specifically to the River
23 Rock. The problem was that we had moved to a
24 new records management system, and our actual
25 coding of all events specifically to the River

1 Rock and our area was kind of convoluted. So it
2 was just a general snapshot of a six-month
3 period, best we could working on the situation
4 at that time.

5 Q Yes. Thank you for that. And I note that there
6 are -- looking at the six-month period of River
7 Rock, there don't appear to be any calls for
8 loan sharking or money laundering. Would those
9 have been caught in one of the other categories
10 or were there just not any calls requesting
11 assistance dealing with that type of concern in
12 that type period?

13 A It's possible it was missed because, again, as I
14 mentioned, we were going through a new reporting
15 system called BC Prime, and we were the pilot
16 project for BC Prime for the RCMP, and it's
17 possible that just the way we were capturing the
18 statistics didn't capture everything that was
19 happening, plus of course some of these serious
20 crimes qualitatively or quantitatively, however
21 you want to look at it, they were -- required an
22 extreme amount of resources and money and looks
23 like from what I see, they possibly weren't
24 captured within that six-month period, but I do
25 know that we did have serious crimes occur at

1 the River Rock between 01, January 1st, 2006,
2 and the 30th of June 2006, but it's -- you can't
3 read that into the report. That's my concerns
4 about how much this could be taken for value.

5 Q Is it -- does it fairly reflect that the -- that
6 there were significantly more crime-related
7 calls arising out of the River Rock as compared
8 to the prior Richmond casino? Is that a fair
9 assumption?

10 A Yes, just on this alone from, you know, you're
11 looking at it, 32 to 137, if you just add it up,
12 the different crimes that we were responding to.

13 MR. MCGOWAN: Thank you. If that three-page
14 document, Mr. Commissioner, could be the next
15 exhibit, please.

16 THE COMMISSIONER: Exhibit 95.

17 THE REGISTRAR: Exhibit 95.

18 **EXHIBIT 95: Document entitled "Call for**
19 **Service - Site Specific," The Great Canadian**
20 **Casino and River Rock Casino**

21 MR. MCGOWAN: I think you have the next document.
22 It's page 87 from that same document displayed,
23 please.

24 Q This is a document titled "Serious and
25 Unreported Crime at the Casinos." It says on it

1 size and popularity the River Rock
2 attracted members of different crime
3 groups that are not established in
4 Richmond."

5 Does that document accurately reflect your
6 understanding of the status of crime and
7 criminal crime groups at both the former
8 Richmond casino and the River Rock Casino at
9 that time?

10 A Yes, that's very fair. I just don't recall the
11 Washington State component, but the rest of that
12 briefing I would have been briefed and aware of
13 and do agree with it.

14 MR. MCGOWAN: If that could be the next exhibit, that
15 single page document, Mr. Commissioner.

16 THE COMMISSIONER: All right. 96.

17 THE CLERK: Exhibit 96.

18 **EXHIBIT 96: Document entitled "Serious &**
19 **Unreported Crime at the Casinos (Adapted from a**
20 **report by Cst. David Au of Richmond CIS)"**

21 MR. MCGOWAN:

22 Q Now, sir, you've mentioned a 2005 proposal that
23 was rejected and then a 2006 proposal which you
24 pursued for, again, a gaming specific unit
25 within the Richmond detachment. And I guess

1 part of proposing any new unit is dealing with
2 the resourcing and funding of that?

3 A That's correct.

4 MR. MCGOWAN: Could we have the next exhibit in the
5 list, please. From that same document, pages 65
6 to 70.

7 Q Sir, you'll see here what appears to be a memo
8 to the general purpose committee of the City of
9 Richmond from you containing a staff
10 recommendation, and that recommendation being
11 that the resources required -- resource
12 requirements related to RCMP serious and
13 emergency challenges be considered as part of
14 the 2007 budget process?

15 A Yes, I see that and that's my signature.

16 Q And that was a proposal that included -- if we
17 move to the page numbered 4 -- you'll see
18 reference to casino resourcing requirements?

19 A Yes, I see that.

20 Q And that was a proposal that you put forward to
21 have these resourcing requirements considered as
22 part of the 2007 budget process?

23 A Yes, that's correct.

24 MR. MCGOWAN: If that could be the next exhibit,
25 please, Mr. Commissioner.

1 THE COMMISSIONER: Exhibit 97.

2 THE REGISTRAR: Exhibit 97.

3 **EXHIBIT 97: City of Richmond Report to**
4 **Committee dated September 1, 2006**

5 MR. MCGOWAN: If we could pull up the next document,
6 please, which is pages -- page 64 of that same
7 document.

8 Q Sir, this is a request for additional funding, I
9 gather, for the 2007 budget year, and is this
10 one of the documents that was submitted in
11 furtherance of your efforts to get further
12 funding for additional officers for reasons
13 including the casino unit?

14 A Yes. It was authored by Keith Bramhill who was
15 my planning RCMP resource. He's a sworn RCMP, a
16 sworn police officer, and he would have prepared
17 this on my behalf for submission.

18 Q And he notes -- it appears you're seeking a
19 24 police officer increase, and it notes in the
20 first sentence:

21 "Regular members have not kept pace with
22 population growth over the last five
23 years. The City/RCMP has experienced an
24 illegal gaming crime trend increase at the
25 River Rock Casino with costly increases to

1 policing."

2 Was that part of the message you were delivering
3 to the City of Richmond in furtherance of your
4 request for a budget increase?

5 A Yes.

6 MR. MCGOWAN: If that could be the next exhibit,
7 Mr. Commissioner.

8 THE COMMISSIONER: Exhibit 98.

9 THE CLERK: Exhibit 98.

10 **EXHIBIT 98: Document entitled "City of**
11 **Richmond - Additional Level Request Form for**
12 **Budget Year 2007"**

13 MR. MCGOWAN:

14 Q If we could pull up the next document, which is
15 pages 74 through 78. In the document you have.
16 Sir, these are minutes of the September 25th,
17 2006, city council meeting?

18 A Yes.

19 Q And if you look at page 76, the page numbered 76
20 at the top, which appears to be page 3 of the
21 minutes. This appears to be the adjudication of
22 your request that the -- your budget increase
23 proposal be considered as part of the 2007
24 budget process and that proposal -- that motion
25 was carried?

1 A Yes, I see that.

2 Q Is that consistent with your recollection?

3 A Yes.

4 MR. MCGOWAN: If that could be the next exhibit,
5 Mr. Commissioner.

6 THE COMMISSIONER: 99.

7 THE CLERK: Exhibit 99.

8 **EXHIBIT 99: City of Richmond Minutes, Regular**
9 **(Closed) Council Meeting, dated September 25,**
10 **2006**

11 MR. MCGOWAN: If we could pull up the next document,
12 which is CAN000110.

13 Q Sir, this is an email exchange between you and
14 an officer Fred Pinnock and others?

15 A Yes.

16 Q It starts with an email. And we can't -- we
17 don't see all of the -- well, I don't know if we
18 see all of the recipients, but at least you and
19 somebody the named Tony appear to be two of the
20 recipients?

21 A Inspector Tony Mahon, who was the operation
22 support officer at Richmond detachment with me
23 at the time.

24 Q Okay. And the Ward refers to you?

25 A Yes.

1 Q Okay. And Mr. Pinnock, Officer Pinnock in this
2 email says:

3 "Good day, Ward and Tony: I thought you
4 might be interested to know that Dick Bent
5 gave me the green light this afternoon to
6 draft a BC for the formation of a
7 provincial subunit within IGIIT to support
8 agencies and attachments within host
9 casinos."

10 Do you recall the context of this?

11 A Yes, I do.

12 Q What was Officer Pinnock's station at that time?

13 A He was the staff sergeant in charge of the
14 integrated illegal gaming enforcement team under
15 the provincial component of the RCMP, and he had
16 reached out to me through channels being
17 inspector Tony Mahon, looking for resource
18 support and support for this gaming enforcement
19 team that would not be just focused on the River
20 Rock but a lot of energy is towards the River
21 Rock and would I dedicate resources to help it
22 out. And get it approved.

23 Q What was your response to his request?

24 A I was favourable. I absolutely was supportive
25 of this initiative if it was ultimately approved

1 and became a reality.

2 Q Was this initiative to target licensed casinos
3 operated by licensed gaming service providers or
4 illegal casinos or both?

5 A You know, I can't recall. Because we have both
6 illegal gaming houses happening in Richmond and
7 then the legal gaming casino. I'll say both,
8 but I don't really -- I don't think there would
9 be a differentiator, because these criminals
10 cross the lines between the two anyways.

11 Q Was it your understanding that at least a
12 significant focus of this unit would be
13 enforcement in relation to the licensed River
14 Rock Casino?

15 A Oh, absolutely, yes.

16 Q Okay. And you are forwarding Officer Pinnock's
17 email to Officer Mahon -- well, I guess you're
18 responding to Officer Pinnock and Officer Mahon,
19 but you're copying Officer Macintyre and Officer
20 German?

21 A Yes. At that time Peter German was the -- best
22 of my recollection the district commander for
23 Lower Mainland district and assistant
24 commissioner Al Macintyre was the criminal
25 operations officer, so I was letting them both

1 know that we were supportive of this initiative
2 that was -- that they always would have been
3 aware of and we were supportive and willing to
4 work and wanting to work with both the district
5 and the provincial RCMP units.

6 Q You say Tony will get back to you this week with
7 a coordinated response. Did you -- did Officer
8 Mahon or you get back to Mr. Pinnock with a
9 coordinated response?

10 A I don't -- I did not specifically, and I can't
11 speak on behalf of inspector Tony Mahon that he
12 did or didn't. But it would have been expected
13 that he would have followed through as -- I
14 would have handed this over to inspector Mahon
15 to follow up on, so that's the gist of the
16 email, that he would be the initial contact on
17 my behalf.

18 Q Did this unit that Officer Pinnock is proposing
19 ever come to fruition?

20 A Not that I know of.

21 Q In your time was it operational in the City of
22 Richmond in relation to the River Rock Casino?

23 A No, not in my time.

24 Q Did you ever -- you didn't dedicate resources as
25 you had thought you might to anything of this

1 sort?

2 A I would have dedicated resources. I did not up
3 until my retirement.

4 Q Had this unit been implemented in the fashion
5 Officer Pinnock is proposing or some other
6 fashion, in your view would it have had some
7 effect in combatting casino-related crime and
8 specifically loan sharking and money laundering?

9 A Yes. I was hoping that this unit would have
10 been approved and in place because I was running
11 into pretty substantial friction around this
12 time period with the City of Richmond regarding
13 my proposal of using the casino crime revenue
14 that they were receiving to fund initially the
15 four person unit down to two and I wasn't
16 confident. And at that same time the City of
17 Richmond was starting a policing review because
18 our contract was coming due in 2012. And they
19 had started a review to explore the possibility
20 of removing the RCMP as their service provider
21 and/or utilizing one of the neighbouring police
22 departments instead of us, so all of that was
23 happening at the same time, and I saw less hope
24 of getting any dedicated unit within Richmond,
25 so thus the resource allocation, however I was

1 going to do it, to support the provincial unit
2 to help us deal with public safety at the River
3 Rock Casino and within the City of Richmond.

4 Q What was your view as to the importance at that
5 time one way or another, whether it be a
6 Richmond-focused detachment or IGET managed
7 detachment of getting a casino-specific unit
8 dedicated to enforcing at the River Rock Casino?

9 A I made it my third priority overall. The first
10 priority was mandated to me which was the
11 integrated homicide enforcement team, which was
12 required. My second priority was getting some
13 front line foot police women and men, additional
14 resources so I wasn't paying overtime to make
15 minimums. And then my third priority was a
16 casino crime team, a gaming, an integrated
17 gaming enforcement team, whatever that might
18 look to be. That was my number three priority.
19 So after feet on the ground, just being able to
20 run to the 911 calls, gaming was next, illegal
21 gaming, illegal -- I'll call it casino crime.

22 MR. MCGOWAN: If we could have the next document,
23 please, Madam Registrar.

24 THE COMMISSIONER: Did you want that one marked?

25 MR. MCGOWAN: Yes, please. Mr. Commissioner. I

1 apologize.

2 THE COMMISSIONER: Exhibit 100.

3 THE REGISTRAR: Yes, exhibit 100.

4 **EXHIBIT 100: Email from Ward Clapham to Mahon**
5 **and Pinnock Re: River Rock Casino - A Policing**
6 **Response**

7 MR. MCGOWAN:

8 Q And the next document, sir, for the benefit of
9 participants, that's COR0001 pages 107 through
10 113.

11 So this is a memorandum from you to the
12 mayor and council of the City of Richmond.
13 Appears to have been presented at a workshop in
14 December of that year.

15 A Yes, okay. Yes, I see that.

16 Q And if the witness can please be shown page 3 of
17 the document that follows the memorandum.
18 Page 3 at the bottom. Page 110 at the top.

19 And, sir, you see under "priority 3, casino
20 crime, illegal gaming constables," this is a
21 reflection of what you've just told the
22 commissioner of the degree of priority you
23 attached with the creation of a unit of the type
24 we've been discussing?

25 A That's correct, yes.

1 MR. MCGOWAN: If that could be the next exhibit,
2 please, Mr. Commissioner.

3 THE COMMISSIONER: 101.

4 THE REGISTRAR: Exhibit 101.

5 **EXHIBIT 101: RCMP Memorandum to City of**
6 **Richmond dated December 11, 2006**

7 MR. MCGOWAN: Thank you. Mr. Commissioner, I note
8 the time. I have a few more questions for this
9 witness and I know some of our colleagues acting
10 for participants have some questions they would
11 like to put to him.

12 So unfortunately, Officer Clapham, I think
13 we're going to have to impose on you tomorrow
14 morning, but I hope for not very long. The
15 hearings do commence at 9:30, and we ask that
16 people be on 10 or 15 minutes ahead just to make
17 sure that technology is all in place.

18 THE WITNESS: I have no problem with that.

19 THE COMMISSIONER: Thank you, Mr. McGowan. And I did
20 in fact receive an indication that Mr. Clapham
21 was to testify today. It was hidden under the
22 one for Mr. Lee, and I note that there's about
23 45 minutes set aside for counsel for various of
24 the participants to cross-examine Mr. Clapham,
25 so I take it we'll be another hour approximately

1 with him. Is that fair to say?

2 MR. MCGOWAN: I think that's fair. I think we should
3 be able to wrap the remainder of his evidence
4 within approximately one hour, Mr. Commissioner.

5 THE COMMISSIONER: All right. Thank you.

6 MR. MCGOWAN: And then moving on to the next witness
7 on the list.

8 THE COMMISSIONER: Yes. All right. Thank you. We
9 will adjourn until tomorrow morning at 9:30,
10 then. Thank you.

11 THE REGISTRAR: The hearing is adjourned until
12 9:30 a.m. on October 28th, 2020.

13 **(WITNESS STOOD DOWN)**

14 **(PROCEEDINGS ADJOURNED AT 1:34 P.M. TO OCTOBER 28, 2020)**

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