

COMMISSION OF INQUIRY INTO MONEY LAUNDERING IN BRITISH COLUMBIA

The Honourable Mr. Austin F. Cullen, Commissioner

CLOSING SUBMISSIONS OF JAMES (JIM) LIGHTBODY

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Contents

I – Overview.....	1
II – Mr. Lightbody’s Tenure as VP Casinos and Community Gaming	2
III – Mr. Lightbody’s Tenure as President and CEO 2014 to present.....	4
i. Building BCLC’s AML Expertise.....	5
ii. BCLC Forging Relationships.....	6
iii. BCLC’s efforts to engage law enforcement	7
iv. Summer 2015: a Pivotal Turning Point	10
v. BCLC’s continuing efforts to increase AML after July 2015	14
vi. Change in Government.....	22
vii. Participation in and support for the German Review	24
IV – Mr. Lightbody’s Leadership	27
V – The Way Forward.....	29

I – Overview

1. During Mr. Lightbody’s tenure as Vice President (“VP”) Casinos and Community Gaming and then President and Chief Executive Officer (“CEO”) of the British Columbia Lottery Corporation (“BCLC”),¹ the Province of British Columbia (the “Government” or “Province”) struggled to confront the risk of potential money laundering in BC casinos. The situation – the knowns and the many, many more unknowns – was complex and constantly evolving. BCLC, like all stakeholders in the gaming industry, started from a place of imperfect and incomplete information. BCLC and Mr. Lightbody, together with other stakeholders, gradually obtained more information about techniques and methods that may be used to enter proceeds of crime into BC casinos and effective measures to combat this risk.² There has been, quite simply, a “substantial evolution” in the last decade of anti-money laundering (“AML”) knowledge about how organized crime and professional money launderers pervert underground banking to facilitate money laundering.³

2. Through this time, BCLC did not turn a blind eye, as suggested by some,⁴ to the risk of illicit proceeds entering BC casinos: it acted. BCLC under Mr. Lightbody recognized the threat of potential money laundering to the gaming sector in light of the increasing influx of cash entering BC casinos and worked tirelessly to respond to these concerns through strengthening BCLC’s AML regime. The clear, prevailing guidance was that AML should be risk-based. Accordingly, BCLC under Mr. Lightbody worked diligently to develop and implement a flexible, adaptable and risk-based approach consistent with the evolving information landscape⁵ and with international and industry best practices and guidelines, the three-phase AML strategy of its regulator the Gaming Policy and Enforcement Branch (“GPEB”), and BCLC’s annual mandate letters from the Province.⁶

¹ Mr. Lightbody was appointed interim CEO in February 2014 and permanent CEO in April 2015. Ex. 505, Aff. #1 of J. Lightbody, paras. 8, 59-61.

² M. de Jong, Apr. 23, 2021, p. 63 l. 20-22; Ex. 533, Aff. #1 of B. Desmarais, para. 4.

³ R. Kroeker, Jan. 25, 2021, p. 183 l. 14-25, p. 184 l. 4-8; Ex. 522, Aff #1 of B Desmarais, paras. 3-6; R Kroeker, Jan. 25, 2021, p. 183 l. 14 to p. 184 l. 8; S. Lord, May 29, 2021, p. 33, l. 36-42.

⁴ D. Eby, Apr. 26, 2021, p. 132 l. 10-39, p. 135, l. 1-12.

⁵ Ex. 505, Aff. #1 of J. Lightbody, Ex. 130, p. 973; M. de Jong, Apr. 23, 2021, p. 62 l. 3-23; B. Smith, Feb. 4, 2021, p. 174 l. 2 to p. 175 l. 4.

⁶ Ex. 4: OR: FATF Records, p. 9, para. 23; G. Hughes, May 3, 2021, p. 27 l. 1-4, p. 68 l. 8-21; J. Lightbody, Jan. 29, 2021, p. 99 l. 11-24, Ex. 501, Apps. 11-12, 15-16. Ex. 505, Aff. #1 of J. Lightbody, Ex. 130, p. 973; M. de Jong, Apr. 23, 2021, p. 62 l. 3-23; B. Smith, Feb. 4, 2021, p. 174 l. 2 to p. 175 l. 4.

3. Mr. Lightbody takes great pride in BCLC and works conscientiously to help the organization to achieve its social responsibility mandate.⁷ Mr. Lightbody's ethos of social responsibility and his clear commitment to doing the right thing permeated BCLC. The evidence amply demonstrates that Mr. Lightbody was open, collegial and collaborative in his relationships with stakeholders, including in particular with GPEB and with government. He modeled this for BCLC employees. Once President and CEO, Mr. Lightbody's personal commitment to social responsibility and BCLC's mandate helped to engrain this culture and guided BCLC as it responded to money laundering risks.

4. Mr. Lightbody invested personally in supporting BCLC's AML regime and consistently demonstrated his commitment to strengthening this without allowing revenue efforts to hamper BCLC's commitment to doing the right thing. Under Mr. Lightbody's careful and committed stewardship, BCLC did not restrict its efforts to fulfilling its primary obligation to identify and report instances of suspicious activity to regulators and law enforcement.⁸ Mr. Lightbody directed BCLC to go significantly further; BCLC acted nimbly, swiftly, and consistently to dedicate the resources and expertise necessary to build and consistently enhance its robust, risk-based AML regime, following the best advice, guidance and expertise of subject-matter experts, such as the Financial Action Task Force ("FATF"), and BCLC's regulators, the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC") and GPEB.⁹ He navigated the organization through ongoing challenges to engage law enforcement and GPEB to investigate as the levels of suspicious cash entering BC casinos peaked in mid-2015. He pressed BCLC to innovate and adopt innovative policies resulting in the significant reversal of this trend.

II – Mr. Lightbody's Tenure as VP Casinos and Community Gaming

5. In February 2011, the Province received the "Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities", authored by Mr. Robert Kroeker (the "Kroeker Report"). The Report concluded, among other things, that BCLC employed

⁷ Ex 505, Aff. #1 of J. Lightbody, paras. 63-64.

⁸ Ex. 141: Summary Review Anti-Money Laundering Measures at BC Gaming Facilities, February 2011, p. 10. This reporting obligation includes reporting requirements under the *Gaming Control Act* and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, SC 2000, c. 17

⁹ Ex. 4: Overview Report: FATF Records, p. 9, para. 23; J. Lightbody, Jan. 28, 2021 p. 4 l. 5-12.

standard and appropriate AML strategies and had a robust AML regime in place.¹⁰ This report marked a critical turning point. GPEB responded with a new, three-phase AML strategy. Phase 1 (proposed commencement date: April 2012) and Phase 2 (proposed commencement date: May 2013) focused on developing and promoting cash alternatives. Phase 3 (proposed commencement date: December 2013) contemplated direct regulatory action by GPEB, including conducting patron interviews.¹¹

6. Cash alternatives were a “key foundational piece” of GPEB’s AML strategy and perceived as a strong way to deal with the risks associated with a predominantly cash-based industry.¹² The Kroeker Report coupled with GPEB’s three-phase AML strategy effectively kickstarted the “Herculean” task of moving away from a completely cash-based business towards cash alternatives.¹³ The magnitude of this change cannot be understated.¹⁴ It was a significant exercise to develop and implement a strong policy framework with stakeholder input including GPEB, BCLC and Service Providers.¹⁵ The VP of Corporate Security and Compliance, Mr. Terry Towns, led BCLC’s implementation of the three-phase AML strategy. Mr. Lightbody supported Mr. Towns as an active, contributing, and instrumental member to various committees about cash alternatives.¹⁶

7. This Commission heard significant evidence about the concept of a cash cap or ban on the number of \$20 bills that patrons could bring into casinos, an idea advanced repeatedly internally by the GPEB Investigations Division during this period.¹⁷ The concept did not receive wide support: it was not supported in the Kroeker Report, nor by senior GPEB Executives, including the GPEB Assistant Deputy Ministers and General

¹⁰ Ex. 141: Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities, p. 2. R. Kroeker based this conclusion on accepted AML standards in the gaming industry as set out in FATF reports on risk-based compliance programs and FINTRAC guidelines, including the FATF Report “Risk-based Guidelines for Casinos” (2008) and the FINTRAC report “Money Laundering Typologies and Trends in Canadian Casinos” (2009). R. Kroeker, Jan. 26, 2021, p. 91, l. 17-22, p. 190 l. 1-5; Ex. 490, Aff. #1 of R. Kroeker, para. 23, Ex. 1-2.

¹¹ Ex. 557, Aff. #1 of D. Scott, para 40.

¹² D. Scott; Feb. 8, 20201, p. 31 l. 20-23; C. Wenezenki-Yolland, Apr. 27, 2021, p. 18 l. 19-25.

¹³ B. Smith, Feb. 4, 2021, p. 146 l. 20 to p. 147 l. 2; J. Karlovcec, Oct. 29, 2020, p. 84 l.25-p. 85 l. 1; M. Graydon, Feb. 11, p. 55, ll. 6-7; Ex. 517, Aff #1 of T. Towns Aff. #1, para. 34; B. Desmarais, Feb. 2, p. 31, l. 20 - p. 32, l. 1.

¹⁴ B. Smith, Feb. 4, 2021, p.61 l. 8-25; D. Eby, Apr. 26, 2021, p. 128 l. 17- p. 129 p. 2; M. de Jong, Apr. 23, 2021, p. 22 l. 14-24.

¹⁵ Ex. 517, Aff #1 of T. Towns, para. 118-120.

¹⁶ Mr. Lightbody participated in the BCLC Steering Committee on Cash Alternatives (also known as the Casino cash and Payment and Business Process Enhancement Process), the Casino Service Providers working group, and a joint GPEB and BCLC AML working group. Ex 505, Aff. #1 of J Lightbody, para 20, 27-28; T. Towns, Feb. 1, 2021, p. 9 l. 4-18; J. Lightbody, Jan. 29, 2021, p. 115 l. 5-25; M. Graydon, Feb. 11, 2021 at p. 97 l. 15-21.

¹⁷ See, e.g., L. Vander Graaf, Nov. 12, 2020, p. 140 l. 7-12.

Managers (“ADM/GM”), or in the GPEB AML strategy: the focus was firmly on cash alternatives.¹⁸

8. Mr. Lightbody worked closely with the BCLC Security and Compliance department to ensure changes in casinos did not jeopardize AML efforts. As one example, BCLC approved, at the request of service providers, an increase to the maximum allowable aggregate betting limits to \$100,000 per hand at private tables.¹⁹ Mr. Lightbody ensured that BCLC did a full risk assessment, including of money laundering risks, before approving this.²⁰ Consistent with its philosophy of cooperation, BCLC sought GPEB’s approval.²¹ The Minister ultimately approved the increased betting limits.²² Mr. Lightbody also had fundamental concerns about the degree of reliance on high limit very important patrons (“VIPs”). He conceived and developed the Casino Business Strategy “Table & E-Games Strategy Document”, supported by the Board of Directors, to move the industry away from reliance on high limit players to focus on growing light, medium and casual players.²³

III – Mr. Lightbody’s Tenure as President and CEO 2014 to present

9. Mr. Lightbody’s stance as President and CEO was clear: AML was a priority that would be well resourced and staffed and despite any external pressures, such as the cost containment initiatives in 2013 and the 2014 BCLC Crown Review, AML programming was not to be touched.²⁴ Mr. Lightbody made it clear that impacts on revenue generation would not skew development of the AML regime: AML compliance trumped revenue.²⁵ Senior BCLC executives clearly understood his position: AML requests were granted

¹⁸ Ex. 490., Aff. #1 of R. Kroeker, para 27; L. Vander Graaf, Nov. 12, 2020, at p. 87 l. 16-21, p. 140 l. 23 to p. 141 l. 4; L. Wanamaker, Apr. 22, 2021, p. 18 l. 7 - p. 19 l. 17; J. Lightbody, Jan. 29, 2021, p. 116 l. 8-12; T. Towns, Feb. 1, 2021, at p. 11 l. 16-25 - p. 12 l. 1-6; Mr. Graydon, Feb. 11, 2021 at p. 94 l. 14 -p. 95 l. 3, p. 99 l. 21 - p. 100 l. 9. Such a cash cap did not exist internationally either. See Ex. 1038, AML Practices, para. 5.3, 5.5, 5.1, 5.15.

¹⁹ This was first done on a trial basis in 2013 and then permanently in 2014. Ex 505, Aff. #1 of J. Lightbody, paras. 40-44; Ex. 576, Aff. #1 of M. Graydon, para. 49-50. For a list of bet limit increases from 2001-2018, see Ex 505, Aff. #1 of J Lightbody, Ex. 22.

²⁰ M. Graydon, Feb 11, 2021, p. 111 p. 24 to p. 12 l. 9; Ex. 576, Aff. #1 of M. Graydon, para. 51; J. Lightbody, Jan. 28, 2021, p. 11 l. 22 to p. 12 l. 12; p. 13 l. 5-10; . Ex 505, Aff. #1 of J Lightbody, para. 54.

²¹ GPEB ultimately determined that this approval was not required. M. Graydon, Feb. 11, 2021 at p. 100 l. 16 to p. 101 l. 18; Ex 505, Aff. #1 of J. Lightbody, paras. 47, 52; Ex. 541, Aff #1 of J Mazure, para. 68.

²² M. Graydon, Feb. 11, 2021, p. 101 l. 13 to p. 102 l. 2; Ex 576, Aff #1 of M. Graydon, paras. 49 and 50.

²³ Ex 505, Aff. #1 of J. Lightbody, para. 11, 34-36, 103, Ex. 8; B. Smith, Feb.4, 2021, p. 152 l. 3-7; M. Graydon, Feb. 11, 2021, p. 102 l. 3-21. Mr. Lightbody continued such efforts as President and CEO. These efforts included changes to the Operational Services Agreements with Service Providers to increase the commission levels for low-limit table games and freezing limits on high-limit games. Ex 505, Aff. #1 of J. Lightbody, para. 103; R. Fyfe, Apr. 29, 2021, p. 64 l. 5 to p. 65 l. 16; see also R. Kroeker, Jan. 26, 2021, p. 122 l. 9-19.

²⁴ J. Lightbody, Jan. 28, 2021, p. 7 l. 1-9.

²⁵ J. Lightbody, Jan. 28, 2021, p. 72 l. 10-19; January 29, 2021, p. 108 l. 1-3; Ex 505, Aff. #1 of J. Lightbody, para. 86.

without exception and revenue considerations played no part.²⁶ Service providers also appreciated Mr. Lightbody's position that revenue concerns would not trump AML requirements: he communicated clearly that these would not delay AML measures.²⁷

i. Building BCLC's AML Expertise

10. Mr. Lightbody recognized the importance of having dedicated, well-resourced AML expertise that he could trust and rely on to build a strong and effective AML program. In staffing key AML leadership roles, BCLC and Mr. Lightbody hired, retained and relied on experts such as Mr. Brad Desmarais and Mr. Kroeker with extensive experience in law enforcement and investigating drug trafficking, proceeds of crime, and money laundering.²⁸ Under Mr. Lightbody, Mr. Desmarais and Mr. Kroeker, BCLC built a strong AML Unit staffed by knowledgeable individuals with strong law enforcement backgrounds. The BCLC AML Unit oversaw AML measures and evolved the program to respond to identified risks as these emerged.²⁹ Mr. Lightbody made serious funding commitments to the AML Unit and approved its significant expansion to empower it with the authority and resources necessary to oversee and implement BCLC's AML framework.³⁰ BCLC required the AML Unit and investigators to complete accredited training through the Association of Certified Money Laundering Specialists ("ACAMS").³¹ This "significant change" empowered investigators to take initiative and identify potential money laundering risks on the gaming floor previously not identified by BCLC.³² BCLC offered in early 2014 to fund ACAMS training for the GPEB's Investigations division and invited GPEB to BCLC's ACAMS membership so they could access the data.³³ The offer was declined,

²⁶ B. Desmarais, Feb. 2, 2021, p. 120 l. 6-18; Ex 522, Aff. #1 of B. Desmarais, para. 27; D. Tottenham, Nov. 5, 2020, p. 38 l. 11-16; Ex. 148, Aff. #1 of D. Tottenham, para 78; R. Kroeker, Jan. 25, 2021, p. 201 l. 2-6, l. 7-22. See also R. Alderson, Sept. 9, 2021, p. 34 l. 21 to p. 35 l. 2.

²⁷ T. Doyle, Feb. 9, 2021, p. 138 l. 7-15; Ex 505, Aff. #1 of J Lightbody, para. 95, Ex. 30.

²⁸ J. Lightbody, Jan. 28, 2021, p. 5 l. 24 to p. 6 l. 11. BCLC hired Mr. Desmarais to leverage his extensive experience in combatting money laundering and proceeds of crime and his arrival marked a significant shift in attitude at BCLC. Similarly, Mr. Kroeker was hired as a recognized AML leader with extensive experience in money laundering and proceeds of crime. M. Graydon, Feb. 11, 2011, p. 91 l. 9 to p. 92 l. 3; B. Desmarais, Feb. 1, 2021, p. 45 l. 4-21, Feb. 2, 2021, p. 63 l. 23 to p. 64 l. 2; R. Alderson, Sept. 9, 2021, p. 126 l. 20 to p. 127 l. 1; S. Beeksma, Oct. 26, 2020, p. 57 l. 18 to p. 58 l. 3; Ex. 522, Aff. #1 of B. Desmarais, para. 25(d); P. German, Apr. 12, 2021, p. 129 l. 15-23, p. 135 l. 18-21; Ex. 490, Aff. #1 of R. Kroeker, para. 10; R. Kroeker, Jan 25, 2021, p. 182 l. 3-14; L. Wanamaker, Apr. 22, 2021, p. 29 l. 23 to p. 30 l. 5; T. Doyle, Feb. 9, 2021, p. 103 l. 23 to p. 104 l. 3, Feb. 10, 2021, p. 93 l. 16 to p. 95 l. 14, p. 125 l. 7 to p. 126 l. 10.

²⁹ Ex 505, Aff. #1 of J Lightbody, para. 82

³⁰ J. Lightbody, Jan. 28, 2021, p. 71 l. 20-25; Ex 505, Aff. #1 of J Lightbody, para. 85; D. Tottenham, Nov 4, 2020, p. 196 l. 23 to p. 197 l. 3; R. Alderson, Sept. 10, 2021, p. 21 l. 8-21.

³¹ Ex 505, Aff. #1 of J Lightbody, para. 83; B. Desmarais, Feb. 2, 2021, p. 118 l. 11-20. This is the same training received by members of the RCMP "E" Division: Supt B. Taylor Apr. 16, 2021, p. 11-18.

³² G. Friesen, Oct. 29, 2020, p. 65 l. 7-11; B. Desmarais, Feb. 2, 2021, p. 2-11.

³³ B. Desmarais, Feb. 2, 2021, p. 118 l. 21 to p. 119 l. 13.

despite GPEB former and current investigators testifying that it would have been helpful to have ACAMS training and that some did not receive any specialized AML training.³⁴

ii. BCLC Forging Relationships

11. When Mr. Lightbody became President and CEO, a strong, coordinated, systemic approach to combating the potential for money laundering in BC casinos that brought together services providers, BCLC, GPEB, FINTRAC, and law enforcement, did not exist. In its absence, and recognizing its importance to an effective AML regime, BCLC under Mr. Lightbody's leadership set out to build stronger relationships with stakeholders.

12. Mr. Lightbody's commitment to building a more collaborative approach is illustrated most significantly through his effort to renew and strengthen the relationship between BCLC and GPEB. During Mr. Lightbody's time as VP Casinos and Community Gaming and then as President and CEO, GPEB was in a constant state of flux, undergoing multiple changes in leadership and organizational restructurings:³⁵ the ADM/GM role was held successively by Mr. Douglas Scott, Mr. John Mazure and Mr. Sam McLeod. None had prior experience in gaming or in money laundering and all had to become familiar with the issues; each brought a new lens to the AML issue.³⁶ Throughout these transitions, BCLC respected GPEB's authority as its regulator and acted accordingly.³⁷ BCLC sought GPEB's input on AML initiatives, even when approval was not required and knowing this often resulted in significant delays. This was apparent, for example, in the delays associated with the implementation of various cash alternatives.³⁸ Recognizing its limited resources and the different organizational dynamics, BCLC strove to provide proposals to GPEB early to allow it time to indicate if approval was required or to raise questions.³⁹

13. Mr. Lightbody dedicated significant effort to build the relationship with GPEB and to model the importance of a collaborative and cooperative approach. This was particularly

³⁴ K. Ackles, Nov 2, 2020, at p. 68 l. 6-8; T. Robertson, Nov. 6, 2020, p. 105 l. 9-13.

³⁵ See, e.g., Ex. 546 *MOF Gaming Policy and Enforcement Branch Review – Sept 18, 2014*; Ex. 547, *MOF GPEB Review investigations and Regional Operations and audit and Compliance Divisions Review – September 18, 2014*.

³⁶ J. Mazure, Feb. 5, 2021, p. 4 l. 20 to p. 5 l.8; S. McLeod, Apr. 19, 2021, p. 3 l. 9-12, p. 4 l. 8-22; S. Birge, Feb. 3, 2021, p. 41 l. 5-10.

³⁷ Ex. 505, Aff. #1 of J. Lightbody, para. 154.

³⁸ See, e.g., Ex. 490, Aff. #1 of R. Kroeker, para. 92, Ex. 25; paras. 139-142.

³⁹ J. Mazure, Feb. 5, 2021, p. 75 l. 5-14.

apparent in Mr. Lightbody's work to build the relationship with Mr. Mazure. Mr. Lightbody and Mr. Mazure modeled a positive relationship characterized by frank communication and candour, and committed themselves and their staff to frequent communication at the executive level.⁴⁰ Mr. Lightbody's work to grow this relationship was critical. While BCLC and GPEB had different perspectives on some aspects of the three-phase AML strategy, they agreed on significant areas and were in absolute agreement on many. They had a good working relationship and a shared commitment to AML.⁴¹

iii. BCLC's efforts to engage law enforcement

14. Mr. Lightbody and BCLC recognized that organized crime adapts quickly to exploit gaps in the policy and enforcement regimes.⁴² While BCLC fulfilled its reporting obligations to FINTRAC and GPEB, Mr. Lightbody and BCLC remained concerned that increasing amounts of suspicious cash were entering BC casinos in 2014-2015.⁴³ BCLC recognized that dedicated law enforcement engagement was essential to disrupting and deterring and potentially prosecuting illegal activities that may be occurring in and around casinos.⁴⁴

15. There were suspicions and conjectures about the risk that proceeds of crime were entering BC casinos. BCLC lacked the investigative authority and ability to make this determination. BCLC took the proactive step of banning cash facilitators. Further, BCLC was actively and consistently urging law enforcement and GPEB to investigate and to provide information on the source of the suspicious cash so that BCLC could act accordingly.⁴⁵ BCLC had long been sending its reporting to GPEB and law enforcement,⁴⁶ urging them to determine if cash entering BC casinos were proceeds of crime.⁴⁷ It had little success in the face of a persistent law enforcement gap around money laundering.

⁴⁰ Ex 505, Aff. #1 of J. Lightbody, paras. 171-173, Ex. 147; Ex 505, Aff. #1 of J. Lightbody, para 167; J. Mazure, Feb. 5, 2021, p. 31 l. 23-25, p.170 l. 17-21, p. 197 l. 15 to p. 198 l. 6. See also. B. Desmarais, Feb 1, 2021, p. 155 l. 7-10.

⁴¹ C. Wenezenki-Yolland, Apr. 27, 2021, p. 90 l. 20-25; Ex 505, Aff. #1 of J. Lightbody, para. 169.

⁴² See, e.g., M. Sieben, Jun. 11, 2020, p. 41, l. 5-10; C. Skrine, Jan. 27, 2021, p. 43 l. 14-21; Supt. P. Payne, Apr. 16, 2021, p. 99 l. 14-20; P. German, Apr. 12, 2021, p. 36 l. 14 to p. 37 l. 6.

⁴³ Ex. 482, Aff #1 of C. Cuglietta, Ex. A p. 4, 13.

⁴⁴ See, e.g., Ex. 505, Aff. #1 of J. Lightbody, para 114; J. Lightbody, Jan. 29, 2021, p. 56 l. 1-18.

⁴⁵ J. Lightbody, Jan. 28, 2021, p. 13-18.

⁴⁶ This included to police of jurisdiction, the Integrated Proceeds of Crime ("IPOC") unit, to the Criminal Intelligence Service of British Columbia/Yukon, and ultimately to the Joint Illegal Gaming and Investigation Team ("JIGIT").

⁴⁷ Ex. 148, Aff. #1 of D. Tottenham, para. 9; J. Lightbody, Jan. 28, 2021, p. 5, l. 9-13, p. 14 l. 14-18; Ex. 78, Aff #1 of S. Beeksma, para. 68.

Between 2012 and 2015, British Columbia was the only province without a Proceeds of Crime unit.⁴⁸ With the disbandment of IPOC, law enforcement lost the benefit of having an integrated, dedicated unit with expertise about money laundering and proceeds of crime.⁴⁹ During 2013-2014, FSOC did not conduct any investigations specifically into cash being used to buy into BC casinos.⁵⁰ Prior to 2015, “[t]he RCMP... were not present in the casino world.”⁵¹ BCLC investigators perceived that its STRs these were “going into a black hole.”⁵² There was no indication that either law enforcement or GPEB were responding.⁵³

16. Similarly, BCLC was reporting frequently to GPEB Investigations, but seeing little direct action in response.⁵⁴ Mr. Larry Vander Graaf, former Executive Director of the GPEB Investigations Division, was adamant that GPEB did not have the responsibility to investigate money laundering.⁵⁵ Like BCLC, GPEB was struggling to establish, even on a balance of probabilities, that the money entering BC casinos was proceeds of crime: quite simply, “no one really had any evidence of exactly what was going on.”⁵⁶ The absence of proactive involvement by GPEB investigators led to it having “little insight into money laundering really.”⁵⁷ Instead, GPEB was itself providing information to law enforcement, but not observing any action.⁵⁸ In 2012, GPEB was advised that investigating money laundering in casinos did not fall within the RCMP’s defined priorities.⁵⁹ GPEB was acutely aware of and frustrated by the persistent law enforcement gap and the loss of expertise and resources with the disbanding of IPOC: it was a significant lost opportunity.⁶⁰

17. BCLC redoubled its proactive efforts to bring in law enforcement as the industry experienced significant growth in table games drop in 2014.⁶¹ Undeterred by the absence

⁴⁸ Ex. 795, *RCMP Narrative Document – Business Cases and Proposals for Provincially Funded Money Laundering Unit*.

⁴⁹ M. Paddon, Apr. 14, 2021, p. 27 l. 6 to p. 29 l. 6; Supt. P. Payne, Apr. 16, 2021, p. 154 l. 1-5; Ex. 863, *Presentation – Briefing for the Cullen Inquiry*, Supt. Taylor, p. 6; Ex. 864, *Assessment of Proceeds of Crime Responsibilities within FSOC*, July 29, 2015, p. 2, 10.

⁵⁰ Ms. Paddon, Apr. 14, 2021, p. 151 l. 7-14.

⁵¹ P. German, Apr. 13, 2021, p. 108 l. 11-3.

⁵² Ex. 148, Aff. #1 of D. Tottenham, para. 72.

⁵³ Ex. 148, Aff. #1 of D. Tottenham, paras. 67-69.

⁵⁴ S. Lee, Oct. 27, 2020, p. 104 ln. 10-17.

⁵⁵ L. Vander Graaf, Nov. 13, 2020, p. 94 l. 18 to p. 95 l. 11.

⁵⁶ L. Vander Graaf, Nov. 12, 2021, p. 85 l. 14-19, Nov. 13, p. 32 l. 12-18; J. Schalk, Jan. 22, 2021, p. 164 l. 12-24; J. Mazure, Feb. 5, 2021, p. 20 l. 4-5

⁵⁷ S. MacLeod, Apr. 19, 2021, p. 8, l. 25 to p. 9 l. 6; p. 41 l. 7-12.

⁵⁸ L. Vander Graaf, Nov. 12, 2020, p. 159 l. 13-18.

⁵⁹ Ex. 181, Aff. #1 of L. Vander Graaf, Ex. G. p. 89.

⁶⁰ D. Dickson, Jan. 22, 2021, p. 75 l. 2-13; L. Vander Graaf, Nov. 12, 2020, p. 162 l. 11 to p. 23; Ex. 541, Aff. #1 of John Mazure, Feb. 4, 2021, para. 141; J. Mazure, Feb. 5, 2021, p. 37 l. 9-14, 21-25; J. Schalk, Jan. 22, 2021, p. 194 l. 23 to p. 195 l. 3; p. 199, l. 3-6.

⁶¹ Ex. 482, Aff. #1 of C. Cuglietta, Ex. A, p. 10; Ex. 148, Aff. #1 of D. Tottenham, para. 102.

of an avenue for public-private information sharing, BCLC built one. The January 2014 Information Sharing Agreement (“ISA”), amended on July 14, 2016,⁶² with law enforcement is the first such agreement with the gaming industry in Canada.⁶³ This marked a key turning point: the ISA opened a credible information stream and BCLC gained a “better, more fulsome communication strategy with the police.”⁶⁴ BCLC investigators could now obtain greater insight about player backgrounds, public safety risks and potential risks of different players, and act proactively, including to build the BCLC AML risk matrix and ban patrons through the Extreme High Risk Patron Program.⁶⁵

18. BCLC continued asking law enforcement to investigate the potential of illicit cash entering casinos. In 2013-2014, it focused on engaging the Combined Forces Special Enforcement Unit (“CFSEU”). In April 2014, BCLC met with CFSEU to discuss cash facilitators that BCLC believed were operating in or around the River Rock Casino.⁶⁶ BCLC provided a package of the top 10 suspected cash facilitators, hoping to induce CFSEU to investigate.⁶⁷ This was followed by a tour in June 2014 by the CFSEU at River Rock Casino with BCLC and the Great Canadian Gaming Corporation.⁶⁸ BCLC made another presentation about the risk of significant proceeds of crime entering casinos.⁶⁹ BCLC provided again the package of top 10 suspected cash facilitators.⁷⁰ BCLC subsequently met with CFSEU on several occasions to encourage them to investigate.⁷¹

19. Months passed. BCLC officials became increasingly concerned by the absence of meaningful engagement by CFSEU. Mr. Desmarais ultimately leveraged his personal connection with FSOC to engage that organization.⁷² In early February 2015, Mr. Desmarais had a casual coffee with Supt. Calvin Chrustie, then the Officer-in-Charge of Groups 4, 5 and 6 of FSOC, and shared his frustration; he asked for Supt. Chrustie’s

⁶² Ex. 522, Aff #1 of B. Desmarais, Ex. 6-7.

⁶³ J. Lightbody, Jan. 28, 2021, p. 60 l. 1-4.

⁶⁴ B. Desmarais, Feb. 1, 2021, p. 81 l. 16-19, p. 82 l. 11-15. See also C. Chrustie, Mar. 29, 2021, p. 145 l. 1-18.

⁶⁵ S. Beeksmā, Oct. 26, 2020, at p. 148 l. 13-22; B. Desmarais, Feb. 1, 2021, p. 63 l. 22 to p. 65 l. 6, p. 92 l. 8 to p. 93 l. 2; Ex. 522, Aff #1 of B. Desmarais, para. 72; J. Lightbody, Jan. 29, 2021, p. 47 l. 18 to p. 48 l. 2; Ex 505, Aff. #1 of J Lightbody, para. 9, 109.

⁶⁶ B. Desmarais, Feb. 1, 2021, p. 88 l. 13-15.

⁶⁷ Ex. 522, Aff. #1 of B. Desmarais, Ex. 44-45; Ex 148, Aff. #1 of D. Tottenham, paras. 103-104, 115-117, Ex. 26-37; J. Karlovceć, Oct. 30, 2020, p. 7 l. 17-19, p. 139 l. 16-24; D. Tottenham, Nov 4, 2020, p. 65 l. 21 to p. 66 l. 24.

⁶⁸ Ex. 148, Aff. #1 of D. Tottenham, paras. 115, Ex. 25; J. Karlovceć, Oct. 30, 3030, p. 19 l. 17-2; Ex. 122: *Email from John Karlovceć to John Emmerson, re Casino Cash Facilitators*, Ex. 123: A collection of 10 target sheets.

⁶⁹ R. Kroeker, Jan. 25, 2021, p. 101 l. 18-21.

⁷⁰ B. Desmarais, Feb. 1, 2021, p. 88 l. 22 to p. 89 l. 13.

⁷¹ D. Tottenham, Nov. 4, 2020, p. 67 l. 2-4.

⁷² C. Chrustie, Mar. 29, 2021, p. 158 l. 18 to p. 159 l. 4.

support.⁷³ Supt. Chrustie agreed but indicated he could only commit minimal resources.⁷⁴ This became a critical turning point.⁷⁵ BCLC met with FSOC on February 12, 2015 and provided the package of Top 10 cash facilitators, while requesting surveillance.⁷⁶

20. FSOC commenced surveillance in the E-Pirate investigation.⁷⁷ Within approximately two weeks, FSOC identified significant activity and players moving massive amounts of money.⁷⁸ The information provided by BCLC to commence surveillance proved to be strong, actionable intelligence.⁷⁹ This continued: BCLC under Mr. Lightbody was consistently cooperative and shared intelligence on particular matters of concern with FSOC to further its investigation.⁸⁰ Mr. Chrustie testified that, “without the evidence and information that they [BCLC] provided, we wouldn’t have been able to launch E-Pirate.”⁸¹

iv. Summer 2015: a Pivotal Turning Point

21. July 2015 proved to be a pivotal moment for the gaming industry, as a result of information acquired through E-Pirate.⁸² That month, BCLC learned for the first time that law enforcement had evidence that patrons were bringing proceeds of crime into casinos.⁸³ BCLC, including Mr. Lightbody, was informed that FSOC’s investigation had uncovered a potential connection between an illegal money services bureau and illicit funds being dropped off to patrons at the River Rock Casino.⁸⁴ Mr. Lightbody testified that, upon learning this from FSOC, he was alarmed and shocked: he was “blown away.”⁸⁵

⁷³ B. Desmarais, Feb. 1, 2021, p. 118 l. 22-24.

⁷⁴ C. Chrustie, Mar. 29, 2021, p. 64 l. 10-19.

⁷⁵ B. Desmarais, Feb. 2, 2021, p. 117 l. 24 to p. 118 l. 6.

⁷⁶ D. Tottenham, Nov. 10, 2020, p. 132 l. 13 to p. 133 l. 9.

⁷⁷ D. Tottenham Aff. #1, Ex. 148, p. 25, para. 125; D. Tottenham, Nov. 10, p. 133, l. 10 - p. 134, l. 6; C.

Chrustie, Mar. 29, p. 67, ll. 4-22.

⁷⁸ C. Chrustie, Mar. 29, p. 67 l. 7-21.

⁷⁹ C. Chrustie, Mar. 29, 2021, p. 87 l. 98-10; Ex. 148, Aff. #1 of D. Tottenham, para. 125.

⁸⁰ M. Paddon, Apr. 14, 2021, at p. 138 l. 19-23; Exhibit 850, *Email exchanges Ross Alderson re Persons of Interests Feb. 18 and 19, 2021 [sic]*; Exhibit 522, Aff. #1 of B. Desmarais, Ex. 53; Ex. 764, *Email chain re Illegal Gaming houses*, July 23, 2015; C. Chrustie, Mar. 29, 2021, p. 131 l. 21-24.

⁸¹ C. Chrustie, Mar. 29, 2021, p. 132 l. 16-18.

⁸² J. Lightbody, Jan. 28, 2021, p. 26 l. 7-12; Ex. 505, Aff. #1 of J. Lightbody, p. 22, para. 113; R. Alderson, Sept. 9, 2021, p. 132 l. 9-13, Sept. 10, 2021 p. 28 l. 10-16.

⁸³ D. Tottenham, Nov. 10, p. 143, l. 4 - p. 144, l. 3; Aff. #1 of J. Lightbody, p. 22, para. 113; J.

Lightbody, Jan. 28, p. 26, ll. 2-12, p. 34, l. 24 - p. 37, l. 9; B. Desmarais, Feb. 1, p. 122, l. 15 - p. 123, l. 4.

⁸⁴ Ex 505, Aff. #1 of J Lightbody, para. 113; Ex. 33, p. 168; Ex. 493: BCLC Corporate Security & Compliance AML Document – September 8, 2015.

⁸⁵ J. Lightbody, Jan. 28, 2021, p. 26 l. 12-13, p. 19-20.; p. 35 l. 17.

22. BCLC acted immediately to ensure that GPEB was made aware.⁸⁶ This was similarly the first time that GPEB obtained such information from law enforcement.⁸⁷ In addition, internal to GPEB, other developments precipitated a “flurry of activity”⁸⁸: summer 2015 became a turning point for senior government officials and the Minister.⁸⁹ In August 2015, two GPEB investigators compiled for the first time a spreadsheet about large cash buy ins at the River Rock Casino in July 2015, revealing approximately \$20 million in cash buy-ins, including \$14 million in \$20-bills, that month. Ms. Wenezenki-Yolland first learned of this in late August 2015; she found the information very disturbing.⁹⁰

23. In sum, BCLC and GPEB were united in their view in summer 2015 that it was necessary to take further action informed by the new information from law enforcement and in response to the new risk landscape: it became an “immediate all-out sort of effort to get strategies and information to the minister and get some things moving.”⁹¹ While the organizations ultimately differed on the best strategy, Ms. Wenezenki-Yolland stated it was clear that there was “no lack of agreement among the parties that things needed to happen at that point.”⁹² Similarly, former Minister de Jong stated it was obvious to him that the two organizations were motivated to address the potential of money laundering and he expected them to do so, and to do it together.⁹³

24. BCLC exercised its institutional capacity to act immediately, swiftly and decisively. BCLC quickly enhanced and expanded its risk-based sourced cash conditions program, initiated earlier that year.⁹⁴ In early 2015, in the face of large increases in business, BCLC and Mr. Lightbody recognized the importance of ensuring that its AML controls were working properly and to conduct risk mitigation.⁹⁵ On BCLC’s own initiative, and prior to receiving information about E-Pirate or any direction from government about source of

⁸⁶ Ex. 493, *Corporate Security and Compliance AML Document – September 8, 2015*, p. 2; Ex. 587, Aff #1 of L. Meilleur, paras. 81-83; L. Meilleur, Feb. 12, 2021, p. 59 l. 3 to p. 61 l. 3; R. Alderson, Sept. 9, 2021, p. 43 l. 3 to p. 44 . 2.

⁸⁷ J. Mazure, Feb. 5, 2021, p. 111 l. 19-23.

⁸⁸ J. Mazure, Feb. 5, 2021, p. 115 l. 1-5.

⁸⁹ C. Wenezenki-Yolland Apr. 27, 2021, p. 133 l. 17 to p. 134 l. 19; M. de Jong, Apr. 23, 2021, p. 43 l. 6-8, p. 61 l. 16 to p. 62 l. 2.

⁹⁰ C. Wenezenki-Yolland Apr. 27, 2021, p. 45 l. 14-24.

⁹¹ C. Wenezenki-Yolland Apr. 27, 2021, p. 48 l. 21-25.

⁹² C. Wenezenki-Yolland Apr. 27, 2021, p. 135 l. 6-12.

⁹³ M. De Jong, Apr. 23, 2021, p. 39 l. 17-25.

⁹⁴ J. Lightbody Jan. 28, 2021, p. 26 l. 20-24; Jan. 29, 2021 at p. 118 l. 3-7; Ex 505, Aff. #1 of J Lightbody, para 113; Ex. 148, D.

Tottenham Aff. #1, para. 87; D.Tottenham, Nov. 4, p. 194, l. 8-24; B. Desmarais, Feb. 1, 2021, p. 134, l. 19 - p. 135, l. 3.

⁹⁵ Ex 505, Aff. #1 of J Lightbody, para. 92.

funds assessments,⁹⁶ in April 2015 BCLC initiated the sourced cash conditions program.⁹⁷ BCLC’s risk-based sourced cash conditions program was “extraordinarily novel”⁹⁸ in the industry and did not exist in other jurisdictions.⁹⁹ BCLC identified patrons, assigned them a risk-rating and determined based on that risk-rating whether to put players on sourced cash conditions.¹⁰⁰ Patron interviews were a core component of this program. Patrons who could not establish a legitimate source of funds were put on cash conditions and BCLC banned patrons who refused to use cash alternatives.

25. Upon learning about E-Pirate, BCLC immediately placed more players on sourced cash conditions. On August 5, 2015, BCLC placed such conditions on ten high value patrons – some of the top patrons in the Province – and sought to interview the patrons.¹⁰¹ On September 11, 2015, BCLC imposed conditions on a further tranche of patrons, due to their history of buy ins facilitated by Mr. Paul Jin and his associates.¹⁰² BCLC continued to put more patrons on sourced cash conditions through the fall of 2015 and into 2016. In October 2015, BCLC further elaborated the program by creating a directive requiring that any time there was a concern about a large cash transaction, that patron’s play was frozen until interviewed by a BCLC investigator about their source of funds.¹⁰³

26. Service providers expressed concerns about the patron interviews and the sourced cash conditions program as it rolled out. BCLC continued its implementation despite concerns about revenue implications.¹⁰⁴ For instance, Mr. Lightbody advised the CEO of the Great Canadian Gaming Corporation, that BCLC would not stop the program; it was

⁹⁶ Ex. 522, Aff. #1 of B Desmarais, para. 39; D. Tottenham, Nov. 10, p. 193, l. 2-p. 194 l. 5.

⁹⁷ Ex 505, Aff.t #1 of J Lightbody, para. 93; B. Desmarais, Feb. 1, 2021, p. 114 to l. 21 to p. 115 l. 2; Ex. 78, Aff. #1 of S. Beeksma, Ex. O “BCLC Investigations Protocol for Educating, Warning, Sanctioning or Barring Patrons”. For a general description of BCLC’s Source Cash Conditions Program, see Ex. 148, Aff. #1 of D. Tottenham, paras. 133-136.

⁹⁸ B. Desmarais, Feb. 2, 2021, p. 134 l. 14-15.

⁹⁹ P. Ennis, Feb. 4, 2021, p. 3 l. 4-7; J. Karlovcec, Oct. 30, 2020, p. 81 l. 10-13; D. Tottenham, Nov. 5, 2020, p. 5 l. 10-21; D. Tottenham, Nov. 10, 2021, p. 193, l. 2 to -. 194 l. 5; Ex. 1038: AML Practices, para. 5.85, 5.89. While some jurisdictions like FINCEN in the US have advocated for source of funds in certain situations, the term “source of funds” is often broadly as including both source of wealth and source of funds: B. Boyle, Sept. 13, 2021, p. 54 l. 13 to p. 55 l. 9, p. 102 l. 13 to p. 104 l. 2; Ex. 1038: AML Best Practices, Ex. 12, p. 18.

¹⁰⁰ Risk ratings were done based on the patrons’ number of suspicious transactions and open sourced data, among other things. J. Lightbody, Jan. 29, 2021, p. 21 l 18 to p. 22 l. 4.

¹⁰¹ Ex. 78, Aff. #1 of Steve Beeksma, para. 78; Ex. 148, Aff#1 of D. Tottenham, paras. 134-35, Ex. 45; D. Tottenham, Nov 4, 2020, p. 194 ll. 15 to p. 196 l. 15

¹⁰² Ex. 148, Aff. #1 of D. Tottenham, para. 133.

¹⁰³ Ex. 86: *BCLC Anti Money Laundering (AML) Protocol for Conditions and Interviews*; R. Kroeker, Jan. 26, 2021, p. 22 to p. 184 l. 7.

¹⁰⁴ B. Desmarais, Feb. 1, 2021, p. 144 l. 25 to p 145 l. 4.

part of their AML responsibilities.¹⁰⁵ This reflected Mr. Lightbody’s overall commitment to implementing AML measures despite revenue impacts.¹⁰⁶

27. In the sourced cash conditions program and patron interviews, BCLC undertook in the very sort of activity that Ms. Wenezenki-Yolland recognized as necessary: it performed proactively an elevated level of diligence that recognized that the source of cash coming into casinos was a potential risk associated with money laundering.¹⁰⁷ In contrast, GPEB investigators had not ever interviewed patrons, including about their source of funds, and were in fact actively discouraged from doing so owing, among other things, to security concerns and the belief that GPEB lacked the legislative authority to do so.¹⁰⁸

28. BCLC became aware through patron interviews, a key component of the sourced cash conditions program, of critical information: BCLC learned for the first time in October 2015 that funds were being lent to patrons from unknown sources and repaid offshore,¹⁰⁹ a newly emerging typology that ultimately became known as the “Vancouver Model.” BCLC investigators uncovered key information, including about underground casinos and criminal activity, and provided this to GPEB and law enforcement on an ongoing basis.¹¹⁰

29. Since 2015, BCLC has continued to lower the threshold at which it would impose sourced cash conditions and to expand the program as part of the ordinary and continuing course of improvement of the AML program, consistent with a risk-based approach.¹¹¹ By the second part of 2016, BCLC was placing moderate high to moderate players on sourced cash conditions. It also introduced other protocols critical to the successful

¹⁰⁵ J. Lightbody, Jan. 29, 2021, p. 127 l. 3-16; Ex 505, Aff. #1 of J Lightbody, para. 95, Ex. 30. See, similarly, D. Tottenham, Nov. 5, 2020, p. 6 l. 10 to p. 8 l. 22.

¹⁰⁶ Ex. 522, Aff. #1 of B. Desmarais, para. 28; D. Tottenham, Nov. 4, 2020, p. 192 l. 7-18.

¹⁰⁷ C. Wenezenki-Yolland, Apr. 27, 2021, p. 60 l. 17-23, p. 131 l. 4-9

¹⁰⁸ K. Ackles, Nov. 2, 2020, at p. 32 ln. 22 to p. 33 ln. 5; Exhibit 144, Aff. #3 of K. Ackles, Ex. F at pp. 48-49; D. Dickson, Jan. 22, 2021 at p. 46 l. 25 to p. 47 l. 3, p. 70 l. 5-11; Ex. 487, *Memo Organized Crime Groups – Nov. 20, 2013*, p. GPEBE0186.0002; L. Vander Graaf, Nov. 12, 2020, p. 186 l. 12 to p. 187 l. 3; D. Scott Feb. 8, 2020, p. 122 l. 1-19; L. Meilleur, Feb. 12, 2021, p. 35 l. 5-10, p. 40 l. 4-15, Mar. 10, 2021, p. 46 l. 9-18, p. 49 l. 2-7. GPEB investigators subsequently began conducting patron interviews at the direction of ADM/GM Mr. Sam MacLeod and without any changes to their investigative powers. S. MacLeod, Apr. 19, 2021, p. 45, l. 18-24, p. 46 l. 7-16, p. 93 l. 10-19; C. Skrine, Jan. 27, 2021, p. 11 l. 5-18, p. 16 l. 8-20, p. 28 l. 13 to p. 29 l. 6. See also Ex. 504, Aff. #1 of C. Skrine, made on January 15, 2021, para. 30.

¹⁰⁹ S. Beeksma, Oct. 26, 2020, at p. 141 l. 12-23. See, e.g., Ex. 149, Aff. #2 of D. Tottenham, Ex. 24, p. 157, Ex. 67 p. 418. Ex. 540, *Board Meeting – 29 October 2015 – Management Report – Corporate Security and Compliance*, p. 3.

¹¹⁰ Ex. 148, Aff. #1 of D. Tottenham, paras. 150-152; D. Tottenham, Nov. 4, 2020, p. 204 l. 4-21. For evidence of BCLC’s AML risk assessment and rating criteria re low, medium, high and extreme patron risk ratings, see Ex 148, Aff. #1 of D. Tottenham, Ex. 148, Ex. 14, pp. 138-147, 192-196

¹¹¹ Ex. 148, Aff #1 of D. Tottenham, paras. 39, 51, 133, 137, 140, 160-161, Aff. Ex. 15, p. 266; J. Lightbody, Jan. 28, 2021 p. 17, l. 25 - p. 18, l. 8, p. 50, l. 21 - p. 51, l. 6; D. Tottenham, Nov. 10, 2020 - p. 10, l. 5 - p. 11, l. 2, p. 218, l. 8 - p. 219, l. 3; B Desmarais, Feb. 1, 2021, ll. 10-17. 2021

implementation of the sourced cash conditions program. For instance, in October 2016, the BCLC AML Unit implemented a process which required service provider surveillance staff to review video surveillance prior to acceptance of large cash transactions in small denominations, to try to determine the source of funds that the patron was presenting prior to buy in and to refuse suspicious cash buy ins that were identified in real time¹¹² – a practice that did not exist in other gaming jurisdictions or industry body guidance internationally.¹¹³ BCLC complemented the sourced cash conditions program with other measures to address source of funds concerns also. For instance, in June 2017, BCLC implemented a “reasonable measures” process that required Service providers to complete enhanced due diligence and document measures undertaken in determining and documenting the source of funds for all cash buy-ins, disbursements and foreign exchange transactions of \$10,000 or more within a static 24-hour period, and further expanded this program in December 2017.¹¹⁴ By the time of Dr. German’s recommendations in 2018, BCLC was already considering sourced cash conditions for patrons buying in for \$30,000 to \$40,000.¹¹⁵ By the end of 2019, a total of 599 patrons had sourced cash conditions applied to them restricting their play at all BC casinos.¹¹⁶ BCLC’s sourced cash conditions program had a significant impact in dramatically reducing the number of STRs and led to a drop in cash buy ins also.¹¹⁷

v. BCLC’s continuing efforts to increase AML after July 2015

30. Upon learning about the E-Pirate investigation, and beyond the sourced cash conditions program, BCLC demonstrated its ongoing commitment to innovating and developing its AML program. BCLC continued to institute AML measures that went well beyond its FINTRAC obligations,¹¹⁸ and remained cognizant of the impact of its actions on law enforcement. Mr. Lightbody’s ongoing and increased efforts after July 2015 to go beyond BCLC’s mandated obligations are particularly apparent in his engagement with

¹¹² Ex. 148, Aff. #1 of D. Tottenham, para., 40-43, Ex. 4; D. Tottenham, Nov. 4, 2020, p. 198 p. 16 to p. 199 l. 6; D. Tottenham, Nov. 10, 2020, p. 202 l. 1 to p. 203 l. 5.

¹¹³ Ex. 1038, AML practices, paras. 5.36, 5.50, 5.130

¹¹⁴ Ex. 484, Aff #2 of K. deBruyckere, para. 9(h); Ex. 536: BCLC forms—Reasonable Measures; Ex. 998, Aff #2 of P. Ennis, Ex. A; Ex. 505, Aff #1 of J. Lightbody, Ex. 155, p. 1113.

¹¹⁵ Ex. 148, Aff. #1 of D. Tottenham, para. 161.

¹¹⁶ Ex. 482, Aff. #1 of C. Cuglietta, Ex. A, p. 3.

¹¹⁷ Ex. 505, Aff. #1 of J Lightbody, para. 96. Ex. 482, Aff. #1 of C. Cuglietta, Ex. A, p. 4-6, 13-14.

¹¹⁸ Ex. 505, Aff #1 of J Lightbody, paras.98-99.

Minister de Jong. On August 24, 2015, Mr. Lightbody wrote to Minister de Jong – an unusual step for the President and CEO of BCLC – and encouraged him to create a dedicated law enforcement gaming unit focused on identifying and eliminating proceeds of crime entering into BC gaming facilities, among other things.¹¹⁹ BCLC followed up with a briefing to the Minister on September 28, 2015, attended by Mr. Lightbody, Mr. Bud Smith (then Chair of the BCLC Board of Directors), Mr. Mazure, and Ms. Wenezenki-Yolland, among others.¹²⁰ BCLC briefed the Minister about money laundering and stressed that the government must take action to protect both the public and the integrity of gaming.¹²¹ Mr. Smith raised the question of whether the government should consider if it wanted to exit the high-limit table business: Minister de Jong did not express any interest.¹²² BCLC expressed frustration that it was reporting to FINTRAC, GPEB and law enforcement, yet did not see action. BCLC raised the need for greater information and intelligence sharing between all stakeholders in the gaming industry, including law enforcement, and appealed to the Minister for assistance.¹²³

31. Mr. de Jong testified it was clear that BCLC’s focal point at this meeting was the need for greater police presence.¹²⁴ Mr. Lightbody and Mr. Smith advocated again for the creation of a dedicated law enforcement unit.¹²⁵ As a result, Minister de Jong pursued what ultimately became JIGIT, formed in April 2016.¹²⁶ In late fall 2015, Ms. Wenezenki-Yolland told Mr. Lightbody about the impending creation of JIGIT and that Minister de Jong wanted BCLC to fund it. Mr. Lightbody responded “absolutely” without hesitation; BCLC was happy to fund the initiative and see it come to the fore.¹²⁷

32. The creation of JIGIT was another significant turning point in combating the potential of money laundering in the gaming industry.¹²⁸ BCLC’s AML unit provided ongoing orientation and training about the casino industry to JIGIT.¹²⁹ BCLC and JIGIT held weekly

¹¹⁹ J. Lightbody, Jan. 28, p. 27, l. 2-6; Jan. 29, 2021, p. 118 l. 17-24; Ex. 505, Aff. #1 of J Lightbody, Ex. 34, 49.

¹²⁰ Ex 505, Aff. #1 of J Lightbody, para. 117.

¹²¹ Ex 505, Aff. #1 of J Lightbody, para. 118.

¹²² B. Smith, Feb. 4, 2021, p. 84 l. 17 to p. 85 l. 3, p. 93 l. 7 to p. 94, ln. 4; J. Lightbody, Jan. 28, 2021, p. 27 l. 15-25; Ex 505, Aff. #1 of J Lightbody, para 119, 204, 209.

¹²³ B. Smith, Feb. 4, 2021, p. 156 l. 10 to p. 157 l. 5.

¹²⁴ M. de Jong, Apr. 23, 2021, p. 72 l. 3-6.

¹²⁵ J. Lightbody, Jan. 28, 2021, p. 27 l. 7-14.

¹²⁶ M. de Jong, Apr. 23, 2021, p. 80 l. 8-11.

¹²⁷ Ex 505, Aff. #1 of J Lightbody, para. 122; J. Lightbody, Jan. 28, 2021, p. 28 l. 4-9; J. Lightbody, Jan. 29, 2021, p. 91 l. 2-5.

¹²⁸ M. Sieben, Jun. 12, 2020, p. 15 l. 46-47 to p.16 l. 1-5.

¹²⁹ S/Sgt Hussey, Apr. 7, 2021, p. 67l. 25 to p. 69 l. 14; Ex. 505, Aff. #1 of J. Lightbody, para. 128.

phone calls and monthly meetings to facilitate information exchange.¹³⁰ BCLC continued its historic role to provide timely, high-quality information and intelligence to law enforcement – now through JIGIT – about specific players, transactions and patron interviews.¹³¹ BCLC investigators began specifically asking questions about underground casinos to gather intelligence that might be of assistance to JIGIT.¹³²

33. While BCLC and Mr. Lightbody continued to press for greater law enforcement engagement in the casino industry, GPEB now sought greater Ministerial engagement as it finally moved into Phase 3 of the GPEB AML strategy.¹³³ The evidence suggests that this reflected direction from Ms. Wenezenki-Yolland. Already by early 2015, she was concerned about the amount of time for GPEB to produce concrete results through the AML strategy.¹³⁴ In late August 2015, Ms. Wenezenki-Yolland requested that GPEB accelerate the process for bringing forward strategies and recommendations to the Minister by fall 2015.¹³⁵ Responding to concerns by Ms. Wenezenki-Yolland, GPEB officials began making significant changes in their communications to the Minister. As late as August 24, 2015, and prior to Ms. Wenezenki-Yolland’s request, GPEB officials prepared materials for the Minister stating that BCLC was “actively engaged in the prevention of money laundering and has a program in place that meets or exceeds gaming industry standards.”¹³⁶ A mere week later, GPEB prepared for the Minister a briefing document, dated September 1, 2015, strikingly different in tone: GPEB made no reference to BCLC’s active and strong AML program; it now sought a Ministerial directive relating to anti-money laundering issued to BCLC; and, it represented that a Ministerial directive was required to obligate BCLC to comply, implying that BCLC had thus far refused to cooperate with GPEB.¹³⁷

¹³⁰ J. Karlovcec, Oct. 30, 2020, p. 711 l. 13-18.

¹³¹ S/Sgt. Hussey, Apr. 7, 2021, p. 19 l. 24 to p. 19 l. 8, p. 28 l. 1-13; M. Paddon, Apr. 14, 2021, p. 144 l. 15-24; Ex. 851, *Email from Ben Robinson re Toyota Corolla Feb. 16, 2017*; Ex. 852 *Email from Ben Robinson re Intel and Interview*; Ex. 810, *Email chain re money exchange receipts*; Ex. 815, *Email exchange between Ross Alderson and Joel Hussey and others, July 6, 2017*; Ex. 816, *Email exchange from Ross Alderson to Paul Dadwal, re Interview Summary – Nov. 2, 2016*; Ex. 817.

¹³² Ex. 78, Aff. #1 of S. Beeksma, para. 79; Ex. 817, *Email from Ross Alderson to Ken Ackles, re Intel – September 22, 2016*.

¹³³ Ex. 587, Aff. #1 of L. Meilleur, . para. 48.

¹³⁴ C. Wenezenki-Yolland, Apr. 27, 2021, at p. 41 l. 22 to p. 45 l. 1; J. Mazure, Feb. 5, 2021, at p. 34 l. 11-24.

¹³⁵ Aff. #1 of C. Wenezenki-Yolland, at paras. 101-102; C. Wenezenki-Yolland, Apr. 27, 2021 at p. 43 l. 21 to p. 44 l. 7; C.

Wenezenki-Yolland in cross-examination by Mr. McFee, Apr. 27, 2021, p. 122 l. 4-14.

¹³⁶ Ex. 899, *Confidential Information Note re AML, Aug. 24, 2015*, p. 2

¹³⁷ Ex. 553, *MOF Briefing Document Title Options for issuing anti-money laundering directives to BCLC – Sept 1, 2015*; M. de Jong, Apr. 23, 2021, p. 135 l. 14-19.

34. Consistent with his preferred approach, the Minister sought input from both sides.¹³⁸ The Minister ultimately declined to issue a directive to BCLC in fall 2015 and subsequently, instead encouraging GPEB and BCLC to work together to address concerns that the proceeds of crime were entering BC casinos. The Minister rather issued a letter to Mr. Bud Smith, dated October 1, 2015, which reflected the language of GPEB’s recommended directives.¹³⁹ This was clearly not a Ministerial Directive, and it would be inconsistent to suggest that it was.¹⁴⁰ Mr. Mazure described the Minister’s letter as a “call for further action”.¹⁴¹ The Minister requested, among other things, that BCLC “enhance customer due diligence... through the implementation of AML compliance best practice, including processes for evaluating the source of wealth and source of funds prior to cash acceptance.” He stated that the actions set out in this letter were in addition to and in support of the activities identified in Mr. Mazure’s August 7, 2015 letter to Mr. Lightbody.

35. The request in Minister’s October 1, 2015 letter generated considerable confusion. Mr. Lightbody interpreted the October 1, 2015 letter as a direction from the Minister that BCLC source funds prior to acceptance.¹⁴² Mr. Smith did not interpret the Minister’s letter as a direction to change the approach by BCLC: had the Minister been specifically directing a change of approach, Mr. Smith would have expected this to be clearly expressed in the letter.¹⁴³ The reference to Mr. Mazure’s August 7, 2015 letter to Mr. Lightbody was equally confusing: BCLC clearly understood the Minister to direct it to follow the direction of the ADM/GM of GPEB,¹⁴⁴ but the scope of Mr. Mazure’s request in this letter was also unclear. In this letter, Mr. Mazure raised for the first time the suggestion that BCLC should conduct source of funds inquiries. Mr. Lightbody understood him to communicate that BCLC should continue to focus on identifying source of wealth and source of funds with customer due diligence as an integral component of patron risk assessments, which BCLC was already doing, and implementing sourced cash conditions

¹³⁸ M. de Jong, Apr. 23, 2021, p. 40 l. 13 to p. 41 l. 16.

¹³⁹ Ex. 900, *Letter from Michel de Jong providing BCLC with direction on phase three of the AML strategy – October 1, 2015*; Ex. 922, Aff. #1 of C. Wenezenki-Yolland, para. 139.

¹⁴⁰ There is evidence before the Commission about the scope of a Ministerial directive issued pursuant to s. 6 of the *Gaming Control Act* on matters of general policy; these directives are to be published and made available for public inspection. See, e.g., R. Fyfe, Apr. 29, 2021, p. 81 l. 7-16.

¹⁴¹ J. Mazure, Feb. 5, 2021, p. 130 l. 2-3.

¹⁴² J. Lightbody, Jan. 28, 2021, p. 50 l. 4-8.

¹⁴³ B. Smith, Feb. 4, 2021, p. 73 l. 23 to p. 74 l. 8.

¹⁴⁴ B. Smith, Feb. 4, 2021 at p. 112 l. 11-17, p. 113 l. 2-8.

restrictions, while recognizing that were always improvements that could be made in a protocol.¹⁴⁵ This approach to source of funds, which encompassed source of funds and source of wealth inquiries, is consistent with the gaming industry at this time.¹⁴⁶ Mr. Mazure never stated in this letter or subsequent letters that GPEB required BCLC to conduct a source of funds assessment on all funds or all funds over a certain threshold entering BC casinos.¹⁴⁷ BCLC did not move to implement an across the board source of funds requirement on all patrons, as the prevailing FINTRAC and FATF guidance, which BCLC was implementing diligently, was that the AML program should be risk-based.¹⁴⁸

36. Throughout this period, including when Mr. Mazure wrote the August 7, 2015 letter, GPEB and government did not have a good understanding of BCLC's existing AML measures or of the sourced cash conditions program in particular. In September 2015, Mr. Mazure still was not aware that BCLC was enhancing and rolling out its sourced cash conditions program and interviewing more patrons. Ms. Wenezeki-Yolland did not know the details of the program at that time. Mr. De Jong does not recall if he was aware of BCLC's sourced cash conditions program when he sent his October 1, 2015 letter.¹⁴⁹

37. Through fall 2015 and leading up to the 2016/2017 annual mandate letter, BCLC through Mr. Smith and Mr. Lightbody sought clarity about the Minister's intention in his October 1, 2015 letter.¹⁵⁰ The Minister confirmed in a meeting with Mr. Smith he did not intend to direct BCLC to move towards a dollar-specific approach to source of funds. The Minister wanted BCLC to continue with its risk-based approach.¹⁵¹ Mr. de Jong testified that he did not intend to convey an intention that every bank note needed to be subject to a higher level of scrutiny, but rather that there was a need for a higher level of scrutiny than was taking place at that time.¹⁵² Mr. de Jong was clear that the advice he received at the time was that setting a threshold amount would not address the issue and, further, to create a prescribed threshold or formula was fraught with difficulty.¹⁵³ Mr. Lightbody

¹⁴⁵ J. Lightbody, Jan. 28, 2021, p. 41 l. 1-6, l. 11-18.

¹⁴⁶ B. Boyle, Sept 13, 2021, p. 54 l. 13 to p. 55 l. 9.

¹⁴⁷ Ex. 505, Aff #1 of J. Lightbody, Ex. 48, 50, 54, 55, 57.

¹⁴⁸ R. Kroeker, Jan. 25, 2021, p. 120 l. 20 to p. 121 l. 7.

¹⁴⁹ J. Mazure, Feb. 5, 2021, p. 221 l. 8-14; C. Wenezeki-Yolland, Apr. 27, 2021, p. 101 l. 7 to p. 103 l. 1, p. 125 l. 18 to p. 130 l. 5; M. de Jong, Apr. 23, 2021, p. 114 p. 4-l. 11.

¹⁵⁰ J. Lightbody, Jan. 28, 2021, p. 50 l. 8-17.

¹⁵¹ B. Smith, Feb. 4, 2021, p.75 l. 25 to p. 76 l. 16, p. 118 l. 1-23; M. de Jong, Apr. 23, 2021, p. 91 l. 21 to p. 92 l. 7.

¹⁵² M. de Jong, Apr. 23, 2021, p. 88 l. 6-17.

¹⁵³ M. de Jong, Apr. 23, 2021, p. 36 l. 12-20, p. 89 l. 1-15.

received similar clarification from Ms. Wenezenki-Yolland that the Minister did not intend to require source of funds for all cash entering BC casinos; rather, the Minister intended that source of cash requirements would be based on risk and any kind of threshold or due diligence would depend on a risk-assessment.¹⁵⁴ Accordingly, Mr. Lightbody understood that the Minister's direction was to continue to improve on BCLC's risk-based approach to assessing patrons' source of funds, rather than doing so for every transaction, and where appropriate to continue to follow the chain to down to lower risk individuals to ensure that their source of funds could be validated.¹⁵⁵

38. Minister de Jong stressed that his October 1, 2015 letter should be read together with the 2016-2017 mandate letter.¹⁵⁶ BCLC's understanding that Minister de Jong in his October 1, 2015 letter intended for it to continue to implement a risk-based AML approach, including for source of funds assessments, was confirmed in discussions about the draft letter and in the final letter. In the mandate letter, Minister de Jong stressed that BCLC's activities should include: "...The implementation of anti-money laundering 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."¹⁵⁷

39. The Commission heard significant evidence about the subsequent communications between Mr. Mazure and Mr. Lightbody commencing in mid-2015 and through 2017, and in particular about sources of funds inquiries. It is critical to emphasize that it was generally recognized among witnesses that while BCLC and GPEB held different views about the appropriate level of risk and what to do about the source of funds in particular, consistent with their different resources, institutional mandates and structures, as well as knowledge and expertise,¹⁵⁸ both organizations were committed to reducing the amount of suspicious cash entering BC casinos. Determining what is an appropriate level of risk is ultimately a

¹⁵⁴ J. Lightbody, Jan. 28, 2021, p. 51 l. 7-16. Ex. 506: *1 page undated notes of James Lightbody dealing with conversation with Cheryl Wenezenki-Yolland*; C. Wenezenki-Yolland, Apr. 27, 2021, p. 64 l. 24 to p. 65 l. 25

¹⁵⁵ J. Lightbody, Jan. 28, 2021, p. 51 l. 1-6.

¹⁵⁶ M. de Jong, Apr. 23, 2021, p. 151 l. 24 to p. 152 l. 3.

¹⁵⁷ Ex. 903, *Email exchange between Britney Speed and Len Meulleur, re AML Strategy language – draft BCLC mandate letter*, Nov. 19, 2015; Ex. 501, *Overview Report – BCLC Shareholder's Letters of Expectations and Mandate Letters*, Appendix 11, p. 3 (emphasis added).

¹⁵⁸ Ex 505, Aff.#1 of J Lightbody, para. 170.

matter of assessing the level of regulation that is appropriate without impeding business by imposing regulations that are overly strict; it is a balancing exercise.¹⁵⁹

40. Mr. de Jong was not aware of anything that would indicate that there was an unwillingness by BCLC to abide by the October 1, 2015 letter or the subsequent 2016/2017 Mandate letter.¹⁶⁰ In fact, Mr. de Jong received information through 2016 that BCLC was making significant progress in reducing suspicious transactions: in Mr. de Jong's words, "the proof is in the pudding."¹⁶¹ Ms. Wenezeki-Yolland testified that while GPEB had a lower risk tolerance than BCLC, and potentially even that of the Minister, and there was a difference of opinions about the reduction of suspicious cash required to reach a tolerable risk level, BCLC led by Mr. Lightbody took actions that ultimately had a positive effect in reducing suspicious cash.¹⁶² Ms. Wenezeki-Yolland recognized that both GPEB and BCLC had opportunities to brief the Minister about the concept of source of funds and, ultimately, the Minister preferred BCLC's position.¹⁶³

41. BCLC continued to strengthen its AML program on a risk-basis through fall of 2015 and subsequently by investing to enhance its analytical capabilities to improve its ability to interpret data in a timely manner. BCLC recognized the need to have a strong analytical capabilities to conduct enhanced customer due diligence and data analysis, given the massive amount of data being generated.¹⁶⁴ Implementation of a data analytics program was critical to provide BCLC's AML team access to additional investigative tools to analyze patterns and identify anomalies, which could be leveraged for AML analysis to form a more complete picture of patron activity.¹⁶⁵ Data analytics helps to "find patterns of activity that would otherwise escape human detection and thus assist regulators to effectively investigate, prosecute and fine activities that are linked to money laundering."¹⁶⁶ BCLC invested significantly the SAS Analytics program, already in use for

¹⁵⁹ S. MacLeod, Apr. 19, 201, p. 67 l. 15 to p. 68 l. 5; C. Wenezeki-Yolland, Apr. 27, 2021, p. 25 l. 9 to p. p28 l. 3, p. 28 l. 19 to p. 30 l. 8.

¹⁶⁰ M. de Jong, Apr. 23, 2021, p. 141 l. 15-21, p. 156 l. 1-23.

¹⁶¹ M. de Jong, Apr. 23, 2021, p. 156 l. 17-18.

¹⁶² C. Wenezeki-Yolland, Apr. 27, 2021, p. 95 l. 7-22, p. 131, l. 4-9.

¹⁶³ C. Wenezeki-Yolland, Apr. 27, 2021, p. 78 l. 4 to p. 81 l. 4.

¹⁶⁴ B. Desmarais, Feb. 2, 2021, p. 76 l. 16-22.

¹⁶⁵ Ex. 140- *AML Compliance & Analytics Enhancement Project Business Case Fiscal 2014/2015*, pp. BCLC0000049.04; R. Alderson, Sept. 10, 2021, p. 23 l. 25 to p. 24 l. 20.

¹⁶⁶ Ex. 828, *Collaborative Report Detect Disrupt and Deter Domestic and Global Financial Crime – A Roadmap for British Columbia* – Mar. 2021, p. 9-10. The use of such a data analytics program is critical to interpreting data collected relating to money laundering

AML by major Canada financial institutions, to adapt it for first time use outside the banking sector.¹⁶⁷ BCLC's investment in the SAS Analytics program has been much criticized by Dr. German. While the AML component of the SAS Analytics program did not work as well as hoped, the business analytical components of the program performed as expected, if not better,¹⁶⁸ and the Know your Customer component was successful and works well for BCLC.¹⁶⁹

42. BCLC's willingness to implement the recommendations of the MNP report commissioned by GPEB, despite its concerns with the shortcomings of the report, provides another example of the organization's willingness to make major changes to enhance its AML program. For instance, the MNP report suggested that GPEB consider implementing a cash cap.¹⁷⁰ BCLC executives anticipated that GPEB would move ahead and waited to receive direction from GPEB that never came.¹⁷¹ BCLC engaged HLT in fall 2017 to study the impact of a cash cap and the appropriate threshold level and also consulted with FINTRAC about a \$25,000 cash cap.¹⁷² Despite not receiving any direction from GPEB, BCLC moved to implement a cash cap in early 2018 and communicated as much to the Minister's office. At the request of the Minister's office, BCLC consulted Dr. German about the idea. BCLC did not proceed at the recommendation of Dr. German.¹⁷³

43. Throughout this period, BCLC continued to enhance its cash alternatives program also. This included advancing numerous proposals to GPEB for consideration, such as proposals to delimit convenience cheques and permitting international electronic funds transfers. Once the German review was under way, BCLC was asked by the Minister to delay these initiatives until after the release of the German report. This surprised BCLC, as it was inconsistent with Dr. German's indication to BCLC that he did not want BCLC to stop doing its work.¹⁷⁴ Following release of the German report, BCLC again received

and financial crime and, in the law enforcement context, can assist in dealing with complex investigations involving large amounts of data: Supt. P. Payne, Apr. 16, 2021, p. 150 l. 18-21.

¹⁶⁷ Ex. 140: AML Compliance & Analytics Enhancement Project Business Case Fiscal Year 2014/15, p. 8; Ex. 505, Aff. #1 of J. Lightbody, Ex. 110, p. 915.

¹⁶⁸ R. Kroeker, Jan 26, 2021, p. 101 p. 19-22.

¹⁶⁹ B. Smith, Feb. 4, 2021, p. 77 l. 25 to p. 78 l. 8.

¹⁷⁰ Ex. 73, Appendix J: *MNP LLP, British Columbia Gaming Policy Enforcement Branch: AML Report, July 26, 2016*, p. 9, para. 4.2.

¹⁷¹ J. Lightbody, Jan. 28, 2021, p. 62 l. 12-19; Ex 505, Aff. #1 of J Lightbody, para. 293.

¹⁷² Aff.#1 of R. Kroeker, paras. 196-200; Ex 505, Aff. #1 of J Lightbody, Ex. 157; J. Lightbody, Jan 29, 2021, p. 75 l. 18 to p. 76 l. 9.

¹⁷³ Ex 505, Aff. #1 of J Lightbody, paras 297-300. Dr. German told BCLC that it was not yet a good idea and cautioned against a prescriptive approach.

¹⁷⁴ Ex 505, Aff. #1 of J Lightbody, para. 309.

requests from GPEB to suspend implementation of these initiatives.¹⁷⁵ They were not yet approved at the time that Mr. Lightbody commenced his medical leave in September 2019.

vi. Change in Government

44. In May 9, 2017, a new government was elected and Attorney-General David Eby became the Minister Responsible for Gaming. Minister Eby received briefings from BCLC and from GPEB. On July 31, 2017, Minister Eby and Deputy Minister Mr. Richard Fyfe received a high level, two and a half hours briefing from BCLC, including Mr. Lightbody, to orient Minister Eby about BCLC's role and provide an overview of all of BCLC operations, including AML. In the AML component, BCLC focused on progress made in its AML programming, and in particular since receiving information about E-Pirate in July 2015. Minister Eby did not raise any questions about AML or suspicious cash transactions.¹⁷⁶ Mr. Mazure, who attended,¹⁷⁷ did not express any concerns about the the AML portion, nor with the absence of any reference to suspicious transactions.¹⁷⁸ BCLC's approach in this presentation, including to AML, was consistent with the nature and purpose of orientation briefings provided to new Ministers responsible for a file.¹⁷⁹

45. Mr. Mazure and Mr. Meilleur provided GPEB's orientation briefing to Minister Eby in August 2017. GPEB did not invite Mr. Lightbody or other BCLC representatives. Minister Eby understood that was intentional: GPEB wanted to present a disconnect between the organizations about money laundering.¹⁸⁰ GPEB departed significantly from the established practice of providing an incoming Minister with an overall briefing about the organization. GPEB presented to Minister Eby videos of patrons bringing bulk cash into casinos without delineating either when or the context in which these incidents occurred; these "profoundly struck" Minister Eby.¹⁸¹ Minister Eby understood from GPEB that money laundering in BC casinos was very serious and an ongoing issue; that there was a

¹⁷⁵ Ex 505, Aff. #1 of J Lightbody, para. 310-311.

¹⁷⁶ D. Eby, Apr. 26, 2021, p. 122 l. 21 to p. 123 l. 8.

¹⁷⁷ Mr. Fyfe, Apr. 29, 2021 at p. 59 l. 7-9, p. 89 l. 14-18; D. Eby, Apr. 26, 2021, at p. 29 l. 20-22; Ex. 945, *Email chain, re Meeting with Minister – July 21, 2017*.

¹⁷⁸ D. Eby, Apr. 26, 2021, p. 33 l. 9-20.

¹⁷⁹ R. Fyfe, Apr. 29, 2021, at p. 60 l. 20-25; Ex. 905, *BCLC Briefing – July 31, 2017*; D. Eby, Apr. 26, 2021, p. 30 l. 11-25.

¹⁸⁰ D. Eby, Apr. 26, 2021, p. 38 l. 7-10, p. 128 l. 22 to p. 139 ln. 8.

¹⁸¹ D. Eby, Apr. 26, 2021, p. 43 l. 17.

significant criminal investigation into BC casinos; and that GPEB was profoundly concerned and wanted the government to take significant actions to address the issue.¹⁸²

46. GPEB provided a distinctly negative impression and incomplete picture that misrepresented BCLC's engagement on AML and suspicious cash. Mr. Meilleur spun a narrative of inaction and obstinance by BCLC—one which is simply not borne out by the evidence. GPEB represented that GPEB's concerns about money laundering were not being adequately received by BCLC and that, in fact, BCLC was in denial and reluctant to move forward with the speed necessary to mitigate risks.¹⁸³ GPEB left the impression that BCLC was focused on FINTRAC reporting requirements only but not taking additional steps to combat suspicious cash.¹⁸⁴ GPEB went further and represented that BCLC was not meeting its reporting requirements to FINTRAC.¹⁸⁵ The narrative of inaction by BCLC carried into other areas. In presenting to the Minister the issue of source of funds, GPEB presented extracts of various letters to BCLC raising the need to address source of funds, but neglected to include that GPEB consistently asked BCLC to evaluate source of funds within a risk-based framework.¹⁸⁶ Minister Eby did not grasp, nor did Mr. Meilleur draw his attention to, the fact that BCLC's sourced cash conditions program had a dramatic effect by August 2017, as evidenced in the significant decline in LCTs and STRs.¹⁸⁷ Similarly, Mr. Meilleur represented 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 recommended that GPEB (and not BCLC) implement a policy requirement that service providers refuse unsourced cash and that GPEB had not implemented that recommendation.¹⁸⁸

47. In fall 2017, media reporting about potential money laundering in BC casinos increased significantly. BCLC increased efforts to brief Minister Eby specifically about

¹⁸² D. Eby, Apr. 26, 2021, p. 35 l. 2-14.

¹⁸³ D. Eby, Apr. 26, 2021, p. 41 l. 6 to p. 42 l. 5. See also Ex. 907, *Provincial AML Strategy – Part II – by John Mazure and Len Meilleur*, p. GPEB1065.0004.

¹⁸⁴ D. Eby, Apr. 26, 2021, p. 149 l. 8-16; p. 151 l. 2-16; Ex. 906, *Provincial AML Strategy by John Mazure and Len Meilleur – Aug 2017*, p. GPEB1064.0001; Ex. 907, *Provincial AML Strategy (Part II) by John Mazure and Len Meilleur*, p. GPEB1065.0002

¹⁸⁵ D. Eby, Apr. 26, 2021, p. 158 l. 19 to p. 159 l. 4.

¹⁸⁶ D. Eby, Apr. 26, 2021, p. 146 l. 16 to p. 148 l. 6; Ex. 906, *Provincial AML Strategy by John Mazure and Len Meilleur – Aug 2017*, p. GPEB1064.006.

¹⁸⁷ D. Eby, Apr. 26, 2021, p. 149 l. 17 to p. 150 l. 13.

¹⁸⁸ D. Eby, Apr. 26, 2021, p. 144 l. 11 to p. 146 l. 10; Ex. 906, *Provincial AML Strategy by John Mazure and Len Meilleur – Aug 2017*, p. GPEB1064.004

AML. Mr. Lightbody undertook to provide the Minister with detailed briefing notes in response to every media report about money laundering and BCLC, as detailed below. Mr. Lightbody began frequent meetings with the Deputy Attorney General, leading to weekly meetings about AML with the Deputy, the Minister's Assistant and/or the Associate Deputy Minister. On October 23, 2017, BCLC provided Minister Eby with a briefing specifically about AML to provide him with more detailed information about the high limit play business, AML roles and responsibilities, and to present BCLC recommendations to further improve AML.¹⁸⁹ The topic-specific nature of this briefing allowed BCLC to provide a more detailed and nuanced review of the AML issue than was possible owing to the nature and time constraints of the initial Ministerial orientation briefing. BCLC asked the Minister's support for some initiatives, including ensuring that there was a coordinated effort among the parties.¹⁹⁰ BCLC raised with Minister Eby if government should consider if it wanted to exit the high limit table business.¹⁹¹ He did not express any interest.¹⁹²

vii. Participation in and support for the German Review

48. On September 28, 2017, Minister Eby announced that Dr. German would conduct a review of allegations of money laundering in casinos, resulting in the publication of Dr. German's March 31, 2018 report, *Dirty Money: An Independent Review of Money Laundering in Lower Mainland Casinos conducted for the Attorney General Of British Columbia* dated.¹⁹³ Minister Eby testified that he sought external expert advice to navigate the apparently conflicting perspectives of GPEB and BCLC and to identify the best recommendations to move forward.¹⁹⁴ Notably, Minister Eby announced the review after receiving GPEB's slanted briefing which misrepresented BCLC's AML work but before BCLC had the opportunity to provide its detailed, topic-specific briefing on AML.

49. BCLC made clear its support for Dr. German's review. Mr. Lightbody was cooperative, communicated frequently with Dr. German, and directed his senior executive

¹⁸⁹ Ex 505, Aff. #1 of J Lightbody, para. 208. A copy of the materials provided to the Minister for this meeting are attached to Ex 505, Aff. #1 of J Lightbody, Ex. 88-90.

¹⁹⁰ J. Lightbody, Jan. 28, 2021, p. 61 l. 23 to p. 67 l. 2.

¹⁹¹ B. Smith, Feb. 4, 2021, p. 89, l. 7-8 and p. 90 l. 8-24; R. Fyfe, Apr. 29, 2021, p. 25 l. 1 to p. 26 l. 4; R. Kroeker, Jan. 25, 2021, p. 128 l. 23 to p. 139 l. 5; Ex 505, Aff. #1 of J Lightbody, para 209.

¹⁹² Ex 505, Aff. #1 of J Lightbody, sworn January 25, 2021, para 204, 209.

¹⁹³ Ex. 832: Dirty Money Report P. German March 31, 2018.

¹⁹⁴ D. Eby, Apr. 26, 2021, p. 65 l. 10-15.

team to work closely with Dr. German to leverage his expertise while introducing new AML initiatives.¹⁹⁵ During Dr. German's one interview with BCLC senior management, Mr. Lightbody made clear BCLC's commitment to his review.¹⁹⁶ In a later videoconference with Mr. Lightbody and Mr. Smith,¹⁹⁷ they made clear to Dr. German BCLC's willingness to listen and adapt if it could do things or change its role to reduce the risk of money laundering.¹⁹⁸ Dr. German advised BCLC that it should continue to make efforts to improve BCLC's AML program, and that he did not wish to stand in the way.¹⁹⁹

50. On or about December 5, 2017, Dr. German announced an interim recommendation that any cash buy in above \$10,000 be accompanied by a Source of Funds Declaration.²⁰⁰ BCLC responded rapidly to implement this recommendation in December, consulting Dr. German in this process.²⁰¹ Due to delays in GPEB's responses, BCLC was unable to issue the directive to Service Providers until January 10, 2018.²⁰² BCLC's directive improved upon the interim recommendation in several ways, including adding a receipting requirement.²⁰³ Its implementation contributed to further declines in STRs/LCTs, building on the significant declines achieved already by BCLC's sourced cash conditions program.

51. BCLC's ongoing efforts to improve its AML program during the review, consistent with Dr. German's direction, met mixed reaction from government. As discussed above, BCLC did not implement a proposed cash cap following Dr. German's input and guidance. Mr. Eby was upset by BCLC's pursuit of such initiatives, based on his concern about possible inconsistencies with Dr. German's ultimate recommendations. This was communicated to BCLC.²⁰⁴ In contrast, BCLC's March 15, 2018 directive de-risk money services bureaus²⁰⁵ – unprecedented in the casino industry²⁰⁶ – met little resistance.

¹⁹⁵ P. German, Apr. 13, 2021, p. 44, I 7-18, p. 49 I. 15-20; Ex 505, Aff. #1 of J Lightbody, para. 247, Ex. 114-127; P. German, Apr. 13, 2021, p. 45 I. 2-8, Ex. 950, *Email exchange between Rob Kroeker and Jim Lightbody re MSBs and other Initiatives – for the Task Force – Oct 19, 2017*.

¹⁹⁶ P. German, Apr. 12, 2021, p. 136 I. 3-9; Ex 505, Aff. #1 of J Lightbody, para. 243-246.

¹⁹⁷ Mr. Lightbody's initiative and efforts to arrange this were greatly appreciated by Dr. German: P. German, Apr. 13, 2021, p. 47 I. 5-16.

¹⁹⁸ Aff. #1 of J Lightbody, para. 246; P. German, Apr. 13, 2021, p. 49 I. 3-10.

¹⁹⁹ J. Lightbody, Jan. 29, 2021, p. 45 I. 12-17; P. German, Apr. 13, 2021, p. 46 I. 12-24; Ex 505, Aff. #1 of J Lightbody, para. 243.

²⁰⁰ Ex 505, Aff. #1 of J Lightbody, para 258.

²⁰¹ P. German, Apr. 13, 2021, p. 50 I. 5-8, 18-20.

²⁰² Ex 505, Aff. #1 of J Lightbody, paras. 261-262, 264, 266-273, Ex 137, 139, 141-149, 152.

²⁰³ Ex. 490, Aff. #1 of R. Kroeker, paras. 228-229; J. Lightbody, Jan. 28, 2021, p. 75 I. 22-25; Ex 505, Aff. #1 of J Lightbody, para. 261. This receipting requirement is another example of a novel initiative by BCLC that does not exist in other jurisdictions. See B. Boyle, Sept. 13, 2021, p. 70 I. 17 to p. 71 I. 12, p. 96 I. 25 to p.98 I. 11; Ex. 1038: AML Practices, paras. 5.59, 5.64, 5.67.

²⁰⁴ R. Fyfe, Apr. 29, 2021, p. 36 I. 11 to p. 38 I. 25.

²⁰⁵ Ex. 148, Aff. #1 of D. Tottenham, Ex. 54.

²⁰⁶ Ex. 1038: AML Practices, paras 5.73, 5.76.

When Mr. Lightbody informed Mr. Fyfe and Mr. Scott, about the proposed directive, he did not seek Ministerial input and was not asked to consult Dr. German.²⁰⁷

52. This Commission heard evidence about weaknesses of Dr. German's final report. Mr. Lightbody recognizes that the qualitative nature of Dr. German's report and its frailties reflects in part Dr. German's lack of familiarity in this area coupled with the limited timeframe and resources at his disposal to understand this complex area and to complete his report. By Dr. German's own admission, he did not consider himself a casino expert; the review was his first in-depth involvement in the industry.²⁰⁸ Dr. German did not have the benefit of the full range of evidence before this Commission, and Mr. Lightbody urges reading Dr. German's report in this context.

53. BCLC took a principled approach to Dr. German's report and responded only to the most concerning portions.²⁰⁹ Despite any reservations, BCLC under Mr. Lightbody focused on implementing Dr. German's recommendations; he welcomed the report and communicated this to BCLC employees.²¹⁰ Mr. Lightbody demonstrated his commitment to implementing Dr. German's recommendations as an active participant in the Anti-Money Money Laundering Deputy Ministers' Committee ("AML DMC").²¹¹ Members of the AML DMC expressed considerable concerns with the report²¹² and subjected Dr. German's recommendations to rigorous analysis and data gathering before implementation.²¹³ The AML DMC was clear that its task was not to "slavishly follow" the German recommendations, but to critically assess these in the context of broader AML

²⁰⁷ Mr. Lightbody informed them on or about January 17, 2018. Ex 505, Aff. #1 of J Lightbody, para 315-317; R. Fyfe, Apr. 29, 2021, p. 40 l. 6-15.

²⁰⁸ P. German, Apr. 13, 2021, p. 28 l. 19 to p. 19 l. 9.

²⁰⁹ Aff #1 of J. Lightbody, Ex. 130-131.

²¹⁰ Ex. 505 Aff #1 of J. Lightbody, para. 252, Ex. 133. BCLC has implemented all of Dr. German's final recommendations that it is able to implement personally. The remaining recommendations that impact or involve BCLC are dependent on the actions of other agencies and ministries. Ex. 505, Aff#1 of J Lightbody, para. 257.

²¹¹ M. Harris, Jun. 11, 2020, p. 7 l. 39-47; p. 8 l. 1-16; Exhibit 41: *Draft – Ministry of Attorney General – Anti-Money Laundering Deputy Ministers Terms of Reference*; Exhibit 42: *Final – Government of BC – Money Laundering Deputy Ministers' Terms of Reference*.

²¹² M. Sieben testified that the AML DMC would have liked more analysis or data in some aspects of the report. Ms. Wannamaker testified that she found sections of Dr. German's report to be anecdotal and that it lacked the data and analysis that she would have expected; she would have expected a report of this nature to draw on the data from BCLC and GPEB to illustrate the nature of the issues and support the recommendations in the report. Other members of government expressed similar concerns. For instance, within the Ministry of the Attorney General, Mr. Scott testified that Dr. German's report was "based on innuendos but little quantified evidence;" it was not a qualitative report. Mr. Sam MacLeod similarly agreed that there was little data to support some of the conclusions within the German Report. M. Sieben, Jun. 12, 2020, p. 61 l. 5-16; L. Wanamaker, Apr. 22, 2021, p. 24 l. 21-25, p. 25 l. 12-21; D. Scott, Feb. 8, 2021, p. 151 l. 24 to p. 152 l. 5; S. MacLeod, Apr. 19, 2021, p. 117 l. 18 to 23.

²¹³ L. Wanamaker, Apr. 22, 2021, p. 26 l. 1-11.

efforts and implement these in spirit²¹⁴ and to recommend options that may be more efficient as appropriate.²¹⁵ Mr. Lightbody participated in the AML DMC as a non-voting member to provide information, advice, and insight for the Deputy Ministers about the gaming industry.²¹⁶ He attended and participated actively in monthly meetings until advised in July 2019 that BCLC attendance was no longer required as a non-voting member.²¹⁷ Mr. Lightbody attended thereafter as requested. He brought personal industry experience, knowledge and insight, as well as bringing other BCLC staff to present key information as requested.²¹⁸ The AML DMC recognized BCLC as a “strong and welcome partner”;²¹⁹ Mr. Lightbody was responsive, knew the business well, and demonstrated a willingness to do what was required to improve and enhance BCLC’s AML regime.²²⁰

IV – Mr. Lightbody’s Leadership

54. Mr. Lightbody led BCLC capably and effectively through a particularly difficult time. As he encouraged BCLC to persevere in strengthening its AML program, BCLC was under significant scrutiny. BCLC was subject to many inaccurate, misleading, and often sensationalized media reports, many of which created erroneous impressions about the gaming industry among the citizens of British Columbia.²²¹ Despite the significant decreases in suspicious cash entering BC casinos from 2015 to 2017, this intense media scrutiny continued through fall 2017. It was further exacerbated by the inaccurate statements of BCLC’s new Minister, Minister Eby, to the media. BCLC established a practice to provide Minister Eby with information notes setting out BCLC’s perspective on each report, to arm him with the facts necessary to respond to inaccurate reporting.²²² BCLC hoped to give the Minister more confidence in its AML practices and the opportunity to defend BCLC publicly.²²³ These information notes did not have the desired impact.²²⁴

²¹⁴ M. Sieben, Jun. 12, 2020, p. 58 l. 37 to p. 59 l. 42; Ex 505, Aff. #1 of J Lightbody, para 342.

²¹⁵ L. Wanamaker, Apr. 22, 2021, p. 34 l. 23 to p. 35 l. 6.

²¹⁶ Ex 505, Aff. #1 of J Lightbody, para 338.

²¹⁷ M. Sieben, Jun. 12, 2020, p. 55 l. 20-26; L. Wanamaker, Apr. 22, 2021, p. 33 l. 2-5.

²¹⁸ M. Sieben, Jun. 12, 2020, p. 55 l. 27 to p. 57 l. 30; L. Wanamaker, Apr. 22, 2021, p. 33 l. 6-10, 17-23; see also S. MacLeod, Apr. 19, 2021, p. 115 l. 22 to p. 116 l. 7.

²¹⁹ M. Sieben, Jun. 12, 2020, p. 23, l. 8-23

²²⁰ L. Wanamaker, Apr. 22, 2021, p. 33 l. 24 to p. 34 l. 11; M. Sieben, Jun. 12, 2020, p. 57 l. 31 to p. 58 l. 16

²²¹ B. Smith, Feb. 4, 2021 p. 172 l. 19-23. See also R. Alderson, Sept. 9, 2021, p. 145 l. 21 to p. 146 l. 2.

²²² B. Smith, Feb. 4, 2021, p. 167 l. 15-24; R. Fyfe, Apr. 29, 2021, p. 66 l. 13-24; J. Lightbody, Jan. 29, 2021, p. 124 l. 24 to p. 125 l. 6-11; Ex 505, Aff. #1 of J Lightbody, para. 241, 254, Ex. 10-113.

²²³ J. Lightbody, Jan. 29, 2021, p. 125 l. 2-6.

²²⁴ R. Kroeker, Jan. 26, 2021, p. 106 l. 7-8.

55. Instead, the Minister persisted in making statements that BCLC was willfully blind or looking the other way that were “simply wrong.”²²⁵ These contributed to an inaccurate public narrative about money laundering in BC casinos and about BCLC that took a significant toll on BCLC staff: it was demoralizing, particularly in the compliance group but also corporate wide.²²⁶ It was difficult, “devastating”²²⁷ for BCLC senior leadership not being able to defend their staff and their organization publicly. Mr. Lightbody testified:

...as the leader of that organization, I've never been more frustrated in my life not to be able to stand up and defend them publicly. And that is something that I'll always carry with me and I have to live with.²²⁸

The toll was so significant that Mr. Lightbody raised this to Assistant Deputy Minister Scott, Deputy Minister Fyfe, and ultimately to Minister Eby.²²⁹ Unfortunately, nothing changed.

56. Recognition of Mr. Lightbody as a leader committed to guiding BCLC with professionalism and integrity, to acting collaboratively, cooperatively and in good faith with others, and to empowering BCLC senior executives to expand and innovate to develop BCLC's AML program, is well established in the evidence. BCLC staff testified that Mr. Lightbody's appointment as President and CEO was “pivotal”; it marked the beginning of “significant changes forward” and BCLC's AML program “continued to focus and evolve” under his leadership; and his leadership was “extremely important.”²³⁰ Mr. Lightbody made himself available and leveraged his personal relationships to support the BCLC AML Unit to move forward AML initiatives.²³¹ He communicated regularly and transparently with the BCLC Board of Directors.²³² Mr. Lightbody's commitment to collaboration and cooperation was apparent in his external relationships, including with casino service providers, members of GPEB, senior government officials, and members of law enforcement. As set out above at para. 13, Mr. Lightbody had a positive working relationship with Mr. Mazure. Mr. MacLeod found Mr. Lightbody was “very collaborative,

²²⁵ J. Lightbody, Jan. 29, 2021, p. 125 l. 25.

²²⁶ B. Smith, Feb. 4, 2021, p. 103 l. 23 to p. 104 l. 12; R. Kroeker, Jan. 26, 2021, p. 106 l. 14-15; Aff. #1 of R. Kroeker, para. 271.

²²⁷ R. Kroeker, Jan. 26, 2021, p. 211 l. 25

²²⁸ J. Lightbody, Jan. 29, 2021, p. 126 l. 1-5

²²⁹ R. Fyfe, Apr. 29, 2021, p. 67 l. 10 to p. 68 l. 15; J. Lightbody, Jan. 29, 2021, p. 125 l. 7-11; Ex 505, Aff. #1 of J Lightbody, para. 255.

²³⁰ S. Beeksma, Oct. 26, 2020, at p. 140 l. 21-22; J. Karlovcec, Oct. 30, 2020, p. 129 l. 10, p. 149 l. 13-19; Ex. 148, Affidavit #1 of D. Tottenham, para. 74; Aff #1 of J Lightbody, Ex. 36, p. 181. See also S. Lee, Oct. 27, 2020, p. 101 l. 3-9; M. Hiller, Nov. 9, 2020, p. 125 l. 15 to p. 127 l. 5

²³¹ K. Sweeney, Jan. 29, 2021 at p. 203 l. 14 to p. 204 l. 2, p. 205 l. 15-22.

²³² B. Smith, Feb 4, 2021, p. 64 l. 24 to p. 65 l. 7.

engaging, and willing to work together.”²³³ Mr. Lightbody worked closely with Associate Deputy Ministers, Deputy Ministers, Ministerial Assistants, and Ministers.²³⁴ Senior public servants had positive relationships with Mr. Lightbody characterized by regular, collegial and candid exchanges, including about suspicious cash and BCLC’s AML regime.²³⁵

V – The Way Forward

57. The story of AML under Mr. Lightbody’s leadership is one of consistent and committed effort to improve the BCLC AML program and controls and to mitigate the risk of illicit cash entering BC casinos. Under Mr. Lightbody’s leadership, the resources expended and the efforts devoted to BCLC’s AML program to reduce the risk of money laundering and illicit funds entering BC casinos had a dramatic impact on the number and value of large cash transactions and suspicious cash transaction reports. Well before the change in government, before the barrage of media scrutiny that led to Dr. German’s review, and before Dr. German’s Report, BCLC under Mr. Lightbody’s leadership acted in a proactive and comprehensive way. The narrative of BCLC’s consistent and committed action in the AML sphere continues through the German review, upon receiving Dr. German’s report and thereafter.

58. In February 2019, Mr. Lightbody presented to Minister Eby the results of an audit of cheques at River Rock Casino by Ernst and Young (“EY”) which revealed that BCLC’s AML strategies effectively mitigated the “traditional” and “Vancouver Model” typologies of money laundering and BCLC was working to address the “retail” typology.²³⁶ BCLC, in consultation with GPEB, is now moving towards known play, an initiative that commenced prior to Mr. Lightbody’s medical leave, to address the “retail” typology of money laundering. Again, this is a novel initiative within the Canadian gaming industry and internationally.²³⁷ Through moving to an “account based” casino environment, it will reduce the amount of criminality in BC gaming facilities.²³⁸ This is a massive departure

²³³ S. MacLeod, Apr. 19, 2021, p 19 l. 3-9.

²³⁴ Ex 505, Aff. #1 of J Lightbody, para. 195.

²³⁵ C. Wenezeki-Yolland, Apr. 27, 2021, p. 113 l. 8-21; R. Fyfe, Apr. 29, 2021, p. 6 l. 5-11, p. 7 l. 10-18, p. 61 l. 1-24.

²³⁶ Ex 505, Aff. #1 of J Lightbody, para. 235. Under the “traditional” model, proceeds of crime are used to buy chips, the patron plays notionally and receives cash or larger denomination bills. In the “Vancouver model,” proceeds of crime are loaned to VIPs who repay this offshore. The “retail” model involves proceeds of crime being used to buy in under \$10,000.

²³⁷ Ex. 1037: Known Play, paras. 5.17-5.18.

²³⁸ B. Desmarais, Feb. 1, 2021, p. 19 l. 20-21. GPEB also recognizes the value of this move to resolve money laundering risks associated with smaller cash transactions: S. MacLeod, Apr. 19, 2021, p. 57 l.1-10

from the current casino environment and will require robust technology and careful customer communication.²³⁹ This is a proactive, positive initiative by BCLC towards ultimately eliminating illicit cash from entering BC casinos²⁴⁰ – one more step in a long list of BCLC AML initiatives.

59. After months of hearings, one overarching message is abundantly clear: money laundering is a phenomenally complex issue²⁴¹ that is ever evolving and requires a comprehensive, coordinated, and integrated response that brings together multiple stakeholders across government and the public sector that can work together nimbly, proactively and reactively in response to money laundering concerns as these evolve.

60. Mr. Lightbody has consistently stated from the outset that a coordinated effort was crucial for the AML effort to be successful in the gaming industry. All five parties – Service Providers, BCLC, GPEB, FINTRAC, and law enforcement – must be coordinated and focused. BCLC under Mr. Lightbody's leadership is and remains committed to moving ahead to strengthen AML regime in collaboration and in coordination with all stakeholders, within and outside of the gaming industry, to combat money laundering in this Province. To truly strengthen the AML regime, the Province requires a critical approach and one that brings all of the key stakeholders to the table. The issues relating to money laundering in British Columbia reflect the fact that, until recently, the Province took a fractured approach that was not capable of responding to the unbounded nature of money laundering issues, which cross industries and stakeholders: so far, money laundering has been addressed as an “individual siloed function and not as a cohesive unit.”²⁴² The Province recognized the need for a coordinated, multi-sectoral approach that brings together the key stakeholders and actors in a coordinated manner, as is now reflected in the Provincial AML Strategy.²⁴³ Mr. Lightbody welcomes this initiative by the Province and looks forward to the Commissioner's recommendations.

²³⁹ S. MacLeod, Apr. 19, 2021, p. 83 l. 21 to p. 84 l. 7.

²⁴⁰ S. MacLeod, Apr. 19, 2021, p. 120 l. 7-12. See also B. Boyle, Sept. 13, 2021, p. 17 l. 21 to p. 18 l. 1.

²⁴¹ C. Chrustie, Mar. 29, 2021, p. 11 l. 16-22; B. Robinson, Apr. 14, 2021, p. 33, l. 15 to p. 45 l. 1; Ex. 3: OR: Documents Created by Canada, App. B: Canada, Department of Finance, *Assessment of Inherent Risks of Money Laundering and Terrorist Financing in Canada 2015* (Ottawa: Department of Finance, 2015), at p. 19.

²⁴² M. Harris, Jun. 11, 2020, p. 21 l. 25-28.

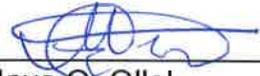
²⁴³ Ex. 44: *The Provincial AML Strategy (Slide Deck)*; Ex. 46: *Provincial AML Strategy*.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

September 24, 2021.



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