

COMMISSION OF INQUIRY INTO MONEY LAUNDERING IN BRITISH COLUMBIA
The Honourable Mr. Austin F. Cullen, Commissioner

**Submissions of Ross Alderson in Response to Supplemental
Closing Submissions of the British Columbia Lottery Corporation**

1. BCLC was evidently granted leave to file submissions attacking Mr. Alderson's credibility well past the timeline for such submissions. Whatever application and/or correspondence may exist relevant to this procedure, it has not been disclosed to Mr. Alderson.
2. This unusual procedure underscores concern about the "unlevel playing field" as raised in oral submissions made on Mr. Alderson's behalf on October 18, 2021. As then submitted, factors relevant to procedural fairness and the integrity of this commission include:
 - i) The commission's failure to tender Mr. Alderson's notes and other documentary evidence capable of corroborating Mr. Alderson's testimony and challenging assertions made by others seeking to impugn him; and
 - ii) The commission's failure to effectively challenge other participants and witnesses regarding certain matters at issue which, as a result, better enables such parties to assert adverse findings against Mr. Alderson in the nature of what BCLC seeks.
3. In its Supplemental Closing Submissions, BCLC says:

"BCLC submits that the viva voce and affidavit evidence of Mr. Alderson that is based solely on his independent memory or recollection should not be given any weight due to Mr. Alderson's lack of credibility."
4. Mr. Alderson submits that his evidence was coherent, entirely consistent with circumstantial evidence and, as a matter of common sense (ie. he has no reason to fudge the truth), entirely credible.
5. Defending against such a bald assertion such as "*Mr. Alderson's lack of credibility*" is problematic at the best of times but even more difficult when, as above submitted, the commission did not develop the evidentiary basis capable of corroborating Mr. Alderson in a number of areas.

6. BCLC's Supplemental Closing Submissions also includes this:

"BCLC's position is that Mr. Alderson's evidence should only be given weight if it is corroborated by contemporaneous documentary records or other witness testimony that is credible, because Mr. Alderson's uncorroborated evidence is generally unreliable as it is not in "harmony with the preponderance of the probabilities which a practical and informed person would readily recognize as reasonable" in these circumstances."

7. This assertion by BCLC underscores the significance of the above noted approach taken by the commission. With thousands of pages of new documents presented over the course of the inquiry, (including voluminous material over the few days immediately prior to testifying) commission counsel reviewed none of this material with Mr. Alderson prior to his testimony.

8. Specifically, there was no effort made with Mr. Alderson to address a number of facts which had been put into issue by other participants. This is an aspect of the "undeveloped playing field" which was beneficial to BCLC and others seeking to discredit Mr. Alderson but unfair to him.

9. BCLC's Supplemental Closing Submissions also includes this passage (from *Wu v. Sun-Gifford et al*):

"In such circumstances the most reliable evidence as to what transpired will likely be found in contemporaneous documentation".

10. There is, in fact, an abundance of "contemporaneous documentation" however, as above submitted, it is either not in the record or was not put to Mr. Alderson for his testimony about it.

11. In fact, the commission ruled against admitting the vast majority of Mr. Alderson's notes taken contemporaneously with matters at issue. No submissions from Mr. Alderson's counsel about, for example, section 42 of the BC Evidence Act or as to the more flexible rules of evidence applying to administrative tribunals was permitted. (T., Sept. 10/21, pp. 196-200)

12. It was not Mr. Alderson's role to establish the evidentiary record in this matter. Given the commission's failures as above submitted, BCLC and others attacking Mr. Alderson's credibility are better able to assert that his testimony lacks corroboration.

13. As to Mr. Alderson's 2019 interview by GPEB's Mr. Skrine and what Mr. Alderson says was the "ease up" statement of Mr. Kroeker: Regardless of what he told Mr. Skrine about his notes, Mr. Alderson had good reasons to not lay down his cards with an institution which he knew was complicit in the very problems he was seeking to expose. On cross examination by GPEB's lawyer, Mr. Alderson sought to provide context:

"Well, I think, Ms. Chewka, you've got to have a look at the environment at the time. There had been significant media attention on the casino file, and I think that -- I mean, I have -- it's unfortunate the Crown counsel didn't really touch on a lot of this stuff in my notes regarding -- rather than focusing on emails, but there is significant detail in there regarding which I saw at best indifference by the investigators throughout a period of years, integrity issues from GPEB, over a number of years which, again, hasn't been touched on yet in evidence. And so that formed my opinion over that period of time. "

T, Sept. 9/21, pp. 107-8

14. In addition, Exhibit 1025 is Mr. Alderson's affidavit, sworn March 19, 2021. Exhibit R to this affidavit is a September 16, 2019 email from Samuel Taylor, a GPEB investigator, to Fred Pinnock, former head of IIGET.

15. That email sets out, at some length, Mr. Taylor's views as to "a retirement gig for ex cops" at GPEB and about its culture of indifference, neglect, if not overt corruption during roughly the same period in which GPEB's Mr. Skrine was interviewing Mr. Alderson.

16. Mr. Taylor's comments to Mr. Pinnock included [my emphasis]:

*There seems to be several indicators that **money laundering is occurring with the passive complicity (at least) of casino operators**, but when I've brought some of these topics up to our executive management and suggested actions we could take, they've made it clear that they don't want to risk bothering the service providers, with whom they are trying to cultivate a positive relationship. ...*

*...I think the public would be shocked to learn that GPEB investigators are almost entirely tasked with investigation and enforcement where the casino is the victim. In fact, **when any report is received involving suspicious financial activity, it is removed from the list of records to be assigned for investigation....***

*I had thought that we would be investigating the dirty money directly and then flexing our regulatory authority to make sure casinos weren't complicit in accepting it. **Yet even where casinos are clearly not following basic AML procedures, we have been told to ignore it....**"*

17. For some reason, the commission did not call Mr. Taylor as a witness in these proceedings. In addition, the commission itself obstructed efforts to have this evidence scrutinized as reflected in the transcript from September 10, 2021(pages 179-180):

MR. JAFFE: If I understand what you're saying, Mr. Commissioner, the communications between a GPEB investigator and the former head of IIGET as to complicity or turning a blind eye to money laundering is not irrelevant, I will move on.

MR. MCGOWAN: Mr. Jaffe, I'm going to invite you to move on. The Commissioner had made his views clear on this --

MR. JAFFE: Yes, I understand that.

Q There was an email put to you yesterday or there was a collection of emails put to you by Mr. McGowan yesterday that we've provided to commission counsel. I wonder if that document could be put up on the screen.

A Mr. Jaffe, just to add to this document, I guess my expectation at the time by providing this to the commission in 2019 was that Mr. Taylor would be asked to give evidence.

THE COMMISSIONER: Well, he hasn't been.

THE WITNESS: Okay.

MR. JAFFE: Q Mr. Alderson, does it concern you that a GPEB investigator who has said what he has said in that email has not even been called as a witness? Does that concern you?

MR. MCGOWAN: I object to the question. It's immaterial.

THE COMMISSIONER: It is.

MR. MCGOWAN: And inappropriate in the context of the comments you've made, Mr. Commissioner.

THE COMMISSIONER: I know. Just carry on, Mr. Jaffe. Ask your next question.

18. Exhibit R to Mr. Alderson's affidavit corroborates his account of the institutional failures, a matter squarely within the mandate of this inquiry. Furthermore, in regard to Mr. Alderson's credibility, it provides context which corroborates his testimony about the cautious approach he took with Mr. Skrine on whether he had notes of Mr. Kroeker's "ease up" comment.

19. During Mr. Alderson's tenure at BCLC, he was promoted 4 times between 2012 and 2016. At one point, he had over 30 full time employees reporting under him.

20. Despite the negative assertions advanced by BCLC and others against Mr. Alderson after he became known as a whistleblower, his employment records (provided to the Cullen Commission in March 2020) could have provided a dramatic contrast with the picture BCLC presently portrays. Regrettably, such material remains in the file.

21. The testimony did, however, include some favourable perspectives about Mr. Alderson's from his supervisors at BCLC, including Brad Desmarais (T, February 1, 2021 p. 13):

"Mr. Alderson did a great job for me, actually. I'll say that right at the outset. And I trusted him implicitly in a lot of matters."

22. In addition, when asked about their working relationship, Mr. Kroeker testified (T, January 26, 2021, p. 209) : *"We had a very productive relationship."*

23. In addition, Dr. Peter German credited Mr. Alderson for his assistance and cooperation during the "German Review" even acknowledging that he provided a road map (T, April 13, 2021, p. 35)

"I spoke to Mr. Alderson early on in this process at considerable length and Mr. Alderson was quite forthcoming on a number of issues. He spoke to me about GPEB. He spoke to me about BCLC. He spoke to me about his frustrations at the casinos. He spoke on a wide number of issues and in many ways provided a lot of -- a bit of a roadmap for us early on in our review."

24. The above statement from Dr. German references their dealings on November 29, 2017 while Mr. Alderson was still employed by BCLC.

25. This timing contradicts any suggestions (such as that made on behalf of Mr Kroeker) that Mr. Alderson holds an antipathy (and thus raising credibility issues) by reason of BCLC's reprimands and threats sent to him after the W5 show aired.

26. Mr. Alderson's concerns about money laundering as expressed early in his tenure at BCLC were met without great interest from management. The evidence reflecting this fact includes the September 23, 2011 email exchange between himself and Mr. Freisen, found at Exhibit 107 with Mr. Friesen saying:

"As indicated the \$50,000 threshold was just a simple determination made at River Rock because of the volume of transactions. You can alter this at will."

27. As Mr. Alderson testified, for management to be delegating such important discretion to a junior investigator is woefully inadequate and non-compliant with federal and provincial legislation. It is also entirely inconsistent with Mr. Kroeker's 2011 report (Exhibit 141) stating that. *"BCLC, in terms of policies and procedures, has a robust anti-money laundering regime in place."*

28. There is ample evidence corroborating Mr. Alderson's testimony about the wilful blindness of BCLC. An example includes this exchange between Mr. McGowan and Mr. Freisen (T, October 28, 2020, p. 93):

Q: As manager did you conceive there was any possibility that these \$20 bills that were being used to buy in came from the sale of a house or from a banking institution, a legitimate financial institution?

A I could get it.

Q I suppose you could, sir, but would you? If you needed \$800,000 or \$600,000 to conduct a financial institution [sic], would you go to the bank and ask them to give it to you in 20s?

A I don't know. It depends on circumstances. I have in the past. I got \$20 bills. Undercover operations.

Q For drug dealing?

A Yes.

29. Another example of indifference and/or wilful blindness (and further corroboration of Mr. Alderson's evidence) is this testimony of Brad Desmarais about the underground bank theory (T, Feb. 1/21, p. 86):

Q What was the Associate Deputy Minister's reaction to that suggestion?

A She made a comment that she's thought that the use of cash from underground banking might be a violation of the Bank Act. And I agreed with her.

Q Did you take any steps to curb that violation of the Bank Act?

A No, I did not.

30. In the few pages of Mr. Alderson's notes which have been admitted into evidence, there is a record of a meeting on April 18, 2012 between Terry Towns, Stone Lee, Gord Friesen, Steve Beeksma and Bryan Hodgkin regarding Mr. Alderson's wish to investigate criminal activity at River Rock casino.

31. Mr. Friesen's comments were, as noted by Mr. Alderson, that his hands were tied and, as will explain much of the evidence now before this commission, that "It's all about the revenue". (Exhibit 1035, p. 8)

Respectfully submitted this 12th day of November, 2021

Paul Jaffe

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