



74 West Seymour Street
Kamloops, BC V2C 1E2



2940 Virtual Way
Vancouver, BC V5M 0A6



www.bclc.com

VIA EMAIL

June 1, 2020

[applicant information]

Re: Request for Records: BCLC File 20-024

British Columbia Lottery Corporation (BCLC) writes further to your March 5, 2020 request under B.C.'s Freedom of Information and Protection of Privacy Act (FIPPA) and BCLC's letters dated March 5, 2020 and April 16, 2020.

You requested:

"The focus is not non compliance, it is direct connections to organized crime such as those outlined in the January 2009 IIGET report.... Please provide all BCLC reports, notes, player interviews or emails related to ALLEGED CORRUPTION AND CONNECTIONS involving gaming service providers or BCLC employees or B.C. or Canadian government officials or Canadian elected officials or Canadian legal professionals or businesspersons, THAT ARE SUSPECTED OF BEING CORRUPTED, BRIBED, INFLUENCED, AFFILIATED TO, OR FACILIATING CRIME CONNECTED TO BCLC CASINOS FOR, SUSPECTED MEMBERS OF ASIAN ORGANIZED CRIME NETWORKS ACCORDING TO LAW ENFORCMENT INTELLIGENCE; INCLUDING BUT NOT LIMITED TO THE ACTORS IDENTIFIED BY WESTERN LAW ENFORCEMENT RECORDS AND KNOWN AS [named individuals]; RECORDS SHOULD INCLUDE ANY ITRAK REPORT FILED BY MIKE HILLER IN 2014; ... from January 1, 2013 – January 1, 2018."

BCLC summarized your request to be for:

All BCLC reports, notes, player interviews or emails from January 1, 2013 – January 1, 2018 related to alleged corruption and direct connections to organized crime involving anyone suspected of being corrupted, bribed, influenced, affiliated to, or facilitating crime connected to BCLC casinos for suspected members of Asian organized crime networks.

A copy of the above summarized wording was provided to you in BCLC's letter dated April 16, 2020.

BCLC is providing 35 pages of records in response to your request. Some information has been withheld from disclosure under sections 13, 14, 15, 17, and 22 of FIPPA. An additional 13 pages have been withheld in their entirety under sections 15, 16, 19, and 22 of FIPPA. Below are the reasons for withholding information under each of the exceptions to disclosure noted.

Section 13 (policy advice or recommendations)

The information withheld under this section constitutes advice and recommendations by BCLC employees and others to BCLC decision makers.

Section 14 (legal advice)

The information withheld under this section consists of information subject to legal privilege.

Section 15 (harm to law enforcement)

The information withheld under this section is harmful to law enforcement because it would reveal anti-money laundering control processes. If disclosed, the information would be useful to those seeking to evade detection for committing money laundering offences. In addition, some information withheld under this section could harm the security of a system, including BCLC's computer and communication systems, under section 15(1)(l) of FIPPA.

Section 16 (harm to intergovernmental relations or negotiations)

The information withheld under this section is harmful to intergovernmental relations because disclosure would reveal information that was received in confidence from a government organization.

Section 17 (harm to the financial or economic interests of BCLC)

The information withheld under this section is harmful to BCLC's financial or economic interests because disclosure would reveal the private cell phone numbers of several BCLC employees, which could necessitate changing the numbers with an associated cost to BCLC.

Section 19 (harm to individual or public safety)

The information withheld under this section is harmful to individual or public safety because it would reveal the identity of law enforcement personnel. Disclosure of this information could result in the targeting of those individuals.

Section 22 (harm to personal privacy)

The information withheld under this section consists of the personal information of third parties, including BCLC casino patrons. Disclosure of this information would be an unreasonable invasion of personal privacy.

The full text of sections 13, 15, 16, 17, 19, and 22 can be found at:
http://www.bclaws.ca/Recon/document/ID/freeside/96165_00

These records will be published a minimum of five business days after release at:
<https://corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html>

If you have any questions or concerns regarding BCLC's processing of your request, please contact me via e-mail at [redacted] or at [redacted]

Additionally, under section 52 of FIPPA, you may ask the Information and Privacy Commissioner to review this reply to your request for information. You have 30 business days from the receipt of this notice to request a review by writing to:

Office of the Information and Privacy Commissioner for British Columbia
P.O. Box 9038, Station Provincial Government
Victoria, BC V8W 9A4

[redacted] [redacted]
[redacted] Online www.oipc.bc.ca

Sincerely,
[original signed by]

Candice Lantos
Senior Freedom of Information Analyst

Enclosure

From: [Laura Piva-Babcock](#)
To: [Jim D. Lightbody](#); [Brad Desmarais](#); [Monica Bohm](#); [Susan Dolinski](#)
Cc: [Greg Walker](#); [Andrea Manchon](#)
Subject: CTV story re Burnaby councillor chang
Date: May 6, 2014 6:09:58 PM

Hi.

Fyi. More out fall from the leaked docs. Mainly calling out Councillor Chang.

A Burnaby city councillor was part of a government investigation for chip-passing at a Richmond casino three years ago, CTV News has learned.

Richard Chang has been a councillor in Burnaby since 2008 and is also known to spend time in B.C.'s casinos.

One of Chang's outings to Richmond's River Rock Casino in 2011 caught the attention of the BC Lottery Corporation for what it called suspicious activities.

A Gaming Policy and Enforcement Branch investigation found that a casino high roller "passed \$100,000 in chips to Chang."

Chip passing is banned by the BCLC to keep casinos from being targeted for money-laundering purposes.

"It's very easy to transact large volumes of currency in chips," said Colin Campbell, a Douglas College criminologist. "Chips in the denomination of \$5,000 or \$10,000 are reasonably exchangeable within individuals. They can be exchanged in a handshake."

Another report described Chang as having an "extensive history...of chip and cash passing and suspicious transactions."

The councillor received a six-month ban from B.C. casinos in June 2011 as a result. Chang defended himself, saying he was holding the chips as a favour for an elderly friend.

"A few friends and I were going to the casino and were playing," Chang told CTV News. "I didn't know the rules."

According to 2011 documents, Chang was "believed to carry a purse with both chips and cash which he distributes to players in that environment."

The report also said Chang "is believed to be a loan shark." But the same report also questions the reliability of this information.

"It's extremely concerning," said Vancouver activist Sandy Garossino. "I would expect an elected official to know what the rules are. Somebody's who is getting \$100,000 in chips passed to them, he knows darn well what the rules are in a casino."

Chang denies doing anything wrong, saying he's never acted as a loan shark and was "surprised" to hear about the allegations.

He said at the time of the investigation, he told Burnaby Mayor Derek Corrigan that he had been barred from B.C. casinos.

Chang invited CTV News to call Corrigan to confirm those details.

Corrigan told us over the phone he didn't want to comment on camera but confirmed that Chang had advised him that he had been barred. He also said over the phone that the fact a reporter was asking him about something that happened a few years ago was a "waste of time" and "absurd."

As a city councillor, Chang is a member of Burnaby's community policing committee, and he recently voted in favour of more slot machines at Burnaby's Grand Villa Casino.

He said he doesn't carry chips for friends any more but he does think B.C. casinos are too strict.

The councillor has never been charged in connection with his casino activities.

As for his career in politics, Chang said he doesn't plan on running for re-election in November.

Share this story:

Report Error



Sent from s 15(1)(l)

From: [Ross Alderson](#)
To: [Brad Desmarais](#)
Subject: FW: File we discussed
Date: October 8, 2013 2:45:29 PM
Attachments: s 22
[Re: File we discussed.msg](#)

Hi Brad, as mentioned. I have attached some info. The attached email details the incident we discussed which was passed onto GPEB.

The attached PDF is a BCLC file started by me back in s 22 which gives a lot of the background however is fairly longwinded. I have intimate knowledge of the parties involved from my time at RRCR if you need any background

Regards

Ross Alderson
Manager eGaming Investigations
PlayNow.com
2940 Virtual Way, Vancouver, BC, V5M 0A6

[REDACTED] [REDACTED] [REDACTED]
[REDACTED]

From: Steve Beeksma
To: Ross Alderson
Cc: Stone Lee
Subject: RE: File we discussed
Date: October 8, 2013 2:37:46 PM

Stone logged it into his note book (s 22)...GPEB's Rob BARBER was having coffee with us (just a general information sharing break, we usually do every couple weeks) and observed what we observed (although may not have been familiar with all of the people until after).

It was on s 22 at approx. 1300-1330hrs. Stone, Rob and I were having coffee in s 22 , seated at the window with a view of the s 22 restaurant across the street. We first noticed s 22 standing at the corner of the restaurant (s 22) with s 22 we believed to be s 22 (this was a distant view but we're pretty sure based on body type, hair style etc). We understand that this corner of the restaurant is an entrance/exit for the VIP dining table(s) in the restaurant (I've never seen them so I can't be sure).

At around the same time s 22 (we believe to be s 22 found in iTrak after the fact) was seen smoking outside the main restaurant entrance (s 22 and s 22 entered the restaurant around this time). A s 22 pulls over to the side of the road in front of s 22 The driver gets out and approaches s 22 (driver not known, s 22

). We believe we saw something passed between them (I thought it to be a cell phone, driver to s 22 s 22 is smoking a cigarette, speaking with the driver as s 22 comes out of the restaurant (from the area s 22 was outside speaking with s 22 and waves toward s 22 s 22 tosses s 22 cigarette out and rushes over to s 22 entering the restaurant with s 22 The unknown driver of the s 22 returned to s 22 vehicle and drove s 15(1)

After we returned to the office Stone found s 22 in iTrak and we both agreed this is the s 22 we saw smoking with the driver of the s 22 that s 22 called over. BARBER was called and informed who we believe the s 22 is (s 22 once we realized s 22 . We named s 22 as we were observing this.

Considering these observations did not occur in the casino and s 15(1) to support our observations we decided to just keep notes for future reference. We believed it to be more of a potential GPEB investigation anyways (you can be sure it would get back to s 22 if we requested s 15(1)).

BARBER did seem genuinely interested in what he also observed, particularly after realizing the people we believe to have identified (I believe he did some checks/enquiries on his en, police records etc relating to s 22 I'd be surprised if he didn't have some kind of file or at least notes on what was observed this date.

I called our RCMP contact who was investigating some of these people previously (s 16 as per the previously attached file from s 22 and briefed s 16 on what I saw. s 16 indicated s 16 team was busy with other files and the s 22 file had been put on the back burner but they will likely pick it up again in the near future. s 16 thanked me for the heads up but didn't ask for any additional information.

Hope this helps.

Steve Beeksma

Casino Investigations
BCLC, 2940 Virtual Way, Vancouver, BC, V5M 0A6
[REDACTED]

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Ross Alderson
Sent: October-08-13 2:07 PM
To: Steve Beeksma
Subject: RE: File we discussed

Cheers

Can you forward me a copy of the notes you took or just a brief outline of the observations including when you passed onto BARBER

No need for an iTrak file right now

Brad just had a meeting with GPEB who are stating that Money laundering and loan sharking is rampant I the Casinos.

Considering the info we provide to them and their general lack of action we have all seen Brad wants to follow up with this one.

Thanks bud

Ross Alderson

Manager eGaming Investigations
PlayNow.com
2940 Virtual Way, Vancouver, BC, V5M 0A6
[REDACTED] [REDACTED]
[REDACTED]

From: Steve Beeksma
Sent: Tuesday, October 08, 2013 2:00 PM
To: Ross Alderson
Subject: RE: File we discussed

There was no incident...it was simply observations while having coffee with GPEB...we can create a BCLC file to document our observations if you think it will be useful... s 15(1)

and given the sensitivity of the subject matter, and the level of staff involved we simply added the info to our note books.

I've attached the s 22 file you and Mike worked on. Mike has a supplemental from s 22 (update) that details what information he got from RCMP RE s 22 s 22 and Richard meeting at s 22 restaurant.

Steve Beeksma

Casino Investigations
BCLC, 2940 Virtual Way, Vancouver, BC, V5M 0A6
[REDACTED]

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Ross Alderson
Sent: October-08-13 1:54 PM
To: Steve Beeksma
Subject: File we discussed

Steve, can you give me the iTrak number regarding that incident you observed outside RRCR involving s 22 and s 22 . VP is after the info. (if you have one) Any other info (incident reports etc) can you provide to me would appreciate.

Ross Alderson

Manager eGaming Investigations
PlayNow.com
2940 Virtual Way, Vancouver, BC, V5M 0A6
[REDACTED] [REDACTED]
[REDACTED]

From: [Brad Desmarais](#)
To: [Rob Kroeker](#)
Subject: Fw: Media Release
Date: February 2, 2017 9:34:03 PM
Attachments: [Febraury 3rd.docx](#)

Houghton's comment is a bit of a stretch. One cheat at play is organized crime and corruption?

Sent from ^s 15(1)(l)

From: Jag Nijjar
Sent: Thursday, February 2, 2017 20:32
To: Brad Desmarais
Subject: Fw: Media Release

Hi Brad

This is an interesting message. Implies corruption in casinos

Regards

Jagtar Nijjar



----- Original message-----

From: Ross Alderson
Date: Thu, Feb 2, 2017 6:29 PM
To: Jag Nijjar; Laura Piva-Babcock;
Cc: Rob Kroeker; Paul Dadwal;
Subject: Fw: Media Release

Hi Folks,

I was advised today that tomorrow JIGIT will be having a press release regarding a cheat at play which occurred at the lake city Casino in Kelowna in Nov 2016.

Here is the latest draft of the draft which I have reviewed to confirm facts from our end.

Laura, I understand Lindsay will contact you in the AM To go over any final points.

Jag, Paul wanted to reinforce the collaboration with all partners and ensure you received notification as well.

Regards

Ross Alderson
Director AML & Investigations.
BCLC

Sent from s 15(1)(l)

From: Dadwal, Paul

Sent: Thursday, February 2, 2017 3:42 PM

To: Ross Alderson

Subject: Fw: Media Release

Sent from s 15(1)(l)

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Mailing Address:
Mailstop #408/409
14200 Green Timbers Way
Surrey, B.C., V3T 6P3
[REDACTED]

For Immediate Release: February

Two Men Have Been Arrested After an Incident of Cheating in a Kelowna Casino

Two men have now been arrested and charged after an investigation conducted by Combined Forces Special Enforcement Unit of British Columbia (CFSEU-BC) Joint Illegal Gaming Investigation Team (JIGIT) and the Gaming Policy and Enforcement Branch (GPEB) into an incident of cheating in a Kelowna casino.

On November 4, 2016, the GPEB received information from the Lake City Casino in Kelowna, B.C., of an incident of cheating as a result of alleged dealer collusion.

GPEB launched an investigation into the actions of the dealer and the patron. Investigators learned the patron was seen on a casino surveillance camera cheating at two separate casino games directly in front of one Lake City Casino dealer over a period of three separate days. The dealer has since been suspended by the Lake City Casino and his registration as a Gaming Worker in the province of B.C. has been revoked by the GPEB.

On November 21, 2016, the CFSEU-BC JIGIT investigators were asked to take conduct of the investigation. Investigators determined that the evidence supported that the dealer and patron were involved in a criminal act of 'Cheat at Play'.

25-year old [REDACTED] of Kamloops, has now been charged with one count of intent to defraud a casino and cheat while playing the game of roulette, and one count of intent to defraud a casino and cheat while playing a game of three card poker.

21-year old [REDACTED] of Kelowna with one count of intent to defraud a casino and cheat while holding the stakes for a game of roulette.

Both individuals are scheduled to appear in Kelowna Provincial Court on May 4, 2017.

s 13

The CFSEU-BC would like to thank the BCLC, GPEB, and Lake City Casino for their assistance and cooperation in this investigation.

In Partnership with Abbotsford Police Department, Canadian Border Services Agency, Central Saanich Police Service, Delta Police Department, New Westminster Police Department, Organized Crime Agency of British Columbia, Port Moody Police Department, Royal Canadian Mounted Police, Saanich Police Department, South Coast British Columbia Transportation Authority, Vancouver Police Department, Victoria Police Department, West Vancouver Police Department



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Mailing Address:

Mailstop #408/409
14200 Green Timbers Way
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-30 -

CFSEU-BC Media Relations Officer: Staff Sergeant Lindsey Houghton



CFSEU-BC Communications Strategist: Geeta Reddy



In Partnership with Abbotsford Police Department, Canadian Border Services Agency, Central Saanich Police Service, Delta Police Department, New Westminster Police Department, Organized Crime Agency of British Columbia, Port Moody Police Department, Royal Canadian Mounted Police, Saanich Police Department, South Coast British Columbia Transportation Authority, Vancouver Police Department, Victoria Police Department, West Vancouver Police Department

From: [Rob Kroeker](#)
To: [Jim D. Lightbody](#); [Susan Dolinski](#); [Jennifer Keim](#); [Brad Desmarais](#)
Subject: FW: refining report and banned cash acceptance report
Date: October 12, 2017 11:08:23 PM

s 14

From: Patrick Ennis
Date: October 13, 2017 at 2:12:34 AM GMT+2
To: Rob Kroeker
Subject: FW: refining report and banned cash acceptance report

Fyi,

I think we are going to refer this over to BCLC. Sounds like he has access to internal GPEB reports? I have never seen any of this stuff.

From: Cooper, Sam [REDACTED]
Sent: Thursday, October 12, 2017 3:26 PM
To: Sonja Mandic
Subject: Re: refining report and banned cash acceptance report

Hi Sonja, can I get comment from Great Canadian on the conclusions from GPEB audit of River Rock Casino in relation to acceptance of cash from banned facilitators, and the analysis of potential of 'refining' of \$20s at high limit cages?

A June 2016 GPEB internal audit of **'Total Cash accepted by BC Casinos from Funds obtained by Patrons Provincially Banned Cash Facilitators'** — from Jan. 1 2015 to Dec. 31, 2015, said the total banned cash figure was \$6.7 million. River Rock Casino accounted for \$5.37 million of that total, or 79 per cent. Starlight Casino accounted for 10 per cent, and Edgewater Casino was 11 per cent.

The review found that, **"Sites knowingly accepted cash that they acknowledged was obtained from questionable sources ... industry indicators of suspicious activity were present in all incidents which the cage accepted the cash."**

"The objective of this review was to determine if any of the individuals identified on the alleged fugitive list are gambling or have gambled in BC gaming facilities and to identify any transactions occurring at B.C. Gaming facilities. The scope was to quantify the dollar amount of buy-ins conducted at casinos from cash sites acknowledged (it) was obtained/connected to individuals provincially banned for cash facilitation."

Can Great Canadian comment on these findings, and if any corrective action was taken?

2. B) A GPEB review looked at China 'SkyNet' corruption suspects and whether they are BCLC patrons. Documents obtained by Postmedia, focus on corruption suspects believed to be based in or do business in Richmond. Does Greawt Canadian have a comment on whether any action has been taken against known 'SkyNet' suspect gamblers in River Rock?

3. On the probe of potential 'refining' risks at River Rock, GPEB internal documents concluded in June 2016 that, "our analysis found that nearly all patrons that bought in with \$20s were not paid out in this denomination," at high-limit cages at River Rock and, "the excess supply of

\$100 bills available at the high limit cages suggests that patrons were primarily paid out in this denomination."

Almost 100 per cent of 20s deposited to the high limit cages were transferred to the vault, which suggests that River Rock Casino did not want these bills to be cashed out, or that patrons would not accept them, or something of that nature. On the other hand, Very few 100s were deposited to the vault from the cash cage, and a very high proportion was sent from the vault to the cage.

The report says that, BCLC advises BC casinos they should cash patrons out with the same denominations as deposited, however this is not codified in gaming standard requirement documents.

Casino staff at River Rock hold the view, according to interviews, that paying out \$100s to players that deposit \$20s is acceptable, unless unreasonable play is witnessed and reported by floor staff or surveillance staff.

"River Rock does have criteria in place to help prevent refining for the purposes of money laundering, (but) the criterion in place is subject to discretion around what constitutes reasonable play." The onus is on the staff to report unreasonable play.

Based on analysis summarized above, the report found:

"It is reasonable to conclude that refining is occurring through the high limit cages at River Rock Casino."

The report notes River Rock had or has the biggest revenue for high limit table play in BC. Given the information, has Great Canadian changed its practices on 'refining' risk at all, or sanctioned any management or staff, for failure to prevent potential money laundering transactions?

Also, would Great Canadian Gaming advocate that BCLC should, rather than advising casinos to not pay out big bills in exchange for small bill deposits, state this as a required procedure in documented policy and practice materials? Also, should casinos be required to document the denominations paid out by the casino along with recording the denominations deposited, per individual transaction for high limit table play?

my deadline is 12:30 pm Friday for a response, thanks

Sam Cooper

From: Sonja Mandic [REDACTED]

Date: Friday, September 22, 2017 at 4:30 PM

To: Postmedia Inc [REDACTED]

Subject: Statement re: AML

Hi Sam,

As promised, attached you will find our statement regarding today's report.

Thank you,

Sonja Mandic

Director, Media Relations and Social Responsibility

Great Canadian Gaming Corporation

[REDACTED]

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From: [Terrance Doyle](#)
To: [Rob Kroeker](#)
Cc: [Patrick Ennis](#); [Brad Desmarais](#)
Subject: Re: Strictly Confidential - RRCR player review
Date: April 7, 2016 4:18:12 PM

Thank you for the update Rob

Terrance

> On Apr 7, 2016, at 3:53 PM, Rob Kroeker <RKroeker@bclc.com> wrote:

>
s 14

>

>

>

> - s 22 who has no previous BC Gaming history, bought in earlier in the week with \$350K in RRCR \$5K chips and also with \$140K in a mix of \$20 and \$100's. All funds appear to have involved transfers within the RRCR Hotel.

>

> - s 22 was reviewed by BCLC AML analysis and was identified as a P.E.P with adverse media. According to media reports and s 15(1) s 22 has links to high ranking officials within s 22 and has multiple business interests. The adverse media related to unsubstantiated allegations s 22

>

> - Based on these facts s 22 was interviewed.

>

> - s 22 was interviewed this afternoon at 1300 hrs. by BCLC Investigations

>

> - The interviewer advises:.

>

> - s 22 failed to disclose where the chips or cash came from only they were "borrowed from a friend" who s 22 also would not name.

>

> - There is no doubt s 22 has access to significant wealth.

>

> - s 22 should be placed on sourced funds conditions until further notice.

>

>

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From: Cathy Cuglietta
To: Daryl Tottenham; Ross Alderson; Bal Bamra; Brad Rudnicki
Cc: Brad Desmarais
Subject: RE:
Date: September 16, 2015 9:18:42 AM
Attachments: Lau v. Canada (Minister of Public Safety and[1].rtf

s 22 as Daryl mentions. I completed the s 15(1)
on that patron. The document attached refers to the Ms. Lau vs the Government, trying to get her money back that was seized as proceeds of crime...

-----Original Message-----

From: Daryl Tottenham
Sent: Wednesday, September 16, 2015 8:11 AM
To: Ross Alderson; Bal Bamra; Cathy Cuglietta; Brad Rudnicki
Cc: Brad Desmarais
Subject: RE:

Excellent article, got a little bit of everything going on in this story.....just an FYI a few of the main players in this story are s 22

The main subject of the article Julia LAU s 22
However the "friend" she got some of the money from s 22
It is based on a direct name match, approx. age is correct and

occupation fits what is provided in the article.
Also in Itrak is s 22

Here's another good one: s 22

One other player in this story s 22
and is s 22

which is a player with s 22

We can discuss further and see if we can confirm by dob on these names but I am pretty confident they are likely the same ones from the Province story.

D

Daryl Tottenham BA, CAMS
AML Specialist
AML & Operational Analytics Unit
Corporate Security & Compliance Division, BCLC

2940 Virtual Way, Vancouver, BC V5M 0A6
C s 17(1)

Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups in B.C.

-----Original Message-----

From: Ross Alderson
Sent: Tuesday, September 15, 2015 9:20 PM
To: Bal Bamra; Daryl Tottenham; Cathy Cuglietta; Brad Rudnicki
Subject: Fw:

Sent from s 15(1)(l)

Original Message

From: Kevin Sweeney [REDACTED]

Sent: Tuesday, September 15, 2015 8:30 PM

To: Ross Alderson; Kris Gade

Subject:

<http://www.theprovince.com/business/inside+world+realtor+deep+pool+mainland+chinese+buyers/11365879/story.html>

Case Name:

Lau v. Canada (Minister of Public Safety and Emergency Preparedness)

Between

**Chi Yuen Lau, Applicant, and
Canada (Minister of Public Safety and Emergency Preparedness),
Respondent**

[2012] F.C.J. No. 813

[2012] A.C.F. no 813

2012 FC 788

412 F.T.R. 307

Docket T-1094-11

Federal Court
Vancouver, British Columbia

Phelan J.

Heard: May 2, 2012.

Judgment: June 20, 2012.

(38 paras.)

Administrative law -- Bodies under review -- Nature of body -- Types -- Crown -- Ministers and their agents -- Powers or function -- Discretionary powers -- Exercise of -- Application for judicial review of decision of Minister of Public Safety and Emergency Preparedness ("Minister") confirming forfeiture of funds under Proceeds of Crime (Money Laundering) and Terrorist Financing Act ("Act") dismissed -- Applicant gave \$133,000 in cash to third party to buy car in United States -- Money was seized by Canada Border Services Agency because third party did not report it -- Minister exercised broad discretion to grant relief from forfeiture -- Clear and rational basis for Minister's concern -- Reasonable for Minister to find that he was unsatisfied as to origin of funds.

Criminal law -- Powers of search and seizure -- Seizure -- Forfeiture of items seized -- Application for judicial review of decision of Minister of Public Safety and Emergency Preparedness ("Minis-

ter") confirming forfeiture of funds under Proceeds of Crime (Money Laundering) and Terrorist Financing Act ("Act") dismissed -- Applicant gave \$133,000 in cash to third party to buy car in United States -- Money was seized by Canada Border Services Agency because third party did not report it -- Minister exercised broad discretion to grant relief from forfeiture -- Clear and rational basis for Minister's concern -- Reasonable for Minister to find that he was unsatisfied as to origin of funds.

Application by Lau for judicial review of the decision of the Minister of Public Safety and Emergency Preparedness (the "Minister") confirming the forfeiture of funds under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (the "Act"). Lau wired \$133,000 to Lee to buy her a luxury car in the United States. After Lee squandered the money, Lau gave him the same amount in cash to take to the United States to buy the car. The money was seized by the Canada Border Services Agency because Lee did not report its export as required by the Act. The Minister refused to return the money because he unable to identify the origin of the funds that had allegedly been deposited into Lau's boyfriend's account or the origin of funds that Lee said had been provided by a loan shark.

HELD: Application dismissed. The Minister did not interpret the law or apply a legal test, but rather exercised a broad discretion to grant relief from the usual result of seizure, which was forfeiture to the Crown. There was a clear and rational basis for the Minister's concern. It was reasonable for the Minister to find that he was unsatisfied as to the origin of the funds. The overall context was that the source of the funds was at least opaque. It was not unreasonable for the Minister to put some weight on Lee's statement that \$30,000 came from a loan shark, particularly as the statement was made against interest.

Statutes, Regulations and Rules Cited:

Proceeds of Crime (Money Laundering) and Terrorist Financing Act, SC 2000, c 17, s. 3(a), s. 3(c), s. 12, s. 12(1), s. 18(1), s. 25, s. 27, s. 29, s. 29(1), s. 29(2), s. 32, s. 33

Counsel:

Jeffrey T. Campbell, for the Applicant.

Jan Brongers, Philippe Alma, for the Respondent.

[Editor's note: Amended reasons were released by the Court on July 18, 2012. The changes were not indicated. This document contains the amended text.]

REASONS FOR JUDGMENT AND JUDGMENT

PHELAN J.:--

I. INTRODUCTION

1 The Applicant, Ms. Lau, was either unlucky or unwise or both. She wired a large sum of money (\$133,000) to a Mr. Lee to buy her a luxury car in the US. Mr. Lee squandered the money

and lied to Ms. Lau. She then gave him the same amount in cash to take with him to the US to purchase the car. The money was seized by the Canada Border Services Agency [CBSA] because Mr. Lee did not report its export as required under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, SC 2000, c 17 [Act]. The Minister has refused to return the money because he is not satisfied as to the origin of the funds. This is the judicial review of the exercise of the Minister's discretion under s 29 of the Act confirming the forfeiture of the money to Her Majesty in Right of Canada.

II. BACKGROUND

2 This story began in April 2010 when Ms. Lau, a successful real estate agent in Vancouver, wired \$133,000 to Mr. Lee for the purpose of buying a particular type of Porsche from a Florida dealership. Curiously the money was to go into a casino cage depository in Las Vegas. Ms. Lau had been introduced to Mr. Lee by a colleague/friend as someone who could help her find and import this type of car.

3 Shortly after the transfer of funds, Mr. Lee informed Ms. Lau that the transfer had been returned to her account and that, as he had already paid for the car himself, he wanted her to pay him in cash.

4 On April 30, 2010, Mr. Lee visited Ms. Lau at her home and provided a bank document purporting to show that the wire transfer had been returned.

5 Although Ms. Lau confirmed with her bank that the wire transfer had not been returned, she acceded to Mr. Lee's demand for money immediately. She arranged to give him \$133,000 in cash that very day.

6 The following day Mr. Lee attempted to leave on a flight from Vancouver to Las Vegas carrying \$131,000 CAD and \$1,195 USD. Of the \$131,000 CAD, \$30,000 was wrapped to bank standards with a Bank of Montreal stamp dated April 28, 2010 (two days before Mr. Lee's visit to Ms. Lau). The rest of the money was either wrapped in plastic, brown paper or loosely contained in Mr. Lee's pockets and wallet.

7 Upon departure, Mr. Lee failed to report to CBSA that he was carrying more than \$10,000 as he was required to do under s 12 of the Act and was subsequently questioned by CBSA officials.

8 Mr. Lee stated initially that the money was his and that he was a professional gambler. Later, when documents relating to the car in Florida were found, he admitted that he was selling the car to Ms. Lau. Mr. Lee also admitted that in 2001 he was involved in the fraudulent sale of high-end vehicles. Having admitted that he had lost Ms. Lau's \$133,000 gambling, Mr. Lee stated that he still intended to buy the car for her; however, he did not have an onward air ticket to Florida. The CBSA officer suspected that Ms. Lau had been defrauded of the money.

9 Since Mr. Lee also admitted that the \$30,000 wrapped to bank standards had come from a loan shark, the CBSA concluded that this amount was illegal and therefore constituted proceeds of crime.

10 As the whole amount in Mr. Lee's possession had not been reported, it was seized pursuant to s 18(1) of the Act and, due to reasonable grounds to suspect that it was proceeds of crime, no terms of release were granted.

11 Subsequently Ms. Lau took Mr. Lee to a law firm (not, unfortunately for her, the firm representing her before this Court) to attempt to obtain the return of the funds.

12 Initially that firm wrote to ask for a Ministerial review indicating that the firm represented Mr. Lee and that the funds were to be returned to him.

13 Approximately six weeks later, on June 22, 2010, the firm informed CBSA by letter that it represented both Mr. Lee and Ms. Lau and requested that the funds be returned to Ms. Lau. The firm confirmed that Mr. Lee had been retained to purchase a Porsche and that Ms. Lau had given him the funds.

14 On July 20, 2010, CBSA provided Mr. Lee with its Notice of Reasons; however, it turned out that Mr. Lee had died the previous month and before the July 20, 2010 letter was sent.

15 On September 28, 2010, the law firm wrote to CBSA advising that it no longer represented Ms. Lau. Approximately six months later, a relative of Mr. Lee advised CBSA that the family (presumably his beneficiaries) were not interested in the matter. The CBSA closed its file in respect of Mr. Lee.

16 Ms. Lau had retained current counsel who continued the efforts to secure the return of the money. The firm filed submissions and affidavits explaining that the \$133,000 came firstly from Ms. Lau by way of accumulated gifts over three years from her boyfriend Mr. Lu (an artist who attested that he made approximately \$200,000 per annum and gave Ms. Lau \$100,000). The other source was \$30,000 borrowed from a Mr. Chen on April 28, 2010 for which there was no affidavit; however, Ms. Lau provided a letter from his bank confirming the withdrawal on that date.

17 What followed was a series of expressions of concern by CBSA as to the source of funds from Mr. Lu and Mr. Chen and a series of further submissions on behalf of Ms. Lau, all to the same effect as the facts in paragraph 16.

18 By letter dated June 7, 2011, the Minister issued his s 27 decision confirming that s 12(1) of the Act had been contravened. He further indicated that pursuant to s. 29, he would not exercise his discretion to provide relief from forfeiture in light of the Applicant's failure to demonstrate the legitimate origin of the seized funds.

19 The Minister's discretionary decision was made under s 29 of the Act:

29. (1) If the Minister decides that subsection 12(1) was contravened, the Minister may, subject to the terms and conditions that the Minister may determine,

(a) decide that the currency or monetary instruments or, subject to subsection (2), an amount of money equal to their value on the day the Minister of Public Works and Government Services is informed of the decision, be returned, on payment of a penalty in the prescribed amount or without penalty;

(b) decide that any penalty or portion of any penalty that was paid under subsection 18(2) be remitted; or

(c) subject to any order made under section 33 or 34, confirm that the currency or monetary instruments are forfeited to Her Majesty in right of Canada.

The Minister of Public Works and Government Services shall give effect to a decision of the Minister under paragraph (a) or (b) on being informed of it.

- (2) The total amount paid under paragraph (1)(a) shall, if the currency or monetary instruments were sold or otherwise disposed of under the *Seized Property Management Act*, not exceed the proceeds of the sale or disposition, if any, less any costs incurred by Her Majesty in respect of the currency or monetary instruments.

* * *

29. (1) S'il décide qu'il y a eu contravention au paragraphe 12(1), le ministre peut, aux conditions qu'il fixe :

a) soit restituer les espèces ou effets ou, sous réserve du paragraphe (2), la valeur de ceux-ci à la date où le ministre des Travaux publics et des Services gouvernementaux est informé de la décision, sur réception de la pénalité réglementaire ou sans pénalité;

b) soit restituer tout ou partie de la pénalité versée en application du paragraphe 18(2);

c) soit confirmer la confiscation des espèces ou effets au profit de Sa Majesté du chef du Canada, sous réserve de toute ordonnance rendue en application des articles 33 ou 34.

Le ministre des Travaux publics et des Services gouvernementaux, dès qu'il en est informé, prend les mesures nécessaires à l'application des alinéas a) ou b).

- (2) En cas de vente ou autre forme d'aliénation des espèces ou effets en vertu de la *Loi sur l'administration des biens saisis*, le montant de la somme versée en vertu de l'alinéa (1)a) ne peut être supérieur au produit éventuel de la vente ou de l'aliénation, duquel sont soustraits les frais afférents exposés par Sa Majesté; à défaut de produit de l'aliénation, aucun paiement n'est effectué.

(A more detailed description of the scheme of the Act has been laid out in such cases as *Kang v Canada (Minister of Public Safety and Emergency Preparedness)*, 2011 FC 798, 393 FTR 90; *Sidhu v Canada (Minister of Public Safety and Emergency Preparedness)*, 2010 FC 911, 374 FTR 128.)

20 The s 29 decision was based on the Applicant's failure to establish the legitimate origins of the funds, in particular, and gave rise to reasonable suspicion because:

- * There was no documentation establishing the origins of the \$100,000 seized. The Minister was unable to identify which withdrawals from the boyfriend's account corresponded to the moneys given by the boyfriend.
- * CBSA was unable to ascertain the origin of the numerous large deposits made into the boyfriend's bank account which would account for the origins of the funds eventually gifted to the Applicant. These concerns had gone unanswered throughout the process.
- * The fact that the Applicant kept the \$100,000 in her safe created an undocumented void between a legitimate origin and the seized funds.
- * The claim that the Applicant kept large amounts of currency outside banking institutions was contradicted by her practice of using banks such as when she wired money to Mr. Lee.
- * The fact that the Applicant had sufficient funds in her bank account raised suspicions about why she needed a personal loan and used funds from her personal safe.
- * There were no documents related to the \$1,191 USD that was raised.
- * There were no documents submitted establishing the legitimate origins of the \$30,000 despite the CBSA requesting such evidence.
- * There were additional concerns surrounding the \$30,000 because Mr. Lee claimed that it had been provided by a loan shark; the details of which had been provided by Mr. Lee.
- * These suspicions about the \$30,000 also called into question the Applicant's claim to ownership of this amount.

III. ANALYSIS

21 The issues in this judicial review framed by the Applicant are:

- 1) Did the Minister's delegate err in applying the wrong legal test when determining the Applicant's request for the return of the funds seized?
- 2) Was the decision unreasonable?

22 On the first issue, the Applicant says the standard of review is correctness because it is a matter of law. The Respondent argues that the "proper test" is a matter of statutory interpretation of the tribunal's (the Minister's) home statute and therefore the standard of review is reasonableness.

23 In my view, neither argument is applicable to the decision at issue.

24 The Minister, in interpreting the statute (if that is what he does), does not enjoy the deference that a true tribunal interpreting its statute enjoys. For the reasons given by the Court of Appeal in *Canada (Fisheries and Oceans) v David Suzuki Foundation*, 2012 FCA 40, (*sub nom Georgia Strait Alliance v Canada (Minister of Fisheries and Oceans)*), [2012] FCJ No 157 (QL), the Minister's interpretation of law and his powers must be correct for all the legal and policy reasons outlined by the Court of Appeal.

25 However, the Minister did not interpret the law or apply a legal test in this instance. The Minister exercised a broad discretion to grant relief from the usual result of seizure - forfeiture to the Crown.

26 There is no issue that there was a failure to report the funds and thus a contravention of subsection 12(1) of the Act. Even if Ms. Lau is the owner of the funds, Mr. Lee was her duly constituted agent for transporting the funds across the Canada/US border.

27 If the Applicant has challenges to the s 27 decision with respect to reporting or ownership, these are dealt with under s 25 and s 32 and are subject to an action or application (as the case may be) in the Federal Court where "rights" are to be dealt with particularly under sections 32-33 with respect to the rights of the "owner".

25. A person from whom currency or monetary instruments were seized under section 18, or the lawful owner of the currency or monetary instruments, may within 90 days after the date of the seizure request a decision of the Minister as to whether subsection 12(1) was contravened, by giving notice in writing to the officer who seized the currency or monetary instruments or to an officer at the customs office closest to the place where the seizure took place.

32. (1) If currency or monetary instruments have been seized as forfeit under this Part, any person or entity, other than the person or entity in whose possession the currency or monetary instruments were when seized, who claims in respect of the currency or monetary instruments an interest as owner or, in Quebec, a right as owner or trustee may, within 90 days after the seizure, apply by notice in writing to the court for an order under section 33.

(2) A judge of the court to which an application is made under this section shall fix a day, not less than 30 days after the date of the filing of the application, for the hearing.

* * *

25. La personne entre les mains de qui ont été saisis des espèces ou effets en vertu de l'article 18 ou leur propriétaire légitime peut, dans les quatre-vingt-dix jours suivant la saisie, demander au ministre de décider s'il y a eu contravention au paragraphe 12(1) en donnant un avis écrit à l'agent qui les a saisis ou à un agent du bureau de douane le plus proche du lieu de la saisie.

32. (1) En cas de saisie-confiscation effectuée en vertu de la présente partie, toute personne ou entité, autre que le saisi, qui revendique sur les espèces ou effets un intérêt en qualité de propriétaire ou, au Québec, un droit en qualité de propriétaire ou de fiduciaire peut, dans les quatre-vingt-dix jours suivant la saisie, requérir par avis écrit le tribunal de rendre l'ordonnance visée à l'article 33.

(2) Le juge du tribunal saisi conformément au présent article fixe à une date postérieure d'au moins trente jours à celle de la requête l'audition de celle-ci.

28 In my view, s 29 is a different process which engages the Minister's discretion. In exercising that discretion, the Minister put emphasis on establishing the origins of the funds. Such emphasis is consistent with the objectives of the Act:

3. The object of this Act is

(a) to implement specific measures to detect and deter money laundering and the financing of terrorist activities and to facilitate the investigation and prosecution of money laundering offences and terrorist activity financing offences, including

- (i) establishing record keeping and client identification requirements for financial services providers and other persons or entities that engage in businesses, professions or activities that are susceptible to being used for money laundering or the financing of terrorist activities,
- (ii) requiring the reporting of suspicious financial transactions and of cross-border movements of currency and monetary instruments, and

...

(c) to assist in fulfilling Canada's international commitments to participate in the fight against transnational crime, particularly money laundering, and the fight against terrorist activity.

* * *

3. La présente loi a pour objet :

a) de mettre en oeuvre des mesures visant à détecter et décourager le recyclage des produits de la criminalité et le financement des activités terroristes et à faciliter les enquêtes et les poursuites relatives aux infractions de recyclage des produits de la criminalité et aux infractions de financement des activités terroristes, notamment :

- (i) imposer des obligations de tenue de documents et d'identification des clients aux fournisseurs de services financiers et autres personnes ou entités qui se livrent à l'exploitation d'une entreprise ou à l'exercice d'une profession ou d'activités susceptibles d'être utilisées pour le recyclage des produits de la criminalité ou pour le financement des activités terroristes,
- (ii) établir un régime de déclaration obligatoire des opérations financières douteuses et des mouvements transfrontaliers d'espèces et d'effets,

...

c) d'aider le Canada à remplir ses engagements internationaux dans la lutte contre le crime transnational, particulièrement le recyclage des produits de la criminalité, et la lutte contre les activités terroristes.

29 With respect to the Minister's decision itself (the 2nd issue), the Court of Appeal in *Sellathurai v Canada (Minister of Public Safety and Emergency Preparedness)*, 2008 FCA 255, [2009] 2 FCR 576, set out the standard of review of the exercise of discretion as reasonableness.

53 ... Within that framework, there may be various approaches to the exercise of the Minister's discretion but so long as the discretion is exercised reasonably, the courts will not interfere. In this case, the Minister proceeded by asking Mr. Sellathurai to demonstrate that the funds which were seized came from a legitimate source. The Minister concluded that the evidence provided by Mr. Sellathurai did not satisfy him that the funds came from a legitimate source. ...

30 Given the totality of the background of this case, it is hardly surprising that the Minister (or his officials) had suspicions as to the source of funds and the flow of monies.

31 It is arguable that the Minister's suspicion arising from the Applicant borrowing money rather than using a line of credit is questionable. However, that conclusion must be weighed in the overall context of the facts where traceability of the origin of the funds was at least opaque.

32 The comment regarding the Applicant not knowing the nationality of the currency is an error; it was a peripheral comment at best.

33 In the context of the questionable history of the source of the \$30,000 in bank standard wrapping, it was not unreasonable to put some weight on Mr. Lee's explanation that he obtained it from a loan shark, particularly as it was given at a time when it was an "admission against interest".

34 The Applicant's reliance on a loan agreement concerning the \$30,000 legitimately raises as many questions as it answers. The loan was taken out two days before the Applicant says she knew Mr. Lee insisted on being paid \$133,000. The loan is at best a bare promissory note "I, **Julia Chi Yuen Lau**, borrowed \$30,000 CAD from **Mai Lin Chen**. I will pay him back the whole amount in one year". This agreement, lacking such fundamentals as interest rate (or even confirmation of interest), place of payment and other terms granted, by a successful real estate agent with a MBA, provides a reasonable basis to look for other evidence, including that provided by Mr. Lee.

35 The fact that there was no affidavit from Mr. Chen or additional objective evidence as to the origins of the \$30,000 showing how or when it was earned, gives reasonable grounds for concern.

36 The central thesis of the Minister's decision is that he was not satisfied as to the origins of the funds. There is a clear and rational basis for the Minister's concern and, in terms of standard of review, some deference is owed to the Minister as to whether he ought to have been satisfied with the explanations advanced.

37 I conclude that the Minister's decision falls within a range of acceptable outcomes and is reasonable in the circumstances.

IV. CONCLUSION

38 For these reasons, this judicial review will be dismissed with costs.

JUDGMENT

THIS COURT'S JUDGMENT is that the application for judicial review is dismissed with costs.

PHELAN J.

cp/e/ql ecl/ql lmr/ql ecl/ql ced

---- End of Request ----

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Time Of Request: Tuesday, March 03, 2015 16:46:57

From: [Rob Kroeker](#)
To: [Brad Desmarais](#); [Laura Piva-Babcock](#)
Cc: [Susan Dolinski](#)
Subject: RE: Concern re article
Date: January 15, 2018 11:09:16 AM

Same

From: Brad Desmarais
Sent: January-15-18 11:07 AM
To: Laura Piva-Babcock ; Rob Kroeker
Cc: Susan Dolinski
Subject: RE: Concern re article

I think it's new information to me as well. I can't conceive we would release something like that.

Brad Desmarais

Vice President, Casino and Community Gaming
BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6

Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Laura Piva-Babcock
Sent: Monday, January 15, 2018 11:02 AM
To: Rob Kroeker **PERSONAL INFORMATION**; Brad Desmarais <**PERSONAL INFORMATION**>
Cc: Susan Dolinski **PERSONAL INFORMATION**
Subject: FW: Concern re article

Hello,

Peter Goudron called today asking about the highlighted section of this article. He and the members are asking whether this came from an FOI – and if possible, they would like to see the rest of the document since they've never seen it before. The content is concerning to them, since they've never heard this before. I have not had anyone go through our FOIs, but I don't think a document like this would make it via FOI. Are either of you aware of where this would have come from.

Also, I am wondering if you're aware of the "legal letter" from GCGC that Cooper references at the very bottom of the article.

Thanks. L

Developer took \$2.68M cash loan in coffee shop, legal filing claims

Vancouver Sun

Friday, January 12, 2018

Page A01

By Sam Cooper

Paul King Jin, the B.C. Lottery Corp.-banned lender at the centre of an investigation into alleged transnational **money laundering** in B.C. casinos, claims he delivered a \$2.68-million cash loan to a Chinese real estate developer in a Richmond coffee shop.

In B.C. Supreme Court filings, Jin says that on Dec. 24, 2015, he met a man named Xiao Bing Liu at a coffee shop on Richmond's No. 3 Road to deliver "a significant amount of money."

Liu, however, claims he only signed a document in exchange for **gambling** chips at an illegal casino in Richmond, and that he does not owe Jin any money. The case appears to shed light on elements of the RCMP's E-Pirate investigation. In 2015, the RCMP targeted an alleged organized-crime network accused of delivering cash loans sourced from drug traffickers to

VIP gamblers at Richmond's River Rock Casino, and running illegal casinos in Richmond attended by high roller gamblers from China.

In late August, at a Vancouver conference attended by law-enforcement officials, RCMP Insp. Bruce Ward outlined the details of E-Pirate.

Without naming the suspect he was talking about, Ward said that in late 2015, E-Pirate targeted a number of residences and several illegal casinos in Richmond.

"These are some of the illegal casinos he was setting up. He thought he could double-end it," Ward said. "Not only loan the money, but then run the casino and take the profits."

Ward explained the complex methods by which organized criminals run illegal casinos without having any cash on premises.

"The way our laws are written, now when they build the illegal casinos, there is no cash," Ward said.

"You go to another place of business and you sign a loan," Ward added. "You (gamble in the illegal casino, and) record what you lose or what you win. Then you go back to the place of business and pay off your debt from the loan you took out."

Jin's claim that Liu has not repaid a \$2.68-million loan is supported by an affidavit from Jian Qiu Rong. Rong's statement says both she and Liu are from Shenyang, and she had heard of him "through my circle of friends in China."

Rong says she met Liu socially in Richmond, and she learned he was looking for a loan of up to \$3 million for an unknown purpose.

"When we first met, Xiao Bing Liu introduced himself to me as someone who started out doing real estate development in China," Rong's statement says. Rong says that she knew Jin "was in the business of lending money, (so) I introduced Paul King Jin to Xiao Bing Liu."

Rong says she was asked to attend a meeting between Jin and Liu and to act as a witness. The meeting took place at an unidentified coffee shop on No. 3 Road, near Liu's residence in the 6300 block of Buswell Street.

According to Rong's affidavit, on Dec. 24, 2015, "At the meeting, Paul King Jin provided a bag containing cash to Xiao Bing Liu - I was able to see the content of the bag through its opening."

Rong's affidavit includes a translated Chinese-language promissory note that says: "Today, I borrowed CAD \$2.68 million from Mr. Paul King Jin for a term of one month."

Rong claims she and Liu signed the promissory note.

Law enforcement and Richmond casino insiders have informed Postmedia that some businesses in the several city blocks near No. 3 Road and Westminster Highway are believed to be the centre of underground banking linkages between China and B.C.

This is the location of Silver International Investment, an alleged illegal money services business targeted in an October 2015 E-Pirate raid. The RCMP raid captured piles of alleged drug cash, according to Insp. Bruce Ward's presentation, and a massive cache of evidence linking Silver to more than 600 bank accounts in China.

Lenders operating in or around River Rock Casino were using Silver to deliver bags stuffed with \$20 bills to VIP gamblers recruited from Macau, according to E-Pirate allegations. B.C. Lottery Corp. documents obtained by Postmedia suggest these so-called whale gamblers could pay back these loans in China with "little or no interest."

"So far, **BCLC** has been able to determine that for a number of players, they readily admit to not knowing the source of their cash, and that they pay back in suspicious circumstances using suspicious methods with little or no interest," a September 2015 **BCLC** document regarding the Jin investigation states. "This would indicate transnational **money laundering** rather than loan sharking."

The document also claims "there are likely people involved in the regulated B.C. gaming industry that are involved in facilitating proceeds of crime for players. Although cash is still

the main instrument of choice for ... whales, it will not be acceptable in the public eye if more player due diligence is not taken around receiving cash."

Criminal **money laundering** charges have since been laid against Silver.

In the case allegedly involving an illegal casino and a \$2.68-million cash loan, Rong's affidavit states: "I was advised by Paul King Jin that Xiao Bing Liu had defaulted on repaying the loan to him, and that he could not locate Xiao Bing Liu."

Liu denies Jin's version of events. Liu's response says that in December 2015, he "attended at an unlicensed and illegal common gaming house or casino in Richmond and was provided by the illegal casino with a quantity of its own **gambling** chips to be used in the illegal casino."

Liu says he "was asked by a female employee of the illegal casino to sign a document, which was written in the English language, which the defendant cannot read or understand, and which she described to him orally in the Chinese language as a receipt for the **gambling** chips."

Liu says he received **gambling** chips and later returned them to the illegal casino. Liu claims he never received money or a loan from Jin, and he did not intend to enter into a loan agreement.

"The original of the receipt document was kept by the illegal casino and the defendant was not given a copy," Liu's response says. Liu's B.C. lawyer did not respond immediately to a request for comment.

According to a legal letter from Great Canadian, the operator of River Rock Casino, Paul Jin conducted 50 large cash transactions from May to September 2012 at the casino, and Great Canadian filed reports on these transactions.

After that, the **BCLC** barred Jin from B.C. casinos, according to Great Canadian's legal letter.

"After Jin was barred, River Rock staff were the first to uncover the lending activities of Jin and his group near River Rock," the legal letter from Great Canadian says. "In Jin's case, after numerous reports ... the RCMP eventually agreed to investigate Jin in 2014."

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Laura Piva-Babcock

Director, Communications

74 West Seymour Street, Kamloops, B.C. V2C 1E2

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Last year more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: John Karlovcec
To: Daryl Tottenham; AML
Cc: Brad Desmarais
Subject: Re: Hong Kong ruling won't affect Vancouver real estate company, says firm's vice-president - Vancouver Sun
Date: December 26, 2014 8:54:36 AM

Great thanks Daryl.

John

Sent from s 15(1)(l)

From: Daryl Tottenham
Sent: Friday, December 26, 2014 8:51 AM
To: AML
Cc: Brad Desmarais
Subject: RE: Hong Kong ruling won't affect Vancouver real estate company, says firm's vice-president - Vancouver Sun

John

When s 15(1), s 19 are back, they will be able to do a deeper dive and get more details if needed but in the interim, I have checked all the people named in the full article and s 15(1), s 22

The company website for Aspac Developments, which is the Vancouver development company associated to Sun Hung Kai & Co. Ltd in Hong Kong correctly reflects the Vancouver Sun article and their current project at River Green in Richmond by the Olympic Oval is huge....seriously huge! I also looked at the main company, Sun Hung Kai & Co. Ltd in Hong Kong and their current board of Directors and listed senior management staff, as they have changed since this investigation and subsequent trial. The company currently holds 14.6 Billion HK\$ in shareholder's Equity and is massive. One article puts SHKco's size and wealth comparable to triple the size of the Apple empire in the USA. Bloomberg also put's their stock in the top-10 of all companies in Hong Kong..... I have cross-checked all listed Board members, non-executive board members and senior staff and s 15(1), s 22

FYI Daryl

From: John Karlovcec
Sent: Friday, December 26, 2014 3:35 AM
To: AML
Subject: Fw: Hong Kong ruling won't affect Vancouver real estate company, says firm's vice-president - Vancouver Sun
Fyi, please for follow up.

Thanks

Sent from s 15(1)(l)

From: Brad Desmarais S 22
Sent: Thursday, December 25, 2014 11:23 PM
To: John Karlovcec
Subject: Hong Kong ruling won't affect Vancouver real estate company, says firm's vice-president - Vancouver Sun

A Vancouver property developer with ties to a billionaire recently sentenced in Hong Kong to five years in jail for corruption is not expecting any fallout.

<http://www.vancouver.sun.com/Hong+Kong+ruling+not+affect+Vancouver+real+estate+company+says+firm+vice+president/10680091/story.html>

Can we please determine if any of the persons in this article are s 22 Thanks!

Brad

Sent from s 15(1)(l)

From: [Rob Kroeker](#)
To: [Laura Piva-Babcock](#); [Jennifer Keim](#); [Brad Desmarais](#); [Kevin Sweeney](#); [Susan Dolinski](#); [Jim D. Lightbody](#)
Subject: RE: Vancouver sun today
Date: October 7, 2017 10:57:13 AM

s 14

From: Rob Kroeker
Sent: October-07-17 10:48 AM
To: Laura Piva-Babcock ; Jennifer Keim ; Brad Desmarais ; Kevin Sweeney ; Susan Dolinski ; Jim D. Lightbody
Subject: RE: Vancouver sun today
s 14, s 22

•
From: Laura Piva-Babcock

Sent: October-07-17 6:47 AM

To: Jennifer Keim [REDACTED] Brad Desmarais [REDACTED] Kevin Sweeney

[REDACTED] Susan Dolinski [REDACTED] Jim D. Lightbody

[REDACTED] Rob Kroeker [REDACTED]

Subject: Vancouver sun today

Hi

See the article and the editorial piece. We could add to our response to the reporter on Tuesday as an opportunity to provide further context. A response doesn't have to be solely to the questions he has asked.

The editorial has inaccuracies. L



BC Casino

Daily update · October 7, 2017

NEWS

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Vancouver Sun

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