

This is Affidavit #1 of William McCrea
made in this case on August 16, 2021

AFFIDAVIT OF WILLIAM McCREA

I, William McCrea, Retired, of Victoria, British Columbia, MAKE OATH AND SWEAR
THAT:

1. I am a former employee of the Province of British Columbia in the Gaming Policy and Enforcement Branch (“GPEB”) and as such I have personal knowledge of the facts and matters contained in this affidavit, except where stated to be based on belief, in which case I believe them to be true.
2. From 2008 to 2015 I was an Executive Director at GPEB responsible for Quality Assurance and Risk, formerly the Internal Compliance and Risk Management Division. One of the responsibilities I held during my time at GPEB was the Anti-Money Laundering File. I was also responsible for Freedom of Information at GPEB for a time. My Curriculum Vitae reflecting my full professional history is attached to this affidavit as “Exhibit A.”
3. I understand that Larry Vander Graaf has alleged that Sue Birge asked him to delete an email he sent to Eugene Johnson, on April 8, 2011 (“April 8 Email”). A copy of the email in question is attached to this affidavit as “Exhibit B.” I, along with Terri Van Sleuwen and Sue Birge, was also sent this email.
4. I have reviewed the April 8 Email and I remember receiving it at the time.
5. I was well aware of Mr. Vander Graaf’s position on Anti-Money Laundering efforts before I received the April 8 Email.
6. While we both worked at GPEB, I regularly interacted and communicated with Mr. Vander Graaf. The content of the April 8 Email does not stand out as unusual for an email from Mr. Vander Graaf at the time.

7. I have no recollection of being asked by Sue Birge to delete the April 8 Email nor of hearing that any other recipient was asked to delete it.
8. I believe that if I was asked to delete the April 8 Email, or if I had heard that another recipient was asked to delete it, I would have a recollection of that.
9. I believe that if I, or any other recipient, was asked to delete the April 8 Email it would have been raised as an issue at the time as it would have been highly irregular and inappropriate.
10. Ms. Birge had been in charge of Freedom of Information at GPEB before I took over those responsibilities. She was therefore well aware of the rules and requirements for record-keeping and document retention within the Provincial Government. It would not make sense for Ms. Birge to request the deletion of any email, given her knowledge of the Provincial Government's information policies and systems. Particularly in this case where the email was sent to multiple people, Ms. Birge would have known that deletion from one inbox would not permanently delete the email.

SWORN BEFORE ME at the City of)

Victoria, British Columbia, this 16th)

Day of August, 2021)

A Commissioner for taking

Affidavits for British Columbia



William McCrea

CHRISTOPHER M. CONSIDINE, QC

Barrister & Solicitor

30 Dallas Road

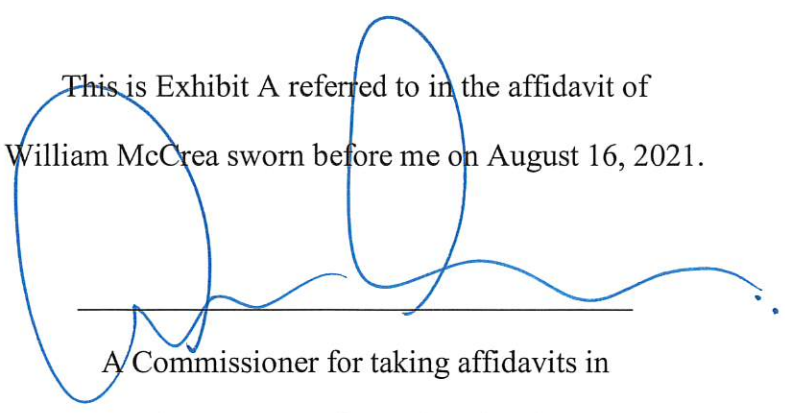
Victoria BC V8V 0A2

Telephone: [REDACTED]

Fax: (250) 381-1042

E-Mail: [REDACTED]

This is Exhibit A referred to in the affidavit of
William McCrea sworn before me on August 16, 2021.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

A Commissioner for taking affidavits in
The Province of British Columbia

William J. (Bill) McCrea

PROFILE

Results-focused senior management leadership professional with over 37 years of work experience. Strong governance and compliance background includes policy and Board development. Ability to build and maintain solid relationships with Federal and Provincial regulating bodies. Extensive experience in building and managing dispute/complaint resolution programs, including Ombudsperson and Privacy Act compliance. Skilled in risk management, strategic planning and corporate responsibility leadership. My key competencies contributing to success include:

- Strong leader with a proven track record in leading people, influencing and executing change
- Superior communication, interpersonal and organization skills
- Experienced in building and leading teams, to achieve organizational success
- Solid reputation for integrity and fairness

CAREER ACCOMPLISHMENTS

PROVINCE OF BRITISH COLUMBIA – GAMING POLICY AND ENFORCEMENT BRANCH **2008-2015**

Executive Director, Quality Assurance & Risk (formerly Internal Compliance and Risk Management)

Reporting to the Assistant Deputy Minister, as a member of the Branch Executive Team:

- Built the newest Division within GPEB, where this discipline did not exist before, to "maintain and monitor an accountability and evaluation framework for the Branch". The need was identified by the BC Ombudsperson and Deloitte & Touche. Accountabilities and accomplishments include:
 - Develop a Governance, Risk & Compliance (GRC) discipline for the Branch. Responsible for leading the Executive Strategic Commitment Operations and Risk Evaluation (SCORE) committee providing governance structure for this Branch-wide work.
 - Deliver and manage a risk management program for the gaming industry, across all sectors. (GPEB, the BC Lottery Corporation, Service Providers, other party interests).
 - Acted as ADM on several occasions and participated in ministry Executive meetings.
 - Created and accountable for GPEB's Whistleblower Program, ensuring integrity of the regulator.
 - Develop and lead a Regulatory Assurance strategic culture, within GPEB Executive, to ensure the integrity of gaming as we both enable and constrain the business.
 - Create and lead cross-divisional groups, working in conjunction with the British Columbia Lottery Corporation and Service Providers, for successful new initiative development and integrity:
 - Develop the AML strategy, including the Patron Gaming Fund account, for BC casinos.
 - Lead the ePoker Internet gaming and Anti-Money Laundering cross-divisional projects.
 - Accountable for Business Continuity Planning for the Branch and served as a member of the ministry emergency management team (Ministry Operations Centre).
 - Responsible for managing FIPPA requirements in the Branch.
 - Managed three special investigation assignments for the ADM, requiring absolute confidentiality.
 - Managed a Deloitte FINTRAC study of BCLC reporting of large or suspicious cash transactions.
- In addition to the Branch accomplishments work within the broader Public Service has been achieved:*
- Develop and deliver an Executive Leadership Group Mentoring program for employees of PSSG and the MSD. Also responsible for one-on-one mentoring with a GPEB Director.
 - Chaired the Ministry of Housing and Social Development Security Council for a six month term.
 - Member of the team to propose improvements to the Community Gaming Grant Strategy (2009).
 - Member of GNPI HR Advisory Council and co-Chair of the GNPI Group Mentoring pilot.

Senior Project Manager (Temporary Assignment)

- Led a cross Ministry team to study, develop & report on solutions to ensure financial securities in the resource sector operate to protect the citizens of British Columbia.

THE ECONOMICAL INSURANCE GROUP**1984-2008****Corporate Responsibility Officer****1999-2008**

Reporting to various senior levels of the organization, including Board of Directors, President & CEO and Senior Vice President & CFO.

- Appointed by the Board as Chief Compliance Officer to develop, implement and maintain the Legislative Compliance Management program. Collaborated with Senior Executive, external consultants, legal, Federal and Provincial Regulators to ensure compliance with governing legislations. Success was validated by Internal Audit and the Superintendent of Insurance.
- Led the Board of Directors in articulating, documenting and formalizing their mandates, including creation of a board manual, resulting in commitment to a high standard of board governance and transparency to the voting members of the organization.
- Designed programs to assess board and committee mandate achievements and board effectiveness, including individual director assessments. Results were presented, by the Chairman of the Board, to the membership at Annual General Meetings, providing assurance of strong governance.
- Responsible for the complaint handling protocol as established in the position of Company Ombudsperson, to receive, manage and track customer complaints, meeting legislative requirements. Introduced an "industry first" philosophy which saw complaints handled effectively at the grassroots level, with complex cases being elevated to the Company Ombudsperson for investigation, negotiation and conflict resolution.
- Executed implementation of the Federal Privacy Act (PIPEDA) in the role of Chief Privacy Officer. Worked closely with all business units, external solicitors and Corporate Governance and Conduct Review Committee to identify collection, use and disclosure of personal client and employee information to develop a Privacy Policy and practices. Company received strong compliance rating in accordance with the Federal and Provincial Privacy Acts.
- Planned and organized Annual General Meetings (AGM), complying with corporation by-laws and legislation, achieving flawless AGM's and receiving personal recognition from the President and CEO as well as the Chairman of the Board.
- Developed and delivered the new portfolio of governance, risk management and compliance, providing the President & CEO and Board assurance that the organization fulfilled its responsibilities to meet governance standards, for this over \$2 billion revenue organization.
- Developed and integrated control self-assessment (CSA) and audit monitoring as part of the organization's Enterprise-Wide Risk Management (ERM) program, enhancing the company's ability to take advantage of upside risk while managing downside risk.
- Monitored requirements of Provincial and Territorial Insurance Acts, developing programs and ensuring regional offices upgrade their operational knowledge relating to their local Acts, balancing business operations with compliance, maintaining seamless customer service.
- Participated as a key member in the Pandemic Planning team, developing potential scenarios along with plans to manage and continue to operate during a pandemic occurrence.

Manager Field Services and Branch Planning**1995-1999****Company Ombudsperson**

- Built the first complaint handling protocol for the company and managed the responsibility as the original Company Ombudsperson. Although an employee of the company the Ombudsperson is required to operate with absolute integrity of administrative and procedural fairness. Worked closely with public, internal stakeholders and government regulatory bodies to resolve complaints, achieve appropriate outcomes and minimizing risk to the organization.

- Led a team of three business analysts to coordinate Canada-wide annual growth and profit planning process, monitoring actual vs. plan, providing field and senior management with quarterly updates, enabling them to take action.

Manager Corporate Planning and Customer Accounts

1995

- Collaborated with business units to manage development of corporate strategic and branch plans, for the entire Group of companies. Managed customer accounts and accounts receivable units in the finance department.

Manager Strategic Resource Unit

1994

- Chosen to be part of a multidisciplinary team, working with the new President and CEO, to establish and roll-out a new disciplined comprehensive strategic planning process and financial planning model. As Manager, Corporate Planning led the new process in Head Office as well as 11 cross-Canada field offices.

Assistant Branch Manager

1993-1994

- Led a team of three senior managers, with indirect reports of approximately 100 employees spread across various Ontario regions, coaching them to achieve growth and profit targets.
- Responsible for budget management for this area of responsibility in the largest Branch of the organization.

Various management positions

1984-1993

- Responsible for managing staff and budgets to achieve corporate goals of growth, profit and expense control.

**ALLSTATE INSURANCE COMPANY OF CANADA
Senior Commercial Account Underwriter**

1980-1984

**HARTFORD INSURANCE COMPANY
Commercial Casualty Underwriter**

1978-1980

EDUCATION/PROFESSIONAL DEVELOPMENT

Master of Business Administration, **MBA**, Wilfrid Laurier University

Fellow Chartered Insurance Professional, **FCIP**, Insurance Institute of Canada

Bachelor of Environmental Studies Degree, **BES (HONS)**, University of Waterloo

Associate, Insurance Institute of Canada, **AIIC**, Conestoga College

ASSOCIATIONS

- | | |
|---|--------------|
| Member of the Institute of Internal Auditors (IIA), Victoria BC Chapter | 2010-Present |
| Member of the Institute of Corporate Directors (ICD) | 2005-2009 |
| Member of the Insurance Institute of Canada | 1980-2009 |
| Insurance Bureau of Canada Committee Work | |
| ▪ Member of the Insurance Bureau of Canada Regulatory Affairs Committee | 2004-2008 |
| ▪ Member of the Statutory Privilege Working Group | 2006 |
| ▪ Founding member, Governance Improvement Committee | 2006-2008 |

COMMUNITY INVOLVEMENT

Co-Chair of the 2014 Ministry of Finance Provincial Employee Community Services (PECSF) Fund Campaign. Awarded 'Most Improved' and 'Highest Participation' honours.

Province of British Columbia PECSF Coordinator, for GPEB, 2009-2013 years and Executive sponsor in 2012. Employee participation has increased through this period.

Volunteer at City of Victoria's Blues Bash, SkaFest and Symphony Splash.

Director, Heartwood Place and member of Executive and Human Resources Committees, Waterloo Region Ontario. Heartwood Place is a non-profit entity that works to build and operate, safe, affordable and available housing for families in need.

Chair, Insurance Division, United Way of Kitchener Waterloo, raising \$1.45 million annually.

Team Captain, Juvenile Diabetes Research Foundation.

Member of the Group Committee for the 42nd and 43rd Kitchener Scouts, including two years as Group Committee Chair.

INTERESTS

In addition to my interest in community involvement I enjoy spending time with my family, reading, collecting music, cooking, gardening, travel, hiking, salt water fishing, skiing, golf and paddleboarding.

SPEAKING ENGAGEMENTS/PRESENTATIONS

Presentation to the 2010 Canadian Gaming Regulators Association (CAGRA) on Managing Risk in the Gaming Industry.

Presentation to the 2009 Regulator Symposium, in Victoria BC, on British Columbia's Patron Gaming Fund Account program (developed and introduced in 2009).

Development and delivery of FIPPA education workshops to the staff of GPEB, through 2009/10.

Participated in the GPEB Excellence program on the Career Planning Executive Panel, in 2010. This work continued in 2011 with seminars on Enterprise-Wide Risk Management.

Presentation to the Insurance Bureau of Canada 2007 symposium on governance of Standards of Sound Marketplace Conduct in business operations.

Participation at the 2007 Canadian Institute Regulatory Compliance Conference seminar on emerging issues of governance, legislation and regulation. Collaborated with a senior manager from the Financial Services Commission of Ontario (FSCO) to prepare and deliver materials to an audience made up of senior representatives from the financial services industry.

Presentation to the Insurance Bureau of Canada Regulatory Affairs Symposium, in 2006, on Enterprise Wide Risk Management.

In conjunction with The Canadian Institute, conducted a half-day workshop as part of the 2005 Regulatory Compliance Conference. The subject dealt with tools for Compliance Officers to use in helping them fulfil their responsibilities.

Annual Lecture presentation at Wilfrid Laurier University, to fourth year undergraduate business students on the subject of regulation, legislation and corporate governance in the insurance business. 2004-2008.

This is Exhibit B referred to in the affidavit of
William McCrea sworn before me on August 16, 2021.

A Commissioner for taking affidavits in
The Province of British Columbia

Vander Graaf, Larry P SG:EX

From: Vander Graaf, Larry P SG:EX
 Sent: Friday, April 8, 2011 10:49 AM
 To: Johnson, Eugene SG:EX; McCrea, Bill J SG:EX; Van Sleuwen, Terri SG:EX
 Cc: Blrge, Sue SG:EX
 Subject: RE: Q&A - anti-money laundering

Importance: High

Eugene,
 Further to our conversation this date, your request that in order to ensure the Q and A that you have forwarded is in context it appears appropriate to forward you some of the Investigation and Regional Operations insight that surfaced in our review of the report. Again, this Division does not make policy decisions but I agree that it is important for you to understand and put the issues in context. I have taken some clips from the Report and our Division response is underlined

BCLC, in consultation with GPEB, should revise its buy-in/cash-out policy to allow for cash-outs to be paid by cheque, where cash-out cheques clearly and unequivocally indicate that the funds are not from gaming winnings. This change will create an audit trail available to enforcement where one presently does not exist, and will have the added benefit of enhancing patron safety.

This Division believes that this recommendation causes great risk if it means that a person can come into the gaming facility with 100K in \$20 dollar bills or even \$100 dollar bills gamble and loose \$1K and get a cheque for 99K and leave the casino. These cheques stamped as "No Win" can still be placed into any financial institute or account anywhere in the world. Agree there is an audit trail to minimize criminals from saying the funds are gambling winnings. It could also assist investigators in identifying "Unexplained Income" but the Casinos would be greatly assisting money launders by converting cash to a convenient transferrable negotiable instrument. I am of the opinion that a Crown Corporation has a greater degree of responsibility to deter money laundering at the source.(AML) I believe that the public will expect that from a Crown Corporation. I realize some foreign jurisdictions do give cheques at anytime but usually they have immediate on site regulatory scrutiny while other jurisdictions give cheques and do not have concerns about money laundering at all. (Macau etc)

Gaming is almost entirely a cash business in BC. This presents opportunities for organized crime and creates significant safety risks for patrons. Transition from cash transactions to electronic funds transfer would strengthen the anti-money laundering regime and patron safety. BCLC, in consultation with GPEB, should take the steps necessary to develop electronic funds transfer systems that maximize service delivery, create marketing opportunities, and are compliant with anti-money laundering requirements. Agree Player Gaming Fund Account is in place.

Players should be directed/encouraged to use the PGF Account on suspicious currency transactions over \$20k. (especially \$20 bills) Give incentives. Encourage the player (LCT Player) to use the Bank and then transfer the funds to the PGF Account. This also eliminates player safety issues in carrying large amounts of cash, provides an audit trail and is an AML mechanism.

While this policy change could potentially allow a money launderer to place funds in the legitimate economy the subsequent audit trail and reduction in risks associated with carrying large amounts of cash, provide benefits that outweigh the negative aspects of allowing the placement.

I have been classified and testified as a Money Laundering expert in a number of countries and in the Supreme Court of BC and Queens Bench in Manitoba and I have difficulty agreeing with this logic. As previously stated, this recommendation if it means that a person can come into the gaming facility with 100K in \$20 dollar bills or even \$100 dollar bills, gamble and loose \$1K and get a cheque for 99K and leave the casino. These cheques stamped as "No Win" can still be placed into any financial institute or account anywhere in the world. Agree there is an audit trail to minimize criminals from saying the funds are gambling winnings. It could also assist investigators in identifying "Unexplained Income" but the Casinos would be greatly assisting money launders by converting cash to a convenient transferrable negotiable instrument. I believe that the public expect expects a Crown Corporation should have deterrence(AML)as the priority. Patron safety is always a concern and the Player Gaming Fund Account through the banking system is fool proof for individual safety and generally AML, if administered properly. It cannot get any better. However, as previously stated this is a Policy decision but this is the Investigation Division opinion.

- policies prohibiting customers from exchanging small denomination bills for large denomination bills;
It should be noted that this policy is continuously not complied with by Service Providers

- issuing cheques only in relation to verified gaming wins; and,
It is not effective and it is very difficult to ensure "verified win" but it is a policy

. BCLC has a statutory duty to be curious about cash transactions and to report large or suspicious transactions. Vigilance is needed especially in regard to transactions involving large volumes of small denomination bills. BCLC's obligation is primarily a duty to report. These reporting obligations do not extend to a duty to investigate and confirm the exact provenance of cash used to buy-in. Detailed inquiries and investigation into the legitimate or illegitimate source of cash appropriately fall to the various enforcement and regulatory authorities.

This Division believes that allowing BCLC and the Service Provider the latitude to be just curious and only have an obligation to report is not only risky but somewhat surprising. We do not believe that will be acceptable to public perception. This Division believes that Crown Corporations obligations should be to a higher standard, Shouldn't a Crown Corporation at least have the same obligation and corporate high road as Banks. Alternately, under this logic, I would suggest that it may be prudent to have the regulatory agency on site in the gaming facility, like the OPP in Ontario. This has been suggested previously and was not met with negative push back. It would mean additional resources to this Division but it would fulfill this and a number of other needs. The Regulator would be immediately be alerted to the situation and make additional on site enquiries as to the origin of the cash, the identity and background of the individual. (investigation) It should also be realized that the Investigation and Regional Operations Division has immediate access to police data bases. Alternately the police could be immediately alerted/called.

The information gleaned from the Independent audit and Task Force will allow the Senior Official's Committee to make further recommendations, if needed, to the Minister on gaming integrity.

This Division offers a preliminary alternative to the formation of a Senior Officials Committee and Task Force.

The two main reasons for concern in BC Casinos have been and will continue to be Loan Sharking and Money Laundering. Most of the time they go hand in hand. The large of volumes of \$20 bills into Casinos are of preliminary concern. Preliminary Option: Objective, AML, Player Safety, and Audit trail. PGF Account can be utilized for all three objectives.

Ministerial Directive to prohibit Large Volumes of \$20 bills directly in casinos. #10K-\$20K daily. This will not prevent "smurfing" but will be an improvement.
Strong encouragement, incentive and direction to players to use Canadian Banks/Credit Unions to EFT funds from Canadian Banks/Credit Unions to PGF Account. Customer Service could play a strong role.
Additional Regulatory Investigative staff on site to interview and query suspicious large cash placement at the time it is at the cash cage.
Couple the above with selective targeted enforcement on individuals with the Investigations and Regional Operations providing assistance and intelligence to IPOC and/or CFSEU and/or Vancouver Drug Section and/or Gang Task force. (we are doing this now)
I am of the opinion that this alone could significantly reduce if not eliminate the majority of the problem.

Again, we do not make Policy: we provide area expertise to those who make those decisions with the ultimate goal of ensuring that the Deputy and the Minister are armed with as much information as possible to make informed decisions. Obviously the decision is up to them.

Eugene as discussed and with this in context, Joe, Derek and I will call you on Monday and we will provide you with our recommendations on the Q and A. I must point out that we are extremely busy but we consider this issue as extremely important both publicly and politically.

Thanks

*Larry Vander Graaf, Executive Director
 Investigations and Regional Operations
 Gaming Enforcement
 Gaming Policy and Enforcement Branch
 Ministry of Public Safety and Solicitor General*

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From: Johnson, Eugene SG:EX
Sent: Thursday, April 7, 2011 4:33 PM
To: McCrea, Bill J SG:EX; Vander Graaf, Larry P SG:EX; Van Sleuwen, Terri SG:EX
Cc: Birge, Sue SG:EX
Subject: Q&A - anti-money laundering

Hi Bill, Larry, and Terri,

We've been asked to provide the Minister with briefing material in relation to Rob Kroeker's report on anti-money laundering measures. The attached Q&A provides background to anti-money laundering issues, but does not address the specifics of Rob's report, which are apparently being tweaked.

I've put in questions and information that seem relevant to me, but as anti-money laundering touches on all your business areas, I would appreciate you reviewing what I've included and adding components that seem relevant to you. Please send me your responses by end of day Monday. Please use track changes.

Cheers

Eugene Johnson
Manager, Strategic Initiatives
Gaming Policy and Enforcement
Ministry of Public Safety and Solicitor General

