

COMMISSION OF INQUIRY INTO MONEY LAUNDERING IN BRITISH COLUMBIA

The Honourable Mr. Austin F. Cullen, Commissioner

**Reply Submissions
of British Columbia Lottery Corporation**

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1. For the purposes of these reply submissions, BCLC adopts the defined terms set out in its Closing Submissions dated September 24, 2021 (the “BCLC Closing”).

I. Reply to Submissions of the BC General Employees’ Union (“BCGEU”)

2. In general reply to BCGEU’s submissions, BCLC cautions against relying on statements of fact that are not supported by evidence properly before this Inquiry. For example, BCGEU relies on news articles, papers, and other Internet publications that were not admitted into evidence in the Inquiry for the truth of their contents,¹ and makes other factual allegations that are not supported by any evidentiary reference.²

(a) Part II of BCGEU’s Submissions

3. BCGEU’s submissions under Part II, in large part, disregard the Commissioner’s Ruling #29. In that ruling, the Commissioner declined to admit evidence from a panel seeking to introduce a will-say statement reflecting feedback from unidentified BCGEU members. Nevertheless, BCGEU’s submissions treat those assertions as if they were actually in evidence.

4. BCLC took no position on BCGEU’s application, but submitted that should the Commissioner admit the hearsay evidence through the proposed panel, it should be provided with leave to lead responding evidence and make submissions as to weight, if necessary.³

5. In dismissing BCGEU’s application to introduce the will-say, the Commissioner found that there were “significant deficiencies in both the form and the substance of the evidence,”⁴ including that the “evidence asserted is too generalized to permit findings of fact.”⁵ As such, the Commissioner declined to admit the will-say into evidence.

¹ BCGEU Submissions, fns. 20, 47-50.

² See, e.g., p. 14 (“Despite FOI requests from journalists, BCLC used legal proceedings to avoid disclosing the findings of the FINTRAC audit until 2019”). Dr. German’s report, which is dated March, 2018, is cited as support for this allegation, but does not provide support. See also, p. 21 (“BCLC’s [sic] 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”). No evidence is cited in support of this allegation.

³ [Commissioner’s Ruling #29](#), p. 7, para. 36.

⁴ [Commissioner’s Ruling #29](#), p. 10, para. 47.

⁵ [Commissioner’s Ruling #29](#), p. 10, para. 50.

6. Despite the Commissioner's ruling, BCGEU continues to rely on the content of the will-say in its submissions as if it were in evidence, on the basis that "[the statements] are contained in a public decision".⁶ For example, BCGEU reproduces and relies on paragraphs 49-57 of the will-say,⁷ despite the Commissioner specifically finding that the allegations contained in those paragraphs were general, conclusory, and ultimately unreliable.⁸ In response to BCGEU,⁹ it is, in fact, improper to cite passages from a public decision of the Commissioner, if it is for the purpose of asserting as fact that which has explicitly not be accepted as such.

7. The will-say was not admitted into evidence for the reasons outlined in the Commissioner's Ruling #29, and the statements contained therein cannot be relied upon as evidence by BCGEU.

(b) Part III(B) of BCGEU's Submissions

8. BCGEU relies almost entirely on the affidavit of Muriel Labine in support of its submission as to a failure to act on money laundering concerns by the "casino industry."¹⁰ Ms. Labine's experience as an employee in the casino industry was limited to the period of 1992-2000.¹¹ She testified that her concerns in relation to the casino industry started to develop in 1997.¹² BCLC's statutory responsibilities under the GCA were not established until 2002.

9. In reply to the final bullet on page 11 of BCGEU's submissions, BCLC repeats and adopts the submissions set out at paragraph 45 of the BCLC Closing. In particular, BCLC initiated an investigation into this incident, reported it to GPEB, and took additional action to remind the service provider of its reporting obligations.

⁶ BCGEU Submissions, pp. 5-6.

⁷ BCGEU Submissions, pp. 5-6.

⁸ [Commissioner's Ruling #29](#), p. 11, paras. 52-55.

⁹ BCGEU Submissions, p. 6 ("It cannot be said to be improper to cite passages from any public decision of the Commissioner").

¹⁰ BCGEU Submissions, pp. 8-10.

¹¹ M. Labine Aff. #1, [Ex. 147](#), p. 1, para. 2.

¹² [M. Labine](#), Nov. 3, p. 190, ll. 7-14.

(c) Part III(C) of BCGEU's Submissions

10. In response to the final paragraph of page 11 of BCGEU's submissions, BCLC was not "tasked with regulating the industry to ensure its integrity." GPEB – not BCLC – is the regulator of commercial casino gaming in BC, with overall responsibility for the "integrity of gaming".¹³ BCLC, on the other hand, has the statutory responsibility to "conduct and manage" gaming in BC,¹⁴ and "is responsible for enhancing the financial performance, integrity, efficiency and sustainability of the gaming industry in the province within the policy framework established by the Province".¹⁵

11. In further response to the final paragraph of page 11 and the first paragraph of page 12 of BCGEU's submissions, BCLC denies that its leadership "failed to take necessary actions to address the problems being brought to their attention by their own investigators and others in the industry" or "was reluctant to take action to deter or disrupt criminality and money laundering in the industry." While BCGEU does not make any submissions as to what standard BCLC's past actions should be measured against, BCLC repeats and adopts the submissions set out in the BCLC Closing generally as to the AML efforts it *did* take to address the risk that cash entering BC casinos may be the proceeds of crime, which must be assessed in the context of what was understood at the time about the evolving issue of AML and the industry's practices at the time.¹⁶

12. In reply to the first bullet on page 12 of BCGEU's submissions, BCLC denies that it "apparently ignored" concerns that cash entering BC casinos could be the proceeds of crime. This allegation is not supported by the evidence in this Inquiry regarding BCLC's extensive efforts to address the risk of money laundering in BC casinos, including without limitation those efforts summarized at paragraph 15 of the BCLC Closing.

13. In reply to the second bullet on page 12 of BCGEU's submissions, the evidence does not support that Mr. Desmarais (or BCLC) denied the risk of money laundering

¹³ *Gaming Control Act*, [S.B.C. 2002, c. 14](#) [GCA], s. 23.

¹⁴ [GCA](#), s. 7.

¹⁵ [Ex. 508](#), "Roles and Responsibilities of Participants in British Columbia's Gaming Industry" (2010), p. 2, s. 3.1.

¹⁶ See, e.g., BCLC Closing, p. 1, para. 2.

occurring in BC casinos. The evidence demonstrates that in response to that recognized risk, Mr. Desmarais was instrumental in the development of BCLC's AML Unit, the sourced cash conditions program, and the engagement of police which ultimately resulted in the E-Pirate investigation.

14. Mr. Desmarais noted in his affidavit that the article referred to by Mr. Hiller reflected his view at that time, but did not impede him from taking steps to understand the evolving challenge and take the progressive AML measures described in his affidavit.¹⁷ In email correspondence between Mr. Desmarais and Mr. Hiller dated March 16, 2015 regarding a BCLC incident report, Mr. Desmarais acknowledged that "the drug connection is a huge concern and we are attempting to engage a police response with respect to the main players in your report, and have been for some time." Mr. Desmarais further advised Mr. Hiller that BCLC had imposed sourced cash conditions on players connected with the cash facilitators who were the subject of the report.¹⁸

15. In reply to the third bullet on page 12 of BCGEU's submissions, Mr. Hiller acknowledged in his testimony that despite Mr. Lightbody not making direct reference to the increase in STRs in his March 2015 presentation, Mr. Lightbody *did* make reference to the need to address money laundering and the AML efforts that had been made by BCLC.¹⁹ Despite his apparent concerns with the presentation, Mr. Hiller did not bring his concerns about the source of cash to Mr. Lightbody.²⁰ Mr. Hiller further acknowledged that between 2013 and 2015, under Mr. Lightbody's leadership, BCLC created the dedicated AML Unit, entered into the ISA with the RCMP, implemented the sourced cash conditions program, and began interviewing patrons regarding SOF, all of which he considered to be positive developments.²¹

16. In reply to the final bullet on page 12 of BCGEU's submissions, Mr. Hiller did not give evidence that "Mr. Graydon said the media reporting about bags of cash in casinos was incorrect." Mr. Hiller states in his affidavit that "Mr. Graydon expressed his

¹⁷ B. Desmarais Aff. #1, [Ex. 522](#), p. 14, para. 62, Aff. Exs. 37-40.

¹⁸ B. Desmarais Aff. #1, [Ex. 522](#), Aff. Ex. 41.

¹⁹ [M. Hiller](#), Nov. 9, p. 128, l. 25 - p. 131, l. 19.

²⁰ [M. Hiller](#), Nov. 9, p. 32, ll. 16-23.

²¹ [M. Hiller](#), Nov. 9, p. 125, l. 15 - p. 127, l. 8.

disagreement with the way the media was portraying the issue of money laundering in casinos.” Mr. Hiller agreed with Mr. Graydon in part, but was concerned with the fact that Mr. Graydon did not comment on reports of bags of cash coming into casinos.²²

17. In reply to the first bullet on page 13 of BCGEU’s submissions, this presentation was given by a third party, Jonathan Manthorpe. Mr. Manthorpe also presented at the June 2015 AML Summit that was co-hosted by BCLC and GPEB.²³

18. In reply to the second bullet on page 13 of BCGEU’s submissions, Mr. Tottenham did not testify that “VIP gamblers were repeatedly allowed to ‘bend’ federal AML rules so as not to jeopardize the highly sought-after revenue they generated”. Firstly, BCGEU appears to be conflating “federal AML rules” (i.e. FINTRAC reporting and CDD obligations) with BCLC’s own internal AML policies. It was not put to Mr. Tottenham, and Mr. Tottenham did not testify, that BCLC permitted VIP gamblers to bend FINTRAC rules. Secondly, as to “bending” BCLC’s AML rules, Mr. Tottenham testified to the opposite:

Q: And when you say "we cannot ignore AML risks and allow him to bend the rules," up to this point in March had Gao basically been allowed to bend the rules, the anti-money laundering rules?

A: No. What I'm referring to in there is that we've -- the Service Provider has spoken with him and told him what the rules are and what he has to abide by, and if he doesn't, what's going to happen.

...

So it's not a case that he was never allowed to bend the rules.²⁴ I mean, I think it was pretty clear by the actions that we took day to day in how we approached big names, big talent, cash, was very, very clear that we weren't prepared to bend the rules. I think the Drake incident at Parq is a perfect example. We didn't bend the rules. We wouldn't for Jia Gao, but he had to understand that we were serious and he was about to get banned,

²² M. Hiller Aff. #1, [Ex. 166](#), p. 22, para. 83. Mr. Hiller did not communicate his concerns to Mr. Graydon directly: [M. Hiller](#), Nov. 9, p. 29, ll. 11-15.

²³ [L. Meilleur](#), Feb. 12, p. 54, ll. 16-24 (re: L. Meilleur Aff. #1, [Ex. 587](#), Aff. Ex. EE).

²⁴ BCLC submits that when read in context, Mr. Tottenham clearly intended to mean: “So it's not a case that he was [] allowed to bend the rules.”

and that's what that paragraph actually says, that one line. Basically it says the next action taken will be conditions, will be taken by us.²⁵

19. Additional emails not put to Mr. Tottenham by Commission counsel highlight the measures BCLC was taking beginning in late 2014 to sanction VIP players who did not abide by BCLC's AML rules.²⁶

20. In reply to the third bullet on page 13 of BCGEU's submissions, there has been extensive evidence led in this Inquiry, not referenced by the BCGEU, as to the steps BCLC took in response to a concern that River Rock was underreporting suspicious transactions. The evidence demonstrates that BCLC had era appropriate training in place regarding suspicious indicators, had not set any reporting threshold,²⁷ and made repeated attempts to remind GCGC management and casino staff of its obligations to report all suspicious transactions regardless of amount or denomination.²⁸ BCLC repeats the submission at paragraph 109 of the BCLC Closing that Dr. German's factual findings should be treated with caution and not be relied on by the Commissioner unless supported by clear, convincing, and cogent evidence.

21. In reply to the fourth bullet on page 13 of BCGEU's submission, neither Mr. Graydon's affidavit nor transcript of evidence includes the quote attributed to him by BCGEU. Mr. Graydon's evidence was that he agreed BC casinos should move away from their historical reliance on cash, but that doing so may have negative consequences, including that it might exacerbate concerns around illicit activity.²⁹ To the extent Mr. Graydon considered the impact on revenue in carrying out his duties, this

²⁵ [D. Tottenham](#), Nov. 4, p. 131, l. 2 - p. 132, l. 17 (emphasis added). Mr. Gao was subsequently placed on sourced cash conditions by BCLC: [D. Tottenham](#), Nov. 4, p. 120, ll. 12-18, p. 126, ll. 7-9.

²⁶ See, e.g., [D. Tottenham Aff. #1](#), [Ex. 148](#), [Aff. Ex. 77](#), pp. 621-624, 658, 662, 683, 692, 712, 721, 724, 732, 733.

²⁷ [P. Ennis Aff. #1](#), [Ex. 530](#), p. 6, paras. 42-44; [P. Ennis](#), Feb. 3, p. 94, ll. 1-9, p. 137, ll. 5-14.

²⁸ [G. Friesen](#), Oct. 28, p. 80, l. 13 - p. 81, l. 2; [G. Friesen](#), Oct. 29, p. 16, l. 24 - p. 17, l. 13; [J. Karlovcec](#), Oct. 29, p. 149, l. 18 - p. 150, l. 11; [Ex. 84](#): "[I] recommend that you discuss this with Arlene and Pat [of River Rock]; [Ex. 107](#) ("What I would do is research how many patrons this pertains to (which are probably a select few) and have surveillance put a 'watch' on their buy ins. Discuss this with staff at your next scheduled meeting and air your concerns, i.e. GM, cage manager, etc. and determine their response"); [Ex. 113](#) ("As you are aware we ourselves have discussed this issue here with management a number of times including the \$50K threshold for \$20 bills ... We have pointed out the AML training (which they have all taken) does not specify amounts but more circumstances").

²⁹ [M. Graydon Aff. #1](#), [Ex. 576](#), pp. 12-13, paras. 32-33.

was a legitimate consideration given BCLC's mandate to generate revenue for the benefit of BC in a manner consistent with the legal and regulatory framework in place.³⁰

22. BCLC has never received any direction from the Province or advice from an expert to eliminate the acceptance of \$20 bills.³¹ No cash refusal directions were ever promulgated by FINTRAC, GPEB, or the Province until December 2017. Mr. Kroeker testified that he did not recommend in his 2011 report the implementation of a limit or cap on the number of \$20 bills, as it would "invit[e] people with bad intent to simply switch to other denominations".³² Similarly, Dr. German did not recommend a cash cap and, in 2018, specifically advised BCLC to not implement a cash cap.³³

23. In reply to the final bullet on page 13 of BCGEU's submission and its reliance on Dr. German's report, the Notice of Violation issued to BCLC in 2010 was ultimately set aside (not withdrawn). FINTRAC acknowledged that the technical administrative violations set out in the Notice of Violation were quickly remedied and subsequent compliance examinations demonstrated enhanced compliance.³⁴ BCLC repeats the submission at paragraph 109 of the BCLC Closing that Dr. German's factual findings should be treated with caution and not be relied on by the Commissioner unless supported by clear, convincing, and cogent evidence. BCGEU's allegation against BCLC in the final sentence of this bullet is not supported by any evidence before this Inquiry, or Dr. German's report. BCGEU references pages 156-158 of Dr. German's report, but this allegation is not supported there.

24. BCLC contests BCGEU's assertion that the evidence supports an inference that BCLC was committed to a strategy of inaction and misdirection in order to avoid disrupting casino revenue. BCLC relies on the recounting of its course of conduct in the BCLC Closing. In particular, BCLC repeats its submissions at paragraphs 14-15 of the

³⁰ M. Graydon Aff. #1, [Ex. 576](#), p. 3, para. 7, Aff. Ex. A.

³¹ This is also responsive to the first bullet on p. 17 of BCGEU's submission regarding GPEB's proposals to restrict \$20 bills.

³² [R. Kroeker](#), Jan. 25, p. 82, l. 13 - p. 83, l. 6.

³³ [Ex. 832](#), p. 144; J. Lightbody Aff. #1, [Ex. 505](#), pp. 64-66, paras. 292-300; R. Kroeker Aff. #1, [Ex. 490](#), p. 34, para. 146.

³⁴ T. Towns Aff. #1, [Ex. 517](#), p. 13, paras. 69-77, Aff. Exs. 10-16; [R. Kroeker](#), Jan. 26, p. 207, l. 4 - p. 208, l. 21 (re: [Ex. 498](#), the Consent); D. Tottenham Aff. #1, [Ex. 148](#), Aff. Ex. 105 (Consent Order).

BCLC Closing: there is no merit to the allegation that revenue was prioritized over AML measures, and BCLC at all times took reasonable precautions and acted in good faith.

(d) Part III(D) of BCGEU's Submissions

25. In reply to the first sub-bullet on page 18 of BCGEU's submissions, Mr. Tottenham testified that BCLC did not take action against patrons suspected to be receiving cash from Mr. Jin until 2015 because although they were suspicious of the cash, they did not know whether it was associated with any criminality.³⁵ However, the first patron to be placed on conditions due to associations with Mr. Jin was in November 2014,³⁶ prior to the commencement of E-Pirate. Mr. Jin and his associates were banned from BC casinos beginning in 2012.³⁷

26. In reply to the third bullet on page 21 of BCGEU's submissions, no evidence is cited in support of this allegation against BCLC, nor is BCLC aware of any such evidence in this Inquiry. BCLC denies this allegation.

II. Reply to Submissions of Robert Kroeker

27. In reply to the last sentence of paragraph 25 of Mr. Kroeker's submissions, some patrons were placed on sourced cash conditions prior to September 2015.³⁸ A formal protocol was established by BCLC with input from service providers in April 2015.³⁹ In addition to the directions provided in the Protocol, where patrons were placed on conditions, BCLC would provide specific directions to service providers not to accept unsourced cash or chips from those patrons.⁴⁰

28. In reply to the last sentence of paragraph 27 of Mr. Kroeker's submissions, Mr. Kroeker's cited evidence was that he was supportive of BCLC investigators questioning

³⁵ [D. Tottenham](#), Nov. 4, p. 62, l. 17 - p. 65, l. 9.

³⁶ [D. Tottenham](#), Nov. 4, p. 80, l. 8 - p. 81, l. 13.

³⁷ S. Lee Aff. #1, [Ex. 87](#), pp. 8-9, paras. 46, 48, 51; S. Beeksma Aff. #1, [Ex. 78](#), pp. 15-16, paras. 69-70, Aff. Ex. K; [S. Lee](#), Oct. 27, p. 122, l. 23 - p. 124, l. 15; [S. Beeksma](#), Oct. 26, p. 142, ll. 17-21; [M. Hiller](#), Nov. 9, p. 48, ll. 15-21.

³⁸ B. Desmarais Aff. #1, [Ex. 522](#), pp. 9-10, paras. 38-41, Aff. Exs. 11-14.

³⁹ B. Desmarais Aff. #1, [Ex. 522](#), p. 10, para. 41, Aff. Ex. 14.

⁴⁰ See, e.g., B. Desmarais Aff. #1, [Ex. 522](#), Aff. Exs. 12, 13.

patrons in or around 2015, and that “[he] believe[d] [he] asked for that on some occasions.”⁴¹

29. In reply to paragraph 31 of Mr. Kroeker’s submissions, the s. 86 report prepared by Mr. Alderson on July 24, 2015 describes the information learned from FSOC in July 2015 in the following way:

... ALDERSON was advised in that meeting that FSOC had now established a direct link from an “illegal cash” facility which involved illicit funds being involved in drops offs to Casino patrons at RRRCR. No further specifics involving names, addresses or vehicles, was provided however Inspector Cal CHRUSTIE of FSOC then advised ALDERSON that their investigation had uncovered that potentially some of the funds at the cash house were linked to transnational drug trafficking and terrorist financing.⁴²

III. Reply to Submissions of Gateway Casinos & Entertainment Limited

30. In reply to paragraph 46 of Gateway’s submissions, the PGF pilot program was introduced in 2009 at three casino sites.⁴³

31. In reply to paragraph 49 of Gateway’s submissions, BCLC placed its first patron on sourced cash conditions in 2014.⁴⁴ The program was formalized in April 2015⁴⁵ and continued to grow thereafter.

32. In reply to paragraph 50 of Gateway’s submissions, beginning in the late 2000s, BCLC organized working group meetings with service provider management, police of jurisdiction, GPEB, and the RCMP to discuss areas of mutual concern including money laundering and cash facilitation.⁴⁶ Also in the late 2000s, BCLC and service providers began working together to develop cash alternatives in order to reduce reliance on cash for gaming (which, until that time, was entirely cash based), in recognition and in light of

⁴¹ [R. Kroeker](#), Jan. 25, p. 105, ll. 1-7.

⁴² B. Desmarais Aff. #1, [Ex. 522](#), Aff. Ex. 55. See also, BCLC Closing, paras. 18, 81; J. Lightbody Aff. #1, [Ex. 505](#), Aff Ex. 35, pp. 175, 178.

⁴³ [T. Towns](#), Jan. 29, p. 137, l. 21 - p. 138, l. 5; T. Towns Aff. # 1, [Ex. 517](#), pp. 11, 15-16, paras. 58, 90, 92-93.

⁴⁴ B. Desmarais Aff. #1, [Ex. 522](#), Aff. Ex. 12, p. 49; [D. Tottenham](#), Nov. 4, p. 80, ll. 8-10; D. Tottenham Aff. #1, [Ex. 148](#), p. 17, para. 79, Aff. Ex. 6.

⁴⁵ B. Desmarais Aff. #1, [Ex. 522](#), Aff. Ex. 14.

⁴⁶ [G. Friesen](#), Oct. 28, p. 50, l. 1 - p. 53, l. 20; [J. Karlovcec](#), Oct. 29, p. 83, l. 1 - p. 84, l. 11; [R. Duff](#), Jan. 25, p. 52, l. 23 - p. 54, l. 10, p. 57, l. 2 - p. 58, l. 4.

those inherent risks.⁴⁷ Draft policy documents for PGF accounts dated December 2008, developed by BCLC in conjunction with service providers, likewise acknowledged the risk of money laundering and the flow of unsourced funds into BC casinos.⁴⁸

Subsequent to the release of the Kroeker Report, additional cross-agency working groups involving service providers were established, including an AML/Proceeds of Crime Working Group (including BCLC, service providers, GPEB, RCMP, and VPD)⁴⁹ and a Casino Service Providers Working Group for development of cash alternatives.⁵⁰

IV. Reply to Submissions of Brad Desmarais

33. As further context to paragraph 27 of Mr. Desmarais' submissions, on August 7, 2015, Mr. Mazure asked (but did not direct) BCLC to, among other things, develop additional CDD "with a focus on identifying source of wealth and funds as integral components to client risk assessment."⁵¹ In a letter dated October 1, 2015, Minister de Jong directed BCLC to, among other things, enhance CDD consistent with AML compliance best practices, "including processes for evaluating the source of wealth and source of funds prior to cash acceptance."⁵² Neither letter constituted a written directive under s. 6 of the GCA.

V. Reply to Submissions of Jim Lightbody

34. In respect of paragraph 21 of Mr. Lightbody's submissions, BCLC refers to its submissions set out at paragraph 29, above.

35. As further context to paragraph 24 of Mr. Lightbody's submissions, although the sourced cash conditions program was formalized in April 2015, the first patron to be placed on conditions due to associations with Mr. Jin was in November 2014.⁵³

⁴⁷ T. Towns Aff. #1, [Ex. 517](#), p. 15, paras. 90-93, Aff. Exs. 22-25.

⁴⁸ T. Towns Aff. #1, [Ex. 517](#), Aff. Exs. 22, 23.

⁴⁹ T. Towns Aff. #1, [Ex. 517](#), p. 18, para. 111, Aff. Ex. 31

⁵⁰ T. Towns Aff. #1, [Ex. 517](#), p. 19, paras. 118-119, Aff. Ex. 37.

⁵¹ J. Lightbody Aff. #1, [Ex. 505](#), p. 35, para. 180, Aff. Ex. 48; [J. Mazure](#), Feb. 5, p. 125, l. 4 - p. 126, l. 3, p. 198, ll. 7-19, p. 199, ll. 8-19.

⁵² [Ex. 900](#).

⁵³ [D. Tottenham](#), Nov. 4, p. 80, l. 8 - p. 81, l. 13; B. Desmarais Aff. #1, [Ex. 522](#), Aff. Ex. 12.

VI. Reply to Submissions of Great Canadian Gaming Corporation

36. GCGC's submissions at paragraph 69 assert that as of May 2016 BCLC did not have "any similar order" in respect of cash buy-ins from patrons believed to be receiving funds from Mr. Jin or his associates. BCLC began placing patrons that were known to be receiving cash delivered by Mr. Jin (or his associates) on sourced cash conditions as early as November 2014.⁵⁴ Additional patrons known to be receiving cash from Mr. Jin or his associates were targeted by BCLC with sourced cash conditions and SOF interviews beginning in August 2015.⁵⁵

VII. Reply to Submissions of Len Meilleur

37. In reply to paragraph 4 of Mr. Meilleur's submissions, the evidence cited in support of the assertion that he advocated BCLC implement a threshold for a SOF inquiry actually states that he recalls discussions with Mr. Alderson and Mr. Kroeker about additional measures he believed could be taken, "including a threshold on the amount of cash that could be accepted."⁵⁶ Minister de Jong testified that the advice he received in 2015 "from all sources" was not to set an arbitrary threshold or absolute ban on cash.⁵⁷ Mr. Meilleur confirmed in November 2015 that GPEB had no intention of examining every \$20 bill, and that he agreed with a "pragmatic approach".⁵⁸

38. In reply to paragraph 6 of Mr. Meilleur's submissions, and the assertion that BCLC has "exclusive powers" to control the actions of service providers, the General Manager of GPEB ("GM") has authority over service providers in relation to registration, including the power to attach conditions to registration,⁵⁹ the obligation to develop,

⁵⁴ [D. Tottenham](#), Nov. 4, p. 80, l. 8 - p. 81, l. 13.

⁵⁵ S. Beeksma Aff. #1, [Ex. 78](#), p. 16, para. 70; [S. Lee](#), Oct. 27, p. 115, ll. 12-23; D. Tottenham Aff. #1, [Ex. 148](#), pp. 18-19, 26, paras. 87-89, 133, Aff. Exs. 8-9; [D. Tottenham](#), Nov. 4, p. 194, l. 15 - p. 196, l. 15 (re: D. Tottenham Aff. #1, [Ex. 148](#), Aff. Ex. 9); [D. Tottenham](#), Nov. 10, p. 30, l. 17 - p. 31, l. 12.

⁵⁶ L. Meilleur Aff. #1, [Ex. 587](#), p. 24, para. 136.

⁵⁷ [M. de Jong](#), Apr. 23, p. 89, ll. 1-15.

⁵⁸ [Ex. 903](#).

⁵⁹ [GCA](#), ss. 65, 68, 69.

manage and maintain the Government's gaming policy,⁶⁰ and the power to issue directives to BCLC as to the carrying out of its responsibilities under the GCA.⁶¹

39. In reply to paragraph 10 of Mr. Meilleur's submissions, no evidence is cited in support of the assertion that Mr. Towns "took the position that BCLC investigators should not be confronting patrons regarding suspicious cash transactions due to the disruption it caused in the casino operations." Mr. Towns' evidence was that in his view BCLC investigators should not be questioning patrons about their SOF because their duty was primarily to observe and report.⁶² This view was supported by the conclusions in the Kroeker Report as to BCLC's obligations.⁶³ Mr. Towns testified that in his view it was not for BCLC to investigate or come to a conclusion about the SOF, which was a matter for GPEB, law enforcement, or a combination of the two, although BCLC would have been happy to assist the police in any investigation if requested.⁶⁴

40. In reply to paragraph 27 of Mr. Meilleur's submissions and the assertion that GPEB was "unable to undertake any activity related to conduct, management or operation of gaming" BCLC repeats and adopts its submissions at paragraph 38, above.

41. In reply to paragraph 30 of Mr. Meilleur's submissions, Mr. Mazure's letter to Mr. Lightbody dated August 7, 2015 does not recommend a general "inquiry into the source of funds at the time of transaction, an evaluation of source of funds prior to cash acceptance". Rather, Mr. Mazure asked BCLC to, among other things, develop additional CDD "with a focus on identifying source of wealth and funds as integral components to client risk assessment."⁶⁵ BCLC repeats and adopts the submission at paragraphs 85 and 86 of the BCLC Closing as to its response to this letter.

42. In reply to paragraph 35 of Mr. Meilleur's submissions, the cited evidence does not support the assertion that BCLC demonstrated "resistance to section 86 reports

⁶⁰ [GCA](#), s. 27(2)(b).

⁶¹ [GCA](#), s. 28. Prior to 2018, the GM could only issue directives to BCLC with the approval of the Minister.

⁶² [T. Towns](#), Jan. 29, p. 149, l. 22 - p. 150, l. 24; [T. Towns](#), Feb. 1, p. 29, ll. 9-23.

⁶³ [Ex. 141](#), p. 10; [T. Towns](#), Feb. 1, p. 30, l. 9 - p. 31, l. 21.

⁶⁴ [T. Towns](#), Jan. 29, p. 157, ll. 14-25; [T. Towns](#), Feb. 1, p. 28, l. 20 - p. 29, l. 3.

⁶⁵ J. Lightbody Aff. #1, [Ex. 505](#), p. 35, para. 180, Aff. Ex. 48.

being available to the regulator.” The cited evidence states: “I recall Messrs. Desmarais and Kroeker of BCLC asking about GPEB's authority to receive s. 86 reports. I obtained legal advice and told BCLC that GPEB had statutory authority to receive s. 86 reports and the matter was resolved.”⁶⁶

43. In reply to paragraph 36 of Mr. Meilleur’s submissions, there is no credible evidence in this Inquiry that BCLC “undertook undercover operations with regard to [MSBs]”⁶⁷ or “sometimes failed to report suspected criminal activity to GPEB”. In respect of the single cited example provided by Mr. Meilleur in support of the latter allegation, BCLC had conducted a thorough investigation into this patron and concluded that he was not engaged in suspected criminal activity necessitating a s. 86 report.⁶⁸ Mr. Ackles testified that BCLC’s STR reporting, and service providers’ s. 86 reporting, was comprehensive, accurate, and thorough.⁶⁹

44. In reply to the final sentence of paragraph 40 of Mr. Meilleur’s submissions and the suggestion that s. 86 reports were “substantially in the same form and contained the same material” as STRs, the evidence is actually to the converse. Section 86 reports, which are prepared and submitted by service providers, contain limited summaries of incidents because they must be submitted to GPEB immediately.⁷⁰ GPEB has the authority to request further information from a service provider in respect of an incident reported by s. 86 report.⁷¹ On the other hand, STR reports, which are created by BCLC and submitted to GPEB, FINTRAC, and IPOC (now JIGIT), include much more detailed information including open source data, adverse media, registered owner information for

⁶⁶ L. Meilleur Aff. #1, [Ex. 587](#), p. 19, para. 104.

⁶⁷ See, e.g., [S. Beeksma](#), Oct. 26, p. 158, l. 2 - p. 159, l. 11 (“I believe we simply asked the gentleman at the counter if it was typical that they disburse \$20 bills, and as I recall the response was, we disburse whatever we have on hand”). Mr. Meiller subsequently complimented BCLC on the “good probe”: R. Kroeker Aff. #1, [Ex. 490](#), Aff. Ex. 118.

⁶⁸ D. Tottenham Aff. #1, [Ex. 148](#), p. 43, paras. 213-215; [D. Tottenham](#), Nov. 10, p. 159, l. 22 - p. 161, l. 13.

⁶⁹ [K. Ackles](#), Nov. 2, p. 17, l. 12 - p. 18, l. 20, p. 93, l. 7 - p. 95, l. 5, p. 116, ll. 5-14.

⁷⁰ [K. Ackles](#), Nov. 2, p. 113, l. 25 - p. 114, l. 9.

⁷¹ [K. Ackles](#), Nov. 2, p. 12, l. 15 - p. 13, l. 24.

vehicles, and information regarding suspected associates.⁷² Mr. Ackles testified that BCLC's STR reporting was "very comprehensive".⁷³

45. In reply to paragraph 43 of Mr. Meilleur's submissions, BCLC relies on Mr. Kroeker's evidence on his concerns about the potential privacy implications of the MNP Report and the steps taken by BCLC to address those concerns.⁷⁴ As set out in Mr. Kroeker's correspondence to Mr. Meilleur on October 7, 2015, "BCLC's only concern [was] the security of the very sensitive personal information that is being taken from its custody ... BCLC's only concern [was] proper data security and confidentiality."⁷⁵

46. In further reply to paragraph 43 of Mr. Meilleur's submissions, BCLC was not generally "critical of the MNP report" or unwilling to "accept the implication of criticism of their management of the gaming service providers." BCLC's concerns regarding the MNP Report focused on the method of data extraction from the BCLC system to MNP's system, which may have resulted in the corruption of data and erroneous findings.⁷⁶ BCLC developed and implemented a response plan to the MNP Report, taking steps such as reviewing its risk assessment and CDD processes; directing service provider surveillance to review video surveillance prior to accepting LCTs; developing proposals on new cash alternatives including international EFTs and credit; and ensuring service provider staff were adequately trained by updated training procedures.⁷⁷

47. In reply to paragraph 44 of Mr. Meilleur's submissions, the MNP Report recommended that GPEB 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

⁷² D. Tottenham Aff. #1, [Ex. 148](#), p. 14, paras. 9-10, 63, 66.

⁷³ [K. Ackles](#), Nov. 2, p. 17, l. 12 - p. 18, l. 20.

⁷⁴ R. Kroeker Aff. #1, [Ex. 490](#), pp. 27-28, paras. 119-121, Aff. Exs. 48, 49; [R. Kroeker](#), Jan. 26, p. 58, ll. 4-19.

⁷⁵ R. Kroeker Aff. #1, [Ex. 490](#), Aff. Ex. 49, p. 2.

⁷⁶ R. Kroeker Aff. #1, [Ex. 490](#), p. 28, paras. 122-123, Aff. Ex. 50.

⁷⁷ R. Kroeker Aff. #1, [Ex. 490](#), p. 29, para. 124, Aff. Ex. 51; [R. Kroeker](#), Jan. 26, p. 163, l. 20 - p. 164, l. 16.

time period until the source of the cash can be determined and validated."⁷⁸ GPEB never implemented such a policy.⁷⁹

48. In reply to paragraph 52(f) of Mr. Meilleur's submissions, a stated conclusion of GPEB's "Review of Provincially Banned Cash Facilitators" dated April 29, 2016 was that casinos "knowingly accepted cash that they acknowledged was obtained from a banned individual and appeared of questionable source".⁸⁰ Although a copy of this review was not provided to BCLC, it was reported on in the media and BCLC took steps to advise GPEB that the review was inaccurate and should be corrected, as it assumed that live monitoring was occurring which was not the case.⁸¹ Ms. Fitzgerald acknowledged that not all of the incidents reported in the review were live monitored and that the word "knowingly" should not have been used in the report.⁸²

49. In reply to paragraph 68 of Mr. Meilleur's submissions and the suggestion of an absence of "a meaningful source of funds determination by service providers at the time of transaction, with a requirement to decline the business in appropriate circumstances", BCLC repeats and adopts the submissions set out at paragraphs 72, 78, 82, 88, 95, 99, 100, 101, and 102 of the BCLC Closing regarding the development of BCLC's sourced cash conditions program (among other SOF measures), and the significant impacts of the program, including as acknowledged in subsequent GPEB reviews.⁸³

VIII. Reply to Submissions of the Province on the Gaming Sector

50. In reply to paragraph 27 of the Province's submissions, BCLC observes that the Province describes the "'Vancouver Model' of money laundering" as involving cash that "resembles the proceeds of crime" whose "provenance ... is unclear", essentially conflating suspicious transactions with money laundering. The Province also asserts

⁷⁸ OR: Past Reports and Recommendations, [Ex. 73](#), App. J, PDF p. 1006, para. 4.2.

⁷⁹ [R. Kroeker](#), Jan. 26, p. 181, l. 9 - p. 183, l. 7; [P. German](#), Apr. 13, p. 61, l. 15 - p. 62, l. 3.

⁸⁰ A. Fitzgerald Aff. #1, [Ex. 781](#), Aff. Ex. 40, pp. 286, 292.

⁸¹ A. Fitzgerald Aff. #1, [Ex. 781](#), Aff. Ex. 54; R. Kroeker Aff. #1, [Ex. 490](#), pp. 20-21, paras. 89-91, Aff. Exs. 21-24.

⁸² A. Fitzgerald Aff. #1, [Ex. 781](#), pp. 14-15, paras. 55-59.

⁸³ See, e.g., A. Fitzgerald Aff. #1, [Ex. 781](#), Aff. Ex. 19, pp. 140, 146. See also, A. Fitzgerald Aff. #1, [Ex. 781](#), Aff. Ex. 37, p. 260 ("The issuance of the un-sourced cash directive to high limit patrons at River Rock Casino has had a direct impact on the total amount of cash buy-ins conducted at the cages").

that, “on the evidence, the Vancouver model appears to be the method of money laundering used throughout the time period of this inquiry”,⁸⁴ without citing any evidence. More generally, the Province’s submissions do not assert, with reference to evidence, that any specific cash transaction at a BC gaming facility constituted money laundering. To this extent, the Province appears to concur with BCLC that the extent of ‘money laundering’ (as defined in the Terms of Reference) that has occurred in BC casinos is unknown, and no specific cash accepted at a BCLC casino has been established in this Inquiry to actually be the proceeds of crime.⁸⁵ Dr. German’s *Dirty Money #1* report, referred to by the Province in support of its statements on the Vancouver Model, does not, with respect, constitute such evidence.

51. In reply to paragraph 29 of the Province’s submissions, GPEB’s 2008 document, “Key Regulatory Responsibilities of the Gaming Policy and Enforcement Branch and their Application to the British Columbia Lottery Corporation”, provided in part: “the Branch ensures the integrity of gaming by investigating, or assisting law enforcement agencies in the investigation of, complaints or allegations of criminal or regulatory wrongdoing in provincial gaming in the province.”⁸⁶ A 2010 GPEB document entitled “Roles and Responsibilities of Participants in British Columbia’s Gaming Industry” set out that GPEB’s role included “managing a rigorous investigation program which includes investigating all complaints and allegations of wrongdoing related to gaming and assisting law enforcement agencies in all criminal investigations in or near gaming and horse racing facilities”.⁸⁷

52. The special provincial constable appointments issued to GPEB investigators under the *Police Act* similarly set out that the authority and powers conferred to investigators are restricted to the performance of duties in respect of the law enforcement mandate of GPEB, and empower GPEB investigators to enforce the *Criminal Code* “to the extent necessary.”⁸⁸

⁸⁴ Province’s Submissions, para. 59 (emphasis added).

⁸⁵ BCLC Closing, paras. 16, 19.

⁸⁶ L. Vander Graaf Aff. #1, [Ex. 181](#), Aff. Ex. B, p. 10.

⁸⁷ L. Vander Graaf Aff. #1, [Ex. 181](#), Aff. Ex. C, p. 2.

⁸⁸ [Ex. 709](#).

53. In further reply to paragraphs 35 and 82-83 of the Province's submissions, BCLC denies that it opposed GPEB interviewing patrons about their SOF, or that this was the reason GPEB did not interview casino patrons. Only one GPEB witness made this suggestion,⁸⁹ and Mr. Scott was unable to provide any documents or notes in support of his recollection that Mr. Graydon had communicated such a position on behalf of BCLC.⁹⁰ Mr. Graydon denied that this had occurred⁹¹ and there was no other evidence in support of Mr. Scott's testimony on this point, including from Mr. Vander Graaf. BCLC's position is that Mr. Scott is mistaken and that Mr. Graydon did not make any such comments to him. Opposition by BCLC would have been entirely inconsistent with its persistent attempts, beginning prior to 2010, to encourage and engage with law enforcement to investigate large cash buy-ins in BC casinos.⁹²

54. In further reply to paragraph 35 of the Province's submissions, and in addition to GPEB's opinions as to the limits of its own authority to investigate SOF set out at paragraphs 28 to 33 of the Province's submissions, the evidence before this Inquiry is that safety concerns also formed a part of GPEB's decision not to interview patrons or investigate suspected instances of money laundering or loan sharking. BCLC repeats and adopts the submissions set out at paragraph 79 of the BCLC Closing.

55. BCLC submits that no reasonable explanation has been provided as to how or why GPEB took the position that its investigators could not interview patrons due to a lack of authority (despite their special provincial constable status and overall responsibility for the integrity of gaming) and safety concerns, while at the same time criticizing BCLC for failing to do so. Indeed, even when BCLC *did* commence SOF interviews, GPEB did not raise any safety concerns with BCLC.⁹³

⁸⁹ D. Scott Aff. #1, [Ex. 557](#), p. 10, paras. 43-44; [D. Scott](#), Feb. 8, p. 99, ll. 19-24.

⁹⁰ [D. Scott](#), Feb. 8, p. 99, l. 25 - p. 100, l. 11.

⁹¹ [M. Graydon](#), Feb. 11, p. 86, ll. 11-20.

⁹² T. Towns Aff. #1, [Ex. 517](#), p. 11, paras. 60, 62; [G. Friesen](#), Oct. 28, p. 50, l. 25 - p. 52, l. 11; [G. Friesen](#), Oct. 29, p. 12, ll. 8-19, p. 62, ll. 1-10; [J. Karlovcec](#), Oct. 29, p. 83, l. 1 - p. 84, l. 11; [W. Clapham](#), Oct. 27, p. 135, l. 13 - p. 136, l. 7; [R. Duff](#), Jan. 25, p. 57, l. 2 - p. 58, l. 3 (working groups with RCMP in place by 2007); B. Desmarais Aff. #1, [Ex. 522](#), p. 15, para. 69; D. Tottenham Aff. #1, [Ex. 148](#), p. 21, para. 102.

⁹³ [K. Ackles](#), Nov. 2, p. 130, l. 22 - p. 132, l. 17.

56. Notably, and in further reply to paragraphs 35, 82, and 83 of the Province's submissions, Rob Barber of GPEB participated in a casino patron interview regarding the patron's gaming play and SOF in 2012,⁹⁴ and there was no evidence that he lacked authority to do so.⁹⁵ The relevant iTrak report indicates that Mr. Barber advised BCLC that the RCMP had expressed interest in this incident.⁹⁶ GPEB's investigative role in this patron interview is consistent with the then-recently released Kroeker Report's finding that "[d]etailed inquiries and investigation into legitimate or illegitimate sources of cash appropriately fall to various law enforcement and regulatory authorities."⁹⁷

57. In reply to paragraph 38 of the Province's submissions, the IPOC investigation commenced, at least in part, because of STRs received from BCLC.⁹⁸ BCLC repeats and adopts the submissions at paragraphs 18 and 63 of the BCLC Closing with respect to the result of that investigation. In reply to paragraphs 54, 60-61, 63, and 68 of the Province's submissions, the 2010 to 2012 IPOC investigation specifically investigated casino cash buy-in activity, including that of Li Lin Sha (one of GPEB's most significant patrons of concern in its correspondence with BCLC) and "weren't able to identify an enforcement or disruption opportunity".⁹⁹ BCLC cannot be faulted for failing to ban a patron who had a SOW and, as at 2012, who had been the specific subject of a criminal investigation into possible money laundering by IPOC with no criminal or civil forfeiture measures arising. Leaving to IPOC, not BCLC, the investigation of SOF was the recommended division of labour of the day, as per the Kroeker Report.

58. In reply to paragraphs 39 and 42 of the Province's submissions, in 2009 GPEB did not "recommend" to BCLC that it "refuse suspicious cash". Instead, the March 6, 2009 internal GPEB memo entitled "Anti-Money Laundering Requirements",¹⁰⁰ which

⁹⁴ S. Beeksma Aff. #1, [Ex. 78](#), Aff. Ex. I, Aff. Ex. J., pp. 60-63 ("GPE[B] Investigator Rob Barber then asked further questions relating to the origin of the money and [redacted] said the following..."); S. Beeksma, Oct. 26, p. 179, ll. 3-16.

⁹⁵ [R. Barber](#), Nov. 3, p. 116, l. 16 - p. 117, l. 17.

⁹⁶ S. Beeksma Aff. #1, [Ex. 78](#), Aff. Ex. J, p. 59 ("Barber stated that the RCMP had shown interest").

⁹⁷ [Ex. 141](#), p. 10.

⁹⁸ [B. Baxter](#), Apr. 8, p. 106, ll. 1-16; [Ex. 760](#), p. 3, para. H; [Ex. 759](#).

⁹⁹ [C. Chrustie](#), Mar. 29, p. 48, ll.15-17; [Ex. 759](#) (incl. fn. 2). See also, other evidentiary references at paras. 18, 47-51 of the BCLC Closing (re: IPOC investigation).

¹⁰⁰ L. Vander Graaf Aff. #1, [Ex. 181](#), paras. 62-63, Aff. Ex. R; [L. Vander Graaf](#), Nov. 13, p. 56, l. 19 - p. 57, l. 1.

was addressed to Derek Sturko and Bill McCrea of GPEB, recommended that GPEB “define in a regulation and/or a term and condition of registration specific anti-money laundering requirements” which “would then become a legal requirement”. In this memo, the Audit, Registration and Investigations Divisions recommended to the GM a directive that all suspicious transactions (as defined by GPEB) be refused; but that recommendation was not accepted by GPEB.¹⁰¹ In further reply to paragraph 39 of the Province’s submission, the “Money Laundering Risk Management” document that was provided to BCLC for comment was a different document altogether, and did not include the prior recommendation that GPEB implement a regulation or term and condition of registration regarding AML requirements.¹⁰² In short, GPEB engaged in discussion with BCLC about this internal GPEB proposal to refuse suspicious cash but did not ask BCLC to “take up” this initiative on its own,¹⁰³ as suggested in the Province’s submissions, nor did GPEB take the steps recommended in the internal memo.

59. In reply to paragraphs 41 and 42 of the Province’s submissions, BCLC’s response to the “Money Laundering Risk Management” document (as opposed to the “Anti-Money Laundering Requirements” memo, which was an internal GPEB document), simply set out “[c]omparisons of GPE[B] proposals, FINTRAC requirements and BCLC current practice.”¹⁰⁴ There is no evidence that BCLC’s summary of FINTRAC requirements at that time, including of those regarding suspicious transactions, was inaccurate. Mr. Sturko did not recall whether BCLC took issue with the recommendations in this memo.¹⁰⁵ While it remained open to GPEB at that time to implement, or seek to implement, a regulation or term or condition of registration with AML requirements over and above FINTRAC reporting requirements, it did not do so. Sam MacLeod, the current Assistant Deputy Minister and GM of GPEB, does not

¹⁰¹ [L. Vander Graaf](#), Nov. 13, p. 56, l. 19 - p. 57, l. 1, p. 58, l. 21 - p. 59, l. 20.

¹⁰² Exs. [509](#), [510](#).

¹⁰³ A rigid rule to refuse cash at casinos on the basis it would constitute a suspicious transaction was not, in any event, a gaming industry practice from 2014 to present: EY AML Report, [Ex. 1038](#), pp. 11-17, ss. 5.21-5.58.

¹⁰⁴ [Ex. 511](#), p. 2.

¹⁰⁵ [D. Sturko](#), Jan. 28, p. 128, l. 8 - p. 129, l. 8.

support the suggestion that service providers be required to refuse all unusual financial transactions, which would be a “very prescriptive approach”.¹⁰⁶

60. In further reply to paragraph 42 of the Province’s submissions and the suggestion that “BCLC did not take up GPEB’s recommendation to refuse suspicious cash”, the cited references to BCLC witness testimony do not relate to any GPEB recommendation to BCLC. In any event, as set out in paragraph 58 above, the internal recommendation in 2009 was that GPEB, not BCLC, seek to implement regulations or terms of registration regarding the refusal of suspicious cash.

61. In reply to paragraph 53 of the Province’s submissions, BCLC denies the suggestion that GPEB’s urgings to BCLC in 2010 and 2011 “went largely unheeded”. BCLC repeats and adopts its submissions in the BCLC Closing at paragraphs 36-37, 40-41 (regarding its efforts to address loan sharking concerns and engage law enforcement during this period), and 50-52 (regarding the correspondence between BCLC and GPEB). BCLC did use its s. 92 GCA banning powers to combat loan shark activity, among other AML reasons.¹⁰⁷

62. In reply to paragraph 55 of the Province’s submissions, BCLC denies, and the evidence does not support, the allegation that BCLC held the view that patrons with sufficient wealth who were putting their funds at risk could not be gaming with proceeds of crime. In this regard, it is important to distinguish between a player actively laundering or attempting to launder money, versus a player unknowingly being used as part of a money laundering scheme by gaming with proceeds of crime.¹⁰⁸ Various BCLC witnesses testified about this distinction.¹⁰⁹ Contrary to the allegation, these witnesses testified that even if a legitimate player put their funds at risk and lost a significant cash

¹⁰⁶ [S. MacLeod](#), Apr. 19, p. 64, l. 8 - p. 65, l. 23.

¹⁰⁷ [B. Rudnicki Aff. #3](#), Ex. 1062, p. 2, paras. 6-7 (BCLC barring of patrons for, among other things, loan sharking).

¹⁰⁸ [B. Desmarais](#), Feb. 1, p. 76, l. 15 - p. 77, l. 8.

¹⁰⁹ See, e.g., [T. Towns](#), Jan. 29, p. 148, l. 22 - p. 149, l. 17; [G. Friesen](#), Oct. 29, p. 2, l. 22 - p. 4, l. 19; [B. Desmarais](#), Feb. 1, p. 76, l. 16 - p. 77, l. 1.

buy-in while gaming, BCLC would still be concerned that the funds may have been the proceeds of crime, and as such they would report the transaction as suspicious.¹¹⁰

63. Mr. Kroeker confirmed in his examination that, in the course of preparing his 2011 report, it was not suggested to him by BCLC that if a patron suffered losses while gaming that meant they were not involved in *any kind* of money laundering. Mr. Kroeker testified that the view suggested to him was not that definitive; rather, there was “some view within the corporation that if a player consistently came in and consistently lost money, mostly all of it, that would not line up with common money laundering typologies that were known at the time.”¹¹¹ Even today, experts agree that gaming and losing your money does not fall under the traditional definition of money laundering.¹¹²

64. In reply to paragraph 59 of the Province’s submissions, BCLC denies, and the evidence does not support, the suggestion that BCLC was reluctant to sanction high value players. The sourced cash conditions program was initially targeted precisely at the highest value patrons.¹¹³ At the time Jia Gao was targeted by BCLC for sourced cash conditions, he was consistently the highest value patron in BC.¹¹⁴ Mr. Gao was ultimately banned by BCLC.¹¹⁵ The significant majority of patrons who were repeatedly buying in with cash for \$50,000 or more between 2014 and 2018 were eventually banned, placed on sourced cash conditions, and/or identified as high risk patrons (resulting in increased scrutiny and enhanced due diligence, including interviews).¹¹⁶

65. In reply to paragraphs 63 and 64 of the Province’s submissions, Mr. Karlovcec stated the opinion that this specific patron was not “actively laundering money in British Columbia casinos” based on his history of play, his betting strategy, his win/loss, his occupation, and other factors.¹¹⁷ Mr. Karlovcec testified that the view expressed in

¹¹⁰ [T. Towns](#), Jan. 29, p. 167, ll. 9-12, p. 173, ll. 13-21; [G. Friesen](#), Oct. 28, p. 88, l. 4 - p. 89, l. 25; [G. Friesen](#), Oct. 29, p. 7, l. 14 - p. 8, l. 4; [J. Karlovcec](#), Oct. 29, p. 99, ll. 2-17, p. 126, ll. 5-25; [B. Desmarais](#), Feb. 1, p. 97, ll. 13-18.

¹¹¹ [R. Kroeker](#), Jan. 25, p. 81, l. 11 - p. 82, l. 1, p. 87, l. 21 - p. 88, l. 2 (emphasis added).

¹¹² See, e.g., [M. Levi](#), Jun. 8, p. 35, ll. 37-46.

¹¹³ D. Tottenham Aff. #1, [Ex. 148](#), pp. 29, 31, paras. 147, 160, Aff. Ex. 49.

¹¹⁴ [D. Tottenham](#), Nov. 4, p. 120, ll. 12-18, p. 126, ll. 7-9.

¹¹⁵ [D. Tottenham](#), Nov. 4, p. 163, ll. 3-5.

¹¹⁶ B. Desmarais Aff. #1, [Ex. 522](#), pp. 13-14, para. 61, Aff. Ex. 29.

¹¹⁷ [Ex. 111](#).

BCLC's December 24, 2010 letter was relative to the risk of money laundering "within the confines of the casino."¹¹⁸ It is clear that Mr. Karlovcec was limiting this opinion to traditional methods of money laundering. BCLC repeats its submissions set out at paragraphs 62-63 above regarding the reasonableness of that opinion.

66. In reply to paragraph 64 of the Province's submissions regarding the 2010 suggestion of a cap on the amount of \$20 bills, Mr. Friesen's evidence was that he did not pursue this because: a) limiting one denomination would not solve the problem; b) BCLC and GPEB were working on the development of cash alternatives at this time; and c) he did not have the authority to implement such a policy.¹¹⁹ As set out at paragraph 66 of the Province's submissions, "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". BCLC submits that this important fact supports the reasonableness of its decision not to pursue a cash cap at that time.

67. In reply to paragraph 82 of the Province's submissions regarding GPEB's decision not to interview patrons under Phase 3 of the AML Strategy, BCLC repeats and adopts its submissions at paragraphs 53-55, above. The evidence is that BCLC fully supported and embraced the AML Strategy. Mr. Scott himself acknowledged in January 2013 that BCLC had done everything it had been asked to do as part of the AML Strategy.¹²⁰ Moreover, regardless of Mr. Vander Graaf's views, Mr. Scott's evidence is that he understood GPEB investigators *could* interview patrons where appropriate.¹²¹

68. In reply to paragraph 87 of the Province's submissions that GPEB would "continue to press BCLC to increase its efforts" in relation to cash alternatives, GPEB GMs (including Mr. Scott and Mr. Mazure) and the responsible Minister consistently acknowledged and thanked BCLC for its efforts in this regard.¹²² Further, it was BCLC

¹¹⁸ [J. Karlovcec](#), Oct. 30, p. 196, l. 2 - p. 197, l. 10.

¹¹⁹ [G. Friesen](#), Oct. 28, p. 123, ll. 1-22.

¹²⁰ D. Scott Aff. #1, [Ex. 557](#), p. 16, para. 69, Aff. Ex. 32.

¹²¹ D. Scott Aff. #1, [Ex. 557](#), para. 44.

¹²² D. Scott Aff. #1, [Ex. 557](#), p. 16, para. 69, Aff. Ex. 32; OR: Mandate Letters, [Ex. 501](#), App. 11; [Ex. 892](#) (BCLC Mandate Letter, January 29, 2016); J. Lightbody Aff. #1, [Ex. 505](#), Aff. Exs. 50 (p. 231), 53 (p. 245), 55 (p. 255).

that consistently developed and proposed new cash alternatives and improvements to existing ones, despite the obstacles and significant delays occasioned by GPEB.¹²³

69. In reply to paragraph 91 of the Province's submissions, BCLC repeats and adopts the submissions at paragraph 65 of the BCLC Closing regarding Mr. Scott's apology to BCLC in respect of this communication.

70. In reply to paragraph 92 of the Province's submissions,¹²⁴ GPEB itself acknowledged, both during and subsequent to this time, that increased training and enhanced reporting requirements could be impacting the number of STRs being filed by BCLC, and cautioned against drawing the conclusion that an increase in reporting meant "illicit funds [were] being brought into BC casinos at a greater rate."¹²⁵ In a 2015 briefing note, Mr. Meilleur stated that the number of STRs filed by BCLC had increased "as a result of due diligence exercised on high-risk players, as well as continued training within the facilities to report unusual activities."¹²⁶

71. In reply to paragraph 95 of the Province's submissions, BCLC repeats its submission at paragraph 39, above, regarding Mr. Towns' view that BCLC investigators should not be questioning patrons about their SOF because their duty was primarily to observe and report. This view was supported by the conclusions of the Kroeker Report as to BCLC's obligations¹²⁷ and, for reasons similar to those set out at paragraphs 31-33 of the Province's submissions, was reasonably held at that time.

72. In reply to paragraph 115 of the Province's submissions, it is inaccurate to state that GPEB did not approve BCLC's proposed bet limit increase due to an increase in money laundering risk. The briefing document cited by the Province in support of this statement in fact recommends to GPEB's GM that the proposed increase be approved

¹²³ See, e.g., D. Tottenham Aff. #1, [Ex. 148](#), Aff. Exs. 64 (p. 567), 66 (p. 570); R. Kroeker Aff. #1, [Ex. 490](#), pp. 33-35, paras. 139, 141, 146, 148, 150, Aff. Exs. 60-66, 71, 75; J. Lightbody Aff. #1, [Ex. 505](#), Aff. Exs. 55, 88 (pp. 587-588).

¹²⁴ This reply also applies to para. 123 of the Province's submissions.

¹²⁵ D. Scott Aff. #1, [Ex. 557](#), Aff. Ex. 20, pp. 75, 83; [Ex. 187](#), PDF pp. 2-3, 5, 7; [C. Wenezenki-Yolland](#), Apr. 27, p. 17, ll. 16-23, p. 19, l. 17 - p. 20, l. 3; C. Wenezenki-Yolland Aff. #1, [Ex. 922](#), p. 13, para. 83.

¹²⁶ B. Desmarais Aff. #1, [Ex. 522](#), p. 11, para. 45, Aff. Ex. 21, p. 113.

¹²⁷ [Ex. 141](#), p. 10; [T. Towns](#), Feb. 1, p. 30, l. 9 - p. 31, l. 21.

for baccarat tables, but not other table games.¹²⁸ GPEB did not make a decision either way, which caused BCLC to seek and obtain approval directly from the Minister.¹²⁹ BCLC repeats and adopts the submissions at paragraphs 60-61 of the BCLC Closing in respect of this bet limit increase.

73. In reply to the Province's reliance on the report entitled *GPEB – AML Working Group: Client Due Diligence in BC Casinos*, dated September 15, 2014 and authored by Jerome Malysh (the "Malysh Report")¹³⁰ regarding SOF practices in other jurisdictions (footnote 60 and paragraphs 117-118 of the Province's submissions), the commentary in the Malysh Report is, with all due respect to Mr. Malysh, hearsay and should not be relied upon for the truth of its contents.¹³¹ The Malysh Report did not cite its sources for SOF practices in the gaming industry as at 2014, and Mr. Malysh did not testify in this Inquiry. The evidence of Mr. Boyle¹³² and Ms. Brooker is better evidence of gaming industry SOF practices and should be preferred. In particular, no witnesses with personal knowledge testified that patron interviews regarding SOF, usually conducted by the Ontario Provincial Police ("OPP"), occurred for all cash/in transactions over \$10,000 to \$15,000 in Ontario gaming facilities, and the assertion of such a practice is any event belied by the commentary in an audit of the Alcohol and Gaming Commission of Ontario in 2020.¹³³ To the contrary, the weight of the evidence supports the view that BCLC AML practices regarding SOF conditions and patron interviews were ahead of those in other jurisdictions, including Ontario.¹³⁴

¹²⁸ [Ex. 543](#).

¹²⁹ M. Graydon Aff. #1, [Ex. 576](#), p. 20, para. 50.

¹³⁰ OR: Past Recommendations, [Ex. 73](#), App. H.

¹³¹ See Commissioner's statements re: hearsay in the context of email communications: [R. Alderson](#), Sep. 9, p. 69, l. 19 - p. 71, l. 7 ("... it's not itself a sworn statement. It's simply a communication from this person to the affiant. And therefore it's sort of classic hearsay in that sense. I don't see in any event it could go forward as proof of the truth of its contents ... So the affidavit goes in as presented but it doesn't go in -- not all parts of it go in as truth of the proof of their contents, and that's true of any affidavit"). See also, [R. Alderson](#), Sep. 10, p. 178, l. 12 - p. 179, l. 13.

¹³² See, e.g., [B. Boyle](#), Sep. 13, p. 26, ll. 9-20 (re: Mr. Boyle's direct experience working with operators in Ontario).

¹³³ [Ex. 878](#), e.g., p. 4 ("...OPP... rarely performed any additional checks or interviews with the individuals"), pp. 27-30 (few instances of "source of funds interviews"). While Mr. Vander Graaf's testimony included commentary regarding Ontario policing at casinos, it did not appear he had personal knowledge of the specifics of OPP AML practices: Nov. 12, pp. 43-48, 100-101.

¹³⁴ [P. Ennis](#), Feb. 4, p. 3, l. 4 - p. 4, l. 24; [B. Boyle](#), Sep. 13, p. 72, l. 13 - p. 73, l. 4 (re: formal interviews of patrons), p. 96, l. 16 - p. 100, l. 9 (re: SOF receipting requirements and sourced cash/chip conditions).

74. In reply to paragraph 144 of the Province's submissions, BCLC's sourced cash conditions program *did* apply to all patrons. While the program initially targeted patrons who were known to receive cash from Mr. Jin, ultimately all patrons were considered for conditions based on their behaviour and level of risk.¹³⁵ That all patrons were not placed on conditions does not mean the policy did not apply to them; any patron could become subject to conditions under BCLC's policy.¹³⁶

75. In reply to paragraph 148 of the Province's submissions, Mr. Lightbody did not testify that he understood the direction to mean that BCLC should keep "doing what it was doing". The Province misstates Commission counsel's question as if it were the evidence of Mr. Lightbody.¹³⁷ Mr. Lightbody's evidence was that he understood, including from subsequent conversations with Ms. Wenezenki-Yolland following BCLC's receipt of the letter, that BCLC should "continue to improve on [its] risk basis ... [s]o we continued to now move, follow down the chain to lower risk individuals."¹³⁸

76. In further reply to paragraphs 148-149 of the Province's submissions, BCLC repeats and adopts its submissions at paragraph 92 of the BCLC Closing regarding Minister de Jong's intentions. BCLC submits that Minister de Jong's own evidence as to what he intended to convey in his October 1, 2015 letter should be preferred over the evidence of Mr. Mazure, who did not author the letter. In any event, Ms. Wenezenki-Yolland, Mr. Mazure, and Mr. Meilleur all agreed that it was not expected that BCLC would scrutinize all cash for SOF prior to buy-in.¹³⁹ Further, it should be noted that the evidence cited by the Province in support of its assertion that Mr. Mazure "understood his August 7 letter and the Minister's October 1 direction to be a request that BCLC ...

¹³⁵ See para. 99 of the BCLC Closing.

¹³⁶ R. Kroeker Aff. #1, [Ex. 490](#), p. 23, para. 101, Aff. Ex. 27, e.g., PDF pp. 310-311 ("When BCLC receives credible information regarding a patron or a particular source of funds that BCLC deem to be of high risk then BCLC will IMMEDIATELY act on that information including placing conditions on play").

¹³⁷ [J. Lightbody](#), Jan. 29, p. 50, ll. 21-25.

¹³⁸ [J. Lightbody](#), Jan. 29, p. 50, l. 8 - p. 51, l. 6.

¹³⁹ C. Wenezenki-Yolland Aff. #1, [Ex. 922](#), p. 22, para. 152; [C. Wenezenki-Yolland](#), Apr. 27, p. 64, l. 24 - p. 66, l. 1, p. 104, l. 13 - p. 105, l. 23 (re: [Ex. 903](#)); [J. Lightbody](#), Jan. 28, p. 50, l. 4 - p. 51, l. 11, p. 79, l. 12 - p. 80, l. 1 (re: [Ex. 506](#)); [Ex. 903](#); [J. Mazure](#), Feb. 5, p. 217, ll. 1-16, p. 218, l. 24 - p. 219, l. 21, p. 222, l. 25 - p. 223, l. 14.

conduct source of funds inquiries prior to accepting suspicious cash”¹⁴⁰ does not in fact support such an assertion.

77. In further reply to paragraphs 149-150 of the Province’s submissions and their references to revenue implications, BCLC considered the effects that a general SOF policy would have on revenue, but the prospective effect on revenue was not the cause of its decision not to move forward with a general SOF policy following the Minister’s letter of October 1, 2015. Mr. Lightbody explicitly denied that the concern about the impact of revenue guided the decision not to introduce a sourced cash condition policy across the board for buy-ins exceeding a certain threshold. He stated that “the driving force was to stick within a risk-based process and not go to a prescriptive base”.¹⁴¹ Mr. Bud Smith also flatly and repeatedly denied the suggestion put to him that a concern about potential revenue loss was a reason why BCLC waited to implement a general SOF policy.¹⁴² Mr. Smith stated that “it had nothing to do with revenue”.

78. Mr. Lightbody further confirmed that BCLC was not necessarily averse to a general SOF policy because it was not BCLC’s money: it was the Government’s money and therefore BCLC needed to advise Government of what was going to happen before such a policy could be implemented.¹⁴³ Mr. Smith also stated that he was “agnostic” about the level of revenue. Rather, what concerned him was accountability to the Treasury Board arising from a significant change in revenue from what was initially projected, which required reporting that change to the Treasury Board.¹⁴⁴

79. Put simply, the most that could be said about the concern of a potential effect on revenue was that it motivated BCLC to clarify what the Government wanted and then advise them on the consequences, given their accountability to the Treasury Board. BCLC sought that clarification through Mr. Smith, who specifically recalls that Minister de Jong stated he did not want to adopt a dollar specific approach.¹⁴⁵ The Minister

¹⁴⁰ Province’s submissions, pp. 48-49, fn. 353.

¹⁴¹ [J. Lightbody](#), Jan. 28, p. 60, l. 22 - p. 62, l. 11.

¹⁴² [B. Smith](#), Feb. 4, p. 119, ll. 6-11, p. 119, l. 23 - p. 123, l. 8.

¹⁴³ [J. Lightbody](#), Jan. 29, p. 36, l. 17 - p. 38, l. 9

¹⁴⁴ [B. Smith](#), Feb. 4, p. 122, ll. 1-25; [B. Smith Aff. #1, Ex. 537](#), Aff. Ex. 2, p. 8.

¹⁴⁵ [B. Smith](#), Feb. 4, p. 73, l. 23 - p. 76, l. 24. The Minister does not deny that such a meeting took place, but does not recall the discussion: [M. de Jong](#), Apr. 23, p. 91, l. 21 - p. 93, l. 10.

confirmed in testimony that he did not intend, from his October 1, 2015 letter, that there be a prescriptive SOF approach via a threshold; rather he intended to articulate a risk-based approach that went beyond the status quo.¹⁴⁶ And that is what BCLC did by continually lowering the risk threshold of its sourced cash conditions program.

80. In reply to paragraph 152 of the Province's submissions, the 2016/17 Mandate Letter actually directed that BCLC implement AML "compliance best practices with appropriate consideration of evaluating the source of wealth and source of funds prior to cash acceptance within a risk based framework."¹⁴⁷

81. In reply to paragraph 153 of the Province's submissions, the Province does not accurately capture the purpose of the May 2016 directive. The questionnaires were not intended to serve as proof of SOF for patrons on sourced cash conditions¹⁴⁸ and service provider staff were not required to make further inquiries beyond the questionnaire answers, either to verify the answers provided or to make any assessments of the responses.¹⁴⁹ Rather, the purpose of the initiative was for BCLC investigators to review the answers provided, analyze them, and determine whether further action was required such as a barring, patron interview, or sourced cash conditions.¹⁵⁰

82. In reply to paragraph 154 of the Province's submissions, BCLC repeats and adopts the submissions at paragraph 87 of the BCLC Closing regarding Ms. Wenezenki-Yolland and Mr. Mazure's stated understanding of BCLC's cash conditions program. In further reply to paragraph 154 of the Province's submissions and Ms. Wenezenki-Yolland's evidence that she received reports "that the application of source of funds was not necessarily happening consistently,"¹⁵¹ a 2016 GPEB audit of service provider compliance with BCLC's unsourced cash and chip directive concluded that,

¹⁴⁶ [M. de Jong](#), Apr. 23, p. 87, l. 17 - p. 90, l. 7, p. 91, l. 21 - p. 92, l. 7, p. 139, l. 13 - p. 140, l. 7, p. 145, l. 1 - p. 146, l. 7, p. 152, ll. 4-15, p. 153, l. 19 - p. 155, l. 10 (re: [Ex. 903](#)). See also, C. Wenezenki-Yolland Aff. #1, [Ex. 922](#), p. 22, para. 152; [C. Wenezenki-Yolland](#), Apr. 27, p. 64, l. 24 - p. 66, l. 1, p. 104, l. 13 - p. 105, l. 23 (re: [Ex. 903](#)); [J. Lightbody](#), Jan. 28, p. 50, l. 4 - p. 51, l. 11, p. 79, l. 12 - p. 80, l. 1 (re: [Ex. 506](#)). BCLC adopts paras. 90-93 of the BCLC Closing re: Minister de Jong's October 1, 2015 letter.

¹⁴⁷ [M. de Jong](#), Apr. 23, p. 32, ll. 1-20 (re: [Ex. 892](#)).

¹⁴⁸ [D. Tottenham](#), Nov. 10, p. 199, l. 21 - p. 200, l. 13.

¹⁴⁹ [D. Tottenham](#), Nov. 10, p. 12, ll. 6-21.

¹⁵⁰ [D. Tottenham](#), Nov. 10, p. 140, l. 21 - p. 141, l. 18, p. 199, ll. 6-16.

¹⁵¹ [C. Wenezenki-Yolland](#), Apr. 27, p. 127, ll. 4-8.

overall, “the casinos appropriately enforced the use of ‘sourced cash’ with all players issued the Directive during our review period” and that, “[i]n the majority of cases the players that were issued the BCLC directive were prevented from playing with unsourced cash and chips by the casino sites.”¹⁵²

83. In reply to paragraph 155 of the Province’s submissions, BCLC repeats and adopts the submissions at paragraph 93 of the BCLC Closing. Counsel for the Province invited Minister de Jong on multiple occasions to state that BCLC had not complied with his direction; he did not do so.¹⁵³

84. In reply to paragraph 156 of the Province’s submissions, BCLC repeats its submissions at paragraphs 70 and 72, above. Namely, a) BCLC’s sourced cash conditions program applied to all patrons in the sense that any patron could be placed on conditions according to BCLC policy, based on their play and level of risk, and b) in any event, none of the Minister, Ms. Wenezenki-Yolland, Mr. Mazure, or Mr. Meilleur expected BCLC to assess all cash for SOF prior to acceptance or, in other words, implement a “blanket source of funds rule”. In reply to paragraphs 148 and 156 of the Province’s submissions, the Minister’s October 1, 2015 letter did not instruct BCLC to implement a “general source of funds policy”, or even use such words, which is not a term of art used in the AML best practices lexicon.¹⁵⁴

85. In reply to paragraph 160 of the Province’s submissions, and prior to Mr. Dickson’s 2012 email regarding a potential reporting issue at River Rock,¹⁵⁵ BCLC first discovered this issue in September 2011.¹⁵⁶ BCLC repeats its submissions at paragraph 20 above regarding its attempts to educate GCGC management and casino staff of their obligations to report all suspicious transactions regardless of amount or

¹⁵² A. Fitzgerald Aff. #1, [Ex. 781](#), Aff. Ex. 42.

¹⁵³ [M. de Jong](#), Apr. 23, p. 155, l. 23 - p. 157, l. 6, p. 162, ll. 5-20.

¹⁵⁴ E.g., “general source of funds policy” is not a phrase used in the 2019-2020 American Gaming Association “Best Practices for Anti-Money Laundering Compliance” report: EY AML Report, [Ex. 1038](#), Report Ex. 12.

¹⁵⁵ [Ex. 113](#).

¹⁵⁶ [Ex. 84](#).

denomination.¹⁵⁷ There is no evidence that BCLC implemented this threshold, which was not consistent with its FINTRAC training provided to service providers.¹⁵⁸

86. In reply to paragraph 163 of the Province's submissions, BCLC repeats its submissions at paragraphs 45-47 above regarding its response to the MNP Report. While the Province relies on a briefing note prepared by Mr. Mazure¹⁵⁹ in support of the statement that "BCLC did not agree with some of MNP's recommendations and took the position that it did not need to act on them", BCLC's actual response plan – which sets out in detail the steps BCLC took in response to the MNP Report¹⁶⁰ – is the best evidence of BCLC's position. In respect of MNP's recommendation that GPEB consider implementing a policy requirement regarding refusal of unsourced cash, BCLC's response plan indicated that it would "await GPEB's analysis of this recommendation."¹⁶¹

87. In reply to paragraph 164 of the Province's submissions, there is no citation to any evidence that Mr. Mazure stated BCLC had been "intransigent", because he did not. To be clear, it was Commission counsel who suggested to Mr. Mazure that BCLC was demonstrating "intransigence."¹⁶² Commission counsel then asked, "why not at that point go to the Minister and say, BCLC's just not doing what we think is necessary and you need to direct them to do it?", to which Mr. Mazure replied, "Oh, I think in my regular meetings with Ms. Wenezeki-Yolland I probably conveyed -- well, I know I did."¹⁶³

88. In reply to the first two sentences of paragraph 166 of the Province's submissions, the cited reference to Mr. Meilleur's affidavit does not support the assertions set out therein. BCLC repeats and adopts its submission at paragraph 104 of the BCLC Closing as to the status of BCLC's AML program by 2017.

¹⁵⁷ See also, [J. Karlovcec](#), Oct. 29, p. 149, l. 18 - p. 150 l. 11; [Ex. 113](#).

¹⁵⁸ See, e.g., P. Ennis Aff. #1, [Ex. 530](#), p. 6, paras. 42-44.

¹⁵⁹ [Ex. 584](#).

¹⁶⁰ R. Kroeker Aff. #1, [Ex. 490](#), p. 29, para. 124, Aff. Ex. 51.

¹⁶¹ R. Kroeker Aff. #1, [Ex. 490](#), p. 29, para. 124, Aff. Ex. 51, PDF p. 425.

¹⁶² [J. Mazure](#), Feb. 5, p. 139, ll. 15-20.

¹⁶³ [J. Mazure](#), Feb. 5, p. 139, l. 1 - p. 140, l. 2.

89. In reply to paragraph 186 of the Province’s submissions, Mr. Meilleur did not draw Minister Eby’s attention to the fact that, by August 2017, BCLC’s sourced cash conditions program had had a dramatic impact, as demonstrated by the significant decline in LCTs and STRs.¹⁶⁴ Similarly, Mr. Meilleur represented to Minister Eby that the MNP Report recommended that both GPEB and BCLC refuse unsourced cash: to the best of Minister Eby’s recollection, Mr. Mazure and Mr. Meilleur did not communicate that MNP had recommended that GPEB (and not BCLC) implement a policy requirement that service providers refuse unsourced cash and that GPEB had not implemented that recommendation.¹⁶⁵

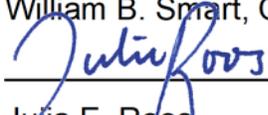
90. In reply to paragraphs 192 and 220 of the Province’s submissions, BCLC acknowledges the impact the \$10,000 SOF directive has had on the volume of unsourced cash entering BC casinos since 2018. However, BCLC submits that the Province’s submissions severely understate the significant impact BCLC’s sourced cash conditions program has had on the number of STRs filed and total amounts of cash buy-ins since 2015, including as found in GPEB audits.¹⁶⁶ BCLC repeats and adopts the submissions at paragraphs 95, 96, and 104 of the BCLC Closing in this regard.

91. In further reply to paragraph 220 of the Province’s submissions, Mr. McLeod’s evidence is that there is not a significant risk of money laundering in online gaming.¹⁶⁷ However, there is concern as to a threat of criminality from “illegal online gaming”.¹⁶⁸

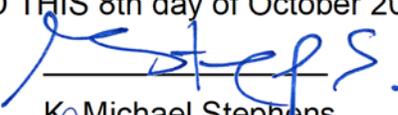
RESPECTFULLY SUBMITTED THIS 8th day of October 2021.



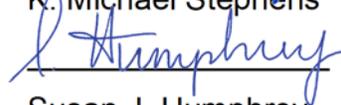
William B. Smart, Q.C.



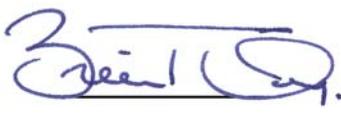
Julia E. Roos



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Susan J. Humphrey



Brian T. Duong

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¹⁶⁴ [D. Eby](#), Apr. 26, p. 149, l. 17 - p. 150, l. 13, pp. 153-154, p. 155, l. 19 - p. 156, l. 3.

¹⁶⁵ [D. Eby](#), Apr. 26, p. 144, l. 11 - p. 146, l. 10; [Ex. 906](#), p. 4.

¹⁶⁶ [D. Tottenham Aff. #1](#), [Ex. 148](#), pp. 31-32, paras. 160-162 (cash conditions policy on pace to \$25,000 buy-in level).

¹⁶⁷ [S. MacLeod](#), Apr. 19, p. 59, l. 14 - p. 60, l. 9.

¹⁶⁸ [Ex. 3](#), App. E, PDF p. 269.