

Commission of Inquiry into Money Laundering in British Columbia
Commissioner A. Cullen

**CLOSING SUBMISSIONS OF HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA ON THE GAMING SECTOR**

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PART I - OVERVIEW

1. The Commission heard evidence from various industry actors which suggests that some BC casinos may have been used to directly launder, or facilitate the laundering of, funds with illicit origins. This occurred despite the best efforts of the public service to identify the issue, consider potential policy solutions, and take the steps available within the prevailing legislative and operational context.

2. As the regulator responsible for the overall integrity of gaming in the Province, the Gaming Policy and Enforcement Branch (“GPEB”) was a key actor in events relevant to the Commission’s terms of reference. At times, GPEB and the British Columbia Lottery Corporation (“BCLC”) held differing views on both the nature and scope of money laundering in BC casinos, and what steps they each ought to take to address the issue. However, GPEB and BCLC agreed on one thing—active engagement from law enforcement was necessary to ensure the disruption of organized crime and the deterrence of money laundering—and both sought to engage law enforcement’s assistance throughout the material time. Such assistance began in earnest in 2015, when the RCMP initiated an investigation which came to be known as “E-Pirate”. The Joint Illegal Gaming Investigation Team (“JIGIT”), established by the Province in 2016, currently continues this assistance.

3. The Commission’s mandate includes making findings of fact respecting the acts or omissions of regulatory authorities, like GPEB, or individuals with powers, duties, or functions. This may include findings of misconduct.¹ Although available to the Commission, findings of misconduct should not be the principal focus of this Inquiry.² When considering the actions of the public service, the Commission’s analysis should focus on what that individual knew or had available to them at the relevant time; the Commission ought not to impute knowledge of future events. Further, public servants working at GPEB could only exercise those duties and powers granted to them by the

¹ [Commission’s Terms of Reference](#), ¶ 4(1)(b); [Public Inquiry Act](#), SBC 2007, c. 9, s. 21(1)(d).

² *Canada (Attorney General) v. Canada (Commission of Inquiry on the Blood System)*, [1997] 3 SCR 440 at para. 53 (“*Blood System Inquiry*”).

[Gaming Control Act](#) (the “GCA”)³ and the [Gaming Control Regulation](#) (the “Regulation”).⁴ As such, the actions of those individuals must be analyzed within the context of the legislative framework applicable at the relevant time. The standards applied to the actions of public servants must reflect the standards in place at the time of the relevant events. This Commission ought not view their actions through the clarity afforded by hindsight.⁵

PART II – GAMING

Legislative framework and key actors

4. The GCA was introduced in the Legislature in 2002.⁶ It established GPEB (a continuation of the former Gaming Audit and Investigation Office) and expanded the role of BCLC.⁷ The GCA has remained in force since 2002 as amended from time to time.⁸

(a) The Regulator: GPEB

5. GPEB is responsible for the overall integrity of gaming and horse racing in BC.⁹ It currently sits within the Ministry of Public Safety and Solicitor General (“PSSG”); however, between 2002 and 2020, GPEB was variously housed within PSSG, the Ministry of Housing and Social Development, the Ministry of Energy Mines and Natural Gas, the Ministry of Finance (“MOF”), and the Ministry of Attorney General. Since 2002, the Ministers responsible for GPEB include the Hon. John Les, the Hon. Richard Coleman (“Minister Coleman”), the Hon. Shirley Bond, the Hon. Michael de Jong, Q.C. (“Minister de Jong”), the Hon. David Eby, Q.C. (“Minister Eby”) and the Hon. Mike Farnworth.¹⁰

6. GPEB is overseen by an Assistant Deputy Minister (“ADM”) who also holds the position of General Manager (“GM”). The GCA creates the role of GM and grants the GM

³ SBC 2002, c. 14.

⁴ BC Reg 208/2002.

⁵ See, by way of analogy, the comments in *ter Neuzen v. Korn*, [1995] 3 S.C.R. 674, ¶ 34; *Kahlon (Litigation guardian of) v. Vancouver Coastal Health Authority (c.o.b. Vancouver Hospital and Health Sciences Centre)*, 2009 BCSC 922, ¶ 133; *Newton v. Marzban*, 2008 BCSC 328, ¶ 302.

⁶ [Ex. 67](#), ¶ 78.

⁷ BCLC was continued under the [Lottery Corporation Act](#) in 1985: [Ex. 67](#), ¶ 58.

⁸ See, Appendix A (Legislative history of the GCA).

⁹ GCA, s. 23. The Province notes here there is little, if any, evidence that horse racing is a vehicle for money laundering in BC. As such, it will not be addressed further: [Ex. 69](#); [Transcript \(TR\) S. MacLeod 19/APR/2021](#), p. 59, l. 3-13.

¹⁰ See, Appendix B (Responsibilities under the GCA).

several statutory duties and powers to further its mandate of ensuring the integrity of gaming. The GM is responsible, under the direction of the responsible Minister, for the administration of the *GCA*.¹¹ Pursuant to s. 27(2) of the *GCA*, the GM:

- a. must advise the minister on broad policy, standards and regulatory issues,
- b. under the minister's direction, must develop, manage and maintain the government's gaming policy,
- c. may establish criteria necessary for considering, reviewing and evaluating proposals for new or existing gaming facilities, and
- d. may establish public interest standards for gaming operations, including but not limited to extension of credit, advertising, types of activities allowed and policies to address problem gambling at gaming facilities.

7. Notably, section 27(4) of the *GCA* prohibits the GM from conducting, managing, operating, or presenting gaming or horse races in carrying out the above responsibilities.

8. The Minister responsible for the *GCA* can issue directives to both BCLC and GPEB. Section 6 of the *GCA* provides that the Minister may issue “written directives” to BCLC on matters of “general policy” and, if issued, BCLC must comply with those directives. The Minister has identical powers with respect to GPEB.¹²

9. Prior to November 2018, s. 28 of the *GCA* permitted the GM to issue directives to BCLC, including directives “respecting the extent or type of gaming activities that may be carried on at a gaming facility”, only with ministerial approval.¹³ Currently, the GM has authority to unilaterally issue directives under s. 28 with which BCLC must comply.¹⁴ Amendments were also made to s. 92 of the *GCA* in November 2018 to permit the GM, BCLC, or a person acting on BCLC’s behalf, to request that a person immediately leave a gaming facility and forbid them from entering the premises for a period if they have reason to believe the presence of that person is “undesirable”.¹⁵

10. Under section 86 of the *GCA*, BCLC is required to provide the GM with any

¹¹ *GCA*, s. 27.

¹² *GCA*, s. 26.

¹³ *GCA*, s. 28(1)(a); Section 28(3) prohibited directives to BCLC without ministerial approval. Section 28(3) was repealed in November 2018: see, Appendix A.

¹⁴ *GCA*, s. 28(2).

¹⁵ Prior to November 2018, BCLC or a person acting on its behalf had this authority; the GM did not: see, Appendix A.

information, records or things requested by the GM relevant to an investigation or an investigative audit under the GCA. Section 86(2) of the GCA also requires BCLC, registrants and licensees to notify the GM immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing if BCLC, the registrant or licensee considers that the incident involves or involved the commission of an offence under the *Criminal Code* relevant to a lottery scheme or horse racing or the commission of an offence under the GCA.¹⁶

11. In September 2001, Derek Sturko became the first GM of GPEB.¹⁷ At that time, GPEB had six divisions: (a) policy and legislation; (b) licensing and grants; (c) horse racing; (d) registration and certification; (e) audit and compliance; and (f) investigations.¹⁸

12. GPEB's organizational structure was not static over the material period. Following recommendations made by Deloitte & Touche LLP ("Deloitte") in its 2007 review, discussed below, GPEB added an internal compliance and risk management division.¹⁹ Two additional reviews were completed in 2014: (i) the Investigations and Regional Operations and Audit and Compliance Division Review; and (ii) an internal GPEB Review.²⁰ These reviews resulted in further internal reorganizations in 2015 and 2018.²¹

13. At present, GPEB is comprised of six divisions: (a) Community Supports; (b) Licensing, Registration and Certification ("LRC"); (c) Compliance; (d) Enforcement; (e) Strategic Policy and Projects; and (f) Operations.²² For the Commission's purposes, the LRC, Compliance, Enforcement, and Strategic Policy and Projects divisions are relevant.

14. LRC is responsible for the registration and certification of the gambling industry.²³ If a registrant breaches a condition, LRC may refuse to issue or renew the registration, issue a warning, impose a fine or conditions, or suspend or cancel registration.²⁴

¹⁶ [Ex. 181](#), Ex. A; [Ex. 504](#), ¶¶ 39-40, Ex. I and J.

¹⁷ [Ex. 507](#), ¶¶ 5, and 21-22; [TR D. Sturko 28/JAN/2021](#), p. 101, l. 5-25.

¹⁸ [Ex. 507](#), ¶ 27.

¹⁹ [Ex. 507](#), ¶ 29; [Ex. 939](#).

²⁰ [Ex. 546](#); [Ex. 547](#).

²¹ [TR J. Mazure 11/FEB/2021](#), p. 170, l. 22–p. 17, l. 13; [Ex. 781](#), ¶¶ 6 and 9.

²² [TR K. Ackles 2/NOV/2020](#), p. 168, l. 7-14.

²³ LRC Division is also responsible for licensing charitable gambling events.

²⁴ [Ex. 782](#), ¶¶ 8 and 23.

15. Compliance is comprised of the horse racing and audit teams. Compliance oversees GPEB’s audit and compliance program. The goal of the program is to ensure compliance with the *GCA* and the *Regulation*, and policies, directives and public interest standards set by GPEB and BCLC to help protect the integrity and maintain public confidence in gambling in BC.²⁵ As part of the program, Compliance conducts audits and inspections of BCLC, gambling facilities, lottery retailers and others.²⁶ Compliance is often asked to provide feedback through the GPEB Policy team on gaming-related proposals.²⁷

16. In 2018, GPEB’s current GM, Sam MacLeod, approved the creation of a new Enforcement Division. The initial focus of the Enforcement Division was on redefining GPEB’s enforcement purpose and objectives within its regulatory mandate, ensuring consistency in service delivery and file management, identifying training needs, employing a risk-based approach to investigations, and establishing strong stakeholder relationships with gaming industry partners and the police to ensure an effective multipronged approach to incidents that threaten the integrity of gaming.²⁸

17. Finally, the Strategic Policy and Projects Division leads GPEB’s strategic policy development and branch communications and makes recommendations to the Province for legislation and regulation of gaming activities.²⁹

(b) *The Operator: BCLC*

18. The *GCA* prescribes a significant role for BCLC, who is an agent of the government for all purposes.³⁰ Section 7(1) of the *GCA* sets out BCLC’s broad mandate, holding that BCLC is “responsible for the conduct and management of gaming on behalf of the government”.³¹ The terms “conduct and management” flow directly from s. 207 of the *Criminal Code*³² which grants an exemption to provincial governments to “conduct and manage” a lottery scheme in accordance with any law engaged by the legislature of that

²⁵ [Ex. 781](#), ¶¶ 10 and 11.

²⁶ [Ex. 781](#), ¶¶ 6 and 9.

²⁷ [Ex. 781](#), ¶¶ 6 and 9.

²⁸ [Ex. 504](#), ¶¶ 18-21; [TR S. MacLeod 19/APR/2021](#), p. 41, l. 7-p. 42, l. 14.

²⁹ [Ex. 71](#), App. O, p. 7.

³⁰ *GCA*, ss. 3, 7; [Ex. 67](#), ¶¶ 80 and 109.

³¹ *GCA*, ss. 3, 7; [Ex. 67](#), ¶¶ 80.

³² [Section 207, R.S.C. 1985, c. C-46](#).

province. Neither the *Criminal Code* or the *GCA* defined the phrase “conduct and manage”, but it has been judicially interpreted as placing BCLC in the role of “operating mind”.³³ A similar conclusion was reached in a Provincial Government White Paper.³⁴

19. The *GCA* expands on the meaning of “conduct and manage” through, among others, section 7(1)(a), which stipulates that BCLC’s role is to “develop, undertake, organize, conduct, manage and operate provincial gaming”. Subsections 7(1)(a) to (j) of the *GCA* authorize BCLC to engage in prescribed activities that directly relate to the conduct, management, and operation of gaming in the Province. BCLC is not a registrant or licensee under the *GCA*; however, its employees and Board members are registered.³⁵

20. Finally, BCLC is a reporting entity under the [Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act](#) (“*PCMLTFA*”) and its associated regulations.³⁶ GPEB is not a reporting entity. As a reporting entity, BCLC must submit reports to the Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”) including: (a) suspicious transaction reports (“STRs”); and (b) large cash transaction reports (“LCTRs”). STRs are submitted where a transaction is considered suspicious on an evaluation of the totality of the circumstances. There is no monetary threshold for an STR to be reported to FINTRAC.³⁷ In contrast, LCTRs are reported for all cash transactions of \$10,000 or more in a 24-hour period, including any single cash buy-in of \$10,000 or more, or multiple cash transactions by a patron within a 24-hour period that total \$10,000 or more. BCLC must also report cash disbursements of \$10,000 or more in a 24-hour period.

2007 Deloitte Review

21. In June 2007, Minister John Les announced that Deloitte would conduct a review of the Retail Lottery System in BC and make recommendations to enhance the overall integrity of gaming in BC. Deloitte released its final report on October 31, 2007.³⁸ This

³³ *Great Canadian Casino Ltd v. Surrey (City of)* (1999), [53 B.C.L.R. \(3d\) 379](#), [1998 CanLII 2894](#) aff’d [1999 BCCA 619](#) (“*Great Canadian*”), ¶¶ 65-69. See also, [Ex. 67](#), ¶¶ 35-36.

³⁴ British Columbia Gaming Project Working Group, *Report on Gaming Legislation and Regulation in British Columbia* (1999) (White Paper) at pp. 64-65. See also, [Ex. 67](#), ¶¶ 35-36.

³⁵ *GCA*, ss. 3, 7; [Ex. 67](#), ¶¶ 80 and 109.

³⁶ [Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act, SC 2000, c. 17.](#)

³⁷ *PCMLTFA*, ss. 7, 9; [Proceeds of Crime \(Money Laundering\) and Terrorist Financing Regulations, SOR/2002-184](#), ss. 1, 3, and 41-44.

³⁸ [Ex. 939](#), p. 9.

was one of the first external reviews of GPEB and BCLC after the enactment of the GCA.³⁹

22. Deloitte remarked that the relationship between BCLC, GPEB, and the Province had been strained from time to time, “primarily due to the lack of clarity as to the responsibilities and accountabilities of each organization”.⁴⁰ To address this issue, GPEB implemented a strategic initiatives function and created a new position of Senior Coordinator Strategic Initiatives to be responsible for liaising between GPEB, BCLC and other external organizations. Deloitte opined that those changes “should help to improve the relationship between the organizations”.⁴¹

23. GPEB’s GM at the time of the Deloitte’s report, Mr. Sturko, agreed there was friction between GPEB’s Investigation Division and BCLC at times, but did not observe it directly. Mr. Sturko did not recall the friction impeding GPEB or BCLC’s ability to work effectively.⁴² While he was GM, Mr. Sturko had a good relationship with BCLC’s CEO, Michael Graydon. GPEB and BCLC’s executives were part of a “joint executive committee” which had meetings quarterly⁴³ and, when it became a prominent concern, attempted to address money laundering and proceeds of crime in a “coordinated way”.⁴⁴ During Mr. Sturko’s tenure, there were “occasional” internal challenges between the GPEB Investigation Division and the other divisions of GPEB, but he also did not consider those challenges to have impeded GPEB’s ability to function effectively.⁴⁵

Early observations of large cash transactions (2007-2011)

24. In 2007, loan sharking was the Investigation Division’s primary concern; GPEB investigators observed what were then colloquially referred to as “loan sharks” lending money to casino patrons for the purpose of gaming.⁴⁶ At this time, GPEB did not have the authority to bar patrons; rather, GPEB investigators would advise BCLC of suspected loan

³⁹ [Ex. 939](#).

⁴⁰ [Ex. 939](#), pp. 9 and 39.

⁴¹ [Ex. 939](#), pp. 9, 39 and 52.

⁴² [TR D. Sturko 28/JAN/2021](#), p. 106, l. 21-p. 108, l. 6.

⁴³ [TR D. Sturko 28/JAN/2021](#), p. 165, l. 8-p. 166, l. 1.

⁴⁴ [Ex. 507](#), ¶ 69.

⁴⁵ [TR D. Sturko 28/JAN/2021](#), p. 108, l. 7-p. 109, l. 1.

⁴⁶ [Ex.181](#), ¶ 31.

sharks who, in turn, would bar them from casinos.⁴⁷

25. As action was being taken in response to suspected loan sharking, GPEB's Investigation Division observed increases in large cash buy-ins.⁴⁸ In particular, Larry Vander Graaf, former Executive Director of GPEB's Investigation Division, observed what he described as a "huge volume of \$20 bills entering into casinos".⁴⁹ The Investigation Division believed this money was the proceeds of crime and the increase in activity was the result of organized crime using casinos to launder money.⁵⁰ Mr. Vander Graaf and others expressed their concerns to Mr. Sturko during management meetings.⁵¹ BCLC was also aware of the issue of money laundering during this time period; the issue came to their attention because of loan sharks frequenting BC casinos.⁵²

26. GPEB and BCLC witnesses from 2008 to 2011 (and later) described being aware of and concerned by the volume of suspicious large cash buy-ins occurring at Lower Mainland casinos (e.g., small denominations, wrapped in elastic bands, bills not facing the same direction, carried in plastic bags and other unusual methods).⁵³ The evidence suggests that, as early as 2009, there were sufficient indicators to give rise to an awareness on the part of GPEB employees that an identifiable risk existed that money laundering or the facilitation of money laundering was occurring in BC casinos.⁵⁴

27. GPEB's early observations were consistent with what later came to be described as the "Vancouver model" of money laundering. As Dr. Peter German explained in Dirty Money, the Vancouver model is premised on individuals seeking to relocate some of their

⁴⁷ [Ex.181](#), ¶ 32 and 33; BCLC shared GPEB's concerns regarding loan sharks and took steps to bar them from casinos: [Ex. 517](#), ¶ 43-44.

⁴⁸ [Ex.181](#), Ex. G.

⁴⁹ [Ex.181](#), ¶ 27.

⁵⁰ [Ex.181](#), ¶ 36; [TR J. Schalk 22/JAN/2021](#), p. 108, l. 6-18.

⁵¹ [Ex.181](#), ¶ 38; [TR D. Sturko 28/JAN/2021](#), p. 120, l. 9-14; [TR J. Schalk 22/JAN/2021](#), p. 140, l. 10-25.

⁵² [TR G. Friesen, 29/OCT/2020](#), p. 42, l. 21–p. 43, l. 5; [TR J. Karlovcec 29/OCT/2020](#), p. 124, l. 16-p. 125, l. 7.

⁵³ [Ex. 181](#), ¶ 35-38 and 54; [TR D. Dickson, 22/JAN/2021](#), p. 6, l. 15-25, p. 64, l. 16-25; [TR J. Schalk 22/JAN/2021](#), p. 113, l. 1-16; [TR J. Karlovcec 29/OCT/2020](#), p. 90, l. 11-20; [TR S. Beeksma 26/OCT/2020](#), p. 47, l. 11-20; [TR S. Lee 27/OCT/2020](#), p. 18, l. 18-p. 19, l. 2; [TR G. Friesen 28/OCT/2020](#), p. 83, l. 11-p. 85, l. 25.

⁵⁴ [TR D. Sturko 28/JAN/2021](#), p. 121, l. 22-p. 122, l. 5.

wealth from China to Canada.⁵⁵ These individuals accept cash in Canada from a lender and use the cash to buy-in at a BC casino; however, the provenance of the loaned funds is unclear. The money often comes in the form of \$20 bills and is presented in a way that resembles the proceeds of crime. In the Vancouver model, the borrower is responsible for paying back the lender, regardless of whether they win or lose at the gaming facility.⁵⁶

Limitations on GPEB's authority under the GCA

(a) *Limitations on GPEB's SPC appointments*

28. Although GPEB's Investigation Division was concerned that money laundering was occurring, it did not see itself as having the authority or capacity to directly investigate money laundering or proceeds of crime. While GPEB investigators were appointed as special provincial constables (SPC) under section 9 of the [Police Act](#)⁵⁷, the terms of their appointments were limited. At this time, GPEB investigators were not stationed in casinos nor did they interact directly with patrons.

29. GPEB investigators were authorized to investigate breaches of the GCA and investigate *Criminal Code* offences that had a "nexus" to gaming.⁵⁸ However, Mr. Vander Graaf and other investigators did not consider themselves to have the authority or ability to investigate predicate offences, such as drug trafficking, for the purposes of combatting money laundering.⁵⁹ Derek Dickson, former Director, Casino Investigations for GPEB, shared this understanding, namely that GPEB lacked the authority to investigate, in particular by interviewing patrons about source of funds.⁶⁰

30. GPEB investigators' understanding of their limited authority to investigate money

⁵⁵ [Ex. 832, Dirty Money: An Independent Review of Money Laundering in Lower Mainland Casinos Conducted for the Attorney General of British Columbia, Peter M. German, QC, March 31, 2018](#) ("Dirty Money"), p. 38.

⁵⁶ [TR S. Schneider 25/MAY/2020](#), p. 58, l. 29-46; [TR D. Eby 26/APR/2021](#), p. 36, l. 10-p. 37, l. 8.

⁵⁷ RSBC 199, c. 367.

⁵⁸ [Ex. 709](#).

⁵⁹ [Ex. 181](#), Ex. D, E, Z; [Ex. 144](#), ¶ 28-30, Ex. F; [Ex. 587](#), ¶ 31; [TR J. Meilleur 12/FEB/2021](#), p. 34, l. 15-p. 35, l. 10 and [10/MAR/2021](#), p. 3, l. 10-p. 12, l. 21, and p. 45, l. 14-p. 47, l. 8; [TR J. Schalk 22/JAN/2021](#), p. 115, l. 16-p. 116, l. 12; [TR F. Pinnock 6/NOV/2020](#), p. 4, l. 18-p. 5, l. 19; Ex. 586 (sealed for privilege); [TR D. Dickson 22/FEB/2021](#), p. 91, l. 1-12.

⁶⁰ [TR D. Dickson 22/FEB/2021](#), p. 46, l. 1-6. This understanding is supported by the practice of conducting patron source of fund and source of wealth interviews in Ontario, as described in the Malysh Report. Such interviews were usually conducted by the OPP: [Ex. 73](#), App. H, p. 23.

laundering was shared by various GMs. Mr. Sturko testified that money laundering investigations did not fall within GPEB's mandate, nor did GPEB investigators have the authority to seize cash at the cash cage. Douglas Scott was also advised that GPEB investigators did not have authority to question patrons or conduct money laundering investigations.⁶¹ Additionally, and separate from the question of authority, GPEB did not have the resources or tools to conduct money laundering investigations.⁶²

31. GPEB's view—that, despite its investigators' SPC status, it lacked the ability to investigate money laundering—is consistent with Dr. German's conclusions in both his 2016 legal opinion and *Dirty Money*.⁶³ Dr. German confirmed his view that GPEB is not specialized in AML, there is no general authority for an SPC to act as a constable as they are restricted by their appointment, and any money laundering investigation needed to be referred to law enforcement.⁶⁴

32. The weight of the evidence suggests a widespread and reasonably held understanding that GPEB investigators had limited authority and ability to investigate money laundering. The fact that representatives of other industry stakeholders may have held a different view is immaterial to the reasonableness of GPEB's own understanding of the limits of its investigators' powers and resources.

33. In taking the steps it did, GPEB acted in good faith and reasonably relied on internal legal advice and Dr. German's 2016 opinion with respect to the limitations on its authority to investigate money laundering and proceeds of crime.⁶⁵ In the circumstances, GPEB cannot be said to have misconducted itself in so relying on that legal advice.⁶⁶

⁶¹ [TR D. Scott 8/FEB/2021](#), p. 34, l. 6–p. 35, l. 11, p.106, l.12-17, p. 107, l. 6-8.

⁶² [TR D. Sturko 28/JAN/2021](#), p. 104, l. 16-23, p. 111, l. 3-18, and p. 118, l. 5-11; Between 2012 and 2017 there were only six or seven GPEB investigators based in the Lower Mainland on average: Overview Report: 2012 & 2013 GPEB Organizational Charts; [TR J. Meilleur 10/MAR/2021](#), p. 145, l. 20-p. 149, l. 18; [Ex. 710](#).

⁶³ [Ex. 832](#), pp. 80-82; Ex. 586 (sealed); *Fallowka v. Pinkerton's of Canada Ltd.*, [2010 SCC 5](#) (“*Fallowka*”).

⁶⁴ [TR P. German 13/APR/2021](#), p. 144, l. 1-18, p. 146, l. 23-p. 147, l. 8.

⁶⁵ Ex. 586 (sealed); Ex. 1058 (sealed); [Ex. 587](#), ¶ 31 and 78; [TR J. Meilleur 12/FEB/2021](#), p. 34, l. 15-p. 35, l. 10; [TR J. Meilleur 10/MAR/2021](#), p. 3, l. 10-p. 12, l. 21, and p. 45, l. 14–p. 47, l. 8.

⁶⁶ *Fallowka* at para. 89. Despite the lower threshold articulated by the Supreme Court of Canada for making a finding of “misconduct”, *Fallowka* remains applicable to the issue of whether GPEB took all reasonable steps to investigate money laundering or proceeds of crime in BC gaming facilities.

(b) BCLC’s statutory responsibility to “conduct and manage”

34. As awareness of the issue of money laundering grew, the uncertainty around the respective roles of GPEB and BCLC became a concern.⁶⁷ Mr. Sturko’s understanding was that GPEB could not “tell BCLC how to conduct and manage casino games but [it] did have the authority for programs and functions that had a direct impact on them”.⁶⁸ Due to this need for clarity, in March 2008, Mr. Sturko issued a memorandum setting out GPEB’s role and its responsibility for the overall integrity of gaming and horse racing.⁶⁹ This memorandum is an early example of persistent concerns regarding the lack of clarity of BCLC and GPEB’s respective roles under the GCA.⁷⁰

35. At times, GPEB was concerned that, if it became involved in investigating patrons by, for example, conducting interviews, this may encroach upon BCLC’s exclusive “conduct and manage” role. During his tenure as Executive Director, Mr. Vander Graaf understood that interviewing patrons about their source of funds fell outside GPEB’s statutory authority and rather, “activities surrounding source of funds declarations were the responsibility of BCLC under its conduct and manage role ...”.⁷¹ This belief was shared by BCLC, who GPEB understood opposed it interviewing patrons about the source of funds.⁷² BCLC’s opposition to GPEB’s involvement influenced GPEB’s AML Strategy, which was structured to avoid unnecessarily intruding on BCLC’s conduct and manage role.⁷³ As a result, GPEB did not interview casino patrons.

36. Nor did GPEB conduct interviews of service provider cage staff. This is because GPEB had (and has) statutory authority to obtain necessary information under the GCA. If GPEB required additional information or records, it was empowered to request them pursuant to s. 86(1), and service providers were required to comply. GPEB considered this an important and reliable tool for obtaining information and routinely exercised its authority. For example, when reviewing s. 86 reports, GPEB investigator, Ken Ackles,

⁶⁷ [Ex. 181](#), ¶ 22-23.

⁶⁸ [Ex. 507](#), ¶ 35.

⁶⁹ [Ex. 181](#), ¶ 24, Ex. B; [Ex. 507](#), ¶ 105-107, Ex. J.

⁷⁰ [Ex. 181](#), Ex. C.

⁷¹ [TR L. Vander Graaf 12/NOV/2020](#), p. 187, l. 23-p. 188, l. 11; [TR L. Vander Graaf 13/NOV/2020](#), p. 48, l. 3-7.

⁷² [TR D. Scott 8/FEB/2021](#), p. 99, l. 19-24; [Ex. 557](#), ¶ 44.

⁷³ [TR D. Scott 8/FEB/2021](#), p. 170, l. 14-p. 171, l. 5.

requested further information and documents from the service providers “[a]lmost in all instances”.⁷⁴ There is no evidence that interviewing cage staff would have produced further or better information than what was available to GPEB *via* s. 86(1) of the GCA.

37. The legislative scheme created by the GCA, and GPEB and BCLC’s respective roles under that scheme, also influenced GPEB’s approach to engaging with service providers at the operational level, including with casino cage staff.⁷⁵ Service providers provide gaming services to BCLC,⁷⁶ and consistent with this, John Karlovcec, former BCLC Manager, expected that BCLC investigators would interview cage staff if necessary.⁷⁷ This approach is consistent with BCLC’s conduct and manage role under the GCA.⁷⁸

38. GPEB’s role did, however, include reviewing s. 86 reports and determining an appropriate response. In this regard, GPEB investigators understood that the reports they generated contained valuable intelligence that was being gathered for future police action.⁷⁹ This belief was borne out, in part, by the gaming investigation initiated by Integrated Proceeds of Crime Unit (“IPOC”) in 2010 because of GPEB-led intelligence.⁸⁰ This work by GPEB also resulted in creation of Mr. Ackles and Mr. Barber’s 2015 spreadsheet compiling the large cash transactions at the River Rock Casino and Resort (“River Rock”),⁸¹ which led to further significant action by both GPEB and the Province.

Early proposals by GPEB to address suspicious cash (2009-2010)

39. In March 2009, Mr. Sturko asked GPEB’s Investigation, Audit, and Registration Divisions to make recommendations with respect to AML initiatives in commercial gaming

⁷⁴ [TR K. Ackles 2/NOV/2020](#), p. 126, l.15-21.

⁷⁵ GCA, s. 7(1); see also paras. 18-10, 101-103.

⁷⁶ [TR T. Doyle 9/FEB/2021](#), p. 102, l. 8.

⁷⁷ E.g. in circumstances where a cash-out was paid in a higher denomination than the denomination used in the buy-in. Mr. Karlovcec testified that this expectation was shared with Robert Kroeker, who was then VP of Compliance at BCLC: [TR J. Karlovcec 30/OCT/2020](#), p.154, l. 14-20; [Ex. 129](#).

⁷⁸ GCA, s. 7(1)(i); among other things, the GCA provides that in conducting and managing gaming, BCLC “must monitor compliance by gaming services providers with this Act, the regulations and the rules of the lottery corporation”.

⁷⁹ [TR R. Barber 3/NOV/2020](#), p. 114, l. 14-17.

⁸⁰ Barry Baxter, former Officer in Charge of IPOC, described it as the most high-profile investigation that the C22 team conducted during this time with IPOC: [TR B. Baxter 8/APR/2021](#), p. 23, l. 1-11.

⁸¹ [Ex. 144](#), ¶ 23-24.

facilities, including enforcement instruments and methods. Those divisions prepared a memorandum dated March 16, 2009, which was presented to Michael Graydon, then President and CEO of BCLC, in a discussion document titled “Money Laundering Risk Management”.⁸² The memorandum defined suspicious transactions⁸³ and, among others, recommended that “[o]nce a transaction or attempted transaction has been deemed to be suspicious, and prior to it being completed, **the transaction must be refused** by the service provider at a commercial gaming facility and immediately reported to GPEB, Investigations Division via a Section 86 Report” [emphasis in original].⁸⁴

40. Mr. Sturko did not specifically recall if he elevated the 2009 memorandum or its recommendations to Minister Coleman or his Deputy Minister (“DM”), but “would have made them aware of discussions at some time during our deliberations on [it]”.⁸⁵

41. On July 8, 2009, Terry Towns, then Vice President of Corporate Security and Compliance with BCLC, provided Mr. Sturko with a response to GPEB’s “Money Laundering Risk Management” document.⁸⁶ With respect to GPEB’s proposal that service providers refuse suspicious cash transactions, BCLC’s position was, in part, as follows:

The FINTRAC requirement is to report, not refuse suspicious transactions. The only transactions that are currently refused are those where the information requirements are not met (ie no ID is provided).

Most of the GPE indicators are the same or similar to that specified by FINTRAC. However FINTRAC is clear that it’s suggested list of indicators should be seen as suggestions for patterns of behaviour rather than specific signs of money laundering. The impact of refusing all transactions is uncertain, and could lead to missing opportunities to detect money laundering, as well as probable loss of business and over reporting to FINTRAC.⁸⁷

42. BCLC’s approach at the time—using compliance with FINTRAC reporting requirements as a primary means of addressing money laundering risk—was reflected in its employees’ testimony. For example, Mr. Karlovcec testified that BCLC investigators’

⁸² [Ex. 181](#), ¶ 62, Ex. R, p. 179; [TR D. Sturko 28/JAN/2021](#), pp. 120-122, p. 127, l. 7-p. 128, l. 7, p. 168, l. 25, p. 175, l. 5; [Exs. 509](#), and [510](#).

⁸³ Proposed indicators included: “[c]ash transaction greater than \$3,000 which comprises only twenty dollar denominational notes...”: [Ex. 181](#), Ex. R, p. 179.

⁸⁴ [Ex. 181](#), ¶ 62, Ex. R, p. 180; [TR M. Graydon 11/FEB/2021](#), p. 69, l. 5-p. 70, l. 15; [Ex. 511](#).

⁸⁵ [TR D. Sturko 28/JAN/2021](#), p. 122, l. 2-p. 126, l. 1.

⁸⁶ [Ex. 511](#).

⁸⁷ [Ex. 511](#).

role was to “observe and report” and that under Mr. Towns’ leadership, BCLC focused on complying with its reporting obligations.⁸⁸ BCLC did not take up GPEB’s recommendation to refuse suspicious cash and did not direct service providers to refuse suspicious cash or require patrons to establish the source of their funds.⁸⁹ BCLC instead focused its efforts on fulfilling its reporting obligations and providing information to law enforcement, which BCLC viewed as being better positioned to address the problem of money laundering.⁹⁰

Creation and disbandment of IIGET (2003-2009)

43. In response to concerns about the presence of illegal gambling activities, the Province and RCMP created the Integrated Illegal Gaming Enforcement Team (“IIGET”) in April 2003. IIGET was established through a Memorandum of Understanding between the Province’s Police Services Division and the RCMP (the “IIGET MOU”).⁹¹

44. The scope of IIGET’s mandate was the subject of confusion. Minister Coleman, the responsible Minister at the time of IIGET’s creation, Mr. Sturko, a member of the IIGET Consultative Board, Joe Schalk, then Senior Director of GPEB, and Fred Pinnock, former Officer-in-Charge of IIGET, understood that IIGET’s mandate did not include illegal activity in legal gaming venues.⁹² By contrast, materials published at the time suggest IIGET was intended to investigate illegal activities both within, and external to, legal gaming venues.⁹³ Tom Robertson and Wayne Holland, both former Officers-in-Charge of IIGET, both testified that IIGET’s mandate included investigating unlawful activities in legal gaming venues.⁹⁴ Kevin Begg, former ADM and Director of Police Services, understood that while IIGET’s mandate may have included investigating unlawful activities in legal venues to avoid restricting the unit’s ability to follow an investigation, this was not a central part of

⁸⁸ [TR J. Karlovcec 30/OCT/2020](#), p. 82, l. 22-p. 83, l. 6, p. 84, l. 2-11; [TR M. Graydon 11/FEB/2021](#), p. 73, l. 5-10; [TR D. Scott 8/FEB/2021](#), p. 46, l. 17-20; [TR S. Beeksmas 26/OCT/2020](#), p. 135, l. 14-15; [TR S. Lee 27/OCT/2020](#), p. 26, l. 24-p. 27, l. 2.

⁸⁹ [TR J. Karlovcec 30/OCT/2020](#), p. 89, l. 18-24; [TR S. Beeksmas 26/OCT/2020](#), p. 45, l. 21-25.

⁹⁰ [TR J. Karlovcec 30/OCT/2020](#), p. 83, l. 11-20, p. 151, l. 7-14, p. 178, l. 5-11.

⁹¹ [Ex. 77](#), ¶ 2; [Ex. 507](#), ¶ 44. The IIGET MOU was signed in March 2004.

⁹² [Ex. 507](#), ¶ 48 and 48; [TR D. Sturko 28/JAN/2021](#), p. 111, l. 19-p. 112, l. 20; [TR R. Coleman 28/APR/2021](#), p. 38, l. 21-p. 41, l. 19; [TR J. Schalk 22/JAN/2021](#), p. 124, l. 20-25; [TR F. Pinnock 5/NOV/2020](#), p. 58, l. 12-p. 59, l. 7.

⁹³ [Ex. 77](#), ¶ 16-17, App. K.

⁹⁴ [TR T. Robertson 6/NOV/2020](#), p. 35, l. 3-23, p. 37, l. 13-p. 38, l. 3, pp. 45-48; [TR W. Holland 2/DEC/2020](#), p. 183, l. 7-17.

its mandate.⁹⁵

45. Messrs. Robertson, Pinnock, and Holland agreed, however, that IIGET was not sufficiently resourced to undertake money laundering investigations.⁹⁶ Only one IIGET investigation into illegal activity within a legal gaming venue is reflected in the evidence and it did not result in criminal charges being laid.⁹⁷

46. According to Mr. Pinnock, the Consultative Board directed IIGET to focus on low and mid-level targets, including illegal lotteries, common gaming houses, and video lottery terminals. This is consistent with a July 2007 IIGET status report, which suggests that in December 2006, the Consultative Board directed IIGET to focus its resources on the enforcement of mid-level illegal gaming targets and not to take on additional high-level targets in the short to medium term.⁹⁸ Mr. Pinnock disregarded this direction and focused on a high-level internet gaming target, which caused friction.⁹⁹

47. Approximately five years into IIGET's operations, there were various reviews of its progress and success.¹⁰⁰ In a July 20, 2007 business case, Mr. Pinnock recommended an expansion of the unit to satisfy the terms of the IIGET MOU.¹⁰¹ On July 23, 2007, Mr. Pinnock completed a performance report, which highlighted that no charges were laid but 147 warnings were administered and 349 files opened.¹⁰² Mr. Pinnock also prepared a business case for the formation of a "Provincial Casino Enforcement/Intelligence Unit", which identified organized criminal activity as a significant problem in legal casinos and observed that part of the problem was the lack of law enforcement activity. Mr. Pinnock

⁹⁵ [TR K. Begg 21/APR/2021](#), p. 26, l. 8–p. 27, l. 6; [Ex. 150](#); [Ex. 165](#).

⁹⁶ [TR T. Robertson 6/NOV/2020](#), p. 49, l. 5-18; [TR F. Pinnock 5/NOV/2020](#), p. 78, l. 19–p. 79, l. 3; [TR W. Holland 2/DEC/2020](#), p. 104, l. 17-19. In addition to the confusion around the scope of IIGET's mandate, from the time of its inception, it struggled to establish or maintain a full staff complement. The unit was typically understaffed and had a high turnover rate. During Mr. Holland's tenure, there were few members there for more than one or two years: [TR W. Holland 2/DEC/2020](#), p.98, l5-12, p. 107, l. 1-5; [TR F. Pinnock 5/NOV/2020](#), p. 109, l. 22 – p. 110, l. 10.

⁹⁷ [TR T. Robertson 6/NOV/2020](#), p. 53, l. 13 – p. 55, l. 8; Mr. Holland testified that between 2007-2009, while he was OIC, there were no investigations relating to activities in casinos as IIGET was occupied with the accomplishment of the Tait report, development of business cases, and catching up with the backlog of files: [TR W. Holland 2/DEC/2020](#), p. 112, l. 3-18.

⁹⁸ [Ex. 315](#); [Ex. 153](#).

⁹⁹ [TR F. Pinnock, 5/NOV/2020](#), p. 57, l. 14–p. 58, l. 8.

¹⁰⁰ [Ex. 77](#), ¶ 32-49.

¹⁰¹ [Ex. 77](#), ¶ 32-37.

¹⁰² [Ex. 77](#), ¶ 38-40; [TR F. Pinnock 5/NOV/2020](#), p. 57, l. 20-25.

recommended the expansion of IIGET’s mandate to include legal gaming.¹⁰³ This proposal was not given to the Consultative Board or to the Solicitor General at the time.¹⁰⁴

48. PSSG also engaged a consultant, Catherine Tait, to review IIGET, which culminated in her November 2007 Effectiveness Review Report (the “Tait Review”).¹⁰⁵ The Tait Review identified three options: (a) disband IIGET; (b) continue IIGET in its current form; or (c) expand IIGET’s operations. The Tait Review recommended against disbandment, observing that no police agency would fill the resulting void. Instead, the Tait Report recommended the IIGET MOU be extended for one year to allow the Consultative Board to gather information to make an informed decision.¹⁰⁶ In January 2008, in response to the Tait Review, Mr. Holland and S/Sgt. Martin prepared a second business case proposing the expansion of IIGET. Ultimately, by way of an IIGET MOU renewal request in January 2008, IIGET was continued for one year.¹⁰⁷

49. Mr. Pinnock asserted that GPEB and IIGET had a “tense” relationship in the main Burnaby office, but later clarified that the tension was solely between himself and Mr. Schalk.¹⁰⁸ According to Mr. Pinnock, Mr. Schalk was “hostile” and GPEB did not welcome IIGET’s involvement.¹⁰⁹ This version of events stands alone and in contrast to that of Messrs. Robertson, Schalk, Vander Graaf and Holland.¹¹⁰ For example, Mr. Robertson denied that there was tension while he was Officer-in-Charge of IIGET,¹¹¹ and did not describe his interactions with Mr. Vander Graaf as negative or “dysfunctional”, despite

¹⁰³ [Ex. 77](#), ¶ 41-42.

¹⁰⁴ [TR K. Begg 21/APR/2021](#), p. 37, l. 18 – p. 38, l. 11; [Ex. 507](#), ¶ 54-57.

¹⁰⁵ [Ex. 77](#), ¶ 45, Appendix C; Ms. Tait’s review was conducted pursuant to paragraph 4.3 of the IIGET MOU, which required an effectiveness review of IIGET.

¹⁰⁶ [Ex. 77](#), ¶ 45-49.

¹⁰⁷ [Ex. 77](#), Appendix S; [TR W. Holland 2/DEC/2020](#), p. 118, l. 4–p. 119, l. 25, p. 131, l. 14-18; In early 2008, Mr. Holland commissioned a threat assessment relating to illegal gaming. The assessment, entitled the “Extent and Scope of Illegal Gaming in BC 2005-2008”, was completed in January 2009. It was provided to the Consultative Board, RCMP Chief Superintendent Bent, and Superintendent Russ Nash; however, by that time, the Consultative Board had already advised the unit was likely going to be collapsed: [TR W. Holland 2/DEC/2020](#), p. 132, l. 17-22, p. 140, l. 24-25, p. 141, l. 22–p. 142, l. 4.

¹⁰⁸ [TR F. Pinnock 6/NOV/2020](#), p. 10, l. 23-p. 11, l. 21.

¹⁰⁹ [TR F. Pinnock 5/NOV/2020](#), p. 58, l. 22-p. 59, l. 25, p. 74, l. 22-p. 75, 11, p. 77, l. 13-21, and p. 79, l. 11-25.

¹¹⁰ [TR T. Robertson 6/NOV/2020](#), p. 97, l. 16-p. 98, l. 15; [TR W. Holland 2/DEC/2020](#), p. 114, l. 12-p. 115, l. 24; [TR L. Vander Graaf 12/NOV/2020](#), p. 37, l. 25-p. 39, l. 17, p. 41, l. 14-25. See also, [TR K. Begg 21/APR/2021](#), p. 27, l. 7-p. 28, l. 12.

¹¹¹ [TR T. Robertson 6/NOV/2020](#), p. 52, l. 25-p. 53, l. 12.

there being some disagreement around the two organizations' roles.¹¹² Rather, Mr. Robertson described the relationship between the two organizations as "excellent".¹¹³

50. For his part, while Mr. Schalk agreed that he and Mr. Pinnock had a heated exchange about one matter, he would not label it "hostile".¹¹⁴ He also did not agree that his allegedly "tense" relationship with Mr. Pinnock negatively impacted GPEB or IIGET's ability to work together effectively to fulfil their mandates.¹¹⁵ In March 2007, Mr. Pinnock advised his superiors that he and Mr. Schalk had a mediated discussion and their relationship "began to improve immediately".¹¹⁶ Regardless, GPEB could not dissuade IIGET from pursuing investigations, nor did it attempt to do so.¹¹⁷

51. IIGET ceased operations on April 1, 2009. Minister Coleman testified he disbanded IIGET in consultation with Mr. Sturko, Mr. Begg, his DM¹¹⁸, and his Chief of Staff. According to Minister Coleman, that decision was based on several factors including IIGET's lack of success, observed inefficiencies, and inability to maintain a full staff complement. Minister Coleman denied engaging with senior RCMP members about disbanding IIGET and denied funding pressures factored in the decision.¹¹⁹

52. Mr. Sturko's testimony was consistent with that of Minister Coleman. Mr. Sturko was consulted on the disbandment decision and confirmed that the Consultative Board was not satisfied with what IIGET had accomplished or its staff turnover. Mr. Sturko supported the recommendation to disband IIGET.¹²⁰ Similarly, Mr. Begg testified IIGET had not performed well; however, in his view, IIGET should have been reformed rather than disbanded. Despite this, Mr. Begg testified the disbandment did not create a law enforcement gap. Rather, the types of investigations IIGET was created to address

¹¹² [TR T. Robertson 6/NOV/2020](#), p. 58, l. 6-p. 60, l. 20 and p. 63, l. 18-p. 64, l. 11.

¹¹³ [TR T. Robertson 6/NOV/2020](#), p. 97, l. 16-p. 98, l. 15.

¹¹⁴ [TR J. Schalk 22/JAN/2021](#), p. 129, l. 18-p. 130, l. 9.

¹¹⁵ [TR J. Schalk 22/JAN/2021](#), p. 133, l. 16-p. 134, l. 18.

¹¹⁶ [TR F. Pinnock 5/NOV/2020](#), p. 11, l. 22-p. 13, l. 8. See also, [Ex. 156](#), p. 3 and [Ex. 161](#).

¹¹⁷ [TR J. Schalk 22/JAN/2021](#), p. 125, l. 4-p. 126 l. 13; [TR F. Pinnock 5/NOV/2020](#), p. 76, l. 1-12.

¹¹⁸ Mr. Coleman testified that his DM at the time was Lori Wanamaker: [TR R. Coleman 28/APR/2021](#), p. 100, l. 11-25, p. 173, l. 8-p. 175, l. 1; Ms. Wanamaker testified she did not have responsibility for gaming until October 2010, which is after IIGET was disbanded: [TR L. Wanamaker 22/APR/2021](#), p. 40, l. 7-22; Ms. Wanamaker's evidence is consistent with BC OIC 653/2010, pursuant to which she was appointed DM, PSSG, on October 25, 2010.

¹¹⁹ [TR R. Coleman 28/APR/2021](#), p. 100, l. 11, p. 106, l. 9.

¹²⁰ [TR D. Sturko 28/JAN/2021](#), p. 129, l. 12-p. 130, l. 7; [Ex. 507](#), ¶ 58-62.

became the responsibility of the police of local jurisdiction.¹²¹

Divergent views on AML approach (2009-2011)

53. In the years following IIGET's dissolution, GPEB and BCLC held differing views on the nature and scope of money laundering in BC casinos. In 2010 and 2011, GPEB wrote to BCLC expressing concerns about casinos accepting large cash transactions ("LCTs"), largely in \$20 denominations, and urged BCLC to act by, among other things, barring patrons associated with known loan sharks.¹²² GPEB's urgings went largely unheeded and little progress was made to reduce the number of suspicious LCTs during this time.

54. GPEB's Investigation Division continued to believe the LCTs they were observing—comprised largely of \$20 bills wrapped in elastic bands and carried in unusual bags—were the proceeds of crime, and the increasing frequency and amounts of the large cash buy-ins were indicative of money laundering. GPEB witnesses from this period could not conceive of an alternative explanation for these observations.¹²³ The evidence suggests that the indicators of risk that had caused GPEB to first suggest refusing suspicious cash in 2009 remained a concern to GPEB.

55. With some exceptions¹²⁴, the evidence of BCLC's witnesses during this period was that they were not concerned that casinos were being used to launder money.¹²⁵ In their view, the patrons had sufficient wealth to support the large cash buy ins and the loss of funds negated the prospect they were laundering proceeds of crime.¹²⁶ However, certain members of BCLC management acknowledged that BCLC investigators were concerned the cash was proceeds of crime.¹²⁷ That said, the evidence supports a conclusion that BCLC witnesses from this period believed that BCLC investigators' primary role was to

¹²¹ [TR K. Begg 21/APR/2021](#), p. 50, l. 15–p. 51, l. 4.

¹²² [Exs. 108, 110, and 112](#).

¹²³ [Ex. 145](#), ¶ 30-31; [TR R. Barber 3/NOV/2020](#), p. 13, l. 2-10, p. 14, l. 8-15, p. 136, l. 4-18; [Ex. 181](#), ¶ 35-38 and 54; [TR K. Ackles 2/NOV/2020](#), p. 11, l. 1-23; [Ex. 144](#), ¶ 19; [TR D. Dickson 22/JAN/2021](#), p. 6, l. 15-25, p. 64, l. 16-25; [TR J. Schalk 22/JAN/2021](#), p. 113, l. 1-16.

¹²⁴ [Ex. 166](#), ¶ 37 and 38; [TR S. Beeksmas 26/OCT/2020](#), p. 45, l. 11-17.

¹²⁵ [TR G. Friesen 28/OCT/2020](#), p. 96, l. 13-20.

¹²⁶ [TR G. Friesen 28/OCT/2020](#), pp. 96-99; [TR J. Karlovcec 29/OCT/2020](#), p. 111, l. 19–p. 112, l. 17; [TR S. Lee 27/OCT/2020](#), p. 97, l. 15-24; [Ex. 111](#), p. 3; [Ex. 181](#), ¶ 111 (and unnumbered ¶ above) to 122; This view is reflected in [Ex. 141](#), p. 3.

¹²⁷ [TR G. Friesen 28/OCT/2020](#), p. 87, l. 21–p. 89, l. 25, p. 97, l. 20–p. 99, l. 9.

observe and report.¹²⁸ The evidence summarized below suggests that BCLC did not, at the time, share GPEB's concerns regarding the risks of accepting suspicious cash from patrons associated with loan sharks.

56. The views of GPEB and BCLC employees at this time are apparent in correspondence exchanged between April 2010 to February 2011.¹²⁹ On April 14, 2010, Derek Dickson, then GPEB's Director, Casino Investigations, wrote to Doug Morrison, then BCLC's Manager, Casino Security and Surveillance, to raise concerns with four LCT patrons that GPEB considered a risk to the integrity of gaming.¹³⁰ According to Mr. Dickson, "any patron" associating with, or engaging in loan shark activity, was by definition "undesirable" and should be barred by BCLC under s. 92 of the GCA. On May 4, 2010, Gordon Friesen, then BCLC's Assistant Manager, responded detailing the steps taken by BCLC regarding loan sharking. Mr. Friesen did not respond to Mr. Dickson's suggestion that any patron dealing with loan sharks ought to be barred.¹³¹

57. This exchange is best understood within the context of notes made by Michael Hiller, former BCLC investigator, and the testimony of Rick Duff, former General Manager of the River Rock, which illustrate that, immediately preceding this period, Great Canadian Gaming Corporation ("GCGC") staff did not agree that LCT patrons should be barred for dealing with loan sharks. Mr. Hiller's notebook entry of July 3, 2009 is demonstrative:

Rick Duff into our office to speak with Rick [Pannu] and I. Upset about BCLC barrings for LCT players. He will discuss further with Doug MORRISON. Rick Duff also mentioned that if that is how BCLC investigators are going to do business, then he will instruct surveillance to do things differently. We discussed that wasn't a good idea and pointed out that the offenders have incidents at varying sites with Starlight + [River Rock] about equal.¹³²

58. In November 2009, Mr. Hiller and Mr. Duff had further meetings in which Mr. Duff indicated that GCGC management will "object to any BCLC barring for an LCT player

¹²⁸ [TR G. Friesen 28/OCT/2020](#), p. 56; [TR J. Karlovcec 29/OCT/2020](#), p. 82, l. 22-p. 83, l. 2; [Ex. 166](#), ¶ 25, 40; [Ex. 576](#), ¶ 47; [TR M. Graydon 11/FEB/2021](#), p. 73, l. 5-10; [TR D. Tottenham 4/NOV/2020](#), p. 22, l. 16-p. 23, l. 22; [TR S. Beeksma 26/OCT/2020](#), p. 135, l. 12-18; [TR S. Lee 27/OCT/2020](#), p. 26, l. 21-p. 27, l. 12.

¹²⁹ [Exs. 108, 109, 110, 111](#) and [112](#), as described below.

¹³⁰ [Ex. 108](#).

¹³¹ [Ex. 109](#).

¹³² [Ex. 167](#), see, pp. 8, 9, 36, 37, 77-79, 82-83. See also, [Ex. 1036](#).

merely for dealing with loan sharks” and that “dealing with loan sharks [was] not an offence”.¹³³ Mr. Duff opposed the barring of LCT patrons for revenue purposes.¹³⁴ Mr. Hiller testified that, as a result of his discussions with Mr. Duff, he later agreed that barring LCT patrons was not the correct approach.¹³⁵ In the result, LCT patrons, VIP, or VVIP patrons were not sanctioned in any meaningful way for their role in cash facilitation during this time frame. It was not until the introduction of BCLC’s “cash conditions program” that patrons of known cash facilitators started being approached,¹³⁶ and even with the introduction of the cash conditions program, BCLC’s reluctance to bar LCT patrons, VIP, or VVIP patrons continued. For example, despite Jia Gao’s continued contravention of the conditions placed upon him, BCLC did not bar him from play.¹³⁷ In fact, prior to September 2015, BCLC’s conditions were only applied to four players.¹³⁸

59. As a result of this approach, BCLC exercised its powers under s. 92 of the GCA to bar persons engaged in “loan sharking” or cash facilitating, but patrons who used the services of loan sharks or cash facilitators were permitted to buy in with large amounts of suspicious cash.¹³⁹ This is the basis of the Vancouver model described above; on the evidence, the Vancouver model appears to be the method of money laundering used throughout the time period in issue in this inquiry—though not initially identified as such.

60. During this period, GPEB contacted IPOC to “try to generate interest in what was taking place in casinos”.¹⁴⁰ According to Mr. Vander Graaf, IPOC was conducting surveillance on loan sharks in 2010 or 2011.¹⁴¹

61. On November 24, 2010, Mr. Dickson wrote to Mr. Friesen, then Manager at BCLC,

¹³³ [Ex. 167](#), see, pp. 8, 9, 36, 37, 77-79, 82-83; [TR S. Beeksma 26/OCT/2020](#), p. 32, l. 6-12 and 19-25, p. 33, l. 1-15; Mr. Lee deposed that, sometime after 2012, GCGC’s GM Mr. Duff “frequently” complained to him about BCLC’s loan sharking and other bans because he “thought they were bad for business”: [Ex. 87](#), ¶ 35.

¹³⁴ [TR M. Hiller 9/NOV/2020](#), p. 84, l. 21–p. 85, l. 6; [TR R. Duff 25/JAN/2021](#), pp. 39-44.

¹³⁵ [TR M. Hiller 9/NOV/2020](#), p. 85, l. 7-20, p. 88, l. 11-20.

¹³⁶ [TR D. Tottenham 4/NOV/2020](#), pp. 80-82.

¹³⁷ [TR D. Tottenham 4/NOV/2020](#), p. 146, l. 13-22, p. 149, l. 24–p. 160, l. 24; [Ex. 148](#), ¶ 82-83; see also, [Ex. 130](#); [Ex. 170](#); [Ex. 177](#); [Ex. 178](#).

¹³⁸ [Ex. 490](#), Ex. 39.

¹³⁹ [TR M. Hiller 9/NOV/2020](#), pp. 81-83; [Ex. 167](#); [TR R. Duff 25/JAN/2021](#), p. 41, l. 2-23.

¹⁴⁰ [Ex. 181](#), ¶ 101-104; [TR L. Vander Graaf 12/NOV/2020](#), p. 132, l. 1-7; [TR D. Dickson 22/JAN/2021](#), p. 32, l. 2–p. 33, l. 11; [Ex. 110](#); [TR J. Schalk 22/JAN/2021](#), pp. 137-139.

¹⁴¹ [Ex. 181](#), ¶ 103.

to reiterate GPEB's concerns, noting GPEB observed a "dramatic increase in the amounts of small denomination Canadian currency used for large buy-ins by LCT patrons within Lower Mainland Casinos", providing the example of Mr. Li Lin Sha.¹⁴² Mr. Dickson advised BCLC that he and Mr. Schalk met with IPOC who advised of serious concerns that casinos were being used to "launder large sums of money for organized crime groups". Mr. Dickson remarked that the "conduct and manage mandate of BCLC has a direct correlation to maintaining the integrity of gaming in the province"; he urged BCLC to seek solutions to the "obvious" money laundering threat in BC casinos.¹⁴³ At this time, Mr. Dickson was also raising his concerns with his superiors within GPEB.¹⁴⁴

62. Mr. Dickson explained that he sent the November 24 letter to BCLC because he "hoped [they] could perhaps work together and become combined in the same ideas how we could address this problem ...".¹⁴⁵ At this time, GPEB's Investigation Division communicated regularly with both service providers and BCLC, and Mr. Dickson's view was that GPEB tried its best to help those stakeholders "remain compliant".¹⁴⁶

63. In response to the November 24th letter, BCLC investigated Mr. Sha's gaming.¹⁴⁷ On December 24, 2010, Mr. Karlovcec responded to Mr. Dickson and after setting out the history of Mr. Sha's play, summarized BCLC's opinion as follows:

It is our opinion that based on SHA's history of play; his betting strategy; the fact he has requested only one verified cheque during the dates in question; his win/loss ratio; and the fact that his occupation states he owns a coal mine and commercial real estate firm, he does not meet the criteria that would indicate he is actively laundering money in British Columbia casinos.¹⁴⁸

64. Mr. Dickson testified this was a typical response from BCLC when GPEB raised money laundering concerns¹⁴⁹ and it was not the first time BCLC expressed the view that if a patron was losing money, they were not laundering money.¹⁵⁰ Mr. Towns' evidence is

¹⁴² [Ex. 110](#).

¹⁴³ [Ex. 110](#).

¹⁴⁴ [TR D. Dickson 22/JAN/2021](#), p. 6, l. 12-p. 9, l. 3.

¹⁴⁵ [TR D. Dickson 22/JAN/2021](#), p. 42, l. 18-p. 43, l. 11.

¹⁴⁶ [TR D. Dickson 22/JAN/2021](#), p. 79, l. 4-22.

¹⁴⁷ [Ex. 517](#), ¶ 84, Ex. 20.

¹⁴⁸ [Ex. 111](#), p. 3; [TR J. Karlovcec 30/OCT/2020](#), p. 89, l. 5-20.

¹⁴⁹ [TR D. Dickson 22/JAN/2021](#), p. 36, l. 1-9.

¹⁵⁰ [TR D. Dickson 22/JAN/2021](#), p. 96, l. 16 – p. 97, l. 6.

consistent with this view. He did not perceive Mr. Sha to have been laundering money because “he lost almost all of the cash that he bought in with”.¹⁵¹ Mr. Towns believed that, if Mr. Sha were laundering money, he would have taken the verified win cheque he received and deposited it at a financial institution.¹⁵² This view appears to have been prevalent amongst BCLC employees at the time¹⁵³ and persisted in the following years.¹⁵⁴ Mr. Dickson proposed prohibiting those receiving funds from loan sharks and suggested a cap on the amount of \$20 bills accepted by casinos, but while Mr. Friesen took these proposals to his superiors, BCLC did not adopt them.¹⁵⁵

65. In his December 24, 2010 letter, Mr. Karlovcec also stated that because gaming is “cash based” a cap on the amount of \$20 denomination bills was “unrealistic”.¹⁵⁶ This was supported by Mr. Towns’ evidence that BCLC “did not entertain the idea of placing a limit on \$20 bill cash buy-ins at this time”; indeed his evidence was that he did not consider that BCLC had authority to place limits on the acceptance of cash by service providers.¹⁵⁷

66. The issue of cash caps recurs throughout the relevant period; however, none of the AML experts retained or consulted by the Province (or who testified in this inquiry) recommended the implementation of a cash cap in BC casinos.¹⁵⁸

67. On February 28, 2011, Mr. Schalk wrote to Mr. Friesen in response to Mr. Karlovcec’s letter to Mr. Dickson. He reiterated GPEB’s view that patrons conducting large buy-ins with \$20 bills may not be directly involved in money laundering but “[r]egardless of whether they win or lose all of the money they buy in with ... patrons are at very least

¹⁵¹ [Ex. 517](#), ¶ 85.

¹⁵² [Ex. 517](#), ¶ 85; [TR T. Towns 29/JAN/2021](#), p. 148, l. 6-p. 149, pp. 163, l. 1-167, l. 14, l. 3; Despite GPEB bringing Mr. Sha to the attention of BCLC as early as November 2010, BCLC did not place Mr. Sha on cash conditions until September 2015, when BCLC determined that Mr. Sha was receiving cash from Mr. Jin or his associates: [TR D. Tottenham 4/NOV/2020](#), p. 30, l. 3–p. 32, l. 1; [Ex. 169](#).

¹⁵³ [TR G. Friesen 28/OCT/2020](#), p. 131, l. 16-25, and p. 132, l. 1-10; [TR J. Karlovcec 29/OCT/2020](#), p. 111, l. 19–p. 112, l. 17; [Ex. 111](#).

¹⁵⁴ [TR R. Kroeker 26/JAN/2021](#), p. 78, l. 16-p. 80, l. 17; [Ex. 495](#).

¹⁵⁵ [TR G. Friesen 28/OCT/2020](#), pp. 104-106 and 123.

¹⁵⁶ [Ex. 111](#).

¹⁵⁷ [Ex. 517](#), ¶ 89; [TR G. Friesen 28/OCT/2020](#), p. 56, l. 15–p. 57, l. 18.

¹⁵⁸ Dr. German did not recommend a cash cap: [TR P. German 12/APR/2021](#), p. 61, l. 15-p. 63, l. 17, p. 17, l. 5-p. 18, l. 17, p. 58, l. 20-24. Other reports discussed below, including by Deloitte (2011), MNP (2016) and Malysch (2014) did not recommend cash caps be implemented: see, [Ex. 73](#).

FACILITATING the transfer of and/or laundering of proceeds of crime”.¹⁵⁹ Mr. Schalk again urged BCLC to take steps. BCLC did not respond to this letter.¹⁶⁰

68. While this exchange was occurring, IPOC advised GPEB it believed that some of the cash entering BC casinos were the proceeds of crime.¹⁶¹ Barry Baxter, testified that the information provided by GPEB indicated “classic money laundering”¹⁶² and, in the fall of 2010, Mr. Baxter initiated an IPOC investigation.¹⁶³ While Melanie Paddon, former RCMP officer and current JIGIT member, proposed that IPOC’s investigation continue in December 2011 and January 2012,¹⁶⁴ Inspector Chrustie rejected that proposal.¹⁶⁵

69. Discussions regarding LCTs continued internally within GPEB and various strategies were proposed, such as mandatory use of patron gaming fund (“PGF”) accounts or a ministerial directive regarding cash caps. However, there was a lack of consensus within GPEB regarding the options, and recognition that further work was needed to ensure any proposed response would be effective.¹⁶⁶

The Kroeker Report & Implementation (2011-2015)

(a) The Kroeker Report Recommendations

70. Contemporaneously with the exchange of correspondence outlined above, Minister Coleman tasked Robert Kroeker (then with the BC Civil Forfeiture Office) with conducting a review of AML strategies employed at BC’s gaming facilities.¹⁶⁷ Mr. Kroeker produced his report in February 2011 (the “Kroeker Report”).¹⁶⁸ The Kroeker Report concluded that “BCLC and its operators, with oversight and guidance from GPEB, employ standard and appropriate [AML] strategies”.¹⁶⁹ Significantly, the Kroeker Report did not reference

¹⁵⁹ [Ex. 112](#), p. 2.

¹⁶⁰ [TR G. Friesen 28/OCT/2020](#), pp. 133-138 (specifically, p. 137, l. 21–p. 138, l. 1).

¹⁶¹ [Ex. 181](#), ¶ 54.

¹⁶² [TR B. Baxter 8/APR/2021](#), p. 23, l. 1-11.

¹⁶³ [TR B. Baxter 8/APR/2021](#), p. 27, l. 2-5, p. 28, l. 8, p. 30, l. 10-12.

¹⁶⁴ [Exs. 759](#) and [760](#).

¹⁶⁵ [TR M. Paddon 14/APR/2021](#), p. 13, l. 1-13, p. 23, l. 20-p. 24, l. 5, p. 132, l. 17-25, p. 133, l. 1-3.

¹⁶⁶ [TR S. Birge 3/FEB/2021](#), p. 18, l. 16-25. Ms. Birge was acting GM until June 2011.

¹⁶⁷ [TR R. Coleman 28/APR/2021](#), p. 114–p. 115, l. 2, p. 118, l. 15-p. 119, l. 16, p. 146, l. 9-p. 147, l. 2.

¹⁶⁸ [Ex. 141](#); [TR S. Bond, 22/APR/2021](#), p. 68, l. 8-p. 69, l. 9; [Ex. 888](#); The Kroeker Report was released to the public in August 2011.

¹⁶⁹ [Ex. 141](#), p. 2.

GPEB's concern that money laundering was occurring through cash facilitation, even though at least one GPEB employee raised this concern with Mr. Kroeker.¹⁷⁰

71. In his report, Mr. Kroeker observed that BCLC's view that losses on the part of a patron precluded the possibility of money laundering was inconsistent with the then-prevailing view of law enforcement and regulatory authorities. He recommended BCLC align its corporate view and staff training on what constitutes money laundering with that of law enforcement and relevant statutory provisions and, in particular, that BCLC not consider gaming losses to be an indicator that money laundering is not occurring.¹⁷¹

72. Despite his generally positive assessment of BC's AML measures, Mr. Kroeker identified areas for improvement and made recommendations to BCLC, GPEB, and the Province, including the creation of a "cross agency task force" to investigate and gather intelligence on suspicious activities and transactions at gaming facilities.¹⁷²

73. The Province adopted the recommendations in the Kroeker Report in principle and GPEB commenced its policy work immediately.¹⁷³ The creation and adoption of policy within government is an iterative process. If a regulatory change or ministerial directive is requested by the public service, there must be data gathering and analysis on the various proposed options. Depending on what is proposed, an option may need the responsible minister's approval so it may be submitted to Cabinet or to Treasury board for approval.¹⁷⁴

74. The Kroeker Report became a frequent reference point in internal government communications. In August 2011, GPEB prepared a document entitled "Action Plan to Review of Anti-Money Laundering Measures at BC Gaming Facilities" (the "Action Plan"). The Action Plan detailed some of the steps that GPEB and BCLC had taken since the Kroeker Report was issued and others that were planned or underway, including allowing patrons to buy-in with certified cheques, expanding cash alternatives, enhanced training for BCLC employees, and formalizing relationships with law enforcement agencies.¹⁷⁵

¹⁷⁰ [Ex. 181](#), ¶ 73-76; [Ex. 490](#), ¶ 25-27, Ex. 3.

¹⁷¹ [Ex. 141](#), p. 3; [TR R. Kroeker, 26/JAN/2021](#), p. 28, l. 13-p. 29, l. 17.

¹⁷² [Ex. 141](#), p. 4.

¹⁷³ [TR S. Bond, 22/APR/2021](#), p. 64, l. 25-p. 66, l. 4.

¹⁷⁴ [TR L. Wanamaker, 22/APR/2021](#), p. 18, l. 7-p. 19, l. 13.

¹⁷⁵ [Ex. 505](#), ¶ 16, Ex. 1; [TR R. Coleman, 28/APR/2021](#), p. 119, l. 17-20.

(b) *Establishment of the AML x-dwg*

75. Douglas Scott joined GPEB as GM in September 2011, shortly after the release of the Kroeker Report.¹⁷⁶ Upon Mr. Scott's arrival, money laundering was a top strategic priority and was the sole focus by the second year of his tenure as GM.¹⁷⁷ One of Mr. Scott's early impressions was that the relationship between BCLC and GPEB, specifically the Investigation Division, "was not operating at a high-functioning level" and that poor relationship impaired GPEB's ability to effectively respond to the risk of money laundering.¹⁷⁸ At the time, he observed BCLC to have a dismissive attitude towards GPEB's concerns and they "tended to ignore the input from GPEB ...".¹⁷⁹ Mr. Scott did observe improvements as the organizations worked on the AML strategy.¹⁸⁰

76. Mr. Scott led the establishment of the Anti-Money Laundering Cross-Divisional Working Group ("AML x-dwg"), which was created to develop AML solutions and assess AML proposals from BCLC and the broader gaming industry. AML x-dwg also became the decision-making body responsible for developing and executing GPEB's AML strategy.¹⁸¹ According to Mr. Scott, certain contextual factors influenced GPEB's approach to AML issues at the time, including: (a) an absence of effective law enforcement; (b) the fact that BCLC, through its conduct and manage mandate, made operational decisions on how to handle incoming cash; (c) difficulties between BCLC and GPEB's investigation teams, as noted above; (d) the volume of cash entering casinos; (e) the imperfect nature of available information; and (f) the Kroeker Report recommendations, which the Province adopted.¹⁸²

77. The AML x-dwg facilitated dialogue and positive working relationships within GPEB. Earlier in his tenure, Mr. Scott had observed there to be friction between GPEB's Investigation Division and the other divisions of the branch.¹⁸³ This observation was

¹⁷⁶ [Ex. 557](#), ¶ 9; Mr. Scott reported to DM Lori Wanamaker, Associate DM Cheryl Wenezenki-Yolland, and Minister Coleman: [Ex. 556](#), ¶ 15 and 59.

¹⁷⁷ [TR D. Scott, 8/FEB/2021](#), p. 11, l. 10–p. 12, l. 11. Mr. Scott's tenure as GM ended September 2013.

¹⁷⁸ [TR D. Scott, 8/FEB/2021](#), p. 20, l. 19–p. 22, l. 16, p. 165, l. 6–15.

¹⁷⁹ [TR D. Scott, 8/FEB/2021](#), p. 178, l. 25–p. 180, l. 6

¹⁸⁰ [TR D. Scott, 8/FEB/2021](#), p. 178, l. 25–p. 180, l. 6. Mr. Scott later asked to review correspondence to BCLC so he could ensure it was collaborative: [TR D. Scott, 8/FEB/2021](#), p. 94, l. 20–p. 97, l. 4.

¹⁸¹ [Ex. 557](#), ¶ 27 and 30; [TR D. Scott, 8/FEB/2021](#), p. 12, l. 12–p. 13, l. 11.

¹⁸² [TR D. Scott, 8/FEB/2021](#), p. 21, l. 7–p. 24, l. 12.

¹⁸³ [TR D. Scott, 8/FEB/2021](#), p. 165, l. 6–12.

echoed by Ms. Birge, who was Acting GM briefly after Mr. Sturko. After establishment of the AML x-dwg, Ms. Birge observed that the Investigation Division was keen to find solutions and “the conversations within GPEB became a lot more substantive as a result of that more formal process”.¹⁸⁴ At this time, GPEB also had bi-weekly executive meetings where the heads of the divisions could discuss topical issues.¹⁸⁵

78. The AML x-dwg had its first meeting in early September 2011 and, by October 2011, had developed a high-level action plan regarding AML measures in BC casinos.¹⁸⁶ When first implementing the Kroeker Report recommendations, the Province and GPEB focused on those that were quickly and easily implementable. Complex and expensive initiatives, like a cross agency task force, were delayed until the results of so-called “quick actions”, such as development of cash alternatives, could be evaluated.¹⁸⁷ For example, GPEB encouraged the use of PGF accounts, which had been introduced as a pilot project in 2009.¹⁸⁸ PGF accounts were intended to, among other things, reduce the levels of cash used in casinos and reduce opportunities for cash facilitators.¹⁸⁹

79. In consultation with GPEB, BCLC also focused on implementing the Kroeker Report recommendations.¹⁹⁰ BCLC’s policy proposals related primarily to the expansion of cash alternatives, which both BCLC and GPEB understood to be a key takeaway from the Kroeker Report.¹⁹¹ BCLC’s proposals included allowing PGF accounts to be opened and filled with a wider variety of financial instruments like bank drafts, debit or credit card, and allowing electronic funds transfers from PGF accounts to patron bank accounts.¹⁹²

80. In September 2011, BCLC (Mr. Towns) provided GPEB (Mr. McCrea) with a

¹⁸⁴ [TR S. Birge, 3/FEB/2021](#), p. 44, l. 3-14; [TR D. Scott, 8/FEB/2021](#), p. 165, l. 6-12.

¹⁸⁵ [TR S. Birge, 3/FEB/2021](#), p. 54, l. 24-p. 56, l. 12; p. 58, l. 13-p. 59, l. 9.

¹⁸⁶ [Ex. 557](#), ¶ 29, Ex. 12 and 13.

¹⁸⁷ [TR L. Wanamaker 22/APR/2021](#), p. 13, l. 21-p. 14, l. 11; [TR D. Scott 8/FEB/2021](#), p. 28, l. 4-p. 30, l. 11.

¹⁸⁸ [Ex. 781](#), ¶ 41-42; Three service providers were included in the PGF pilot, namely GCGC, Gateway Casinos Ltd., and Paragon Gaming Inc. The casinos involved were River Rock (December 2009), Starlight Casino (January 2010), Grand Villa Casino (July 2010), and Edgewater Casino (now Parq, September 2010): Ex. 22-29; [Ex. 576](#), ¶ 37-41.

¹⁸⁹ [Ex. 517](#), ¶ 92-94.

¹⁹⁰ [Ex. 557](#), Ex. 3 to 5; [TR D. Scott, 8/FEB/2021](#), p. 8, l. 1-8.

¹⁹¹ [TR M. Graydon, 11/FEB/2021](#), p. 93, l. 8-25; [TR J. Lightbody, 28/JAN/2021](#), p. 15, l. 1-25 and [29/JAN/2021](#), p. 2, l. 1-18; [TR T. Towns, 29/JAN/2021](#), p. 155, l. 3-25.

¹⁹² [Ex. 557](#), Ex. 14.

document entitled “Methods to Reduce Reliance on Cash in BC Casinos” which detailed the cash alternatives being pursued by BCLC.¹⁹³ Although cash alternatives were an early focus of the AML strategy¹⁹⁴, neither BCLC nor GPEB considered such alternatives to be the whole solution to the issue of suspicious cash transactions and money laundering.¹⁹⁵

(c) *The Province’s AML Strategy*

81. In November 2011, GPEB conducted a branch-wide strategic planning session, which led to the identification of two primary strategic priorities: (1) the prevention of wrongdoing, including money laundering; and (2) responsible gambling.¹⁹⁶ At a high level, the Province’s AML strategy consisted of three overlapping phases:

- a. **Phase 1 – Cash Alternatives (Service Provider Intervention) – Commencing April 2012.** This included BCLC working with service providers to promote cash alternatives, especially to high-volume players, and contemplated incentives for player use of cash alternatives. BCLC was also to work with service providers to develop enhancements to the cash alternatives program and market them to patrons, while GPEB continued to gather more information on the nature of cash entering casinos and analyze these funds.
- b. **Phase 2 – Operator Intervention (BCLC) – Commencing May 2013.** This phase involved BCLC and service providers becoming more actively engaged in the promotion of cash alternatives with high-volume patrons, using a customer relationship management approach. This phase also contemplated introducing enhanced customer due diligence and analysis capacity to better inform AML activity in the industry.
- c. **Phase 3 – Regulator Intervention (GPEB) – Commencing December 2013.** This phase contemplated that if the issue of large amounts of suspicious cash persisted, GPEB would undertake direct regulatory action to prevent money laundering, including GPEB conducting interviews of patrons who continued to bring suspicious cash into casinos.¹⁹⁷

82. Under Phase 3, GPEB may also have considered such steps as the mandatory use of electronic fund transfers, instituting an on-site enforcement presence at casinos, or establishing a maximum amount for small denomination bills for buy-ins.¹⁹⁸ With respect

¹⁹³ [Ex. 505](#), ¶ 18, Ex. 2.

¹⁹⁴ [Ex. 505](#), ¶ 25; [Ex. 517](#), ¶ 107-108 and 124.

¹⁹⁵ [Ex. 557](#), ¶ 42; [Ex. 517](#), ¶ 115.

¹⁹⁶ [Ex. 557](#), ¶ 17-18, Ex. 1.

¹⁹⁷ [Ex. 557](#), ¶ 40; [Ex. 587](#), ¶ 15; [Ex. 73](#), App. G, pp. 13-14.

¹⁹⁸ [TR D. Scott 8/FEB/2021](#), p. 14, l. 11-p. 16, l. 24.

to GPEB interviewing patrons, Mr. Scott did not pursue that initiative earlier in the strategy for two reasons: (a) he understood BCLC was opposed to GPEB interviewing patrons as dealing with patrons fell within their purview; and (b) Mr. Vander Graaf advised him GPEB investigators did not have the needed authority or equipment to do so.¹⁹⁹ Mr. Scott's tenure as GM ended before Phase 3 of the strategy was reached, but he acknowledged, in retrospect, that he should have accelerated it.²⁰⁰

83. At the material time, the steps taken by GPEB were reasonable given that Phase 3: (a) contemplated a significant cultural shift that involved reconsidering responsibilities in place over the prior decade under the GCA;²⁰¹ (b) would have required GPEB to insert itself into BCLC's sphere of responsibility to "conduct and manage" gaming in BC,²⁰² without BCLC's support;²⁰³ (c) was without internal support from GPEB's Investigation Division²⁰⁴ (the Division who would have operationalized Phase 3); and (d) without a clear understanding of whether GPEB and its investigators had sufficient statutory authority to take the steps contemplated by Phase 3.²⁰⁵

84. Similarly, it was reasonable for GPEB to initially focus on cash alternatives as part of its AML strategy. BCLC and GPEB understood cash alternatives to be a key recommendation of the Kroeker Report²⁰⁶ and, despite tension regarding other matters, the development of cash alternatives was an AML strategy that both agreed to pursue.²⁰⁷ Consistent with this, the AML x-dwg supported cash alternatives and determined they ought to be pursued on a priority basis.²⁰⁸ Cash alternatives remained a critical component of GPEB's AML strategy so that people with legitimate cash had alternative means of

¹⁹⁹ [TR D. Scott 8/FEB/2021](#), p. 33, l. 13-p. 35, l. 11, p. 99, l. 19-24, p. 121, l. 12-p. 124, l. 6, p. 141, l. 4-p. 142, l. 15, p. 169, l. 19-p. 171, l. 17.

²⁰⁰ [TR D. Scott 8/FEB/2021](#), p. 40, l. 12-16; p. 90, l. 8-13.

²⁰¹ [TR D. Scott 8/FEB/2021](#), p. 29, l. 6-p. 30, l. 11.

²⁰² [TR D. Scott 8/FEB/2021](#), p. 29, l. 6-p. 30, l. 11, p. 113, l. 4-11, l. 15-19, p. 170, l. 14-p. 171, l. 5.

²⁰³ [TR D. Scott 8/FEB/2021](#), p. 33, l. 13-25; p. 99, l. 19-24; Mr. Graydon did not recall these conversations with Mr. Scott: [TR M. Graydon 11/FEB/2021](#), p. 85, l. 20-p. 87, l. 9.

²⁰⁴ [TR D. Scott 8/FEB/2021](#), p. 122, l. 1-19; [TR L. Vander Graaf 12/NOV/2020](#), p. 187, l. 23-25, p. 188 l. 1-11; [TR L. Vander Graaf 13/NOV/2020](#), p. 48, l. 3-7.

²⁰⁵ [TR D. Scott 8/FEB/2021](#), p. 34, l. 19-p. 35, l. 7.

²⁰⁶ [Ex. 141](#); [TR L. Vander Graaf 13/NOV/2020](#), p. 105, l. 2-10.

²⁰⁷ [TR D. Dickson 22/JAN/2021](#), p. 71, l. 6-p. 72, l. 2; [TR J. Lightbody 29/JAN/2021](#), p. 2, l. 5-13; [TR T. Towns 1/FEB/2021](#), p. 11, l. 16-20.

²⁰⁸ [TR D. Dickson 22/JAN/2021](#), p. 71, l. 6-8; [TR J. Lightbody 29/JAN/2021](#), p. 116, l. 4-7.

buying-in and, later in time, did not have to be subjected to source of funds interviews.²⁰⁹

85. It is unsurprising that cash alternatives would be the initial focus of GPEB and BCLC's AML efforts given that gaming in BC had been cash-based since its inception. Because the industry was dealing with \$6 billion in cash, cash alternatives were a "key foundational piece" to give legitimate players a more convenient option available to buy-in without cash.²¹⁰ Such options were "intended to set the baseline for moving legitimate players into a more convenient [sic] to get the cash level down because the high level of our risk ... was just the volume of cash coming in".²¹¹ Also unsurprisingly, and as the evidence establishes, it took time for a multi-billion dollar, exclusively cash-based, industry to transition away from cash.

86. GPEB's continued efforts to implement cash alternatives must also be considered and understood in light of the advice it had received regarding the limits of its authority and ability to take a more active operational role in AML initiatives, thereby potentially intruding into BCLC's "conduct and manage" role, as was contemplated at Phase 3 of the AML Strategy.²¹² Absent clarity and direction on the steps GPEB was empowered to take, cash alternatives represented a concrete step that it and the AML x-dwg could implement.

87. Within this context, both the emphasis on cash alternatives and the timeframe over which the policy and operational work was undertaken to design and implement functional cash alternatives, was reasonable. This is particularly the case given intermittent disagreements between BCLC and GPEB at the operational level in terms of which forms of cash alternatives ought to be implemented.²¹³ Despite setbacks, GPEB would continue to press BCLC to increase its efforts to develop and promote the use of cash alternatives and implement enhancements to its customer due diligence.²¹⁴

(d) GPEB continues to observe large cash transactions

88. Although cash alternatives were being implemented, GPEB, and in particular the

²⁰⁹ [TR J. Mazure 5/FEB/2021](#), p. 231, l. 14-21.

²¹⁰ [TR D. Scott 8/FEB/2021](#), p. 31, l. 20-23.

²¹¹ [TR D. Scott 8/FEB/2021](#), p. 32, l. 8-13.

²¹² See, *infra*, paragraphs 28-38.

²¹³ See, for example, [Ex. 557](#), Ex. 10; [Ex. 587](#), Ex. J, L, M.

²¹⁴ [TR J. Mazure 5/FEB/2021](#), p. 198, l. 7-p. 201, l. 5.

Investigation Division, did not consider those alternatives alone would be successful in mitigating the risk of money laundering.²¹⁵ Following the implementation of the Kroeker Report, Messrs. Vander Graaf, Schalk, and Dickson continued to express their concern regarding the increasing volumes of suspicious cash. They emphasized a need for an increased focus on the source of funds, rather than the patron's source of wealth,²¹⁶ which is reflected in Reports of Findings prepared from 2011 to December 2014.²¹⁷ For example, in the November 19, 2012 "Report of Findings", GPEB investigators observed, in part:

- the total dollar amounts of suspicious cash entering BC casinos continues to rise exponentially;
- organized crime has identified a weakness within Lower Mainland casinos and is exploiting this weakness to expand the laundering of large amounts of money obtained from the proceeds of crime; and
- BCLC initiated several enhancements to the [PGF account] in April 2012, to lessen amounts of cash entering casinos; however, the flow of suspicious cash into the Lower Mainland casinos has not slowed.²¹⁸

89. While conversations around cash alternatives were occurring within GPEB, Mr. Vander Graaf alleges that, on April 12, 2011, Ms. Birge directed him to destroy an email within which Mr. Vander Graaf raised concerns about large and suspicious cash transactions, money laundering and the acceptance of the proceeds of crime in BC gaming facilities.²¹⁹ The email itself is dated April 8, 2011 and was sent by Mr. Vander Graaf to Eugene Johnson, Bill McCrea, and Terri Van Sleuwen. Ms. Birge is copied.²²⁰

90. Ms. Birge denies asking Mr. Vander Graaf to delete the April 8 email.²²¹ Both Mr. McCrea and Ms. Van Sleuwen, who were copied on the email, do not recall being asked by Ms. Birge to delete the email.²²² It would make little sense for Ms. Birge to violate the expectations of her office and direct Mr. Vander Graaf to delete an email which others

²¹⁵ [TR D. Scott 8/FEB/2021](#), p. 15 l. 1-4.

²¹⁶ [TR D. Scott 8/FEB/2021](#), p. 18, l. 16-p. 20, l. 12.

²¹⁷ [Ex. 181](#), see for example, Ex. G to Q.

²¹⁸ [Ex. 181](#), Ex. G.

²¹⁹ [Ex. 181](#); [Ex. 529](#), ¶ 6-8, Ex. B.

²²⁰ Mr. Vander Graaf contends his version of events is supported by notes he took of his conversation with Ms. Birge: [Ex. 181](#), Ex. Y.

²²¹ [TR S. Birge 3/FEB/2021](#), p. 27, l. 12-p. 28, l. 8, p. 31, l. 23-p. 32, l. 5.

²²² [Ex. 1042](#), ¶ 3, 4, and 7; [Ex. 1044](#), ¶ 5-6.

received and not demand that they do the same.²²³ It also does not accord with reason when considered in the broader context of Mr. Vander Graaf's time with GPEB. Mr. Vander Graaf sent many similar emails over his time at GPEB.²²⁴

91. BCLC and GPEB's views regarding the increase in large and suspicious cash transactions remained in conflict during this period. On December 27, 2012, Mr. Schalk wrote to Bryon Hodgkin, Director, Operational Compliance of Corporate Security and Compliance with BCLC, about GPEB's concerns. Mr. Schalk referenced the 2010 exchange of correspondence, referred to recent suspicious cash trends, and continued:

A GPEB Investigations and Regional Operations Division review of 2012 indicates that enhancements to the [PGF accounts] and other measures taken to date to reduce the flow of cash into casinos **have not slowed the flow of Suspicious Currency into Lower Mainland casinos.**

The continued significant increase of Suspicious Currency being brought into and accepted at several casinos in the Lower Mainland is a cause of great concern to the Investigations and Regional Operations Division. We believe that this is significantly impacting the overall integrity of gaming in [BC].²²⁵ [Bold in original]

92. BCLC continued to assert there was no "proof" that money laundering was occurring or that the suspicious cash was in fact proceeds of crime. For example, BCLC suggested that most of the increase in suspicious transaction reports was a result of increased training and reporting requirements.²²⁶ Similarly, Mr. Scott deposed he "often heard BCLC representatives express that proof or confirmation from law enforcement was required" before suspicious cash entering casinos could be characterized as money laundering or the proceeds of crime.²²⁷ According to Mr. Tottenham, Mr. Towns said something to the effect of: "unless we know that money is criminal, why not take it?".²²⁸ BCLC persisted in this view despite the fact that on September 27, 2012, IPOC identified to BCLC that Paul Jin was under investigation for money laundering.²²⁹

²²³ [Ex. 1044](#), ¶ 10.

²²⁴ [Ex. 1044](#), ¶ 5-6.

²²⁵ [Ex. 181](#), Ex. II, pp. 289-290. This letter became the subject of a complaint from BCLC's then-CEO, Michael Graydon, to the GM, Douglas Scott; [Ex. 181](#), Ex. JJ; [Ex. 576](#), ¶ 42-47, Ex. C and D.

²²⁶ [Ex. 557](#), ¶ 50, [Ex. 18](#); [TR M. Graydon 11/FEB/2021](#), p. 28, l. 9-19; [Ex. 922](#), p. 13, ¶ 83.

²²⁷ [Ex. 557](#), ¶ 51, [Ex. 19](#); [TR M. Graydon 11/FEB/2021](#), p. 20, l. 20-p. 25, l.17.

²²⁸ [Ex. 148](#), ¶ 54.

²²⁹ [TR D. Tottenham 4/NOV/2020](#), p. 32, l. 12-p. 33, l. 23, p. 50, l. 19-23.

93. Later in 2013, GPEB formed an AML x-dwg sub-committee to look at customer due diligence (“CDD”) for large and suspicious cash transactions. The sub-committee was tasked with reviewing the “know your customer” (“KYC”) initiatives used by financial institutions and other organizations dealing with suspicious cash.²³⁰

94. By May 29, 2013, Mr. McCrea had prepared a report titled “Anti-Money Laundering in BC Gaming – Measuring Performance Progress” (the “Progress Report”) that detailed the current industry (GPEB, BCLC, and service providers) AML initiatives and their results to date.²³¹ In the Progress Report, Mr. McCrea observed that, despite the implementation of cash alternatives, there had been “increased levels of suspicious currency transactions during the same period”. Mr. McCrea described GPEB’s next steps as identifying the necessary customer and source of funds information.²³²

GPEB & BCLC’s relationships and communications with service providers

95. At times, BCLC investigators’ efforts were limited by BCLC’s responsiveness to concerns expressed by service providers. Mr. Towns directed BCLC investigators to refrain from questioning VIP patrons because service providers were concerned about losing customers.²³³ As late as October 2014, BCLC was adjusting its practices with respect to patron interviews in response to service provider concerns.²³⁴

96. GPEB was not generally involved in discussions between BCLC and its service providers. GPEB’s lack of direct involvement with service providers, including about money laundering risks and AML efforts, must be understood in the context of GPEB and BCLC’s respective roles. BCLC, through its conduct and management role, has a direct relationship with service providers on operational matters which enables it to readily impose rules, procedures, and policies with respect to operations. In his 2016 legal opinion, Dr. German opined that the exclusivity of BCLC’s mandate is critical, as virtually

²³⁰ [Ex. 587](#), ¶ 20.

²³¹ [Ex. 557](#), ¶ 48, [Exs. 18](#) and [20](#); [Ex. 73](#), App. G.

²³² [Ex. 73](#), App. G, p. 11.

²³³ [TR D. Tottenham 4/NOV/2020](#), p. 22, l. 16–p. 24, l. 1, p. 28, l. 11–p. 29, l. 1; [TR S. Lee 27/OCT/2020](#), p. 26, l. 24–p. 27, l. 2, p. 30, l. 12-17; [TR S. Beeksma 26/OCT/20](#), p. 55, l. 19-25. Mr. Towns denied issuing such a direction: [Ex. 517](#), ¶ 144-145.

²³⁴ [TR D. Tottenham, 4/NOV/2020](#), p. 94, l. 9-p. 98, l. 8.

all commercial gaming in the Province operates under its control.²³⁵

97. BCLC’s responsibility for the conduct and management of gaming is reflected in its contractual arrangements with gaming service providers and BCLC’s standards, policies, and procedures. Pursuant to s. 7 of the GCA, BCLC contracts with service providers through Operating Service Agreements (“OSAs”), which set out the express and implied contractual obligations of the parties.²³⁶ Through the OSAs, BCLC permits the service providers to provide operational services to BCLC in respect of gaming while maintaining its mandated role for the conduct and management of gaming in BC.²³⁷ BCLC’s contractual arrangement with service providers does not negate or delegate its responsibility for the conduct and management.²³⁸

98. Under the OSAs, service providers are contractually obligated to abide by the rules set by BCLC, which have been described as “very prescriptive”.²³⁹ The OSAs expressly provided that the service provider agreed “...to supply operational services in respect of the Casino and the Casino games only at the times and in the manner prescribed by the Corporation”²⁴⁰ and to “...abide by all Player cash and credit policy restrictions prescribed by the Corporation from time to time”.²⁴¹ GCGC’s evidence was that it is obliged to comply with any cash or credit restrictions prescribed by BCLC.²⁴²

99. BCLC also sets standard operating procedures for casino service providers and gaming workers in casinos.²⁴³ These standards are reflected in the BC Standards and the BCLC Casino and Community Gaming Centre Standards, Policies and Procedures.²⁴⁴

²³⁵ Ex. 586, p. 7 (sealed for privilege).

²³⁶ [Ex. 67](#), ¶ 121.

²³⁷ [Ex. 67](#), ¶ 122.

²³⁸ See Article 3.1 of the OSAs at Appendices B - F to [Ex. 76](#) as well as Article 2.03 to [Ex. 572](#).

²³⁹ [TR T. Doyle 9/FEB/21](#), p. 103, l. 12-p. 104, l. 25.

²⁴⁰ [Ex. 572](#), p. 7, para. 4.01(n). Pursuant to the more recent OSAs, effective 2018, service providers are obliged to provide services in full compliance with the agreement, all applicable law, all BCLC Standards, and all game conditions: [Ex. 76](#), Article 3.2 of Appendices B to F. “BCLC Standards” is defined in Schedule D of the OSAs as “...any standards, policies, procedures, guides, guidelines and manuals relating to the Services or governing the operation of the Facility and Games, as included in the BCLC Services Manual and Prescribed as such by the Corporation.”

²⁴¹ [Ex. 572](#), Article 6.01 (g).

²⁴² [TR T. Doyle 10/FEB/2021](#), p. 82, l. 10-13

²⁴³ [Ex. 782](#), ¶ 20.

²⁴⁴ BC Standards apply to casinos and community gaming centres with respect to which service providers have entered into a new form of OSA since 2018-19. BCLC Casino and Community Gaming

Service providers must comply with standards set by BCLC.²⁴⁵

100. As noted above, GPEB's GM is prohibited by s. 27(4) of the *GCA* from conducting, managing, operating, or presenting gaming or horse races when carrying out their responsibilities, including enforcing the *GCA*. The GM is also prohibited from entering into agreements relating to the conduct and management of gaming, including agreements with Canada or the government of another province or gaming service providers.²⁴⁶

101. The prohibition on the GM's powers suggests a Legislative intention to separate BCLC's responsibility to "conduct and manage" gaming from GPEB's responsibility for the "overall integrity of gaming", policy, and enforcement of the *GCA*. This interpretation finds support in the explanatory note to Bill 6 – *2002 Gaming Control Act*, which noted that the *GCA* "expands the role of [BCLC] whose responsibilities now include the conduct and management of provincial gaming, including lotteries, casinos, and commercial bingo halls".²⁴⁷ This legislative restriction, coupled with BCLC's express responsibility, influenced GPEB's approach to addressing AML issues with BCLC and service providers.

102. GPEB's expectation that BCLC would address matters relating to "conduct and management" is reflected in its correspondence with BCLC about suspicious cash transactions.²⁴⁸ It is also reflected in correspondence in which GPEB relied upon BCLC's authority under s. 92 of the *GCA* to oversee BC gaming facilities by banning patrons.²⁴⁹

103. GPEB's understanding of BCLC's conduct and manage responsibilities, including its control over the operational response to AML issues, was one of the "contextual drivers" that guided Mr. Scott's thinking on AML strategy. As he noted "...it was BCLC in the role as manage and conduct that made the operational decisions on how to handle the cash coming in".²⁵⁰ Thus, while GPEB had direct contact with service providers and

Centre Standards, Policies and Procedures apply to facilities not operating under the new form of OSAs: See paras. 2, 4, and 5 of [Ex. 76](#).

²⁴⁵ [Ex. 67](#), ¶ 124. BCLC does not have the authority to impose penalties, but contractual remedies are available to BCLC if a service provider does not meet its obligations.

²⁴⁶ *GCA*, s. 27(4).

²⁴⁷ Bill 6 – 2002, *Gaming Control Act*, 2002, Legislative Session: 3rd Session, 37th Parliament, First Reading. See also, [Ex. 67](#), ¶ 78-79.

²⁴⁸ See, e.g. [Ex. 110](#), p. 3 and *infra* paras. 53-69.

²⁴⁹ [Ex. 108](#), p. 2.

²⁵⁰ [TR D. Scott 8/FEB/21](#), p. 22, l. 1-9.

their representatives on some matters, GPEB relied on BCLC to address operational matters with service providers in accordance with its statutory mandate.

104. Regardless, the evidence establishes that, through communications from GPEB, service providers were aware of the risk of money laundering and acceptance of proceeds of crime. For example, as early as 2010 Mr. Dickson advised Mr. Friesen that GPEB had made efforts to address concerns regarding LCTs and loan sharking directly with service providers over a “number of months”, but those efforts were unsuccessful. Mr. Dickson advised that, as a result, GPEB was escalating the matter, stating that “...this matter is now being brought to your attention with the hope that strict actions be undertaken to curtail what we believe are serious concerns”.²⁵¹ Other examples of service provider engagement on AML matters include meeting with service provider CEOs when launching AML x-dwg²⁵² and service provider direct involvement in AML initiatives such as the PGF pilot project.²⁵³

Consideration of conditions of registration as AML controls

105. In mid-2013, AML x-dwg considered whether GPEB’s Registration and Certification Division could impose AML controls through conditions of registration for service providers. Len Meilleur, then Executive Director of the Registration and Certification Division, understood that GPEB did not have the authority to do that without a directive or “some sort of guidance from above” because GPEB would be entering into BCLC’s conduct and manage purview.²⁵⁴ This is consistent with the evidence of Robin Jomha, the current Director of the Corporate Registration unit within GPEB’s LRC Division.

106. Mr. Jomha does not believe it is within his authority to impose conditions of registration on gaming service providers relating to suspicious cash transactions as this would relate to the services provider’s operational functions. Mr. Jomha explained that

²⁵¹ [Ex. 108](#), p. 3. This is consistent with evidence of Mr. Barber’s efforts to communicate with service providers: see, [TR R. Barber 3/NOV/20](#), p. 8, l. 22-24.

²⁵² Ex. 524C, p. 4

²⁵³ [Ex. 781](#), ¶ 41-42; Three service providers were included in the PGF pilot, namely GCGC, Gateway Casinos Ltd., and Paragon Gaming Inc. The casinos involved were River Rock (December 2009), Starlight Casino (January 2010), Grand Villa Casino (July 2010), and Edgewater Casino (now Parq, September 2010): Ex. 22-29; [Ex. 576](#), ¶ 37-41.

²⁵⁴ [TR J. Meilleur 12/FEB/2021](#), p. 36, l. 15 – p. 37, l. 16 and [10/MAR/2021](#), p. 27, l. 3-7, p. 176, l. 21-p. 180, l. 5; [Ex. 712](#); See also, [TR J. Mazure 5/FEB/2021](#), p. 51, l. 17-p. 55, l. 17.

imposing “specific conditions to registration such as restricting the acceptance of certain denominations of cash would infringe upon BCLC’s mandate”.²⁵⁵ Read in the context of the broader legislative scheme, and in particular BCLC’s responsibility to conduct and manage gaming, this is a reasonable interpretation of the *GCA* and the *Regulation*.

107. Registration of gaming service providers and gaming workers is addressed in Part 8 of the *GCA*.²⁵⁶ Conditions of registration for gaming service providers and gaming workers are set out in ss. 34 and 35 of the *Regulation*. Gaming service providers must, *inter alia*: (a) “be a party to a valid and subsisting agreement with the lottery corporation regarding the provision of gaming services”; (b) “obey the standard operating procedures and rules of play that are established by the general manager or the lottery corporation, and relevant to the type of gaming pertinent to the registration”; and (c) “obey all applicable public interest standards established by the [GM] under section 27(2) of the Act”.²⁵⁷ Gaming workers are, in turn, required to “obey the standard operating procedures and rules of play that are established by the general manager or the lottery corporation, and relevant to the type of gaming pertinent to the registration”, among other things.²⁵⁸

108. While GPEB’s GM has discretion under s. 56(3) of the *GCA* to attach additional conditions to registration beyond those set out in ss. 34 and 35 of the *Regulation*, they must be consistent with the conditions of registration prescribed under s. 105 of the *GCA*. Section 56(3) must also be interpreted in light of BCLC’s conduct and manage role²⁵⁹ and the fact that BCLC “may enter into agreements with registered gaming services providers for services required in the conduct, management or operation of provincial gaming” and “must monitor compliance by gaming services providers with this Act, the regulations and the rules of the lottery corporation”.²⁶⁰

109. BCLC is also empowered to make rules that apply to service providers including but not limited to rules: (a) “respecting the handling of money and money equivalents

²⁵⁵ [Ex. 782](#), ¶ 42.

²⁵⁶ *GCA*, Part 8; [Ex. 782](#), ¶ 17. Section 105(1)(h) further provides that the Lieutenant Governor in Council may make regulations prescribing conditions of registration.

²⁵⁷ *Regulation*, s. 34(1)(c)(f) and (g); [Ex. 782](#), ¶ 18.

²⁵⁸ *Regulation*, s. 35(b); [Ex. 782](#), ¶ 19.

²⁵⁹ *GCA*, s. 7.

²⁶⁰ *GCA*, s. 7(1)(a), (f), and (i).

received from players of games of chance by the lottery corporation, licensees and gaming services providers”; (b) “governing the holding and disbursement of money received from players of games of chance by the lottery corporation, licensees and registered gaming services providers”; and (c) “respecting security and surveillance at gaming facilities or classes of gaming facilities”.²⁶¹

110. Settled principles of statutory interpretation require that s. 56(3) of the GCA be understood in the context of BCLC’s statutory responsibilities.²⁶² Interpreting s. 56(3) in this manner also respects the Legislature’s intention to provide responsibility for “conduct and management of gaming” to BCLC. It is also consistent with the understanding of Messrs. Meilleur and Johma that the GM does not have the authority to impose conditions of registration that intrude on BCLC’s mandate, for example specifications with respect to the acceptance of cash by gaming service providers (e.g. imposing a requirement for a source of funds declaration or restricting the acceptance of certain denominations of cash). These are matters that fall squarely within BCLC’s exclusive responsibility.

Transition to new GM and GPEB reorganization (Fall 2013-Summer 2015)

111. On June 10, 2013, Minister de Jong took over the gaming portfolio from Minister Coleman. A few months later, in September 2013, John Mazure took over as GM of GPEB. When he first joined GPEB, Mr. Mazure did not have any background in gaming or law enforcement. His first few months involved learning as much as he could.²⁶³

112. Shortly after Mr. Mazure’s arrival to GPEB, he attended a meeting with GPEB investigators. One of the investigators at that meeting, Mr. Barber, alleges Mr. Mazure stated they were to “stop doing what [they] were doing”.²⁶⁴ Mr. Mazure “did not explain what he meant” by the statement, but Mr. Barber interpreted it as a reference to reporting on large and suspicious cash transactions.²⁶⁵ Mr. Barber agreed he made assumptions about the statement and it was possible Mr. Mazure meant something different.²⁶⁶

²⁶¹ GCA, s. 8(1)(e), (f) and (g).

²⁶² *Bell ExpressVu Limited Partnership v. Rex*, [2002 SCC 42](#) at paras. 26-30.

²⁶³ See, Appendix B (GCA Responsibilities); [TR J. Mazure 5/FEB/2021](#), p. 14, l. 1-p. 15, l. 19.

²⁶⁴ [Ex. 145](#), ¶ 87.

²⁶⁵ [Ex. 145](#), ¶ 87.

²⁶⁶ [TR R. Barber 3/NOV/20](#), p. 152, l. 9-23.

113. Mr. Barber's interpretation of the alleged statement conflicts with Mr. Mazure's evidence and does not accord with Mr. Barber's or GPEB's subsequent AML efforts. Mr. Barber did not change his approach to reporting on large and suspicious transactions and GPEB continued to evolve and expand its AML efforts. In particular, Mr. Barber: (a) continued to report large and suspicious cash up the chain of command through GPEB; (b) as of July 2015, took responsibility for GPEB's investigations relating to money laundering across BC; (c) along with Mr. Ackles, produced a spreadsheet listing all suspicious cash transactions of \$50,000 or more for the month of July 2015; and (d) beginning in 2016 and continuing to his retirement in 2017, prepared monthly intelligence reports for GPEB discussing cash transactions in Lower Mainland casinos.²⁶⁷

114. Mr. Mazure did not stop Mr. Barber's reporting and made genuine efforts to address the problem of large and suspicious cash transactions.²⁶⁸ Mr. Mazure did not want the Investigation Division to stop reporting; rather, he wanted them to focus on investigative work and to stop collecting information outside the authority of s. 86 of the GCA.²⁶⁹

(a) Table bet limit increase (December 2013)

115. While BCLC and GPEB were working on cash alternatives, BCLC submitted a series of proposed policy changes to GPEB, including an increase to the table bet limit. BCLC proposed raising table bet limits from \$90,000 to \$100,000 per player per hand.²⁷⁰ GPEB expressed the view that this proposal would increase the risk of money laundering in BC casinos and did not approve the change.²⁷¹ Due to a delay in receiving GPEB's response, BCLC "proceeded to seek and secure ministerial approval for the table limit increase in December 2013".²⁷² Ms. Wenezenki-Yolland, then Associate DM, recalled "Mr. Graydon contacted the Minister's office directly about this issue".²⁷³

116. Minister de Jong, who was responsible for gaming at this time, did not recall speaking with Mr. Graydon about this issue and did not recall granting ministerial

²⁶⁷ [TR R. Barber 3/NOV/20](#), p. 153.

²⁶⁸ [TR R. Barber 3/NOV/20](#), p. 153, l. 25-p.154, l. 10.

²⁶⁹ [Ex. 541](#), ¶¶133-137.

²⁷⁰ [Ex. 576](#), ¶ 49.

²⁷¹ [Ex. 543](#).

²⁷² [Ex. 576](#), ¶ 49-51.

²⁷³ [Ex. 922](#), ¶ 57-58; [Ex. 544](#).

approval.²⁷⁴ Premier Clark was not aware of the bet limit increase and did not discuss the issue with her responsible Ministers.²⁷⁵ Despite the lack of clarity as to the process by which this happened, it is clear the table bet limit was increased and the change was effective in December 2013 or January 2014.²⁷⁶ The timing of the increase was unfortunate as it occurred during the upwards trend in LCTs and was considered by some witnesses to have exacerbated the risk of money laundering.²⁷⁷

(b) The Malysh Report (September 2014)

117. In April 2014, as part of the AML x-dwg's ongoing work, GPEB engaged Malysh Associates Ltd. to conduct a review of KYC processes used by other organizations for cash deposits.²⁷⁸ Malysh issued their report on September 15, 2014 (the "Malysh Report").²⁷⁹ Significantly, the Malysh Report noted that when cash over CAD \$10,000 is tendered at a financial institution they will "interview the client to determine the source of funds and other related questions to ensure the deposit is of non-criminal origin".²⁸⁰

118. Regarding gaming businesses, the Malysh Report observed that while casinos did not generally have an issue with accepting cash from clients, gaming facilities in Ontario and the US were implementing source of funds procedures:

Source of funds and source of wealth interviews are becoming normal procedures as FinCEN is developing policy initiatives to increase KYC/CDD activities. But this policy is in its infancy and will take a few more years to be fully implemented industry wide.

Casinos in Ontario generally will not allow more than CAD \$10,000-15,000 cash/in. These large deposits trigger a CDD interview to learn the source of funds. This interview is usually conducted by the OPP police officer.²⁸¹

119. The AML x-dwg considered the Malysh Report recommendations in the fall of

²⁷⁴ [TR M. de Jong, 23/APR/2021](#), p. 166, l. 1-p. 167, l. 4.

²⁷⁵ [TR C. Clark, 20/APR/2021](#), p. 49, l. 7-p. 50, l. 20.

²⁷⁶ [Ex. 576](#), ¶ 49-51.

²⁷⁷ [TR M. Graydon 11/FEB/2021](#), p. 11, l. 5-p. 12, l. 9; [TR J. Mazure 5/FEB/2021](#), p. 56, l. 20-p. 65, l. 6; [TR S. Lee 27/OCT/2020](#), p. 18, l. 5-p. 19, l. 2; [TR S. Beeksma 26/OCT/2020](#), p. 77, l. 3-p. 79, l. 7; [TR M. Hiller 9/NOV/2020](#), p. 20, l. 22-p. 22, l. 1; [Exs. 543](#) and [544](#).

²⁷⁸ [Ex. 587](#), ¶ 20-21; [TR J. Meilleur 12/FEB/2021](#), p. 10, l. 24-p. 11, l. 24.

²⁷⁹ [Ex. 73](#), App. H.

²⁸⁰ [Ex. 73](#), App. H, p. 23.

²⁸¹ [Ex. 73](#), App. H, p. 23.

2014.²⁸² Due to the wide-ranging nature of the recommendations, Mr. Mazure was concerned that some of the proposals may encroach into BCLC's conduct and manage role.²⁸³ The results of the Malysch Report were reported to Minister de Jong, who did not recall reading the Malysch Report, but was aware of its existence.²⁸⁴

120. When asked if the Malysch Report recommendations were accepted by the AML x-dwg's CDD subcommittee, Mr. Meilleur observed that the report had been received and the recommendations had been discussed with the GM.²⁸⁵ Mr. Mazure recalled a briefing note prepared for him in early 2015, which recommended a multi-pronged approach to money laundering based on the Malysch Report, including a mandatory source of funds declaration form.²⁸⁶ Mr. Mazure considered the briefing note to be informative but looked to Mr. Meilleur for additional guidance.²⁸⁷ He also did not consider himself to be in a position to implement the options in the briefing note; further approvals were required.²⁸⁸

121. One aspect of the proposed multi-pronged approach was whether GPEB could issue a public interest standard as an AML measure. Public interest standards had previously been issued in the context of responsible gaming,²⁸⁹ but there is no evidence of a practice of using public interest standards for AML purposes. Nonetheless, Mr. Mazure recalled that the legislation permitted him to issue a public interest standard and it appears a draft standard was prepared.²⁹⁰ For her part, Ms. Wenezenki-Yolland recalled discussing the option of a public interest standard with Mr. Mazure, and believed at one point that he was working on one.²⁹¹ However, none resulted and she recalled Mr. Mazure advising he needed to seek a ministerial directive, possibly after receiving legal advice.²⁹²

122. Despite GPEB and BCLC's joint efforts to implement cash alternatives in the 2011 to 2014 period, it became apparent that they were not slowing the amount of large cash

²⁸² [Ex. 541](#), ¶ 74.

²⁸³ [TR. J. Mazure 5/FEB/2021](#), p. 53, l. 13-p. 54, l. 2, 9-12.

²⁸⁴ [Ex. 73](#), App. H, pp. 12-14; [TR M. de Jong 23/APR/2021](#), p. 20, l. 15-p. 21, l. 5.

²⁸⁵ [TR L. Meilleur 12/FEB/2021](#), p. 10, l. 24-p. 11, l. 24, p. 17, l. 2-14; see also, [Ex. 588](#).

²⁸⁶ [Ex. 541](#), ¶ 75.

²⁸⁷ [TR. J. Mazure 5/FEB/2021](#), p. 50, l. 6-7, 19-21.

²⁸⁸ [TR. J. Mazure 5/FEB/2021](#), p. 49, l. 16-24.

²⁸⁹ See, e.g. [Ex. 924](#).

²⁹⁰ [TR J. Mazure 5/FEB/2021](#), p. 49, l. 8-11; [Ex. 588](#).

²⁹¹ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 131, l. 10-p.132, l. 2, 9-12.

²⁹² [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 132, l. 13-p. 133, l. 4-8.

transactions²⁹³, and conflict again emerged between the two organizations. GPEB's efforts to engage with BCLC and service providers were limited due to poor relationships between the organizations and Mr. Mazure expressed his expectation for GPEB employees to work collaboratively with BCLC.²⁹⁴ Although BCLC and GPEB agreed money laundering was of serious concern to the integrity of gaming and it was necessary to engage law enforcement, they could not agree on how to move forward.²⁹⁵ Witnesses from GPEB and BCLC testified it was a difficult period in the organizations' relationship.²⁹⁶

(c) The IAAS Review of BCLC & Organizational Review of GPEB

123. In October 2014, the MOF Internal Audit & Advisory Services ("IAAS") completed its fieldwork for a review of BCLC (the "IAAS Review").²⁹⁷ The IAAS Review was issued December 4, 2014, and with respect to AML issues, observed that there was a "significant increase over reports filed prior to a 2009 FINTRAC compliance review, although this represents a small percentage of the total number of reports filed in BC". The IAAS Review noted that BCLC advised the increase was "primarily a result of improvements made in processes, systems and training as well as increased play".²⁹⁸

124. Concurrently with the IAAS Review, Mr. Mazure recommended the restructuring of GPEB's regulatory compliance functions.²⁹⁹ Mr. Mazure had observed that the Audit and Investigation Divisions were operating in silos; they did not interact often.³⁰⁰ The internal review resulted in organizational restructuring in December 2014 and, as part of that

²⁹³ [TR R. Barber, 3/NOV/2020](#), p. 21, l. 4-p. 22, l. 12; [Ex. 144](#), ¶ 22-23.

²⁹⁴ [TR J. Mazure, 5/FEB/2021](#), p. 31, l. 10-p. 32, l. 4, p. 83, l. 20-p. 85, l. 8, p. 85, l. 9-19; [TR G. Friesen 28/OCT/2020](#), p. 61, l. 3-p. 64, l. 12, pp. 144-145; [TR J. Karlovcec 29/OCT/2020](#), p. 162, l. 6-p. 163, l. 1; [TR L. Vander Graaf 12/NOV/2020](#), p. 82, l. 11-p. 87, l. 15; [TR K. Ackles 2/NOV/2020](#), p. 96, l. 1-p. 97, l. 6; [TR J. Schalk 22/JAN/2021](#), p. 117, l. 22-p. 121, l. 21, p. 143, l. 17-p. 146, l. 25.

²⁹⁵ [Ex. 522](#), ¶ 82; [TR J. Meilleur 10/MAR/2021](#), p. 166, l. 16-p. 169, l. 14; [Ex. 587](#), ¶ 77, ¶ 136; [TR J. Karlovcec 30/OCT/2020](#), p. 83, l. 11-20, p. 151, l. 7-14, p. 178, l. 5-11.

²⁹⁶ [TR J. Meilleur, 12/FEB/2021](#), p. 131, l. 14-p. 136, l. 11; [Ex. 522](#), ¶ 84; [TR B. Desmarais 2/FEB/2021](#), p. 72, l. 7-24; [TR J. Mazure 5/FEB/2021](#), p. 84, l. 16-p. 85, l. 19, p. 89, l. 12-p. 91, l. 8, p. 96, l. 4-p. 97, l. 20, 153, l. 25-p. 154, l. 5, p. 177, l. 1-p. 180, l. 1; [11/FEB/2021](#), p. 153, l. 3-p. 154, l. 11.

²⁹⁷ [Ex. 922](#), ¶ 49-53.

²⁹⁸ [Ex. 73](#), App. I, s. 2.2. The IAAS Review observed a lack of clarity in the roles and responsibilities between GPEB and BCLC but noted the Province had already identified this issue and directed the organizations to resolve it: [Ex. 73](#), Appendix I, s. 2.3.

²⁹⁹ [Ex. 547](#), [584](#); [Ex. 922](#), ¶ 59-63; [Ex. 541](#), ¶ 78-86; [Ex. 549](#).

³⁰⁰ [TR J. Mazure 5/FEB/2021](#), p. 85, l. 20-p. 87, l. 22

process, Mr. Vander Graaf and Mr. Schalk were terminated.³⁰¹

125. Other than the beliefs of some GPEB employees, there is no evidence Mr. Vander Graaf or Mr. Schalk were terminated because they raised concerns regarding money laundering.³⁰² This is consistent with Mr. Mazure's testimony³⁰³ and Ms. Wenezenki-Yolland's testimony, who approved the terminations and testified that they had nothing to do with Mr. Vander Graaf and Mr. Schalk's approach to AML.³⁰⁴

126. Mr. Mazure and Ms. Wenezenki-Yolland's evidence is corroborated by the contemporaneous documentation. None of the organizational review report³⁰⁵, the briefing notes to Minister de Jong and Ms. Wenezenki-Yolland reporting on the review or Mr. Mazure's intended implementation of its recommendations³⁰⁶ support a finding that GPEB terminated Mr. Vander Graaf and Mr. Schalk because they raised concerns regarding suspicious transactions and money laundering in BC casinos.

127. The change in leadership that occurred because of the GPEB internal review improved the dynamics within GPEB and, to a degree, improved GPEB's relationship with BCLC. Prior to the re-organization, Mr. Mazure considered there to be a dysfunctional relationship between Mr. Vander Graaf, Mr. Schalk, and BCLC's executive.³⁰⁷ Mr. Meilleur also identified problems between personalities both within GPEB and between GPEB and BCLC prior to the 2014 re-organization.³⁰⁸ He did not, however, believe the personality issues he observed impeded GPEB's ability to work effectively.³⁰⁹

128. In March 2015, in an attempt to build consensus among industry stakeholders on how to address the ongoing money laundering risk, Mr. Meilleur, then Executive Director

³⁰¹ [Ex. 587](#), ¶ 25-29.

³⁰² [TR L. Vander Graaf 12/NOV/2020](#), p. 224, l. 15-23, pp. 225-227; [TR R. Barber 3/NOV/2020](#), p. 57, l. 25-p. 58, l. 14, p. 72, l. 1-p. 73, l. 4, p. 154, l. 23-p. 155, l. 9; [TR J. Schalk 22/JAN/2021](#), p. 152, l. 21-p. 156, l. 12; [Ex. 549](#); [Ex. 922](#), ¶ 64-71; [Ex. 541](#), ¶ 125-129; [TR J. Mazure 5/FEB/2021](#), p. 107, l. 10-14; [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 33, l. 12-p. 34, l. 2; [Exs. 546, 547, 548, 549](#).

³⁰³ [TR J. Mazure 5/FEB/2021](#), p. 100, l. 15-p. 107, l. 14.

³⁰⁴ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 33, l. 12-p. 34, l. 2.

³⁰⁵ [Ex. 546](#); [Ex. 547](#).

³⁰⁶ [Ex. 548](#); [Ex. 549](#).

³⁰⁷ [TR J. Mazure 5/FEB/2021](#), p. 153, l. 13-p. 155, l. 11, p. 158, l. 24-p. 160, l. 3, p. 176, l. 11-22, p. 179, l. 12-p. 180, l. 1.

³⁰⁸ [TR J. Meilleur 12/FEB/2021](#), p. 23, l. 6-p. 24, l. 2.

³⁰⁹ [TR J. Meilleur 12/FEB/2021](#), p. 24, l. 3-7.

of GPEB's Compliance Division, and Ross Alderson, then BCLC's Director of AML and Operational Analysis, organized a stakeholder workshop.³¹⁰ Minister de Jong was briefed on this workshop by GPEB in May 2015. The associated briefing note also describes, at a high level, the Malysh Report and its conclusions.³¹¹

129. The workshop occurred in June 2015 and was referred to as the "Exploring Common Ground, Building Solutions" summit.³¹² Workshop participants, including the RCMP and FINTRAC, discussed AML best practices and identified a gap in BCLC's AML framework regarding source of funds.³¹³ It resulted in four recommendations:

- a. A ministerial directive to BCLC requiring development and implementation of additional standards in its enhanced CDD program to address money laundering. These were to be constructed around financial industry standards that include robust KYC policy and practices with a particular focus on source of funds assessment.
- b. Development and implementation of additional cash alternatives to further transition from cash-based transactions to electronic and other forms of transactions and instruments.
- c. Enhanced coordination and collaborative intelligence, analysis, audit, compliance and enforcement between BCLC, GPEB and other stakeholders.
- d. Public information and education strategy.³¹⁴

130. Following the Workshop, Mr. Meilleur prepared briefing materials and presented them to Mr. Mazure.³¹⁵

Summer 2015: E-Pirate and the spreadsheet

131. On July 22, 2015, Mr. Meilleur learned from Mr. Alderson that the RCMP had opened an investigation into suspected organized crime links to cash drops offs at BC casinos.³¹⁶ Mr. Meilleur asked Mr. Alderson to submit a s. 86 report setting out the

³¹⁰ [Ex. 587](#), ¶ 74, Ex. BB to EE; [TR J. Meilleur 12/FEB/2021](#), p. 44, l. 20-24, p. 48, l. 6-15; [Ex. 550](#).

³¹¹ [Ex. 575](#), App. 120.

³¹² [Ex. 522](#), ¶ 44, Ex. 18-21.

³¹³ [TR J. Meilleur 10/MAR/2021](#), p. 150, l. 5-p. 157, l. 4; [Ex. 587](#), Ex. K.

³¹⁴ [TR J. Meilleur 10/MAR/2021](#), p. 157, l. 5-p. 158, l. 23; [Ex. 587](#), Ex. K. A concept paper entitled "Cash in Gaming Facilities" was prepared after the workshop that Mr. Meilleur used to brief Mr. Mazure: [TR J. Meilleur 12/FEB/2021](#), p. 63, l. 12-24; [Ex. 587](#), Ex. K.

³¹⁵ [TR J. Meilleur 12/FEB/2021](#), p. 54, l. 25-p. 55, l. 25, p. 63, l. 16-24.

³¹⁶ [Ex. 587](#), ¶ 81.

information the RCMP had provided to BCLC.³¹⁷ Mr. Meilleur also called Superintendent Chrustie of the RCMP Federal Serious Organized Crime (FSOC) unit who advised that BCLC approached the RCMP with a subject and the RCMP opened an investigation, which would later become known as “E-Pirate”.³¹⁸ GPEB considered the involvement of the RCMP to be a positive development.³¹⁹ GPEB considered its investigators lacked the authority and resources to investigate proceeds of crime or money laundering.³²⁰

(a) Creation of the GPEB spreadsheet

132. Prior to learning of the E-Pirate investigation, Mr. Ackles and Mr. Barber had begun compiling information regarding LCTs at the River Rock in a spreadsheet (the “Spreadsheet”). Mr. Ackles and Mr. Barber testified they continued to see an increase in suspicious LCTs between 2012 to 2015 and had reported their concerns. Despite their reports, they did not observe any improvements being made and, as such, they decided to compile the information in a different format for delivery to GPEB’s executive.³²¹ The Spreadsheet revealed there was “approximately \$20 million in cash buy-ins, including \$14 million in \$20-bills” at the River Rock in July 2015.³²²

133. On August 13, 2015, Mr. Ackles and Mr. Barber provided a copy of the Spreadsheet to Mr. Meilleur,³²³ who sought additional information. Mr. Ackles and Mr. Barber advised Mr. Meilleur the information in the Spreadsheet was sourced from s. 86 reports filed by gaming services providers with GPEB and reported to FINTRAC by BCLC. Due to his knowledge of the E-Pirate investigation, Mr. Meilleur believed the funds in the Spreadsheet were most likely the proceeds of crime.³²⁴

³¹⁷ [Ex. 587](#), ¶ 81-82, Ex. II.

³¹⁸ [Ex. 587](#), ¶ 83.

³¹⁹ [Ex. 541](#), ¶ 141.

³²⁰ [Ex. 587](#), ¶ 31; [TR J. Meilleur 12/FEB/2021](#), p. 34, l. 15-p. 35, l. 10, and [10/MAR/2021](#), p. 3, l. 10-p. 12, l. 21, p. 45, l. 14-p. 47, l. 8; [Ex. 181](#), Ex. D, E and Z; [Ex. 144](#), ¶ 28-30, Ex. F; [Ex. 587](#), ¶ 31; [TR J. Meilleur 12/FEB/2021](#), p. 34, l. 15-p. 35, l. 10 and [10/MAR/2021](#), p. 3, l. 10-p. 12, l. 21, p. 45, l. 14-p. 47, l. 8; [TR J. Schalk 22/JAN/2021](#), p. 115, l. 16–p. 116, l. 12; [TR F. Pinnock 6/NOV/2020](#), p. 4, l. 18-p. 5, l. 19; [TR R. Kroeker 26/JAN/2021](#), p. 20, l. 2-p. 22, l. 7; Ex. 586 (sealed).

³²¹ [Ex. 144](#), ¶ 23, Ex. D; [TR K. Ackles 2/NOV/2020](#), p. 41, l. 4-25; [Ex. 145](#), ¶ 92-95; [TR R. Barber 3/NOV/2020](#), p. 21, l. 4-p. 22, l. 12.

³²² [Ex. 144](#), ¶ 24-25, Ex. D.

³²³ [Ex. 587](#), ¶ 31; [TR K. Ackles 2/NOV/2020](#), p. 42, l. 1-8.

³²⁴ [Ex. 587](#), ¶ 89.

134. Mr. Meilleur, Mr. Mazure, and Ms. Wenezenki-Yolland each spoke of the Spreadsheet as capturing their full attention.³²⁵ For example, Mr. Mazure deposed:

Prior to viewing the [Spreadsheet] prepared by the Compliance Division, I was certain as to the general nature of the suspicious cash and the potential for money laundering and proceeds of crime in and about casinos. However, I was still uncertain of the magnitude of the problem and of the individuals involved.

The [Spreadsheet], the E-Pirate investigation, the summit in June 2015, and a spike in suspicious cash in July 2015 drew more attention to the problem. This then spurred action by GPEB with the full support of [Ms. Wenezenki-Yolland].³²⁶

135. The creation of the Spreadsheet and the E-Pirate investigation triggered a series of actions by GPEB and the Province. GPEB prepared a strategy document for Minister de Jong setting out multiple ways in which the Province could address the persistence of LCTs. The strategy document proposed, among other things, a ministerial directive, collaboration with law enforcement and FINTRAC, the introduction of other cash alternatives, and an external review of BCLC's CDD practices.³²⁷

136. Minister de Jong testified that his awareness that additional steps were required to address money laundering arose at this time. He acknowledged that “[p]erhaps it should have occurred sooner” but remarked that such an awareness did not arise “on the strength of the information [he] was receiving from GPEB [and BCLC]”.³²⁸ That is, prior to August 2015, Minister de Jong had considered that the AML strategy developed by the Province was in place and being pursued.³²⁹

(b) GPEB requests BCLC implement a source of funds policy

137. One of the options presented to Minister de Jong after receipt of the Spreadsheet was a direction that BCLC implement a source of funds requirement. The lead up to this proposed direction began on August 7, 2015 with a letter from Mr. Mazure to Jim Lightbody, then CEO and President of BCLC, requesting action consistent with the

³²⁵ [TR J. Meilleur, 12/FEB/2021](#), p. 72, l. 9–p. 73, l. 24; [Ex. 922](#), ¶ 108; [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 45, l. 17–p. 46, l. 25.

³²⁶ [Ex. 541](#), ¶ 148-149.

³²⁷ [TR J. Meilleur 12/FEB/2021](#), p. 111, l. 1–p. 116, l. 2; [Ex. 587](#), Ex. HH; [Ex. 922](#), ¶ 112-114. Earlier that year, Mr. Mazure was provided a Briefing Note outlining various AML options: [Ex. 575](#), App. 118.

³²⁸ [TR M. de Jong 26/APR/2021](#), p. 118, l. 10–p. 119, l. 9; [Ex. 575](#).

³²⁹ [TR M. de Jong 26/APR/2021](#), p. 13, l. 20–p. 14, l. 16, p. 21, l. 25–p. 37, l. 10.

recommendations from the June 2015 summit.³³⁰ In particular, Mr. Mazure referenced the 2015/16 Mandate Letter issued by Minister de Jong and asked BCLC to pursue several activities, including, that BCLC “[d]evelop and implement additional [CDD] policies and practices constructed around financial industry standards and robust [KYC] requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment ...”.³³¹ According to Mr. Mazure, the intent of his letter was to ask BCLC to take steps additional to those required by the *PCMLTFA*.³³²

138. On August 24, 2015, Mr. Lightbody wrote to Minister de Jong to provide feedback in response to Mr. Mazure’s August 7, 2015 letter.³³³ Regarding Mr. Mazure’s direction with respect to source of wealth and source of funds, Mr. Lightbody advised as follows:

While it is generally easier to identify an individual’s source of wealth, identifying the actual source of funds per transaction is far more problematic, especially when the funds are presented as cash. It is financial industry standard to ask a customer to declare the source of funds for all transactions (including cash) over CAD \$10,000.00 however little follow up investigation is then conducted. It is also common practice in the financial industry to terminate a business relationship with a customer after two or three suspicious transaction reports (STR). ...

BCLC [believes] that currently no one agency in [BC] is equipped to identify the actual source of funds. To do so would require in most cases, law enforcement intervention. Currently BCLC and GPEB lack the legislative authority, and law enforcement lack the available budget, resources and visibility into gaming.³³⁴

139. Accordingly, BCLC proposed that the Province create a new dedicated law enforcement gaming unit to focus on identifying and eliminating proceeds of crime entering BC gaming facilities and preventing illegal or “underground” gambling in BC.³³⁵

140. In September 2015, GPEB and BCLC representatives, including Mr. Mazure, Ms. Wenezenki-Yolland, and Mr. Lightbody, met with Minister de Jong to discuss the issues.³³⁶

³³⁰ [TR J. Meilleur 10/MAR/2021](#), p. 159, l. 20-p. 160, l. 15.

³³¹ [Ex. 505](#), Ex. 48.

³³² [TR J. Mazure 11/FEB/2021](#), p. 175, l. 11-p. 176, l. 10.

³³³ Mr. Mazure was not aware of the letter then: [TR J. Mazure 11/FEB/2021](#), p. 176, l. 13-p. 178, l. 9.

³³⁴ [Ex. 505](#), Ex. 49.

³³⁵ [Ex. 505](#), Ex. 49.

³³⁶ [Ex. 922](#), ¶ 134-140; [TR J. Lightbody 28/JAN/2021](#), p. 27, l. 7-14. The normal process within government is that public service employees follow reporting lines. Generally speaking, this means the decision about whether a briefing is arranged would be the decision of the Deputy Minister: [TR L. Wanamaker 22/APR/2021](#), p. 45, l. 17-p. 46, l. 21.

141. On September 1, 2015, Mr. Mazure wrote to Mr. Lightbody and reiterated the requests in his August 7, 2015 letter. Mr. Mazure advised that, once BCLC responded, GPEB would examine BCLC's policy initiatives and advise BCLC of its position in respect of them.³³⁷ Mr. Lightbody responded the next day stating that BCLC was preparing a response in consultation with the incoming Vice President of Security and Compliance, Mr. Kroeker, and would respond by September 18, 2015.³³⁸

142. On September 8, 2015, Mr. Kroeker assumed his new position with BCLC. Upon arrival, Mr. Alderson briefed Mr. Kroeker on BCLC's AML landscape, including that:³³⁹

- a. in July or August 2015, the RCMP advised BCLC that it suspected that the cash entering casinos was potentially proceeds of crime;³⁴⁰
- b. BCLC investigative interviews conducted with VVIP players disclosed that these players readily admitted to not knowing the source of their cash and that they paid those funds back in suspicious circumstances, using suspicious methods, with little or no interest;³⁴¹ and
- c. BCLC needed to change its thinking around underground banking and the source of funds being used.³⁴²

143. Mr. Kroeker interpreted the last point as necessitating source of funds inquiries, but only on individuals identified by police.³⁴³ Regardless, by September 2015, BCLC knew there was a concern that proceeds of crime were entering casinos, and there was a need to start inquiring about source of funds for at least some patrons.

144. On September 11, 2015, BCLC issued a direction to service providers imposing conditions on a relatively small number of high-risk patrons, namely 36 individuals identified by police as having received cash from organized crime.³⁴⁴ The conditions, among other things, prohibited those patrons from buying in without proving the source of their cash or chips. The cash conditions program did not apply to all patrons; the purpose of the program "was to address any risk areas associated with individuals" attending

³³⁷ [Ex. 505](#), Ex. 50.

³³⁸ [Ex. 505](#), Ex. 51.

³³⁹ [TR R. Kroeker 26/JAN/2021](#), p. 48, l. 14-p. 49, l. 16.

³⁴⁰ [Ex. 493](#); [TR R. Kroeker 26/JAN/2021](#), p. 49, l. 17-p. 50, l. 11.

³⁴¹ [TR R. Kroeker 26/JAN/2021](#), p. 54, l. 10-p. 55, l. 5.

³⁴² [TR R. Kroeker 26/JAN/2021](#), p. 55, l. 15-22.

³⁴³ [TR R. Kroeker 26/JAN/2021](#), p. 55, l. 15-22.

³⁴⁴ [Ex. 490](#), ¶ 98, Ex. 39; [Ex. 148](#), ¶ 87-88, and 133-136, Ex. 8.

casinos and buying in with large amounts of “unsourced cash”.³⁴⁵ This direction was the expansion of the cash conditions referenced *infra* at paragraph 58.³⁴⁶

145. On September 16, 2015, Mr. Lightbody responded to Mr. Mazure’s August 7 and September 1 correspondence. Mr. Lightbody stated: “[w]ith respect to your specific suggestions in regard to source of wealth, source of funds, and suspicious transaction reports made to FinTRAC, I can confirm that all three of these elements ... are integrated into BCLC’s risk assessment and on-going monitoring of individual customers”.³⁴⁷

146. While these communications were ongoing, GPEB engaged the services of Myers Norris Penny LLP (MNP) to work directly with GPEB managers to analyze current practices in respect of source of funds, source of wealth, handling of cash, use of cash alternatives and overall CDD in gaming facilities and to assess BCLC’s CDD regime and overall compliance with AML practices.³⁴⁸

(c) October 2015 Ministerial direction

147. On October 1, 2015, Minister de Jong issued directions to BCLC regarding its AML practices in a letter to Bud Smith, BCLC Board of Directors Chair, including for BCLC to:

Enhance [CDD] to mitigate the risk of money laundering in British Columbia gaming facilities through the implementation of AML compliance best practices including processes for evaluating the source of wealth and source of funds prior to cash acceptance.³⁴⁹

148. Mr. Lightbody understood this direction from the Minister to mean BCLC should keep “doing what it was doing”; that is, BCLC should continue with the cash conditions program.³⁵⁰ Mr. Lightbody did not understand this to be a direction to implement a general source of funds policy.³⁵¹ Conversely, Mr. Desmarais understood Minister de Jong’s direction to mean BCLC was to evaluate the source of funds prior to cash acceptance for all patrons.³⁵² Mr. Mazure understood his August 7 letter and the Minister’s October 1

³⁴⁵ [TR K. Sweeney 29/JAN/2021](#), p. 191, l. 1-p. 192, l. 14.

³⁴⁶ [Ex. 522](#), ¶ 47-49, Ex. 22-25; [TR D. Tottenham 4/NOV/2020](#), p. 80, l. 8-p. 81, l. 13; [Ex. 148](#), ¶ 79.

³⁴⁷ [Ex. 505](#), Exs. 51 and 52.

³⁴⁸ MNP was formally engaged on September 8, 2015: [Ex. 73](#), App. J, p. 3.

³⁴⁹ [Ex. 505](#), Ex. 53.

³⁵⁰ [TR J. Lightbody 28/JAN/2021](#), p. 50, l. 21-p. 51, l. 6.

³⁵¹ [TR J. Lightbody 29/JAN/2021](#), p. 12, l. 1-11, p. 23, l. 25, p. 24, l. 1-9.

³⁵² [TR B. Desmarais 2/FEB/2021](#), p. 33, l. 5-25.

direction to be a request that BCLC go beyond its FINTRAC obligations and conduct source of funds inquiries prior to accepting suspicious cash.³⁵³

149. Mr. Kroeker prepared a draft letter in response to the Minister's October 1, 2015 letter, with input from Mr. Lightbody, Mr. Desmarais and others. Mr. Smith testified the draft letter accurately captured BCLC's position at the time.³⁵⁴ The draft letter read in part:

You have directed that BCLC evaluate the source of wealth and source of funds prior to cash acceptance in all instances...

Implementing a process that will require source of wealth and source of funds confirmation prior to any transaction will in all likelihood put much of the 77 percent of slot and table revenue that is cash based in jeopardy, the vast majority of which presents no, or extremely low, risk of money laundering.³⁵⁵

150. The minutes from BCLC's October 29, 2015 Board of Director's meeting provide insight into how the Minister's direction was received, including the Board's concerns about potential impact on revenue:

Bud Smith reviewed issues arising from a recent directive received from the Minister. Discussion followed as to the most appropriate board response, given management estimates the effect of the direction for BCLC, if fully implemented, would be hundreds of millions of dollars. The Board directed that the Chair seek a meeting with the Minister to review implications of the directive.³⁵⁶

151. Consistent with the Board's direction, Mr. Smith met with Minister de Jong on November 18, 2015. BCLC's briefing materials for the meeting indicate that the Minister was advised that "[a] relatively few number of high-value patrons account for significant gaming revenue to the province. These clients have a preference for cash transactions, for a number of reasons including cultural, and as a result account for a disproportionate number of STRs".³⁵⁷ Mr. Smith testified that, as of the November 2015 briefing, BCLC's executive and Board were aware that patrons were gambling in BC casinos with borrowed funds from unknown sources and that those loans were being repaid, sometimes in China; however, he did not provide this information to the Minister during the briefing.³⁵⁸ An e-

³⁵³ [TR J. Mazure 11/FEB/2021](#), p. 183, l. 21–p. 185, l. 22.

³⁵⁴ [TR B. Smith 4/FEB/2021](#), p. 114, l. 20–p. 115, l. 22.

³⁵⁵ [Ex. 538](#).

³⁵⁶ [Ex. 513](#), p. 7; [TR J. Lightbody 29/JAN/2021](#), pp. 36-38.

³⁵⁷ [Ex. 539](#).

³⁵⁸ [TR B. Smith 4/FEB/2021](#), p. 135, l. 3-19, p. 137, l. 23-p. 138, l. 18; [Ex. 540](#).

mail sent on November 19, 2015 confirmed the source of funds direction was raised:

In a meeting with Bud Smith yesterday, Minister committed to clarify through the mandate letter, that the evaluation of source of funds prior to cash acceptance, does not imply that they need to check every \$20 bill that comes in the door. That a pragmatic, risk based approach should be taken in appropriate consideration of evaluating the source of funds.³⁵⁹

(d) Implementation of Minister's October 2015 direction

152. Mr. Mazure believes he advised Minister de Jong that he was not satisfied with BCLC's implementation of the Minister's October 1, 2015 direction while discussing BCLC's Mandate Letter or letter of expectations.³⁶⁰ On January 29, 2016, Minister de Jong issued the 2016/17 Mandate Letter to BCLC, which included a direction to BCLC, consistent with Mr. Mazure's direction, that BCLC implement AML practices that involved an evaluation of the source of wealth and source of funds prior to cash acceptance.³⁶¹

153. Beginning in May 2016, BCLC required service providers to complete a source of funds questionnaire for specific patrons at the time of a large cash buy-in. When a high-risk patron would buy-in at a BC casino, the service provider would fill out an "Interview Form", which inquires: "What is the source of funds for this CASH buy in?" The answers to that inquiry include: "from home savings", "my own cash", and "it is my money".³⁶² Despite the generality of these responses, service providers accepted the cash.³⁶³

154. Ms. Wenezenki-Yolland was aware GPEB was not satisfied with BCLC's response.³⁶⁴ She was kept apprised of the fact that Mr. Mazure continued to write to Mr. Lightbody to express the view that additional steps needed to be taken regarding source of wealth and source of funds.³⁶⁵ Although Ms. Wenezenki-Yolland did not recall the specific steps BCLC had taken, she was satisfied those steps were increasing because STR trends were in decline. Over this period, Ms. Wenezenki-Yolland received reports

³⁵⁹ [Ex. 903](#).

³⁶⁰ [TR J. Mazure 5/FEB/2021](#), p. 132, l. 6-p. 134, l. 2. In this excerpt, Mr. Mazure also stated he would have raised the issue when briefing the Minister on the outcome of the MNP Report.

³⁶¹ [Ex. 922](#), ¶ 156-158, Exs. BB-DD.

³⁶² [Ex. 85](#).

³⁶³ [TR D. Tottenham 10/NOV/2020](#), p. 6, l. 20–p. 14, l. 22; [TR S. Beeksmas 26/OCT/2020](#), p. 44, l. 19-25, p. 45, l. 1-14.

³⁶⁴ [Ex. 922](#), ¶ 160.

³⁶⁵ [Ex. 922](#), ¶ 155, Ex. AA.

from staff that source of funds inquiries were not necessarily happening consistently, and concerns remained around suspicious cash transactions.³⁶⁶

155. Similarly, Minister de Jong testified he did not receive “any indication, any evidence, any advice or information to suggest that ... there was any attempt being made to frustrate *the intent* of what was conveyed both in the October 1st letter and the subsequent mandate letter” [emphasis added].³⁶⁷ He did not follow up to confirm BCLC was following his direction; he was satisfied STRs were decreasing and did not consider further action necessary.³⁶⁸ To the extent that Minister de Jong’s impression was not consistent with GPEB’s view, this may have resulted at least in part from the earlier direction that GPEB and BCLC were to resolve issues between themselves without the Minister’s intervention and that the views of both organizations needed to be incorporated into joint briefing notes and approved by BCLC and GPEB.³⁶⁹

156. BCLC did not implement a general source of funds policy until January 10, 2018, after Dr. German’s interim recommendations were released in December 2017.³⁷⁰ Mr. Tottenham agreed that in deciding not to implement a blanket source of funds rule earlier, BCLC had considered the negative impact on the revenue generated by the industry. Mr. Tottenham further acknowledged that earlier introduction of a blanket source of funds rule would have had a dramatic impact on suspicious cash, stating: “Essentially it would have gotten us very quickly to the point where we eventually have gotten to”.³⁷¹

The July 2016 MNP Report & \$50,000 threshold issue

157. On July 26, 2016, MNP issued its report entitled “British Columbia Gaming Policy Enforcement Branch: AML Report” (the “MNP Report”). The MNP Report made several recommendations directed towards GPEB and BCLC. In section 4.2, MNP made a recommendation to GPEB regarding un sourced cash:

³⁶⁶ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 126, l. 13-p. 127, l. 18.

³⁶⁷ [TR M. de Jong 23/APR/2021](#), p. 141, l. 15-19, p. 155, l. 23-p. 157, l. 15.

³⁶⁸ [TR M. de Jong 23/APR/2021](#), p. 86, l. 9-13, p. 93, l. 11-p. 94, l. 11, p. 156, l. 13-25.

³⁶⁹ [Ex. 541](#), ¶ 15, 42.

³⁷⁰ [Ex. 505](#), Ex. 152; [TR J. Lightbody 29/JAN/2021](#), p. 27, l. 17–p. 28, l. 9; GPEB and BCLC continued to exchange correspondence related to the issue of source of funds and other AML policies: see, [Ex. 505](#), Exs. 54 to 57.

³⁷¹ [TR D. Tottenham 5/NOV/2020](#), p. 4, l. 8–p. 6, l. 9.

4.2 Currently, casinos are only required to report LCTRs after they have accepted the cash transaction. GPEB should consider implementing a policy requirement that Service Providers refuse unsourced cash deposits exceeding an established dollar threshold or to refuse frequent unsourced cash deposits exceeding an established threshold and time period until the source of cash can be determined and validated.³⁷²

158. Ms. Wenezenki-Yolland was provided a draft copy of the MNP Report for review and comment. She considered that the draft failed to describe much of the AML efforts put in place since September 2015. However, Ms. Wenezenki-Yolland understood the MNP Report recommendations; she deposed that MNP recommended the “establishment of a threshold over which cash buy-ins would require source verification”. Like the Malysh Report, the MNP Report did not recommend a hard cash cap.³⁷³

159. The MNP Report also referred to the historical \$50,000 threshold issue which arose at the River Rock.³⁷⁴ In November 2015, BCLC determined that River Rock staff mistakenly believed they “were not required to screen any cash buy-ins under \$50,000 as suspicious” and “that any large buy-ins in larger denominations such as \$50 or \$100 bills were not regarded as suspicious if the patron had a documented source of wealth or was historically a high limit player”.³⁷⁵ While there is some conflict in the evidence as to the genesis of the \$50,000 threshold, the balance of the evidence suggests the threshold resulted from a misunderstanding borne of a direction from Mr. Dickson to report *all* \$50,000 transactions pursuant to s. 86 of the GCA.³⁷⁶ To be clear, Mr. Dickson did not, at any time, direct service providers or BCLC not to report transactions under \$50,000 as suspicious to GPEB or FINTRAC.³⁷⁷

160. In 2012, GPEB noticed the River Rock was failing to submit s. 86 reports regarding suspicious cash buy-ins using \$100 bills. On several occasions, Mr. Dickson asked BCLC senior staff, Mr. Karlovcec and Mr. Friesen, whether such a threshold was being applied at the River Rock. Mr. Dickson was advised it was not, and he trusted the information

³⁷² [Ex. 73](#), App. J.

³⁷³ [Ex. 922](#), ¶ 161-169.

³⁷⁴ At section 5.33.

³⁷⁵ [Ex. 75](#), ¶ 5.

³⁷⁶ [Ex. 490](#), ¶ 85, Ex. 20; [Ex. 107](#); [Ex. 75](#); [Ex. 84](#); [Ex. 113](#); [Ex. 534](#).

³⁷⁷ [TR D. Dickson 22/JAN/2021](#), p. 15, l. 10-p. 16, l. 16.

provided by BCLC was correct.³⁷⁸ At one point, Mr. Karlovcec directed Mr. Dickson's comments to Mr. Ennis of GCGC so he could clarify reporting obligations with his staff.³⁷⁹

161. A GPEB investigator, Mr. Barber, learned that River Rock staff were only reporting as suspicious cash buy-ins over \$50,000 which consisted of \$20 bills. He too raised his concerns about this practice with GCGC staff. On one occasion, Mr. Barber and Mr. Dickson spoke with Mr. Ennis and Arlene Strongman of GCGC and told them thresholds for suspicious transactions were unacceptable and that any suspicious transaction should be reported, regardless of the value of the transaction.³⁸⁰

162. GPEB addressed allegations of non-compliance with both the service provider and BCLC directly. After doing so, GPEB: (1) received confirmation from BCLC that there were no deficiencies in reporting; and (2) in any event, provided clear direction to the service provider regarding acceptable reporting. Based on these communications, GPEB did not initiate a more extensive investigation into the issue. Bearing in mind BCLC's strict reporting obligations under *PCMLTFA*, it was reasonable for GPEB to trust that BCLC's knowledge of the status of service provider FINTRAC reporting was accurate.

163. In addition to highlighting the \$50,000 threshold, the MNP Report became another source of conflict between GPEB and BCLC.³⁸¹ BCLC did not agree with some of MNP's recommendations and took the position that it did not need to act on them other than by way of a commitment to enhance its AML training program.³⁸² BCLC also expressed concerns regarding MNP's data collection and the accuracy of the data utilized, but Mr. Kroeker acknowledged in cross-examination that the data concerns would not have affected at least some of MNP's key findings, including those at 5.79, 5.8, and 5.81.³⁸³

164. When asked why he did not go to the Minister in July 2016 and tell him that BCLC was being "intransigent", Mr. Mazure testified that in his regular meetings with Ms. Wenezenki-Yolland he conveyed that information. He did not know if Ms. Wenezenki-

³⁷⁸ [TR D. Dickson 22/JAN/2021](#), p. 18, l. 4-9.

³⁷⁹ [TR D. Dickson 22/JAN/2021](#), p. 58, l. 14-p. 60, l. 23, p. 88, l. 23-p. 89, l. 7; [Ex. 75](#), App. K.

³⁸⁰ [Ex. 145](#), ¶ 73-76; see also, [TR R. Barber 3/NOV/2020](#), p. 90, l. 21-p. 92, l. 14..

³⁸¹ [Ex. 922](#), ¶ 166-182.

³⁸² [Ex. 584](#).

³⁸³ [Ex. 587](#), ¶ 132-135; [TR R. Kroeker 26/JAN/2021](#), p. 62, l. 25-p. 64, l. 23.

Yolland passed on that information to the Minister.³⁸⁴ Despite BCLC's concerns with the MNP Report, Minister de Jong was advised of the report and GPEB began working on a review of responsive policy options, including a directive respecting source of funds.³⁸⁵

165. With some exceptions, GPEB and BCLC eventually worked on implementing the MNP Report collaboratively. Michelle Jaggi-Smith, then Executive Director of GPEB's Policy Division, was given the task of compiling the responses to the MNP Report and working with BCLC on those responses. Each organization was assigned responsibility for each of MNP's recommendations.³⁸⁶ Mr. Mazure and Mr. Lightbody prepared a briefing document for the Minister to update him on their work in responding to the MNP Report.³⁸⁷ Another briefing note was prepared in February or March 2017 to update the Minister of the terms of work between GPEB and BCLC arising from the MNP Report, but Mr. Mazure was unable to recall if it went forward to the Minister.³⁸⁸

166. BCLC and GPEB continued to disagree on AML initiatives in the intervening period. Mr. Meilleur had regular meetings with Mr. Alderson and Mr. Kroeker to discuss what additional measures could be taken by GPEB and BCLC, including a threshold on the amount of cash that could be accepted and efforts to identify the source of funds. BCLC representatives responded to Mr. Meilleur advising that BCLC already had such measures in place; for example, BCLC referred to its high-risk patron interview form that inquired into source of funds.³⁸⁹ Although GPEB and BCLC disagreed on how to move forward, they did agree that law enforcement needed to take an active role in investigating, deterring, and assisting in the prosecution of money laundering.³⁹⁰

Creation of JIGIT

167. Throughout the material period, both GPEB and BCLC sought to engage law

³⁸⁴ [TR J. Mazure 5/FEB/2021](#), p. 139, l. 15-p. 140, l. 5.

³⁸⁵ [Ex. 587](#), ¶ 141; [Ex. 555](#); [TR J. Mazure 5/FEB/2021](#), p. 137, l. 17-p. 138, l. 21.

³⁸⁶ [TR J. Meilleur 10/MAR/2021](#), p. 169, l. 15-p. 177, l. 12; see also, [Ex. 711](#).

³⁸⁷ [Ex. 922](#), ¶ 171. See also, [Ex. 555](#).

³⁸⁸ [TR J. Mazure 5/FEB/2021](#), p. 143, l. 3-p. 145, l. 5.

³⁸⁹ [Ex. 587](#), ¶ 141.

³⁹⁰ [Ex. 587](#), ¶ 77 and 144; [Ex. 505](#), ¶ 114.

enforcement's assistance in combatting the issue of money laundering in BC casinos.³⁹¹ The respective organizations contacted the RCMP and other police of jurisdiction to advise of concerns around money laundering and proceeds of crime entering BC casinos. The evidence suggests that, other than a short-lived investigation by IPOC in 2010/11 and the E-Pirate investigation, there were no significant money laundering investigations in BC until the creation of JIGIT.³⁹²

168. In April 2016, the Province established JIGIT, which operates under the auspices of the Combined Forces Special Enforcement Unit of BC ("CFSEU-BC") and is mandated to provide a dedicated, coordinated, multi-jurisdictional investigative and enforcement response to both illegal gambling and unlawful activities within BC gaming facilities.³⁹³ JIGIT's strategic objectives include targeting and disrupting organized crime and gang involvement in illegal gaming, criminal investigations of illegal gambling, and the prevention of criminal attempts to legalize proceeds of crime through gaming facilities.³⁹⁴

169. In May 2016, four GPEB members were embedded within JIGIT. They collect intelligence, provide information to JIGIT, and liaise with BCLC; they are seen to be of "great value" and have contributed to JIGIT's success.³⁹⁵ At present, there are eight members of GPEB embedded in JIGIT.³⁹⁶

170. An early initiative of JIGIT was Project Athena (now known as the Counter Illicit Finance Alliance of BC ("CIFA-BC")).³⁹⁷ Project Athena initially began as a JIGIT probe into the use of bank drafts at casinos in the Lower Mainland. Through its investigation, JIGIT uncovered that there was no standardization of the content required on a bank draft, which led to a vulnerability that could be exploited for the purposes of laundering money.³⁹⁸ As a result, Canadian banks undertook efforts to update their bank draft

³⁹¹ [Ex. 145](#), ¶ 58-61; [TR R. Barber 3/NOV/2020](#), p. 137, l. 10-23; [Ex. 148](#), ¶ 102-132; [TR D. Dickson 22/JAN/2021](#), p. 12, l. 3-19, p. 32, l. 5-22; [Ex. 110](#); [TR S. Lee 27/OCT/2020](#), p. 20, l. 12-17, p. 23, l. 20; [TR S. Beeksmas 26/OCT/2020](#), p. 124, l. 3-9, p. 116, l. 20-p.117, l. 3.

³⁹² [TR J. Meilleur 10/MAR/2021](#), p. 60, l. 22-p. 61, l. 15.

³⁹³ JIGIT was formed with fenced funding: [Ex. 902](#).

³⁹⁴ [Ex. 809](#). See also [Ex. 793](#).

³⁹⁵ [Ex. 144](#), ¶ 37-38; [TR S/Sgt. J. Hussey 7/APR/2021 \(Session 2\)](#), p. 58, l. 22-p. 59, l. 5.

³⁹⁶ [TR J. Hussey 7/APR/2021](#), p. 23, l. 8-20.

³⁹⁷ [Ex. 144](#), ¶ 40.

³⁹⁸ [Ex. 144](#), ¶ 39-42; [Ex. 504](#), ¶ 67-76; [Ex. 839](#); [TR B. Robinson M. Paddon 14/APR/2021](#), pp. 30-82.

procedures to address the identified vulnerabilities.³⁹⁹

Reporting to past Ministers and Deputy Ministers

171. Over the material period, GPEB provided timely and accurate information to the various Ministers responsible for gaming. GPEB acted reasonably by: (a) alerting the Ministers to the risk of money laundering and acceptance of the proceeds of crime in BC casinos; (b) reporting to the Ministers about the steps being taken by GPEB, in coordination with BCLC, to try to address those risks; and (c) reporting to the Ministers about the progress of those efforts.

(a) GPEB reporting to Ministers and Deputy Ministers

172. GPEB's first GM, Mr. Sturko, testified he would have made the DM and Minister aware of the discussions occurring within GPEB about potential money laundering.⁴⁰⁰ Although he did not specifically recall if he elevated GPEB's conclusion that the risk to the BC gaming environment was "extremely high", Mr. Sturko believed the Minister and DMs would have been aware of GPEB's concerns because preparation for Estimates or Question Period necessitated briefing upon the issues of the day.⁴⁰¹

173. As Acting GM, Ms. Birge did not discuss concerns about suspicious cash or money laundering with the Minister or DM.⁴⁰² However, she explained that at that time, it would not "have been responsible to do so" because GPEB was "engaged in a process that had been ongoing for some time around [PGF accounts]". Moreover, GPEB had received the Deloitte Report and the Kroeker Report and was responding to them with the goal of establishing a working group to collaborate with BCLC and other stakeholders to come up with recommendations.⁴⁰³ Ms. Birge wanted GPEB to do its due diligence around the issues before making a recommendation to the Minister or DM.⁴⁰⁴

³⁹⁹ [Ex. 144](#), ¶ 39; TR S. Davis, J. Stark, G. Stavridis, 19/JAN/2021 (*in camera*) pp. 69-75, 100-107; [TR A. Gabriele 20/JAN/2021](#), pp. 5-81; [TR M. Bowman 20/JAN/2021](#), pp. 92-147.

⁴⁰⁰ [TR D. Sturko 28/JAN/2021](#), p. 122, l. 6-p. 123, l. 1.

⁴⁰¹ [TR D. Sturko 28/JAN/2021](#), p. 123, l. 7-15, p. 160, l. 10-21.

⁴⁰² [TR S. Birge 3/FEB/2021](#), p. 24, l. 24-p. 25, l. 10; Ms. Birge did, however, submit to the Minister Estimates Briefing Notes addressing wrongdoing related to gaming and FINTRAC reporting: [Ex. 575](#), Appendices 169 and 170.

⁴⁰³ [TR S. Birge 3/FEB/2021](#), p. 25, l. 11-p. 27, l. 3.

⁴⁰⁴ [TR S. Birge 3/FEB/2021](#), p. 34, l. 14-p. 35, l. 15.

174. Minister Coleman testified that, during his time as responsible minister⁴⁰⁵, he was aware of the need to be “mindful of the proceeds of crime” in all aspects of the economy, not just gaming.⁴⁰⁶ He recalled attending a meeting with Mr. Vander Graaf and Ms. Wanamaker in 2010 during which LCTs were discussed but did not recall Mr. Vander Graaf attempting to raise the alarm about money laundering in that meeting.⁴⁰⁷ Despite this lack of recollection, the Kroeker Report was commissioned shortly thereafter,⁴⁰⁸ suggesting the Minister was apprised of the issue. Following release of the Kroeker Report, Minister Coleman did not recall receiving a proposal to issue a ministerial directive to impose a cash cap at BC casinos.⁴⁰⁹

175. While he was GM, Mr. Scott initially reported to Ms. Wanamaker. Their discussions early in his tenure related to the Kroeker Report. He advised Ms. Wanamaker he did not think implementation of the Report’s recommendations would be enough. During that time, it was “routine” for Mr. Scott and Ms. Wanamaker to discuss suspicious cash.⁴¹⁰ In his view, the scale and quantum of suspicious cash was well-known.⁴¹¹ Mr. Scott advised Ms. Wanamaker that GPEB investigators believed that BC casinos were being used to facilitate the laundering of proceeds of crime,⁴¹² and he also communicated those concerns to Ms. Wenezenki-Yolland.⁴¹³

176. Briefing notes prepared for Minister Coleman during Mr. Scott’s tenure confirm that he updated Minister Coleman on GPEB’s progress in implementing the Kroeker Report recommendations and the Province’s AML Strategy.⁴¹⁴ Mr. Scott agreed that a February 2012 briefing note to Minister Coleman⁴¹⁵ gave the impression that everything was under control and the parties were diligently responding to the issue but clarified that was

⁴⁰⁵ Minister Coleman was responsible minister from August 19, 2002 to June 15, 2005, from June 23, 2008 to March 13, 2011, and from February 8, 2012 to June 9, 2013. The Hon. Shirley Bond was responsible minister from March 14, 2011 to February 7, 2012: Appendix B (GCA Responsibilities).

⁴⁰⁶ [TR R. Coleman 28/APR/2021](#), p. 98, l. 13-p. 99, l. 12.

⁴⁰⁷ [TR R. Coleman 28/APR/2021](#), p. 110, l. 2-p. 115, l. 13.

⁴⁰⁸ [TR R. Coleman 28/APR/2021](#), p. 114, l. 6-p. 115, l. 2.

⁴⁰⁹ [TR R. Coleman 28/APR/2021](#), p. 125, l. 3-20.

⁴¹⁰ [TR D. Scott 8/FEB/2021](#), p. 63, l. 17-p. 65, l. 2.

⁴¹¹ [TR D. Scott 8/FEB/2021](#), p. 65, l. 3-25.

⁴¹² [TR D. Scott 8/FEB/2021](#), p. 66, l. 1-24.

⁴¹³ [TR D. Scott 8/FEB/2021](#), p. 67, l. 6-21.

⁴¹⁴ [Ex. 575](#), App. 12, 175, 176. See also, App. 174, 177, 178; [Ex. 557](#), Ex. 26.

⁴¹⁵ [Ex. 557](#), Ex. 31.

because he believed GPEB had a clear plan they were working on with BCLC.⁴¹⁶

177. In August 2011, Mr. Scott briefed Minister Bond on GPEB and BCLC's action plan to respond to the recommendations in the Kroeker Report.⁴¹⁷ Mr. Scott did not have a specific recollection of briefing Minister Coleman on the issue of suspicious cash transactions, but testified that he would have: (a) briefed the Minister on the broader AML Strategy and in doing so, would have explained that it was developed because of money laundering concerns and a belief that proceeds of crime were entering casinos;⁴¹⁸ and (b) would have briefed the Minister during the course of transitional briefings⁴¹⁹, including one such briefing he delivered to Minister de Jong in June 2013.⁴²⁰ Mr. Scott was also confident that he would have spoken to the Minister about increasing suspicious cash transactions when discussing GPEB's performance progress report from May 2013.⁴²¹

178. While Mr. Mazure was GM, he usually met with Ms. Wenezenki-Yolland weekly or bi-weekly for 45 minutes to an hour.⁴²² Because AML issues were one of GPEB's priorities, he would have shared with her both Mr. Vander Graaf's concerns⁴²³ and any action items he may need her assistance with or "things that might need to go to the Minister".⁴²⁴ During his first year, Mr. Mazure believed that those issues brought to Ms. Wenezenki-Yolland's attention were also brought to the Minister's attention. He stated that GPEB would have "kept him in the loop" (with reference to the Minister) because AML was part of BCLC's letters of expectation.⁴²⁵

179. For her part, Ms. Wenezenki-Yolland testified she had bi-weekly meetings with the DM⁴²⁶ and, on average, met with the Minister on a monthly basis.⁴²⁷ Ms. Wenezenki-

⁴¹⁶ [TR D. Scott 8/FEB/2021](#), p. 72, l. 10-p. p. 75, l. 18.

⁴¹⁷ [Ex. 575](#), App. 171.

⁴¹⁸ [TR D. Scott 8/FEB/2021](#), p. 67, l. 22-p. 68, l. 19.

⁴¹⁹ [TR D. Scott 8/FEB/2021](#), p. 68, l. 20-p. 69, l.

⁴²⁰ [TR D. Scott 8/FEB/2021](#), p. 68, l. 20-p. 70, l. 20; Mr. Scott deposed that he would have approved the PowerPoint presentation for the briefing: [Ex. 557](#), ¶ 59 and [Ex. 27](#).

⁴²¹ [TR D. Scott 8/FEB/2021](#), p. 75, l. 23-p. 77, l. 23; [Ex. 575](#), ¶ 59, [Ex. 27](#), p. 192.

⁴²² [TR J. Mazure 5/FEB/2021](#), p. 12, l. 10-22; [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 145, l. 1-11.

⁴²³ Mr. Mazure testified that Mr. Vander Graaf raised AML issues and suspicious cash transactions in one of their initial meetings: [TR J. Mazure 5/FEB/2021](#), p. 8, l. 1-25. See also, [Ex. 575](#), App. 114.

⁴²⁴ [TR J. Mazure 5/FEB/2021](#), p. 12, l. 23-p. 13, l. 25.

⁴²⁵ [TR J. Mazure 5/FEB/2021](#), p. 15, l. 20-p. 18, l. 5.

⁴²⁶ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 145, l. 1-11.

⁴²⁷ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 145, l. 23-p. 146, l. 5.

Yolland recalled raising the issue of money laundering or suspicious cash transactions with the DM.⁴²⁸ When asked if she would have briefed the Minister in 2013 about what she was learning about suspicious cash transactions, Ms. Wenezenki-Yolland said she believed the Minister had the same information as she did in 2013.⁴²⁹

180. Ms. Wenezenki-Yolland agreed that two GPEB employees raised the concern of suspicious cash transactions with her while she was at GPEB's offices, though she could not recall who the two employees were or when the meeting occurred.⁴³⁰ Ms. Wenezenki-Yolland also could not remember whether she briefed the Minister in 2014 about suspicious cash transactions and money laundering concerns. At this time, there was media coverage regarding suspicious cash transactions and Mr. Mazure briefed Ms. Wenezenki-Yolland on the issue. She described this as a "warning flag" for her; but clarified that the issue of suspicious cash in BC gaming facilities did not crystallize due to GPEB's work on AML initiatives.⁴³¹

(b) Direction for joint GPEB/BCLC reporting

181. The challenges arising from GPEB and BCLC's relationship, and both entities ability to report to government, were compounded between 2013 and 2016 because of a direction from Ms. Wenezenki-Yolland that the organizations work together to resolve any issues. Mr. Mazure, then GM, described his understanding as follows:

It was made clear to me by Ms. Wenezenki-Yolland [then Associate Deputy Minister] that there was an expectation that I would be expected to work with BCLC to resolve issues that even though both organizations reported to the Ministry of Finance at the time, issues between the two organizations were not routinely going to be resolved at the Ministerial level. This expectation that GPEB and BCLC were to resolve issues between themselves without the Minister's intervention was consistent throughout my tenure with GPEB.⁴³²

⁴²⁸ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 159, l. 21-p. 160, l. 12.

⁴²⁹ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 154, l. 23-p. 155, l. 22.

⁴³⁰ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 148, l. 1-p. 151, l. 8.

⁴³¹ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 160, l. 13-p. 164, l. 13; see also, [Ex. 922](#), ¶ 83.

⁴³² [Ex. 541](#), ¶ 15; Mr. Scott testified that Ms. Wanamaker accepted his assessment and expected him to solve the problem, and he communicated his concerns to Ms. Wenezenki-Yolland: [TR D. Scott 8/FEB/2021](#), p. 66, l. 13-p. 67, l. 21.

182. Mr. Mazure testified he received direction from Ms. Wenezenki-Yolland⁴³³ that if there was a policy issue that had implications for either BCLC or GPEB, the views of both BCLC and GPEB needed to be incorporated into a joint briefing note, and both GPEB and BCLC had to sign off on it before it would be brought to the attention of the Minister. In other words, GPEB's reporting would need to be done jointly with BCLC. Mr. Mazure believed this direction caused the information provided to the Minister to be diluted; he was concerned that, if he was not present, the briefing notes may leave the Minister with the impression that GPEB and BCLC were more aligned than they were.⁴³⁴

183. In January 2015, Ms. Wenezenki-Yolland was concerned about the ongoing issue of suspicious cash and LCTs in casinos and requested a briefing from GPEB and BCLC.⁴³⁵ GPEB and BCLC made presentations to Ms. Wenezenki-Yolland; GPEB's presentation was given by Mr. McCrea and BCLC's presentation was given by Brad Desmarais.⁴³⁶ Ms. Wenezenki-Yolland observed there appeared to be a "constructive working relationship" between GPEB and BCLC, and after the presentations, expressed the opinion that government would not want "that kind of business in the casino". She advised the Minister about the briefing.⁴³⁷

184. Taken as a whole, the evidence establishes that GPEB elevated the issue of potential money laundering and proceeds of crime to various GMs and Ms. Wenezenki-Yolland as Associate DM. GPEB requested that issues pertaining to suspicious cash and money laundering be raised with senior government officials. As Mr. Meilleur testified, GPEB outlined that it required direction in terms of a threshold or a change to the GCA or some other directive from the Minister.⁴³⁸ Mr. Meilleur observed that money laundering was a complex and serious public policy issue and that GPEB's GMs were concerned and "were pushing that up to senior government to say, if you would like your regulatory body

⁴³³ Ms. Wenezenki-Yolland deposed that she did not require GPEB and BCLC to provide joint briefing notes; rather, it was government practice and the expectation of Minister de Jong: [Ex. 922](#), ¶ 189.

⁴³⁴ [Ex. 541](#), ¶ 42 and 43.

⁴³⁵ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 37, l. 7-p. 38, l. 20.

⁴³⁶ [Ex. 505](#), Ex. 61; [Ex. 580](#); She recalled that Messrs. Mazure and Meilleur were in attendance: [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 139, l. 14-p. 143, l. 19; [TR L. Meilleur 12/FEB/2021](#), p. 40, l. 19-p. 42, l. 17.

⁴³⁷ [TR C. Wenezenki-Yolland 27/APR/2021](#), p. 139, l. 14-p. 143, l. 19.

⁴³⁸ [TR L. Meilleur 10/MAR/2021](#), p. 26, l. 18-p. 27, l. 22.

to do something, we need assistance in terms of that”.⁴³⁹

(c) *Transition of gaming portfolio to Minister Eby*

185. Following the May 2017 provincial election, Minister Eby was appointed as Attorney General.⁴⁴⁰ Minister Eby assumed responsibility for the gaming portfolio in July 2017. As part of his transition, Minister Eby received a series of briefings from GPEB and BCLC. The first briefing was from BCLC executives on July 31, 2017 in Kamloops.⁴⁴¹ Mr. Lightbody gave the presentation, which covered a variety of matters relevant to BCLC; it contained three slides on the issue of AML, which summarized information contained in two BCLC briefing notes.⁴⁴² BCLC did not mention money laundering concerns, suspicious cash, or of the potential involvement of organized crime.⁴⁴³

186. In August 2017, GPEB presented a two-part briefing to Minister Eby.⁴⁴⁴ GPEB showed Minister Eby videos of patrons bringing bulk cash into casinos and outlined the Vancouver model of money laundering.⁴⁴⁵ GPEB explained the steps taken to date to address suspicious cash in BC casinos, trends in suspicious currency transactions, and “GPEB’s AML challenges” including, among other things, “BCLC reluctance to move forward with the speed necessary to mitigate risks (e.g. source of funds, Transaction Assessment Team (TAT))”. In particular, GPEB identified a ministerial direction to BCLC as a potential AML mitigation strategy and presented Minister Eby with a number of possible actions, including to “[i]mplement more rigorous Know Your Customer (KYC) / Source of Funds (SOF) standards”.⁴⁴⁶ As a result of the GPEB briefing, Minister Eby thought there was a very serious money laundering issue in BC casinos.⁴⁴⁷

187. Prior to the 2017 election, GPEB had prepared a draft briefing note to Minister de Jong recommending that the Minister issue a directive to BCLC requiring BCLC to take

⁴³⁹ [TR L. Meilleur 10/MAR/2021](#), p. 64, l. 4-p. 65, l. 10.

⁴⁴⁰ [TR D. Eby 26/APR/2021](#), p. 2, l. 24-p. 3, l. 2.

⁴⁴¹ [TR R. Fyfe 29/APR/2021](#), p. 59, l. 7-p. 60, l. 4; [TR D. Eby 26/APR/2021](#), p. 29, l. 8-22.

⁴⁴² [TR R. Fyfe 29/APR/2021](#), p. 91, l. 10-p. 94, l. 11; [Ex. 909](#); [Ex. 916](#).

⁴⁴³ [Ex. 905](#); [Ex. 944](#); [TR D. Eby 26/APR/2021](#), p. 31, l. 1-19.

⁴⁴⁴ [TR D. Eby 26/APR/2021](#), p. 38, l. 2-10.

⁴⁴⁵ [TR D. Eby 26/APR/2021](#), p. 35, l. 15-p. 37, l. 8.

⁴⁴⁶ [TR D. Eby 26/APR/2021](#), p. 38, l. 24-p. 43, l. 5, p. 55, l. 11-p. 56, l. 3; [Ex. 906](#); [Ex. 907](#).

⁴⁴⁷ [TR D. Eby 26/APR/2021](#), p. 35, l. 15-p. 36, l. 9.

immediate action regarding unsourced cash in casinos.⁴⁴⁸ The evidence suggests that GPEB was not able to provide a copy of the briefing note to Minister de Jong due to the interregnum period leading up to the election when government will not consider any major policy initiatives.⁴⁴⁹ The evidence also suggests that GPEB did not provide the briefing note to Minister Eby after he took over the gaming portfolio.⁴⁵⁰

188. Although that briefing note was not provided to Minister Eby, the evidence is clear that, shortly after Minister Eby assumed responsibility for gaming, GPEB provided him a comprehensive two-part oral briefing on AML after which Minister Eby was aware that GPEB was “profoundly concerned about money laundering in BC casinos and that they wanted government to take significant actions to address the issue”.⁴⁵¹

189. Given the opposing narratives presented by BCLC and GPEB, Minister Eby determined it was necessary to engage an individual with law enforcement experience to review the situation and make recommendations to the Province.⁴⁵² On September 28, 2017, Minister Eby requested that Dr. German inquire into whether there is an unaddressed, or inadequately addressed issue of money laundering in Lower Mainland casinos, and if there was, to evaluate the history, nature and extent of the issue.⁴⁵³ Minister Eby hoped Dr. German would help centralize, evaluate, and prioritize the various policy proposals to determine which would be most effective.⁴⁵⁴ Minister Eby did not give Dr. German any instructions beyond those set out in the terms of reference nor did he communicate to Dr. German that he ought to pursue a particular narrative.⁴⁵⁵

190. On October 23, 2017, BCLC provided a second briefing to Minister Eby wherein it communicated its concerns regarding proceeds of crime in casinos and the steps BCLC had taken to address the issue.⁴⁵⁶ At this briefing, BCLC presented a link analysis to the

⁴⁴⁸ [Ex. 556](#); [TR J. Mazure 5/FEB/2021](#), p. 143, l. 3-p. 145, l. 13.

⁴⁴⁹ [TR J. Mazure 5/FEB/2021](#), p. 143, l. 3-p. 145, l. 13.

⁴⁵⁰ [TR D. Eby 26/APR/2021](#), p. 53, l. 25-p. 55, l. 10; [TR J. Mazure 5/FEB/2021](#), p. 145, l. 14-p. 147, l. 13.

⁴⁵¹ [TR D. Eby 26/APR/2021](#), p. 35, l. 5-14, p. 38, l. 2-10; [Ex. 906](#); [Ex. 907](#).

⁴⁵² [TR D. Eby 26/APR/2021](#), p. 152, l. 19-p. 153, l. 3, p. 65, l. 7-p. 66, l. 4; p. 162, l. 23-p. 163, l. 2.

⁴⁵³ [Ex. 832](#), pp. 22-25; [Ex. 940](#).

⁴⁵⁴ [TR D. Eby 26/APR/2021](#), p. 59, l. 10-16.

⁴⁵⁵ [TR R. Fyfe 29/APR/2021](#), p. 30, l. 5-16; [TR D. Eby 26/APR/2021](#), p. 71, l. 9-18; [TR P. German 12/APR/2021](#), p. 75, l. 19-p. 76, l. 9.

⁴⁵⁶ [TR D. Eby 26/APR/2021](#), p. 48, l. 14-p. 49, l. 10.

Minister, who encouraged BCLC to provide it to Dr. German for consideration.⁴⁵⁷

Implementation of German recommendations

(a) *Interim recommendations*

191. On November 29, 2017, Dr. German made two interim recommendations: (a) that service providers complete a source of funds declaration for cash deposits and bearer monetary instruments which exceeded the FINTRAC LCT threshold of \$10,000; and (b) that GPEB investigators be present on site at casinos 24/7.⁴⁵⁸

192. Consistent with Dr. German's first recommendation, on January 10, 2018, BCLC implemented a new source of funds directive.⁴⁵⁹ The source of funds directive made it mandatory for all cash and bearer monetary instruments of \$10,000 or more to be accompanied by a source of funds receipt provided by the patron.⁴⁶⁰ Unlike BCLC's earlier cash conditions program, this directive applied to all cash and bank draft/certified cheque buy-ins of \$10,000 or more. There has since been a significant decline in the number of "bulk cash buy-ins" and suspicious cash buy-ins.⁴⁶¹ This decline suggests that Dr. German's first interim recommendation had a demonstrable impact on the amount of suspicious (potentially illicit) cash coming into BC casinos, thereby also reducing the risk of money laundering occurring through those casinos.

193. GPEB did not implement Dr. German's second interim recommendation as proposed. GPEB considered the recommendation that investigators be on site at Lower Mainland casinos 24/7 and, after reviewing the data, determined that having GPEB investigators on site for the highest risk or peak periods would better balance the need for regulatory presence with effective management of resources.⁴⁶²

194. In early 2018, BCLC sought to implement additional AML measures, including a \$25,000 cash cap. Given that Dr. German's work was ongoing, Minister Eby requested

⁴⁵⁷ [TR D. Eby 26/APR/2021](#), p. 60, l. 5-p. 61, l. 7.

⁴⁵⁸ [Ex. 832](#), App. F, p. 244.

⁴⁵⁹ [Ex. 490](#), ¶ 229.

⁴⁶⁰ [Ex. 521](#).

⁴⁶¹ [Ex. 144](#), ¶ 49; [TR C. Skrine 27/JAN/2021](#), p. 38, l. 13-25; [Ex. 482](#), Ex. A; [TR T. Doyle 9/FEB/2021](#), p. 60, l. 20-25, p. 61, l. 1-4 and l. 12-19.

⁴⁶² [Ex. 504](#), ¶ 22-23, Ex. E; [TR C. Skrine 27/JAN/2021](#), p. 10, l. 1-15.

that BCLC consult with Dr. German prior to implementing additional AML measures to ensure consistency with his recommendations; he did not direct BCLC to take no AML actions.⁴⁶³ In Minister Eby's view, Dr. German was best positioned to liaise between BCLC, GPEB, and the police of jurisdiction regarding AML policy.⁴⁶⁴

195. On March 19, 2018, Dr. German issued a third interim recommendation: that the Province make representations to the House of Commons Standing Committee on Finance regarding amendments to the *PCMLTFA*.⁴⁶⁵ Minister Eby appeared before the Standing Committee on March 27, 2018.

(b) AML Training for GPEB Staff

196. On March 31, 2018, Dr. German issued his first report, *Dirty Money*. It was released to the public on June 27, 2018. Minister Eby directed the public service to immediately implement several of Dr. German's recommendations.⁴⁶⁶ Other recommendations were more complex and required further analysis; those recommendations were referred to the AML Secretariat for examination prior to implementation.⁴⁶⁷

197. Mr. MacLeod became GM of GPEB in July 2018. His primary task was to oversee the review and implementation of Dr. German's recommendations.⁴⁶⁸ One focus of *Dirty Money* was on appropriate training for front line personnel.⁴⁶⁹ That focus arose, in part, because GPEB's approach to investigator training had evolved over the years in response to the increased need for more standardized, AML-focused training.

198. GPEB primarily capitalized on the expertise of its staff as well as opportunities for internal training.⁴⁷⁰ For a number of years, internal training was provided by Mr. Vander

⁴⁶³ [Ex. 911](#); [TR D. Scott 8/FEB/2021](#), p. 146, l. 13–p. 148, l. 14, p. 149, l. 17-20; [TR D. Eby 26/APR/2021](#), p. 71, l. 19-p.75, l. 10; [TR R. Fyfe 29/APR/2021](#), p. 30, l. 5-16, p. 32, l. 8–p. 33, l. 5, p. 36, l. 11–p. 39, l. 8, p. 40, l. 2-5.

⁴⁶⁴ [TR D. Eby 26/APR/2021](#), p. 51, l. 19–p. 52, l. 15.

⁴⁶⁵ [Ex. 832](#), ¶ 1013.

⁴⁶⁶ [Ex. 918](#).

⁴⁶⁷ [Ex. 919](#); [Ex. 920](#); [TR D. Eby 26/APR/2021](#), p. 239, l. 4–p. 240, l. 5.

⁴⁶⁸ [TR S. MacLeod 19/APR/2021](#), p. 4, l. 23-p. 5, l. 25.

⁴⁶⁹ [Ex. 832](#), R30 and R36.

⁴⁷⁰ Rob Barber (2010-17) testified that during his tenure GPEB typically sought out and hired individuals with existing experience in law enforcement. Mr. Barber, for example, had over 28 years of experience in law enforcement with the VPD, where his assignments included Asian organized crime, drug investigations, and seizures of illicit cash: [TR R. Barber 3/NOV/2020](#), p. 4, l. 15-18.

Graaf.⁴⁷¹ Prior to joining GPEB, Mr. Vander Graaf was an RCMP officer and, for seven years, was in charge of the Anti Drug Profiteering Integrated Unit (later renamed IPOC), which received referrals from FINTRAC and identified, seized and pursued the forfeiture of proceeds of crime.⁴⁷² Throughout his tenure with GPEB, Mr. Vander Graaf provided “[e]xtensive general lecturing on money laundering to almost all GPEB staff”.⁴⁷³

199. During Mr. Meilleur’s tenure as Executive Director of Compliance he recommended training for GPEB Compliance staff, including GPEB Investigators.⁴⁷⁴ Approval was granted for memberships such as the Association of Law Enforcement Intelligence Units (LEIU) and the National Gaming Information Sharing Group (NGISG) for GPEB’s Intelligence Unit.⁴⁷⁵ LEIU had webinars and conference calls with an AML component.⁴⁷⁶

200. Mr. Meilleur also maintained a membership to Association of Certified Anti-Money Laundering Specialists (ACAMS) during his tenure as Executive Director of Compliance, which provided him with access to the website and webinars. He regularly provided the AML training materials and webinars to GPEB staff.⁴⁷⁷ Additionally, BCLC offered a limited number of people at GPEB the opportunity for AML training through its membership with ACAMS. That offer was accepted.⁴⁷⁸

201. Between 2016 and 2018, GPEB investigators received approval for, among other things: (a) attendance at Protecting the Game, a course offered by the University of Nevada, Las Vegas, and provided by the Nevada Gaming Commission, which offered investigators an opportunity to discuss AML;⁴⁷⁹ (b) attendance at CAMLI (Money Laundering in Canada Forum);⁴⁸⁰ (c) attendance at Corruption, Money Laundering and Organized Crime Seminar;⁴⁸¹ and (d) attendance at the Canadian Gaming Summit, an

⁴⁷¹ [Ex. 182](#).

⁴⁷² [Ex. 182](#), pp. 2-4.

⁴⁷³ [Ex. 182](#), p. 2.

⁴⁷⁴ Ex. 1057 ¶ 3.

⁴⁷⁵ Ex. 1057 ¶ 5-6.

⁴⁷⁶ Ex. 1057 ¶ 12 (e).

⁴⁷⁷ Ex. 1057 ¶ 18.

⁴⁷⁸ [TR K. Ackles 2/NOV/2020](#), p. 162, l. 1-11; Ex. 1057 ¶ 19.

⁴⁷⁹ Ex. 1057 ¶ 12 and Ex. E.

⁴⁸⁰ Ex. 1057, Ex. F.

⁴⁸¹ Ex. 1057, Ex. E.

annual summit that addressed AML through workshops and panels.⁴⁸²

202. As noted above, Mr. MacLeod recently approved the creation of a new Enforcement Division. GPEB's Enforcement Division will focus on establishing effective information sharing protocols with JIGIT, BCLC, and law enforcement, identifying money laundering risks that require further investigation, and implementing standard operating procedures to ensure clarity in the investigative response amongst stakeholders.⁴⁸³ Enforcement will also focus on key deliverables, such as engaging in a proactive, real-time approach to high risk integrity threats at casinos and working towards a collaborative intelligence model with the CFSEU-BC and JIGIT.⁴⁸⁴

203. Part of the new approach to enforcement is to develop a more formalized approach to investigator training. GPEB developed a working plan which identified GPEB training needs and created training courses, a formalized training plan, and an employee manual.⁴⁸⁵ The proposal recognizes that appropriate investigation training may vary among investigators depending on their experience, which may obviate the need for certain courses.⁴⁸⁶ The training proposal includes courses such as CPIC training, CAMLI training, and OPP-Gaming Training.⁴⁸⁷

204. Investigator training continued even while the formal standardized training program was under development. In early 2020, for example Mr. Skrine sought and obtained approval to provide GPEB investigators with standardized anti-money laundering training through the Canadian Anti-Money Laundering Institute (CAMLI).⁴⁸⁸ At that time, three GPEB investigators had already completed the course.⁴⁸⁹

(c) GPEB on-site investigator presence

205. The evidence suggests that implementing real-time responses to incidents and increasing the investigator presence in casinos earlier could have been beneficial in

⁴⁸² Ex. 1057, Ex. F.

⁴⁸³ [Ex. 504](#), ¶ 77.

⁴⁸⁴ [TR C. Skrine 27/JAN/2021](#), p. 9, l. 17-24, p. 12, l. 22–p. 13, l. 3, and p. 14, l. 9-13.

⁴⁸⁵ [Ex. 504](#), ¶ 24. The GPEB investigator training proposal has now been approved: [Ex. 504](#), ¶ 26.

⁴⁸⁶ [Ex. 504](#), Ex. G, p. 62, para. 5.

⁴⁸⁷ [Ex. 504](#), Ex. F, pp. 54-55.

⁴⁸⁸ [Ex. 504](#), ¶ 27 and Ex. H.

⁴⁸⁹ [Ex. 504](#), ¶ 3.

reducing the risk of money laundering. As discussed above, prior to the implementation of Dr. German's recommendations, GPEB did not have an active presence in Lower Mainland casinos. This approach was not unreasonable at the time, considering the legal advice GPEB received and GPEB's understanding of its authority and resources.

206. As discussed *infra* at paragraphs 28 to 38, GPEB's Investigation Division and various GMs understood that, unlike law enforcement officers, GPEB investigators could not investigate money laundering, loan sharking, or proceeds of crime. They did not consider themselves to have the authority to seize cash or question patrons.⁴⁹⁰ This significantly limited the options GPEB considered were available to them if they were present in casinos or called on to respond to any emergent circumstances. According to GPEB investigators, these options were also limited by the lack of equipment and other resources to support interdiction strategies.⁴⁹¹

207. GPEB's Investigation Division reasonably perceived its primary role with respect to money laundering and loan sharking as being an intelligence function and support to law enforcement.⁴⁹² This is consistent with the legal opinion provided by Dr. German, who concluded that there was little GPEB could do with the intelligence they may obtain regarding money laundering. He advised it was "essential" that law enforcement engage with GPEB and BCLC in a meaningful way to deal with the intelligence gathered.⁴⁹³

208. Mandatory reporting under s. 86(2) of the GCA required BCLC and service providers to notify GPEB *immediately* of any reportable incident, ensuring that GPEB would have notice of incidents, within a reasonable timeframe for GPEB to respond within its regulatory authority and perform its intelligence function in support of law enforcement. GPEB ensured the reports were reviewed, synthesized, and provided to law enforcement. Acting within the perceived parameters of their authority, GPEB investigators developed relationships with and engaged law enforcement. During the period in which IPOC operated, for example, GPEB provided intelligence on an "ongoing basis".⁴⁹⁴

⁴⁹⁰ [TR D. Scott 8/FEB/2021](#), p. 34, l. 6–p. 35, l. 11; [TR D. Sturko 28/JAN/2021](#), p. 111, l. 9.

⁴⁹¹ [TR D. Dickson 22/JAN/2021](#), p. 100, l. 12-17; [TR D. Scott 8/FEB/2021](#), p. 34, l. 14-18.

⁴⁹² [Ex. 587](#), ¶ 73

⁴⁹³ [Ex. 586](#), p. 37 (sealed).

⁴⁹⁴ [TR B. Baxter 8/APR/2021](#), pp. 22-23; [TR D. Dickson 22/JAN/2021](#), p. 12, l.9-16.

209. Over time, GPEB considered enhancing its investigator presence in casinos. On-site enforcement presence at casinos was contemplated as part of Phase 3 of the Provinces AML Strategy, which involved direct regulatory action by GPEB.⁴⁹⁵ However, in the interim, GPEB worked with BCLC and service providers to implement the strategies developed for Phase 1 and 2, including prioritizing cash alternatives and CDD measures.

210. Work to enhance GPEB's investigative role is ongoing through the Enhanced Enforcement Response initiated by Mr. MacLeod. This work, however, continues to require coordination with police. Currently, GPEB's Enhanced Enforcement Response Steering Committee is collaborating with the police, BCLC, and service providers to establish SOPs for deployment and to ensure that certain integrity threats are reported to GPEB in real time for an agreed-upon list of offences.⁴⁹⁶ Through the enhanced role of investigators and a renewed relationship with police, including JIGIT, GPEB has a presence in casinos that obviates the need for a regular police presence.⁴⁹⁷

(d) Additional independent reviews

211. On September 27, 2018, the Province announced two additional independent reviews. The Minister of Finance announced an independent review by an expert panel consisting of Professor Maureen Maloney, Professor Tsur Somerville, and Professor Brigitte Unger to "identify systemic risks that leave the real estate and financial services sector open to money laundering". This independent review resulted in the Maloney Report.⁴⁹⁸ Minister Eby also announced an independent review into allegations of money laundering in the real estate, luxury automobile, and horse racing sectors within BC also to be carried out by Dr. German.⁴⁹⁹ This review resulted in Dr. German's second report, Dirty Money 2. These reports form part of the Commission's terms of reference.

(e) AML Deputy Ministers' Committee

212. The AML Deputy Ministers' Committee ("AML DMC") was initially established to

⁴⁹⁵ [TR D. Scott 8/FEB/2021](#), p. 14, l. 11-p. 16, l. 24.

⁴⁹⁶ [Ex. 504](#), ¶ 44, 45.

⁴⁹⁷ [TR S. MacLeod 19/APR/2021](#), p.53, l. 13-24

⁴⁹⁸ [Ex. 330](#).

⁴⁹⁹ [Ex. 833](#), p. 21.

oversee implementation of Dr. German’s recommendations relating to the gaming sector. Its mandate was later expanded to include the Province’s entire AML response.⁵⁰⁰

213. The AML DMC is supported by the Anti-Money Laundering Secretariat (the “Secretariat”) which is tasked with developing information, guidance and options to build policy and structures that could be used to address money laundering.⁵⁰¹ The Secretariat drew upon the reports of Drs. German and Maloney, consultations with stakeholders, and expert advice from Sir Robert Wainwright⁵⁰² and created the Provincial Anti-Money Laundering Strategy.⁵⁰³ The strategy sets out key AML goals and objectives which are designed to be modified as necessary to incorporate additional information, including recommendations from the Commissioner.⁵⁰⁴ The AML DMC has directed work relating to, among other things, corporate and land owner transparency, AML tools such as UWOs, access to and sharing of financial intelligence, and registration of MSBs.⁵⁰⁵ It has also engaged with its federal counterparts regarding commitments to AML solutions.⁵⁰⁶

GPEB’s current state and ongoing AML initiatives

214. In early 2018, the Gaming Integrity Group (“GIG”), formerly the Gaming Intelligence Unit, was established as a collaborative network to discuss issues as they arose in the AML environment. The GIG is a group comprised of front-line investigators which discuss individual incidents relating to money laundering in BC.⁵⁰⁷ The GIG is made up of representatives of the BCLC AML Group, GPEB Enforcement Division, and JIGIT. In July 2019, GPEB also formalized a collaborative intelligence model called the Gaming Intelligence Investigation Unit (“GIU”). The GIU is currently a twelve-person team comprised of RCMP and GPEB personnel and is run through JIGIT.⁵⁰⁸

⁵⁰⁰ [Ex. 557](#), ¶ 80.

⁵⁰¹ [TR M. Sieben 11/JUN/2020](#), p. 12, l. 38-47

⁵⁰² [Ex. 63](#).

⁵⁰³ [TR M. Harris 11/JUN/2020](#), p. 20, l.2-11; [Ex. 46](#); [Ex. 44](#); [Ex.45](#); A working group comprised of MOF, PSSG, Legal Services Branch and Justice Services Branch also contributed to the contents of the AML Strategy: [TR M. Harris 11/JUN/2020](#), p. 19, l. 26-33.

⁵⁰⁴ [TR M. Harris 11/JUN/2020](#), p.23 l.32-45; [Ex.44](#), pp. 7-9.

⁵⁰⁵ [Ex. 47](#).

⁵⁰⁶ [TR M. Harris 11/JUN/2020](#), p. 44, l. 15-19.

⁵⁰⁷ [Ex. 144](#), ¶ 46-49.

⁵⁰⁸ [Ex. 504](#), ¶ 59-64.

215. GPEB's enhanced enforcement response is underway. This includes training staff in providing real-time responses to suspicious transactions, investigating, and communicating with BCLC and service providers as well as establishing a standardized training model.⁵⁰⁹ At present, GPEB and BCLC are working collaboratively to establish protocols and procedures for interviewing patrons to ensure that the correct entity has responsibility.⁵¹⁰ GPEB may conduct interviews of patrons where issues engage their regulatory function.⁵¹¹

216. GPEB is currently functioning "very well".⁵¹² When Mr. MacLeod became GM, workplace surveys indicated the organization was "healthy, the staff were content in their roles, [and it] had good leadership".⁵¹³ Mr. MacLeod has not experienced any difficulties with BCLC during his time as GM; he characterized the relationship between the two organizations as "excellent".⁵¹⁴ Because of the respective organizations' collaboration, Mr. MacLeod has not seen the need to issue a directive under s. 28 of the GCA.⁵¹⁵

217. In February 2019, the AML-Vulnerabilities Working Group was formed. It is a joint GPEB working group that includes GPEB representatives from JIGIT and representatives from the Strategic Policy and Projects, Compliance, Enforcement, and LRC Divisions. The AML-Vulnerabilities Working Group is policy focused. Its key function is to identify money laundering vulnerabilities and bring those to the group for consideration.⁵¹⁶

218. The Province is creating an independent gaming regulator, the Independent Gaming Control Office ("IGCO"). The head of the regulator will be a governor-in-council appointment, not a ministerial appointment, and will not be part of the Ministry Executive. The regulator will have its own communications staff and the authority to issue its own

⁵⁰⁹ [TR C. Skrine 27/JAN/2021](#), p. 12, l. 12-18, p. 50, l. 2-4.

⁵¹⁰ [TR C. Skrine 27/JAN/2021](#), p. 19, l. 23 - p. 20, l. 25.

⁵¹¹ [TR C. Skrine 27/JAN/2021](#), p. 16, l. 13-20.

⁵¹² [TR S. MacLeod 19/APR/2021](#), p. 2, l. 1-11, p. 11, l. 17-p. 12, l. 8.

⁵¹³ [TR S. MacLeod 19/APR/2021](#), p. 2, l. 1-11, p. 11, l. 17-p. 12, l. 8.

⁵¹⁴ [TR S. MacLeod 19/APR/2021](#), p. 19, l. 10-p. 20, l. 10. Mr. Skrine described his relationship with BCLC as "very collaborative". In his view, whatever tensions existed in the past were now largely behind the two organizations: [TR C. Skrine 27/JAN/2021](#), p. 35, l. 11-p. 36, l. 10, p. 48, l. 4-12, p. 58, l. 17-p. 59, l. 6.

⁵¹⁵ [TR S. MacLeod 19/APR/2021](#), p. 20, l. 18-p. 21, l. 4.

⁵¹⁶ [Ex. 144](#), ¶ 50-58, Ex. N and O.

press releases.⁵¹⁷ The creation of an independent regulator will also move the regulatory function away from the entity responsible for revenue decisions and policy.⁵¹⁸

219. As of February 2021, the Province has addressed 38 of the 48 recommendations made in Dirty Money and expects to address additional recommendations through legislation - including amendments to the GCA - in the coming year.⁵¹⁹ As noted *infra* at paragraph 137, the Dirty Money recommendations were accepted in principle, but further policy work was undertaken resulting in some recommendations being implemented as suggested, some implemented in revised form (e.g., having GPEB investigators onsite at casinos during peak periods instead of 24/7⁵²⁰), and others being found infeasible (e.g., having service providers act as reporting entities to FINTRAC⁵²¹).

PART III – CONCLUSION

220. The changes made to the industry as a result of Dr. German’s recommendations, and in particular implementation of a general source of funds policy, have, to a large degree, mitigated the risk of money laundering in BC casinos.⁵²² Notwithstanding the progress that has been made, money laundering vulnerabilities in the gaming sector remain, such as the risks associated with cash buy-ins under \$10,000 and bank drafts.⁵²³ There also remains the risks associated with online gaming.⁵²⁴

221. As the above summary of current AML initiatives demonstrates, GPEB and BCLC are working together, in consultation with other stakeholders, to understand and address those vulnerabilities and to identify new risks as they emerge.⁵²⁵ The move towards the IGCO will assist in mitigating remaining risks and addressing emerging risks by, among other things, providing the regulator more control over the sector including over BCLC.⁵²⁶ GPEB and BCLC are considering the potential of account-based gaming and known play

⁵¹⁷ [Ex. 919](#); [TR S. MacLeod 19/APR/2021](#), p. 68, l. 15-p. 72, l. 6.

⁵¹⁸ [Ex. 144](#), ¶ 61; [TR S. MacLeod 19/APR/2021](#), p. 70, l. 4-p. 72, l. 6.

⁵¹⁹ [Ex. 837](#); [TR P. German 13/APR/2021](#), p. 137, l. 3 – p. 139, l. 3, p. 140, l. 6-19.

⁵²⁰ [Ex. 504](#), ¶ 22-23, Ex. E; [TR C. Skrine 27/JAN/2021](#), p. 10, l. 1-15.

⁵²¹ [Ex. 920](#).

⁵²² [TR S. MacLeod 19/APR/2021](#), p. 55, l. 12-18.

⁵²³ [TR S. MacLeod 19/APR/2021](#), p. 53, l. 25-p. 55, l. 11.

⁵²⁴ [TR S. MacLeod 19/APR/2021](#), p. 59, l. 14-p. 60, l. 9.

⁵²⁵ [TR S. MacLeod 19/APR/2021](#), p. 53, l. 25-p. 60, l. 9, p. 56, l. 17-p. 58, l. 23.

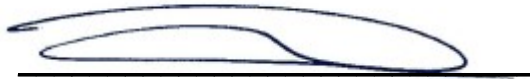
⁵²⁶ [TR S. MacLeod 19/APR/2021](#), p. 72, l. 7-p. 73, l. 3, p. 75, l. 22-p. 76, l. 17; [Ex. 876](#).

albeit recognizing this would be a significant shift in the sector and, as such, would require technological investments and public consultation.⁵²⁷

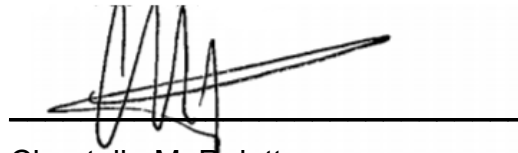
222. The Province is appreciative of the Commission's work and looks forward to the findings and recommendations of the Commissioner, which will undoubtedly further strengthen the AML landscape in BC. The Province is also grateful to all individuals and organizations who engaged in the Commission's process.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 28th DAY OF SEPTEMBER 2021

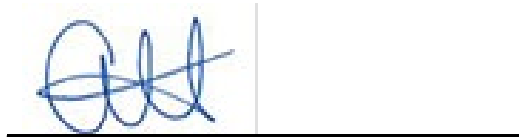
Counsel for Her Majesty the Queen in right of the Province of British Columbia:



Jacqueline D. Hughes, Q.C.



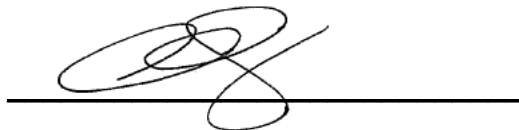
Chantelle M. Rajotte



Alandra K. Harlingten



Kaitlyn Chewka



J. Cherisse Friesen



Joanna Stratton



Gina Addario-Berry

⁵²⁷ [TR S. MacLeod 19/APR/2021](#), p. 82, l. 25-p. 84, l. 20.

APPENDIX A

The [Gaming Control Act, S.B.C. 2002, c. 14](#), was first enacted in 2002. Since then it has been amended as below:

Amended Section	Amending Act	In Force Date	Amendment
1	Community Charter Transitional Provisions, Consequential Amendments and Other Amendments Act, 2003, S.B.C. 2003, c. 52, s. 80	1 January 2004 (BC Reg 465/03, repealing BC Reg 428/03)	Amend s. 1(1) [Definitions] by repealing definition of “municipality”.
1	Business Corporations Amendments Act, 2003, S.B.C. 2003, c. 70, s. 154	29 March 2004 (BC Reg 64/04)	Minor amendment to s. 1(2) [Definitions] – strike out “ <i>Company Act</i> ” and substitute “ <i>Business Corporations Act</i> ”.
1	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 1	23 June 2006 (BC Reg 183/06)	Minor amendment to s. 1(1) [Definitions] – amend definition of “associate”.
1	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 89	3 June 2010 (RA)	Amend s. 1(1) [Definitions]: 1. Repeal definition of “certificate of affiliation”; and 2. Amend definition of “gaming event licence”.
1	Budget Measures Implementation Act, 2012, S.B.C. 2012, c. 8, s. 1	1 April 2012 (see s. 97)	Amend s. 1(1) [Definitions] by adding definition of “community gaming grants manager”.
1	Family Law Act, S.B.C. 2011, c. 25, s. 361	18 March 2013 (BC Reg 131/12)	Amend s. 1(1) [Definitions] by amending definition of “spouse”.
2	Business Corporations Amendments Act, 2003, S.B.C. 2003, c. 70, s. 155	29 March 2004 (BC Reg 64/04)	Minor amendment to s. 2(4) [Corporation continued] – strike out “ <i>Company Act</i> ” and substitute “ <i>Business Corporations Act</i> ”.
2	Gaming Control Amendment Act, 2019, S.B.C. 2019, c. 35, s. 1	31 October 2019 (RA)	Amend s. 2(1) [Corporation continued] by striking by striking out “not more than 9 directors” and substituting “not more than 11 directors”.
7	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 90	3 June 2010 (RA)	Amend s. 7 [Lottery corporation's mandate]: 1. Repeal s. 7(1)(b); 2. Repeal s. 7(1)(f) and substitute the following: (f) subject to subsection (1.1), may enter into agreements with registered gaming services providers for services required in the conduct, management or operation of provincial gaming; 3. Minor amendment to s. 7(1)(h); and

			4. Add s. 7(1.1): An agreement described in subsection (1) (f) must require the gaming service provider to provide the services referred to in subsection (1) (f) under the control of the lottery corporation.
10	Finance Statutes Amendment Act, 2012, S.B.C. 2012, c. 12, s. 116	14 May 2012 (RA)	Repeal s. 10(3) [Financial administration] and substitute a new s. 10(3) and (3.1): (3) Unless the Auditor General is appointed in accordance with the Auditor General Act as the auditor of the lottery corporation, the directors of the lottery corporation must appoint an auditor to audit the accounts of the lottery corporation at least once each year. (3.1) The costs of the audit referred to in subsection (3) must be paid by the lottery corporation.
12	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 2	23 June 2006 (BC Reg 183/06)	Amend s. 12 [Grants in place of taxes]: 1. Minor amendments; and 2. Add the following: (2) The Lieutenant Governor in Council may order that the lottery corporation's authority under subsection (1) to make a payment in any year or for any number of years is subject to the approval of the Lieutenant Governor in Council.
14	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 91	7 December 2010 (BC Reg 358/10)	Repeal s. 14(2), (3), (4) [Application of the balance of revenue].
14.1-14.6	Gaming Control Amendment Act, 2019, S.B.C. 2019, c. 35, s. 2	31 October 2019 (RA)	Add Division 4 – First Nations Revenue Sharing, which consists of ss. 14.1 [Definitions for this Division], 14.2 [Application], 14.3 [Partnership's entitlement to lottery corporation revenue], 14.4 [Annual payments to partnership], 14.5 [One-time adjustment for interim agreement overpayment], 14.6 [Application of Financial Administration Act], to Part 2.
Heading for Part 2, Division 4	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 91	7 December 2010 (BC Reg 358/10)	Division 4 of Part 2 is renumbered as Part 2.1 with the following heading: PART 2.1 – HORSE RACING BETTING FEES
15	Statutes Correction Regulation, 2011, BC Reg 236/11, s. 6 (Sch) (under the authority of the Statute Revision Act, R.S.B.C. 1996, c. 440, s. 12)	Amendment by BC Reg 236/11 were in force 14 December 2011, and confirmed by the <i>Miscellaneous Statutes</i>	Amendment corrected s. 15 [Definition for this Part] by striking out "Division," and substituting "Part,".

		<i>Amendment Act (No. 2), 2012, S.B.C. 2012, c. 18, s. 93 (effective 31 May 2012 (RA))</i>	
16	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 93	7 December 2010 (BC Reg 358/10)	Amend s. 16 [Fee imposed on persons betting at racecourses]: 1. Minor amendment; and 2. Repeal s. 16(2) and substitute a new s. 16(2), (3) and (4).
17.1	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 3	23 June 2006 (BC Reg 183/06)	Add s. 17.1 [Definitions for this Part] to Part 3: 1. Define “host local government”; and 2. Define “potentially affected local government”.
18	Miscellaneous Statutes Amendment Act (No. 3), 2004, S.B.C. 2004, c. 67, s. 8	21 October 2004 (RA)	Minor amendment to s. 18 [Location, relocation or substantial change].
19	Miscellaneous Statutes Amendment Act (No. 3), 2004, S.B.C. 2004, c. 67, s. 9	21 October 2004 (RA)	Minor amendment to s. 19 [Local government or first nation approval required for gaming facilities] to add “gaming” before “facility”.
19	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 4	23 June 2006 (BC Reg 183/06)	Amend s. 19 [Local government or first nation approval required for gaming facilities]: 1. Repeal s. 19(1)(a) and (b) and substitute: (a) first receives the approval, in the prescribed form and manner, from the host local government, (b) is satisfied that the host local government has consulted with each potentially affected local government with respect to the subject matters prescribed by regulation; and 2. Minor amendment.
20	Miscellaneous Statutes Amendment Act (No. 3), 2004, S.B.C. 2004, c. 67, s. 10	21 October 2004 (RA)	Minor amendment to s. 20 [Matters relevant to location or relocation of gaming facilities] replace “existing facility” with “existing gaming facility”.
21	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 5	23 June 2006 (BC Reg 183/06)	Repeal s. 21(1) and (2) [Dispute resolution as to location or relocation of gaming facility] and substitute new s. 21(1), (1.1), (2) and (2.1).
27	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 94	3 June 2010 (RA)	Amend s. 27 [Responsibilities of the general manager]: 1. Repeal s. 27(1) and substitute the following new s. 27(1): (1) The general manager is

			<p>the head of the branch and is responsible, under the direction of the minister and with reference to the responsibility of the branch under section 23, for the enforcement of this Act.</p> <p>2. Repeal s. 27(3)(a) and substitute the following new s. 27(3)(a): (a) direct that the branch conduct an investigation respecting (i) the integrity of lottery schemes or horse racing, or (ii) the conduct, management, operation or presentation of lottery schemes or horse racing.</p>
28	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 6	23 June 2006 (BC Reg 183/06)	<p>Amend s. 28(1) [Directives of the general manager]:</p> <ol style="list-style-type: none"> 1. Minor amendments; and 2. Add the following about which the general manager may make a directive: (l) respecting the method by which the prescribed distance for the purposes of the definition of “potentially affected local government” in section 17.1 must be measured, including rules for determining the terminal points of that distance.
28	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 95	3 June 2010 (RA)	<p>Amend s. 28(1) [Directives of the general manager]:</p> <ol style="list-style-type: none"> 1. Minor amendments to s. 28(1)(a), (e) and (k); 2. Repeal s. 28(1)(f) and substitute the following new s. 28(1)(f): (f) respecting standards for security and surveillance (i) at gaming facilities or gaming premises or classes of gaming facilities or gaming premises, or (ii) in relation to gaming operations or classes of gaming operations; 3. Repeal s. 28(1)(j)(ii) and substitute the following new s. 28(1)(j)(ii): (ii) may be retained by or paid to a gaming services provider in connection with the conduct, management, operation or presentation of lottery schemes.
28	Attorney General Statutes Amendment Act, 2018, S.B.C. 2018, c. 49, s. 22	27 November 2018 (RA)	<p>Amendment to s. 28(1) [Directives of the general manager] and repeal of subsection (3), which had stated that general manager may not issue a directive applicable to the lottery corporation unless he or she first receives the approval of the minister.</p>
28	Miscellaneous Statutes (Minor Corrections) and Statute Revision Amendment Act, 2019, S.B.C. 2019, c. 40, s. 12	28 November 2019 (RA)	<p>Minor amendment to s. 28 [Directives of the general manager] replaces “to directives,” with “to directives”.</p>

40	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 96	3 June 2010 (RA)	Repeal s. 40(1) [Rules of the general manager] and replace with new s. 40(1) regarding rules respecting security and surveillance.
40.1-40.03	Budget Measures Implementation Act, 2012, S.B.C. 2012, c. 8, s. 2	1 April 2012 (see s. 97)	Add to Part 6 ss. 40.1 [Community gaming grants manager], 40.2 [Minister's general policy directions to the community gaming grants manager] and 40.3 [Responsibilities of the community gaming grants manager].
41	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 97	3 June 2010 (RA)	Repeal s. 41(4) and (5) [Grants to eligible organizations].
41	Budget Measures Implementation Act, 2012, S.B.C. 2012, c. 8, s. 3	1 April 2012 (see s. 97)	Amend s. 41 [Grants to eligible organizations] by striking out "general manager" wherever it appears and substituting "community gaming grants manager".
41.1	Budget Measures Implementation Act, 2012, S.B.C. 2012, c. 8, s. 4	1 April 2012 (see s. 97)	Add s. 41.1 [Community gaming grants manager to report].
42	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 97	3 June 2010 (RA)	Repeal s. 42 [Certificates of affiliation].
50	Veterinarians Act, S.B.C. 2010, c. 15, s. 95	15 September 2010 (BC Reg 205/10)	Minor amendment to s. 50 [Tests and analyses] by replacing "or a veterinarian," in section 95, with "or an individual who is authorized under the <i>Veterinarians Act</i> to practise veterinary medicine,"
52	Public Inquiry Act, S.B.C. 2007, c. 9, s. 42	21 June 2007 (BC Reg 226/07)	Repeals section 52 [Powers on hearings].
54	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 98	7 December 2010 (BC Reg 358/10)	Amend s. 54(2) [Power to make regulations] by adding s. 25(2)(g.1): (g.1) if a fee is imposed under paragraph (g) for requesting an internal review of a decision referred to in section 25 (4) in relation to a horse racing licence or any other decision of the general manager under this Part, providing for a refund of that fee if, on completion of the review, the person requesting the review obtains a decision that is (i) different than the decision reviewed, and (ii) consistent with the decision sought by the person who requested the review.

55	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 7	23 June 2006 (BC Reg 183/06)	Amend s. 55 [Clearance of personnel by the general manager]: 1. Minor amendments; and 2. Add the following subsection regarding background investigations: (2) An appointee or employee must undergo a background investigation under this Part at least once every 5 years to ascertain the suitability of the person to retain the appointment or remain in employment.
59	Business Corporations Amendment Act, 2003, S.B.C. 2003, c. 70, s. 156	29 March 2004 (BC Reg 64/04)	Minor amendment to s. 59 [Eligibility — corporations] stemming from change from <i>Company Act</i> to <i>Business Corporations Act</i> .
59	Societies Act, S.B.C. 2015, c. 18, s. 311	28 November 2016 (BC Reg 216/2015)	Repealed s. 59 [Eligibility - corporations] and substituted the following new section: 59. A corporation is not eligible to be registered as a gaming services provider unless the corporation is (a) a company or extraprovincial company as defined in the Business Corporations Act, (b) a society as defined in the Societies Act, or (c) incorporated or continued under another enactment.
62	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 99	3 June 2010 (RA)	Repeal s. 62(1)(c) [Application for gaming services provider registration] and substitute the following new s. 61(1)(c): (c) at the time of the application, the prescribed application fee, unless exempted from this requirement by regulation under section 105 (1) (d.1).
62 & 65 to 67	Miscellaneous Statutes (Signed Statements) Amendment Act, S.B.C.2016, c. 4, s. 7	1 September 2016 (BC Reg 191/2016)	Minor amendment to delete the word “, affidavits”.
63	Miscellaneous Statutes Amendment Act (No. 2), S.B.C. 2010, c. 6, s. 97, Sch 7	1 July 2010 (see s. 190)	Minor amendment to replace “Rules of Court” with “Supreme Court Civil Rules” in s. 63 [Costs of background investigations].
67	Miscellaneous Statutes Amendment Act (No. 3), 2004, S.B.C. 2004, c. 67, s. 11	21 October 2004 (RA)	Amend s. 67(2) [Gaming worker registration] to change the term of a gaming worker's registration from “3 years” to “not to exceed 3 years”.

67	<u>Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 8</u>	23 June 2006 (BC Reg 183/06)	Amend s. 67(2) [Gaming worker registration] to change the term of a gaming worker's registration from "not to exceed 3 years" to "not to exceed 5 years".
69	<u>Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 100</u>	3 June 2010 (RA)	Repeal s. 69(1) [Suspension or cancellation of registration] and substitute with the following new s. 69(1): (1) For any of the reasons under section 68, the general manager may (a) issue a warning to a registrant, or (b) do any of the following in relation to one or more gaming premises of a registrant: (i) cancel the registrant's registration or suspend it for a period of time; (ii) impose new conditions on the registrant's registration or vary existing conditions of that registration.
69	<u>Miscellaneous Statutes Amendment Act (No. 2), 2014, S.B.C. 2014, c. 31, s. 5</u>	27 November 2014 (RA)	Repeal s. 69(1) [Suspension or cancellation of registration] and replace with the following new s. 69(1) and adds a new 69(3): (1) For any of the reasons under section 68, the general manager may do any of the following: (a) issue a warning to a registrant; (b) cancel a registrant's registration; (c) suspend a registrant's registration for a period of time; (d) impose new conditions on a registrant's registration, either generally or for a period of time; (e) vary existing conditions of a registrant's registration, either generally or for a period of time. (3) In the case of a registrant that is a gaming services provider, conditions may be imposed or varied under subsection (1) (d) or (e) in relation to one or more premises at which the registrant carries on the business of providing gaming services and, without limiting this, the conditions imposed or varied may do any of the following: (a) prohibit the registrant from selling lottery tickets at a premises and require the registrant to ensure that no lottery tickets are sold, by any person, at the premises; (b) prohibit the registrant from providing one or more other gaming services at a premises and require the registrant to ensure that the prohibited gaming services are not provided, by any person, at the premises;

			(c) require the registrant to post the conditions in public view at the premises to which the conditions relate.
73	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 9	23 June 2006 (BC Reg 183/06)	Amendments to s. 73(1) and (2) [Requirements respecting organizational changes] regarding the timing of notices delivered to the general manager.
74	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 101	3 June 2010 (RA)	Repeal s. 74 [Definition of gaming equipment].
75	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 102	3 June 2010 (RA)	Minor amendments to s. 75 [Technical integrity standards].
78	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 103	3 June 2010 (RA)	Repeal s. 78(2) [Inspectors] and substitute the following new s. 78(2) (which adds power to monitor the compliance of the lottery corporation with the Act and regulations): (2) The general manager or an inspector may conduct inspections and audits for the purposes of <ul style="list-style-type: none"> (a) assessing applications for licences, grants under Part 6 or registration, as the case may be, (b) monitoring compliance of licensees, eligible organizations and registrants with this Act, the regulations, the rules and the conditions of licences and registration, and (c) monitoring compliance of the lottery corporation with this Act and the regulations.
79	Miscellaneous Statutes Amendment Act (No. 3), 2004, S.B.C. 2004, c. 67, s. 12	21 October 2004 (RA)	Amend s. 79(1) [Inspection and audit powers] by adding the following new paragraph:(c.1) make inquiries the inspector considers necessary, .
79	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 104	3 June 2010 (RA)	Amendment to s. 79(1) [Inspection and audit powers]by repealing and replacing paragraph (a) as follows: (a) enter and inspect or audit gaming facilities, gaming premises and any gaming operation, .
80	Miscellaneous Statutes Amendment Act (No. 3), 2004, S.B.C. 2004, c. 67, s. 13	21 October 2004 (RA)	Minor amendment to s. 80(1) [Background Investigations].

81	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 105	3 June 2010 (RA)	Minor amendment to s. 81(2) [Investigations].
82	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 10	23 June 2006 (BC Reg 183/06)	Minor amendments to s. 82(1) and (2) [Search under warrant].
82	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 106	3 June 2010 (RA)	Minor amendment to s. 81(2) [Investigations].
82.1	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 11	23 June 2006 (BC Reg 183/06)	Add s. 82.1 [Seizure of gaming supplies].
82.2	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 11	23 June 2006 (BC Reg 183/06)	Add s. 82.2 [Report of seizures].
82.3	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 11	23 June 2006 (BC Reg 183/06)	Add s. 82.3 [Detention and forfeiture of gaming supplies].
82.4	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 11	23 June 2006 (BC Reg 183/06)	Add s. 82.4 [Third parties claiming an interest in gaming supplies seized].
83	Business Corporations Amendment Act, 2003, S.B.C. 2003, c. 70, s. 157	29 March 2004 (BC Reg 64/04)	Minor amendment to s. 83(2) [Order to freeze property] – strike out “the <i>Company Act</i> ” and substitute “the <i>Business Corporations Act</i> ”.
83	Ministry of Public Safety and Solicitor General Statutes Correction Regulation, 2006, BC Reg 346/06, s. 1(e), Sch , (under the authority of the Statute Revision Act, R.S.B.C. 1996, c. 440, s. 12)	Amendment by BC Reg 346/06 were in force 4 December 2006, and confirmed by the <i>Attorney General Statutes Amendment Act, 2007, S.B.C. 2007, c 14, s. 224(o)</i> (effective 31 May 2007 (RA))	Minor amendment to s. 83(2) [Order to freeze property]

86	Attorney General Statutes Amendment Act, S.B.C. 2007, c. 14, s. 215, Sch	1 December 2007 (BC Reg 354/07)	Minor amendment to s.86 [Information to be provided to the general manager]
86	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 107	3 June 2010 (RA)	Repeal s. 86 [Information to be provided to the general manager] and substitute the following new s. 86: 86 (1) On request of the general manager and within the time period specified by the general manager in the request, the lottery corporation, a registrant, a licensee and an eligible organization must provide to the general manager any information, records or things that the general manager considers relevant to an investigation or an investigative audit under this Act. (2) The lottery corporation, a registrant and a licensee must notify the general manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing, if the conduct, activity or incident involves or involved (a) the commission of an offence under a provision of the Criminal Code that is relevant to a lottery scheme or horse racing, or (b) the commission of an offence under this Act.
88	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 12	23 June 2006 (BC Reg 183/06)	Repeal s. 88 [Prohibition – unauthorized lottery schemes □] and substitute with the following new s. 88: A person, other than the government or a person authorized under this Act, must not (a) conduct, manage or operate a lottery scheme, (b) promote or hold himself or herself out as someone authorized under this Act to conduct, manage or operate a lottery scheme, or (c) negotiate with a municipality, regional district, first nation or any other person respecting the conduct, management or operation of a lottery scheme.
88.1	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 13	23 June 2006 (BC Reg 183/06)	Add s. 88.1 [Prohibition – unauthorized activities relating to gaming facilities □].
92	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 108	3 June 2010 (RA)	Amend s. 92 [Right to refuse entry] by striking out “is undesirable,” and substituting “is undesirable or that the person on the premises is a participant in a voluntary self-exclusion program”.

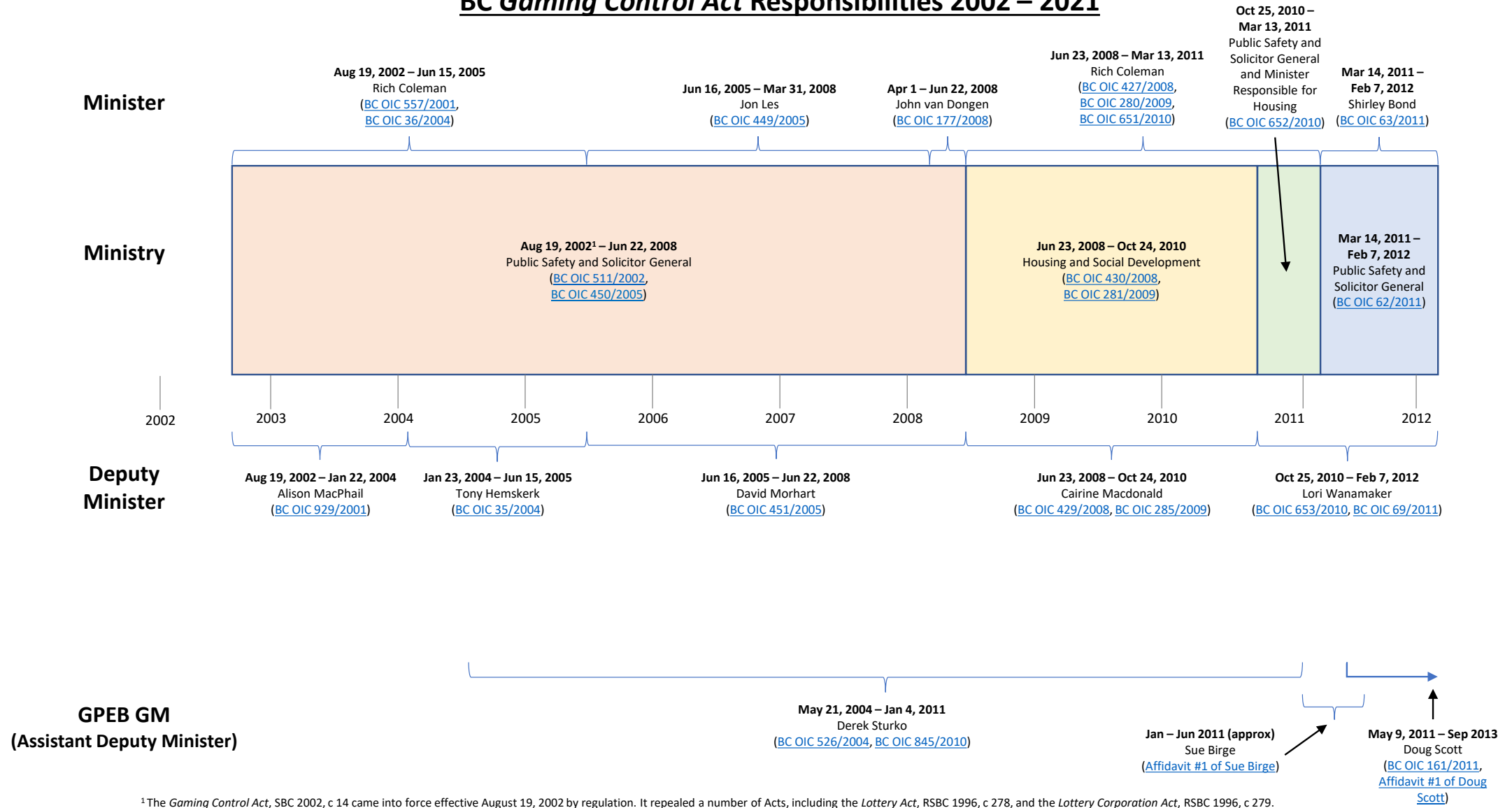
92	Attorney General Statutes Amendment Act, 2018, S.B.C. 2018, c. 49, s. 23	27 November 2018 (RA)	<p>Repeal s. 92 [Right to refuse entry] and substitute with the following:</p> <p>92 (1) If the general manager, the lottery corporation or a person acting on behalf of the lottery corporation has reason to believe that the presence of a person on the premises of a gaming facility is undesirable, the general manager, lottery corporation or person acting on behalf of the lottery corporation may</p> <ul style="list-style-type: none"> (a) request the person to leave the premises of the gaming facility immediately, or (b) forbid the person, by written notice delivered to that person, to enter the premises of the gaming facility at any time during a period specified in the notice. <p>(2) If the lottery corporation or a person acting on behalf of the lottery corporation has reason to believe that a person on the premises of a gaming facility is a participant in a voluntary self-exclusion program, the lottery corporation or person acting on behalf of the lottery corporation may exercise a power referred to in subsection (1) (a) or (b).</p>
93	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 109	3 June 2010 (RA)	<p>Amend s. 93 [Prohibition — unlawfully entering or remaining on premises] by adding the following subsection: (3) A person is not entitled to any prize or winnings as a result of the person's participation in gaming at a gaming facility if written notice referred to in section 92 (b) has been delivered to the person in accordance with section 92 (b).</p>
95	Miscellaneous Statutes Amendment Act (No. 3), 2004, S.B.C. 2004, c. 67, s. 14	21 October 2004 (RA)	<p>95 (d)(i) [Prohibition — unregistered gaming supplies] is repealed and the following substituted: (i) a registrant or licensee and is acting in accordance with the conditions of registration or of the licence, or .</p>
97	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 14	23 June 2006 (BC Reg 183/06)	<p>Minor amendment to s. 97(2)(a) [Offences].</p>
97	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 110	3 June 2010 (RA)	<p>Amend s. 97 [Offences] by adding the following subsection: (2.1) A registrant, a licensee or an eligible organization who contravenes section 86 (1) or (2) commits an offence.</p>
97	Attorney General Statutes Amendment Act, 2018, S.B.C. 2018, c. 49, s. 24	27 November 2018 (RA)	<p>Repealed Section 97(2.1) [Offences] and substituted the following: (2.1) The lottery corporation, a registrant, a licensee or an eligible organization commits an offence if the</p>

			lottery corporation, registrant, licensee or eligible organization contravenes section 86 (1) or (2)
98	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 15	23 June 2006 (BC Reg 183/06)	Amend s. 98(1)(b)(i) [Penalties] to remove minimum fine amount (strike out “and not less than \$5,000”).
98	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 111	3 June 2010 (RA)	Minor amendment to s. 98(2) [Penalties].
100, 102	Attorney General Statutes Amendment Act, 2007, S.B.C. 2007, c. 14, s. 215, Sch	1 December 2007 (BC Reg 354/07)	Minor amendment to s. 100 [Court order to comply] and s.102 [Limitation period].
105	Miscellaneous Statutes Amendment Act (No. 2), 2004, S.B.C. c. 51 s. 17	20 May 2004 (RA)	Added the following paragraphs to s. 105 [Regulations — specific powers]: (j.1) respecting the consultations referred to in section 19 (1) (b) that the lottery corporation must be satisfied have occurred before developing, using, operating, relocating or substantially changing a gaming facility under section 18; (j.2) respecting the time by which an objection referred to in section 21 (1) must be filed with the lottery corporation; .
105	Public Safety and Solicitor General Statutes Amendment Act, 2006, S.B.C. 2006, c. 28, s. 16	23 June 2006 (BC Reg 183/06)	Minor amendments to s. 105(1)(j.1), (j.2) and (u) [Regulations — specific powers]
105	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 112(a)(b)(d)(e)	3 June 2010 (RA)	Minor amendments to s. 105 [Regulations — specific powers].
105	Miscellaneous Statutes Amendment Act (No. 3), 2010, S.B.C. 2010, c. 21, s. 112(c)	7 December 2010 (BC Reg 358/10)	Added the following to s. 105 [Regulations — specific powers]: (d.1) exempting an applicant for a class of registration from the requirement of section 62 (1) (c); (v) imposing a fee for requesting an internal review of a decision referred to in section 25 (4) in relation to a licence, registration or application referred to in subsection (1) (c) and (d) of subsection (1) of this section; (w) providing for a refund of a fee imposed under paragraph (v) if, on completion of the review, the person requesting the review obtains a decision that is (i) different than the

			decision reviewed, and (ii) consistent with the decision sought by the person who requested the review. ,
105	Miscellaneous Statutes Amendment Act (No. 2), 2014, S.B.C. 2014, c. 31, s. 6	27 November 2014 (RA)	Section 105 (10) [Regulations — specific powers] is amended by striking out “conditions attached under section 56 (3).” and substituting “conditions attached under section 56 (3) or imposed or varied under section 69 (1) (d) or (e).”
108	Statutes Correction Regulation, 2011, BC Reg 236/11, s. 6 (Sch) (under the authority of the Statute Revision Act, R.S.B.C. 1996, c. 440, s. 12)	Amendment by BC Reg 236/11 were in force 14 December 2011, and confirmed by the <i>Miscellaneous Statutes Amendment Act (No. 2), 2012, S.B.C. 2012, c. 18, s. 93</i> (effective 31 May 2012 (RA))	Minor correction to s. 108 [Existing personnel exempt] renumber paragraph (d) as paragraph (c)

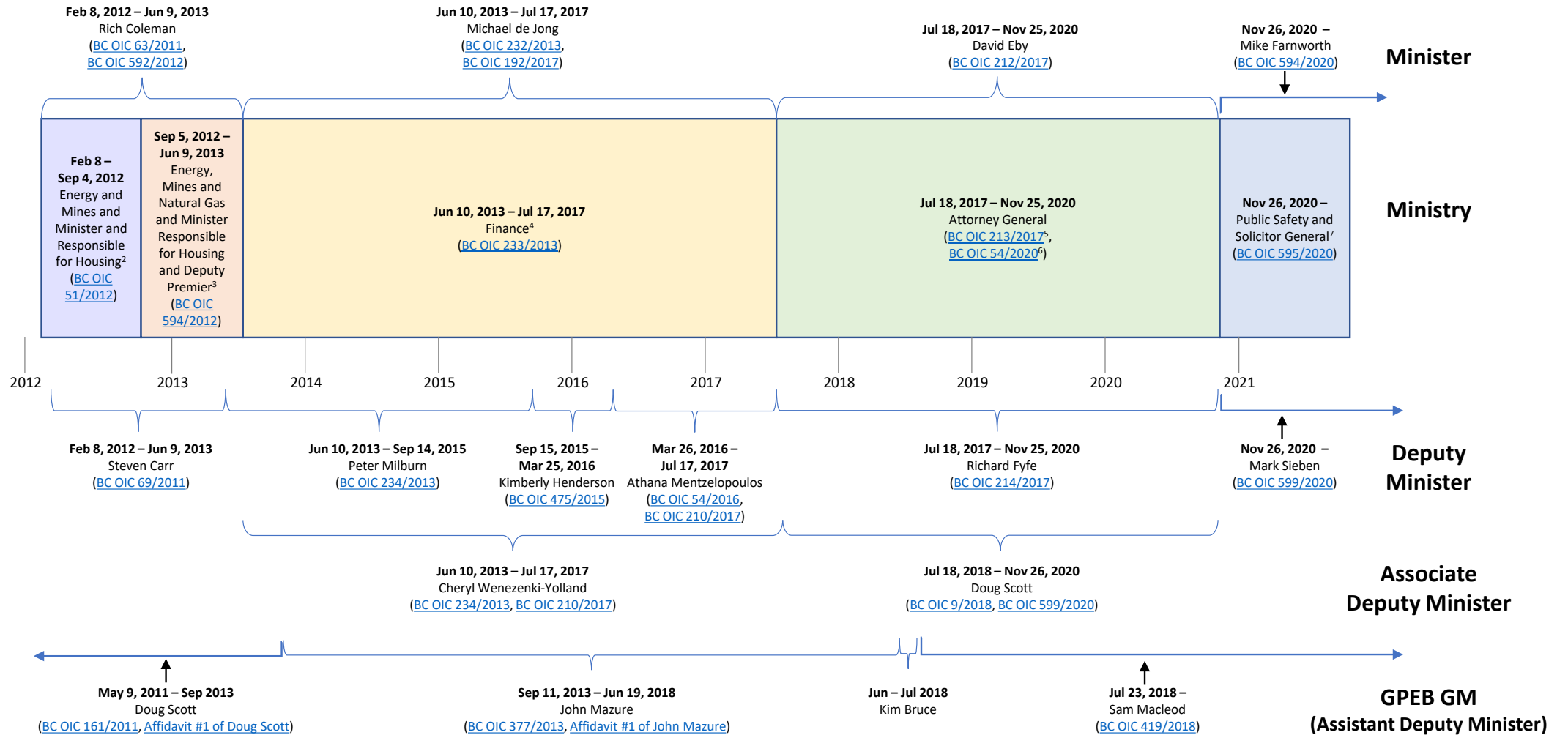
APPENDIX B

BC Gaming Control Act Responsibilities 2002 – 2021



¹The *Gaming Control Act*, SBC 2002, c 14 came into force effective August 19, 2002 by regulation. It repealed a number of Acts, including the *Lottery Act*, RSBC 1996, c 278, and the *Lottery Corporation Act*, RSBC 1996, c 279.

APPENDIX B



² At this point, the prior Ministry of Public Safety and Solicitor General was disestablished, and the *Gaming Control Act* became the responsibility of the Ministry of Energy and Mines and Minister Responsible for Housing, whose Minister was already Rich Coleman (appointed the year before) and whose DM was already Steven Carr (also appointed the year before).

^{3, 4, 5} The Act, except Part 6, is the responsibility of this Ministry.

^{6, 7} The Act, except for Part 6 and Division 4 of Part 2, is the responsibility of this Ministry.

LIST OF AUTHORITIES

TAB	AUTHORITY
1.	<i>Bell ExpressVu Limited Partnership v. Rex</i> , 2002 SCC 42
2.	<i>Canada (Attorney General) v. Canada (Commission of Inquiry on the Blood System)</i> , [1997] 3 SCR 440
3.	<i>Fullowka v. Pinkerton's of Canada</i> , 2010 SCC 5
4.	<i>Great Canadian Casino Ltd v. Surrey (City of)</i> (1999), 53 B.C.L.R. (3d) 379 , 1998 CanLII 2894 aff'd 1999 BCCA 619
5.	<i>Kahlon (Litigation guardian of) v. Vancouver Coastal Health Authority (c.o.b. Vancouver Hospital and Health Sciences Centre)</i> , 2009 BCSC 922
6.	<i>Newton v. Marzban</i> , 2008 BCSC 328
7.	<i>ter Neuzen v. Korn</i> , [1995] 3 S.C.R. 674
LEGISLATION	
8.	Bill 6 – 2002, Gaming Control Act, 2002 , Legislative Session: 3rd Session, 37th Parliament, First Reading
9.	<i>Criminal Code</i> , RSC 1985, c. C-46
10.	<i>Gaming Control Act</i> , SBC 2002, c. 14
11.	<i>Gaming Control Regulation</i> , BC Reg 208/2002
12.	<i>Lottery Corporation Act</i> , SBC 1985, c. 50
13.	<i>Police Act</i> , RSBC 199, c. 367
14.	<i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i> , SC 2000, c. 17
15.	<i>Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations</i> , SOR/2002-184
16.	<i>Public Inquiry Act</i> , SBC 2007, c. 9