



September 24, 2021

VIA Email

Commission of Inquiry into Money Laundering in British Columbia  
PO Box 10073  
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Vancouver, BC V7Y 1B6

Dear Sirs/Mesdames:

Please find enclosed the closing submissions of the BCGEU.

Yours Truly,

Jitesh Mistry  
General Counsel

JM/RS  
MoveUp

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We are located on the unceded and shared traditional territory of the xʷməθkʷəyəm (Musqueam), Skxwú7mesh (Squamish) & Səlíl̓ Iwətaʔ (Tsleil-Waututh) peoples.

# COMMISSION OF INQUIRY INTO MONEY LAUNDERING IN BRITISH COLUMBIA

The Honourable Austin F. Cullen, Commissioner

## FINAL WRITTEN SUBMISSIONS OF THE BCGEU

### **Part I: Overview**

In order to assist the Commissioner in the preparation of his final report, the closing submissions of the BC General Employees' Union (the "BCGEU") will provide the following:

- a summary of the BCGEU's participation in the Cullen Commission of Inquiry (the "Commission");
- an overview of the BCGEU's assessment of the emergence of money laundering ("ML") in casinos and the impact of ML activity and anti-money laundering measures ("AML") on casino workers; and
- the BCGEU's submissions to the Commissioner in respect to areas of consideration for findings and recommendations that will protect workers and support a prosperous, safe, and organized casino industry.

The BCGEU is grateful to have been accorded the opportunity to participate in the Commission's proceedings and looks forward to the Commissioner's final report.

### **Part II: BCGEU's Participation at the Inquiry**

The BCGEU is one of the largest, fastest growing, and most diverse unions in the province—representing more than 82,000 members who work in every sector of the economy and every community across BC. The BCGEU is a member-driven and democratic organization.

The BCGEU sought standing in the Commission because our membership includes many workers who have been and continue to be directly impacted by the issues covered by the Commission's mandate, including workers in:

- the financial services industry;

- direct government—where the BCGEU is the lead union—including the ministry of the Attorney General and the Ministry of Municipal Affairs and Housing; and
- the casino sector—where the BCGEU is the lead union—including Metro Vancouver’s River Rock, Hard Rock, Grand Villa and Starlight casinos.

It was and remains the BCGEU’s position that the findings of the Commission will have a direct and significant impact on the working conditions and conduct of any or all of these workers.

As such, the BCGEU’s objective in seeking standing was to do everything in our power to ensure that the firsthand experience of front-line workers was considered in the Commission’s work<sup>1</sup> including assisting in the formulation of recommendations.<sup>2</sup>

It was and remains the BCGEU’s position that the firsthand experience of workers may contribute to the Commissioner’s understanding of:

- the conditions that contributed to the emergence and expansion of ML and/or delayed the efforts of authorities to detect, deter, and disrupt ML; and
- the effectiveness and impact of anti-money laundering measures (AML) implemented by government and industry.

In granting the BCGEU’s application for standing on the topics of gaming and horse racing; real estate; financial institutions and money services, the corporate sector; luxury goods; and professional services<sup>3</sup>, the Commissioner noted that “the participation of the BCGEU is likely to further the conduct of the Inquiry in respect of the experience of workers... and by assisting in the formulation of recommendations informed by the interests of these workers”.<sup>4</sup>

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<sup>1</sup> BCGEU Application for Participation (2019-09-04).

<sup>2</sup> Applications for Standing—Ruling #1 (2019-09-24).

<sup>3</sup> Applications for Standing—Ruling #1 (2019-09-24) at 18, para. 79.

<sup>4</sup> Applications for Standing—Ruling #1 (2019-09-24) at 19, para. 79.

As the scope of the Inquiry became clearer, the BCGEU focused its participation on workers in the gaming sector. The BCGEU believes this to be the sector in which the risks and impacts of ML on workers is most profound and where there is the greatest potential for the Commission's findings to serve the BCGEU's goals of supporting a prosperous, sustainable gaming industry that respects the right of workers to safe and healthy working conditions.<sup>5</sup>

Throughout the Commission's work, the BCGEU made every effort to provide as many documents and as much information and input as possible in service of the Commission's work, all in the interests of front-line workers.

The BCGEU conducted an extensive search of internal records related to organizing and servicing members in casinos across the province. Despite our union's status as the lead union in the sector and our history of organizing workers in the sector, logistical issues related to records management and archival systems meant that the BCGEU was only able to provide a limited number of records to the Commission, which the Commission's internal records will confirm.

The BCGEU, at the direction of its elected President, mobilized an organization-wide effort to identify union members who not only held information relevant to the Commission's mandate but would be willing to publicly testify to their experiences.

Through extensive work on member outreach and engagement, the BCGEU was able to identify union members with information relevant to the Commission's mandate. However, we were unable to identify any members willing to testify publicly.<sup>6</sup>

Due to pressures exerted by employers, members in the casino industry perceived a threat to their livelihoods and were not willing to take the risk of testifying publicly. The pressure and the risk perceived by members was exacerbated in the context of the

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<sup>5</sup> Re: Application to admit evidence of casino workers (2019-02-22) at 3.

<sup>6</sup> BCGEU Application to admit evidence of casino workers (2021-02-08) at 4-5, s. 20-25; Affidavit No. 1 of Lisa Trolland.

COVID-19 pandemic, which saw casinos across BC shut down and casino workers furloughed and awaiting call back by their employers.<sup>7</sup>

The BCGEU, as the bargaining agent of casino workers, could not responsibly advise members to jeopardize their livelihoods and safety by testifying.

It was and remains the BCGEU's position that member evidence goes to the very heart of the Commissioner's mandate and the Commission's ability to fulfill its responsibility to address the conditions that enabled ML to flourish and to make recommendations to prevent ML.<sup>8</sup> In support of this position, the BCGEU applied to the Commission to admit the evidence of casino workers via expert panel based on the consideration that such evidence was relevant, necessary, and appropriate to the fulfillment of the Commission's mandate.<sup>9</sup>

In responding to the BCGEU's application, Commission Counsel noted several concerns expressed by members, including: "deficiencies in current AML measures in casinos, inadequate training and mismanagement with respect to AML measures in casinos, the prioritization of VIP players over AML measures, the continued presence of loan sharks in casinos, and customer dissatisfaction related to AML measures."<sup>10</sup>

Commission counsel identified several issues for the Commissioner to consider in weighing the BCGEU's application, including the fact that "The Commission has not heard evidence from front-line casino workers and the perspective provided by the BCGEU Panel is one that is unlikely to be available to the Commissioner if the evidence is not admitted".<sup>11</sup>

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<sup>7</sup> Affidavit No. 1 of Lisa Trolland.

<sup>8</sup> Taken from Application to admit evidence of casino workers (2021-02-08) at 2-3.

<sup>9</sup> Application to admit evidence of casino workers (2021-02-08).

<sup>10</sup> Commission of Inquiry into Money Laundering in British Columbia, Application Response of Commission Counsel Part 2.7 (2021-02-17 CC Response to BCGEU app).

<sup>11</sup> 2021-02-17 CC Response to BCGEU App Part 3.B.iii.26.

Commission counsel took no position as to whether the evidence of the BCGEU panel should be admitted.

In his ruling on the BCGEU's application, the Commissioner acknowledged "the subject matter of the will-say, insofar as it presents concerns on the floor from the workers, represents an important perspective for the Commission to have...".<sup>12</sup> In his public decision, the Commissioner highlighted several assertions from the BCGEU will-say:

- Workers feel that management prioritize VIP players over AML measures. Workers feel that management perpetuates a culture of letting VIP players do whatever they want.
- To elaborate, casino workers have noticed that managers sometimes override the Denomination Return Rule.
- The Denomination Return Rule stipulates that, for example, if a player cashed in with \$6,000 in twenties, and cashes out with \$6,000 or less, the player is to receive the \$6,000 back in twenties.
- Managers override supervisors, and sometimes do not follow the Denomination Return Rule if the player has a bigger winning.<sup>13</sup>

...

- Loan sharks are still clearly noticeable in casinos and casino workers are concerned.
- Predominantly, casino workers notice loan sharks engaged in potential money laundering in VIP rooms.
- For example, at times, a casino player in the VIP room who lost everything will leave their table. Workers would see this casino player enter the washroom with a known loan shark.

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<sup>12</sup> Ruling #29 – BCGEU Application to Admit Evidence through a Panel), at 10, s. H, para. 47.

<sup>13</sup> Ruling #29, at 11, s. H, para. 52, ss. 49-52.

- There are no cameras within washrooms.
- The player would then return to the table with money for a buy-in.<sup>14</sup>

We acknowledge that these particulars summarized by the Commissioner were not admitted into evidence. However, it remains the case that they are contained in a public decision. It cannot be said to be improper to cite passages from any public decision of the Commissioner. More to the point, we refer to these passages to emphasize the importance of worker feedback, as well as to establish the profound need for robust legislative or regulatory whistleblower protection.

In declining to admit the BCGEU's evidence, the Commissioner noted: "I do accept that the absence of evidence from the perspective of front-line casino workers is a gap in the Commission's evidentiary foundation... The issue that has been inferentially raised by this application, the apparent reticence of casino workers to publicly discuss issues of money laundering or antimoney laundering measures, or to use the whistleblower processes in place for reporting their observations is a matter of concern to the Commission and does engage its mandate".<sup>15</sup>

The BCGEU was able to facilitate the evidence and appearance of Muriel Labine, a casino worker and former BCGEU member. Her extensive journals from the late 1990s through early 2000s provided valuable insight into how ML took hold in her workplace, the efforts she and her co-workers took to protect themselves and to eradicate the activity, and the impact of ML on the health and safety of her workplace.

### **Part III – Submissions**

#### **A. Close ties between casino industry and political decision-makers**

Political ties likely also compounded tendencies for government to minimize or even turn a blind eye to problematic activity in BC casinos.

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<sup>14</sup> Ruling #29, at 11, s. H, para. 54, ss. 53-57.

<sup>15</sup> Ruling #29, at 14, s. H, paras. 70-72.

In her almost entirely uncontradicted *viva voce* and affidavit evidence, Ms. Labine observed efforts in the 1990s of Great Canadian Gaming Corporation (“GCGC”) owners and management to influence politics and policy around gaming in BC.

GCGC paid her to work on several political campaigns between 1995 and 1998 under the supervision of Jacee Schaefer, then GCGC’s vice president of media and government relations.<sup>16</sup> She believed the purpose of her work on political campaigns was to help GCGC to gain the ear of influential politicians.<sup>17</sup>

In 1995, at the request of GCGC manager Adrian Thomas, she worked for a month on BC Liberal Party candidate Jon van Dongen’s by-election campaign in Abbotsford. She reported to Jacee Schaefer, who was well known in BC political circles for her campaign expertise. GCGC paid her for this work and covered her expenses. During that campaign, Ms. Schaeffer told Ms. Labine that she had just dictated the policy on gaming to BC Liberal Party headquarters in a phone call. Ms. Schaeffer seemed very pleased with the outcome of this telephone conversation.<sup>18</sup> Mr. van Dongen would later become the BC attorney general and minister responsible for gaming.

In 1996, Mr. Thomas asked Ms. Labine to work for the BC Liberal Party on the provincial general election. She again reported to Jacee Schaefer, who was still a vice president at GCGC and was the 1996 election day chair for the BC Liberal Party. Her wages were paid by GCGC, and the BC Liberal Party covered her expenses.<sup>19</sup>

After taking office in 2001, the BC Liberal party over the course of their first term abandoned their previous opposition to gaming expansion in BC. During this early period, the casino industry was not a large financial donor to the governing party. However, it is publicly reported that important gaming industry insiders, including Patrick

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<sup>16</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 22-27.

<sup>17</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, para. 23.

<sup>18</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, para. 24.

<sup>19</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, para. 25.



Kinsella (a consultant for GCGC and company stockholder) and GCGC VP Jacee Schaeffer played central roles in BC Liberal election campaigns.<sup>20</sup>

Over time, gaming industry companies would also become important financial contributors to the BC Liberal Party. Elections BC records show significant political donations from gaming industry companies to the BC Liberal Party, prior to the introduction of campaign finance reform in 2017. GCGC, for example, donated more than \$127,000 to the BC Liberals prior to changes that ended corporate donations. In the same period, Gateway Casinos donated more than \$194,000 to the BC Liberal Party.<sup>21</sup>

## **B. Failure to Act: Casino Industry**

Ms. Labine's testimony showed the reluctance of the casino industry to take meaningful action against the initial appearance of illegal activity in BC casinos in the late 1990s, which included widespread loan sharking and probable smaller-scale money laundering.<sup>22</sup>

The inaction appears to have been driven by industry fears of negative impacts on revenue, which was growing dramatically in the context of casino expansion and increased betting limits.

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<sup>20</sup> Andrew MacLeod, A Government Learns to Love Gambling, The Tyee, Feb. 1, 2005: <https://thetyee.ca/News/2005/02/01/GovLoveGambling/>.

<sup>21</sup> Elections BC, Financial Reports and Political Contributions System, online: [https://contributions.electionsbc.gov.bc.ca/pcs/SA1ASearchResults.aspx?Contributor=gateway+casino&PartySK=5&Party=BC+Liberal+Party&ClassSK=0&ClassificationName=\(ALL\)&DateTo=&DateFrom=](https://contributions.electionsbc.gov.bc.ca/pcs/SA1ASearchResults.aspx?Contributor=gateway+casino&PartySK=5&Party=BC+Liberal+Party&ClassSK=0&ClassificationName=(ALL)&DateTo=&DateFrom=)  
[https://contributions.electionsbc.gov.bc.ca/pcs/SA1ASearchResults.aspx?Contributor=reat+canadian+gaming&PartySK=5&Party=BC+Liberal+Party&ClassSK=0&ClassificationName=\(ALL\)&DateTo=&DateFrom=](https://contributions.electionsbc.gov.bc.ca/pcs/SA1ASearchResults.aspx?Contributor=reat+canadian+gaming&PartySK=5&Party=BC+Liberal+Party&ClassSK=0&ClassificationName=(ALL)&DateTo=&DateFrom=)

<sup>22</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 9, 10, 11.

Testimony from casino workers who were present during this period suggests that casino management tolerated and sometimes accommodated loan sharks because they facilitated increased spending by patrons.<sup>23</sup>

Problematic behavior by “high roller” VIP gamblers was minimized, and sometimes accommodated, even when it represented a threat to the safety of casino workers. Management actively put forward alibis to avoid investigating suspicious transactions from VIP gamblers and loan sharks.

Unchallenged testimony from Ms. Labine detailed the genesis of illegal activity and the failure of management to take action.

- Ms. Labine testified to seeing numerous incidents involving suspicious cash transactions.<sup>24</sup>
- Ms. Labine both experienced and witnessed harassment and intimidation from loan sharks and their associates.<sup>25</sup>
- Managers refused to address threatening behaviour, and sometimes even accommodated loan sharks and VIPs engaged in problem activity so that they could continue gambling.<sup>26</sup>
- Disturbed by this apparent organized crime activity at her worksite and fearful for the safety of employees and legitimate casino patrons, Ms. Labine alerted casino management of the illegal activity she was observing and her safety concerns on multiple occasions, including to Adrian Thomas, GCGC’s vice president of operations, and Jacee Schaefer, GCGC’s vice president of media and government affairs.<sup>27</sup>

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<sup>23</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 13, 14, 15, 16, 17, 19.

<sup>24</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 8, 9, 10, 11.

<sup>25</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 13, 16.

<sup>26</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 13-16.

<sup>27</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 13-16.

- Ms. Labine and her coworkers were repeatedly told by senior managers that this activity was all simply “friends loaning money to friends”.<sup>28</sup>
- Mr. Thomas acknowledged to Ms. Labine that there was a gang presence in the casinos but told her she should not worry because the gangs “won’t shit in their own nest”.<sup>29</sup>
- When Ms. Labine attempted to organize her fellow employees into a union, in large part because of management’s failure to address safety and security issues related to organized crime presence in the casino, her employer worked to push her out of the industry and even required her to sign a non-disclosure agreement regarding suspicious activities she had witnessed in order to obtain a financial settlement.<sup>30</sup>

The casino industry’s pattern of inaction in response to credible evidence of criminal activity apparently only worsened after Ms. Labine was pushed out of the industry in 2000:<sup>31</sup>

- BC Lottery Corporation (“BCLC”) investigator Mike Hiller testified that in 2009, when he recommended banning a number of VIP players from the River Rock Casino (RRCR), management pushed back and threatened to change surveillance practices if BCLC investigators continued to intervene.<sup>32</sup>
- Mr. Hiller testified that RRCR general manager Rick Duff frequently complained about bans of loan sharks.<sup>33</sup>

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<sup>28</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 14, 17.

<sup>29</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, para. 1.

<sup>30</sup> Exhibit 147, Affidavit No. 1 of Muriel Labine, paras. 20, 21, 28-33.

<sup>31</sup> We say that the evidence before the Commission supports an inference that Ms. Labine’s departure from the gaming industry was largely related to her active support for casino workers being protected by unionization.

<sup>32</sup> Proceedings at hearing of November 9, 2020 witness Michael Hiller, at 67-96.

<sup>33</sup> Proceedings at hearing of November 9, 2020 witness Michael Hiller, at 73-78.

- Former GCGC employee and later BCLC investigator Stone Lee testified that he encountered resistance from casino operators who did not like BCLC banning loan sharks, as they viewed this as bad for business.<sup>34</sup>
- Mr. Lee recalled an incident in the later 1990s or the early 2000s in which GCGC’s director of surveillance escorted loan sharks through the casino to meet with GCGC vice president Adrian Thomas, for reasons that were not explained.<sup>35</sup> Mr. Lee recounted that he and other BCLC investigators were told by casino management to not talk to patrons, and that “two high limit players passing chips is not suspicious”. Casino management told Mr. Lee and his BCLC colleagues that they were stepping outside their mandate and they were “not police officers”.<sup>36</sup>
- Larry Vander Graaf testified that in 2010 a VIP returned \$1.2 million in chips to the casino in exchange for cash and asked management to provide a letter verifying the legitimacy of the funds. The casino’s senior managers provided the letter despite knowing the VIP was associated to a number of suspicious transactions and a banned loan shark.<sup>37</sup>

### **C. Failure to Act: BC Lottery Corporation**

Suspicious transactions and illegal activity continued to grow apace with increased betting limits, casino expansion, and casino revenue in the 2000s. BCLC was tasked with regulating the industry to ensure its integrity. However, it is apparent on the evidence before the Commission that BCLC leadership failed to take necessary actions to address the problems being brought to their attention by their own investigators and others in the industry.

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<sup>34</sup> Proceedings at hearing of October 27, 2020, witness Stone Lee, at 15-16.

<sup>35</sup> Exhibit 87, Affidavit #1 of S. Lee sworn on the 23rd day of October, 2020, para. 21.

<sup>36</sup> Proceedings at hearing of October 27, 2020, witness Stone Lee, at 78-79.

<sup>37</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf (for the Commission), at 94-99.

Testimony from Gaming Policy Enforcement Branch (“GPEB”) investigators, BCLC’s own employees, and law enforcement, as well as sanctions from Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”), suggest that senior management at BCLC had sufficient information to conclude there was a problem but was reluctant to take action to deter or disrupt criminality and money laundering in the industry. A non-exhaustive list of examples includes:

- BCLC investigator Mike Hiller testified that from 2009 onward he repeatedly warned his superiors that organized crime was likely laundering drug-trafficking cash using VIP gamblers at the River Rock and other BC casinos, but his warnings were apparently ignored.
- Mr. Hiller testified that BCLC vice president Brad Desmarais attempted to deny the growing problem in internal articles directed at staff in 2013 and 2014, suggesting that the growth of large cash transactions was not money laundering, but somehow legitimate “underground banking.” Desmarais wrote an article titled “Money Laundering? Not Really” on “Yak”, an internal BCLC newsletter.<sup>38</sup>
- In March 2015, Jim Lightbody delivered a presentation at an annual legal, investigative, and compliance meeting in which he spoke about increased table revenue and expressed pride in the growing revenues. Mr. Hiller knew that this was also the busiest time for filing suspicious transaction reports (STR). Mr. Lightbody did not mention STRs in this presentation.<sup>39</sup>
- Mr. Hiller recalled a speech made by Michael Graydo at an annual meeting comprised of BCLC legal, investigative, and compliance staff. Mr. Graydon was CEO of BCLC at the time and would later be president of what would become Parq Casino. In the speech, Mr. Graydon said that the media reporting about bags of cash in casinos was incorrect.<sup>40</sup>

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<sup>38</sup> Exhibit 166, Affidavit #1 of M. Hiller sworn November 8, 2020, paras. 85-87.

<sup>39</sup> Proceedings at hearing of November 9, 2020, witness Michael Hiller, at 31-33.

<sup>40</sup> Exhibit 166, Affidavit #1 of M. Hiller sworn November 8, 2020, paras. 83-84.

- BCLC management hosted presentations from a Hong Kong journalist who attempted to provide an alternate explanation for suspicious cash in casinos. The journalist claimed that the cash was not proceeds of crime but was instead currency being smuggled out of the People’s Republic of China (PRC).<sup>41</sup>
- BCLC anti-money laundering investigator Daryl Tottenham testified that VIP gamblers were repeatedly allowed to “bend” federal AML rules so as not to jeopardize the highly sought-after revenue they generated. Multiple emails from BCLC staff presented during his testimony referred to sensitivities around actions that could affect revenue for the casinos and BCLC itself.<sup>42</sup>
- In as early as 2011, investigator Ross Alderson warned that RRRCR was only reporting suspicious transactions of more than \$50,000. This was a violation of federal AML rules at the time. In response, BCLC apparently took no action and allowed the practice to continue for another four years.<sup>43</sup>
- Mr. Graydon, BCLC CEO from 2008 to 2014, testified to the Commission that he resisted proposals to take \$20 bills out of the system during his tenure because he believed it “would have destroyed the industry because gaming is a cash-based business”. Large cash transactions involving \$20 bills are widely considered by investigators and experts to be indicative of efforts to launder proceeds from the illegal drug trade.<sup>44</sup>
- In 2010, BCLC was assessed a \$700,000 fine by FINTRAC for violations of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. FINTRAC withdrew its case in 2017 after years of legal appeals from BCLC. Documents show that FINTRAC’s 2010 audit found “little to no verification” of high-risk client betting, that BCLC had failed to adequately report large cash transactions over

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<sup>41</sup> Proceedings at hearing of November 9, 2020, witness Michael Hiller, at 54-55.

<sup>42</sup> Proceedings at hearing of November 4, 2020, witness Daryl Tottenham (for the Commission), at 23-28, 97-98, 113-114, 128-129, 139-140, 159-160.

<sup>43</sup> Exhibit 832, Dirty Money Report by Peter German March 31 2018, at 160.

<sup>44</sup> Exhibit 832, Dirty Money Report by Peter German March 31 2018, at 10.

\$10,000, and that casinos were allowing high rollers to simply identify themselves as "self-employed" or "business owners." Despite FOI requests from journalists, BCLC used legal proceedings to avoid disclosing the findings of the FINTRAC audit until 2019.<sup>45</sup>

We submit the evidence supports an inference that the primary motivation for BCLC's commitment to a strategy of inaction and misdirection was avoiding disrupting casino revenue.

#### **D. Failure to Act: Provincial Government**

While the failure of casino operators and the BCLC to act on suspicious activity in the gaming industry is not excusable, the industry is rightly structured such that the provincial government has the ultimate responsibility to protect the integrity of the industry and the wider public interest by providing policies and resources to support appropriate regulation and enforcement.

The Commissioner heard evidence of the provincial government's reliance on rapidly increasing casino revenues.<sup>46</sup> In the totality of the evidence, this revenue dependency motivated willful blindness among decision makers that resulted in inaction, despite mounting evidence of suspicious and criminal activity and warnings from staff on the front lines of monitoring and enforcement in the casino industry.

The BC Liberal government's dependence on casino revenue was the direct result of a series of personal and corporate tax cuts made immediately after taking office in 2001.

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<sup>45</sup> Exhibit 832, Dirty Money Report by Peter German March 31 2018, at 156-158.

<sup>46</sup> Exhibit 832, Dirty Money Report by Peter German March 31 2018. See, for example, at 10-11, para. 10:

"The unique governance of gaming in B.C. allows the provincial government to reap huge revenue from casino gambling, making it the largest revenue stream for government outside of taxes. The ability to fund needed government programs, focussed on social welfare, education and health out of gaming revenue is a bonus to government, which has over time become a budgetary expectation."

Those tax cuts, which were made against the cautionary advice of the Ministry of Finance, reduced the provincial government's annual revenue by \$2.2 billion from 2001/02 onward.<sup>47</sup> Additional cuts undertaken by subsequent BC Liberal governments further reduced revenue by hundreds of millions of dollars.

The government initially promised these cuts would "pay for themselves" by stimulating economic growth that would result in a larger tax base. That promise was never realized. Instead, the cuts created massive gaps between expenditures and income. The government attempted to address the shortfall by drastically cutting spending on public services but those cuts were not enough to fill the large and growing gap.

From 2002 to 2010, corporate tax cuts alone cost the provincial treasury almost \$7.7 billion.<sup>48</sup> The financial benefits of these tax cuts accrued primarily to high income earners and corporations.<sup>49</sup>

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<sup>47</sup> Seth Klein and Iglia Ivanova, *Progressive Tax Options for BC Reform Ideas for Raising New Revenues and Enhancing Fairness*, CCPA BC, Jan. 2013: [https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/01/CCPA-BC-Tax-Options\\_0.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/01/CCPA-BC-Tax-Options_0.pdf) and George Malcolm Abbott, *Prescription Before Diagnosis: The Dynamics of Public Policy Construction in the BC Liberal New Era, 2001-2005*, PHD Dissertation, University of Victoria, 2019: [https://dspace.library.uvic.ca/bitstream/handle/1828/10749/Abbott\\_George\\_PhD\\_2019.pdf?sequence=1&isAllowed=y](https://dspace.library.uvic.ca/bitstream/handle/1828/10749/Abbott_George_PhD_2019.pdf?sequence=1&isAllowed=y)

<sup>48</sup> BC Federation of Labour, "Failed Policies," 2011: <https://bcfed.ca/sites/default/files/attachments/FailedPolicies-1-ProfitsTaxes.pdf>

<sup>49</sup> Seth Klein and Iglia Ivanova, *Progressive Tax Options for BC Reform Ideas for Raising New Revenues and Enhancing Fairness*, CCPA BC, Jan. 2013: [https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/01/CCPA-BC-Tax-Options\\_0.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/01/CCPA-BC-Tax-Options_0.pdf) and BC Federation of Labour, "Failed Policies," 2011: <https://bcfed.ca/sites/default/files/attachments/FailedPolicies-1-ProfitsTaxes.pdf>



By 2011, BC's taxation revenues had fallen relative to the size of the provincial economy by 1.6 percentage points of provincial GDP, which amounted to about \$3.5 billion less annually in provincial government revenue.<sup>50</sup>

It is in this context of desperate need to increase government revenue without increasing taxes that the actions and inactions of successive BC Liberal governments around gaming policy and enforcement must be understood.

Policies like gaming sector expansion and increases to betting limits were introduced between the BC Liberals' first and final years in office. This allowed the government's net annual income from casinos and community gaming to more than triple. When the BC Liberal government took office in 2001/02, income was \$312 million. During their final year in office in 2017/18, income was \$1 billion. In total, casino and community gaming income accounted for \$12.7 billion in government revenue during that period.<sup>51</sup>

This growing dependence on casino revenue seems the likely motivation for the decisions of senior public office holders, including provincial cabinet ministers, to choose inaction in response to mounting reports from investigators of suspicious cash transactions and probable money laundering in BC casinos.

Notable examples put before the inquiry include:

- Joe Schalk, former GPEB senior director of investigations, testified that from 2008 onwards he and his boss, Mr. Vander Graaf, repeatedly warned senior officials that massive drug-money laundering was occurring in the province's

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<sup>50</sup> Seth Klein and Iglia Ivanova, *Progressive Tax Options for BC Reform: Ideas for Raising New Revenues and Enhancing Fairness*, CCPA BC, Jan. 2013:

[https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/01/CCPA-BC-Tax-Options\\_0.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/01/CCPA-BC-Tax-Options_0.pdf)

<sup>51</sup> Figures and calculations drawn from BC Lottery Corporation Annual Reports and Service Plans, 2001/02 to 2019/20: <https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/reports-publications-statistics>

casinos.<sup>52</sup> One of the officials who heard those warnings was Rich Coleman, then a cabinet minister responsible for gaming.

- In 2009, GPEB started asking BCLC and senior officials in charge of the branch to restrict the amount of \$20 bills any casino could accept in a 24-hour period, but no action was taken.<sup>53</sup>
- In 2011, the government undertook a review of suspicious cash in casinos. The reviewer did not include Mr. Vander Graaf's recommendation to limit casino's acceptance of \$20 bills, despite tens of millions of dollars in \$20 bills recorded as suspicious transactions by the casinos and BCLC.
- One of the last reports Mr. Vander Graaf submitted to his superiors documented a \$1 million transaction at RRRCR tied to known loan sharks.<sup>54</sup>
- Mr. Vander Graaf sent a memo to John Mazure, then assistant-deputy minister (ADM) responsible for gaming, warning that the regulator could be failing in its "moral" duty to protect the integrity of BC casinos, and that casino service providers could be turning a blind eye to and facilitating money laundering,<sup>55</sup>
- In 2011 Rob Barber, then a GPEB investigator, approached senior provincial officials to warn about apparent large-scale drug-money laundering in the province's casinos. Mr. Barber testified that he believes his warnings were ignored.<sup>56</sup>

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<sup>52</sup> Proceedings at hearing of January 22, 2021, witness Jan (Joe) Schalk (for the Commission), at 141-142; Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf (for the Commission), at 103-117.

<sup>53</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf, at 56-57.

<sup>54</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf, at 207-212.

<sup>55</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf, at 220-221.

<sup>56</sup> Exhibit 145, Affidavit No. 1 of Rob Barber, paras. 40-42, 82-90.

- BCLC took no action to ban problem VIP gamblers associated with organized crime and probable money laundering until late 2015, after RCMP began its E-Pirate investigation.<sup>57</sup>
- GPEB investigator Ken Ackles testified that from 2013 onwards, he and other enforcement staff stationed at RRCR witnessed numerous large cash transactions take place that they believed were money laundering.
  - Mr. Ackles compiled a spreadsheet documenting \$20 million in suspicious cash transactions at RRCR in July 2015 alone, including \$14.8 million in \$20 bills.<sup>58</sup>
  - Despite this evidence, Mr. Ackles testified that he saw no real change in how casinos accepted suspicious cash transactions from 2013 to 2018.<sup>59</sup>
  - Based on his past experience as a police officer, Mr. Ackles was confident that cash entering the River Rock was the proceeds of crime.<sup>60</sup>
  - Mr. Ackles formed this belief early in his tenure at GPEB and believes he would have first made reports associated with large cash transactions within weeks of his arrival at GPEB.<sup>61</sup> To Mr. Ackles' knowledge, nothing was being done to address the issue.<sup>62</sup>
  - During his time as a GPEB investigator, Mr. Ackles elevated this information through his supervisor, Derek Dickson, to Mr. Schalk and Mr. Vander Graaf.<sup>63</sup>

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<sup>57</sup> Proceedings at hearing of November 4, 2020, witness Daryl Tottenham at 62-63.

<sup>58</sup> Exhibit 144, Affidavit #3 of Kenneth Ackles, October 28, 2020, Exhibit D.

<sup>59</sup> Exhibit 144, Affidavit #3 of Kenneth Ackles, October 28, 2020, para. 22.

<sup>60</sup> Exhibit 144, Affidavit #3 of Kenneth Ackles, October 28, 2020, paras. 18-19.

<sup>61</sup> Exhibit 144, Affidavit #3 of Kenneth Ackles, October 28, 2020.

<sup>62</sup> Exhibit 144, Affidavit #3 of Kenneth Ackles, October 28, 2020, para. 22.

<sup>63</sup> Exhibit 144, Affidavit #3 of Kenneth Ackles, October 28, 2020, paras. 21 and 31.

In the face of growing evidence from front-line enforcement staff, law enforcement, and industry regulators, Mr. Coleman and other senior officials chose to promote explanations for suspicious cash transactions that avoided acknowledging the potential of criminal activity in general or ML in particular. In this way, Mr. Coleman and government were able to justify not taking action. The following is a synopsis of evidence heard by the Commission in respect of Minister Coleman's interactions with law enforcement on the topic of ML.

- Inspector Wayne Holland, then head of the RCMP's Integrated Illegal Gambling Enforcement Team ("IIGET"), told the Commission that in 2008 he presented a threat assessment that showed organized crime, money laundering, and loan sharking were deeply embedded in BC casinos. Inspector Holland says he discussed this directly with then Minister Coleman. Rather than increasing resources to address this threat, Inspector Holland's unit was disbanded in 2009.<sup>64</sup>
- Mr. Vander Graaf, the former executive director of GPEB, warned Minister Coleman in 2010 that casino investigators believed drug traffickers were laundering a "horrendous" number of \$20 bills through BCLC facilities.<sup>65</sup>
- Mr. Vander Graaf testified that in a meeting at the GPEB office in Burnaby, Minister Coleman and Lori Wanamaker, then a deputy minister (DM), listened to Mr. Vander Graaf's recommendation that BC's government should crack down on suspicious cash, but that nothing changed as a result of the meeting.<sup>66</sup>
- At one meeting, Minister Coleman asked Mr. Vander Graaf "What about this money laundering?" Mr. Vander Graaf responded, "They are bringing it in, in

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<sup>64</sup> Proceedings at hearing of December 2, 2020, witness Wayne Holland (for the Commission), at 132-137, 153-167.

<sup>65</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf, at 104-105.

<sup>66</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf, at 104-105.

\$10,000 bundles.’ Mr. Vander Graaf then testified, “He says, ‘I know lots of people with \$10,000 in their pocket.’ And I said, ‘If it’s in \$20 bills with elastic bands on both ends, you better check your friends out.’”<sup>67</sup>

- GPEB reports during Mr. Vander Graaf’s tenure explained that even if VIP gamblers who received cash lost money in the casino, it was actually the repayment of funds from VIPs to illegal cash facilitators/loan sharks that laundered money for drug gangs. Despite this being well-established knowledge, a number of key decision makers from government, the BCLC and the casino industry continued to argue that if players lost money, it somehow could not be money laundering. Some even continued to make that argument in testimony to the Commission.<sup>68</sup>
- Former RCMP Inspector Barry Baxter testified that when he took command of IIGET in 2010 he had no doubt organized crime groups were using casinos to launder cash.<sup>69</sup>
- Minister Coleman disregarded Inspector Baxter’s advice—going so far as to publicly discredit Inspector Baxter in a CBC radio interview, in which Minister Coleman stated: “I don’t agree with [Baxter] and neither do all the superiors of his in the RCMP and that’s why I said to them, ‘OK, guys, we’re gonna have a look at this. These comments came from you. I want them backed up’”.<sup>70</sup>
  - Inspector Baxter testified that after Minister Coleman’s interview, he received a call not from his direct superior but from Assistant

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<sup>67</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf, at 104-105.

<sup>68</sup> Proceedings at hearing of November 12, 2020, witness Larry Vander Graaf, at 149-150, 169-170, 178-179.

<sup>69</sup> Proceedings at hearing of April 8, 2021, witness Barry Baxter (for the Commission), at 35-36.

<sup>70</sup> Proceedings at hearing of April 8, 2021, witness Barry Baxter, at 49-71.

Commissioner Craig Callens, then serving as officer in charge of the BC RCMP.

- Inspector Baxter recalled of the conversation: “It was a bit of an unusual statement, to ‘know my audience’, and I’m not really sure what he meant by that”.<sup>71</sup>
  - Inspector Baxter told the Commission he offered Callens a full briefing on the casino investigation, but Callens declined the offer.<sup>72</sup> Instead, Inspector Baxter was directed not to speak with media again.
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- BCLC’s supported the minister’s position by explaining that once a patron with bundles of cash came back to a casino more than once, it was no longer considered suspicious, it was taken as a sign that the patron was a wealthy VIP based offshore.
  - Federal RCMP restructuring saw the Integrated Proceeds of Crime Unit disbanded in 2013. In the years following, the flow of suspicious cash through BC casinos continued to grow.<sup>73</sup>
  - In a recorded conversation with Fred Pinnock, Minister Coleman’s cabinet colleague and former police officer, Kash Heed said “...Coleman—Coleman was all part of it. It’s their network that caused this tsunami to take place in the casinos.”<sup>74</sup>

The government’s unwillingness to meet their responsibility to protect the integrity the gaming industry while aggressively pursuing expansion of the industry and enjoying the resulting revenue windfall mirrors the same government’s reluctance to address the overheated real estate market. After 2010, this overheated real estate market was also

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<sup>71</sup> Proceedings at hearing of April 8, 2021, witness Barry Baxter, at 64-66.

<sup>72</sup> Proceedings at hearing of April 8, 2021, witness Barry Baxter, at 64.

<sup>73</sup> Proceedings at hearing of April 8, 2021, witness Barry Baxter, at 68.

<sup>74</sup> Exhibit 163, Transcript of a phone call between Heed and Pinnock on July 10, 2018\_Redacted, at 8.

a source of “windfall” revenue that the government became dependent upon to plug the hole created by its tax cuts. The government’s revenue from the Property Transfer Tax alone rose from around \$900 million in 2010, to over \$2 billion by 2017.<sup>75</sup>

#### **IV. Recommendations**

##### **A. Whistleblower Protections**

The negative impacts of money laundering on British Columbians have been scrutinized and confirmed throughout these past months of hearing. A substantial amount of money laundering occurs in casinos. The impacts of this activity include the promotion of gang violence and the drug industry.

However, BC lacks a comprehensive and robust provincial regime that protects whistleblowers in private industries, such as the casino industry. The federal *Public Servants Disclosure Protection Act* only offers protection to those in the public sector.

Section 425.1 of the *Criminal Code* protects whistleblowers from employer reprisal as long as there is a public interest dimension and disclosure is made to a law enforcement official. Employers would face potential criminal sanctions for retaliatory actions against employees. However, this provision of the *Criminal Code* is rarely used and, to the best of our knowledge, has never been successfully invoked.<sup>76</sup> It is not practically available to casino workers. In circumstances where there is no imminent threat to public safety, it

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<sup>75</sup> Justin McElroy, “A substantial revenue source’: But B.C.’s property transfer tax barely mentioned in campaign” (22 April 2017), online: *CBC* <<https://www.cbc.ca/news/canada/british-columbia/a-substantial-revenue-source-but-b-c-s-property-transfer-tax-barely-mentioned-in-campaign-1.4080752>>.

<sup>76</sup> Micah Toub, “Canada needs to get serious about whistleblower protections. Here’s why” (3 July 2020), online: *CPA Canada* <<https://www.cpacanada.ca/en/news/pivot-magazine/2020-04-27-canada-protecting-whistleblowers>>.

is established that employees must “go up the ladder” within their organization to report observations of misconduct or mismanagement.<sup>77</sup>

Other provinces have regimes in place that demonstrate protecting whistleblowers in all sectors is possible. Saskatchewan and New Brunswick offer protection to private sector whistleblowers under section 74 of the *Labour Standards Act* and section 28 of the *Employment Standards Act*, respectively. These provinces protect employees from being discharged or discriminated against in any manner when they report, or propose to report, to a lawful authority any activity that is, or is likely to result in, an offence pursuant to a provincial or federal act.<sup>78</sup>

Internationally, jurisdictions such as the United Kingdom and Japan offer blanket regimes to protect whistleblowers. Since 1998, the United Kingdom’s *Public Interest Disclosure Act* has safeguarded whistleblowers from “detriment”, defined as retaliation from employers for a whistleblowing disclosure. The act applies to all sectors—public, private, and charitable.<sup>79</sup>

In 2019, the European Union (EU) adopted a directive from the European Commission (EC) to protect whistleblowers. The directive includes due process, legal assistance for whistleblowers, protection against criminal or civil liability for breaking non-disclosure agreements and taking evidence, and a reverse onus of proof that requires employers to prove action taken against a whistleblower was not a reprisal. These standards must

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<sup>77</sup> *Merk v. International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Local 771*, 2005 SCC 70 at paras. 23-28; *Anderson v IMTT-Quebec Inc.*, 2013 FCA 90 at para 40.

<sup>78</sup> Yosie Saint-Cyr, “The State of Whistleblowing in Canada” (6 June 2013), online: *Slaw* <[www.slw.ca/2013/06/06/the-state-of-whistleblowing-in-canada](http://www.slw.ca/2013/06/06/the-state-of-whistleblowing-in-canada)> [perma.cc/AQ4F-2JYG].

<sup>79</sup> Micah Toub, “Canada needs to get serious about whistleblower protections. Here’s why” (3 July 2020), online: *CPA Canada* <<https://www.cpacanada.ca/en/news/pivot-magazine/2020-04-27-canada-protecting-whistleblowers>>.



be implemented by member countries by December 2021.<sup>80</sup> Trade unions were able to assist national legislators to realize the directive's potential.<sup>81</sup>

The EU directive broadly defines retaliation as “any direct or indirect act or omission which occurs in a work-related context, is prompted by internal or external reporting or by public disclosure, and which causes or may cause unjustified detriment to the reporting person”. The following are prohibited:

- suspension, lay-off, dismissal or equivalent measures;
- demotion or withholding promotion;
- transfer of duties, change of location of work, reduction in wages;
- withholding of training;
- discrimination;
- coercion, intimidation, and harassment.

The EU directive requires mechanisms and channels to report information to be easy to access. The EU directive suggests that whistleblowing information be posted at a visible worksite location, on employers' websites, and in courses and training seminars on ethics and integrity.<sup>82</sup> The directive allows more specialised regimes to apply where

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<sup>80</sup> Karin Henriksson, “EU Whistleblower Directive: 2021 deadline looms for thousands of companies” (28 September 2020), online: *Lexology* <<https://www.lexology.com/library/detail.aspx?g=f114a693-a3f9-4c31-9363-6e45c77bb4b9>>.

<sup>81</sup> Vigjilence Abazi, “The European Union Whistleblower Directive: A ‘Game Changer’ for Whistleblowing Protection?”, *Industrial Law Journal*, Volume 49, Issue 4, December 2020, at 640-656, online: <<https://doi.org/10.1093/indlaw/dwaa023>>.

<sup>82</sup> Loyens & Loeff - Filip Saelens, Vanessa Marquette, Stéphanie De Smedt, Valentijn De Boe, Clémence Van Muylder and Mathias Hendrickx, “EU Whistleblower Directive: New standards applicable across all sectors” (23 April 2020), online: *Lexology* <<https://www.lexology.com/library/detail.aspx?g=4aed35c9-eb58-438b-b8c9-5752f6597702>>.

such rules exist in the EU, such as money-laundering regimes. AML is one of 12 policy fields identified in the directive.<sup>83</sup>

Overall, there exists, or will soon exist, broad protection for whistleblowers in private sectors in many other jurisdictions.

The BCGEU is firmly of the view that BC must adopt a robust, comprehensive regime to protect whistleblowers in all sectors and asks the Commission to make recommendations to expand and strengthen whistleblower legislation, protections and processes, including:

- extending whistleblower legislation and protection to employees in the private sector, as has already happened in Australia and several other jurisdictions;<sup>84</sup>
- expanding legal protections to whistleblowers who use the media or their union as a channel for whistleblowing activity;
- establishing a formal regime to support whistleblowing in high-risk sectors, such as gaming sector, real estate, financial services, and luxury car sales; and
- allocating resources to expand public sector-led enforcement and compliance in vulnerable sectors.

Scholars have suggested the following features for a successful whistleblowing regime:

- broad and clear legislation;
- adequate mechanisms for disclosure;
- confidentiality;

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<sup>83</sup> Article 3(1) EU Whistleblower Directive.

<sup>84</sup> Dennis Gentilin, (2019) “It’s a new era for Australia’s whistleblowers – in the private sector,” The Conversation. Available online at: <https://theconversation.com/its-a-new-era-for-australias-whistleblowers-in-the-private-sector-119596> ; Siavash Vatanchi (2019), “Whistleblowing in Canada: a call for enhanced private sector protection.” Available online at: <https://ojs.lib.uwo.ca/index.php/uwojls/article/download/6838/5552/>

- protection against retaliation; and
- sufficient remedies available to the wronged whistleblower.<sup>85</sup>

The BCGEU concurs that all of these features are necessary.

The BCGEU acknowledges that casinos have implemented policies to combat money laundering and that casino operators believe they have internal policies in place to encourage and protect whistleblowers. However, internal policies run by casinos themselves cannot offer the protection that employees need and deserve.

For an employee, going through an internal process means having to reveal one's identity, whether directly or by implication. Furthermore, lack of consistency in employer work policies across the various BC casinos is a challenge for workers seeking clarity and security regarding their rights and protections in the workplace.

Even across unionized worksites, members are disciplined differently for the same actions concerning AML measures, such as fulfilling certain recording requirements. This does not instill confidence. In addition, there is no uniform policy for workers to report concerns regarding witnessing money laundering in casinos.

Even with union protection, our members were concerned about retaliation, their livelihoods as sustained by casinos, as well as their fellow colleagues. In efforts to obtain witnesses for the Commission, the BCGEU found that casino employees did not wish to be known as “whistleblowers” or risk damage to the casino industry. This chill on workers being able to come forward is borne out in the uncontradicted evidence of Lisa Trolland in support of the BCGEU's application to admit evidence. No party opposing the application sought to cross-examine Ms. Trolland on her affidavit evidence. Its contents stand before the Commission unaltered.<sup>86</sup>

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<sup>85</sup> Gerry Ferguson, *Global Corruption: Law, Theory and Practice*, 3rd ed (Victoria: University of Victoria, 2018) at 1021.

<sup>86</sup> Affidavit No. 1 of Lisa Trolland.

The BCGEU likewise does not wish to damage the casino industry. We are hopeful that the industry will continue to flourish to support our members throughout the province. However, we must still address the harms of ML, including the risks to workers. We trust that a comprehensive regime protecting whistleblowers will further strengthen individual casinos and the casino industry in BC overall.

There is a considerable imbalance of power between a front-line casino worker and those working in management. Retaliation and rebuff for bringing up concerns can be as explicit as threatening dismissal or as subtle as downplaying observations.

Internal policies, by their very nature, have no oversight. An employee could not have reassurance that their reports would be taken seriously or addressed in a timely manner. Casino officials may be disinclined to disclose that their casino is a hotbed for money laundering, or that they are lacking or failing to implement anti-money laundering measures.

Even if one were to assume that there are no improper motivations from casino officials, those gaming employees and British Columbians as a whole still would generally be well served by an independent body and process that can offer new and impartial perspective on addressing money laundering. The reality is, front-line casino workers—not the police and certainly not management—are often the ones first able to detect illegal activities in casinos.

Therefore, for the prosperity and protection of British Columbians, employees, particularly those providing front-line service in casinos, must be assured that any reporting of employers' misconduct and mismanagement will not expose their identity or risk impacting their livelihood.

This can only be achieved through greater whistleblower legislation, as other jurisdictions already or will soon enjoy. A broad regime and separate body for handling whistleblower tips will offer greater anonymity, and thus greater confidence in employees to report their observations. An outside body would be enabled to

denunciate employers and provide remedy to any whistleblower who has been retaliated by their employer.

For all of these reasons, the BCGEU supports a recommendation by the Commission for new comprehensive whistleblower legislation to protect employees working in private sectors.

### **Working conditions: burden downloaded to front-line workers**

A primary interest for the BCGEU is in ensuring that any recommendations made by the commission fully and centrally consider implications on working conditions in casinos. To that end, the BCGEU urges the Commissioner to consider the extent to which recommended measures are likely to limit or eliminate risks to the physical and psychological health of workers as well as the extent to which those measures are likely to increase the complexity or volume of work required for front-line casino staff.

The burden of previously implemented AML measures has fallen disproportionately on already busy front-line workers without consideration for the volume or complexity of the work. In fact, downloading of the burden of AML measures without sufficient training, resources or support from their employer was an issue frequently identified by our members and an issue noted by both Commission Counsel and the Commissioner in their respective responses to the BCGEU's application to submit evidence via panel.

For instance, point of contact identification and flagging of problem activities, as well as enforcement of policies, have largely fallen to front-line staff with minimal training offered, and no increase to staff capacity to carry out these extra duties.

BCGEU members currently working on the front-lines in the casino sector have reported ongoing problems with measures introduced to stem money-laundering. Casino management have downloaded responsibility for monitoring, tracking and enforcement to floor level workers instead of developing robust systems to accurately monitor transactions across multiple games and tables. (Again, the absence of robust whistleblower protection has deprived the Commission of detailed evidence of this important perspective from a vulnerable constituency.)

The *ad hoc* approach increases workload for individual workers while simultaneously making it practically impossible for any individual worker to accurately track patrons' cumulative transactions. The result of such a system is that workers are vulnerable to potential discipline for failing to identify suspicious activity while bad actors are encouraged to exploit the fractured system to engage in suspicious activity with a low risk of detection.

Casino workers also report—and public records confirm—a lack of adequate training on the completion of forms meant to capture suspicious activity. This is another example of workers being left vulnerable to potential discipline for failing to correctly perform a critically important duty for which they have not been trained.<sup>87</sup>

Whether casino workers are being made to take on individual responsibility for tasks that require system-level processes or are being left to perform duties without sufficient training and support, the overall picture is one of management going through the motions of compliance with AML measures, while reinforcing a culture where such measures are treated as an inconvenience imposed on the casino industry by outside authorities.

This approach not only has a detrimental impact on working conditions, it is an overall risk to the success of the measures implemented and increases the health and safety risk to front-line workers who remain vulnerable to intimidation or violence from organized crime groups that remain active in casinos.

The BCGEU urges the Commissioner to make recommendations which promote the health, safety, and working conditions of front-line casino workers. Thus, the BCGEU urges the Commissioner to recommend clarifying a requirement for government or casino operators to provide appropriate training, staffing levels, and technology to support compliance and monitoring, to be funded in part from the profits of the industry.

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<sup>87</sup> Exhibit 571, BCLC letter from Ross Alderson to Pat Ennis, re large Cash Transaction Reporting at RRCR - April 21, 2017.

## **Part V: Conclusion**

The BCGEU is highly appreciative of the work undertaken by the Commission and is grateful for the opportunity to participate in this important process to understand and finally address the corrosive impact of ML on the province of British Columbia, the casino industry, and the safety and security of front-line workers.

The BCGEU will continue to advocate for the safety and security of its members and all workers and work to support the efforts of the Commissioner, the government and the industry to address the issue of ML in BC.

All of which is respectfully submitted on this 24th day of September 2021



Stephanie Smith, President



Jitesh Mistry, General Counsel



Ming Lin, Lawyer