

COMMISSION OF INQUIRY INTO MONEY LAUNDERING IN BRITISH COLUMBIA

The Honourable Mr. Austin F. Cullen, Commissioner

AFFIDAVIT #1 OF JIM LIGHTBODY

I, Jim Lightbody, of Surrey, British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President and Chief Executive Officer (“CEO”) of the British Columbia Lottery Corporation (“BCLC”).
2. I am a participant in the Commission of Inquiry into Money Laundering in British Columbia, and as such, have personal knowledge of the facts and matters deposed to in this affidavit. Where I make statements in this affidavit that are not within my personal knowledge, I have identified the source of that information and belief. I believe that all of the information in this affidavit is true.
3. I affirm this affidavit to provide evidence to the Commission pursuant to a summons issued to me pursuant to the Public Inquiry Act, SBC 2007, c. 9.

I. Vice President Lottery Gaming

4. I have been in a leadership position with BCLC since April 2001, when I joined the organization as Vice President for Lottery Gaming from the consumer packaged goods industry.
5. BCLC has three marketing and business operations: lottery; casinos and e-gaming; and support functions, which include legal, security and compliance, finance, corporate services, information technology, responsible gaming, communications, and human resources, among other areas such as risk management and internal audit.

6. I spent approximately ten years as Vice President for Lottery Gaming. As Vice President for Lottery Gaming, I had very little insight into casinos. I would hear updates from the casinos division at executive meetings, but otherwise had little to do with casinos.

7. As such, I was generally aware of concerns about money laundering but I had very limited awareness of the issues around cash in casinos. I was aware of the high limit table business and was aware that people were bringing in bulk cash as there was no other way to buy in at BC casinos at the time.

II. Vice President, Casinos and Community Gaming

8. In June 2011, I was appointed as BCLC's Vice President for Casinos and Community Gaming. The former Vice President, Darryl Schiewe, was put on a special assignment to lead the installation and integration of the casino Gaming Management System project. I remained in the position of Vice President for Casinos and Community Gaming until February 2014.

9. In this position, I was responsible for the marketing, product management, operations and facility development roles in our casino business. The role of security and compliance was managed by our Security and Compliance division.

10. One of my first tasks in this role was to create a business strategy that supported the corporate strategy of BCLC. The Vision for BCLC was for gambling to be "widely accepted as exceptional entertainment." When I became VP Casinos and Community Gaming, I observed that the business had shifted from "supply driven" to "demand driven," with casinos having successfully filled the gap in supply for casinos for core casino players already. I thought the challenge was now to focus on the customer experience to attract people who enjoyed casino gambling but were not attracted to the current BC casino experience.

11. As I explain further later in my affidavit, we developed a Casino Business Strategy focused on building a business whereby 80% of the revenue came from 20% of our players. This was an effort to move to a wider player base, away from the existing concentrated player base where 80% of revenue was coming from 10% of players. Although the strategy we adopted would not be easy, I strongly believed that it was the responsible and right thing to do for the long-term

health of the business and consistent with BCLC's obligation as a Crown Corporation to serve the public responsibly.

12. Making this shift was not easy. It required us to motivate and incentivize BCLC's partners in business, Service Providers, to be aligned with BCLC's strategy and to work within BCLC's role in the gaming industry.

a. Release of Robert Kroeker's Report

13. As VP Casinos and Community Gaming, I became more acutely aware of the issue of large cash buy-ins at BC casinos.

14. Shortly after I became VP Casinos and Community Gaming in June 2011, I attended a meeting with members the Gaming Policy and Enforcement Branch ("GPEB") and BCLC at which the improvement of money laundering controls was discussed. Mr. Douglas Scott and Mr. Bill McCrea attended from GPEB. Mr. Michael Graydon who was then President and CEO of BCLC, Mr. Darryl Schiewe, Mr. Terry Towns who was then Vice President of Corporate Security and Compliance, and I attended from BCLC. I cannot recall the date of this meeting. I believe that it occurred in or around July 2011.

15. I understood that this meeting was to discuss the results of a report written by Mr. Robert Kroeker, who was then at the BC Civil Forfeiture Office, entitled "Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities" (the "Kroeker Report"), dated February 2011. This report is in evidence at Exhibit 73, Appendix E.

16. I am aware that, following the release of the Kroeker Report, BCLC received a document from GPEB entitled "Action Plan to Review of Anti-Money Laundering Measures at BC Gaming Facilities", dated August 22, 2011, a true copy of which is attached as **Exhibit 1 (GPEB0597)**. In this action plan, I understood that GPEB provided its response to the recommendations included in the Kroeker Report.

17. I recall that it was discussed and agreed at this meeting that BCLC was following the recommendations made in that report and taking steps to try to mitigate the risk of money laundering in British Columbia casinos by providing cash alternatives for patrons. I understood

that BCLC wanted to do more to mitigate and prevent money laundering, by improving cash alternatives so that patrons did not have to bring in bags of cash.

18. On or about September 1, 2011, I was copied on an email from Mr. Towns to Mr. McCrea with the subject "Methods to Reduce Reliance on Cash in BC Casinos," with an attachment bearing that same name. A true copy of this email, with the attachment, is attached as **Exhibit 2 (BCLC0015760, BCLC0015761)**.

b. Steering Committee on Cash Alternatives

19. I recall that during this period, there were many intra-organization and inter-organization committees and meetings on anti-money laundering ("AML") and cash alternatives. I sat on various committees as VP Casino in a supporting role. The responsibility for AML at BCLC lay with the Security division.

20. One such committee that I was a part of as VP Casinos and Community Gaming was a Steering Committee working on cash alternatives in 2011, entitled the "Casino Cash and Payment Business Process Enhancements Project Steering Committee". A true copy of the Terms of Reference of this Steering Committee are attached as **Exhibit 3 (BCLC0011927)**.

21. The purpose of this Steering Committee was to explore the use of cash alternatives, in order to reduce patrons' reliance on cash, by overseeing the overall direction of the casino cash and payment business process enhancement project and the impact on BCLC's processes and AML regime. The Steering Committee held discussions about many different possible cash alternatives.

22. I recall that Mr. Towns was Chair of this Steering Committee.

23. The Terms of Reference of the Steering Committee, attached above as Exhibit 3 (BCL0011927), were approved at the October 31, 2011 Steering Committee meeting. A true copy of the minutes of this meeting are attached as **Exhibit 4 (BCLC0011893)**.

24. Through 2012 and 2013, I recall that the focus was on introducing cash alternatives and getting these adopted and implemented in casino operations. I was advised of decisions to implement new cash alternatives during the 2012 and 2013 period.

25. In March 2012, I attended a joint executive meeting including BCLC and GPEB to discuss AML priorities, including the decision to implement a number of cash alternatives. These cash alternatives included, among other things, cheque holds, debit machines at the cash cage, Patron Gaming Fund (“PGF”) accounts, and convenience cheques. I recall that BCLC began to roll out these cash alternatives in April 2012 in all casinos. As these initiatives were introduced, BCLC played a role in setting the parameters for these cash alternatives to ensure a level playing field between Service Providers.

26. I recall learning from Mr. Towns in or around July 2012 that the combination of the PGFs and the debit machines at the cash cage had already taken \$17 million in cash out of the system since April 2012. By October 2012, I learned that there were 179 PGF accounts. I recall that BCLC worked with Service Providers to encourage greater uptake on the PGF accounts and GPEB appreciated this.

27. While I was a member of the Steering Committee on Cash Alternatives, I was also a member of the Casino Service Providers Working Group, which comprised representatives of BCLC and Casino Service Providers. True copies of the minutes of the meetings by the Casino Service Providers Working Group on October 28, 2011 and December 15, 2011 are attached as **Exhibits 5 (BCLC0011888)** and **6 (BCLC0011887)** respectively.

28. I recall that the Casino Service Providers Working Group provided a forum for BCLC and Casino Service Providers to discuss cash alternatives being considered as part of the Casino Cash Payment Business Process Enhancements Project.

29. Following one of these Casino Service Providers Working Group meetings, on or about November 11, 2013, I received an email from Mr. Brad Desmarais, who was then Vice President of Security and Compliance, following a conversation during this meeting. Mr. Desmarais emailed about concerns about the mechanisms by which money flowed from Macau to BCLC casinos. A true copy of this email is attached as **Exhibit 7 (BCLC0015974)**.

c. Meeting between Terry Towns, Ross Alderson, Steve Beeksmas and Stone Lee

30. In or around April 2012, I received a call from Mr. Peter Goudron. I knew Mr. Goudron to be at that time an executive with the Great Canadian Gaming Corporation (“GCGC”). During

our call, I recall that Mr. Goudron complained about BCLC Investigators speaking to players at GCGC facilities. I told Mr. Goudron that BCLC Investigators were simply required to do their jobs. I did not tell Mr. Goudron that BCLC Investigators would stop speaking to patrons.

31. I did not have the authority over BCLC investigators as VP of Casinos and Community Gaming. As a result, following my call with Mr. Goudron, I advised Mr. Towns of Mr. Goudron's complaint. As Vice President of Security and Compliance, Mr. Towns was responsible for overseeing BCLC's investigators. I held the understanding at that time that the BCLC security team were starting to focus on cash facilitators and trying to clamp down on this. I recall Mr. Towns saying to me that BCLC's security team were communicating with high limit players and telling them not to use cash facilitators. It was Mr. Towns' initiative to put BCLC security personnel inside the casinos.

32. I later learned of a meeting that occurred in Mr. Towns' office that included some BCLC Investigators. I do not recall the date that I became aware of this meeting, but I believe that I only became aware of it a number of years later. I do not have specific knowledge of who attended this meeting. In my experience with Mr. Towns, I respected him as a man of high integrity.

33. I did not have any concerns with BCLC investigators speaking with players in casinos. In my view, it was incumbent on BCLC investigators to do all they could to make sure that they were operating consistent with AML rules and guidelines. In my view, it did not make sense to have BCLC investigators in casinos if they could not speak to players. At the time that I received the call from Mr. Goudron and to this day, I do not have any concerns with BCLC investigators speaking with players in casinos.

d. High Limit Tables

34. One plan that resulted from the Casino Business Strategy was the Table & E-Table Games Strategy Document, created by the Casino Product Management team in 2012, a true copy of which is attached as **Exhibit 8 (BCLC0016589)**.

35. I was particularly interested in this Table Games Strategy as BCLC believed that Table Games like Blackjack, Roulette and Craps were opportunities to develop Casual, Light and

Moderate players to enjoy the casino experience more. The challenge in offering low limit table games is that it may not be cost-effective for Service Providers.

36. The Table Games Strategy was driven by a focus on the customer and its primary initiatives were around games and bet limits for light, casual and medium players. The Table Games Strategy also addressed the High Limit Table category using a customer focus lens. BCLC's Service Providers provided BCLC with insight into these players' preferences and play behaviour.

37. I was aware that River Rock and Edgewater were planning to add more private High Limit rooms.

38. On or about January 29, 2014, I received a letter from Mr. Jerry Williamson, Director of Gaming Facilities in the BCLC Casino and Community Gaming Division, regarding the opening of the Edgewater Casino High Limit Room on January 31, 2014. A true copy of this letter is attached as **Exhibit 9 (BCLC0008128)**.

39. As VP Casinos and Community Gaming, I was responsible for the ultimate approval of the opening of the Edgewater Casino High Limit Room by BCLC. Although I approved the direction that this should move forward, I recall that no new casino gaming area could open without the approval of the BCLC Security team.

e. Changes to Bet limits

40. During my tenure as VP Casinos and Community Gaming, I received a recommendation by the Casino Product Marketing Team to raise the betting limit for high limit tables to \$10,000 a spot, for a total of \$90,000 per table for a hand. I was told by Mr. Darren Jang that this that this was in response to a request made by GCGC.

41. I recall a trial program of expanded limits in the High Limit or Private Rooms in early 2013. We did not seek or receive GPEB approval for this trial. The Director of Casino Operations had the approval responsibility for bet limits.

42. Between January 2013 and February 2013, I was copied on letters sent to Service Providers inquiring whether each Service Provider would be interested in participating in a trial of

expanded limits in the High Limit or Private Rooms. Attached are true copies of the following letters on which I was copied:

- a. **Exhibit 10 (BCLC0008129)** is a letter from Mr. Serge De lure, Director of Operations, BCLC Casino and Community Gaming, to Mr. Goudron of Great Canadian Casinos, dated January 30, 2013;
- b. **Exhibit 11 (BCLC0012455)** is a letter from Mr. De lure to Mr. Jag Nijjar of Gateway Casinos & Entertainment, dated February 4, 2013; and,
- c. **Exhibit 12 (BCLC0012456)** is a letter from Mr. De lure to Ms. Lynn Holt of Paragon Gaming Inc, dated February 4, 2013.

43. On or about February 7, 2013, I was copied on a letter from Mr. De lure to Mr. Rob McIntyre approving the River Rock Casino moving forward with the trial expansion of table limits in the High Limit and Private Rooms commencing on February 7, 2013. A true copy of this letter is attached as **Exhibit 13 (BCLC0012454)**.

44. I do not recall if Gateway Casinos or Paragon also participated in this trial expansion of table limits in the High Limit and Private Rooms.

45. On March 7, 2013, I sent an email to all BCLC Senior Executives summarizing the performance during the 2013 Chinese New Year, a true copy of which email is attached as **Exhibit 14 (BCLC0015175)**.

46. In my March 7, 2013 email, I forwarded to the BCLC Senior executives an internal BCLC email exchange between February 19, 2013 and March 7, 2013. This internal email exchange made apparent that Chinese New Year 2013 was marked by a significant increase in performance over the Chinese New Year 2012. I explained to BCLC Senior Executives that a key driver of these results was the tactic within the Table Games Strategy to increase bet limits on regular and high limit floors.

47. Subsequently, later in 2013, under my direction, BCLC made a request to GPEB to increase the table aggregate limits in casinos. I believed that it was prudent in the spirit of collaboration and prudent to provide proper context to share with GPEB our Table Games

Strategy and request approval for the changes we were seeking including, among other things, approval for the changes to High Limit table aggregate bet limits. This was done in or around June 2013. To the best of my recollection, I believe I was informed that when Ms. Suzanne Bell, GPEB's Director of Policy, the increase in bet limits for High Limit Baccarat, she decided to seek the direction and approval of the General Manager.

48. On or about December 12, 2013, I sent an email responding to Mr. Graydon regarding the request to GPEB to increase the table aggregate limit for high limit tables and BCLC's interest in approving this increase by early January and before Chinese New Year. A true copy of my email is attached as **Exhibit 15 (BCLC0016541)**. I received a reply by email from Mr. Graydon that same day, a true copy of which is attached as **Exhibit 16 (BCLC0016542)**.

49. On or about December 17, 2013, I exchanged several emails with Mr. Graydon and Ms. Susan Dolinski, who was Vice President, Communications and Social Responsibility at BCLC, regarding the status of BCLC's request to GPEB to increase the limits for high limit tables and the indication from GPEB that this was going to the Minister for approval. A true copy of these email exchanges are attached as **Exhibits 17 (BCLC0016543)** and **18 (BCLC0016546)**.

50. On or about December 18, 2013, I received an email from Ms. Dolinski forwarding a copy of a draft Briefing Note being prepared within GPEB for the Associate Deputy Minister relating to BCLC's request to GPEB to increase table aggregate limits in casinos with her comments Attached as **Exhibit 19 (BCLC0015179)** is a copy of the email, dated December 18, 2013, from Ms. Dolinski, without attachments.

51. Attached as **Exhibit 20 (BCLC0015178)** is what I believe is a true copy of the draft briefing note provided to Ms. Dolinski, without her comments added.

52. I recall that BCLC received notice from GPEB that they did not need to approve this change in table betting limits, and so BCLC moved forward with this initiative. BCLC offered Service Providers the opportunity to increase table betting limits to \$10,000 per spot and implement an aggregate table betting limit of \$100,000 at a private table.

53. It is important to note that \$100,000 for aggregate bets for one hand at a baccarat table was the upper limit that a Service Provider could offer to a player or players at a table. It is a Service

Provider's decision whether to allow a player to bet the maximum bet based on their table bet risk management. I am not aware of how often or whether Service Providers ever allowed a patron to bet \$100,000 on one hand of Baccarat.

54. The decision to increase the bet limits was not taken lightly. Before approving the increase in betting limits, I asked the project management team if the BCLC Security team had reviewed the proposal. I recall that I received confirmation from Mr. Darren Jang, the Manager of Casino Products, that the Security team was prepared for and comfortable mitigating any risk with the AML systems in place at the time. I am not familiar with the process that the BCLC Security team went through to assess the money laundering risk associated with the increase in betting limits in 2014. I am not aware if the BCLC Security team reduced its analysis of the increase in betting limits to writing.

55. In or around December 3, 2014, I received emails relating to further potential increases in betting limits to \$250,000. This never went anywhere and BCLC did not pursue this increase. A true copy of this email exchange is attached as **Exhibit 21 (BCLC0007377)**.

56. Attached as **Exhibit 22 (BCLC0016642)** is a table summarizing the increases in bet limits. I have reviewed this table and I believe it to be true to the best of my knowledge. I believe this to be true as it appears the bet limits were set for different casinos depending on their interest or capability. I recall hearing in Executive meetings when I was the VP of Lottery in around 2007 or 2008 that River Rock's bet limits were \$5,000 per spot and up to \$45,000 per table

f. Michael Graydon's Departure

57. While in the position of VP Casinos and Community Gaming, I was aware for some time that Mr. Graydon was unhappy with his compensation. I was not surprised when Mr. Graydon departed from his position at BCLC.

58. I was surprised to learn that, upon his departure from BCLC, Mr. Graydon joined a BCLC Service Provider, Paragon/Parq. I recall learning from Mr. Rod Baker, the CEO of GCGC, that GCGC was very concerned about the implications of Mr. Graydon working with a Service Provider immediately after leaving BCLC.

III. President and CEO of BCLC

59. In February 2014, I was appointed as interim President and CEO of BCLC. On or about April 11, 2014, I received a letter from Mr. Bud Smith, Chair of the BCLC Board of Directors, dated April 11, 2014, confirming my appointment as interim President and CEO effective January 30, 2014. A true copy of this letter is attached as **Exhibit 23 (BCLC0010531)**.

60. On or about March 31, 2015, I received a letter from Mr. Smith appointing me as permanent President and CEO of BCLC effective April 1, 2015. A true copy of this letter is attached as **Exhibit 24 (BCLC0010532)**.

61. I remain in the position of President and CEO at present, but I have been on medical leave since September 2019.

62. The roles and responsibilities of the BCLC President and CEO have remained constant during my tenure. I have a broad mandate within the organization. I am responsible for providing leadership and direction in strategy, marketing, and product development, as well as operational responsibility for the provision of products, services, and support for patrons and business partners. I have duties and responsibilities in a range of areas, including in the areas of Leadership, Corporate Strategy, Planning and Reporting, Policies and Controls, Risk Management, Human Resources, and External Relationships. Broadly speaking, my responsibilities include:

- a. Leading and managing the Executive team responsible for the operations of BCLC on a day-to-day basis in accordance with the parameters established by the Board of Directors of BCLC;
- b. Providing overall leadership and vision in developing the strategy necessary to realize the organization's objectives and manage risks; and
- c. Ensuring strategic and annual plans are effectively implemented, the results are monitored and reported to the Board, and financial and operational objectives are attained.

63. I am aware that BCLC is mandated by the Province of British Columbia to conduct and manage the commercial gambling business in British Columbia in a socially responsible manner for the benefit of all British Columbians, that is, in a positive economic, social and environmental way. To that end, my responsibilities include:

- a. Responsibility for fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility; and
- b. Ensuring that all operations and activities of BCLC are conducted in accordance with laws and regulations, and BCLC's policies and practices, including its Standards of Ethical Business Conduct.

64. I take pride in BCLC's social responsibility mandate and worked diligently through my tenure to help BCLC to fulfill this mandate. I am personally committed to social responsibility and this underpins my leadership approach and management to the organization, including in the area of money laundering. I am very concerned about the potential for money laundering in British Columbia and in the gaming sector in particular.

a. BC's Unique Gaming Market

65. I am convinced, based on my experience as President and CEO of BCLC, of the uniqueness of British Columbia's gaming market within North America. Traditionally, North American casinos receive 80% of their revenue from slot machines and 20% from table games.

66. I learned in or around 2012 that only two casinos in North America had an equal split between slot machines and table games: River Rock Casino and Edgewater. This trend continued recently with Parq.

67. I am aware that there has been significant interest in the Vancouver market by other casino operators. As one example, I recall learning that Caesar's had an office in Vancouver from which they would recruit players and fly them to Las Vegas on a corporate jet. I am aware that the casinos MGM, the Venetian/Sands, Resorts World/Genting and Wynn also recruited in Vancouver.

68. Given my knowledge of the gaming market in British Columbia, I was not surprised to learn from Mr. Robert Scarpelli of HLT Advisory, that when asked by the Massachusetts Gaming Commission why he was interested in opening a casino in Boston, Mr. Steve Wynn, who was then Chairman and CEO of Wynn Resorts, said that there were only two markets in North America outside of Las Vegas he would be interested in: Boston and Vancouver. I was told he stated the reason was their research unveiled that Boston and Vancouver had very good schools and universities and many wealthy Asians were relocating to those cities or sending their children there to further their children's education and would come to visit regularly. Wealthy Asian business people were a primary target market for Wynn casinos.

IV. Marketing British Columbia Casinos

69. In my position as VP Casinos and Community Gaming, the marketing team for BC casinos reported to me. As President and CEO, I learned of marketing initiatives through the BCLC Vice Presidents responsible for corporate services, casinos, lotteries and e-gaming.

70. I am aware that BCLC and the Service Providers had a marketing committee for BC casinos and agreed on delegating responsibilities to BCLC and Service Providers, but I did not sit on this committee as either VP Casinos and Community Gaming or as President and CEO.

71. During my time as President and CEO of BCLC, it was my understanding that there was an arrangement with the Service Providers that BCLC would focus on growing the low-limit play by developing the "light and casual" player base and the Service Providers would market to core customers.

72. BCLC did not market to customers outside of Canada. I am similarly not aware of any Service Providers marketing outside of Canada.

73. I am not aware if the marketing committee ever discussed international marketing.

74. On or about June 17, 2013, I received an email from Mr. Graydon. Mr. Graydon forwarded to me an email from Mr. Baker with a GCGC briefing note proposal to BCLC entitled "International Incremental Revenue Program". A true copy of this email from Mr. Graydon and

this Briefing Note are attached as **Exhibit 25 (BCLC0008094 and BCLC 0008095)**. I recall that GCGC wanted to grow the international business.

75. I do not recall having a conversation with Mr. Graydon about this proposal by GCGC.

76. BCLC ultimately declined this proposal. I recall that High Limit and VIP play were not my focus for growth. As I explain in greater detail elsewhere in my affidavit, I was focused on growing the large light and casual player base, consistent with BCLC's casino strategy and vision to shift from 80% of BCLC's revenue coming from just 10% of players to 80% of the revenue coming from 20% of players.

V. Awareness of Growth in Large and Suspicious Cash Transactions

77. I do not recall receiving information early in my tenure as VP Casinos and Community Gaming as to the source of large quantities of cash used by patrons. I do recall learning about cash facilitators who would deliver money to players at casinos. This was a real and significant concern for BCLC. I understood that a lot of effort was being put in by BCLC's Security team to remove cash facilitators or loansharks from casinos.

78. I understood that the perception associated with large quantities of cash entering casinos was not a good one for BCLC or for the casino industry generally.

79. I understood that there was a risk that this money may be the proceeds of crime. The risk of proceeds of crime being used at casinos was always a concern. BCLC had long been concerned about drug dealers in casinos: criminals are risk takers and there is a high likelihood they would be interested in playing in casinos. The primary reason that BCLC wanted to establish an information-sharing agreement with the RCMP was to allow BCLC to pro-actively ban these players. In the late 2000s, Mr. Towns put BCLC personnel into casinos in part to help to keep the criminal element out of casinos.

80. During my tenure as VP Casinos and Community Gaming, I understood that there was a lot of confidence by BCLC's Security Team and the Vice Presidents Mr. Towns and subsequently Mr. Desmarais, who I knew to be experienced former police officers who were smart and trustworthy, that identifying players that came in with large amounts of cash and

reporting these transactions to the Financial Transactions and Reports Analysis Centre of Canada (“FinTRAC”), the Gaming Enforcement Policy Branch (“GPEB”) and the police, mitigated against the risk of criminality.

81. I do not recall any efforts by BCLC’s Security team to determine how difficult it would be to get large quantities of cash from a bank, although they may have undertaken this work. I do recall that some work was done during my tenure as CEO to look into how MSBs packaged money. It is my recollection that the security team investigated how Money Service Bureaus bundled their money and determine that they were doing so in a manner that was consistent with how it was being received at the casino. To my recollection, Mr. Kroeker, who was then Vice President of Legal, Compliance and Security and Chief Compliance Officer at BCLC, would have had oversight of that work.

a. BCLC Anti-Money Laundering Unit

82. In 2013, BCLC under the stewardship of Mr. Desmarais created an Anti-Money Laundering Unit (“AML Unit”) which was responsible for reviewing and monitoring existing AML measures and implementing further AML measures to respond to identified risks. It has the authority to act independently, including barring certain patrons, advising casino service providers not to accept cash from certain patrons, and working closely with regulatory and law enforcement agencies, including weekly meetings to discuss high value customers and transactions. The BCLC AML Unit used open source data points and information received through an information-sharing agreement with the RCMP to check for potential risks.

83. All members of the AML Unit received certification from the Association of Certified Anti-Money Laundering Specialists (“ACAMS”). ACAMS is the largest international membership organization of Anti-Financial Crime professionals, which supports individuals and organizations to end financial crime through providing professional education, among other things.

84. After I became CEO of BCLC, I was no longer directly involved in BCLC’s AML efforts, such as the Steering Committee on Cash Alternatives or the AML Task force. I relied on the Vice President of Security and Compliance for updates and guidance on ongoing and emerging

AML issues and to raise these issues to me where they required my involvement. These updates included information on specific patrons where appropriate. As one example, on November 26, 2014, I received an email from Mr. Desmarais updating me on activities of a VVIP and advising me that all Lower Mainland casinos had been advised not to accept cash from this VVIP until interviewed by BCLC investigators. A true copy of this email is attached as **Exhibit 26 (BCLC0007975)**.

85. During my time as President and CEO of BCLC, the AML Unit's size and resources expanded. I approved elevating the position of leader of the AML unit from a Manager position to a Director position, to reinforce and ensure the authority of this individual within BCLC and to reflect the priority being given to AML initiatives.

86. I had and continue to have complete confidence in the AML Unit. Throughout my time as CEO, I have made clear my position: I am prepared to invest in the AML Unit and to provide the AML Unit with whatever resources and personnel it required to develop a strong AML strategy. This is consistent with the direction that I received from the BCLC Board of Directors when I became interim CEO. From the start, the Board of Directors agreed with me that when looking at cost management, we should not touch AML work or risk management.

87. I am confident that the AML Unit built a strong AML mitigation system to ensure that BCLC knew its customers and to ban and place conditions on players where appropriate, based on a risk-based approach. I trusted my team to be doing their due diligence where an unusual financial transaction was reported by a Service Provider, and that the AML Unit would look into the players' background to look at the source of wealthy and source of funds issues.

88. BCLC was aware of capital flight restrictions in China, and the question of how foreign national were getting money into Canada was an obvious one. Initially, the focus of the AML Unit was on the source of wealth of these VIP players. I was advised that these VIP players were very wealthy, and owned residences and businesses in Canada. Some had children attending school or university in Greater Vancouver.

89. In 2014, the source of cash became more of a concern to BCLC. We had seen a marked increase in table game revenue and the AML Unit wanted to ensure our controls were working. This led to the focus on the source of funds/cash beginning in earnest in 2015.

90. BCLC became aware that as it clamped down on suspicious cash, illegal casinos were opening up. I recall that these illegal casinos were advertising for dealers in newspapers in Richmond.

91. I am aware that in BCLC's fiscal year 2014/15, there was a large increase in BCLC's business, particularly with respect to high limit table games. I continued to keep the BCLC Board of Directors apprised of developments with respect to high limit table games leading up to and following 2015 and the risks involved. For example, on or about December 11, 2014, I asked our staff to make a Powerpoint presentation to the BCLC Board of Directors about High Limit (VIP) Baccarat. A true copy of this Powerpoint presentation is attached as **Exhibit 27 (BCLC0008104)**.

92. I recognized at the time, in the face of large increases in BCLC's business in 2014 and early 2015, that it was important, given this increase, to ensure that BCLC's AML controls were working properly and mitigating any type of risk. The priority that I placed on this is reflected in the presentation that I made on March 5, 2015, to the Corporate Security & Compliance Divisional Meeting. I also reinforced in this presentation BCLC's strategy to grow its player base, as the existing concentrated player base and the reliance on high limit tables was too risky. A true copy of my speaking notes for this presentation are attached as **Exhibit 28 (BCLC0011934)**.

93. Accordingly, with the large increase in BCLC's business in 2015, the BCLC Security team introduced more stringent requirements on the source of funds. This involved placing players who could not demonstrate the source of their funds on conditions so they could not play with cash anymore and also barring many VIP patrons. This was first introduced in Spring of 2015. BCLC expanded this program significantly in September 2015.

94. I am aware that the sourced cash conditions program created concerns for service providers about the impact on revenue. On or about September 11, 2015, I was copied on an email

exchange between Mr. Desmarais and Mr. Graydon, then at Parq casino, about this topic. A true copy of this email exchange is attached as **Exhibit 29 (BCLC0004503)**.

95. As CEO, I tried to respond to concerns raised by Service Providers as the sourced cash conditions program rolled out. I believed it was important to acknowledge and respond to concerns raised by service providers, in order to secure their buy in for AML measures such as these. As one example of this, after receiving a phone call from Rod Baker, CEO of GCGC, I told him that BCLC Security personnel needed to conduct these interviews for AML reasons. I could not tell him about the information we had recently learned from the RCMP as it was an on-going investigation. I sent an email to Mr. Rod Baker at Great Canadian on or about September 14, 2015, a true copy of which is attached as **Exhibit 30 (BCLC0004499)**. In this email, I responded to concerns expressed by Mr. Baker during a phone call relating to patron interviews.

96. I believe that the implementation of the sourced cash conditions had a significant impact on the role of cash facilitators, who were previously providing cash to these VIP players. The implementation of sourced cash conditions resulted in a dramatic reduction of the number of STRs and a drop in cash buy-ins as well. I received regular updates on the trends in Suspicious Transaction Reporting (“STR”). These were mostly verbal updates from Mr. Desmarais and Mr. Kroeker. In these updates, I would be briefed on the trends in STR reporting and a discussion of the circumstances that accompanied these STR trends. For example, one such update was provided by Mr. Kroeker in a Briefing Document dated January 22, 2017, a true copy of which is attached as **Exhibit 31 (BCLC0004348)**. I also recall that Mr. Kroeker prepared updates on trends in STR reporting for others. For example, attached as **Exhibit 32 (BCLC0006409)** is a powerpoint presentation entitled “Suspicious Transactions.” To the best of my recollection, this was part of a presentation made by Mr. Kroeker to the AML Deputy Ministers’ Committee.

97. Following implementation of the sourced cash conditions program, during my tenure as President and CEO, BCLC continued to build on and improve its AML program through many initiatives elaborated further in the paragraphs that follow in my affidavit.

98. There were a number of enhancements to BCLC’s AML efforts in 2016 including, but not limited to: increasing the diligence around barring and putting players on sourced cash conditions, based on their risk level; increased capabilities in regard to source of wealth and

source of funds inquiries flowing from improved information sharing with law enforcement; restructuring of BCLC's investigative and AML departments to increase staff resources dedicated to AML; creation of a new management position in the AML department; committing to funding for the Joint Illegal Gaming Investigation Team (JIGIT); updated and enhanced information sharing agreement with the RCMP to better support JIGIT; supporting JIGIT and GPEB with information and casino orientation training; improving the use of cash alternatives, including the availability of delimited convenience cheques and enabling international electronic transfers (non-cash buy-ins); updated slot machine AML risk analysis; and, creation of new AML analytical capability and enhanced customer monitoring.

99. BCLC's efforts to build on and improve its AML program continued through the years following. Some of these efforts included: reasonable measures implemented by BCLC in June 2017; bank draft receipting requirements implemented in December 2017; implementation of Dr. Peter German's Source of Funds Declaration and of receipting requirements in January 2018; further expansion of the AML Unit in January 2018; casino chip rules implemented; and de-risking Money Services Bureaus in March 2018, among others. After June 2018, BCLC was focused on improving its AML regime through implementation of the recommendations made by Dr. German in his report entitled *Dirty Money: An Independent Review of Money Laundering in Lower Mainland Casinos* conducted for the Attorney General of British Columbia, dated March 31, 2018 (the "German Report").

100. I add that I have never been an advocate of the high limit table business. It is my understanding that the growth of the high limit table games was due to three main factors: the investments by service providers to increase and improve the number of high limit rooms/tables at River Rock, Edgewater, Grand Villa, Starlight and Hard Rock; the massive influx of investment and immigration into BC from China; and the higher bet limits allowing service providers to offer a product these wealthy players wanted.

101. Apart from the money laundering risk that is associated with it, I have always been concerned about relying too heavily on high limit business as a source of business and having such a concentrated player base. I did not believe that BCLC could build a long-term business based on these high limit players. There was a risk that these players could leave at any time.

Although BCLC's baccarat hold rate was strong, I was conscious that it could drop based on the luck of the cards also. I also had concerns that relying too heavily on high limit business posed a social responsibility risk due to potential problem gambling and money laundering risks.

102. My concerns about relying too heavily on the high limit table business are reflected, for example, in the speech I delivered to the Corporate Security & Compliance Divisional Meeting on March 5, 2015, attached above as Exhibit 28 (BCLC0011934).

103. Because of my concerns, I encouraged BCLC to focus on expanding the player base at lower levels (the "light and casual" players). This is reflected in the Table Games Strategy attached above as Exhibit 8, which included a number of strategies aiming at growing the casual, light and medium levels. I also encouraged using incentives to encourage the Service Providers to do so. For example, we increased the commissions for Low Limit Table games from 40% to 60% to encourage Service Providers and in the new Operating Service Agreements with Service Providers, BCLC put in place an increase in commission rates for table games situated on the main floor. The new agreements did not include an increase in commission rates for high limit table games situated in private rooms, based on a direction by Minister Eby. The new Operating Services Agreement was the product of a collaborative long-term planning process undertaken with the assistance of several industry consultants and included Service Providers, GPEB and the Government.

104. In or around 2018, I first became aware of a spreadsheet disclosing that there were \$20M in cash buy-ins in July 2015, of which \$14 million were in \$20 bills. I was not aware of this document before this time.

VI. BCLC Efforts to Engage Police

105. I am aware that the BCLC Security Team made efforts to get police interested in investigating cash facilitators during my time as VP Casinos and Community Gaming. These efforts continued when I became President and CEO.

106. I was informed by Mr. Demarais that there were numerous requests made to the police in 2014 and 2015. These requests included the BCLC Security Team providing to the police in 2014 a list of 10 cash facilitators that BCLC suggested as targets for further investigation.

107. I did not observe a lot of action by the police in response to these requests by BCLC. I was told by Mr. Desmarais that the individual police officers that BCLC was speaking to about the need for further investigations were demonstrating a lot of interest in the issue, but BCLC was told that they were having a difficult time getting action by their superiors.

108. Once I became CEO of BCLC, I became more acutely aware of BCLC's efforts to engage law enforcement around issues relating to potential money laundering in BC casinos. Not being a former police officer myself, I relied on individuals such as Mr. Desmarais, Mr. Kroeker, and the BCLC Security Team, who had the necessary backgrounds and expertise, to engage with law enforcement.

109. I believe that these efforts to engage law enforcement were greatly facilitated by the existence of the limited information sharing agreement ("ISA") executed with the RCMP by BCLC in 2014, as this substantially increased BCLC's capability to assess the risk associated with certain customers and transactions. I am aware that, in or around October 2015, the ISA was temporarily suspended. I understood that this suspension was precipitated by concerns expressed by Mr. Len Meilleur, the Executive Director of Compliance at GPEB, that BCLC should not have an ISA with the RCMP. Following intervention by Mr. Kroeker, this ISA was reinstated in November 2015. I recall that, when I ultimately spoke to Mr. John Mazure about these events, he apologized to me. I do not recall the date of this conversation with Mr. Mazure.

110. I am aware that in 2014, BCLC met with RCMP Federal and Serious Organized Crime ("FSOC") to make a formal complaint and to provide information that it had developed about an individual that BCLC believed was providing cash to some casino customers in circumstances BCLC found concerning. I expected that in the ordinary course these are the types of transactions and individuals that would be the subject of STRs submitted to the Financial Transactions and Reports Analysis Center of Canada ("FinTRAC").

111. I am aware that BCLC shared more information with the RCMP pursuant to the ISA and in response to inquiries by the RCMP related to the BCLC complaint through 2014 and 2015.

112. I am aware of a s. 86 Report prepared by Mr. Ross Alderson, BCLC Director of AML, in response to a request by Mr. Len Meilleur for information relating to the initial complaint made

by BCLC to FSOC in 2014. I do not recall how or when I became aware of this s. 86 report, but I believe that I only saw it a number of years later. I have reviewed the s. 86 report submitted by Mr. Alderson and I do verily believe that it accurately captures BCLC's interactions with FSOC relating to this 2014 complaint. A true copy of this s. 86 Report, submitted by Mr. Alderson, is attached as **Exhibit 33 (BCLC0004207)**.

113. On or about July 15 2015, I was informed by Mr. Alderson that the RCMP had evidence that a Money Services Business in Richmond was using proceeds of crime to lend money to people, including casino patrons. A conference call was set up to occur within the next week with members of GPEB and the RCMP. On or about July 22, 2015, I participated in a call with members of BCLC, GPEB and the RCMP. I do not recall specifically which individuals were on this call. During this call, the RCMP advised BCLC of a money services business in Richmond lending out proceeds of crime that may be used to gamble in BC casinos. I consider the receipt of this information from the RCMP as a pivotal moment. To my knowledge, this is the first time that BCLC was told directly by law enforcement that they had evidence indicating that people were bringing in proceeds of crime to lend to patrons in casinos. It immediately became apparent to me that BCLC needed to do something further around the identification of customers and source of wealth, but also to understand the source of money itself. BCLC acted quickly in response to this information, with the AML Unit ramping up their cash conditions program by interviewing players who may have been connected with Paul Jin and those players who were deemed high risk.

VII. September 2015 Meeting with Minister de Jong and the creation of the Joint Illegal Gaming Investigation Team ("JIGIT")

114. In meetings with the Minister of Finance, Michael de Jong, the Attorney General, Minister Eby, I and other members of BCLC have consistently emphasized that law enforcement is essential, not just to lay charges but to provide an element of disruption that allows BCLC to stay ahead of the criminal element.

115. On or about August 24, 2015, I sent a letter to Minister de Jong in which I set out BCLC's recommendation for the creation of a dedicated law enforcement unit with the mandate to

investigate and prosecute all serious gaming related criminal offences. A true copy of this letter is attached as **Exhibit 34 (BCLC0004514)**,

116. I recall that on or around August 30, 2015, I received an email from Mr. Alderson with speaking notes in a Question & Answers Document in anticipation of a meeting with Ms. Cheryl Wenezenki-Yolland, the Associate Deputy Minister of Finance. To the best of my recollection, this meeting with Ms. Wenezenki-Yolland was in anticipation of an upcoming meeting with Minister de Jong. A true copy of the email that I received from Mr. Alderson with the Questions & Answers Document is attached as **Exhibit 35 (BCLC0008972 and BCLC0008973)**.

117. In September 2015, I attended a meeting with Minister de Jong. Also in attendance were Mr. John Mazure, the Associate Deputy Minister and General Manager of GPEB, Mr. Smith, Ms. Wenezenki-Yolland, and Mr. Brian Menzies, the Minister's Chief of Staff. The focus of this meeting was the need for enforcement of AML. I recall that this meeting followed a call I made to Mr. Mazure to express my concerns about reports of illegal casinos. Although I had no evidence of BCLC chips being used in illegal casinos, I was also concerned about this possibility. I told Mr. Mazure that we needed to advise the Minister of these issues and ensure law enforcement was investigating.

118. In the September 2015 meeting with Minister de Jong, BCLC expressed frustration that it consistently sent information to FINTRAC, GPEB, and the RCMP, and then would see nothing happen while the media reported that there was money laundering occurring in BC casinos. I explained that in February 2015, BCLC submitted a report to the FSOC section of the RCMP setting out its concern about rumours that a loan shark banned from BCLC casinos in April 2012 was reportedly operating an illegal casino. During this meeting, I described but did not identify Mr. Paul Jin and explained how he had begun as a low-level loan shark and offered an example of what happens when these issues are not addressed. I recall that Mr. Smith and I expressed our view that the government needed to take action to protect the public and to protect the integrity of gaming. I remember the Minister expressing concern about the revenue impact of illegal casinos. It was apparent to me that the Minister wanted to be proactive in dealing with the issues we raised during this meeting.

119. I also recall that, during this meeting with Minister de Jong, Mr. Smith stated to the Minister that BCLC could easily exit the high limit table business if the government viewed the risks as too great. Minister de Jong did not say that he wanted BCLC to exit the high limit table business. Rather, he suggested that he would talk to the Solicitor General to see what greater enforcement could be done. I understand that this ultimately led to the creation of JIGIT.

120. During this meeting, I recall that the issue of illegal casinos was discussed. Minister de Jong stated that he would make inquiries into GPEB's role and the scope of its authority regarding illegal gaming outside of casinos but that he did not think that GPEB was equipped to deal with these issues. Minister de Jong stated that he would convene a meeting with BCLC, GPEB and the RCMP to coordinate a response to this issue. To my knowledge, this meeting did not occur.

121. In October 2015, I was advised by Ms. Wenezenki-Yolland that the Minister wanted to set up a new specialised police unit within Combined Forces Special Enforcement Unit ("CFSEU").

122. The creation of JIGIT was formally communicated to me in December 2015. I was told that JIGIT would be focused on money laundering risks inside of and outside casinos, with an emphasis on organized crime. BCLC was required to contribute \$3 million annually towards JIGIT. BCLC ultimately sought to have this contribution recognized in our Cost Containment Ratio so that it did not have to reduce our operating expenses a further \$3 million and the Minister agreed with this.

123. I received further information about the formation of JIGIT at a meeting in Vancouver in February 2016 with Mr. Mazure, Mr. Clayton Pecknold, whose exact position I do not recall but who I recall as being the head of police services for the Government, and the head of CFSEU, Assistant Commissioner Kevin Hackett. I was briefed prior to attending this meeting by Mr. Kroeker and Mr. Desmarais about the key concerns with JIGIT from BCLC's perspective, namely that the funding contributed by BCLC may not be targeted towards issues relating to gaming and the need for this funding to be "ring-fenced". I then raised these concerns during the meeting. During the meeting, I learned that JIGIT would consist of two teams of 14-16 individuals with GPEB staff embedded within JIGIT. I offered BCLC's assistance with onboarding and orienting members of JIGIT.

124. JIGIT was ultimately launched a couple of months later.

125. On or about April 12, 2016, I exchanged emails with Mr. Alderson and Mr. Kevin Sweeney, who I believe was Director, Security, Privacy and Compliance at that time. In this email exchange we discussed, among other things, the roles and responsibilities of JIGIT. A true copy of this email exchange, dated April 12, 2016, is attached as **Exhibit 36 (BCLC0004390)**. I consider this interaction as an example of my commitment to doing the right thing, rather than being concerned with who gets credit. My concern was with supporting BCLC's AML and Investigations team for their commitment to their work.

126. I first learned of JIGIT's operations in or around October 2016, at a meeting at E-division headquarters involving BCLC, GPEB and the RCMP. At this meeting, CFSEU advised that they were targeting 110 targets within BC with a focus on organized crime. CFSEU stated that they would provide updates every six months, in June and December. To my knowledge, BCLC did not receive those formal updates, but I understood that there were many discussions with our AML unit and Mr. Kroeker.

127. It was BCLC's position that BCLC had no role in law enforcement. BCLC's role was to provide information, and BCLC had an existing information-sharing agreement with the RCMP.

128. I am aware that every time that a new member joined JIGIT, BCLC would provide that individual with orientation to the casino industry. I did not participate in these orientations. I learned from Mr. Kroeker that the JIGIT members who would receive this orientation appeared to frequently move on to another detail shortly afterwards.

129. I understand that BCLC's AML unit was to work closely with JIGIT and that there was daily or at least weekly communication between BCLC and JIGIT at that level. I understood that it was primarily the Director of the AML unit, first Mr. Alderson and later Mr. John Karlovcec, who was the primary liaison with JIGIT.

130. On or about February 8, 2017, I received a letter from Mr. Mazure with the subject "Joint Illegal Gaming Investigation Team" which provided, among other things, a copy of the Letter of Understanding between the Ministry of Public Safety and Solicitor General's Policing and

Security Branch and GPEB. A true copy of this letter, dated February 8, 2017, without enclosures, is attached as **Exhibit 37 (GPEB1003)**.

131. On or about February 15, 2017, I sent a letter to Mr. Mazure with the subject "Joint Illegal Gaming Investigation Team." I sent this in response to Mr. Mazure's letter dated February 8, 2017. A true copy of this letter is attached as **Exhibit 38 (GPEB4962.001)**.

a. June 2017 JIGIT Arrests

132. BCLC occasionally received information that JIGIT was working on particular cases, including the case that was ultimately designated as Silver International. I was advised by Mr. Kroeker that it was anticipated that charges would be laid in this investigation in early 2017, but this did not come to pass.

133. On or about June 13, 2017, early in the morning, I exchanged emails with senior BCLC executives and with Mr. Smith after Ms. Laura Piva-Babcock received an email providing notice of a press conference that same date at 10 am by CFSEU-JIGIT regarding details of the investigation into an alleged organized crime network connected to illegal gaming houses and money laundering. A true copy of this email exchange is attached as **Exhibit 39 (BCLC0008419)**.

134. During the press conference that took place on June 13, 2017, BCLC learned of an announcement by GPEB and JIGIT that nine individuals were arrested in relation to illegal gaming houses and money laundering. To the best of my knowledge, attached as **Exhibit 40 (GPEB1042)** is a true copy of a press release by CFSEU dated June 13, 2017, relating to these arrests.

135. I was surprised by this announcement on June 13, 2017, as I was not aware of any advance notice given to BCLC before that morning. I was frustrated by the lack of advance notice.

136. I understood from an email that I received from Mr. Smith later on June 13, 2017 that he was also frustrated by the announcement and what he perceived as the misinformation that accompanied this announcement. A true copy of the email that I received from Mr. Smith, dated June 13, 2017, is attached as **Exhibit 41 (BCLC0010213)**.

137. I expected that BCLC employees would be as surprised about this June 13, 2017 announcement as I was. To address this possibility, I addressed this announcement by GPEB and JIGIT in the BCLC internal newsletter, YAK, in an article dated June 19, 2017. In this article, I assured BCLC employees that BCLC worked closely with law enforcement and GPEB and had a robust AML program. A true copy of my June 19, 2017 article in the YAK newsletter is attached as **Exhibit 42 (BCLC0011687)**.

138. Upon learning of the announcement by GPEB and JIGIT, on June 15, 2017, I sent a letter to Assistant Commissioner Hackett with the subject "Press Conference on Illegal Gaming and Casino Money Laundering," in which I requested the name of the nine individuals arrested, among other things, in order for BCLC to ban them based on public safety concerns. I did not receive a response. A true copy of my letter, dated June 15, 2017, is attached as **Exhibit 43 (BCLC0000337)**.

139. I am aware that Mr. Kroeker similarly wrote to Mr. Meilleur on June 16, 2017, requesting the names of these nine individuals, in order for BCLC to ban them. A true copy of Mr. Kroeker's letter with the subject "Press Conference on Illegal Gambling and Casino Money Laundering", dated June 16, 2017, is attached as **Exhibit 44 (BCLC0000316)**. To my knowledge, Mr. Kroeker did not receive a response.

140. I subsequently followed up with Minister Eby at a meeting held on or about October 23, 2017, discussed below in my affidavit, to seek his assistance in obtaining the names of the nine arrested individuals. In this meeting, Minister Eby stated that he would seek to obtain the names of the arrested individuals through the Solicitor-General. I later learned that the investigation may still be ongoing.

141. I also recall that Mr. Smith expressed BCLC's frustration that the RCMP and GPEB were not provided with the names of the arrested individuals in a letter to Minister Eby dated May 30, 2018, attached as **Exhibit 45 (BCLC0008443)**.

142. I did not understand why JIGIT and GPEB could not provide to BCLC the names of those individuals who were already arrested. I was frustrated by this. I was very concerned that these individuals could cause problems for BCLC, casino employees, and casino patrons, and felt that

it was very important that it be able to keep these individuals out of casinos for public safety reasons.

143. To my knowledge, the names of these nine individuals still have not been provided to BCLC.

b. Impact of JIGIT

144. While I cannot draw a direct connection between the creation of JIGIT and changes in patron behaviour, I was pleased to see greater investigation and enforcement focus.

145. To my knowledge, the largest drops in the number of suspicious transactions and large cash transactions occurred in 2015 and in 2016, as a result of the efforts of the BCLC AML Unit to place players on sourced cash conditions.

146. In my opinion, it is worthwhile to have a dedicated law enforcement team that is focused on the investigation and enforcement of anti-money laundering with information received from BCLC and is positioned with the authority to act upon it. It is critical that the unit be consistently managed and run. Based on what I have learned about insidious nature of criminal activity, I am supportive of a cross sector AML enforcement organization which may be more effective, as the criminal element will move swiftly to find cracks in the system. To be effective, this sort of unit probably should not be limited to gaming but its work should extend across other sectors of the economy. Sectors like gaming or real estate or financial institutions would benefit from having an AML system with a law enforcement organization that acted on the information provided to it.

VIII. Roles and Capacities of GPEB and BCLC

147. I believe that the current AML system in casino gaming has five layers of security as follows:

- a. The first layer of security is the Service Providers;
- b. The second layer of security is BCLC;

- c. The third layer of security is GPEB;
- d. The fourth layer of security is FinTRAC; and,
- e. The fifth layer of security is law enforcement/RCMP.

148. In my opinion, if these five layers of security are working collaboratively, then the AML system has a reasonable prospect of being effective. The German Report made clear that these five lines of security were not working in unison and that, as a result, there was frustration among all of them.

149. Throughout my time as President and CEO of BCLC, I made active efforts to be responsive to money laundering concerns in the gaming sector and to foster greater coordination between these various lines of security. I regularly raised the need for greater collaboration and coordination in meetings and by pressing for more resources and enforcement.

150. I understand that it is not BCLC's place to investigate money laundering: BCLC is not responsible for leading investigations, as it does not have any enforcement authority. BCLC's role is to assist in combatting money laundering by providing information to GPEB and the RCMP regarding potential illegal activity. In other words, BCLC's role should be to provide information through the regulator and the police. To that end, and in order to receive information for BCLC to act on within its risk-based AML framework, I had no concerns with the BCLC Security team ensuring that they had in place the proper controls and doing everything that they could to ensure that casinos were operating under the guidelines and rules in place as part of its AML regime.

151. In my view, the insidious nature of criminals means that the AML system requires continuous evolution and collaboration among operators, regulators and law enforcement to effectively address money laundering risks. In hindsight, there was a clear need for greater collaboration and resources dedicated to AML among all gaming industry actors. I believe that, knowing what is known now about money laundering, the dedication of more resources to investigation and enforcement early on could have led a more effective approach to stopping potential money laundering sooner. BCLC's AML unit followed recognized Know Your Customer practices that included Source of Wealth and through a risk-rating process determined

Source of Funds as necessary. BCLC focused and acted on that which was visible to it, that is, activity inside the casinos. However, it did not have the investigative authority or means to complete a fulsome money laundering investigation.

152. In practice, during my time as VP Casinos and Gaming and/or as CEO, BCLC had to play a much greater role beyond providing information, out of frustration that it continued to provide information but did not see anything being done.

a. Conflict between BCLC and GPEB

153. As VP Casinos and Community Gaming, my engagement with government was limited to GPEB staff. I participated in cross-functional meetings with GPEB. I was aware of an AML Task Force that met regularly as well. Once I became CEO, I worked closely with the General Manager of GPEB (Mr. Mazure), the Associate Deputy Minister (Cheryl Wenezenki-Yolland) and others in the Ministry of Finance.

154. In my time as VP Casinos and Community Gaming and as CEO, BCLC has always and continues to view GPEB as its regulator. BCLC took direction from GPEB and respected GPEB's authority. I see BCLC's role in casino gaming as being the generator: BCLC brings the technology, systems, games, marketing and the opportunities to open casinos. BCLC also has an oversight role with regard to Service Providers who are contracted to operate the casinos. .

155. I believe that there needs to be a clear line between GPEB and BCLC. For the most part, this line has been clear. There have, at times, been issues as the Gaming Control Act, SBC 2002, c. 14, legislation is not clear.

156. In the 2012-2013 period, I recall that there was some lack of clarity about the respective roles and responsibilities of BCLC and GPEB. I held the view that it was critical to clarify the roles of each. As part of their attempts to clarify the respective roles and responsibilities, GPEB and BCLC held joint executive meetings to share strategic priorities, including around AML initiatives. Attached as **Exhibit 46 (BCLC0013089)** is an agenda from one such joint executive meeting held on November 5, 2012, which discussed the respective roles and responsibilities of GPEB and BCLC.

157. As a further example of attempts to clarify their respective roles and responsibilities, before he was hired by the provincial government for the German Report, Dr. German was hired by BCLC and GPEB in or around October 2016 to determine the division of responsibilities between BCLC and GPEB. Mr. Kroeker and Mr. Meilleur were the lead individuals responsible for this initiative. This report was ultimately received in or around December 4, 2016. [REDACTED]

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

158. In my opinion, the stories that have circulated about conflict between GPEB and BCLC are overblown.

159. In many areas, such as audit and registration, to my knowledge, GPEB and BCLC worked together very well.

160. The policy team at GPEB and BCLC have had an off and on relationship. I understand that they have sometimes had difficulty understanding the perspective of one another and where each organization was coming from.

161. I am aware that there has also been some issues between GPEB and BCLC regarding communications. Previously, under the Minister of Finance, all internal communications to the Ministry and external communications by BCLC had to be filtered through GPEB. This could lead to significant delays: it could take days or a week to get a message from GPEB to the Ministry. When BCLC moved from the Ministry of Finance to the Attorney General's Office, in or around July 2017 I told Mr. Richard Fyfe, who was then the Deputy Minister, that the existing system did a disservice to the Minister and that communication from BCLC should be direct. Mr. Fyfe agreed with me and subsequently worked to ensure that briefing notes went directly from BCLC to the Minister. I also raised my concerns regarding external communications with Mr. Sam MacLeod who was by that point the new General Manager of GPEB. I do not recall the exact date that I did so. Mr. MacLeod agreed that GPEB did not need to review BCLC's external communications, and after that GPEB stopped reviewing BCLC's external communications.

162. I am aware that there was some friction between the investigations teams at GPEB and BCLC. In my opinion, at least some of this was personality-driven. I understood from Mr. Kroeker that on occasion GPEB Investigators had a “gotcha” mentality with respect to BCLC Investigators. I understand that the relationship between the investigation teams is significantly improved.

163. I recall that there have been specific instances that have resulted in BCLC becoming frustrated with GPEB as its regulator. One example that I can point to that occurred in 2015 relates to the chip swap. I recall that in fall 2014, I was advised by Mr. Kroeker that the River Rock chip inventory was out of normal: there were approximately \$12 million in \$5,000 chips outstanding. I was advised that some high limit players were coming in with chips in what appeared to be consistent packaging, and there was a concern that chips were being used as currency on the street. Upon learning this, I advised Mr. Mazure that there would be a chip swap in which players were given a short window to exchange their chips, after which point chips would be null and void unless they could prove that it belonged to them and BCLC agreed.

164. Shortly before BCLC initiated the chip swap, we were told by GPEB without any explanation to not execute the chip swap. This was very concerning to me. The chip swap did not occur until many months later, in January 2016. BCLC made many inquiries to find out the reason the chip swap was delayed, but did not receive an explanation until several months later. I ultimately learned that GPEB requested the delay in the chip swap because of an ongoing investigation into chips being used on the street.

165. This was a disappointing outcome to me, as I believe that this decreased the effectiveness of the chip swap.

b. Improving Relationship with GPEB

166. In my view, BCLC’s relationship with GPEB, including the relationship between the investigations divisions, has improved during my time as President and CEO. I had very good relationships with everyone that I met or worked with at GPEB.

167. I had a very good relationship with Mr. Mazure when he was General Manager of GPEB. I believe that we had a strong relationship that led to frank communication. I observed from my

interactions with Mr. Mazure that GPEB was under significant pressure. I recall that Mr. Mazure shared with me on occasion the difficulties he experienced in reporting to Ms. Wenezenki-Yolland. I recall a specific conversation in 2017 in which he shared with me that he was on very thin ice and that he expected to be removed as General Manager of GPEB and transferred elsewhere in Government following the review by Dr. German. I do not recall the date of this conversation. During this same period, I had regular calls with Ms. Wenezenki-Yolland in which she shared her frustrations with Mr. Mazure and GPEB. I was concerned about Mr. Mazure and Ms. Wenezenki-Yolland's relationship.

168. I recall that Mr. Mazure also shared with me the lack of resources available at his disposal to become a more effective regulator. I recall he told me that it was difficult to be in the Ministry of Finance.

169. Mr. Mazure and I agreed that GPEB and BCLC both needed to take responsibility for ensuring that the two organizations could work together. AML was a high priority for both of our organizations, and Mr. Mazure and I discussed this constantly, although not in depth as it was not either of our areas of expertise. I believe that both organizations wanted the same thing: to make BC casinos the safest from any money laundering risk.

170. I was adamant with my Executive team that it was important we have a strong working relationship with our regulator. I recognized that at times it could be difficult for GPEB to be BCLC's regulator: BCLC had resources. BCLC wanted to move quickly. Most of the BCLC staff had never worked in government or in a highly regulated business environment and did not understand why it could take so long to get answers from GPEB.

171. GPEB and BCLC undertook many efforts to improve their relationship. For example, on or about June 29, 2015, I sent a letter to Minister de Jong with the subject "BCLC's 2014/2015 Mandate Letter Requirement", a true copy of which letter is attached as **Exhibit 47 (GPEB4700)**. The focus of this letter was to report on efforts by BCLC and GPEB to jointly develop key principles that would inform respective roles and responsibilities. This letter was also signed by John Mazure as General Manager of GPEB.

172. To strengthen the relationship between these two organizations, GPEB and BCLC held joint executive meetings quarterly. These meetings started when Mr. Graydon was CEO but stopped for reasons that I am not aware of. When I became CEO, I suggested to Mr. Mazure that we start holding these joint executive meetings again with a facilitator. This gave BCLC executives such as myself insight into the pressure that GPEB was under from their Ministry, and in particular from Ms. Wenezenki-Yolland.

173. By the end of 2017, these joint executive meetings began to wane. I believe that most relationship issues began to occur at this time, after the money laundering risk had been controlled in 2017 and corresponding with the arrival of a new Minister. A few months later, Mr. Mazure left as General Manager of GPEB. He was replaced by Mr. MacLeod.

174. From my observations, the relationship between Mr. Meilleur and Mr. Kroeker, in his position as VP Security and Compliance, started out well, but it experienced some ups and downs. I believe this was because both of them were under extreme pressure with all of the public and media discourse on money laundering.

175. I understand that, more recently, Mr. Cary Skrine, the Executive Director of Enforcement at GPEB, and Mr. Desmarais have made significant progress in building the relationship between GPEB and BCLC.

c. Relationship with FinTRAC

176. BCLC's entire AML and compliance program is regularly audited by FinTRAC. During my tenure as President and CEO, FinTRAC conducted reviews of BCLC's AML program in 2014, 2016 and 2018. These audits were generally positive and identified a few minor issues, which BCLC took immediate action to correct. For instance, in the 2016 audit, FinTRAC found that not only was BCLC's program effective and fully compliant with all customer due diligence, transaction and ongoing monitoring requirements but also provided feedback to BCLC to the effect that BCLC's program was the leader in the sector.

177. I recall attending a meeting with FinTRAC at BCLC's Vancouver office in or around 2016. At the end of the meeting, I recall that Mr. Murray Duggar of FinTRAC stated something to the

effect that he was very pleased to hear the CEO of BCLC being so supportive of the FinTRAC relationship and committed to AML.

178. In addition to FinTRAC audits, BCLC is required under federal law to have an independent audit and assessment of its AML program completed once every two years. BCLC engaged Ernst & Young (“EY”) to conduct these audits in 2015 and 2017. In the 2015 and 2017 audits, EY found that BCLC had an AML and sanctions compliance program that incorporated the provisions of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act legislation and compliance requirements as documented under the FinTRAC guidelines and Interpretation Notes specific to casinos.

IX. Directions from Government and GPEB regarding Anti-Money Laundering

179. Through my time as CEO, I exchanged and/or was copied on numerous letters with Minister de Jong and Mr. Mazure relating to enhancements to the AML regime in British Columbia Gaming Facilities. I attach a selection of these communications here to this affidavit in the paragraphs that follow.

180. On or about August 7, 2015, I received a letter from Mr. Mazure with the subject: “Enhancements to Anti-Money Laundering Regime in BC Gaming Facilities,” a true copy of which letter is attached as **Exhibit 48 (GPEB0762)**.

181. On or about August 14, 2015, I sent a letter to Minister de Jong with the subject “BCLC’s Anti Money Laundering (AML) Enhancement Strategy”. I sent this letter in response to Mr. Mazure’s August 7, 2015 letter. A true copy of my letter, dated August 24, 2015, is attached above as **Exhibit 49 (BCLC0004514)**.

182. On or about September 1, 2015, I received a letter from Mr. Mazure regarding BCLC’s April 2015 submission to GPEB entitled “Cash Alternatives in BC Casinos.” A true copy of this letter, dated September 1, 2015, is attached as **Exhibit 50 (BCLC0004510)**.

183. On or about September 2, 2015, I sent a letter to Mr. Mazure with the subject “Enhancements to Anti-Money Laundering Regime in BC Gaming Facilities.” I sent this letter in

response to Mr. Mazure's August 7, 2015 letter. A true copy of my letter, dated September 2, 2015, is attached as **Exhibit 51 (GPEB0769)**.

184. On or about September 16, 2015, I sent a letter to Mr. Mazure with the subject "Anti-Money Laundering Regime Enhancements." I sent this letter in response to letters from Mr. Mazure dated August 7, 2015 attached above as Exhibit 48 and September 1, 2015 attached as Exhibit 50 and in furtherance of my letter dated September 2, 2015 attached as Exhibit 51. A true copy of my letter, dated September 16, 2015, is attached as **Exhibit 52 (GPEB0774)**.

185. On or about October 1, 2015, Minister de Jong sent a letter to Mr. Smith with the subject "Anti-Money Laundering Strategy." I was copied to this letter. This letter was sent in furtherance of the August 7, 2015 letter that I received from Mr. Mazure, attached above as Exhibit 48. A true copy of this letter, dated October 1, 2015, is attached as **Exhibit 53 (GPEB0775)**.

186. On or about January 15, 2016, I received a letter from Mr. Mazure with the subject "Anti-Money Laundering Regime in BC Gaming Facilities." I understood that this letter was in response to my letter dated September 16, 2015 attached as Exhibit 52. A true copy of this letter, dated January 15, 2016, is attached as **Exhibit 54 (GPEB0806)**.

187. On or about July 14, 2016, I received a letter from Mr. Mazure with the subject "Cash Alternative Proposals and Source of Funds." This letter was written in response to two policy documents proposing cash alternatives that were submitted to GPEB. A true copy of this letter, dated July 14, 2016, is attached as **Exhibit 55 (GPEB0885)**.

188. On or about August 3, 2016, I sent a letter to Mr. Mazure with the subject "Anti-Money Laundering Matters – Cash Alternative Proposals". I sent this letter in response to the letter from Mr. Mazure sent July 14, 2016 attached above as Exhibit 55. A true copy of my letter, dated August 3, 2016, is attached as **Exhibit 56 (GPEB0899)**.

189. On or about May 8, 2017, I received a letter from Mr. Mazure with the subject "Source of Funds in BC Gambling Facilities." This letter was written concerning the source of funds coming into BC gambling facilities and to follow up on Mr. Mazure's July 14, 2016 letter attached above

as Exhibit 55. A true copy of this letter, dated May 8, 2017, is attached as **Exhibit 57 (GPEB1028)**.

190. On or about May 12, 2017, I sent a letter to Mr. Mazure with the subject “Your Letter Dated May 8, 2017.” A true copy of this letter is attached as **Exhibit 58 (GPEB1032)**.

191. Following a meeting on October 23, 2017 with the Attorney General, discussed below in my affidavit, I sent a letter to Mr. Mazure, dated October 27, 2017, with the subject “New Anti-Money Laundering Initiatives”, a true copy of which is attached as **Exhibit 59 (BCLC0006541)**.

192. On or about November 27, 2017, I received a letter from Mr. Mazure with the subject “New Anti-Money Laundering Initiatives”. This letter was in response to my letter dated October 27, 2017. A true copy of the letter I received, dated November 27, 2017, is attached as **Exhibit 60 (BCLC0011632)**.

193. I note that throughout these communications with Mr. Mazure, I tried to consistently convey the priority given by BCLC to AML measures and to the source of funds of patrons in particular. I sought to communicate that BCLC took a risk-based approach to AML, including source of funds, consistent with AML best-practices. This risk-based approach drove the measures pursued by BCLC, such as our investments in Know your Customer and risk-rating our customers, which in turn led to putting Extreme and High Risk players on sourced cash conditions or barring them from play.

X. Engagement with Government

194. Throughout my time as CEO, I had frequent conversations relating to money laundering with a number of different individuals in government.

195. As CEO, in addition to working with the General Manager of GPEB, I also worked with Associate Deputy Ministers, Deputy Minister, the Minister’s Assistants, and the Ministers. In addition, I participated in Treasury Board meetings, Estimates and Budget releases. I interacted personally with Minister de Jong, Ms. Wenezenki-Yolland, Mr. Brian Menzies, Mr. Fyfe, Mr. Scott, Mr. Sam Godfrey, Mr. Derrick Harder, and Minister Eby. My discussions with these individuals included discussions about the risks of proceeds of crime being used to buy in in BC

casinos and the use of BC casinos to facilitate money laundering. From my interactions with them, I understood that money laundering was a priority area for each of them. I never perceived a lack of focus on anti-money laundering initiatives.

196. As President and CEO, I had prepared and/or provided to Government regular briefing presentations Quarterly Reports, and materials relevant to money laundering in order to communicate with them about potential risks, BCLC's AML strategies, and potential issues, among other things. True copies of a selection of these briefing materials are attached as follows:

- a. **Exhibit 61 (BCLC0004410)** is a BCLC powerpoint presentation to the Ministry of Finance and Ministry management, dated January 2015, entitled "BCLC's Anti-Money Laundering Program: Changing the Conversation on AML". I recall that the Minister did not attend this meeting, but to the best of my recollection Ms. Wenezenki-Yolland and members of GPEB were in attendance;
- b. **Exhibit 62 (GPEB4109)** is a BCLC Briefing Document prepared at my direction, dated January 5, 2015, with the subject "BCLC's Anti-Money Laundering Program";
- c. **Exhibit 63 (BCLC0011611 and BCLC0011612)** is an email I received from Ms. Dolinski, dated May 28, 2015, attaching a presentation developed for the Ministry of Finance entitled "Renewal: BCLC's Strategic Plan," dated May 26, 2015. To the best of my recollection, this is the presentation that was delivered to the Ministry of Finance;
- d. **Exhibit 64 (BCLC0004348)** is a BCLC Briefing Document prepared by Mr. Kroeker to myself, dated January 22, 2017, entitled "Anti-Money Laundering: Suspicious Transaction Reporting". To the best of my recollection, I ultimately provided a Briefing Documents to Government based on this. Attached as **Exhibit 65 (BCLC0004347)** is a true copy of an email exchange between myself and senior BCLC Executives, dated January 24, 2017, regarding a briefing note about BCLC's Suspicious Transaction Reporting;

- e. **Exhibit 66 (BCLC0007733)** is a BCLC Briefing Document prepared at my direction, dated December 5, 2017, entitled “Lisa Gao – Chip Purchase Investigation”;
- f. **Exhibit 67 (BCLC0003862)** is a BCLC Briefing Document prepared at my direction, dated March 20, 2018, entitled “BCLC analysis of gambling activity amongst 100 players who generated the most Suspicious Transaction Reports (STR) in 2017”;
- g. **Exhibit 68 (BCLC0003863)** is a BCLC Briefing Document prepared at my direction, dated March 20, 2018, entitled “Casino table-game buy-in trends 2012-2017”;
- h. **Exhibit 69 (BCLC0004080)** is a BCLC Briefing Document for Minister Eby prepared at my direction, dated May 22, 2018, entitled “BCLC 2017/2018 Fiscal Year in Review”;
- i. **Exhibit 70 (BCLC0004824)** is a BCLC Briefing Document prepared at my direction, dated September 17, 2018, entitled “FINTRAC Examination – Unofficial Findings”;
- j. **Exhibit 71 (BCLC0005268)** is a BCLC Briefing Note for Minister Eby prepared at my direction, dated October 16, 2018, entitled “BCLC policy changes in response to German recommendations R3, R4 and R 18”;
- k. **Exhibit 72 (BCLC0005839)** is a BCLC Briefing Document prepared at my direction, dated December 5, 2018, entitled “Identification Requirements for Table Game Buy-Ins a B.C. Casinos”; and
- l. **Exhibit 73 (BCLC0004296)** is a draft BCLC Briefing Document prepared at my direction, dated March 15, 2019, entitled “Regulatory Amendments Proposed Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act”. To the best of my recollection, this is consistent with the final version.

197. I also provided to Government by email important briefing materials and reports in relation to important reports received by BCLC or in response to specific queries, among other things. For example:

- a. On or about December 12, 2017, I sent an email to Mr. Fyfe and Mr. Sam Godfrey, who was the Minister's Assistant to the Attorney General, attaching the EY Audit of BCLC's AML Program and BCLC's Management Response, a true copy of which email, without enclosures, is attached as **Exhibit 74 (BCLC0006738)**;
- b. On or about April 4, 2018, I provided to Mr. Scott a report that provided context and background to assist in responding to a question by the Ministry of Finance regarding the effect of lower STR numbers and the monetary value on table top. Attached as **Exhibit 75 (BCLC0006482, BCLC0006483)** is a true copy of an email that I sent to Mr. Scott, dated April 13, 2018 together with the enclosed report entitled "Suspicious Transaction Reports and Table Performance".

198. During my time as interim and then permanent President and CEO, I received copies of the annual mandate letters from the Province to BCLC. These mandate letters were sent to and signed by the BCLC Board of Directors Chair in place at the time. I understand that these annual mandate letters will be introduced into evidence by Commission counsel at a later date.

199. As President and CEO, I assisted BCLC's Chair, Mr. Smith, prepare for meetings and communications with the Minister. For example, **Exhibit 76 (BCLC0016566 and BCLC0016567)** is an email I sent to Mr. Smith, dated November 17, 2015, attaching background materials for a meeting with Minister de Jong on November 18, 2015. This meeting was arranged further to the letter from Minister de Jong to Mr. Smith, dated October 1, 2015, attached above as Exhibit 53.

200. I am also aware that Mr. Smith communicated regularly in writing with Minister Eby. Some of these communications were made in relation to briefing materials that I prepared for Government. For example:

- a. On or about January 30, 2018, I received a letter from Mr. Smith to Minister Eby, regarding the Anti-Money Laundering Quarterly Report for the third quarter of Fiscal Year 2017/2018. I was copied to this letter. A true copy of this letter from Mr. Smith to Minister Eby, dated January 30, 2018, is attached as **Exhibit 77 (BCLC0004213)**;
- b. On or about March 2, 2018, I received a letter from Mr. Smith to Minister Eby regarding BCLC's Implementing Government Direction Report, which was dated February 26, 2018. I was copied to this letter. A true copy of this letter from Mr. Smith to Minister Eby, dated March 2, 2018, without enclosures, is attached as **Exhibit 78 (BCLC0011542)**;
- c. On or about May 30, 2018, I was copied on an email sent by Ms. Suzanne Rowley, who is my Assistant Corporate Secretary/Executive Assistant, to Minister Eby on behalf of Mr. Smith, with the subject "BCLC - Letter & Attachments for Minister Eby's Attention." The email attached the following documents:
 - i. A letter from Mr. Smith to Minister Eby, dated May 30, 2018, with the subject "Anti-Money Laundering (AML) Quarterly Report for the fourth quarter of Fiscal Year 2017/2018";
 - ii. "Report for the Fourth Quarter Fiscal year 2017/2018";
 - iii. A document entitled "BCLC Chronology Re: [Redacted]"; and,
 - iv. A list of iTrak Incidents.

A true copy of this email from Ms. Rowley to Minister Eby, dated May 30, 2018, with attachments, is attached as **Exhibit 79 (BCLC 0008442, BCLC0008443, BCLC0008444, BCLC0008445, BCLC0008446)**.

- d. On or about May 31, 2018, I received a letter from Mr. Smith to Minister Eby regarding BCLC's Implementing Government Direction Report, which report was dated March 31, 2018. I was copied to this letter. A true copy of this letter

from Mr. Smith to Minister Eby, dated May 31, 2018, without enclosures, is attached as **Exhibit 80 (BCLC0004218, p. 1)**;

e. On or about May 31, 2018, I was copied on an email from Ms. Rowley to Minister Eby, sent on behalf of Mr. Smith, with the subject “BCLC – Letter & Reports for Minister Eby’s Attention.” The email attached the following documents:

- i. A letter from Mr. Smith to Minister Eby, dated May 31, 2018, with the subject “BCLC’s Implementing Government Direction Report.”;
- ii. A report entitled “Implementing Government Direction”, dated March 31, 2018; and
- iii. BCLC’s 2017/2018 Social Responsibility Report.

A true copy of this email from Ms. Rowley to Minister Eby, dated May 31, 2018, with attachments, is attached as **Exhibit 81 (BCLC0008447, BCLC0008448, BCLC0008449, BCLC0008450)**.

201. Once Mr. Peter Kappel became Chair of the BCLC Board of Directors, I also assisted him to prepare for his interactions with government. For example, on or about November 29, 2018, I received an email from Mr. Kappel requesting that we have a call to prepare him for a discussion the following week with Mr. Scott. A true copy of this email is attached as **Exhibit 82 (BCLC0012646)**.

202. To the best of my recollection, I had a call the following day, on November 30, 2018, with Mr. Kappel, Mr. Kroeker and myself, during which we discussed a FinTRAC letter, the draft management response and cash alternatives.

203. I am aware that Mr. Kappel communicated regularly in writing with Minister Eby. Some of these communications were made in relation to briefing materials that I prepared for Government. For example:

a. On July 17, 2018, I was copied on an email from Ms. Rowley to Minister Eby, sent on behalf of Mr. Kappel, with the subject “BCLC – Letter & Attachment for Minister Eby’s Attention”. The email attached the following documents:

- i. A letter from Mr. Kappel to Minister Eby, dated July 17, 2018, with the subject “Anti-Money Laundering (AML) Quarterly Report for the first quarter of Fiscal Year 2018/2019”; and,
- ii. “Report for the First Quarter Fiscal Year 2018/2019.”

A true copy of this email from Ms. Rowley to Minister Eby, dated July 17, 2018, with attachments, is attached as **Exhibit 83 (BCLC0008451, BCLC0008452, BCLC0008453)**.

b. On or about March 26, 2019, I was copied on an email from Ms. Rowley to Minister Eby, sent on behalf of Mr. Kappel, with the subject “BCLC – Letter & Attachments for Minister Eby’s Attention.” The email attached the following documents:

- i. A letter from Mr. Kappel to Minister Eby, dated March 18, 2019, with the subject “BCLC’s Implementing Government Direction Report”;
- ii. A report entitled “Implementing Government Direction”, dated March 18, 2019;
- iii. A letter that I sent to Mr. MacLeod, dated February 4, 2019, with the subject “Status Update on Implementing Recommendations from the Plan for Public Health & Gambling”;
- iv. A copy of the joint GPEB/BCLC status update entitled “Plan for Public Health and Gambling Status Summary,” dated February 4, 2019; and,
- v. “Report for the Third Quarter of Fiscal Year 2018/2019”.

A true copy of this email from Ms. Rowley to Minister Eby, dated March 26, 2019, with attachments, is attached as **Exhibit 84 (BCLC0008461, BCLC0008462, BCLC0008463, BCLC0008464, BCLC0008465, BCLC0008466, BCLC0008467).**

c. On or about June 19, 2019, I was copied on an email from Ms. Rowley to Minister Eby, sent on behalf of Mr. Kappel, with the subject “BCLC – Letter & Attachments for Minister Eby’s Attention.” This email attached the following documents:

- i. A letter from Mr. Kappel to Minister Eby, dated June 19, 2019, with the subject “BCLC’s Implementing Government Direction Report Q4”;
- ii. A report entitled “Implementing Government Direction”, dated March 31, 2019; and,
- iii. “Report for the Fourth Quarter Fiscal Year 2018/2019”.

A true copy of this email from Ms. Rowley to Minister Eby, dated June 19, 2019, with attachments, is attached as **Exhibit 85 (BCLC0008468, BCLC0008469, BCLC0008470, BCLC0008471).**

d. On or about July 31, 2019, I was copied on an email from Ms. Rowley to Minister Eby, sent on behalf of Mr. Kappel, with the subject “BCLC – Letter & Attachments for Minister Eby’s Attention.” This email attached the following documents:

- i. A letter from Mr. Kappel to Minister Eby, dated July 31, 2019, with the subject “BCLC’s Implementing Government Direction Report Q1”;
- ii. A report entitled “Implementing Government Direction”, dated June 26, 2019; and,
- iii. “Report for the First Quarter Fiscal Year 2019/2020”.

A true copy of this email from Ms. Rowley to Minister Eby, dated July 31, 2019, with attachments, is attached as **Exhibit 86 (BCLC0008472, BCLC0008473, BCLC0008474, BCLC0008475)**.

204. In my interactions with government, I never received a direction or suggestion that BCLC should avoid or not implement AML measures that would impact revenue. BCLC raised the suggestion with Government in both 2015 and 2017 that BCLC could exit the high limit table business if government preferred to eliminate that risk. We did not receive a direction to do this on either occasion.

205. On or about October 17, 2017, I attended a meeting with Mr. Fyfe and members of the office of the Attorney General. The BCLC Vice President of Communications and Director of Communications also attended. I recall that the purpose of this meeting was twofold: (1) ask for the Ministry's help in bringing all of various parties involved in AML (the Service Providers, BCLC, GPEB, FinTRAC, the RCMP) to the table to establish a collaborative and coordinated approach that was necessary to keep the criminal element out of the gaming industry, and (2) to ask for help in developing a well-coordinated communication effort. During this meeting, I told Mr. Fyfe that BCLC could choose to abandon or shut down the High Limit Table Business if it was too risky. Mr. Fyfe told me that Minister Eby did not want to shut down this business, but that he just wanted to eliminate the criminal element.

206. I recall that Mr. Bud Smith, Chair of the BCLC Board of Directors, subsequently raised this point in a face to face meeting with Minister Eby on or about October 23, 2017. I attended this meeting, together with Mr. Kroeker, Mr. Fyfe, Mr. Mazure, among others.

207. I recall that BCLC provided a number of documents to the Minister in relation to this meeting. These were subsequently provided to Dr. German during his review. **Exhibit 87 (BCLC0003693)** is an email, without attachments, from Ms. Rowley to Dr. German, dated October 26, 2017, providing him with a set of materials from the meeting with Minister Eby on October 23. To the best of my knowledge, Ms. Rowley also sent to Dr. German the documents that were provided to the Minister during the meeting on October 23, 2017, a selection of which are attached here as follows:

- a. **Exhibit 88 (BCLC0003694)** is a Briefing Memo entitled “AML in Casino Gaming”, dated October 20, 2017,
- b. **Exhibit 89 (BCLC0015482, BCLC0003698, BCLC0003700, BCLC0003701, and BCLC0003702)** are a section of the document that correspond to the Tabs discussed in the Briefing Memo entitled “AML in Casino Gaming”;
- c. **Exhibit 90 (BCLC0003704)** is the Power point presentation entitled “BCLC AML Update, October 23, 2017”.

208. I understood that the purpose of this October 23, 2017 meeting was to provide Minister Eby with background and context of the gaming industry, especially with respect to the high limit play business, to discuss the roles and responsibilities relating to AML, and to present recommendations that BCLC had regarding initiatives to further improve AML. I recall that the discussion at this meeting included, among other things: the need for a coordinated effort between the parties in the gaming sector to mitigate money laundering risks; how the absence of enforcement could result in a low level shark turning into a major criminal figure, citing the example of Paul Jin; and BCLC’s AML initiatives. I recall the Minister expressing his appreciation for the work by BCLC to date.

209. During the meeting, I recall that Mr. Smith asked Minister Eby outright if he would prefer that BCLC not be in the High Limit business. I recall that Minister Eby responded that he wished to stay in this business.

210. I have never held the view that BCLC should ignore the possibility of money laundering or should avoid or not implement AML measures or that the organization should prioritize revenue growth over combatting money laundering. To do so would be wholly inconsistent with my personal beliefs. I always took seriously that the expectation on BCLC to serve the public responsibly as a Crown Corporation was of greater importance than maximizing revenue.

a. Engagement with Municipal Government

211. In 2019, I participated in a series of outreach meetings with mayors in the Lower Mainland communities with casinos to discuss money laundering. The purpose of these meetings was

to engage with Host local governments of casinos in the Lower Mainland as key stakeholders. I wanted to provide them with information about BCLC's AML program and answer their questions as "hosts" of casinos and important stakeholders in the casino business receiving 10% of the net proceeds from the casino. Attached as **Exhibit 91 (BCLC0006668)** is a true copy of an email that I received on or about February 23, 2019, from Mr. Greg Walker, the Director of Public Affairs for BCLC, summarizing the schedule of meetings confirmed as part of the outreach to mayors to discuss money laundering. Mr. Desmarais was also a recipient of this email. This email was followed by an exchange between myself and Ms. Piva-Babock and Mr. Walker on February 23, 2019, regarding proceeding with these meetings, a true copy of which exchange is attached as **Exhibit 92 (BCLC0006666)**.

212. Finally, also on February 23, 2019, I sent an email to Mr. Walker, regarding the importance of ensuring that the Minister's office was aware of my meetings with mayors in the Lower Mainland. A true copy of the email that I sent to Mr. Walker, dated February 23, 2019, is attached as **Exhibit 93 (BCLC0006667)**.

213. During these meetings that occurred with mayors in the Lower Mainland in February 2019, I recall that the mayors that I met expressed surprise with the information that I shared, in particular that the number of STRs were declining from 2015 onwards. I recall Mayor Malcolm Brodie, the mayor of Richmond, in particular expressing surprise at this information. He was most interested in the drop in STRs that occurred during the 2015-2017 period.

214. Following my meetings with mayors in the Lower Mainland in February, I wrote an article on or about April 1, 2019, for employees in the YAK newsletter about these meetings. A true copy of this article, dated April 1, 2019, is attached as **Exhibit 94 (BCLC0011694)**.

215. On or about April 8, 2019, I wrote another article in the YAK newsletter. This article discussed a meeting I had with the Richmond City Council's General Purposes Committee to inform them on BCLC's AML program. A true copy of this article, dated April 8, 2019, is attached as **Exhibit 95 (BCLC0011699)**.

216. I continued to meet with mayors in the Lower Mainland throughout the first part of 2019, and to keep BCLC employees informed about these meetings. On or about May 21, 2019, I wrote an article in the YAK Newsletter about my meeting with Mr. Kennedy Stewart, the Mayor of Vancouver, and his chief of staff that occurred on May 17, 2019. A true copy of this article, dated May 21, 2019, is attached as **Exhibit 96 (BCLC0011696)**.

XI. MNP Report

217. I am aware that in or around September 2015, GPEB retained MNP to analyze Customer Due Diligence and Know your Customer practices at River Rock casino.

218. In April 2016, I learned from Mr. Mazure that the MNP Audit was complete and that it would be shared with BCLC soon. Mr. Mazure advised me that Ms. Wenezenki-Yolland was reviewing the MNP report for tone.

219. I subsequently spoke with Ms. Wenezenki-Yolland about the report. I understood her to have negative views about the MNP report. I understood that she was concerned about the report: she had concerns about the tone of the report and that it was overly broad in scope and did not fully acknowledge the work done by the government, GPEB and BCLC. Ms. Wenezenki-Yolland told me she had asked MNP to revisit parts of the report.

220. In May 2016, at a meeting with Mr. Mazure, I was told that BCLC would receive the MNP report in advance and given the opportunity to respond to the report. However, in June 2016, Mr. Mazure then informed me that MNP was uncomfortable with providing BCLC a copy of the report prior to presenting it to us.

221. On July 11, 2016, I attended a meeting with MNP, Mr. Mazure and Mr. Meilleur of GPEB, Ms. Wenezenki-Yolland, and Mr. Kroeker. At this meeting, I was told that BCLC would have the opportunity to respond to the report and to provide feedback on the recommendations.

222. I was not involved in the activities around the preparation of the MNP review. I recall that BCLC had concerns with the findings of the final report, dated July 26, 2017 and attached to Exhibit 73 of the Commission exhibits at Appendix J. These concerns included a concern that the data used by MNP was incorrect due to technological difficulties in the transfer of information

on MNP. Despite these concerns, BCLC took the report seriously. BCLC ultimately provided a response plan to the findings of this report, a true copy of which is attached as **Exhibit 97 (BCLC0000226)**.

223. I am aware that the Government received a freedom of information request for the MNP Report sometime in 2017. I had a conversation with Mr. Mazure in July 2017 about the release of this report. I communicated that, prior to the report being released, it should be properly redacted so as to not reveal BCLC's AML processes and priorities and undermine BCLC's AML program and that BCLC's Management Response should be released with it.

224. On or about September 21, 2017, I sent an email to Mr. Godfrey regarding the release of the MNP report and the BCLC Management Response to this report. A true copy of this email, dated September 21, 2017, is attached as **Exhibit 98 (BCLC0008426)**.

225. On or about September 22, 2017, I had a conversation with Minister Eby about the MNP report. Minister Eby wanted to proactively release the MNP report. I provided BCLC's thoughts on the MNP report. I requested that BCLC's management response to the MNP report be released together with the MNP report. I recall that Minister Eby agreed to release the BCLC management response. I was then surprised to learn that the government released the MNP report but did not release the BCLC management response. I was also surprised that the MNP Report was not redacted when it was released. I recall Mr. Kroeker expressing concern to me that this lack of redactions could compromise BCLC's AML program.

XII. Ernst and Young LLP Canada ("EY") Cheque Audit

226. Under my direction, BCLC has worked to be responsive to and investigate reports of money laundering occurring within the gaming sector, including reports in the media.

227. In or around September 29 2017, the Vancouver Sun published an article by Mr. Sam Cooper asserting that a player could buy in with cash and leave the casino with a cheque after minimal play. BCLC took immediate action on this before the German Report was released. This is the same article that ultimately led to Mr. Alderson's resignation from BCLC.

228. On the evening of September 29, 2017, I had a discussion with Mr. Smith and Mr. Kroeker about Mr. Cooper's article. I asked Mr. Kroeker if it was possible for a player to launder money as reported in this article. I wanted to know if there were instances where money laundering controls had been compromised. Mr. Kroeker informed me that for this to occur would require three service provider staff be corrupted and that he could not see how it was possible. I recall that during this call, we agreed to that it was necessary to conduct an audit and that Mr. Kroeker would contact EY about conducting this audit.

229. On September 30, 2017, I was copied on an email sent by Mr. Kroeker to Mr. Peter Law of EY with the subject "AML Review (BCLC & EY)", in which Mr. Kroeker stated that BCLC had decided to order a review of all cheques issued by three casinos between January 1, 2016 and December 31, 2016 during a three year period between January 1, 2014 and December 31, 2016. A true copy of this email, dated September 30, 2017, is attached as **Exhibit 99 (BCLC0005222)**.

230. Subsequently, BCLC's Board of Directors and I decided that EY should be retained to perform an analysis of cheques and patterns of play pertaining to a set of defined money laundering typologies at the River Rock Casino during a three year period from January 1, 2014 to December 31, 2016.

231. The EY cheque audit took longer than I would have liked. I understood from the EY team that this was a very manual and laborious process, which accounted for the amount of time that it took to complete. On or about February 15, 2019, EY released two reports:

- a. Attached as **Exhibit 100 (BCLC0005159)** is a true copy of an EY Report, dated February 15, 2019, entitled "River Rock Casino Resort: Anti Money-Laundering Typology Analysis"; and,
- b. Attached as **Exhibit 101 (BCLC0005160)** is a true copy of an EY Report, dated February 15, 2019, entitled "River Rock Casino: Verified Win, Return of Funds, and Convenience Cheque Analysis".

232. Based on its review, EY concluded that there was no systemic pattern of money laundering activity related to cheques being issued by River Rock Casino during the three-year period of

2014 to 2016. I was comforted by the findings of the EY Report, as it showed that BCLC's AML controls were working.

233. Following completion of the EY Report, I directed that a BCLC Briefing Document be prepared for Minister Eby, dated February 26, 2019, entitled "EY Casino Cheque Issuance and Anti-Money Laundering Analysis", a true copy of which is attached as **Exhibit 102 (BCLC0002125)**.

234. I had a meeting on or about February 28, 2019 with Minister Eby, George Smith and Derrick Harder who were then Mr. Eby's Ministerial assistants, Mr. Peter Kappel, who was the newly-appointed Chair of the BCLC Board of Directors, Mr. Kroeker, Mr. Gurmit Aujla who was the BCLC Director of Internal Audit, Mr. Scott, Mr. MacLeod, Mr. Fyfe, and two members of EY, Mr. Bob Boyle of the EY New York office and Mr. Peter Law of the EY Vancouver office. In preparation for this meeting, BCLC and EY prepared a document entitled "Briefing Guide – Casino Cheque and Anti-Money Laundering Analysis", the purpose of which was to guide the discussion with the Minister. A true copy of this briefing guide is attached as **Exhibit 103 (BCLC0004241)**. The Minister was also provided with a briefing note entitled "Observations for Discussion," as a pre-read, a true copy of which is attached as **Exhibit 104 (BCLC0004243)**.

235. During the February 28, 2019 meeting, EY and BCLC made a joint presentation to the Minister. I explained that there were three main money laundering risks in casinos: "classic" money laundering, in which cash is exchanged for a cheque; the Vancouver Model, in which players spend proceeds of crime unwittingly; and low-level smurfing. I explained that: EY's audit would address whether BCLC's controls for the "classic" model of money laundering were working or not; BCLC's source of funds requirements were addressing the "Vancouver Model" risk; and that BCLC had more work to do around the "low-level smurfing" or "retail" money laundering risk. Mr. Boyle then led the Minister through the results of the EY audit. Finally, Mr. Kappel asked the Minister about next steps following the results of EY's work.

236. I recall that Minister Eby during this meeting asked many pointed questions about "classic" money laundering, which were answered. BCLC volunteered to conduct a similar review at other casinos, but when asked by Mr. Kappel, Minister Eby agreed that this was not necessary if the

controls in place at these other casinos were the same as at the River Rock Casino. I recall that Minister Eby was not too concerned about the retail level of money laundering risk.

237. We discussed how to release this report publicly as we expected it would get media attention. Minister Eby stated it was BCLC's decision to release it. He left it up to BCLC to decide how to release the reports by EY. BCLC subsequently released EY's analysis publicly and it is available on BCLC's website. I had hoped that releasing the EY Report would satisfy the media and the public that classic money laundering was not happening in BC casinos, at least during the three year period at River Rock audited by EY, but the report never received the media response and traction that we expected. Similarly, BCLC held the hope that the results of this audit would persuade the Minister to support BCLC publicly, but this did not occur.

238. On or about March 19, 2019, I informed the ADM Deputy Ministers' Committee about the results of the EY audit and the reports. Members of this committee requested a briefing about the EY audit and reports. I organized a briefing for them about the results of the audit, provided by Mr. Kroeker and Mr. Boyle, later in March 2019. I recall that, when provided with this presentation, Ms. Lori Wannamaker, then the Deputy Minister of Finance, said "So all the media reports about money laundering in casinos weren't true?".

XIII. Accuracy of Media reporting

239. BCLC is a prime target for the media. As a Crown Corporation, we are subject to freedom of information legislation, making the organization more accessible to the media to gather information.

240. I recall that during the 2017 period and onwards, BCLC was subject to significant media scrutiny. BCLC was concerned that Government would have an inaccurate understanding of its AML practices.

241. BCLC developed a practice of proactively drafting and sending briefing materials in the form of Briefing notes and Information Notes to Minister Eby in response to each of the media reports, in order to provide BCLC's perspective on these and provide him with information in case he was questioned by the media or his legislature colleagues. A selection of the briefing

notes and information notes prepared at my direction for Minister Eby in response to these media reports is attached as follows:

- a. **Exhibit 105 (BCLC0001196)** is an information note entitled “BCLC Letter to Sam Cooper”, dated November 21, 2017;
- b. **Exhibit 106 (BCLC0004314)** is an information note entitled “Cooper Story: Slot AML Controls”, dated December 22, 2017;
- c. **Exhibit 107 (BCLC0004315)** is an information note entitled “Cooper AML Story re Chip Replacement,” dated January 2, 2018;
- d. **Exhibit 108 (BCLC0004313)** is an information note entitled “Cooper AML Story re: AML Presentation”, dated January 11, 2018;
- e. **Exhibit 109 (BCLC0004317)** is an information note entitled “Cooper AML Story re: Jin ML Network and Loans”, dated January 29, 2018;
- f. **Exhibit 110 (BCLC0004319)** is an information note entitled “Cooper AML Story re: SAS Anti-money-laundering software”, dated February 15, 2018;
- g. **Exhibit 111 (BCLC0008031)** is an information note entitled “Cooper AML story re: Jin Connections with Casino Staff”, dated March 15, 2018;
- h. **Exhibit 112 (BCLC0001233)** is an information note entitled “Cooper AML Story Re: Top 25 PGF Payouts,” dated March 19, 2018; and,
- i. **Exhibit 113 (BCLC0001211)** is a briefing note entitled “Postmedia AML story re: HLT Advisory Report and Potential Revenue Impacts”, dated March 28, 2018.

XIV. German Review and Recommendations

242. I recall that on or about September 28, 2017, Minister Eby announced that he had hired Dr. German to conduct a review of allegations of money laundering in casinos in the Lower Mainland.

a. Participation in the German Review

243. I had limited conversations with Dr. German while his review was under way. To the best of my recollection, I had a conversation with Dr. German when he began his review in or around the end of October 2017. I recall that Mr. Krocker, Mr. Desmarais, and Dr. German's associate, Jerome Malysh, also attended this meeting. I believe that this conversation was approximately one and a half hours. The focus of this meeting was ascertaining what information Dr. German required for his review. I expressed BCLC's commitment to improving its AML regime and to working with Dr. German during his review. I recall Dr. German stating he did not want to stand in the way of BCLC continuing to evolve our AML controls while he conducted his review.

244. I later had approximately 1-2 conversations with Dr. German by telephone or videoconference while his review was under way.

245. While the German Review was underway, I learned from Mr. Smith that he had not yet had an opportunity to speak with Mr. German. As a result, I set up a videoconference between Mr. Smith, Dr. German, and myself. This videoconference occurred on or about January 29, 2018.

246. During this videoconference, I recall discussing with him the need for more streamlined and stronger enforcement. I remember Mr. Smith telling Dr. German that BCLC did not view its role as law enforcement. However, he was clear in communicating to Dr. German that if there was something that BCLC could do or if its role needed to change, then BCLC was prepared to do that. I understood Mr. Smith to make clear that BCLC was not married to any role, in particular on the investigations side and that we were prepared to make changes to streamline the process.

247. In addition to these conversations and videoconferences with Dr. German, I recall that there was frequent communication between Dr. German and BCLC by email, in order to provide information to him and to facilitate his review. Attached are examples of such communications:

- a. **Exhibit 114 (BCLC0005674)** is an email exchange dated October 17, 2017 to October 18, 2017, between Dr. German and myself, arranging our initial meeting and requesting access to materials from BCLC;

- b. **Exhibit 115 (BCLC0005667)** is an email exchange dated November 1, 2017 to November 2, 2017, between Mr. Malysh and Mr. Kroeker, regarding the roles of Mr. Kroeker, Mr. Desmarais, and myself at BCLC;
- c. **Exhibit 116 (BCLC0005665)** is an email exchange dated November 2, 2017 to November 3, 2017, between Dr. German, Mr. Malysh and Mr. Kroeker, among others, regarding access to a BCLC secure server;
- d. **Exhibit 117 (BCLC0005591)** is an email exchange between Dr. German and myself providing him with a copy of EY's recent audit of BCLC's AML program and BCLC's Management Response;
- e. **Exhibit 118 (BCLC0005535)** is an internal BCLC email communication between myself, Mr. Kroeker, Ms. Amanda Hobson, the Chief Financial Officer and VP of Finance and Corporate Services, and Mr. Desmarais, dated January 2-3, 2018, regarding a request for information from Mr. Malysh for a financial overview for each of the previous five years. To the best of my knowledge, this information was ultimately provided to Mr. Malysh.
- f. **Exhibit 119 (BCLC0005539)** is an internal BCLC email communication from Mr. Kroeker to Mr. Desmarais and Ms. Hobson to which I was copied, dated February 1, 2018, asking that they prepare information in response to a request by Mr. Malysh. To the best of my knowledge, this information was ultimately provided to Mr. Malysh.
- g. **Exhibits 120 (BCLC0005432), 121 (BCLC0005444), 122 (BCLC0005445), 123 (BCLC0005470), and 124 (BCLC0005496)** relate to series of emails exchanged between February 14, 2018 and March 29, 2018, between Dr. German, Mr. Kroeker and myself regarding BCLC's SAS software solution;
- h. **Exhibits 125 (BCLC0005434), 126 (BCLC 0005435) and 127 (BCLC0005438)** relate to an email exchange dated March 29, 2018, between Dr. German and myself regarding BCLC's standard around acceptance of gifts;

248. I was aware that BCLC employees may be concerned about the media coverage of potential money laundering in casinos and about the announcement of Dr. German's ongoing review. On October 23, 2017, I wrote an article for the YAK newsletter setting out that BCLC's internal task force was managing how and when BCLC would respond to media requests in the context of the ongoing review by Dr. German. A true copy of this article, dated October 23, 2017, is attached as **Exhibit 128 (BCLC0011676)**.

b. BCLC Reaction to the German Report

249. While the German review was under way, BCLC was subject to significant media scrutiny. As the date of the release of the German Report approached, I communicated regularly with BCLC employees about the upcoming release of this report and BCLC's preparations to ensure that we could respond effectively to Dr. German's recommendations. Attached as **Exhibit 129 (BCLC11708)** is a true copy of an article I wrote in the YAK newsletter, dated March 26, 2018, in anticipation of the release of Dr. German's report.

250. BCLC received a copy of the first draft of Dr. German's report. On or about April 18, 2018, Mr. Bud Smith sent a letter to Minister Eby in response to the first draft of Dr. German's response circulated for consultation. I was copied to this letter. Mr. Smith enclosed with this letter five appendices prepared by BCLC. A true copy of this letter and the enclosures are attached as **Exhibits 130 (BCLC0005379)** and **131 (BCLC0005380)**.

251. The April 18, 2018 letter by Mr. Smith attached as Exhibit X was sent by email by my Executive Assistant, Ms. Suzanne Rowley, dated April 18, 2018 to Mr. Fyfe and subsequently to all BCLC Executives on April 19, 2018. A true copy of this email, without enclosures, is attached as **Exhibit 132 (BCLC0005378)**.

252. After the release of Dr. German's Report on June 22, 2018, I expected that BCLC employees would have questions and potentially concerns about the Report's conclusions about BCLC and about money laundering in BC Casinos. On or about June 22, 2018, I sent an all-employee email in anticipation of these questions and potential concerns, a true copy of which is attached as **Exhibit 133 (BCLC004282)**. I expressed BCLC's full support for the Government's

direction on the recommendations in Dr. German's report. I expressed my pride in the work done by BCLC to date to respond to the threat of money laundering

253. BCLC anticipated that there would be significant media interest and inquiries following the release of the German Report. In anticipation of this, BCLC (or BCLC's Communications Team) prepared a series of documents, including:

- a. **Exhibit 134 (BCLC0004283)**, which is a draft document, entitled "Peter German AML Review: Release of Report and Recommendations", dated June 22, 2018; and,
- b. **Exhibit 135 (BCLC0004124)**, which is a draft document, entitled "Q&A, Key Messages – German Report".

254. Subsequently, in discussion with BCLC's Board Chair, Mr. Smith, I decided to not speak directly to the media about the results of the German Report. Mr. Smith was very concerned that I as CEO and BCLC as an organization did not get caught in the "cross-fire" between the Minister and the former government. I found this difficult, as I wanted to speak for our organization, but I trusted that our Board Chair's direction was best for BCLC in the long run. He was always a very wise advisor to me and the organization with an extensive experience in politics. Instead, I directed our Communications team continue to create Information Notes to respond to every media article to provide to the Minister – in essence, a Government Relations strategy instead of a Public Relations strategy. BCLC also embarked on a stakeholder communication plan with host local governments of Lower Mainland casinos.

255. I felt that these briefing notes did not necessarily succeed in ensuring that the Government and Minister Eby in particular understood the BCLC perspective. I recall hearing statements in the media by Minister Eby that his "mind was blown" when he received the results of the German Report. I recall that, in early February 2019, I had a call with Mr. Fyfe, Mr. Scott and Mr. Harder and I expressed to them how difficult the Minister's public statements were becoming for BCLC staff. I was concerned that working at BCLC was becoming more stressful for many of my staff because of a lack of support from Minister Eby. In a call on or about February 26, 2019, I raised my concerns directly with Minister Eby. I explained that the impact

of the German Report and media scrutiny were stressful for BCLC's staff and an expression of support for BCLC by Minister Eby would go a long way.

256. On June 27, 2018, BCLC released a Media Release entitled "BCLC Statement on Dr. Peter German Report", a true copy of which is attached as **Exhibit 136 (PAR00003463)**.

c. Implementation of Dr. German's Recommendations

257. I directed BCLC's response to the interim recommendations by Dr. German and to Dr. German's final recommendations contained in the German Report. BCLC has implemented all of the interim recommendations and the final German Report recommendations that it is able to implement independently. The remaining recommendations that impact or involve BCLC are dependent on the actions of other agencies and ministries.

v. Implementation of Interim Recommendations: Source of Funds Declaration

258. On or about December 5, 2017, while the German Review was under way, I recall that Minister Eby announced two interim recommendations made by Dr. German: that any cash used to buy into casinos over \$10,000 must be accompanied by a declaration by the patron of the patron's identification and provide the source of their funds and that GPEB investigators be present in Lower Mainland casinos on a 24/7 basis.

259. Prior to Dr. German's interim recommendations, BCLC was aware of the importance of addressing the source of funds and was addressing the source of funds on a risk-basis from 2015 onwards. This is reflected, for example in the May 8, 2017 and May 12, 2017 letters that I exchanged with Mr. Mazure, attached above as Exhibit 57 (GPEB1028) and Exhibit 58 (GPEB1032).

260. I understood that Minister Eby expected these recommendations to be implemented as soon as possible.

261. Immediately after the release of these recommendations, I called Mr. Mazure to discuss implementing the recommendations. I stated that BCLC would strengthen its AML measures by not only requiring a source of funds declaration but also requiring proof of a receipt of the source of funds for all cash buy ins over \$10,000. This expanded on BCLC's existing risk-based

requirement for proof of source of funds to establish a prescriptive approach for any cash buy-ins over \$10,000.

262. Between December 11, 2017 and December 19, 2019, I participated in an email exchange with Mr. Kroeker, Ms. Kim Bruce, Acting Assistant Deputy Minister of GPEB, Mr. Mazure, and others, with the subject “German Recommendation #1 – Source of Funds Declaration”. This exchange concerned, among other things, questions by GPEB about the implementation of the interim recommendation regarding sources of funds and a discussion relating to the timing of implementing this recommendation. A true copy of this email exchange is attached as **Exhibit 137 (BCLC0005562)**.

263. Between December 11, 2017 and December 25, 2017, I participated in an email exchange with Mr. Kroeker and Dr. German with the subject “German Recommendation #1 – Source of Funds Declaration”, a true copy of which exchange is attached as **Exhibit 138 (BCLC0005546)**.

264. On or about December 12, 2017, I sent an email to Mr. Mazure and Ms. Bruce and others regarding the implementation of the recommendation regarding Source of Funds Declaration, I attached to this email the following documents for their review and/or approval: (a) a Memorandum to myself from Mr. Kroeker dated December 11, 2017, with the subject “German Interim Recommendation #1 – Source of Funds Declaration, (b) a draft Reasonable Measures/Source of Funds Declaration form, and (c) a BCLC Directive entitled “Source of Funds Declaration: Effective Date: December 18, 2017”. A true copy of my December 12, 2017 email, with attachments, is attached as **Exhibit 139 (BCLC0005595, BCLC0005596, BCLC0005597, BCLC0005598)**.

265. On December 12, 2017, I also sent an email to Dr. German providing him with the following documents to update him on BCLC’s efforts and to provide him with an opportunity to comment: (a) a Memorandum to myself from Mr. Kroeker dated December 11, 2017, with the subject “German Interim Recommendation #1 – Source of Funds Declaration, (b) a draft Reasonable Measures/Source of Funds Declaration form, and (c) a BCLC Directive entitled “Source of Funds Declaration: Effective Date: December 18, 2017”. A true copy of my December 12, 2027 email, with attachments, is attached as **Exhibit 140 (BCLC0005599, BCLC0005600, BCLC0005601, BCLC0005602)**.

266. On or about December 13, 2017, I received a letter from Mr. Mazure with the subject “Peter German Recommendations”, regarding the implementation of the Source of Funds Declaration. A true copy of this letter is attached as **Exhibit 141 (BCLC0005587)**.

267. On or about December 13, 2017, I sent a letter in response to Mr. Mazure with the subject “Peter German Recommendations,” regarding the implementation of the Source of Funds Declaration. In this letter, I reiterated that BCLC would be ready as early as December 18, 2017, to implement the recommendation if there were no major concerns. A true copy of this letter is attached as **Exhibit 142 (BCLC0005577)**.

268. On or about December 15, 2017, I received a letter from Ms. Bruce with the subject “Peter German Recommendation relating to Source of Funds Declaration”. This was in response to my letter dated December 13, 2017. A true copy of this letter is attached as **Exhibit 143 (BCLC0005563)**.

269. On or about December 19, 2017, I sent an email to Ms. Bruce with the subject “German Recommendation #1 – Source of Funds Declaration”. I sent this email in response to Ms. Bruce’s letter dated December 15, 2017. A true copy of my email is attached as **Exhibit 144 (BCLC0005557)**. I subsequently followed up on this email with a letter to Ms. Bruce, also dated December 19, 2017, a true copy of which is attached as **Exhibit 145 (BCLC0011635)**.

270. On or about December 23, 2017, I received an email from Mr. Kroeker with the subject “German Recommendation #1”, relating to the timing of implementing this recommendation. A true copy of this email is attached as **Exhibit 146 (BCLC0005548)**.

271. On or about December 27, 2017, I received a letter from Ms. Bruce with the subject “Peter German Recommendation relating to Source of Funds Declaration”. This letter followed up various email communications and discussions in the month prior with GPEB about this. This letter “Attachment 1: Q&A for Source of Funds Declaration” and “Attachment 2: Recommendations for BCLC regarding BCLC’s proposed Source of Funds Declaration (V.1 December 2017)”. A true copy of this December 27, 2017 letter, with attachments, is attached as **Exhibit 147 (BCLC0005545)**.

272. On or about January 2, 2018, I sent a letter to Ms. Bruce with the subject “German Recommendation #1 – Source of Funds Declaration”. I sent this letter in response to Ms. Bruce’s December 27, 2017 letter. A true copy of my letter is attached as **Exhibit 148 (BCLC0005538)**.

273. On or about January 4, 2018, I received a letter from Ms. Bruce, with the subject “Re: German Recommendation #1 – Source of Funds Declaration.” This letter was sent in response to my January 2, 2018 letter. A true copy of the letter I received is attached as **Exhibit 149 (BCLC0005533)**.

274. On or about January 4, 2018, I received a memorandum from Mr. Kroeker, dated January 4, 2018, with the subject “GPEB Recommendations on Source of Funds Process”, a true copy of which is attached as **Exhibit 150 (BCLC0004084)**.

275. On or about January 5, 2018, BCLC prepared an Information Note entitled “BCLC Action Plan Re: German interim recommendation #1”, a true copy of which is attached as **Exhibit 151 (BCLC0005515)**. I believe that this Information Note accurately reflects the chronology of events leading up to the date of this note relating to the implementation of the interim recommendation #1.

276. On or about January 10, 2018, BCLC issued a Directive to Service Providers entitled “Source of Funds Declaration: Effective Date: January 10, 2018”, a true copy of which is attached as **Exhibit 152 (BCLC0005526)**.

277. In my view, the implementation of the Source of Funds declaration had the desired effect of reducing large cash buy-ins. While it has not completely eliminated cash buy-ins over \$10,000, it has had a significant impact on those transactions.

278. Following its implementation, BCLC monitored compliance by Service Providers with the Source of Funds Declaration Forms.

279. I recall that, in fall 2018, BCLC determined that there were a number of deficiencies identified in the preparation and completion of Source of Funds Declarations by Casino Service Providers. As a result of concerns with compliance by Service Providers with the Source of Funds Declarations, I recall that Mr. Kroeker engaged Deloitte beginning on or about October 9,

2018, at the cost of service providers, to assist in monitoring Source of Funds Declarations compliance by Service Providers.

280. I recall that, around the same time that BCLC engaged Deloitte to monitor compliance by Service Providers with the Source of Funds Declarations, I was aware that GPEB similarly conducted audits of the Source of Funds Directive.

281. On or about November 27, 2018, I received a letter from Mr. MacLeod to Ms. Angela Swan, Vice President, Regulatory Affairs and Compliance at Parq Vancouver, regarding the Source of funds compliance at Parq Vancouver. I was copied to this letter. A true copy of this letter, dated November 27, 2018, is attached as **Exhibit 153 (PAR00002010)**.

282. On or about November 29, 2018, I received a letter from Mr. MacLeod regarding the GPEB audit of Source of Funds compliance. A true copy of this letter, dated November 29, 2018, is attached as **Exhibit 154 (GPEB1462)**.

283. I am aware that the BCLC AML Unit created a guide entitled "Source of Funds and Reasonable Measures (SOF/RM) Reference Guide for Service Providers", dated July 2019, a true copy of which is attached as **Exhibit 155 (BCLC0007131)**.

284. While the Deloitte monitoring exercise was under way, I exchanged emails with Ms. Piva-Babcock between February 21, 2019 and February 22, 2019, with the subject "Deloitte Report," regarding the Minister's interest in receiving a briefing about the Source of Funds Declaration compliance issues. A true copy of this email exchange is attached as **Exhibit 156 (BCLC0006059)**.

285. On or about February 26, 2019, I participated in a call with Minister Eby, Mr. Fyfe, Mr. Scott, and Mr. Harder, in which we discussed the Deloitte monitoring exercise. I explained that some of the difficulty in Service Providers complying with the source of funds monitoring was that not all of the \$10,000 buy ins occurred at the cash cage. They occurred at gaming tables and would include multiple transactions such that, over a period of time (hours), the \$10,000 threshold would be met. It was a very time-consuming and manual process for the service providers. I explained that BCLC was trying to improve the processes involved, but that until there was a digital solution in place, there would always be compliance risks arising from the

manual nature of this exercise. I recall offering to provide the Minister with more information from Deloitte about this exercise and compliance by service providers if he was interested. To the best of my recollection, the topic did not come up again in my interactions with Minister Eby and compliance by service providers improved.

286. One result of the Source of Funds Declaration is that there are individuals who are now coming in and buying in just under the \$10,000 limit. It is my belief and understanding that BCLC is recording many of these transactions as suspicious transactions. An individual being familiar with AML protocols is an element of a suspicious transaction.

ii. Implementation of Final German Report Recommendations

287. BCLC has been clear from the beginning of the review by Dr. German that it was committed to working with Dr. German.

288. Generally, I believe that BCLC has been frustrated with the time that it has taken to implement all of the recommendations made in the German report, particularly around the creation of an independent regulator.

289. Although I have felt some frustration with the time it has taken to implement the more significant recommendations made in the German report, I also recognize that these are significant recommendations and that the bureaucratic decision-making process can take some time.

XV. 2018 Cash Cap Proposal

290. During my tenure as President and CEO, I have encountered instances in which I felt that I was told by government to not pursue an initiative that BCLC felt would improve AML controls. This occurred in particular while Dr. German's review was under way.

291. While Dr. German was conducting his review, BCLC continued to explore various AML initiatives that could be introduced, in order to bring new initiatives into and enhance our AML regime. After Dr. German's interim recommendation in early December to require a source of funds for all transactions over \$10,000 was announced, Mr. Kroeker and Mr. Desmarais came to me and suggested if the result of this interim recommendation was that BCLC was no longer

following a risk-based approach and would be moving to a prescriptive approach. I recall that they were perplexed by this because of Dr. German's expertise in AML and knowledge of risk-based approaches. Mr. Kroeker, Mr. Desmarais and I discussed what else BCLC could do to reduce risk if BCLC was not going to take an exclusively risk-based approach. I asked them to identify what further steps BCLC could take to mitigate concerns around unsourced cash. They advised me they had been looking into a cash cap alternative to the recommendation that MNP had given GPEB in 2016.

292. I met again with Mr. Kroeker and Mr. Desmarais in a meeting on or about January 4, 2018. They asked if I would support a cap of \$25,000 for cash coming into a casino as well as paid out on verified wins. We discussed next steps including providing me with the rationale in order to share with GPEB, the Ministry leadership and Dr. German.

293. This was the first instance that I am aware of that BCLC considered implementing a hard cash cap on its own initiative. Previously, BCLC had been aware of the possibility of the introduction of a cash cap by GPEB and taken steps to signal its willingness and preparation to do so. For instance, I was aware that the MNP review completed for GPEB in 2016 included a suggestion to place a hard limit on the acceptance of cash at casinos that would apply to all transactions and all individuals irrespective of risk, but that MNP made no recommendation as to the amount of this limit. In its management response to the MNP Response, attached above as Exhibit 97, BCLC indicated that it would wait for GPEB's direction on a cash cap, but did not receive any such direction. When the MNP Report came up again in the summer of 2017, BCLC expected that GPEB may then go through with implementing a cap allowed in casinos at \$10,000. In preparation for this, and in order to adjust our financial projections for Treasury Board, BCLC requested an analysis by HLT Advisory about the estimated impact of restricting the acceptance of table game cash "buy-ins" of more than \$10,000 in BC casinos. A true copy of this analysis, dated October 11, 2017, is attached as **Exhibit 157 (BCLC0004614)**. Based on this, BCLC made a change to its financial projections, reflecting a \$60 million reduction in forecasted revenue, reflecting the mid-point in HLT's projection.

294. I then raised the prospect of a \$25,000 cash cap with Mr. Scott and Mr. Fyfe during a regularly scheduled weekly call on or about January 12, 2018. I advised them I would be coming back to them with more information but did not want them to be surprised.

295. Prior to January 17, 2018, I received advice and rationale from Mr. Kroeker and Mr. Desmarais about a \$25,000 cash cap. I was advised that 94% of cash entering casinos was in amounts under \$25,000 and it represented 77% of the dollar value of large cash transactions. A cap at \$25,000 would eliminate bulk cash over that amount and allow BCLC to focus its large cash transaction Know your Customer requirement for FinTRAC. I recall that Mr. Kroeker and Mr. Desmarais advised me that, in the course of their review, they looked at player risk levels and found that the vast majority of players buying in under \$25,000 were either low or no risk, whereas players bringing in over \$25,000 were rated as medium or high risk. A \$25,000 cash cap thus made sense. I learned that Mr. Kroeker and Mr. Desmarais had initial conversations with Service Providers about a \$25,000 cash cap, and that while they were not happy they understood the need. I also learned that Mr. Kroeker and Mr. Desmarais had discussions with FinTRAC who advised it was appropriate to do enhanced due diligence on buy ins over \$25,000.

296. On January 17, 2018, I exchanged emails with Mr. Scarpelli of HLT Advisory, regarding what the estimates revenue/net win impact was if BCLC were to implement a cap on cash at \$25,000. A true copy of my email exchange with Mr. Scarpelli is attached as **Exhibit 158 (BCLC0006377)**.

297. On or about January 17, 2018, I informed Mr. Fyfe and Mr. Godfrey that BCLC had decided to implement a \$25,000 cash cap. I explained the rationale that I had been provided. I advised them that I had spoken with Mr. Mazure and GPEB had no concerns about this initiative. I did not understand Mr. Fyfe or Mr. Godfrey to have any concerns about this initiative.

298. Later that same day, on or about January 17, 2018, I received a call from Mr. Fyfe about the \$25,000 cash cap. I was told that Minister Eby was not happy with the proposal coming out while the German Review was under way. He asked me to not move forward with the proposal until after speaking with Mr. German. I was concerned by this response. I observed that Mr. Fyfe was uncomfortable bringing this up. I had a good relationship with Mr. Fyfe and respect him. I agreed to contact Dr. German before we moved forward. I understood from my earlier conversations

with Dr. German when he started his review that he did not want to stop BCLC from doing its work.

299. At 11:34 pm that same day, on January 17, 2018, I sent an email to Mr. Kroeker with the subject “AML Initiatives – GPEB”, advising him of the outcome of a call with Mr. Mazure that same day. Attached as **Exhibit 159 (BCLC0006332)** is a true copy of my email to Mr. Kroeker.

300. I subsequently contacted Dr. German to discuss the issue of the proposed \$25,000 cash cap. To the best of my recollection, this occurred during the following week, likely between January 18 and January 25, 2018. During our conversation about the proposed \$25,000 cash cap, I was told by Dr. German that BCLC should not implement the proposal and that it was not a good idea as BCLC had not yet had the opportunity to observe how the source of funds recommendation would work. Dr. German also said that he did not suggest a cap in this interim recommendations because he was not sure yet if BCLC had the right cash alternatives in place. Finally, he cautioned against a prescriptive approach.

301. On or about January 26, 2018, I received an email from Minister Eby regarding potential BCLC reforms, including possible reforms relating to bank drafts and money orders being used in BC casinos. I forwarded this email to Mr. Fyfe, seeking a time to discuss this communication from Minister Eby with him. I was perplexed by this level of intervention. It was not a directive, but a request. A true copy of this email exchange with Minister Eby and Mr. Fyfe, dated January 26, 2018 to January 28, 2018, is attached as **Exhibit 160 (BCLC0015844)**.

302. To the best of my recollection, I had a call on January 28, 2018 with Mr. Fyfe. I recall that, during this call, Mr. Fyfe and I discussed the purpose of the Minister’s email to me. I understood Mr. Fyfe’s explanation explained to me that the Minister wanted BCLC to know that he did not want BCLC to implement any new policies before the German report came out, like the \$25,000 cash cap, but he changed the email to reflect a different focus. I recall finding this somewhat odd.

303. Following my conversation with Dr. German, BCLC did not move forward with the proposed \$25,000 cash cap. I felt that BCLC had to trust Dr. German’s judgment as an expert and consider the possibility that Dr. German had another idea in mind. I also knew that Dr. German reported to the Minister and that the Minister did not want BCLC to implement a hard

cash cap without Dr. German's approval. I was surprised when Dr. German's final report was released and included a recommendation for no cash caps. I expected that BCLC would be able to implement the cash cap after his report was released or even that Dr. German would recommend implementation of a cash cap.

304. On or about February 1, 2018, I was copied on an email from Mr. Desmarais to Ms. Dolinski, providing a copy of a report from HLT Advisory regarding the estimated impact of restricting the acceptance of table game cash "buy ins" of more than \$10,000, dated October 11, 2017, that would be provided to the Minister. This email attached to it a copy of the HLT Advisory Report, dated October 11, 2017 and attached above as Exhibit 157 (BCLC0004614). A true copy of this email, with the attached HLT Advisory Report, is attached as **Exhibit 161 (BCLC0004613 and BCLC0004614)**. I recall that this was sent to the Minister in response to his query about the basis of BCLC's \$60 million reduction in its forecasted revenue.

XVI. AML Measure Proposals While the German Review Was Under Way

305. In early 2018, while the German Review was still under way, BCLC determined that it would make a series of improvements to its cash reduction strategies. Specifically, these were changes to the PGF accounts, convenience cheques, and cash distribution limits. I recall that these changes were originally intended for implementation on March 15, 2018.

306. On or about February 2, 2018, I received an email from Mr. Kroeker, proposing a series of modifications to existing AML controls including changes to PGF accounts, convenience cheques, and limits on cash payouts. A true copy of this email, dated February 2, 2018, is attached as **Exhibit 162 (BCLC0004611)**.

307. On or about March 1, 2018, I sent an email to Mr. Kroeker, Mr. Desmarais and Ms. Dolinski. In this email, I communicated the outcome of my recent conversations with the Ministry, that is, that the Ministry preferred that BCLC wait before implementing the three intended improvements to its cash reduction strategies. A true copy of my email, dated March 1, 2018, is attached as **Exhibit 163 (BCLC0004307)**.

308. I am aware that following my conversation with the Ministry, the BCLC AML unit communicated to Service Providers that upcoming cash reduction strategies would be delayed until after the release of the German Report.

309. While I could understand the Ministry's desire to await the outcome of the German review before implementing improvements to BCLC's cash reduction strategies, I was frustrated by the directions that I received in this regard. I understood from my earlier conversations with Dr. German when he started his review that he did not want to stop BCLC from doing its work. I considered the proposed improvements to BCLC's cash reduction strategies to be an important part of BCLC's AML work.

310. On or about August 2, 2018, BCLC received a request from Mr. MacLeod requesting that BCLC suspend the implementation of its directive that updated PGF account and convenience cheque policies and procedure for Service Providers which were, at this point, set to be effective August 7, 2018.

311. On or about August 9, 2018, I received a letter from Mr. Sam MacLeod, regarding the suspension on August 2, 2018 of the implementation of BCLC's directive that updated the PGF account and convenience cheque policies and procedures for Service Providers. A true copy of this letter, dated August 9, 2018, is attached as **Exhibit 164 (BCLC0011639)**.

312. I was concerned by how these events unfolded. I am aware that they created a concern by BCLC's AML unit, which had previously been able to operate autonomously, acting in the best interests of their AML responsibilities. I also understand that, due to how events occurred, Service Providers became confused about the changing AML directions. In my experience, it is very important that Service Providers have a clear understanding of their responsibilities and changing directives, as occurred in this instance, makes this difficult.

XVII. Money Services Business Directives

313. I am aware that, in or around June and July 2016, BCLC Investigators attended at Money Services Businesses in the Richmond area to verify the legitimacy of receipts produced by players in relation to cash buy ins. I became aware of these efforts much later. I do not recall when I became aware of these efforts or how I learned of them.

314. On October 19, 2017, I exchanged emails with Mr. Kroeker with the subject line “MSBs and other initiatives – for the Task Force,” regarding working with Dr. German on new AML initiatives generally and on de-risking MSBs in particular. A true copy of my email exchange with Mr. Kroeker is attached as **Exhibit 165 (BCLC0006349)**.

315. I recall that, at the time, our discussion about de-risking MSB’s focused on developing a list of approved MSBs. Subsequent to more due diligence, Mr. Kroeker stated to me that BCLC should de-risk all MSBs. While this was his responsibility to decide, I agreed with him.

316. Between March 1, 2018 and March 6, 2018, I exchanged emails with Mr. Kroeker with the subject line “AML Improvements,” which included a discussion, among other things, about proceeding with de-risking MSBs. A true copy of this email exchange is attached as **Exhibit 166 (BCLC0006699)**.

317. As BCLC considered whether to de-risk MSBs, I kept the government apprised of our thinking. I first raised the MSB issue with Mr. Scott and Mr. Fyfe during one of our regularly scheduled conversations in the fall of 2017. I do not recall the exact date of this call. I understood from this call that Mr. Scott and Mr. Fyfe grasped the direction and why BCLC was considering de-risking MSBs. Subsequently, on or about January 17, 2018, I advised Mr. Scott and Mr. Fyfe of the decision to stop accepting funds from all MSBs. I informed them that this directive was a result of BCLC’s ongoing efforts to continually improve its AML regime. I informed them of BCLC’s decision as I know that the Government did not like surprises. This was an improvement that I was not willing to delay or ask permission for. I told Mr. Kroeker to proceed as I felt that this was too important to delay. I do not recall Mr. Scott or Mr. Fyfe’s response to the information that BCLC was de-risking MSBs. Mr. Scott and Mr. Fyfe did not ask me to consult Dr. German about BCLC’s decision to de-risk MSBs. I did not consult Dr. German on this decision.

318. BCLC subsequently implemented in March 2018 a policy that prohibited casinos from taking any form of payment from a Money Service Business. I never heard any concern from Dr. German or the Ministry or GPEB regarding this.

319. I do not recall any negative response to this directive by Service Providers.

XVIII. Other AML Proposals and Options

c. Credit

320. During my time as CEO, BCLC has explored a process to offer credit to BCLC's high limit table players at various periods of time. At this time, I am not aware of BCLC offering such credit to its high limit players.

321. I am aware of one exercise exploring the process of offering credit to high limit table players in order to reduce the risk and frequency of their reliance on large amounts of cash in fall 2015.

322. I am aware of another exercise exploring the process of offering credit in 2019.

323. On or about January 9, 2019 to January 10, 2019, I exchanged emails with Mr. Kroeker and Mr. Desmarais requesting that they update me about the subject of credit in casinos. A true copy of this email exchange is attached as **Exhibit 167 (BCLC0005084)**.

d. Lower ID Threshold

324. I am aware that, prior to my departure on medical leave, BCLC was working on the implementation of mandatory identification tracking of patrons making cash buy-ins beginning at \$3,000 and above. I am not aware of the status of these efforts following my departure on medical leave.

325. On or about December 4, 2018, I received a letter from Mr. MacLeod with the subject "Source of Funds Declaration Identification Threshold", expressing GPEB's support for this initiative. A true copy of this letter is attached as **Exhibit 168 (GPEB1464)**.

326. I prepared a BCLC Briefing Document, dated December 5, 2018, entitled "Identification Requirements for Table Game Buy-Ins at BC Casinos", a true copy of which is attached above as Exhibit 72 (BCLC0005839).

XIX. Paladin and Project Icarus Investigations and Recommendations

327. On October 5, 2017, I received a letter from Minister Eby with the subject “Allegations of sexual assaults on staff at River Rock Casino. This letter directed me to undertake investigations into a series of allegations. A true copy of the letter I received, dated October 5, 2017, is attached as **Exhibit 169 (GPEB0984)**.

328. I consulted Mr. Kroeker about an investigation into human resources practices at River Rock Casino. I recall that Mr. Kroeker and myself believe that it was GPEB’s responsibility to conduct such an investigation, as it related to conduct that could affect individual or corporate registration.

329. Following my conversation with Mr. Kroeker, I recall that I spoke to both Mr. Mazure and Mr. Fyfe separately and shared my belief that it was GPEB’s responsibility to conduct this investigation. I do not recall the dates of these conversations.

330. GPEB subsequently refused to investigate this and BCLC was directed to investigate. I was concerned about a potential conflict developing if BCLC Security Personnel conducted the investigation, given their ongoing relationships with River Rock staff. I thus directed BCLC to use a third party. BCLC hired Paladin Security to undertake an investigation.

331. On or about March 19, 2018, I sent a letter to Mr. Mazure with the subject “Investigations into Allegations regarding Great Canadian Gaming Corporation’s Operations at River Rock”. A true copy of my letter, dated March 19, 2018, is attached as **Exhibit 170 (GPEB1245)**.

332. In my March 19, 2018 letter, I enclosed a copy of the Final Summary Report prepared by Paladin Security also dated March 19, 2018. A true copy of the Final Summary Report enclosed with my March 19, 2018 letter is attached as **Exhibit 171 (GPEB1247)**.

333. On October 5, 2018, I received an email from Mr. MacLeod with the subject “VIP Room Investigation.” I forwarded this email on October 5, 2018, to Mr. Kroeker and Mr. Desmarais and was copied on their exchange with Ms. Jennifer Keim, BCLC General Counsel, on October 9, 2018. A true copy of this email chain is attached as **Exhibit 172 (BCLC0007380, BCLC0007381 and BCLC0007382)**.

334. In the October 5, 2018 email that I received from Mr. MacLeod, he provided me with a draft final report on the VIP Room Investigation and draft letter with the subject “Recommendation to BCLC for developing and implementing VIP Operational Standards, Policies & Procedures”. To the best of my recollection, attached above as Exhibit 172 is a true copy of the draft letter that I received from Mr. MacLeod in his October 5, 2018 letter.

335. On or about October 10, 2018, I sent a letter to Mr. MacLeod with the subject “Response to Recommendation for developing & implementing VIP Operational Standards, Policies & Procedures”. A true copy of this letter, dated October 10, 2018, is attached as **Exhibit 173 (BCLC0008096)**.

XX. AML Deputy Minister’s Committee

336. When it was created in or about July 2018, I was a non-voting member of the Deputy Minister’s Committee on Anti-Money Laundering (the “AML Deputy Minister’s Committee”). The General Manager of GPEB, by then Mr. Sam McLeod, was also a non-voting member of this Committee. The voting members of the Committee were Mr. Scott, Mr. Mark Sieben who was then Deputy Minister for the Solicitor General, and Ms. Wannemaker who was then Deputy Minister for the Ministry of Finance.

337. I understood that the mandate of the AML Deputy Minister’s Committee was to support and direct the implementation of the recommendations from the German report. This committee was re-established in June 2019 to develop a multi-sectoral strategic response to AML.

338. I attended all of the AML Deputy Minister’s Committee meetings. I understood my role as a non-voting member of this Committee was to provide information, insight and advice to the Deputy Ministers on the gaming industry. I was asked to leave the Committee meetings when there were sensitive Government discussions for which the Committee would go in camera.

339. Following the release of Dr. German’s second report, Dirty Money – Part 2: turning the Tide – An Independent Review of Money Laundering in BC Real Estate, Luxury Vehicle Sales & Horse Racing, dated March 31, 2019, and of the report of the Expert Panel on Money Laundering in BC Real Estate, Combatting Money Laundering in BC Real Estate, also dated March 31, 2019, I was advised by Ms. Megan Harris that the role of the AML Deputy Minister’s

Committee would be expanding and that, as a result, my role on this committee would be reduced. I was no longer required to attend every AML Deputy Minister's Committee meeting and would only attend meetings at which the gaming sector was discussed.

340. Throughout my time on the AML Deputy Minister's Committee, I recall that the members of the Committee engaged in important and substantive discussions about AML work. By way of example, attached as **Exhibit 174 (AMLDMC0013)** and **175 (AMLDMC0044)** are the Minutes of the December 13, 2018 and June 18, 2019 meeting respectively.

341. I recall that the Committee would receive specific communications and input from AML Stakeholders. For example, I am aware that on or about November 15, 2018, the AML Deputy Minister Committee received a letter from Ms. Keim providing comments on a proposed "Standards-Based Model for Gambling Regulation" presentation. A true copy of this letter is attached as **Exhibit 176 (BCLC0005846)**.

342. Based on my participation on the AML Deputy Minister's Committee, I hold the view that the Committee's belief was that the role of the Committee was to do the right thing and to critically consider the German Report recommendations not simply to implement them. In my opinion, this was reflected in the fact that the members of the AML Deputy Minister's Committee were dedicated to ensuring that BCLC implemented Dr. German's recommendations where appropriate and to considering other solutions where preferable options may exist or where a recommendation was potentially not necessary.

343. On or about March 28, 2019, I sent an email to Ms. Jennifer Gallaway, the Director at BCLC charged with coordinating the implementation of the German Report recommendations with the subject "Cash in Casinos". This resulted in an email chain between March 28, 2019 and April 10, 2019, with the subject "Cash in casinos," between myself, Ms. Gallaway, Mr. Kroeker, Ms. Bal Bamra, and others. A true copy of this email chain is attached as **Exhibit 177 (BCLC0004547)**.

XXI. Resignation of Ross Alderson

344. On or about September 29, 2017, I learned that the journalist Mr. Cooper published an article that included a reference to a BCLC s. 86 report, identifying a patron's name. I discussed

this article with Mr. Kroeker. Mr. Kroeker advised me of his belief that it appeared that there was a leak within BCLC, GPEB or the RCMP, based on the nature of the information contained in this article which referenced a s. 86 report. These three organizations were the recipients of the s. 86 reports. I was concerned by the possibility of a leak within one of these organizations.

345. Following my conversation with Mr. Kroeker, I contacted each of Mr. Mazure and Mr. Fyfe on or about October 3, 2017. In my conversations with both Mr. Mazure and with Mr. Fyfe, I shared with them my belief that there was a leak in either BCLC, GPEB or the RCMP, as these were the organizations that were aware of the contents of the s. 86 reports that provided the basis for this article.

346. The following day, on or about October 4, 2017, I received a letter from Minister Eby. This letter was addressed to myself and to Mr. Mazure. In this letter, Minister Eby instructed Mr. Mazure and myself to reinforce within our respective organizations the importance of confidentiality and that breaches would result in immediate dismissal. A true copy of this letter, dated October 4, 2017, is attached as **Exhibit 178 (BCLC0015846)**.

347. Upon receiving the letter from Minister Eby, I immediately wrote an all-staff email emphasizing the Standard of Ethical Business Conduct and that this included not releasing confidential information and that the breaches would result in immediate dismissal. A true copy of the email that I sent is attached as **Exhibit 179 (BCLC0016055)**.

348. A few hours after sending the all staff email, I received a text from Mr. Alderson stating “I hope that you remember me as a good guy.” I later received an email from Mr. Alderson himself, dated December 13, 2017, expressing his regret with the situation and seeking to explain his actions. A true copy of the emails that I exchanged with Mr. Alderson between December 13, 2017 and December 15, 2017 is attached as **Exhibit 180 (BCLC0010060)**.

349. I advised Mr. Desmarais who contacted Mr. Sweeney. I recall that Mr. Kroeker was away at the time. I also directed the VP of Human Resources, Ms. Jamie Callahan, to contact Mr. Alderson to obtain his laptop, phone, and any other BCLC property. Ms. Callahan collected these items from Mr. Alderson’s house and delivered these to BCLC’s Security team. I understand that

Ms. Callaghan communicated to Mr. Alderson about BCLC's Whistleblower Policy, a true copy of which policy, dated January 2015, is attached as **Exhibit 181 (BCLC0003800)**.

350. I later learned that the Security Team determined that Mr. Alderson's laptop had water damage .

351. After BCLC learned that Mr. Alderson was the source of the leak, I participated in a series of meetings with him in the presence of counsel. I am not at liberty to discuss these meetings with Mr. Alderson as these meetings are subject to settlement privilege.

352. At the time of the events leading to Mr. Alderson's resignation from BCLC, I was in regular communication with the Government. I did not disclose Mr. Alderson's identity to the Ministry.

353. Between October 5, 2017 and October 11, 2017, I exchanged emails with Mr. Mazure regarding the investigation into the disclosures by Mr. Alderson, referred to only as a BCLC employee. A true copy of this email exchange is attached as **Exhibit 182 (BCLC0008668)**.

354. On or about October 11, 2017, I received a copy of a letter from Mr. Herb Isherwood, BCLC's external legal counsel to Mr. Josephson regarding Mr. Alderson, a true copy of which is attached as **Exhibit 183 (BCLC0009068)**.

355. On or about October 13, 2017, I received a copy of a letter from Mr. Josephson to Mr. Isherwood, BCLC's external counsel, regarding Mr. Alderson. A true copy of this letter is attached as **Exhibit 184 (BCLC0008540)**. Following receipt of this letter, Mr. Isherwood wrote to Mr. Fyfe in a letter dated October 16, 2017, to inform the Ministry that BCLC had learned that a BCLC employee was the source of the leak. A true copy of this letter to Mr. Fyfe is attached, with enclosures, as **Exhibit 185 (BCLC0008643)**.

356. I am aware that in the RCMP initiated a review in respect of the possibility that information within the possession of the RCMP was inappropriately shared with the media. A true copy of an undated letter from C/Supt. Keith Finn of the RCMP E-Division FSOC to Mr. Isherwood, informing BCLC of this review, is attached as **Exhibit 186 (BCLC0016729)**.

357. During the events in question, I understood based on my conversations with Minister Eby, Mr. Fyfe and Mr. Godfrey that Minister Eby held a concern that the individual who was the source of the leak might qualify as a whistleblower and was concerned about mistreating a possible whistleblower. I communicated to the Minister that the individual who was the source of the leak had been advised of BCLC's whistleblower program and was not interested in this. I never received a direction by Minister Eby to not terminate this individual. On or about December 14, 2017, I had a teleconference with Minister Eby, Mr. Fyfe, Mr. Godfrey, who was the Minister's Assistant to the Attorney General, and Mr. Smith, about how to handle the situation with Mr. Alderson. I recall that Minister Eby wanted to know if we could stop him from speaking with the media. I advised that I did not support requiring the employee to sign a non-disclosure agreement, as it would be perceived as an attempt by BCLC to muzzle him. I recall that we also discussed the options for Mr. Alderson and if he could be transferred to another government role. I recall suggesting various options, including transfers to GPEB to another public service role. These options were dismissed, leaving only the options of dismissal or resignation. The Minister communicated that BCLC had to "do what they needed to do", but also said that it may be hard for people to understand why the Board Chair and the CEO were still in their corner offices when the whistleblower was out on the street. I understood from this that if Mr. Alderson did not resign and BCLC were to terminate him, there may be consequences for Mr. Smith and I.

358. On the day following my conversation with Minister Eby and Mr. Smith, on or about December 15, 2017, I received a frantic phone call from Mr. Godfrey. Mr. Godfrey explained to me that the Minister was contemplating having Dr. German resolve this situation as part of his review. I told Mr. Godfrey that the employee was a BCLC employee; that I would be meeting with him; and that I understood the consequences if it did not go well. I stated it was clear to me what Minister Eby had implied.

359. BCLC's lawyers and I met with Mr. Alderson on or about December 15, 2017.

360. Mr. Alderson ultimately resigned from BCLC on or about December 15, 2017, a true copy of which resignation letter from Mr. Alderson to Mr. Kroeker, to which I was copied, is attached as **Exhibit 187 (BCLC0009058)**. I accepted his resignation on behalf of BCLC. I informed Mr.

Fyfe and Mr. **Godfrey** of this shortly after. It was apparent to me when I informed them that Mr. Alderson resigned that they were very relieved.

361. In early February 2019, Mr. Alderson gave an interview on CTV's W5 program. Following this interview, I recall that BCLC sent to Mr. Alderson a letter on or about February 19, 2019, a true copy of which is attached below.

362. Following the CTV W5 Interview, I wrote an article in the YAK newsletter about this interview and the media attention with respect to BC casinos and money laundering. A true copy of this article, dated February 11, 2019, is attached as **Exhibit 188 (BCLC0011683)**.

363. Between February 19, 2019 and February 20, 2019, I was copied to and participated in an email exchange with Ms. Piva-Babcock with the subject "Alderson work timeline". A true copy of this email exchange is attached as **Exhibit 189 (BCLC0010171)**.

364. I received a call on or about in mid-February 2019 from Mr. Scott. I recall Mr. Scott sharing with me Minister Eby's concern that BCLC had sent a letter to Mr. Alderson following the CTV W5 interview and that Minister Eby was not aware of this letter. I recall telling Mr. Scott that I had not expected news of this letter to reach the Minister and that the hope in sending the letter was to encourage Mr. Alderson to not make any unfounded allegations.

365. I am aware that on or about February 25, 2019, Mr. Isherwood sent a letter to Minister Eby with the subject "Ross Alderson and B.C. Lottery Corporation." Mr. Isherwood wrote in response to Minister Eby's request for a briefing with respect to a letter sent on behalf of BCLC to Ross Alderson dated February 19, 2019 with the subject "Defamatory and Unlawful Media Communications Regarding British Columbia Lottery Corporation." A true copy of the letter to Minister Eby, dated February 25, 2019, with enclosures, is attached as **Exhibit 190 (BCLC0009904)**.

366. On or about February 26, 2019, I participated in a call with Minister Eby and others. During this call, I recall that Minister Eby expressed that he understood the purpose in sending the letter to Mr. Alderson following the CTV W5 interview, but that he would have liked to have known in advance that this letter was being sent.

XXII. Termination of Robert Kroeker

367. On or about July 2, 2019, I terminated Mr. Kroeker's employment with BCLC.

368. My decision to terminate Mr. Kroeker's employment with BCLC had nothing to do with his role in BCLC's AML efforts, the casino industry, his role in AML generally, or with the German Report recommendations.

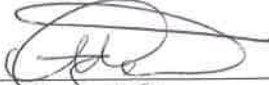
XXIII. Horse Racing Industry Management Committee

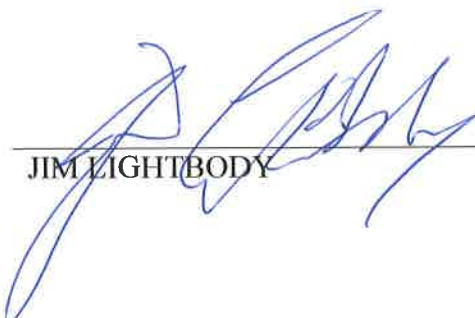
369. I am the current chair of the BC Horse Racing Industry Management Committee. I have held this position since March 2014 as part of my mandate as CEO of BCLC.

370. The Committee was formed to support and direct the horse racing industry. It is a collaboration between owners of Thoroughbreds, owners of Standardbreds, and operators of race tracks (that is, the Great Canadian Gaming Corporation), and includes the Gaming Policy and Enforcement Branch ("GPEB") as a non-voting member. The Committee is responsible for the direction of the industry, revenue distribution, and marketing and business development investments.

371. Following the review by Dr. German of the horse-racing industry, I suggested to this committee that we look at starting an AML program and I advised Mr. Brian Butters, Manager of the Horse Racing Industry Management Committee, to discuss this with Mr. Kroeker. I recall that the committee ultimately viewed this as unnecessary as FinTRAC does not identify this sector as a reporting entity.

372. I am presently on medical leave from this position.

SWORN BEFORE ME at Vancouver,)
British Columbia, this 25 day of)
January, 2021.)
)
A Commissioner for taking Affidavits for)
British Columbia)


JIM LIGHTBODY

MAYA O. OLLEK
SUGDEN, McFEE & ROOS LLP
Barristers & Solicitors
700 - 375 Water Street
Vancouver, B.C. V6B 5C6
604-687-7700

This is Exhibit " 1 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 05 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Ministry of
Public Safety
and Solicitor General

Gaming Policy and Enforcement Branch

Action Plan to Review of Anti- Money Laundering Measures at BC Gaming Facilities

August 22, 2011

Introduction

BC Government's *Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities* (February 2011) "was intended to determine what anti-money laundering policies, practices and strategies were in place. Additionally, the review was to identify any opportunities to strengthen the existing anti-money laundering regime." The Review has made an important contribution by providing context and focus for the Gaming Policy and Enforcement Branch's (GPEB) continuing work with anti-money laundering diligence in BC casinos. GPEB has examined the recommendations put forward by the Review and discussed these with the British Columbia Lottery Corporation (BCLC), the RCMP and FINTRAC.

Both GPEB and BCLC have begun implementing new measures and strategies to better manage cash and improve patron safety. To that end we are developing programs that result in increased use of electronic funds, thereby decreasing the dependence on cash.

GPEB has set a goal to further strengthen the existing anti-money laundering discipline in the province. We provide this action plan to address the recommendations from the Review.

The Goal

The gaming industry in British Columbia is recognized as a leader in anti-money-laundering best practices.

Review Recommendations and GPEB Responses

While the Review found that BCLC and operators have appropriate money laundering strategies in place, it also provided opportunities for BCLC to further strengthen the anti-money laundering discipline in business operations, and for GPEB to further strengthen its regulatory oversight.

GPEB's responses to the recommendations identified in the report are below:

Recommendations for BCLC

Recommendation #1

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.

GPEB Response

GPEB agrees that the buy-in/cash-out policy requires revision.

Effective immediately, patrons may buy-in with certified cheques. This complements the policy already in place that allows buy-in to the Patron Gaming Fund accounts with certified cheques.

GPEB and BCLC are working on a policy to have cash-outs payable by cheque for amounts less than a prescribed amount (TBD: Between \$5,000 – \$10,000) to protect customers leaving casinos. These cheques will note that the funds were not from verified wins as recommended. Once other recommendations have taken effect to move the industry away from cash

dependence, GPEB and BCLC will work on a policy to phase in cheque cash-outs for other amounts.

BCLC is currently developing the details of this policy solution and will present this to GPEB for review.

Recommendation #2

BCLC should enhance training and corporate policy to help ensure gaming staff do not draw conclusions about the ultimate origin of funds based solely on the identification of a patron and his or her pattern of play. Training and business practices should result in gaming staff having a clear understanding that the duty to diligently scrutinize all buy-ins for suspicious transactions applies whether or not a patron is considered to be known to BCLC or the facility operator.

GPEB Response

GPEB agrees with this recommendation. BCLC has undertaken this initiative.

Recommendation #3

BCLC holds the view that gaming losses on the part of a patron provide evidence that the patron is not involved in money laundering or other related criminal activity. This interpretation of money laundering is not consistent with that of law enforcement or regulatory authorities. BCLC should better align its corporate view and staff training on what constitutes money laundering with that of enforcement agencies and the provisions of the relevant statutes.

GPEB Response

GPEB agrees with this recommendation. GPEB is working with BCLC to update policies and procedures to ensure consistency with that of law enforcement and other regulatory authorities.

Recommendation #4

Gaming is almost entirely a cash business in B.C. This presents opportunities for organized crime. Transition from cash transactions to electronic funds transfer would strengthen the anti-money laundering regime. 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.

GPEB Response

Executive from GPEB and BCLC have met and agreed to a common goal of transitioning the gaming industry away from its current state as a cash dependent industry. This transition will have a profound impact on the industry's resistance to money laundering. As noted, BCLC and GPEB have agreed to allow certified cheques to be used to cash-in at gaming facilities. GPEB believes that accepting certified cheques from patrons to buy-in at gaming facilities is an immediate positive measure to reduce the cash basis of the industry and improve patron safety.

BCLC and GPEB have already developed and implemented a Patron Gaming Fund (PGF) program. The PGF account currently allows gaming customers to transfer money into B.C., casinos through electronic funds transfer (EFT) from bona fide Canadian financial institutions.

GPEB has established a cross-divisional working group to support the transition. Through this working group, and in conjunction with BCLC, GPEB will facilitate this transition so that protects problem gamblers, effectively addresses money laundering, and is economically responsible to the industry.

Ultimately, this strategy will have a layered approach offering a combination of convenience, incentives and requirements. This will isolate money laundering activity from legitimate gaming, enabling highly effective enforcement action.

Recommendations for GPEB

Recommendation #1

Adopting the perspective that registration, audit and enforcement/investigations lie on a compliance continuum and making sure the Branch structure, including reporting relationships, supports this integrated approach.

GPEB Response

GPEB agrees with this recommendation. The cross-divisional working group is in place. The group includes these functions, plus other related interests in the Branch. GPEB recognizes the opportunity for improvement by better integrating various regulatory functions. Changes within the Branch that have begun already will allow us to improve our strategic overview and achieve stronger regulation of AML functions. This group will ensure that GPEB has a well co-ordinated response to the recommendations, and to any future AML issues.

Recommendation #2

Developing an annual unified registration, audit and investigations plan that sets out and co-ordinates compliance objectives and priorities for each year.

GPEB Response

GPEB agrees with this recommendation. GPEB sees an opportunity to involve other interested areas of the Branch in the plan in addition to registration, audit and investigations. GPEB plans to undertake this annual process beginning this fall.

Recommendation #3

Formally involving the police agencies of jurisdiction, including those with specific anti-money laundering and organized crime mandates, in annual enforcement objective and priority planning.

GPEB Response

GPEB agrees with this recommendation. It is acknowledged that the informal network is active, and productive. Going forward, GPEB will formalize involvement of police of jurisdiction and other related agencies in our priority planning process.

Recommendation #4

Establishing more formal contacts and relationships with governance and enforcement agencies and associations in jurisdictions with large, long-standing gaming industries.

GPEB Response

GPEB agrees with this recommendation. In addition to GPEB's existing contacts and relationships, we are pursuing a more formal approach to sharing expertise with others in the field. That can include new associations within North America and globally.

Long Term Recommendations

In addition to the above recommendations, the Review identified two initiatives that the Province could consider "to more fully and accurately assess and address the potential future risk of money laundering and associated criminal activities to gaming." These initiatives and GPEB's responses are:

Initiative #1

Engaging an independent firm with expertise in establishing electronic funds transfer processes and procedures to assist with the creation of an electronic funds transfer system that delivers a high degree of service to patrons, is marketable, and is fully compliant with anti-money laundering standards found in the financial sector. This firm should also be utilized to assist with ensuring the structure and conduct of future anti-money laundering reviews not only measure conformity with anti-money laundering legislation and regulations, but also help BCLC and GPEB to go beyond regulatory compliance to meet financial sector best practices.

GPEB Response

GPEB agrees with this recommendation. Work has already been done with independent firms to incorporate best practices in this area. GPEB is working with BCLC to implement Recommendation #4 to BCLC (transitioning away from a cash industry), and we will engage appropriate help to identify and implement improved EFT practices as required to complete this effort.

Initiative #2

Creating a cross-agency task force to investigate and gather intelligence on suspicious activities and transactions at B.C. gaming facilities. The task force would report out on the types and magnitude of any criminal activity it found occurring in relation to gaming facilities in B.C. This information would help guide any additional actions that may be required.


GPEB Response

GPEB agrees with this recommendation. We will determine how best to implement this initiative after completing the other recommendations. GPEB believes that the other recommendations in this report will have a powerful effect and significantly improve the AML regime in B.C. In the interim, a more formalized approach and better co-ordination between interested agencies and BCLC has been established to ensure effective communication.

Conclusion

The B.C. government's *Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities* has set a sound course. Once we have addressed its recommendations, we will continue to innovate and improve the regime to ensure that B.C.'s gaming industry is recognized as a leader in anti-money-laundering practices.

This is Exhibit " 2 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

009

To: McCrea, Bill J HSD: [Personal information] [ca]
Cc: Michael Graydon [Personal information] [Jim Lightbody] [Personal information] [Terry Schiewe] [Personal information] [Bryon Hodgkin] [Personal information] [J]
From: Terry Towns
Sent: Thur 2011-09-01 10:06:46 PM
Subject: FW: Methods to Reduce Reliance on Cash in BC Casinos
Methods to Reduce Reliance on Cash in BC Casinos.docx

Bill here is the list of proposed changes we have talked about. We would like to meet to discuss them with you and Doug at your earliest convenience. If you have any questions please give me a call.

Thanks

Terry

Methods to Reduce Reliance on Cash in BC Casinos

In response to several audits and reports which have suggested that BCLC needs to improve their AML (anti-money laundering) compliance and make efforts to reduce the reliance on cash within casinos, below are some proposed suggestions.

Patron Gaming Fund Accounts (PGF)

PGF accounts were introduced into the larger lower mainland casinos beginning in December 2009 as a way for the casinos to reduce their reliance on cash. Their use has been limited. Suggestions for improvements are listed below:

1. Allow PGF accounts to be opened and replenished with a wider variety of financial instruments including: certified, personal and casino cheques, bank drafts and debit or credit cards. This provides an avenue to move away from the issue of patrons carrying large sums of cash into the casino to game with. In regards to the use of personal cheques, the service providers would have to establish their own cheque-clearing waiting periods as any financial institution does.
2. Allowing international funds transfer from a major Canadian chartered bank with an international office (e.g. RBC Shanghai). Funds would be transferred to Service Provider, head office PGF accounts. Remove the restriction that the EFT must come from a Canadian bank. The patron should also have the ability to return funds to the same international bank account it was received from.
3. Allow patrons to EFT funds from their PGF account back to their own bank account at a different financial institution. This could be an account at a different financial institution, other than the one in which the EFT was originally received. For example, the patron EFTs funds from their Scotia bank account into their PGF account and later EFTs the funds from their PGF account to an account they have with the Bank of Montreal. As long as the patron is identified as the owner of both bank accounts, this should not be an issue.

The two recommendations above provide full audit trails and do not differ in nature to the current large cash transaction (LCT) procedures which require full patron identification and recording of relevant transactions separately.

4. Accept EFTs from other Canadian financial institutions besides Canadian banks (such as Credit Unions).
5. Allowing funds to be transferred to a PGF account from any Banking institution. The Service Provider would be allowed to file its' own 'due diligence' report, attesting to the origin of the funds, just like a Canadian bank.

6. Patrons currently have the ability to deposit into their PGF accounts any verified wins on the same day the win occurs.

Casino Cheques & Other Financial Instruments

Currently, BCLC policy only permits casinos to issue cheques for verified wins. Suggestions to increase the use of cheques and still maintain AML compliance are listed below:

1. For the safety and convenience of patrons, create a new type of casino cheque clearly labeled **"Not a Verified Win, Return of Funds Only"**. These casino cheques would also be accepted as buy-ins should the patron return to play.
2. If a patron is cashing out and the amount is \$10,000 or over, offer the patron the option to open a PGF account and deposit the funds there.
3. Accept buy-ins at the casino in a wider variety of financial instruments including certified, personal and casino cheques, bank drafts, money orders and debit or credit cards. This provides an avenue to move away from the issue of patrons carrying large sums of cash into the casino to game with. In regards to the use of personal cheques, the service providers would have to establish their own cheque-clearing waiting periods as any financial institution does.

Extend Credit or Provide Cash Advances

Currently, the Responsible Gambling Standards for the province of BC do not allow gaming service providers to extend credit or lend money to patrons as per provincial policy. This policy would need to be amended in order to allow the following suggestions to be implemented:

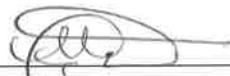
1. Extend credit to patrons who qualify. The credit amount would have a minimum threshold, \$100,000 as an example and a maximum threshold. Credit amounts below \$100,000 would not be offered. Patrons would submit all necessary identification information in order to be eligible for the credit. The casino service providers would have to determine how much credit they are willing to extend and thus be liable for.
2. Credit would be offered to both local and international players. Credit would only be available at the larger casino properties in the lower mainland – namely River Rock, Starlight, Grand Villa and Edgewater.
3. With credit capability extended to high limit players, offer a Casino 'VIP Card' that can be loaded with funds and utilized at the cash cage for buy ins and for disbursements to a pre-determined credit limit. To obtain a Casino card the patron would register at a Casino and reveal their banking information. This process would be administered and tracked by the Service Provider.

Use of Legitimate Money Transfer Companies

1. A company called "TrustCash" has the potential to offer the ability for patrons to purchase casino chips on-line and pay for them in cash at their nearest banking location. The company would provide the patron with a slip or chit which would be redeemable at the casino for the chips purchased.
2. Benefits include a fully auditable trail of the funds transactions.
3. A system called "Global Cash" is currently in use at the Edgewater, Grand Villa, Cascades and River Rock casinos. There is a "Global Cash" terminal which patrons can use their credit cards and request a cash advance. The patron then attends the "Global Cash" cage on site and they will provide the funds to the patron. Using this method the patron is not charged a daily interest fee that is common with a regular cash advance on credit cards. There are service fees involved and the fees increase as the amount of the cash advance increases. There is no limit on the amount of the cash advance – it would be based on the credit card limit.

DRAFT

This is Exhibit " 3 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Casino Cash and Payment Business Process Enhancements Project

Steering Committee

Terms of Reference

1) PURPOSE

The purpose of the Steering Committee is to oversee the overall direction of the casino cash and payment business process enhancements project and its impact to the corporation's business processes and anti-money laundering regime. The Steering Committee will guide and monitor the work of the project and will be responsible for resource allocation to the project. Additionally, the Steering Committee will be responsible for the management of issues that cannot be resolved at the working group level.

2) COMPOSITION

The Committee shall be composed of:

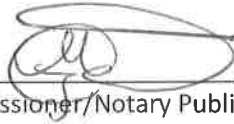
- Terry Towns, Chair
- Jim Lightbody
- Darryl Schiewe
- Rob Kroeker
- Susan Dolinski

3) MEETINGS

- a) The Committee will meet initially to review and approve the form and content of the Project Charter and Project Plan.
- b) After the initial meeting, the Committee will meet as deemed necessary to carry out its responsibilities.
- c) The Director Strategic Projects will set the meeting agendas with input from Committee members and the Chair, Vice President Corporate Security and Compliance.

- d) The Committee will keep regular minutes of its meetings. The VP Security and Compliance will report to the Executive Committee regularly regarding the Committee's activities and actions of material concern to BCLC.

This is Exhibit " 4 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



**Minutes for AML Steering
Meeting Held on October 31,**

Room G5, Vancouver Office

**Committee
2011**

In attendance: Darryl Schiewe, Jim Lightbody, Terry Towns, Susan Dolinski, Rob Kroeker

Meeting commenced at 3:30 p.m.

1. Approval of Agenda:

The first order of business was the agenda. The agenda was adopted as presented.

2. New Business:

Rob commenced the meeting with the presentation and review of the Steering Committee Terms of Reference for approval by the members.

A discussion and review of both the Project Charter and Project Plan took place with the determination that early consultation is needed with Responsible Gambling on the initiative related to the placement of ATM's to more visible and accessible locations on the casino floor. Rob agreed to initiate this discussion with the Responsible Gambling team.

It was also agreed that additional stakeholder consultation will be needed with Finance and Corporate Services on the proposal to manage Global Cash through the cage, as there may be implications to the float amount. Rob agreed to arrange and conduct meetings with the appropriate internal stakeholders who were determined to be Mike Wolfram and/or Wendy Henning.

Rob initiated discussion regarding resource requirements and commitments. After review of the aforementioned, all confirmed ability to resource the project as laid out in the Project Plan.

3. Decisions:

The Terms of Reference were approved as presented.

Following consideration and discussion in the session, the Project Plan was also approved as presented, with agreement that relevant document will be circulated for signatures.

4. Other:

Discussion took place about next meetings with consensus for the next meeting to be set for mid-November.

There being no further business, the meeting adjourned at 4:30 p.m.

This is Exhibit " 5 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



**Minutes for Casino Service Providers Working Group
Held on October 28, 2011
Room 05, BCLC Vancouver Office**

In attendance:

BCLC: Darryl Schiewe, Jim Lightbody, Terry Towns, Rob Kroeker, Petroula Magriotidis

Casino Service Providers: Howard Blank, Peter Goudron, Walter Soo, Dennis Amerine,
Vic Poleschuk

Not in attendance:

Casino Service Provider: Lorenzo Creighton

Meeting commenced at 10:30 a.m.

1. Approval of Agenda:

The first order of business was the Agenda. Rob initiated discussion by determining if any additional items needed to be added to the proposed agenda. None were identified and therefore, it was adopted as presented.

2. New Business:

Rob commenced the meeting by outlining the project scope in a presented document with a list of initiatives that are being worked on as elements of the overall Casino Cash Payment Business Process Enhancements project. A review of these initiatives was completed with a discussion on project structure and general timelines for implementation. Rob advised that the VIP Marketing Initiative would only yield a discussion/scope document; as such a proposal would require more robust research and consultative efforts amongst key stakeholders for its feasibility. Rob also advised that the concept of opening a PGF account with credit has been taken off the table due to regulatory constraints at this time.

Further discussion took place regarding the proposed initiatives, specifically Patron Gaming Fund Accounts, Deferred Payment, Casino Cheques and Global Cash on casino floors and what other jurisdictions around North America are doing. It was agreed that more research and a risk assessment needs to be conducted around the financial, legal and operational implications of policy changes to these initiatives. Concern was raised around how funds would be collected if patron's deferred monetary instrument defaults and/ or how we ensure that funds being returned to a patron go back to a single, "verified" personal account from an approved Canadian financial institution?

Rob requested feedback on resource commitments and timelines, as more focused work will be needed going forward in terms of research on service provider business processes and impacts of implementation from an operational perspective. Agreed that the drafting of policy is the initial

piece, but the most work will be around the training package, implementation roll out and the potential impact it may create on investigations and audit.

3. Follow Up Actions:

a. Proposed Cheque Acceptance and Clearance Process:

CSP provided input on cheque acceptance and clearance processes with agreement that there are two types of cheque acceptance; one with a direct buy-in and the other with credit with a minimum of \$1000 to process immediately. Discussion took place about potentially engaging a third party, central credit system-type company to verify patron accounts with the financial institution and guarantee the cheque for a percent of the cheque.

b. Single Financial Service Provider:

Rob raised the issue of the VIP marketing program and the notion of using one Canadian financial institution in regard to any consideration of international funds transfers..

Further discussion took place around whether there is an opportunity to differentiate between the North American market versus the international market as we move forward with these initiatives.

c. CSP charge fees for cheque cashing:

It was determined that the Casino Service Provider cannot charge patrons for cheque cashing as per the *Financial Institution Act*.

d. Minimum/Maximum Amounts:

CSP agreed to place the minimum threshold at \$10K to establish a PGF account and \$1000 minimum for subsequent deposits.

e. PGF links to more than one bank account:

Discussion took place and agreement regarding needing to put parameters around the number of accounts and setting a limit to two accounts in the sole name of an individual which is a personal account and has no sole proprietorship or business affiliation.

4. Take Away Action Items:

a. Agreed that each Service Provider would do some research on patrons who have gaming accounts of \$10K and provide estimates on demand or uptake of these accounts, in order for BCLC to look at their ability and capacity to audit them. Also discussed dormant accounts and setting that limit to one year, as opposed to 3 months. CSP contact them at the year mark, but agreed it's discretionary if they wish to contact these patrons at a prior date for marketing purposes. Action: Each CSP to come back with an estimated percentage of usage and potential establishment of PGF accounts.

b. Discussed that prior to GMS system implementation, it would be beneficial to have a standardized forms and data fields for account records. Action: Rob agreed to consult

with the Operational Gaming Audit team to provide a template to the service providers with the accord that the CSP would form a working group to standardize the form.

- c. Each CSP was asked to provide detail regarding business process around using debit cards and internet banking. Specifically CSP to determine what controls are in place or can be implemented to ensure that funds only get transferred or pushed out to the same originating "verified" account. Action: CSP to determine how they would verify accounts and to consult with Canadian financial institutions on process structure.

There being no further business, the meeting adjourned at 12:00 p.m.

This is Exhibit " 6 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



**Minutes for Casino Service Providers Working Group
Held on December 15, 2011
BCLC Vancouver Office/ Teleconference**

In attendance:

BCLC: Darryl Schiewe, Jim Lightbody, Terry Towns, Rob Kroeker, Petroula Magriotidis

Casino Service Providers: Howard Blank, Peter Goudron, Walter Soo, Dennis Amerine,
Vic Poleschuk, Lorenzo Creighton

Meeting commenced at 3p.m.

1. Approval of Agenda:

The first order of business was the Agenda. Rob initiated discussion by determining if any additional items needed to be added to the proposed agenda. None were identified and therefore, it was adopted as presented.

Minutes from October 28, 2011 were accepted as presented.

2. Old Business:

Rob commenced the meeting by going over PowerPoint presentation about project. Highlighted the importance of significant policy requirements needed for these changes to be viable and to keep accounts open based on compliance rates.

In regards to Deferred Payment Program which is now going to be referred to as Hold Cheque, accounts need to be opened with individually held accounts from Canadian financial institutions and any funds going back to patron go to that particular verified account.

Discussion took place about when the LCT has to happen. Probably when they get the cheque because it is done; the report can happen then.

Rob advised that a formal cheque acceptance/clearance policy needs to be approved by BCLC. Recommended using Central Credit as it provides critical gaming history information as a credit check source, but consideration may be given to not require service providers to obtain the cheque guarantee service.

Questions discussed:

Minimum cheque amount? At this point \$10K, with a maximum of \$1million, but will need to confirm this threshold.

Approval thresholds? CSP to establish policy on amounts and positions needing to sign off.

Legal question around is it legal to enforce a marker – outcome of research shared.

Question around hold period, as we move forward can extend this. Useful for CSP to track requests for length of periods to advise on subsequent policy revisions in the future if necessary.

Also important for CSP to track draw down on the cheque.

3. Take Away Actions:

Casino Service Providers:

- a. Cheque Hold Program - recommend policy around thresholds and amounts and which positions need to sign off on.
- b. Use of debit at the cage – feedback.
- c. Confirmation deposits to PGF accounts via internet banking can be restricted to approved accounts.
- d. Processes for a single PGF account for each Service Provider
- e. Standardized forms – feedback.
- f. Identification of CSP training leads/resources.

BCLC:

- a. Permitting table draws on a hold cheque.
- b. PGF Account holders – is one file per patron per CSP permissible.
- c. Use of uncoded cheques – markers.

This is Exhibit " 7 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanlouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jerry Williamson [Personal information] Jim Lightbody [Personal information]
From: Brad Desmarais
Sent: Thur 2013-11-21 4:57:21 PM
Subject: FW: Google Alert - money laundering casino

 >>>>>>>>>

During our last CSP AML meeting we discussed options for reducing cash into the Casinos. One area of concern is the money flowing from Macau (China) to our Casinos either through hand carrying monetary instruments (primarily currency) or using an underground banking system, triggered by non-traditional banking practices to move monetary benefits from Asia to Vancouver. Whatever the case, it appears that the Macau is a big part of this process for the primary reason that most of our high value players in BC (River Rock) also frequent Macau. In fact, we were advised that RR cheques are often cashed there. It seems logical, in that case, we should be able to reciprocate and cash Macau Casino cheques here. This *may* result in an immediate drop in currency entering our Casinos because presently there are very few ways for funds destined for gaming can be moved from China to here.

This is not without challenge. See the article below. We may want to look at specific Casinos in the Macau region and designate only certain ones from which cheques will be accepted – perhaps those with U.S. regulatory oversight? I note that G2E is in Macau in late Spring. We might want to take advantage of that conference to also review the viability of offering this service within the context of that conference.

Let me know what your thoughts are. Quite frankly I am coming up empty in looking for solutions to facilitate the transfer of funds from Hong Kong/China/Macau. This may be our best opportunity.

Brad

From: Google Alerts [mailto:googlealerts-noreply@google.com]

Sent: Thursday, November 21, 2013 7:47 AM

To: Brad Desmarais

Subject: Google Alert - money laundering casino

News

1 new result for **money laundering casino**

[Federal panel raises deep concerns about gaming in Macau](#) Casino City Times

In August, Las Vegas Sands paid a \$47.4 million settlement with federal prosecutors to avoid criminal **money laundering** charges at its Strip hotel-casinos eight ...

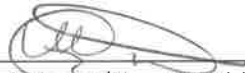
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This is Exhibit " 8 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

028

BCLC

Casino & Community Gaming

Table / E-Table Games Strategy Document

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BACKGROUND

INTRODUCTION

Keeping with BCLC's goal of creating a player-centric company which strives to hear, anticipate and act upon customer expectations and offer exceptional entertainment through innovative and engaging channels and games, Casino & Community Gaming undertook a comprehensive analysis of the current state of table play in BC to ensure that BCLC maintains a table strategy model which:

- Supports the divisional goal of transforming from a concentrated player base where 80% of revenue comes from 10% of players to a wider player base where 80% of revenue comes from 20% of players
- Provides maximum entertainment value to our players
- Encourages future revenue growth through the retention of current carded players, the conversion of uncarded to carded table game players and the acquisition of new players.
- Encourage new and incremental revenue streams
- Achieves a return on investment (ROI) that helps both BCLC and its Service Partners realize their revenue targets

Although varied in their approaches, the recommendations that follow can be grouped into four overarching objectives:

1. Introduce games and bet limits that appeal to more casual and light player base
2. Support Service Partners to offer the games that appeal to more casual and light player base
3. Eliminate barriers which impede VIP players ability to play to their full potential
4. Convert uncarded light and casual table game members to the Encore Rewards program

HISTORY AND BACKGROUND

Effective June 1, 1998, BCLC assumed responsibility to conduct and manage table games, making the Corporation responsible for all commercial casino gaming in the province. Specifically, BCLC gained responsibility to conduct and manage casino gaming, and contracts with private sector casino service providers for facility and operational services. As such, the Corporation owns all gaming equipment and slot machines, selects and approves games, sets bet limits and operating hours, monitors and manages slot machines through a central computer system, establishes operating standards and procedures, and approves advertising and promotion programs.

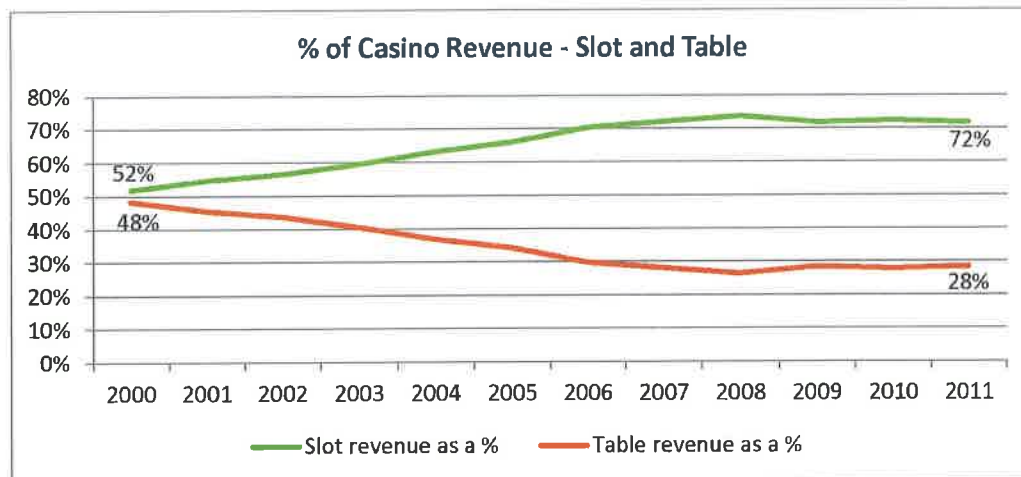
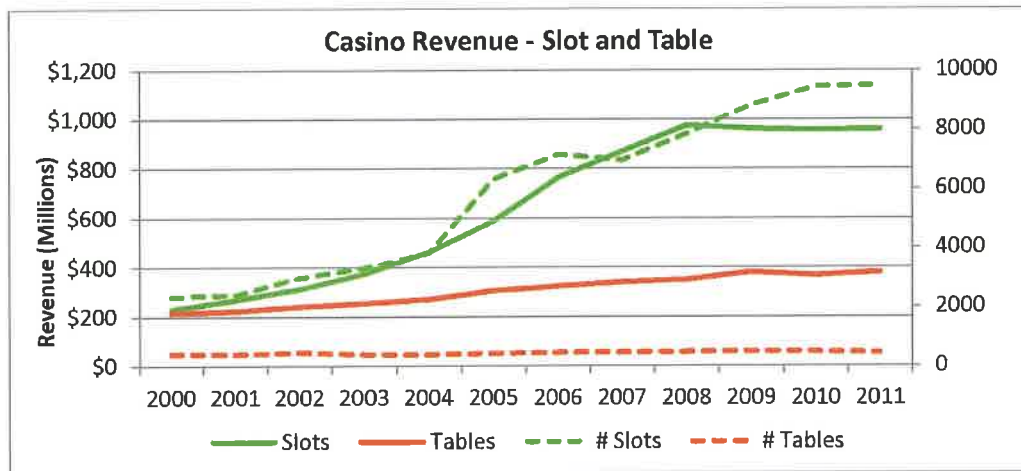
From 1999 to 2009, BCLC focused primarily on expanding the table game business both in terms of availability and game mix as new table products were added to the repertoire across a greater number of sites.

BCLC completed its first full year of casino operations in fiscal 1999/2000; table games accounted for \$214.7 million of the total \$445.2 million in revenue while slot machines accounted for \$230.5 million.



CURRENT SITUATION

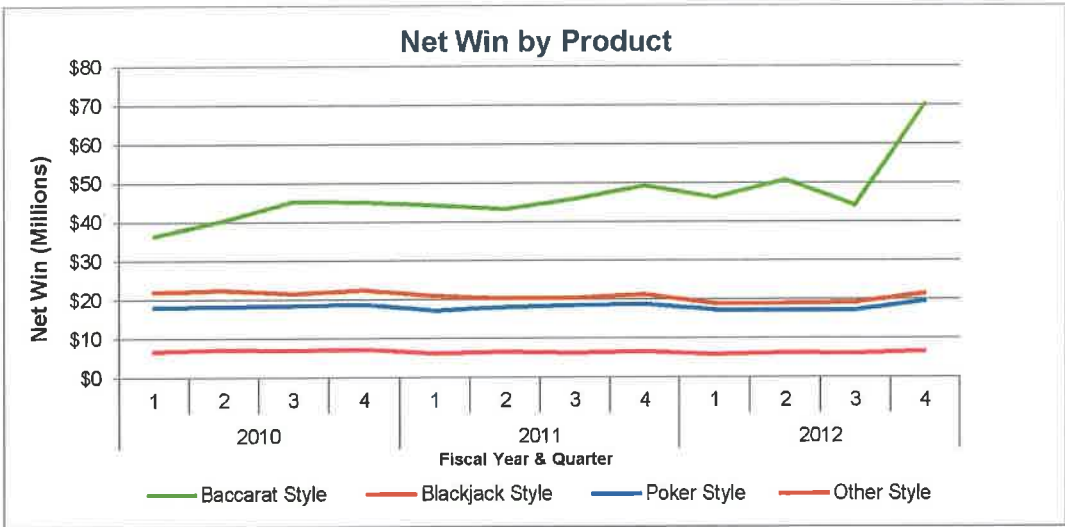
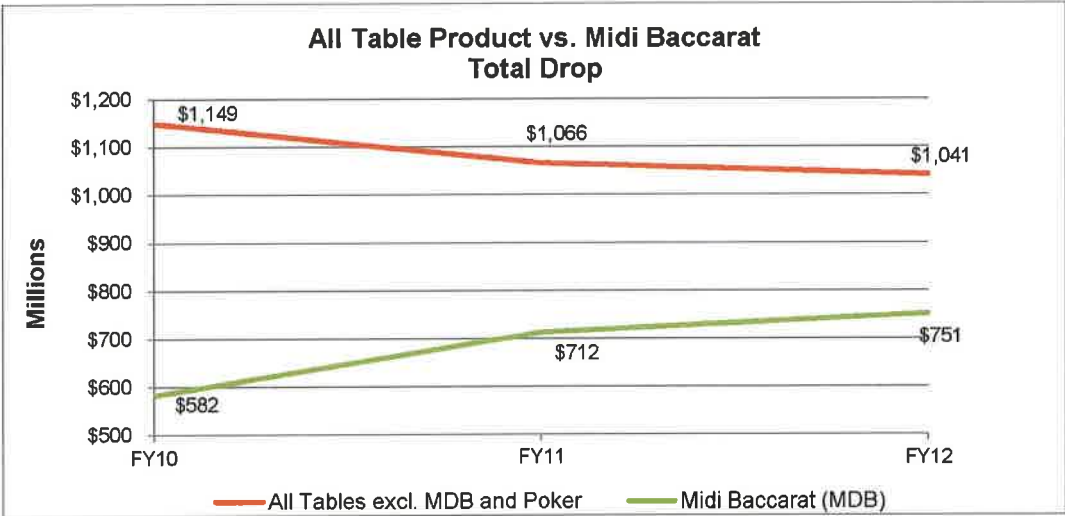
Since 1998, table game revenue climbed steadily as new sites opened, reaching its peak of 485 table games and \$379.8 million in revenue with the opening of Grand Villa in 2009. Since that time however, the number of tables has decreased and drop has shown little growth, generating \$379.5 million in FY2011. Furthermore, as a percentage of all casino revenue, the proportion generated by table games has decreased continually since 2000.





Analysing these numbers further reveals that drop in table games other than MDB and Poker has actually *decreased*, therefore the overall flattening of revenue has only been sustained because of growth in MDB. Drop for MDB increased 29% from three years ago while all other tables combined saw a decrease of 9% over the same time frame. Please note, Poker is excluded as BCLC only earns a service charge for running the tables.

Yearly Product Trends



Chinese New Year was extremely profitable in 2012 due to reasons beyond BCLC's area of influence and/or control. However, even prior to this point, drop for MDB had been trending up.



BCLC in addition to traditional table games, BCLC has incorporated the use of eTable games in many sites. These games enrich players' experiences by broadening the gaming repertoire available to them especially at CGCs and smaller casinos which may not be able to support a fully staffed traditional live table game.

BCLC currently has two types of eTables games:

1. Linked – the Touch Bet variety of eTables (TBR,TBB) are linked to a live table game and tend to attract more experienced players that know the games and prefer the privacy and ease of payout that the electronic terminal offers.
2. Stand-alone - MPS Roulette, MPS Baccarat, and Royal Match 21 which tend to attract the novice, less frequent players playing at lower denominations.

The games linked to a live table far out perform the stand alone versions.

Whether the game is linked or stand-alone, eTables should be classified as a subset of table games and are therefore addressed in this strategy document.

Currently, BCLC is unable to track table play with the BCG Encore card which poses a number of challenges from a strategy perspective. Firstly, it prevents BCLC from being able to address table strategy on a more micro, individual player level. Secondly, qualitative research conducted in May 2011 indicated that table players were dissatisfied that benefits of the Encore program skewed toward slot players.

In order to maximize future revenue and provide best in class entertainment, BCLC must enhance the Encore value proposition to include table game players. The importance of table tracking both from a revenue generation as well as a customer retention/development will be presented in a complementary strategy document.

METHODOLOGY

A cross functional team with representatives from Casino Operations, Table Games Product Management, Gaming Analytics and Finance was tasked with designing a Table and E-Table Game Strategy which would support BCLC's goal to be a player-centric organization, and thereby allow for sustained future growth in the market. When available, expertise from other jurisdictions, vendors, HLT and Service Partners (SP) was also solicited.

Rather than develop a single strategy for all table players, the table strategy team felt that any strategies being contemplated must be based on two key components:

1. Player Segmentation
 - How are table players segmented?
 - What are the characteristics of each segment?
2. Realm of Influence
 - Which drivers are BCLC *able* to influence?
 - Which drivers are BCLC *willing* to influence?

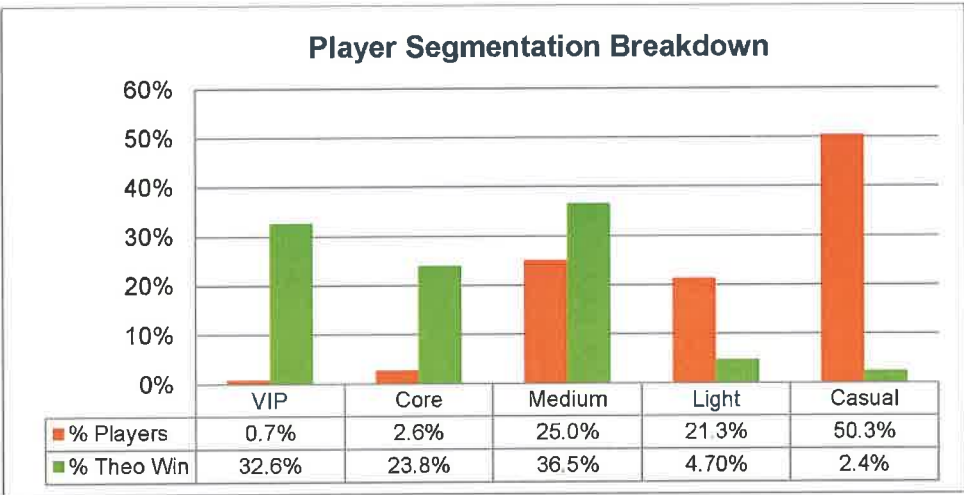


Player Segmentation

Please note that the chart below utilizes the HLT's BC Market Assessment Report table data methodology and applies it to Encore slot data; therefore the chart should only be used as a guideline for categorizing table game players into smaller segments. Validation of the segments will occur once BCLC and Service Providers are able to track carded table play.

Characteristics of each group are defined as follows:

Segment	Theo Net Win Range	% Players	Actual Theo Net Win	% Theo Win	Mthly Visits / Player Tables	Mthly Visits / Player Slots	Theo Net Win / Visit Tables	Avg. Spend / Visit Slots
VIP	> \$50,000	0.7%	\$119,342,790	32.6%	11.1		\$919	
Core	\$15,000 - \$49,999	2.6%	\$87,361,282	23.8%	9.8	>1 visit / week	\$211	\$122
Medium	\$5,000 - \$14,999	25.0%	\$133,558,414	36.5%	3.5	Visit weekly	\$95	\$60
Light	\$1,000 - \$4,999	21.3%	\$17,241,129	4.70%	1.2	Visit monthly	\$42	\$32
Casual	≤\$1000	50.3%	\$8,816,135	2.4%	0.65	Visit 2-5 / month	\$17	\$15
Total		100.0%	\$366,319,749					



As evidenced by the chart above, BCLC's table revenue is highly dependent on a small number of players – the VIP players alone make up less than 1% of players, yet they are responsible for 32.6% of net win. Keeping in line with the goal of transforming to a wider player base where 80% of revenue comes from 20% of players, efforts must focus primarily on increasing the relative proportion of revenue generated from the Light and Casual player segments.

The chart below shows the breakdown by site.

Site	Player Segments									
	VIP		Core		Medium		Light		Casual	
	Revenue	Size	Revenue	Size	Revenue	Size	Revenue	Size	Revenue	Size
Boulevard	22.2%	0.2%	21.8%	0.8%	20.7%	2.4%	23.1%	10.0%	12.2%	86.6%
Cascades	23.4%	0.2%	17.6%	0.7%	22.3%	2.4%	23.7%	9.7%	13.0%	87.0%
Cranbrook	6.1%	0.1%	17.0%	0.4%	25.2%	1.8%	31.7%	8.3%	20.0%	89.4%
Edgewater	28.0%	0.3%	20.2%	0.9%	20.6%	2.8%	20.9%	10.8%	10.4%	85.3%
Fraser Downs	12.1%	0.1%	20.7%	0.6%	22.1%	2.0%	28.9%	9.8%	16.2%	87.5%
Grand Villa	21.9%	0.3%	24.6%	1.3%	23.7%	3.8%	20.6%	12.0%	9.2%	82.6%
Kamloops Casino	17.3%	0.1%	21.6%	0.6%	22.3%	2.1%	24.7%	8.3%	14.1%	88.8%
Kelowna Casino	22.7%	0.1%	16.7%	0.5%	20.8%	1.7%	23.7%	7.5%	16.0%	90.2%
Nanaimo	14.3%	0.1%	20.8%	0.9%	27.2%	3.3%	25.7%	11.4%	12.1%	84.3%
Penticton Casino	18.0%	0.1%	20.7%	0.6%	24.6%	2.3%	23.1%	8.1%	13.6%	88.8%
Prince George	19.3%	0.2%	23.2%	1.3%	27.1%	4.1%	21.5%	11.9%	9.0%	82.5%
Quesnel	2.0%	0.0%	15.8%	0.4%	31.9%	2.2%	31.9%	7.6%	18.4%	89.9%
River Rock	35.0%	0.3%	20.0%	0.9%	19.1%	2.8%	17.3%	9.2%	8.6%	86.8%
Starlight Casino	19.5%	0.2%	16.7%	0.6%	23.7%	2.6%	25.5%	10.8%	13.6%	85.8%
Vernon Casino	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Victoria	24.4%	0.3%	24.4%	1.5%	24.5%	4.6%	19.6%	12.7%	7.2%	80.9%

Realm of Influence

Additionally, a preliminary breakdown was undertaken to determine which drivers of the table gaming business BCLC was both willing and able to influence. The following were deemed as such:

1. Compensation – Adjusting the revenue split between BCLC and SP on certain games
2. Policy – Existing table game policies regarding game rules, access to funds, staffing levels etc.
3. Product – Current distribution, replacement strategy and set up of games
4. Bet Limits – Changing max bet ceiling, introducing bet differentials
5. Marketing - Promotions to encourage trial, visitation, the conversion of uncarded players to carded and new product awareness and availability

Although customer service and dealer training were identified as opportunities for improvement, they are the responsibility of the Operations team.



EXECUTIVE SUMMARY

Overall, table revenue has shown little growth since 2009 and looking at individual games reveals that drop in table games other than MDB and Poker has actually *decreased*, therefore the overall flattening of revenue has only been sustained because of growth in MDB. Furthermore, as a percentage of all casino revenue, the proportion generated by table games has actually decreased since 2000.

Keeping with BCLC's goal of creating a player-centric company, Casino & Community Gaming undertook a comprehensive analysis of the current state of table play in BC to ensure that BCLC maintains a table strategy model which provides maximum entertainment value to our players while promoting a healthier and more stable revenue stream, distributed more evenly across player segments.

Based on their visitation and spend patterns, players were placed into one of five segments: VIP, Core, Medium, Light and Casual and strategies focused primarily on increasing revenue potential of the Light to Casual groups of players.

The recommendations presented in this strategy document have been reviewed and are supported by Casino & Community Gaming Finance to ensure sound and logical financial analysis and projections with supporting data.

Casual Players

Low Limit Blackjack: Because of its relative simplicity, Blackjack is often the first table game that new casino players will try. However, these players are often intimidated by the high bet limits and/or playing with more experienced players. Opening low limit Blackjack tables will attract new and casual players who could be developed into core players. In the past, there have been challenges with our Service Partners support this game due to low revenue generation and high labour costs. Offsetting some of those costs by changing the split to 60% SP and 40% BCLC will encourage sites to host this game, which appeals to and will therefore help grow the casual player base.

Low Limit Roulette: Roulette is considered a core casino game that should be offered to attract the Light and Casual player segments at all sites. In recent years, Service Partners have been installing MPS Roulette and removing live Roulette tables from their sites because it was not profitable for them to offer live games due to increasing labour costs and the current revenue split. It is recommended that casinos remove MPS roulette and introduce Low Limit Roulette with a more favourable split of 60% SP and 40% BCLC to offset some of their costs. Removed units will be redeployed to CGC facilities.



Light Players

Local Table Progressives: Local area progressive games provide an opportunity to generate incremental revenue and extend the life of existing product by adding another level of excitement and providing customers with additional gaming options. Introducing local area progressive games as well as the chance to win significant jackpots appeals to the Light player segment and may help transition them into the Medium player segment.

Marketing and Promotions: Historically, marketing support for table games products has generally been very limited. Providing marketing support, which could range from provincial initiatives, site specific advertising on Cool Signs or online etc. will attract new players by creating new product awareness as well as encourage trial of new games.

Medium Players

Touch Bet Baccarat (TBB): Despite the fact that net win generated from TBB is increasing, Service Partners are reluctant to support this product due to the current revenue split which is limiting BCLC's overall revenue potential for this product. Reclassifying TBB as a table game and changing the revenue split to 40% SP and 60% BCLC will encourage the installation of terminals at additional properties in the Lower Mainland that currently have live Baccarat tables but are reluctant to support this product with the current revenue split.

Craps: In recent years, Craps table performance has been declining due to the high cost of operations for the SP, resulting in the unavailability of tables. The recommendation is to remove the \$270,000 net win per quarter threshold at which revenue split changes and leave the split at 25% for BCLC and 75% for SP on all Craps net win to encourage the Service Partners to support this core casino game by keeping the table open longer and generating more revenue.

Midi Craps: Introduce Midi Craps with a revenue split of 65% SP, 35% BCLC without quarterly net win thresholds to mid-size sites that do not operate a regular Craps table. Bringing a Midi Craps table is a cost effective way to provide customers with access to a standard casino game which contributes to revenue and adds excitement and energy to the floor.

Sic Bo: The one BCLC Sic Bo table be relocated and rotated annually to a different casino; this will add a new table game to the current game mix and give players a new game to play. The game can be added to the existing casinos in high traffic areas for incremental revenue.

Core Players

New Games Library: Table game variety has decreased over the years leaving players with a stale game mix and not introducing new games could be restricting our revenue potential. Creating a new games library for table games and electronic table games will decrease time to market and allow BCLC to be more proactive in introducing new games when appropriate to keep players gaming experience fun and fresh.

VIP Players

Increase Bet Limits and Differential Betting: VIP players are requesting higher bet limits which indicate that current limits need to be reviewed and increased in order to satisfy demands from key players as well as gaining additional revenue. Increasing current bet limit of \$5,000 to \$10,000 will make players' gaming experience more robust and also maximize potential revenue opportunities.



TABLE GAME STRATEGY

CASUAL PLAYERS

Low Limit Blackjack

Challenge

Because of its relative simplicity, Blackjack is often the first table game that new casino players will try. However, these players are often intimidated to try Blackjack because of the high bet limits and feeling uncomfortable playing with more experienced players. Opening low limit Blackjack tables can attract new and casual players who could be potential regular players. In the past, there have been challenges with our Service Partners support this game due to low revenue generation and high labour costs.

Recommendation

Adjust the revenue split to 60% SP and 40% BCLC on low limit Blackjack tables, specifically defined as those with bet limits ranging from \$5 to \$25; the current revenue split is 40% SP and 60% BCLC. To help our SPs mitigate their costs, changing the revenue split will allow them to open low limit Blackjack tables and provide casual players with an opportunity to play Blackjack with lower minimum bet limits.

Background

Analysis for the five properties that currently offer low limit Blackjack tables indicates that since 2009, BCLC has earned an average of \$1.5M per year from low limit Blackjack tables. After labour costs associated with staffing the table were deducted, SP's share was \$423,395 annually – all before fixed costs had even been considered. (Labour was calculated as approximately \$31 per hour, which includes the Dealer and 1/4 of a Supervisor with benefits and break relief.) Statements made by SP during meetings indicated that at the current revenue split, sites need Blackjack to be at a minimum \$15/hand in order to break even.

Averages Per Table Per Year	Average	Total
Drop	\$2,159,158	\$10,795,790
Net Win	\$518,441	\$2,592,206
Cost Per Year	Average	Total
Variable Labour Costs	\$122,697	\$613,487
Revenue Split Per Year	Average	Total
BCLC (60%)	\$311,065	\$1,555,324
SP (40%)	\$207,376	\$1,036,882
Net Income (Loss) Per Year	Average	Total
BCLC	\$311,065	\$1,555,324
SP	\$84,679	\$423,395
SP Cost: Revenue Ratio	59.2%	59.2%
SP Net Income Revenue Ratio	16.3%	16.3%



Various compensation structures were analyzed and reviewed, however, the revenue split that is recommended is 60% SP and 40% BCLC. The reasons for the recommendation are as follows:

- Under the current 60% BCLC, 40% SP compensation structure, on average the low limit tables cost the SPs approximately 60% of their revenue share (40% of Total Net Win). The average low limit Blackjack table is closer to 50% of their revenue share (average between 2009 – 2012).
- Due to the high costs of operating table games, very few of our SPs encourage low limit tables, and if they do, the hours available are limited.
- With very few low limit tables available, the casual player will opt out of playing tables games due to economic, risk or intimidation reasons.
- BCLC is willing to offer the 60% of revenue to the SP to operate low limit tables to encourage play from casual players.
- With the extra revenue, the SPs can keep the tables open longer and offer them on more days, especially during the weekdays.
- The new compensation rate will encourage more SPs to operate low limit Blackjack tables.
- 60% of revenue will help the SPs with their operating cost ratio from 60% to 40%; much lower than the regular LLBJ average.

Each site would be allowed to operate 20% of their current Blackjack tables to a maximum of 3 tables per property under the new compensation rate.

The lowest performing Blackjack tables at each property were targeted for conversion (see Appendix A). The revenue associated with these tables' amounts to \$5.3M. Using data from other low limit tables currently in operation at other properties and estimating potential revenue based on region, it is projected that total potential revenue of \$17.4M could be achieved through low limit play. This constitutes an uplift of \$3.7M for BCLC under the new compensation model.

Assumptions

Success of this strategy is contingent on the following:

1. Sites can have 20% of their current Blackjack table count to a maximum of 3 low limit Blackjack tables per property
2. Low limit bets are considered to be no higher than \$5, maximum \$25
3. Low limit Blackjack tables are permanent with no table adjustments during the operating days or weeks. Must have written BCLC approval for adjustments.
4. SP must provide BCLC with a list of the tables that are deemed low limit Blackjack.
5. After 90 days, performance of the newly designated low limit tables will be reviewed.

Low Limit Roulette

Challenge

Over the past five years, the number of table games we offer to the public have shown a steady decline. Repeatedly, the Service Partners have stated it was not profitable for them to offer games such as Roulette due to increasing labour costs and the revenue split between themselves and BCLC. Service Partners responded to this by installing MPS Roulette and removing live Roulette tables.

Recommendation

Roulette is considered a core casino game and it is important to offer it to our players at all sites. For the long term, it is important to attract the Light and Casual player segments to the fast paced game of Roulette. It is recommended that casinos remove MPS roulette and introduce low limit Roulette for casual players; removed units will be redeployed to CGC facilities where feasible.

It is recommended to change the current commission structure to 40% BCLC and 60% Service Partner.

Background

There are three core games that have stood the test of time in casinos in North America; Blackjack, Roulette and Craps. When people enter a casino they expect to see these games.

Historically, a customer will evolve to Roulette so with the right strategy to attract the Casual to Light players, they can be educated to try the exciting game of Roulette, especially if the limits are made more attractive to them.

With the introduction of low limit Roulette, Service Partners will have an increase in operating costs, therefore to offset these costs, it is recommended to change the current commission structure to 40% BCLC and 60% Service Partner.

The change in revenue split will result in an initial cost of (\$840,000) to BCLC but will result in the longevity of Roulette and increased revenue through incremental play and enhancement of the overall gaming experience for our players in the future.

Estimated Overall Impact of Removing MPS Roulette and Replacing with Live Roulette and Changing Commission Structure

Facility	\$ Change to BCLC Net Win	% Increase in Total Net Win Required to Offset Loss to BCLC	\$ Change to SP Net Income	% Change to SP Net Income
Casino of the Rockies	(\$26,040)	16.4%	\$68,844	130.1%
Kamloops	(\$204,445)	60.6%	\$9,376	8.3%
Kelowna	(\$323,376)	70.9%	(\$30,268)	(19.9%)
Nanaimo	\$29,277	(28.3%)	\$53,710	253.2%
Penticton	(\$165,277)	55.5%	\$22,432	22.6%
Treasure Cove	(\$150,054)	53.1%	\$27,506	29.2%
Overall Totals	(\$839,916)	51.3%	\$185,172	34.0%

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Assumptions

Live Roulette numbers are based on the assumption that play will continue at the same performance levels as the current MPS Roulette games.

Sites must operate at least eight hours per day including peak periods and offer 25¢ to \$1 minimum bets on the inside betting positions.

Performance will be measured and monitored to determine success.



Marketing and Promotions

Challenge

Marketing support for table games products has generally been very limited; even though we have a wide variety of core games and introduced several side bets over the last several years, none or little promotion or advertising was provided.

Recommendation

Provide marketing support for table games product in the future, such as table games specific promotions as well as advertising for product launches into the market. Marketing support could range from provincial initiatives, site specific advertising on Cool Signs or online etc. to attract new players, create new product awareness as well as encourage trial of new games.

Background

In the past, Casino marketing efforts have mostly supported slot products; new game themes or lease games being introduced into the market; resulting in the lack of table games marketing.

With insufficient marketing support, it is more difficult for table products to reach full market potential; this will have an impact on table revenue as well as player interaction and awareness of new product that has been introduced over the years.

Casino Marketing has \$100,000 budget allocated for table game Player Acquisition Support in FY14.



LIGHT PLAYERS

Local Table Progressives

Challenge

Local area progressive games provide an opportunity to generate incremental revenue and extend the life of existing product by adding another level of excitement and providing customers with additional gaming options.

Recommendation

Introduce local area progressive games which will appeal to the Light player segment. The chance to win significant jackpots would appeal to this infrequent player as well as potentially transitioning this player group into the Medium player segment.

Background

There has been proven success with progressive products on the slot machines; therefore, adding another feature to table games will help extend the life of current product as well as generate incremental revenue. Ideally, the local table progressive will have the ability to link between similar table products.

A business case will be submitted in FY13 Q4 for implementation in FY14; cost, revenue expectations, product reviews will be considered in the business case.



MEDIUM PLAYERS

Touch Bet Baccarat (TBB)

Challenge

Despite the fact that net win generated from TBB is increasing, especially when compared to other table games, Service Partners are reluctant to support this product due to the current revenue split which is limiting our overall revenue potential for this product.

Recommendation

Reclassify TBB as a table game and change the revenue split for Touch Bet Baccarat (TBB) to 40% SP and 60% BCLC to encourage the installation of terminals at additional properties that currently have live Baccarat tables in the Lower Mainland.

Background

Touch Bet Baccarat is an electronic Baccarat game that works in conjunction with a live Baccarat table game. Players sit at a terminal and make wagers on the results of the live table game. This allows the SP to accommodate more players without having to incur additional labour expenses to open another live table.

TBB can currently be found at two sites: Boulevard Casino and Edgewater Casino.

Despite the fact that the numbers on TBB have been trending upward, Service Partners are reluctant to put this game type in their facilities as they argue that the revenue split is too one sided and should be the same as Touch Bet Roulette (TBR) which operates in the same manner, and is connected to a live Roulette table. Currently the revenue split on TBB is 25% SP and 75% BCLC, while TBR is 40% SP and 60% BCLC.

The revenue splits need to be changed in favor of the SPs to encourage the installation of terminals at properties in the Lower Mainland that do not currently have TBB. The recommended change in revenue split would also make it consistent with other table game revenue splits. This could result in incremental revenue from our Medium player segment.

The immediate revenue loss to BCLC will be (\$133,000) and an increase of 25% in total Net Win will be required in order to maintain BCLC Net Win at current levels:

	Current Commission Split		Proposed Commission Split		Impact to BCLC Net Win	
FY 2012 Net Win	BCLC Net Win (75%)	SP Commission (25%)	BCLC Net Win (60%)	SP Commission (40%)	\$ Change	% Increase in Net Win to Offset Loss
\$887,506	\$665,630	\$221,877	\$532,504	\$355,002	(\$133,126)	25.0%

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Installing incremental terminals to Baccarat games in Grand Villa, River Rock, and Starlight under the new commission structure will provide BCLC with over \$36,500 in Net Win annually per terminal. Currently the two sites with TBB have 12 terminals in each. The capital cost for each terminal is approximately \$26,000 and will take BCLC 257 days to recover these costs (ROI of 142%) at current FY2013 play levels.

FY2013						
WSD	Estimated Net Win	BCLC Net Win (60%)	SP Commission (40%)	BCLC Capital Costs		Days for BCLC to Recover Costs
\$168	\$61,453	\$36,872	\$24,581	\$25,970		257

Craps

Challenge

In recent years, Craps table performance has been declining as a result of decreased table availability and the high cost of operations to Service Partners. Craps is considered a core casino game that adds a great entertaining environment for players; therefore it needs to be available. This game's performance will continue to drop unless it becomes more readily available to players and much needed support by our SPs in order to generate revenue.

Recommendation

Remove the \$270,000 net win per quarter threshold at which revenue split changes from 25% BCLC and 75% SP to 60% BCLC and 40% SP. The recommendation is to leave the split at 25% for BCLC and 75% for SP on all Craps net win to encourage our Service Partners to support this core casino game by keeping the table opened longer and generating more revenue.

Background

The current performance of Craps is generating an average \$2,940 per table per day, \$264,000 per table per quarter and \$1.3M per table per year in revenue. The average hours a Craps table is open is 13 hours per day.

Craps has not been included in the original game mix or for new casino openings since 2009. Also, three casinos have closed their Craps tables between FY2009 and FY2010.

According to the current COSA, net win from Craps will be split at 25% BCLC and 75% SP up to a total net win of \$270,000 per quarter per table. The revenue split would revert back to 60% BCLC and 40% SP on all revenue generated above this \$270,000 per quarter threshold, therefore penalizing SPs if they generate higher revenue.

Originally, this limit was determined based on the cost of operating the table. Costs were calculated at \$194,400 per table per quarter (\$120 cost per hour x 18 hours per day x 90 days per quarter). The SP would receive \$202,500 (75% of \$270,000) to aid in covering the cost of operating the table. However, of the four properties that currently operate Craps, (each having only one table), only two properties, Grand Villa and River Rock, have consistently reached the \$270,000 per quarter limit each quarter since FY2010.

For the average daily hours of operation, the two properties mentioned above operate their Craps tables for 15 hours a day, while other properties average of 12 hours per day. Provincially, a Craps table is open of 13 hours per day, much less than the 18 hours used to calculate the Revenue Split Limit. The 18 hours, used for calculating the \$270,000 per quarter threshold, is not a required metric for Craps, only the per quarter dollar limit. In the below chart, Quarterly Craps Net Income, data was collected for all Craps product at all available properties since FY2009. Calculated in the chart are BCLC's 25% share, Service Partner's 75% share, Service Partner's Cost to Revenue Ratio and Service Partners Net Income to Revenue Ratio. On average, the cost of operating a Craps table is 71.5% of the 75% revenue the SP take, resulting in only 28.5% of actual profit; the SP profits only 20.1% of the total revenue the table earns.

Quarterly Craps Net Income

	Site 1	Site 2	Site 3	Site 4	Site 5	Total LM	Avg LM Table
Avg Quarterly Win	\$285,771	\$178,892	\$388,613	\$302,320	\$162,135	\$1,317,732	\$263,546
BCLC Net Income	\$76,963	\$44,723	\$138,668	\$86,892	\$40,534	\$387,779	\$77,556
SP Net Income	\$50,100	\$11,731	\$87,817	\$86,254	\$29,240	\$265,142	\$53,028
SP Cost: Revenue Ratio	76.0%	91.3%	64.9%	60.0%	76.0%	71.5%	71.5%
SP Net Income: Revenue Ratio	24.0%	8.7%	35.1%	40.0%	24.0%	28.5%	28.5%

After in-depth review and analysis of the existing Craps data, the recommendation is to remove the quarterly limit. The reasons for this recommendation are:

- All properties qualify to receive the extra compensation
- On average, SPs will gain an extra \$12,000 per table per quarter; BCLC will lose this same amount
- The \$12,000 is the lowest amount of loss that BCLC would incur
- With the proposed revenue split change, the SP will receive extra revenue and therefore it is expected that they would operate the table longer and encourage play
- To recover the \$12,000 loss of BCLC, each table would have to generate an extra \$47,000 per quarter in revenue. Anything above this is additional, organic play for Craps.

Assumptions

The change in revenue split will entice SPs to open the Craps tables for longer periods of time and result in more availability for players which will generate incremental revenue while growing this game's player base over the long term.

Midi Craps

Challenge

Craps has been identified as a core casino game. Unfortunately, not every site has the customer base to support a full size craps table or the required floor space, therefore the option of opting for a Midi Craps table is more cost effective and still provides customers with access to a standard casino game which contributes to revenue and adds excitement and energy to the floor.

Midi Craps is not currently offered at any property; regular Craps tables are available at Boulevard, Grand Villa, River Rock and Starlight.

Recommendation

Introduce Midi Craps to sites that do not operate a regular Craps table; recommended for mid-size sites. Revenue split of 65% SP, 35% BCLC without quarterly net win thresholds.

Background

Midi Craps will be considered as a new game to the BC market which is played in the same fashion as the regular Craps table, but half the physical size. It operates with two dealers with a maximum potential occupancy of nine players rather than traditional four dealers and 18 players maximum on the regular Craps table. With Midi Craps, SP labour costs are reduced significantly and enables them to offer a core casino game.

An analysis was completed using the performance of regular Craps table data. Since Midi Craps is a smaller version of the regular size table, Drop and Revenue values were estimated from 50% of the play to 90% of the play, in 10% increments (see chart below for Estimated Quarterly Midi Craps Revenue). This method for estimating Midi Craps performance was used because regular Craps is not fully occupied during all hours of operation and Midi Craps could potentially generate up to 90% of the regular Craps revenue.

Estimated Quarterly Midi Craps Net Win

	Site 1	Site 2	Site 3	Site 4	Site 5	Total LM	Avg LM Table
Regular Craps Revenue	\$285,771	\$178,892	\$388,613	\$302,320	\$162,135	\$1,317,732	\$263,546
50% of Craps	\$142,886	\$89,446	\$194,307	\$151,160	\$81,068	\$658,866	\$131,773
60% of Craps	\$171,463	\$107,335	\$233,168	\$181,392	\$97,281	\$790,639	\$158,128
70% of Craps	\$200,040	\$125,225	\$272,029	\$211,624	\$113,495	\$922,412	\$184,482
80% of Craps	\$228,617	\$143,114	\$310,890	\$241,856	\$129,708	\$1,054,185	\$210,837
90% of Craps	\$257,194	\$161,003	\$349,752	\$272,088	\$145,922	\$1,185,959	\$237,192



Costs were calculated for this table to be \$61 per hour (2 Dealers and ¼ Supervisor, and relief coverage). Quarterly, this table is calculated to have labour costs of \$71,370, using the average hours of a regular Craps table (13 hours per day) and 90 days per quarter.

Since Midi Craps will be a new table game for BC Casinos, it is estimated that these tables would generate 60% of the table play of the regular Craps table. Knowing that regular Craps is not fully occupied (18 players) during all hours of operation, Midi Craps has the potential to perform, at a minimum, 60% up to 100% of the regular Craps play. The figures provided in the chart above shows the potential uplift in revenue per quarter that this table could generate.

On the regular Craps table, the SP's Cost: Revenue Ratio is approximately 67.5% of their 75% revenue share, resulting in a profit share of 23.0% of Craps total revenue. With 60% of Craps Revenue estimate and lower operating costs, SP would receive 65% of the Midi Craps revenue, resulting in a SP Cost: Revenue Ratio of 68.0% and a 21% profit share on this tables total revenue.

Assumptions

The SP will operate Midi Craps with two dealers, ¼ supervisor, plus relief and in conjunction with other core tables on a daily basis.



Sic Bo

Challenge

Sic Bo was popular when it was first introduced at one casino, however, performance of the game started to drop in less than one year. Obtaining the proper approvals for the randomness of the dice has also been a challenge with GPEB.

Recommendation

As the life cycle is less than one year, it is recommended that the Sic Bo table be relocated and rotated annually to a different casino; this will add a new table game to the current game mix and give players a new game to play. The game can be added to the existing casinos in high traffic areas for incremental revenue.

Background

Sic Bo was first introduced at Grand Villa in June 2011. In just over one month, BCLC had recovered the cost of the table; by redeploying the table in the future means incremental revenue to BCLC and SPs.

As the table below shows, the average daily drop was \$6000 in FY12 and has dropped to \$1,050 in FY13. Sic Bo performance is dropping significantly due to the novelty of the game wearing off.

Sic Bo Performance at Grand Villa Summary From June 8, 2011 to Aug 25, 2012

	Fiscal Year	
	2012	2013
<i>Date Ranges</i>	Jun 8/11 to Mar 31/12*	Apr 1/12 to Aug 25/12
<i>Average Daily Drop</i>	\$6,001.60	\$1,052.54
<i>Average Daily Net Win</i>	\$1,674.03	\$354.95
<i>Hold %</i>	27.89%	33.72%
<i>Average Daily Hours Available</i>	14.04	3.83

**Note: July 20, 2011 to August 15, 2011 excluded as table was closed due to GPEB*

Even though the game is in operation, GPEB required testing of the randomness of the dice over a 90 day trial period because the game didn't receive final approval; 2 of the 3 random tests passed. This resulted in further testing for another 90 days. BCLC was given an interim CTI until final results are available.

Currently, approval has been given to Grand Villa to remove the game and redeploy it to another site once final CTI is received.

The game will be rotated through casinos with suitable player demographics and the potential to earn incremental revenue.



CORE PLAYERS

New Games Library

Challenge

Table game variety has decreased over the years leaving players with limited selection in product; therefore, having a stale game mix and not introducing new games could be restricting our revenue potential. The lead time to market for a new product is also long.

Recommendation

Create a new games library for table games and electronic table games to decrease time to market and be proactive in introducing new games when appropriate to keep players gaming experience fun and the product mix fresh.

Background

As it is important to maintain our core player base, the game mix should meet player demands for new and exciting games as well as more betting options to keep their gaming experience entertaining.

In the past few years, there have been a limited number of new games and side bets introduced into the market; average is one per year; this is due partially to the lead time to introduce new table games product into the market as well as product availability to some extent, especially when compared to slot theme variety.

Some of the current table games product has been in the market for a few years which has resulted in a drop in performance; however, it is currently difficult to replace underperforming tables due to the limited library of games available.

Some of the new games and side bets that will be considered are listed below:

- King's Bounty
- Ultimate Three Card Poker with Face Up
- 6 Card Bonus
- Crazy 4 Poker
- Bad Beat Bonus
- Bad Beat Texas Hold'em
- Face Up Stud Poker
- Quick Hit Progressive
- House Money
- Raise It Up
- Mississippi Stud

053

- Free Bet Blackjack
- EZ Pai Gow
- Lucky Lucky

An RFP will begin in Q3 that will encompass all table product and table equipment and accessories. The results of this RFP will improve operational efficiencies and affect the table games product selection and time to market in a positive manner.



VIP PLAYERS

Increase Bet Limits

Challenge

Current bet limits are restricting our potential revenue and our existing players are demanding higher bet limits to make their gaming experience more enjoyable.

Recommendation

Increase current bet limit of \$5,000 to \$10,000 to meet player demands.

Background

There is a very loyal and steady VIP player base that regularly plays at lower mainland casinos. Although this player segment contributes significant revenue to BCLC and the Service Partners, there is indication that there is potential revenue that is untapped due to current bet limit restrictions.

VIP players have requested higher bet limits which indicate that current limits need to be reviewed and increased in order to satisfy demands from key players as well as gaining additional revenue.

An external industry consultant has been contracted to provide a risk assessment and analysis on this recommendation to determine if it is feasible for BCLC to pursue.

Impact on Range of Risk by increasing the Maximum Table Limit to \$90,000

Based on the present maximum table limit of \$45,000 (nine wagering positions at a \$5,000 maximum wager), the risk range for six shoes of baccarat (75 hands per shoe) is listed in Table 1. The table lists the different win/loss results based on theoretical win, 1 standard deviation below theoretical, 2 standard deviations below theoretical, and 3 standard deviations below theoretical.

Table 1 – Risk Range for 6 shoes with a \$45,000 table limit

	Win/(Loss)	Occurrence
Theo	\$232,875	50.0%
- 1 sd	(\$665,398)	15.9%
- 2 sd	(\$1,563,671)	2.3%
- 3 sd	(\$2,461,944)	0.1%

Although three standard deviations (within six sigma) are indicated, most gaming calculation considers only two standard deviations since four sigma takes into consideration 95% of all results. The occurrences of each standard deviation indicate that the casino is expected to win \$232,875 after six baccarat shoes. However, the casino could be losing as much as \$665,398 roughly 16% of the time, \$1,563,671 2.3% of the time, and as much as \$2,461,944 0.1% of the time a shoe maximum of \$45,000 is wagered on each hand. Realistically, maximum risk on this game would be approximately \$1.6 million.

Using the same number of shoes, an increase of the table limit to \$90,000 maximum table limit indicates a doubling effect on all levels as witnessed in Table 2.

055



Table 2 – Risk Range for 6 shoes with a \$90,000 table limit

	Win/(Loss)	Occurrence
Theo	\$465,750	50.0%
- 1 sd	(\$1,330,796)	15.9%
- 2 sd	(\$3,127,342)	2.3%
- 3 sd	(\$4,923,889)	0.1%

With a \$90,000 maximum table limit, the theoretical win increases to \$465,750 while the negative standard deviation loss multiples exponentially. Realistically, maximum risk on this game would be approximately \$3.1 million (2 negative sd).

Using six baccarat shoes as the base example is considered the casino's expected range of risk in the short-run, or over a day of play by a devoted baccarat gambler. The following table reflects the result of a medium playing session consisting of 24 Baccarat shoes.

Assumptions

If the bet limit is doubled from \$5,000 to \$10,000, it is assumed that the Net Win will double as well. Based on Midi Baccarat Net Win data for FY12, the projected Net Win for \$10,000 max bet limit is \$15.7M; this is assuming 5% of the Net Win is generated through max bet options.

PROVINCIAL (Midi Baccarat)		
Scenario	FY12 Net Win	Projection
	\$5,000 Max Bet	\$10,000 Max Bet
5% Max Bet	\$7,844,601	\$15,689,203
10% Max Bet	\$15,689,203	\$31,378,405
20% Max Bet	\$31,378,405	\$62,756,810
60% Max Bet	\$94,135,215	\$188,270,430
70% Max Bet	\$109,824,418	\$219,648,835

Differential Betting

Once the table limit is established, whether it is \$45,000 or \$90,000, the casino can set a bet differential level. There appears to be no consistent maximum limit in the industry; however it would be wise to establish a permanent maximum level. The use of a differential betting policy allows customers to bet more than the \$5,000/\$10,000 limit per hand, as long as either the combination of bets does not exceed a maximum table exposure for the game of \$45,000/\$90,000. For instance, if the casino establishes a \$500,000 maximum wagering limit based on a \$90,000 maximum differential, the casino could accept wagers favoring one side by as much as \$295,000 versus \$205,000.

As long as the differential does not exceed \$90,000, the table exposure stays the same and suffers no negative affect regarding the range of risk. In other words, the risk would be the same whether a player(s) wagered \$90,000 only on either the banker or the player, or a player(s) wagered \$295,000 on either Player or Banker while another player(s) wagered on the opposite position. This limit needs to be established by the casino based on their level of higher limit action.

There is no industry standard for differential betting. However, it is recommended that BCLC work with Service Partners to determine the maximum wagering limit.



Service Partner Opportunities

Challenge

Through player research, focus groups, player feedback, and site staff feedback BCLC has received over the last year, opportunities have been identified to attract new players, make the gaming experience more enjoyable as well as educate new players on table games.

Recommendation

It is highly recommended that Service Partners work together with BCLC on this long term player acquisition strategy. The key opportunities that relate to Casino Operations that will have a direct impact on player experience are customer service training, dealer training, and free learn to play tables at casinos.

Background

Over the years, BCLC has received consistent player feedback on their gaming experience through various channels.

Players have expressed concerns about inconsistent customer service or lack of friendly service, unfriendly dealers who make their gaming experience unpleasant as well as feeling intimidated to play table games; these are the three main customer complaints that need to be addressed immediately.

Although these opportunities for improvement are intangible and immeasurable, BCLC believes that they are important issues to address. Since we are targeting new players or infrequent players, the first experience they have in our property needs to be positive, inviting and fun, otherwise, they will not return, and would not be recommending gaming as an entertainment option to their friends and family.

Service Partners need to understand the value of immediate financial investment in these three key opportunities in order to grow the Casual and Light player segment in the future and the financial contributions this group will have for BCLC and Service Partners.



APPENDICES

Appendix A

TOTAL Site	L1BL	63BL	00BL	BJ Total	Recommend Low Limit	TV Averages - Lowest L1BL		BCLC Share 60%	Region	Potential Annual		BCLC Share 40%	Potential Uplift (Loss)
						Drop	Win			Drop	Win		
Billy Barker	0	0	0	0	0	0	0	0	BN	0	0	0	0
Boulevard	21	0	2	23	3	\$649,251	\$146,647	\$87,988	LM	\$9,739,466	\$2,328,570	\$931,427.87	\$943,440
Cascades	9	0	0	9	2	\$930,109	\$248,650	\$149,190	LM	\$6,492,977	\$1,532,380	\$620,952	\$971,762
Cranbrook	3	0	0	3	1	\$45,885	\$9,916	\$5,950	BN	\$997,725	\$290,345	\$116,138	\$110,188
Edgewater	12	0	0	12	3	\$7,753,066	\$1,729,601	\$1,037,809	LM	\$9,739,466	\$2,328,570	\$931,428	(\$108,381)
Fraser Downs	3	0	0	3	1	\$1,692,278	\$469,937	\$281,962	LM	\$3,246,489	\$776,190	\$310,476	\$28,514
Grand Villa	11	3	0	14	3	\$798,484	\$233,542	\$140,125	LM	\$9,739,466	\$2,328,570	\$931,428	\$791,303
Kamloops	3	0	0	3	1	\$823,032	\$173,537	\$104,122	BN	\$997,725	\$290,345	\$116,138	\$12,016
Kelowna	4	1	0	5	2	\$1,121,113	\$229,891	\$137,934	BN	\$1,995,449	\$500,689	\$232,276	\$94,341
Nanaimo	3	0	0	3	1	\$1,695,689	\$442,561	\$265,537	IS	\$2,307,363	\$575,971	\$230,388	(\$35,148)
Penticton	2	0	0	2	1	\$1,363,231	\$310,045	\$186,027	BN	\$997,725	\$290,345	\$116,138	(\$69,089)
River Rock	19	0	5	24	3	\$1,471,570	\$325,522	\$195,313	LM	\$9,739,466	\$2,328,570	\$931,428	\$736,115
Starlight	11	0	0	11	3	\$1,334,475	\$260,806	\$156,484	LM	\$9,739,466	\$2,328,570	\$931,428	\$774,944
Treasure Cove	3	0	0	3	1	\$262,718	\$64,645	\$38,787	BN	\$997,725	\$290,345	\$116,138	\$77,351
Vernon	0	0	0	0	0	0	0	\$0	BN	\$0	\$0	\$0	\$0
View Royal	6	0	0	6	2	\$3,246,981	\$744,921	\$446,953	IS	\$4,614,726	\$1,151,942	\$460,777	\$13,824
Total Tables	110	4	7	121	27	\$23,187,880	\$5,390,301	\$3,234,181		\$71,345,235	\$17,441,405	\$6,374,560	\$3,740,379

Recommendations Summary Chart

Target Segment	Recommendation	Purpose	Current Commission Structure	Proposed Commission Structure	BCLC Costs
Casual	Change Low Limit Blackjack Revenue Split	grow casual player base	60% BCLC / 40% CSP	40% BCLC / 60% CSP	\$2.8M / yr
Light	Introduce Low Limit Roulette	grow player base, revitalize a core game	60% BCLC / 40% CSP	40% BCLC / 60% CSP	Rev \$965,000 / yr; Hit wheel \$90,000 (one time cost)
Light	Local Table Progressive	generate incremental revenue	60% BCLC / 40% CSP	60% BCLC / 40% CSP	Table, equip, license \$185,000 / yr (based on 28 tables)
Light	Implement marketing support	create product awareness & encourage new game trials	N/A	N/A	\$100,000 / yr
Medium	Change Craps Revenue Split	reintroduce Craps as core casino product	25% BCLC / 75% CSP until \$270,000 Quarterly threshold, then 60% BCLC	25% BCLC / 75% CSP, no threshold	Rev \$233,000 / yr (current - 3 tables)
Medium	Introduce Midi Craps	new product offering to capture more core players	60% BCLC / 40% CSP	35% BCLC / 65% CSP	Dice \$10,500 / yr
Medium	Change Touchbet Baccarat Revenue Split	incremental revenue, grow player base	75% BCLC / 25% CSP	60% BCLC / 40% CSP	Rev \$135,000 / yr
Medium	annual Sic Bo redeployment	generate incremental revenue	60% BCLC / 40% CSP	60% BCLC / 40% CSP	n/a
Core	New Games Library	introduce new games faster, generate incremental revenue through side bets, offer fresh product mix	60% BCLC / 40% CSP	60% BCLC / 40% CSP	n/a
VIP	Increase bet limits & introduce bet differentials	generate incremental revenue	60% BCLC / 40% CSP	60% BCLC / 40% CSP	Additional chips \$50,000 (one time cost)

Process for Commission Structure Changes

The process to make commission structure changes is a lengthy one.

- Requires a GPEB Directive
- Provide document outlining request
- Background
- Financial modeling
- Business Rationale
- Risks
- Ask (what we think the directive should look like)
- This document then will go to GPEB for Review
- GPEB will then determine if the request is required to get approval from Treasury Board prior to providing the directive
- If required to go to Treasury Board GPEB will rework the document into the Treasury Board format

This is Exhibit " 9 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanlouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

January 29, 2014

Mr. Jim Lightbody
Vice President, Casino & Community Gaming
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, B.C. V5M 0A6



Dear Mr. Lightbody,

The Edgewater Casino High Limit Room is scheduled to open to the public on January 31st, 2014. The High Limit Room is in a secondary building to the main casino property and currently consists of 12 live tables games including 7 private and semi-private rooms.

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Occupancy Permit

The property is currently in possession of an occupancy permit for the space as it was formerly used as gaming space several years ago for poker.

All requirements of the development permit process have been completed with all engineering documentation receiving sign-off.

All final inspections have been completed and the City of Vancouver is currently in the process of completing the required documentation to finalize the development permit process.

Liquor License

A liquor primary license has been obtained for the entire property enabling liquor to be served to guests in all gaming areas. The liquor primary license does not require access to food service areas for minors and as such the entire property will be identified and enforced as 19+.

GameSense

GameSense information is displayed throughout the property including within the gaming area, each private and semi-private room, and in each washroom.

A self-exclusion room is located in the main casino building and close to the main entrance to allow guests to enroll in the Voluntary Self-Exclusion (VSE) program. All guests requiring this service will be escorted to the main casino building for enrolment.

Gaming Areas

All gaming areas are fully operational.

The gaming areas consists of a non-private area of 4 tables and 7 private and semi-private rooms, each with 1 or 2 live table games in them. The total table count for the property is 12 live table games.

The property employs large video screens throughout to provide guests with any information that they may wish to view.

Property Areas

The requirements of the Casino & Community Gaming Facility Design Standards policy have been met.

The fire alarm and life-safety systems are functional, tested and certified to meet code requirements.

The UPS and Generator system is functional, tested and certified to meet code requirements.

All public and operational service areas within the interior of the property are functional and operational. The Cash Cage and Back of House operations were tested thoroughly during systems tests and performed as expected.

The property exterior has been completed and complements the existing building and public walkway. Parking areas are the same as the main casino and the valet drop-off is at the entrance of the High Limit Room.

Food & Beverage

Adjacent to the gaming floor is a kitchen and small eating area. The eating area has approval for up to 40 guests and there will be for food and beverage service to each of the private rooms. The food will be prepared in the main



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casino building, put into warmers, and brought over by the kitchen staff. The hosts will also deliver food and beverages as ordered to each private and semi-private room.

Surveillance – Manned

The surveillance system is confirmed to be fully operational with

Redacted

Redacted



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Physical Security

Player access to the High Limit Room is via a south facing exterior door. This door is accessible by swipe card [Redacted]

[Redacted] Swipe cards are issued to appropriate staff and to registered players. Cards that are swiped activate a screen on the security podium that displays a profile of the person that has been issued that specific card.

The High Limit Room can be accessed by staff via a door [Redacted]
[Redacted]

There are two emergency exits in the High Limit Room controlled by crash bars on the casino side. One of the doors is located in the food area (leads directly outside); the second door is near the washrooms (leads to an emergency exit hallway from the upper floor and the next door nightclub). These two doors cannot be accessed from the exterior of the High Limit Room at this point in time.

[Redacted]

There are two Security Officers assigned to the High Limit Room at all times. One Security Officer is stationed at the security podium to prevent underage, barred and VSE patrons from gaining entry. The second Security Officer is available for all other operational security responsibilities.

[Redacted]

Training

The necessary training has been previously provided to the staff in all facets of operations and any additional or refreshers will continue during the opening of the renovated area.



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Training has previously been provided in the following areas:

- GMS – Gaming Management System
- Slot machine and electronic table devices
- Lottery – Device & RPP
- LCT - Large Cash Transaction
- FINTRAC – Financial Tracking
- AML – Anti-Money Laundering
- ART – Appropriate Response Training
- iTrak
- Security & Surveillance
- Serving It Right & Food Safe



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Conclusion

The Edgewater Casino High Limit Room has some minor outstanding issues that need to be addressed, but none that need be remedied immediately. The Service Provider is aware of the issues and a list of deficiencies will be provided to them shortly. All concerns will be monitored by Operational Compliance until rectified. From a Gaming Facilities, Corporate Security & Compliance, and Operations perspective there are no issues that would impact the property from commencing operations.

Regards,

Jerry Williamson
Director, Gaming Facilities
BCLC Casino & Community Gaming

cc: Brad Desmarais – Vice President, Corporate Security & Compliance
Kevin Sweeney – Director, Operational Compliance
Craig Joste – Director, Operations
Dan Breakey – Manager, Gaming Facilities
Laird Robinson – Manager, Operational Compliance
Gord Friesen – Manager, Casino Security and Surveillance
Gina Iandiorio – Regional Operations Manager, Operations

This is Exhibit " 10 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

January 30, 2013

BY EMAIL



Peter Goudron
Great Canadian Casinos
#350 – 13775 Commerce Parkway
Richmond, BC V6V 2V4

Dear Peter:

Re: Table Games Private and High Limit Room limit trial

BCLC implemented a program back in June 2003 to increase the casino table game limits, in order to respond to customer demand and revenue opportunities. The program was introduced with a phased approach, to evaluate Player acceptance.

Depending upon proposals received and BCLC's assessment of the resulting trials, BCLC is considering an increase in the High Limit and Private room limits from \$5,000 to \$10,000 to further allow the marketplace to react to Player demand.

If your company is interested in a trial of expanded table limits in your High Limit and or Private rooms based on the conditions set out below, please submit a proposal to your Casino Regional Manager that includes the following:

- Identify casino facilities wanting to participate in the trial;
- For each facility, specify the number and type of table games with limits over \$5,000;
- For each facility, specify the minimum and maximum wagers for these tables within the limits established by BCLC;
- Set out the anticipated hours of operation, per gaming day, for these tables; and
- Your acknowledgement and agreement in writing that any losses to BCLC arising from the expansion of table limits in facilities where you provide operational services are subject to your contractual indemnity.

BCLC's conditions applicable to the expanded table limit trial include:

- A player will be limited to a maximum of 9 betting positions on any one table;
- The minimum bet for the \$10,000 tables shall not be less than \$100;

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- The maximum bet shall not exceed 100 times the minimum bet;
- Increased supervisory levels of one Dealer Supervisor for every 2 tables offering limits over \$5,000;
- Increased Surveillance standards of two PTZ cameras per table offering limits over \$5,000;
- An additional Surveillance Officer dedicated to the high limit tables;
- Table limits must be recorded accurately in the Casino Management System; and
- Any other relevant condition as communicated by BCLC from time to time.



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We encourage you to consider and understand the risks and potential volatility associated with offering high limits and will your indemnification obligations in favour of BCLC as agreed to in our Casino Operational Services Agreement.

The trial will be for 120 days during which BCLC will evaluate the risks and the results. BCLC reserves the right in its discretion to terminate any trial and has no obligation to increase the limits on a permanent basis regardless of the outcome of the trial.

The required changes to all related policies and procedures will be distributed on the next scheduled Notice to Implement release in March 2013.

We look forward to working with you on this initiative.

Yours truly,

Serge De lure
Director of Operations
Casino and Community Gaming

/ar

CC: J. Lightbody
D. Chang
C. Ladell

A. Williamson
J. Joe
All- Casino RM's

B. Armand
W. Henning
Darlene Doyle

D. Jang
L. Robinson

This is Exhibit " 11 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 05 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

February 4, 2013

BY EMAIL



Jag Nijjar
Gateway Casinos & Entertainment
4621 Canada Way, Suite 300
Vancouver, BC V5G 4X8

Dear Jag:

Re: Table Games Private and High Limit Room limit trial

2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649
F 604.225.6424
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BCLC implemented a program back in June 2003 to increase the casino table game limits, in order to respond to customer demand and revenue opportunities. The program was introduced with a phased approach, to evaluate Player acceptance.

Depending upon proposals received and BCLC's assessment of the resulting trials, BCLC is considering an increase in the High Limit and Private room limits from \$5,000 to \$10,000 to further allow the marketplace to react to Player demand.

If your company is interested in a trial of expanded table limits in your High Limit and or Private rooms based on the conditions set out below, please submit a proposal to your Casino Regional Manager that includes the following:

- Identify casino facilities wanting to participate in the trial;
- For each facility, specify the number and type of table games with limits over \$5,000;
- For each facility, specify the minimum and maximum wagers for these tables within the limits established by BCLC;
- Set out the anticipated hours of operation, per gaming day, for these tables; and

BCLC's conditions applicable to the expanded table limit trial include:

- A player will be limited to a maximum of 9 betting positions on any one table;
- The minimum bet for the \$10,000 tables shall not be less than \$100;
- The maximum bet shall not exceed 100 times the minimum bet;
- Increased supervisory levels of one Dealer Supervisor for every 2 tables offering limits over \$5,000;

- Increased Surveillance standards of two PTZ cameras per table offering limits over \$5,000;
- An additional Surveillance Officer dedicated to the high limit tables;
- Table limits must be recorded accurately in the Casino Management System; and
- Any other relevant condition as communicated by BCLC from time to time.



We encourage you to consider and understand the risks and potential volatility associated with offering high limits as agreed in our Casino Operational Services Agreement.

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The trial will be for 120 days during which BCLC will evaluate the risks and the results. BCLC reserves the right in its discretion to terminate any trial and has no obligation to increase the limits on a permanent basis regardless of the outcome of the trial.

The required changes to all related policies and procedures will be distributed on the next scheduled Notice to implement release in March 2013.

We look forward to working with you on this initiative.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Serge De lure', is written over a horizontal line.

Serge De lure
Director of Operations
Casino and Community Gaming

/ar

CC:	J. Lightbody	A. Williamson	B. Armand	D. Jang
	D. Chang	J. Joe	W. Henning	L. Robinson
	C. Ladell	All- Casino RM's		

This is Exhibit " 12 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 15 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

February 4, 2013

BY EMAIL



Lynn Holt
Paragon Gaming Inc.
311 – 750 Pacific Boulevard S
Vancouver, BC V6B 5E7

Dear Lynn:

Re: Table Games Private and High Limit Room limit trial

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Vancouver, BC V5M 0A6

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BCLC implemented a program back in June 2003 to increase the casino table game limits, in order to respond to customer demand and revenue opportunities. The program was introduced with a phased approach, to evaluate Player acceptance.

Depending upon proposals received and BCLC's assessment of the resulting trials, BCLC is considering an increase in the High Limit and Private room limits from \$5,000 to \$10,000 to further allow the marketplace to react to Player demand.

If your company is interested in a trial of expanded table limits in your High Limit and or Private rooms based on the conditions set out below, please submit a proposal to your Casino Regional Manager that includes the following:

- Identify casino facilities wanting to participate in the trial;
- For each facility, specify the number and type of table games with limits over \$5,000;
- For each facility, specify the minimum and maximum wagers for these tables within the limits established by BCLC;
- Set out the anticipated hours of operation, per gaming day, for these tables; and

BCLC's conditions applicable to the expanded table limit trial include:

- A player will be limited to a maximum of 9 betting positions on any one table;
- The minimum bet for the \$10,000 tables shall not be less than \$100;
- The maximum bet shall not exceed 100 times the minimum bet;
- Increased supervisory levels of one Dealer Supervisor for every 2 tables offering limits over \$5,000;

- Increased Surveillance standards of two PTZ cameras per table offering limits over \$5,000;
- An additional Surveillance Officer dedicated to the high limit tables;
- Table limits must be recorded accurately in the Casino Management System; and
- Any other relevant condition as communicated by BCLC from time to time.



We encourage you to consider and understand the risks and potential volatility associated with offering high limits as agreed in our Casino Operational Services Agreement.

The trial will be for 120 days during which BCLC will evaluate the risks and the results. BCLC reserves the right in its discretion to terminate any trial and has no obligation to increase the limits on a permanent basis regardless of the outcome of the trial.

The required changes to all related policies and procedures will be distributed on the next scheduled Notice to implement release in March 2013.

We look forward to working with you on this initiative.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Serge De lure', is written over a horizontal line.

Serge De lure
Director of Operations
Casino and Community Gaming

/ar

CC:	J. Lightbody	A. Williamson	B. Armand	D. Jang
	D. Chang	J. Joe	W. Henning	L. Robinson
	C. Ladell	All- Casino RM's	John Groom	

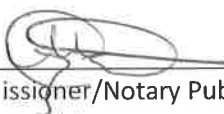
2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649

F 604.225.6424

bclc.com

This is Exhibit " 13 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

February 7th, 2013

BY EMAIL

Dear: Rob McIntyre

Re: Proposal for Table Games Private and High Limit Room limit trial



BCLC acknowledges receipt of your proposal on Feb 6th, 2013 to move forward with the trial expansion of table limits in your High Limit and Private rooms at the River Rock Casino.

Based on your agreement to the terms and conditions for the trial, and your suggested house rules, you are approved to move forward with the trial commencing Feb 7th, 2013.

Please work directly with the BCLC Regional Manager, and the BCLC Senior Product Specialist to implement the required changes.

2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649

F 604.225.6424

bclc.com

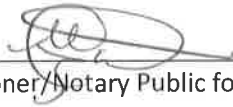
Yours truly,

Serge De Iure
Director of Operations
Casino and Community Gaming

/ar

CC:	J. Lightbody	A. Williamson	B. Armand	D. Jang	D. Chang
	J. Joe	W. Henning	L. Robinson		
	C. Ladell	All- Casino RM's	Darlene Doyle		

This is Exhibit " 14 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: ALL- Senior Executive **Personal information**
From: Jim Lightbody
Sent: Thur 2013-03-07 7:42:26 PM
Subject: Fw: CNY 2013 Quick Summary

.....I just have to share this information on our Chinese New Year (CNY if you're up on the latest acronyms....).

As you will read below we had simply outstanding results! A key driver was our tactic within our Table Games Strategy to increase bet limits on our regular and high limit floors, among other promotional events with our Service Partners.

Please read on.

From: Todd Rende
Sent: Thursday, March 07, 2013 11:06 AM Pacific Standard Time
To: Justin Jones; Serge De Iure; Jerry Williamson; Monica Bohm; Jim Lightbody
Cc: Andrew Williamson; Danny Chang
Subject: CNY 2013 Quick Summary

Hi all,

Just to close the loop on the full two weeks of Chinese New Year, I wanted to offer a summary of our table product/site performance. A more full review is planned for the CBU or at our category meeting if time allows.

Building off the excellent performance of the first week of CNY 2013 (results detailed in below email), the second week of CNY, which is always typically slower than week one, still outperformed budget on tables by 53%. As a result, CNY 2013 now stands as our best CNY period ever on table games!!

Table drop during this period was \$91M and table net win was \$24M (LM Sites only), the first time that any CNY period has achieved over \$90M in drop and over \$20M in net win, so some very stellar performance to be celebrated!! All in all, this CNY period on tables out indexed the weekly average table net win for FY 2013 by 34%!! As it stands, Feb 2013 will go down as our best CNY ever, and second best table month in our history (second only to Feb 2012, which had an extra day).

From a table product and site perspective, there are no surprises with Baccarat and River Rock leading the way respectively, but still some very remarkable numbers to share.

Baccarat accounted for 73% of all table net win in CNY 2013, which is significantly higher than it's already very high contribution % outside of CNY (around 55 – 60%). Overall, baccarat made 50% more net win than it did in CNY 2012. This amounts to approx. \$6M more from Baccarat in CNY 2013 than CNY 2012. The table below shows our net win by table product line and their contribution %'s CNY 2013 vs CNY 2012, the good news being all table products outperformed CNY 2012 except Pai Gow Tiles and Blackjack:

Product Brand	CNY 2013 Net Win ⬆	CNY 2013 % LM	CNY 2012 Net Win	CNY 2012 % LM	Variance
Baccarat Style Game	\$17,566,790	73.18%	\$11,767,538	65.65%	\$5,799,252
Blackjack Style Game	\$2,876,594	11.98%	\$2,882,751	16.08%	(\$6,156)
Poker Style Game	\$1,090,194	4.54%	\$1,059,376	5.91%	\$30,818
Roulette	\$788,944	3.29%	\$733,587	4.09%	\$55,358
Table Poker	\$785,912	3.27%	\$766,967	4.28%	\$18,945
Fortune Pai Gow	\$642,245	2.68%	\$549,470	3.07%	\$92,775
Craps	\$223,496	0.93%	\$97,948	0.55%	\$125,549
Pai Gow Tiles	\$30,680	0.13%	\$40,062	0.22%	(\$9,382)

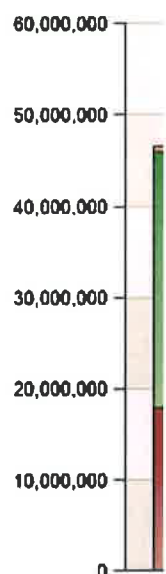
From a site net win perspective, River Rock accounted for 61% of all table net win for CNY in LM properties, and they managed to win 50% more on tables for their property CNY 2013 over CNY 2012. This amounts to over \$5M in additional table net win coming from River Rock this CNY! Starlight also had an excellent CNY period, making an additional \$1.3M in tables over last CNY, which is a 107% increase. The table below shows our table net win by LM site and their contribution %'s CNY 2013 vs CNY 2012, and as you can see River Rock and Starlight really stand out!!

Gaming Facility Name	CNY 2013 Net Win ⬆️	CNY 2013 % LM	CNY 2012 Net Win	CNY 2012 % LM	Variance
River Rock	\$14,663,692	61.09%	\$9,620,868	53.67%	\$5,042,824
Starlight	\$2,614,236	10.89%	\$1,258,419	7.02%	\$1,355,817
Edgewater	\$2,221,634	9.25%	\$2,217,686	12.37%	\$3,948
Grand Villa	\$2,181,445	9.09%	\$2,385,331	13.31%	(\$203,886)
Boulevard	\$1,268,241	5.28%	\$1,618,696	9.03%	(\$350,455)
Cascades	\$691,714	2.88%	\$654,176	3.65%	\$37,538
Fraser Downs Gaming Center	\$363,895	1.52%	\$170,197	0.95%	\$193,698

In Summary, from an overall net win perspective (including slots, which made slightly less than CNY 2012) we can observe that this CNY was 12% better in the LM than last CNY (breakdown by LM site below). Congrats to all and especially our Service partners and BCLC tables team on an excellent CNY 2013!!

Gaming Facility Name	CNY 2013 ⬆️	CNY 2012	Variance Amt	Variance %
Lower Mainland	\$52,166,075	\$46,513,685	\$5,652,390	12.2%
River Rock	\$20,468,516	\$15,290,380	\$5,178,136	33.9%
Grand Villa	\$6,611,816	\$7,285,072	(\$673,256)	-9.2%
Starlight	\$5,600,482	\$4,079,478	\$1,521,004	37.3%
Boulevard	\$5,241,589	\$5,656,895	(\$415,306)	-7.3%
Edgewater	\$4,992,330	\$4,814,467	\$177,863	3.7%
Cascades	\$4,184,022	\$4,359,594	(\$175,572)	-4.0%
Fraser Downs Gaming Center	\$2,098,951	\$2,139,889	(\$40,937)	-1.9%
Hastings Park	\$800,454	\$962,916	(\$162,462)	-16.9%
Chances Abbotsford	\$644,011	\$706,489	(\$62,478)	-8.8%
Maple Ridge CGC	\$522,421	\$513,278	\$9,143	1.8%
Chances Mission	\$400,316	\$456,691	(\$56,375)	-12.3%
Newton CGC	\$367,338	\$0	\$367,338	-
Chances Squamish	\$160,375	\$161,455	(\$1,079)	-0.7%
Playtime Gaming Langley	\$73,454	\$87,082	(\$13,628)	-15.7%

CNY YoY Low



A lot more info is available, and will be communicated to you and the larger divisional audience later this month.

If there is anything else or any questions, please let me know!

Thanks!

Todd

Personal information

From: Todd Rende

Sent: February 20, 2013 11:04 AM

To: Justin Jones; Serge De Iure; Jerry Williamson; Monica Bohm; Jim Lightbody

Cc: Andrew Williamson; Danny Chang

Subject: FW: Preliminary Weekly Sales Update- Date (FW)

Hi all,

Just wanted to follow up on this with some preliminary comparisons of the first week of CNY 2013 (Feb 10 – 16, 2013) versus the first week of CNY 2012 (Jan 23-29, 2012). I am getting this from Qlikview

I am not sure that the finance summary in the email below celebrates what an awesome week last week was, even though Tables outperformed budget by 94%!!

The first week of CNY 2013 could not have turned out better for us on tables, at least in my opinion. When compared to the first week of CNY 2012, table drop is up 30% overall, table win is up 86% (this is not a typo), and table hold percentage is up 57%!!

The results on Baccarat are even more striking, I'll let the tables below speak for themselves:

	CNY 2013 Week 1	CNY 2012 Week 1	Variance
Midi Bac Drop	\$25,388,836	\$19,460,058	30%
Midi Bac Win	\$8,975,149	\$3,048,746	194%
Midi Bac Hold	35.35%	15.67%	126%

	CNY 2013 Week 1	CNY 2012 Week 1	Variance
EZ Bac Drop	\$10,685,411	\$7,392,736	45%
EZ Bac Win	\$1,696,150	\$907,392	87%
EZ Bac Hold	15.87%	12.27%	29%

When you go down a level deeper to sites, virtually all the spoils go to River Rock with some going to Starlight and some to Edgewater. Sadly, Grand Villa did not win the hold % lottery and was the only LM site with tables to have less net win this CNY Week 1 than last CNY Week 1. Grand Villa, although to their credit they did increase drop, got stuck with a 15% hold while River Rock and others were holding above 30%.

The table below shows the increase in overall net win (slots included) for LM sites when the first week of CNY is compared year over year. As you can see, really only outperformed last year at three sites, but thankfully we did so in a big, big, way at those sites:

Overall Net Win	CNY 2013 Week 1	CNY 2012 Week 1	\$ Variance	% Variance
Boulevard	\$ 2,680,361	\$ 2,695,891	-\$ 15,530	-1%
Cascades	\$ 2,074,263	\$ 2,347,759	-\$ 273,496	-12%
Chances Abbotsford	\$ 289,574	\$ 343,418	-\$ 53,844	-16%

Chances Mission	\$ 183,061	\$ 232,470	-\$ 49,409	-21%
Chances Squamish	\$ 77,944	\$ 84,145	-\$ 6,201	-7%
Edgewater	\$ 2,341,154	\$ 2,051,103	\$ 290,050	14%
Fraser Downs Gaming Center	\$ 1,015,090	\$ 1,066,546	-\$ 51,456	-5%
Grand Villa	\$ 3,165,045	\$ 3,634,636	-\$ 469,592	-13%
Hastings Park	\$ 362,441	\$ 475,208	-\$ 112,767	-24%
Maple Ridge CGC	\$ 222,260	\$ 283,674	-\$ 61,414	-22%
Playtime Gaming Langley	\$ 42,314	\$ 52,444	-\$ 10,130	-19%
River Rock	\$ 11,984,627	\$ 6,113,060	\$ 5,871,567	96%
Starlight	\$ 3,395,931	\$ 2,401,549	\$ 994,382	41%
Totals	\$ 27,834,065	\$ 21,781,905	\$ 6,052,160	28%

Slots on their own performed better in this time period as well, net win going up for the week by 1.6% for the network. This amounts to an almost an extra \$400K from slots in CNY Week 1 2013 vs CNY Week 1 2012. We will discuss the highlights of week 1 at the CBU tomorrow and of course will be doing a full wrap up of the complete CNY period at the following CBU. But couldn't wait to share at least the high level good news before that!!

Thanks,

Todd

2 Personal Information

From: CasinoFinanceInfo

Sent: February 19, 2013 2:35 PM

To: ALL- Casino Division Managers; Danny Chang; Devon Brown; Erin MacKenzie; Gord Ronmark; Jake Cruise; Kerry Nichiporik; Marsha Walden; Mike Wolfram; Rod Osborne; Sharon Watkins; Tamara MacPherson; Tom Williamson; Wendy Henning; Patrick Smeaton; Grace Lai; Michael Lin; ALL- Casino & CGC Directors; Anna Rivera; Michael Hays

Cc: Amy Stamp

Subject: Preliminary Weekly Sales Update- Date (FW)

Please see below for the preliminary sales for the week ending Feb 16, 2013, FW:46

CGC Slots YTD Budget Variance includes \$11,503,570.19 total for Newton CGC (\$9,114,704.19) and Chances Chilliwack (\$2,388,866) prior to the sites opening.

Table net win increased by \$5.8M compared to last week, with River Rock (\$4.4M) and Starlight (\$1.2M) making up the majority of the increase. Of the total table net win, Midi Baccarat accounts for \$9.0M. Chinese New Year began on Sunday February 10th and the BC Family Day holiday was on Monday February 11th.

<u>Weekly Prelims</u>	Actual	Budget	Variance from Budget
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SLOTS

Casino	18,046,389	18,341,127	(294,738)
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083

CGC	4,302,447	4,363,289	(60,842)
Subtotal	22,348,837	22,704,416	(355,580)
TABLES/POKER	14,423,505	7,450,685	6,972,820
BINGO, Net of Prizes	509,231	578,102	(68,871)
Grand Total	37,281,573	30,733,204	6,548,369

Est. Year to Date

SLOTS

Casino	819,548,452	863,305,266	(43,756,814)
CGC	181,267,444	198,931,789	(17,664,345)
Subtotal	1,000,815,896	1,062,237,055	(61,421,159)
TABLES/POKER	360,609,552	342,731,507	17,878,045
BINGO, Net of Prizes	27,339,110	28,592,471	(1,253,361)
Grand Total YTD	1,388,764,558	1,433,561,033	(44,796,475)



Casino & Community Gaming Division
Week Ending & Year to Date

Print Date
2/19/2013
Prepared by
CCG Finance

Fiscal Year 2012/2013	BUDGET		
	CASINO	CGC	TOTAL
Slots	980,500,000	226,812,000	1,207,312,000
Tables & Poker	388,500,000		388,500,000
Bingo, Net of Prizes		32,121,000	32,121,000
Total	1,369,000,000	258,933,000	1,627,933,000

* Includes revenue for additional 5 days based on theoretical daily win averages for 2012

	Actual	Budget	Variance from Budget		LYTD	Variance %	Normalized LYTD	
			Budget	Variance %			*	Variance %
Week Ending February 16, 2013			46					
SLOTS								
Casino	18,046,389	18,341,127	(294,738)	-1.6%	16,952,356	6.5%		
CGC	4,302,447	4,363,289	(60,842)	-1.4%	3,685,759	16.7%		
Subtotal	22,348,837	22,704,416	(355,580)	-1.6%	20,638,114	8.3%		
TABLES/POKER	14,423,505	7,450,685	6,972,820	93.6%	9,705,755	48.6%		
BINGO, Net of Prizes	509,231	578,102	(68,871)	-11.9%	619,174	-17.8%		
Grand Total	37,281,573	30,733,204	6,548,369	21.3%	30,963,043	20.4%		
Est. Year to Date - February 16, 2013								
SLOTS								
Casino	819,548,452	863,305,266	(43,756,814)	-5.1%	806,911,799	1.6%	819,553,442	0.0%
CGC	181,267,444	198,931,789	(17,664,345)	-8.9%	164,804,407	10.0%	167,176,911	8.4%
Subtotal	1,000,815,896	1,062,237,055	(61,421,159)	-5.8%	971,716,206	3.0%	986,730,353	1.4%
TABLES/POKER	360,609,552	342,731,507	17,878,045	5.2%	350,566,615	2.9%	356,865,511	1.0%
BINGO, Net of Prizes	27,339,110	28,592,471	(1,253,361)	-4.4%	30,326,918	-9.9%	30,785,281	-11.2%
Grand Total YTD	1,388,764,558	1,433,561,033	(44,796,475)	-3.1%	1,352,609,738	2.7%	1,374,381,144	1.0%

Amy Stamp

Accountant, Casino & Community Gaming Finance
Finance & Corporate Services, BCLC
74 West Seymour Street

Personal Information
[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.

This is Exhibit " 15 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim Lightbody [Personal information]
From: Michael Graydon
Sent: Thur 2013-12-12 5:33:25 PM
Subject: RE: GPEB

Yes absolutely. Mg

From: Jim Lightbody
Sent: Thursday, December 12, 2013 9:17 AM
To: Michael Graydon
Subject: GPEB

Mike;

Let's ask John tomorrow about the High Limit table request we also have in front of them. This one hasn't been in front of them as long (only 3 months), but it involves us raising the table limit on our high limit baccarat tables to \$100K (from the \$90K now) and allowing players to bet more than \$10K per spot - there are 9 spots on the table and currently if a player wants to bet \$90K a hand they have to put \$10K in chips on each spot. We'd like to make it more convenient for the player, that's what this would do. And the \$100K limit makes it a little easier for the dealer and table supervisor to manage.

We'd REALLY like to get this in place by early January so RR and Edgewater are ready for Chinese New Year.

Thanks,

Jim

Jim Lightbody

Vice President, Casino & Community Gaming
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information]
bclc.com

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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.

This is Exhibit " 16 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim Lightbody [Personal information]
From: Michael Graydon
Sent: Thur 2013-12-12 9:34:48 PM
Subject: Re: GPEB

I would weave this and the low limit table commissions into your presentation tomorrow. This is unacceptable from a time perspective and we are missing revenue and player development opportunities. Our ask should be to move on these two items now and in the future we need more urgency in decision making. With Cheryl in the room it would be helpful that she hears this. I will support you in the dialogue. Mg

From: Jim Lightbody
Sent: Thursday, December 12, 2013 9:17 AM
To: Michael Graydon
Subject: GPEB

Mike;

Let's ask John tomorrow about the High Limit table request we also have in front of them. This one hasn't been in front of them as long (only 3 months), but it involves us raising the table limit on our high limit baccarat tables to \$100K (from the \$90K now) and allowing players to bet more than \$10K per spot - there are 9 spots on the table and currently if a player wants to bet \$90K a hand they have to put \$10K in chips on each spot. We'd like to make it more convenient for the player, that's what this would do. And the \$100K limit makes it a little easier for the dealer and table supervisor to manage.

We'd REALLY like to get this in place by early January so RR and Edgewater are ready for Chinese New Year.

Thanks,

Jim

Jim Lightbody

Vice President, Casino & Community Gaming
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information]
[Redacted]
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This is Exhibit " 17 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Michael Graydon [Personal information]
From: Susan Dolinski
Sent: Tue 2013-12-17 11:00:22 PM
Subject: RE:

I heard from them yesterday about this. They have a BN which we reviewed today and I will send to you. A package is now going forward to the Minister for signature. Not sure how long that will take.

Susan Dolinski

Vice President, Communications & Social Responsibility
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
[Redacted] [Redacted] [Redacted] [Redacted]

[Redacted]
bclc.com

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

From: Michael Graydon
Sent: December 17, 2013 2:59 PM
To: Susan Dolinski
Subject: FW:

Can you try and shake an answer out of Bell regarding the High limit increase we requested. We are getting closer to Chinese New Year and would like this in place for that event. This has revenue implications and we are under the gun as you know. I spoke to John about it but he is off now so not sure if he did anything with it. Mg

From: Jim Lightbody
Sent: Tuesday, December 17, 2013 2:56 PM
To: Michael Graydon
Subject: RE:

Suzanne Bell. No response on that, but I did comment on their BN to the Minister on the other table requests (low limit etc). Looks like they want the Minister to decide that one.....

Jim Lightbody

Vice President, Casino & Community Gaming
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
[Redacted] [Redacted] [Redacted] [Redacted]

[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: Michael Graydon
Sent: Tuesday, December 17, 2013 2:27 PM
To: Jim Lightbody
Subject:

Who did we actually submit the High Limit increase request too at GPEB? Any response this week? MG

Michael Graydon
President and CEO,
BCLC,
Personal information
[Twitter @MGraydonBCLC](#)

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information

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

This is Exhibit " 18 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25th day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim Lightbody[Personal information n]
Cc: SDolinsk[Personal information n]
From: Michael Graydon
Sent: Tue 2013-12-17 10:59:14 PM
Subject: RE:

Surprised they would ask the Minister to make an operational call. Mg

From: Jim Lightbody
Sent: Tuesday, December 17, 2013 2:56 PM
To: Michael Graydon
Subject: RE:

Suzanne Bell. No response on that, but I did comment on their BN to the Minister on the other table requests (low limit etc). Looks like they want the Minister to decide that one.....

Jim Lightbody

Vice President, Casino & Community Gaming
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

[Redacted] [Personal information]
[Redacted]
bclc.com

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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: Michael Graydon
Sent: Tuesday, December 17, 2013 2:27 PM
To: Jim Lightbody
Subject:

Who did we actually submit the High Limit increase request too at GPEB? Any response this week? MG

Michael Graydon

President and CEO,
BCLC,

[Redacted]
[Twitter @MGraydonBCLC](https://twitter.com/MGraydonBCLC)

2940 Virtual Way, Vancouver BC V5M 0A6

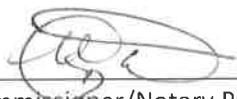
[Redacted]

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This is Exhibit " 19 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Michael Graydon [Personal information]; Jim Lightbody [Personal information]; Constance Ladell [Personal information]
From: Susan Dolinski
Sent: Wed 2013-12-18 8:27:02 PM
Subject: FW: High Limit Table Changes
[BN - Table Aggregates in high limit rooms v4 -13DEC13 SD COMMENTS.docx](#)

Hello.

I have received the attached Briefing Note in response to my query with Suzanne Bell on the status of this request to GPEB. I tracked my comments all the way through the document in areas where the logic is missing in GPEB's conclusions (to put it mildly). As I reached the Conclusion section of the document, I learned that GPEB has no jurisdiction over this decision based on their own legal opinion, I would assume from the AG's office. Unfortunately, this fact wasn't taken into consideration as they contemplated the need for a briefing note and wrote one anyway.

Constance – can you confirm that this is the case – that GPEB has no decision making authority on table limits? If so, I would like to propose that we proceed with making the changes to the limits so that we get them done in time for Chinese New Year and I will revise the briefing note accordingly to be “For Information” and outline the changes that we have made. Mike – given the relationship we are building with John, I don’t want to make this suggestion unless you support it. However, based on this briefing note, it is clear that if we leave a decision in their hands we won’t have one in time to execute for Chinese New year.

Jim and I have also discussed that long term, we will make sure we are getting legal opinion on what requires regulatory approval and what we can initiate on our own. We can still advise them of any changes we are making, but we don't want to set ourselves up for this scenario in the future.

Susan

Susan Dolinski

Vice President, Communications & Social Responsibility

BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information

bcl.com

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

From: Bell, Suzanne N FIN:EX [mailto:[REDACTED]]
Sent: December 17, 2013 3:59 PM
To: Susan Dolinski
Cc: Jaggi-Smith, Michele FIN:EX; Fair, Susan P FIN:EX
Subject: RE: High Limit Table Changes

Hi Susan, yes, we've been working on that one too – here it is, please let us know your feedback, and thanks!

Suzanne N. Bell

Executive Director, Corporate Services

Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Susan Dolinski [mailto:sdolinski@bellsouth.net]
Sent: Tuesday, December 17, 2013 15:29
To: Bell, Suzanne N FIN:EX
Subject: High Limit Table Changes

Hi Suzanne

I am following up to find out if there has been progress on BCLC's request to increase the limits on High Limit Tables? We had a request to move from a max of \$90,000 to \$100,000 plus a few other operational changes and we are hoping to make these changes in time for Chinese New Year which starts Jan 30. We'll need to know soon in order to effectively execute any changes with our Service Providers.

096

Thanks

Susan

Susan Dolinski

Vice President, Communications & Social Responsibility

BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

[REDACTED]

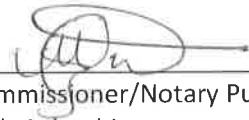
Personal information

bclc.com

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

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 20 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Ministry of Finance

BRIEFING DOCUMENT

To: John Mazure
Assistant Deputy Minister

Date Requested: November 5, 2013

Date Required: N/A

Initiated by: Michele Jaggi-Smith

Date Prepared: December 13, 2013

Ministry Contact: Meghan Thorneloe

Phone Number: [Personal information]

Email: [Personal information]

XXXXXX

TITLE: Table Limits in Casinos

PURPOSE:

☒ **DECISION REQUIRED**

Briefing Document**DATE PREPARED:** December 13, 2013**TITLE:** Table Limits in Casinos**ISSUE:** BCLC has requested a policy change to increase the table aggregate limit in casinos.**BACKGROUND:**

The British Columbia Lottery Corporation (BCLC) has requested that the Gaming Policy and Enforcement Branch (GPEB) approve three primary changes to the policy for Table Games, Private and High Limit Room Aggregate Limits¹.

1. Manage table limits by a maximum table aggregate, instead of betting spot limits;
2. Increase the maximum allowable bet from \$90,000 to \$100,000; and
3. Broaden the definition of a "private table."

These changes will enable casino service providers to enhance the gaming experience for primarily out-of-country gamblers who are accustomed to gambling in jurisdictions such as Macau or Las Vegas with limits similar to those proposed by BCLC. Currently, out-of-country gamblers account for approximately XX% of BCLC's high limit and table game business.

BC has five high limit rooms in total. High limit tables are located as follows:

- Two high limit Blackjack tables located at Edgewater Casino, Vancouver.
- 63 high limit Baccarat tables, distributed in the five high limit rooms at the following properties: River Rock Casino, Richmond; Boulevard Casino, Coquitlam; Grand Villa Casino, Burnaby; Edgewater Casino, Vancouver; and Starlight Casino, New Westminster.

No other table games are currently played in high limit rooms, as availability is based on player demand. Under the *Gaming Control Act* (GCA), the Lottery Corporation may set rules of play for any class of lottery scheme that they conduct, manage or operate².

DISCUSSION:Proposed Policy Changes**1. Manage Table Limits by a Maximum Table Aggregate**

Under current BCLC policy, gaming service providers in BC may determine the allowable bet limits in high limit rooms up to a maximum of \$10,000 per betting spot. This was increased from a \$5,000 limit per betting spot in December of 2012. If a player wants to wager more than \$10,000, the player must place a bet on another betting spot. The current maximum allowable

¹ BCLC Casino and Community Gaming Centre; Standards, Policies and Procedures. Section: 5-1.1 Table Games – General Rules and Regulations

² *Gaming Control Act*, section 7 (g).

Briefing Document

total bet on a high-limit Baccarat table is \$90,000. If a player wants to bet the \$90,000 maximum, the player must place nine separate bets of \$10,000.

The proposed policy change would enable one player to wager up to the table maximum on *one* betting spot, as opposed to making separate wagers at each betting spot. This change is intended to increase player convenience and assist with operations.

2. Increase the Maximum Allowable Bet

BCLC would like to increase the maximum table allowable bet from \$90,000 to \$100,000.

3. Broaden the Definition of a Private Table

Private tables are currently only located in high limit rooms and have minimum posted bets of \$1000 per betting spot. This proposed change would remove the \$1000 betting minimum. It would also define a private table as one that is segregated from other tables and marked with signage noting the table limit, which means that a private table would now be allowed on the main casino floor, and not just in a private room, as long as there is enough staff and adequate camera surveillance to cover the area. It would also allow the guests of high limit players to participate in table games and wager a smaller amount than the \$1000 minimum.

Impact of Proposed Policy ChangesBlackjack

Blackjack tables have seven seats with betting limits of up to \$10,000 per seat. If a player wants to wager more than \$10,000 they have to play more than one hand of Blackjack at once – up to seven hands. A \$100,000 table aggregate for Blackjack enables a significantly increased betting limit, from the current \$10,000 to \$100,000 per hand.

Risk

- While cash play is not permitted, money laundering potential increases exponentially for Blackjack, as players would be allowed to wager an extra \$90,000 per hand, or \$30,000 more than the current table limit of \$70,000. Chips may be purchased at the gaming table with Canadian currency;
- The Provincial Health Officer's (PHO) 2013 report noted that gaming policies must consider and recognize the potential for harms, and seek to minimize risks to individuals and communities. With this policy change, stakes are significantly increased for players who may wager and potentially lose large sums of money in one hand.

Baccarat

Baccarat is a chance-based card game wherein the bettor can wager on the "player-hand" or the "banker- hand" to win. Baccarat tables have nine seats. The betting structure is different from Blackjack, as the player is betting on only one outcome even if they bet on multiple

betting spots. Therefore, the player can bet up to \$10,000 on each open spot at the table - currently up to \$90,000 in one hand. See Appendix A for the past 12 month's revenue.

Risk:

- Money laundering potential would increase by \$10,000 per hand;
- Player risk increases by \$10,000 per hand;
- There is no significant RG risk for Baccarat as the type of players involved have considerable discretionary wealth.

BCLC has requested approval for this change because the current setup, which requires players to make separate wagers to bet the table maximums of \$70,000 for Blackjack and \$90,000 for Baccarat, is not player friendly, and may impact gaming revenue in a negative way. With this change, casinos and gaming centres would have the discretion to allow a limit of up to \$100,000, depending on their relationship with the player, the player's gaming history and finances.

High Limit Rooms in Other Jurisdictions

Alberta, Saskatchewan, Manitoba and the Atlantic provinces do not offer high limit tables in their casinos. In Alberta and Manitoba, players may wager a maximum of \$1,000 for table games per betting spot. Alberta is considering introducing high limit tables. In Saskatchewan there is a \$1000 limit per betting spot for Blackjack and Baccarat, and a \$2000 limit for Texas Hold'em.

There are two casino models in Ontario. Five casinos are managed by the Ontario Lottery and Gaming Corporation and are limited to \$100 table wagers. There are no high limit tables. Ontario also has four Resort Casinos operated by private organizations which are full service hotel/casino complexes. Each Resort Casino independently submits requests for table game wager limits to the Alcohol and Gaming commission of Ontario for approval. The highest table limits in these casinos is up to \$50,000 for Craps and Roulette, \$25,000 for Blackjack and \$15,000 for Pai Gow and Baccarat.

OPTIONS:

Recommended Option: Option One

Option One: Approve Baccarat Table Aggregate Increase but not other Table Games

Pros:

- Addresses the issue of player convenience for Baccarat;
- Has potential to increase revenue from high limit Baccarat;
- Prevents other table games, with potentially higher risk, from increasing their limits.

Cons:

- Does not address player convenience for other table games;
- Increases the risk potential for money laundering by \$10,000 per hand.

Option Two: Approve Table Aggregate Increase for all High Limit Table Games

Briefing Document**Pros:**

- Addresses the issue of player convenience for high limit table games;
- Increases the potential for gaining revenue.

Cons:

- Increases the ability to launder large sums of money for current high limit games;
- Leaves the door open for other table games to become high limit games;
- Does not align with the Problem Gambling strategy or the PHO's recommendations.

Option Three: Status Quo**Pros:**

- Aligns with current anti-money laundering practices;
- Supports the PHO's suggestion to consider potential harms of policy changes.

Cons:

- May limit revenue generated by high limit table games;
- Does not address the issue of player convenience.

Conclusion

As a consideration for option one, [Redacted by BC - Solicitor Client Privilege]
[Redacted by BC - Solicitor Client Privilege]
[Redacted by BC - Solicitor Client Privilege] BCLC did not seek GPEB's approval to increase the table limit from \$5,000 to \$10,000 in Dec 2012. There does not appear to be any written policy from GPEB to BCLC indicating that mutual involvement in determining table limits is required. Although it is thought that at one point these matters were discussed between former ADM, Derek Sturko and the former BCLC CEO.

It is the role of the General Manager (GM) under section 27(2) (a) and (b), to advise the Minister on broad policy, standards and regulatory issues, and it is under the Minister's direction to develop, manage and maintain the government's gaming policy. Therefore it would be appropriate for the GM to advance the argument that GPEB may provide advice regarding any increase in table limits, and the rationale in support of the increases, as such changes may impact on the integrity of gaming. However, if the GM chooses option one it is possible that BCLC will not accept this proposal as there is no definitive section that grants this authority to GPEB.

As a going forward solution, GPEB may want to consider developing written policy between GPEB and BCLC that states that BCLC should request consideration and approval to alter, change or increase table betting limits. Or alternatively, a written directive may also be considered outlining this requirement of BCLC.

Briefing Document

APPROVED / NOT APPROVED

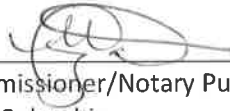
John Mazure
Assistant Deputy Minister

Date

Briefing Document**Appendix A – Last Twelve Months Revenue Performance for High Limit Baccarat in BC**

Calendar Month Desc	Calendar Month Offset Continuous	Product	Net Win Amt
November	-12	Midi Baccarat	\$8,991,734
December	-11	Midi Baccarat	\$13,658,716
January	-10	Midi Baccarat	\$12,735,219
February	-9	Midi Baccarat	\$17,954,772
March	-8	Midi Baccarat	\$13,546,848
April	-7	Midi Baccarat	\$9,741,911
May	-6	Midi Baccarat	\$15,297,532
June	-5	Midi Baccarat	\$10,983,309
July	-4	Midi Baccarat	\$14,082,897
August	-3	Midi Baccarat	\$19,290,110
September	-2	Midi Baccarat	\$12,198,833
October	-1	Midi Baccarat	\$13,483,474

This is Exhibit " 21 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Monica Bohm[Personal information]; Brad Desmarais[Personal information]; Jim D. Lightbody[Personal information]
From: Jervis Rodrigues
Sent: Wed 2014-12-03 4:26:40 PM
Subject: RE: Macau gambling revenue slides

One other impact we need to consider. Should our hunch be right that the increased limit as well as the overdraft privilege will result in higher level play and perhaps even more players coming here, our margin mix issues will increase and this will put further pressure on the CCR, which means it likely would blow by the proposed 44% over a relatively quick timeline. I happen to be speaking with Chris this afternoon about the ratio increase from 42.5% to 44%. We may need to consider if we discuss this further as I expect if we go this way, the ratio will go through the 44%. That said, government should be making more net income, which of course we would all support. Exciting proposition. Jervis

From: Jervis Rodrigues
Sent: Wednesday, December 03, 2014 7:45 AM
To: Monica Bohm; Brad Desmarais; Jim D. Lightbody
Subject: Re: Macau gambling revenue slides

I will get our Finance team working on feasibility for operating lines for the high value players. We will also need to consider risk, financial, operational, etc.

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Monica Bohm
Sent: Wednesday, December 3, 2014 7:21 AM
To: Jervis Rodrigues; Brad Desmarais; Jim D. Lightbody
Subject: RE: Macau gambling revenue slides

My team is already working on the 250K bet limit financial/risk analysis.
m

Monica Bohm
Interim Vice President
Casino & Community Gaming, BCLC
2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information]

From: Jervis Rodrigues
Sent: Wednesday, December 03, 2014 6:24 AM
To: Brad Desmarais; Monica Bohm; Jim D. Lightbody
Subject: Re: Macau gambling revenue slides

I spoke with one of my ex Partners in HKG. Players use a lot of cash in Macau, but also do maintain high value player accounts, where they deposit their cash/winnings into. In some cases overdraft privileges are provided. Varies from operator to operator.

Brad based on your two meetings with the VVIP's I think we need to see if we can get limits up to \$250,000, GPEB approvals for increases, account maintenance with an overdraft float for the top 20 to 50 players. Need to huddle on this today if we seriously wish to move this forward in Time for CNY.

Jervis

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Brad Desmarais
Sent: Tuesday, December 2, 2014 11:42 PM
To: Monica Bohm; Jervis Rodrigues; Jim D. Lightbody
Subject: RE: Macau gambling revenue slides

Another interesting conversation with one of the high rollers tonight confirming the same as the past one except wire transfers from Hong Kong was also suggestion.

Brad Desmarais

Vice President, Corporate Security & Compliance
(and) Interim Vice President, Human Resources
BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6

Personal Information [REDACTED]

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

From: Monica Bohm

Sent: Tuesday, December 02, 2014 5:00 PM

To: Brad Desmarais; Jervis Rodrigues; Jim D. Lightbody

Subject: FW: Macau gambling revenue slides

I know I shouldn't be so happy for the misfortunes of others....

Monica Bohm

Interim Vice President
Casino & Community Gaming, BCLC
2940 Virtual Way, Vancouver BC V5M 0A6

Personal Information [REDACTED]

From: Julianne Joe

Sent: Tuesday, December 02, 2014 1:27 PM

To: Monica Bohm; Karen Gray; Craig Jooste; Andrew Williamson

Cc: ALL- TableProductSpecialists

Subject: RE: Macau gambling revenue slides

Here is the article below:

Macau Gambling Revenue Slides

City Is Poised for First-Ever Full-Year Gambling Revenue Decline



Macau is poised for its first-ever decline in full-year gambling revenue. *BLOOMBERG NEWS*

By
Kate O'Keeffe
Dec. 1, 2014 6:42 a.m. ET

Macau is poised for its first full-year decline in gambling revenue after China's corruption crackdown sent November revenue tumbling 20%.

Gambling revenue fell to 24.27 billion patacas (US\$3.04 billion) last month from 30.18 billion patacas in November 2013, government data showed Monday. It was the sixth month in a row that gambling revenue fell in the Chinese gambling hub, which had previously enjoyed a five-year winning streak without even one down month. Analysts say November's sharp fall also makes it a near certainty that Macau this year will suffer its first calendar-year drop in gambling revenue, at least since 2002, which is as far back as public data go.

November's decline was also meaningful because it wiped out all gains made earlier in the year. For January through May, gambling revenue was up 16% from a year earlier. But after six months of year-over-year declines, gambling revenue is now flat in the first 11 months of the year compared with last year.

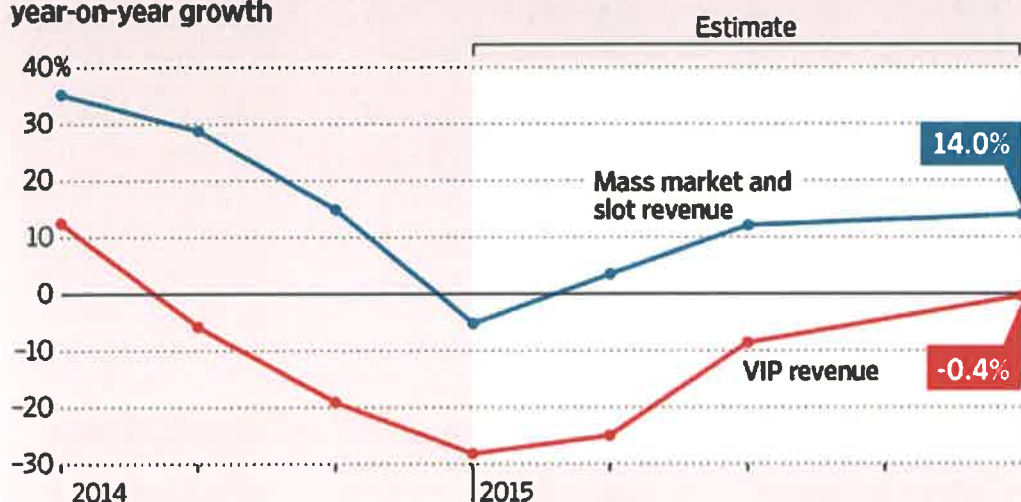
"We all got this massively wrong," said Standard Chartered Equity Research analyst Philip Tulk. "Nobody saw this coming," he said of the sharp reversal in Macau's fortunes. Mr. Tulk said that a year ago he had pegged Macau's gambling revenue to rise 14% in 2014 and that he had even raised his forecast by a few percentage points in early 2014 as money continued to pour in. In February, gambling revenue hit a record high, shooting up 40% from the previous year.

Now Mr. Tulk and other analysts are predicting revenue in the territory will fall by at least 1% in 2014.

High-Roller Hangover

Standard Chartered Research forecasts year-on-year growth in gambling revenue from Macau's VIP players will remain in negative territory in 2015.

Macau gambling revenue year-on-year growth



Sources: Macau Gaming Inspection and Coordination Bureau; Standard Chartered Research

The Wall Street Journal

The particularly sharp drop in Macau's VIP gambling revenue in recent months has surprised executives, analysts and investors, and fueled declines in overall gambling revenue. The primary cause is a Beijing-led crackdown on corruption, which has led high rollers to shy away from the baccarat tables, they say. The April disappearance of a [Macau junket figure](#) believed to owe as much as 10 billion Hong Kong dollars (US\$1.3 billion) also has taken a toll on the market, they said. The incident made investors wary of [funding Macau junkets](#), whose high-rolling customers accounted for nearly two-thirds of Macau's US\$45 billion in gambling revenue last year.

Macau also faces a laundry list of other challenges, including a worsening Chinese economy, tighter visa policies for Chinese traveling to Macau, increased oversight on UnionPay cards many gamblers use to access funds in Macau, new smoking restrictions at casinos and pro-democracy protests in neighboring Hong Kong that are affecting players' travel plans, according to executives and analysts.

Things aren't expected to improve soon. Wells Fargo analyst Cameron McKnight warned in a Nov. 28 report that Macau's December performance could disappoint even reduced expectations, with revenue possibly falling 25% from a year earlier if a planned visit this month by China's President [Xi Jinping](#)—the architect of the anticorruption campaign squeezing Macau—further deters high rollers from coming to gamble in the former Portuguese colony. Mr. Xi is to visit the Chinese gambling hub to celebrate the anniversary of Macau's handover to China 15 years ago.



November's revenue tumble of 20% at Macau casinos has wiped out all the gains made earlier in the year. Shown, a Macau gaming expo in May. AFP/GETTY IMAGES

With many of the problems in Macau well-known by now, [investors on Monday](#) reacted to the weak November numbers with restraint. Shares of [Las Vegas Sands Corp.](#)'s Hong Kong-listed unit [Sands China Ltd.](#) fell 2.1% and [MGM China Holdings](#) slipped 1.3%. [Galaxy Entertainment Group](#) fell 2.6%. The declines occurred as the benchmark Hang Seng Index fell 2.6%.

—Mia Lamar contributed to this article.

Julienne Joe

Product Specialist
Casino & Community Gaming, BCLC
2940 Virtual Way, Vancouver, B.C. V5M 0A6
Personal information [REDACTED]

jjoe@bclc.com

bclc.com

Connect with us:

[Twitter @BCLC](#) | [Facebook BCCasinos](#) | [Blog](#) | bclc.com

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

From: Julienne Joe

Sent: Tuesday, December 02, 2014 12:34 PM

To: Monica Bohm; Karen Gray; Craig Jooste; Andrew Williamson

Cc: ALL- TableProductSpecialists

Subject: Macau gambling revenue slides

Some great info in this article.

We should see more positive effects to our properties and keep riding the wave while we can!

Here is something from WSJ.com that might interest you:

Macau gambling revenue slides

<http://on.wsj.com/1FHoakX>

This is Exhibit " 22 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Date	Maximum Bet	Area	Comment
Jan 2001	\$500	All areas	There were no high limit areas at this time
Aug 11, 2008	Removed limits from policy entirely	All areas	Approval from VP for min and max limits for each facility
Nov 1, 2008	Added table of bet spreads which quote \$5000 max wager	Noted that for any wagers \$1000 and over - must be in high limit rooms	Director of Operations became responsible for max bet approvals
Sept 2012	Raised limits to \$1000	Main gaming floor	
Oct 2012	Allowed 'private table' where one player could play all the betting spots on the table	High limit room	Essentially, one player could play \$45,000
March 2013	Raised limits to \$2500	Main gaming floor Over \$2500 (up to \$5000) must be in a high limit room	
January 2014	Raised limits to \$10,000	High limit rooms	One player could play \$90,000
January 2014 – addendum to NTI	Introduced the aggregate of \$100,000 for private tables	High limit rooms	One player could play \$100,000 at a private table
January 2015	Stipulated that all other games in a high limit room had a \$10,000 limit except Baccarat	High limit rooms	
April 2018	Main Floor - \$2500 Segregated Floors - \$5000, Table aggregate - \$50,000 for Squeeze Baccarat but individual players - \$25,000 High limit room - \$10,000, Table aggregate - \$100,000 for Squeeze Baccarat, individual players can play \$100,000		One player could only play \$25,000 in Segregated Floor One player could play the whole table aggregate (\$100,000) Initial use of aggregate table limits has to be approved by Director of Operations

This is Exhibit " 23 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

STRICTLY CONFIDENTIAL

April 11, 2014

Jim Lightbody

Redacted

Dear Jim;

Re: Interim Appointment

On behalf of BCLC Board of Directors, I am pleased to formalize your appointment to the temporary full-time acting position of President and Chief Executive Officer effective **January 30, 2014**. The Terms of Reference (TOR) for the role of President and Chief Executive Officer is enclosed for your reference and understanding. The key elements of this interim acting position are as follows:

COMPENSATION

1. Your salary will remain the same, as stated in your June 12, 2013 Compensation Plan Change letter.
2. Your eligibility to participate in the Salary Holdback Plan also remains the same.

VACATION

3. You will continue to accrue vacation at the same rate.

DURATION

4. The expected duration of this assignment is to be determined. The priority over the coming months is to focus on the cost containment initiatives related to the corporate restructuring and the crown review audit. The Board will determine the plan and process to fill the vacated President and CEO role once these activities are finalized.
5. If you are not selected or appointed permanently to the role of President and CEO, you will return to the position of Vice President of Casino and Community Gaming.

PENSION

6. Your pension contributions will remain the same.

HEALTH BENEFITS

7. Your benefit plan credits will remain the same.

REPORTING STRUCTURE

8. You will now report to BCLC Board of Directors and will have all BCLC Vice Presidents and the Director of Internal Audit report directly to you.

All other terms and conditions of your employment remain unchanged.

Congratulations on your new role.

Yours truly,



Bud Smith
Chair, Board of Directors
British Columbia Lottery Corporation



74 West Seymour Street
Kamloops, BC V2C 1E2

2940 Virtual Way
Vancouver, BC V5M 0A6

bclc.com

117

cc: Employee File

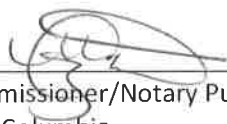
I understand and accept the offer as outlined in this letter and all attachments.

Signature: 

Jim Lightbody

Date: May 12/14

This is Exhibit " 24 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

March 31, 2015

Jim D. Lightbody

Redacted



Dear Sir:

Re: British Columbia Lottery Corporation ("BCLC") CEO Offer of Employment

This letter will serve to confirm the terms of your employment as President and Chief Executive Officer (collectively "CEO") of BCLC.

1. Term

The term of your employment as CEO will commence on April 1, 2014 and will continue for an indefinite period.

2. Duties

Your general duties and responsibilities as CEO are as provided to you. In addition, you shall at all times during your employment:

- (a) well and faithfully serve BCLC;
- (b) act in, and promote, the best interests of BCLC;
- (c) devote the whole of your working time, attention and energies to the interests of BCLC;
- (d) report regularly and as needed to the Chair of the BCLC board;
- (e) comply with all terms of this Agreement;
- (f) abide by BCLC's Standards for Ethical Business Conduct, and comply with all rules, regulations, policies and procedures of BCLC; and
- (g) not, without the prior approval of the Board of Directors, carry on or engage in any other business or occupation or become a director, officer, employee or agent of or hold any office with any other corporation, firm or person, except as a volunteer for a non-profit organization, engaging in civic, religious, educational or other community activities, or maintaining personal investments or a personal holding company, provided that such activities do not materially interfere with the performance of your duties under this Agreement.

3. Compensation

Under the Public Sector Employers Act, Minister de Jong has approved a CEO total compensation maximum of \$375,000.00. The amount approved is based on the following:

74 West Seymour Street
Kamloops, BC V2C 1E2

T 250.828.5500
F 250.828.5031

2940 Virtual Way
Vancouver, BC V5M 0A8

F 604.215.0649
F 604.225.6424
bclc.com

Compensation Component:	
Base Salary	\$274,700
Salary Holdback Incentive (max.)	\$30,522
Pension	\$56,800
Benefits	\$9,046
Statutory Benefits	\$3,918
Total:	\$374,986

Your compensation comprises of:

- (a) Your annual base salary which shall be paid on a bi-weekly basis.
- (b) The Salary Holdback Incentive of up to 10% annually. The actual amount will be determined annually and will vary based on the achievement of selected performance measures. The holdback incentive payment is not considered pensionable income.
- (c) Your entitlement to the Salary Holdback Incentive shall also be governed by the current BCLC policies as they relate to the Salary Holdback Incentive.
- (d) Pension, benefits and statutory benefits amounts approved represent "employer costs" and are variable costs that can fluctuate from year to year. Such factors that can impact cost are changes in statutory benefits rates (CPP, EI), service costs or individual demographics on actuarial assumptions for pension.
- (e) Your compensation will be reviewed annually by the Board of Directors to ensure that it is compliant with government policies for executive compensation. When possible and appropriate in the Board's sole discretion, adjustments will be made to align your compensation up to the maximum permitted by the current government policies.

4. Benefits

Your Benefits plan credits will be increased to \$260/month.

5. Vacation Leave

You will be entitled to 6 weeks holiday per year. You will be entitled to carry forward accrued vacation leave in accordance with BCLC's guidelines governing accrued vacation leave.

Any payment of accrued vacation leave shall not be included in the calculation of your maximum total compensation as set out in article 3 above.

6. Pension

You continue to be an eligible member in the company pension plan. In addition, effective April 1, 2014, you are eligible for the CEO Supplemental Registered Pension Plan and shall receive 1.5 years of credited pension service for each year of membership in the said pension plan from April 1, 2014 forward.

7. Termination

BCLC may terminate your employment at any time for just cause without notice or payment in lieu of notice. In the event that your employment is terminated without cause, the calculation of the notice period or severance will be governed by the Employment Termination Standards of the Public Sector Employers Act and any amendments in force at the time and which severance shall not be less than 18 months in total.

8. Post-Employment Restriction

In the event that your employment is terminated or you tender your resignation to BCLC, you agree that you shall be in compliance with BCLC's Standard of Ethical Business Conduct Post-Employment in force at the time of your departure.

For reference, the current standard would require that you not enter into a contract for employment or services for a period of one year from your last day of service either individual or through a sole proprietorship, partnership or corporation with any entity:

- a. That has a contractual relationship, either direct or indirect, with BCLC in any form of Operational Services Agreement;
- b. With whom you directly had substantial dealings in the final year of your employment, where such activity would be a direct conflict with the interests of BCLC unless you are able to satisfy BCLC that you will not participate in any manner on any matter involving BCLC. For these purposes, "substantial dealings" means that you have had ongoing involvement with that entity in the course of performing your duties for BCLC, or you have been involved in a decision-making role for a work assignment or project for BCLC that impacted the interests of that entity; or
- c. Where your new position would require you to act for the entity in connection with any matter regarding, relating to or involving BCLC.

For greater clarity, "last day of service" is defined as the day you conclude your operational duties as President and Chief Executive Officer, your access to BCLC systems is removed and you no longer have decision making authority on behalf of the Corporation and its subsidiaries.

9. Travel and Expenses

You shall be reimbursed for all travel and other expenses actually and properly incurred in connection with the performance of your duties as President and Chief Executive Officer including, but not limited to, travel to the Vancouver Office where private or commercial accommodation may be claimed in accordance with the BCLC Standard Travel and Expenses Policy.

10. Kamloops Residency

It is a term of your continued employment that you maintain a residence in Kamloops. You are solely responsible for all costs associated with your Kamloops residence.

11. Relocation Allowance

Given the requirement that you establish residence in Kamloops and pursuant to Human Resources policy 2.23, you are entitled to a relocation allowance of up to \$25,000 (Twenty-Five Thousand dollars) for expenses incurred. You may submit receipts for reimbursement for the following expenses:

- a. Moving expenses, including the cost of professional movers;
- b. Rent for up to 3 months while searching for a permanent residence;
- c. Furniture purchases/replacement as required;
- d. Utility connection charges;
- e. Travel undertaken for the purpose of finding a permanent residence; and
- f. Any other expenses as approved by the Chair of HRC.

12. Gaming Policy and Enforcement Branch

It is a term of your continued employment that you remain registered with the Gaming and Policy Enforcement Branch.

13. Confidentiality

You acknowledge that you are in a fiduciary position and, in the course of your employment, will have access to and be entrusted with confidential information and trade secrets of BCLC and its subsidiaries.

The term "confidential information" when used herein shall include all information of a confidential or proprietary nature that relates to the business of BCLC including without limitation, trade or business secrets, formulae, designs and design methods, other methodologies, computer software programs and modifications and enhancements thereto, business plans and policies, sales and marketing information, training materials, business records, intellectual property, intellectual technology, and any other information not normally disclosed to the public.

You acknowledge that all of BCLC's confidential information is its exclusive property and that all such property is held by you in trust. Except as your duties during your employment with BCLC may require, you shall keep secret and confidential and shall not make any copies of, and shall never disclose or use, either during or after your employment with BCLC, any confidential information of BCLC, except as required to fulfill your obligations to BCLC or as explicitly directed by law.

14. Return of Property

Upon the termination or cessation of your employment, you shall at once deliver or cause to be delivered to BCLC all computers, phones, devices, books, documents, effects, money, securities, or other property belonging to BCLC or for which BCLC is liable to others, which are in your possession, charge, control or custody.

15. Severability

If any provision of this agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision, and all other provisions shall continue in full force and effect.

16. Modification of Agreement

Any modification to this agreement must be in writing and signed by the parties or it shall have no effect and shall be void.

17. Independent Legal Advice

You acknowledge that you have obtained independent legal advice with respect to the terms and conditions contained herein.

Yours truly,



Bud Smith, Q.C.
Chair, BCLC Board of Directors

cc: Employee File

I hereby acknowledge and accept all terms of this offer of employment.

Signature:



Jim D. Lightbody

Date:

March 31, 2015

This is Exhibit " 25 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim Lightbody [Personal information]
From: Michael Graydon
Sent: Mon 2013-06-17 4:15:44 PM
Subject: FW: International Incremental Revenue Program: GCGC confidential
[Incremental Revenue Program June 2013.GCGC Confidential.docx](#)

For your review, we can discuss when you return from Montreal. Have a good few days out there. MG

From: rodnbaker@ [Personal information]
Sent: Monday, June 17, 2013 3:56 AM
To: Michael Graydon
Subject: Fw: International Incremental Revenue Program: GCGC confidential

Hi Mike. Here are our thoughts on creating and driving international play into BC as we talked about. When I look at our domestic growth prospect I think it will be very challenging to grow the pie in an amount that will satisfy either of our shareholders (or you and me). Going out into the world and trying to steal share of gaming wallet from other jurisdictions will be tough but its one that we should make a serious attempt at capturing. It won't be easy , will come with many challenges and will require significant time, energy and investment on our part.

I hope you find this useful, constructive and forward thinking. As we talked about I wanted to get this to you in advance of your meeting with your new Minister in case you think it has merit and have the opportunity to socialize it a bit.

Thanks. Have a good start of the week and hopefully see you at Wed/Thurs.

Rod

Sent from my BlackBerry device on the Rogers Wireless Network

From: "Alasdair Douglas" <[adouglas](#) [Personal information]
Date: Sun, 16 Jun 2013 23:21:51 -0700
To: Rod Baker (External) <[rodnbaker](#) [Personal information]>
Cc: Rod Baker <[rbake](#) [Personal information]>; Peter Goudron <[pgoudron](#) [Personal information]@om>; Walter Soo <[wsod](#) [Personal information]>; Alasdair Douglas <[Personal information](#) .com>
Subject: International Incremental Revenue Program: GCGC confidential

Hi Rod please find attached a copy of GCGC's proposal to BCLC.

Best,

AD

Alasdair Douglas | Vice President, Marketing

Great Canadian Gaming Corporation

[Personal information] [Redacted]
[Redacted]
[Redacted], BC | V6X 3P8

Notice Regarding Confidentiality of Transmission

This message is intended only for the person to whom it is addressed and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination or copying of this is prohibited. Please notify us of the error in communication by

telephone (604) 303-1000 or by return e-mail and destroy all copies of this communication. Thank you.



GREAT CANADIAN GAMING CORPORATION

CONFIDENTIAL MEMORANDUM -

Date: June 16, 2013
To : Rod Baker
cc:
From: Peter Goudron, Walter Soo, Alasdair Douglas
Re: GCGC Proposal to BCLC:
International Incremental Revenue Program (IIRP)
 Upper Premium Table Games & Slots

Background:

GCGC, and more specifically River Rock Casino Resort has had significant success in building and growing the international players market who are in the province for other reasons, especially since 2009. This has occurred largely because of numerous GCGC strategies and tactics, taken at considerable expense to GCGC, as well as to some degree certain market conditions. However, this is not in any significant way the result of GCGC aggressively marketing international growth opportunities off-shore or in the USA.

Program Objective:

To aggressively market River Rock Casino Resort to the off-shore and USA premium tables games and premium slots market segments to initially generate incremental out-of-province GGR of \$20MM annually.

Target Markets:

Primary: New off-shore (predominantly Asian) destination VVIP table players who would be qualified to play in the River Rock Casino Resort Salon Privé, River Rock's highest level VIP area, with an ADT of at least \$5,000.

Secondary: New USA and off-shore VIP premium destination mass market, table games and slots players, who would be qualified to play in our Maple Leaf and Dogwood rooms (i.e. ADT of \$2500-5,000) or similar slot play on our casino floor.

Program Concept

GCGC will, at its incremental cost and risk, aggressively market River Rock Casino Resort through the development and implementation of new, additional marketing strategies to these two target markets to deliver significant incremental gaming volume to British Columbia. GCGC will incur significant costs and increased level of risk on ROI. Given this and that this IIRP will provide true incremental measureable revenue to BC, we propose that GCGC would receive a higher rate of commission on demonstrable, tracked incremental revenue.

GCGC proposes that the tracking and compensation to GCGC to be based on us identifying new, and thus incremental individual players to the Province, and then tracking their individual play with GCGC getting compensated based the total dollar value of that play.

Note: While the program could be open to all Service Providers and casinos, it could be argued, not all properties or operators have the amenities, gaming room product or expertise to properly attract and service these specialized market segments. Were some Service Providers to bring in these target markets, they may not deliver an experience that will create repeat business to BC.

Program Rationale:

1. Bring new/incremental business into BC – grow provincial revenue by competing in the global market rather than marketing almost solely to international consumers already in the BC market.
2. Provide GCGC with additional commission to make it financially feasible for GCGC to make the level of investment and take the level of risk on ROI to compete on the world market- to develop and execute the marketing initiatives and product/service offerings required.
 - Aggressively market and invest in international opportunities to import new revenue into BC.
 - Continue to increase GCGC's investment in world-class Asian entertainment, a VVIP product offering, social events, and hospitality experiences.
3. BCLC will only pay increased commission on incremental revenue. Low risk high return proposition to BCLC.
4. OLG, Maccau jurisdictions provide additional commission to service providers who bring in Premium VVIP play so there is a precedent if BC wants to attract a larger high value market.

Key Strategies for BCLC - GCGC only; Tactics/Investment:

Key Strategies	Tactics
1. Develop and invest in setting up destination VVIP gaming marketing operation	<ol style="list-style-type: none"> 1. Recruit resources required to implement 2. East Asia visits to develop offshore strategic partnerships (agents, satellite offices, other casinos...) 3. Agent/Partner affiliate program - Commissions and fees paid for referrals 4. Incentives (comps, privileges, etc) to qualified players based on VVIP Encore program with BCLC to cost share of up to 3% of the win (cost share % needs to be defined...if include slots?) 5. Develop IIRP Strategic Marketing Plan to continue to enhance earned media, PR, and entertainment in Mainland China 6. Others?
2. Target and build relationships with premium USA and Asian Tour and FIT travel agents	<ol style="list-style-type: none"> 1. Recruit resources required to implement 2. Define premium USA and Asian Tour & Travel Market sales & marketing needs 3. Targeted direct marketing strategies and tactics to develop feeder market opportunities 4. Asia and select USA market sales tours to develop strategic partnerships (agents, satellite offices, other casinos...)

GCGC (Service Provider) IIRP Tracking & Compensation Model:

Incremental Player Revenue model

1. The program would set a qualification status for eligible players & corresponding revenue being;
 - a) Player has never been "registered" for casino play in BC before (not previously filed for LCT, PGF, enrolled in Encore and Salon Privé card or Privé Program).
 - b) Player holds a foreign passport (or out-of-province ID)
 - c) Player enrolls in new level /category of player loyalty program and their play is tracked using Bally GMS. (Note some players may need to be tracked in manually Salesforce if they do not want to us to swipe a card for Encore Program tracking).
2. Players would be given an Encore loyalty card and be tracked/rated and have a comp account. Players would be tracked in Bally GMS on an ID # only basis with no names or contact information in the Bally system to protect our investment against competitor contact and intel and to deal with player confidentiality concerns.
3. BCLC would participate in the same 3% discretionary, opaque comp account based on the win and funded pro-rata to revenue split with the proposed Encore Table Games program.
4. GCGC would produce auditable reports on the play revenues and name and an address, birth date information to ensure players have never been registered before. (BCLC nor other Service Providers would not be able to contact these guests through Direct Marketing.)
5. For each individual's incremental tracked play we would re-apportion Table Play revenue split from 60/40 BCLC/GCGC to 25/75 BCLC/GCGC. For Slot Play we would also re-apportion from 75/25 BCLC/GCGC to 25/75 BCLC/GCGC split. The best methodology for tracking individual player incremental table play to be mutually determined and agreed upon.

Next steps

1. Present to BCLC: TBD target early July
2. Secure BCLC approval to proceed – August
3. Secure GPEB approval to commission change - September
4. Finalize development of strategy & tactics – TBA
5. Commence program strategies – TBA

This is Exhibit " 26 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Brad Desmarais [Personal information]; Monica Bohm [Personal information]; Susan Dolinski [Personal information]
From: Jim D. Lightbody
Sent: Thur 2014-11-27 3:52:11 AM
Subject: Re: Kesi Wei

>>>>>

Thanks Brad, well done.

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Brad Desmarais
Sent: Wednesday, November 26, 2014 7:18 PM
To: Monica Bohm; Jim D. Lightbody; Susan Dolinski
Subject: Kesi Wei

This VVIP tried to come into the RR with \$500K after being spoken to twice about using cash originating from our person of interest. The RR has declined to accept the cash and he departed. He also said he had a large amount of chips but was advised he could use them if he verified source. All LMD Casinos have been advised not to accept cash from this person and he will be banned from cash play at our Casinos until interviewed by BCLC investigators.

Sent from my BlackBerry 10 smartphone on the TELUS network.

This is Exhibit " 27 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

High Limit (VIP) Baccarat

Board Presentation

December 11, 2014

What is HL Baccarat?

133

- High stakes Midi Baccarat at private or semi-private salons (rooms)
- Involves “Squeeze Play” (players peak/touch the cards)
- Very popular with Asian culture
- Concentrated at 3 properties:
 - River Rock with 50 tables
 - Grand Villa with 16 tables
 - Edgewater with 22 tables

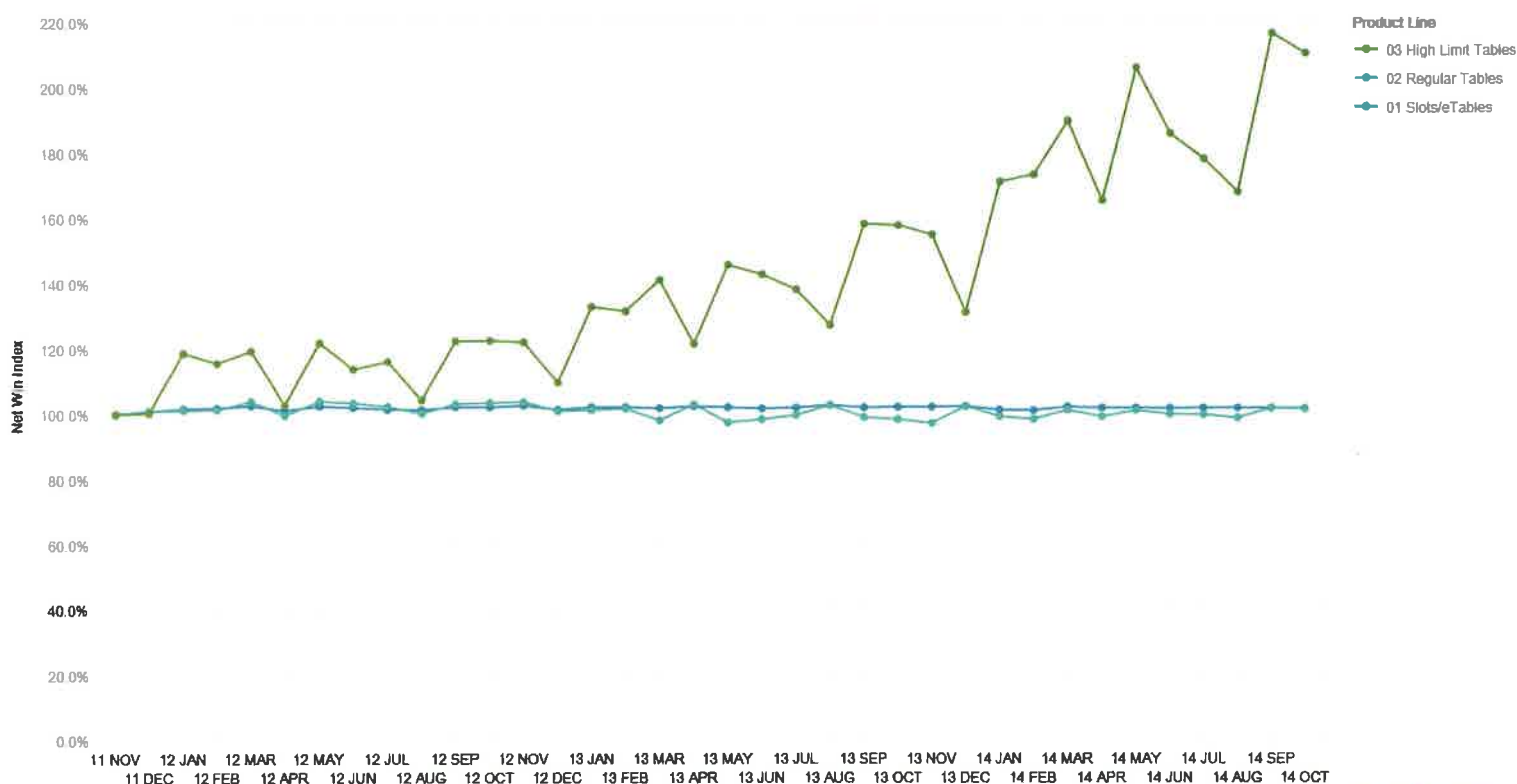


bclc

Casino Revenue Trends

134

- High Limit Baccarat's incredible journey: projected growth of +42% in F15.



3

Source: BCLC internal reports, indexed rate of growth and decline



BCLC0008104.03

HL Baccarat by the numbers

135

- Table net win projected to grow 42% this year (+\$139 million) due to High Limit Baccarat.
- 33% of total casino net win is now from high limit Baccarat. (what is % from tables in total)
- River Rock has 67% of provincial high limit net win.
 - Tables will generate \$xM in River Rock and X% of property revenues this year.



Sources of HL Baccarat Revenue

136

- Most revenue is coming from offshore sources (predominantly Mainland Chinese)
- Changes in policy have favored BC as a gambling destination:
 - China is an Approved Destination Status as of 2009
 - Increased Chinese investment in BC
 - Tighter visa requirements to travel to Macau
 - Anti-corruption campaigns in China
- Vancouver is an Asian culture-friendly city

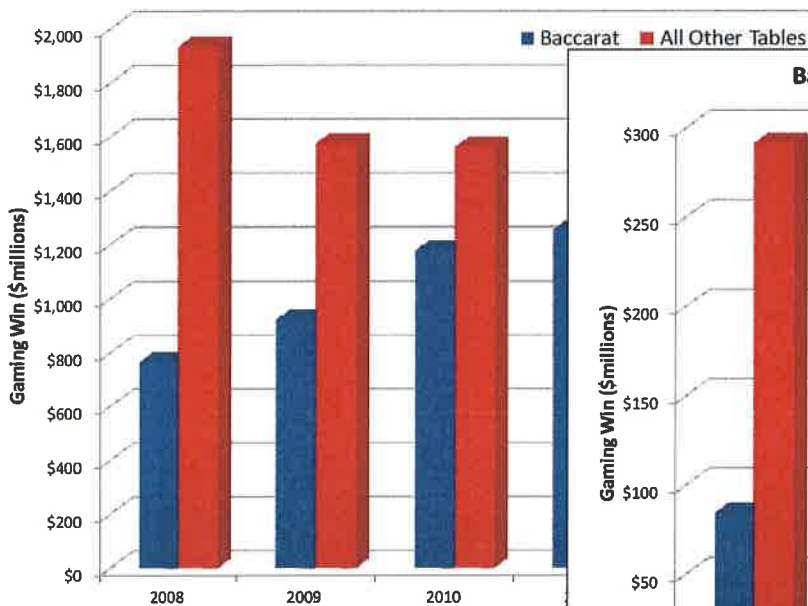


Comparison to other Jurisdictions

137

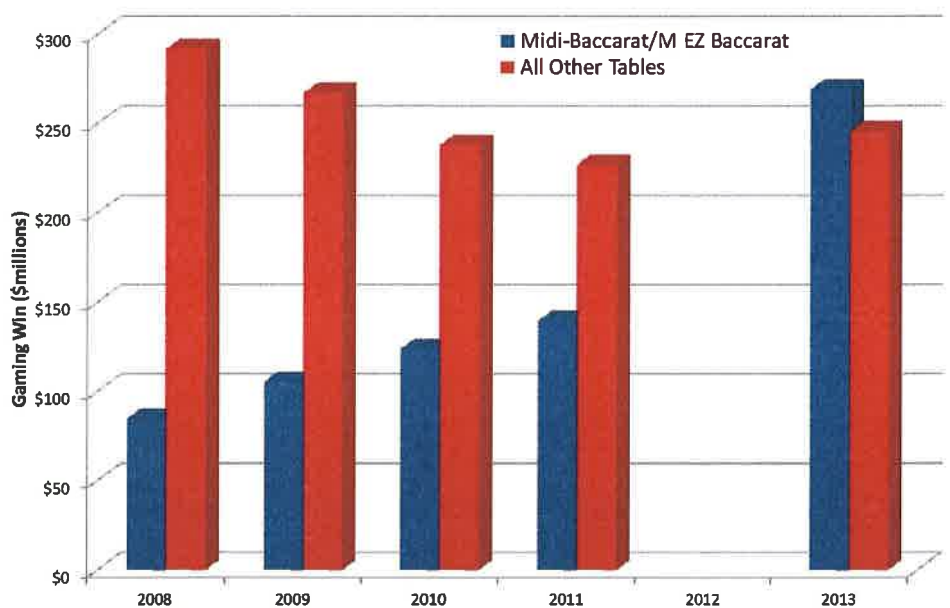
- BC & Las Vegas show similar trends

Baccarat and All Other Table Win: Las Vegas Strip



Source: HLT Advisory Inc. based on Nevada Gaming Abstracts.

Baccarat and All Other Table Win: British Columbia



Source: HLT Advisory Inc. based on BCLC Data and the Nevada Gaming Abstracts.

Note: BC data for 2008-2011 is based on Nov 30 year-end (e.g. 2011 is from Dec 2010-Nov 2011). BC data for 2013 is based on June 30 year end (July 2013-June 2014).

Risks to HL Baccarat Revenue

138

- High limit Baccarat has high volatility
- Concentration of revenue with small group of overseas players
- Travel restrictions imposed by Chinese Government
- Issues with accessibility to overseas funds
- Competition from other international gaming markets



7

Source: BCLC internal reports, indexed rate of growth and decline

BCLC0008104.07

Revenue Potential

139

- More growth expected for Chinese New Year and the coming year if conditions remain favorable
 - Potential for higher betting limits (increased volatility)
 - Higher wagering instruments (\$25K plaques)
 - Increasing costs to support revenue growth of high limit by \$103 million for FY15
- Potential for growth with Chinese Premium Mass Market as it begins to travel



This is Exhibit " 28 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

Corporate Security & Compliance Divisional Meeting
March 5, 2015
Jim Lightbody Speaking Notes

Hi everyone – I'm glad to be able to join you today.

I want to start by saying thank you.

2014 was a year of resilience. We went through significant change and uncertainty at BCLC with cost containment and crown review. However, despite the external pressures and uncertainty, you demonstrated professionalism and leadership and continued to move our business forward. That's what resilience is all about and I thank you for that.

All in all, we've had a great year with a lot of highlights across the organization including the completion of the GMS installation, the Sportsbook pilot in Starlight Casino and the launch of Scratch & Win products at Costco. I know this team has played a huge role in the success of these projects, so thank you very much for your contributions.

Fiscal year-end is right around the corner and we are on track to surpass both our net income and revenue targets for this fiscal. Our Table Games strategies as well as the cost containment exercises we went through over the past year are the major contributors to this success. We've also seen huge growth in the Casino and Sports categories and Lottery has also picked up momentum in the last couple of months.

I know many of you are wondering why we still have to focus on managing costs despite having such strong financial results. I want you to know that without the exceptional results in our Table Games business, our cost containment would be one of the primary reasons behind our profit growth versus last year. The revenue we receive from Table Games is not something we can necessarily rely on long-term. So, while it is exciting to see our Table Games doing so well, we need to react with caution. This means we have to continue to focus on exercising effective cost management and executing our corporate strategy.

On that note, I'd like to take a few minutes to talk a little bit about our corporate strategy.

Corporate Strategy

Our strategy describes how we will achieve our vision, which is to have gambling be widely embraced as exceptional entertainment for adults.

The winning aspiration of our strategy is that we make it fun to be an adult. Everything within our corporate strategy is tied to this aspiration. If we aren't making it fun to be an adult, we are not winning.

Your winning aspiration in Corporate Security and Compliance is we make fun safe.

I love this because without the safety, security and integrity of our facilities and our games we are not making it fun to be an adult.

As you know, one of the key areas of focus within our Corporate Strategy is Reputation. And this group plays a huge role in building a positive reputation for BCLC.

You do this by providing the expertise and support to ensure that our operations are legal and compliant, while fostering a safe and trusted gambling environment that protects players. You are also responsible for maintaining strong strategic relationships with our partners, vendors and stakeholders.

One example of how you are doing this is through the information sharing agreement that you now have in place with the RCMP. This has allowed us to work proactively with the RCMP to ban individuals from our facilities if they have engaged in criminal offenses, are a reasonable threat to the public, or belong to an organized crime association. The agreement has had a positive impact, and we have already had success in identifying and banning individuals outright from our gaming facilities.

Another area where this team has made progress is in our Anti-Money Laundering tactics. The work you are doing in conjunction with the Social Responsibility & Communications division is helping to change the conversation about BCLC's commitment to Anti-Money Laundering (AML). There are a lot of misconceptions out there. If we all take the time to understand this

issue and explain it to others when we have a chance, we can begin to address these misconceptions, and ultimately change the conversation to a positive one.

In addition to helping BCLC build a strong reputation, this team is a strong contributor to our other strategic areas of focus – which include player experience and content, distribution and B2B – by ensuring we maintain our core value of integrity in any new games, channels or ventures we pursue.

Culture

One of the biggest impacts you can have on our corporate strategy is by helping us to create a culture based on customer focus, trust, collaboration and embracing change.

All of these words have great intentions behind them. But it's up to all of us to bring those words to life. Each of us – meaning all employees at all levels – need to look within ourselves and take accountability over our actions and behaviours.

In order to paint a clearer picture of what that means, I want to take a minute to describe the meaning behind our four cultural drivers.

Trust is about being candid and walking the talk.

Collaboration is about sharing resources, working together to solve problems and respecting each other.

Customer focus is about always acting with the customer in mind and maintaining good relationships.

Embracing change is about being open to new ideas and seeing challenges as an opportunity to grow.

You may have heard the saying “culture eats strategy for breakfast.” To succeed, strategies rely on employees’ everyday actions and decisions. Take customer focus for instance. If you

don't understand that customer focus is important, then you will be unlikely to focus on the customer which is precisely what our strategy relies on.

Innovation

In addition to a strong culture, we also need to build up our ability to innovate. Innovation is critical for us to sustain future success. As part of our corporate strategy, we must broaden and diversify our player base. Currently, we are too reliant on our core player and we need to find ways to attract the moderate as well as light and casual players. In order to do this, we need to focus on providing the new experiences and content that those players want. In order to do this we have to innovate and that means challenging the status quo. We also need the right resources and systems in place in order to be able to try new things.

Unfortunately, in times of cost-cutting and budget constraints, this something that often gets put on the back burner. However, your Executive team is acutely aware that in order to prepare for all of the challenges ahead – concentrated player base, reputation, growth – this is an area we need to focus on. Work is underway to figure out how we can improve our organizational competency around innovation.

In the meantime, I encourage you to bring forward to your manager any ideas you may have to improve our business.

People

The other key in executing our strategy is people. We're not going to get very far without you.

This is a time that we need to really focus in on our people. We need to work with you to develop your capabilities and nurture your career here at BCLC so that you can help us achieve our long-term goals.

I am committed to cultivating an environment of development, learning and succession planning at BCLC. This is something your Executive and Human Resources teams are working on. But I want to challenge you to make a commitment to this as well.

It's really important to me that we all take the time to develop a plan for ourselves – and if you're leading a team, make sure this is supported and encouraged, because that's how we'll keep growing, that's what will allow us to promote from within and that's what will allow us to become stronger as an organization.

Close

Everything I've talked about today is tied together. Here are the key takeaways:

We need to turn our strategies into action plans, by figuring out how to resource and strengthen our innovative capabilities.

We all need to demonstrate our cultural behaviours of Trust, Collaboration, Embracing Change and Customer Focus to build a culture that supports our strategy.

We need to strengthen our people by listening to you and cultivating an environment that places priority on development.

If we do all of these things, we are positioned for a very bright future and I'm looking forward to taking this journey with all of you.

Questions

This is Exhibit " 29 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Michael Graydon [REDACTED] Dennis Amerine [REDACTED]
Cc: Jim D. Lightbody [REDACTED]; Rob Kroeker [REDACTED]
From: Brad Desmarais
Sent: Fri 11/09/2015 8:36:11 PM
Subject: RE: BCLC Request for assistance - Casino Patrons

Michael

We couldn't agree more and we are pressing our regulator on both fronts: 1) Disruption or elimination of illegal gambling sites that are likely to draw players away from legitimate gambling venues; and 2) Approval, at least in principle, of several cash-alternative strategies BCLC is advocating which not only will likely reduce or eliminate the migration of high limit gamblers away from legitimate gambling venues, but may in fact lift revenue. The use of non-cash instruments will also substantially reduce regulatory and reputational risk to both our organizations.

We share your frustration and I can assure you we are working hard and fast on cash alternatives. BCLC takes an evidence based, principled approach to player restrictions and/or banning. We do neither lightly and are acutely aware of the revenue implications for both of us. I know this doesn't lessen the sting of a potential hit on revenue but we strongly believe this is the right course of action at this moment. I should add that our concern rests with the method of payment, not the players themselves who we have no reason to believe are criminally culpable.

Brad

Brad Desmarais

Vice President, Casino and Community Gaming

BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6
 [REDACTED] [REDACTED] [REDACTED] [REDACTED]

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

From: Michael Graydon [mailto:[REDACTED]]
Sent: Friday, September 11, 2015 12:40 PM
To: Brad Desmarais
Cc: Dennis Amerine
Subject: Fwd: BCLC Request for assistance - Casino Patrons

Understand the need for this but we have to have other forms of transaction in place to provide the avenues of opportunity for buy in. Both shoes have to drop. I am hopeful that BCLC is making every effort to expand the mechanisms available to customers. The short term consequence of these actions is a drop in revenue and driving these players into the unregulated options for gaming. I support your efforts but we have to have better solutions. Mg

Sent from my iPhone

Begin forwarded message:

From: "Dennis Amerine" [REDACTED] >
To: "Scott Menke" [REDACTED], "Michael Graydon" [REDACTED]
 [REDACTED] "Eric Boes" [REDACTED] >
Subject: FW: BCLC Request for assistance - Casino Patrons

Here is the list. The EW has already received it as well.
Dennis

From: Ross Alderson [REDACTED]
Sent: Friday, September 11, 2015 11:49 AM
To: Glen Atchison; 'inijia[REDACTED]'; rsears[REDACTED]; Craig Longley;
 ccampaign[REDACTED]; rengland[REDACTED]; caifield[REDACTED];
 rkhaira[REDACTED]; Dennis Amerine; Devin McCormack
 (dmccormack[REDACTED]); 'pahluwali[REDACTED]'; 'Patrick Ennis'; Shauna
 Gillespie; Erin Oliver; Cameron Conn; Cameron Conn
Cc: Rob Kroeker; Brad Desmarais; Kris Gade; Bruno Gatto; Kevin Sweeney; Daryl Tottenham
Subject: BCLC Request for assistance - Casino Patrons

Good morning,

Please find attached a letter regarding conditions to be placed on a small number of Casino Players.

Also attached is a list of the players involved.

The letter outlines what the conditions are and the rationale.

I appreciate this may have a significant impact to your business and is not a decision made lightly.

I apologize for not being able to convey this news in person but I wanted to assure everyone was notified at the same time and it is a time sensitive matter.

It is BCLC's desire to interview these players and we would ask for your assistance in facilitating that if possible. We encourage any player on this list to contact BCLC Consumer Services on 1-866-815-0222 or email through <http://corporate.bclc.com/customer-support.html> to schedule an interview so we can ensure we have the appropriate resources including translation services. Investigators will be available from Monday September 14, 2015.

I appreciate if you can make your operational staff aware of the conditions.

Many thanks for your cooperation.

Ross Alderson CAMS


Director, AML & Operational Analysis
 Corporate Security and Compliance Division, BCLC
 2940 Virtual Way, Vancouver, BC, V5M 0A6

[REDACTED]

[REDACTED]

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 30 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Rod Baker - Great Canadian Gaming Corp [REDACTED]
From: Jim D. Lightbody
Sent: Mon 14/09/2015 8:13:57 PM
Subject: Interviews

Rod;

I followed up with our Security team this morning regarding your concerns that you mentioned yesterday. There were 5 interviews in total that occurred over the weekend and there were no complaints from players or from your management team at River Rock in how they were handled. In fact, what we did learn was there was some miscommunication by some members of your team to our players that they could not play "until they have had an interview". This is false and was unnecessary. What we advised everyone was they could not play with unsubstantiated funds (chips without a record of purchase or money without a bank receipt for example). There was a rumour that one player cleaned out his PGF account and refused to play, but upon follow up this was false.

That said, if any of the players complained of mistreatment by our investigators, we would like to know the name of the investigator and the player so we can follow up and rectify the situation. So, let me know if there are any instances we need to follow up on. The reason for these interviews is very important and relates to our AML role.

Jim

Jim Lightbody
President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2
Personal Information [REDACTED]

BCLC Marketing & Sales Office
2940 Virtual Way, Vancouver BC V5M 0A6
[REDACTED]

bclc.com

This is Exhibit " 31 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

To: Jim Lightbody, President & CEO

Prepared By: Rob Kroeker

Phone Number:

[REDACTED]

Contact: Rob Kroeker
Vice President
BCLC

Email:

[REDACTED]

TITLE: Anti-Money Laundering: Suspicious Transaction Reporting

PURPOSE:

FOR INFORMATION

DATE PREPARED: January 22, 2017

TITLE: Anti-Money Laundering: Suspicious Transaction Reporting

ISSUE: Trends in Suspicious Transaction Reporting

BACKGROUND:

Canada's response to money laundering and terrorist financing threats is found in the federal *Proceeds of Crime Money (Money Laundering) and Terrorist Financing Act* (PCMLTFA). The PCMLTFA creates the federal Financial Transactions and Reports Analysis Centre (FinTRAC), a financial intelligence unit, which is responsible for overall administration of Canada's anti-money laundering and combating terrorist financing regime.

Under the PCMLTFA, certain sectors of the Canadian economy most vulnerable to money laundering and terrorist financing threats, including casinos, are deemed to be reporting entities and are thus required to report specified transactions to FinTRAC in prescribed formats and timeframes. Under the PCMLTFA, BCLC is the deemed casino reporting entity in the Province of BC.

BCLC is required, under the legislation, to have a Compliance Plan that effectively and demonstrably prevents and mitigates money laundering and terrorist financing vulnerabilities on a risk based approach.

BCLC is required to submit to FinTRAC Large Cash Transaction Reports and Large Casino Disbursement Reports involving amounts of \$10,000 or more, and Suspicious Transaction Reports (STR) for transactions or attempted transactions of any dollar amount and in any form that are suspicious.

Under the PCMLTFA the threshold for suspicion is met where "there are reasonable grounds to suspect that [a] transaction is related to the commission or attempted commission of a money laundering ... or terrorist financing offence."

All BCLC and all casino service provider staff receive formal training on how to recognize the indicia of suspicious transactions at casinos.

As part of BCLC's Compliance Program, in 2014 BCLC executed a limited information sharing agreement (ISA) with the RCMP which substantially increased BCLC's capability to assess the risk associated with certain customers and transactions.

Also in 2014, BCLC met with a specialized section of the RCMP to make a formal complaint and to provide information it had developed about an individual BCLC believed was providing cash to some casino customers in circumstances BCLC found concerning. These same transactions and individuals had been the subject of STRs submitted to FinTRAC.

As more information was received through the ISA and the RCMP made inquiries related to the BCLC complaint through 2014 and into 2015, BCLC was able to develop information that led it to reassess the risk associated with some transactions being conducted by a number of high stakes table players.

The on-going monitoring of these players and the re-assessment of the money laundering risk posed, led BCLC to take further steps under its Compliance Plan in relation to these players including interviews and, in a number of cases, placing restrictions on the use of cash by some players.

There were a number of enhancements to BCLC's anti-money laundering efforts in 2016 including: committing to JIGIT funding; enabling international electronic transfers (non-cash buy-

in option); restructuring of BCLC's investigative and AML departments to increase the staff resources dedicated to AML; creation of a new management position in the AML department; updated slot machine AML risk analysis; creation of new AML analytical capability and enhanced customer ongoing monitoring (through enhancements to the existing iTrack solution and use of the SAS business intelligence solution); updated and enhanced ISA with the RCMP to better support JIGIT; and increased capabilities in regard to source of wealth and source of funds inquiries flowing from improved information sharing with law enforcement.

DISCUSSION:

BCLC submitted a higher number of STRs to FinTRAC in 2016 than 2015 (1,630 vs. 1,557); however, this increase is attributable to the underreporting issue at River Rock, which BCLC identified and which resulted in some STRs related to periods in 2015 being filed in early 2016.

Generally, STR numbers tend to increase during Chinese New Year (late January – mid February), are sustained at that level into late spring – early summer, and then trail downward into Fall - Winter. This trend roughly follows business volume as measured by high bet limit tables revenue. The number of STRs involving high value cash transactions (greater than \$50,000) has decreased substantially from August 2015 onwards.

The decrease in the number of STRs involving high value cash transactions (greater than \$50,000) coincides with: BCLC's increased capabilities to conduct ongoing monitoring and risk assessment of players and transactions flowing from its ISA with police; an increased use of buy-in conditions on some players based on risk; increased efforts by BCLC and its service providers to shift players to non-cash transactions such as bank drafts; and, efforts announced and actions taken by the Chinese government to reduce capital outflows from that country. These factors are believed to have contributed to the decreases observed.

SUPPORTING INFORMATION:

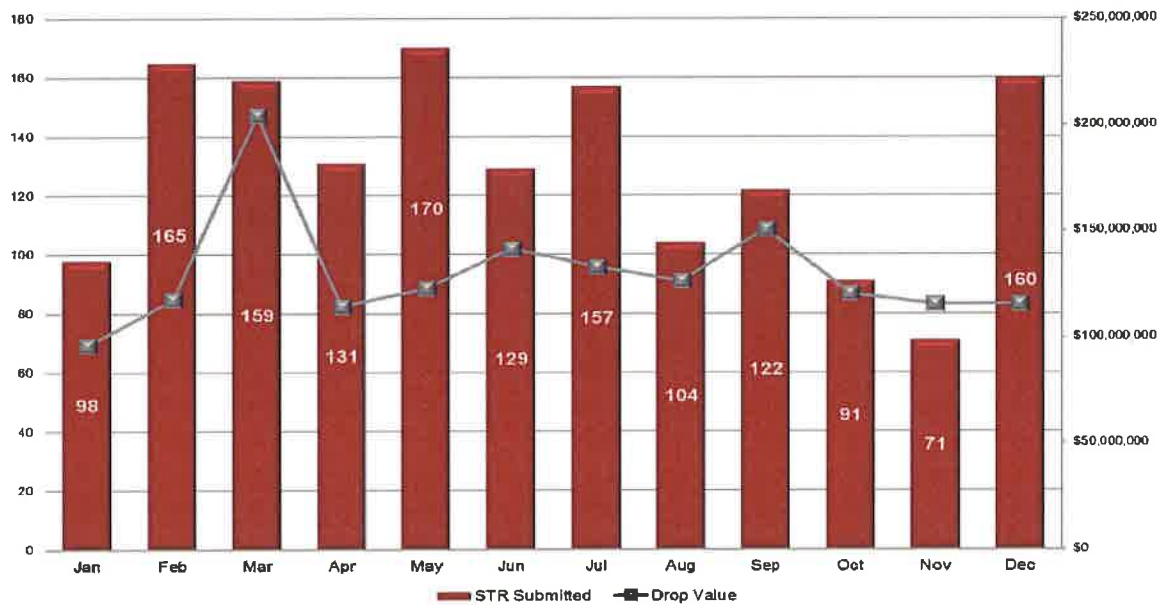
(Graphs 1-5)

The number of STRs submitted to FinTRAC by BCLC for the calendar years 2015 and 2016 are set out in Graphs 1 and 2 below.

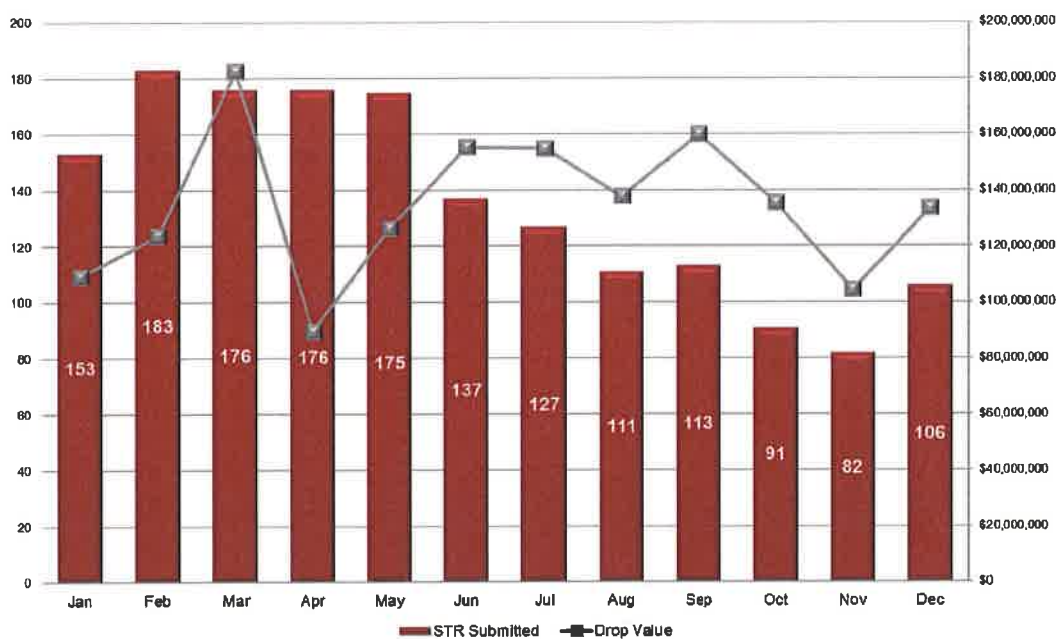
As noted, the high STR numbers for the December 2015 – March 2016 period are in part attributable to an underreporting issue by the River Rock Casino Resort discovered by BCLC in November 2015. Rectification of that issue involved the filing of STRs related to transactions from earlier periods in 2015 in the December 2015 – March 2016 period which inflated the numbers for that 4-month period.

GRAPH 1

**Suspicious Financial Transactions Submitted to Fintrac
vs High Limit Table Drop Values
Calendar Year 2015**

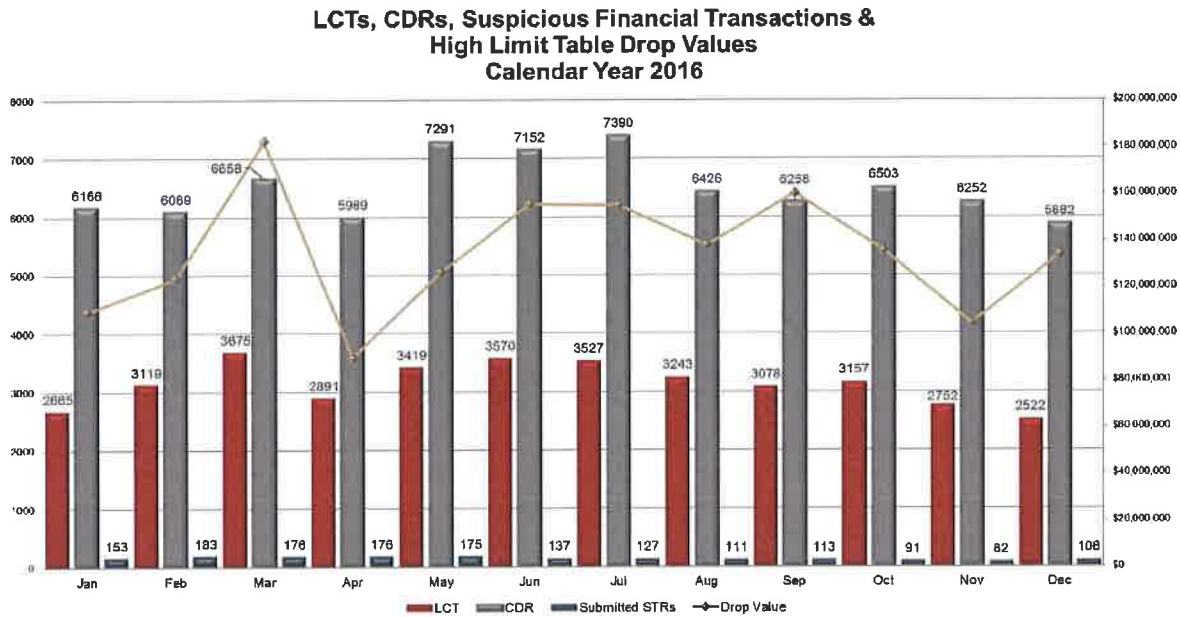
**GRAPH 2**

**Suspicious Financial Transactions Submitted to Fintrac
vs High Limit Table Drop Values
Calendar Year 2016**



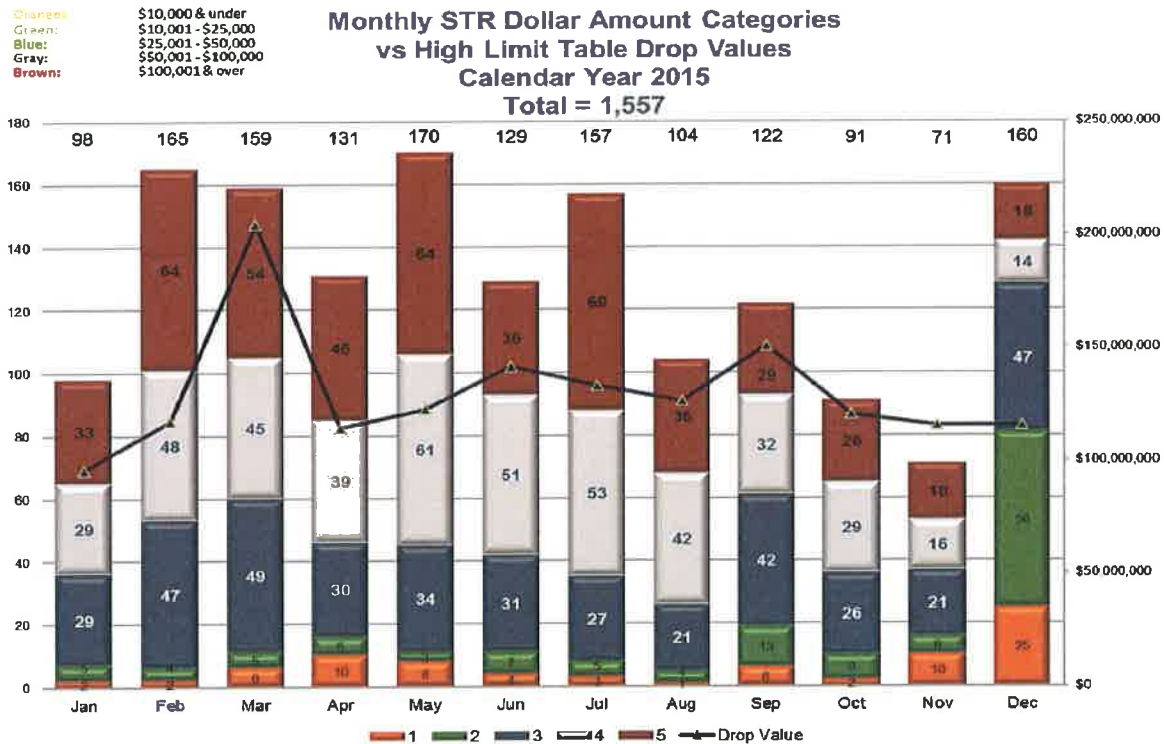
GRAPH 3

The number of Large Cash Transaction Reports, Large Casino Disbursement Reports and STRs submitted to FinTRAC by BCLC for the calendar year 2016



GRAPH 4

The number of STRs submitted in 2015 broken down by dollar amount categories

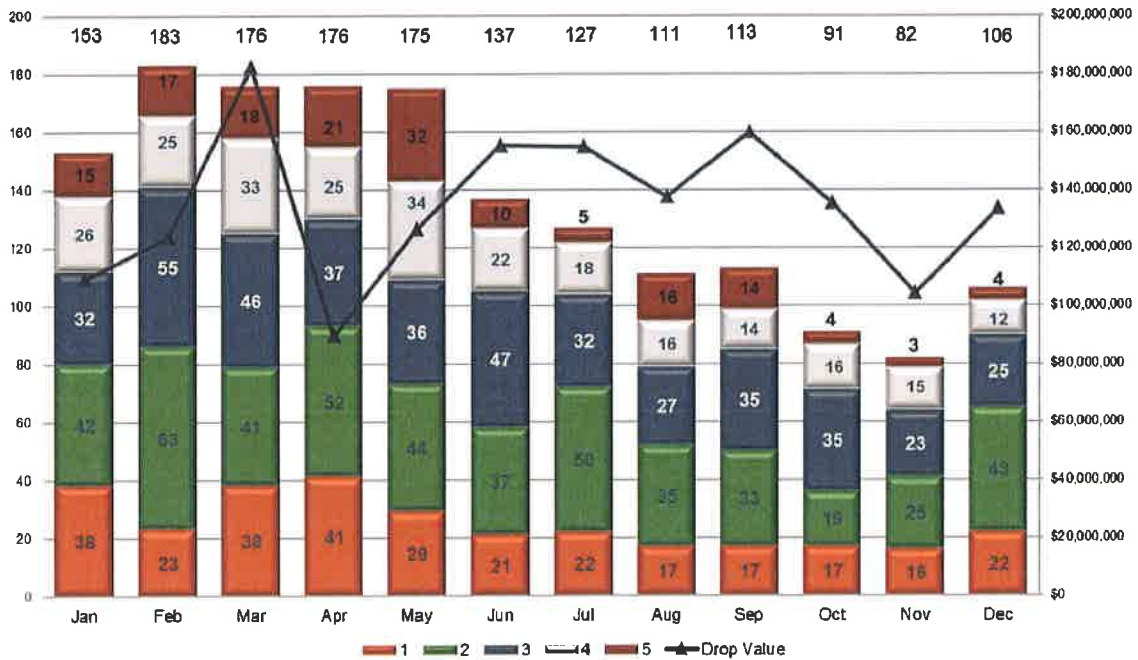


GRAPH 5

The number of STRs submitted in 2016 broken down by dollar amount categories

Orange: \$10,000 & under
Green: \$10,001 - \$25,000
Blue: \$25,001 - \$50,000
Gray: \$50,001 - \$100,000
Brown: \$100,001 & over

**Monthly STR Dollar Amount Categories
vs High Limit Table Drop Values
Calendar Year 2016
Total = 1,630**



This is Exhibit " 32 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.

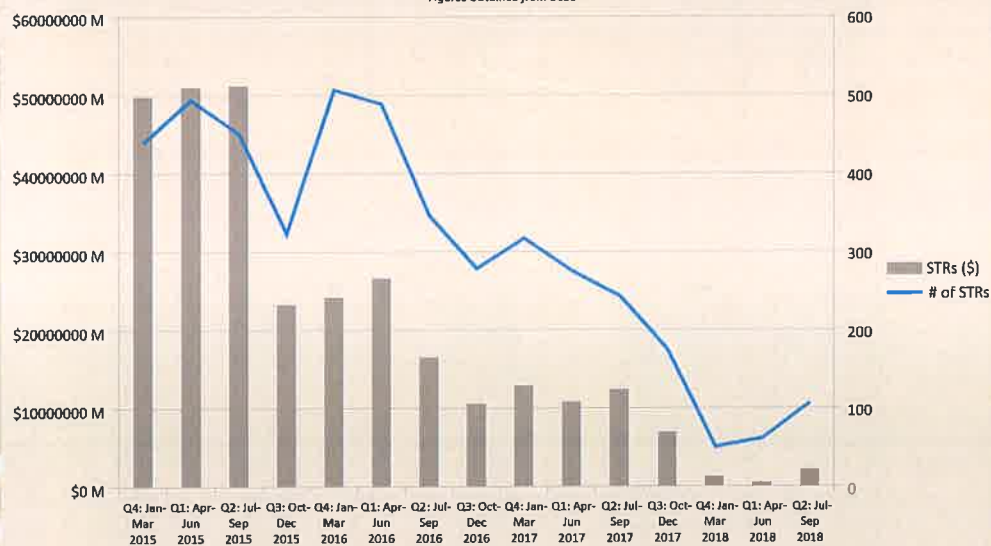


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BCLC0006409

Suspicious transactions

STR Submissions to FINTRAC
For the Period January 1, 2015 - June 30, 2018
Figures Obtained from BCLC



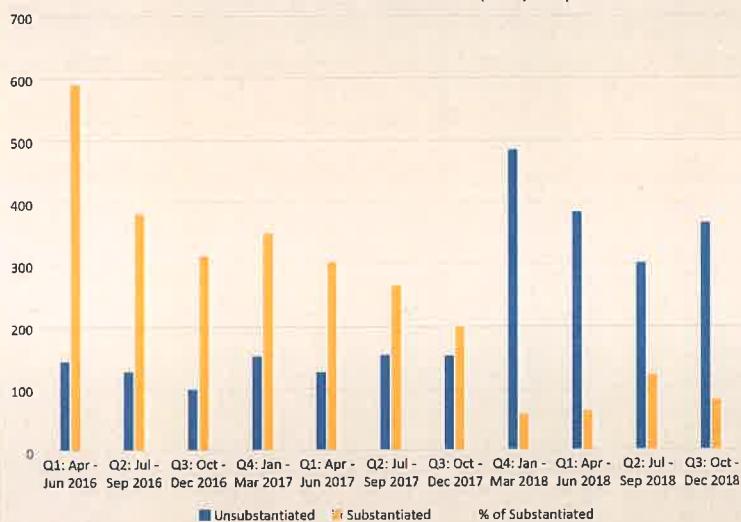
- Context: How did we get here?
- Current State: What is happening?
- Next Steps: What remains to be done?

BCLC0006409

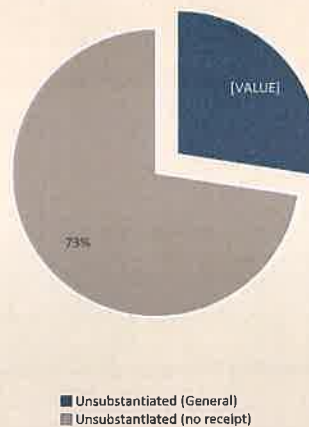
BCLC0006409

Substantiation of UFTs

Unusual Financial Transaction (UFT) Reports



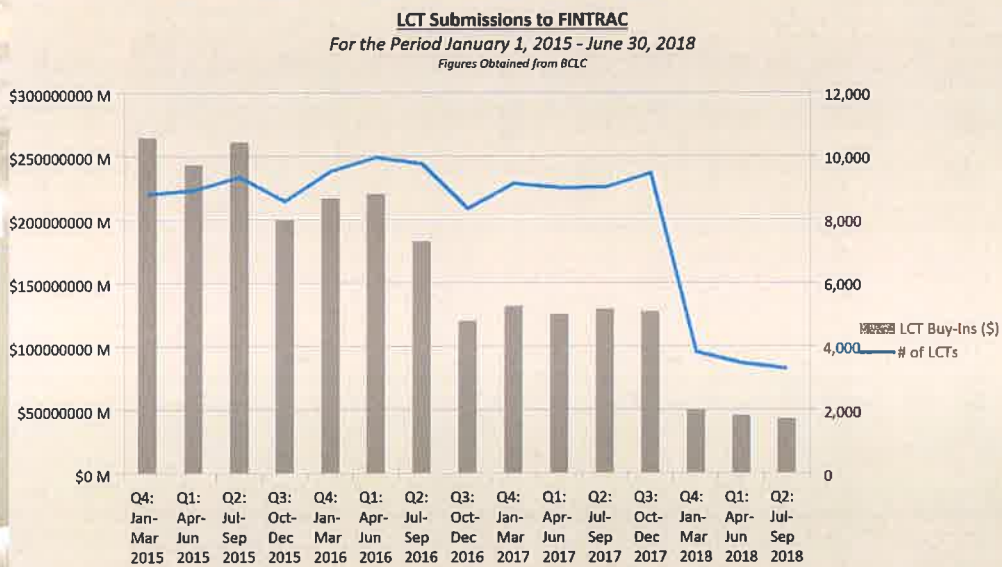
Unsubstantiated Report Breakdown
for the Period April 1, 2018 -
December 31, 2018



- Context: How did we get here?
- Current State: What is happening?
- Next Steps: What remains to be done?

BCLC0006409.02

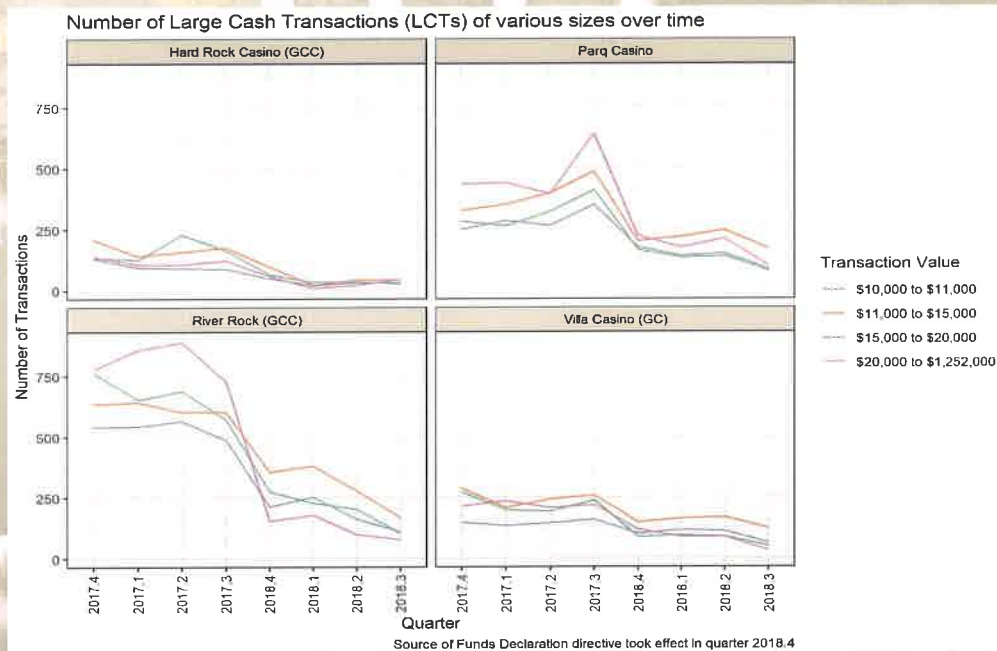
BCLC0006409



- Context: How did we get here?
- Current State: What is happening?
- Next Steps: What remains to be done?

BCLC0006409.03

BCLC0006409

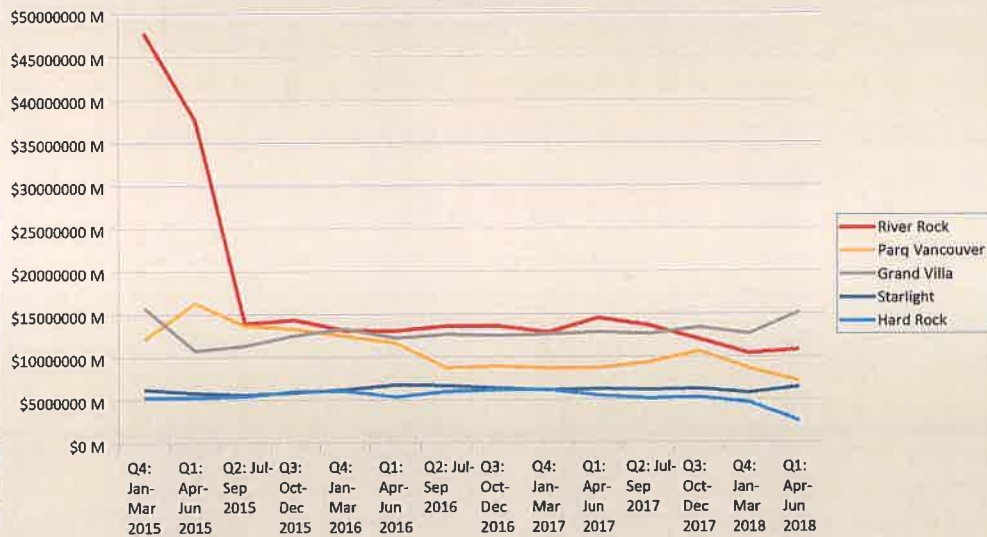


- Context: How did we get here?
- Current State: What is happening?
- Next Steps: What remains to be done?

BCLC0006409.04

BCLC0006409

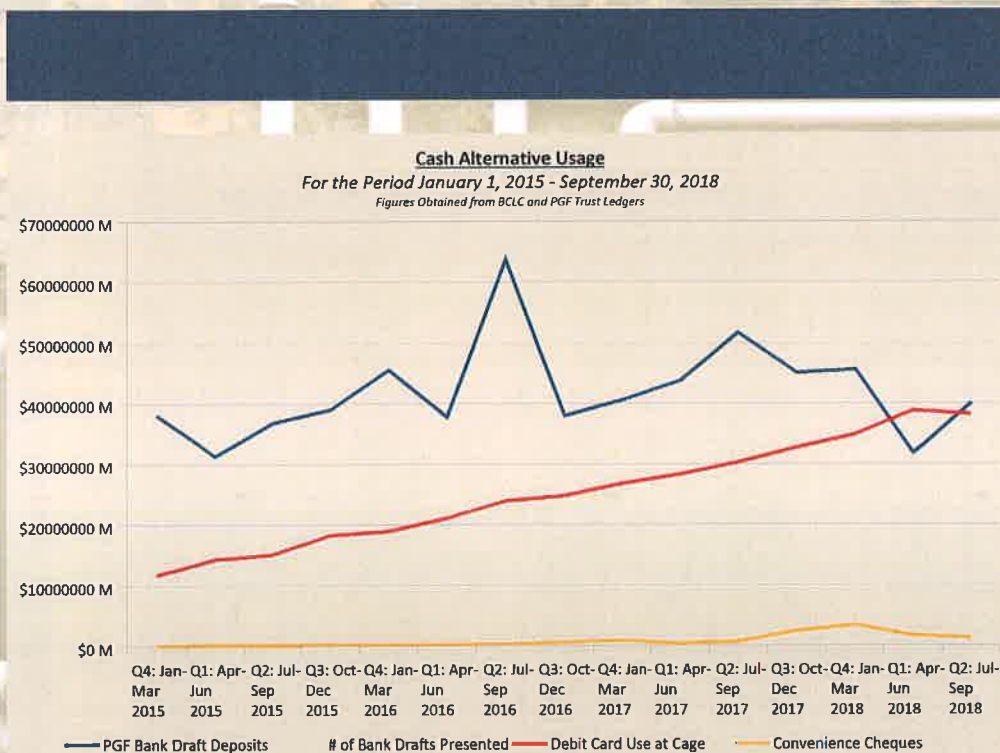
\$20s Coming into Lower Mainland Casinos From Table Games
 For the Period January 1, 2015 - June 30, 2018
 Figures Obtained from GMS



- Context: How did we get here?
- Current State: What is happening?
- Next Steps: What remains to be done?

BCLC0006409.05

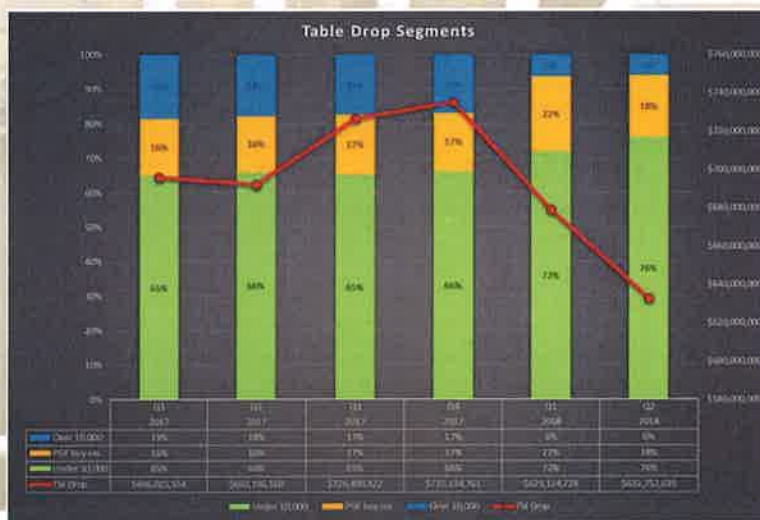
BCLC0006409



- Context: How did we get here?
- Current State: What is happening?
- Next Steps: What remains to be done?

BCLC0006409.06

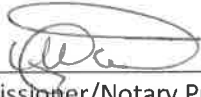
BCLC0006409



- Context: How did we get here?
- Current State: What is happening?
- Next Steps: What remains to be done?

BCLC0006409.07

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Affidavit of Jim Lightbody sworn (or affirmed)
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this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Gaming Policy and Enforcement Investigations and Regional Operations Division

SECTION 86 G C ACT REPORT

To be submitted without delay.

CONFIDENTIAL

This document is the property of Investigations and Regional Operations Division, Gaming Policy and Enforcement, is confidential and shall not be disclosed or divulged, in whole or in part, without prior consent of the Investigations and Regional Operations Division, Gaming Policy and Enforcement.

Date: July 24, 2015

Service Provider: N/A

Date & Time of Occurrence: Feb, 2015 at 02:44hrs.

Details: Suspected Organized Crime links to Cash drops offs

Request received by email from GPEB as below:
July 24th 2015. 0749 hrs

Good morning Ross.

I am requesting a Section 86 Report from BCLC which is to be sent directly to me (no distribution beyond that) outlining the following:

1. *The date of the initial complaint made by BCLC and the substance of that complaint including any documents provided to the investigative body;*
 2. *The names and other descriptors, vehicles, addresses provided by BCLC to the investigative body;*
 3. *The names and dates of who has been in contact with the investigative body about this matter and the information shared and/or provided to BCLC particularly the events of 22 July 2015 when you contacted me; and*
 4. *The names of all individuals at BCLC who are currently aware of this Project.*
- I would appreciate receiving this as soon as possible.*

*Regards,
Len Meilleur*

BCLC Response:

1. On Feb 12, 2015 at 1400 hrs. BCLC met with RCMP (FSOC) to lodge a complaint cash drop offs at Casinos involving a male by the name of Paul 'King' JIN who was believed to be associated to organized crime. This meeting was conducted at the BCLC Vancouver Office. Redacted - FINTRAC involving JIN were provided to FSOC. The Investigative lead was Steve WETTER. BCLC staff present were John KARLOVCEC, Daryl TOTTENHAM (from AML Unit) and Kris GADE and Bruno GATTO (Investigations unit)

2. All material provided was extracted from iTrak and involved copies of player information and

E-Mail SGGPEB86ReportingLMD@gov.bc.ca

Lower Mainland Regional Office, 408-4603 Kingsway Ave, Burnaby BC V5H 4M4

Page 1

Redacted - FINTRAC

and cc'ed GPEB and RCMP.

Note: VP CS& C Brad DESMARAIS had reached out to various agencies prior to Feb 12, 2015 to investigate the matter and FSOC were the first agency which agreed to look into it.

3. On June 29, 2015 at 1300 hrs - BCLC Director AML Ross ALDERSON met with FSOC Operational team to discuss the JIN file. ALDERSON to that point had limited knowledge of file. ALDERSON was advised that there were two concurrent investigations that may be linked however that JIN was not the primary focus of their investigation and that the Casino involvement had not been looked at for some time. While suspected there were links to Casinos, there was no confirmed evidence at this time other than 1 suspected drop off to an un-named player in a parking lot. FSOC asked that BCLC continue to provide STR's. ALDERSON aware this was privileged information.

On July 20, 2015 at 1400 hrs – BCLC Director AML Ross ALDERSON met with FSOC Operational team to discuss BCLC's current cash alternative initiatives and discuss any updates on JIN file. ALDERSON was advised in that meeting that FSOC had now established a direct link from an "illegal cash" facility which involved illicit funds being involved in drops offs to Casino patrons at RRCR. No further specifics involving names, addresses or vehicles, was provided however Inspector Cal CHRUSTIE of FSOC then advised ALDERSON that their investigation had uncovered that potentially some of the funds at the cash house were linked to transnational drug trafficking and terrorist financing. No specifics individuals other than JIN were named. Meeting concluded at 1600 hrs. ALDERSON aware this was privileged information.

BCLC VP CS&C briefed later.

On July 22, 2015 at 0800 hrs – BCLC Director AML Ross ALDERSON met with Inspector Cal CHRUSTIE to discuss the new information. ALDERSON was advised that the investigation had uncovered that potentially some of the funds linked to transnational drug trafficking and terrorist financing was directly related to casino activity. Although no specific drop offs were confirmed or named, there was strong suspicion that funds being dropped off could be connected in some way due to the names popping up in their investigation as recently as the previous night. Also that several foreign law enforcement agencies were now involved. It was understood from ALDERSON that any info shared was confidential and extremely sensitive in nature. It was discussed how over a number of years a number of investigative agencies had highlighted concerns about some of the funds entering Casinos and those investigations had not progressed. CHRUSTIE advised ALDERSON that BCLC continue its STR reporting and information sharing and that any suspected illegal gaming may also be linked to his investigation(s) and that any action taken by BCLC should be discussed with FSOC so as not to impede any ongoing criminal investigation. ALDERSON aware this was privileged information however the information discussed could have a potentially devastating impact on the Casino industry should it be true or leaked out to media.

On July 22, 2015 at 1123 hrs – BCLC Director AML Ross ALDERSON telephoned Len MEILLEUR to discuss the pending GPEB/BCLC meeting on July 24th around Cash Alternatives, and source of funds, and also to confirm meeting details. During the course of that call ALDERSON advised he had received troubling information from RCMP involving Casinos and advised MEILLEUR should all CHRUSTIE. No further details were shared.

On July 22, 2015 at 1451 hrs BCLC Director AML Ross ALDERSON read an email from Kandace NAGEL, GPEB to call Len MEILLEUR asap.

1455 hours – called MEILLEUR. Advised that MEILLEUR had spoken to CHRUSTIE and as a

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result of that conversation John MAZURE had been briefed and that likely Mike DEJONG would also be briefed. MEILLEUR and ALDERSON discussed in more detail and compared information that they had received from law enforcement.

On July 22, 2015 at approx. 1515 hrs BCLC Director AML Ross ALDERSON briefed CEO Jim LIGHTBODY, Brad DESMARAIS and VP Social Responsibility and Communications Susan DOLINSKI.

Kevin SWEENEY, Daryl TOTTENHAM and Kris GADE were also advised by ALDERSON that there appeared to be direct links from proceeds of crime to BC Casinos specifically RRCR and that further player sanctions were being considered.

4. BCLC staff involved or with current/previous knowledge.

Ross ALDERSON - Primary Law Enforcement Contact with FSOC since April 2015 and fully briefed by FSOC.

Brad DESMARAIS - (ALDERSON's direct superior) briefed by ALDERSON
Jim LIGHTBODY - briefed by ALDERSON
Susan DOLINSKI - briefed by ALDERSON

Kevin SWEENEY – initial involvement and limited knowledge of file
Kris GADE - initial involvement and limited knowledge of file
Daryl TOTTENHAM – initial involvement and limited knowledge of file
Bruno GATTO – no involvement outside initial report to FSOC

John KARLOVCEC – initial involvement and original FSOC contact (Retired in March 2015)

SUMMARY:

BCLC suspected potential criminal involvement in Feb 2015 involving Paul JIN. It is my understanding that GPEB were notified at that time however I am not privy to those conversations. There was communication between BCLC and GPEB investigations alluding to intelligence around both JIN and possible illegal gaming in the Lower Mainland which confirms information sharing was ongoing.

Since July 22, 2015 there has been regular contact between BCLC and GPEB and mitigation strategies discussed and implemented.

E-Mail SGGPEB86ReportingLMD@gov.bc.ca

Police Called: Yes X ☐ No ☐

Attended: Yes X ☐ No ☐

Police Force: RCMP – Federal; Serious Organized
Crime (FSOC)

File Number:

Investigating Officer(s) & Badge Number(s): (initially) Staff Sergeant Steve WETTER

Submitted by: Ross ALDERSON

GPEB Registration # Personal information

E-Mail SGGPEB86ReportingLMD@gov.bc.ca

Lower Mainland Regional Office, 408-4603 Kingsway Ave, Burnaby BC V5H 4M4

Page 4

This is Exhibit " 34 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

August 24, 2015

Office of the Minister & House Leader
Ministry of Finance
PO Box 9048 Stn. Prov. Govt.
Victoria, BC V8W 9E2

Attention: Hon. Michael de Jong

Dear Minister de Jong:

Re: BCLC's Anti Money Laundering (AML) Enhancement Strategy



The purpose of this letter is to update you in regards to BCLC's commitment to anti-money laundering and to provide feedback and recommendations stemming from the General Manager of GPEB, John Mazure's letter to BCLC on August 7, 2015 titled **Re: Enhancements to Anti-Money Laundering Regime in B.C. Gaming Facilities**

Bullet point one (1) on page two (2) of that letter states that BCLC will:

"Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment. This assessment should be based upon suspicious currency transaction occurrences."

74 West Seymour Street
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Vancouver, BC V5M 0A6

While it is generally easier to identify an individual's source of wealth, identifying the actual source of funds per transaction is far more problematic, especially when the funds are presented as cash. It is financial industry standard to ask a customer to declare the source of funds for all transactions (including cash) over CAD \$10,000.00 however little follow up investigation is then conducted. It is also common practice in the financial industry to terminate a business relationship with a customer after two or three suspicious transaction reports (STR)

While BCLC continue to encourage cash alternative options for customers in BC casinos cash is still the preferred deposit method and it is not uncommon for some individuals to have multiple suspicious transaction reports (STR) in a calendar year based on their cash buy in's alone.

In the fiscal year 2014/2015 1737 STRs were submitted to FINTRAC from BC Casinos. The total dollar value of those STRs for that period was approximately \$160 million, primarily all of it in cash.

Of those 1737 STR's approximately four hundred and eleven (411) unique individuals were recorded with one (1) or more STRs, One hundred and one (101) of those having five (5) or more STRs. Those 101 individuals accounted for approximately \$686 million table drop and in \$137 million in net revenue.

BCLC believe that currently no one agency in British Columbia is equipped to identify the actual source of funds. To do so would require in most cases, law enforcement intervention. Currently BCLC and GPEB lack the legislative authority, and law enforcement lack the available budget, resources and visibility into gaming.

Recommendation

1. BCLC would propose that a dedicated law enforcement gaming unit be established by the provincial government. The Gaming unit would require appropriate legislative authority and full designated police powers, with a clear mandate to investigate and prosecute all serious gaming related criminal offences.

The primary focus of this unit would be on identifying and eliminating proceeds of crime entering into BC gaming facilities, as well as identifying and preventing all illegal or "underground" gambling in BC, including "grey market" or illegal internet gambling.

The Gaming unit ideally, would contain experts in Gaming within BC, Proceeds of Crime, Money Laundering and Terrorist Financing as well as personnel with experience and designated authority to conduct surveillance, execute search warrants, property seizures and forfeiture, and an understanding of Chinese culture and associated languages.

2. It is essential that government support cash alternative initiatives. Without providing a full suite of non-cash options including facilitating credit to Chinese high limit players BC faces a potential substantial drop in gaming revenue.

Yours truly,

Jim Lightbody
President & CEO, BCLC

Cc: Cheryl Wenezenki-Yolland
Associate Deputy Minister, Ministry of Finance



74 West Seymour Street
Kamloops, BC V2C 1E2

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Vancouver, BC V5M 0A6

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F 604.225.6424
bclc.com

This is Exhibit " 35 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Rob Kroeker [REDACTED]
From: Brad Desmarais
Sent: Mon 2019-02-11 7:20:02 PM
Subject: FW: Update to Jim
[Q&A.docx](#)

FYI

Brad Desmarais

Vice President, Casino and Community Gaming

BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6
 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

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 <[REDACTED]>
Sent: August 30, 2015 8:04 AM
To: Jim D. Lightbody [REDACTED]
Cc: Brad Desmarais <[REDACTED]>
Subject: RE: Update to Jim
Importance: High

Gents, I have taken a stab based on what I feel the ADM may ask.

Key messages for me is are

- BCLC is driving the AML initiatives while providing GOVT with all available information in a totally transparent matter especially around STR's and related investigations. This includes requesting police look into suspicious activity for us earlier this year. We continue to cooperate fully with Police. That includes updating them on who we are talking to and barring so we do not compromise any current investigations.
- BCLC continue to fulfill our role as the reporting entity for Fintrac.
- The other key point is to date no one has been able to prove the source of funds and yes while there may be circumstantial evidence that some cash coming into the casino may be tainted we are guided by law enforcement and they have told us that they are trying to establish the link. It should be noted that recently that Police have received direction from GPEB that they should work directly with GPEB rather than with BCLC.

I am available on cell if you need any context around any of the document. I had a challenge emailing yesterday as the power did not come back on until early this morning at home
 Regards

Ross Alderson CAMS

Director, AML & Operational Analysis
 Corporate Security and Compliance Division, BCLC
 2940 Virtual Way, Vancouver, BC, V5M 0A6
 [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [n](#)

From: Brad Desmarais
Sent: Saturday, August 29, 2015 11:25 AM
To: Ross Alderson
Subject: RE: Update to Jim

Thanks. I won't bug you again on your vacation.

Brad Desmarais

Vice President, Casino and Community Gaming
(Interim) Vice President, Corporate Security & Compliance

BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6
[REDACTED]

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: Saturday, August 29, 2015 10:54 AM
To: Brad Desmarais
Subject: RE: Update to Jim

NP

Ross Alderson CAMS

Director, AML & Operational Analysis
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver, BC, V5M 0A6
[REDACTED]
[REDACTED]

From: Brad Desmarais
Sent: Saturday, August 29, 2015 10:54 AM
To: Ross Alderson
Subject: Update to Jim

Ross

Can you please provide some speaking notes (Q&A in bullet form) to Jim (cc me, please) with respect to any questions Cheryl may have based on your conversations with Len? Nothing elaborate.

Brad Desmarais

Vice President, Casino and Community Gaming
(Interim) Vice President, Corporate Security & Compliance

BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6
[REDACTED]

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

AML Q& A

1. What have BCLC done about the level of suspicious activity in Casinos?

- A. BCLC continues to report all Suspicious Transaction Reports (STR) and Large transaction reports to Fintrac and as recently as this summer Fintrac commended BCLC on its stance on AML and initiatives. There are a number of additional measures that BCLC have and are taking. (covered off later in document)

2. Why is it that Govt is only hearing about cash drops offs and bags of cash coming into the casinos and potential links to criminals?

- A. BCLC (since at least 2011) email a copy of all Fintrac STR reports to RCMP (IPOC) and the GPEB Investigations Division. This includes a copy of the full narrative outlining events and circumstances of each STR.

In Feb 2015 BCLC concerned by the amount of cash seemingly facilitated by one individual, reported the matter to a number of police agencies (as well as GPEB) and FSOC agreed to investigate further. It should be noted that to date this individual has never been charged with a serious criminal offence or any offence related to money laundering, proceeds of crime or drug related offences. BCLC identified him as possible loan shark.

On July 22 2015 BCLC Director of AML Ross ALDERSON received information from Police that some cash funds used for buy in's, specifically at the River Rock Casino, may be involved in transnational money laundering involving this individual. As of July 22 no charges were pending, and there were no confirmed source of funds however based on what was to BCLC, ALDERSON spoke to GPEB Len MEILLEUR that day and advised he should contact Police. All players believed to be recipients of this individual's funds were then scheduled to be interviewed and cash banned. This was a BCLC Initiative.

3. Why have BCLC not banned these individuals outright?

- A. Almost all of these players are long term customers and there is no evidence once inside the Casino around play that they are wilfully money laundering. Since July 22 BCLC has scheduled interviews with 24 of these customers to discuss their source of funds targeting players with suspected links to cash drop offs and high levels of STRs based on cash buy in's. BCLC has gathered valuable intelligence during these interviews which has in turn been passed onto police and GPEB. As a result of these interviews some customers have been placed with conditions around their use of cash and other players have been banned outright including anyone believed to be facilitating cash deliveries. It should also be noted that BCLC has conducted player interviews prior to July 22.

4. Where does this cash come from?

- A. No one is really sure right now and that is the key issue. No one agency has confirmed evidence that any of the cash used by players is directly linked to proceeds of crime. The Police suspect that some of it is and BCLC continue to act on any information from police that might undermine the integrity of gaming, without of course compromising any existing police operation. BCLC has recommended that Govt form a Gaming Law Enforcement unit equipped and mandated to investigate source of funds as resourcing is an issue for Police and GPEB have said they do not have the authority to investigate.

NOTE: (In discussions I and my team have had with Financial Institutions some banks ask the customer for their source of funds however very view act on that information either and the quality of their STR's is far inferior to BCLC's.)

5. Is there illegal gaming happening?

- A. Since May/June of 2015 BCLC started receiving several unverified intelligence reports of underground Casinos in the Richmond area. A website "Vansky" was found last week advertising for Baccarat dealers. All information received by BCLC or Service Providers has been passed onto GPEB who are working with Police. BCLC is not privy to the GPEB or police investigation and have no information other than there has been a number of allegations made.

6. What has BCLC done to curb suspicious behaviour and the reliance on cash?

- A. Along with the Investigative interview processes BCLC continues to work on AML enhancements and has provided GPEB with a number of cash alternative initiatives which we believe will mitigate and better identify suspicious behaviour. BCLC continue to report all suspicious behaviour to Fintrac, GPEB and Police.

BCLC is also working with River Rock Casino Resort to replace the current high value chips in circulation at River Rock Casino Resort on September 8 due to a high volume of outstanding chips which may or may not be linked to illegal activity. RRCR have been directed to implement better tracking processes for their \$5K chips. GPEB were notified of this project by VP CS&C in

7. When did BCLC realize there was \$9 million worth of chips missing?

- A. BCLC started a project to replace the chip stock at RRCR in Jan 2015. It is important to note that due to the secrecy around the project it took a number of months to look at different chip tracking options, order new chips, put together an ops plan etc. During that time BCLC monitored the chip stock levels.

8. When did the casino start noticing the chip problem? What changed? How closely related is this to the new high limit rooms?

- A. This wasn't addressed with the Service Provider "as a problem" until August 27, 2015. Although there had been prior discussions with GCC Management about the amount of

missing chips it should be noted that BCLC and RRCR started receiving information around alleged illegal casinos in June 2015 and other intelligence from law enforcement in July which then raised concerns around the outstanding chip stock and that they may be used for illegal gaming and/or an underground economy. It is also possible however they are being stock piled by a number of wealthy Chinese players.

There was no current policy requiring the service provider to track chips coming into or leaving the casino. We do not request players surrender their chips on leaving the premises. Players often leave with chips as they are then guaranteed no delay in playing when they return to the casino. There is a slight delay buying in with cash (processing in cage) or utilizing a non-cash method. RRCR has the highest amount of VVIP players so it stands to reason they would utilize the \$5K chip the most.

Key Messages

In the last two months there has been an escalation in law enforcement involvement around gaming. This is as a direct result of a complaint laid by BCLC. No charges have been laid to date related to tainted gaming funds however BCLC continue to be proactive (rather than overly reactive) based on the best available information.

Every step of the way BCLC has kept GPEB in the loop. The information contained in STR's has been provided to Police and GPEB for a number of years.

BCLC continues to drive AML initiatives for gaming in BC. We are recognized by Fintrac as the gold standard for AML compliance in the gaming industry in Canada.

BCLC is extremely active in AML enhancements to complement the existing AML compliance regime. This includes interviewing more players around suspicious behaviour (including those with multiple large cash buy ins) devising procedures around patron declaring their source of funds, recommending a Gaming Investigative agency that has the ability to investigate source of funds, and driving cash alternative options.

This is Exhibit " 36 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Ross Alderson [REDACTED]; Kevin Sweeney [REDACTED]
Cc: Rob Kroeker [REDACTED]; Brad Desmarais [REDACTED]
From: Jim D. Lightbody
Sent: Tue 12/04/2016 8:34:01 PM
Subject: RE: AML

Thanks for leading the team through this episode too. I'll buy you and Kevin a beer tonight.

From: Ross Alderson
Sent: Tuesday, April 12, 2016 11:32 AM
To: Jim D. Lightbody; Kevin Sweeney
Cc: Rob Kroeker; Brad Desmarais
Subject: RE: AML

Thanks for the note Jim. As per our chat this morning it is much appreciated. Having a dedicated policing unit focused on investigating and disrupting illegal gaming and organized crime can only be a real positive for the industry. While I admit I was a little annoyed last week reading through some of the language in the documentation prepared by Govt. for the press conference, my team are very aware that BCLC's positive contribution is often overlooked and that there is generally a political aspect to all of this. The Security and AML team has always been committed to doing what is best to preserve the industry as a safe and fun entertainment option in line with BCLC's values, rather than concentrating on any self-promotion or self-preservation.

I echo Kevin's sentiment, yours and the executives support and commitment to our AML strategy has been extremely important to the people whom you lead and I thank you for that.

Regards

Ross Alderson CAMS

Director, AML & Operational Analysis
 Corporate Security and Compliance Division, BCLC
 2940 Virtual Way, Vancouver, BC, V5M 0A6
 [REDACTED]

[REDACTED] [n](#)

From: Jim D. Lightbody
Sent: Tuesday, April 12, 2016 9:02 AM
To: Ross Alderson; Kevin Sweeney
Cc: Rob Kroeker; Brad Desmarais
Subject: AML

Guys;

I know yesterday was tough on you. I also recognize the tremendous work effort you and our Security team put forth to fulfill our role in the Anti-Money Laundering strategy. You should know this – we are proud of the work you do! Our role is to Record and Report to the Regulators. We have a very robust AML program that allows us to complete our role and provide solid information for regulators and law enforcement to act. We have been asking for more work effort in the investigation and disruption of illegal gaming by law enforcement. We now have that. The responsibility and onus is now on the Joint Illegal Gaming Enforcement Team to execute on their mandate. And since we are paying for it, we will hold them accountable. Let's put them to work for us and the gaming industry as they are meant to. I have voiced our concerns directly to the Minister about reporting and accountability and he has given me his support.

Rob and Brad are meeting with the leaders of this new team later this week to discuss how we move this forward. I want both of you and your teams to be clear on our role going forward. We now have a clearly identified force that is responsible and accountable to deal with illegal gaming. That goes beyond money laundering. So, let's use this as an opportunity to make them work as hard as you do for our best interest and that of the Province.

I also ask that we not over-react to the potential hype that can be generated by this announcement. We are in the gaming entertainment business where we have to treat our customers with respect. As we integrate this new team into the business and their role, we must maintain our customer focus and keep our gaming facilities safe and fun.

Thanks,

Jim

Jim Lightbody

President & CEO

BCLC Head Office

74 West Seymour Street, Kamloops BC V2C 1E2

T [REDACTED]

[REDACTED] Sales Office

2940 Virtual Way, Vancouver BC V5M 0A6

[REDACTED]

[REDACTED]

bclc.com

This is Exhibit "37" referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

FEB 08 2017

350705

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
V5M 0A6

Dear Mr. Lightbody

Re: Joint Illegal Gaming Investigation Team

The Ministry of Finance's Gaming Policy Enforcement Branch (GPEB), The Ministry of Public Safety and Solicitor General's (PSSG) Policing and Security Branch (PSB), and the RCMP "E" Division have agreed to the creation of the Joint Illegal Gaming and Investigation Team (JIGIT) within the Combined Forces Special Enforcement Unit B.C. (CFSEU-BC). JIGIT is an initiative to help combat police-reported increases in illegal gambling and to increase investigation into the manner in which funds flow through provincial gambling facilities.

I want to thank you for the financial contribution that the British Columbia Lottery Corporation (BCLC) will make to JIGIT and the continued cooperation between our two organizations on compliance.

PSB and GPEB have entered into a Letter of Understanding, which outlines the purpose, structure, governance, funding, duration, performance reporting, and confidentiality requirements of JIGIT. The Letter of Understanding is confidential in nature and is attached for your reference.

This letter provides for the agreement between BCLC and GPEB regarding performance reporting, financial reporting, confidentiality and public communications, as specified below.

Performance Reporting

GPEB will provide BCLC with bi-annual performance information based on reporting received from CFSEU-BC. The report will outline the efforts of JIGIT and include gambling specific metrics.

.../2

Ministry of
Finance

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

Mailing Address:
PO BOX 9202 STN PROV GOVT
VICTORIA BC V8W 9N1
Telephone: (250) 387-1301
Facsimile: (250) 387-1818

Location / Courier Address:
Third Floor, 910 Government Street
Victoria, BC V8W 1X3
Web: www.gaming.bov.bc.ca

-2-

The report provided to BCLC may include:

- Number of active JIGIT files.
- Total number of investigative techniques [investigative efforts against targets (e.g. surveillance, judicial authorizations, warrants, interviews etc.)]
- Total number of police seizures (including a breakdown of what those were and the value)
- Total number of arrests, charges, convictions and dispositions.

Financial Reporting

Financial reporting on JIGIT will be provided to BCLC on a quarterly basis, in a mutually agreeable form, noting the province cannot disclose information that would be detrimental to JIGIT operations or compromise police investigations. I understand discussions are underway between our two financial departments to determine what format this reporting will take.

Confidentiality

Any reports generated or produced in connection to JIGIT, including performance reports and financial reports, shall remain confidential unless otherwise agreed to by PSB and GPEB or where required by law or regulatory disclosure requirements.

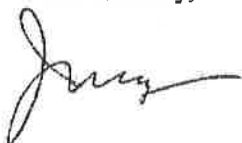
The attached Letter of Understanding between GPEB and PSB must also remain confidential.

Public Communications

External, public-facing communications of JIGIT activities, such as media releases and press conferences, are within CFSEU-BC jurisdiction. The Ministry of Finance and the Ministry of Public Safety and Solicitor General have requested that JIGIT communication of investigative matters pre and post operation be shared by the RCMP with both Ministries as early as possible to the extent advisable by the CFSEU-BC. The Ministry of Finance will ensure that BCLC is briefed on these issues where advisable by the CFSEU-BC.

The attached Letter of Understanding may be amended as required.

Yours sincerely,



John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Finance

pc: Mr. Clayton J. D. Pecknold, Assistant Deputy Minister and Director of Police Services
Mr. J.E.L. (Len) Meilleur, Executive Director, Compliance Division
Ms. Amanda Hobson, Vice-President, Chief Financial Officer, Finance and Corporate Services, BCLC
Mr. Rob Kroeker, Vice-President, Corporate Security and Compliance, BCLC

This is Exhibit " 38 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

February 15, 2017

Gaming Policy & Enforcement Branch
Ministry of Finance
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: John Mazure
Assistant Deputy Minister

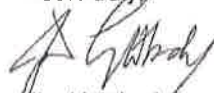
Dear John:

Re: Joint Illegal Gaming Investigation Team (JIGIT)

Thank you for your letter dated February 8, 2017 regarding the Joint Illegal Gaming Investigation Team (JIGIT). We appreciate the update on the creation of JIGIT by Gaming Policy Enforcement Branch (GPEB), the Policing and Security Branch (PSB) and the RCMP "E" Division. We are also in receipt of a letter from our Minister of Finance to our Board Chair that directs BCLC to help fund JIGIT over its five year mandate.

Your letter refers to an agreement between BCLC and GPEB regarding performance reporting, financial reporting, confidentiality and public communications. As we understand your letter, there is no action required by BCLC other than providing the funding and cooperating with the JIGIT teams and GPEB. While the performance and financial reports will be interesting, we will have no impact on JIGIT activities and therefore, will treat them as information only.

Yours truly,


Jim Lightbody
President & CEO

cc: Rob Kroeker, VP Corporate Security & Compliance
Amanda Hobson, CFO & VP, Finance & Corporate Services
File



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F 604.222.0424
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This is Exhibit " 39 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Bud Smith [REDACTED]
From: Jim D. Lightbody
Sent: Tue 2017-06-13 4:07:10 PM
Subject: Fwd: CFSEU-BC Press Conference 10:00am "E" Div HQ
[image001.jpg](#)

 >>>>>

Bud,

FYI. We just got the heads up this morning. We haven't been briefed, I'll be talking to Cheryl this afternoon.

Jim

Sent from my iPhone

Begin forwarded message:

From: Rob Kroeker [REDACTED]
Date: June 13, 2017 at 8:35:19 AM PDT
To: "Jim D. Lightbody" [REDACTED]
Subject: Fw: CFSEU-BC Press Conference 10:00am "E" Div HQ

See below. JIGIT PRESS RELEASE

Looks like GPEB is speaking at it as well. We have been given no info at all

We'll see what we can find out

From: Laura Piva-Babcock [REDACTED]
Date: June 13, 2017 at 8:31:26 AM PDT
To: Rob Kroeker [REDACTED], Brad Desmarais [REDACTED], Susan Dolinski [REDACTED], Jim D. Lightbody [REDACTED]
Cc: Angela Koulyras [REDACTED]
Subject: Fw: CFSEU-BC Press Conference 10:00am "E" Div HQ
Importance: High

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Edwardson, Jamie GCPE:EX [REDACTED]
Sent: Tuesday, June 13, 2017 8:28 AM
To: Laura Piva-Babcock
Subject: FW: CFSEU-BC Press Conference 10:00am "E" Div HQ

Headsup

From: "Winpenny, Brenda" [REDACTED]

Date: June 13, 2017 at 7:42:08 AM PDT

To: "Winpenny, Brenda" [REDACTED]

Subject: CFSEU-BC Press Conference 10:00am "E" Div HQ

Good Morning,

This morning at 10 a.m. the CFSEU-BC will be hosting a press conference at its headquarters located in the RCMP's E Division HQ building in Surrey to announce details of a year-long investigation by the CFSEU-BC's Joint Illegal Gaming Investigation Team (JIGIT) into an alleged organized crime network connected to illegal gaming houses and money laundering.

Speaking at the press conference will be; A/Comm, Kevin Hackett, Chief Officer, CFSEU-BC Executive Director, Len Meilleur, Compliance Division, Provincial Gaming Policy and Enforcement Branch

Visuals at the press conference will include some of the money and drugs seized during the investigation.

Note: this press conference will not be live streamed.

Sergeant Brenda Winpenny

Media Relations Officer

Community and Public Affairs Section

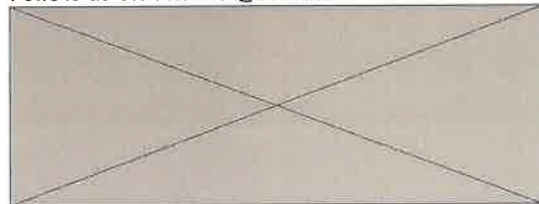
Combined Forces Special Enforcement Unit - BC

[REDACTED]

[REDACTED]

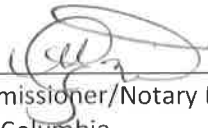
[REDACTED]

Follow us on Twitter @CFSEUBC and like us on Facebook



CFSEU-BC Mandate - To target, investigate, prosecute, disrupt, and dismantle the organized crime groups and individuals that pose the highest risk to public safety due to gang violence

This is Exhibit " 40 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



**COMBINED FORCES
SPECIAL
ENFORCEMENT
UNIT
BRITISH COLUMBIA**

Mailing Address:

Mailstop #408/409
14200 Green Timbers Way
Surrey, B.C., V3T 6P3
(778) 290-2040

For Immediate Release: June 13th, 2017

**Multiple Arrests Stemming from a Nearly Year Long
CFSEU-BC JIGIT Investigation into Organized Crime**

After an extensive year-long investigation into money laundering, with ties to organized crime, nine people have now been arrested.

A Combined Forces Special Enforcement Unit of BC (CFSEU-BC) investigation has led to the arrest of a network believed to be connected to illegal gaming houses and money laundering. The investigation was led by the CFSEU-BC Joint Illegal Gaming Investigation Team (JIGIT), an integrated team that includes investigators from the Gaming Policy and Enforcement Branch (GPEB).

In May of 2016, the investigation determined that a criminal organization allegedly operating illegal gaming houses, was also facilitating money laundering for drug traffickers, loan sharking, kidnappings, and extortions within the hierarchy of this organized crime group, with links nationally and internationally, including mainland China.

The investigation also revealed several schemes related to the collection and transferring of large amounts of money within and for the criminal organization.

During the investigation, it was apparent that there were multiple roles filled by different people which enabled or facilitated the organization in laundering large amounts of money through casinos.

A search of six residences resulted in the seizure of large amounts of cash and bank drafts, drug paraphernalia, suitcases, cell phones, computers and other related material. Also seized were a number of luxury vehicles, including one with a sophisticated hidden compartment.

As a result of this complex, multi-faceted investigation, nine people have now been arrested, with more arrests still pending. JIGIT investigators have been interacting with the Provincial Special Prosecutions Branch.

"Top tier organized crime is not easy to tackle and requires a coordinated approach to achieve results. The individuals associated with this level of criminal activity conducted their operations in a sophisticated manner," said Assistant Commissioner Kevin Hackett of the CFSEU-BC. "The CFSEU-BC JIGIT team led this investigation but was supported by hundreds of resources and thousands of hours of committed and dedicated service by all the officers and support staff involved."

If you have been manipulated by these money launderers, or if you have any information on illegal gaming, money laundering and loan sharking related to the gaming industry, please call the JIGIT information line at 778-290-2288.

The CFSEU-BC would like to thank the Gaming Policy and Enforcement Branch, various RCMP detachments and units including the BC RCMP's Federal Serious and Organized Crime unit, and the Vancouver Police Department, for their assistance and support throughout this investigation. We also would like to acknowledge the cooperation of the British Columbia Lottery Corporation.

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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**COMBINED FORCES
SPECIAL
ENFORCEMENT
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(778) 290-2040

-30-

Media Spokesperson: Sgt. Brenda Winpenny
Desk: (778) 290-4677
Cell: (604) 838-6800

CFSEU-BC Communications Strategist: Geeta Reddy
Desk: (778) 290-2873
Cell: (604) 499-4199

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

This is Exhibit " 41 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Laura Piva-Babcock [REDACTED]; Lara Gerrits [REDACTED]
From: Jim D. Lightbody
Sent: Mon 2019-04-08 9:13:55 PM
Subject: FW: Jigit release

Laura;

This is probably the email. After this we discussed asking JIGIT/RCMP for the names of the people arrested so we could proactively bar them from BC Casinos. Bud was frustrated by the lack of enforcement.

Jim

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

From: [REDACTED] **Personal**
Sent: June 13, 2017 3:22 PM
To: Jim D. Lightbody [REDACTED]
Subject: Re: Jigit release

Thanks Jim. Dumb cops. Actually cunning is a better word. They're looking to ingratiate themselves with the incoming government who they know will be all over this. Why doesn't Rob know who the actual money laundering casinos are that they're talking about? Calling a press conference without having the answers is wormy behaviour. Using the same casino words so you smear all of them. Hopefully someone can brief our Minister so he can correct the record flowing from this police misinformation. Bud

FYI

From: Ross Alderson
Sent: Tuesday, June 13, 2017 1:52 PM
To: Rob Kroeker **Personal information**; Jim D. Lightbody [REDACTED]; Laura Piva-Babcock **Personal info**
 [REDACTED]; Susan Dolinski **Personal information**; Brad Desmarais **Personal information**
Subject: Fwd: Jigit release

FYI

The first CBC story is inaccurate and sensationalized and focuses on legit casinos whereas the other two more reflect what was actually said

Ross Alderson
 Director, AML & Investigations
 BCLC

Sent from my iPhone

<http://www.cbc.ca/news/canada/british-columbia/organized-crime-money-laundering-vancouver-casinos-1.4158902>

<http://bc.ctvnews.ca/9-arrests-made-in-illegal-gaming-money-laundering-network-1.3457515>

<http://globalnews.ca/news/3524413/9-people-arrested-in-network-connected-to-illegal-gaming-houses-and-money-laundering-in-b-c/>

Cheers,

Kris Gade, CAMS
 Manager, Investigations
 Corporate Security and Compliance Division, BCLC

2940 Virtual Way, Vancouver BC. V5M 0A6

Personal information [REDACTED]

¶ \$B!¶ (BYes, and¶ \$B!D!¶ (B<<http://yak.bclc.com/Page8299.aspx>>

kgade@bclc.com<<mailto:kgade@bclc.com>>

bclc.com<<http://bclc.com>>

We instill public trust by ensuring the highest standards of integrity in gaming

This is Exhibit " 42 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

NEWS

198

WEEKLY JIM SESSION: DO YOU EMBRACE FAILURE?

By

Jim Lightbody, President & CEO

June 19, 2017

Good morning,

Failure is inevitable if we are going to try new things. It may not feel fun while it's happening, but it's important to understand that with failure comes benefits. Failure is a great opportunity to grow and become more resilient. We also gain firsthand experience and deeper knowledge about whatever we have failed at and we learn how we can do things better the next time.

Here are a few fun facts about failure:

- Entrepreneurs fail 3.8 times before they finally make it in business
- It took three tries before Henry Ford became a success with the Ford Motor Company
- James Dyson designed 5,126 bagless vacuums that didn't work before building one that did

The point is, it's okay to fail, but it's not okay to give up. You may be just one failure away from success.

Today, I am pleased to share that, as part of a cultural study, one of the Sauder Business Leadership program teams is conducting a corporate-wide survey to establish if BCLC has a culture that fears or embraces failure. Their findings will help us understand how our culture influences BCLC's ability to grow our business and achieve our vision to become widely embraced as exceptional entertainment for adults. I encourage you all to participate in the survey. The results are anonymous and it will only take you 10 minutes or less. On behalf of your Executive, we are very interested in hearing your voice on this topic of failure to inform the business and our culture.

One thing I love about our Sauder groups is that they always give us such good food for thought. One of the previous Sauder Business Leadership teams did their project on agility and it was very insightful for the Executive team. Since their project concluded there has been a lot of discussion on the topic. In fact this came up recently at our senior leadership team meeting last week. The discussion centered around what agility means and how we can be more agile at BCLC. I want you to know that work will be happening soon to answer these questions and provide clarity for all of us.

Before I sign off, I want to address the announcement from the RCMP's Combined Forces Special Enforcement Unit of BC (CFSEU-BC) that took place last week. I know this may have caused some of you to take pause. I want to assure you that we work closely with police and our regulator and we have a robust anti-money laundering program in all provincial casinos. We are committed to fulfilling our role in Canada's anti-money laundering regime, which is to monitor, record and report specific transactions to FINTRAC. You can learn more about the announcement from CFSEU-BC [here](#).

Thanks and have a fun week!



This is Exhibit " 43 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

June 15, 2017

Combined Forces Special Enforcement Unit
Mailstop #408/409
14200 Green Timbers Way
Surrey, BC V3T 6P3

Attention: Kevin Hackett
Assistant Commissioner

Dear Assistant Commissioner Hackett:

Re: Press Conference on Illegal Gaming & Casino Money Laundering

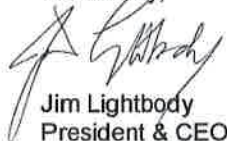
I am writing in regard to the press conference held on June 13, 2017, covering the recent activities of the Joint Illegal Gaming Investigation Team. Congratulations on the successes achieved to date. BCLC is thankful for the dedicated effort CFSEU has put into this initiative. We are also pleased with having been able to support the team operationally where appropriate and where asked to do so.

It was most encouraging to hear of the inroads JIGIT has made in addressing illegal gaming operations in the province. However, it was disturbing to hear that money laundering conducted by sophisticated organized crime groups was occurring at casinos. As you may be aware, BCLC has invested extensively in its anti-money laundering and counter terrorist financing program. Our program has recently gone through a comprehensive review by FINTRAC with no material compliance issues being identified. Having said that, we recognize that the program can never be static, our efforts must continue to evolve and improve, and we must remain ever vigilant. In that regard I would very much appreciate if you could share with us the methodology used by these organized crime groups to undermine the anti-money laundering efforts at our casinos so that we can review our program and, working with our service providers, make the adjustments necessary to prevent any further attempts at laundering at our casinos.

Even more important to us is the safety of our customers, the staff of our service providers, and our own staff working in casinos. It was alarming to hear that criminals have been frequenting our facilities exposing staff and the public to money laundering activities and putting them at risk. Under the provincial *Gaming Control Act*, BCLC has the authority to ban any person from entering any gaming site in the province. I ask that CFSEU provide us with the names of the nine individuals arrested, and any other person CFSEU has determined is involved in criminal acts that are in any way related to gaming, so that we can ban those individuals from our facilities to protect the safety of our customers and staff.

Again, congratulations on your success. I look forward to your response.

Yours truly,



Jim Lightbody
President & CEO

cc: Rob Kroeker, VP, Corporate Security & Compliance, BCLC



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This is Exhibit " 44 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

June 16, 2017

Gaming Policy and Enforcement Branch
PO Box 9309 Stn Prov Govt
Victoria BC V8W 9N1

Attention: Mr. Len Meilleur
Executive Director, Compliance Division



Dear Mr. Meilleur,

Re: Press Conference on Illegal Gambling and Casino Money Laundering

I am writing about the press conference GPEB held in conjunction with the CFSEU on June 13, 2017. I wish to extend my congratulations to you on the successes GPEB has had in its partnership with the Joint Illegal Gaming Investigation Team and which you announced at the press conference. BCLC is thankful for the effort GPEB has put into the investigation.

BCLC welcomed the news that a number of illegal gambling operations in the lower mainland had been shutdown. However, it was very troubling to learn through the press materials that sophisticated international organized crime groups had laundered funds through BCLC casinos. As you know, BCLC has committed considerable resources, staff and effort to developing its anti-money laundering and counter terrorist financing program. I know you are also aware that BCLC's program has been scrutinized by GPEB audit staff and that it has recently undergone a comprehensive review by FINTRAC with no deficiencies in its anti-money laundering procedures identified. Nonetheless, BCLC's program is not static and we are committed to a course of continuous improvement. Moreover, we recognize that criminal elements will adapt and seek new ways to launder proceeds of crime in response to countermeasures and for this reason, BCLC's program must adapt and evolve on an ongoing basis. Given what we learned from the press conference, BCLC is seeking GPEB's assistance. It would seem a vulnerability in our program has been exploited by organized crime. In order to address this vulnerability and prevent further laundering attempts, I ask that you share with us the specific details of the money laundering methodology you determined was used by these organized crime groups to launder proceeds of crime through legal casinos. This information will allow us to make the changes needed to better protect our operations from money laundering threats and close any gaps.

As troubling as it was to learn of a laundering vulnerability at our casino facilities, we were even more concerned to learn of serious threats to public safety. It was deeply alarming to hear that top tier organized crime figures participating in or linked to crimes such as kidnapping and extortion were frequenting our facilities. Clearly, individuals engaged in these types of criminal activities present the highest order of risk to public safety. The safety of our customers, the staff of our service providers, and our own staff who work in casinos must be paramount. I am certain that you agree. BCLC simply cannot have these individuals exposing our customers and staff to personal safety risks through their laundering activities or any other criminal activity. The *Gaming Control Act* grants BCLC the statutory authority to ban any individual from its casinos. I ask that GPEB provide BCLC with the names of the 9 individuals arrested so far in the investigation, as well as the names of any other individual the investigation has revealed to be involved in or connected in any way to criminal acts related to gaming, so that

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BCLC can immediately ban those individuals from our facilities to protect the safety of our customers and staff.

Given the threats to public safety, I would appreciate a response at your earliest possible convenience.

Sincerely,



Robert Kroeker
Vice President, Corporate Security and Compliance



cc. Mr. Murray Dugger, Western Regional Manager, Financial Transactions and Reports
Analysis Centre


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This is Exhibit " 45 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

May 30, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

**Re: Anti-Money Laundering (AML) Quarterly Report for the fourth quarter of
Fiscal Year 2017/2018**

I am pleased to provide you with the enclosed update on the activities and actions BCLC has taken with respect to the direction set out in the Mandate Letter provided to the BCLC Board of Directors. Included in this update is the Quarterly Anti-money Laundering Report for the fourth quarter of fiscal 2017/2018.

As I prepared this, my final AML Quarterly Report and associated narrative, before expiration of my term as Chair of BCLC – I have sought and received various information which it is hoped you will find useful as our organization moves forward.

A central learning during my term(s) on the BCLC Board, is that our business is exceedingly dynamic. This notion applies within BCLC, but as well to external exigencies such as Responsible Gaming, security, and AML. Failure to recognize that there is, invariably, a context influencing emerging issues, which may appear solvable through simple solutions, will often result in a kind of 'water bed' effect through implementation.

Advancing AML strategy, in my opinion, has required understanding there are three streams of activity which, at some level, must operate in harmony. Those streams of activity are information and intelligence gathering; information sharing between agencies; and enforcement.

I can report to you that information/intelligence gathering is strong. Whilst undertaken largely by service providers and BCLC, it also involves enforcement agencies and regulators.

Sharing intelligence and information between agencies I would describe as 'spotty'.

Enforcement, rooted in the vast amounts of information/intelligence gathered from within or through or around gaming facilities, I must report, appears to run from weak to non-existent.

Dr. German's recommendation that a Designated Policing Unit (DPU) replace the current enforcement regime has great potential to markedly improve enforcement. Developed carefully, a DPU should be able to better use the great amounts of information/intelligence that long has been available to enforcement agencies, and enable the two way sharing of information to be more effective.

You will see in the Quarterly Anti-money Laundering Report that BCLC implemented Dr. German's interim recommendation #1 effective January 10, 2018. At the time of the Report being compiled, BCLC had the benefit of nearly three complete months of



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experience with the recommendation in place at casinos. Staff have observed three changes in transaction trends that I think important to bring to your attention.

1. The first change in trend is in relation to the identification of possible suspicious transactions by service providers, categorized as Unusual Financial Transactions (UFTs). For the three months (October – December 2017) preceding the implementation of Dr. German's recommendation, service providers on average reported 117 potential suspicious transactions (UFTs) per month to BCLC. Since the recommendation was implemented, service providers on average have reported 180 potential suspicious transactions (UFTs) per month to BCLC; a 54% increase in reports.
2. The second change in trend is with respect to the number of potential suspicious transactions (UFTs) that, after in-depth customer due diligence being completed by BCLC, are substantiated and ultimately reported as suspicious transactions to FinTRAC and the police. For the three months preceding the implementation of the German recommendation, on average 70 potential suspicious transactions (UFTs) reported by service providers were substantiated per month and resulted in a report to FinTRAC and police. Since the implementation of the recommendation, on average 19 potential suspicious transactions reported by service providers were substantiated per month and resulted in a report. (Note: service providers report all potential suspicious transactions to both BCLC and GPEB).
3. The third change observed has been in relation to table game drop dollar values (also referred to as topline table game revenue). For the first three months of 2018, topline table game revenue has been trending stable to increasing, but with a shift from games like squeeze baccarat in high limit rooms to table games on the main floor of the casinos. This is a continuation of the overall table revenue trend for the past five years.

BCLC staff report that most of the increase in potential suspicious transaction (UFT) reports from service providers have to do with players making multiple buy-ins just under the \$10,000 threshold where proof of source of funds is required. This is concerning because this behaviour is indicative of structuring – a money laundering technique used to attempt to avoid suspicion or reporting requirements. BCLC has been monitoring these circumstances closely and have discussed the same with GPEB and the police. Structuring behaviour was relatively rarely observed prior to the implementation of the recommendation. When asked, players are reporting to service providers and BCLC that they are engaging in this behaviour for two primary reasons: 1) the players do not want to go to the added effort of requesting back up documentation from their financial institutions needed to support bank draft and cash buy-ins of \$10,000 or more; and, 2) players are concerned about the privacy implications of handing over detailed personal banking information. To date the information available suggests these are in fact the motivations behind the change in player behaviour, however caution and further inquiry is needed. BCLC is continuing to work with GPEB and the police on this recent development. On the positive side, this development demonstrates that service providers are exercising a good level of due diligence in assessing player transactions and are accurately identifying potential signs of money laundering behaviour.

On a related note, as you are no doubt aware there have been numerous media and other reports on money laundering that allege an individual by the name of [Redacted - RCMP] was central to the money laundering activities that have or are occurring. I wanted to bring to your attention that BCLC and its service providers first identified [Redacted - RCMP] as a person of concern in the [Redacted - RCMP] and reported its concerns to FinTRAC and the police at that time. [Redacted - RCMP] was barred by BCLC from all casinos in [Redacted - RCMP]. From that time up to the present, BCLC and its service providers have continued to provide information to the police on [Redacted - RCMP]. I have enclosed with this letter a timeline setting out some of the more important interactions BCLC has had with the police in regards to [Redacted - RCMP] activities and associates. In addition, I can advise that between [Redacted - RCMP] BCLC submitted 31 reports to GPEB that included circumstances involving or related to [Redacted - RCMP] that it found concerning and that 26 of those occurrences were also reported to the police.

The [Redacted - RCMP] saga speaks both to the absence of meaningful enforcement and an apparent tendency to deflect scrutiny thereof. In the attached "BCLC Chronology re: [Redacted - RCMP]" you will note that by [Redacted - RCMP] Inspector Bruce Ward was the OIC of the [Redacted - RCMP] file and was briefed fully by BCLC's Alderson about [Redacted - RCMP].

apparently and/or suspected illegal activity associated with our casinos. You will note that two years later Insp. Ward presented at an IAFCI conference, attended by media and public members. That presentation left the distinct impression that others had failed, but that the RCMP investigation he led now was riding to the rescue, with charges coming. No charges have been laid as of the date of this letter. In his 2017 presentation, Insp. Ward did not note that [Redacted - RCMP] 's activities had been brought to the RCMP's attention in late [Redacted]. Given the confidential and sensitive nature of the information contained within the attachments, we ask that you maintain the confidentiality of the material.

I wish to bring to your attention one other concerning matter. On June 13, 2017, the RCMP and GPEB held a joint press conference in Vancouver. At that event it was reported that "top tier" organized crime figures linked to money laundering, illegal gaming houses, drug trafficking, kidnappings and extortions had laundered large amounts of money through casinos. It was further reported that nine of the accused had been arrested and released. BCLC was deeply concerned to learn that potentially violent criminals had been frequenting its casinos and targeting its facilities for money laundering. Very shortly after the press conference, BCLC wrote to the RCMP asking, under our information sharing agreement, for the names of those arrested so that it could use its statutory powers under the Gaming Control Act to bar those nine individuals from all casinos in the province to protect customers and staff, and to stop any further money laundering attempts by these individuals. BCLC has not yet been provided the names of the nine individuals arrested. BCLC remains concerned that potentially violent criminals, whose identities are not known to BCLC, may be continuing to enter its facilities and BCLC remains committed to barring those who were arrested as soon as they are identified to BCLC.

This matter speaks to a clear need for better sharing of information between agencies. These 9 "top tier" crime figures have been arrested and know, therefore, they are targets. Our service providers and BCLC do not want 'top tier' crime figures in our casinos. Nor do we want our patrons being put at any potential risk of harm, if the reason for not notifying us of their identities, is to enable police to continue observing them, as they conduct unlawful activities in or around our gaming facilities.

Harvest/Invest. This is a theme I've addressed at various meetings during my term as Chair, including at Treasury Board (TB). BCLC needs to invest if it is to continue providing the General Revenue Fund (GRF) with the harvest TB seeks. Lottery equipment. Responsible gaming. Additional compliance requirements. An orderly redevelopment of our headquarters. BCLC, as you know, has no retained earnings. It must advance 100% of what it earns to the GRF, then seek from TB what it needs for investment on a line item basis. This has resulted in an uneven business planning and execution model. Dr. German's report no doubt will cause further challenges for TB, with the Harvest/Invest balance that needs to be achieved. Our ability to address AML, Responsible Gaming initiatives, and added compliance expectations all speak to getting that Harvest/Invest balance better understood at TB.

BCLC's results for this past fiscal year, and our projections for the next period, provide well more than enough new revenue for TB to be able to accommodate all the investments required by BCLC during the next defined period of our fiscal projections.

Finally, let me say it has been my privilege to serve my Province through the Board of BCLC, and if asked I will happily support my successor as Chair, in whatever modest way I can, that would be appropriate.

Yours truly,

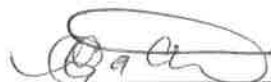


Bud Smith, Q.C.
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, Q.C., Deputy Attorney General
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x3

This is Exhibit " 46 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**GPEB/BCLC
Joint Executive Meeting
November 5, 2012
12:30 – 3:30
5th Floor Boardroom, 910 Government Street**

BCLC Items

- Working Together – maximizing our co-operative potential and clarifying Roles and Responsibilities Doug Scott / All
- BCLC Strategic Plan and Business Optimization Michael Graydon/
Marsha Walden
- Business updates (verbal):
 - eGaming (PlayNow Business to Business strategy, Device ubiquity) Rhonda Garvey
 - Lottery (6/49, Signature store, Lotto Express) Kevin Gass
 - Security & Compliance Terry Towns
 - GMS Implementation Jim Lightbody

GPEB Items

Requests for BCLC Updates:

- Horse Racing Update Doug S. Scott
- AML update – GPEB Doug S. Scott/
Larry Vander Graaf
- Suspension of Lottery Retailers – Len Meilleur
- Responsible Gambling update Susan Dolinsky/
Suzanne Bell/
Marsha Walden

This is Exhibit " 47 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

June 29, 2015

Office of the Minister & House Leader
Ministry of Finance
PO Box 9048 Stn. Prov. Govt.
Victoria, BC V8W 9E2

Attention: Hon. Michael de Jong

Dear Minister de Jong:

Re: BCLC's 2014/15 Mandate Letter Requirement Update

The purpose of this letter is to update you on the implementation of a specific requirement in BCLC's 2014/15 Mandate Letter. The letter stated:

"The Gaming Policy and Enforcement Branch and BCLC will jointly develop key principles that will inform respective roles and responsibilities. These principles will outline expectations, obligations, and related business impacts to provide clarity and maximize accountability. These principles will be devised by June 30, 2015 and implemented by December 31, 2015."

BCLC and GPEB have identified the following Common Objectives to inform the development of key principles:

- Maintain the integrity of gaming in BC
- Maintain and enhance public confidence in the operation and oversight of gaming
- Promote public understanding of the benefits and risks inherent in gaming and how they are managed and services available
- A sustainable vision for gaming that supports a responsible approach to revenue generation.
- Researched/evidenced-based best practices to instruct strategic and business planning for regulation, business development and client/patron support services
- Effective and efficient regulation
- Fiscal prudence and taxpayer accountability
- Create a climate for dialogue about prevention and problem gambling

Based on these common objectives, BCLC and GPEB have developed Key Principles that will guide and frame their respective roles and responsibilities:

1. Respect for Roles:

GPEB and BCLC acknowledge and respect the differing roles required of each organization and that healthy tension and productive debates are essential to the evolution and health of the gaming industry.

2. Transparency & Communications:

We commit to open and proactive sharing and communication of strategic and operational objectives and information. We ensure that each organization has the opportunity to represent their perspective to internal and external stakeholders.

bclc
playing it right

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3. Customer/Client Focus:

We will put customer and client perspectives ahead of business or organizational perspectives in order to fulfill our respective mandates.

4. Innovation:

We will look for opportunities and be open to innovation in process, products, and services to enhance our efficiency and effectiveness in delivering on our respective mandates.

5. Senior Management Responsibility:

Leaders are accountable for demonstrating the right behaviors and attitudes to ensure a positive and productive working relationship.

6. Risk-based Approach:

GPEB and BCLC will dedicate resources to areas of need that are deemed to be of greatest risk.

7. Results/Outcomes focused:

GPEB and BCLC will work to achieve mutual understanding of the results or outcomes that are of mutual interest and purposefully pursue them.

8. Solutions-oriented:

When faced with challenging situations, both organizations will work in good faith to attempt to identify a mutually beneficial solution.

9. Responsiveness:

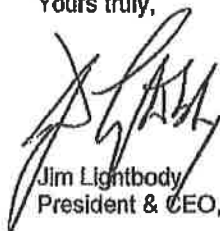
We will strive to be quick, flexible and adaptive to needs and changing priorities.

Statement of Commitment

We individually and collectively commit and hold ourselves accountable to use this document to guide how we relate, communicate and work with each other. We will apply the objectives and principles of this document to continually improve and to deal with challenges in a clear, straight forward and respectful manner.

We will meet in late summer to apply these principles as we outline and clarify respective roles and responsibilities with the goal of increasing collaboration, value and accountability. We will update you on our progress on or before December 31, 2016 and we further commit to reviewing the companion Roles and Responsibilities document every 12 months to ensure it accurately reflects current and emerging opportunities and challenges

Yours truly,



Jim Lightbody
President & CEO, BCLC



John Mazure
General Manager, GPEB

cc: Cheryl Wenezenki-Yolland
Associate Deputy Minister, Ministry of Finance

This is Exhibit " 48 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

August 7, 2015

[345004]

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver BC V5M 0A6

Dear Mr. Lightbody

Re: Enhancements to Anti-Money Laundering Regime in B.C. Gaming Facilities

Pursuant to the Ministerial 2015/16 Mandate Letter to the British Columbia Lottery Corporation (BCLC), and work undertaken to date under the AML Strategy, I am requesting that BCLC increase its efforts to develop and promote the use of cash alternatives and implement enhancements to its due diligence and compliance program as part of its anti-money laundering (AML) regime in gaming facilities.

The 2015/16 Mandate Letter established as a specific strategic priority that:

"BCLC will use information provided by law enforcement to create actions and solutions to prevent money laundering in BC gaming facilities. GPEB will develop anti-money laundering standards, to which BCLC will respond. Additionally, BCLC will identify and implement strategies to increase the use of cash alternatives and measure and demonstrates this progress".

The multi-phased AML Strategy, begun in 2012, includes:

- Phase 1 - the development and implementation of cash alternatives;
- Phase 2 - the promotion of cash alternatives by gaming facility patrons; and
- Phase 3 - the consideration of regulatory guidance about potential additional measures for enhancing AML due diligence.

I want to acknowledge BCLC's active involvement in delivering the AML Strategy. This includes leading the development, implementation and promotion of cash alternatives in gaming facilities, and participating in recent discussions about exploring opportunities that will enhance compliance in the area of cash entering gaming facilities, including the recent workshop held on June 4th with AML stakeholders and experts.

Ministry of Finance

Gaming Policy and
Enforcement Branch
Assistant Deputy Minister's
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Location:
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Victoria, BC


Web: www.gaming.gov.bc.ca

To enhance the AML regime, BCLC is asked to pursue the following activities:

1. Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment. This assessment should be based upon suspicious currency transaction occurrences.
2. Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation.
3. Work with GPEB to develop processes and approaches to clarify roles and responsibilities around AML intelligence, analysis, audit and compliance activities. This includes considering information sharing and access to systems that support the AML strategy's elements.
4. Work with GPEB and other stakeholders such as FINTRAC to develop a BCLC public information and education strategy and action plan for government's review and approval. The plan should include coordinated messaging about anti-money laundering activities in gaming facilities, and outline the requirements, roles and responsibilities for identification, reporting, investigation and enforcement.

I would be happy to discuss any of the above with you further. I recommend that BCLC staff consult and review with GPEB staff on developing approaches and specific actions to implement the above activities.

Yours sincerely,



John Mazure
General Manager
Gaming Policy and Enforcement Branch

This is Exhibit " 49 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

August 24, 2015

Office of the Minister & House Leader
Ministry of Finance
PO Box 9048 Stn. Prov. Govt.
Victoria, BC V8W 9E2

Attention: Hon. Michael de Jong

Dear Minister de Jong:

Re: BCLC's Anti Money Laundering (AML) Enhancement Strategy



The purpose of this letter is to update you in regards to BCLC's commitment to anti-money laundering and to provide feedback and recommendations stemming from the General Manager of GPEB, John Mazure's letter to BCLC on August 7, 2015 titled **Re: Enhancements to Anti-Money Laundering Regime in B.C. Gaming Facilities**

Bullet point one (1) on page two (2) of that letter states that BCLC will:

"Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment. This assessment should be based upon suspicious currency transaction occurrences."

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While it is generally easier to identify an individual's source of wealth, identifying the actual source of funds per transaction is far more problematic, especially when the funds are presented as cash. It is financial industry standard to ask a customer to declare the source of funds for all transactions (including cash) over CAD \$10,000.00 however little follow up investigation is then conducted. It is also common practice in the financial industry to terminate a business relationship with a customer after two or three suspicious transaction reports (STR)

While BCLC continue to encourage cash alternative options for customers in BC casinos cash is still the preferred deposit method and it is not uncommon for some individuals to have multiple suspicious transaction reports (STR) in a calendar year based on their cash buy in's alone.

In the fiscal year 2014/2015 1737 STRs were submitted to FINTRAC from BC Casinos. The total dollar value of those STRs for that period was approximately \$160 million, primarily all of it in cash.

Of those 1737 STR's approximately four hundred and eleven (411) unique individuals were recorded with one (1) or more STRs, one hundred and one (101) of those having five (5) or more STRs. Those 101 individuals accounted for approximately \$686 million table drop and in \$137 million in net revenue.

BCLC believe that currently no one agency in British Columbia is equipped to identify the actual source of funds. To do so would require in most cases, law enforcement intervention. Currently BCLC and GPEB lack the legislative authority, and law enforcement lack the available budget, resources and visibility into gaming.

Recommendation

1. BCLC would propose that a dedicated law enforcement gaming unit be established by the provincial government. The Gaming unit would require appropriate legislative authority and full designated police powers, with a clear mandate to investigate and prosecute all serious gaming related criminal offences.

The primary focus of this unit would be on identifying and eliminating proceeds of crime entering into BC gaming facilities, as well as identifying and preventing all illegal or "underground" gambling in BC, including "grey market" or illegal internet gambling.

The Gaming unit ideally, would contain experts in Gaming within BC, Proceeds of Crime, Money Laundering and Terrorist Financing as well as personnel with experience and designated authority to conduct surveillance, execute search warrants, property seizures and forfeiture, and an understanding of Chinese culture and associated languages.

2. It is essential that government support cash alternative initiatives. Without providing a full suite of non-cash options including facilitating credit to Chinese high limit players BC faces a potential substantial drop in gaming revenue.

Yours truly,

Jim Lightbody
President & CEO, BCLC

Cc: Cheryl Wenezenki-Yolland
Associate Deputy Minister, Ministry of Finance



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This is Exhibit " 50 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

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Know your limit, play within it.

September 1, 2015

(344887)

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V5M 0A6

Dear Jim:

Thank you for providing the Gaming Policy and Enforcement Branch (GPEB) with BCLC's submission titled, "*Cash Alternatives in BC Casinos.*" This document dated, April 2015 which was originally sent to our Compliance Division was in turn referred to GPEB's Strategic Policy and Projects Division. They reviewed the document's three proposed policy changes which are:

- 1) To allow cash deposits into PGF accounts at the initial account opening and for subsequent deposits for VVIP's;
- 2) To allow VVIP's to receive the full amount of cash outs via convenience cheque, without a weekly cheque issuance limit; and
- 3) To allow PGF overdraft privileges, at no cost, to VVIP's who meet specific criteria.

My recent letter of August 7, 2015 titled "*Enhancements to Anti-Money Laundering Regime in BC Gaming Facilities*" outlines four activities that BCLC is requested to expand upon in order to enhance the AML regime. One of these included BCLC's need to develop and implement additional CDD policies and practices which are constructed around financial industry standards. This would include robust Know Your Customer (KYC) requirements with a focus on source of wealth and funds as being integral to the overall risk assessment process.

GPEB provided an approval in principle for BCLC to continue with these proposed changes but with a caveat that more detail of the risks both pro and con was required by GPEB. Mr. Ross Alderson was working with Michele Jaggi-Smith on the type of information required.

...../2

Ministry of Finance

Gaming Policy and
Enforcement Branch
Assistant Deputy Minister's
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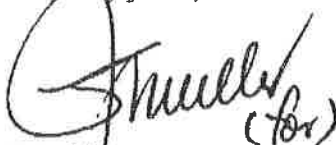
Location:
Third Floor, 910 Government Street
Victoria, BC
Web: www.gaming.gov.bc.ca

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It is my understanding that BCLC is drafting a response to my letter of August 7, 2015. Once that proposal is received it will be examined to determine if the recommendations align with GPEB's expectations in terms of enhanced Customer Due Diligence (CDD) and KYC. It is at that time that GPEB will consider all proposed initiative including the a/n cash alternatives.

I wanted to ensure that you were advised as to the status of the April request. Please contact us if you if you require further clarification or have any questions.

Sincerely yours,

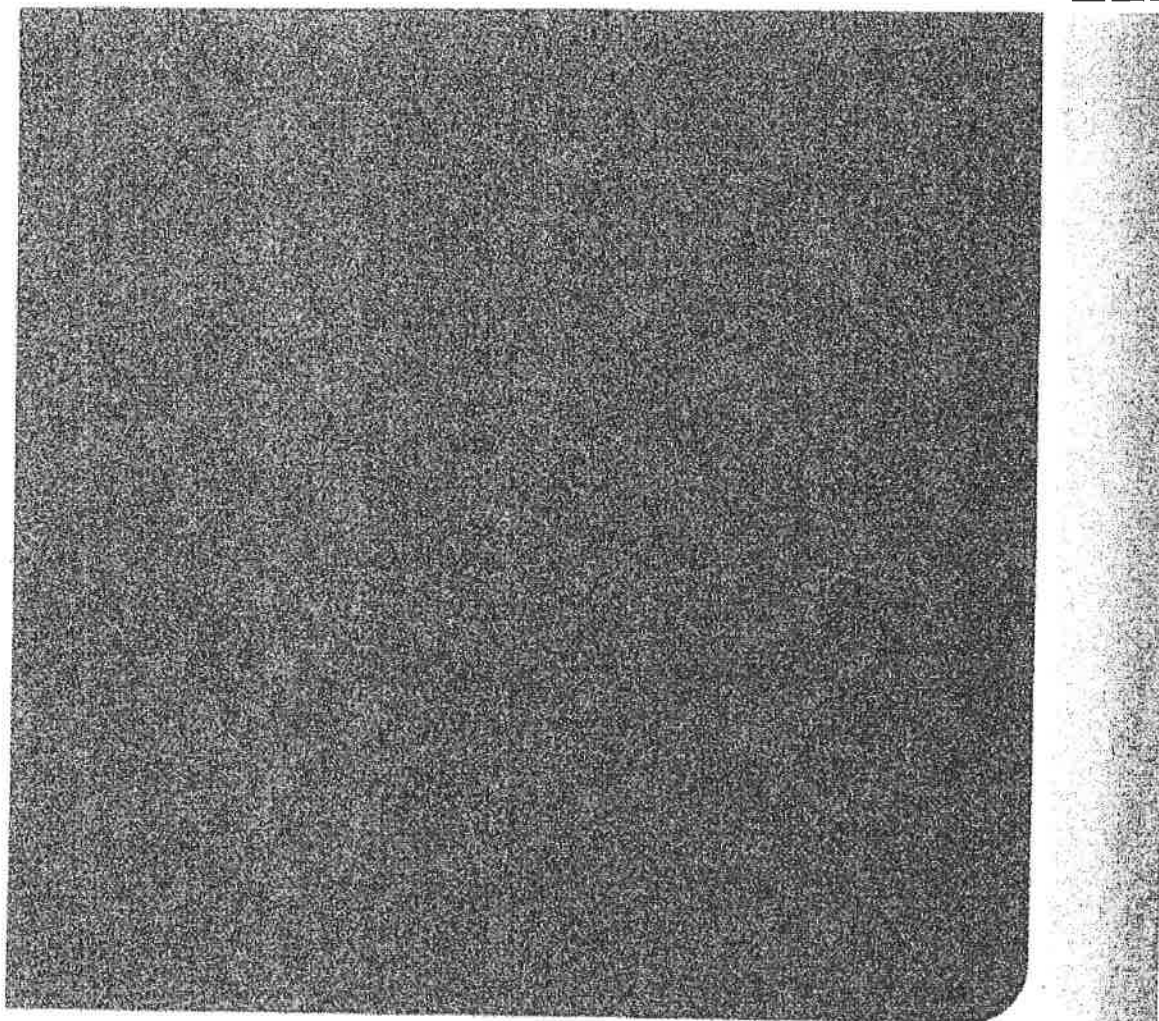
A handwritten signature in black ink, appearing to read "J. Mazure", with the word "(for)" written below it.

John Mazure
Assistant Deputy Minister

Appendix A: BCLC Corporate Security & Compliance, April 2015. "Cash Alternatives in BC Casinos"

Appendix B: General Manager of Gaming, August 2015. "Enhancements to Anti-Money Laundering Regime in BC Gaming Facilities"

Appendix A: BCLC Corporate Security & Compliance, April 2015. "Cash Alternatives in BC Casinos"



Cash Alternatives in BC Casinos

BCLC Corporate Security & Compliance

April 2015



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Cash Alternatives

Preamble

BCLC's mission is "To conduct and manage gambling in a socially responsible manner for the benefit of British Columbians."¹ This mission is embedded in BCLC's core values: Integrity, Social Responsibility, and Respect and directs BCLC in its focus on building public trust.² Public trust is achieved by establishing a reputation as a fair and equitable organization, and through solid corporate citizenship. This is critical to the success of the gambling industry in BC.

BC casinos are particularly susceptible to negative public perception. This is due in part to the misinterpretation of statistics and reports presented by the news media relating to money laundering and loan sharking in and around BC casinos. While the use of cash in casinos is significant, the figures and statistics presented by the news media are misleading.

That being said, the potential risks to public safety inherent in the presence of large sums cash are obvious. BCLC is aware of numerous instances in which casino patrons have been followed from a Lower Mainland casino property and subsequently robbed. It is the opinion of BCLC Corporate Security & Compliance Division that there is significant risk of a violent incident occurring in, near, or in connection to a BC casino as a direct result of the frequent movement of large sums of cash in and out of these facilities.

Lower Mainland casinos are unlike any others in North America. There is a local population of primarily Chinese "high rollers" in this region, who choose to spend exceedingly large amounts of money in these facilities. In order to maintain integrity and remain compliant with all relevant legislation, BCLC and its Service Partners have established a rigorous Anti-Money Laundering (AML) compliance regime that is presently recognized as the "gold standard" of AML programs, comparative to other Canadian gaming jurisdictions. Notwithstanding the foregoing, the BCLC AML compliance regime is scheduled to undergo substantial enhancements in 2015/ 2016.

It is BCLC's contention that the prevalence of large cash transactions in BC casinos, and the ensuing negative public perceptions and safety concerns, may be mitigated by a change in the current regulatory restrictions upon various cash alternatives.

A "relatively small group of regular casino patrons, commonly known as 'VVIP's' (or, Very, Very Important Players),³ are responsible for a substantial percentage of the table game revenue generated in BC casinos.⁴ VVIP's frequent the high limit rooms in Lower Mainland casinos and regularly wager tens of thousands of dollars per hand, primarily at Baccarat.⁴ BCLC and its service providers have introduced

¹ BCLC.com "Our Mission and Values" [Online] [Available: <http://www.bclcc.com/our-mission-and-values>] [Accessed April 2015].

² See footnote 1.

³ "Cash Alternatives in BC Casinos" UBC Sauder Report, BCLC Team 5 Module 4, Group 4 – September 2014 (Page 3).

⁴ See footnote 3, (Page 3).

\$100,000 per hand aggregate bet limits on tables in the high limit salons to accommodate the demand for this level of play.

These individuals and their associates are also primarily responsible for the "suspicious financial transactions" that occur in and around BC Casinos. BCLC and its Service Partners report all such transactions to police and regulatory bodies in accordance with policy and legislation. This is both an onerous and complicated process.

"BCLC is committed to maintaining best practices with regard to its customer identification obligations and has implemented Customer Due Diligence and Know your Customer (CCD/KYC) policies and procedures."⁵ Players whom are known to have criminal backgrounds or whom associate with known criminals for the purposes of obtaining funds intended to be used for gambling in BC Casinos, are identified as undesirables and frequently prohibited by BCLC from entering these facilities.

To facilitate buy-ins for high-limit tables, VVIP's arrive at the facilities with significant sums of cash, exposing the player and the casino to significant security and reputational risks.

CHEQUES

BCLC and its service providers distribute two types of cheques to casino patrons: verified win cheques and return of funds - not gaming winnings (also referred to as non-verified win) cheques. "Verified win" means the casino or community gaming centre employee has determined that gaming chips or gaming tickets were acquired as a result of a documented win on a table game, a jackpot on an electronic gaming device, or a cash amount verified as a Service Provider or BCLC marketing promotion prize.⁶

Aside from the procedural differences involved in the processing of verified winnings and non-verified winnings cheques, the distinguishing factor between the two types of cheques is the notation "Return of Funds-Not Gaming Winnings" prominently affixed to the front of a non-verified winnings cheque.⁷

Current GPEB directive allows BCLC and its service providers to return a maximum of \$10,000.00 by cheque for non-verified wins once every 7 days, per casino patron.⁸ While these return of funds - not gaming winnings cheques prevent patrons from leaving the casino with cash subsequently mitigating security concerns and facilitating customer service, the thresholds of \$10,000.00 every 7 days have proven to be inadequate for the VVIP's who visit the casino multiple times per week and deal in significantly higher volumes of cash.

PATRON GAMING FUND

Once a player has met the registration requirements to open a Patron Gaming Fund (PGF) Account, he may deposit funds into his PGF account via bank draft, certified cheque from a Canadian Casino, wire transfer, electronic funds Transfer (EFT), debit card transaction, Internet banking transfer from an authorized personal bank account, or cash/chips from a verified win (as noted above) issued at the same casino opening the account. When withdrawing funds from a PGF account, he may be issued cash, return of funds cheque, electronic funds transfer, wire transfer, or internet transfer to an authorized bank

⁵ BCLC "Anti-Money Laundering and Anti-Terrorist Financing Compliance Manual" V2 – February 2015 (Section 31 Page 17)

⁶ BCLC "Casino and Community Gaming Centre Standards, Policies and Procedures" September 2014 (Section 1.51 Page 1)

⁷ See footnote 6 (Section 3.94 Page 2)

⁸ See footnote 3. (Page 6)

account. All cheques issued from PGF accounts are return of funds cheques; a player cannot receive a verified win cheque from his PGF account.

At this time, a player's PGF account must stay in a positive balance; overdraft is not extended via PGF account.⁸ Furthermore, PGF accounts are site specific and are only assigned to an individual patron.

Players that create, utilize, and carry a positive balance on PGF accounts are granted the added benefit of having funds available at any time of day, without incurring the safety risks associated to carrying cash to the casino or the inconvenience of being restricted to regular bank hours for subsequent buy-ins throughout a gaming session.

PGF account holders are not presently permitted to deposit non-verified wins into these accounts. These patrons are often forced to leave the casino with a verified win cheque and large amount of cash or casino chips due to the current limitation upon non-verified win cheque issuance, thereby creating a safety concern.

INFORMAL MONEY TRANSFER SYSTEMS

In circumstances where players run out of money (in the PGF account or from the original cash buy-in) and are required to utilize an alternative means of acquiring funds outside of regular banking hours, VVIP's may utilize informal money transfer system (IMTS) to extend gaming sessions. An example of this type of transaction occurs when a VVIP runs out of chips at a table, a phone call is placed to an informal money transfer agent, a cash drop is made outside the casino, and the VVIP presents the cash at the cage for a subsequent buy-in to continue gaming.

Both the player and the casino are exposed to the safety and security risks involved in this type of transaction. This behavior requires BCLC and its service providers to file a large number of Suspicious Transaction Reports (STR). While they are different from loan sharks, IMTS present an equally challenging burden for BCLC and its service providers in that the nature of the transaction, specifically the source of funds, is unknown.

Preliminary research into this process indicates that the players utilizing IMTS pay fees ranging from 1% to 5% of the amount of the cash provided. While these fees are far from the interest fees charged by loan sharks (i.e. 60% or greater), they do become costly to patrons who avail themselves of this service for substantial amounts of cash on a routine basis. Cash drops in excess of \$250,000 are not uncommon.

FINTRAC REPORTING

Large Cash Transaction Reports (LCTRs) are reported to FINTRAC after any single transaction of \$10,000 or more or any combination of transactions totaling \$10,000 or more in a 24 hour period is conducted by a player. Similarly, a LCTR is reported for any foreign monetary exchanges of \$3,000 or more.

Casino Disbursement Reports (CDRs) are reported to FINTRAC after a single disbursement of \$10,000 or more or a combination of transactions totaling \$10,000 or more in a 24 hour period are completed for a player. CDRs are also reported when a casino awards a player with a complimentary item or service valued at \$10,000 or more.

Suspicious Transaction Reports (STRs) are reported to FINTRAC when BCLC and its service providers have reason to believe the transaction is suggestive of either a questionable source of funds or behaviour.

⁸ See footnote 6. (Section 3.83 Page 6)

that is indicative of money laundering or terrorist financing activity. The unknown circumstances surrounding informal money transfer systems utilized by VVIP create a large number of STRs.

RATIONALE

The extensive amount of Suspicious Financial Transaction reports generated by BCLC Corporate Security & Compliance each year is the primary source of negative news media attention relative to BC Casinos. The movement of substantial amounts of cash into and out of casinos presents a significant safety concern to patrons and staff of BC Casinos. With the implementation of a robust AML Compliance Regime, BCLC and its Service Partners are confident that the advancement of cash alternative remittance and payment methods will not increase the risk of money laundering in BC Casinos.

Proposed Change #1

To allow cash deposits into PGF accounts at the initial account opening and for subsequent deposits for VVIP's.

Consistent with current PGF procedures, a minimum deposit of \$10,000 or more would be required at the time the account was opened to ensure a FINTRAC report would be generated for the transaction, creating an audit trail for the details of the initial buy-in. Similarly, subsequent buy-ins would be subject to Large Cash Transaction Reports as they are at this time.

Existing procedures would remain in place for PGF account creation including stringent verification of identity and declaration of the source of funds entering the account. The proposed change would only apply to PGF accounts, both active and new, for an approved group of VVIP's pre-determined by BCLC and its Service Partners. A robust CDD/ KYC regime is imperative to the integrity of this proposed change.

RISKS

AML: By their nature, cash deposits present money laundering risks. To mitigate such risks, BCLC would monitor the cash deposited into PGF accounts to ensure the funds are used for gaming purposes. Should a VVIP deposit cash into his PGF account and withdraw the funds before putting them into play, a BCLC Investigator would review the transactions to determine whether an interview and potential ban are warranted.

Safety: As many players habitually deal in cash, initial and subsequent funding of PGF accounts would likely involve large quantities of cash entering the casino. That said, allowing VVIPs to deposit cash into PGF accounts mitigates the safety risks associated to cash drops (re-entering the casino with cash) and cash outs (leaving the casino with cash). "Statistics have demonstrated that the greatest risk of robbery in and around casinos occurs when the cash is leaving the premises, not when it is brought to the premises."¹⁰ Also, the ability to deposit non-verified win funds (i.e. buy-ins) into PGF account will reduce the overall number LCTR's.

Acceptance: For both cultural and superstitious reasons, many VVIPs prefer to deal in cash. Acceptance will be a slow, gradual process whereby word of mouth among VVIP's will generate interest.

References:

¹⁰ See footnote 3. (Page 21)

To the Player

Convenience: Funds are available at any point in a player's gaming session, regardless of the time of day he or she chooses to access them.

Safety: At the end of a session, remaining funds can be left in the PGF account for the next gaming session or cashed out in the form of a return of funds cheque, eliminating the need to leave the casino with large quantities of cash.

To BCLC, its Service Providers, and its Regulatory Bodies

Decrease in STR reporting: Players are not currently required to provide information about the cash used to buy-in to a table; however, PGF account holders would be required to account for the source of the cash used to fund the PGF account, subsequently decreasing the number of STR reports filed to FINTRAC and giving investigators more time to investigate suspicious activity.

Enhanced audit trail: With an increased number of VVIP players utilizing PGF accounts, additional information would be obtained through the transactions in and out of a PGF account that fall below the LCT thresholds. This additional information acquired through the use of PGF accounts paired with LCT reports filed as per current procedures, would give BCLC, its Service providers, and its regulators a more concise depiction of a VVIP's account funding and game play.

Proposed Change #2

To allow VVIP's to receive the full amount of cash outs via convenience cheque, without a weekly cheque issuance limit.

Consistent with current procedures, the caveat "Return of Funds-Not Gaming Winnings" would be clearly posted on the front of the cheque, dispelling any concerns related to legitimizing the funds.

Benefits

Acceptance: As previously noted, many VVIP's choose to deal in cash for cultural and superstitious reasons; therefore, cash is the preferable currency. While a cheque is more convenient for the player, the issuance of a cheque requires a player to hold or have access to a bank account or a money remitter. This may be problematic for players visiting BC.

Benefits

To the Player, BCLC, and its Service Providers

Enhanced safety: The increased issuance of Return of Funds cheques would "reduce the security risks and vulnerabilities associated with clients leaving a casino with large sums of cash."¹¹ In particular, the issuance of cheques significantly mitigates the risk of patrons being susceptible to armed robbery.

¹¹ Province of British Columbia "Summary Review of AML Measures at BC Gaming Facilities" - April 2011 [Online]. Available: [http://www.bclbc.com/assets/pdf/summary_review_of_aml_measures_at_bc_gaming_facilities_april_2011.pdf](#). [Accessed April 2015] (Page 9)

To the Player

Convenience: while the Return of Funds cheques are clearly marked with "not gaming winnings," a cheque is more efficiently deposited into the financial system than cash

To BCLC, Its Service Providers, and its Regulatory Bodies

Enhanced reporting: Buy-ins and Return of Funds cheque disbursements of \$10,000.00 or more would be reported to FINTRAC as per current procedures; a comparison of these two records can be reviewed to determine whether the withdrawal is a portion of the buy-in.

Enhanced audit trail: When a Return of Funds cheque is disbursed to a player, the cheque would display the name of both the issuing institution and the VVIP and would therefore be traceable through supplemental STRs filed by the payee and the payer (the bank). Subsequently, this enhances the audit trail and reporting capabilities for FINTRAC and mitigates AML risks.

Proposed Change #3

To allow PGF overdraft privileges, at no cost, to VVIP's who meet specific criteria.

Players who may be offered such privileges would be chosen against criteria as determined by BCLC and its Service Providers. Eligible patrons would be subject to robust CDD/ KYC measures and central credit verification, prior to receiving overdraft privileges.

Furthermore, the conditions of credit extension and repayment would be clearly articulated to the player and likely require the funds to be repaid within a specified period and any player with an outstanding PGF Overdraft would be unable to buy-in until repayment has been made.¹²

RISKS

Liability: Should a player with a balance owing disappear or leave the country, a process would be required to go about collecting the funds. A contingency fund for covering delinquent accounts requires contemplation. The nature of liability and responsibility will also need to be determined between BCLC and its Service Providers.

Responsible gambling: The extension of overdraft privileges may be perceived as facilitating gambling for a player with problem gambling tendencies. BCLC's Responsible Gambling team has been engaged to provide feedback related to the selection and implementation process, and have not expressed any significant concerns. The players who would be offered this service will be confirmed to have significant personal wealth and no history of past or current credit default with other gaming facilities.

See Note 12

To the Player

¹² See footnote 3. (Page 17)

Enhanced safety: The risk of armed robbery associated to cash drop offs would be mitigated as overdraft privileges would be extended to selected VVIP's who would no longer be required to contact an IMTS agent.

Convenience: The extension of overdraft privileges would allow players to continue gaming without the interruption of contacting an IMTS agent.

To BCLC, its Service Providers, and its Regulatory Bodies

Enhanced audit trail: Cashless options facilitate the traceability of transactions from initial cash buy in, to table activity (including overdraft extended), to disbursements. The increased traceability would aid in reporting for BCLC, FINTRAC, and financial institutions.

Incremental revenue: The extension of overdraft privileges would allow VVIP players to continue playing at a table, rather than experiencing an interrupted session when they are required to wait for the IMTS agent and ensuing cash buy-in to take place.

Conclusion

The safety benefits, coupled with the potential reduction in Suspicious Financial Transaction Reports and opportunities for significant incremental revenue, appear to outweigh the risks associated with this proposal. The inherent benefits associated to cash alternatives and the resulting enhancements to CDD/KYC capabilities for VVIP's will also improve the detail of the reports submitted to FINTRAC and law enforcement agencies. Furthermore, the anticipated reduction in cash drops for VVIPs will mitigate concerns related to the public safety of BC casinos. BCLC believes that this will also reduce the negative attention from news media.

As per previous discussions with GPEB Representatives, BCLC agrees that all stakeholders in the BC Gaming Industry should convene to discuss the risks and benefits of amending guidelines relating to cash alternatives in BC Casinos. The source of the cash that is introduced into these facilities, rather than the source of wealth of those in possession of the cash, remains of primary concern to all parties involved in the industry. BCLC and its Service Partners must continue to maintain its robust AML regime in order to preserve the integrity of the BC gaming industry. We remain committed to doing so.

Appendix B: General Manager of Gaming, August 2015. "Enhancements to Anti-Money Laundering Regime in BC Gaming Facilities"



Know your limit, play within it.

August 7, 2015

[345004]

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver BC V5M 0A6

Dear Mr. Lightbody

Re: Enhancements to Anti-Money Laundering Regime in B.C. Gaming Facilities

Pursuant to the Ministerial 2015/16 Mandate Letter to the British Columbia Lottery Corporation (BCLC), and work undertaken to date under the AML Strategy, I am requesting that BCLC increase its efforts to develop and promote the use of cash alternatives and implement enhancements to its due diligence and compliance program as part of its anti-money laundering (AML) regime in gaming facilities.

The 2015/16 Mandate Letter established as a specific strategic priority that:

"BCLC will use information provided by law enforcement to create actions and solutions to prevent money laundering in BC gaming facilities. GPEB will develop anti-money laundering standards, to which BCLC will respond. Additionally, BCLC will identify and implement strategies to increase the use of cash alternatives and measure and demonstrates this progress".

The multi-phased AML Strategy, begun in 2012, includes:

- Phase 1 - the development and implementation of cash alternatives;
- Phase 2 - the promotion of cash alternatives by gaming facility patrons; and
- Phase 3 - the consideration of regulatory guidance about potential additional measures for enhancing AML due diligence.

I want to acknowledge BCLC's active involvement in delivering the AML Strategy. This includes leading the development, implementation and promotion of cash alternatives in gaming facilities, and participating in recent discussions about exploring opportunities that will enhance compliance in the area of cash entering gaming facilities, including the recent workshop held on June 4th with AML stakeholders and experts.

Ministry of Finance

Gaming Policy and
Enforcement Branch
Assistant Deputy Minister's
Office

Mailing Address:
PO BOX 9311 STN PROV GOVT
VICTORIA BC V8W 9N1
Telephone: (250) 387-1301
Facsimile: (250) 387-1818

Location:
Third Floor, 910 Government Street
Victoria, BC
Web: www.gaming.gov.bc.ca

To enhance the AML regime, BCLC is asked to pursue the following activities:

1. Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment. This assessment should be based upon suspicious currency transaction occurrences.
2. Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation.
3. Work with GPEB to develop processes and approaches to clarify roles and responsibilities around AML intelligence, analysis, audit and compliance activities. This includes considering information sharing and access to systems that support the AML strategy's elements.
4. Work with GPEB and other stakeholders such as FINTRAC to develop a BCLC public information and education strategy and action plan for government's review and approval. The plan should include coordinated messaging about anti-money laundering activities in gaming facilities, and outline the requirements, roles and responsibilities for identification, reporting, investigation and enforcement.

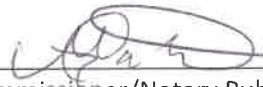
I would be happy to discuss any of the above with you further. I recommend that BCLC staff consult and review with GPEB staff on developing approaches and specific actions to implement the above activities.

Yours sincerely,



John Mazure
General Manager
Gaming Policy and Enforcement Branch

This is Exhibit " 51 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

235

September 2, 2015

John Mazure
General Manager
Gaming Policy & Enforcement Branch
PO BOX 9311 STN PROV GOVT
Victoria BC V8W 9N1



Dear John:

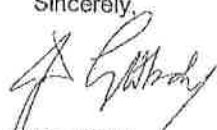
Re: Enhancements to Anti-Money Laundering Regime in B.C. Gaming Facilities

I am writing in response to your letter dated August 7, 2015 requesting that BCLC increase its efforts to develop and promote the use of cash alternatives and implement enhancements to our due diligence and compliance program as part of our anti-money laundering (AML) regime in gaming facilities and your subsequent letter dated September 1st referencing BCLC's April Submission titled "Cash Alternatives in BC Casinos".

BCLC is currently developing a response to these letters and will provide it by September 18. This timing will allow us to include feedback and perspective from our incoming Vice-President of Security and Compliance, Mr. Robert Kroeker, who commences employment with BCLC on September 8, 2015.

The corporation is deeply committed to best practices and continuous improvement to our programs. Since Mr. Kroeker will be overseeing this important aspect of our business going forward, I want to take some additional time to finalize our response with his input.

Sincerely,



Jim Lightbody
President & CEO

cc: Len Meilleur, Executive Director, Compliance

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This is Exhibit " 52 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

September 16, 2015

Gaming Policy & Enforcement Branch
PO BOX 9311 STN PROV GOVT
Victoria BC V8W 9N1

Attention: John Mazure
General Manager

Dear John:

Re: Anti-Money Laundering Regime Enhancements

I write in response to your letters of August 7, 2015, September 1, 2015, and in furtherance of my letter to you of September 2, 2015, in which I committed to having a response to you by the third week of September. Also relevant to this response is the Cash Alternatives document BCLC provided to GPEB in April of 2015 which sets out a number of initiatives BCLC recommends to strengthen the anti-money laundering regime at gaming facilities in British Columbia. I appreciate your patience with respect to the timing of my response, as I noted in my letter of September 2nd this slight delay allowed me to receive the advice of our new incoming Vice-President of Corporate Security & Compliance on the matters here under consideration.

I would like to take this opportunity to acknowledge the recently renewed commitment to a cooperative approach between our organizations (of course within the bounds of and recognizing the appropriately distinct and separate aspects of our respective mandates) in regard to ensuring the integrity and oversight of gaming in the province. A collegial and collaborative approach can only enhance our collective effectiveness and ensure we deliver on the expectations laid out by the Minister.

Turning to your letter of August 7, 2015, you list four activities BCLC is asked to pursue with the intent of enhancing BCLC's anti-money laundering (AML) regime. I will address each of those activities in the order laid out in your letter.

The first activity you suggest is:

Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment. This assessment should be based upon suspicious currency transaction occurrences.

At your request, BCLC has looked at its existing policies and procedures in the context of Guideline 6G published by the Financial Transactions and Reports Analysis Centre (FinTRAC) and which deals with client identification requirements for Financial Entities. I have enclosed a copy of the relevant section of Guideline 6G for ease of reference.

It is our understanding and belief that BCLC's client identification, risk assessment and on-going monitoring policies and procedures meet or exceed not only the statutory requirements found in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, and FinTRAC Guideline 6F (which sets out client identification



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and monitoring requirements for the casino sector), but also meet the obligations found in Guideline 6G – the requirements for Financial Entities. With respect to your specific suggestions in regard to source of wealth, source of funds, and suspicious transaction reports made to FinTRAC, I can confirm that all three of these elements, amongst many other factors, are integrated into BCLC's risk assessment and on-going monitoring of individual customers. Despite this, BCLC's AML regime is not static as we remain keenly committed to a process of continuous improvement. Our current processes are largely manual. To further enhance our client identification, risk assessment and monitoring program we have made a substantial investment in automated processes that will be operationalized in the coming months. The software solution we have selected is the same as that used by most of Canada's major banks thus ensuring BCLC's AML program will continue to be aligned with Financial Entity efforts in regard to client identification, risk assessment and monitoring and the suggestions you have made.

As I know you fully appreciate, this is a highly technical area of both law and operational policy and thus it is not practical for me to go further here into all the relevant aspects of our AML regime as it relates to client identification. If you, or any of the Ministry staff, would like further particulars or details I would be pleased to arrange for a technical briefing on these aspects of our AML regime at our earliest mutually agreeable time.

The second suggestion you provide is:

Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation.

Prior to 2009, BCLC was prohibited by an external policy from accepting any form of payment other than cash for gaming services. Since that time the Corporation has been pursuing a range of cash alternatives. A suite of non-cash buy-in options was implemented in the 2011-2012 timeframe which included patron gaming accounts and the use of debit, amongst other things. Most of these options met with substantial success in reducing the amount of cash coming into BC's casinos. Since 2012, BCLC has continued to identify and develop further options that will help to move gaming customers to non-cash buy-in options. In April of this year a further suite of non-cash buy-in options was presented to GPEB by BCLC. In June of this year, BCLC and GPEB in cooperation held a one day consultation session which focussed on the issue of cash buy-ins at casinos. Participants included high ranking officials from police, FinTRAC, and the province's Civil Forfeiture Office as well as subject matter experts from banks, the Canada Revenue Agency, Canada Border Services and casino service providers. A host of cash alternatives were considered and discussed. There was a very strong consensus amongst the group that the initiative that was likely to have largest impact in terms of furthering BCLC's AML program was to offer credit in the form of account overdraft to very high net worth clients. This option is outlined in the Cash Alternatives document which has been provided to GPEB.

It is understood that GPEB takes the position that BCLC is prohibited from implementing any new cash alternative without the prior approval of GPEB. BCLC stands ready to develop and implement the non-cash options laid out in its document of April 2015 as soon as GPEB provides its approval for BCLC to do so. Implementation would of course include outcome measures to track and assess the extent to which any particular option is used by BCLC's customers. We look forward to hearing back from you at your earliest convenience on the recommended initiatives.

The third suggestion you make is:

Work with GPEB to develop processes and approaches to clarify roles and responsibilities around AML intelligence, analysis, audit and compliance activities. This includes considering information sharing and access to systems that support the AML strategy's elements.

I support this suggestion. I would ask you to contact Rob Kroeker to set up an initial meeting to identify the scope of the work and develop a work plan.

Your fourth and final suggestion is:


Work with GPEB and other stakeholders such as FINTRAC to develop a BCLC public information and education strategy and action plan for government's review and approval. The plan should include coordinated messaging about anti-money laundering activities in gaming facilities, and outline the requirements, roles and responsibilities for identification, reporting, investigation and enforcement.

I support this suggestion. BCLC has already been working internally and with subject matter experts and organizations like the Gaming Security Professionals of Canada to develop fact based reference and other materials suitable for public education purposes. In addition, you will recall that BCLC initiated, in collaboration with your office and Government Communications and Public Engagement, and submitted for consideration a communications strategy related to AML. As with the recommendation immediately above, please contact Rob Kroeker to set up a meeting to discuss this opportunity further.

There is a further issue I need to raise with you and which we at BCLC believe is quite urgent. As GPEB is aware, in the early part of this summer BCLC and its Service Providers began receiving anecdotal reports of high stakes illegal gaming houses operating in Richmond. Some of these reports came directly from players at our casinos. These reports were immediately passed on by BCLC and its Service Providers to GPEB and policing authorities when first received. Since that time, these reports have continued to come in at an increased rate and in many cases contain specific information which lends a real ring of truth to the information being provided. We are advised that our players are now almost routinely speaking openly of single day sessions at these illegal establishments involving wins and losses in the hundreds of thousands of dollars. BCLC is deeply concerned, assuming this information is accurate, about the risk these illegal establishments pose to the personal safety of the individuals who are gambling and working there as well as what these establishments mean for the integrity of gaming in the Province. As the complainant in this case, any information you can provide in regard to what is being done in response to this situation would be much appreciated.

I look forward to the continuation of our collaborative efforts.

Yours truly,


Jim Lightbody
President & CEO

cc: File

1 x Enclosure (Guideline 6G: Record Keeping & Client Identification for Financial Entities)

Guideline 6G: Record Keeping and Client Identification for Financial Entities

5. Ongoing Monitoring of Business Relationship and Related Records

Business relationship

A business relationship is a relationship that you establish with a client to conduct financial transactions or provide services related to those transactions.

For financial institutions, these relationships can be established within or outside of an account.

If you are carrying on activities as a credit card acquiring business, business relationship requirements do not apply to those activities. For more information on credit card acquiring businesses, see subsection 3.1.

Account-based business relationship: You are in a business relationship with a client that holds an account with you. You enter into a business relationship when a client opens an account with you. For a new or existing client that has one or more accounts, the business relationship includes all transactions and activities relating to those accounts.

Non-account-based business relationship: If your client does not have an account, you enter into a business relationship when you conduct two or more transactions in which you have to:

- ascertain the identity of the individual (see section 4); or
- confirm the existence of a corporation or other entity (see sections 4 and 6).

In such a case, the business relationship only includes transactions and related activities for which you have to ascertain the identity of your client. See section 4 for more information on these transactions and activities.

If you use the exception to ascertaining the identity of a client where you recognize the individual (as described in 4.2 General exceptions to client identification) in the case of a second transaction that requires you ascertain the identity of a client, you have entered into a business relationship with that client nonetheless. This is because it is the requirement to ascertain identity that triggers the business relationship.

You should determine that a business relationship has been established as soon as reasonably practicable following the second transaction requiring that the client's identity be ascertained. As a best practice, this should be done within 30 calendar days.

If you have a client without an account who conducts two or more suspicious transactions, you have still entered into a business relationship with that client, even if you are unable to ascertain the identity of that client. This is because suspicious transactions require you to take reasonable measures to ascertain the identity of the client (subject to the circumstances described in section 4.4), and so two or more of these transactions will trigger a business relationship. You must treat this business relationship as high-risk, and undertake more frequent ongoing monitoring and updating of client identification information, as well as any other appropriate enhanced measures (see examples under "Ongoing monitoring" below).

A business relationship is established when two transactions that require you to ascertain the identity of your client occur within a maximum of five years from one another. If a period of five years passes from the last transaction that required you to ascertain the identity of your client, the business relationship with that client ceases in the case of non-account-based business relationships. In the case of clients who hold an account, the business relationship ceases five years after the client closes that account.

Once the business relationship is established, you must also:

- conduct ongoing monitoring of your business relationship with your client; and
- keep a record of the measures you take to monitor your business relationship and the information you obtain as a result. See section 5.1 for a description of what information you must keep for this record.

Ongoing monitoring

Ongoing monitoring means that you have to monitor your business relationship with a client on a periodic basis. Use your risk assessment of the client with whom you have a business relationship to determine how frequently you will monitor that business relationship. The risk assessment requires you to consider each one of your clients when assessing their risk for money-laundering and terrorist activities financing. However, an individual written assessment is not required for each client, so long as you can demonstrate that you put your client in the correct risk category, according to your policies and procedures, and risk assessment. You have to perform ongoing monitoring of each business relationship in order to:

- detect suspicious transactions that have to be reported;
- keep client identification, beneficial ownership information, and the purpose and intended nature of the business relationship up to date;
- reassess the level of risk associated with the client's transactions and activities; and
- determine whether the transactions or activities are consistent with the information previously obtained about the client, including the risk assessment of the client.

The above-listed requirements do not need to follow the same timeframe, so long as you monitor your high-risk clients more frequently and with more scrutiny than you do your low-risk clients.

In order to keep client and beneficial ownership information up to date, you may ask clients with account-based business relationships to confirm the information you have on record periodically throughout your regular interactions with them. For clients in non-account-based business relationships, you may update the information you have on record every time the client conducts a transaction that requires you to ascertain their identity.

As an example, you may choose to reassess the level of risk associated with a client's transactions and activities, and to determine whether the transactions or activities are consistent with the information you have on your client, for your low-risk clientele, every two years, while performing the same monitoring of your high-risk clients on a more frequent basis. However, depending on the circumstances of your operations, a different ongoing monitoring period for low-risk clients may be appropriate.

In the context of monitoring on a periodic basis, your monitoring will vary depending on your risk assessment of your client. As part of your ongoing monitoring obligations, you must monitor all of your business relationships, and you must monitor business relationships you consider high-risk more frequently, as well as update client identification information and adopt any other appropriate enhanced measures.

Here is a non-exhaustive list of enhanced measures you could take to mitigate the risk in cases of high-risk business relationships:

- Obtaining additional information on the client (e.g. occupation, volume of assets, information available through public databases, Internet, etc.).
- Obtaining information on the source of funds or source of wealth of the client.
- Obtaining information on the reasons for intended or conducted transactions.
- Obtaining the approval of senior management to enter into or maintain the business relationship.
- Identifying patterns of transactions that need further examination.
- Requiring the first payment to be carried out through an account in the client's name with a bank subject to similar client due diligence standards.
- Increased monitoring of transactions of higher-risk products, services and channels.
- Establishing more stringent thresholds for ascertaining identification.
- Gathering additional documents, data or information; or taking additional steps to verify the documents obtained.
- Establishing transaction limits.
- Increasing awareness of high-risk activities and transactions.
- Increasing internal controls of high-risk business relationships.
- Obtaining the approval of senior management at the transaction level for products and services that are new for that client.

If as a result of your ongoing monitoring you consider that the risk of a money laundering or a terrorist financing offence in a business relationship is high, your risk assessment in your compliance regime must treat that client as a high risk. In this case, you must conduct more frequent monitoring of your business relationship with that client, update that client's identification information more frequently, and adopt any other appropriate enhanced measures (see examples above)

This is Exhibit " 53 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



OCT 01 2015

345904

Bud Smith, Chair
Board of Directors
British Columbia Lottery Corporation
74 West Seymour Street
Kamloops BC V2C 1E2

Dear Mr. Smith:

Re: Anti-Money Laundering Strategy

I want to acknowledge the British Columbia Lottery Corporation's (BCLC) active involvement in delivering on the Province's anti-money laundering (AML) strategy, and the work that has been done on the first two phases of that strategy including leading the development, implementation and promotion of cash alternatives in gaming facilities, and participating in recent discussions about exploring opportunities to enhance compliance in the area of cash entering gaming facilities. The purpose of this letter is to provide you with direction on phase three of the AML strategy which focuses on regulator guidance and intervention.

Despite the introduction and promotion of non-cash alternatives in gaming facilities through earlier phases of the AML strategy; I am advised that large and suspicious cash transactions remain prevalent. This situation must be addressed. As such, BCLC is directed to take the following actions with respect to AML:

1. Ensure that BCLC's AML compliance regime is focused on preserving the integrity and reputation of British Columbia's gaming industry in the public interest, including those actions set out in the General Manager's letter of August 7 (enclosed) and any subsequent actions or standards that may follow;
2. Participate in the development of a coordinated enforcement approach with the Gaming Policy and Enforcement Branch (GPEB), the RCMP and local police to mitigate the risks of criminal activities in the gaming industry; and
3. Enhance customer due diligence to mitigate the risk of money laundering in British Columbia gaming facilities through the implementation of AML compliance best practices including processes for evaluating the source of wealth and source of funds prior to cash acceptance.

.../2

- 2 -

These actions are in addition to, and in support of those activities identified in the August 7, 2015, letter from the General Manager of GPEB to BCLC. I would like to take this opportunity to acknowledge the response received from CEO and President Jim Lightbody, to the initiatives put forward in that letter. The diligence and detail provided on how BCLC will implement each activity is appreciated.

Thank you for your continued effort and commitment to protecting the integrity of gaming on behalf of the people of British Columbia.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. de Jong', with a stylized, flowing script.

Michael de Jong, Q.C.
Minister

Enclosure: Letter dated August 7, 2015, to BCLC from GPEB, *Enhancements to Anti-Money Laundering Regime in BC Gaming Facilities*

cc: Jim Lightbody, CEO and President, BCLC
John Mazure, ADM and General Manager, GPEB



Know your limit, play within it.

August 7, 2015

[345004]

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver BC V5M 0A6

Dear Mr. Lightbody

Re: Enhancements to Anti-Money Laundering Regime in B.C. Gaming Facilities

Pursuant to the Ministerial 2015/16 Mandate Letter to the British Columbia Lottery Corporation (BCLC), and work undertaken to date under the AML Strategy, I am requesting that BCLC increase its efforts to develop and promote the use of cash alternatives and implement enhancements to its due diligence and compliance program as part of its anti-money laundering (AML) regime in gaming facilities.

The 2015/16 Mandate Letter established as a specific strategic priority that:

"BCLC will use information provided by law enforcement to create actions and solutions to prevent money laundering in BC gaming facilities. GPEB will develop anti-money laundering standards, to which BCLC will respond. Additionally, BCLC will identify and implement strategies to increase the use of cash alternatives and measure and demonstrates this progress".

The multi-phased AML Strategy, begun in 2012, includes:

- Phase 1 - the development and implementation of cash alternatives;
- Phase 2 - the promotion of cash alternatives by gaming facility patrons; and
- Phase 3 - the consideration of regulatory guidance about potential additional measures for enhancing AML due diligence.

I want to acknowledge BCLC's active involvement in delivering the AML Strategy. This includes leading the development, implementation and promotion of cash alternatives in gaming facilities, and participating in recent discussions about exploring opportunities that will enhance compliance in the area of cash entering gaming facilities, including the recent workshop held on June 4th with AML stakeholders and experts.

Ministry of Finance

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To enhance the AML regime, BCLC is asked to pursue the following activities:

1. Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment. This assessment should be based upon suspicious currency transaction occurrences.
2. Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation.
3. Work with GPEB to develop processes and approaches to clarify roles and responsibilities around AML intelligence, analysis, audit and compliance activities. This includes considering information sharing and access to systems that support the AML strategy's elements.
4. Work with GPEB and other stakeholders such as FINTRAC to develop a BCLC public information and education strategy and action plan for government's review and approval. The plan should include coordinated messaging about anti-money laundering activities in gaming facilities, and outline the requirements, roles and responsibilities for identification, reporting, investigation and enforcement.

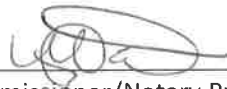
I would be happy to discuss any of the above with you further. I recommend that BCLC staff consult and review with GPEB staff on developing approaches and specific actions to implement the above activities.

Yours sincerely,



John Mazure
General Manager
Gaming Policy and Enforcement Branch

This is Exhibit " 54 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

January 15, 2016

347194

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V5M 0A6

Dear Mr. Lightbody

Re: Enhancement to Anti-Money Laundering Regime in B.C. Gaming Facilities

Thank you for your letter of September 16, 2015, regarding the efforts of the British Columbia Lottery Corporation (BCLC) to implement the multi-phased Anti-Money Laundering (AML) Strategy.

Thank you for highlighting BCLC's efforts in pursuing the four activities identified in my letter of August 7, 2015. Again, I wish to acknowledge BCLC's critical role in delivering the AML Strategy and efforts to date.

For clarity, I have set out my responses with respect to each of the four activities I requested in my original letter.

1. *Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment. This assessment should be based upon suspicious currency transaction occurrences.*

I appreciate the efforts of the BCLC in tracking and reporting suspicious cash transactions (SCTs). However, I continue to be concerned by the prevalence of SCTs at British Columbia casinos. Further to the letter from the Minister of Finance addressed to Mr. Bud Smith on October 1, 2015, I expect BCLC to implement AML best practices with appropriate consideration of evaluating the source of wealth and source of funds prior to cash acceptance as well as robust CDD policies and KYC requirements. These processes and policies should be based on a sound risk based framework that considers SCTs as one element of the framework. In addition, I may provide further direction after considering the work being undertaken by MNP LLP and the resulting report.

... /2

Ministry of Finance

Gaming Policy and
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Assistant Deputy Minister's
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2. *Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation.*

As I advised in my letter dated September 1, 2015, Gaming Policy and Enforcement Branch (GPEB) has provided approval in principle for BCLC to further explore the initiatives proposed in *"Cash Alternatives in BC Casinos"*. However, further work is required before GPEB can approve any specific cash alternative initiatives. Specifically, GPEB requires business cases on each of the proposed cash alternatives. These business cases should include detailed analysis of how the initiative will further the AML Strategy as well as a detailed risk assessment of the initiative.

GPEB has assigned a senior policy analyst, Jeff Henderson, to coordinate a review of these business cases and to work directly with Mr. Ross Alderson (BCLC) to ensure that the information that is required for decision making is fulsome and clear. This review may also be informed, where appropriate, by the work being undertaken by MNP LLP.

3. *Work with GPEB to develop processes and approaches to clarify roles and responsibilities around AML intelligence, analysis, audit and compliance activities. This includes considering information sharing and access to systems that support the AML Strategy's elements.*

To assist in this process, I have enclosed a matrix with this letter that reflects, at a high level, the roles and responsibilities of the police, GPEB and the BCLC with respect to the *Gaming Control Act* (GCA) and the *Criminal Code of Canada* (CCC). Moving forward, GPEB and BCLC need to ensure their activities are consistent with and adhere to the legislated framework provided. I expect Mr. Rob Kroeker (BCLC) and Mr. Len Meilleur (GPEB) will work together to ensure both organizations understand their roles and responsibilities with respect to compliance and enforcement generally, and in implementing the AML Strategy specifically.

4. *Work with GPEB and other stakeholders such as FINTRAC to develop a BCLC public information and education strategy and action plan for government's review and approval. The plan should include coordinated messaging about anti-money laundering activities in gaming facilities, and outline the requirements, roles and responsibilities for identification, reporting, investigation and enforcement.*

I propose that our Communications Officer, Niki Pandachuck work with BCLC's communication unit to develop an AML public information and education communication strategy and action plan, incorporating the work on roles and responsibilities noted above. GPEB will also coordinate with Government Communication and Public Engagement (GCPE) to ensure all communications are consistent with GCPE requirements and have been approved by GCPE.

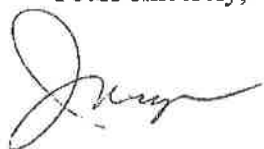
I would also like to address the additional issue you raised in your letter concerning reports of high stakes illegal gaming houses in Richmond. GPEB acknowledges your concern about the impact of these unlawful activities on both the integrity of gaming and revenue generated through lawful gaming.

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I would like to assure you that GPEB takes these illegal matters seriously. When gaming service providers or BCLC report matters of concern to GPEB, we work with the appropriate police agencies where there may be criminal matters related to gaming. GPEB is currently exploring opportunities to further strengthen our relationship with relevant police agencies. As a result, it is important that BCLC and its service providers continue to fulfill their obligations under the CCC and GCA and file reports with GPEB and the appropriate police agencies.

I would be happy to discuss any of the above with you further and look forward to further collaboration between GPEB and BCLC in delivering the AML Strategy.

Yours sincerely,


A handwritten signature in black ink, appearing to read 'John Mazure', with a stylized, flowing script.

John Mazure
General Manager
Gaming Policy and Enforcement Branch

Table of Responsibilities and Authorities - GPEB, BCLC, Police Agencies and FinTRAC.

	<i>Status</i>	<i>Gaming Control Act</i>	<i>Criminal Code of Canada</i>	<i>Proceeds of Crime (Money Laundering) Terrorist Financing Act</i>
GPEB	GCA Investigator and/or Auditor upon designation of the general manager. Special Provincial Constable upon appointment by provincial director of police services.	GPEB Investigators have authority to investigate and to issue violation tickets in relation to offences under the GCA	Authority to investigate and enforce provisions of the CC. but these would be restricted to gaming matters or matters which impact the integrity of gaming. GPEB must notify local police when doing so.	No authority or responsibilities
BCLC	No peace officer status	BCLC has the authority to investigate matters related to corporate operations. Monitor compliance of gaming services providers. Monitor operation of provincial gaming or horse racing and the associated premises and facilities. Right to refuse entry. Conduct due diligence investigations in relation to assisting reporting requirement of PCMLFTA.	Authority to investigate matters related to corporate operations. General non-peace officer powers of arrest and protection of property.	Designated reporting entity responsible for anti-money laundering regime at casinos in the province.
Police	Police Officer	Can investigate and issue violation tickets in relation to the GCA.	Full jurisdictional enforcement authority. Can make arrests, issue appearance notices, recommend charges, etc.	Jurisdiction to investigate and enforce laws related to money laundering and proceeds of crime.
FinTRAC	Financial Intelligence Unit	N/A	N/A	Responsible for receiving and analyzing information from reporting entities, making disclosures to police on money laundering offences, and regulating and auditing reporting entities.

This is Exhibit " 55 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

July 14, 2016

351679

Jim Lightbody, CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver BC V5M 0A6

Dear Mr. Lightbody,

Re: Cash Alternative Proposals and Source of Funds

This letter is in response to the two policy documents proposing cash alternatives that were submitted to the Gaming Policy and Enforcement Branch (GPEB) on April 20, 2015 by Ross Alderson of the B.C. Lottery Corporation (BCLC).

Thank you for sharing these documents and I appreciate the work BCLC has undertaken in preparing these proposals. While there is no requirement for BCLC to seek GPEB approval of these specific proposals in and of themselves, I appreciate the opportunity to review them and provide comment in the broader context of government's anti-money laundering (AML) efforts. Indeed, BCLC has appropriately characterized both proposals as AML initiatives because they provide alternatives to cash entering or leaving gaming facilities. Fundamental to the success of these initiatives and B.C.'s AML Strategy as a whole, however, is the need to evaluate the source of funds and make a risk-based determination of their legitimacy prior to acceptance.

Due diligence on source of funds resulting from the cash alternatives proposed is important to ensure the AML Strategy is not undermined by providing a means to convert illicit funds. In the case of convenience cheques, the conversion would occur upon provision of a convenience cheque by the service provider. In the case of international EFTs, BCLC would be relying primarily on information provided to Canadian institutions from a foreign bank and ultimately the robustness of that country's banking system, their AML legislation and, specifically, that they will investigate source of funds. The Province has previously provided written direction to BCLC to establish the source of funds prior to accepting cash at gaming facilities:

1. **In the 2016/17 mandate letter to BCLC**, the Minister of Finance directed BCLC to provide a quarterly report on implementation of the government's AML Strategy, including "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."

Ministry of
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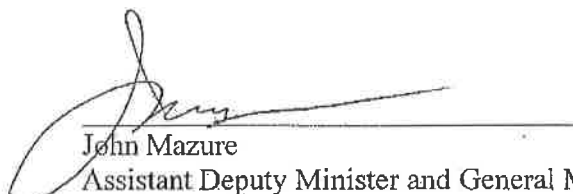
2. **The January 2016 letter from John Mazure, General Manager, GPEB, to Jim Lightbody, CEO and President, BCLC**, included the expectation that "BCLC implement AML best practices with appropriate consideration of evaluating source of wealth and source of funds prior to cash acceptance."
3. **In the October 2015 letter from the Honourable Michael de Jong, Minister of Finance to Bud Smith, BCLC Board Chair**, BCLC was directed to take the following action in response to the prevalence of large and suspicious cash transactions: "Enhance customer due diligence to mitigate the risk of money laundering in British Columbia gaming facilities through the implementation of AML compliance best practices including processes for evaluating the source of wealth and source of funds prior to cash acceptance."
4. **The August 2015 letter from John Mazure, General Manager, GPEB, to Jim Lightbody, CEO and President, BCLC**, asked BCLC to pursue specific activities related to enhancing the AML Strategy, including: "Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment..."

In providing comments to BCLC on the cash alternative proposals, I understand that FINTRAC also emphasized the need to establish source of funds to ensure the proposed cash alternatives do not introduce additional risks with respect to money laundering.

To ensure the Province is taking the steps necessary to eliminate the proceeds of crime from B.C. gaming facilities and to support the AML Strategy and the integrity of gaming in B.C., BCLC should contemplate not accepting funds where the source of those funds cannot be determined or verified, within a risk-based framework. This approach could include, for example, a source of funds questionnaire and a threshold amount over which BCLC would require service providers to refuse to accept unsourced funds, or a maximum number of instances where unsourced funds would be accepted from a patron before refusal.

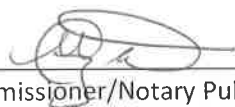
I trust that BCLC will continue to work with GPEB to support the AML Strategy and the integrity of gaming in B.C. by evaluating source of funds prior to acceptance at gaming facilities.

Yours sincerely,



John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Finance

This is Exhibit " 56 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

August 3, 2016

Gaming Policy & Enforcement Branch
PO BOX 9311 STN PROV GOVT
Victoria BC V8W 9N1

Attention: John Mazure
Assistant Deputy Minister and General Manager

Dear Mr. Mazure:

Re: Anti-Money Laundering Matters – Cash Alternative Proposals

I write in regard to your letter of July 14, 2016, and further to the two proposals we provided to you for approval on April 20, 2016 dealing with new non-cash transaction options at casinos.

At GPEB's request the proposals were submitted for approval however it is now the common understanding as between our respective organizations, based on recently acquired information, that GPEB approval is not required in regard to operational gaming matters such as these. I would like to take this opportunity to thank you for taking the time to review and comment on the proposals notwithstanding.

In your letter you have set out a number of excerpts from earlier correspondence between you and I, and from the Minister to the BCLC Board Chair, reminding us of the expectations of BCLC's anti-money laundering regime. I thank you for those reminders and can assure you that BCLC's obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) are an ever present top priority for BCLC. Furthermore, I can confirm that BCLC remains committed to working with GPEB and FinTRAC to ensure our anti-money laundering program is fully compliant and one of the most robust in the industry. I am very pleased to share that just recently (June 2016) FinTRAC completed a comprehensive audit of BCLC's anti-money laundering program and commented that BCLC was industry leading in its anti-money laundering efforts.

I appreciate your suggestion that BCLC ensure its new proposals are conducted within a risk based anti-money laundering framework, and specifically that on a risk basis source of wealth and source of funds inquiries should form part of that framework. I can confirm that source of wealth and source of funds inquiries are in fact incorporated into the BCLC anti-money laundering program and will apply to the proposals when implemented along with all the other program elements aimed at countering money laundering.

With respect to the proposal on electronic funds transfers, you state that "... BCLC would be relying primarily on information provided to Canadian institutions from a foreign bank and ultimately the robustness of that country's banking system...". I believe some clarification is required here. BCLC will not be relying on the anti-money laundering efforts of foreign banks. BCLC will, however, be relying to some extent on the compliance of Canadian banks with Canadian anti-money laundering laws governing international transfers. Under our proposal, electronic funds transfers must first be accepted by a Canadian bank prior to being transferred into a customer's gaming account. BCLC will also subject transactions to its own anti-



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money laundering measures independent of the Canadian bank's assessment. This will ensure that foreign transfers are subjected to two layers of anti-money laundering screening.

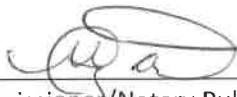
Thank you again for taking the time to provide us with your comments and feedback.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Lightbody', is positioned above the printed name.

Jim Lightbody
President & CEO

This is Exhibit " 57 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

May 8, 2017

358450

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, B.C. V5M 0A6

Dear Mr. Lightbody

Re: Source of Funds in B.C. Gambling Facilities

I am writing concerning the source of funds coming into B.C. gambling facilities and to follow-up on my July 14, 2016 letter to you. My previous letter included a reminder of the expectations of the province with respect to the British Columbia Lottery Corporation (BCLC) establishing patron's source of funds in B.C. gambling facilities. This expectation was set out in an October 1, 2015 letter from the Minister of Finance to Bud Smith, BCLC board chair, which included the following direction:

Despite the introduction and promotion of non-cash alternatives in gaming facilities through earlier phases of the AML strategy; I am advised that large and suspicious cash transactions remain prevalent. This situation must be addressed. As such, BCLC is directed to take the following actions with respect to AML... Enhance customer due diligence to mitigate the risk of money laundering in British Columbia gaming facilities through the implementation of AML compliance best practices including processes for evaluating the source of wealth and source of funds prior to cash acceptance.

My letter of July 14, 2016 also included the suggestion that BCLC should consider not accepting funds where the source of the funds cannot be determined or verified. The letter also provided examples of how such a policy could be implemented.

The Gaming Policy and Enforcement Branch (GPEB) has noted a downward trend in the total dollar value of cash entering B.C. gambling facilities through suspicious transactions. According to GPEB's data, suspicious cash transactions, which are based on reports provided to GPEB by service providers in accordance with section 86 of the *Gaming Control Act*, have declined from approximately \$177 million in 2014 to \$132 million in 2015 and to \$72 million in 2016. This is a significant reduction and reflects the actions taken to date by BCLC to reduce suspicious cash. However, \$72 million is still a significant amount of suspicious cash.

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Ministry of
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Gaming Policy and
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GPEB remains concerned by both the large volume of unsourced cash that continues to enter B.C. gambling facilities and the circumstances under which the cash was accepted as detailed in the section 86 reports. The following information was taken from section 86 reports during December 2016:

- Approximately \$2.3 million of the \$3.8 million accepted were \$20 bills, often bundled in elastic bands,
- 13 incidents in which cash was observed to be delivered to patrons by a third party; and,
- Of 124 suspicious cash transactions from December 2016, service providers refused the transaction on only four occasions.

As the amount of suspicious cash entering gambling facilities has decreased, the deposit of new funds into Patron Gaming Fund (PGF) accounts has increased (from approximately \$145 million in new money in 2015 to \$186 million in new money in 2016). The shift from cash to non-cash alternatives is a key component of the provincial Anti-Money Laundering (AML) Strategy and the increased use of PGF accounts is encouraging.

However, GPEB has some new concerns with the potential risks presented through PGF accounts. Bank drafts account for virtually all of the new money deposited into PGF accounts (\$185 of \$186 million in 2016) and, as the funds cannot always be attributed to the patron's own bank account, they can present similar risks to unsourced cash. As a result, it is particularly important that the customer due diligence (CDD) being conducted for PGF account holders, both at the point of account opening and through ongoing account monitoring, aligns with the potential risk.

GPEB has worked with the Joint Illegal Gaming Investigation Team (JIGIT) to develop a new initiative to help address the risks presented by both cash and PGF account transactions. The Transaction Assessment Team (TAT) is a proposed JIGIT led collaboration that will involve GPEB, BCLC and law enforcement and focus on the collection of intelligence and investigation of suspicious transactions. These investigations may result in recommendations to BCLC and gambling facility service providers for consideration regarding patron sanctions.

BCLC's 2017/18 mandate letter from the Minister of Finance includes direction for BCLC to take the following actions in continuing to support government in the implementation of its AML Strategy and mitigation of related illegal activities:

- *Undertake activities to ensure the Corporation's compliance regime is focused on preserving the integrity and reputation of B.C.'s gaming industry in the public interest;*
- *Work collaboratively with GPEB to determine and implement measures that effectively combat money laundering and illegal activities in BC gambling facilities;*
- *Collecting and sharing information and data with GPEB that supports measures to address money laundering in B.C. gaming facilities, illegal gaming in the province, and JIGIT operations; and*
- *Enhancing AML best practices with appropriate consideration of evaluating source of funds prior to cash acceptance within a risk-based framework.*

I would like to acknowledge the work that BCLC has done to reduce the acceptance of unsourced cash and shift patrons to non-cash alternatives. Despite this good work, further action is still required to mitigate the risk presented by the proceeds of crime entering B.C. gambling facilities. This risk is not limited to unsourced cash or bank draft deposits into PGF accounts. It is important that the provincial AML Strategy continues to evolve to address any new risk of the proceeds of crime entering B.C. gambling facilities and undermining the integrity of B.C.'s gambling industry.

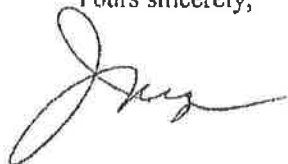
I am interested in receiving an update on how BCLC's de-segmentation process is progressing through the implementation of the SAS tool which was described by BCLC as a new AML information technology system used to streamline processes to meet the new FINTRAC requirements. Expected results were to include increased capacity, improved accuracy, better reporting and identification of high-risk persons, and the ability to highlight patterns of activity using data analytics.

The need for a sustained effort to mitigate risk is consistent with BCLC's 2017/18 mandate letter, specifically the direction by the Minister to undertake activities to ensure BCLC's compliance regime is focused on preserving the integrity and reputation of B.C.'s gambling industry in the public interest.

To maintain a sustained effort in risk mitigation, I expect BCLC, GPEB and law enforcement to work collaboratively and proactively to determine and implement appropriate and specific measures that effectively keep proceeds of crime out of B.C. gambling facilities. The proposed TAT provides an opportunity for this type of collaboration.

I trust that BCLC will continue to work together with GPEB to maintain the sustained effort required to support the provincial AML strategy and protect the integrity of gambling in B.C.

Yours sincerely,



John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Finance

CC:

Cheryl Wenezenki-Yolland, Associate Deputy Minister

This is Exhibit " 58 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

May 12, 2017

Gaming Policy & Enforcement Branch
Ministry of Finance
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: John Mazure
Assistant Deputy Minister

Dear John:

Re: Your Letter Dated May 8, 2017

I write in response to your letter of May 8, 2017, which references various aspects of BCLC's anti-money laundering program. I very much appreciate your offer of enhanced cooperation and support for BCLC's anti-money laundering efforts.

With respect to your inquiries about BCLC's coordination and collaboration with police generally and the Joint Illegal Gaming Investigation Team (JIGIT) specifically, I can advise you that since the date of the team's inception BCLC has made collaborating with and supporting their efforts a top priority. This is in addition to the \$3 million dollars per year BCLC has committed to JIGIT funding. Reports back to BCLC from the Officer-in-Charge of JIGIT and others have commended BCLC for the very high level of collaboration and support BCLC's AML Department have provided to JIGIT. More specifically, I can advise you BCLC has held on site training and orientation sessions with a number of members from JIGIT to ensure they have a strong working knowledge of BCLC's gaming operations, AML program, type of data collected, and our transaction analysis abilities. Additionally, I can advise that the Director of BCLC's AML Department is in frequent communication with the OIC JIGIT, and in some circumstances daily communication.

In regard to support of police efforts more generally, please be reminded that it was BCLC's analysis of transactions and other operational gaming data that led to the identification of a key suspect associated to illegal gaming operations in the Lower Mainland. Further, it was BCLC's complaint to the police and briefing on BCLC's analysis that provided the information that allowed the police to begin to target that suspect. Prior to BCLC's action on that matter, the activities of a suspected major illegal gaming crime figure appear to have gone undetected. On a broader note, in 2014 BCLC initiated and executed an information sharing agreement with the RCMP – an unprecedented anti-money laundering measure in Canada. When JIGIT was set up in 2016 BCLC immediately initiated a review of the existing information sharing agreement. That review resulted in updates to the agreement which ensured BCLC could provide support to JIGIT's efforts. The creation of the agreement in the first instance was an important addition to BCLC's AML program. The agreement enabled a more strategic level of coordination between BCLC and police across the province. One outcome of the agreement is that it has allowed BCLC to identify individuals and their associates involved in or linked to organized crime and proactively ban those individuals from casinos across the province. Because of this unique cooperative effort between BCLC and police, 260 individuals have been banned from provincial

bclc
playing it right

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T 604.215.0849
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gaming sites helping to ensure our facilities remain free from criminal influences and are safe for the public.

You have asked for an update on our efforts to increase the sophistication and capabilities of BCLC's AML program through software tools and data analytics. SAS, an AML and business intelligence software solution, is going through the final stages of being brought on-line this very week. The SAS solution is utilized by a number of Canada's largest banks in their AML programs. We understand BCLC's implementation of SAS is the first in the world in the gaming industry. Note however that SAS is only one of a number of software and web-based solutions BCLC employs in its AML program. We have also augmented our program with other solutions that have emerged in the last year. As I am certain you can appreciate, the functioning of BCLC's AML program and use of automated solutions results in a multi-faceted program, a description of which is beyond what can be meaningfully covered here. I would be pleased to arrange a technical briefing, at a time convenient to you, on the automated solutions employed and how the technology supports our AML efforts.

In your correspondence, you make inquiries about source of funds. BCLC's anti-money laundering program incorporates both source of funds and source of wealth determinations. Moreover, our anti-money laundering program employs comprehensive customer due diligence and customer on-going monitoring procedures. Tens of millions dollars in cash transactions have been refused under BCLC's program and 131 customers have been placed on buy-in restrictions. BCLC's entire anti-money laundering regime was recently audited by the federal Financial Transactions and Reports Analysis Centre of Canada (FinTRAC). This was the most comprehensive review of BCLC's program to date with upwards of six dedicated FinTRAC anti-money laundering and terrorist financing experts reviewing every aspect of its' program. FinTRAC found that not only was BCLC's program effective and fully compliant with all customer due diligence, transaction and on-going monitoring requirements but also provided feedback to us to the effect that BCLC's program was the leader in the sector. In addition to FinTRAC audits, BCLC is required under federal law to have an independent audit and assessment of its anti-money laundering program completed once every two years. BCLC has just completed the selection and engagement process for that audit for 2017. BCLC has selected a prominent international audit firm to conduct the work. To help address your comments we will ensure that BCLC's customer due diligence, transaction handling (including source of funds and wealth procedures) and customer on-going monitoring procedures are specifically reviewed during the audit. As is our standard practice, BCLC will share the results of the audit with GPEB once completed later this year.

You express concerns about instances where casino customers present \$20 dollar denomination bank notes wrapped in elastic bands, and I agree that caution is needed in these circumstances. When this type of circumstance occurs, as part of BCLC's customer due diligence procedures, BCLC makes inquiries around the source of funds and other factors relevant to the transaction. In more than one case BCLC has determined that the \$20 bank notes originated from a registered money services business (MSB). Upon further inquiries, BCLC determined that MSBs often issue \$20 bank notes because that denomination makes up the vast majority of Canadian currency in circulation. Further, BCLC has learned it is a fairly standard practice for an MSB to bundle large numbers of bank notes, of any denomination, with elastic bands as that is simply the most practical way for them to handle the money. As a result of inquiries, and despite initially appearing suspicious, follow-up inquiries in some cases have pointed to nothing untoward. Having said that I can assure you we will remain vigilant on this front and welcome any additional information or support GPEB can provide.

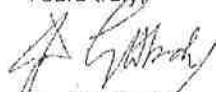
Linked to source of funds, you raise concerns about bank drafts and specifically the mechanics behind transactions between a bank and its customer where a bank draft is issued. BCLC does accept bank drafts from Canadian banks and credit unions (both of which are reporting entities under Canadian anti-money laws and who are required to have comprehensive and effective anti-money laundering programs) where customer due diligence has been completed and the customer holds a casino account. BCLC has no line of sight into a casino customer's bank accounts or any other financial services provided to a

customer by a financial institution. While BCLC has had some discussions with financial institutions around the sharing of information in furtherance of anti-money laundering, financial institutions generally are not receptive to the sharing of their customer and commercial banking information with BCLC for the obvious privacy and commercial reasons. BCLC does make inquiries of its customers in relation to bank drafts however, not being an enforcement agency BCLC's powers to conduct these inquiries are quite limited. Ultimately, BCLC has no means and no authority to require banks to disclose how a bank's customer conducts its business with the bank. GPEB and the police, however, do have access to court processes including search warrants and production orders which allow you to compel the disclosure of financial information and conduct much more in-depth inquiries than BCLC is permitted to do. We understand that through this type of work GPEB has concluded that some bank drafts are suspect – as you have noted in your letter. BCLC relies entirely on GPEB and the police to advise it where there are suspicions around a bank's conduct in the issuance of bank drafts. In fact, several weeks ago GPEB advised BCLC that as many as 10 casino customers were using proceeds of crime to purchase bank drafts at Canadian banks. BCLC asked GPEB to provide the names of those customers so that BCLC could immediately ban the customers in question pursuant to its authority in section 92 of the *Gaming Control Act*. BCLC has no tolerance for money laundering or any other illegal activity and wishes to protect its facilities, staff and the integrity of gaming. We have not yet received the names of the customers involved from GPEB. I would welcome you doing anything you can to expedite BCLC being provided the names of customers in question so that we can get them out and keep them out of our gaming sites.

I am seeking your assistance on one additional item. In my letter to you of September 16, 2015, I reported that our staff, as well as those of our service providers, were receiving reports from casino customers of high stakes illegal gaming houses being operated in the lower mainland. Through open source analysis, we were even able to provide at least one possible address. Our customers continue to report these illegal gaming houses remain operating. I would appreciate receiving any information you can share around what action has been taken in response to these reports and whether any illegal gaming houses have been located and shutdown.

We remain fully committed to keeping all illegal activities out of our gaming facilities and look forward to GPEB's continued support of our efforts.

Yours truly,



Jim Lightbody
President & CEO

cc: Cheryl Wenezenki-Yolland, Associate Deputy Minister, Ministry of Finance

This is Exhibit " 59 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

October 27, 2017

Gaming Policy & Enforcement Branch
Ministry of Attorney General
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: John Mazure
Assistant Deputy Minister

Dear John:

Re: New Anti-Money Laundering Initiatives

I am writing further to the meeting on October 23, 2017 with the Attorney General. As you are aware, at that meeting BCLC put forward three new initiatives to our money laundering controls which we would like to begin to implement immediately and for which the Attorney General expressed support.

One of these three new controls requires GPEB and BCLC to work in collaboration. I am writing you to formally request that GPEB amend the Terms of Registration of all service providers who offer table games to require each service provider to name and appoint, in writing, a Chief Compliance Officer who shall:

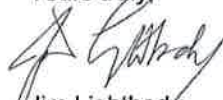
- report directly to the CEO, President, relevant committee chair of the Board of Directors, or beneficial owner of the service provider as applicable;
- hold credentials related to anti-money money laundering requirements, and/or have considerable experience in a role responsible for managing and overseeing an anti-money laundering program under Canadian law;
- be granted (evidenced by written company policy) the unfettered authority to provide operational direction related to anti-money laundering to any part of the service provider's business which must be complied with and may only be modified or overridden in writing by the CEO, President, Board of Directors or beneficial owner of the service provider.

This change will increase the compliance focus and capabilities within service providers at the highest levels and provide a much clearer line of responsibility within service providers for compliance. GPEB's addition of this to its Terms of Registration will give regulatory support and force to this requirement and support BCLC's contract terms and policies related to compliance.

With respect to timing, we ask that GPEB take this action immediately and allow service providers 60 days to implement the change.

I would appreciate a response from you on this initiative at your earliest convenience.

Yours truly,


Jim Lightbody
President & CEO

cc: File



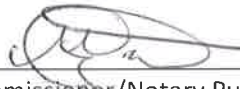
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This is Exhibit " 60 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

November 27, 2017

542708

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver B.C. V5M 0A6

Dear Mr. Lightbody

Re: New Anti-Money Laundering Initiatives

I am writing to respond to your October 27, 2017 letter regarding your request for the Gaming Policy and Enforcement Branch (GPEB) to amend the Terms of Registration of all service providers who offer table games as a new initiative to control money laundering. You suggested in your letter that these service providers be required to name and appoint, in writing, a Chief Compliance Officer, and outlined three requirements for this position.

You provided a broad description of the benefits of implementing this requirement, including increased compliance capabilities of service providers and clarity with respect to responsibility for compliance. GPEB is supportive of initiatives that increase service providers' compliance capacity with respect to anti-money laundering.

Although GPEB supports the intent, conditions of gaming services provider registration under the *Gaming Control Act* are not the appropriate mechanism for requiring service providers to appoint a Chief Compliance Officer, setting out the reporting relationship for that position within a company, and specifying the credentials that the individual must hold.

Under Section 7 of the *Gaming Control Act*, BCLC is responsible for the conduct and management of gaming in B.C. and has the authority to enter into agreements with registered gaming service providers. BCLC enters into Operating Service Agreements with service providers under this authority and this may be an appropriate place for BCLC to implement staffing requirements for service providers, including the requirement for a Chief Compliance Officer for service providers who offer table games.

.../2

**Ministry of
Attorney General**

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

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PO BOX 9311 STN PROV GOVT
VICTORIA BC V8W 9N1
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Third Floor, 910 Government Street
Victoria, BC V8W 1X3

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-2-

Additionally, there are anti-money laundering requirements for casinos under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, including the requirement to establish a compliance regime and to appoint a Compliance Officer. The Guidelines provided by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) recognizes that not all individuals and entities operate under the same circumstances, and therefore, their compliance regime will have to be tailored to fit their individual needs considering the nature, size and complexity of their operations.

I would like to reiterate GPEB's support for BCLC initiatives that strengthen gaming service providers' compliance with anti-money laundering requirements. However, a condition of service provider registration under the *Gaming Control Act* is not the appropriate mechanism for requiring service providers to employ a Chief Compliance Officer and specifying conditions of employment.

Should you have any questions or concerns, please contact me.

Yours sincerely,



John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Attorney General

This is Exhibit " 61 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

BCLC's Anti-Money Laundering Program

Changing the conversation on AML

Ministry of Finance Presentation
January 2015

The media story that stays the same...

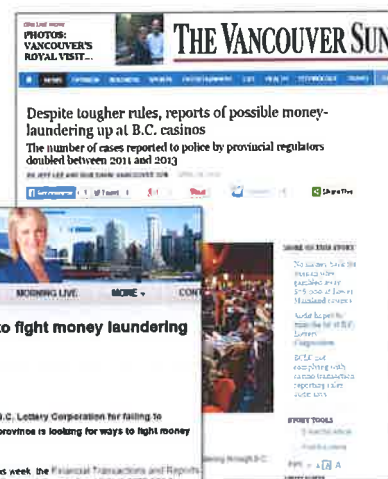
276

“Dirty money”

“Increased incidents of money laundering”

“Nothing has changed”

- Negative and inaccurate perception that casinos are vulnerable to large scale money laundering and other criminal activities.



BCLC0004410.02

- BCLC has and continues to build a robust anti-money laundering program
- BCLC sees an opportunity to communicate proactively about its commitment to safety, security and anti-money laundering compliance – and change the conversation.
- BCLC and GPEB are committed to working collaboratively on AML moving forward
 - Want to equip the Minister and spokespeople with the right information

What is Money Laundering?

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- Money laundering: any act, or attempted act, to disguise the source of money derived from criminal activity to be used legally.
- Three recognized stages in the money laundering process:
 - **Placement** involves placing the proceeds of crime in the financial system.
 - **Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source/ownership of funds.
 - **Integration** involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* introduced in 1998
 - Led to the creation of Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) in 2000.
 - BCLC must report both large-cash transactions and disbursements over \$10,000, foreign exchanges over \$3,000 and all “suspicious” transactions, within 30 days.
 - FINTRAC uses this information to identify patterns and gather evidence of potential money laundering. It shares this data with law enforcement, which often requests data on persons or companies.

- FINTRAC administers/regulates the legislation.
- BCLC's reporting process:
 - All unusual transactions must be immediately reported to GPEB under section 86 of the *Gaming Control Act*
 - BCLC reviews the incident and, if substantiated, files a suspicious transaction report to FINTRAC within 30 days
- FINTRAC uses this information to identify patterns and gather evidence of potential money laundering. It shares this data with law enforcement, which often requests data on persons or companies.

Regulation changes

281

- 2014: Federal Minister of Finance increased regulatory requirements to go beyond directing entities to report in a risk based environment – they now provide direction on who/how to monitor.
- 2015: federal legislation expanded to include reporting and identification regulations with respect to eGaming.
- BCLC has robust AML and anti-fraud protections in place for eGaming and has been voluntarily submitting suspicious transactions to FINTRAC for several years.

Contribution of Large Cash Transaction Reports

	2010-2011	2011-2012	2012-2013
Financial entities	97.368%	97.344%	97.319%
Casinos	1.961%	1.926%	2.007%
Money service business	0.667%	0.721%	0.668%
Life insurance	-	0.0001%	0.0002%
BC notaries	-	-	0.0001%

Contribution of Suspicious Transaction Reports

	2010-2011	2011-2012	2012-2013
Financial entities	58.36%	57.13%	47.42%
Money service business	34.94%	36.64%	46.24%
Casinos	6.21%	5.85%	5.83%
Life insurance	0.01%	0.01%	0.06%
BC notaries	0.04%	0.01%	-

Cash Alternative Use Increasing

283

- Many cash alternatives in place
- Ongoing promotion to patrons – changing consumer behaviour

Cashless Methods	2 nd Quarter 2014	2 nd Quarter 2015
Debit Card at Cage	\$7,341,622	\$9,030,506
Convenience Cheques	\$149,423	\$151,996
Total PGF Deposits	\$119,436,059	\$139,527,645
ATM, Credit Card & Global Cash	\$246,857,117	\$259,035,620
Total Cash Removed	\$373,784,221	\$407,745,767

Total Cash Removed in FY 2015: \$895,118,605

BCLC's Compliance Regime

284

BCLC has a robust anti-money laundering program with significant investments in technology, training, and certification.

In September 2013, a dedicated unit was formed to oversee BCLC's AML compliance regime.

This unit has five members: a Director, an AML Specialist, a Manager of Cash Alternatives and Special Projects, as well as two intelligence analysts, reporting directly to the VP of Corporate Security and Compliance.

BCLC's AML unit works closely with both internal and external stakeholders to implement the various aspects of the regime and ensure reporting requirements are met.

BCLC is committed to making facilities safe and secure.

- Through an information sharing agreement with police, BCLC has already barred 103 people who have known criminal ties or may be a threat to public safety.
- Onsite AML tools include:
 - iKiosks (used to screen anyone appearing under 25)
 - License Plate Recognition
 - Gaming security officers at entrances/on the floor
 - Extensive electronic surveillance
 - Facial Recognition Technology rolling out at all facilities
 - SAS: new business intelligence software (spring 2016)

AML program in action

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- Gaming Floor AML tools include:
 - Patrons are not allowed to exchange small denomination bills for large denomination bills
 - Cheques are clearly marked as a verified win or as a “return of funds that are not gaming winnings”
 - Chip passing on the casino floor is forbidden
 - Casino chips may only be used at a single property
 - Cash alternatives are promoted i.e. debit cards, convenience cheques, Patron Gaming Fund accounts
 - BCLC Internal Audit Services reviews Large Cash Transactions on a tri-weekly basis

- Expansion of convenience cheque issuing limits
 - Currently capped at \$10,000
 - Patrons with large sums of cash = public safety risk
 - BCLC's Sauder School of Business class currently developing business cases for cash alternatives
- Approval of proactive communications plan

- Change the conversation – BCLC, GPEB & Government are part of the solution
- Position Rob Kroeker as a subject-matter-expert on AML with presentations/publications including editorial board technical briefings
- Media outreach via editorial board presentations
- Source third-party validation from project partners

Questions?

This is Exhibit " 62 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Briefing Document

BRIEFING DOCUMENT**Date Prepared:** January 5, 2015**Prepared By:** Jim Lightbody**Phone Number:** Personal information**Contact:**Jim Lightbody
Interim President and CEO
BCLC**Email:** Personal information

TITLE: BCLC's Anti-Money Laundering Program**ISSUE:** BCLC has a leading Anti-Money Laundering program that is currently undergoing robust enhancements that make it best-in-class, federally compliant and solidify the integrity of the gaming industry in B.C.

PURPOSE:

(X) FOR INFORMATION

COMMENTS:

Briefing Document

DATE PREPARED: January 5, 2015

TITLE: BCLC's Anti-Money Laundering Program

ISSUE: BCLC has a leading Anti-Money Laundering program that is currently undergoing robust enhancements that make it best-in-class, federally compliant and solidify the integrity of the gaming industry in B.C.

BACKGROUND:

In the 2014/15 Government Letter of Expectations, BCLC renewed our commitment to enhance our anti-money laundering (AML) programs in place, including developing and promoting cash alternatives, leading an AML working group, enhancing AML analytical capacity and delivering enhanced due diligence as required by FINTRAC. In addition, in the Internal Audit and Advisory Services *Review of BCLC* released December 17, 2014, AML programs were identified as an important area of focus for BCLC and partners at the Gaming Policy and Enforcement Branch (GPEB). BCLC and GPEB are committed to working collaboratively on AML efforts.

Following the 2010 review of AML measures at gaming facilities, the Province launched an Anti-Money Laundering Strategy focused on reducing the reliance on cash, aimed at minimizing the opportunity for money laundering to take place. Since then, there has been significant progress in providing traceable cash alternatives at gaming facilities in B.C. In 2013/14, almost one quarter of funded play in B.C. gaming facilities was generated through Patron Gaming Funds accounts, debit and ATM transactions and other non-cash instruments. The use of these alternative options continues to grow as BCLC works to change consumer behaviour. See **Appendix 1** for a comparison of use of cash alternatives in Fiscal Year 2013 and 2014.

Even with these commitments and improvements, B.C. gaming facilities continue to be challenged by a negative and inaccurate perception, primarily by media and critics, that casinos are vulnerable to large-scale money laundering and other criminal activities. The media often report with incorrect or incomplete information and rely on self-described experts to provide commentary.

BCLC wishes to change this conversation and provide fact-based information on AML policies and procedures currently in place at B.C. gaming facilities.

DISCUSSION:

Money laundering is defined as taking the proceeds of crime and making them appear legal or having come from a legitimate source. There are three recognized phases:

- **Placement** involves placing the proceeds of crime in the financial system.
- **Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds.

Briefing Document

- **Integration** involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

In 2000, the introduction of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, led to the creation of Canada's independent financial intelligence unit: Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). Casinos are one of many sectors such as banks, life insurance companies, securities dealers, etc. that must report cash transactions over \$10,000 and suspicious transactions to FINTRAC.

As is the case with all reporting entities under FINTRAC legislation, BCLC, in cooperation with our Service Providers, plays an important role in providing information to FINTRAC. BCLC's reporting forms part of a larger data trail gathered from all reporting entities. FINTRAC uses that information to identify patterns and gather evidence of potential money laundering and shares this data with law enforcement.

Players who use large sums of cash to play at B.C. casinos do not play anonymously. Under FINTRAC regulations, BCLC (through our Service Providers) is required to collect photo identification and details of name, address, occupation and source of wealth whenever a player completes a transaction (or series of transactions in a single day) of \$10,000 or more (the threshold for a Large Cash Transaction). The transaction and player information is then reported to FINTRAC.

All unusual transactions must be immediately reported to GPEB under section 86 of the Gaming Control Act. Unusual transactions generally include the majority of large cash transactions (over \$10,000). Following the reporting, BCLC then reviews the incident and, if substantiated, must file a suspicious transaction report to FINTRAC within 30 days.

The policies and procedures in place significantly reduce the potential for money laundering to occur. Further, the high levels of security and surveillance make casinos less desirable locations for criminal activity. Lawyer Christine Duhaime, a leading expert in anti-money laundering, considered the potential for money laundering in all sectors and has said, "studies show that deposit-taking institutions (e.g. chartered banks, credit unions, caisse populaires and trust companies) and not casinos, present the greatest money laundering risk and outnumber all other laundering vehicles combined."¹

Data obtained from FINTRAC indicates between 2010 and 2013 in B.C., 97 percent of large cash transaction reports were submitted by financial entities; 1.96 percent were submitted by casinos. In that same timeframe, financial entities and money services business submitted for 93.5 percent of suspicious transaction reports; casinos submitted 5.9 per cent of suspicious transaction reports.

¹ Christine Duhaime, Money laundering at casinos – setting the record straight www.duhaimelaw.com (April 20, 2011)

Briefing Document**BCLC's AML programs**

BCLC and our service providers are committed to AML, with measures in place focused on: policies and procedures; investigations; technology; and security & surveillance.

Policies and procedures:

- Play is not anonymous, with photo ID and other personal details collected;
- If a player buys in with a large amount of cash, they receive cash back in the same denomination and any cheque issued is clearly marked as a verified win or as a "return of funds that are not gaming winnings".
- Players are not allowed to exchange small denomination bills for large denomination bills and they cannot pass chips on the casino floor.
- Casino chips may only be used at a single property. They cannot be redeemed at any facility other than where they were initially purchased.

Investigations:

- BCLC has an information-sharing agreement with the RCMP, which provides information to initiate proactive bans of individuals with organized crime/gang links, those identified as a threat to public safety or who are involved in criminal conduct likely to generate proceeds of crime. To date, BCLC has banned 58 individuals from all gaming facilities in B.C, with an additional 21 pending police approval.
- A proactive 14 day investigation and barring procedure for undesirable activity such as very large-cash buy-ins or chip swapping which provides BCLC's investigators time to review cases and determine if a ban is appropriate.
- Every facility-based gaming worker must complete BCLC's anti-money laundering training with a refresher course every two years and additional management training.
- New investigators are selected using the Justice Institute of B.C. Investigative Aptitude tool and existing staff are certified with industry-recognized gold standard training from the Association of Certified Anti-Money Laundering Specialists.
- BCLC has assembled a dedicated AML team with robust analytical capacity.

Technology

- BCLC has purchased new business intelligence software from a leading provider to financial institutions, including three of Canada's five big banks.
- The software, currently being customized, will allow for a scalable and auditable case management system (fully rolled out by March 2015) that automatically monitors patrons by name, date of birth and business relationships against a variety of global watch lists and creates and sorts alerts by risk priority. The majority of this automated work is currently being done manually by BCLC investigators.
- The software will support a 360 degree view of a customer's risk profile and will set the benchmark for other jurisdictions in North America.

Security & Surveillance

- There are multiple layers of security and surveillance to monitor activity on the gaming floor and at facility entrances, including:
 - iKiosks used to screen anyone appearing under age 25
 - License Plate Recognition for self-excluded or banned individuals

Briefing Document

- Gaming Security officers and surveillance personnel
- BCLC will be rolling out Facial Recognition technology across all facilities
 - Recent improvements (such as 3D capabilities) now make it a viable option for facilities
 - Estimated 92-95% detection rate
 - Enhances FINTRAC compliance by helping to track individuals who visit multiple casinos and conduct transactions just under the reporting threshold.
 - Will help in the identification of self-excluded, banned and undesirable individuals

Communication

In order to build understanding of BCLC's commitment to anti-money laundering and an overall safe and secure gaming environment, BCLC plans to proactively communicate its program to help dispel myths and misinformation. By being transparent, BCLC will demonstrate its confidence in the systems we have in place.

BCLC's goal is to change the conversation around AML and security in B.C. gambling facilities and illustrate that BCLC, the Gaming Policy and Enforcement Branch and Government are part of the solution. BCLC is looking to position Brad Desmarais, Vice-President Corporate Security and Compliance, as a subject-matter expert on AML and will be looking at publications and events for Brad to get the message out in 2015. BCLC is also proposing technical briefings to editorial boards. In addition, BCLC is working with the Gaming Security Professionals of Canada to commission a whitepaper on AML that would put AML efforts in casinos in perspective in terms of money-laundering as a larger issue. Additional tactics such as player-facing communications and outreach to other third-party validators is also being explored.

The key messages for BCLC's AML communications plan are:

- BC's gaming industry is part of the solution to reporting on and identifying potential criminal activity. The reports we file create a data and intelligence trail for FINTRAC and police to identify patterns and criminal activities.
- We have a robust anti-money laundering program in B.C. with ongoing significant investments in technology, training and certification.
- Safety and security are our number one priority. Through an information sharing agreement with police we have already barred 58 people who have known criminal ties or may be a threat to public safety.

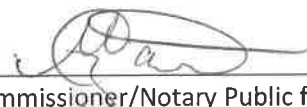
The proactive AML Communications plan is tentatively set to begin in early 2015.

Briefing Document**Appendix 1 – Cash Alternatives**

Cashless Methods	2nd Quarter 2014	2nd Quarter 2015
Debit Card	\$7,341,622	\$9,030,506
Convenience Cheques	\$149,423	\$151,996
Total PGF Deposits	\$119,436,059	\$139,527,645
Existing Methods	\$246,857,117	\$259,035,620
Total Cash Removed	\$373,784,221	\$407,745,767

- Existing Methods include: ATM, Global Cash and Credit Card
- Total Cash Removed FY2015 (All Methods) = **\$895,118,605**

This is Exhibit " 63 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Suzanne Rowley [Personal information]
From: Jim D. Lightbody
Sent: Thur 2015-05-28 8:35:44 PM
Subject: Fw: Renewal Strategy Presentation for Ministry Meeting
[Renewal - Strategic Plan AH.pptx](#)

 >>>>>>>>>>

Suzanne,
 Please print out for me this afternoon.
 Thanks

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Susan Dolinski
Sent: Thursday, May 28, 2015 1:29 PM
To: Jim D. Lightbody; Suzanne Rowley
Cc: Amanda Hobson; Richard Fenster
Subject: Renewal Strategy Presentation for Ministry Meeting

Hi Jim,

We've developed the attached deck for our discussion tomorrow and subsequent meeting with the Ministry. In addition, we thought we should discuss our overall approach and purpose. Some thought starters:

- ✓ What is the outcome or opportunity we have by presenting the strategic plan? What are we driving toward?
- ✓ How does the work on the CCR and Commission Projects and Crown Review fit into the Strategic Plan? Are they connected or separate?
- ✓ How can we use the strategic plan to demonstrate we are doing our part and onside with Govt's priorities? Does it go far enough?

Look forward to the discussion.

Susan

Susan Dolinski

Vice President, Social Responsibility & Communications
 BCLC
 2940 Virtual Way, Vancouver BC V5M 0A6

T [Personal information]
 [Personal information]
 bclc.com

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

Renewal

BCLC's Strategic Plan

May 26, 2015

Presentation to Ministry of Finance

Renewal: BCLC's Strategic Plan

Overview

1. Background
2. 2015/16 Strategy Overview
3. Risks and Mitigation Strategies
4. Options to Maximize Net Income
5. Conclusion

Background

Date

Event

Redacted by BC - Public Interest Immunity

January 2014	New BCLC leadership team assessed Business Optimization in current environment and developed a strategic plan, incorporating revenue projections into 5 year forecast and Service Plan for all products and programs, including those identified under Business Optimization
October 2014	Briefing Document indicated that BCLC's revised business strategy projected net income growth of \$272M from 2011/12 to 2016/17, not \$300M+ and committed to delivering a revised business strategy that will account for only the viable initiatives that were previously identified under Business Optimization
December 2014	2015/16 Mandate Letter directed BCLC to present Treasury Board with a detailed business case and risk assessment for Business Optimization
March 2015	BCLC had a record year, exceeding net income target by > \$60M
April 2015	BCLC delivered revised Business Strategy to government

2015/16 Strategy Overview

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Our Vision

Gambling is widely embraced as exceptional entertainment for adults.

2015/16 Strategy Overview

Our winning aspiration:

“We make it fun to be an adult.”

Under the four corporate goals of Player, People, Public, and Profit as outlined in our 2015/16 Service Plan, BCLC’s strategic focus will be in the areas of **Content, Distribution, Reputation and B2B.**

2015/16 Strategy Overview

1. CONTENT

Leverage expansive distribution channels to offer new, relevant gambling content

Why Retain core players and broaden the player base

Key Initiatives GMS, High Limit Table Games Strategy, property differentiation and marketing, Casino Commission Review, PlayNow Sportsbooks, new LottoMax & PlayNow games, GameSense

KPIs Player Satisfaction, Net Win Per Capita

2015/16 Strategy Overview

2. DISTRIBUTION

Keep pace with population growth and shopping trends providing new touch points to make our products more accessible

Why Retain core players and broaden the player base

Key Initiatives Kamloops casino, Salmon Arm CGC, Vancouver casino, South Vancouver Island casino, new Lottery retail partners, LottoExpress, Mobile PlayNow

KPIs Player Participation, Net Win Per Capita

2015/16 Strategy Overview

3. REPUTATION

BCLC must continually earn its social license to operate. This includes managing and operating the business with integrity, transparency, stable systems, cost management, and the promotion of responsible gambling

Why	Broad based public support
Key Initiatives	AML, BCLC 30, GameSense Effectiveness, Community Engagement, CSR Charter, Kamloops Engagement, Plan for Public Health and Gambling
KPIs	Public Recognition of Positive Contributions, Public Perceptions of Transparency

2015/16 Strategy Overview

4. B2B

BCLC has invested in innovation and owns a number of lucrative assets that other jurisdictions are interested in purchasing or licensing

Why

Revenue Growth

Key Initiatives

PlayNow Alberta, LottoExpress National, GameSense

KPIs

Net Income, Comprehensive Cost Ratio

Risks and Mitigation Strategies

RISK	MITIGATION STRATEGY
Mature markets: Major game categories (slots, lotto) representing 90% of total contribution margin have flat growth rates	BCLC must support and enhance core products while diversifying through new and innovative content to broaden player base and attract light/moderate players
Market Saturation: 90% of BC adults live within a 30 minute drive from a casino	Shift focus from property development to property enhancement
Service Provider Concentration: Two Service Providers deliver 77% of the casino net win. Five properties in the Lower Mainland generate 50% of net win.	Closely manage partnerships and review contracts and commission structure to ensure appropriate and effective incentives and accountabilities

Risks and Mitigation Strategies

RISK	MITIGATION STRATEGY
Evolving Consumer Preferences: BCLC may not be able to keep pace with evolving consumer preferences.	Focus on customer understanding and delivery of new and innovating content
Aging Player Base: BCLC's player base is aging with decreasing disposable income. Younger players do not find BCLC products relevant.	Actively collaborate with other Canadian jurisdictions on related research initiatives and development of new national lottery games
Low Public Awareness: 38% of British Columbians claim to be knowledgeable of how gaming proceeds are used.	BCLC continues to engage the public through respectful and effective communications that properly inform all parties on actions, decisions and public communications.

Risks and Mitigation Strategies

RISK	MITIGATION STRATEGY
Rising Costs: Direct costs are growing faster than net win due to popularity of high-limit table games. Growing compliance and audit requirements and legacy system replacement.	Continuously seek efficiency improvements in other areas of the business, implementing best practices such as zero based budgeting
Delayed Benefits Realization: New opportunities take time to realize benefits (PlayNow, GMS, Table Game Commission changes)	Focus on the long-term future of the corporation while carefully managing operations in the short term

Options to Maximize Net Income

Two Basic Strategies to Maximize Net Income

- Increase Top Line Revenue
- Manage Expenses

Methodologies Adopted by BCLC

- Zero Based Budgeting
- Quarterly Business Initiative Intake
- Quarterly Net Income Re-Forecasting



Conclusion: Renewal

Faced with shifting market, economic, and industry forces that contribute to a maturing market and rapidly evolving player preferences, BCLC must **renew** the business so that we can continue to deliver over \$1 billion in net income to Government that funds programs for British Columbians. In response to this, BCLC's strategy outlines risks and related mitigation strategies, options to maximize net income, and is aligned with the 2015/16 Mandate Letter as well as the Taxpayers Accountability Principles.

This is Exhibit " 64 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

To: Jim Lightbody, President & CEO

Prepared By: Rob Kroeker

Phone Number:

Personal information

Contact: Rob Kroeker
Vice President
BCLC

Email:

Personal information

TITLE: Anti-Money Laundering: Suspicious Transaction Reporting

PURPOSE:

FOR INFORMATION

DATE PREPARED: January 22, 2017

TITLE: Anti-Money Laundering: Suspicious Transaction Reporting

ISSUE: Trends in Suspicious Transaction Reporting

BACKGROUND:

Canada's response to money laundering and terrorist financing threats is found in the federal *Proceeds of Crime Money (Money Laundering) and Terrorist Financing Act* (PCMLTFA). The PCMLTFA creates the federal Financial Transactions and Reports Analysis Centre (FinTRAC), a financial intelligence unit, which is responsible for overall administration of Canada's anti-money laundering and combating terrorist financing regime.

Under the PCMLTFA, certain sectors of the Canadian economy most vulnerable to money laundering and terrorist financing threats, including casinos, are deemed to be reporting entities and are thus required to report specified transactions to FinTRAC in prescribed formats and timeframes. Under the PCMLTFA, BCLC is the deemed casino reporting entity in the Province of BC.

BCLC is required, under the legislation, to have a Compliance Plan that effectively and demonstrably prevents and mitigates money laundering and terrorist financing vulnerabilities on a risk based approach.

BCLC is required to submit to FinTRAC Large Cash Transaction Reports and Large Casino Disbursement Reports involving amounts of \$10,000 or more, and Suspicious Transaction Reports (STR) for transactions or attempted transactions of any dollar amount and in any form that are suspicious.

Under the PCMLTFA the threshold for suspicion is met where "there are reasonable grounds to suspect that [a] transaction is related to the commission or attempted commission of a money laundering ... or terrorist financing offence."

All BCLC and all casino service provider staff receive formal training on how to recognize the indicia of suspicious transactions at casinos.

As part of BCLC's Compliance Program, in 2014 BCLC executed a limited information sharing agreement (ISA) with the RCMP which substantially increased BCLC's capability to assess the risk associated with certain customers and transactions.

Also in 2014, BCLC met with a specialized section of the RCMP to make a formal complaint and to provide information it had developed about an individual BCLC believed was providing cash to some casino customers in circumstances BCLC found concerning. These same transactions and individuals had been the subject of STRs submitted to FinTRAC.

As more information was received through the ISA and the RCMP made inquiries related to the BCLC complaint through 2014 and into 2015, BCLC was able to develop information that led it to reassess the risk associated with some transactions being conducted by a number of high stakes table players.

The on-going monitoring of these players and the re-assessment of the money laundering risk posed, led BCLC to take further steps under its Compliance Plan in relation to these players including interviews and, in a number of cases, placing restrictions on the use of cash by some players.

There were a number of enhancements to BCLC's anti-money laundering efforts in 2016 including: committing to JIGIT funding; enabling international electronic transfers (non-cash buy-

in option); restructuring of BCLC's investigative and AML departments to increase the staff resources dedicated to AML; creation of a new management position in the AML department; updated slot machine AML risk analysis; creation of new AML analytical capability and enhanced customer ongoing monitoring (through enhancements to the existing iTrack solution and use of the SAS business intelligence solution); updated and enhanced ISA with the RCMP to better support JIGIT; and increased capabilities in regard to source of wealth and source of funds inquiries flowing from improved information sharing with law enforcement.

DISCUSSION:

BCLC submitted a higher number of STRs to FinTRAC in 2016 than 2015 (1,630 vs. 1,557); however, this increase is attributable to the underreporting issue at River Rock, which BCLC identified and which resulted in some STRs related to periods in 2015 being filed in early 2016.

Generally, STR numbers tend to increase during Chinese New Year (late January – mid February), are sustained at that level into late spring – early summer, and then trail downward into Fall - Winter. This trend roughly follows business volume as measured by high bet limit tables revenue. The number of STRs involving high value cash transactions (greater than \$50,000) has decreased substantially from August 2015 onwards.

The decrease in the number of STRs involving high value cash transactions (greater than \$50,000) coincides with: BCLC's increased capabilities to conduct ongoing monitoring and risk assessment of players and transactions flowing from its ISA with police; an increased use of buy-in conditions on some players based on risk; increased efforts by BCLC and its service providers to shift players to non-cash transactions such as bank drafts; and, efforts announced and actions taken by the Chinese government to reduce capital outflows from that country. These factors are believed to have contributed to the decreases observed.

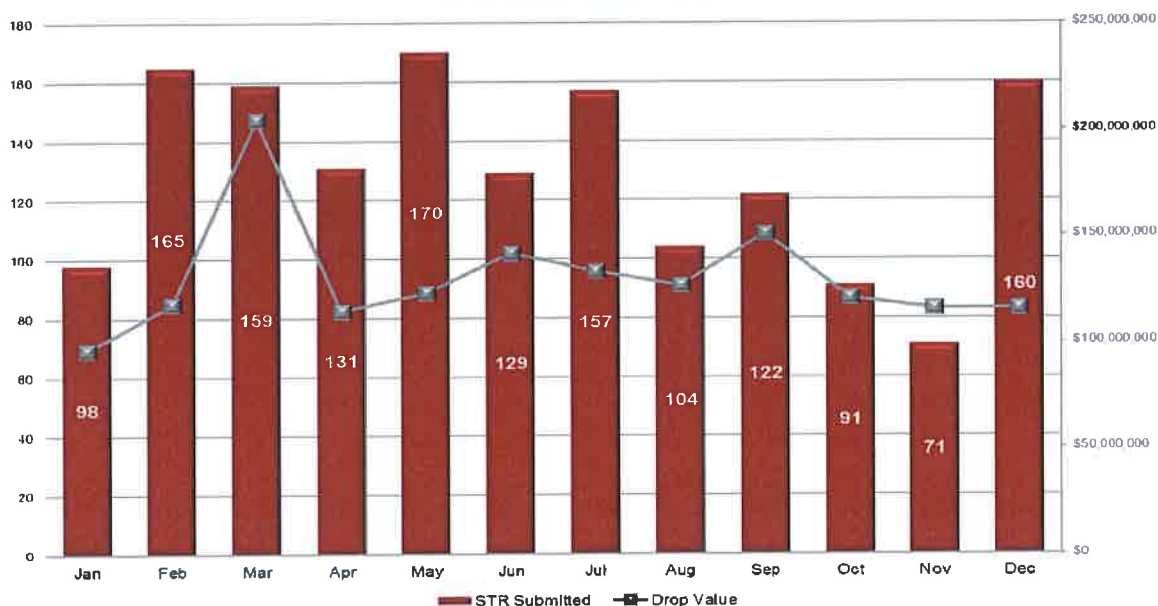
SUPPORTING INFORMATION: (Graphs 1-5)

The number of STRs submitted to FinTRAC by BCLC for the calendar years 2015 and 2016 are set out in Graphs 1 and 2 below.

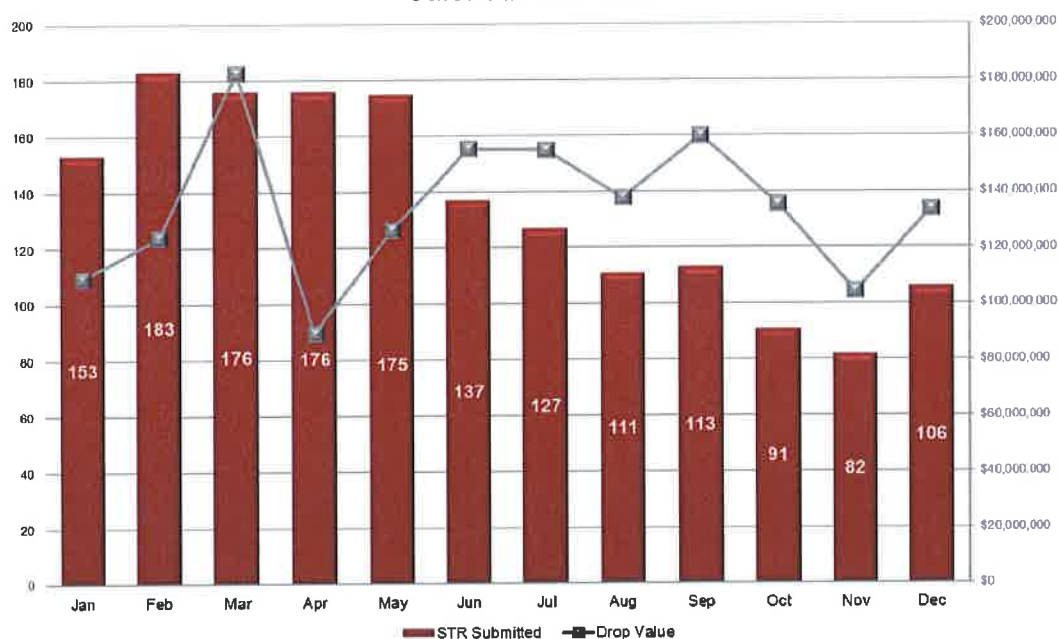
As noted, the high STR numbers for the December 2015 – March 2016 period are in part attributable to an underreporting issue by the River Rock Casino Resort discovered by BCLC in November 2015. Rectification of that issue involved the filing of STRs related to transactions from earlier periods in 2015 in the December 2015 – March 2016 period which inflated the numbers for that 4-month period.

GRAPH 1

**Suspicious Financial Transactions Submitted to Fintrac
vs High Limit Table Drop Values
Calendar Year 2015**

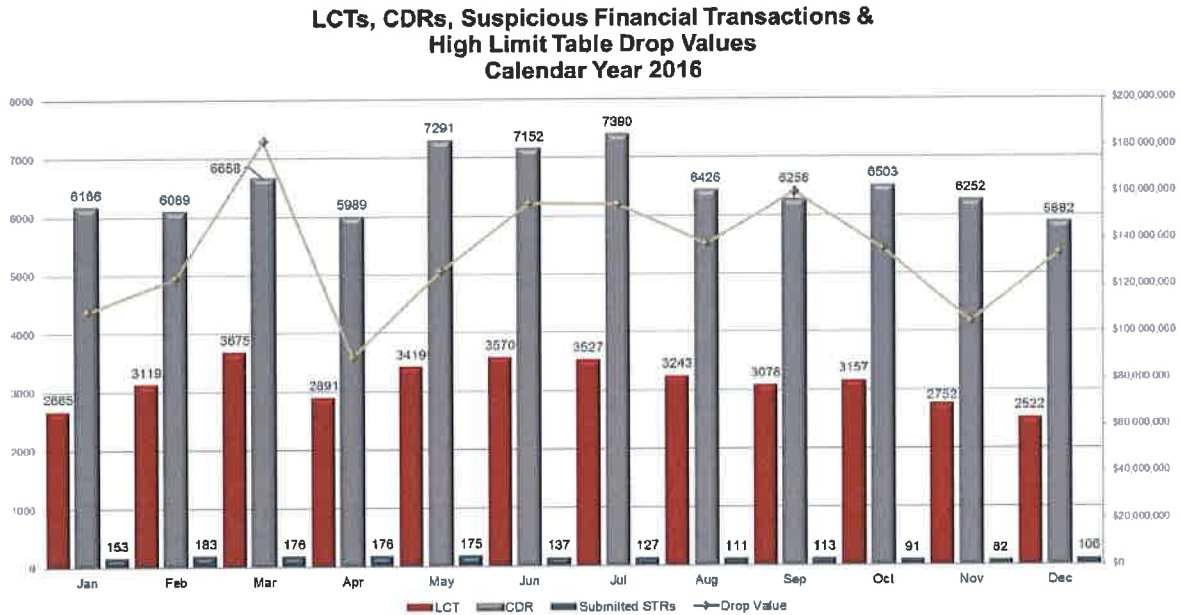
**GRAPH 2**

**Suspicious Financial Transactions Submitted to Fintrac
vs High Limit Table Drop Values
Calendar Year 2016**



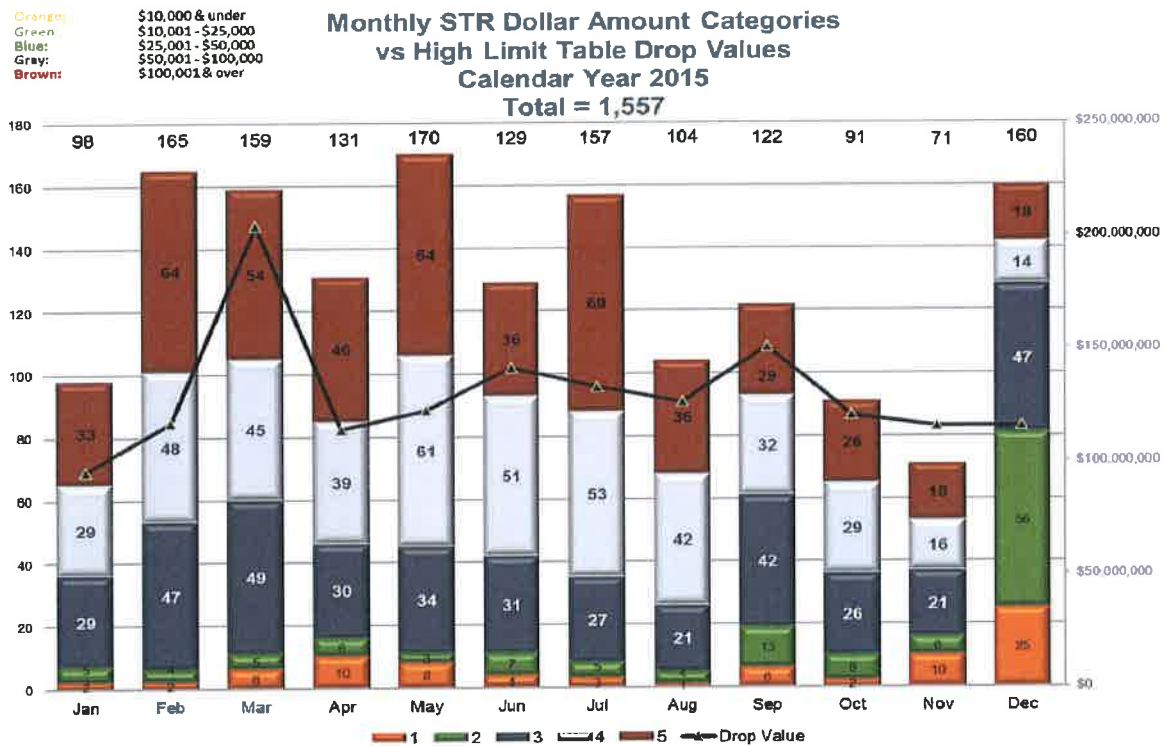
GRAPH 3

The number of Large Cash Transaction Reports, Large Casino Disbursement Reports and STRs submitted to FinTRAC by BCLC for the calendar year 2016



GRAPH 4

The number of STRs submitted in 2015 broken down by dollar amount categories

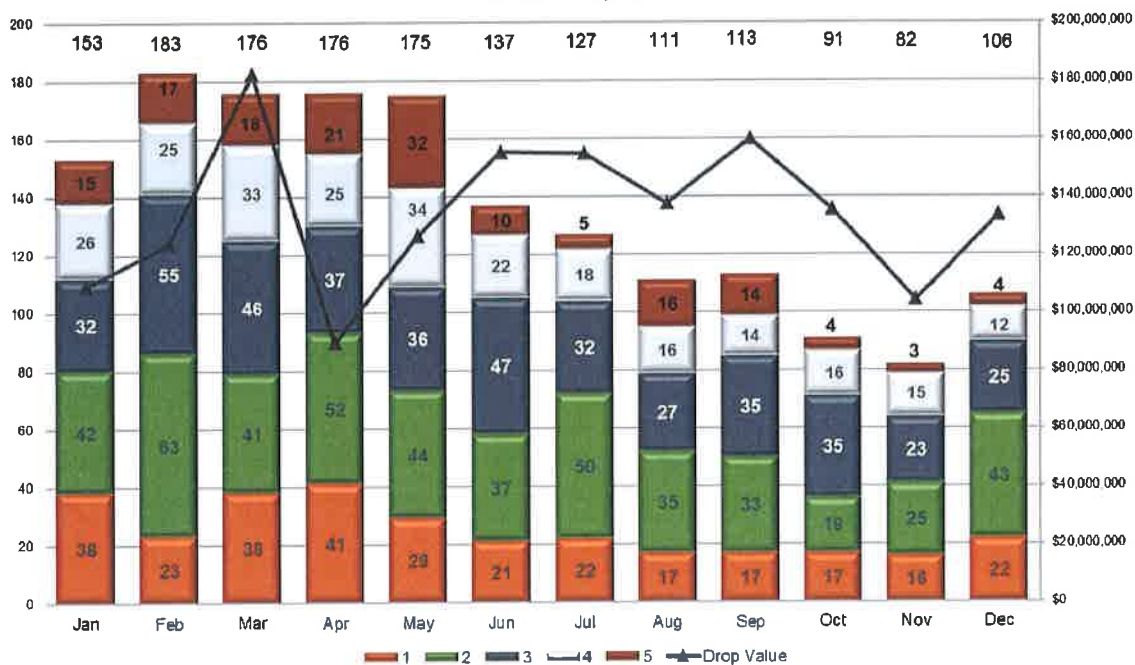


GRAPH 5

The number of STRs submitted in 2016 broken down by dollar amount categories

Orange: \$10,000 & under
Green: \$10,001-\$25,000
Blue: \$25,001-\$50,000
Gray: \$50,001-\$100,000
Brown: \$100,001 & over

Monthly STR Dollar Amount Categories vs High Limit Table Drop Values Calendar Year 2016 Total = 1,630



This is Exhibit " 65 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]; Susan Dolinski[Personal information]; Brad Desmarais[BDesmarais@bclc.com]
Cc: Suzanne Rowley[Personal information]; Laura Piva-Babcock[Personal information]; Ross Alderson[Personal information]
From: Rob Kroeker
Sent: Tue 24/01/2017 9:45:29 PM
Subject: RE: Follow up
[BN_BCLC Suspicious Transaction Reporting 24 January 2017.pdf](#)

Hi Jim. Here's the note.

Just fyi, we are now getting requests for the same info from MJS' policy shop at GPEB. We are going to advise them Cheryl has asked for the same info and an note is going from you to her and John shortly with the info requested.

Rob

From: Jim D. Lightbody
Sent: January-24-17 10:31 AM
To: Susan Dolinski[Personal information]; Rob Kroeker[Personal information]; Brad Desmarais [Personal information]
Cc: Suzanne Rowley <SRowley@bclc.com>
Subject: RE: Follow up

Thanks. Can we add the other stuff around "what we've done over past year+ to improve our AML program too, please"?

From: Susan Dolinski
Sent: Tuesday, January 24, 2017 10:30 AM
To: Jim D. Lightbody; Rob Kroeker; Brad Desmarais
Cc: Suzanne Rowley
Subject: RE: Follow up

Hi Jim,

Laura is working on improving the flow of the Discussion section, we should have something to Rob later today. Rob will provide it to you once he is comfortable with it as he is the owner of the note.

Thanks

Susan

Susan Dolinski
 Vice President, Social Responsibility & Communications
 BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information
 bclc.com

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

From: Jim D. Lightbody
Sent: Tuesday, January 24, 2017 10:21 AM
To: Rob Kroeker [Personal information >]; Brad Desmarais <[Personal information >]; Susan Dolinski [Personal information >]
Cc: Suzanne Rowley [Personal information >]
Subject: RE: Follow up

Susan;
 Is your group ok with this BN? I'd like to send to John this week.
 Thanks,
 Jim

From: Rob Kroeker
Sent: Sunday, January 22, 2017 10:07 AM
To: Jim D. Lightbody; Brad Desmarais; Susan Dolinski
Cc: Suzanne Rowley
Subject: RE: Follow up

Hi Jim

Here is the info note on STR trends. Susan's group may want to massage the format.

We recommend the note come from me to you and then be shared as you see fit. This will ensure that if there is an access request that may capture this document BCLC will remain responsible for the management of its information and that shared with it by its law enforcement partners.

Rob

From: Jim D. Lightbody
Sent: January-18-17 4:05 PM
To: Brad Desmarais [Personal information >]; Rob Kroeker [Personal information >]; Susan Dolinski [Personal information >]
Cc: Suzanne Rowley [Personal information >]
Subject: Follow up

I was meeting with Cheryl today and there's a couple follow ups:

- 1) Brad – Athana has asked to have an information session with her and Cheryl (we can bring whomever we want) to explain: a) the selection of HLG process; and b) the selection of SP process. She like a lot of detail, so let's prepare for this. Her office will reach out to me to schedule.
- 2) Rob – Cheryl gets some high level data on STR's, etc and sees some positive trends in significant declines in STR's. She said John M will be following up to ask us for some information as to why this is occurring. She would like us to be able to talk to what is causing this positive trend. Please put together a presentation or note that we can share with John and Cheryl (and others will no doubt see).

Thanks, call with questions.
 Jim

Jim Lightbody
President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2

Personal information

[REDACTED]

[REDACTED]
bclc.com

This is Exhibit " 66 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

To: XXXXXXX

DATE PREPARED:

Initiated By: Jim Lightbody

Phone Number: [REDACTED]

Contact: Jim Lightbody
President and CEO
BCLC

Email: [REDACTED]

TITLE: Lisa GAO – Chip Purchase Investigation.

PURPOSE:

☒ (X) FOR INFORMATION

DATE PREPARED: December 5, 2017

TITLE: Lisa GAO – Chip Purchase Investigation

ISSUE: Briefing

BACKGROUND:

On September 13, 2017 at 7:00 pm Dan Liu attended River Rock Casino Resort and met with executive player host Lisa Gao. Liu, in Gao's presence, purchased \$200,000 in \$5,000 denomination chips and subsequently left the casino without play. River Rock surveillance created for a unusual financial transaction report to BCLC on the transaction.

On September 14, 2017 at 7:00 am the BCLC Anti-Money Laundering (AML) unit reviewed the circumstances of the Liu transaction and Gao's involvement. It was determined that LIU is not a player but is connected to a patron, Mai Lin Chen who is currently BCLC prohibited. As a result, an AML investigator contacted Gao and interviewed her to determine what she knew about the circumstances of the transaction and why she was present.

More in-depth due diligence checks were also carried out on Liu.

On September 15, 2017 at 1:00 pm Gao was interviewed and it was determined that she knew Liu was buying the chips for Chen to give to his friends coming from China and that she in fact facilitated the purchase. She stated that she warned Liu that this was not a good thing to do but that Liu insisted as his boss wanted him to purchase the chips. Gao facilitated the transaction and provided a chip bag for Liu to take the chips off site.

On September 15, 2017 at 2:00 pm the manager of the BCLC AML Unit contacted Pat Ennis, the compliance officer for Great Canadian Gaming Corporation, and advised him of the circumstances and that a report would be made to GPEB. Ennis was directed to make contact with Liu to immediately recover the chips.

BCLC's director of AML, on September 15, 2017 at 5:19 pm, contacted Anna Fitzgerald of GPEB to bring the matter to her direct attention and requested that GPEB review the circumstances and conduct an investigation.

On the evening of September 15, 2017, the BCLC AML unit made phone contact with Liu. Liu returned the chips a few hours later.

On September 21, 2017, the manager of BCLC's AML unit met with Bob Stewart, Heather Samson and Rich Akin of GPEB. GPEB was provided the full details of Liu/Gao matter.

DISCUSSION:

BCLC requested, given the seriousness of the matter, that GPEB conduct an investigation of these circumstances and specifically consider if Gao remained suitable to hold gaming worker registration.

Redacted - FINTRAC

On December 1, 2017, BCLC received a phone call from GPEB advising that Gao's gaming worker registration would be cancelled and that BCLC would receive formal notification of the cancellation in due course.

Without gaming worker registration Gao will not be permitted to work in any role involving gaming.

River Rock Surveillance reported the matter as per all requirements and in a timely manner.

This is Exhibit " 67 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

Date Prepared: March 20, 2018

Prepared By: Jim Lightbody

Phone Number: [Personal information]

Contact: Jim Lightbody
President and CEO
BCLC

Email: [Personal information]

TITLE: BCLC analysis of gambling activity amongst 100 players who generated the most Suspicious Transaction Reports (STR) in 2017

PURPOSE:

(X) FOR INFORMATION

TITLE: 2017 Suspicious Transaction Reports (STR) Analysis

ISSUE: BCLC analysis of the gambling activity amongst 100 players who generated the most Suspicious Transaction Reports (STR) in 2017

BACKGROUND:

- BCLC analyzed the gambling activity of the 100 players who generated the most Suspicious Transaction Reports (STR) in calendar year 2017 across all B.C. gambling facilities, to seek out transactions that appeared unusual or concerning.
- The analysis relies, in part, on table-tracking records generated directly by Service Providers at the time of play.
- Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, casinos conducted and managed by a province are required to report to Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC), the federal anti-money laundering regulator, all Large Cash Transactions (LCTs) of \$10,000 or more. In addition, LCTs and all other transactions in any amount must be assessed to determine if there are reasonable grounds to suspect the transaction is related to the commission of a money laundering or terrorist financing offence. Where reasonable grounds exist, BCLC must file a STR to FINTRAC.
- BCLC also reports all STRs to GPEB and the RCMP.

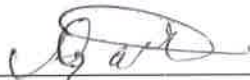
DISCUSSION:

- Of the 100 players generating the most STRs, 86 each produced an overall loss during their play in 2017, with a cumulative total loss of \$31,133,935.
- The 100 players with the highest STR counts have a cumulative \$29 million dollar loss calculated based on total cumulative loss positions less total cumulative win positions:
 - 14 players have a cumulative win of \$2,036,434, with individual win positions ranging from \$4,550 to \$720,380; and,
 - 86 players have a cumulative loss of \$31,133,935 with individual loss positions ranging from (\$2,290) to (\$3,316,536);
- BCLC filed 992 STRs in calendar year 2017 associated with 483 players. The 100 players analyzed accounted for 525 (53%) of the total number of STRs in 2017. The remaining 383 players are responsible for 467 (47%) STRs in 2017.
- Of the 100 players generating the most STRs, 14 each produced an overall win during their play in 2017, and those wins total \$2,036,434.
- A detailed breakdown of the results are in the chart in Appendix 1.

Appendix 1: Top 100 players by highest Suspicious Transaction Report count

STRs 2017	Plus/Minus	STRs 2017	Plus/Minus	STRs 2017	Plus/Minus
	\$ 720,380		\$ (85,950)		\$ (250,880)
	\$ 306,900		\$ (90,716)		\$ (274,258)
	\$ 284,341		\$ (95,970)		\$ (280,326)
	\$ 148,050		\$ (96,680)		\$ (295,685)
	\$ 104,734		\$ (99,245)		\$ (332,200)
	\$ 89,010		\$ (104,200)		\$ (335,390)
	\$ 68,000		\$ (104,786)		\$ (346,417)
	\$ 67,152		\$ (112,639)		\$ (396,900)
	\$ 60,000		\$ (134,894)		\$ (425,900)
	\$ 57,705		\$ (138,463)		\$ (430,220)
	\$ 56,206		\$ (146,375)		\$ (438,541)
	\$ 38,016		\$ (146,611)		\$ (438,670)
	\$ 31,390		\$ (152,770)		\$ (443,188)
	\$ 4,550		\$ (158,215)		\$ (449,280)
	\$ (2,290)		\$ (160,595)		\$ (478,615)
	\$ (2,501)		\$ (168,915)		\$ (512,775)
Redacted – FINTRAC/R CMP	\$ (3,405)	Redacted – FINTRAC/R CMP	\$ (168,980)	Redacted – FINTRAC/R CMP	\$ (526,354)
	\$ (3,525)		\$ (170,601)		\$ (538,541)
	\$ (4,200)		\$ (196,205)		\$ (607,772)
	\$ (10,255)		\$ (196,349)		\$ (644,100)
	\$ (14,930)		\$ (202,926)		\$ (696,534)
	\$ (17,000)		\$ (208,910)		\$ (725,430)
	\$ (21,654)		\$ (209,900)		\$ (734,170)
	\$ (34,748)		\$ (213,750)		\$ (839,170)
	\$ (34,870)		\$ (214,080)		\$ (843,314)
	\$ (35,260)		\$ (216,815)		\$ (979,697)
	\$ (42,186)		\$ (220,629)		\$ (991,465)
	\$ (50,205)		\$ (230,985)		\$ (1,052,015)
	\$ (58,990)		\$ (231,935)		\$ (1,102,563)
	\$ (62,470)		\$ (235,013)		\$ (1,135,069)
	\$ (62,966)		\$ (235,705)		\$ (1,236,320)
	\$ (76,220)		\$ (240,100)		\$ (1,363,315)
	\$ (85,152)		\$ (244,700)		\$ (1,414,891)
					\$ (3,316,536)

This is Exhibit " 68 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

Date Prepared: March 20, 2018

Prepared By: Jim Lightbody

Phone Number:

Personal information

Contact: Jim Lightbody
President and CEO
BCLC

Email:

Personal information

TITLE: Casino table-game buy-in trends 2012-2017

PURPOSE:

(X) FOR INFORMATION

TITLE: Casino table-game buy-in trends 2012-2017

ISSUE: A report completed by HLT Advisory Inc. indicates buy-in trends shifted over the 2012- 2017 period. Changes in money laundering controls correspond with a shift in the buy-in behaviours of some players and a trend towards less reliance on cash.

BACKGROUND:

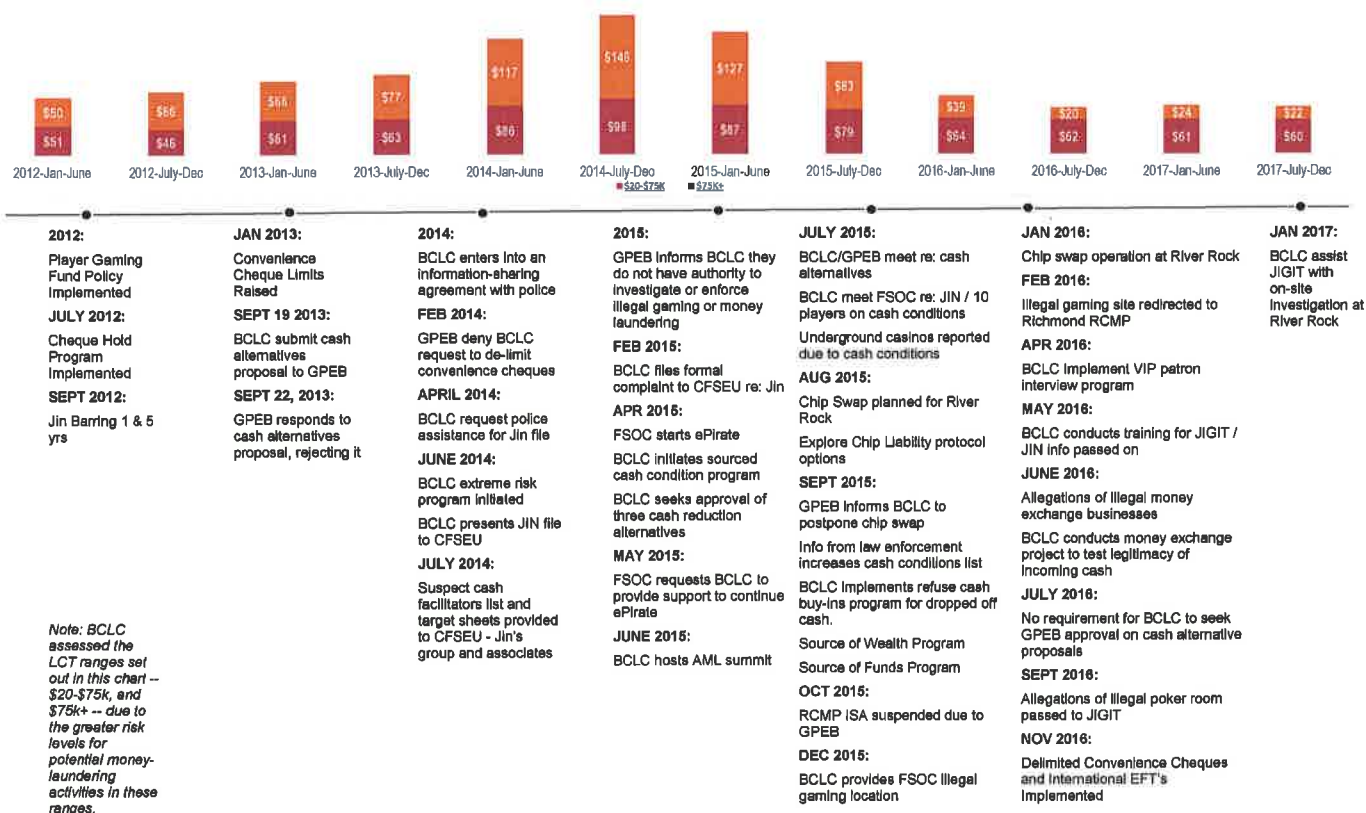
- BCLC requested HLT Advisory analyze BCLC table game buy-in data from 2012-2017.
- Key trends over the calendar year 2012 to 2017 period that were assessed included:
 - Total table drop and win
 - Total drop by source
 - Number and value of Large Cash Transactions (LCTs)
 - Number and value of Patron Gaming Funds (PGFs)
- Over the time period, total table drop trended upwards with a substantial peak in 2014 before declining in 2015. The leading sources of drop evolved over the time-period (LCTs vs PGFs). *Refer to Chart 1 and Table 1 on Page 2 of the report.*
- Drop from LCTs as a percent of total drop was 19.6 percent in 2012, and increased to 27.9 percent in the last half of 2014. The percentage of LCTs has since declined to 16.5 percent of total drop. *Refer to Table 2 and Chart 2 on page 3 of the report.*
- Drop originating from PGFs increased from 5.0 percent in the first half of 2012 and increased to a high of 21 percent in the first six months of 2014. By the second half of 2017 it was at 17.2 per cent of total drop.
- In the last six months of 2017, drop from PGF funds surpassed LCT funds for the first time.
- Other drop (i.e., cash buy-ins under \$10,000) represents the largest amount of drop in each period, yet it has declined from 75.4 percent to 66.4 percent of total drop over the entire period. *Refer to Table 3 and Chart 3 on page 4 of the report.*
- LCTs in amounts of \$10,000 to \$20,000 have grown from 72.9 percent of all LCTs for the first half of 2012 to 88.2 percent in the last half of 2017.
- The number of LCTs above \$20,000 has declined substantially from 27.1 percent in the first half of 2012 to 11.8 percent in the second half of 2017.
- The changes in buy-in behaviour and preferences correspond with changes in money laundering controls BCLC made over the timeframe HLT analysed.

DISCUSSION:

- BCLC started offering Patron Gaming Fund (PGF) accounts on a widespread basis in 2012.
- PGF accounts support BCLC's cash-alternative program to reduce the risk of proceeds of crime being used at B.C. casinos. Deposits to PGFs may only be from sourced funds (i.e. bank draft, electronic funds transfer, verified wins).
- When opening a new PGF account, service providers must comply with BCLC policy and record customers' personal and financial information.
- BCLC and its Service Providers meet or exceed FINTRAC's customer due diligence requirements which can include documenting a patron's source of wealth declaration.
- In 2014 BCLC noted a substantial increase in cash buy-ins. BCLC began to monitor the circumstances closely and introduced further AML controls in response to the increase.
- Beginning in early 2014, BCLC's AML Unit began interviewing VIP players to review their play history, specific incidents of concern, relationship with other players and knowledge of potential loan sharking or illegal gambling sites.
- In 2014, BCLC implemented an Information Sharing Agreement with the RCMP.
- Later in that same year BCLC approached the RCMP to initiate a money laundering investigation related to a series of concerning cash transactions which eventually led to the RCMP's e-Pirate investigation.
- In June 2014, BCLC initiated a new player risk level: extreme-risk, and players assessed to fall within this risk level were barred from casinos in BC for five years.
- In April 2015, BCLC initiated its sourced-cash condition program, which required players assessed to be at higher risk of money laundering to provide evidence cash buy-ins were being acquired from legitimate sources.
- Under the program, BCLC interviewed players and placed them on sourced-cash conditions if the player was unable to provide sufficient evidence to demonstrate their cash was being acquired from a legitimate source, such as a Canadian Chartered bank; or BCLC received advice from police that a player's funds were coming from people associated with criminal activity.

- Implementation of the sourced-cash condition program was followed by a dramatic downward trend in Large Cash Transactions (LCTs) in B.C casinos starting in 2014 and continuing into 2017.
- As noted in the HLT report, between 2014 and 2017 the total value of LCTs involving transactions above \$50,000 decreased from \$162.3 million to \$31.6 million - an 80.6 percent decrease. *Refer to Table 4 and Chart 4 on page 5 of the report.*
- HLT also notes that the total number of PGF buy-ins increased by almost four times since the beginning of 2012 (i.e., from 1,094 to 4,012 or 266.7% increase). A substantial uptake of PGF accounts was first experienced in the first quarter of 2014, which corresponded with BCLC increased controls on cash buy-ins. *Refer to Table 5 and Chart 5 on page 6 of the report.*
- The total value of PGF buy-ins increased from \$46.4 million in the first six months of 2012 to \$252.2 million in the last six months of 2017 (a 443.0% increase). BCLC's sourced cash program appears to have changed the behaviour of some high value players towards this alternative. *Refer to Table 6 and Chart 6 on page 7 of the report.*
- In the latter half of 2017, drop from PGF funds surpassed drop from LCT funds for the first time.
- BCLC also undertook a specific analysis of LCT trends between 2012 and 2017, which demonstrates an overall reduction of LCTs in direct correlation to BCLC anti-money laundering program changes. See chart below for further detail of this analysis.

Large Cash Transactions by Year (\$000s)



PRIVILEGED AND CONFIDENTIAL

Brad Desmarais
Vice President, Casino and Community Gaming
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V5M 0A6

Date: February 22, 2018

Re: Table Game "Buy-In" Trends 2012-2017

Dear Mr. Desmarais,

This letter summarizes HLT Advisory Inc.'s ("HLT") analysis of table game "buy-in" trends since 2012. "Buy-In" refers to the value of table game playing chips that players acquire to wager on table games. Further terms used in this letter are:

- Drop – the total amount of buy-in at table games from casino customers.
- Large Cash Transactions ("LCTs") - transactions where a customer buys-in with cash for \$10,000 or more in a 24-hour period.
- Player Gaming Funds ("PGF") – transactions where a customer buys-in without cash (i.e., from monies that were deposited into a casino account from a recognized financial institution by way of bank drafts or electronic wire transfers).

The data used in this report was received from a BCLC database that was created in 2004 for FINTRAC reporting requirements. Transactional data is inputted directly into the database by casino Service Providers for all LCT, PGF and Casino Disbursement Transactions.

Up until the end of July 2016, LCTs were reported to FINTRAC for both cash and non-cash (i.e., PGF buy-ins) transactions. At the end of July, 2016, FINTRAC instructed BCLC that LCT filings were not required for customer non-cash buys-in using PGF funds. Consequently, no PGF data was entered for non-cash buy-ins for the period of August and September 2016, and a portion of October 2016. In October 2016, BCLC made changes to the database software to allow for the reinstatement of non-cash PGF transaction collection by Service Providers, without reporting these transactions to FINTRAC as directed.

For the purposes of this trend analysis, HLT made estimates for total PGF transactions (i.e., both number of transactions and corresponding value) in the 2016 (July to December) period based on 2015 and 2017 data for corresponding months. No other adjustments to the data were made by HLT.

Key trends over the 2012 to 2017 period that were assessed included:

- Total table drop and win

- Total drop by source
- Number and value of LCTs
- Number and value of PGFs

The results are presented in a series of summary data tables and charts that follow. A written summary of the overall key trends is first provided.

Total Drop and Win

Over the time-period total table drop was trending upwards. The resultant win ranged from approximately \$200 million to \$275 million. The decline in hold rate in the latter periods is consistent with increased baccarat wagering (i.e., typically lower hold rate than other games). The increase in baccarat wagering is consistent with trends experienced in other major North American table gaming markets such as Las Vegas over this period.

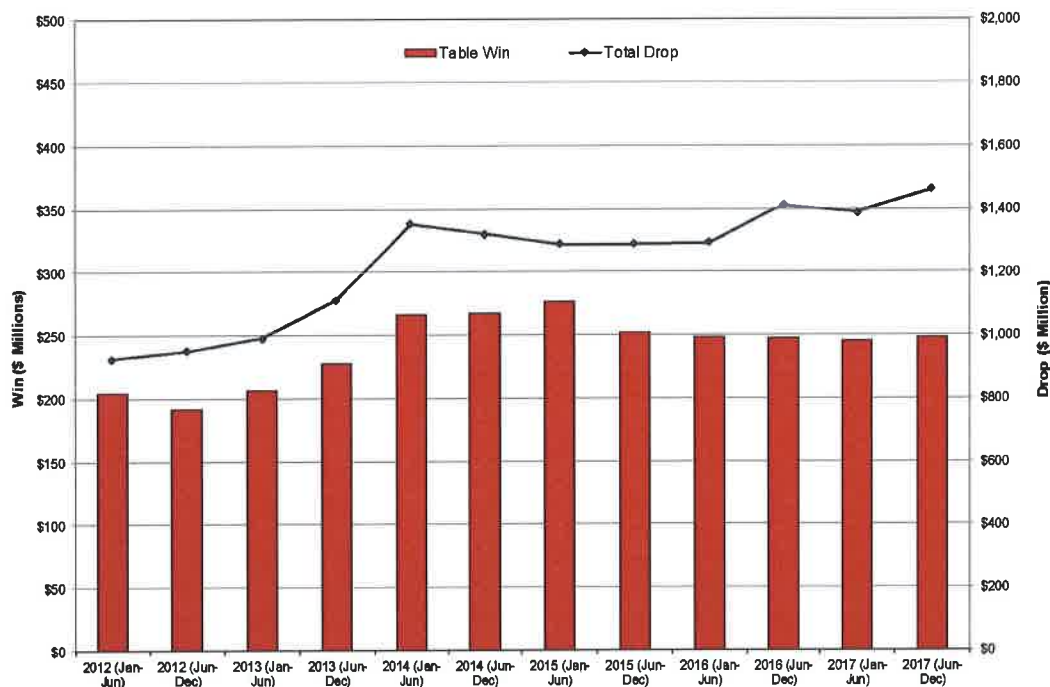
Table 1

Table Game Drop by Source (\$ Millions)												
Buy-in Source	2012		2013		2014		2015		2016		2017	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
LCT	\$181.4	\$190.1	\$228.2	\$243.0	\$327.9	\$368.1	\$342.6	\$292.5	\$242.8	\$233.3	\$243.2	\$240.7
PGF	\$46.4	\$62.3	\$84.1	\$182.7	\$287.0	\$182.1	\$153.7	\$158.6	\$180.1	\$200.5	\$226.5	\$252.0
Other	\$697.4	\$698.0	\$678.2	\$685.6	\$738.3	\$770.0	\$790.7	\$836.9	\$869.1	\$979.1	\$918.6	\$968.9
Total Drop	\$925.1	\$950.5	\$990.5	\$1,111.4	\$1,353.2	\$1,320.1	\$1,287.1	\$1,287.9	\$1,292.0	\$1,412.9	\$1,388.2	\$1,461.6
Hold Rate	22.1%	20.2%	20.9%	20.4%	19.7%	20.3%	21.5%	19.6%	19.2%	17.5%	17.7%	17.0%
Table Win	\$204.8	\$191.8	\$207.0	\$227.1	\$266.1	\$267.4	\$276.3	\$251.9	\$247.9	\$247.0	\$245.2	\$248.5

Source: HLT Advisory Inc. based on BCLC data

Chart 1

Total Table Game Drop and Win



Source: HLT Advisory Inc. based on BCLC data

Total Drop by Source

Since the beginning of 2012, drop from LCTs as a percent of total drop first increased from 19.6 percent to 27.9 percent in the last half of 2014 and has since declined to 16.5 percent. Drop originating from PGFs increased from 5.0 percent at the beginning of 2012 to 21.2 percent in the first half of 2014. After dropping to 11.9 percent in the first half of 2015, it has increased to 17.2 percent. In the latter half of 2017, drop from PGF funds surpassed LCT funds for the first time. Other drop (i.e., cash buy-ins under \$10,000) accounts for the largest amount of drop in each period yet it has declined from 75.4 percent to 66.4 percent of total drop over the entire period.

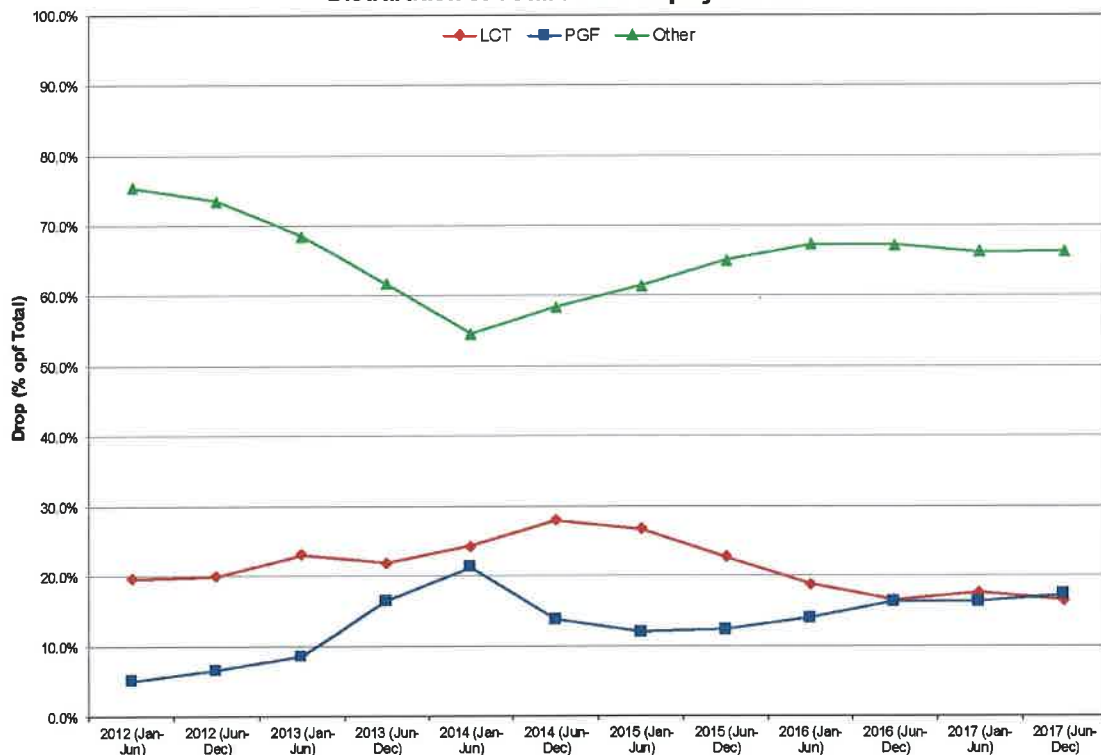
Table 2

Buy-in Source	Distribution of Table Game Drop by Source											
	2012		2013		2014		2015		2016		2017	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
LCT	19.6%	20.0%	23.0%	21.9%	24.2%	27.9%	26.6%	22.7%	18.8%	16.5%	17.5%	16.5%
PGF	5.0%	6.6%	8.5%	16.4%	21.2%	13.8%	11.9%	12.3%	13.9%	14.2%	16.3%	17.2%
Other	75.4%	73.4%	68.5%	61.7%	54.6%	58.3%	61.4%	65.0%	67.3%	69.3%	66.2%	66.3%
Total Drop	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: HLT Advisory Inc. based on BCLC data.

Chart 2

Distribution of Total Table Drop by Source



Source: HLT Advisory Inc. based on BCLC data.

Number of LCTs

The total number of LCTs from cash buy-ins increased from the beginning of 2012 from 4,949 to 9,711 at the end of 2014. Since, the number has drop to generally between 8,500 and 9,000 in each period. In each period, LCTs under \$20,000 account for the largest share of all LCTs. LCTs under \$20,000 accounted for 72.9 percent of all LCTs at the beginning of 2012 and now account for 88.2 percent. The number of LCTs above \$20,000 increased to approximately 3,000 in the last half of 2014 and has since declined steadily (approximately 1,000 in last half of 2017) and now account for approximately 11.8 percent of all LCTs, down from 27.1 percent at the beginning of 2012.

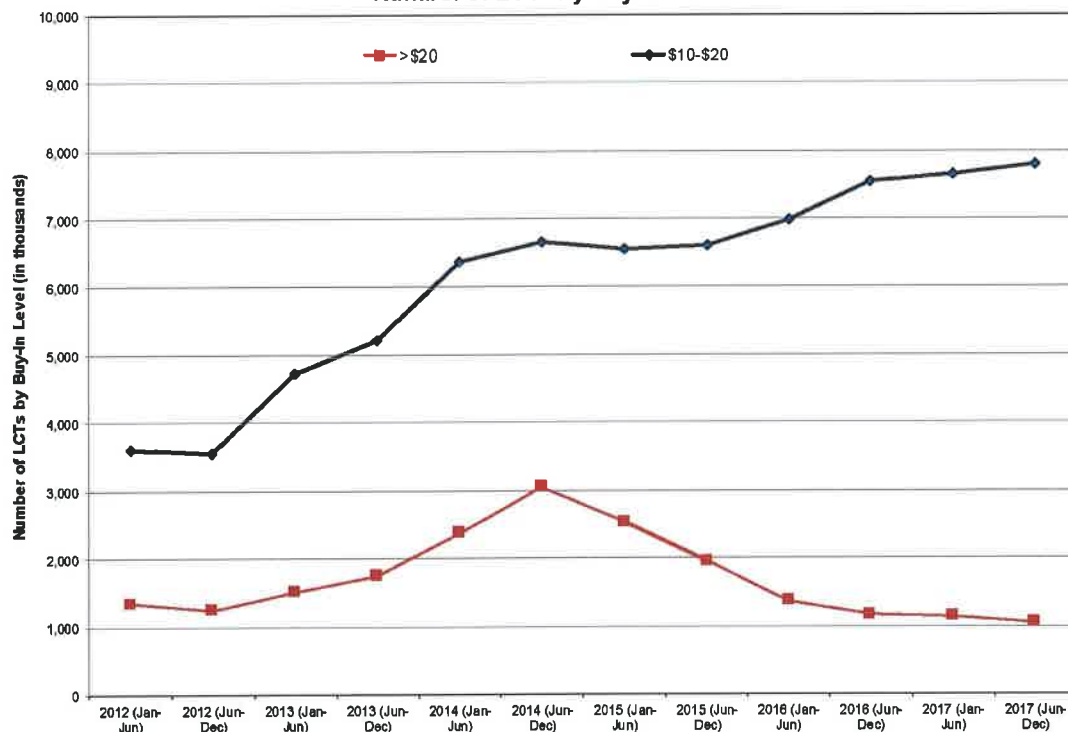
Table 3

Number of LCTs by Buy-In Level												
Buy-in Level (\$ thousands)	Number of LCTs											
	2012		2013		2014		2015		2016		2017	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
\$10-\$20	3,610	3,557	4,722	5,210	6,364	6,666	6,552	6,603	6,988	7,548	7,650	7,797
>\$20 to \$50	796	590	853	1,031	1,330	1,751	1,341	1,183	990	919	844	740
>\$50 to \$75	125	140	129	140	265	253	273	198	107	88	100	119
>\$75 to \$250	410	495	514	545	692	963	845	533	255	149	182	179
>\$250	8	14	18	34	91	78	72	41	17	7	6	2
Total	4,949	4,796	6,236	6,960	8,742	9,711	9,083	8,558	8,357	8,711	8,782	8,837

Source: HLT Advisory Inc. based on BCLC data

Chart 3

Number of LCTs by Buy-In Level



Source: HLT Advisory Inc. based on BCLC data

Value of LCTs

The total value of LCTs increased from \$181.4 million in the beginning of 2012 to \$368.1 million by the end of 2014. Since the end of 2014, the value has declined to \$240.7 million. All LCTs greater than \$20,000 totalled \$244.2 million at the end of 2014 and since has declined to \$82.2 million (a 66.4% decrease). The largest decrease was experienced in buy-in levels above \$50,000 (e.g., decreased from \$162.3 million to \$31.6 million over the same period – a 80.6 % decrease).

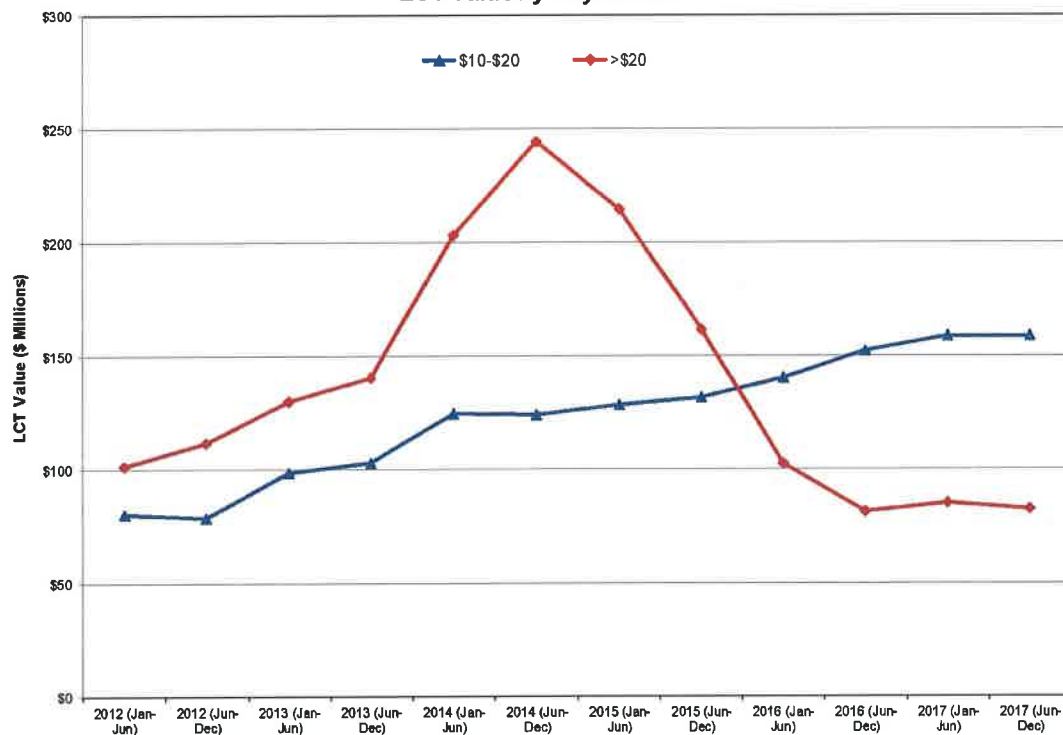
Table 4

LCT Value by Buy-In Level													
Buy-in Level (\$ thousands)	Value of LCTs (\$ Millions)												
	2012		2013		2014		2015		2016		2017		
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	
\$10-\$20	\$80.1	\$78.5	\$98.5	\$102.6	\$124.8	\$123.9	\$128.5	\$131.3	\$140.3	\$152.4	\$158.3	\$158.5	
>\$20 to \$50	\$42.8	\$36.5	\$52.0	\$53.5	\$69.0	\$81.9	\$69.0	\$65.4	\$56.1	\$55.0	\$54.1	\$50.6	
>\$50 to \$75	\$8.5	\$9.5	\$9.4	\$9.8	\$17.2	\$16.5	\$17.8	\$13.3	\$7.8	\$6.5	\$7.3	\$9.5	
>\$75 to \$250	\$47.3	\$61.2	\$62.0	\$66.6	\$84.8	\$114.4	\$101.0	\$66.2	\$32.1	\$16.9	\$21.3	\$21.4	
>\$250	\$2.5	\$4.4	\$6.2	\$10.5	\$32.2	\$31.4	\$26.4	\$16.4	\$6.5	\$2.6	\$2.2	\$0.7	
Total	\$181.4	\$190.1	\$228.2	\$243.0	\$327.9	\$368.1	\$342.6	\$292.5	\$242.8	\$233.3	\$243.2	\$240.7	

Source: HLT Advisory Inc. based on BCLC data.

Chart 4

LCT Value by Buy-In Level



Source: HLT Advisory Inc. based on BCLC data.

Number of PGFs

The total number of PGF buy-ins increased by almost four times since the beginning of 2012 (i.e., from 1,094 to 4,012 or 266.7% increase). PGFs less than and greater than \$20,000 have followed the same general trend line since the latter half of 2014.

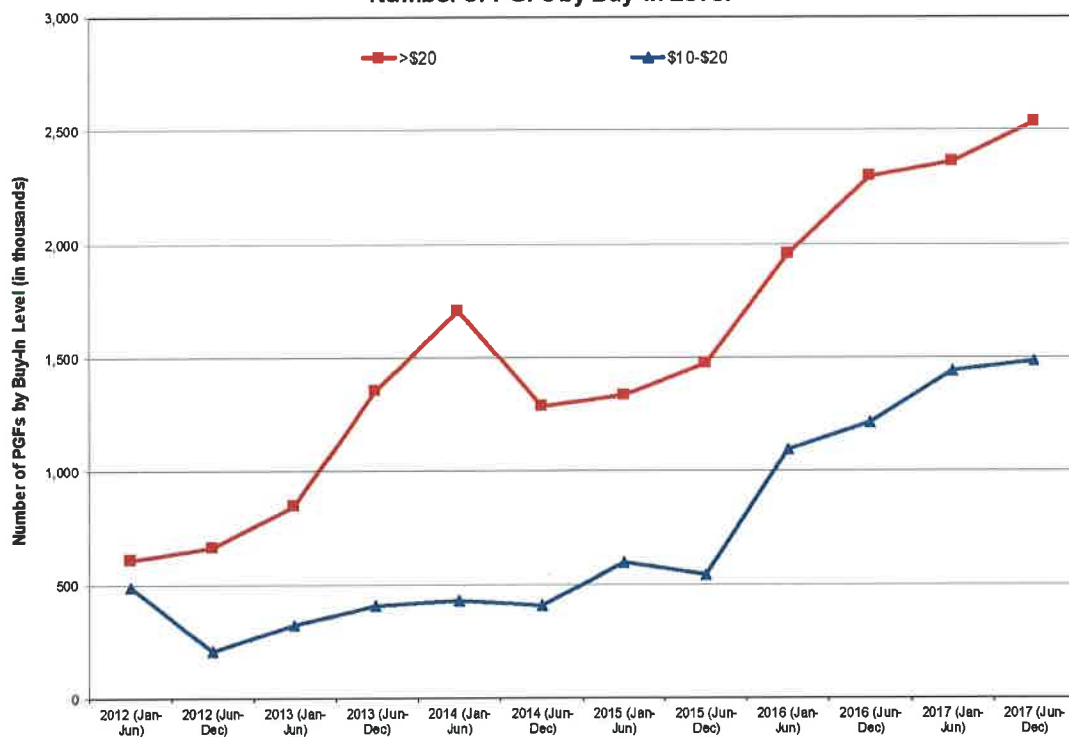
Table 5

Number of PGFs by Buy-In Level												
Buy-in Level (\$ thousands)	2012		2013		2014		2015		2016		2017	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
\$10-\$20	487	204	319	406	428	406	598	540	1,091	1,213	1,440	1,481
>\$20 to \$50	362	294	418	548	526	539	538	673	1,073	1,173	1,221	1,394
>\$50 to \$75	51	48	83	82	110	136	148	154	201	243	251	253
>\$75 to \$250	192	305	288	524	760	421	525	525	574	715	772	717
>\$250	2	15	53	198	307	187	121	121	106	162	115	167
Total	1,094	866	1,161	1,758	2,131	1,689	1,930	2,013	3,045	3,506	3,799	4,012
Source: HLT Advisory Inc. based on BGLC data												

Source: HLT Advisory Inc. based on BCLC data

Chart 5

Number of PGFs by Buy-In Level



Source: HLT Advisory Inc. based on BCLC data

Value of PGFs

The total value of PGF buy-ins increased from \$46.4 million at the beginning of 2012 to \$252.2 million by the end of 2017 (a 443.0% increase). PGFs over \$20,000 increased significantly between the start of 2013 to the first half of 2014. Following a steep decline over the next two time periods, it has increased along the same trend line that was experienced in the first three time periods.

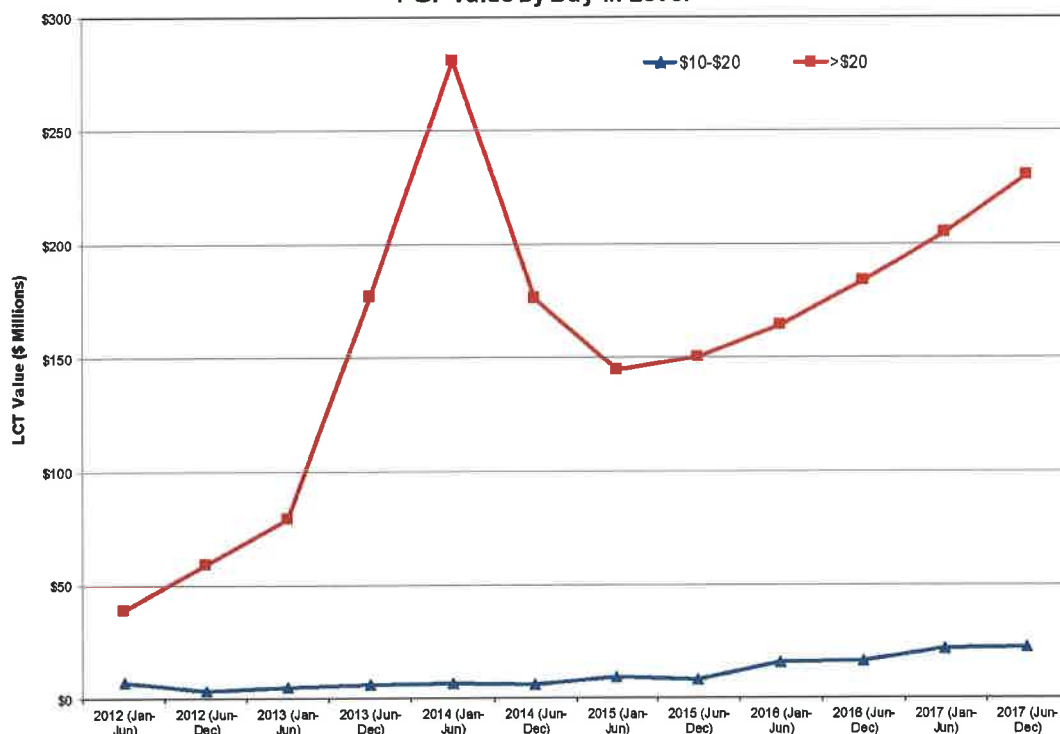
Table 6

PGF Value by Buy-In Level												
Buy-in Level (\$ thousands)	Value of PGFs (\$ Millions)											
	2012		2013		2014		2015		2016		2017	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
\$10-\$20	\$7.2	\$3.2	\$5.1	\$6.2	\$6.7	\$6.0	\$9.3	\$8.2	\$15.9	\$16.5	\$21.5	\$22.0
>\$20 to \$50	\$13.7	\$11.1	\$16.0	\$22.7	\$19.9	\$21.3	\$21.4	\$28.0	\$41.8	\$41.4	\$46.1	\$54.6
>\$50 to \$75	\$3.2	\$3.1	\$5.1	\$5.2	\$7.1	\$8.4	\$9.3	\$9.8	\$12.7	\$14.8	\$15.9	\$15.9
>\$75 to \$250	\$21.6	\$39.6	\$37.1	\$71.6	\$99.1	\$57.1	\$70.7	\$69.1	\$71.4	\$88.1	\$97.4	\$91.5
>\$250	\$0.7	\$5.3	\$20.8	\$77.1	\$154.2	\$89.3	\$43.0	\$43.5	\$38.4	\$39.6	\$45.6	\$68.1
Total	\$46.4	\$62.3	\$84.1	\$182.7	\$287.0	\$182.1	\$153.7	\$158.6	\$180.1	\$200.5	\$226.5	\$252.0

Source: HLT Advisory Inc. based on BCLC data.

Chart 6

PGF Value by Buy-In Level



Source: HLT Advisory Inc. based on BCLC data.



345

British Columbia Lottery Corporation
Table Game Buy-In Trend
February 22, 2018

* * * * *

Should you have any questions on this letter report, please do not hesitate to contact either of the undersigned at (Personal information) [REDACTED] [REDACTED] [REDACTED] respectively.

Sincerely,

HLT Advisory Inc.

A handwritten signature in blue ink, appearing to read 'Rob Scarpelli'.

Robert M Scarpelli
Managing Director

A handwritten signature in blue ink, appearing to read 'Drew Chamberlain'.

Drew Chamberlain
Managing Director

This is Exhibit " 69 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING NOTE**

PREPARED FOR: Minister David Eby

PURPOSE: For information

ISSUE: BCLC 2017/18 Fiscal Year in Review

BACKGROUND:

In fiscal 2017/18, BCLC earned \$1.40 billion in net income for the Province of British Columbia, which is \$89.2 million (6.8 per cent) over budget as presented in the September Service Plan, and \$61.5 million (4.6 per cent) ahead of last year. Strong revenue performance across casino, lottery and eGaming channels, and prudent expense management, supported these results.

BCLC achieved strong financial results through new content and distribution in three key product categories. Refining and introducing new games to slot machines in casinos, Scratch & Win games in lottery retail, and casino-style games on PlayNow.com drove significant revenue growth and bucked the trend seen in other markets. BCLC's total revenue, after prizes, grew by more than \$100 million over last year.

The dynamic nature of a customer-driven gambling business is not just about product performance, but also about investing in the health of our customers and the integrity of our operations, including through compliance with regulatory and security responsibilities. BCLC continues to invest in its security, responsible gaming and social responsibilities to reduce and mitigate the potential negative impact of gambling on communities.

In addition, inflationary pressure has continued to impact operating costs. Nevertheless, BCLC achieved a comprehensive cost ratio, the measure of total business costs excluding prizes, interest and taxes, as a percentage of total net win (revenue after prizes, plus non-gaming revenue) of 41.7 per cent. This positive result was below the target of 43.6 per cent primarily driven by lower direct costs from postponing the transition of casino and community gaming Service Providers to the new Operating Services agreement and generating higher net win than budget without incurring any additional operating expenses.

BCLC will continue delivering on the strategic priority items outlined by Government in the 2017/18 Mandate Letter. The Board of Directors and Executive team will continue to communicate regularly with the Ministry of Attorney General regarding performance.

FINANCIAL SUMMARY:

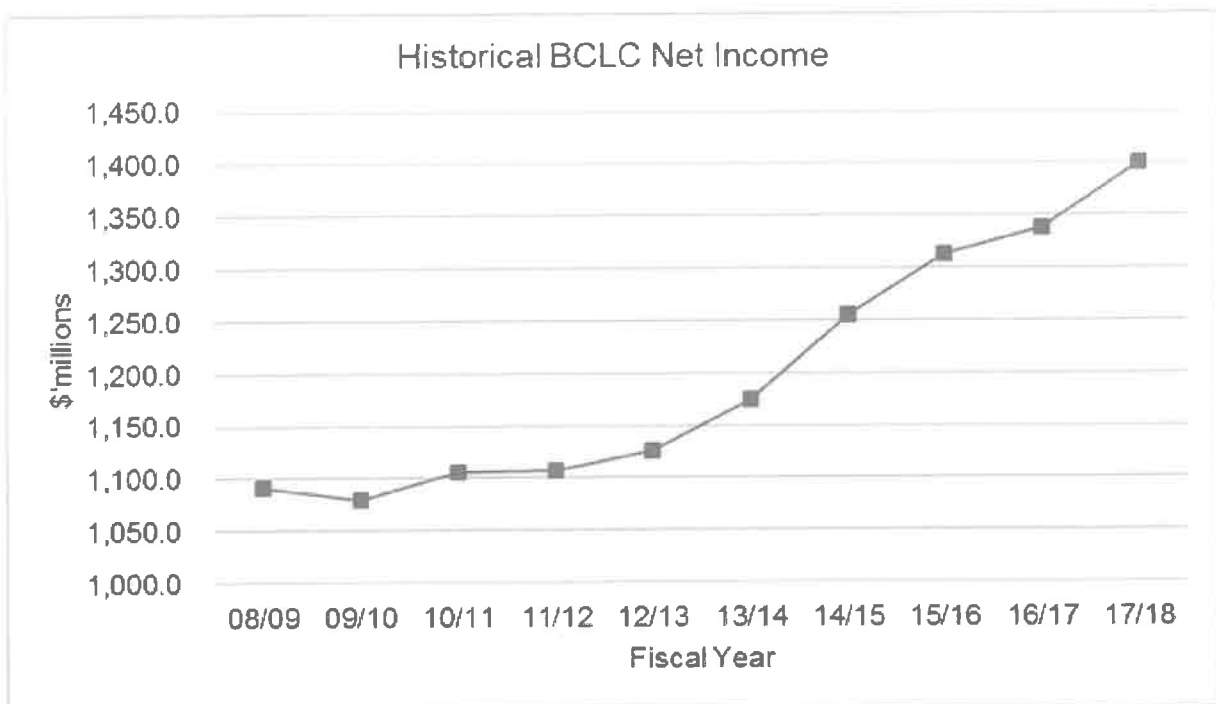
In fiscal 2017/18, BCLC contributed \$1.40 billion in net income to government, on \$3.27 billion in revenue. Driving the revenue was growth in the slot, Scratch & Win and PlayNow.com businesses, coupled with effective cost management.

The operational execution of key marketing strategies around new content, experiences and distribution also drove these results.

For example, slots in the casino and community gaming centre channel grew over the prior year (\$89 million and 7 per cent) due to continued success of facility enhancements (highlighted by Parq Vancouver) and strategic investments in new slots resulting in an optimized network with fresh product offerings. In addition, refining our marketing strategy in partnership with our Gaming Service Providers led to increased visitation to facilities.

HISTORICAL CONTEXT:

BCLC's diverse portfolio of products, combined with the ability to be flexible and responsive to changing consumer demands and dynamic market conditions, have continued to drive strong financial results over the past ten years:



Compared to other Canadian jurisdictions, BCLC's net win per capita in fiscal 2016/17 was \$503, with Ontario Lottery and Gaming Corporation at \$380 and Loto-Québec at \$315. Indexing to fiscal 2010/11, BCLC consistently achieved a higher net win per capita than these jurisdictions.

Casino: Indexing to fiscal 2013/14, BCLC casino revenue has grown by 15.8 per cent, with slots accounting for 87 per cent of growth. Key drivers include new or redeveloped facilities, including Cascades Kamloops, Elements Surrey, Cascades Langley and Penticton, Chances Salmon Arm, Chances Maple Ridge, Chances Chilliwack and Parq Vancouver.

These facilities have slot net-win increases of 42.1 per cent, compared to 13.4 per cent for all other sites (fiscal 17/18 indexed to fiscal 13/14) due in part to BCLC's ongoing slot floor refreshes with up-to-date games. Although tables are highly volatile and Squeeze Baccarat games are declining, the table games on the main floor have grown by 17.8 per cent due to new products/services that appeal to players, such as Low-Limit Blackjack, Sic Bo and Craps.

Lottery: Draw-based lottery game (Lotto MAX, Lotto 6/49, BC/49, etc.) revenue has grown 9.9 per cent over the past five years. Since fiscal 2013/14, Scratch & Win has grown 14.5 per cent, and Keno has grown by 26.9 per cent. These two products have helped to mitigate volatility in other larger-jackpot national lottery games, which are subject to the size and unpredictability of jackpot rollovers.

PlayNow.com: PlayNow.com revenue has seen the strongest growth of all three BCLC business units, with exceptional performance – 98.5 per cent growth indexed to fiscal 2013/14. PlayNow.com casino games continue to grow, more than doubling revenue over the past five years. The successful launch of Bingo's new platform in fiscal 2017/18 helped increase year over year revenue by 58.6 per cent, while the Sports category has grown by 151 per cent over the past five years. Lottery is the strongest driver of registering players to PlayNow.com, with 76 per cent of online players having a lottery transaction in the last years. From a revenue perspective, the lottery category of PlayNow.com has seen growth of 61 per cent over the past five years.

Economic Factors: Independent economic factors may also affect BCLC revenue. While the 2014 global oil shock affected North-Interior gambling and entertainment facilities, performance is rebounding. Chances Dawson Creek, Fort St. John and Terrace are up by 14 per cent in combined revenue from fiscal 2017/18 compared to the year prior.

Due to the oil-price crash, the Bank of Canada brought the value of the loonie down vs. the USD in order to make Canada's exports attractively priced around the world. This meant a higher cost for British Columbians to head south, and a lower cost for Americans to visit B.C. The Chinese Yuan is highly correlated to the USD. BCLC analysis has highlighted a shift towards players who are more sensitive to this currency exchange, indicating that more players are staying in B.C. to gamble as opposed to going to Washington state or Nevada.

The growth of inward migration to B.C. over the past five years has increased the adult population, thereby supporting strong growth for BCLC gambling products.

Meanwhile, residential home prices in the Lower Mainland and other cost of living increases have affected discretionary spending by consumers. In addition, we face pressure from rising gas prices in B.C. BCLC analysis shows that when gas prices go up, lottery sales at gas retailers declines. BCLC will continue to monitor the situation closely as it develops and look for ways to mitigate the effect.

Prepared by:

Jim Lightbody
President and CEO
BCLC
Personal information

This is Exhibit " 70 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING NOTE**

Date Prepared: September 17, 2018

Contact: Jim Lightbody
President and CEO
BCLC

Email: Personal information

Phone Number: Personal information

TITLE: FINTRAC Examination - Unofficial Findings

PURPOSE:

(X) FOR INFORMATION

ISSUE:

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) recently completed its examination (the “examination”) of BCLC’s Anti-Money Laundering (AML) program.

FINTRAC held a debrief meeting with BCLC on July 31, 2018 to provide unofficial findings of the examination. FINTRAC noted the examination did not find any incidents or evidence of money laundering transactions at B.C. casinos. During the meeting, FINTRAC discussed six deficiencies regarding BCLC’s record keeping and reporting requirements, which are expected to be cited in its formal findings letter in October 2018. FINTRAC also noted that it would not impose sanctions, due to the nature of the deficiencies.

BACKGROUND:

- As per Section 62 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), FINTRAC conducts periodic examinations of BCLC, usually every two years.
- FINTRAC conducts examinations to assess the effectiveness of BCLC’s AML program in managing money laundering and terrorist financing risks, and compliance with legislative requirements.
- In addition to FINTRAC’s examinations, BCLC engages independent, nationally recognized accounting firms to conduct reviews of its AML program every two years.
- The scope of the examination was March 1, 2017 to February 28, 2018, and was the first instance in which FINTRAC reviewed BCLC’s internet gambling operations (PlayNow.com) for compliance with new federal AML requirements, which came into effect on June 17, 2017.
- The examination took place at BCLC’s Vancouver office and various Lower Mainland gambling facilities from July 17 – July 27, 2018.
- FINTRAC will provide BCLC with the official examination results in a formal letter by the end of October 2018. BCLC will then develop an Action Plan and provide it to FINTRAC within the 30-day deadline.

UNOFFICIAL EXAMINATION FINDINGS:**Policies & Procedures****Deficiency To Be Cited**

- FINTRAC found a gap in BCLC’s AML policy documentation and monitoring procedures regarding Enhanced Due Diligence (EDD).
- FINTRAC found that BCLC did not sufficiently document which policies and procedures comprise the legislatively prescribed EDD measures. Further, FINTRAC found BCLC did

not sufficiently document the EDD measures for high-risk customers.

BCLC Background

- BCLC is revising its EDD processes and procedures to provide more comprehensive monitoring and documentation.

Suspicious Transaction Reports (STRs)

Deficiencies To Be Cited

- For the period reviewed, BCLC submitted 843 STRs to FINTRAC; FINTRAC did not provide the number of STRs that it reviewed. FINTRAC cited that three suspicious transactions went unreported.
- FINTRAC suggested refinements to backend analytics, which BCLC's AML analysts conduct as part of the AML due diligence process, including increasing the documentation of criteria and rationale used for categorizing STRs as substantiated or unsubstantiated.
- FINTRAC provided new advice/guidance to BCLC that an STR is required where a customer is the subject of two or more previous STRs; a customer is mentioned in a BCLC document related to another individual suspected of criminal activity; or a customer is the subject of a Request for Information by RCMP.

BCLC Background

- In each of the three instances of unreported STRs, BCLC identified and analyzed the facts of the instances, and concluded, exercising its judgment as is required under the statute, that the legislated threshold for suspicion had not been met and therefore did not submit an STR. Upon review, FINTRAC disagreed with BCLC's conclusion offering that in FINTRAC's view the threshold was met and that an STR should have been submitted..
- It is anticipated that the new criteria FINTRAC provided will result in a substantial increase in the number of STRs that BCLC submits to FINTRAC.
- BCLC is awaiting FINTRAC's official examination findings letter and will revise relevant policies, procedures and training processes to implement any new advice/guidance, and submit STRs accordingly.

Large Cash Transaction (LCT) Reports

Deficiency To Be Cited

- For the period reviewed, BCLC submitted 32,815 LCT reports to FINTRAC; FINTRAC reviewed a sample of 9,970 (30%).
- BCLC reported all LCTs on time. FINTRAC found 814 (2.5%) instances where it considered the "occupation" field to be lacking sufficient detail, in that BCLC did not submit the secondary information for "employer/company." For example, where "CEO" is the

occupation, FINTRAC stated that the LCT must also include the name of the company.

BCLC Background

- BCLC is developing systems and implementing procedural changes to add the secondary, more detailed level of occupation information to records and reports. BCLC has not determined estimated timing of completion.
- In 2012, in response to FINTRAC findings, and after consultation with FINTRAC, BCLC made systems changes that required casino staff completing LCTs and other reports to select occupation from a fixed drop-down menu, comprised of a federally approved list of occupations.
- FINTRAC examinations in 2014 and 2016 cited no deficiencies in recording and reporting of customer occupations. BCLC has not changed any procedures with respect to the recording and reporting of customer occupations since the 2014 and 2016 examinations and the legislative requirements in this regard have not changed.
- A post-examination review of both BCLC and FINTRAC systems has led BCLC to the understanding that FINTRAC's current system only accepts a maximum of 30 characters of data from the "occupation" field. Therefore, FINTRAC's reporting system often does not extract data from the "employer/company" field, in spite of BCLC recording the secondary employment information.
- Given the apparent current limitations of FINTRAC's reporting system, BCLC will need further guidance from FINTRAC on how to comply with the requirement to report secondary employment information through FINTRAC's system.

Casino Disbursement Reports (CDRs)

Deficiencies To Be Cited

- For the period reviewed, BCLC submitted 82,919 CDRs to FINTRAC; FINTRAC identified 512 CDRs (0.6%) instances where it considered the "occupation" field to be lacking sufficient detail, in that BCLC did not submit the secondary information for "employer/company." For example, where "CEO" is the occupation, FINTRAC stated that the LCT must also include the name of the company.
- FINTRAC cited two CDRs within PlayNow.com that BCLC did not report; BCLC has since submitted the reports.

BCLC Background

- BCLC immediately developed and implemented further process checks and oversight around CDRs on PlayNow.com to prevent future reoccurrences.
- BCLC implemented regulatory CDR reporting requirements for internet gambling transactions when they came into effect in June 2017, and the process remains largely manual. BCLC is in the process of evaluating automated reporting solutions for this process to reduce further the risk of compliance errors.

- The solution for the “occupation” field of LCTs will also address it for CDRs.

Internet Gambling

Observation

- FINTRAC noted that BCLC does not document in its AML Compliance Manual the “purpose and intended nature of business relationship,” as it relates to internet gambling.

BCLC Background

- BCLC had the “purpose and intended nature of business relationship” as it relates to internet gambling completed, and was in the process of updating the AML Compliance Manual when FINTRAC notified BCLC of the date of the examination.
- BCLC provided FINTRAC with the updated purpose and intended nature of business relationship statement for its review during the examination process.

Promotional Play

Observation

- FINTRAC questioned why casinos did not collect information regarding a customer’s occupation when they provided a token amount of free promotional play to new customers.

BCLC Background

- Casinos are not legislatively required to collect customer identification information until the customer’s first deposit or withdrawal from their internet gambling account. The use of promotional play provided to new customers does not involve either a deposit or withdrawal by the customer.
- The use of small value promotional free play cannot involve any risk of money laundering, as there are no transactions involving funds to or from the customer.
- FINTRAC indicated that will consider whether this matter will remain an observation.

Postal Boxes

Observation

- FINTRAC observed that BCLC allows postal boxes as a customer’s physical address. FINTRAC suggested only physical street addresses should be accepted.

BCLC Background

- BCLC presently allows customers to use postal boxes as addresses when their mail is delivered to postal boxes only (i.e. in rural locations).
- BCLC will review the impacts of only accepting the physical description of the customer's residence in these circumstances and will develop and implement a process that meets with legislative requirements.

This is Exhibit " 71 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**MINISTRY OF ATTORNEY GENERAL
British Columbia Lottery Corporation
BRIEFING NOTE**

PURPOSE: For INFORMATION for David Eby,
Attorney General

ISSUE: BCLC policy changes in response to German recommendations R3, R4 and R18

SUMMARY:

BCLC plans to incorporate recommendations 3, 4 and 18 into its Policies and Procedures (P&P) and distribute a notification of updates to its Service Providers (SP).

BACKGROUND:

- In July 2018, BCLC received Dr. German's final report, which contained 48 recommendations. This followed two interim recommendations from Dr. German, received in late 2017.
- Since receiving the final German report, BCLC has also been working with government through the Anti-Money Laundering Deputy Minister Committee to implement additional recommendations for which it is responsible, including:
 - R3: That BCLC, in conjunction with the Regulator and Service Providers, review the present Source of Funds Declaration on at least an annual basis to determine if refinements are required.
 - R4: That BCLC reinforce the importance of Service Providers not accepting cash or other reportable instruments if they are not satisfied with the Source of Funds Declaration.
 - R18: That BCLC ensure that VIP hosts do not handle cash or chips.

DISCUSSION:

- BCLC sets P&P for all SPs and conducts regular reviews to ensure compliance.
- BCLC has now prepared updates to its P&P in response to German recommendations R3, R4 and R18.
- Following review by the AML DMC, BCLC intends to distribute these updates to SPs before the end of October 2018.
- Once implemented, GPEB and BCLC will continue to work together to determine how policies and compliance can be improved, including what additional steps, if any, need to be taken to consider R3, R4 and R18 complete.
- Additional work will also continue on R3 to ensure the incremental changes have had the desired impact, including audits by both BCLC and GPEB, and planned monitoring of SPs by Deloitte.

Recommendation 3:

- In January 2018, in response to the first interim recommendation from Dr. German, BCLC sent a directive to all SPs detailing new procedural requirements to gather detailed information on the source of player funds for all transactions of \$10,000 or more.
- At this time, BCLC also implemented a requirement for all patrons to provide a receipt from a financial institution, should the required source of funds information not be included on the monetary instrument.
- The new Source of Funds requirements came into effect January 10, 2018.

New Action:

- BCLC will add a section into its P&P to require that BCLC, in conjunction with GPEB and SPs, review the Source of Funds requirements on at least an annual basis to determine if refinements are required.

Recommendation 4:

- As required in BCLC's P&P, if a patron does not provide the requisite information to adequately complete the Source of Funds Declaration, as per Dr. German's interim recommendation, SPs must refuse the transaction and suspend the patron from any further gaming privileges, pending BCLC review.
- The SPs must create an Unusual Financial Transaction (UFT) incident report in BCLC's system. This process will then trigger a review by BCLC.

New Action:

- BCLC will update its P&P to state a requirement that SPs do not accept cash or other reportable transactions if the service provider is not satisfied with the information provided by the patron for the Source of Funds Declaration or if there are any other circumstances which suggest the transaction should not be permitted.

Recommendation 18:

- BCLC P&P are outcome-based, and currently do not include specific direction that VIP hosts do not handle cash or chips.

New Action:

- BCLC will add a section to its P&P, stating: "The Executive Host or designate shall not handle cash or chips."

NEXT STEPS:

- BCLC will work with GPEB and GCPE to consider whether there is an opportunity for a public announcement to acknowledge these changes and related progress on implementation of German's recommendations.
- GPEB has completed an audit of the SOF policies and procedures. The audit has identified areas where the effectiveness of policies could be strengthened.

- Additionally, a BCLC audit has concluded and monitoring of SPs compliance by Deloitte is underway.
- GPEB and BCLC will continue to work together to determine how policies and compliance can be improved, including what additional, if any, need to be taken to consider R3, R4 and R18 complete.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Gaming Policy and Enforcement Branch

Prepared by:

Jim Lightbody
Chief Executive Officer
British Columbia Lottery Corporation

Personal information

Approved by:

Doug Scott
Associate Deputy Minister
Ministry of Attorney General

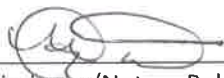
Personal information

Reviewed by:

Dave Boychuk
A/ADM
Gaming Policy and Enforcement Branch

Personal information

This is Exhibit " 72 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

Date Prepared: December 5, 2018

Prepared By: Jim Lightbody

Phone Number:

Personal information

Contact: Jim Lightbody
President and CEO
BCLC

Email:

Personal information

TITLE: Identification Requirements for Table Game Buy-Ins at B.C. Casinos

PURPOSE:

(X) FOR INFORMATION

TITLE: Identification Requirements for Table Game Buy-Ins at B.C. Casinos

ISSUE: BCLC, in consultation with the Gaming Policy and Enforcement Branch, is lowering the threshold from \$9,000 to \$3,000 at which casino service providers are required to ascertain the identify of patrons and confirm their status in BCLC's casino-reporting system.

BACKGROUND:

Since BCLC implemented, in January 2018, Peter German's recommendation requiring service providers to complete source of funds documentation for all buy-ins of \$10,000 or more, BCLC's Anti-Money Laundering (AML) Unit has observed a change in casino table-game buy-in trends.

Specifically, BCLC has observed shifts in table-game buy-ins by dollar value.

BCLC believes that the source of funds requirements and an associated shift in player behavior may have increased the money-laundering risk associated with transactions of less than \$10,000.

Players who previously played in the \$10,000 to \$15,000 range now appear to have shifted their play to just under \$10,000, which is behavior that may be an indicator of structuring (a money laundering typology): the act of parceling what would otherwise be large financial transactions into a series of smaller transactions to avoid AML controls, including reporting requirements.

For example, transactions under the \$10,000 threshold increased by 7 and 10 per cent in Q1 and Q2 of fiscal year 2018, respectively, compared to the same periods in fiscal year 2017. Transactions over the \$10,000 threshold decreased by 13 and 12 per cent in Q1 and Q2 of fiscal year 2018, respectively, as compared to the same periods in fiscal year 2017. *See Appendix A for further detail.*

While there may be some correlation with the introduction of the source of funds requirements, other variables include:

- Introduction of a new Operational Services Agreement, wherein casino service providers earn a higher commission on lower bet-limit table games than on higher bet-limit table games;
- Tightening of currency controls by the Chinese government;
- A general decline in high-limit table game play in North American and Asian markets; and/or
- Patrons' privacy and convenience concerns.

Since January 2018, BCLC has placed 212 patrons (as of December 5, 2018) who have exhibited indicators consistent with suspicious financial transaction behavior on cash/chip conditions that restrict the patron to using only non-cash forms of buy-ins.

In some cases, BCLC has suspended all transactions pending more in-depth due diligence, including interviews where BCLC's AML Unit ask patrons directly about changes in their transaction patterns.

Initial results from these interviews are showing that patrons have privacy concerns, or wish to avoid the additional effort of having to acquire and produce a receipt or other documentation from their bank to conduct a transaction of \$10,000 or more.

DISCUSSION:

To mitigate risk related to the increased source of funds requirements and the associated shift in player behavior towards lower buy-in amounts, BCLC is increasing the level of monitoring and analysis capabilities by lowering the buy-in threshold for triggering patron identification requirements.

To ensure compliance with FinTRAC's \$10,000 reporting threshold requirements, BCLC's current policy requires casino service providers to confirm the identification of any patron whose buy-ins total \$9,000 in a 24-hour period. While this identification threshold is sufficient for FinTRAC reporting purposes, it is not sufficient information for BCLC to conduct more detailed monitoring and analysis of patrons now making multiple buy-ins below the \$10,000 threshold.

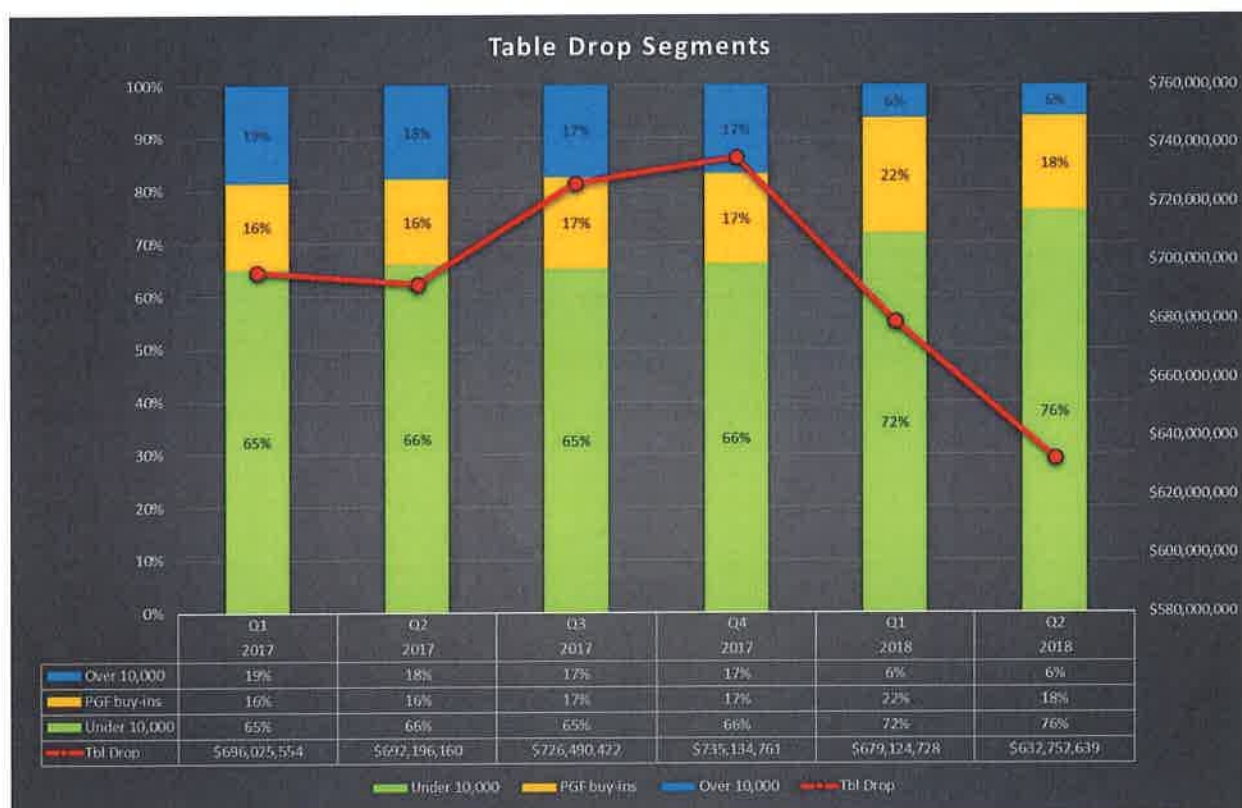
As such, BCLC will lower the threshold for determining patron identity from \$9,000 to \$3,000 and require casino services providers to confirm a patron's status in BCLC's casino-reporting system. BCLC's AML Unit will conduct weekly monitoring after the implementation of the policy. The source of funds requirements (completion and signing of a declaration by the patron) will remain at the threshold of \$10,000 or more as per Dr. German's recommendation.

Lowering the threshold gives BCLC the ability to monitor more closely and accurately transactions between \$3,000 and \$10,000 for indicators of money-laundering or terrorist financing activity. This change will exceed existing federal requirements and align BCLC's AML practices with international standards. Additionally, it will provide an opportunity for the earlier interception of patrons who have signed up for voluntary self-exclusion.

BCLC has consulted with the Gaming Policy and Enforcement Branch (GPEB), which supports a lowered threshold for ascertaining a patron's identity. GPEB flagged a concern regarding the impact on casino service providers, and emphasized the need to ensure that casino service provider staff do not see the changes as a replacement for evaluating whether a transaction is suspicious or not.

BCLC's AML Unit has made service providers aware of the upcoming change and BCLC will communicate to all service providers regarding implementation timing. BCLC will ensure it is clear to service providers that they are still required to record and report all suspicious transactions. BCLC is in the process of finalizing a date for the new policy to take effect.

Appendix A: Table Game Drop Segments by Dollar Value



This is Exhibit " 73 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

Date Prepared: March 15, 2019

Contact: Jim Lightbody
President and CEO
BCLC

Email: Personal information

Phone Personal information

TITLE: Regulatory Amendments Proposed Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

PURPOSE:

(X) FOR INFORMATION

ISSUE: Legislative changes were made to the *Proceeds of Crime and Terrorist Financing Act* (PCMLTFA) in 2014 and 2017. Two rounds of regulatory amendments followed to operationalize some of the legislative changes and address a number of deficiencies outlined by the Financial Action Task Force (FATF).

In response to the second round of regulatory amendments, BCLC, Ontario Lottery and Gaming Corporation, Loto-Quebec, SaskGaming, Nova Scotia Gaming Corporation, the Agency Relations and Gaming Policy (Branch) of the Department of Finance of the Government of New Brunswick, Manitoba Liquor & Lotteries and Alberta Gaming & Liquor Commission (collectively, the “Parties”) submitted a letter to Finance Canada on September 6, 2018.

BACKGROUND:

The second round of regulatory amendments (“Proposed Regulations”) was proposed and pre-published in the *Canada Gazette* on June 9, 2018, and followed by a 90-day consultation period ending September 7, 2018.

The Parties met with Finance Canada and FINTRAC in Vancouver on August 3, 2018 to discuss the Proposed Regulations.

The Parties submitted a letter of seven collective comments to Finance Canada on September 6, 2018.

DISCUSSION:

The Parties are fully supportive of the PCMLTFA, the Regulations and their core objectives.

The Parties have significant concerns with certain of the Proposed Regulations.

The following summary of the submission letter contains excerpts from the seven collective comments.

1. **Timing for the filing of suspicious transaction reports (section 9(2) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations) (the “STR Regulations”)**

The Parties are concerned that requiring STRs to be filed “*within three days after the day on which measures taken to establish that there are reasonable grounds to suspect*” does not provide adequate time for the Parties and Service Providers to complete the analysis required for a comprehensive and complete report.

This concern is exacerbated by the additional data points that are now being requested in the STR form.

- The Parties require, at a minimum, the proposed three-day period be extended to five

business days.

- The Parties recommend the STR Regulations clarify that the five business day reporting timeline would start once a casino completes the measures required for establishing the reasonable grounds to suspect.
- The Parties recommend the STR Regulations specify what the “completion of reasonable measures” entails for the purposes of standardizing the timing and procedure requirements of Reporting Entities.
- During in-person consultation sessions held by Finance Canada in Ottawa, this same position was put forward by representatives for the Canadian banking industry.

2. Revised Record Keeping and Reporting Requirements

The Parties are concerned with the proposed regulatory criterion of collecting “*every known detail*” for record keeping and reporting requirements. This language, used in numerous places, is overly broad, open ended and vague as to how the standard of “every known detail” would be interpreted in FINTRAC audits.

The Parties are concerned that over-collection of data will lead to “information overload,” providing casinos with so much information that it will be difficult and challenging to use the information efficiently and effectively for AML compliance and monitoring purposes.

- The Parties submit that the expanded scope of data collection requirements goes beyond detection and deterrence of money laundering and beyond the regulatory scope of the PCMLTFA.
- The Parties believe requiring casinos to obtain large amounts of personal information will require major systems modifications and upgrades to the Parties’ systems in order to comply.
- The Parties believe that the request for additional data points should be re-examined and should be consistent with the risk-based approach that underlies the PCMLTFA.

3. Ongoing Monitoring

The Parties are concerned with the requirement for casinos to “*conduct frequent and extensive ongoing monitoring of business relationships*” in relation to high-risk clients. This requirement does not take into consideration the different business models or inherent risk profiles of regulated entities, and eliminates any discretion around what periodic monitoring is appropriate.

- The Parties submit that the terms “frequent” and “extensive” are ambiguous, imprecise, lack clarity and result in an excessive monitoring requirement.

- The Parties believe that, in line with the PCMLTFA, the current risk-based approach to ongoing monitoring at the discretion of the Reporting Entity should be maintained.

4. **Electronic Funds Transfers (“EFTs”)**

The Parties note that casinos are engaging with EFTs primarily involving funds flowing from one Canadian regulated financial entity to another.

The Parties are concerned that the EFT record keeping requirements are pervasive and redundant for casinos, as they are duplicative of the records maintained by Canadian financial entities. The record keeping requirements are onerous, labour and systems intensive and the regulatory burden is disproportionate to the AML risk.

- The Parties request an exemption from the EFT record keeping requirements imposed on casinos where an EFT is both initiated and finally received in Canada at a financial institution.

5. **The Travel Rule**

The Parties are concerned with an amendment to the Travel Rule requiring beneficiary information now be included with an EFT (beneficiary's name, address, telephone number, occupation, date of birth, account number or other reference number and any other information in respect of the electronic funds transfer, including initiator information).

The Parties note the vast majority of wire transfers sent in the casino context are sent by clients to their own bank accounts at regulated financial institutions in Canada.

- The Parties request an exemption for the casino sector from the extended application of the Travel Rule where EFTs are sent by casinos to their clients' own accounts at regulated Canadian financial entities.

6. **Single Transactions – The 24-hour Rule**

The Parties are concerned with the revisions to the 24-hour rule, allowing for numerous casino disbursements and Large Cash Transactions within 24 hours, totalling \$10,000 or more, to be viewed and reported as a “single transaction” in circumstances where the casino has “knowledge” of the underlying transactions and by whom, or on behalf of, the transaction is requested.

The Parties are concerned with the underlying assumption that customers will inform casinos who they are making transactions on behalf of where the customer is purposely attempting to conceal the parties involved in the transaction. Currently, a suspected third-party transaction triggers a red flag and is more likely to be disclosed in a STR filing.

The Parties submit that the system configuration changes necessary to make the Parties' systems comply with the information and tracking requirements of the revised 24-hour

rule are onerous, technically challenging and may not be operationally feasible. The significant operational burden does not correspond with a significant benefit to the prevention of money laundering.

- The Parties recommend the removal of section 131 and section 126, which revise the 24-hour rule for casino disbursements and Large Cash Transactions.

7. Timing/No Action Letter

The Parties have concerns regarding the major systems modifications and upgrades required for Parties and Service Providers to comply with the new reporting schedules and other new enhanced record keeping requirements. At this time, there does not appear to be a software solution available for purchase and current vendors advise it could take at least two years to implement the changes.

The Parties note that many parties have several information technology initiatives underway that would need to be completed before commencing new projects. It would be necessary for FINTRAC to complete its system upgrades, as well.

- The Parties estimate that a minimum time period of 36 months would be needed to implement the required system changes, if not more. Additional time would be required to adequately test systems and controls to ensure that they are fully functional and compliant prior to the in-force date of the Proposed Regulations.
- The Parties recommend amendments to allow a regulated entity to request a “no-action” letter from FINTRAC in respect of compliance with the amendments for a limited time period.
- The Parties request that guidance from FINTRAC on the new obligations be made available without enforcement action, during the period of implementation.

Implementation and Enforcement

The initial publication states that the intent is to have the Proposed Regulations come into force 12 months after approval.

Thereafter, FINTRAC will update its guidance to set out direction on how to meet the new obligations.

BCLC has not received any update on timing of approval or implementation. The *Canada Gazette* and Finance Canada previously indicated a target of mid-2019.

FINTRAC is responsible for enforcing all anti-money laundering obligations. The new obligations will be scoped into the FINTRAC compliance examinations and processes. Should non-compliance be identified, FINTRAC could impose administrative monetary penalties or pursue criminal sanctions.

This is Exhibit " 74 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: 'Godfrey, Sam AG:EX[Personal information]; Richard.Fyfe@[Personal information]
Cc: Susan Dolinski[Personal information]; Rob Kroeker[Personal information]
From: Jim D. Lightbody
Sent: Tue 12/12/2017 11:36:41 PM
Subject: EY Audit of AML program
[EY Report AML and Sanctions Program Assessment of BCLC 2017 051217 FINAL \(rd version\).pdf](#)
[EY Report AML and Sanctions Program Assessment of BCLC 2017 051217 FINAL \(002\).pdf](#)

Richard and Sam;

Attached are the EY Audit of BCLC's AML program and our Management Response to the Findings and Observations. If you have any questions, please advise. As per normal course we share with both Fintrac and GPEB also. As you know this audit is done every odd numbered year by one of the big audit firms and every even numbered year by Fintrac. Our previous years' audits are posted on bclc.com.

In addition, I will see to it that Peter German gets a copy as well.

Best regards,

Jim

Jim Lightbody

President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2

T [Personal information]

[Redacted]
[Redacted]
[Redacted]

[Redacted]

[bclc.com](#)

This is Exhibit " 75 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Scott, Douglas S AG:EX Personal information
Cc: Richard Fyfe Personal information
From: Jim D. Lightbody
Sent: Fri 13/04/2018 1:24:35 AM
Subject: Request by Ministry of Finance
[STR and Table Performance.pdf](#)

Doug,

Attached is a report that provides context and background to help Ministry of Finance's question around the effect of lower STR numbers and \$value on Table Drop (Revenue before player winnings).

I can also report that BCLC's Table net win revenue in fiscal 17/18 was up over the previous year.

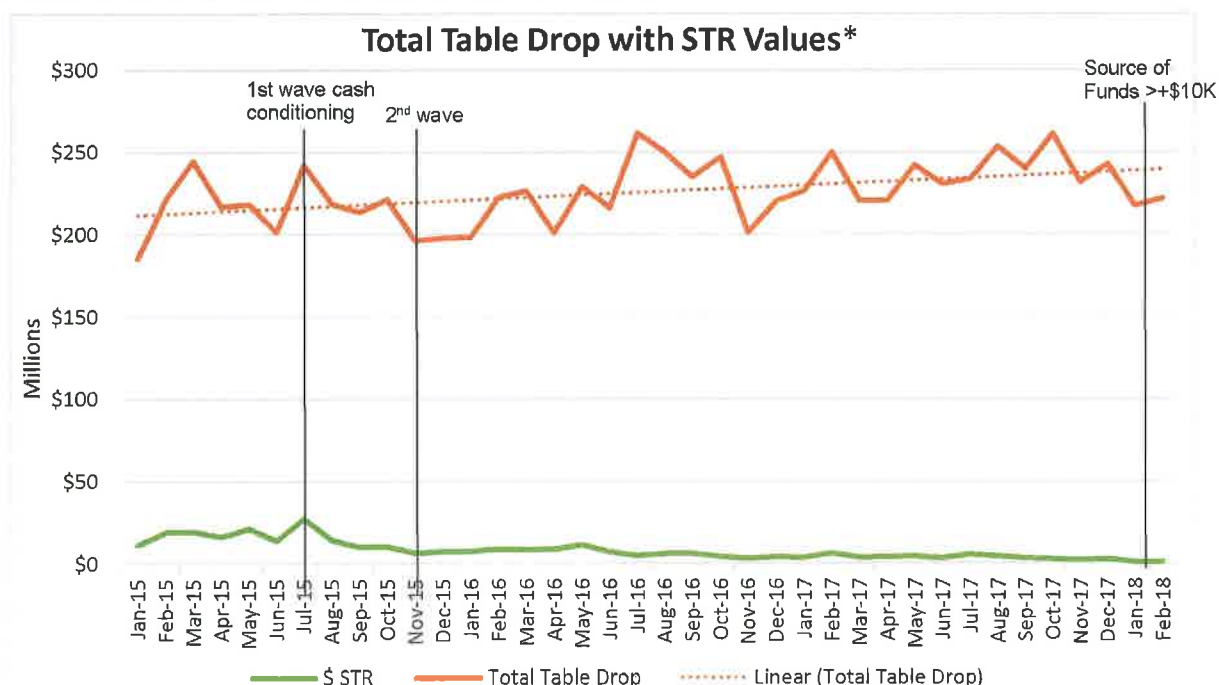
If you or they have further questions, please advise.

Jim

Suspicious Transaction Reports (STR) and Table Performance

April 12, 2018

Since 2015, the total number, total value and average value of STR has been trending down, while total table drop has continued its upward trend.



* All data presented in table form below.

Key points:

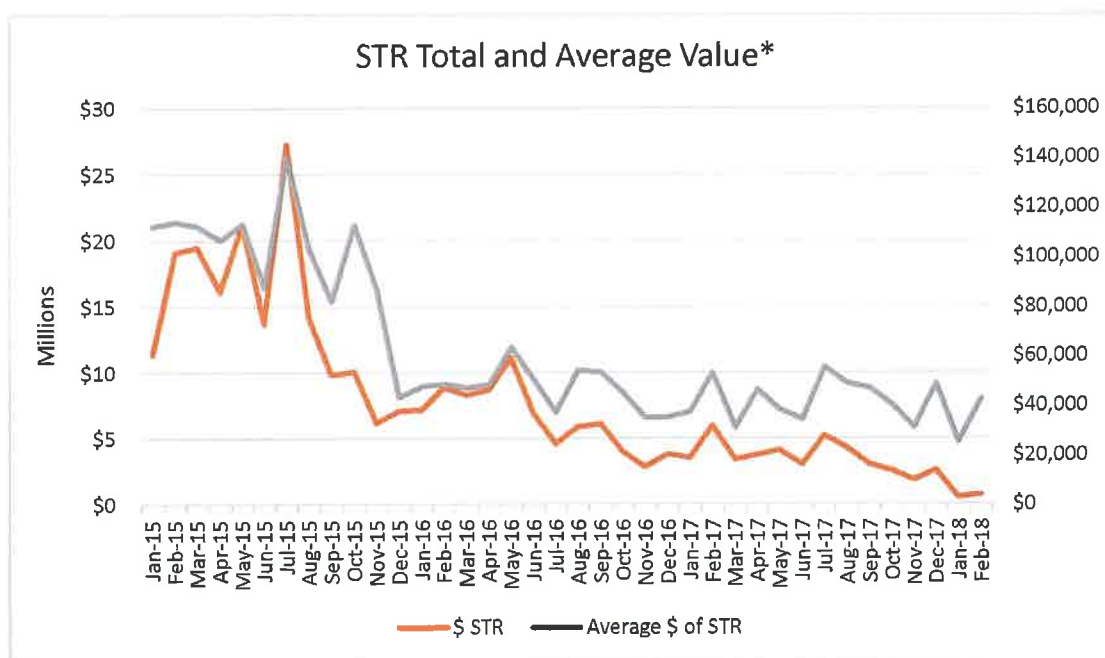
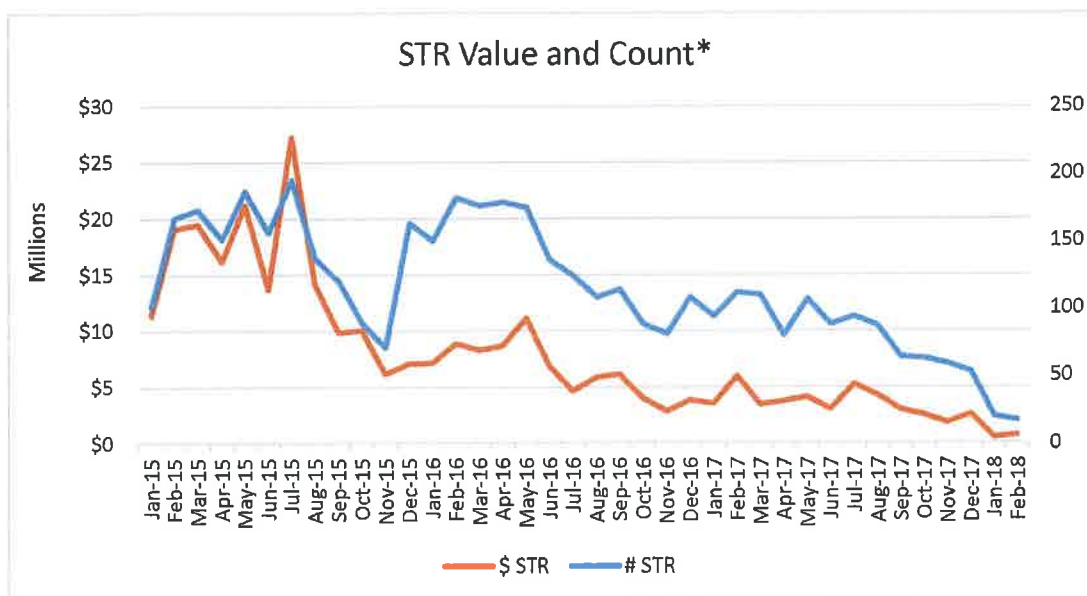
In April 2015, BCLC initiated a sourced-cash condition program to address the unexplained increase in un-sourced cash and chips being brought into lower mainland casinos. As part of its AML due diligence screening process, BCLC Investigators interviewed certain VIP players to determine the origin of their cash and chips. If a player was unable to prove source of funds, or BCLC suspected or received information that the source of funds originated from underground banking operations, or suspected proceeds of crime, the player was immediately placed on "sourced cash conditions" and would only be allowed to buy-in if they could provide the service provider cash cage with an original receipt sourcing the funds as follows;

- A bank draft, EFT, certified or Casino Cheque (as defined under policy)
- Cash drawn from an accredited Financial Institution
- Cash drawn at the gaming facility using Global Cash, Debit at Cage, ATM

or that the source of funds originated from;

- Cash verified as from a recent sourced Casino Disbursement
- Chips verified as from a recent sourced Casino Disbursement
- Dollar value of STR has decreased (as have counts – see next table)

Jan 10, 2018 – Implemented Source of Funds Declaration for cash deposits of \$10,000 or more as per Peter German's interim recommendation to BCLC.



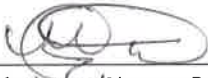
* All data presented in table form below.

Key points:

- Both the count, total value and average value of STR have been decreasing since 2015, with a significant drop in the second half of the year when BCLC began cash conditioning players.
- Not only are there fewer STR, the ones that are reported are decreasing in value.

Month	# STR	\$ STR	Total Table Drop	\$ STR as a % of Total
Jan-15	101	\$11,356,965	\$185,417,014	6.1%
Feb-15	167	\$19,064,854	\$221,147,991	8.6%
Mar-15	173	\$19,462,764	\$244,375,305	8.0%
Apr-15	151	\$16,123,855	\$216,608,331	7.4%
May-15	187	\$21,201,775	\$218,186,402	9.7%
Jun-15	156	\$13,676,465	\$201,344,040	6.8%
Jul-15	195	\$27,243,150	\$241,888,750	11.3%
Aug-15	137	\$14,138,565	\$218,164,623	6.5%
Sep-15	120	\$9,825,950	\$213,405,914	4.6%
Oct-15	89	\$10,045,281	\$220,930,949	4.5%
Nov-15	71	\$6,159,039	\$195,892,062	3.1%
Dec-15	163	\$7,055,010	\$197,654,842	3.6%
Jan-16	150	\$7,149,960	\$198,290,501	3.6%
Feb-16	182	\$8,847,035	\$222,322,359	4.0%
Mar-16	176	\$8,271,680	\$226,148,655	3.7%
Apr-16	179	\$8,653,255	\$200,745,010	4.3%
May-16	175	\$11,096,690	\$228,732,489	4.9%
Jun-16	136	\$6,853,117	\$215,754,977	3.2%
Jul-16	124	\$4,601,405	\$261,176,104	1.8%
Aug-16	108	\$5,850,500	\$249,726,100	2.3%
Sep-16	114	\$6,081,832	\$234,568,406	2.6%
Oct-16	88	\$3,969,055	\$246,717,806	1.6%
Nov-16	81	\$2,836,569	\$200,837,162	1.4%
Dec-16	108	\$3,800,280	\$219,896,314	1.7%
Jan-17	94	\$3,507,455	\$226,231,338	1.6%
Feb-17	112	\$5,948,770	\$249,814,715	2.4%
Mar-17	110	\$3,410,960	\$219,979,501	1.6%
Apr-17	80	\$3,715,810	\$220,153,775	1.7%
May-17	107	\$4,095,101	\$241,729,928	1.7%
Jun-17	88	\$3,020,060	\$230,312,458	1.3%
Jul-17	94	\$5,216,080	\$233,368,366	2.2%
Aug-17	87	\$4,254,290	\$253,317,319	1.7%
Sep-17	64	\$3,000,605	\$239,804,737	1.3%
Oct-17	63	\$2,530,020	\$261,022,645	1.0%
Nov-17	59	\$1,828,050	\$231,477,360	0.8%
Dec-17	53	\$2,582,140	\$242,634,757	1.1%
Jan-18	20	\$505,199	\$217,174,414	0.2%
Feb-18	17	\$721,630	\$221,439,676	0.3%

This is Exhibit " 76 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Bud Smith [Personal information]
From: Jim D. Lightbody
Sent: Tue 2015-11-17 9:37:45 PM
Subject: Background material for tomorrow
Briefing for MDJ for Nov 18 15.docx

..

Bud,
Attached are background materials for our meeting tomorrow, if needed.
Jim

Sent from my BlackBerry 10 smartphone on the TELUS network.

BCLC Briefing for Minister Michael de Jong

November 16, 2014

Contents

- Anti-money laundering pgs 3, 4
- Service provider commission review pg 4
- Comprehensive cost containment review pg 5
- Expression of interest pg 5
- Quebec legislation blocking illegal gambling websites pg 6
- OLG Modernization – contracting out lottery operations pg 7

- BCLC has a mature and active anti-money laundering program with significant investments in technology, training, and certification, and is the driving force behind cash alternatives.
- Over 50 Corporate Security and Compliance staff at BCLC have, or are in the process of completing the CAMS (Certified Anti Money Laundering Specialist Designation). BCLC recently provided ACAMS membership to a number of compliance personnel within GPEB.
- In November 2014 FINTRAC completed an examination of BCLC's AML practices and found BCLC's compliance regime to be in compliance with AML requirements.
- All suspicious transaction reports (STR) are submitted to Fintrac within 30 days of occurrence. The reports, which include narratives setting out circumstances, are also submitted to GPEB and Law Enforcement.
- A relatively few number of high value patrons account for significant gaming revenue to the province. These clients have a preference for cash transactions, for a number of reasons including cultural, and as a result account for a disproportionate number of STRs.
- If concerns arise around the origin of funds being used to buy-in, restrictions may be placed on the methods an individual customer is permitted to use to buy-in. For example, a customer may be restricted to using bank drafts or certified cheques.
- BCLC assesses these individuals under the Know Your Customer program to determine source of wealth, and where warranted, source of funds.
- In February 2014 Fintrac published further guidelines requiring reporting entities to enhance their Know your Customer and Enhanced Due diligence program. There was a specific focus around statutorily deemed business relationships and higher risk patrons.
- BCLC created an AML unit to respond to the increasing regulatory requirements including these new obligations.
- For every customer with which BCLC is deemed to have a "business relationship" BCLC has an obligation to and does assess each of these customers for money laundering risk and then monitor them and their transactions on an on-going basis. This is a very complex and resource intensive requirement to meet.
- BCLC is in the process of implementing a new automated solution, based on that used by three of Canada's biggest banks, to further enhance its AML program and specifically its CDD procedures. Launch is targeted for March 2016.
- BCLC initiated a project in 2011 focused on reducing the use of cash in gaming facilities.
- In 2014/15, traceable cash alternatives such as the Patron Gaming Fund (PGF) account, debit transactions, and other non-cash instruments made up one quarter of play in BC gaming facilities.

- In April 2015 BCLC requested GPEB's approval of three cash alternatives: credit to approved VVIP players, Delimiting the Convenience Cheque and offering cash to PGF under specific circumstances. BCLC has not yet received approval.

Service Provider Commission Review

- Earnst and Young (EY) and Partnerships BC (PBC) are continuing to explore whether relevant options exist for incentivizing service providers that is different from our current commission structure, which is supported by BCLC's advisor, HLT.
- EY and HLT have taken different approaches in the calculation of weighted average cost of capital (WACC) and ROI, but have arrived at substantially the same conclusion. Discussions have ensued regarding service provider motivating factors and whether other commission structures that impact length of term, market certainty, or commission rate could be adjusted to further maximize return to the province.
- EY continues to assess the Facility Development Commission (FDC) and Accelerated Facility Development Commission (AFDC) structure against the Capital Asset Management Framework, which represents an outline of best practices in capital asset management that can be leveraged by the public and private sector (although it is created by the public sector).
- There have been discussions with EY to outline the risks of financial consolidation, the appropriateness of control vs influence in service providers' capital asset management, and whether their suggestions truly address the end objective of the FDC and AFDC program (i.e. to incentivize capital investment in facilities for the purpose of growing gaming revenue).

Comprehensive Cost Containment Review

- EY has proposed Level 1 and Level 2 metrics as measures that would be considered under the updated framework. Level 1 metrics would be tracked and reported to Treasury Board, while Level 2 metrics would be maintained internally within BCLC but shared with the Ministry.
 - Level 1 metrics have been determined as Net Income and Operating Profit/Net Win (excl. depreciation and interest).

- Level 2 metrics still to be determined (intended to provide a deeper level of insight into specific operating costs such as employee costs)
- The Board has approved the Level 1 metrics and targets. The biggest change in the targets was the discussion to allow a range of targets rather than a specific target percentage.
- Following this, in discussions with the Associate Deputy Minister, it was suggested that the concept of a range, and the final approval of these metrics, would be discussed with the Minister after the final report.

Expression of Interest process for gaming facility location/relocation

- BCLC has identified market potential in Greater Victoria and issued a Expression of Interest letters to local governments in that region on October 1 with a response required by December 11, 2015.
- Local governments who received the EOI are:
 - District of Saanich – responded indicating interest
 - District of Oak Bay – responded it is not interested
 - City of Victoria – still contemplating its response
 - Township of Esquimalt – still contemplating its response
 - Esquimalt First Nation lands – no indication to BCLC
 - Songhees First Nation lands – responded indicating interest

Quebec legislation blocking illegal gambling websites

- The Government of Quebec has introduced new legislation that requires Internet service providers to block access to unlicensed online gambling sites.
- The provisions are contained in an omnibus bill implementing elements of the government's spring budget, which included a promise to establish website blocking requirements.
- The bill provides that an Internet service provider may not give access to an online gambling site whose operation is not authorized under Québec law.

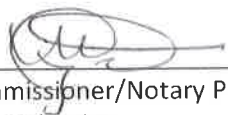
- It indicates Lotto Quebec will oversee the accessibility of online gambling. It will draw up a list of unauthorized gambling sites and provide the list to the entity that regulates gambling which will then send it to internet service providers.
- According to the law an internet service provider that receives the list shall, within 30 days of receiving the list, block access to those sites.
- This legislation is unprecedented in Canada.

OLG Modernization – contracting out lottery operations

- In March 2012, the Ontario government directed OLG to undertake a modernization strategy to increase profit to the Province, create jobs and generate local economic growth. As part of the strategy OLG has opted to contract out lottery operations for the province. It will become the only jurisdiction in Canada to choose this model for lottery.
- One of the key reasons for this decision is to avoid the capital investment of replacing 10,000 outdated lottery terminals, which would cost \$1 billion.
- To date, an RFP has been issued for a private sector operator to run the day-to-day lottery business (issued September 2014)
- OLG reserves the right to ultimately not make any changes.

- Illinois, New Jersey and Indiana have all tried this model with limited success/negative impact. None have met revenue targets set by the private sector operator.
- Presently, BCLC leads the way amongst Canadian gaming jurisdictions in terms of innovation and business development. Evidence of this includes Lotto Express, PlayNow.com, and the internationally recognized GameSense program.
- The technology and infrastructure built for Lotto Express together with our eGaming platform will be leveraged into a broader replacement plan for lottery retail.
- BCLC also has a Memorandum of Understanding with OLG to facilitate Lotto Express for Ontario at our shared retailer, Loblaws, Canada's largest grocery retailer.
- The health and sustainability of our national lottery brands (Lotto 6/49, Lotto MAX, and many national Scratch & Win games) rely on the largest market, Ontario, having strong sales performance. If OLG's revenue on national brands declines, BC and the other provinces suffer.
- The jackpots will not be sustainable and the profit margins could be reduced if prize funds need to be increased. If the private operator chooses to reduce focus or investment on national brands, it is a risk to the other ILC partners.

This is Exhibit " 77 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

January 30, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: **David Eby**
Attorney General

Dear Minister Eby:

**Re: Anti-Money Laundering (AML) Quarterly Report for the third quarter of
Fiscal Year 2017/2018**

I am writing to you as Board Chair of BCLC and in regard to your supplemental mandate of letter of November 28, 2017. I am pleased to provide to you the Anti-Money Laundering (AML) Quarterly Report for the third quarter of Fiscal Year 2017/2018.

From its outset, the AML framework at BCLC has been premised upon the federal legislative requirements set out in the *Proceeds of Crime Money Laundering & Terrorist Financing Act*, as well as formal written guidance provided specifically to the casino sector by both the Financial Action Task Force (FATF - the international governing body responsible for anti-money laundering requirements) and FINTRAC. The legislative requirements and the guidance create a risk-based approach to anti-money laundering and anti-terrorist financing controls (AML/ATF) which involves assessing potential risks and then targeting resources and efforts on preventing, detecting and responding to the highest identified risks. The norm for AML/ATF regimes is to work from a risk-based framework.

The MNP review completed for GPEB in 2016 includes recommendations that suggest moves away from a risk-based framework in casinos to a more prescriptive approach. One of those suggestions was to place a hard limit on the acceptance of cash (banknotes) at casinos that would apply to all transactions and all individuals irrespective of risk. MNP made no recommendation as to the amount of the limit. In light of this proposed shift to a more prescriptive approach, BCLC wanted to be prepared to offer advice on this approach should it be asked. BCLC has conducted analysis to determine a cash buy-in limit that will provide for a prescriptive level of control while still being operationally sound. BCLC, based on its analysis, believes that if a hard limit on cash buy-ins is desired, the limit should not be set at a threshold below \$25,000.

While BCLC and its Board of Directors believes that this prescriptive cash limit may be workable and can be implemented relatively quickly, our analysis does not suggest the move would be completely free of adverse impacts. BCLC believes its current risk-based approach, as mandated by FINTRAC and the FATF, provides the most effective AML/ATF controls.

I would also like to take this opportunity to advise you that BCLC has had open communications with Mr. Peter German and his team over the last few months as Mr. German has conducted his review, including his joint interview of the Chair and President & CEO. BCLC has provided open and unfettered access to any records

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playing it right

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and materials Mr. German has requested. We have accomplished this by creating a secure record transfer protocol specifically for Mr. German and his team that allows access to anything needed while ensuring a very high level of security and protection for personal and other sensitive information. We look forward to Mr. German's final report and are preparing to take the action necessary to implement any recommendations falling within our purview or direction given to us by government.

Yours truly,



Bud Smith
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, QC
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x 1

QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA

Pursuant to the Amended Supplemental Mandate Letter dated November 28, 2017

REPORT FOR THE THIRD QUARTER FISCAL YEAR 2017/2018

BCLC PROVIDES THIS REPORT in accordance with Direction #3 set out in the Supplemental Mandate Letter:

German Recommendations

1. On December 18, 2017, BCLC completed the work necessary, save and except completion of consultations with GPEB, to implement German recommendation #1 expanding player source of funds declarations to all casino transactions of \$10,000 or more. Consultations with GPEB continued through the end of the quarter with implementation planned for January 2018.

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes


(BCLC presented items 3, 4, and 6 to the Attorney General at a briefing on October 23, 2017, and are updated here.)

2. On October 27, 2017, BCLC's Chief Compliance Officer met with FinTRAC senior management to consult on planned enhancements to BCLC's anti-money laundering regime. FinTRAC's input and guidance was received and informed planned changes.
3. To increase diligence and accountability with respect to anti-money obligations on the part of service providers, on October 27, 2017, BCLC's CEO wrote to the Gaming Policy and Enforcement Branch asking them to modify the terms of registration of all gaming service providers who offer table games requiring service providers to formally designate a Chief Compliance Officer who: 1) reports directly to the president, CEO, Board of Directors or beneficial owner of the service provider as the case may be; 2) holds credentials or has considerable experience related to Canadian anti-money laundering laws; and, 3) is granted, as evidence by company policy, unfettered authority to give operational direction related to money laundering concerns. This change is consistent with long standing terms of registration in at least one other large Canadian jurisdiction. This would focus compliance obligations for this critical function at the highest levels and create a much clearer line of responsibility within service provider organizations. Additionally, this change would give regulatory weight and force to similar contractual provisions in the new casino operating services agreement.

GPEB has responded advising that, in its view, this is not an appropriate term of registration and as such has declined BCLC's request.

4. Based on recent police action and police information related to a money services business in Richmond, which had not been previously available, BCLC commenced a reassessment of the money laundering and terrorist financing risks posed to it by money services businesses. This analysis will result in new procedures governing and restricting the acceptance of any form of payment from money services businesses and may result in a complete de-risking of this business sector. This work will be complete in the last quarter of 2017/2018.
5. On December 4, 2017, BCLC increased the controls on bank drafts. For a casino service provider to accept a bank draft, the draft must, in addition to the name of the payee, now include the name of the financial institution issuing the bank draft, the name of the payor, as well as the account number and name of the account holder from which the funds were drawn. To the extent a bank draft does not include this information on its face, a receipt from the issuing financial institution showing the required information must be presented to the casino along with the bank draft at the time of the casino transaction and the

required information must be recorded.

6. On December 14, 2017, BCLC implemented an upgrade to one of the systems supporting its anti-money laundering regime. The upgrade has allowed BCLC to move from purely manual tracking of bill denominations at the time of customer buy-in to electronic recording and tracking. This enhancement will allow BCLC to conduct more sophisticated tracking and monitoring of the denominations used by customers to buy-in which will provide greater control and protection in regard to bill refining (the process used by money launders to exchange small denomination bills for larger ones).
7. BCLC has implemented additional transaction tracking and monitoring processes related to bank drafts. On an on-going basis, BCLC will review bank drafts to determine if there are unusual or unexpected trends or patterns related to the financial institutions issuing bank drafts or related to casino players using bank drafts to buy-in for casino play.
8. GPEB reported that bank drafts have been accepted at casinos where there are anomalies on the face of the bank draft giving rise to money laundering concerns. GPEB expressed concerns including: the name of the payee being left blank, the draft being made out to a person other than the player negotiating the draft at the casino, and illegible payee names. In response to these concerns, BCLC initiated a review which included a physical inspection of every bank draft and certified cheque accepted by the seven major casinos in the lower mainland for the January 2015 to November 2017 period. The review was conducted over a 20 day period from November 6-26, 2017. A total of 7,436 drafts and certified cheques were individually pulled from records and then reviewed and inspected. No anomalies were detected on or in relation to any of the bank drafts. BCLC has asked GPEB for copies of the bank drafts noted in their reports so that BCLC can take further investigative and corrective action and is awaiting a response from GPEB. 
9. BCLC has analyzed the impacts of moving to a prescribed daily limit on cash buy-ins for table games products, per player, per gaming site. Based upon its research, BCLC is prepared to offer advice on the implementation and other implications associated with the imposition of a prescribed limit.

This is Exhibit " 78 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

March 2, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

**Attention: David Eby
Attorney General**

Dear Minister Eby:

Re: BCLC's Implementing Government Direction Report

Please find enclosed BCLC's Implementing Government Direction report, dated February 26, 2018.

We trust that the report will provide a helpful update on BCLC's work to fulfill its current Mandate Letter requirements.

Detailed below are some highlights from the enclosed report:

1. **Recent Ernst & Young (EY) Audit on BCLC Anti-Money Laundering (AML) program**

BCLC's AML program recently underwent its biennial audit which was conducted by EY. The audit was largely positive and noted only a few minor issues, all of which have since been completely addressed by BCLC. The findings in this audit are similar to all other BCLC AML audit reports, whether conducted by FinTRAC or independent third parties, in that a few minor issues are identified and BCLC takes immediate action to correct any issues. Recently, FinTRAC advised BCLC that our AML program was the industry leader and that FinTRAC intended to develop some of its' casino industry guidance based upon BCLC's program.

BCLC has proactively released the audit report and have provided an un-redacted copy to the Ministry.

2. **Determination of BCLC and GPEB Responsibilities**

BCLC continues to work cooperatively with GPEB to determine responsibilities and accountability within the BC gaming industry. We are also aware that Dr. Peter German is reviewing roles and responsibilities pertaining to AML as part of his review.

Working with GPEB to more clearly delineate areas of responsibility is important work since if either entity were to take action outside their prescribed authority, the action or decision could be challenged as *ultra vires*. Further, there are many areas of overlap between BCLC and GPEB and it is expedient to ensure that work is not been duplicated, thereby wasting resources.

3. **GameSense Advisor Program**

GPEB will transfer the GameSense Advisor (GSA) program to BCLC effective April 1, 2018. Expanding GSAs to Community Gaming Centres (CGC) is one



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of the recommendations contained in the Plan for Public Health and Gambling (February 2015). BCLC and GPEB are consolidating the GSA program under BCLC's management to increase efficiency and service to players. Presently in B.C., GSAs staff GameSense Information Centres (GSICs), which are located in all casinos. In CGCs, there are currently self-serve kiosks. However, with the transfer of the GSA program to BCLC, GSAs will staff every casino and CGC in B.C. by September 2019.

By the time the program is fully implemented, the expansion of the GSA program will almost double BCLC's investment in Player Health to \$6.4M annually (BCLC's current budget for responsible gambling is \$3.4M).

Additional anticipated benefits associated with the transfer of GSAs to BCLC employee positions include:

- Improved relationships with Service Providers and players by integrating the GSA program within gaming facilities;
- Refined roles and responsibilities to develop subject-matter expertise and improve GSA program delivery;
- Improved customer experience and data gathering through technology and innovative solutions;
- Improved customer experience through new education tools;
- Improved level of support for gaming workers and BCLC staff to enhance further the culture of responsible gambling within B.C.'s gambling industry.

4. **New Game Framework**

BCLC and GPEB have been working to develop an approach to the development and implementation of new games. The concept of 'new games' is not contained within the Gaming Control Act (GCA) – the GCA only references the ministerial approval process for 'new lottery schemes'. While a new lottery scheme will always include the concept of a new game, it is possible for a new game to be part of an existing lottery scheme (for example, a newly purchased slot machine or a new Scratch & Win ticket are new games, but not new lottery schemes).

BCLC and GPEB met to discuss the issue, following which GPEB provided BCLC for its review a draft policy regarding the approval of new games that are defined as new lottery schemes. In addition to providing written feedback, BCLC legal counsel met with GPEB and its legal counsel to discuss the draft policy.

GPEB is now in the process of re-writing the policy and has committed to providing BCLC with an opportunity to comment on the new draft and further conversations between both entities.

Once this work is complete, both entities should have a common understanding of what constitutes a 'new game'. This will assist BCLC's ability to innovate and develop new products that meet the demands of the competitive marketplace for entertainment.

5. **University of British Columbia (UBC) Centre for Gambling Research**

Three years ago, BCLC entered into a sponsorship agreement with UBC to create the Centre for Gambling Research. In total, BCLC contributed \$2.5 million dollars to UBC in exchange for specific benefits. The funding for this sponsorship comes from the Ineligible Jackpot Monies from people who are in the Voluntary Exclusion Program (VSE).

BCLC, GPEB and UBC have been in discussions about the renewal of the sponsorship agreement. A tentative plan, subject to ministerial approval, would see GPEB added as a party to the agreement and have BCLC continue to provide funding to UBC from the Ineligible Jackpot

Monies. While discussions continue, this is a positive step forward to continuing to support important research.

In addition, BCLC and our service providers await implementation by GPEB of the Dr. German recommendation to have enforcement personnel inside casinos that offer high limit table play. Having onsite personnel who have enforcement jurisdiction/authority will greatly improve the response time when anomalous, improper, or potential criminal behaviour is identified, suspected, and reported.

As always, BCLC would be pleased to meet with you at your convenience to discuss any aspects of this letter or the enclosed report.

Yours truly,




Bud Smith
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, QC
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x 1

This is Exhibit " 79 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

399

To: David Eby (Personal information [redacted])
Cc: Jim D. Lightbody (Personal information [redacted]); Bud Smith (Personal information [redacted]); Richard Fyfe (Personal information [redacted]); Connie Richter (Personal information [redacted])
From: Suzanne Rowley
Sent: Wed 2018-05-30 5:30:25 PM
Subject: BCLC - Letter & Attachments for Minister Eby's Attention
[2018.05.30 - a - Letter to Minister Eby re AML Q4 Report for Fiscal 17-18.pdf](#)
[2018.05.30 - b - Attachment to Letter - AML Q4 Report F17-18 to the Attorney General of BC.pdf](#)
[2018.05.30 - c - Attachment to Letter - BCLC Chronology re \[redacted\] RCMP](#)
[2018.05.30 - d - Attachment to Letter - \[redacted\] iTrak Incidents.pdf](#)

>>>>>

Hello,

On behalf of Bud Smith, BCLC's Board Chair, please find attached letter along with the Q4 AML Report and attachments for the Minister's attention.

Thank you & regards,

Suzanne Rowley

Assistant Corporate Secretary/EA
President's Office, BCLC
2940 Virtual Way, Vancouver BC V5M 0A6

Personal information [redacted]

[redacted]

bclc.com

May 30, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

**Re: Anti-Money Laundering (AML) Quarterly Report for the fourth quarter of
Fiscal Year 2017/2018**

I am pleased to provide you with the enclosed update on the activities and actions BCLC has taken with respect to the direction set out in the Mandate Letter provided to the BCLC Board of Directors. Included in this update is the Quarterly Anti-money Laundering Report for the fourth quarter of fiscal 2017/2018.

As I prepared this, my final AML Quarterly Report and associated narrative, before expiration of my term as Chair of BCLC – I have sought and received various information which it is hoped you will find useful as our organization moves forward.

A central learning during my term(s) on the BCLC Board, is that our business is exceedingly dynamic. This notion applies within BCLC, but as well to external exigencies such as Responsible Gaming, security, and AML. Failure to recognize that there is, invariably, a context influencing emerging issues, which may appear solvable through simple solutions, will often result in a kind of 'water bed' effect through implementation.

Advancing AML strategy, in my opinion, has required understanding there are three streams of activity which, at some level, must operate in harmony. Those streams of activity are information and intelligence gathering; information sharing between agencies; and enforcement.

I can report to you that information/intelligence gathering is strong. Whilst undertaken largely by service providers and BCLC, it also involves enforcement agencies and regulators.

Sharing intelligence and information between agencies I would describe as 'spotty'.

Enforcement, rooted in the vast amounts of information/intelligence gathered from within or through or around gaming facilities, I must report, appears to run from weak to non-existent.

Dr. German's recommendation that a Designated Policing Unit (DPU) replace the current enforcement regime has great potential to markedly improve enforcement. Developed carefully, a DPU should be able to better use the great amounts of information/intelligence that long has been available to enforcement agencies, and enable the two way sharing of information to be more effective.

You will see in the Quarterly Anti-money Laundering Report that BCLC implemented Dr. German's interim recommendation #1 effective January 10, 2018. At the time of the Report being compiled, BCLC had the benefit of nearly three complete months of



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experience with the recommendation in place at casinos. Staff have observed three changes in transaction trends that I think important to bring to your attention.

1. The first change in trend is in relation to the identification of possible suspicious transactions by service providers, categorized as Unusual Financial Transactions (UFTs). For the three months (October – December 2017) preceding the implementation of Dr. German's recommendation, service providers on average reported 117 potential suspicious transactions (UFTs) per month to BCLC. Since the recommendation was implemented, service providers on average have reported 180 potential suspicious transactions (UFTs) per month to BCLC; a 54% increase in reports.
2. The second change in trend is with respect to the number of potential suspicious transactions (UFTs) that, after in-depth customer due diligence being completed by BCLC, are substantiated and ultimately reported as suspicious transactions to FinTRAC and the police. For the three months preceding the implementation of the German recommendation, on average 70 potential suspicious transactions (UFTs) reported by service providers were substantiated per month and resulted in a report to FinTRAC and police. Since the implementation of the recommendation, on average 19 potential suspicious transactions reported by service providers were substantiated per month and resulted in a report. (Note: service providers report all potential suspicious transactions to both BCLC and GPEB).
3. The third change observed has been in relation to table game drop dollar values (also referred to as topline table game revenue). For the first three months of 2018, topline table game revenue has been trending stable to increasing, but with a shift from games like squeeze baccarat in high limit rooms to table games on the main floor of the casinos. This is a continuation of the overall table revenue trend for the past five years.

BCLC staff report that most of the increase in potential suspicious transaction (UFT) reports from service providers have to do with players making multiple buy-ins just under the \$10,000 threshold where proof of source of funds is required. This is concerning because this behaviour is indicative of structuring – a money laundering technique used to attempt to avoid suspicion or reporting requirements. BCLC has been monitoring these circumstances closely and have discussed the same with GPEB and the police. Structuring behaviour was relatively rarely observed prior to the implementation of the recommendation. When asked, players are reporting to service providers and BCLC that they are engaging in this behaviour for two primary reasons: 1) the players do not want to go to the added effort of requesting back up documentation from their financial institutions needed to support bank draft and cash buy-ins of \$10,000 or more; and, 2) players are concerned about the privacy implications of handing over detailed personal banking information. To date the information available suggests these are in fact the motivations behind the change in player behaviour, however caution and further inquiry is needed. BCLC is continuing to work with GPEB and the police on this recent development. On the positive side, this development demonstrates that service providers are exercising a good level of due diligence in assessing player transactions and are accurately identifying potential signs of money laundering behaviour.

On a related note, as you are no doubt aware there have been numerous media and other reports on money laundering that allege an individual by the name of [Redacted - RCMP] was central to the money laundering activities that have or are occurring. I wanted to bring to your attention that BCLC and its service providers first identified [Redacted - RCMP] as a person of concern in the [Redacted - RCMP] and reported its concerns to FinTRAC and the police at that time. [Redacted - RCMP] was barred by BCLC from all casinos in [Redacted - RCMP]. From that time up to the present, BCLC and its service providers have continued to provide information to the police on [Redacted - RCMP]. I have enclosed with this letter a timeline setting out some of the more important interactions BCLC has had with the police in regards to [Redacted - RCMP] activities and associates. In addition, I can advise that between [Redacted - RCMP] BCLC submitted 31 reports to GPEB that included circumstances involving or related to [Redacted - RCMP] that it found concerning and that 26 of those occurrences were also reported to the police.

The [Redacted - RCMP] saga speaks both to the absence of meaningful enforcement and an apparent tendency to deflect scrutiny thereof. In the attached "BCLC Chronology re: [Redacted - RCMP]" you will note that by [Redacted - RCMP] Inspector Bruce Ward was the OIC of the [Redacted - RCMP] file and was briefed fully by BCLC's Alderson about [Redacted - RCMP]

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apparently and/or suspected illegal activity associated with our casinos. You will note that two years later Insp. Ward presented at an IAFCI conference, attended by media and public members. That presentation left the distinct impression that others had failed, but that the RCMP investigation he led now was riding to the rescue, with charges coming. No charges have been laid as of the date of this letter. In his 2017 presentation, Insp. Ward did not note that [Redacted - RCMP] 's activities had been brought to the RCMP's attention in late [Redacted]. Given the confidential and sensitive nature of the information contained within the attachments, we ask that you maintain the confidentiality of the material.

I wish to bring to your attention one other concerning matter. On June 13, 2017, the RCMP and GPEB held a joint press conference in Vancouver. At that event it was reported that "top tier" organized crime figures linked to money laundering, illegal gaming houses, drug trafficking, kidnappings and extortions had laundered large amounts of money through casinos. It was further reported that nine of the accused had been arrested and released. BCLC was deeply concerned to learn that potentially violent criminals had been frequenting its casinos and targeting its facilities for money laundering. Very shortly after the press conference, BCLC wrote to the RCMP asking, under our information sharing agreement, for the names of those arrested so that it could use its statutory powers under the Gaming Control Act to bar those nine individuals from all casinos in the province to protect customers and staff, and to stop any further money laundering attempts by these individuals. BCLC has not yet been provided the names of the nine individuals arrested. BCLC remains concerned that potentially violent criminals, whose identities are not known to BCLC, may be continuing to enter its facilities and BCLC remains committed to barring those who were arrested as soon as they are identified to BCLC.

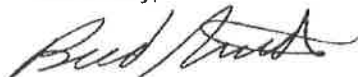
This matter speaks to a clear need for better sharing of information between agencies. These 9 "top tier" crime figures have been arrested and know, therefore, they are targets. Our service providers and BCLC do not want 'top tier' crime figures in our casinos. Nor do we want our patrons being put at any potential risk of harm, if the reason for not notifying us of their identities, is to enable police to continue observing them, as they conduct unlawful activities in or around our gaming facilities.

Harvest/Invest. This is a theme I've addressed at various meetings during my term as Chair, including at Treasury Board (TB). BCLC needs to invest if it is to continue providing the General Revenue Fund (GRF) with the harvest TB seeks. Lottery equipment. Responsible gaming. Additional compliance requirements. An orderly redevelopment of our headquarters. BCLC, as you know, has no retained earnings. It must advance 100% of what it earns to the GRF, then seek from TB what it needs for investment on a line item basis. This has resulted in an uneven business planning and execution model. Dr. German's report no doubt will cause further challenges for TB, with the Harvest/Invest balance that needs to be achieved. Our ability to address AML, Responsible Gaming initiatives, and added compliance expectations all speak to getting that Harvest/Invest balance better understood at TB.

BCLC's results for this past fiscal year, and our projections for the next period, provide well more than enough new revenue for TB to be able to accommodate all the investments required by BCLC during the next defined period of our fiscal projections.

Finally, let me say it has been my privilege to serve my Province through the Board of BCLC, and if asked I will happily support my successor as Chair, in whatever modest way I can, that would be appropriate.

Yours truly,



Bud Smith, Q.C.
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, Q.C., Deputy Attorney General
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x3

QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA

Pursuant to the Amended Supplemental Mandate Letter dated November 28, 2017

REPORT FOR THE FOURTH QUARTER FISCAL YEAR 2017/2018

BCLC PROVIDES THIS REPORT in accordance with Direction #3 set out in the Supplemental Mandate Letter:

German Recommendations

1. On December 18, 2017, BCLC completed the work necessary, save and except completion of consultations with GPEB, to implement German recommendation #1 expanding player source of funds declarations to all casino transactions of \$10,000 or more. Feedback from GPEB continued through to the end of the third quarter 2017/18. BCLC implemented Recommendation #1 on January 10, 2018.
2. Post implementation, as gaming service providers worked with the new requirements under German Recommendation #1 they provided additional operational feedback to BCLC. Based on that feedback and to smooth operational issues that had arisen, BCLC completed the work necessary to implement 3 procedural changes in response:
 - a. Reduce the minimum deposit required to open a player account from \$10,000 to \$0.00.
 - b. Limit the payment out to a player in cash for either winnings or return of funds to \$25,000.
 - c. Remove the limit on return of funds cheques (as every buy-in of \$10,000 or more is now subject to proof of source of funds there is no longer a need for this control on return of funds cheques).
 BCLC was prepared to implement these changes January 31, 2018, however has held off at the request of the ministry until a future date that is yet to be determined.

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes

3. Based on police action and police information related to a money services business in Richmond, which had not been previously available, in August 2017 BCLC commenced a reassessment of the money laundering and terrorist financing risks posed to it by money services businesses. This analysis was also informed by guidance received from FinTRAC. The analysis was completed in February 2018 and resulted in the conclusion that the threat of money laundering risks posed by money services businesses could no longer be adequately and effectively mitigated by BCLC. As a result, BCLC de-risked this business sector. Gaming Service Providers and GPEB were advised of this change in anti-money laundering procedures which took effect March 15, 2018.
4. BCLC has increased its anti-money laundering capabilities. One additional AML investigator was hired effective February 19, 2018, and one additional crime analyst was hired as of March 5, 2018.
5. On January 16, 2018, BCLC's Board of Directors approved new rules regarding the issuance and redemption of chips. The new rules provide better control by making it clear that chips, at all times, remain the property of BCLC and may only be redeemed by the individual who originally acquired the chips through a *bona fide* transaction with a BCLC casino service provider. Chips remain redeemable only at the casino from which the chips were acquired.
6. In March 2018, BCLC received verbal notice from FinTRAC that it will be conducting a compliance examination of BCLC's anti-money laundering program sometime in the summer of 2018. FinTRAC has established a pattern of conducting periodic casino reviews on a biannual basis; the last FinTRAC examination of BCLC occurred in the summer of 2016.

BCLC Chronology re [Redacted - RCMP]

- 2009 (exact month not known) - Process for BCLC copying all Suspicious Transaction reports to police established. Initially all sent to IPOC and Criminal Intelligence. GPEB also received copies of all STR reports.
- [Redacted - FINTRAC]
- [Redacted] - JIN Barred for 14 days pending investigation.
- [Redacted - RCMP] - JIN Barred 1 year for inappropriate behaviour.
- [Redacted] - IPOC requested info on [Redacted - FINTRAC] received for a 'money-laundering'
- [Redacted - RCMP] barred 5 yrs for suspected ML activities.

Through late [Redacted - RCMP] while not allowed on premises, was suspected as being involved in multiple drop offs within proximity of casinos and subsequent surveillance reviews of buys ins showed this. This information was provided to RCMP, GPEB [Redacted - FINTRAC] It was believed IPOC were looking at [Redacted] but at that time IPOC was downsizing and it was known RCMP were being asked to focus more on Terrorist Activity. Locally there was also significant gang activity in Lower Mainland.

- Apr 16, 2014 - BCLC conducted meeting CFSEU at Green Timbers Surrey to discuss establishment of a working relationship and working on issues of interest. Present were Insp Marc Landry, Supt. John Grywinski, Cpl Robert Grace, Brad D. John K, Daryl T.
- May 6, 2014 - PTEP list process from CFSEU to BCLC established.
- [Redacted - RCMP] - CFSEU contacted BCLC to arrange package on [Redacted - RCMP]
- June 19, 2014 - 1st CFSEU tour and orientation of River Rock with BCLC CSC and GCGC Compliance.
- [Redacted - RCMP] List of 10 suspected cash facilitators completed and delivered to CFSEU. JIN included on list. AML Intelligence analysis including all STR and iTRAK files for JIN to date were provided.
- [Redacted - RCMP] Notice of Claim (Richmond, BC) [Redacted - RCMP]

[Redacted - RCMP]

- Oct 9, 2014 – BCLC reach out to CFSEU for an update.
- [Redacted - RCMP] Meeting at River Rock with Terry Doyle, Walter Soo, Brad D., Kevin, Rob Kroeker, Lengthy discussions on [Redacted - RCMP] problems, cash deliveries. Concerns over lack of police activity.
- March 10, 2015 - Meeting with RCMP at Green Timbers to try and establish working group and get more assistance with suspected criminal organizations targeting BCLC site.
- [Redacted - RCMP] BCLC met with RCMP (FSOC) to lodge a formal complaint re [Redacted - RCMP] Held at BCLC Vancouver Office. RCMP lead was Steve WETTER. BCLC staff present were John KARLOVCEC, Daryl TOTTENHAM Kris GADE and Bruno GATTO.
- [Redacted - RCMP] FSOC advised would start project re [Redacted - RCMP]
- [Redacted - RCMP] FSOC meeting with Richmond RCMP over Project conflicts with [Redacted - RCMP]
- [Redacted - RCMP]
- [Redacted - RCMP] - FSOC requested BCLC assist with putting a Power Point together on the social impacts of ML as per conversation between Daryl TOTTENHAM and FSOC Sergeant noted below:

Redacted - RCMP

[Redacted - RCMP] *The squad really wants to go further with this but the problem is the big bosses don't see the overall downside of having dirty money running through the casinos. I believe the quote was "so there's dirty money running through the casinos, what's the big deal with that"...*

- June 4, 2015- AML summit hosted at BCLC Vancouver office involving participants from GPEB, BCLC, FINTRAC, CFSEU, FSOC, Financial Sector, Service Providers, CRA, CFO, Police Services, CBSA.
- [Redacted - RCMP] BCLC Director ALDERSON meeting with FSOC.
- [Redacted - RCMP] BCLC Director meeting with FSOC.

- Redacted - RCMP - BCLC Director met with FSOC Inspector Calvin CHRUSTIE to discuss new information regarding Redacted - RCMP

Redacted - RCMP

Redacted - RCMP GPEB Exe Director Compliance and BCLC Executive advised.

- July 27, 2015 - Conference call conducted between BCLC, RCMP and GPEB to further discuss July 22 information.
- Redacted - RCMP List of Redacted - players believed to have recently received cash from Redacted - placed on conditions. Copies of intelligence interviews detailing transactions here and abroad were provided to police.

Redacted - RCMP

ALDERSON was shown preliminary analysis conducted by FSOC analysts Redacted - RCMP Redacted - RCMP FSOC confirmed they would provide BCLC with more detailed analysis.

- Aug 28, 2015 - BCLC were advised by GPEB that they would be conducting an audit into BCLC's STR and UFT reporting practices.

Redacted - RCMP

- Redacted - RCMP After more detailed analysis and more information from Law Enforcement condition list increased to 36.
- Redacted - FINTRAC ALDERSON met with Insp Bruce WARD (FSOC) who now was OIC for Redacted - RCMP file.

- [Redacted - FINTRAC] Notice of Civil Claim names [Redacted - RCMP]
[Redacted - RCMP] Approx: \$1 million seizure.
- [Redacted - RCMP] ALDERSON provided details of illegal gaming location to FSOC.
- **Redacted - RCMP**
- [Redacted - RCMP] FSOC confirmed they had passed information from [Redacted - RCMP] onto Richmond RCMP.
- [Redacted - RCMP] BCLC conducted full day training with JIGIT at BCLC Vancouver.
[Redacted - RCMP] info passed on to OIC.
- [Redacted - RCMP] ALDERSON contacted FSOC who confirmed [Redacted - RCMP] file with Crown for charge approval re illegal gaming and money laundering.
- Aug 31, 2017 - Isp. Bruce WARD does hour long presentation on ePirate at IAFCI Conference in Vancouver detailing investigation and noting charges coming.
- [Redacted - RCMP] - BCLC submits impact statement for [Redacted - RCMP] file to FSOC.
- [Redacted - RCMP] - Vancouver Sun breaks story on [Redacted - RCMP]

Trak Incidents

Date	Incident File #	Synopsis	Notification			Redacted - RCMP redaction requested (V3)
			GPEB	Law Enforcement	STR	
Redacted - RCMP redaction requested (V3)	IN20120022175	Redacted - RCMP redaction requested (V3)				
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	IN20120030747		Section 86	RCMP		Indirect
	IN20120031298		Section 86	RCMP		
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	IN20120038228					
	IN20120038903		Section 86	RCMP		
	IN20120038916		Section 86	RCMP		
	IN20120039015			RCMP		Indirect
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	IN20120043853		Section 86			
	IN20120044644		Section 86			
	IN20120044890		Section 86			
	IN20120044958			RCMP		
	IN20120045514		Section 86			
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	IN20120045926		Section 86			
	IN20120046146		Section 86			
	IN20120046633		Section 86			
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	IN20120049710		Section 86	RCMP		Indirect
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	IN20120053285		Section 86			
	IN20120054574		Section 86			
	IN20120054882		Section 86			Indirect

Date	Incident File #	Synopsis	Notification			Redacted - RCMP redaction requested (V3)
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	IN20130039105		Section 86	RCMP		Indirect
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	IN20130044154		Section 86	RCMP		Indirect
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	IN20130057447		Section 86	RCMP		Indirect
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	IN20130059623		Section 86	RCMP		
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	IN20130059895		Section 86	RCMP		Indirect
	IN20130060921		Section 86	RCMP		

Date	Incident File #	Synopsis	Notification			Redacted - RCMP redaction requested (V3)
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	IN20140001205		Section 88	RCMP		Indirect
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	IN20140001354		Section 88	RCMP		Indirect
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	IN20140055225		Section 88	RCMP		Indirect
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	IN20140057434		Section 88	RCMP		Indirect
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FINTRAC

Date	Incident File #	Synopsis	Notification			Redacted - RCMP redaction requested (V3)
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	IN20150007168		Section 86	RCMP		Indirect
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	IN20150015487		Section 86	RCMP		Indirect
	IN20150015651		Section 86	RCMP		Indirect
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	IN20150034358		Section 86	RCMP		Indirect
	IN20150035266		Section 86	RCMP		Indirect
	IN20150035886		Section 86	RCMP		Indirect
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	IN20150040195		Section 86	RCMP		Indirect
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	IN20150050388		Section 86			
	IN20150052167		Section 86	RCMP		Indirect

Date	Incident File #	Synopsis	Notification			Redacted - RCMP redaction requested (V3)
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	IN20160034589			RCMP		Indirectly
	IN20160034829			RCMP		Indirectly
	IN20170009326			RCMP		
	IN20170031408		Section 86			

This is Exhibit " 80 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 28 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

May 31, 2018



Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: **David Eby**
Attorney General



Dear Minister Eby:

Re: BCLC's Implementing Government Direction Report

Please find enclosed BCLC's Implementing Government Direction report, dated March 31, 2018, which provides an update on BCLC's work to fulfill its current Mandate Letter.

BCLC recognizes its responsibility to conduct, manage and operate gaming on behalf of the Province of BC and for the benefit of all British Columbians. While revenue generation is an expectation, we are cognizant that it is equally important to ensure the integrity of gaming, player health and public safety.

In addition, we have taken the liberty of including a copy of BCLC's most recent Corporate Social Responsibility (CSR) Report. Since 2012, BCLC has proactively and voluntarily published a CSR report, which details our commitments to socially responsible business practices.

As we await the release of Dr. German's report, we wish to reiterate our continuing commitment to work cooperatively and collaboratively with the Gaming Policy & Enforcement Branch, FinTRAC, law enforcement and our Gaming Service Providers. We stand ready to implement recommendations that will benefit both the evolution of the Anti-Money Laundering system for casinos and the integrity of gaming in BC.

As always, BCLC would be pleased to meet with you at your convenience to discuss any aspects of the enclosed reports.

Yours truly,

Bud Smith, Q.C.
Chair, BCLC Board of Directors

cc: Richard Fyfe, Q.C., Deputy Attorney General
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x2

74 West Seymour Street
Kamloops, BC V2C 1E2

T 250.828.5500
F 250.828.5631

2940 Virtual Way
Vancouver, BC V5M 0A8

T 604.215.0649
F 604.225.6424
bclc.com

This is Exhibit " 81 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

416

To: David Eby [Personal information]
Cc: Jim D. Lightbody [Personal information]; Bud Smith
[Personal information]; Richard.Fyfe [Personal information];
Connie Richter [Personal information]
From: Suzanne Rowley
Sent: Thur 2018-05-31 9:45:46 PM
Subject: BCLC - Letter & Reports for Minister Eby's Attention
[2018.05.31 - a - Letter to Minister Eby re Implementing Govt Direction Report.pdf](#)
[2018.05.31 - b - Attachment to Letter - Q4 Implementing Govt Direction Report FY18.pdf](#)
[2018.05.31 - c - Attachment to Letter - Corporate Social Responsibility Report.pdf](#)

22222

Hello,

On behalf of Bud Smith, BCLC's Board Chair, please find attached letter and reports for the Minister's attention.

Thank you & regards,

Suzanne Rowley

Assistant Corporate Secretary/EA
President's Office, BCLC
2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information]

bclc.com

May 31, 2018

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Victoria, BC V8W 9E2

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Attorney General**

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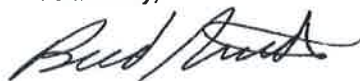
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Yours truly,



Bud Smith, Q.C.
Chair, BCLC Board of Directors

cc: Richard Fyfe, Q.C., Deputy Attorney General
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x2



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Implementing Government Direction

March 31, 2018

This report details BCLC's progress on government direction per:

1. 2017/18 Mandate Letter Amendment (November 23, 2017)
2. Plan for Public Health and Gambling (February 2015)

Future directives will be added, when required.

Implementing Government Direction

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Implementing Government Direction

2017/18 Mandate Letter Amendment (November 23, 2017)**IN PROGRESS**

Mandate Letter Action	Plans and Progress
1. Implement the five remaining commitments in the <i>Plan for Public Health and Gambling</i> . Submit bi-annual progress reports to the General Manager, GPEB.	Progress related to the Plan for Public Health and Gambling located in the following section. Jan. 8, 2018, BCLC and GPEB finalized plans to address all recommendations and plans are moving forward to address all outstanding recommendations. Mar. 2018, BCLC and GPEB reviewed the status of all recommendations and updated the progress report, which GPEB then shared with the ADM's Office.
3. BCLC will provide a quarterly report to the AG on the implementation of the government's AML Strategy and mitigation of related illegal activities.	Refer to the Q4 2017-2018 Quarterly Report to the Attorney General of British Columbia sent separately.

ONGOING

Mandate Letter Action	Plans and Progress
2 Proactively share information with GPEB that assists the branch in meeting its responsibility for the overall integrity of gaming and horse racing and providing the Minister with advice on broad policy, standards and regulatory issues. This includes, but is not limited to:	
a) Information about any new games to determine if additional RG standards are required or if it is a new type of lottery scheme which requires written approval as per the <i>Gaming Control Act</i> ; and	BCLC has worked with GPEB to refine and formalize a new game evaluation framework, which is being finalized. BCLC shared some new game ideas in their concept stage with GPEB to determine if they require approval. No major issues were raised. BCLC and GPEB are developing a communication strategy to ensure government is always informed about new game introductions.
b) Information regarding trends that may influence strategies to combat money laundering and keep the proceeds of crime out of BC gambling facilities.	BCLC is not aware of any new information or trends at this time. GPEB is provided on an on-going basis reports on all unusual financial transactions, any suspected illicit activity occurring or attempted and any material changes BCLC makes to its compliance programs.

A Plan for Public Health and Gambling in BC (February 2015)**IN PROGRESS**

Recommendation	Plans and Progress
<p>6 BCLC is working with other gambling jurisdictions in Canada on constructive approaches to communicating 'odds' and 'return to player' on Electronic Gaming Machine screens to dispel myths about control and ability to win.</p>	<p>BCLC is committed to provide full disclosure of the odds of winning and return to player from electronic gaming device (EGD). Recently, OLG invested a significant amount into a pilot project of slot machine classifications, completed in October 2017. While there were some positive findings, results showed confusion with the messages, largely associated with too much information. OLG is redesigning and planning another launch with results anticipated within six months.</p> <p>Given the considerable investment already made by OLG, BCLC will await the OLG findings to develop a plan to effectively communicate this information to our players.</p> <p>BCLC is working with the Interprovincial Lottery Corporation's RG Group as this requirement is expected to become mandatory for all new game themes released in Canada.</p> <p>Vendors will ensure the devices comply with any applicable standards of the Interprovincial Lottery Corporation's RG Group relating to disclosure of the odds of winning and return to player (the "Standards") within twelve (12) months of such Standards coming into effect.</p> <p>All vendors on BCLCs roster have agreed to this requirement as part of the executed contracts, and will work with their R&D teams.</p>
<p>7 Beginning in 2015, BCLC will offer new time and money budgeting tools to its Encore Rewards members. Similarly, enhanced tools have been developed for implementation on PlayNow.com.</p>	<p>The most recent PlayPlanner product was successfully tested by quality assurance and onsite production validation.</p> <p>On April 23, 2018, BCLC will introduce PlayPlanner as a pilot program at two sites in Kamloops for a 3-month period.</p> <p>PlayPlanner is a new, optional budgeting tool that enables Encore Rewards members to set their gambling time and spend while playing on a slot machine or eTable game. The pilot program will enable BCLC to evaluate the tool, and if successful, continue with a provincial rollout.</p>
<p>10 GPEB and BCLC plan to implement a GameSense Advisor presence in community gaming centres.</p>	<p>In December 2017, following Ministerial approval, GameSense Advisors (GSA) transitioned to BCLC employee positions April 1, 2018. BCLC will continue to incrementally add staff to expand the GSA program to all facilities province-wide with completion anticipated by Sept. 2019.</p>

Recommendation	Plans and Progress
<p>12 BCLC will implement customized RG messaging to PlayNow.com account holders as well as BCLC Encore members.</p>	<p>In 2014, BCLC partnered with the Manitoba Gambling Research Program, and researchers from UCLA, UNLV and Southern Cross University to evaluate customized RG messaging to PlayNow.com account holders as well as BCLC Encore members. The field experiment began in fall 2016 and was discontinued due to a low rate of engagement and above average unsubscribe rate.</p> <p>Consultation with BCLC business units and external researchers is underway, with the intent to redesign a research project to effectively evaluate how to reach BC gamblers through customized RG messaging.</p> <p>As an immediate next step, Strategic Science has been engaged to conduct a review of best practices related to providing RG related messages by risk level. The draft report is due May 1, 2018.</p>
<p>13 BCLC will engage an international team of researchers in a longitudinal research project to evaluate the impact of customized messaging on player behaviour.</p>	<p>Upon completion of recommendations 12 & 21, we will be in a better position to examine the impact of RG messages on behaviors.</p>
<p>17 The Ministries of Health and Finance, with BCLC, will be responsible for maintaining a working group with stakeholders and the Ministry of Education, to act as an advisory committee for government decision makers. Its mandate is to ensure gambling policy is informed by reliable research and best practices, creating a fulsome understanding of the social and economic implications of gambling.</p>	<p>GPEB will lead the creation of this working group given their responsibility for gaming policy.</p>
<p>19 Government and BCLC will consider long-term funding of the Centre for Gambling Research at UBC in 2017.</p>	<p>In March 2018, the Attorney General approved a joint BCLC/GPEB proposal to renew funding to the Centre for Gambling Research at UBC. The details of the agreement are currently being finalized.</p>
<p>20 GPEB and BCLC will research to the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines.</p>	<p>BCLC and GPEB are developing plans to engage GREO to conduct a meta-review on this area. Funding will be from the withheld jackpot fund.</p>
<p>21 GPEB and BCLC will undertake research to estimate online gambling prevalence and problem gambling prevalence among online players in British Columbia.</p>	<p>The UBC Centre for Gambling Research completed a study that characterized level of play (Pareto analyses) on the PlayNow platform in 1 month. The next step is to expand the investigation to examine gambling and problem gambling characteristics using both survey and player data.</p> <p>BCLC and GPEB will develop a RFP and commence the research from the withheld jackpot fund.</p>

COMPLETE

Recommendation	Plans and Progress
<p>8 BCLC has conducted its third review of the Appropriate Response Training (ART) program for gaming facilities staff, and in 2015, will be incorporating new approaches to problem gambling identification and response as recommended by the RG Council.</p>	<p>Fall of 2015, BCLC enhanced its ART program with a response guidelines matrix to help equip gaming venue staff with skills and knowledge to recognize observable behaviours that may indicate a problem with gambling and to provide the appropriate assistance when required.</p> <p>In early 2016, BCLC worked with an expert from the Centre for Addiction and Mental Health to enhance delivery and curriculum of ART Level 2 in-person workshops. Eight new learning activities, tailored to ART curriculum and response guidelines, were developed and all ART trainers received training on the new content.</p>
<p>9 BCLC will incorporate mandatory staff training about the cognitive effects of alcohol and the resulting increase in impulse behaviour.</p>	<p>BCLC added new training content for its ART Level 1 course in March 2015, which is mandatory for all gaming workers in BC. The content aims to equip gaming staff with ability to identify and understand policies and procedures pertaining to liquor service in a gaming environment; possible effects of alcohol intoxication on gambling behavior; knowing when to prevent customers who are, or appear to be, visibly intoxicated from participating in gambling; and, understand escalation procedures pertaining to intoxicated customers.</p>
<p>11 BCLC is implementing a new ART course that is specific to customer telephone support. It includes training on how to assess and respond to callers who may be experiencing difficulty with their gambling, details on available resources, procedures for handling third party concerns, and escalation guidelines.</p>	<p>ART for BCLC's Customer Support team launched in August 2014. All Customer Support staff completed the course in facilitated sessions held through November 2014. The training program is ongoing for new employees.</p>
<p>14 BCLC has worked with the RG Council to develop and implement the new RG Check accreditation program for online gaming. In anticipation of being the first online gambling platform to participate in this program, BCLC has initiated a number of changes in its approach to online RG, including better documentation of processes, policy reviews, and customer support training. The RG Council is auditing PlayNow.com.</p>	<p>BCLC's PlayNow.com was certified by RG Check in June 2015 with the recertification scheduled for April 2018. BCLC is the first organization in the world to have its online gaming site certified by RG Check.</p>

Appendix 1 - Plan for Public Health and Gambling in BC – Other Stakeholders' Recommendations

Recommendation	Responsible
1 The provincial Responsible & Problem Gambling program will link with the University of Victoria's Centre for Addictions Research and other researchers to work towards linking problem gambling education with broader issues of substance use, including preventing and addressing dependence and fostering positive mental health and social and personal responsibility.	GPEB, UVic
2 Within available resources, the provincial Responsible & Problem Gambling Program is shifting its prevention services to incorporate a greater focus on problem solving and critical thinking and prioritizing the need to ensure programs are as effective as possible for students.	GPEB
3 The Ministry of Education will share the findings of the PHO Report on Gambling as well as current research related to youth gambling with the Physical and Health Education curriculum development teams and other relevant specialist associations such as school counsellors.	Ministry of Education
4 Links to RG education materials will be added to the new Physical and Health Education curriculum as well as to the Healthy Schools BC website and promoted in the Healthy Schools BC newsletter.	Ministry of Education
5 The Ministries of Education, Finance, and Health will work together to raise awareness about the need for problem gambling education and its links with broader issues of risk-taking behaviour and promote related education materials.	Ministries of Education, Finance and Health
15 GPEB will update its RG Standards to include online gambling on PlayNow.com. These standards must be followed by BCLC and all gaming service providers in British Columbia.	GPEB
16 The Ministry of Finance will partner with the Ministry of Health to further explore problematic gambling screening and collaborative care planning for clients with co-occurring issues with the goal of improving the overall continuity of care.	Ministries of Finance and Health
18 The provincial government will develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers.	Ministry of Finance

2017/2018
**Social
Responsibility
Report**



A photograph of a middle-aged man with glasses and a striped shirt, smiling and holding a large white sign. A large green circle is overlaid on the sign, containing white text. The background is slightly blurred, showing a plant and a wall.

Our business
was created over
33 years ago
to benefit
British Columbia.

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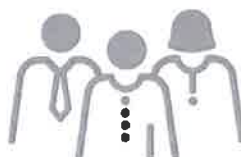
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Appendix 05

BCLC at a Glance

933

EMPLOYEES
EMPLOYED IN B.C.



13,588

SLOT MACHINES

528

TABLE GAMES



43

GAMING FACILITIES

3,500

APPROXIMATELY
RETAIL LOCATIONS THAT
SELL NATIONAL AND
PROVINCIAL LOTTERIES

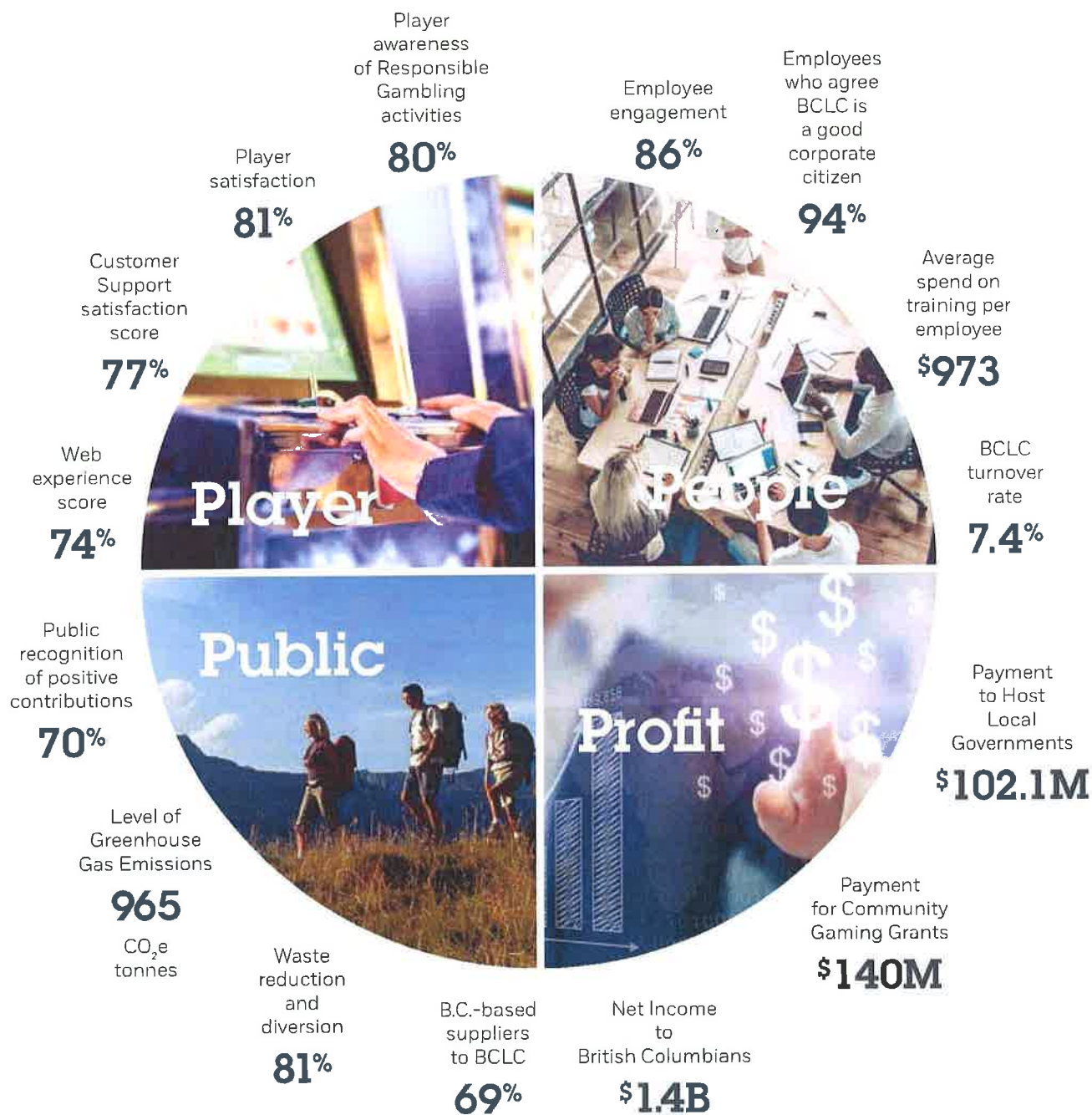


PlayNow.com

B.C.'S ONLY REGULATED ONLINE
AND MOBILE EGAMING CHANNEL



The Big Picture



Our Performance

Metric	2016/17 actual	2017/18 actual	2017/18 target	2018/19 target	2019/20 target
Player awareness of Responsible Gambling activities	79%	80%	78%	78%	N/A
Player interactions at GameSense Info Centres (No.)	59,075	48,587	65,000	70,000	70,000
Pass rate in Lottery Mystery Shop Program	86%	82%	75%	75%	75%
Pass rate in ID25 Mystery Shop Program	43%	39%	50%	60%	70%
Employee engagement score	87%	86%	85%	85%	85%
Employees who agree BCLC is a good corporate citizen	94%	94%	90%	90%	90%
Average spend on training per employee	\$992	\$973	\$1,200	\$1,200	\$1,200
Public perception of BCLC's transparency	64%	60%	64%	61%	62%
Public recognition of positive contributions	73%	70%	74%	74%	75%
Level of Greenhouse Gas Emissions (CO ₂ e tonnes)	833	965	900	900	900
Waste diverted from landfill—Kamloops office	64%	63%	78%	82%	82%
Waste diverted from landfill—Vancouver office	92%	87%	93%	93%	93%

Message from the President and CEO



We work to demonstrate how BCLC is a socially responsible company by communicating openly about our strategies and targets and how we are meeting those commitments. In order to earn the trust of government, service providers, customers and communities across B.C., we recognize that when our business is challenged to keep pace with shifting dynamics, it can question that hard earned trust.

I am proud of the action we have taken this past year to evolve our responsible gambling programs, improve our employee experience and strengthen key areas of our business. Even with the progress we have made in these areas, I also recognize there are other areas of our business that require more effort to improve the trust people have in our company.

Dr. Peter German's review on our anti-money laundering practices at casinos provides useful and practical recommendations that will serve as a road map for all agencies involved in combating money laundering. It is clear to me that even though BCLC has always followed the rules set by our authorities and maintained a comprehensive AML program, we need to do even more to rid our casinos of people who seek to exploit our systems for money laundering. We will act immediately to implement all recommendations outlined in Dr. German's report, and work collaboratively and in support of the important roles other agencies have in combating this urgent problem.

Looking ahead, I also look forward to further building up other important aspects of our business. A key area of focus will be the continuing evolution of our responsible gambling program to focus more on player health. This includes offering our players more than just awareness of the potential harms of our products, it involves better educating our players and giving them timely support and referrals to treatment and other resources. As such, we will be investing in research and utilizing research data and metrics to guide how we support healthier players.

The majority of British Columbians play our games for entertainment and the dream of a win. I am proud of the work we do at BCLC and the benefits it returns to communities. I want the people of this province to share that same sentiment. The only way for us to earn that confidence and trust is for us to let our actions speak for us in the year ahead and beyond.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jim Lightbody', written over a light blue horizontal line.

Jim Lightbody

Message from the **Vice-President, Social Responsibility and Communications**



Social responsibility must be embedded into our corporate culture and the way in which we manage our business and make decisions, not just when we develop strategies or set targets, but in our daily work at all levels of the company. To ensure we continue to build on our past success, we will continue to invest in improving our programs so that we provide our business, players and communities a sustainable and healthy future.

Being a part of British Columbia's public sector positions BCLC to be a catalyst for climate action at both the community and provincial levels. As such, it is incumbent on us to set an example with concrete action to reduce our carbon footprint and run a sustainable business. This report is our way of demonstrating our climate action efforts in the past year, as well as the efforts to uphold our commitments to social responsibility.

Among our social responsibility priorities are the recent and upcoming changes at BCLC that will bolster our goal of having the world's healthiest players. Our GameSense program has evolved from simply providing our players responsible gambling information, to adopting new approaches to promote player health, community and consumer awareness, education and access to appropriate treatment. BCLC and GPEB also successfully consolidated the GameSense Advisor (GSA) program under BCLC's management in April 2018. Assuming responsibility of all operations of the GSA program means we will have a stronger influence on the programs, practices and policies developed around player health.

Additionally, we are investing in new research about online behaviour and self-exclusion programming, and using data and metrics more than ever before to better measure our success and guide our future efforts. This focus and investment in outcomes-based research and player education is why BCLC was internationally recognized last year by the World Lotteries Association for leadership in responsible gambling.

I am committed to working alongside our team to ensure that we continue integrating social responsibility throughout every part of our business. Not only is it an integral way to build public trust by demonstrating good corporate citizenship; it's simply the right thing to do.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Susan Dolinski', with a stylized flourish at the end.


Susan Dolinski

Our Social Purpose

Mission and Values

BCLC was created over 33 years ago for the benefit of British Columbians. As a Crown corporation we conduct and manage lottery, eGaming, bingo and casino gambling entertainment on behalf of the Province of British Columbia. We strike a balance between fun and social responsibility by entertaining customers with a chance to dream and enjoy our games while also embedding player health and harm reduction approaches in the delivery of our games and offerings. The greatest impact we have is delivering important revenue to the Government of B.C. to support health care, education, social programs and charitable organizations. Since 1985, we have generated more than \$21 billion for the benefit of British Columbians.

We live by our values of integrity, social responsibility and respect. The games we offer and the ways we conduct business are fair, honest, transparent and trustworthy. Being socially responsible means keeping player health top of mind, reducing gambling-related harm and being a good corporate citizen, which is our social purpose.



**Conduct and manage
gambling in a socially
responsible manner
for the benefit of
British Columbians.**

Governance and Oversight

Our business is overseen by a Board of Directors, appointed by Government, which reports to the Attorney General of British Columbia, who is responsible for BCLC. The Board's Governance and Social Responsibility Committee provides guidance for issues related to Social Responsibility, while our CEO and the Vice-President, Social Responsibility and Communications have overall authority and accountability for our social responsibility performance.

At an operational level, we have established a Social Responsibility Committee made up of directors and senior managers from throughout the organization.

This committee provides direct input on, and approval of, the social responsibility performance framework, social responsibility charter, identification and prioritization of BCLC's material topics, as well as general social responsibility strategy at BCLC.

The Gaming Policy and Enforcement Branch (GPEB) is responsible for the overall integrity of gambling and horse racing in British Columbia, including regulation of BCLC and our compliance with B.C.'s *Gaming Control Act* (2002). GPEB is also responsible for setting the province's responsible and problem gambling strategy and has direct responsibility for the provision of problem gambling treatment services.

A Proactive Player Health Strategy

Keeping gambling fun for all players is an important part of being socially responsible, which means having programs that reinforce positive play behaviours, and assist players to get help if they need it. BCLC has policies reflecting responsible gambling standards that apply to all gaming service providers and lottery retailers, in support of our lottery, casino, bingo and online gambling activities. But it's not just about meeting regulatory standards—we're committed to continuous improvement. We embrace global leading practices and research, including partnerships with research institutions, to refine programming for healthy players, people at-risk and people with a gambling disorder.

BCLC's key initiatives include: information booths in all B.C. casino and community gaming facilities; a Voluntary Self-Exclusion program for those that are having difficulty controlling their gambling; and Appropriate Response Training (ART) educating all gaming staff in how to respond to players requiring assistance.

Our player health strategy incorporates key learnings from prevention and harm reduction approaches applied to other types of addictive behaviours.

FOUR PILLARS OF OUR PLAYER HEALTH STRATEGY:



Appropriate Response Training: Ongoing training is key to keeping responsible gambling, player health and best practices top of mind. We require all player-facing staff in casinos and community gaming centres to successfully complete Appropriate Response Training (ART), which prepares them to proactively assist players who may need extra support in a respectful manner. BCLC staff also complete training to enhance employee understanding of player health policies and practices.

Corporate Social Responsibility Assessments: To ensure we do not put vulnerable players at undue risk for harm, all products, promotions and advertising campaigns are reviewed using a Corporate Social Responsibility Assessment (CSRA). Through CSRAs, initiatives are screened for responsible gambling best practices, protection of minors and compliance to advertising standards, among other considerations.

Problem Gambling: According to the 2014 British Columbia Problem Gambling Prevalence Study conducted on behalf of the Gaming Policy and Enforcement Branch, the rate of people at risk of problem gambling was 3.3 per cent, which is down from 4.6 per cent in 2008. The B.C. Problem Gambling Help Line offers confidential and free support 24-hours a day, seven days a week for all British Columbians and counselling services are also offered free of charge by the Province of B.C.

External Certification: External certification helps us benchmark our progress against leading standards in the industry and continuously improve our policies, practices and programs throughout the organization. BCLC has once again maintained Level 4 certification (top-tier) for responsible gambling programs from the World Lottery Association (WLA). Additionally, all B.C. casinos, community gaming centres and PlayNow.com have received RG Check accreditation from the Responsible Gambling Council.

Voluntary Self-Exclusion: The Voluntary Self-Exclusion (VSE) program is for players who want to take a break from gambling, and choose to exclude themselves from facilities with slot machines, commercial bingo halls, and/or PlayNow.com for a self-determined period of time. As a deterrent, those enrolled in VSE are not eligible to claim jackpot prizes in gambling facilities. As of March 31, 2018, 10,563 people are enrolled in the VSE program and VSE participants were identified and turned away from entering a venue more than 9,563 times last year. In 2016, researchers concluded a four-year study with the goal of determining overall satisfaction, access to treatment and overall effectiveness of the VSE program, with favourable results and findings that will help further improve the program. In 2018, a new longitudinal study will be started with an additional cohort of participants who have enrolled in the program via PlayNow.com.

VOLUNTARY SELF-EXCLUSION LONGITUDINAL STUDY REVEALS POSITIVE FINDINGS

In 2017, researchers at the University of the Fraser Valley released a second, comprehensive four-year longitudinal evaluation of BCLC's VSE program from the perspective of the participant. Results revealed continued high levels of satisfaction with the program's enrolment process and a general effectiveness in reducing opportunities to participate in gambling.

- 93 per cent of participants were satisfied or very satisfied with the VSE program.
- 97 per cent would recommend the program to others.
- 25 per cent of participants attempted to violate their VSE agreement, a decrease of 10 per cent from the 2011 VSE Longitudinal Study.
- The study found that within one year of enrolling in the VSE program, the average problem gambling score for study participants was in the low-risk category.

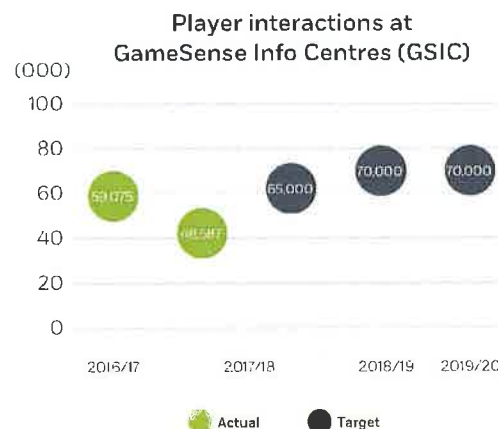
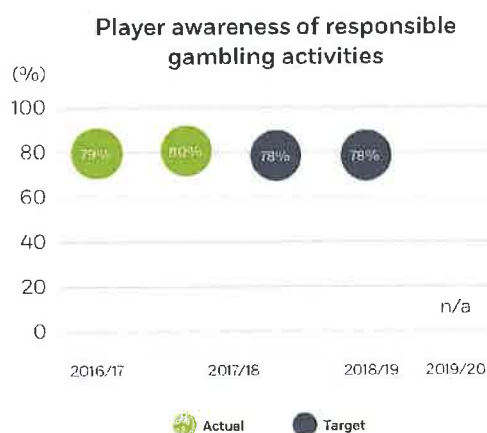
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WORLD LOTTERY
ASSOCIATIONCERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK
LEVEL 4 / VALID UNTIL 2020

BCLC Garneres International Recognition for Leadership in Responsible Gambling

In October 2017, BCLC received the World Lottery Association's (WLA) Level 4 re-certification for excellence in responsible gambling programming.

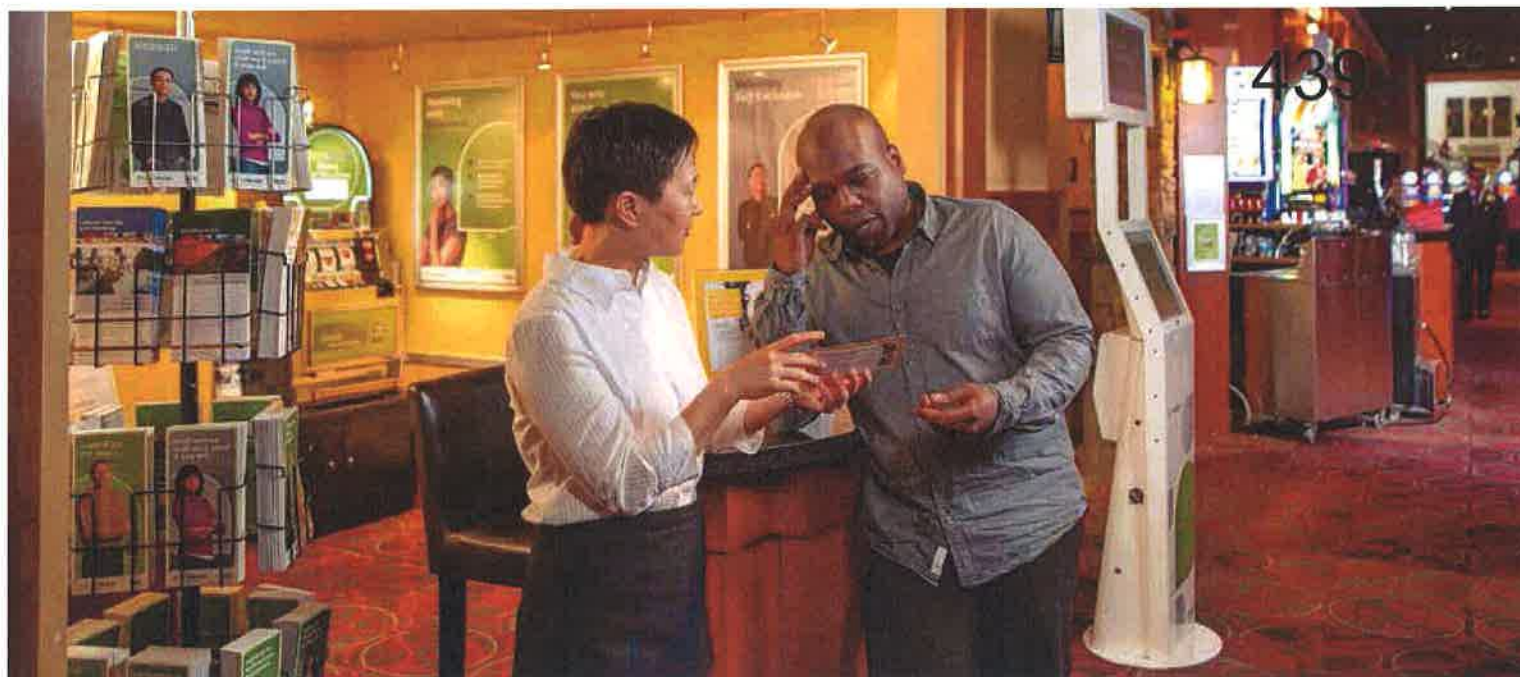
BCLC is one of only 12 jurisdictions worldwide (and one of three in North America) to reach the top tier Level 4.



Supporting Players in Responsible Gambling

Some of the initiatives designed to promote and enable safer gambling practices among B.C. players include:

- **GameSense Info Centres Design Standards:** Redefining the GameSense Info Centre design to better support players.
- **GamTalk (<http://www.gamtalk.org/>):** Hosting an online community to help people with gambling issues.
- **Play Planner:** Developing a tool which will allow casino players to set money and time limits on their play. Similar features are currently available on PlayNow.com.
- **Positive Play:** Conducted research to identify behaviours and attitudes that can reduce the risk of developing gambling disorders.
- **RG Check (www.rgcheck.ca):** All B.C. gambling facilities and PlayNow.com have received RG Check accreditation for their comprehensive delivery of responsible gambling programs.



GAMESENSE ADVISOR PROGRAM EXPANSION

GameSense Advisors (GSAs) provide gambling education, awareness and support to help players make informed decisions and connect them to community resources. They also provide support to gaming workers, helping them gain confidence in responding to critical or sensitive incidents.

GSAs provide a unique service to players and gaming workers by building positive relationships, rapport and trust. Players convey how the support from a GSA has made a difference, providing empathy and support when they've expressed concerns about their or their loved one's gambling.

GSAs also provide information about how games work, risks associated with gambling, and tools to support

safer gambling practises. When appropriate, GSAs deliver educational programming and activities to engage customers in player health information.

In 2018, the program is being expanded so that by the fall of 2019, every facility in the province will have GameSense Advisor presence. This expansion is in response to a recommended action item in the Public Health Officer's report in 2015 on gambling in B.C. To support the expansion plan, BCLC and GPEB jointly commissioned a third-party review of the GSA program to determine if there were opportunities for program improvement. The overall recommendation from that review was to consolidate responsibility of all operations of the GSA program, including GSAs, from GPEB to within BCLC.

GAMESENSE BRAND UPDATE

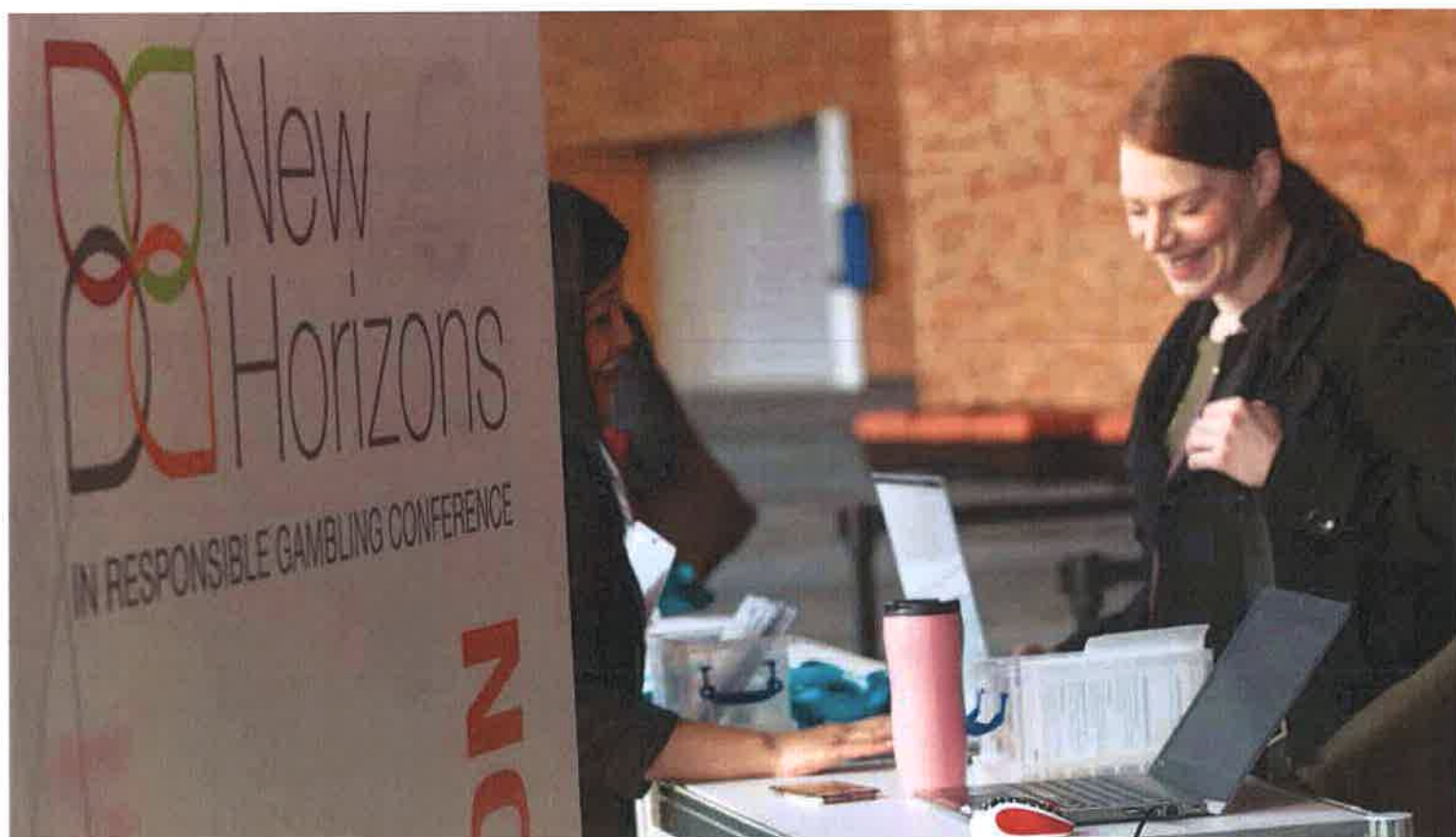
GameSense has had many successes and international recognition since it was first launched in 2009, reflecting our commitment to best practices and continuous improvement. In 2017, a review of the brand was conducted to better align with modern marketing communication standards and with BCLC's player health strategy. Research helped identify that focusing on positivity, simplicity, friendliness and balancing gambling with other activities leads to increased player engagement. In the year ahead, our players will see refreshed images, graphics and brochures online and at retail and they will also see a new design for GameSense Information Centres.



NEW HORIZONS IN RESPONSIBLE GAMBLING CONFERENCE

For six consecutive years, we have hosted the New Horizons in Responsible Gambling Conference. The Conference brings together academics, policy makers, community leaders and industry to advance the responsible gambling agenda. Year after year, experts share findings and insights for practical application. The learnings from New Horizons help to inspire progress and innovation in responsible gambling.

In 2018, Neil Pasricha, best known for his bestselling The Book of Awesome series, presented a captivating keynote address on reducing the stigma of mental health and Johann Hari, a New York Times bestselling author, journalist and TED presenter, gave a compelling address on treating pain and managing addiction through compassion, connection and treating people's psychological needs.



Player Experience

We are an integrated, player focused entertainment company, and the player experience is an important part of our commitment to social responsibility and how we build trust with the public. We are committed to enhancing the player experience by ensuring player privacy, safety and security and integrity of our games. We ensure that these aspects are well integrated across our gambling platforms—casinos, lottery and online gambling.

BROADENING GAMBLING PARTICIPATION

In order to continue to sustain the revenue that supports so many important programs in B.C., we are committed to creating experiences that appeal to new or light and casual players. With every new game we launch and facility we open, we have the opportunity to develop an entertainment option that resonates with new customers. Facilities like Elements Casino in Surrey, which has a dedicated video gaming lounge, and Cascades Casino in Penticton, which has a roof top patio and bocce ball court or the brand new Parq Vancouver, with its extensive amenities, are great examples of how we are working with our service providers to enable broader participation and new entertainment options in the community.

Another great example of our collaborative partnership with service providers was the launch of two new gaming lounges. In January 2018, Alpina Bar & Gaming Lounge and The BLOCK Gaming Lounge were introduced at Grand Villa Casino and Hard Rock Casino Vancouver. The all-new Gaming Lounges were developed as part of an opportunity we identified to increase participation from light and casual players. Both spaces were designed while keeping a social atmosphere top of mind for customers who want to enjoy more options when visiting a casino. Gaming Lounges feature tasteful interiors, an open layout and regular themed events. Games are hand-picked for those who want to dabble in the fun and learn to play with simple, lower betting options and popular themes.



Get to know BCLC's Customer Support Centre

250,000

INTERACTIONS
THIS YEAR



125%

CHAT CHANNEL GROWTH
IN VOLUME EACH YEAR



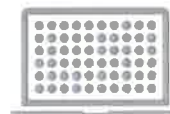
80%

CUSTOMER EXPERIENCE SCORE



80%

STAFF ATTENDED THOMPSON
RIVERS UNIVERSITY AT SOME POINT



5,000

COMPLETED CUSTOMER
EXPERIENCE SURVEYS



Customer Support Centre

Every day, our Customer Support Centre (CSC) in Kamloops responds to hundreds of calls and inquiries from customers and players with the goal of providing the highest level of customer service and achieving the highest level of customer satisfaction. Our CSC agents have one of the most pivotal roles in our organization as BCLC front line ambassadors who have the ability to manage and enhance player experiences. Thanks to their ongoing efforts and commitment to customer service, our Customer Satisfaction score has increased from 74 per cent to 77 per cent in the last year.

PLAYER PRIVACY

When people play with us, they want to know their information is safe and secure. We have established three pillars to guide and help us fulfil our obligations to players and to the *Freedom of Information and Protection of Privacy Act* (FIPPA).

Fairness

We don't sell or use personal information for any purpose other than what we've disclosed.

Accountability

We are responsible for protecting personal information, so we've developed safeguards and trained our staff accordingly.

Accessibility

We provide players with complete information on the existence, use and disclosure of their personal information upon request.

In order to ensure that player information collected through our online platform is private and secure, we annually seek the Certified Privacy Seal from TRUSTe for PlayNow.com. TRUSTe is a leading global data privacy management company that provides certification for companies who collect consumer data.

SAFETY AND SECURITY

As a gambling entertainment organization, trust in our games and in the safety and security of our facilities and offerings underpins the success of our business. We execute strategies, programs and processes for risk control, partner and asset protection and compliance with all relevant acts, legislation and related policies and procedures.

ANTI-MONEY LAUNDERING

Combating money laundering is a top priority for BCLC, and we work closely with our casino operators, regulators and law enforcement to prevent and report criminals targeting our facilities. This is an important responsibility and we remain committed to continuous improvement. To do so, we conduct regular internal reviews, commission independent audits and are audited by the Gaming Policy Enforcement Branch (GPEB) and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to bolster

our AML program. In September 2017, the Attorney General appointed Dr. Peter German to conduct an independent review into money laundering in Lower Mainland casinos. On January 10, 2018, BCLC implemented the first of Peter German's interim recommendations, through new procedures requiring Service Providers to gather detailed information on the source of player funds for all transactions of \$10,000 or more.

LOTTERY SECURITY AND INTEGRITY

All lottery retailers are required to adhere to our policies and procedures. We conduct an ongoing post-sale validation Mystery Shop program to assess our retailers' handling and validating of lottery products and to prevent fraudulent activities.

In 2016, we also introduced mandatory ID checks from all lottery customers who appear to be 25 years of age or younger in order to help ensure that lottery products are only sold to people who are 19 years of age or older. We assess compliance with this requirement through mystery shops. To date, mystery shops have revealed that retailer compliance needs to be significantly improved. After a full year of data collected from the ID25 mystery shops, findings revealed that 39 per cent of retailers tested asked for ID. Currently, repetitive non-compliance with Lottery Retailer procedures results in disciplinary action as per the Lottery Retailer Service Standard Remedies. BCLC is working to determine how to improve compliance with this important requirement.

INTEGRITY OF GAMES

Integrity of our games is paramount to us and we want our players to feel secure in the knowledge that every casino game, lottery ticket and online gambling experience represents a fair chance to win. We have technology, strict standards, training and regular compliance reviews to help maintain the integrity of our systems.

For example, corporate security staff review all lottery retailer prize claims above \$2,000 and all other prize claims above \$25,000. If there is any reason to believe the ticket does not belong to the claimant, the prize is not awarded and it is fully investigated, and notification is sent to our regulator, the Gaming Policy and Enforcement Branch (GPEB). We also notify GPEB of all lottery retailer claims of \$2,000 or more.

We also work together with our service providers to prevent suspicious and criminal activities in casinos. We have dedicated and trained surveillance staff within each of our casinos conducting observations of all facets of operations to ensure compliance with BCLC Standards. Any suspicious activity is reported and fully investigated by BCLC. Any criminal activity is immediately reported to local law enforcement and GPEB and we fully cooperate with police investigations by providing necessary evidence to support criminal charges. BCLC also takes proactive steps to prohibit individuals from our gaming facilities who have known criminal ties through an information sharing agreement with police. To date, more than 270 people have been barred as a result.

Player protection and game integrity are fundamental to PlayNow.com and we do this through secure registration, secure browsing, secure firewalls, cookies, log-in protection and more.

445

BRIDGING THE RETAIL AND DIGITAL PLAYER EXPERIENCE

In November 2017, we piloted Web Cash, a \$25 voucher for deposit to a PlayNow player account, allowing players to wager on all PlayNow products including ePoker, eCasino, Sports and Lottery. Customer and retailer feedback was positive after the pilot at 33 retail locations. We will explore potentially expanding Web Cash as we strive to create more playing experiences that seamlessly bridge the brick-and-mortar and digital spaces.



B.C.'S FIRST EVER DAILY GRAND JACKPOT WINNER

For years, Mike Jansen from Prince George joked with his wife that he would retire if he won the lottery, which meant she would have to spend a lot more time with him. On January 29, 2018 it was no longer a joke when Jansen matched five out of five numbers plus the 'Grand Number', making him the first ever Daily Grand Jackpot winner in B.C. Once he got the prize, he decided retirement wasn't in the cards, but he did decide to begin living "grand" right away, starting with a month-long vacation to Australia and Europe to enjoy some sun.



KAMLOOPS LOTTO MAX WINNER PLAYS IT FORWARD BY DONATING TO B.C. WILDFIRE RELIEF

Playing it Forward is something we do at BCLC, and is also something our players have come to embrace. Kamloops resident Jason Labby won the \$500,000 Extra on the July 7, 2017 Lotto Max draw and pledged to donate a portion of his windfall to those affected by the B.C. wildfires, which raged through the province last summer.



Employee Experience

Our employees are the driving force of our business and one of our most important stakeholders, so it is important that we listen to them and look for ways to continue improving their experiences at work.

CREATING A COMPELLING EMPLOYEE EXPERIENCE

We aim to provide a fun and engaging work environment with a strong culture based on trust and collaboration because we know that an inspired workforce will drive the success of our business. One way we do this is through our employee engagement survey. This year, our work to build a strong culture was well reflected in the results of this survey, which maintained a very strong score at 86 per cent in our overall engagement. The survey results help us understand our workforce and develop a plan to improve each employee's engagement and employee experience.

Listening to our employees makes us stronger. Our Advisory Committee of Employees (ACE) consists of employees of all levels and functions across the organization (excluding management). The committee meets monthly with Human Resources representatives and empowers employees to bring forward concerns, new ideas and solutions to potential issues, ensuring that they are heard and given full consideration at the executive level.

TALENT ACQUISITION AND TALENT MANAGEMENT

In order to deliver on our mission, we must attract and retain the right employees. As we plan for our future talent needs, we develop close partnerships with educational institutions and talent communities to bring in exceptional and diverse employees. We have also developed a "grow your own" philosophy to talent development. As such, we offer a breadth of training resources, development opportunities and programs to help our employees grow and develop professionally while contributing to our corporate goals. In addition to more than 1,000 on-demand online training courses, we offer three key leadership programs. The Emerging Leaders program helps build skills and capabilities for employees who have shown potential for, and aspire to, leadership roles. Leadership Essentials is for people who already manage teams, but are looking to enhance their leadership skills. Finally, we also offer a Business Leadership program in partnership with the UBC Sauder School of Business, which focuses on strengthening leadership skills and business acumen among our managers and directors.



BECOMING LEADERS IN DIVERSITY AND INCLUSION

In order to make decisions that reflect the wants and needs of the public and our players, we need to invite a range of perspectives that represent the diverse population of B.C. We believe that having a diverse and inclusive workforce is one way to do this. In addition to becoming a member of the Canadian Centre for Diversity and Inclusion (CCDI), this year we worked with experts to better define what diversity and inclusion means for BCLC. We also established a Diversity and Inclusion Committee, which includes managers and directors of various departments. Through these discussions, we have developed and started to implement our framework for a formal diversity and inclusion strategy. This includes exploring and implementing new methods of recruitment and employee development practices, as well as workplace improvements such as accessibility.

TOTAL REWARDS EXPERIENCE

At BCLC, we support our employees through our Total Rewards program. This program includes a comprehensive benefits package, pension plan, a deferred salary program, as well as career milestone and employee recognition programs. This program is one of the reasons we were selected as a Top Employer in B.C. for the 12th consecutive year. Recognizing that work life balance is also an important part of the employee experience, our wellness program is expanding to offer our employees activities that promote and support physical and mental health in the workplace.

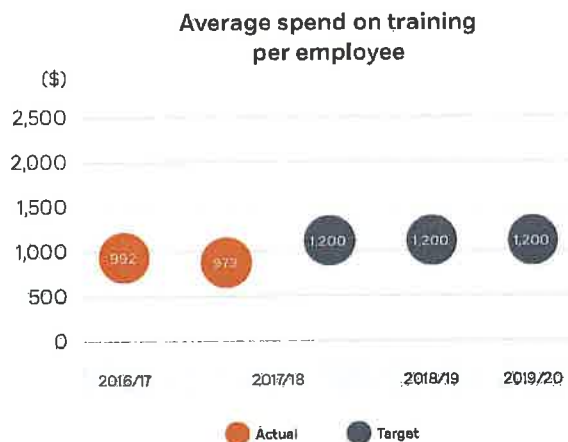
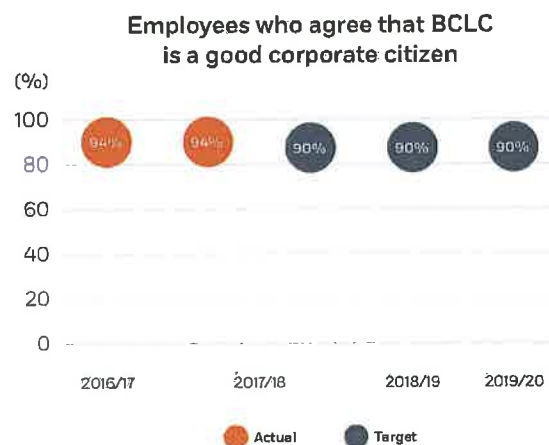
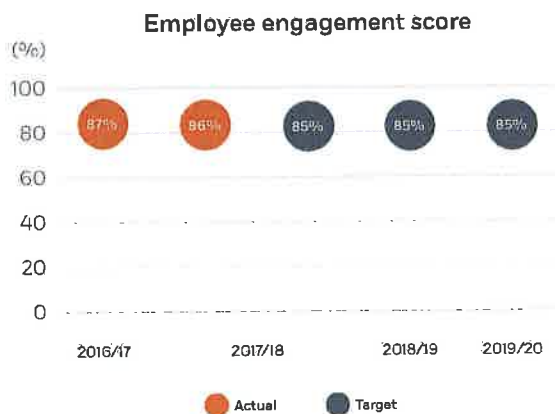
PLAYING IT FORWARD

Our employees are passionate about giving back to their communities. Our Play It Forward program allows employees to use up to 7.5 work hours annually to volunteer in the community.

In addition to volunteering through our Play It Forward program, they invest their own time to various good causes and have logged a combined total of over 3,839 volunteer hours since April 2015. Last year, the hours were used to volunteer at the following organizations: Greater Vancouver Food Bank, Kamloops Food Bank, Kamloops SPCA, Special Olympics, Kamloops Fire Centre support, Burnaby Minor Lacrosse Club, Kamloops Minor Hockey Association, Kamloops International Bantam Hockey Tournament, Dress For Success Vancouver, Thompson Rivers University Alumni Association and Thompson Rivers Women's Athletics.



Performance Summary



BCLC EMPLOYEES RECOGNIZED FOR GOING ABOVE AND BEYOND TO SUPPORT WILDFIRE RELIEF EFFORTS

BCLC employees came together to lend a helping hand during the 2017 unprecedented wildfire season that left many people displaced, homeless and in despair. The whole Kamloops community rallied to support evacuees at the Kamloops Wildfire Evacuation Centre, and our people at BCLC were right there to help. In appreciation, Premier John Horgan awarded BCLC with an Above and Beyond Award. The B.C. government created the Above and Beyond Awards program to recognize people who made a big difference in their communities during 2017's devastating floods and wildfires.



WELLNESS COMMITTEE MAKES STRIDES TO IMPROVING MENTAL AND PHYSICAL HEALTH OF EMPLOYEES

Since its inception, the Wellness Committee has been successful in hosting a variety of programs such as wellness challenges, lunch and learns as well as classes such as yoga, boot camp, self-defense and much more. All wellness events and activities are employee-driven and cater to all fitness levels and abilities. The group also works closely with the Human Resources team to align on goals of creating a healthier and happier workplace through the physical and mental wellness of employees.



EMPLOYEE GIVING PROGRAM

Our business is built on giving back and playing it forward. In 2017, we asked employees to select the charities in their communities that they would like to support through our corporate Employee Giving Program. Employees selected two charities in Kamloops; the Kamloops Food Bank and the Royal Inland Hospital Foundation, two charities in Vancouver; BC Children's Hospital Foundation and the Vancouver Food Bank, and field employees selected their local foodbanks. BCLC has entered into a two-year commitment with these organizations, and employees have already shown their support, demonstrating a true commitment to helping their communities thrive and grow.





IMPROVING EMPLOYEE RECOGNITION EXPERIENCE

This past year, our Human Resources team has worked in conjunction with our Advisory Committee of Employees (ACE) on a number of initiatives to improve the employee experience. One of these initiatives is reviewing BCLC's current recognition program. Over a six-day recognition accelerator workshop, the committee came up with some new and different solutions to better recognize our employees, based on their recognition and motivation preference. The information will be used to inform the next iteration of BCLC's recognition program.

CELEBRATING THE INAUGURAL AIM AWARDS ON INTERNATIONAL WOMEN'S DAY

The inaugural AIM Awards took place on March 8, 2018 and proved to be a true success. AIM is a grassroots group established at BCLC in 2016 to connect, inspire and motivate women at BCLC, regardless of title, with a focus on networking, professional and personal development and making a difference in our communities.

The awards recognized and acknowledged outstanding BCLC staff and served as an opportunity to celebrate those who live BCLC's value of diversity and who are making real change for women in the workplace. There were four nomination categories: Acts of Kindness, Inspirational/Emerging Leader, Mentor and Champion of Women.



Public Trust

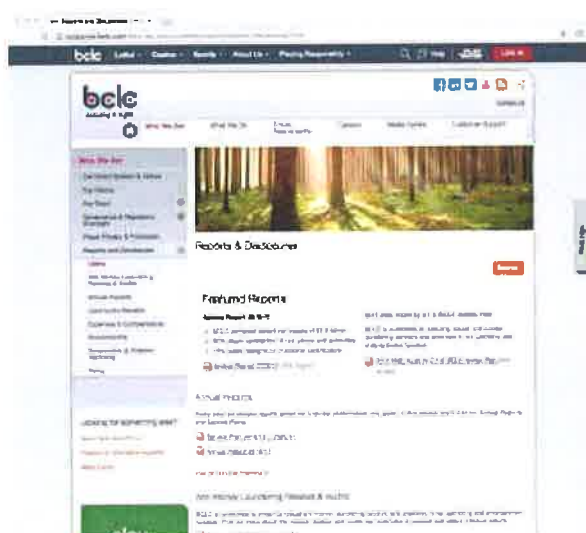
Building a foundation of trust and accountability with the people we serve is a core element of social responsibility.

TRANSPARENCY

We listen to our stakeholders and have meaningful dialogue with individuals and organizations that are impacted by our business. In addition to this Social Responsibility Report, we publish a number of other reports to be transparent and accountable to our stakeholders. These reports include:

- Annual Retail Compliance Report
- Annual Service Plan Report
- BCLC Action Plan Response to AML Audit
- Bi-Annual AML Audit
- Carbon Neutral Action Report
- Community Impact Report
- Financial Information Act Report
- Hosting a Gambling Facility:
A Local Government Information Package
- Public Sector Executive Compensation Report
- Quarterly Freedom of Information (FOI)
Request Report
- Report on Multiculturalism to the
B.C. Government
- Report on Voluntary Self-Exclusion (VSE)
Enrolment and Tracking
- Service Plan
- Service Provider Commission Report

Our latest Key Performance Indicator measurement shows public perception of BCLC's transparency has dropped to 60 per cent for the past year, down from 64 per cent last year. We are motivated to continue pushing that needle forward.



PROACTIVE DISCLOSURE

In 2017, as part of our openness and accountability initiative, we created a new corporate information landing page on our website. This page consolidated all corporate reports and disclosures in a logical and easily accessible manner. In addition to corporate reports, we now proactively disclose all types of information related to BCLC on our new Reports and Disclosures page on www.bclc.com, including CEO travel expenses, Board meeting Agenda and Minutes and Internal Audit reports. Across our business, we will continue seeking out opportunities to be more transparent in the future.

EXPRESSION OF INTEREST (EOI) PROCESS

BCLC has a formalized process for locating and relocating gambling and entertainment facilities that is clear, transparent and efficient. As part of its EOI process, BCLC identifies local governments interested in hosting a gambling facility within a defined market area, and asks them whether they wish to be considered to host a facility.

To date, BCLC has initiated three separate EOI processes: in Greater Victoria, and in the North Shore and South of the Fraser regions of Metro Vancouver.

As part of a rigorous assessment process, BCLC has selected the Cities of Victoria and Delta as preferred host local governments for potential new gambling and entertainment facilities. BCLC has not yet made a decision regarding a preferred host community on the North Shore.

In May 2018, Delta council voted to give preliminary approval for a proposed casino in that community. BCLC is still in the process of selecting a private-sector Service Provider to develop a casino proposal for the City of Victoria's future consideration.

BCLC respects the authority of local governments to choose whether they want a gambling facility in their community, and is committed to community engagement throughout the EOI process.

HEALTH IMPACT ASSESSMENTS

In 2017, BCLC engaged consultants to undertake Health Impact Assessments (HIA) to identify and examine potential health effects related to proposed gambling facilities in the Greater Victoria, South of the Fraser and North Shore region of Metro Vancouver. In May 2018, a draft HIA report for the City of Delta was completed as part of our Expression of Interest (EOI) process. This assessment, which involved numerous provincial and municipal government stakeholders and public health representatives examined potential positive and negative impacts related to a proposed gambling facility, and is another way to support informed decision making when it comes to a potential casino development.

COMMUNITY CONSULTATIONS

Every spring, our Stakeholder Engagement team travels across the province to meet with municipal government councillors, mayors and senior staff at their regional conferences, which we have sponsored for over a decade. Last year, we engaged with thousands of elected government officials when they met in Campbell River, Sun Peaks, Terrace, Harrison Hot Springs and Vancouver. Our goal is to enhance understanding of BCLC and the gambling industry, while building on these important relationships to ensure we are meeting the needs of the community which will in turn, help drive our success.

SUPPORTING COMMUNITIES THROUGH SPONSORSHIPS

For 25 years, BCLC has sponsored Music in the Park—a nightly outdoor summer music festival in Kamloops. This is the longest running free music festival in B.C. and brings arts to the forefront in the Kamloops community. For the last four years, BCLC has hosted Midsummer Music Jam, a special community concert that is part of Music in the Park. In 2017 an estimated 10,000 people attended the event—the largest crowd to date.

BCLC also introduced “Food Truck Wednesdays” to Music in the Park in 2017. BCLC was able to help B.C. wildfire evacuees who had been displaced during the 2017 wildfire season by providing evacuees with complimentary meals via food truck vouchers, and also worked with the Kamloops Food Bank to collect donations of more than 1,000 pounds of personal care products for evacuees staying in Kamloops.

In fiscal 2017/18, we supported numerous community organizations and initiatives in addition to the above. For a full list, see appendix 5. For those interested in having BCLC sponsor an event, please visit: <https://corporate.bclc.com/social-responsibility/sponsorship/criteria-and-application.html>

ETHICAL CONDUCT

Our Standards of Ethical Business Conduct embed our core values of integrity, social responsibility and respect. All our employees are required to fulfill our ethical promise to conduct our business with professionalism, honesty and integrity at all times.

For a number of years after the Ombudsperson’s report into the lottery prize payout process in 2007, we commissioned and published a research report into retailer play and win rates. Those reports indicated that our retailer win rate was statistically in line with non-retailer win rates in the province. As such, we ceased commissioning the research report. We continue to report reporting retailer wins to GPEB and have, since 2007, added a number of layers of security to increase the security and integrity of the lottery. In 2017, we had 89 retailer prize claims out of a total of 5562 prize claims over \$2,000, which accounted for 1.6 per cent of total prize claims.



DOING BUSINESS WITH US

As a Crown corporation, we follow strict rules when working with external vendors or suppliers. We abide by relevant trade agreements and specific processes and procedures when seeking potential vendors and suppliers. We, along with all other government organizations, post bid invitations and all the documentation required for a successful bid, such as a Request for Proposal, Request for Information, Invitation to Quote or Request for Qualification on B.C. Bid.

Our Procurement Department sources goods and services through qualified suppliers using transparent, equitable, fair and ethical bidding processes. Purchasing decisions are made to provide the best life cycle value for dollars spent, while giving the best possible service to internal and external customers.

WHISTLEBLOWER POLICY

Our Whistleblower Policy and procedures provide employees with a confidential process to raise concerns about leadership and ethical conduct. This framework allows employees to feel confident that they can raise concerns about leaders, or other employees, without the fear of retaliation. Complaints filed through our Whistleblower Policy are handled by an independent third party who specializes in employee relations issues. The independent specialist works with the Chair of our Board of Governance and Social Responsibility Committee to ensure all complaints are addressed and resolved appropriately.

Carbon Neutral Action

This Carbon Neutral Action Report for the period January 1, 2017 to December 31, 2017 summarizes our emissions profile, the total offsets to reach net-zero emissions, the actions we have taken in 2017 to reduce our greenhouse gas emissions and our plans to continue reducing emissions in 2018 and beyond.

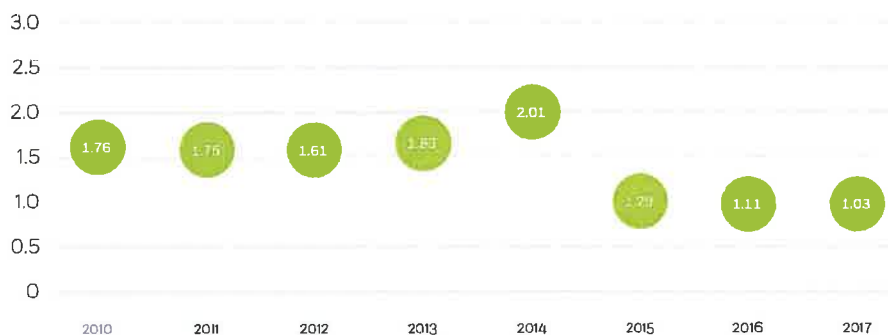
By June 30, 2018 BCLC's final Carbon Neutral Action Report will be posted to our website at www.bclc.com.

OVERVIEW

In 2017, BCLC conducted several initiatives and projects aligned to its efforts of being more energy efficient and reducing its corporate greenhouse gas (GHG) emissions. Despite the actions taken, BCLC's overall emissions increased by 16 per cent in 2017. The main reason for the increase was the higher

consumption of natural gas for heating, which is associated with the longer and colder winter in 2017. In addition, the BCLC fleet changed its composition by replacing two hybrid cars and adding an additional one (all three run on gas), resulting in an increase of 45 per cent of fleet related emissions.

GHGs per Employee (CO₂e tonnes)



Note: December 2010 to June 2011 BCLC was still responsible for vacated floor space in Richmond.

Annual GHG Emissions (tonnes CO₂e)



2017 REPORTABLE GHG EMISSIONS

Emission Source	2016	2017	% Change
Natural Gas	661	758	15
Electricity	85	79	(-7)
Fleet Gas	51	74	45
Office Paper	27	24	(-10)
Diesel Generators	7	8	11
Fugitive Sources	0	21	—
Grand Total	833	965	16

(All values are in tonnes carbon dioxide equivalent—CO₂e tonnes)

SUMMARY OF ACTIVITY DATA

Year	2010	2011	2012	2013	2014	2015	2016	2017
Natural Gas (GJ)	15,435	16,263	15,533	16,240	16,901	15,092	13,260	15,205
Electricity (GJ)	30,441	31,784	33,576	33,783	32,889	32,522	28,712	26,209
Fleet Gas (L)	211,846	175,518	149,208	160,979	121,027	14,017	21,030	30,388
Office Paper	7,444	6,999	4,952	5,973	6,133	4,616	3,740	3,328

Our Carbon Neutral Action Report (CNAR) is a required submission for the Government of British Columbia under the *Greenhouse Gas Reduction Targets Act*. More information can be found on the B.C. Climate Action Secretariat's website.

BUILDINGS

- An initiative that has also contributed to reducing electricity demand is the transition of lights to halide LED in the Vancouver warehouse. The new LED's are about 1/4 of the wattage of the original lights. The replacements have been occurring gradually over the past several years, on an as-needed basis.
- In 2017, fugitive emissions totaled 21 CO₂e tonnes. This was due to the refrigerant gas leak from one of the data centre's air conditioners. BCLC has a preventive maintenance program for this equipment which has a refrigeration contractor performing a full service and compliance leak checks every six months. Additionally, the equipment are visually inspected on a daily and weekly basis. Any leaks detected are reported and repaired immediately.

OFFICE PAPER

Office paper usage has decreased by 11 per cent, due to the trend towards more digitalized communication and the efforts of the company to reduce paper consumption. Examples of reduction efforts include building employee awareness and default double-sided printing settings.

ENVIRONMENTAL REMEDIATION CONTINUES AT POTENTIAL KAMLOOPS OFFICE SITE

BCLC has purchased land to the west of our head office as a space for a potential new head office facility. These lands were previously contaminated. BCLC is working with a Canadian environmental consultant who is overseeing the assessment work required to finalize site investigation into contamination. The findings from this work will inform the remediation plan that is being drafted for both the Environment Ministry and for potential developers to plan construction of a potential new head office building in Kamloops.





FLEET

- BCLC's fleet has increased in 2017. This resulted in a 45 per cent increase in associated GHG emissions. The expansion of the fleet is part of BCLC's strategy to reduce costs related to flights between offices by encouraging the use of the fleet when travel is not avoidable.
- In 2017, the fleet had one additional vehicle added and two hybrid cars were replaced by two gas-powered ones. The replacement was based on an internal analysis which concluded that the hybrid technology was not being maximized and it was preferable for BCLC to move to a gas vehicle with improved highway mileage.

Despite the increase in GHG emissions, we aim for effective management of the fleet. The addition of one gas vehicle, and the replacement of two hybrids with gas vehicles, was based on an internal analysis that hybrid technology was not being maximized and it was preferable to move to gas vehicles with improved highway mileage. As the use of fleet vehicles is primarily for travel between our head office in Kamloops and our Vancouver office, the analysis found gas vehicles were more fuel efficient for highway driving. Fleet usage and performance will be continually monitored, and maintenance will be regularly performed.

RECYCLING STEWARDSHIP PROGRAMS

We are a steward of two provincial programs that help us meet our obligations for B.C.'s Recycling Regulation —Electronic Products Recycling Association (EPRA) and Recycle BC (formerly, Multi-Material BC). In 2017, we recycled 243 tonnes of electronic equipment through the EPRA program, including slot machine parts, computers and lottery equipment.

As a registered B.C. Environmental Product Steward, we file reports with Recycle B.C. on the amount of paper sold as lottery and scratch tickets in addition to other paper and packaging materials used by our business. Fees that we pay on these amounts help fund downstream waste management and recycling programs. In 2017, we reported more than 670 tonnes of paper and packaging material, as follows:

Materials (tonnes)	2016	2017
Lottery ticket paper	288.3	261.6
Instant tickets (Scratch & Win, Pull Tabs)	282.3	314.5
Other Paper and Materials Packaging ¹	31.1	95.2
Total	601.7	671.3

¹ The category name was rephrased to include other materials reported than printed paper. The adjustment resulted in an increment of 29.4 tonnes in the 2016 Total. Besides the adjustment in this report, the data reported to Recycle BC remains the same and has not been changed.



GREEN COMMITTEE

- **The Green Committee** is an employee committee that aims to improve environmental sustainability within BCLC and to make sustainable behaviour a permanent part of BCLC culture. In 2017, the Green Committee coordinated several events to engage employees and raise environmental sustainability awareness. The events undertaken included:
 - **Earth Day Café Booth and Earth Day Lunch and Learn Movie:** these initiatives took place in April to bring awareness to the internationally recognized day. Over 50 employees were engaged in both events;
 - **Bike to Work Week:** this initiative promoted healthy living and encouraged employees to reduce their own carbon footprint by using bikes instead of cars. Twenty-one employees participated and 124 trips were recorded resulting in 810 km logged;
 - **Commuter Challenge:** BCLC has joined this national competition which takes place during Canadian Environment Week. The competition between Canadian cities and workplaces encourages people to be more conscious about the way people move in the city by rewarding alternatives to individual transportation such as walking, cycling, carpooling/ride-sharing, taking transit and telecommuting. Thirty employees participated in the 2017 initiative.
 - **Community Gardening:** this initiative took place in July and resulted in \$400 donated to Fresh Roots Society at Vancouver Technical Secondary. Nine employees donated an afternoon to pulling weeds and gardening.
 - **Green Committee Lunch and Learn:** the objective of this event was to raise awareness of the Green Committee amongst employees by sharing the Green Committee's mandate, mission and makeup, and encouraging people to get involved. Fifty employees attended the event in Vancouver and Kamloops.

% OF WASTE DIVERTED FROM LANDFILL

63 KAMLOOPS
87 VANCOUVER
81 OVERALL

Community Impact

The Province of B.C. created BCLC 33 years ago with the purpose of giving back to British Columbia and helping communities grow. Thanks to our players, more than \$21 billion has been delivered to support communities, provincial programs and services, charities and major events that have helped shape B.C.

CAMPBELL RIVER LIVE STREETS INITIATIVE

A team of Special Olympics athletes had the opportunity to build self-esteem and confidence—and raise a little money along the way—as part of Campbell River's Show on the Row. The athletes raised funds to support Special Olympics BC by selling popcorn at an outdoor movie night, one component of the CR Live Streets initiative. The community programming was funded by the City's share of provincial gaming revenue for hosting Chances Campbell River.

"They love it, they love the social aspects, they love the community, they love being a part of work that they may not normally have the opportunity to be involved

in," said George MacLagan, a coach with Special Olympics BC—Campbell River. "These are the stepping stones that allow an athlete to get a more successful job in the community, to be more proud of who they are."

The revitalization of the downtown core has been a strategic priority for the City of Campbell River for a number of years, and one that is supported by their share of provincial gaming revenue generated at Chances Campbell River. In 2016, the City of Campbell River received \$749,000 in Host Local Government payments from the provincial government.

"Thanks to revenue from View Royal Casino, the Town has become a co-owner of the regional library system, which made it possible for all of our residents to get a library card—at no charge."

MAYOR DAVID SCREECH
Town of View Royal



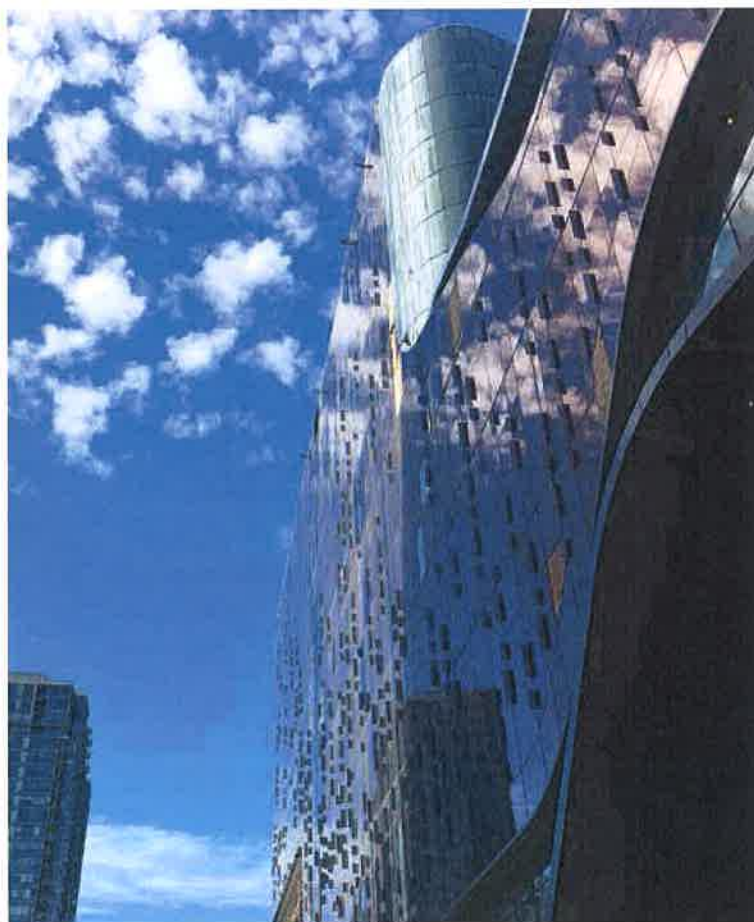


MISSION SKATEPARK, MISSION

The new Mission Skatepark was built thanks to the provincial gaming revenue that the District of Mission receives for hosting Chances Mission. After a young skateboarder from Mission presented to Council requesting support for building a new skatepark in Mission, Council and Staff embarked on a community engagement program to design the project. Working with Newline Skateparks, the new park opened in July 2016 and is now used by hundreds of kids every week, bringing youth in the community together in a safe and fun environment. "The new skatepark in Mission has had a strong impact on many youth and families in our community. Usage of the park has consistently been near capacity and is full of skaters of all ages, including family members. The reactions are all positive, some stating that it is the best one in the Lower Mainland. Youth in Mission are very proud of the new park. It means a lot to them to see the community invest in something that is specifically for them." Calvin Williams, Youth Worker and Area Director of Youth Unlimited, Mission.

PARQ VANCOUVER INTRODUCES A NEW STANDARD FOR COLLABORATION WITH COMMUNITIES

Paragon Gaming unveiled Parq Vancouver in fall 2017, making its mark on the way casino entertainment facilities should be developed going forward. Throughout the development of Parq, Paragon Gaming generated many economic and social benefits to the Vancouver community. The service provider made annual donations towards responsible gambling research, provided employment opportunities to at-risk families through in-kind support and partnerships and supported B.C. businesses by using locally sourced construction materials, supplies, furnishings and décor. Additionally, Paragon Gaming has committed to contributing \$300,000 annually to St. Paul's Hospital Foundation towards creating best practices for people with problem gambling behaviours.



HOST LOCAL GOVERNMENT PAYMENTS FOR FISCAL YEAR 2017/18

Each year, local governments that host casinos receive a share of net gaming income generated by those facilities. The following charts show Provincial payments made to Host Local Governments in 2017/18. The calculations for these payments are done in accordance with the Host Financial Assistance Agreement between the Province of British Columbia and each local government.

Net gaming income is defined as net win (revenue after prizes) from casino games less fees payable by BCLC to the casino operator in accordance with International Financial Reporting Standards. Operator fees are attributed to the specific facility and vary by community. BCLC administrative and operating costs are attributed to each facility based on net win from the facility and therefore also vary by community.

HOST LOCAL GOVERNMENT SHARE OF CASINO REVENUE

in thousands of dollars rounded

Local Government	Casino	Total 2017/18	Total 2016/17
Burnaby	Grand Villa Casino	\$ 11,731	\$ 10,876
Coquitlam	Hard Rock Casino Vancouver	8,634	8,180
Kamloops	Cascades Casino Kamloops	1,905	1,821
Kelowna	Playtime Kelowna ¹	1,930	1,915
Ktunaxa/Kinbasket Tribal Council Society	Casino of the Rockies	995	1,060
Langley City	Cascades Casino	7,688	6,943
Nanaimo	Casino Nanaimo	2,860	2,673
New Westminster	Starlight Casino	6,783	6,381
Penticton	Lake City Casino Penticton	2,056	1,687
Prince George	Treasure Cove Casino	2,682	2,640
Quesnel	Billy Barker Casino	497	479
Richmond	River Rock Casino Resort	17,086	16,972
Surrey	Elements Casino	4,124	4,103
Vancouver	Parq Casino ²	9,433	8,548
	Hastings Racecourse Casino	1,097	1,109
Vancouver Total		10,530	9,657
Vernon	Lake City Casino Vernon	1,972	1,962
View Royal	View Royal Casino	4,166	4,307
Total		\$ 85,639	\$ 81,656

¹ Playtime Kelowna—formerly Lake City Casino Kelowna

² Parq Casino replaced Edgewater Casino during FY 2017/18

"We wouldn't have the South Okanagan Events Centre if we didn't have gaming. There's a real phenomenal mix of events here, including concerts from international superstars. We're the envy of a lot of communities to have a state-of-the-art facility like this."

MAYOR ANDREW JAKUBEIT
City of Penticton

"The gaming revenue from Starlight Casino has been a huge benefit to New Westminster. It's helped to fund new parkland and a trail network in Queensborough that have really allowed residents to experience their city better—and connect with their waterfront."

MAYOR JONATHAN COTÉ
City of New Westminster

HOST LOCAL GOVERNMENT SHARE OF COMMUNITY GAMING CENTRE REVENUE

in thousands of dollars rounded

Local Government	Community Gaming Centre	Total 2017/18	Total 2016/17
Abbotsford	Chances Abbotsford	\$ 1,221	\$ 1,100
Adams Lake Indian Band	Chances Salmon Arm	524	505
Campbell River	Chances Campbell River	801	749
Castlegar	Chances Castlegar	502	482
Chilliwack	Chance Chilliwack	2,047	1,775
Courtenay	Chances Courtenay	1,046	981
Cowichan Tribes	Chances Cowichan	815	774
Dawson Creek	Chances Dawson Creek	704	578
Fort St. John	Chances Fort St. John	900	774
Kamloops	Chances Kamloops	900	853
Kelowna	Chances Kelowna	2,249	2,132
Maple Ridge	Chances Maple Ridge	1,609	1,404
Mission	Chances Mission	688	664
Port Alberni	Chances RimRock	467	454
Prince Rupert	Chances Prince Rupert	503	483
Squamish Nation	Chances Squamish	266	237
Terrace	Chances Terrace	663	632
Williams Lake	Chances Signal Point	565	588
Total		\$ 16,470	\$ 15,165

BCLC CASINO REVENUE FOR FISCAL YEAR 2017/18

BCLC casino revenue charts show all revenue generated by B.C. gambling facilities on behalf of BCLC for 2017/18. Slot machine and table game revenue is recorded as "net win," which is revenue after prizes are paid. Bingo revenue is recorded as "Sales," which is revenue before prizes are paid.

Casino	Service Provider	No. of Slot Machines*	Slot Machine Revenue 2016/17	No. of Tables	Table Game Revenue 2017/18	Total Casino Revenue 2017/18	Total Casino Revenue 2016/17
Billy Barker Casino	5851 Holdings Ltd.	122	8,618	4	186	8,804	8,474
Cascades Casino	Gateway Casinos and Entertainment Limited	1,001	112,370	28	26,740	139,110	126,641
Casino Nanaimo	Great Canadian Casinos Inc.	406	45,572	12	4,909	50,481	45,616
Casino of the Rockies	SEM Resort Limited Partnership	229	10,411	5	776	11,187	11,819
Parq Vancouver	Parq Vancouver Casino ULC	580	80,931	75	110,341	191,272	165,827
Elements Casino	Orangeville Raceway Ltd.	542	60,513	24	13,591	74,104	73,422
Grand Villa Casino	Gateway Casinos and Entertainment Limited	1,202	141,781	74	78,629	220,410	205,409
Hard Rock Casino Vancouver	Great Canadian Casinos Inc.	919	113,220	49	47,611	160,831	152,848
Hastings Racecourse Casino	Hastings Entertainment Inc.	536	20,451	-	-	20,451	20,370
Cascades Casino Kamloops	Gateway Casinos and Entertainment Limited	442	31,567	17	3,670	35,237	34,252
Playtime Casino Kelowna	Gateway Casinos and Entertainment Limited	436	29,707	16	6,990	36,697	35,958
Cascades Casino Penticton	Gateway Casinos and Entertainment Limited	400	34,631	11	2,116	36,748	29,219
Lake City Casino Vernon	Gateway Casinos and Entertainment Limited	401	33,420	9	1,721	35,141	34,823
River Rock Casino Resort	Great Canadian Casinos Inc.	1,267	160,397	112	167,327	327,723	337,721
Starlight Casino	Gateway Casinos and Entertainment Limited	934	88,928	54	37,578	126,506	120,882
Treasure Cove Casino	Treasure Cove Casino Inc.	540	45,377	8	2,175	47,551	46,381
View Royal Casino	Great Canadian Casinos Inc.	760	64,362	21	9,515	73,878	74,966
Total		10,717	1,082,258	519	513,874	1,596,132	1,524,629

* Number of slot machines includes electronic table games. Electronic table revenue is reported within Slot Machine Revenue

"The Calvin Kruk Centre for the Arts has been an amazing addition to our city. Thanks to players at Chances Dawson Creek, our community's quality of life is enhanced with a state-of-the-art facility for the performing arts."

MAYOR DALE BUMSTEAD
City of Dawson Creek

"Coquitlam is host city to the Hard Rock Casino Vancouver, and that host agreement brings with it a good funding source for the kinds of needs that a growing community like ours has."

MAYOR RICHARD STEWART
City of Coquitlam

BCLC COMMUNITY GAMING REVENUE

Community Gaming Centre or Commercial Bingo Hall	Service Provider	No. of Slot Machines*	Slot Machine Revenue	No. of Tables	Table Game Revenue 2017/18	Bingo Revenue 2017/18	Total Community Gaming Revenue 2017/18	Total Community Gaming Revenue 2016/17
Bingo Esquimalt	Great Canadian Entertainment Centres Ltd.	-	-	-	-	3,360	3,360	3,107
Chances Playtime Abbotsford	Playtime Gaming Group Inc.	211	20,946	-	-	95	21,041	19,081
Chances Playtime Campbell River	Playtime Gaming Group Inc.	150	14,090	-	-	546	14,636	13,785
Chances Castlegar	Terrim Properties	100	8,935	-	-	347	9,282	8,754
Chances Chilliwack	Great Canadian Entertainment Centres Ltd.	301	35,158	-	-	4,115	39,273	35,054
Chances Playtime Courtenay	Playtime Gaming Group Inc.	200	18,252	-	-	607	18,858	17,953
Chances Cowichan	Duncan Dabber Bingo Society	157	14,312	-	-	1,445	15,757	14,788
Chances Dawson Creek	Great Canadian Entertainment Centres Ltd.	148	12,522	-	-	477	12,999	10,831
Chances Fort St. John	243045 Alberta Ltd.	150	15,092	9	1,331	257	16,680	14,507
Chances Kamloops	Enterprise Entertainment Ltd.	200	15,829	-	-	3,392	19,221	18,392
Chances Kelowna	Goldwing Investments (Saskatoon) Ltd.	326	37,351	-	-	8,677	46,028	44,126
Chances Maple Ridge	Great Canadian Entertainment Centres Ltd.	200	27,374	-	-	2,072	29,447	26,307
Chances Mission	Gateway Casinos and Entertainment Limited	125	11,651	-	-	790	12,441	12,156
Chances Prince Rupert	0733244 BC Ltd.	102	9,080	-	-	1,274	10,355	9,780
Chances RimRock	Alberni Valley Gaming Association	100	8,243	-	-	822	9,065	8,821
Chances Salmon Arm	Terrim Properties	104	9,234	-	-	757	9,992	9,456
Chances Signal Point	Lucky's Venture Ltd.	123	9,997	-	-	1,380	11,377	11,592
Chances Squamish	Gateway Casinos and Entertainment Limited	99	5,040	-	-	441	5,481	4,816
Chances Terrace	Fort St. John Gaming Centre and Hotel Limited Partnership	75	11,096	-	-	934	12,030	11,604
Harbour City Bingo	Harbour City Bingo Inc.	-	-	-	-	5,886	5,886	5,471
Newton Community Gaming Centre	Gateway Casinos and Entertainment Limited	-	-	-	-	5,302	5,302	5,160
Planet Bingo	Community Gaming Management Association	-	-	-	-	7,709	7,709	7,377
Playtime Langley	Playtime Gaming Group Inc.	-	-	-	-	5,425	5,425	5,700
Chances Playtime Penticton	Playtime Gaming Group Inc.	-	-	-	-	0	0	2,145
Chances Playtime Victoria	Playtime Gaming Group Inc.	-	-	-	-	3,382	3,382	3,379
Treasure Cove Bingo	Treasure Cove Casino Inc.	-	-	-	-	9,881	9,881	9,416
Total Community Gaming Centres & Commercial Bingo Halls		2,871	284,203	9	1,331	69,373	354,908	333,558
Paper Bingo Distribution Revenue		-	-	-	-	245	245	203
Total		2,871	284,203	9	1,331	69,619	355,153	333,761

* Number of slot machines includes electronic table games. Electronic table revenue is reported within Slot Machine Revenue

466

\$1.4B

in net income was
generated in 2017/18 by BCLC
for the Province of B.C.

\$ MILLIONS**5.6**RESPONSIBLE GAMING
EDUCATION AND SERVICES**6.7**LOCAL ECONOMIC
DEVELOPMENT INITIATIVES**11.6**HORSEMAN'S
PURSE PAYMENTS**13.4**GAMING CORE
OPERATIONS**102.1**HOST LOCAL
GOVERNMENT**140.0**COMMUNITY
GAMING GRANTS**147.2**PROVINCIAL HEALTH
SPECIAL ACCOUNT**964.0**TO SUPPORT PUBLIC
PROGRAMS, HEALTHCARE
AND EDUCATION
(CONSOLIDATED REVENUE FUND)**\$3.2B**

in gambling revenues
(total) was generated in
2017/18 by BCLC.

\$1.3B Lottery & eGaming revenue

\$1.9B Casino & Community
Gaming revenue

COMMUNITY BENEFITS

BCLC is built on giving back and playing it forward
to help communities grow. Today, 88 cents of every
dollar played goes back into the Province.

About this Report

This report covers the activities and operations of BCLC during the fiscal year period which commenced on April 1, 2017 and ended on March 31, 2018. We have identified and reported on material issues that are of particular importance to BCLC and our stakeholders. Excluded from the scope of this report are the operations and activities of the broader gambling industry in British Columbia. This includes our service providers, retailers and suppliers. While BCLC acknowledges the leadership role that we play in encouraging socially responsible behaviour throughout the industry, overall performance outcomes reflect a shared effort.

CHANGES TO THE REPORT IN 2017-18

This year, we have started to look at different and more effective ways of measuring performance around our Corporate Social Responsibility Assessment (CSRA) process. As a result, we have ceased reporting on the rate of products/promotions labelled "Risk Recorded". Through evaluation of our player health strategy, we will consider more meaningful approaches to measuring this assessment process moving forward, in an ongoing effort to be open and transparent.

Material topics have been reduced from 20 to 16, due to the combination of topics and removal of "stakeholder engagement" entirely as a topic.

In accordance with updated GRI standards, we have adjusted the way in which we disclose our social responsibility reporting, so they continue to align with the GRI principles. The GRI Index can be read in Appendix 4.

GLOBAL REPORTING INITIATIVE

We support the Global Reporting Initiative's (GRI) framework for sustainability reporting. GRI has been a part of our reporting platform since 2012-13. This report is consistent with the GRI reporting principles for content and quality and was developed based on an assessment of our material topics. In alignment with the GRI Standards, this report is comprised of:

- **General Disclosures**, including our organizational profile and strategy as well as a discussion of ethics and integrity, governance, stakeholder engagement practices and our reporting process
- A review of our **Management Approach**, where we provide information on how our material topics are managed within the company; and,
- **Topic-specific Disclosures**, where we report on our activities and performance related to specific economic, environmental and social topics, including our material topics.

This report has been prepared in accordance with the GRI Standards: Core option. Please refer to our GRI content index for further information.

AUDIENCE

Our Social Responsibility Report is a platform for us to reach out and communicate with our stakeholders. Through the report we want to demonstrate transparency and accountability, in relation to all aspects of our business, our accomplishments and the challenges we face. This report is intended for a broad audience, but we have identified the following stakeholders, for whom this information may be particularly relevant:

- Players
- General public
- BCLC employees
- Provincial government
- Local governments
- Host local governments
- First Nations
- Community organizations
- Business organizations
- Health authorities
- Service providers
- Regulator
(Gaming Policy Enforcement Branch–GPEB)

STAKEHOLDER ENGAGEMENT

We consider it vital to listen to our stakeholders, address their concerns and learn from them in order to continue to be successful. We work with our stakeholders to help them build understanding of our business and our social purpose. Our stakeholders also help us identify trends and topics that we need to be aware of to ensure we are being accountable in the ways we do business. Our approach to stakeholder engagement is guided by the following principles:

- **Significance:** We deal with issues that are significant to our stakeholders and to us
- **Completeness:** We understand the views, concerns, needs and expectations of our stakeholders
- **Responsiveness:** We respond in a coherent, timely and appropriate manner
- **Measurable:** We track the quality, responsiveness and outcomes of our engagements

The following table summarizes key topics and engagement with our external stakeholders in 2017. These engagements are conducted on an ongoing basis with varying frequency based on each stakeholder group. This table does not include players, employees and the general public. More information about these groups can be found in the report under player health, player experience, employee experience and public trust.

Key Topics	Stakeholder groups	Types of engagement
Reducing gambling related harm	<ul style="list-style-type: none"> Provincial government Local governments Host local governments First Nations Regulator (GPEB) Public Health Authorities Service providers Academia Community organizations Players 	<ul style="list-style-type: none"> New Horizons Conference 2018 Health Impact Assessments of three markets in collaboration with Medical Health officers Expression of Interest process for potential new gambling facilities Ad-hoc meetings with local representatives Research projects with academia
Community Benefits/Financial Contributions to British Columbia	<ul style="list-style-type: none"> Provincial government Local government First Nations Service providers Community organizations General public Business organizations 	<ul style="list-style-type: none"> Municipal conferences Annual general meetings Ongoing meetings with representatives Community Outreach program Music in the Park Thompson Rivers University (TRU) Technology Speaker Series More than 100 annual sponsorships
Transparency and Ethical Conduct	<ul style="list-style-type: none"> Provincial government Local governments First Nations Service providers Community organizations Business organizations 	<ul style="list-style-type: none"> Stakeholder engagement in the Facility Development Process for new facilities Disclosure through various external reports (see Transparency)

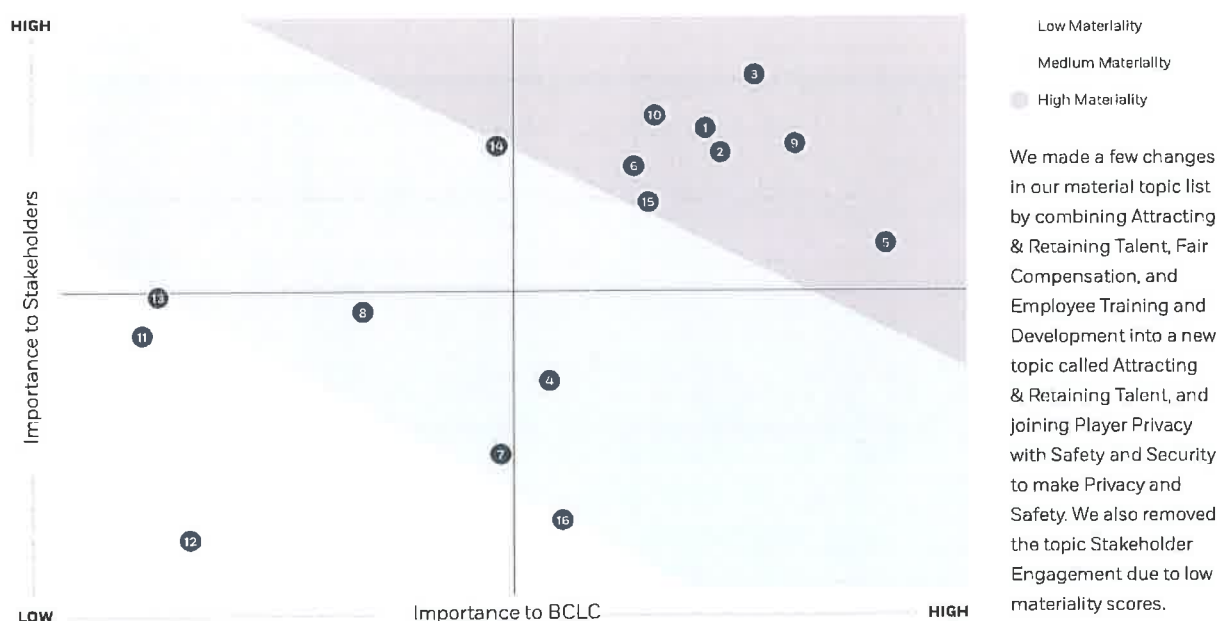
Stakeholder Groups:

- **Provincial government:** BCLC is overseen by a Board of Directors appointed by the Government of B.C. The Board reports to the Attorney General. Elected members from provincial ridings form the Legislative Assembly of British Columbia.
- **Local governments:** The government of a city, town or village.
- **Host local governments:** Municipalities and First Nations that host BCLC gambling facilities.
- **First Nations:** Aboriginal peoples in Canada who are neither Inuit nor Métis. In the context used here, it refers only to band governments.
- **Regulator, The Gaming Policy and Enforcement Branch (GPEB):** GPEB is responsible for the overall integrity of gambling and horse racing in British Columbia, including regulation of BCLC.
- **Health Authorities:** Five regional health authorities that govern, plan and deliver health care services within their geographic areas of B.C.
- **Community organizations:** An organization that improves the social well being of individuals, groups and neighbourhoods within a community or region. Examples include social services agencies and resident associations.
- **Business organizations:** A group of people that collaborate to achieve certain commercial goals. Examples include Chambers of Commerce, Business Improvement Associations and tourism entities.
- **Service providers:** Private-sector companies that are key players in our made-in B.C. operating model. They own or lease gambling facilities and maintain facility operations on a day-to-day basis.
- **Academia:** Students and teachers focused on research and higher education at a school or university.

Materiality

Our reporting approach is driven by the material topics that reflect the significant economic, environmental and social impacts of our business. BCLC's material topics are associated with our corporate goals of Player, People, Public and Profit as defined in our Social Responsibility Charter. For our 2017 report, we have updated our materiality matrix and the prioritization of material topics according to feedback provided by our internal and external stakeholders including the Social Responsibility Committee, players and employees. We also revised how certain topics are described based on our current understanding of each issue.

Strategic Goal	Focus Area	Material Topic
Player	Reduce Gambling-Related Harm (Player Health)	1. Problem Gambling
	Player Experience	2. Responsible Gambling
		3. Anti-Money Laundering
		4. Broadening gambling participation
		5. Integrity of Games
People	Employee Experience	6. Privacy & Safety
		7. Attracting & Retaining Talent
	Public Trust	8. Diversity & Inclusion
Public	Environment (Carbon Neutral Action)	9. Ethical Conduct
		10. Transparency
		11. Climate Change
	Profit	Community Impact
13. Waste Management		
		14. Direct Community Benefits
		15. Financial contributions to Province of B.C.
		16. Service Partner and Retailer success



Appendices

APPENDIX 1: ADDITIONAL DISCLOSURES

Indicator	2016/17	2017/18
Player awareness of Voluntary Self-Exclusion program	51.0%	50.0%
Player satisfaction	80.0%	81.0%
Player participation (at least monthly)	53.0%	51.0%
Customer satisfaction score	74.0%	77.0%
PlayNow.com web experience score	73.0%	74.0%
Total number of employees (No.)	920	933
Female	42.0%	42.0%
Male	58.0%	58.0%
Employee turnover	5.5%	7.4%
Absenteeism rate	5.4%	5.4%
Rate of retailer prize claims	1.2%	0.9%
Percentage of B.C.-based suppliers	63.0%	69.0%

APPENDIX 2:

Employees by Gender and Location

The table below summarizes the headcount at BCLC as of December 31, 2017.

Work Status	Kamloops	Vancouver	Field	Total
Full-Time	387	311	165	863
Part-Time	35	6	0	41
On Call	25	4	0	29
Total	447	321	165	933

Employees by Location

Gender	Kamloops	Vancouver	Field
Female	205	172	11
Male	242	149	154

Definitions:

Permanent Full-Time	permanently employed with no end date and is guaranteed 37.5 hrs per week
Permanent Part-Time	permanently employed with no end date and is guaranteed a set number of hours each week
Permanent On-Call	permanently employed with no end date and is not guaranteed a set number of hours each week
Temporary Full-Time	temporarily employed with a set end date and is guaranteed 37.5 hrs per week for the duration of contract
Temporary Part-Time	temporarily employed with a set end date and is guaranteed set number of hrs per week for the duration of contract
Temporary On-Call	temporarily employed with a set end date and is not guaranteed set number of hours per week for the duration of contract

Employee is:

Employees by Management

Gender	CEO	V.P.s	Managerial	Other
Female		4	67	317
Male	1	4	97	443

Employees by Contact

Gender	Permanent	Temporary
Female	370	18
Male	527	18

APPENDIX 3: PERFORMANCE AND DISCLOSURE METHODOLOGY

The table below summarizes how we measure our performance metrics, our benchmarks and information on the reliability of the data we collect.

Our Performance Metrics	How We Measure and Benchmark	Data Reliability
Player awareness of Responsible Gambling Activities (%)	Survey participants are asked to indicate their awareness of five of BCLC's responsible gambling activities. The result is a net percentage of BCLC players who are aware of at least one of the five initiatives. Player Awareness of Responsible Gambling Activities is internally benchmarked on a time series basis. We have not externally benchmarked the measure as we have not identified comparable data published by other gambling jurisdictions.	Continuous online survey independently conducted by a third-party firm with a random sample of B.C. adults aged 19 and up who have played at least one BCLC game in the past year. The survey uses industry-standard techniques to randomize the sample in a way that is consistent with B.C. population demographics as per Statistics Canada's Census. The margin of error is ± 1.55 at the 95 per cent confidence level (19 times out of 20). The figure is an average of four quarterly scores. After a player responds, they are not allowed to participate in the survey again for another six months.
Player interactions at GameSense info centres (No.)	Number of Player Interactions at GameSense Info Centres (GSICs) measures the total number of interactions that GameSense Advisors (GSA) have with players at casinos about responsible gambling.	GSAs are trained to use a mobile application to input customer interaction data which BCLC tracks on a monthly basis. Only interactions directly entered by GSAs are included in our total number of interactions.
Employee Engagement Score (%)	Each year, a third-party research firm conducts an anonymous online survey amongst BCLC's employees on our behalf. The survey asks employees to rank on a six-point scale their agreement with a broad range of statements that span different aspects of the workplace. The overall engagement score is an aggregate of the proportion of employees who agree with the eight key statements in the top two points of the scale. Employee Engagement is internally benchmarked on a time series basis. We have not externally benchmarked the measure due to the BCLC specific nature of the survey questions.	The survey to measure Employee Engagement is independently conducted by a third-party research firm, using market research industry standard techniques.

Our Performance Metrics	How We Measure and Benchmark	Data Reliability
Employees who agree BCLC is a good corporate citizen (%)	Employees Who Agree That BCLC is a Good Corporate Citizen is a specific question in the annual Employee Engagement Survey, an annual anonymous online survey among BCLC employees, conducted by a third-party research firm on our behalf. The survey asks employees to rank on a five-point scale their agreement with the statement "BCLC is a Good Corporate Citizen." Employee responses in the top two box scores are then aggregated and expressed as a percentage to get the aggregate agreement.	The survey to measure Employees Who Agree That BCLC is a Good Corporate Citizen is independently conducted by a third-party research firm, using market research industry standard techniques.
Average spend on training per employee (\$)	Average Spend on Training per Employee measures the total amount BCLC employees have expensed for self-training or development activities, divided by the total headcount.	This measure relies on employees self recording their training expenses and the total amount of training dollars spent by BCLC are audited annually by BCLC's financial auditors.
Public perception of BCLC's transparency (%)	A third-party research firm conducts a continuous tracking study to measure Public Perception of BCLC's Transparency on our behalf. The survey asks participants to rank their agreement with the statement that BCLC is forthcoming and open with the public, on a scale of one to seven. The overall public perception score is a percentage of participants who agree with the statement in the top three points of scale.	Continuous online survey independently conducted by a third-party firm with a random sample of B.C. adults aged 19 and up. The survey uses industry-standard techniques to randomize the sample in a way that is consistent with B.C. population demographics as per Statistics Canada's Census. The margin of error is ± 1.55 at the 95 per cent confidence level (19 times out of 20). The figure is an average of four quarterly scores. After someone responds, they are not allowed to participate in the survey again for another six months.
Public recognition of positive contributions (%)	A third-party research firm conducts a continuous tracking study to measure Public Recognition of BCLC's Positive Contributions to the Province of B.C. on our behalf. The survey asks participants to rank their agreement with the statement that BCLC makes positive contributions to the province of B.C., on a scale of one to seven. The overall public recognition score is a percentage of participants who agree with the statement in the top three points of scale.	Continuous online survey independently conducted by a third-party firm with a random sample of B.C. adults aged 19 and up. The survey uses industry-standard techniques to randomize the sample in a way that is consistent with B.C. population demographics as per Statistics Canada's Census. The margin of error is ± 1.55 at the 95 per cent confidence level (19 times out of 20). The figure is an average of four quarterly scores. After someone responds, they are not allowed to participate in the survey again for another six months.

Our Performance Metrics	How We Measure and Benchmark	Data Reliability
Level of Greenhouse Gas Emissions (CO ₂ e tonnes)	BCLC is a Public Sector Organization (PSO) subject to the Province of B.C.'s Carbon Neutral Government policy. We report our consumption of building energy, vehicle fuel and office paper to the B.C. Ministry of Environment's Climate Action Secretariat through its SmartTool GHG reporting website. BCLC obtains the required data from our suppliers of electricity, natural gas, fleet vehicle fuel and paper, and match that against internal procurement records. GHG emissions are internally benchmarked on a time series basis. Externally, our Carbon Neutral Action Report and those of other PSOs are published by the Ministry of Environment annually at the end of June and are benchmarked amongst each other. GHG targets have a 2007 base year and emission factors come from the 2016 B.C. Best Practices Methodology for Quantifying Greenhouse Gas Emissions which incorporate Global Warming Potentials (GWP) from the IPCC's fourth assessment report (AR4).	Data for electricity and natural gas consumption is verifiable from billable consumption figures supplied by the respective utilities companies. We calculate electricity usage for our offsite data facility from meter readings. Fleet vehicle gasoline consumption is obtained through fuel consumption reporting from our fleet vehicle management company. Office paper consumption for all types of reportable paper is measured internally each month.
Waste diverted from landfill—Kamloops office (%)	Waste Diverted from Landfill is measured by taking the weight of waste streams diverted from landfill (recycled paper, cardboard, recyclable containers, metals, glass, and compostable organics) as a per cent of the total weight of all waste streams collected from our Kamloops office.	BCLC receives monthly reports from our external waste management contractors, detailing the actual weights of general garbage, recycled paper, recyclable containers, compostable materials and cardboard.
Waste diverted from landfill—Vancouver office (%)	Waste Diverted from Landfill is measured by taking the weight of waste streams diverted from landfill (recycled paper, ticket shredding, cardboard, recyclable containers, metals, glass, and compost) as a per cent of the total weight of all waste streams collected from our Vancouver office.	BCLC receives monthly reports from our external waste management contractors, detailing the actual weights of general garbage, recycled paper, shredded tickets, recyclable containers, compostable materials and cardboard.

The table below summarizes how we measure our additional disclosures and information on the reliability of the data we collect.

Additional Disclosures/ Indicators	How We Measure and Benchmark	Data Reliability
Player awareness of Voluntary Self-Exclusion Program	A third-party research firm conducts a continuous tracking study to measure Player Awareness of BCLC's VSE program on our behalf. Players are considered to be aware of the VSE program if they specifically mention the VSE program during the survey of Player Awareness of Responsible Gambling Activities.	Continuous online survey independently conducted by a third-party research firm with a random sample of B.C. adults aged 19 and up who have played at least one BCLC game in the past year. The survey uses industry-standard techniques to randomize the sample, while retaining a gender, age and regional balance consistent with B.C. population as per Statistics Canada's Census. The margin of error is ± 1.55 at the 95 per cent confidence level (19 times out of 20). The reported figure is an average of four quarterly scores. After a player responds to the survey, they are not allowed to participate in the survey again for another six months. The indicator is also included in Ernst & Young's scope of assurance activities.
Player Satisfaction	Players who played in one of BCLC's gambling channels at least once every three to five months are asked to rate their level of satisfaction with their last experience in each channel on a 10-point scale. For each player, an average satisfaction score is calculated using their satisfaction scores in all channels they play in.	Continuous online survey independently conducted by a third-party research firm with a random sample of B.C. adults aged 19 and up. The survey uses industry-standard techniques to randomize the sample, while retaining a gender, age and regional balance consistent with B.C. population as per Statistics Canada's Census. The margin of error is 1.55 at the 95 per cent confidence level (19 times out of 20).
Player Participation (at least monthly)	Participants are asked how frequently they play our games in any of BCLC's channels. The result is an aggregate score for those players who played at least once a month in any of our channels, including lottery tickets, casino games or PlayNow.com activity.	Continuous online survey independently conducted by a third-party research firm with a random sample of B.C. adults aged 19 and up. The survey uses industry-standard techniques to randomize the sample, while retaining a gender, age and regional balance consistent with B.C. population as per Statistics Canada's Census. The margin of error is 1.55 at the 95 per cent confidence level (19 times out of 20).

Additional Disclosures/ Indicators	How We Measure and Benchmark	Data Reliability
Customer Support Satisfaction Score	The "Customer Satisfaction" metric represents a player's overall satisfaction with BCLC's Customer Support Centre (CSC) after an interaction with the CSC. The score is a "Top 2 Box" score, meaning that it represents the percentage of players who rated the CSCs service as "Very Good" or "Excellent" (e.g., "4" or "5", on a 5-point scale).	This is a continuous online survey conducted by a third party with BCLC customers who contact the Customer Support Centre (CSC). Only those who have provided sufficient data via telephone or email will be invited to complete the online survey.
Employee turnover	Employee Turnover Rate is internally benchmarked on a time series basis. We do not externally benchmark, as other gambling jurisdictions and B.C. Crown corporations do not publish equivalent figures.	Employee Turnover Rate is internally calculated by our Human Resources team. It is measured on a monthly basis with the year-end calculated by averaging monthly rates.
Absenteeism rate	Absenteeism Rate is internally benchmarked on a time series basis. We do not externally benchmark, as other gambling jurisdictions and B.C. Crown corporations do not publish equivalent figures.	Absenteeism Rate is internally calculated by our Human Resources team. It is measured on a monthly basis with the year-end calculated by averaging monthly rates.
Rate of retailer prize claims	<p>The rate of retailer prize claims is the number of retailer claims over \$2,000 divided by total claims over \$2,000 processed at all payout centres in B.C. for lottery products.</p> <p>We have not externally benchmarked the measure as we have not identified comparable data published by other gambling jurisdictions.</p>	Each payout centre reports to the BCLC corporate lottery division the number of retailer and non-retailer prize payouts over \$2,000 on a monthly basis. This data is then aggregated and reported to GPEB and BCLC's Corporate Communications group each month.
Percentage of B.C.-based suppliers	<p>Percentage of B.C.-based suppliers is calculated by dividing the number of BCLC's registered vendors with a B.C. address by the total number of registered vendors.</p> <p>This metric is internally benchmarked on a time series basis. We have not externally benchmarked the measure as we have not identified comparable data published by other gambling jurisdictions.</p>	BCLC's vendors are reported publicly each year in our Statements of Financial Information in accordance with the <i>Financial Information Act</i> , in the Schedule of Payments to Suppliers of Goods and Services. This information is audited annually by our independent third-party financial auditing firm.

APPENDIX 4: GRI CONTENT INDEX

BCLC aligns our social responsibility reporting with the Global Reporting Initiative (GRI) principles. The table below indicates where to find our general and specific standard disclosures from GRI's Standards.

Disclosure	Reference	Page #
GRI 101: Foundation 2016		
General Disclosures		
GRI 102:	102-1 Name of the organization	British Columbia Lottery Corporation–BCLC
General Disclosures 2016		
	102-2 Activities, brands, products, and services	<ul style="list-style-type: none"> What We Do corporate.bclc.com/what-we-do.html
	102-3 Location of headquarters	<ul style="list-style-type: none"> BCLC at a Glance BCLC's Corporate Offices corporate.bclc.com/customer-support/contact-us.html
	102-4 Location of operations	BCLC only operates in British Columbia, Canada
	102-5 Ownership and legal form	<ul style="list-style-type: none"> Our Social Purpose–Mission and Values Who We Are corporate.bclc.com/who-we-are/our-history.html Corporate Governance and Board of Directors corporate.bclc.com/who-we-are/governance-and-oversight/board-of-directors.html
	102-6 Markets served	<ul style="list-style-type: none"> 2017/18 Annual Service Plan Report corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html
	102-7 Scale of the organization	<ul style="list-style-type: none"> BCLC at a Glance Community Impact 2017/18 Annual Service Plan Report corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html
	102-8 Information on employees and other workers	<ul style="list-style-type: none"> Appendix 2: Employees by Gender and Location
	102-9 Supply chain	<ul style="list-style-type: none"> Casino corporate.bclc.com/what-we-do/casinos/about-casinos.html Lottery corporate.bclc.com/what-we-do/lotto/about-lotto.html Online Gambling corporate.bclc.com/what-we-do/online-gambling/about-online-gambling.html

Disclosure	Reference	Page #
102-10 Significant changes to the organization and its supply chain	There have been no significant changes to the organization over the reporting period.	
102-11 Precautionary principle or approach	<ul style="list-style-type: none"> Carbon Neutral Action-Environmental Remediation Continues at Potential Kamloops Office Site 	29
102-12 External initiatives	<ul style="list-style-type: none"> Social Responsibility Charter corporate.bclc.com/social-responsibility/our-approach.html Carbon Neutral Government Program https://www2.gov.bc.ca/gov/content/environment/climate-change/public-sector/cnar 	
102-13 Membership of associations	<ul style="list-style-type: none"> Interprovincial Lottery Corporation World Lottery Association Canadian Gaming Association Responsible Gambling Council of Canada North American Association of State and Provincial Lotteries Kamloops Chamber of Commerce 	
102-14 Statement from senior decision-maker	<ul style="list-style-type: none"> Message from the CEO Message from the Vice-President, Social Responsibility and Communications 	04 05
102-16 Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> Our Social Purpose Public Trust 	06 23
102-18 Governance structure	<ul style="list-style-type: none"> Our Social Purpose-Governance and Oversight Who We Are-Our Team corporate.bclc.com/who-we-are/our-team/our-senior-executive.html 	06
102-40 List of stakeholder groups	<ul style="list-style-type: none"> About this Report -Stakeholder Groups Social Responsibility-Stakeholder Engagement corporate.bclc.com/social-responsibility/public/stakeholder-engagement.html 	41
102-41 Collective bargaining agreements	Zero percent	
102-42 Identifying and selecting stakeholders	<ul style="list-style-type: none"> About this Report-Stakeholder Engagement Social Responsibility-Stakeholder Engagement corporate.bclc.com/social-responsibility/public/stakeholder-engagement.html 	40
102-43 Approach to stakeholder engagement	<ul style="list-style-type: none"> About this Report-Stakeholder Engagement Social Responsibility-Stakeholder Engagement corporate.bclc.com/social-responsibility/public/stakeholder-engagement.html Appendix 3: Performance and Disclosure Methodology 	40 44

Disclosure	Reference	Page #
102-44 Key topics and concerns raised	<ul style="list-style-type: none"> About this Report–Stakeholder Engagement About this Report–Materiality 	40 42
102-45 Entities included in the consolidated financial statements	2017/18 Annual Service Plan Report corporate.bcllc.com/who-we-are/corporate-reports/reports-disclosures.html	
102-46 Defining report content and topic boundaries	About this Report	38
102-47 List of material topics	About this Report–Materiality	42
102-48 Restatements of information	Not applicable for this year's report	
102-49 Changes in reporting	About this Report–Materiality	42
102-50 Reporting period	This report covers the activities and operations of BCLC during the fiscal year period which commenced on April 1, 2017 and ended on March 31, 2018.	
102-51 Date of most recent report	August 22, 2017 (Social Responsibility Report 2016/17)	
102-52 Reporting cycle	BCLC's reporting cycle is annual	
102-53 Contact point for questions regarding the report	Contact Us corporate.bcllc.com/customer-support/contact-us.html	
102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55 GRI content index	Appendix 4: GRI Content Index	49
102-56 External assurance	It has not been externally assured.	

Material Topics

Problem Gambling, Responsible Gambling

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"> A Proactive Player Health Strategy About this Report 	07-12 38
	103-2 The management approach and its components	A Proactive Player Health Strategy	07-12
	103-3 Evaluation of the management approach	A Proactive Player Health Strategy	07-12
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	A Proactive Player Health Strategy	07

Disclosure		Reference	Page #
BCLC Specific	Player awareness of	• A Proactive Player Health Strategy	07
	Responsible Gambling	• Our Performance	03
	Activities	• Appendix 3: Performance and Disclosure Methodology	44
	Player interactions at	• A Proactive Player Health Strategy–GameSense	10–11
	GameSense Info Centres	• Our Performance	03
		• Appendix 3: Performance and Disclosure Methodology	44
Anti-Money Laundering			
GRI 103: Management Approach 2016	103–1 Explanation of the material topic and its boundary	• Player Experience–Anti-Money Laundering	15
		• About this Report	38
	103–2 The management approach and its components	• Player Experience–Anti-Money Laundering	15
		• Anti-Money Laundering (http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=anti-money%20laundering)	
	103–3 Evaluation of the management approach	Player Experience–Anti-Money Laundering	15
		Anti-Money Laundering (http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=anti-money%20laundering)	
GRI 105: Anti-corruption 2016	205–2 Communication and training about anti-corruption policies and procedures	• Player Experience–Anti-Money Laundering	15
		• Anti-Money Laundering (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=anti-money%20laundering)	
		• All employees receive mandatory AML compliance training as part of their on boarding process and are refreshed on a regular and as needed basis.	
Broadening Gambling Participation			
GRI 103: Management Approach 2016	103–1 Explanation of the material topic and its boundary	• Player Experience–Broadening Gambling Participation	13, 38
		• About this Report	
	103–2 The management approach and its components	Player Experience–Broadening Gambling Participation	13
	103–3 Evaluation of the management approach	The participation in BCLC games and channels are measured and tracked on an ongoing basis and reported internally.	

Disclosure	Reference	Page #
Integrity of Games		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Player Experience-Integrity of Games • About this Report 16,38
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Player Experience-Integrity of Games • Information Security Police (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=policy) 16
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Player Experience-Integrity of Games 16
Privacy and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Player Experience-Player Privacy • Player Experience-Safety and Security • About this Report
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Player Experience-Player Privacy • Player Experience-Safety and Security • Privacy Police (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=policy)
	103-3 Evaluation of the management approach	<p>We develop and provide privacy training to all of our employees and key service providers so that each person who may handle personal information understands how to protect that information. We also use appropriate physical, technical and administrative safeguards to protect the personal information we do collect. Furthermore, we conduct regular reviews to make sure that our employees and key service providers have completed the training.</p>
Attracting and Retaining Talent		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> • Employee Experience • About this Report 18-22 38
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Employee Experience 18-22
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Employee Experience 18-22
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<ul style="list-style-type: none"> • Appendix 1: Additional Disclosures • We do not report details on new employee hires and we do not break down employee turnover by demographics. 43

Disclosure	Reference	Page #
BCLC Specific		
Employee engagement score	<ul style="list-style-type: none"> • Our Performance 	03
	<ul style="list-style-type: none"> • Employee Experience 	20
	<ul style="list-style-type: none"> • Appendix 3: Performance and Disclosure Methodology 	45
Employees who agree BCLC is a good corporate citizen	<ul style="list-style-type: none"> • Our Performance 	03
	<ul style="list-style-type: none"> • Employee Experience 	20
	<ul style="list-style-type: none"> • Appendix 3: Performance and Disclosure Methodology 	45
Average training spend per employee	<ul style="list-style-type: none"> • Our Performance 	03
	<ul style="list-style-type: none"> • Employee Experience 	20
	<ul style="list-style-type: none"> • Appendix 3: Performance and Disclosure Methodology 	45
Diversity and Inclusion		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary <ul style="list-style-type: none"> • Employee Experience • About this Report 	18-22 38
	103-2 The management approach and its components <ul style="list-style-type: none"> Employee Experience 	18-22
	103-3 Evaluation of the management approach <ul style="list-style-type: none"> Employee Experience 	18-22
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees <ul style="list-style-type: none"> • Appendix 2: Employees by Gender & Location • Appendix 1: Additional Disclosures 	43 43
Ethical Conduct		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary <ul style="list-style-type: none"> • Public Trust-Ethical Conduct • About this Report 	25 38
	103-2 The management approach and its components <ul style="list-style-type: none"> • Public Trust-Ethical Conduct • Standards of Ethical Business Conduct for BCLC Employees (SOBEC) (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=policy) • Whistleblower Policy (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=policy) 	25
	103-3 Evaluation of the management approach <ul style="list-style-type: none"> • Standards of Ethical Business Conduct for BCLC Employees (SOBEC) (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=policy) • Whistleblower Policy (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=policy) 	

Disclosure	Reference	Page #
Transparency		
GRI 103:	103-1 Explanation of the	• A Proactive Player Health Strategy 07-12
Management	material topic and its boundary	• Public Trust-Transparency 23
Approach		• About this Report 38
2016		
	103-2 The management	• A Proactive Player Health Strategy 07-12
	approach and its components	• Public Trust-Transparency 23
	103-3 Evaluation of the	• A Proactive Player Health Strategy 07-12
	management approach	• Public Trust-Transparency 23
GRI 417:	417-1 Requirements for product	A Proactive Player Health Strategy 08
Marketing	and service information and	
and Labeling	labeling	
2016		
	417-3 Incidents of	We are looking at different and more effective ways of measuring
	non-compliance concerning	performance around our Corporate Social Responsibility Assessment
	marketing communications	(CSRA) process, which assesses marketing and promotional items
		and ensures they adhere to CSR requirements.
BCLC	Public perception of BCLC's	• Our Performance 03
Specific	transparency	• Appendix 3: Performance and Disclosure Methodology 43
		• Public Trust 23
	Total number of incidents	We are looking at different and more effective ways of measuring
	of non-compliance with	performance around our Corporate Social Responsibility Assessment
	regulations and voluntary	(CSRA) process, which assesses marketing and promotional items
	codes concerning marketing	and ensures they adhere to CSR requirements.
	communications, including	
	advertising, promotion,	
	and sponsorship, by type of	
	outcomes	
Climate Change		
GRI 103:	103-1 Explanation of the	• Carbon Neutral Action 27
Management	material topic and its boundary	• About this Report 38
Approach		
2016		
	103-2 The management	Carbon Neutral Action 27-31
	approach and its components	
	103-3 Evaluation of the	Carbon Neutral Action 27-31
	management approach	
GRI 305:	305-1 Direct (Scope 1)	Carbon Neutral Action-Natural Gas, Fleet Gas, Diesel (862 tCO ₂ e) 28
Emissions	GHG emissions	
2016		

Disclosure	Reference	Page #
305-2 Energy indirect (Scope 2) GHG emissions	Carbon Neutral Action Electricity (79 tCO ₂ e)	28
305-3 Other Indirect (Scope 3) GHG emissions	Carbon Neutral Action-Office Paper (24 tCO ₂ e)	28
305-4 GHG emissions Intensity	Carbon Neutral Action-GHG's per Employee	27
305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> Carbon Neutral Action-Building Carbon Neutral Action-Paper Office 	28 30
Sustainable Procurement		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Public Trust-Doing Business with Us About this Report 26 38
	103-2 The management approach and its components	<p>As outlined in our Socially Responsible Procurement Guideline, BCLC's social responsibility principles for procurement activities are:</p> <ul style="list-style-type: none"> Specifications for goods and services to achieve environmental benefits, such as reduced waste, increased energy efficiency, carbon neutrality, reduced toxicity and pollution, and other environmental attributes, are included as requirements within Vendor selection processes, wherever possible. Options that reduce the overall consumption of goods and services are chosen where possible. Opportunities are sought for participation in product stewardship programs that reduce waste and for collaboration with qualified Vendors to provide environmentally sustainable products to BCLC's clients and business partners. Preference is demonstrated for Vendors who align with the Social Responsibility Standards for Vendors.
	103-3 Evaluation of the management approach	Our Socially Responsible Procurement Guidelines were put in place to promote, support and encourage sustainability and social responsibility, and is not a mandatory requirement for vendors. We are working towards incorporating key performance indicators into our formal Vendor Performance Management program.
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	<ul style="list-style-type: none"> Appendix 1: Additional Disclosures Appendix 3: Performance and Disclosure Methodology 43 48

Disclosure	Reference	Page #
Waste Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Bboundary	Being a part of British Columbia's public sector positions BCLC to be a catalyst for climate action at both the community and provincial levels. As such, it is incumbent on us to set an example with concrete action to reduce our carbon footprint, including waste management, and run a sustainable business.
	103-2 The management approach and its components	We track our office building waste diversion rates and pay fees on the amount of paper sold as lottery tickets to fulfill environmental stewardship commitments. Our Carbon Neutral Action Report reports on our environmental sustainability activities and performance from the 2017 calendar year.
	103-3 Evaluation of the management approach	Our Carbon Neutral Action Report, which includes reporting on waste management and waste diversion rates, is a required submission for the Government of British Columbia under the <i>Greenhouse Gas Reduction Targets Act</i> . More information can be found on the B.C. Climate Action Secretariat's website.
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	We continue to incorporate recycling and composting programs in both corporate offices to handle multiple waste streams responsibly including landfill garbage, organics, mixed container recyclables, office paper and unsold ticket inventory. In 2017, our waste diversion rates were: 63% in Kamloops, 87% in Vancouver and 81% overall.

Disclosure		Reference	Page #
Direct Community Benefits			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Community Impact About this Report 	32 38
	103-2 The management approach and its components	<ul style="list-style-type: none"> Community Impact Community Impact Report 2017/18 (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=community%20benefits) 	32-37
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> Community Impact Community Impact Report 2017/18 (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=community%20benefits) 	32-37
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> Community Impact Community Impact Report 2017/18 (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=community%20benefits) 	32-37
"GRI 203: Indirect Economic Impacts 2016"	203-2 Significant indirect economic impacts	<ul style="list-style-type: none"> Community Impact Community Impact-Community Benefits 2017/18 Annual Service Plan Report (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html) 	32 33
	BCLC Specific Public recognition of positive contributions	<ul style="list-style-type: none"> Our Performance Appendix 3: Performance and Disclosure Methodology Public Trust 	03 43 23
Financial Contributions to the Province			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Community Impact About this Report 	32 38
	103-2 The management approach and its components	<ul style="list-style-type: none"> Community Impact 2017/18 Annual Service Plan Report (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html) 	32-37
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> Community Impact 2017/18 Annual Service Plan Report (insert link to http://corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html) 	32-37

Disclosure	Reference	Page #
Service Partner and Retailer Success		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Our retailers are a vital part of our business. BCLC depends on our retailers to understand our products, provide excellent customer service, follow our standards, policies and procedures and maintain security and integrity.
	103-2 The management approach and its components	To ensure the success of our lottery retailers, we provide our retailers training, sales support and resources. BCLC works with Casino Service Providers to offer facilities that feature entertainment amenities, such as restaurants and live event space, in addition to gambling.
	103-3 Evaluation of the management approach	BCLC has implemented a Lottery Retailer Revenue Review Program which establishes critical success factors for its lottery retailers in order to evaluate performance to report on financial results.
<p>As the Crown corporation responsible for managing gambling in British Columbia, BCLC determines where casinos and community gaming centres are located, and contracts with private-sector companies to build and operate the facility. These private sector service providers earn commissions similar to revenue-sharing as a financial incentive for their investments in operating and growing the business. In November 2017, BCLC updated its operational services agreement (OSA) for casino and community gaming services, setting the course for greater accountability, long-term private-sector investment and sustained revenues to the Province and communities. The new OSA is a 20 year agreement, and BCLC has begun signing the 20 year OSA agreements with service providers, and will continue to in due course.</p> <p>The terms of the OSA require service providers to submit annual business plans, including commitments to capital and operating investments in properties over the term of their contract to support growth and new amenities. A critical component includes a commitment to responsible gambling practices.</p> <p>In addition, the OSA contains enhanced accountability measures that strengthen BCLC's oversight in the areas of compliance and security, including escalation mechanisms and progressive disciplinary measures.</p>		

APPENDIX 5: FISCAL 2017/18 SPONSORSHIPS

The following is a list of organizations we sponsored in fiscal 2017/18:

Archiact Interactive Ltd –2017 CVR Conference	JA British Columbia Juvenile Diabetes Research Foundation	Surrey Board of Trade –Police Officer of the Year Awards
BC Amateur Hockey Association	Kamloops Art Gallery	Surrey Fire Fighters' Charitable Society
BC & Yukon Community Newspaper Association (BCYCNA)	Kamloops Bike to Work Week	The Association of Kootenay and Boundary Local Governments (AKBLG)
BC Ferries Charity Classic	Kamloops Blazers	The Association of Vancouver Island Coastal Communities (AVICC)
BC Lions Fan Fest	Kamloops Chamber of Commerce	The Children's Wish Foundation
BC Sports Hall of Fame	Kamloops Food Bank	The Kamloops Film Festival
BC Winter Games	Kamloops Innovation	The North Central Local Government Association (NCLGA)
Business in Vancouver Top 40 Under 40	Kamloops Pride	The Southern Interior Local Government Association (SILGA)
Campbell River Salmon Festival Society	Kamloops Symphony Orchestra	Thompson Rivers University
Canada Rugby Sevens	Kelowna Chamber of Commerce	Thompson Rivers University Foundation
Canadian Gaming Association –2017 Gaming Summit	Kelowna Rockets	Tri-Cities Chamber of Commerce
Christmas Charities Group	KidSport BC	Union of BC Municipalities
City of Kamloops	Langley Chamber of Commerce	United Way BC
Dawson Creek Exhibition and Stampede	LINX Marketing	United Way of the Lower Mainland
Delta Chamber of Commerce	Lower Mainland Local Government Association (LMLGA)	Vancouver Food Bank
Delta Hospital Foundation	Metro Vancouver Crime Stoppers	Vancouver Symphony Orchestra
Digital Media Association of BC –DigiBC Gala	Minerva Foundation	Victoria HarbourCats Baseball Club
Downtown Langley Business Association	Moose FM Block Party	Victoria Hospital Foundation
Forum for Women Entrepreneurs	North Shore Business Association	Victoria Open Golf Society
Full Indie Society Summit	Prince George Folk Festival Society	Victoria Symphony Splash
Gaming Security Professionals of Canada	Project X Theatre Production Society	VU: Defy Reality
Greater Vancouver Board of Trade	Raise a Reader	Western Canada Theatre
Hockey Canada	RCMP Musical Ride Kamloops	
Honour House	Riverboat Days Society	
IndoCan Links	Royal Inland Hospital Foundation	
	Scotties Tournament of Hearts	
	Special Olympics BC	
	Sport BC Athlete of the Year Awards	
	Startup Weekend Kamloops	

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HEAD OFFICE

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Fax: 250.828.5631

REGIONAL OFFICE

2940 Virtual Way
Vancouver, B.C. V5M 0A6
Telephone: 604.215.0649

CONSUMER SERVICES

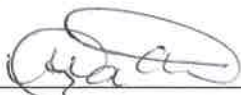
Telephone: 1.866.815.0222
consumerservices@bclbc.com

BCLC's Annual Service Plan Report
is available at bclbc.com/service-plan

Use your GameSense.
GameSense.ca



This is Exhibit " 82 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Peter Kappel[Personal information]
Cc: Suzanne Rowley[Personal information]; Brad Desmarais[Personal information]
From: Jim D. Lightbody
Sent: Thur 2018-11-29 4:21:03 PM
Subject: Re: Eby

;
Peter,
Suzanne will get you a soft copy of the Fintrac letter and arrange a call for tomorrow for Brad, you and I.
We may add Rob too.
I'll think of other items, we can talk tomorrow.
Thanks for following up on this,
Jim

From: Peter Kappel
Date: November 29, 2018 at 10:00:41 AM EST
To: Jim D. Lightbody
Subject: Eby

Jim,

I will be in meetings all day today, hence this email.

Doug let me know that I will get a slot with him sometime next week (when not yet determined), here in Vancouver. Other than the item we have been discussing, I would also like to be able to discuss 'cash alternatives' as, given the heightened attention to cash, we may have a chance of pushing on this. To these ends I would like to have a call with you and Brad sometime Friday (I am booked from 10-11 already).

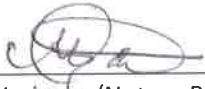
I would also appreciate another copy of the Fintrac letter (in PDF form this time as you email usually sends it in WinDat, which Apple can't handle), as well as a copy of the current version of the draft response. This item is sure would come up in a meeting with Eby and I wish to be fully prepared.

I would also appreciate you bringing to my attention any other items to be discussed with the minister.

Cheers

Peter

This is Exhibit " 83 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

496

To: David Eby (Personal information [REDACTED])
Cc: Jim D. Lightbody (Personal information [REDACTED]); pkappe (Personal information [REDACTED]);
Richard.Fyfe (Personal information [REDACTED]); Connie Richter
[REDACTED] (Personal information [REDACTED])
From: Suzanne Rowley
Sent: Tue 2018-07-17 8:36:58 PM
Subject: BCLC - Letter & Attachment for Minister Eby's Attention
[2018.07.17 - a - Letter to Minister Eby re AML Q1 Report for F18-19.pdf](#)
[2018.06.30 - b - Q1 AML Report for F18-19.pdf](#)

>>>>

Hello,

On behalf of Peter Kappel, BCLC's Board Chair, please find attached letter along with the Q1 AML Report for the Minister's attention.

Thank you & regards,

Suzanne Rowley

Assistant Corporate Secretary/EA
President's Office, BCLC
2940 Virtual Way, Vancouver BC V5M 0A6

(Personal information [REDACTED])

bclc.com

July 17, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

**Attention: David Eby
Attorney General**

Dear Minister Eby:

**Re: Anti-Money Laundering (AML) Quarterly Report for the first quarter of
Fiscal Year 2018/2019**

Please find enclosed BCLC's Quarterly Report to the Attorney General dated June 30, 2018, which provides an update on BCLC's work to fulfill Direction #3 from the Amended Supplemental Mandate Letter dated November 28, 2017.

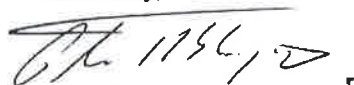
The report for this quarter is somewhat truncated as BCLC was awaiting the further direction regarding anti-money laundering measures that were expected in the Dr. German report. Further, BCLC had previously been directed by government to halt any implementation of anti-money laundering measures until such time as the German report and its recommendations were known.

As the German report has now been received and released, BCLC's work in the second quarter will be largely focused on analyzing and developing implementation strategies for the recommendations that are within BCLC's purview.

As always, BCLC is ready to work cooperatively and collaboratively with the Gaming Policy & Enforcement Branch, FinTRAC, law enforcement and our Gaming Service Providers to evolve the Anti-Money Laundering system for casinos and the integrity of gaming in BC.

BCLC would be pleased to meet with you at your convenience to discuss any aspects of the enclosed reports.

Yours truly,



Peter Kappel
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, Q.C., Deputy Attorney General
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x1



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QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA

Pursuant to the Amended Supplemental Mandate Letter dated November 28, 2017

REPORT FOR THE FIRST QUARTER FISCAL YEAR 2018/2019

BCLC PROVIDES THIS REPORT in accordance with Direction #3 set out in the Supplemental Mandate Letter:

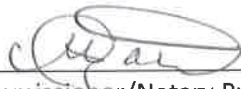
German Recommendations

1. German interim recommendation #1 was fully implemented in Q4 2017/2018.

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes

2. The expected Notice of Examination pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, was issued by FinTRAC to BCLC March 27, 2018. FinTRAC will be conducting an examination of BCLC's anti-money laundering program between July 17 – 27, 2018. FinTRAC's practice has been to conduct examinations of the anti-money laundering programs of provincial lottery corporations on a biennial basis. BCLC was last examined by FinTRAC in 2016. BCLC and FinTRAC have been in preparatory discussions leading up to the examination since February of 2018. The Notice included a Request for Information which, by statute, required BCLC to provide requested information and records on or before April 30, 2018. This request was completed prior to the deadline.

This is Exhibit " 84 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

500

To: David Eby (Personal information [redacted])
Cc: Jim D. Lightbody (Personal information [redacted]); peter.h.kappe (Personal information [redacted]);
 Richard.Fyfe@ [redacted] (Personal information [redacted]); Connie Richter
 (Personal information [redacted])
From: Suzanne Rowley
Sent: Tue 2019-03-26 5:48:52 PM
Subject: BCLC - Letter & Attachments for Minister Eby's Attention
[1.a. 2019.03.18 - Letter to Minister Eby re Implementing Govt Direction Report.pdf](#)
[1.b. Implementing Govt Direction Report - F18-19_Q3.pdf](#)
[1.c. 2019.02.04-a-Ltr to Sam MacLeod re Status Update on Imp Recs from Plan for Pub Health & Gambling.pdf](#)
[1.d. 2019.02.04 -b- Attachment to Letter - Status Summary re Plan for Public Health & Gambling.pdf](#)
[2.a. 2019.03.18 - Letter to Minister Eby re Q3 AML Report for F18-19.pdf](#)
[2.b. Q3 AML Report for F18-19.pdf](#)

 >>>>

Hello,

On behalf of Peter Kappel, BCLC's Board Chair, please find attached the Q3 Reporting Package for the Minister's attention.

Note: the package comprises of the following documents, in order:

- 1.a. 2019.03.18 – Letter to Minister Eby re Implementing Govt Direction Report
- 1.b. Implementing Govt Direction Report – F18-19_Q3
- 1.c. 2019.02.04-a-Ltr to Sam MacLeod re Status Update on Imp Recs from Plan for Pub Health & Gambling
- 1.d. 2019.02.04-b-Attachment to Letter – Status Summary for Plan for Public Health & Gambling
- 2.a. 2019.03.18 – Letter to Minister Eby re Q3 AML Report for F18-19
- 2.b. Q3 AML Report for F18-19

Thank you & regards,

Suzanne Rowley

Assistant Corporate Secretary/EA
 President's Office, BCLC
 2940 Virtual Way, Vancouver BC V5M 0A6

(Personal information [redacted])

bclc.com

March 18, 2019

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

**Attention: David Eby
Attorney General**

Dear Minister Eby:

Re: BCLC's Implementing Government Direction Report

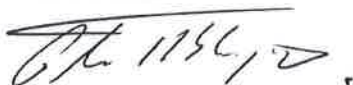
BCLC is committed to meeting all reporting requirements to the Province and to ongoing communication and transparency about our business. As such, going forward, on a quarterly basis, BCLC will be sharing several reports with you intended to uphold our commitment.

Enclosed you will find BCLC's Implementing Government Direction Report, which includes Mandate Letter actions taken to date and actions taken with respect to the Plan for Public Health and Gambling. Further detail on actions taken with respect to the Plan for Public Health and Gambling are outlined in the attached Bi-Annual Progress Report to the General Manager of GPEB. BCLC has made significant progress on its Mandate Letter commitments and is well positioned to complete all of its Plan for Public Health and Gambling commitments by March 31, 2020.

Also enclosed is BCLC's quarterly report on the implementation of initiatives to mitigate money laundering and the use of proceeds of crime in BC gambling facilities. In the past quarter, BCLC's work focused on monitoring service provider compliance with BCLC Source of Funds policy and procedures. In addition, BCLC undertook an analysis of the effect of the December 2017 implementation of Dr. German's interim recommendation regarding the expansion of Source of Fund tracking for all casino transactions over \$10,000.

If there is further information you require regarding these attachments or other matters related to BCLC, please let me know.

Yours truly,



Peter Kappel
Chair, BCLC Board of Directors

cc: Richard Fyfe, Q.C., Deputy Attorney General
Doug Scott, Associate Deputy Minister
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x5



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bclc.com

Implementing Government Direction

March 18, 2019

This report details BCLC's progress on government direction per:

1. 2018/19 Mandate Letter Amendment (February 14, 2018)
2. Plan for Public Health and Gambling (February 2015)

Future directives will be added, when required.

Implementing Government Direction

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Implementing Government Direction

2018/19 Mandate Letter Amendment (February 14, 2018)**IN PROGRESS**

Mandate Letter Action	Plans and Progress
<p>1. Implement the remaining commitments that BCLC is solely and jointly (with GPEB) responsible for in the <i>Plan for Public Health and Gambling</i> (February 2015).</p> <p>In addition, implement the regulatory guidelines for performance measure reporting of Game Sense Advisor (GSA) activities in casino's and community gaming centres.</p> <p>Submit bi-annual progress reports to the General Manager, GPEB detailing the status of the implementation of these commitments.</p>	<p>Progress related to the Plan for Public Health and Gambling located in the following section.</p> <p>Jan. 8, 2018, BCLC and GPEB finalized plans to address all recommendations and plans are moving forward to address all outstanding recommendations.</p> <p>BCLC and GPEB meet regularly to review the status of all recommendations and update the progress report, which GPEB then shares with the ADM's Office as required.</p> <p>The regulatory guidelines refer to the recommendation in the Responsible Gambling Council (RGC) review of the GSA Program to identify agreed upon performance measures for the GameSense program. BCLC and GPEB have jointly identified a working group with the task of refining the existing performance measures. BCLC has recently completed player and venue staff surveys to collect baseline information to provide direction for both program content and measures, and will provide quarterly reports to the working group.</p>
<p>2. Implement government's response to recommendations arising from the Peter German review of money laundering in British Columbia casinos.</p> <p>Provide a quarterly report to the Attorney General on the implementation of initiatives to mitigate money laundering and the use of proceeds of crime in BC gambling facilities.</p>	<p>Refer to the Q3 2018-2019 Quarterly Report to the Attorney General of British Columbia sent separately.</p>

Implementing Government Direction

ONGOING

Mandate Letter Action	Plans and Progress
3. Proactively share information with GPEB that assists the branch in meeting its responsibilities for the overall integrity of gaming and horse racing and providing the Minister with advice on broad policy, standards and regulatory issues. This includes, but is not limited to:	
a) Information about any new games (excluding variations of existing games or similar games already being offered by BCLC) that BCLC intends to introduce to determine whether additional responsible gambling standards are required or whether a game may be considered a new type of lottery scheme and requires written approval by the Minister under Section 7 of the <i>Gaming Control Act</i> ; and	No new games were submitted to GPEB during FY19-Q3 that required GPEB review as a new lottery scheme.
b) Information regarding any trends that may influence strategies to combat money laundering and keep the proceeds of crime out of British Columbia gambling facilities.	<p>BCLC has notified GPEB of a trend of a substantial increase in transactions occurring just under the \$10,000 reporting threshold that have some of the hallmarks of structuring. BCLC inquiries of players suggest that this increase is due in large part to players not wanting to divulge confidential banking information to casino staff or having to take the extra step of obtaining a bank receipt for these transactions. Despite this, BCLC has alerted GPEB and JIGIT for investigative follow-up purposes as this behaviour can be an indicator of money laundering activity.</p> <p>Due to the shift in player behaviour, the money laundering risk associated with transactions under \$10,000 has increased subsequent to the implementation of the recommendation to apply source of funds declaration to all transactions of \$10,000 or more. BCLC is responding to this risk by reducing the threshold for the ascertaining of customer identity from \$9000 to \$3000. This change in policy will give BCLC the ability to monitor much more closely and accurately customer transactions between \$3000 and \$10,000 for indicators of money laundering or terrorist financing activity. Moreover, this change will exceed existing federal requirements and will align BCLC's anti-money laundering practices with international standards. The provincial regulator (GPEB) has approved the implementation of the policy change. Implementation timing and details are to be determined, solutions are under discussion with GPEB and service providers. There are significant operational challenges to overcome.</p>

Implementing Government Direction

A Plan for Public Health and Gambling in BC (February 2015)

Note: The Recommendations listed in the tables below are the Actions included within the [Responsible and Problem Gambling in British Columbia: A Plan for Public Health and Gambling in British Columbia report, February 2015](#).

IN PROGRESS

Recommendation	Plans and Progress
<p>6 BCLC is working with other gambling jurisdictions in Canada on constructive approaches to communicating 'odds' and 'return to player' on Electronic Gaming Machine screens to dispel myths about control and ability to win.</p>	<p>BCLC is committed to provide full disclosure of the odds of winning and return to player from electronic gaming device (EGD). Ontario Lottery and Gaming (OLG) has invested a significant amount into piloting an initiative to classify slot machines. While there were some positive findings, initial results showed confusion with the messages, largely associated with too much information. OLG continues to redesign and test the initiative but it is not clear when they will have the next set of results.</p> <p>The development of Canadian slot vendor standards is pending OLG's next set of results.</p> <p>BCLC is working on providing point-of-play information on the average return to player across all EGMs in the province and directing players to seek a more detailed understanding from knowledgeable GSAs at the local GSICs by May 2019.</p>
<p>7 Beginning in 2015, BCLC will offer new time and money budgeting tools to its Encore Rewards members. Similarly, enhanced tools have been developed for implementation on PlayNow.com.</p>	<p>BCLC has completed technical testing of PlayPlanner, a new, optional budgeting tool that allows players to set and manage daily maximums for how much time or money they want to spend playing on a slot machine. Testing took place from April 23 to July 22, 2018 at Cascades Casino Kamloops and Chances Kamloops. Player usage and feedback was limited due to ongoing labour action.</p> <p>BCLC is now planning the provincial rollout of the tool for Summer 2019.</p>
<p>10 GPEB and BCLC plan to implement a GameSense Advisor presence in community gaming centres.</p>	<p>In December 2017, following Ministerial approval, GameSense Advisors (GSA) transitioned to BCLC employee positions April 1, 2018. BCLC will continue to incrementally add staff to expand the GSA program to all facilities province-wide with completion anticipated by Sept. 2019.</p>

Recommendation	Plans and Progress
<p>12 BCLC will implement customized RG messaging to PlayNow.com account holders as well as BCLC Encore members.</p>	<p>In 2014, BCLC partnered with the Manitoba Gambling Research Program, and researchers from UCLA, UNLV and Southern Cross University to evaluate customized RG messaging to PlayNow.com account holders as well as BCLC Encore members. The field experiment began in fall 2016 and was discontinued due to a low rate of engagement and above average unsubscribe rate.</p> <p>Following consultation with BCLC business units and external researchers, Strategic Science was engaged to conduct a review of best practices related to providing RG related messages by risk level. They presented their findings and recommendations to BCLC executive and key staff on June 29, 2018.</p> <p>A cross-enterprise working group has been established to review the best practices report and identify key indicators to apply to historical PlayNow and Encore data.</p>
<p>13 BCLC will engage an international team of researchers in a longitudinal research project to evaluate the impact of customized messaging on player behaviour.</p>	<p>Upon completion of recommendations 12 & 21, BCLC will be positioned to examine the impact of RG messages on behaviors.</p>
<p>17 The Ministries of Health and Finance, with BCLC, will be responsible for maintaining a working group with stakeholders and the Ministry of Education, to act as an advisory committee for government decision makers. Its mandate is to ensure gambling policy is informed by reliable research and best practices, creating a fulsome understanding of the social and economic implications of gambling.</p>	<p>GPEB is leading the creation of this working group given their responsibility for gaming policy. They are working to ensure representation from each Ministry.</p>
<p>19 Government and BCLC will consider long-term funding of the Centre for Gambling Research at UBC in 2017.</p>	<p>In March 2018, the Attorney General approved a joint BCLC/GPEB proposal to renew funding to the Centre for Gambling Research at UBC.</p> <p>BCLC and UBC signed a new agreement in November 2018 to renew funding. BCLC will sponsor the Centre through the payment of \$1.365 million, payable over five years.</p>
<p>20 GPEB and BCLC will research to the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines.</p>	<p>BCLC and GPEB have engaged Gambling Research Exchange Ontario (GREO) to undertake research to determine the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines. Funding is from the withheld jackpot fund.</p> <p>BCLC and GPEB provided feedback on a draft report. The final report was submitted on March 12, 2019 and is under review for next steps.</p>

Recommendation	Plans and Progress
<p>21 GPEB and BCLC will undertake research to estimate online gambling prevalence and problem gambling prevalence among online players in British Columbia.</p>	<p>The UBC Centre for Gambling Research completed a study that characterized level of play (Pareto analyses) on the PlayNow platform in 1 month. The next step is to expand the investigation to examine gambling and problem gambling characteristics using both survey and player data.</p> <p>GPEB has posted an RFP to BC Bid for a contractor to conduct the prevalence study for online problem gambling. The RFP closed December 18, 2018. Research will be funded from the withheld jackpot fund.</p> <p>BCLC and GPEB completed scoring of the two proposals on January 12, 2019 and a proponent to conduct the research was selected.</p>

COMPLETE

Recommendation	Plans and Progress
<p>8 BCLC has conducted its third review of the Appropriate Response Training (ART) program for gaming facilities staff, and in 2015, will be incorporating new approaches to problem gambling identification and response as recommended by the RG Council.</p>	<p>Fall of 2015, BCLC enhanced its ART program with a response guidelines matrix to help equip gaming venue staff with skills and knowledge to recognize observable behaviours that may indicate a problem with gambling and to provide the appropriate assistance when required.</p> <p>In early 2016, BCLC worked with an expert from the Centre for Addiction and Mental Health to enhance delivery and curriculum of ART Level 2 in-person workshops. Eight new learning activities, tailored to ART curriculum and response guidelines, were developed and all ART trainers received training on the new content.</p>
<p>9 BCLC will incorporate mandatory staff training about the cognitive effects of alcohol and the resulting increase in impulse behaviour.</p>	<p>BCLC added new training content for its ART Level 1 course in March 2015, which is mandatory for all gaming workers in BC. The content aims to equip gaming staff with ability to identify and understand policies and procedures pertaining to liquor service in a gaming environment; possible effects of alcohol intoxication on gambling behavior; knowing when to prevent customers who are, or appear to be, visibly intoxicated from participating in gambling; and, understand escalation procedures pertaining to intoxicated customers.</p>
<p>11 BCLC is implementing a new ART course that is specific to customer telephone support. It includes training on how to assess and respond to callers who may be experiencing difficulty with their gambling, details on available resources, procedures for handling third party concerns, and escalation guidelines.</p>	<p>ART for BCLC's Customer Support team launched in August 2014. All Customer Support staff completed the course in facilitated sessions held through November 2014. The training program is ongoing for new employees.</p>
<p>14 BCLC has worked with the RG Council to develop and implement the new RG Check accreditation program for online gaming. In anticipation of being the first online gambling platform to participate in this program, BCLC has initiated a number of changes in its approach to online RG, including better documentation of processes, policy reviews, and customer support training. The RG Council is auditing PlayNow.com.</p>	<p>BCLC's PlayNow.com was certified by RG Check in June 2015 and the recertification completed in August 2018. BCLC is the first organization in the world to have its online gaming site certified by RG Check.</p>

Appendix 1 - Plan for Public Health and Gambling in BC – Other Stakeholders' Recommendations

Recommendation	Responsible
1 The provincial Responsible & Problem Gambling program will link with the University of Victoria's Centre for Addictions Research and other researchers to work towards linking problem gambling education with broader issues of substance use, including preventing and addressing dependence and fostering positive mental health and social and personal responsibility.	GPEB, UVic
2 Within available resources, the provincial Responsible & Problem Gambling Program is shifting its prevention services to incorporate a greater focus on problem solving and critical thinking and prioritizing the need to ensure programs are as effective as possible for students.	GPEB
3 The Ministry of Education will share the findings of the PHO Report on Gambling as well as current research related to youth gambling with the Physical and Health Education curriculum development teams and other relevant specialist associations such as school counsellors.	Ministry of Education
4 Links to RG education materials will be added to the new Physical and Health Education curriculum as well as to the Healthy Schools BC website and promoted in the Healthy Schools BC newsletter.	Ministry of Education
5 The Ministries of Education, Finance, and Health will work together to raise awareness about the need for problem gambling education and its links with broader issues of risk-taking behaviour and promote related education materials.	Ministries of Education, Finance and Health
15 GPEB will update its RG Standards to include online gambling on PlayNow.com. These standards must be followed by BCLC and all gaming service providers in British Columbia.	GPEB
16 The Ministry of Finance will partner with the Ministry of Health to further explore problematic gambling screening and collaborative care planning for clients with co-occurring issues with the goal of improving the overall continuity of care.	Ministries of Finance and Health
18 The provincial government will develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers.	Ministry of Finance

February 4, 2019

Gaming Policy & Enforcement Branch
3rd Floor - 910 Government Street
PO BOX 9310 STN PROV GOVT
Victoria, BC V8W 9N1

Attention: Sam MacLeod
Assistant Deputy Minister

Dear Sam:

Re: Status Update on Implementing Recommendations from the Plan for Public Health & Gambling

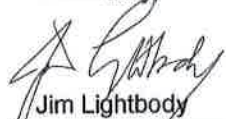
As per the requirements in BCLC's Mandate Letter, please find attached a copy of the joint BCLC/GPEB status update on the progress BCLC is making implementing the recommendations from the Plan for Public Health and Gambling. I am pleased to report on some significant developments since the last report to the Ministry of the Attorney General:

- BCLC has completed technical testing of PlayPlanner, a new time and money budgeting tool available to Encore members, and a province-wide rollout is planned for this summer.
- The GameSense Advisor program continues to expand into all facilities province-wide, with completion anticipated by September 2019. Research to date indicates that customers who interact with GameSense Advisors are more likely to be aware of player health resources and feel they are more educated and equipped for informed play.
- BCLC and GPEB signed a new agreement in November 2018 to renew funding to the Centre for Gambling Research at UBC through to FY 2022/23.

BCLC and GPEB continue to work collaboratively to enhance the overall health of our player population through these commitments and other priority areas of our business. Our ongoing efforts to continuously renew and improve our player health programs and initiatives will help make gambling in British Columbia as safe and enjoyable as possible. Thank you to your organization for working with us on this very important priority.

Should you have any questions please do not hesitate to contact me.

Yours truly,


Jim Lightbody
President & CEO

cc: File

Enclosures x1



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Plan for Public Health and Gambling Status Summary

Commitment Category	Total number of Commitments 21			Number of Completed Commitments 13			Number of Outstanding Commitments 8		
	GPEB	BCLC	Joint	GPEB	BCLC	Joint	GPEB	BCLC	Joint
<i>Problem Gambling Prevention for Youth and Young Adults</i>	5	0	0	5	0	0	0	0	0
<i>Promoting Healthy Choices</i>	0	8	2	0	4	0	1	4	1
<i>Problem Gambling Support and Treatment Services</i>	1	0	0	1	0	0	0	0	0
<i>Responsible and Problem Gambling Policy and Research</i>	1	0	4	1	0	2	0	0	2
TOTAL	7	8	6	7	4	2	1	4	3

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
<i>Problem Gambling Prevention for Youth and Young Adults</i>				
1	The provincial Responsible & Problem Gambling program will link with the University of Victoria's Centre for Addictions Research and other researchers to work towards linking problem gambling education with broader issues of substance use, including preventing and addressing dependence and fostering positive mental health and social and personal responsibility.	GPEB	<ul style="list-style-type: none"> GPEB engaged with CARBC and Education to develop education modules to be in line with the new British Columbia school curriculum. The modules were developed under the iMinds brand and are now available via CARBC and the BC Responsible Gambling Program websites. 	Status: Complete

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
2	Within available resources, the provincial Responsible and Problem Gambling Program is shifting its prevention services to incorporate a greater focus on problem solving and critical thinking to ensure programs are as effective as possible for students.	GPEB	<ul style="list-style-type: none"> • In consultation with CARBC, the new modules were created to focus on competency based decision making, not strictly gambling. • In addition to the new modules, the BC RPGP held training workshops for contracted staff to ensure knowledge of the new materials and curriculum. This knowledge is in place to support facilitation and increase effectiveness. Educators can contact the BC RPGP or CARBC for support if and when needed. 	Status: Complete

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
3	The Ministry of Education will share the findings of the PHO Report on Gambling as well as current research related to youth gambling with the Physical and Health Education curriculum development teams and other relevant specialist associations such as school counsellors.	GPEB	<ul style="list-style-type: none"> GPEB worked with Education and engaged CARBC, commissioning a review of existing prevention and education materials. CARBC provided a report and recommendations for the implementation of gambling related research in to the curriculum. 	Status: Complete

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
4	Links to responsible gambling education materials will be added to the new Physical and Health Education curriculum as well as to the Healthy Schools BC website and promoted in the Healthy Schools BC newsletter.	GPEB	<ul style="list-style-type: none"> • GamIQ materials posted to Healthy Schools website. • iMinds curriculum material posted on BC Responsible Gambling website and at CARBC (Oct. 2017) • Educational materials branded under iMinds are to be uploaded to Healthy Schools website by CARBC, who developed the materials and who hold the iMinds account. • Upon completion of upload, the RPGP will draft a newsletter article. 	Status: Complete
5	The Ministries of Education, AG and Health will work together to increase awareness about the need for problem gambling education and its links with broader issues of risk-taking behaviour, and promote related education materials.	GPEB	<ul style="list-style-type: none"> • Working group was formed and brought about the curriculum described, which focuses on broader issues of addiction. These ministries are consulted as and when required to provide information relevant to curriculum updates. 	Status: Complete

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
Promoting Healthy Choices				
6	BCLC is working with other gambling jurisdictions in Canada on constructive approaches to communicating 'odds' and 'return to player' on Electronic Gaming Machine screens to dispel myths about control and ability to win.	BCLC	<ul style="list-style-type: none"> Engaged with the UBC Centre for Gambling Research through a working group focused on conducting a jurisdictional scan of methods for communicating odds. Ontario Lottery and Gaming (OLG) has invested a significant amount into piloting an initiative to classify slot machines. While there were some positive findings, initial results showed confusion with the messages, largely associated with too much information. OLG continues to redesign and test the initiative but it is not clear when they will have the next set of results. As such, we have decided to proceed with our own plan to fulfill this recommendation. 	<p>Status: Partially Complete</p> <p>Next Steps BCLC is working on providing point-of-play information on the average return to player across all EGMs in the province and directing players to seek a more detailed understanding from knowledgeable GSAs at the local GSICs by Summer 2019. This would entail:</p> <ul style="list-style-type: none"> Providing information, via iView on slot machines, on the average return to player of slot machines in BC in the past year Reinforcing this information through CoolSigns (digital displays in facilities) Directing players to visit local GSICs and their educational activities

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
7	Beginning in 2015, BCLC will offer new time and money budgeting tools to its Encore Rewards members. Similarly, enhanced tools have been developed for implementation on PlayNow.com.	BCLC	<ul style="list-style-type: none"> PlayPlanner is BCLC's new, optional budgeting tool that allows players to set and manage daily maximums for how much time or money they want to spend playing on a slot machine. Software IT regressions delayed the pilot project PlayPlanner was successfully tested by quality assurance and onsite production validation. BCLC completed technical testing on July 22, 2018, after a three month pilot at two sites in Kamloops. Player usage and feedback was limited due to ongoing labour action. 	Status: Partially Complete Next Steps <ul style="list-style-type: none"> Provincial rollout of the tool is planned for Spring/ Summer 2019.
8	BCLC has conducted its third review of the Appropriate Response Training (ART) program for gaming facility staff, and will be incorporating new approaches to problem gambling identification and response as recommended by the Responsible Gambling Council (RGC).	BCLC		Status: Complete

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
9	In implementing changes to the Appropriate Response Training program, BCLC will incorporate mandatory staff training about the cognitive effects of alcohol and the resulting increase in impulse behaviour.	BCLC		Status: Complete
10	GPEB and BCLC plan to Implement a GameSense Advisor presence in community gaming centres.	GPEB & BCLC	<ul style="list-style-type: none"> Engaged in dialogue with BCLC. Decision note for the Minister responsible was reviewed and approved by MO In December 2017, BCLC and GPEB announced the GameSense Advisors (GSA) will transition to BCLC employee positions beginning April 1, 2018 	Status: Partially Compete This transition has now occurred and BCLC will continue to incrementally add staff to expand the GSA program to all facilities province-wide with completion anticipated by September 2019. Next Steps <ul style="list-style-type: none"> The next wave of hiring will begin in late January, with onboarding scheduled to begin March 26, 2019.
11	BCLC is implementing a new Appropriate Response Training course that is specific to customer telephone support to assist staff in recognizing and responding to callers who may be exhibiting signs of problem gambling.	BCLC		Status: Complete

February 4, 2019

12	BCLC will implement customized responsible gambling messaging to PlayNow.com account holders as well as BCLC Encore members.	BCLC	<ul style="list-style-type: none"> • In 2014, BCLC partnered with the Manitoba Gambling Research Program, and researchers from UCLA, UNLV, and Southern Cross University to evaluate customized responsible gambling messaging to PlayNow.com account holders as well as Encore members. The field experiment began in fall 2016 and was discontinued due to a low rate of engagement and above average unsubscribe rate. • Following consultation with BCLC business units and external researchers, Strategic Science was engaged to conduct a review on how to effectively reach BC gamblers through customized responsible gambling messaging. They presented their findings and recommendations to BCLC executive and key staff on June 29, 2018. • A cross-enterprise working group has been established to review the best practices report and identify key 	<p>Status: Partially Complete</p> <p>Next Steps</p> <ul style="list-style-type: none"> • Research examining the predictive ability of key risk factors to predict indicators of harm will be completed by May 31, 2019. • Once risk factors are validated, customized messages will be developed and research conducted to measure the impact of these messages on reducing risk. • BCLC has an NDA in place with the company that specializes in artificial intelligence methods, and a SOW is in development. • The next step is to share a sample of data to determine the feasibility of this method. To be completed by March 31, 2019.
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February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
			<p>indicators to apply to historical PlayNow data.</p> <ul style="list-style-type: none"> As well, BCLC is consulting with a company that specializes in Artificial Intelligence to examine opportunities to apply AI methods to identify increased risk using Encore data. 	
13	BCLC will engage an international team of researchers in a longitudinal research project to evaluate the impact of customized messaging on player behaviour.	BCLC		<p>Status: Partially Complete</p> <p>This research project is pending commitment 12 that will be instructive for research design on this item.</p> <p>Next Steps</p> <ul style="list-style-type: none"> Once testing has completed, an appropriate implementation strategy will be developed.

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
14	BCLC has worked with the Responsible Gambling Council in developing and implementing their new Responsible Gambling Check accreditation program for online gaming. In anticipation of being the first online gambling platform to officially participate in this program, BCLC has identified a number of changes in its approach to online responsible gambling, including better documentation of processes, policy reviews, and customer support training.	BCLC		Status: Complete

February 4, 2019

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
15	GPEB will update its Responsible Gambling Standards to include online gambling on PlayNow.com. These standards must be followed by BCLC and all gaming service providers in British Columbia.	GPEB	<ul style="list-style-type: none"> GPEB commissioned Strategic Science, an independent research firm to conduct a review of academic research, international standards for online gaming, and behaviour analytics to make recommendations about how GPEB's Responsible Gambling Standards can better incorporate online gambling. Strategic Science presented initial findings to GPEB on November 16, 2015. Full report was delivered in March 2016. As a result, and using these findings, BCLC and GPEB have engaged in dialogue around the form these standards might take. 	<p>Status: Partially Complete</p> <p>Next Steps</p> <ul style="list-style-type: none"> GPEB is forming a working group to develop new standards
<i>Problem Gambling Support and Treatment Services</i>				

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
16	The Ministry of Finance will partner with the Ministry of Health to further explore problematic gambling screening and collaborative care planning for clients with co-occurring issues with the goal of improving the overall continuity of care.	GPEB	<ul style="list-style-type: none"> GPEB has worked with Northern Health and have shared gambling screening tools for their use. GPEB has proposed a collaborative case management approach for further collaboration with provincial health entities. 	Status: Complete
Responsible and Problem Gambling Policy and Research				
17	The Ministries of Health and Finance, with BCLC, will be responsible for maintaining a working group with stakeholders and the Ministry of Education, to continue a dialogue regarding policy and legislative decisions that involve expansion of gambling in the province, issues related to the public health risks of gambling, and alignment of policies and practices.	GPEB, & Ministries of Health & Education, & BCLC	<ul style="list-style-type: none"> Collaborative work and research led to the municipal information package to inform local governments on the public health risks of gambling. Working group formed to examine social risk factors (ongoing). A Health Impact Assessment model has been implemented. 	Status: Complete

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
18	The provincial government will develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers.	GPEB	<ul style="list-style-type: none"> Working research group with multiple partners (Health, Education, UBC) Document finalized and drafted. <ul style="list-style-type: none"> Includes information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers. 	Status: Complete <ul style="list-style-type: none"> Document is finalized – is currently in desktop publishing Next Steps <ul style="list-style-type: none"> Document will need to be distributed
19	Government and BCLC will consider long-term funding of the Centre for Gambling Research at the University of British Columbia in fall 2017.	GPEB & BCLC	<ul style="list-style-type: none"> GPEB/BCLC funding provided to the UBC centre as of 14/15. Decision note on funding beyond the 2017/18 fiscal year has been approved for funding support for a five year term. 	Status: Complete UBC Research Centre funded to 2022/23.

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
20	GPEB and BCLC will undertake research to determine the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines.	GPEB & BCLC	<ul style="list-style-type: none"> Engaging with UBC and BCLC on research methodologies. UBC, with GPEB support, is currently involved in a phase of associated research on this topic. BCLC and GPEB have engaged Gambling Research Exchange Ontario (GREO) to undertake a review to examine the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines. Funding is from the withheld jackpot fund. 	<p>Status: In progress</p> <p>BCLC and GPEB provided feedback to GREO on the draft report.</p> <ul style="list-style-type: none"> Expert consultation is underway and the final report is expected in early 2019.

	Commitment	Lead / Support	Actions Taken	Status Update and Next Steps
21	GPEB and BCLC will undertake research to estimate online gambling prevalence and problem gambling prevalence among online players in British Columbia.	GPEB & BCLC	<ul style="list-style-type: none"> Online Gambling Prevalence study planned for 2018. The UBC Centre for Gambling Research completed a study that characterized level of play (Pareto analyses) on the PlayNow platform in one month. BCLC and GPEB plan to expand the investigation to examine gambling and problem gambling characteristics using both survey and player data. 	<p>Status: In Progress</p> <p>Next Steps</p> <ul style="list-style-type: none"> GPEB posted an RFP to BC Bid for a contractor to conduct the prevalence study for online problem gambling. The RFP closed December 18, 2018. Research will be funded from the withheld jackpot fund. BCLC and GPEB completed scoring of the two proposals on January 12, 2019 and a proponent to conduct the research selected.

March 18, 2019

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

**Attention: David Eby
Attorney General**

Dear Minister Eby:

**Re: Anti-Money Laundering (AML) Quarterly Report for the third quarter of
Fiscal Year 2018/2019**

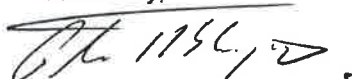
Please find enclosed BCLC's Quarterly Report to the Attorney General which provides an update on BCLC's work during the third quarter of our fiscal year (October 1, 2018 – December 31, 2018) to fulfill Direction #2 from the Mandate Letter dated February 14, 2018.

In the past quarter, BCLC's work was focused on monitoring service provider compliance with BCLC Source of Funds policy and procedures. In addition, BCLC undertook an analysis of the effect of the December, 2017 implementation of Dr. German's interim recommendation regarding the expansion of Source of Fund tracking for all casino transactions over \$10,000.

We look forward to our continued cooperation with all stakeholders as we work to further develop Anti-Money Laundering strategies for casinos which will help protect the integrity of gaming in BC.

BCLC would be pleased to meet with you at your convenience to discuss any aspects of the enclosed report.

Yours truly,



Peter Kappel
Chair, BCLC Board of Directors

cc: Richard Fyfe, Q.C., Deputy Attorney General
Doug Scott, Associate Deputy Minister
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x1



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QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA

Pursuant to the Mandate Letter dated February 14, 2018

REPORT FOR THE THIRD QUARTER FISCAL YEAR 2018/2019 (OCTOBER 1, 2018 – DECEMBER 31, 2018)

BCLC PROVIDES THIS REPORT in accordance with Direction #2 set out in the Mandate Letter:

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes

1. In July 2018, FinTRAC completed an examination of BCLC's anti-money laundering program. FinTRAC's practice has been to conduct examinations of the anti-money laundering programs of provincial lottery corporations on a biennial basis. FinTRAC last conducted an examination of BCLC's AML program in 2016. The scope of the examination covered the period from March 1, 2017 to February 28, 2018. This was the first examination where FinTRAC reviewed BCLC's internet gaming operations for compliance with federal AML requirements, which came into effect on June 17, 2017. FinTRAC conducted a post-examination verbal debrief with BCLC on July 31, 2018. Formal written results of the examination were received by BCLC on November 15, 2018.

FinTRAC acknowledged that, BCLC made significant progress in improving its AML Programs over the years and continues to enhance its maturity and effectiveness. There were four (4) findings and two (2) observations noted in the findings letter. BCLC has completed and submitted a written action plan response to FinTRAC to address all examination findings by end of fiscal year.

2. BCLC conducted a compliance review of casino service provider adherence with source of funds (SOF) requirements since the implementation of Dr. German's interim recommendation in January 2018. The SOF reviews encompassed the period of March to June 2018. The results of the compliance reviews did not meet BCLC expectations and were subsequently communicated to the Service Providers to remedy the non-compliance. BCLC further notified the provincial regulator (GPEB).

In Q3 BCLC implemented further measures, pursuant to the casino operational services agreement enhanced monitoring provisions, to drive improvement in service provider compliance rates. BCLC contracted with Deloitte to review and monitor the casino operators (Parq, River Rock and Grand Villa casinos) adherence to SOF requirements to determine if the Reasonable Measures (RM) and Source of Funds (SOF) forms were appropriately completed. Deloitte provides BCLC a weekly summary of compliance findings which is immediately shared with the Service Providers to provide them with the necessary information to develop and implement an action plan to address the deficiencies. To date casino service provider RM/SOF compliance rates are not meeting expectations. BCLC has requested that GPEB consider the application of their regulatory enforcement powers to address Service Provider non-compliance with RM/SOF requirements.

3. On December 18, 2017, BCLC completed the necessary work to implement Dr. German's interim recommendation expanding player source of funds declarations to all casino transactions, in any form, of \$10,000 or more. These changes were implemented on January 10, 2018 after consultation with GPEB.

Monitoring by BCLC subsequent to implementation of this recommendation revealed that transactions occurring under the \$10,000 threshold increased by 6-10% and transactions over \$100,000 dropped by 11-13%. Additionally, BCLC observed that some players who had tended to conduct transactions over \$10,000 were now transacting just below the \$10,000 reporting threshold. This behaviour can be an indicator of structuring; a money laundering typology designed to avoid anti-money laundering controls. BCLC reported this shift in player behavior to both GPEB and JIGIT. Additionally, these transactions are being captured as suspicious transactions, as prescribed under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, and as such are being reported to FinTRAC.

Further, BCLC took action to suspend these players who exhibited potential structuring behaviour from further transactions until they made themselves available for an interview with members of BCLC's anti-money laundering unit. Initial and general indications from those interviews indicate that players are not attempting to avoid anti-money laundering controls, but rather do not want to provide the detailed personal financial information required to transact over \$10,000 or do not want to go to the additional effort to obtain a receipt from their financial institution. BCLC has provided this information to both GPEB and JIGIT.

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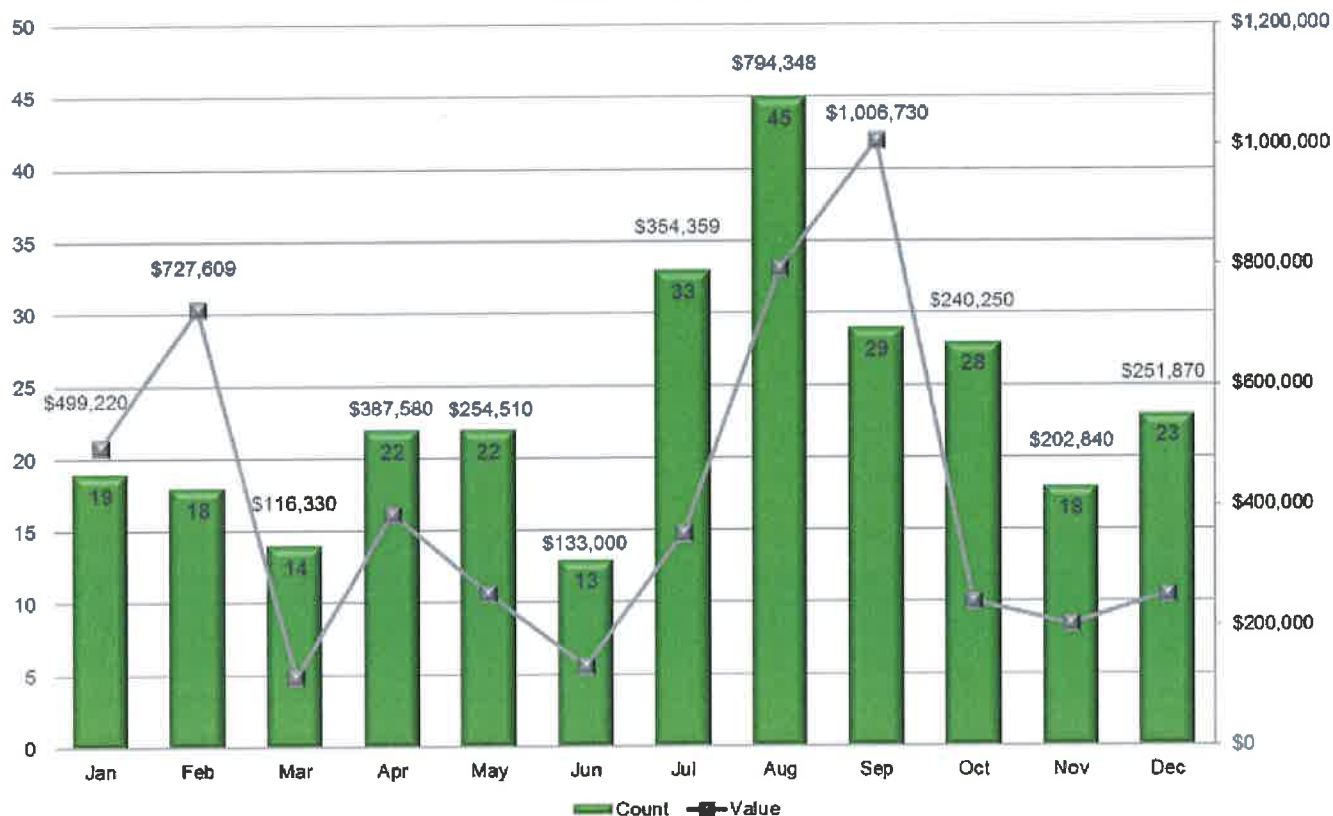
Due to the shift in player behaviour, the money laundering risk associated with transactions under \$10,000 has increased subsequent to the implementation of the recommendation to apply source of funds declaration to all transactions of \$10,000 or more. BCLC has responded to this risk by planning to reduce the threshold for the ascertaining of customer identity from \$9000 to \$3000. This change in policy will give BCLC the ability to monitor much more closely and accurately customer transactions between \$3000 and \$10,000 for indicators of money laundering or terrorist financing activity. Moreover, this change will exceed existing federal requirements and will align BCLC's anti-money laundering practices with international standards. The provincial regulator (GPEB) has approved the implementation of the policy change. However, the practical application of this policy gives rise to major operational issues. Thus, a solution will need to be developed to ensure service providers can comply with the policy and the policy can be effective.

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4. On-going trend monitoring:

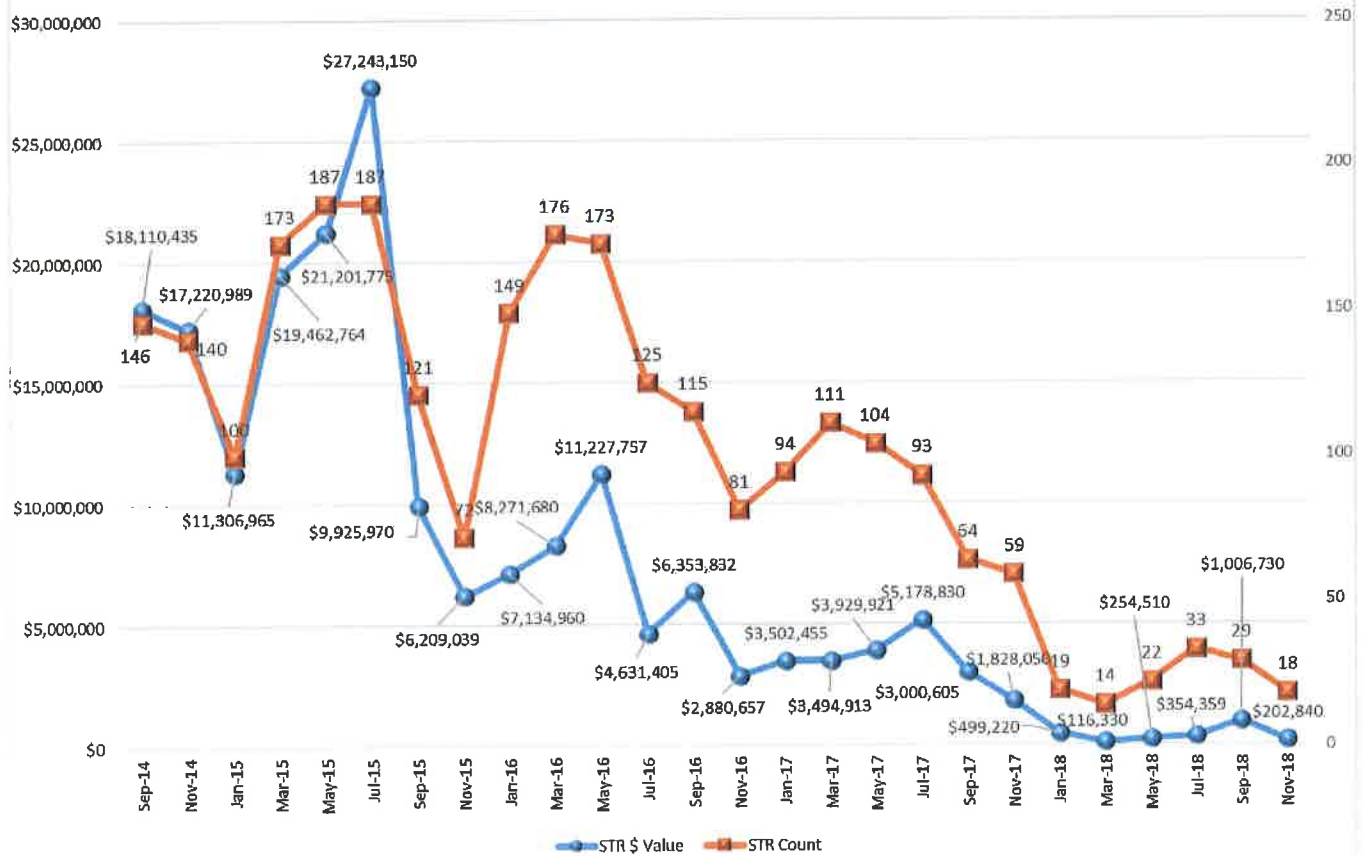
Note: Sep 2018, 1 STR for a \$755,000 fraudulent bank draft, accounts for 75% of total sum

Suspicious Financial Transactions Count & Values Jan - Dec 2018



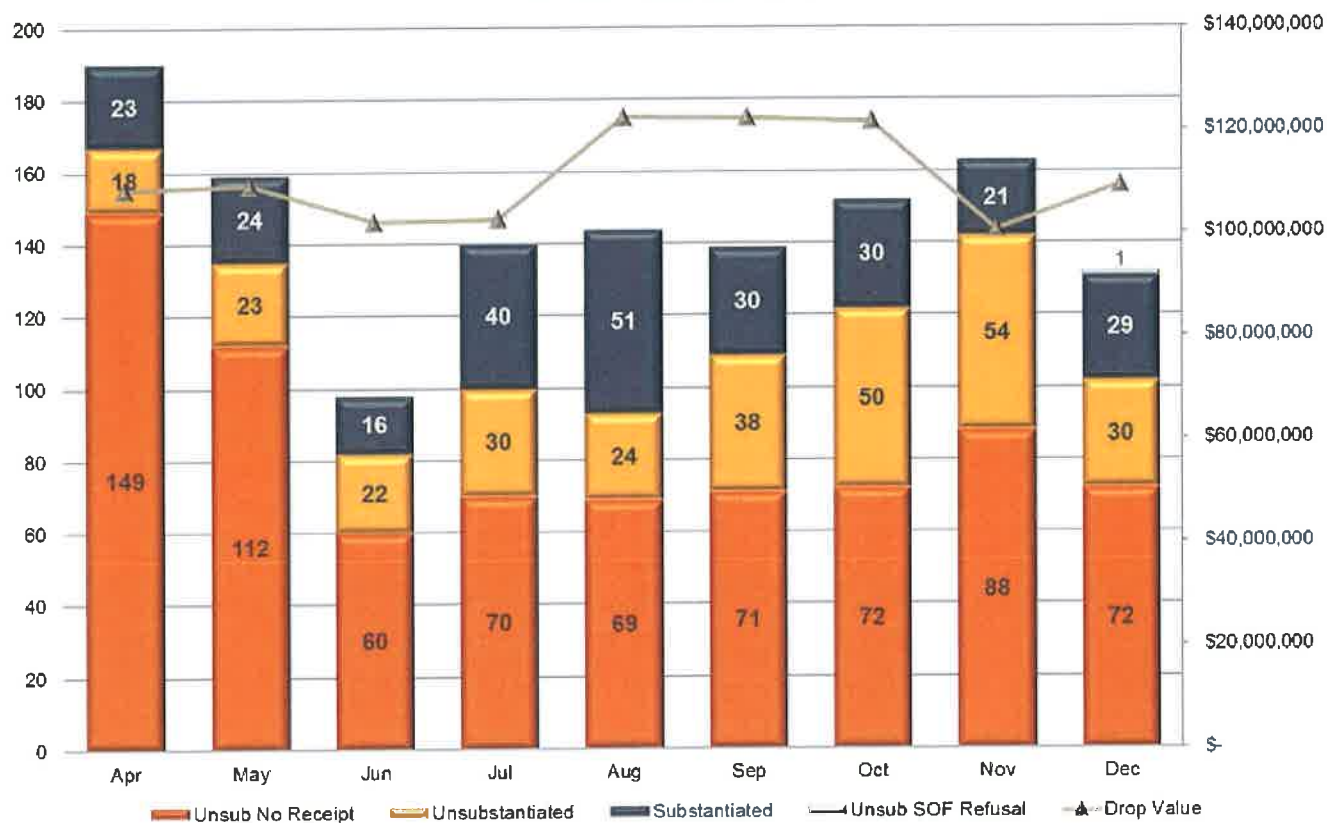
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Suspicious Financial Transaction - Value & Count September 2014 - November 2018



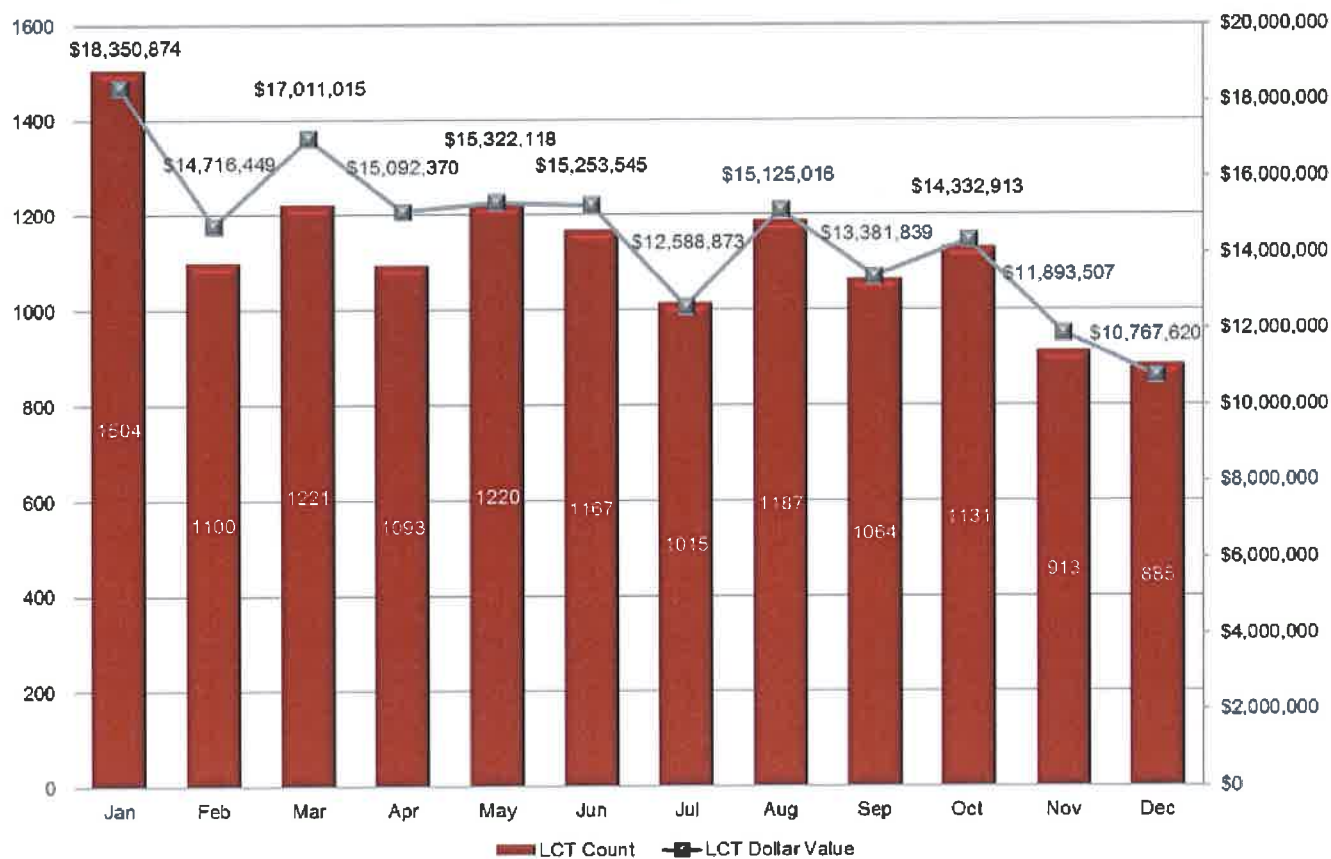
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Unusual Financial Transactions vs High Limit Table Drop Values Fiscal Year 2018/19



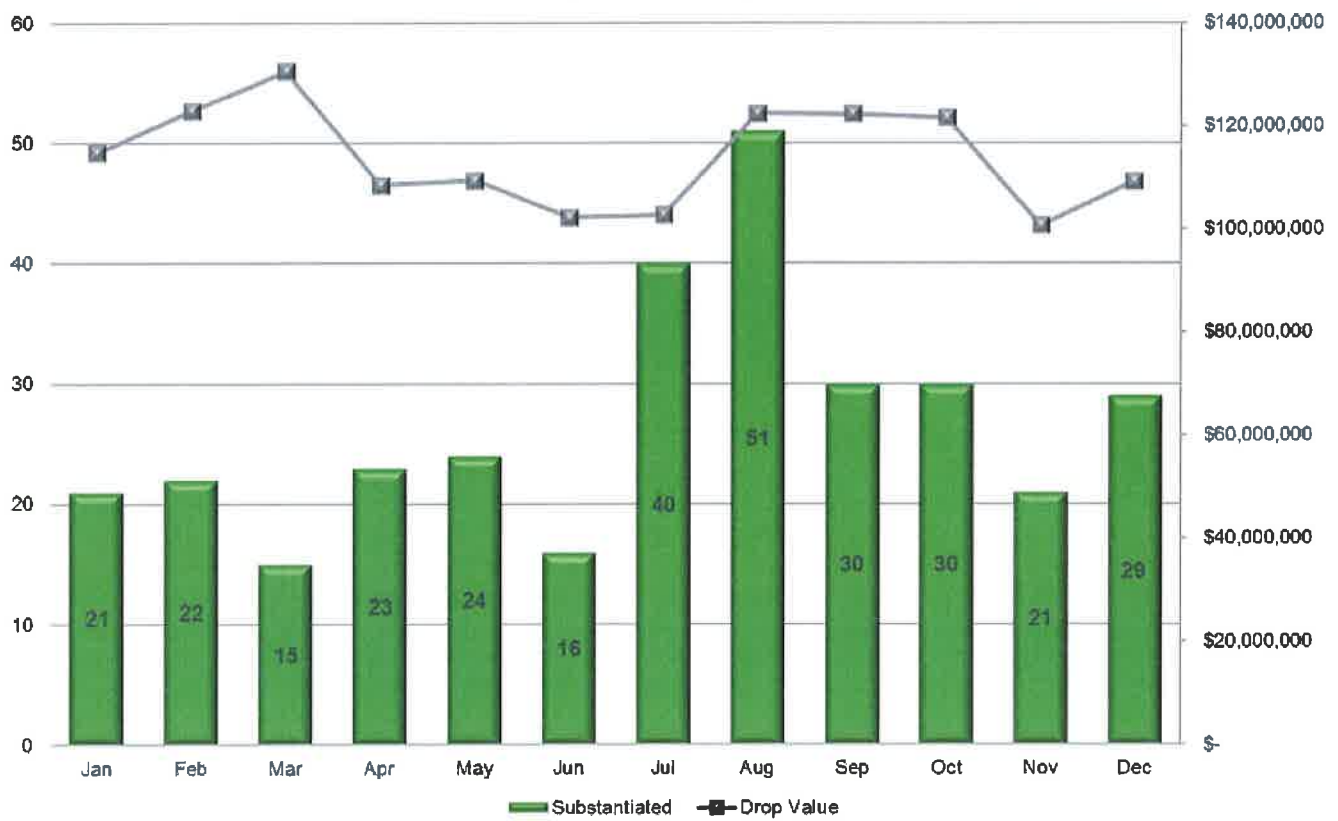
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Large Cash Transactions (Buy-In) Counts & Values CY 2018



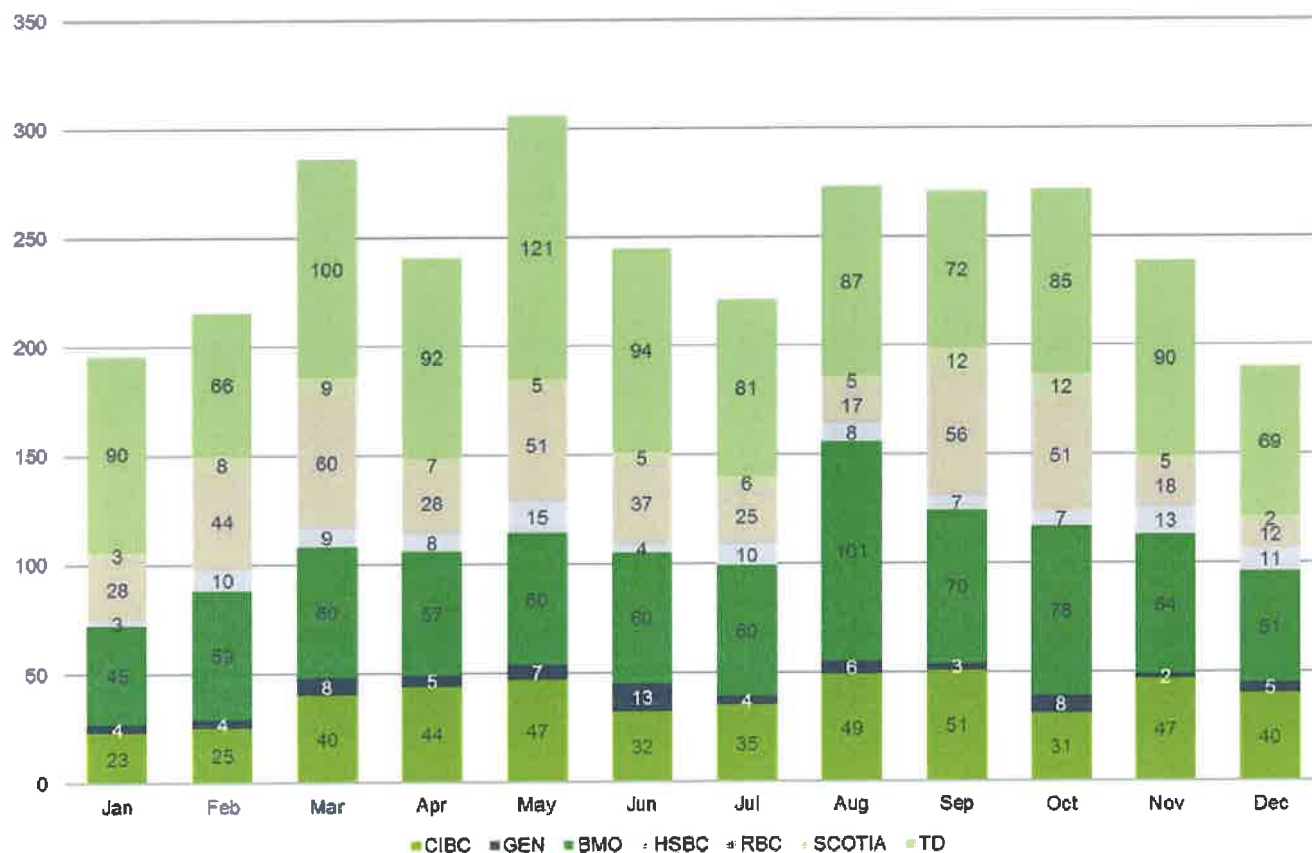
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Unusual Financial Transactions vs High Limit Table Drop Values Jan - Dec 2018



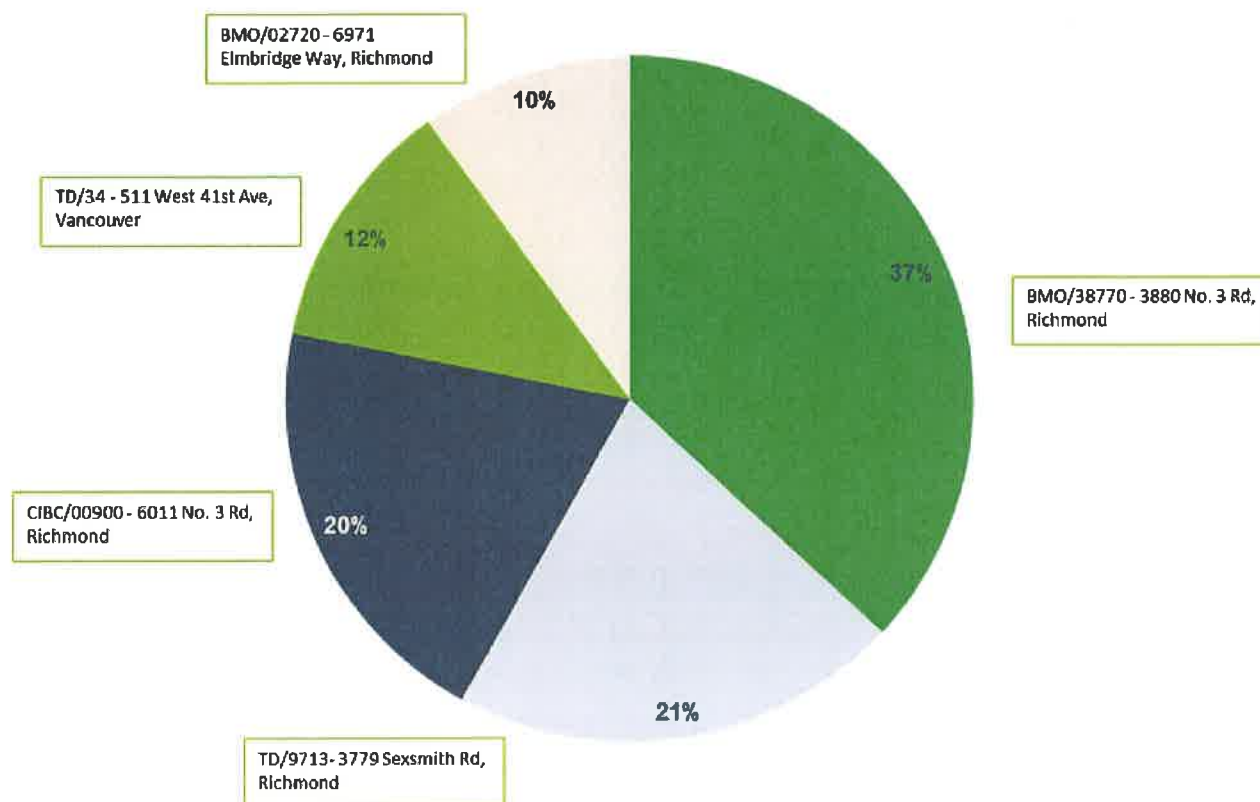
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Bank Draft Data by Financial Institution Calendar Year 2018

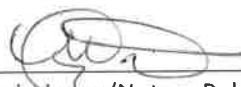


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**Top 5 - Number of Bank Drafts by
Financial Institution & Branch
Oct - Dec 2018**



This is Exhibit " 85 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

539

To: David Eby [Personal information redacted]
Cc: Jim D. Lightbody [Personal information redacted]; peter.h.kappe [Personal information redacted];
Richard.Fyfe [Personal information redacted]; Connie Richter
[Personal information redacted]; Doug Scott [Personal information redacted]; Pearson,
Barbera JAG:EX [Personal information redacted]
From: Suzanne Rowley
Sent: Wed 2019-06-19 10:42:51 PM
Subject: BCLC - Letter & Attachments for Minister Eby's Attention
[1. 2019.06.19 - Letter to Minister Eby re Implementing Govt Direction Report.pdf](#)
[2. Implementing Govt Direction Report - F18-19 Q4.pdf](#)
[3. Q4 AML Report for F18-19.pdf](#)

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>>>>

Hello,

On behalf of Peter Kappel, BCLC's Board Chair, please find attached the Q4 Reporting Package for the Minister's attention.

Thank you & regards,

Suzanne Rowley

Assistant Corporate Secretary/EA
President's Office, BCLC
2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information redacted]

bclc.com

June 19, 2019

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

Re: BCLC's Implementing Government Direction Report Q4

Enclosed you will find BCLC's Implementing Government Direction Report for Q4, which includes actions taken with respect to the 2018/19 Mandate Letter and with respect to the implementation of initiatives to mitigate money laundering and the use of proceeds of crime in BC gambling facilities.

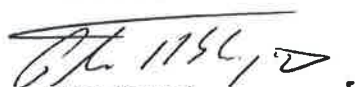
Of note in this quarter, is the ongoing progress with respect to the plan for Plan for Public Health and Gambling and actions taken to mitigate money laundering. Also notable is the ongoing communication between BCLC and GPEB on matters that assist GPEB with meeting its responsibilities. BCLC remains committed to ongoing dialogue and to strengthening this relationship.

As noted in the Mandate Letter update and in the Quarterly Report to the Attorney General, BCLC is preparing for proposed amendments to regulations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFR). The amendments, while not intended to be substantive, if enacted in the form published, will require BCLC, and all other reporting entities, to make major changes to their AML/ATF programs. BCLC has worked in collaboration with the gambling Crown agents from most of the other provinces to analyze and prepare for the coming regulatory changes, which the Federal Department of Finance indicates will be published in mid-2019.

BCLC's review of Service Provider Compliance with Source of Funds procedures continued this quarter. After 15 weeks of monitoring, Service Providers achieved a compliance rate of 97%. BCLC will await the outcome of GPEB's audit of Service Provider compliance with these procedures before determining whether any further steps or monitoring will be required.

If there is further information you require regarding these attachments or other matters related to BCLC, please let me know.

Yours truly,



Peter Kappel
Chair, BCLC Board of Directors

cc: Richard Fyfe, Q.C., Deputy Attorney General
Doug Scott, Associate Deputy Minister
Jim Lightbody, President & CEO, BCLC

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Implementing Government Direction

March 31, 2019

This report details BCLC's progress on government direction per:

1. 2018/19 Mandate Letter Amendment (February 14, 2018)
2. Plan for Public Health and Gambling (February 2015)

Future directives will be added, when required.

Implementing Government Direction

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Implementing Government Direction

2018/19 Mandate Letter Amendment (February 14, 2018)

IN PROGRESS

Mandate Letter Action	Plans and Progress
<p>1. Implement the remaining commitments that BCLC is solely and jointly (with GPEB) responsible for in the <i>Plan for Public Health and Gambling</i> (February 2015).</p> <p>In addition, implement the regulatory guidelines for performance measure reporting of Game Sense Advisor (GSA) activities in casino's and community gaming centres.</p> <p>Submit bi-annual progress reports to the General Manager, GPEB detailing the status of the implementation of these commitments.</p>	<p>Progress related to the Plan for Public Health and Gambling located in the following section.</p> <p>Jan. 8, 2018, BCLC and GPEB finalized plans to address all recommendations and plans are moving forward to address all outstanding recommendations.</p> <p>BCLC and GPEB meet regularly to review the status of all recommendations and update the progress report, which GPEB then shares with the ADM's Office as required.</p> <p>The regulatory guidelines refer to the recommendation in the Responsible Gambling Council (RGC) review of the GSA Program to identify agreed upon performance measures for the GameSense program. BCLC and GPEB have jointly identified a working group with the task of refining the existing performance measures. BCLC has recently completed a second study to track and analyze the program's results.</p>
<p>2. Implement government's response to recommendations arising from the Peter German review of money laundering in British Columbia casinos.</p> <p>Provide a quarterly report to the Attorney General on the implementation of initiatives to mitigate money laundering and the use of proceeds of crime in BC gambling facilities.</p>	<p>Refer to the Q4 2018-2019 Quarterly Report to the Attorney General of British Columbia sent separately.</p>

Implementing Government Direction

ONGOING

Mandate Letter Action	Plans and Progress
3. Proactively share information with GPEB that assists the branch in meeting its responsibilities for the overall integrity of gaming and horse racing and providing the Minister with advice on broad policy, standards and regulatory issues. This includes, but is not limited to:	
a) Information about any new games (excluding variations of existing games or similar games already being offered by BCLC) that BCLC intends to introduce to determine whether additional responsible gambling standards are required or whether a game may be considered a new type of lottery scheme and requires written approval by the Minister under Section 7 of the <i>Gaming Control Act</i> ; and	No new games were submitted to GPEB during FY19-Q4 that required GPEB review as a new lottery scheme.
b) Information regarding any trends that may influence strategies to combat money laundering and keep the proceeds of crime out of British Columbia gambling facilities.	On June 9, 2018, the Federal Department of Finance published proposed amendments to regulations under the <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i> (PCMLTFR). The amendments, while not intended to be substantive, if enacted in the form published will require BCLC, and all other reporting entities, to make major changes to their AML/ATF programs. BCLC has worked in collaboration with the gambling Crown agents from all of the other provinces, other than Newfoundland-Labrador and Prince Edward Island, to analyze and prepare for the coming regulatory changes. The Federal Department of Finance has not given a specific date the final amendments will be published, however they have indicated a target of mid-2019. Further, the coming into force date has not been disclosed but is expected to be between 12 and 36 months from the date of final publication.

Implementing Government Direction

A Plan for Public Health and Gambling in BC (February 2015)

Note: The Recommendations listed in the tables below are the Actions included within the Responsible and Problem Gambling in British Columbia: A Plan for Public Health and Gambling in British Columbia report, February 2015.

IN PROGRESS

Recommendation	Plans and Progress
<p>6 "BCLC is working with other gambling jurisdictions in Canada on constructive approaches to communicating 'odds' and 'return to player' on Electronic Gaming Machine screens to dispel myths about control and ability to win."¹</p>	<p>BCLC is committed to provide full disclosure of the odds of winning and return to player from electronic gaming devices (EGD). Ontario Lottery and Gaming (OLG) has invested a significant amount into piloting an initiative to classify slot machines. While there were some positive findings, initial results showed confusion with the messages, largely associated with too much information. OLG continues to redesign and test the initiative but it is not clear when it will have the next set of results.</p> <p>The development of Canadian slot vendor standards is pending OLG's next set of results.</p> <p>By May 2018 BCLC will provide point-of-play information on the average return to player across all EGDs in the province and directing players to seek a more detailed understanding from knowledgeable GSAs at the local GSICs.</p>
<p>7 "Beginning in 2015, BCLC will offer new time and money budgeting tools to its Encore Rewards members. Similarly, enhanced tools have been developed for implementation on PlayNow.com."¹</p>	<p>BCLC has completed technical testing of PlayPlanner, a new, optional budgeting tool that allows players to set and manage daily maximums for how much time or money they want to spend playing on a slot machine. Testing took place from April 23 to July 22, 2018 at Cascades Casino Kamloops and Chances Kamloops. Player usage and feedback was limited due to ongoing labour action.</p> <p>BCLC is now planning the provincial rollout of the tool for Summer 2019.</p>
<p>10 "GPEB and BCLC plan to implement a GameSense Advisor presence in community gaming centres."¹</p>	<p>In December 2017, following Ministerial approval, GameSense Advisors (GSA) transitioned to BCLC employee positions April 1, 2018. As of March 31, 2019, we had employed 39 GameSense Advisors and 5 Team Leaders. BCLC will continue to incrementally add staff to expand the GSA program to all facilities province-wide with completion anticipated by Sept. 2019.</p>

Recommendation	Plans and Progress
<p>12 "BCLC will implement customized RG messaging to PlayNow.com account holders as well as BCLC Encore members."ⁱⁱ</p>	<p>In 2014, BCLC partnered with the Manitoba Gambling Research Program, and researchers from UCLA, UNLV and Southern Cross University to evaluate customized RG messaging to PlayNow.com account holders as well as BCLC Encore members. The field experiment began in fall 2016 and was discontinued due to a low rate of engagement and an above average unsubscribe rate.</p> <p>Following consultation with BCLC business units and external researchers, Strategic Science was engaged to conduct a review of best practices related to providing RG related messages by risk level. They presented their findings and recommendations to BCLC executive and key staff on June 29, 2018.</p> <p>A cross-enterprise working group has been established to review the best practices report and identify key indicators to apply to historical PlayNow and Encore data.</p>
<p>13 "BCLC will engage an international team of researchers in a longitudinal research project to evaluate the impact of customized messaging on player behaviour."ⁱ</p>	<p>Upon completion of recommendations 12 & 21, BCLC will be positioned to examine the impact of RG messages on behaviors.</p>
<p>20 "GPEB and BCLC will research to the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines."ⁱⁱ</p>	<p>BCLC and GPEB have engaged Gambling Research Exchange Ontario (GREO) to undertake research to determine the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines. Funding is from the withheld Jackpot fund.</p> <p>BCLC and GPEB provided feedback on a draft report. The final report was submitted on March 12, 2019 and is under review for next steps.</p>
<p>21 "GPEB and BCLC will undertake research to estimate online gambling prevalence and problem gambling prevalence among online players in British Columbia."ⁱ</p>	<p>The UBC Centre for Gambling Research completed a study that characterized level of play (Pareto analyses) on the PlayNow platform in 1 month. The next step is to expand the investigation to examine gambling and problem gambling characteristics using both survey and player data.</p> <p>GPEB has posted an RFP to BC Bid for a contractor to conduct the prevalence study for online problem gambling. The RFP closed December 18, 2018. Research will be funded from the withheld jackpot fund.</p> <p>BCLC and GPEB completed scoring of the two proposals on January 12, 2019 and a proponent to conduct the research was selected.</p>

COMPLETE

Recommendation	Plans and Progress
<p>8 "BCLC has conducted its third review of the Appropriate Response Training (ART) program for gaming facilities staff, and in 2015, will be incorporating new approaches to problem gambling identification and response as recommended by the RG Council."¹</p>	<p>Fall of 2015, BCLC enhanced its ART program with a response guidelines matrix to help equip gaming venue staff with skills and knowledge to recognize observable behaviours that may indicate a problem with gambling and to provide the appropriate assistance when required.</p> <p>In early 2016, BCLC worked with an expert from the Centre for Addiction and Mental Health to enhance delivery and curriculum of ART Level 2 in-person workshops. Eight new learning activities, tailored to ART curriculum and response guidelines, were developed and all ART trainers received training on the new content.</p>
<p>9 "BCLC will incorporate mandatory staff training about the cognitive effects of alcohol and the resulting increase in impulse behaviour."¹</p>	<p>BCLC added new training content for its ART Level 1 course in March 2015, which is mandatory for all gaming workers in BC. The content aims to equip gaming staff with ability to identify and understand policies and procedures pertaining to liquor service in a gaming environment; possible effects of alcohol intoxication on gambling behavior; knowing when to prevent customers who are, or appear to be, visibly intoxicated from participating in gambling; and, understand escalation procedures pertaining to intoxicated customers.</p>
<p>11 "BCLC is implementing a new ART course that is specific to customer telephone support. It includes training on how to assess and respond to callers who may be experiencing difficulty with their gambling, details on available resources, procedures for handling third party concerns, and escalation guidelines."¹</p>	<p>ART for BCLC's Customer Support team launched in August 2014. All Customer Support staff completed the course in facilitated sessions held through November 2014. The training program is ongoing for new employees.</p>
<p>14 "BCLC has worked with the RG Council to develop and implement the new RG Check accreditation program for online gaming. In anticipation of being the first online gambling platform to participate in this program, BCLC has initiated a number of changes in its approach to online RG, including better documentation of processes, policy reviews, and customer support training. The RG Council is auditing PlayNow.com."¹</p>	<p>BCLC's PlayNow.com was certified by RG Check in June 2015 and the recertification completed in August 2018. BCLC is the first organization in the world to have its online gaming site certified by RG Check.</p>

Implementing Government Direction

Recommendation	Plans and Progress
<p>17 "The Ministries of Health and Finance, with BCLC, will be responsible for maintaining a working group with stakeholders and the Ministry of Education, to act as an advisory committee for government decision makers. Its mandate is to ensure gambling policy is informed by reliable research and best practices, creating a fulsome understanding of the social and economic implications of gambling."¹</p>	<p>Collaborative work and research led to the municipal information package to inform local governments on the public health risks of gambling. Working group formed to examine social risk factors (ongoing). A Health Impact Assessment model has been implemented.</p>
<p>19 "Government and BCLC will consider long-term funding of the Centre for Gambling Research at UBC in 2017."¹</p>	<p>In March 2018, the Attorney General approved a joint BCLC/GPEB proposal to renew funding to the Centre for Gambling Research at UBC. BCLC and UBC signed a new agreement in November 2018 to renew funding. BCLC will sponsor the Centre through the payment of \$1.365 million, payable over five years.</p>

APPENDIX 1 - PLAN FOR PUBLIC HEALTH AND GAMBLING IN BC – OTHER STAKEHOLDERS' RECOMMENDATIONS¹

Recommendation	Currently Responsible
1 "The provincial Responsible & Problem Gambling program will link with the University of Victoria's Centre for Addictions Research and other researchers to work towards linking problem gambling education with broader issues of substance use, including preventing and addressing dependence and fostering positive mental health and social and personal responsibility." ¹	GPEB, UVic
2 "Within available resources, the provincial Responsible & Problem Gambling Program is shifting its prevention services to incorporate a greater focus on problem solving and critical thinking and prioritizing the need to ensure programs are as effective as possible for students." ¹	GPEB
3 "The Ministry of Education will share the findings of the PHO Report on Gambling as well as current research related to youth gambling with the Physical and Health Education curriculum development teams and other relevant specialist associations such as school counsellors." ¹	Ministry of Education
4 "Links to RG education materials will be added to the new Physical and Health Education curriculum as well as to the Healthy Schools BC website and promoted in the Healthy Schools BC newsletter." ¹	Ministry of Education
5 "The Ministries of Education, Finance, and Health will work together to raise awareness about the need for problem gambling education and its links with broader issues of risk-taking behaviour and promote related education materials." ¹	Ministries of Education, Attorney General and Health
15 "GPEB will update its RG Standards to include online gambling on PlayNow.com. These standards must be followed by BCLC and all gaming service providers in British Columbia." ¹	GPEB
16 "The Ministry of Finance will partner with the Ministry of Health to further explore problematic gambling screening and collaborative care planning for clients with co-occurring issues with the goal of improving the overall continuity of care." ¹	Ministries of Attorney General and Health
18 "The provincial government will develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers." ¹	Ministry of Attorney General

¹ Responsible and Problem Gambling in British Columbia, *A Plan for Public Health and Gambling in British Columbia*, February 2015, p. 27-28.

¹ Note: We currently report to the Attorney General. At the time of the release of the *Plan for Public Health and Gambling in British Columbia*, we reported to the Ministry of Finance.

Pursuant to the Mandate Letter dated February 14, 2018

REPORT FOR THE FOURTH QUARTER FISCAL YEAR 2018/2019
(JANUARY 1, 2019 – MARCH 31, 2019)

BCLC PROVIDES THIS REPORT in accordance with Direction #2 set out in the Mandate Letter:

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes

1. In July 2018, FinTRAC completed an examination of BCLC's anti-money laundering program. FinTRAC's practice has been to conduct examinations of the anti-money laundering programs of provincial lottery corporations on a biennial basis. FinTRAC last conducted an examination of BCLC's AML program in 2016. The scope of the examination covered the period from March 1, 2017 to February 28, 2018. This was the first examination where FinTRAC reviewed BCLC's internet gaming operations for compliance with federal AML requirements, which came into effect on June 17, 2017. FinTRAC conducted a post-examination verbal debrief with BCLC on July 31, 2018. Formal written results of the examination were received by BCLC on November 15, 2018.

FinTRAC acknowledged that, BCLC made significant progress in improving its AML Programs over the years and continues to enhance its maturity and effectiveness. There were four (4) findings and two (2) observations noted in the findings letter. BCLC completed and submitted a written action plan to FinTRAC to address all examination findings by end of fiscal year. BCLC completed all activities and actions set out in the plan as of March 31, 2019.

2. BCLC conducted a compliance review of casino service provider adherence with source of funds (SOF) requirements since the implementation of Peter German's interim recommendation in January 2018. The SOF reviews encompassed the period of March to June 2018. The results of the compliance reviews did not meet BCLC expectations and were subsequently communicated to the Service Providers to remedy the non-compliance. BCLC further notified the provincial regulator (GPEB).

In Q3 BCLC implemented further measures, pursuant to the casino operational services agreement enhanced monitoring provisions, to drive improvement in service provider compliance rates. BCLC contracted with Deloitte to review and monitor the casino operators (Parq, River Rock and Grand Villa casinos) adherence to SOF requirements to determine if the Reasonable Measures (RM) and Source of Funds (SOF) forms were appropriately completed. Deloitte has completed fifteen (15) weeks of Service Provider compliance reviews. Deloitte provides BCLC a weekly summary of compliance findings which is immediately shared with the Service Providers to provide them with the necessary information to develop and implement an action plan to address the deficiencies. As of week 15 (February 4-10, 2019) Service Providers achieved a collective 97% compliance rate with rates ranging from 96% to 99%. GPEB is currently conducting an audit of Service Provider compliance with SOF policies. BCLC will review the results of that audit with GPEB once available and the two organizations will then plan next steps in regard to SOF compliance.

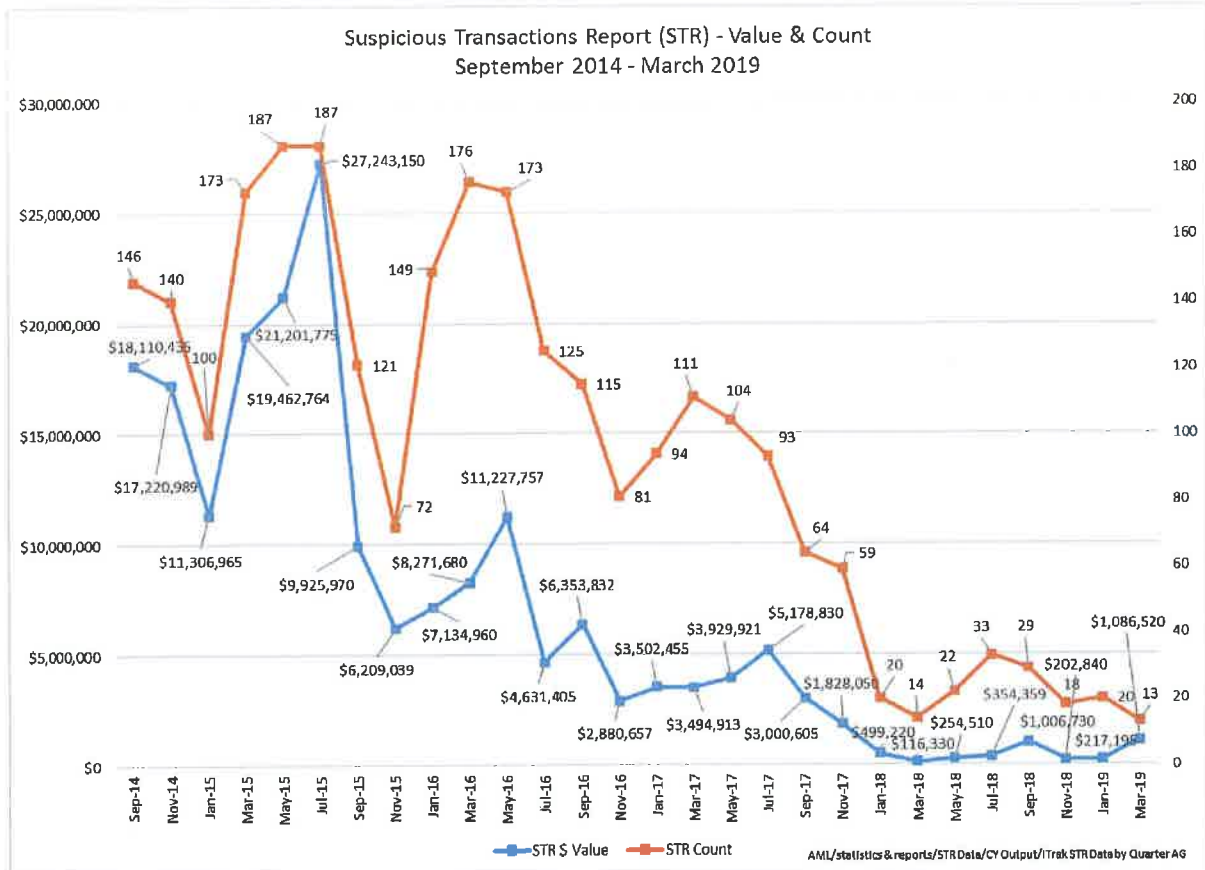
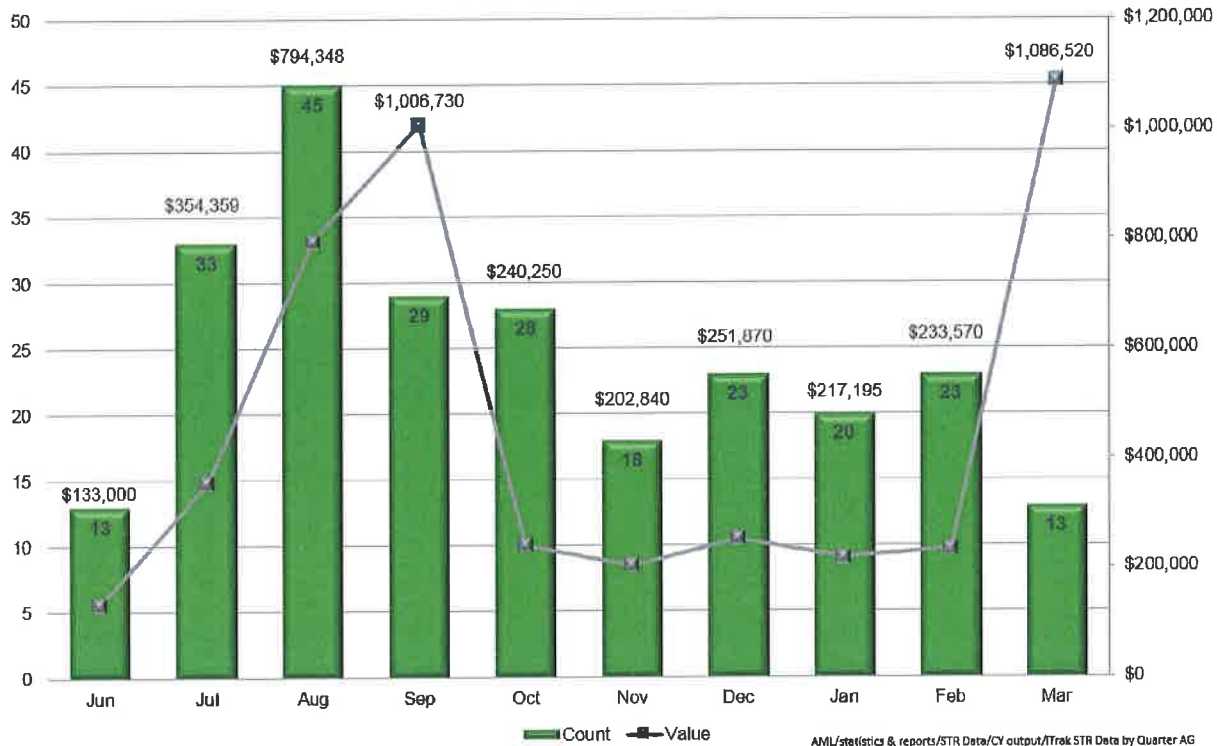
3. Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, once every two calendar years BCLC is required to have an independent review of its anti-money laundering anti-terrorist financing (AML/ATF) program conducted. The last review was conducted in 2017. In the April-May 2019 time-period, BCLC will be issuing a Request for Proposals for the conduct of a comprehensive compliance review of its AML/ATF program. The review will be completed before the end of the calendar year.
4. On June 9, 2018, the Federal Department of Finance published proposed amendments to regulations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFR). The amendments, while not intended to be substantive, if enacted in the form published will require BCLC, and all other reporting entities, to make major changes to their AML/ATF programs. BCLC has worked in collaboration with the gambling Crown agents from all of the other provinces, other than Newfoundland-Labrador and Prince Edward Island, to analyze and prepare for the coming regulatory changes. The Federal Department of Finance has not given a specific date the final amendments will be published, however they have indicated a target of mid-2019. Further, the coming into force date has not been disclosed but is expected to be between 12 and 36 months from the date of final publication.

BCLC has shared notifications it has received in regard to the amendments with GPEB.

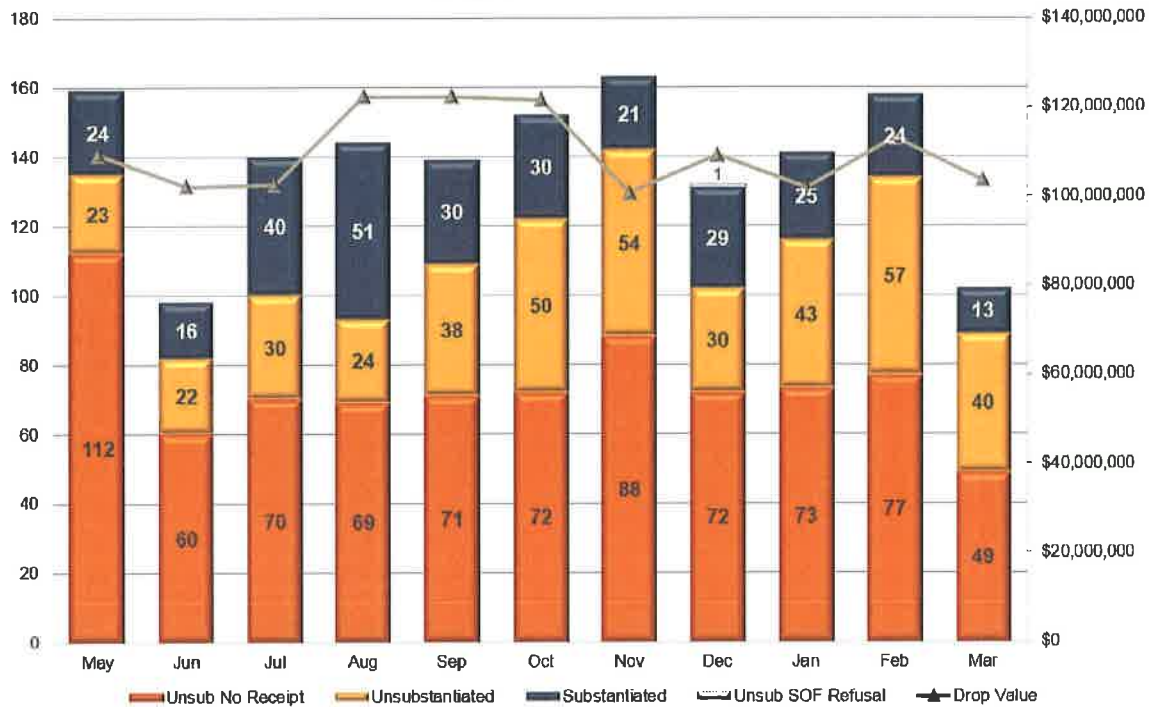
5. On-going trend monitoring: Please note: The STR, UFT and LCT data (counts and values) are incomplete for the month of March.

Note: Sep 2018, 1 STR for a \$755,000 fraudulent bank draft, accounts for 75% of total sum.
 Mar 2019, 2 historical STRs submitted by BCLC totaling \$983,570 for two patrons & includes their lifetime play totals. Accounts for 92% of total.

Suspicious Transactions Report (STR) Count & Values Jun 2018 - Mar 2019



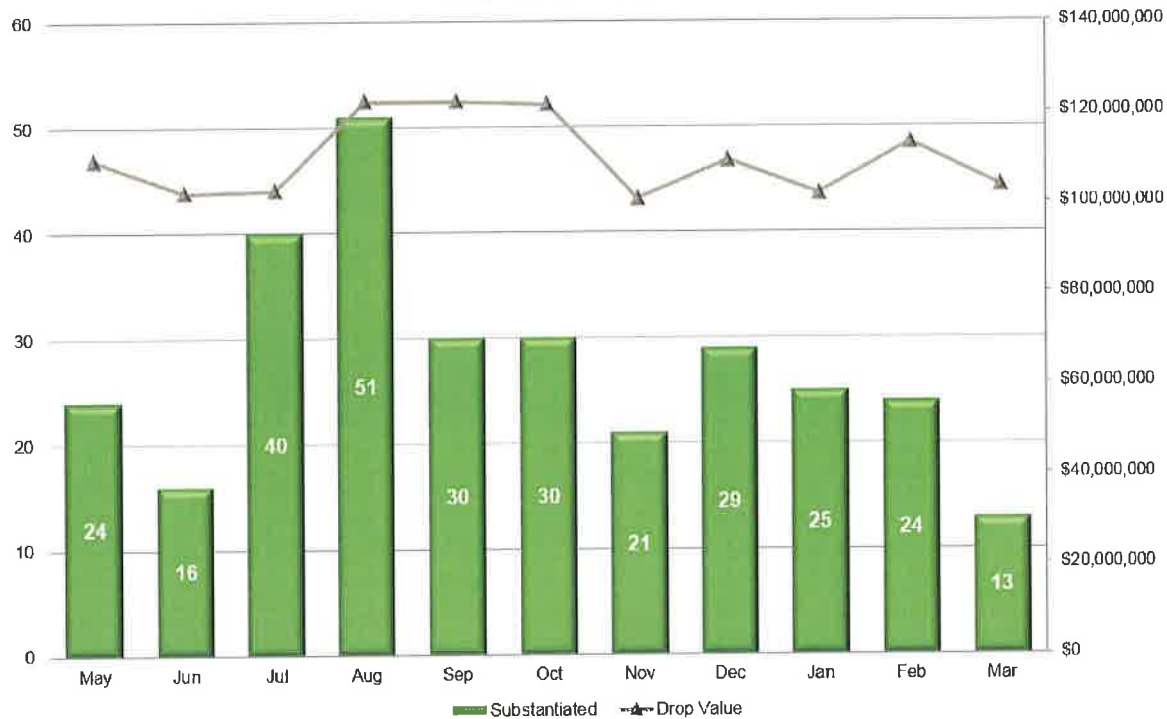
Unusual Financial Transactions vs High Limit Table Drop Values May 2018 - Mar 2019



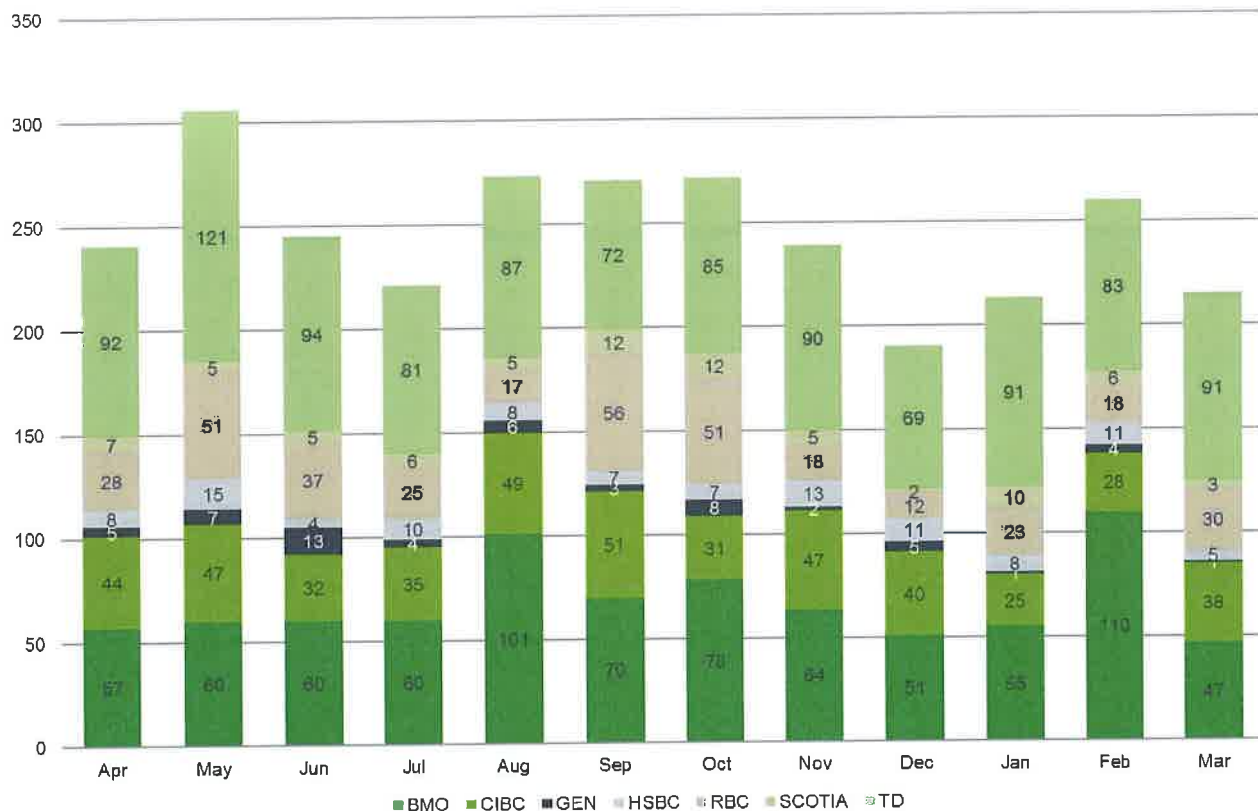
Large Cash Transactions (Buy-In) Counts & Values Jun 2018 - Mar 2019 (based on Transaction Date)



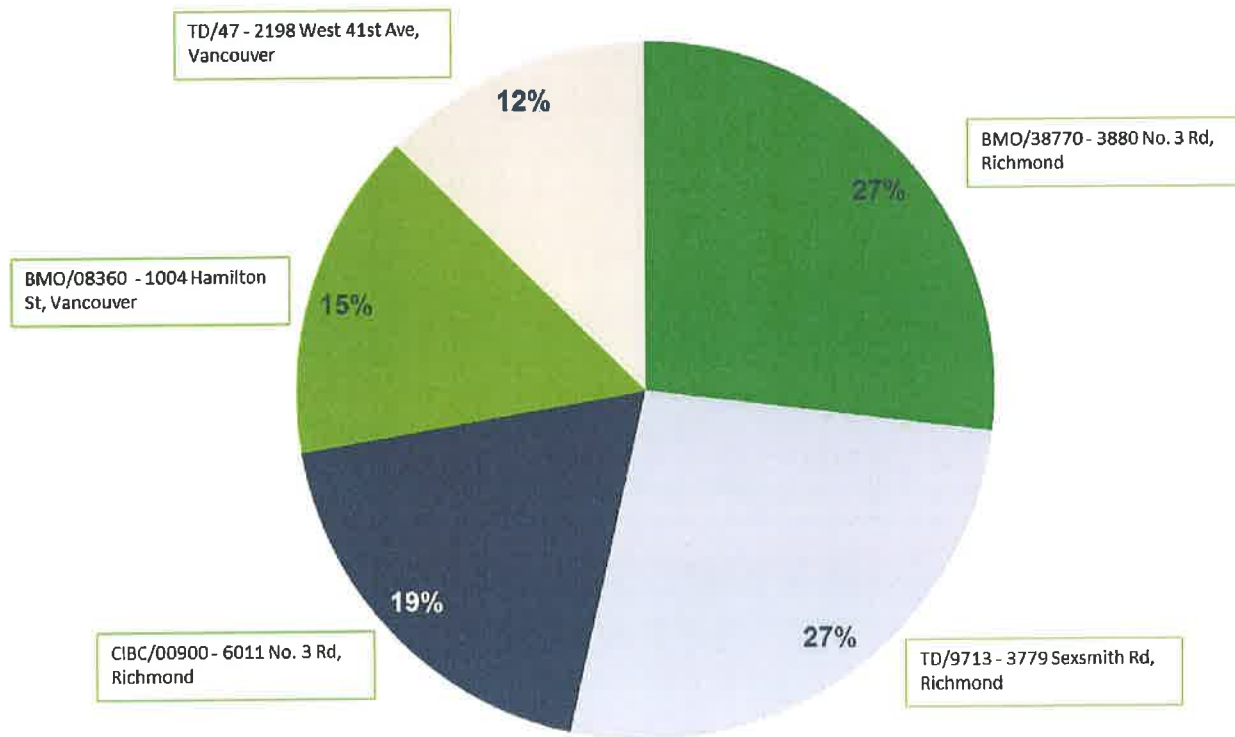
Unusual Financial Transactions vs High Limit Table Drop Values May 2018 - Mar 2019



Bank Draft Data by Financial Institution FY 2018/19



**Top 5 - Number of Bank Drafts by
Financial Institution & Branch
Dec 2018 - Mar 2019**



This is Exhibit " 86 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

556

To: David Eby (Personal information [redacted])
Cc: Jim D. Lightbody (Personal information [redacted]); Doug Scott (Personal information [redacted]);
peter.h.kappel (Personal information [redacted]); Richard.Fyfe (Personal information [redacted]);
Connie Richter (Personal information [redacted]); Pearson, Barbera
JAG:EX [redacted] (Personal info [redacted])
From: Suzanne Rowley
Sent: Wed 2019-07-31 10:59:40 PM
Subject: BCLC - Letter & Attachments for Minister Eby's Attention
[1. 2019.07.31 - Letter to Minister Eby re IGD Report.pdf](#)
[2. Implementing Govt Direction Report - F19-20 Q1.pdf](#)
[3. Q1 AML Report - F19-20.pdf](#)

Hello,

On behalf of Peter Kappel, BCLC's Board Chair, please find attached the Q1 Reporting Package for the Minister's attention.

Thank you & regards,

Suzanne Rowley

Assistant Corporate Secretary/EA
President's Office, BCLC
2940 Virtual Way, Vancouver BC V5M 0A6

(Personal information [redacted])

bclc.com

July 31, 2019

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

**Attention: David Eby
Attorney General**

Dear Minister Eby:

Re: BCLC's Implementing Government Direction Report Q1

Enclosed you will find BCLC's Implementing Government Direction Report for Q1, which includes actions taken with respect to the 2019/20 Mandate Letter and the Plan for Public Health and Gambling. It also references the separate Quarterly Report to the Deputy Minister's Committee on Anti-Money Laundering.

BCLC has continued to work closely with the Ministry and the Gaming Policy and Enforcement Branch (GPEB) on the response to recommendations made in Dr. Peter German's review. BCLC's CEO and Director of AML Response are collaborating with representatives from the Ministry, GPEB and the Deputy Minister's Committee. Significant progress continues to be made in response to the recommendations and on strengthening the relationships between these parties and entities.

BCLC remains committed to preventing money laundering and to continuously improving its anti-money laundering (AML) program. On April 1, 2019, BCLC completed its action plan in response to FINTRAC's formal report of findings from its Periodic Examination covering the period from March 1, 2017 to February 28, 2018. FINTRAC did not report finding any money laundering transactions or indicators of money laundering transactions occurring at BCLC casinos and noted BCLC has made "...significant progress in improving its program over the years, and continues to enhance its maturity and effectiveness." The next review of BCLC's AML and anti-terrorist financing program will begin in late summer, a biennial, independent review required under federal legislation. The review will be completed before the end of Q3.

In January 2018 BCLC implemented Peter German's interim recommendation that all cash and bearer monetary instruments of \$10,000 or more brought in within a 24-hour period, require service providers to complete a source of funds declaration. Subsequent to implementation, it was found that several service providers did not fully meet this standard. As a result, in September 2018 BCLC engaged Deloitte LLP to review and monitor the completeness of source of funds procedures at the River Rock, Parq and Grand Villa casinos on a daily basis. The rate of reporting exceptions has significantly declined over the monitoring timeframe, which concluded on April 7, 2019. BCLC's AML unit will continue to monitor these three sites for reporting exceptions over the next few months to ensure the issue does not recur.

The *Proceeds of Crime and Terrorist Financing Act* (PCMLTFA) and Regulations are in the process of a five-year Parliamentary Review. BCLC is preparing relevant changes to policy in anticipation of proposed amendments to regulations under the PCMLTFA. The amendments, if enacted in a form consistent with the proposals



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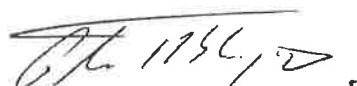
published for consultation, will require BCLC and all other reporting entities to make major changes to their AML/anti-terrorist financing programs. The consultation period ended and the final amendments were published on July 10, 2019 and they were substantially in the form expected. The amendments will not come into force before June 1, 2020 and in the case of some provisions, up until June 1, 2021.

In relation to the Plan for Public Health and Gambling, BCLC continues to work with its GPEB counterparts in completing all of the recommendations and remains on track to complete this work by March 31, 2020.

Finally, BCLC continues to monitor financial its performance closely. The next quarterly forecast will be submitted to Treasury Board in early August.

If there is further information you require regarding these attachments or other matters related to BCLC, please let me know.

Yours truly,



Peter Kappel
Chair, BCLC Board of Directors

cc: Richard Fyfe, Q.C., Deputy Attorney General
Doug Scott, Associate Deputy Minister
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x2

Implementing Government Direction

June 26, 2019

This report details BCLC's progress on government direction per:

1. 2019/20 Mandate Letter (December 12, 2018)
2. Plan for Public Health and Gambling (February 2015)

Future directives will be added, when required.

Implementing Government Direction

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Implementing Government Direction

2019/20 Mandate Letter Amendment (December 12, 2018)**IN PROGRESS**

Mandate Letter Action	Plans and Progress
1. Regarding the priority work related to the Province's anti-money laundering efforts: a) Implement government's response to recommendations from the Peter German review of money laundering in BC casinos. BCLC will provide a quarterly report to the Deputy Minister Committee on Anti-Money Laundering on the implementation of initiatives to mitigate money laundering and the use of proceeds of crime in BC gambling facilities.	Refer to the Q1 2019-2020 Quarterly Report to the Deputy Minister Committee (DMC) on Anti-Money Laundering sent separately.
2. a) Complete implementation of the remaining commitments that BCLC is solely and jointly (with GPEB) responsible for in the Plan for Public Health and Gambling (February 2015). b) In addition, continue to implement the regulatory guidelines for performance measure reporting of Game Sense Advisor (GSA) activities in casinos and community gaming centres.	Progress related to the Plan for Public Health and Gambling located in the following section. Jan. 8, 2018, BCLC and GPEB finalized plans to address all recommendations and these plans are progressing. BCLC and GPEB meet regularly to review the status of all recommendations and update the progress report, which GPEB then shares with the ADM's Office as required. The most recent meeting was on May 3, 2019 in Victoria. The regulatory guidelines refer to the recommendation in the Responsible Gambling Council (RGC) review of the GSA Program to identify agreed upon performance measures for the GameSense program. BCLC and GPEB have jointly identified a working group with the task of refining the existing performance measures. BCLC has recently completed a second study to track and analyze the program's results. BCLC shared the results of the study in a meeting with GPEB on May 3, 2019.

Implementing Government Direction

ONGOING

Mandate Letter Action	Plans and Progress
3. Proactively share information with GPEB that assists the branch in meeting its responsibilities for the overall integrity of gambling and horse racing and providing advice on broad policy, standards and regulatory issues. This includes, but is not limited to, the following:	
a) Any information about BCLC operations related to implementing the government's response to recommendations arising from the Peter German review of money laundering in BC casinos and any information requested by GPEB, the Anti-Money Laundering Secretariat, or the Associate Deputy Minister's Office as required by them at their sole discretion.	No requests for information have been received. The BCLC AML Response Director regularly updates GPEB on any German recommendation actions taken.
b) Information about any new games (excluding variations of existing games or similar games already being offered by BCLC) that BCLC intends to introduce to determine whether a game may be considered a new type of lottery scheme and requires written approval by the Minister under Section 7 of the <i>Gaming Control Act</i> .	No new games were submitted to GPEB during Q1 FY2019/20 that required GPEB review as a new lottery scheme.
c) Information regarding any trends that may influence strategies to combat money laundering and keep the proceeds of crime out of BC gambling facilities.	No emerging trends have been identified this quarter.

Mandate Letter Action	Plans and Progress
d) Information regarding proposed upgrades related to the BCLC headquarters building in Kamloops.	<p>On January 17, 2019, BCLC announced its decision to remain in its existing Kamloops headquarters facility and defer any further discussion of redevelopment into the future. This approach was considered prudent following an extensive third-party analysis of options, and assessment of the building's condition, including engagement with Partnerships B.C. The findings were that, despite layout and structural limitations that may affect productivity and flexibility, the BCLC's Kamloops headquarters is sound, well maintained and functioning. As such, it is recommended that BCLC continue in its existing head office.</p> <p>BCLC will continue to monitor the Kamloops headquarters to ensure it meets the needs of evolving business and staffing requirements. Analysis is now underway to estimate the costs and consequential benefits of modernizing employee workstations and/or performing renovations to optimize the performance in the existing facility.</p> <p>BCLC continues to work with its environmental consultant and the Ministry of the Environment to manage the remediation strategy associated with the recently acquired adjacent properties.</p>
4. Optimize BCLC's financial performance in accordance with government policy and directives under the <i>Gaming Control Act</i> and Treasury Board direction in order to achieve a net income in line with service plan projections.	<p>BCLC continues to monitor financial performance closely and regularly reports financial results to government as required. BCLC is in the process of working on the next quarterly forecast to be submitted to the Treasury Board in early August. Latest assumptions and trends will be incorporated into the forecast as necessary.</p>

Implementing Government Direction

COMPLETE

Mandate Letter Action	Plans and Progress
1. Regarding the priority work related to the Province's anti-money laundering efforts:	
b) Provide support and information on horse racing to Dr. German as and when necessary to assist in his review related to money laundering and organized crime in the real estate, horse racing and luxury car sectors.	Dr. German's report is complete. No requests for information were received.

Implementing Government Direction

A Plan for Public Health and Gambling in BC (February 2015)

Note: The Recommendations listed in the tables below are the Actions included within the Responsible and Problem Gambling in British Columbia: A Plan for Public Health and Gambling in British Columbia report, February 2015.

IN PROGRESS

Plan for Public Health Recommendation	Plans and Progress
<p>6 "BCLC is working with other gambling jurisdictions in Canada on constructive approaches to communicating 'odds' and 'return to player' on Electronic Gaming Machine screens to dispel myths about control and ability to win."ⁱ</p>	<p>BCLC is committed to provide full disclosure of the odds of winning and return to player from electronic gaming devices (EGD). Ontario Lottery and Gaming (OLG) has invested a significant amount into piloting an initiative to classify slot machines. While there were some positive findings, initial results showed confusion with the messages, largely associated with too much information. OLG continues to redesign and test the initiative but it is not clear when it will have the next set of results.</p> <p>The development of Canadian slot vendor standards is pending OLG's next set of results.</p> <p>BCLC aims to provide point-of-play information across all EGDs in the province and direct players to seek a more detailed understanding from knowledgeable GSAs at the local GSICs. Messaging is under development, with expected completion by August 2019.</p>
<p>7 "Beginning in 2015, BCLC will offer new time and money budgeting tools to its Encore Rewards members. Similarly, enhanced tools have been developed for implementation on PlayNow.com."ⁱ</p>	<p>BCLC has completed technical testing of PlayPlanner, a new, optional budgeting tool that allows players to set and manage daily maximums for how much time or money they want to spend playing on a slot machine. Testing took place from April 23 to July 22, 2018 at Cascades Casino Kamloops and Chances Kamloops. Player usage and feedback was limited due to ongoing labour action.</p> <p>BCLC is now planning the provincial rollout of the tool for Summer 2019.</p>
<p>10 "GPEB and BCLC plan to implement a GameSense Advisor presence in community gaming centres."ⁱ</p>	<p>In December 2017, following Ministerial approval, GameSense Advisors (GSA) transitioned to BCLC employee positions April 1, 2018. As of March 31, 2019, we had employed 39 GameSense Advisors and 5 Team Leaders. BCLC will continue to incrementally add staff to expand the GSA program to all facilities province-wide with completion anticipated by Sept. 2019.</p>

Plan for Public Health Recommendation	Plans and Progress
<p>12 "BCLC will implement customized RG messaging to PlayNow.com account holders as well as BCLC Encore members."</p>	<p>In 2014, BCLC partnered with the Manitoba Gambling Research Program, and researchers from UCLA, UNLV and Southern Cross University to evaluate customized RG messaging to PlayNow.com account holders as well as BCLC Encore members. The field experiment began in fall 2016 and was discontinued due to a low rate of engagement and an above average unsubscribe rate.</p> <p>Following consultation with BCLC business units and external researchers, Strategic Science was engaged to conduct a review of best practices related to providing RG related messages by risk level.</p> <p>A cross-enterprise working group reviewed the best practices report and identify key indicators to apply to historical PlayNow and Encore data.</p> <p>Currently, Optimove, our Customer Relationship Management (CRM) segmentation tool, has been engaged to explore its capability in providing customized RG messaging.</p>
<p>13 "BCLC will engage an international team of researchers in a longitudinal research project to evaluate the impact of customized messaging on player behaviour."</p>	<p>Upon completion of recommendations 12 & 21, BCLC will be positioned to examine the impact of RG messages on behaviors.</p>
<p>21 "GPEB and BCLC will undertake research to estimate online gambling prevalence and problem gambling prevalence among online players in British Columbia."</p>	<p>The UBC Centre for Gambling Research completed a study that characterized level of play (Pareto analyses) on the PlayNow platform in 1 month. The next step is to expand the investigation to examine gambling and problem gambling characteristics using both survey and player data.</p> <p>GPEB has posted an RFP to BC Bid for a contractor to conduct the prevalence study for online problem gambling. The RFP closed December 18, 2018. Research will be funded from the withheld jackpot fund.</p> <p>BCLC and GPEB completed scoring of the two proposals on January 12, 2019 and a selected proponent to conduct the research. Data is now being collected in the field, with anticipated completion date of summer, 2019.</p>

COMPLETE

Plan for Public Health Recommendation	Plans and Progress
<p>8 "BCLC has conducted its third review of the Appropriate Response Training (ART) program for gaming facilities staff, and in 2015, will be incorporating new approaches to problem gambling identification and response as recommended by the RG Council."¹</p>	<p>Fall of 2015, BCLC enhanced its ART program with a response guidelines matrix to help equip gaming venue staff with skills and knowledge to recognize observable behaviours that may indicate a problem with gambling and to provide the appropriate assistance when required.</p> <p>In early 2016, BCLC worked with an expert from the Centre for Addiction and Mental Health to enhance delivery and curriculum of ART Level 2 in-person workshops. Eight new learning activities, tailored to ART curriculum and response guidelines, were developed and all ART trainers received training on the new content.</p>
<p>9 "BCLC will incorporate mandatory staff training about the cognitive effects of alcohol and the resulting increase in impulse behaviour."¹</p>	<p>BCLC added new training content for its ART Level 1 course in March 2015, which is mandatory for all gaming workers in BC. The content aims to equip gaming staff with ability to identify and understand policies and procedures pertaining to liquor service in a gaming environment; possible effects of alcohol intoxication on gambling behavior; knowing when to prevent customers who are, or appear to be, visibly intoxicated from participating in gambling; and, understand escalation procedures pertaining to intoxicated customers.</p>
<p>11 "BCLC is implementing a new ART course that is specific to customer telephone support. It includes training on how to assess and respond to callers who may be experiencing difficulty with their gambling, details on available resources, procedures for handling third party concerns, and escalation guidelines."¹</p>	<p>ART for BCLC's Customer Support team launched in August 2014. All Customer Support staff completed the course in facilitated sessions held through November 2014. The training program is ongoing for new employees.</p>
<p>14 "BCLC has worked with the RG Council to develop and implement the new RG Check accreditation program for online gaming. In anticipation of being the first online gambling platform to participate in this program, BCLC has initiated a number of changes in its approach to online RG, including better documentation of processes, policy reviews, and customer support training. The RG Council is auditing PlayNow.com."¹</p>	<p>BCLC's PlayNow.com was certified by RG Check in June 2015 and the recertification completed in August 2018. BCLC is the first organization in the world to have its online gaming site certified by RG Check.</p>

Plan for Public Health Recommendation	Plans and Progress
17 "The Ministries of Health and Finance, with BCLC, will be responsible for maintaining a working group with stakeholders and the Ministry of Education, to act as an advisory committee for government decision makers. Its mandate is to ensure gambling policy is informed by reliable research and best practices, creating a fulsome understanding of the social and economic implications of gambling." ¹	Collaborative work and research led to the municipal information package to inform local governments on the public health risks of gambling. Working group formed to examine social risk factors (ongoing). A Health Impact Assessment model has been implemented.
19 "Government and BCLC will consider long-term funding of the Centre for Gambling Research at UBC in 2017." ¹	In March 2018, the Attorney General approved a joint BCLC/GPEB proposal to renew funding to the Centre for Gambling Research at UBC. BCLC and UBC signed a new agreement in November 2018 to renew funding. BCLC will sponsor the Centre through the payment of \$1.365 million, payable over five years.
20 "GPEB and BCLC will research to the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines." ¹	BCLC and GPEB have engaged Gambling Research Exchange Ontario (GREO) to undertake research to determine the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines. Funding is from the withheld jackpot fund. Following this high-level overview, we conducted a more detailed analysis of risk and safety features of different types of slot machines. The research is now considered complete. We are working with GPEB to identify how we can implement some of the findings.

APPENDIX 1 - PLAN FOR PUBLIC HEALTH AND GAMBLING IN BC – OTHER STAKEHOLDERS' RECOMMENDATIONSⁱⁱ

Plan for Public Health Recommendation		Currently Responsible
1	"The provincial Responsible & Problem Gambling program will link with the University of Victoria's Centre for Addictions Research and other researchers to work towards linking problem gambling education with broader issues of substance use, including preventing and addressing dependence and fostering positive mental health and social and personal responsibility." ⁱ	GPEB, UVic
2	"Within available resources, the provincial Responsible & Problem Gambling Program is shifting its prevention services to incorporate a greater focus on problem solving and critical thinking and prioritizing the need to ensure programs are as effective as possible for students." ⁱ	GPEB
3	"The Ministry of Education will share the findings of the PHO Report on Gambling as well as current research related to youth gambling with the Physical and Health Education curriculum development teams and other relevant specialist associations such as school counsellors." ⁱ	Ministry of Education
4	"Links to RG education materials will be added to the new Physical and Health Education curriculum as well as to the Healthy Schools BC website and promoted in the Healthy Schools BC newsletter." ⁱ	Ministry of Education
5	"The Ministries of Education, Finance, and Health will work together to raise awareness about the need for problem gambling education and its links with broader issues of risk-taking behaviour and promote related education materials." ⁱ	Ministries of Education, Attorney General and Health
15	"GPEB will update its RG Standards to include online gambling on PlayNow.com. These standards must be followed by BCLC and all gaming service providers in British Columbia." ⁱ	GPEB
16	"The Ministry of Finance will partner with the Ministry of Health to further explore problematic gambling screening and collaborative care planning for clients with co-occurring issues with the goal of improving the overall continuity of care." ⁱ	Ministries of Attorney General and Health
18	"The provincial government will develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers." ⁱ	Ministry of Attorney General

ⁱ Responsible and Problem Gambling in British Columbia, *A Plan for Public Health and Gambling in British Columbia*, February 2015, p. 27-28.

ⁱⁱ Note: We currently report to the Attorney General. At the time of the release of the *Plan for Public Health and Gambling in British Columbia*, we reported to the Ministry of Finance.

QUARTERLY REPORT TO THE DEPUTY MINISTER COMMITTEE ON ANTI-MONEY LAUNDERING

Pursuant to the Mandate Letter dated December 12, 2018

REPORT FOR THE FIRST QUARTER FISCAL YEAR 2019/2020

(APRIL 1, 2019 – JUNE 30, 2019)

BCLC PROVIDES THIS REPORT in accordance with direction set out in the Mandate Letter:

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes

2018 FinTRAC Examination

As per Section 62 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) conducts periodic examinations of BCLC, usually biennially. Examinations are conducted to assess the effectiveness of BCLC's anti-money laundering (AML) program in managing money laundering and terrorist financing risks, and compliance with legislative requirements.

FINTRAC notified BCLC verbally of the upcoming FINTRAC Examination ("the Examination") on March 13, 2018 and two weeks later a formal Notice of Examination and Request for Information was received by BCLC's Chief Compliance Officer. The scope of the Examination covered the period from March 1, 2017 to February 28, 2018.

The formal results of FINTRAC's findings were sent to BCLC on November 14, 2018. FINTRAC did not report finding any money laundering transactions or indicators of money laundering transactions occurring at BCLC casinos. BCLC's response and work plan were delivered to FINTRAC on December 10, 2018.

BCLC completed all action plan items as per the response work plan as of April 1, 2019.

Anti-Money Laundering Operations

1. Source of Funds Requirements – Compliance by Service Providers

On December 18, 2017, BCLC completed the work necessary to implement Dr. German's recommendation #1 expanding player source of funds declarations to all casino transactions, in any form of \$10,000 or more. These changes were implemented by BCLC on January 10, 2018 after consultation with GPEB. Since that time, BCLC has monitored the compliance rates of Service Providers with the additional requirements. As of October 2018 Service Providers had not achieved expected levels of compliance.

To improve Service Provider compliance and to more closely monitor their activities, BCLC engaged Consultant, Deloitte LLP, to review and monitor casino operators on a daily basis. Deloitte assessed the completeness of source of funds work at River Rock, Parq and Grand Villa.

Deloitte has completed their review up to April 7, 2019. The AML unit is continuing to monitor Parq, River Rock and Grand Villa to the same Deloitte standards over the next few months to ensure consistency.

2. Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, once every two calendar years BCLC is required to have an independent review of its anti-money laundering anti-terrorist financing (AML/ATF) program conducted. The last review was conducted in 2017. In the August-September 2019 time-period, Deloitte LLP will be conducting a comprehensive compliance review of BCLC's AML/ATF program. The review will be completed before the end of quarter three.
3. On June 9, 2018, the Federal Department of Finance published proposed amendments to regulations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFR). The

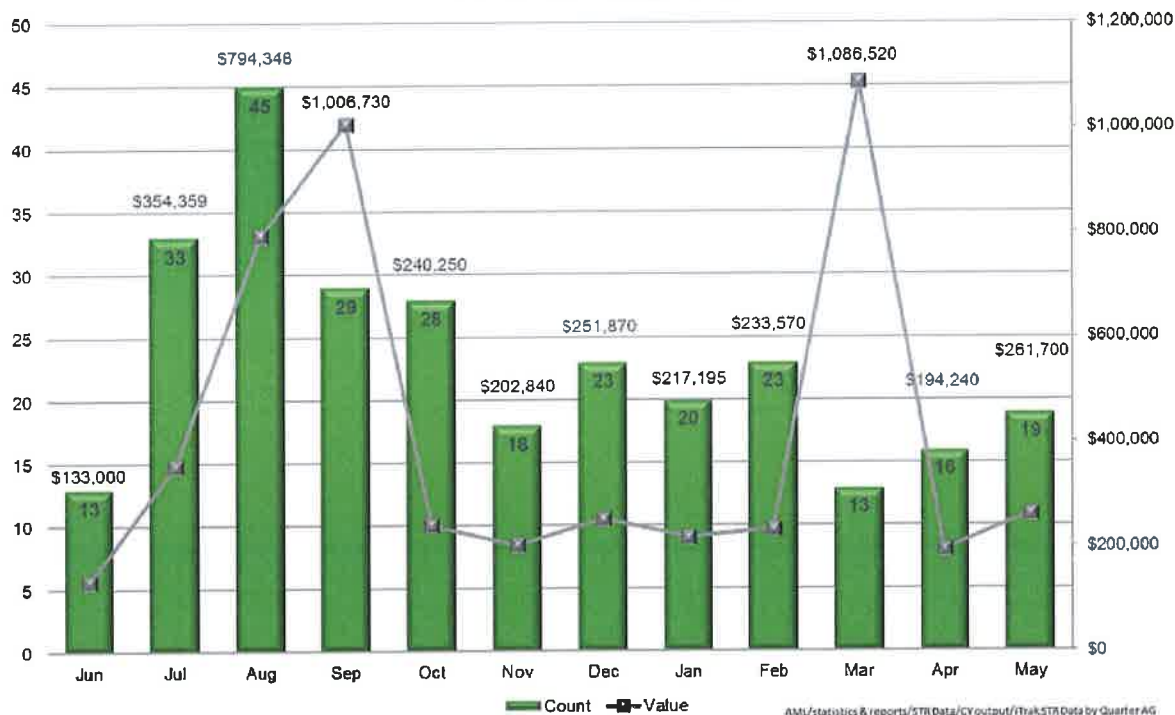
amendments, while not intended to be substantive, if enacted in the form published will require BCLC, and all other reporting entities, to make major changes to their AML/ATF programs. BCLC has worked in collaboration with the gambling Crown agents from all of the other provinces, other than Newfoundland-Labrador and Prince Edward Island, to analyze and prepare for the coming regulatory changes. The Federal Department of Finance has not given a specific date the final amendments will be published, however they have indicated a target of mid-2019. Further, the coming into force date has not been disclosed but is expected to be between 12 and 36 months from the date of final publication.

BCLC has shared notifications it has received in regard to the amendments with GPEB.

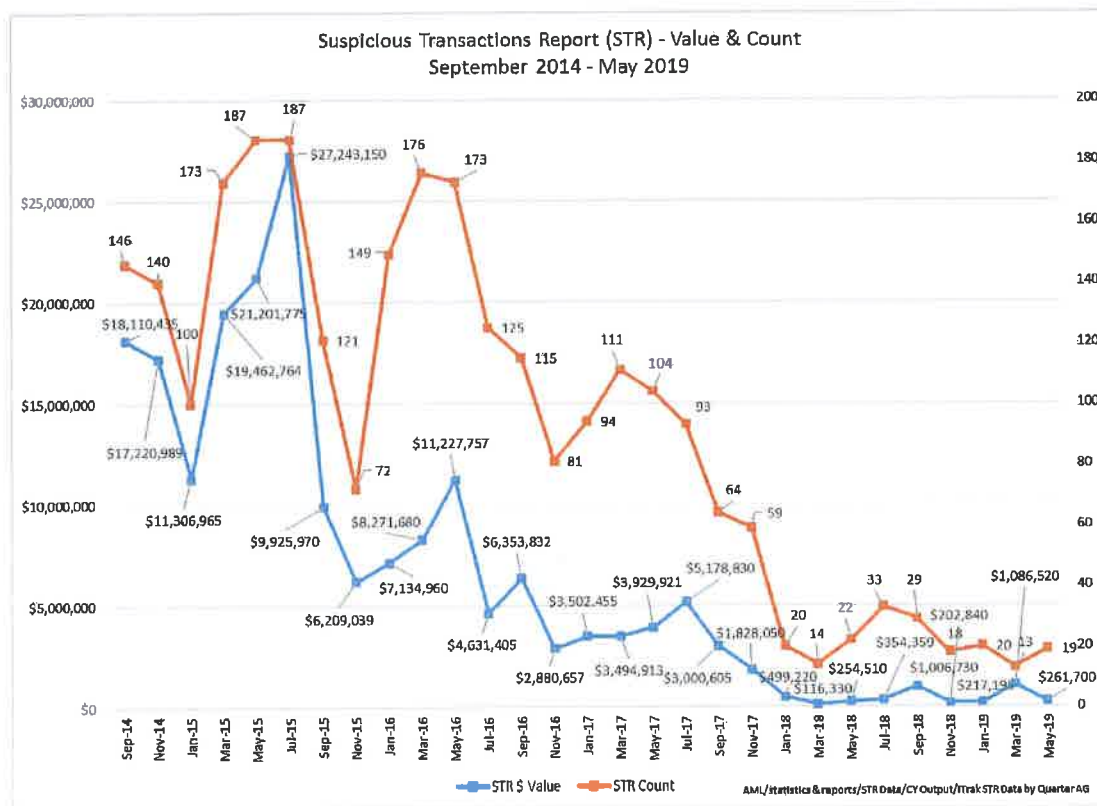
4. Ongoing trend monitoring:

Note: Sep 2018, 1 STR for a \$755,000 fraudulent bank draft, accounts for 75% of total sum.
Mar 2019, 2 historical STRs submitted by BCLC totalling \$983,570 for two patrons & includes their lifetime play totals. Accounts for 92% of total.

Suspicious Transactions Report (STR) Count & Values Jun 2018 - May 2019



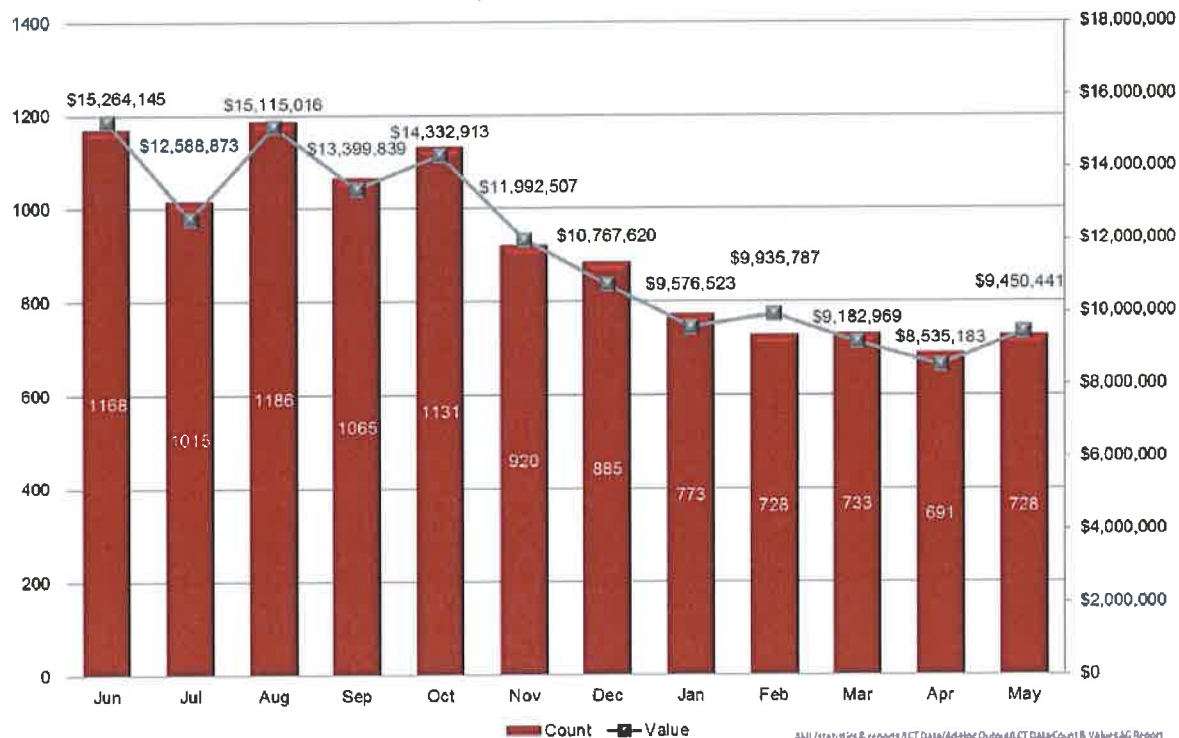
572



573

Large Cash Transactions (Buy-In) Counts & Values Jun 2018 - May 2019

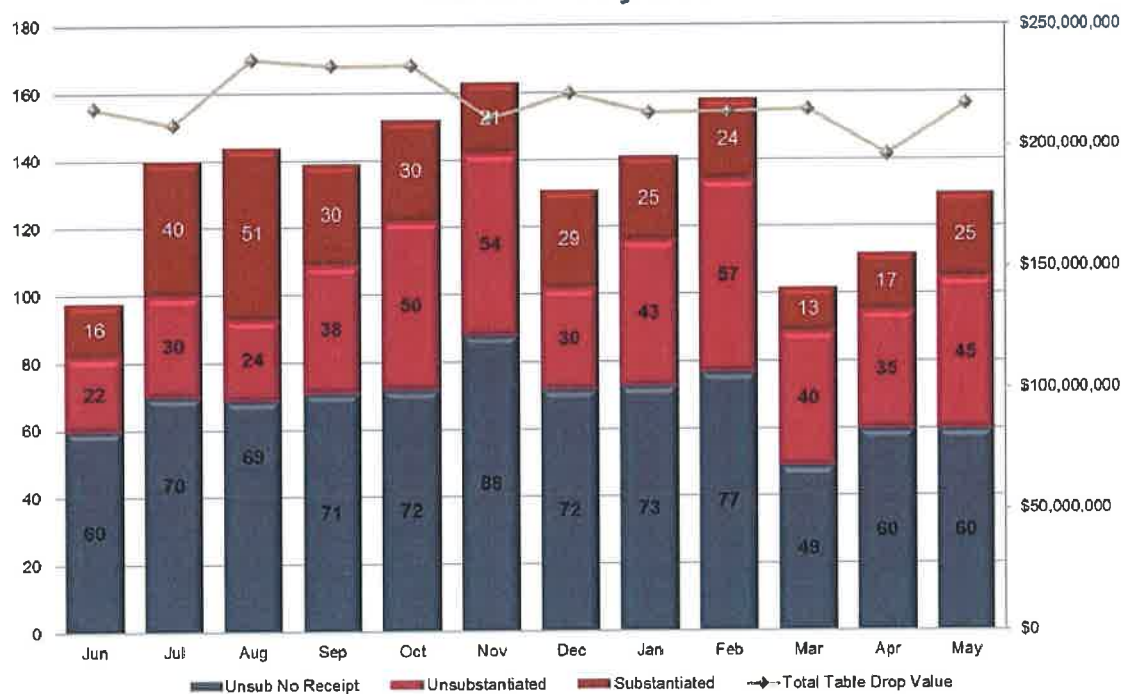
(based on Transaction Date)



574

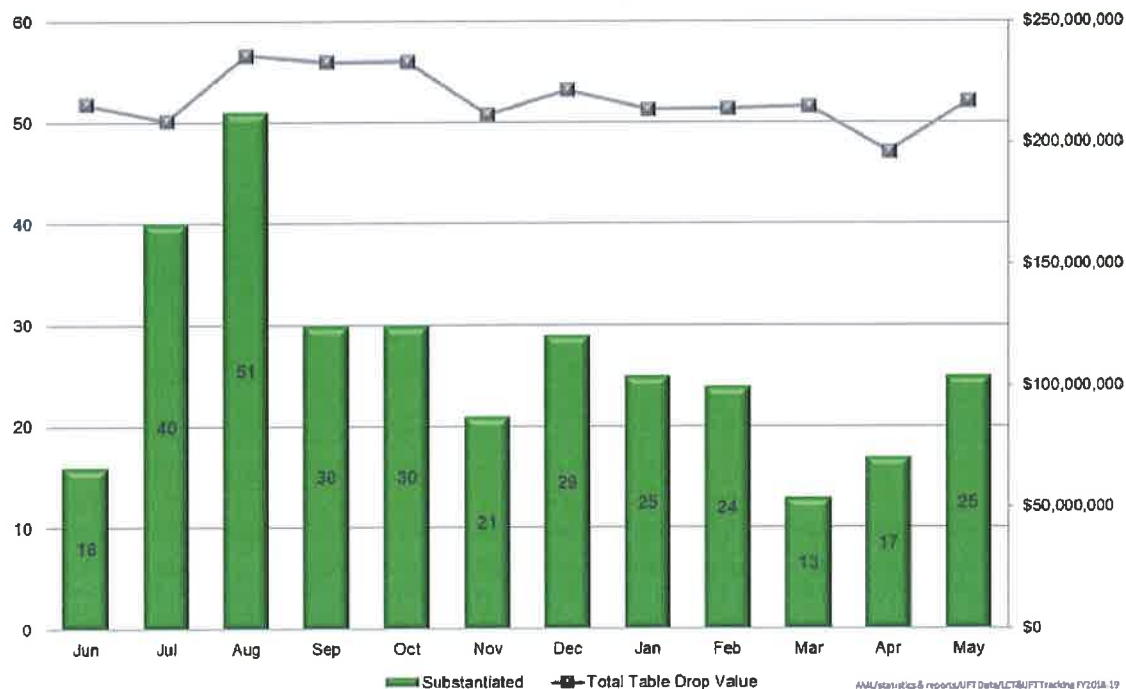
AAU/psa/ugis & reports/UFT Data/LCT & UFT Tracking FY 2018-19

Unusual Financial Transactions vs Total Table Drop Jun 2018 - May 2019

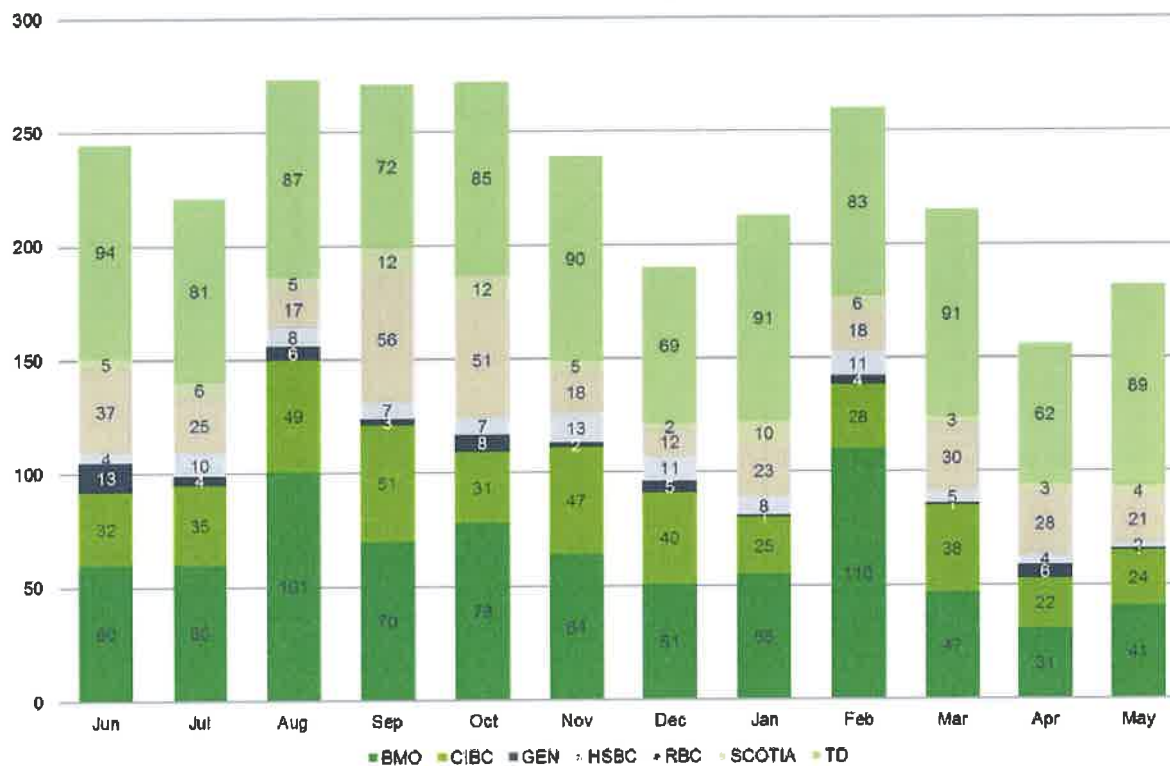


575

Unusual Financial Transactions vs Total Table Drop Values Jun 2018 - May 2019

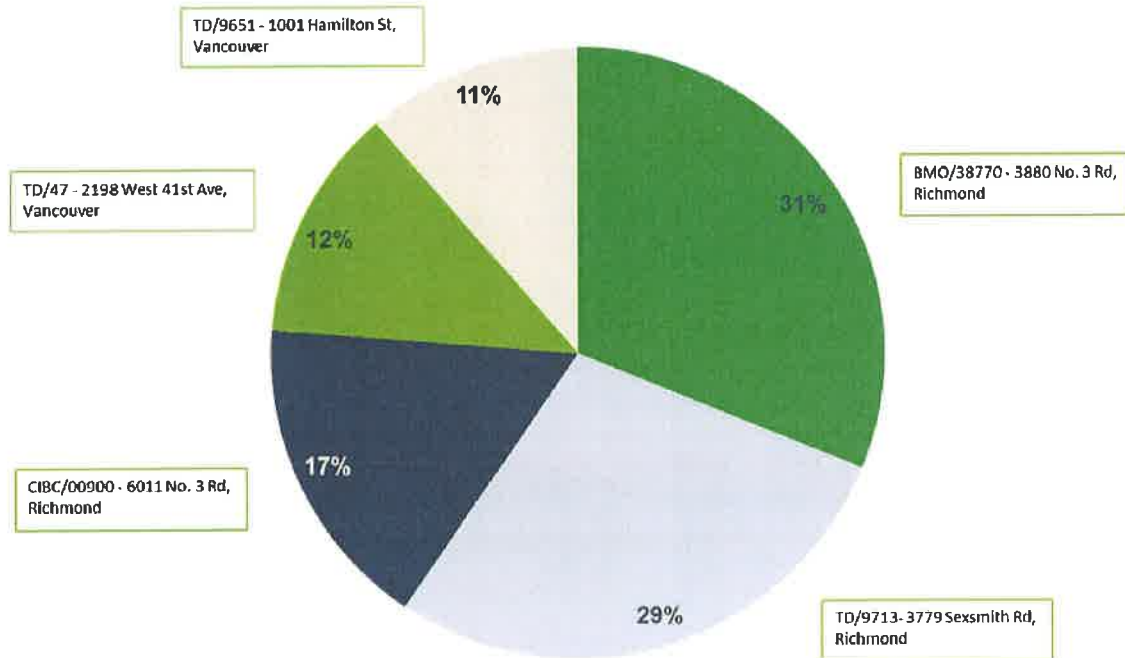


Bank Draft by Financial Institution Jun 2018 - May 2019

AML/statistics & reports/Bank Draft Output/PY Output/Bank Draft Analysis FY 2018-19


577

**Top 5 - Number of Bank Drafts by
Financial Institution & Branch
Feb - May 2019**



This is Exhibit " 87 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

To: 'peter.germain[Personal information] ca]
From: Suzanne Rowley
Sent: Thur 26/10/2017 8:52:24 PM
Subject: BCLC - Privileged Briefing Material for Minister - Email 1
[2017.10.20 - a - Privileged - Briefing Memo - AML Casino Gaming.pdf](#)
[2017.10.20 - b - Privileged - Attachment to Memo - Tabs 1 as at Oct 19 17.pdf](#)
[2017.10.20 - c - Privileged - Attachment to Memo - Tabs 2 as at Oct 19 17.pdf](#)

Hi Peter,

As requested, please find attached a set of the materials from the meeting with the Minister on Monday 23 October. These materials are provided to you under common interest privilege and should not be disseminated or disclosed without first consulting with BCLC. The contents are confidential and contain personal information and thus, the materials should be maintained in a strictly secure environment.

Note: I have 9 PDF files to send to you. Some of the files are quite large, so I'm going to send in separate emails. Attached are the first 3 files. All are numbered (a – i) to help you organize on your end.

Kind regards,
Suzanne.

Suzanne Rowley

Assistant Corporate Secretary/EA
President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information

[bclc.com](#)

This is Exhibit " 88 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



BRIEFING MEMO

AML IN CASINO GAMING

**Contents of this binder are being provided under
common legal privilege and should not be
disseminated or distributed without BCLC's
express consent**

October 20, 2017

The purpose of this memo is to provide relevant information on British Columbia Lottery Corporation's (BCLC) Anti-Money Laundering (AML) regime and provide specific actions that can be undertaken while we await the conclusion of the German review.

EXECUTIVE SUMMARY

1. The growth of High Limit Play (HLP) has developed as a result of a global trend of individuals with great personal wealth wanting to transact with cash rather than trust government or financial institutions. While servicing this market has potential for financial reward, it comes with enhanced risks that require a coordinated effort from BCLC, its regulators (Gaming Policy Enforcement Branch (GPEB) and FinTRAC, law enforcement (RCMP), and the service providers.

While the German review is expected to provide recommendations, here are three specific actions that BCLC recommends the Minister to undertake immediately:

- a) Help BCLC strengthen public safety in gaming facilities. Individuals under criminal investigation who are not known to BCLC enter BC gaming facilities. There is more we can do to proactively bar these individuals such as informing BCLC as soon as possible of their identity.
- b) How can BCLC support Peter German's work and create a well-coordinated approach with regulators (GPEB and FinTRAC), law enforcement (RCMP) and BCLC that will strengthen clarity around roles, accountabilities and improve collaboration?
- c) Recognize the need for a common communications strategy with Government, GPEB, RCMP, and BCLC to preserve the public's confidence in the BC gaming industry.
- d) We would like to update you in the coming weeks on several specific new AML measures for both immediate implementation and further development.

BACKGROUND

2. Pursuant to the *Gaming Control Act (GCA)*, BCLC is given the sole authority to conduct, manage and operate gaming on behalf of the Province of British Columbia (BC). It is BCLC's responsibility to ensure that gaming operations are conducted in full compliance with legislative and regulatory requirements.
3. Public confidence in the integrity of gaming is paramount and informs many of BCLC's operational decisions. As an industry whose primary currency is cash, gaming can be a lucrative target for criminals and BCLC is particularly sensitive to this fact. Any suggestion of criminality associated with gaming facilities is unacceptable and BCLC develops policies and programs that will minimize the risk of criminality.

4. Effective AML management requires a coordinated effort between operator (BCLC), service providers, regulators (GPEB and FinTRAC) and law enforcement. BCLC is responsible for monitoring transactions, having countermeasures to money laundering in place, and reporting suspicious circumstances. Where BCLC detects suspicious circumstances it reports those to FinTRAC, police and GPEB who are the financial intelligence unit, investigative and enforcement components of the anti-money laundering regime. BCLC is reliant on the investigative function of GPEB and the police to take action to protect casinos where criminal activities and actions are identified.

HISTORICAL CONTEXT

5. As a complex commercial industry that provides the province revenue in excess of \$1.0 billion per year, it is easy to forget that commercial gambling is still a relatively new undertaking of the BC provincial government. It was only 20 years ago that the province stepped in and took over regulation and operation of gaming facilities – indeed, the current iteration of the GCA is only 15 years old.

6. During that time, provincial gambling has undergone a rapid evolution. Some highlights include:

2000	FinTRAC created and BCLC's AML program begins
2007	GPEB reaffirms policy that gambling transactions must only be conducted using cash – all other forms of payment are prohibited
2008	Provincial gambling task force disbanded
2009	Patron Gaming Fund (PGF) trial conducted
2010	GPEB authorizes use of PGFs
	Comprehensive AML audit regime established: FinTRAC and an independent audit firm each conduct audits in alternating years
2012	Debit cards at cage, electronic funds transfer, and cheque holds permitted
2014	Increased maximum bet limits to \$100,000 approved
2017	BCLC implements a robust AML analytic technical program

7. The gaming industry continues to evolve at a rapid pace but the GCA has remained static. Determining roles and responsibilities in a context that was not contemplated at the time of the enactment of the GCA is challenging and further complicated by a lack of any arena in which to resolve differences of interpretation and opinion.

8. [REDACTED] The integrity of gaming is a mutual responsibility of BCLC and GPEB.

BCLC AML Initiatives

9. BCLC is dependent on GPEB and law enforcement agencies to investigate any circumstances where criminal activity is suspected. BCLC does have authority under the GCA that allows it to take important steps to help protect casinos from money laundering and terrorist financing threats. Depending on the circumstances, BCLC is able to react quickly and effectively to money laundering concerns. For instance, where the police or GPEB advise BCLC that a customer may be linked to organized crime or money laundering, BCLC can immediately direct all casinos to cease transacting with specific individuals.
10. Section 7(1)(g) and Section 8 of the GCA empower BCLC to make rules, that have the force of law, for issues such as rules of play and handling of money and cash alternatives. BCLC has used these rules to impose conditions on specific players when their behaviour gives rise to suspicions that the player is involved in criminal activity. Service providers offer operational services in accordance with the policies and procedures that BCLC mandates pursuant to its authority to conduct, manage and operate gaming on behalf of the province.

Monitoring Activity and Barring Players

11. BCLC, on an on-going basis, monitors customer transactions, analyses transaction records for patterns indicating money laundering and other offences and, when appropriate, places restrictions on players. Restrictions can range from barring the player from casinos entirely to limiting their use of cash. BCLC communicates any limitations to service providers and follows up as appropriate. **(Tab 3)**
12. In 2015, BCLC issued clear protocols to service providers to assist them in identifying suspicious banknote buy-ins or circumstances in which it would be appropriate to place conditions on players. In October 2016, BCLC issued a new directive for service providers relating to suspicious buy-ins involving cash. The new procedure established that a patron demonstrating suspicious behaviour and trying to conduct a buy-in with cash, would have the buy-in refused and an Unusual Financial Transaction (UFT) file would be created to document the attempted buy-in. The UFT file would detail the incident including the patrons involved, vehicles involved, and the nature of the suspicious behaviour. The UFT file would help ensure that the patron could not attend another service provider and attempt to buy-in with the same cash. The UFT procedure is modeled after controls used in the banking sector. **(Tab 4)**
13. Perhaps BCLC's most effective authority is the ability to bar undesirable patrons from gaming facilities pursuant to s. 92 of the GCA. It is an offence under the GCA for an individual who violates a prohibition notice. BCLC utilizes this power to undertake three forms of barring:
 - a) Conduct based: These barrings occur when a patron's conduct is unacceptable – it can be behaviour that causes safety concerns for other

patrons or staff or behaviour that is suspicious in nature which leads BCLC to conclude that the individual is engaging in criminal activity;

- b) Voluntary self-exclusion: When an individual has indicated a desire to voluntarily self-exclude themselves from gaming facilities, generally in reaction to a concern about problem gaming, the enrollment form acts as a barring notice and enables BCLC to support the individual in their decision to take a break from gaming; and
- c) Public safety: In conjunction with information received from law enforcement agencies (through lawfully executed information sharing agreements), BCLC has been able to establish a program of proactive barrings. These barrings are issued for individuals who present a heightened safety risk to gaming operations and the public.

- 14. The power to bar individuals from gaming facilities is just one tool that can be used effectively to limit the presence of a criminal element in gaming facilities.

Compliance Reviews

- 15. In addition to statutory authority, on an ongoing periodic basis (at least four times per year per casino), BCLC proactively conducts compliance reviews on all service providers and when problems are identified, BCLC employs necessary resources to correct the non-compliance.
- 16. In November, 2015, as part of its regular oversight, BCLC noted inconsistencies in the reporting of Suspicious Transaction Reports (STR)/UFTs at River Rock. BCLC undertook an exhaustive audit of River Rock's reporting, and in an abundance of caution, set the audit period from September, 2014 to November, 2015. Concurrently, BCLC conducted a random sampling 2 month review for its top 5 properties to determine if the reporting issue at River Rock was present at any other casino site. No anomalies were found outside of River Rock.
- 17. The result of the audit found that River Rock was not fully compliant with BCLC policies or the laws governing transaction reporting and had either become complacent in the reporting of transactions involving known players or through confusion were applying an incorrect standard. BCLC addressed this issue by:
 - a) Immediately self-reporting the non-compliance to FinTRAC and GPEB;
 - b) Reviewing all of River Rock's Large Cash Transaction (LCT) records from September, 2014 to November, 2015 (20,445 transactions);
 - c) Filing STR reports that should have been filed had proper procedure been followed (266 STRs – representing 1.3% of all LCTs during the period);
 - d) Conducting remedial in-person training with River Rock staff; and
 - e) Continued daily oversight of reporting for a four month period to ensure full compliance by River Rock staff and followed this period of enhanced monitoring with random weekly sampling which is still currently in place.

18. Ultimately, FinTRAC was fully satisfied that BCLC had undertaken the appropriate remedial steps. (Tab 5)

Chip Swap

19. On occasion, BCLC conducts a 'Chip Swap' during which the form of chip used in a gaming facility is literally 'swapped' out and all remaining old chips are exchanged for new chips. This procedure is utilized for a variety of purposes such as:
- a) Implementing new chips with enhanced security features;
 - b) Financial reconciliation of chip liability; and,
 - c) As a money laundering countermeasure.
20. In 2015, BCLC wanted to undertake a swap of \$5,000 denomination chips at River Rock as auditing had identified a substantial number of \$5000 chips were outstanding (removed from the casino by customers). While some chip removal is expected the number of outstanding chips had grown to a level that raised chip fraud and money laundering concerns. The chip swap would also enable BCLC to identify suspicious behaviour – for instance, if someone came in with a large number of chips but we had no record of their gaming activity, it would trigger an investigation into how the chips came into their possession.
21. On the eve of the chip swap in September, 2015, BCLC was instructed by GPEB, at the request of police, that BCLC was not to proceed with the chip swap as it could affect an ongoing police investigation. No further explanation was provided. BCLC continued to monitor, to the best of its ability, suspicious chip transactions and put in place additional security measures. During this period continuing money laundering concerns remained in relation to the outstanding chips and drove the submission of a number of suspicious transaction reports. (Tab 6)
22. In January, 2016, BCLC was advised by GPEB that the chip swap could proceed. At that time, the identified shortage of \$5,000 chips was approximately \$4.7 million. Players were provided two weeks' notice of the impending change and approximately \$2.5 million of \$5,000 chips were returned during the two week period. At midnight on January 31, 2016, BCLC executed the chip swap and from that point on, anyone wishing to redeem outdated \$5,000 chips had to undergo an interview with BCLC Security. (Tab 7)
23. Interviews with patrons who are unable to account for the ownership of the chips in their possession was a critical aspect to a successful chip swap. It enabled BCLC to identify patrons who are potentially engaging in criminal activity, such as money laundering, and once that intelligence is gathered, it can be submitted to GPEB and law enforcement for further investigation. The delay in the chip swap prolonged the opportunity for non-compliant chip use.

Cash Alternatives

24. Developing alternatives to buying in with cash has been a BCLC imperative for the past ten years. Having an effective suite of alternatives to cash means:
 - a) Enhanced public safety as it decreases personal security concerns for our players who will no longer be transporting large sums of cash; and
 - b) Creation of an auditable transaction trail which makes it a less desirable transaction for those involved in money laundering.
25. Implementing alternatives to cash does not mean that cash will eventually no longer be the currency of choice for the gambling industry as a large portion of players, for a variety of reasons, will always prefer to buy-in with cash. However, the provision of alternatives can make the use of cash less attractive to legitimate players. In September, 2013, GPEB advised BCLC that it would not approve any changes to the existing policies governing the use of cash and buy-in alternatives. **(Tab 8)**
26. In April 2015, BCLC submitted another proposal to GPEB, seeking approval of additional cash alternative measures. Over the next 15 months, BCLC responded to GPEB questions and concerns about the proposed measures. **(Tab 9)** In July, 2016, GPEB advised BCLC that GPEB approval was not required prior to implementation of banknote buy-in alternatives. **(Tab 10)**
27. By November, 2016, BCLC had completed the necessary technical work to implement two new buy-in alternatives to cash noted below.

Delimiting Convenience Cheques

28. Historically, BCLC and its service providers utilized two forms of cheques: "Verified Win" cheques and "Return of Funds – Not Gaming Winnings" cheques, also known as Convenience Cheques.
29. The Convenience Cheque enabled BCLC to return the player's buy-in money to them in a non-banknote form. When the player then deposited the cheque, that transaction would be subject to secondary scrutiny by the financial institution. Further, the deposit of a cheque creates an audit trail for subsequent investigation – when cash are returned to a player, the cash remain untraceable. For this reason, Convenience Cheques are not attractive to money launderers.
30. In 2014, GPEB directed BCLC that BCLC may only pay out \$10,000 by Convenience Cheque once per every seven days **(Tab 11)**. If the player wished to receive back more than \$10,000 in any seven day period, they would receive the remaining amount in cash. This limitation meant that large amounts of cash, not related to legitimate winnings, were still being paid back to players keeping this wealth untraceable. As noted above, this changed in 2016.

International Electronic Funds Transfer

31. In 2015 and concurrent with the proposal to delimit Convenience Cheques, BCLC submitted a proposal to GPEB to utilize International Electronic Funds Transfers (wire transfers) into PGFs. At the time, BCLC permitted electronic fund transfers from Canadian or US financial institutions only. **(Tab 12)**
32. BCLC conducted banking industry research that revealed that Canadian financial institutions must complete due diligence as required by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) prior to clearing the use of the funds. BCLC concluded that the banking protocols would provide mitigation against money laundering and some comfort to BCLC that the source of funds had been appropriately vetted by the banking industry. Notwithstanding, the AML checks at banks, BCLC still conducts its own due diligence prior to accepting International Electronic Funds Transfer.

Public Safety

33. Below are four specific initiatives undertaken to enhance public safety.

Information Sharing Agreements

34. In 2014, BCLC entered into an Information Sharing Agreement (ISA) with the RCMP **(Tab 13)**. This pivotal document accomplished two primary objectives:
 - a) Formalized a working relationship between BCLC and the RCMP which permitted mutual exchange of information; and
 - b) Enabled BCLC to develop a proactive barring process.
35. ISA gave BCLC the means to create a set of criteria and request from the RCMP a list of individuals that met the criteria. Utilizing its s.92 prohibition authority, BCLC began to proactively bar individuals identified on the RCMP list who had relevant significant criminal records and known gang associations.
36. The utilization of prohibitions to keep known criminals out of gaming facilities is a significant tool which improved the safety of all individuals at gaming facilities. Not only does it minimize the opportunity for the criminal element to be in a gaming facility, it lessens the possibility that their associates will attend gaming facilities looking for them.
37. In July 2016, BCLC and the RCMP amended the existing ISA to recognize the role of Joint Illegal Gaming Investigative Team (JIGIT) **(Tab 14)**. The cooperative and collegial information sharing relationship with the RCMP is foundational to much of BCLC's proactive anti-money laundering work.

Illegal Gaming Facilities / Money Lending

38. BCLC is frequently the recipient of intelligence of alleged criminal activities, particularly relating to illegal gaming facilities and money lenders. In every case, BCLC immediately reports the information to both GPEB and the RCMP. Although BCLC will often undertake inquiries to gather as much helpful information as possible, ultimately, BCLC is completely reliant on external agencies (GPEB, police) to investigate allegations of criminal activity. (Tab 15)
39. In addition to Redacted - RCMP (discussed below), BCLC routinely reports to both GPEB and the RCMP, allegations of criminal activity related to gaming. Some examples are:
- a) Reports of underground casino Redacted - RCMP (Tab 16);
 - b) BCLC inquiries of a money services business in Redacted - RCMP (Tab 17);
 - c) Allegations of illegal money exchange business Redacted - RCMP (Tab 18);
 - d) Allegations of illegal poker room Redacted - RCMP (Tab 19); and
 - e) Allegations of money lending and suspicious buy-ins Redacted - RCMP (Tab 20).

Redacted
- RCMP

Player Information Requests

44. As noted above, BCLC has the legal authority to bar undesirable individuals from all gaming facilities. While many barrings are conduct based, in recent years BCLC has issued many proactive barrings. The proactive barrings are targeted at individuals who are considered to be an increased risk to public safety for a variety of reasons, including:
- a) Extensive criminal record;
 - b) Association with known criminals/gangs; or
 - c) Proceeds of Crime charges/conviction, duty to warn or Interpol warrants.
45. When a criminal investigation is underway, BCLC is dependent on GPEB or police to share sufficient information to permit BCLC to proactively bar an individual and his/her associates. As the entity ultimately responsible for the physical safety of our players, it can be challenging when BCLC cannot get access to the necessary information.
46. In January, 2017 BCLC was advised by GPEB that known identified criminals were attending gaming facilities. In May, 2017, BCLC formally requested the identities of the alleged criminals from GPEB so that BCLC could bar those individuals from all gaming facilities. **(Tab 25)** To date, BCLC has not received that information.
47. In June, 2017, JIGIT held a press conference (nine arrests) and announced that known criminals were frequenting gaming facilities. BCLC wrote to both JIGIT and GPEB requesting the names of the individuals, again so that BCLC could bar the individuals from being in gaming facilities for public safety reasons. **(Tab 26)** To date, BCLC still has not received that information.
48. While AML compliance is an imperative for all forms of gaming, it becomes even more visible and subject to scrutiny when it involves the staggering high amounts involved with HLP.

HLP

49. HLP whereby casino patrons play in segregated rooms with higher betting limits and increased security, carries with it specific risks and rewards. HLP has developed globally as the result of multiple factors:
- a) Significant increase in personal wealth as the result of immense growth in various international economies;
 - b) Expanded global markets which make the movement of people, goods and currency much easier; and
 - c) Vancouver's emergence as a sophisticated international travel and education destination.

50. Legitimate HLP patrons have similar characteristics. They generally:
- a) Have a cultural distrust of their government and its financial institutions and therefore, prefer to transact in cash;
 - b) Are immensely wealthy and therefore do not consider HLP to be an extraordinary expenditure; and
 - c) Seek to broaden their children's education through international studies and as a result, develop their own connections with the locale of the educational institution;
51. It can be challenging for the general public to understand the perspective of a HLP patron due to our own cultural biases. We generally trust our government to operate fairly and expect our financial institutions to adhere to high standards. For the average Canadian, the transactional amounts of HLP seem astronomical and it becomes too easy to dismiss anyone engaging in such behaviour as reckless or potentially criminal. Therefore, it becomes even more imperative that the three agencies involved in oversight of HLP ensure that operational decisions are rooted in fact and not cultural bias.
52. Ultimately, gaming is offered at the behest of government and it is important that government make informed decisions about how to serve the gaming market.

Without Offering HLP

53. While HLP is offered at only five Lower Mainland gaming facilities, HLP revenue is approximately \$240 million of gaming revenue, which translates to approximately \$120 million of net income to the province.
54. The financial analysis created a range of estimated impact on net revenue. The midpoint of the range estimates that net revenue will be reduced by \$60 million per year or approximately \$30 million in net income to the province. However, the effects would go beyond financial considerations.
55. The affected service provider's revenue would also be substantially reduced which would mean a reduction in operations and potentially a loss of and estimated 460 jobs.
56. BCLC needs its service providers to be motivated to continually invest in their gaming facilities so that they remain attractive and appealing to the public. HLP is an attractive product to those service providers who are geographically placed to capitalize on the market. If HLP were to be eliminated, it is possible that affected service providers will choose to maximize their facility investment dollars in other jurisdictions.
57. The market demand for HLP would not disappear and it would be expected that it would be served by illegal underground gaming facilities. Thus creating a further challenge for GPEB and law enforcement.
58. It would be naïve to assume that if BCLC were no longer offering HLP that it would cease to exist. In fact, the abandonment of HLP and its patrons would certainly

guarantee an increased growth in illegal gaming facilities catering to HLP patrons. If government were to decide to eliminate HLP at legitimate gaming facilities, it should be ready with the necessary resources to address the potential violence, loan sharking, and money laundering that accompanies illegal HLP.

Offering HLP

In continuing to serve the market there are options.

59. For instance, BCLC retained HLT Advisory to conduct an analysis of the financial impact of limiting banknote buy-ins to \$10,000. There is no doubt that imposing new, lower limits on HLP will have a financial impact but there are other inevitable impacts as well.
60. The current review by Peter German is a very good first step towards refreshing and strengthening existing policies and procedures aimed at addressing the risks around money laundering and HLP. However, there are additional proactive measures that government could undertake in the interim while awaiting the formal review results:
 - a) Help BCLC strengthen public safety in gaming facilities. Individuals under criminal investigation who are not known to BCLC enter BC gaming facilities. There is more we can do to proactively bar these individuals such as informing BCLC as soon as possible of their identity.
 - b) How can BCLC support Peter German's work and create a well-coordinated approach with regulators (GPEB and FinTRAC), law enforcement (RCMP) and BCLC that will strengthen clarity around roles, accountabilities and improve collaboration?

BCLC and GPEB undertook a similar exercise in the Spring, 2017 regarding s. 86 information requests which resulted in an agreed Investigations Protocol. **(Tab 27)** With mutual respect and direct communication, it is possible to reach agreement on the interplay of roles and responsibilities.

Working through the various perspectives and organizational needs of all three entities will take time. There will need to be a willingness to be candid and trust that the resulting agreement will meet each entity's needs. It is critical that sufficient time and resources be deployed and that consensus be the outcome

- c) Recognize the need for a common communications strategy with Government, GPEB, RCMP, and BCLC to preserve the public's confidence in the BC gaming industry.
- d) We would like to update you in the coming weeks on several specific new AML measures for both immediate implementation and further development.

Gaming is a complex enterprise that requires multiple stakeholders to each play a role: service providers, BCLC, GPEB, law enforcement, and FinTRAC. Each role is defined by the nature of the work that government chooses to pursue.

61. There are specific risks associated with HLP. The mitigation strategies that government chooses to employ will help shape the development and determine the rewards of serving the HLP market.

CONCLUSION

62. The casino gaming market in BC is a popular entertainment choice for British Columbians and tourists. The market has grown significantly since being introduced 20 years ago. In order to continue to operate this business in a responsible manner requires a well-coordinated effort by private sector service providers, BCLC, GPEB, FinTRAC and law enforcement.
63. Over the past several years, the phenomenon of wealthy Chinese Nationals has created new markets around the world – including British Columbia and specifically the Lower Mainland. Real estate, luxury automobiles, schools and universities and gaming, to name a few. The criminal element will be drawn to some of these businesses for money laundering or to spend the proceeds of crime.
64. We are confident that with the collaboration among the leadership of all stakeholders we can develop additional initiatives to keep the criminal element out of BC's casino gaming industry. It is also of utmost importance that we sustain the trust in the integrity of the industry and therefore a well-coordinated public message will be necessary.

This is Exhibit " 89 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 28 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

595

Ankit Batra

From: Jennifer Keim
Sent: October-02-17 9:48 AM
To: Ankit Batra
Subject: FW: Sanctions on high limit players
 Redacted - RCMP

From: Ross Alderson**Sent:** Redacted - RCMP

To: Glen Atchison; 'Inilja'; 'rsears'; 'ccampagna'; 'Craig Longley'; 'Rob Kroeker'; 'sgilespie'; 'Patrick Ennis'; 'rengland'; 'rkhaira@'; 'pgoudron@'; 'damerline@'; 'rsmith@'; Devin McCormack; 'pahluwalia@';
Cc: Bruno Gatto; Kevin Sweeney; Brad Desmarais; Daryl Tottenham
Subject: Sanctions on high limit players

Good morning,

This morning certain conditions were imposed on a list of 10 Casino Patrons which I have attached to this email. Their iTrak profiles will be shortly updated.

All players on the list are no longer permitted to buy-in at any BC Casino with any "un-sourced" cash or gaming chips until further notice.

BCLC has attempted to contact all 10 players to arrange an interview with each patron to inform them of the conditions and discuss certain recent activity which has resulted in these conditions. Unfortunately at this time due to sensitivity I am not at liberty to discuss that activity further.

Below are the following conditions to be imposed effective IMMEDIATELY:

1/ Un-sourced Cash and Chips

- If any of the players on the list decides to buy-in using cash (any amount), this buy-in must be accompanied by a withdrawal slip from an accredited financial institution showing the same date as the attempted buy-in.
- If any of the players on the list decides to buy-in with gaming chips, the site must be able to show that the chips were the result of a previous verified win, otherwise they will not be accepted at this time until BCLC has conducted a player interview.
- No player on this list can accept any cash or chips (either sourced or un-sourced) from any other persons at any time. Eg no "chip passing" of any kind

Please note the above applies to all transactions, regardless of amount

2/ Bank Drafts

- If any of the players on the list make a deposit into their PGF Account using a bank draft, the following restrictions apply:
 - Bank Draft must be from an accredited financial institution
 - The player must be able to show that the Bank Draft is derived from their own bank account, and must be made payable to the Casino accepting the deposit

Any deviation from the above conditions, may result in immediate additional measures, including sanctions such as possible suspension or outright prohibition of the players gaming privileges.

As we value our business partnership with all our players, it is critical that all Service Partners assist in ensuring these conditions are followed without exception. BCLC will continue to reach out to all players today in the hope of alleviating the need for any future sanctions.

As always we appreciate the assistance of our business partners.

If there are any comments or questions please feel free to contact me at your earliest convenience and I will attempt to answer as much as I am able.

Thank you for your cooperation

Regards

Russ Alderson CAMS

Director, AML & Operational Analysis
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver, BC, V5M 0A6

[REDACTED]

[REDACTED]

Redacted
- RCMP

11 Sept 2015

RE: BCLC Direction to BC Gaming Service Providers

Good Morning,

Today certain conditions are to be imposed on a small number of Casino Patrons. The list of patrons is attached in a separate PDF document attached to this email.

The iTrak profiles of these players will be updated shortly. This list includes the previous list of patrons from my email dated August 5, 2015.

All players on the list are no longer permitted to buy-in at any BC Casino with any "un-sourced" cash or "un-sourced" gaming chips until further notice.

BCLC continues to use a sound evidence based approach to all player activity. Decisions made regarding the player behavior of the players on this list are made unique to each individual player and/or circumstance. They align with both BCLC's Anti Money Laundering Program and with BCLC's key values specifically, Social Responsibility and Integrity.

Below are the following conditions to be imposed effective IMMEDIATELY:

Un-sourced Cash and Chips

- If any of the players on this list wish to buy-in using cash (any \$ amount), this buy-in must be accompanied by a withdrawal slip from an accredited financial institution (including from an ATM) withdrawn within 2 Business days of the attempted Casino buy-in.
- If any of the players on this list wish to buy-in with gaming chips, the site must be able to show that the chips were the result of a previous verified win, otherwise they will not be accepted until BCLC has conducted a player interview to ascertain the origin of those chips.
- No player on this list will be able to accept any cash or chips (either sourced or un-sourced) from any other persons while in a facility at any time. Eg: no "cash passing or chip passing" of any kind.
- No player on this list will be allowed to dictate game play to a third party while in a Gaming Facility.

Please note the above applies to all transactions, regardless of amount. We would strongly encourage players to utilize the cash alternative options available to them.



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F: 604.225.6424
Toll-free: 1-877-333-3333

Any deviation from the above conditions may result in immediate additional measures, including possible suspension or outright prohibition of the players gaming privileges.

We value our business partnership with all our players. It is critical that all Service Partners assist in ensuring these conditions are followed without exception. It is equally imperative for the integrity of this industry that we discourage all our players from using funds which are potentially borrowed from unknown or unfamiliar sources.

When there are reasonable grounds to believe players are willingly associated with criminality they will be banned outright. When there are reasonable grounds to believe players may be un-wittingly associated with criminality, they will be banned from buying in with any un-sourced financial instrument until the source of that instrument can be reasonably confirmed as legitimate.

BCLC Investigations will attempt to contact all players to arrange an interview with each patron to discuss the activity which has resulted in these conditions.

NOTE: All patrons who have been interviewed previously will not be required to be interviewed. Any players on this list who are currently banned or VSE will not be interviewed until the ban/VSE has expired.

As always we appreciate the assistance of our business partners.

Please feel free to contact me at on [REDACTED] [REDACTED] [REDACTED] if there are any comments or concerns and I will attempt to answer as much as I am able.

Thank you once again for your cooperation

Regards



Ross Alderson
Director AML & Operational Analysis, BCLC



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cc.

Brad Desmarais
Vice President, Casino and Community Gaming, BCLC

Rob Kroeker
Vice President, Corporate Security & Compliance, BCLC



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27 November 2015

RE: BCLC Direction to River Rock Casino Resort (RRCR)

Attention: Pat ENNIS, Director Surveillance, Great Canadian Gaming

Dear Pat,

On Thursday November 19th, 2015 I provided to you a list of 16 individuals (numbered: 1-16 on the actual list). These Individuals are all known patrons of Great Canadian Casinos, most commonly at the River Rock Casino Resort in Richmond.

The players on that list were identified by the BCLC Anti-Money Laundering Department due to suspicious behavior involving Casino financial transactions.

In accordance with BCLC Investigations Protocol for Educating, Warning, Sanctioning or Barring Patrons dated April 16, 2015 BCLC would like the Service Provider to conduct an education session with each player in person, except as agreed for the players listed as 12 (AxxxxDE) and 15 (Lx) on that list.

The purpose of these sessions is to advise the patron of the following:

- That their buy ins are being monitored by BCLC and have raised concern around the players source of funds provided specifically:
 1. The packaging and volume of the cash is inconsistent with what would be provided by a recognized Financial Institution
 2. The volume of cash is inconsistent with what is to be expected, given their occupations
- Under federal legislation large amounts of cash are the least anonymous financial instrument.
- The Patron should be encouraged to avoid buying in with large volumes of cash and utilize the cash alternative options available to them ideally using the Patron Gaming Fund Account.
- The patron should be advised that they need to change their buy in behavior and the patron will continue to be monitored.
- If there is no change in buy in behavior by December 28, 2015 BCLC may place conditions on the patron prohibiting any buy in's with un-sourced cash and un-sourced chips and will request a patron interview with a BCLC Investigator.



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- Any obvious escalation in suspicious behavior prior to December 28, 2015 as a result of this direction will likely result in further action taken by BCLC including conditions being placed on play and or suspending playing privileges.

The Service Provider is to make contact, or attempt to make contact, with each patron prior to December 14th 2015. Once the patron has been contacted and the education session has been conducted, the service provider is to notify one of the BCLC Investigators located at RRRC in writing. Nothing is required to be documented in iTrak at this time to avoid any potential embarrassment to the player or visibility outside of limited personnel.

As part of BCLC's AML Program, BCLC may at times place certain conditions or requirements on patrons. All decisions must be evidence based and consistent with BCLC's AML risk based approach. These actions may be related to a unique event, or as a result of monitoring business relationships, and should be consistent with "Know Your Customer" (KYC) and "Customer Due Diligence Program" (CDD) expectations as per the FINTRAC guidelines and the Proceeds of Crime Money Laundering and Terrorist Financing Act (PCMLTFA).

I greatly appreciate your cooperation and understanding.

Please contact me directly should you wish to discuss further.

Regards



Ross Alderson
BCLC Director Anti-Money Laundering & Operational Analysis

Cc: Brad Desmarais, Vice President, Casino & Community Gaming, BC
Rob Kroeker, Vice President, Corporate Security & Compliance, BC



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18 December 2015

RE: BCLC Direction to River Rock Casino Resort (RRCR) regarding patron Li Lin SHA (SID # 22868)

Attention: Pat ENNIS, Director Surveillance, Great Canadian Gaming

Dear Pat,

During a recent in person interaction between BCLC staff and Mr. Li Lin SHA, SHA indicated he was in possession of approx. \$3 million in River Rock Casino Resort chips. Mr. SHA is expected to be back in Vancouver in the near future. The number of chips in his possession is substantial and presents security and AML concerns. To manage these concerns we are placing the following conditions on Mr. SHA's redemption of the chips that he has removed from the casino property:

- All chips that Mr. SHA has in his possession are to be returned in a single transaction, and are to be deposited into his River Rock PGF account for play. Any subsequent play must be tracked in detail and only verified winnings will be paid out after appropriate site managerial approval. Although current Casino policy states non-verified win chips are not accepted into PGF we will make an exception on this one occasion only with Mr. SHA.
- Should Mr. SHA indicate he wants to cash out any of the chips he has removed from the Casino that request shall be refused.
- If Mr. SHA finds redemption of the chips for play via his PGF account unsatisfactory, please notify me so that BCLC Security can arrange to meet in person with him to discuss this matter in further detail.
- All current conditions prohibiting un-sourced cash and chips for Mr. SHA still apply.

If Mr. SHA was indeed the original purchaser of these chips for gaming purposes then BCLC feels he should be comfortable using them to gamble with.

I greatly appreciate your cooperation and understanding. Please contact me directly should you wish to discuss further.

Regards



Ross Alderson
BCLC Director Anti-Money Laundering & Operational Analysis

Cc: Brad Desmarais, Vice President, Casino & Community Gaming, BC
Rob Kroeker, Vice President, Corporate Security & Compliance, BC



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From: Ross Alderson
Sent: Wednesday, March 02, 2016 8:37 AM
To: 'Meilleur, Len FIN:EX'
Cc: 'Dickson, Derek FIN:EX'; Douglas Mayer
Subject: RE: Housewife/Student occupations

Hi Len. Will do.
Ross Alderson CAMS

Director, AML & Operational Analysis
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver, BC, V5M 0A6

Personal information

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

From: Melleur, Len FIN:EX [mailto:[len.melleur@fin.ec.gc.ca](#)]  Personal information
Sent: Tuesday, March 01, 2016 8:18 PM
To: Ross Alderson
Cc: Dickson, Derek FIN:EX; Mayer, Douglas FIN:EX
Subject: Re: Housewife/Student occupations

Thanks Ross. Please advise Derek as to whom those players are as we have an interest in this. Thanks very much.
Len

Sent from my iPad

On Mar 1, 2016, at 7:08 AM, Dickson, Derek FIN:EX <D[REDACTED]>>
wrote:

Thanks Ross.

From: Ross Alderson [mailto:ross@rossalderson.com] **Personal information**
Sent: Monday, February 29, 2016 3:29 PM
To: Dickson, Derek FIN:EX
Cc: Mellleur, Len FIN:EX
Subject: FW: Housewife/Student occupations

Hi Derek,
Below is a copy of an email I distributed to Casino SP today.
We have approx. 68 persons either in one of the two categories "Student" or "Housewife" that are high volume or high value players.
Since the RRCR UFT review, many are now being highlighted that were not before.
I would expect in the coming weeks we will have more un-sourced funds conditions on players as a result of this exercise.
Just wanted to keep you (and Len) in the loop
Regards

Ross Alderson CAMS

Director, AML & Operational Analysis
 Corporate Security and Compliance Division, BCLC
 2940 Virtual Way, Vancouver, BC, V5M 0A6 T 604 225 6382 C 604 828 2293 F 604 225 6488

Personal information [REDACTED]

From: Ross Alderson
 Sent: Monday, February 29, 2016 3:20 PM
 To: Greg Pattison; Shauna Gillespie; Patrick Ennis; 'Dennis Amerine';
 rsears@[REDACTED] Personal information [REDACTED];
 'jnijjar@[REDACTED] Personal information [REDACTED];
 rsmilt[REDACTED] Personal information [REDACTED];
 Cc: Garth Pieper; Kris Gade; Bruno Gatto; Daryl Tottenham; Kevin Sweeney
 Subject: Housewife/Student occupations

Good afternoon,

Recently a number of patrons on had their iTrak profile amended as a result of a request by BCLC for further details. (copy at bottom of email) These patrons all fall into the category of having an occupation listed as either "Student" or "Housewife."

The patrons selected for further review are all prolific players (in a business relationship with BCLC) whom have no further information available as to their source of wealth.

At this time there are no restrictions or conditions enforced on any of the players.

We would ask our service partners to assist BCLC in obtaining information and providing it to BCLC AML Specialist Daryl TOTTENHAM at dtottenham@bclc.com<mailto:dtottenham@bclc.com> so the patrons details can be updated.

Should a patron refuse to provide any further details which would assist BCLC in confirming their source of wealth then please also provide that information to the same email address and a review of the circumstances will be undertaken for next steps.

Many thanks for your assistance

Ross Alderson

For housewife entries:

2016-Feb-27 BCLC Directive: On next visit please obtain name of spouse and employment/company information to assist in confirming source of wealth. Please advise writer by email when contact is made and information is obtained. Daryl Tottenham BCLC AML Unit

For student entries:

2016-Feb-27 BCLC Directive: On next visit please obtain family/spouse information and employment/company information to assist in confirming source of wealth. Please advise writer by email when contact is made and information is obtained. Daryl Tottenham BCLC AML Unit

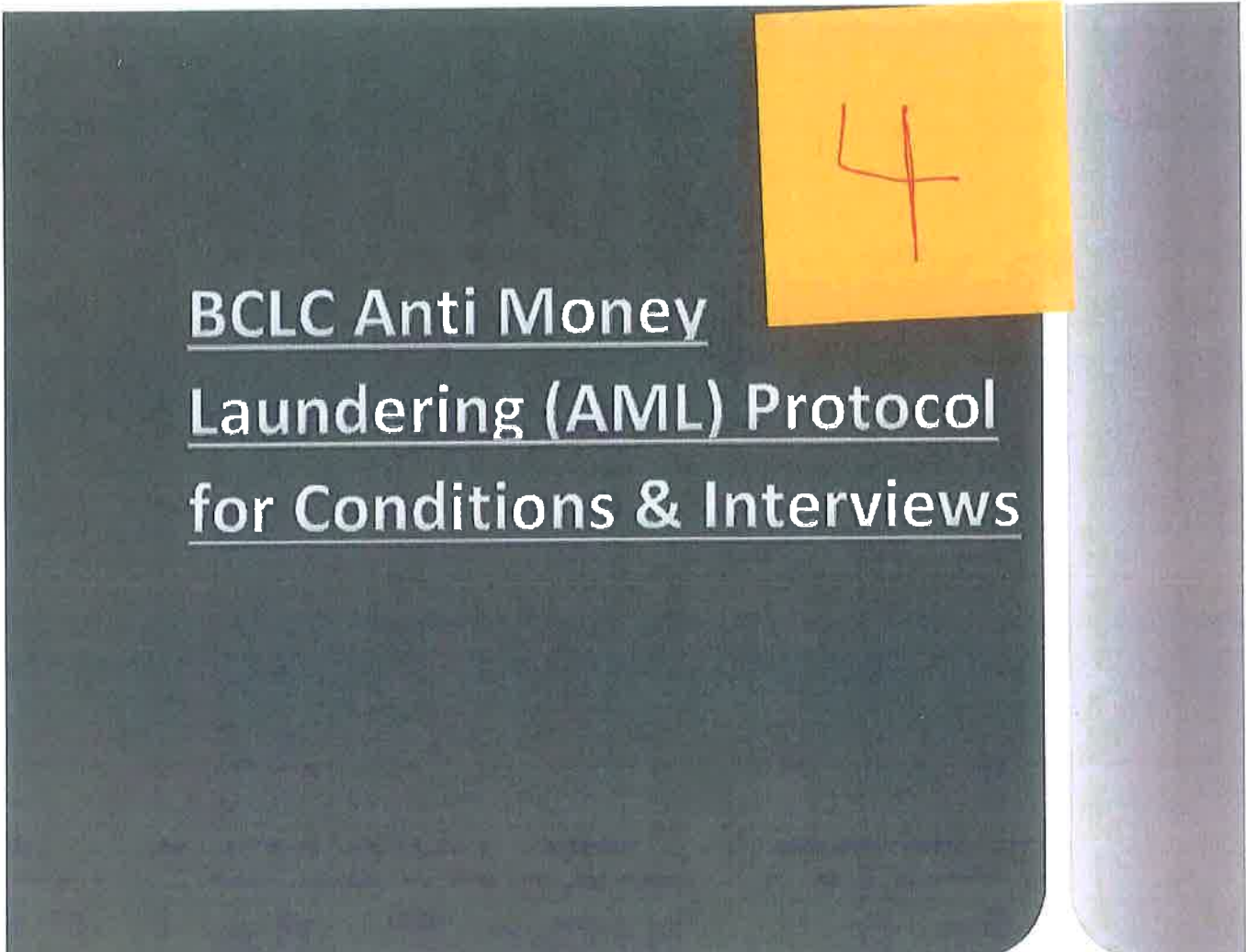
Ross Alderson CAMS

Director, AML & Operational Analysis
 Corporate Security and Compliance Division, BCLC
 2940 Virtual Way, Vancouver, BC, V5M 0A6 T [REDACTED] Personal information [REDACTED]

Personal information [REDACTED]

606

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.



BCLC Anti Money Laundering (AML) Protocol for Conditions & Interviews

Background

This document is to set out expectations around BCLC's AML program in light of the number of interviews and conditions placed on Casino Patrons since July 2015. It is to be used as a supporting document to *The BCLC Investigations Protocol for Educating, Warning, Imposing Conditions or Barring Patrons* distributed to Casino Service Providers in April 2015.

As part of BCLC's AML Program, BCLC may at times place certain conditions or requirements on patrons. All decisions must be evidence based and consistent with BCLC's AML risk based approach. These actions may be related to a unique event, or as a result of monitoring business relationships, and should be consistent with "Know Your Customer" (KYC) and "Customer Due Diligence Program" (CDD) expectations as per the FINTRAC guidelines and the Proceeds of Crime Money Laundering and Terrorist Financing Act (PCMLTFA).

When BCLC receives credible information regarding a patron or a particular source of funds that BCLC deem to be of high risk then BCLC will IMMEDIATELY act on that information including placing

conditions on play. Decisions on AML related conditions will be made by either, the BCLC Director, AML & Operational Analysis or the BCLC Director of Compliance & Investigations or designates.

Additional Suspicious Indicators warranting Conditions and/or interview.

Behaviour, activity or conduct of a patron identified as an Anti-Money Laundering associated risk includes the following suspicious indicators:

- Patron buys in predominately in cash particularly using small bills
- Patron's occupation is not consistent with buy in's, either the amount or type of buy in
- Patron refuses to provide information regarding occupation or employer
- Patron receives cash deliveries or cash exchanges
- Patron buys chips using cash and leaves the facility with no or little play
- Patron attends Casino with large amount of un-sourced chips.
- Patron is involved in chip passing consistent with a commercial nature
- BCLC receive information from an outside agency, including Law Enforcement pertaining to suspicious behavior involving the patron

In these circumstances interviews will be conducted by BCLC Investigators as per Page 7 of The BCLC Investigations Protocol for Educating, Warning, Sanctioning or Barring Patrons (dated April 16, 2015) which specifies the following:

"When the behaviour, activity or conduct of a patron is, or possibly is, identified as an Anti-Money Laundering associated risk and it is necessary to satisfy the requirements of FINTRAC regulations and guidelines, BCLC Corporate Security and Compliance will direct a BCLC Investigator to conduct an interview of the patron.

Patron Interview objectives may be to determine:

- source of funds, and or;
- employment /company, and or;
- other information as needed.

Subsequent to the interview, the following are possible outcomes:

- patron is permitted to continue play
- conditions/ restrictions are placed on the patron
- BCLC Provincial barring"

Conditions that may be implemented against the patron prior to, or subsequent to an interview are as follows:

- Not permitted to play with un-sourced chips.
- Not permitted to play with un-sourced funds.
- No chip passing of a suspicious nature (commerciality)
- No play utilizing a third party to make bets
- Outright ban

Once conditions are placed against the patron, the SP will be notified, and the patron will be monitored on a regular basis by BCLC Investigations and the BCLC AML Unit. The BCLC AML Unit will maintain a master file containing all actions taken and date of action taken.

If the patron attempts to circumvent the conditions placed against them, a BCLC Provincial Barring will be considered at that time. If a patron refuses to be interviewed conditions will remain indefinitely.

The patron will be advised of this process, including future expectations, through the interview with the designated BCLC Investigator.

BCLC Director of Compliance & Investigations and Director of AML & Operational Analysis, or designates will review the patrons behavior at their discretion (or after a minimum of six (6) months) to determine if/when any of the conditions can be removed or should remain in place.

As per BCLC Director AML & Operational Analysis letter to Service Providers dated September 11, 2015

"When there are reasonable grounds to believe players are willingly associated with criminality they will be banned outright. When there are reasonable grounds to believe players may be unwittingly associated with criminality, they will be banned from buying in with any un-sourced financial instrument until the source of that instrument can be reasonably confirmed as legitimate."



Ross Alderson

BCLC Director, AML & Operational Analysis

October 14, 2015

(approved via email)

Rob KROEKER

Vice President, Corporate Security & Compliance

October 21, 2015

Refused Cash Buy-in (by Site) Directive

Created and implemented October 6th, 2016

Purpose:

To establish a protocol to ensure a consistent approach in dealing with patrons that have been denied a cash buy-in by a service provider due to suspicious activity. It is the expectation of BCLC that when a patron is observed conducting a cash buy-in and suspicious behaviour is observed by staff, that buy-in should be refused and a UFT file should be created to document the attempted buy-in.

To ensure the patron does not attend another service provider location and attempt to buy-in with the same cash, (as the staff would likely not have knowledge of the previous suspicious behaviour), a protocol has been established that all service providers shall adhere to. **Any cash buy-in which has been refused by any site for suspicious behaviour shall not be accepted for buy-in at any location until authorized by the BCLC AML Unit.**

BCLC DIRECTIVE:

- If a patron has been denied a cash buy-in for suspicious behaviour, a UFT file shall be created in Itrak to document the incident including patrons involved, vehicles involved, and nature of the suspicious behaviour. Please ensure the synopsis comments include the phrase "REFUSED CASH BUY-IN" when the file is first created.
- An entry shall be made in the patron profile comment section indicating the refused buy-in, amount, date, time and include the phrase "Refused cash buy-in as per BCLC Directive".
- Please forward an email with the file number and synopsis to aml@bclc.com

Upon receiving notification of a refused buy-in incident the BCLC AML Unit will conduct an investigation into the circumstances of the file. Any subsequent action to be taken with the patron will be documented in their profile by the AML Unit.

Your continued cooperation is greatly appreciated. Please contact me by email or cell if you have any questions or concerns with this directive.

Daryl Tottenham, Manager
BCLC AML Programs

611

BCLC Voluntary Self Declaration of Non-Compliance

Copy of FINTRAC REQUEST (Received VIA EMAIL at 14:17 hrs on January 13, 2016)

January 13, 2016

Ross Alderson
Director, AML & Operational Analysis
Corporate Security and Compliance Division
BCLC (British Columbia Lottery Corporation)
2940 Virtual Way
Vancouver, British Columbia V5M 0A6

Dear Mr. Alderson,

Subject: BCLC Voluntary Self-Declaration of Non Compliance (VSDONC) - Unfiled Suspicious Transaction Reports

As a follow-up to our meeting with you and Rob Kroeker at our FINTRAC offices on December 23, 2015, we are writing to seek further clarification on the VSDONC BCLC wanted to file regarding unfiled suspicious transactions reports. Specifically, as discussed during today's teleconference with you, here are a list of points BCLC needs to address in its submission with regards to the VSDONC:

What date or range of dates the non-compliance occurred and confirm a contact name to resolve the issue.

- How and why did the incident(s) occur?
- How and when did BCLC discover the problem?
- What action has been taken to remedy the non-compliance issue?
- Why, as part of BCLC's required compliance program, a review of its policies and procedures did not identify the problem?
- What was the total number of reports which were not filed, during the period in question?
- When does BCLC expect to correct the non-compliance issue?

FINTRAC requests that BCLC sends its written response to FINTRAC on or before January 28, 2016. Moreover, we request that you provide us with an action plan outlining what steps BCLC has or will take to remedy the deficiency in its compliance program.

FINTRAC appreciates your assistance in this matter. If you wish to discuss any aspect of this issue, please do not hesitate to contact me.

Sincerely,

Robby

REPORT CONTENT

FINTRAC

1. What date or range of dates the non-compliance occurred and confirm a contact name to resolve the issue.

BCLC's Response

BCLC first identified the issue on November 2, 2015. Since that time, BCLC has:

- i. Begun methodically examining historical River Rock Casino Resort (RRCR) Large Cash Transaction (LCT) records one month at a time; and
- ii. Since November 2, 2015 is reviewing all daily RRCR LCT records. As of January 28, 2016 BCLC has completed a review of all RRCR LCT records dated from March 1, 2015 to present day.

BCLC cannot confirm the originating date of the non-compliance until all records are reviewed. BCLC has asked RRCR to provide all records dating back to September 30, 2014 at this stage. All RRCR hard copy records are stored off site after two months.

Ross ALDERSON, BCLC Director, AML & Operational Analysis is the contact to resolve the issue.

FINTRAC

2. How and why did the incident(s) occur?
3. How and when did BCLC discover the problem?

BCLC's Response

In early November, 2015, BCLC AML unit conducted a review of buy in documentation for RRCR, specifically for the date of Oct 30th 2015.

This review was initially undertaken to investigate a specific patron. In the course of the review, it was noted that there were two (2) large cash buy in's which occurred on Oct 30th that appeared to be unusual in nature:

- i. \$50,000.00 consisting of 2000 x \$20 bills and 100 x \$100 bills; and
- ii. \$200,000.00 consisting of mixed denominations including 4000 x \$20 bills.

The established process requires service providers, in addition to submitting a LCT, to record these transactions as an "Unusual Financial Transaction" (UFT) on the BCLC casino reporting system ("ITRAK") which would then trigger a review of the transaction by

the BCLC Investigations Department. Since the transactions were not properly recorded as unusual, a BCLC review was not undertaken.

This non-reporting of the two transactions as unusual was inconsistent with BCLC Service Provider AML training and instructions on how to identify suspicious activity. As a result, BCLC directed RRCR on November 2, 2015 to file *Unusual Financial Transaction* reports ("UFTs") for the two identified transactions.

BCLC further required RRCR to provide the large cash buy in sheets for October 31 and November 1, 2015 and directed RRCR to provide all large cash buy in sheets to BCLC on a daily basis for a secondary review until further notice. The large cash buy in sheets are the working papers used by the cash cages at the site to record all LCTs and Casino Disbursement Reports (CDRs).

Initially, BCLC was told by RRCR staff that it was their understanding that:

- i. They were not required to screen any cash buy-ins under 50K as suspicious; and
- ii. That any large buy-ins in larger denominations such as \$50 or \$100 bills were not regarded as suspicious if the patron had a documented source of wealth, or was historically a high limit player.

FINTRAC

4. What action has been taken to remedy the non-compliance issue?

BCLC's Response

Since November 2, 2015, BCLC has:

- i. Required RRCR to provide all large cash buy in sheets to BCLC for daily review;
- ii. Met with Great Canadian Gaming Corporation (GCGC) Surveillance and Compliance Senior Management on November 9, 2015 to discuss the findings and subsequent information relating to reporting requirements and suspicious transaction reporting in particular. At the meeting:
 - a. RRCR claimed there was confusion over reporting expectations and that RRCR believed they were under a historical direction which exempted them from reporting buy ins under \$50K, and other buy ins that involved larger denominations for known players;
 - b. BCLC reinforced that a threshold approach was inconsistent with BCLC's AML training, policies and procedures and was contrary to the regulatory

requirements. In 2014, BCLC updated the Service Provider on-line AML training course. All new and existing gaming employees were required to complete that course in 2014 including staff at RRCR. There is no mention of thresholds in that course or any other previous version of that course.

- c. Both organizations agreed to review their records in an effort to determine if any written direction supporting RRCR's claimed understanding of suspicious transaction reporting could be found.
- iii. Due to RRCR's stated erroneous understanding of thresholds, an internal review of RRCR LCT records for the entire month of October 2015 was conducted by BCLC Corporate Security Senior Management.
- iv. On November 13, 2015 BCLC scheduled a meeting for December 23 with FINTRAC at the Vancouver FINTRAC office.
- v. On November 19, 2015 BCLC Corporate Security Senior Management met with GCGC Surveillance and Compliance Senior Management to discuss the preliminary findings of the BCLC October LCT review. BCLC had identified 29 LCTs which should have been submitted to BCLC as UFTs for review. GCGC was advised that there appeared to be a systemic issue at RRCR of under reporting UFTs. BCLC directed that all RRCR Operational staff receive face to face remedial AML training. Attendance was mandatory for all Surveillance, Cage and Casino floor staff.
- vi. On November 26, 2015 BCLC's review of RRCR LCTs for October was completed and BCLC confirmed its preliminary findings. In total, 29 RRCR LCTs for October should also have been submitted to BCLC as UFTs for review. BCLC determined that of those 29 LCTs, 19 Suspicious Transaction Reports (STRs) were required to be submitted to FINTRAC. (NOTE: In those cases where multiple LCT records for the same patron were found in the same month they were included on the same STR.)
- vii. On November 27, 2015, BCLC sent a letter to GCGC formally notifying them of their non-compliance with BCLC AML policy and procedures.
- viii. During the week of Dec 14-18, BCLC AML Specialists provided face to face remedial AML training at RRCR for 79 employees including all Surveillance, Cage and Table staff. The training reinforced that there was no monetary threshold for reporting of unusual or suspicious transactions.

On December 21, 2015, given the information to date, BCLC made the decision to review all LCTs at RRCR back to Sept 30, 2014, which coincided with the

approximate completion of the last regulatory examination. The review is ongoing.

The Review Process consists of the following methodology:

- a. A full month of LCT buy in's or "drop sheets" are printed out;*
 - b. The drop sheets are reviewed by a BCLC AML Specialist. The reviewer considers factors such as whether the transaction may have originally been related to a PGF account, an electronic fund transfer, a bank draft, or cash volumes;*
 - c. Reviewer then considers denominations and cash volume for those LCTs given what would be a reasonable amount of small and large bills available through ATMs, Global cash, and legitimate banking sources for those players with the source of wealth to support those buy-ins;*
 - d. Reviewer then considers the occupation of the patron of the transaction to determine if the occupation could generate revenue to support the amount of the transaction, and there were no other suspicious indicators, whether it would be reasonable to suggest the money stemmed from the patron's occupation.*
 - e. The patron's profile is reviewed to determine if a UFT was already associated to the LCT transaction and if it can be determined that the "buy in" was the result of a previous wins. Reviewer considers indicators including: PGF players who have deviated from PGF use and used cash; sporadic cash buy-ins well above their normal playing range; or playing at a level well in excess of occupational expectations.*
 - f. When there is no apparent evidence to support a finding that the transaction was not unusual, a UFT incident is created in ITRAK and a STR is submitted. Upon completion of each incident file, a STR report is filed with FINTRAC within the 30-day reporting period of the transaction being identified and an electronic copy is held in Custom Forms.*
 - g. All reports and corresponding notes are documented in hard copy and held by BCLC for FINTRAC audit review.*
- ix. On December 23, 2015, BCLC Senior Management met with FINTRAC Regional Compliance Senior Management and BCLC briefed FINTRAC on the issue and the information that was known up to that date.

- x. BCLC has reviewed the Compliance Manual of GCGC (created in 2012) and noted that it specifically states on page 18 that there are no thresholds for suspicious transaction reporting. Similarly, the training deck used by GCGC for in-person AML training conducted between May 27-June 6, 2013 clearly states there are no thresholds related to suspicious transactions.
- xi. GCGC reports to BCLC that it is their recollection that during a discussion with GPEB sometime in 2010 or 2011 GPEB told GCGC that they did not need to submit reports relating to suspicious activity to GPEB for transactions under \$50,000. GCGC reports that it has no records or documentation supporting this oral direction.
- xii. BCLC has also conducted a search for records related to this issue. BCLC has not found any policy directive, memorandum, training material or any other record instructing service providers that they are not required to assess or otherwise screen transactions under \$50,000, or any other transaction, for indicators of being a suspicious transaction. BCLC policies and training material clearly state that there are no thresholds related to suspicious transaction reporting.
- xiii. BCLC has located an e-mail from late November 2010 which makes mention by a GCGC employee, of a reported interaction between the Director of Surveillance of GCGC, and GPEB regarding the amount of \$50,000 and the reporting of suspicious transactions. The information in the e-mail is anecdotal and no member of GPEB is included on the e-mail distribution. GPEB has advised BCLC that it has no record of the discussion taking place.
- xiv. A former BCLC Corporate Security Manager is involved in the email chain and appears to have had knowledge of a meeting taking place. His email to another BCLC employee states that GPEB has requested reports for all large cash buy ins over \$50,000 in \$20 bills.
- xv. BCLC has also located an e-mail from September 2011 in which the same former manager in BCLC Corporate Security, in response to a BCLC employee email, indicates awareness of a \$50,000 threshold at RRRCR.
- xvi. BCLC has reviewed large cash buy in sheets and UFTs records related to other casinos where large cash transactions are routinely experienced and have had

documented conversations with site management and/or spoken to the surveillance and cage staff. BCLC has not found similar issues at these properties and at this time it appears that the underreporting of UFT's is isolated to the RRRCR.

FINTRAC

5. Why, as part of BCLC's required compliance program, a review of its policies and procedures did not identify the problem?

BCLC's Response

BCLC has documented procedures to conduct random monthly reviews of LCTs at all BC gaming properties. At most properties a 100% sample size is reviewed monthly while the sample size for the five largest Lower Mainland Casinos is set at 10% of all LCTs. This includes the facilities at RRRCR, Grand Villa, Edgewater, Starlight and the Hard Rock Casino Resort. LCTs are reviewed sequentially so that the files are random and not chosen by the investigator. Example: If a site had 600 LCTs for the month, they would review 60 LCTs by picking a start point and reviewing the next 60 LCT's.

The LCTs are reviewed for completeness, compared to the tracking sheet to ensure amounts, times and dates are all correct and that the proper documents are attached to each LCT. The reviews however did not include reviewing circumstances in ITRAK or matching and confirming UFT reports to LCTs.

After the LCT review, a report is created to document any mistakes found, confirmation that identified issues were corrected and documentation as to who made the error so that repetitive mistakes can be tracked to the person making the errors and corrective training undertaken.

A secondary random review is also conducted on a quarterly basis by BCLC Operational Gaming Compliance who review a maximum of 50 LCTs at each site per quarter. If a significant issue is identified, the Compliance Officer will increase the sample size. BCLC did not conduct specific reviews into whether an LCT was reported as a UFT. Since November 2, 2015 BCLC has reviewed its internal audit processes and is in the process of implementing changes designed to help prevent and detect any future reoccurrence of this matter. Both FINTRAC and GPEB will be consulted on these changes.

BCLC also utilizes bi-annual AML Program audits conducted by professional independent external auditors to confirm its compliance with requirements and to help identify any gaps in its regime. None of these reviews detected the problem.

BCLC has undergone a number of AML related reviews and audits conducted by regulatory agencies between 2011 and 2015. No previous reviews had detected the problem.

In summary, while BCLC conducts a number of compliance reviews this has not included matching and confirming UFT reports to LCTs by reviewing circumstances in ITRAK. BCLC relies on the Service Provider to identify and report unusual financial transactions. Controls are now being developed and implemented by BCLC that will check and confirm that the Service Providers properly screening transactions and submitting UFTs where appropriate.

BCLC believes that training, policy or procedures were not the primary contributing factor to RRRC's recent non-compliance but, rather RRRC's failure to follow established procedures. Even if RRRC is correct about historical discussions, all BCLC AML written procedures, the GCGC Compliance Manual and training materials, and BCLC AML training provided to RRRC for the past several years have provided clear direction that there is no reporting threshold.

FINTRAC

6. What was the total number of reports which were not filed, during the period in question?

BCLC's Response

As of January 28, 2016 BCLC has reviewed 100% of all RRRC LCT records between March 1, 2015 and October 31, 2015. This is a total of 12,138 LCT records (this includes Foreign Exchange records). BCLC has identified and submitted an additional 185 Suspicious Transaction Reports. This amounts to STRs having been submitted in relation to approximately 1.5% of all LCT records for that time period. By month, the following STR's have been submitted:

- October 2015 – 19 (Total LCTs reviewed 1408)
- September 2015 – 36 (Total LCTs reviewed 1228)
- August 2015 – 33 (Total LCT reviewed 1652)
- July 2015 – 37 (Total LCT reviewed 1581)
- June 2015 – 28 (Total LCT reviewed 1339)

- May 2015 – 18 (Total LCT reviewed 1667)
- April 2015 – 20 (Total LCT reviewed 1444)
- March 2015 – 14 (Total LCT reviewed 1819)

FINTRAC**7. When does BCLC expect to correct the non-compliance issue?****BCLC's Response**

BCLC can advise that we expect to complete our review of all RRCR LCT records dating back to September 30, 2014, by March 31, 2016. Since the originating date of the issue is still unknown, an estimated date for complete resolution is uncertain however BCLC will continue to use a methodical and consistent approach to the review of LCT records as set out in item 4 and will consult with FINTRAC as trends are identified for under reporting as each additional month is reviewed.

FINTRAC**8. Moreover, we request that you provide us with an action plan outlining what steps BCLC has or will take to remedy the deficiency in its compliance program.****BCLC's Response**

BCLC's deep concern that suspicious transactions were not reported led to BCLC's immediate action to address the issue.

BCLC is particularly concerned that the non-compliance was not identified through either the routine internal or external audit and review controls that were in place.

BCLC has dedicated substantial resources to:

- review the circumstances of this issue;
- identify contributing factors;
- recommend and implement changes to controls to help prevent any future re-occurrence;
- review RRCR LCT records ;
- review LCT records from other Casino Properties;
- provide training at other Casino Properties; and,
- submit STRs to FINTRAC in accordance the requirements and BCLC's obligations within the thirty (30) day required time period.

BCLC has also conducted remedial face to face training at RRCR in December 2015 and consultations have been conducted with the management at RRCR.

Since the issue was identified at RRCR, 100% of all LCTs at RRCR are being reviewed daily by a member of the BCLC AML Unit. This includes 1204 transactions for November 2015 and 1052 transactions for December 2015 as well as approximately 977 transactions for January 2016 (as of January 26). Since the remedial training was completed in December, BCLC has not found non-compliance issues of a similar nature at RRCR.

All gaming sites in BC have been notified and reminded of their AML obligations. BCLC has reviewed LCT documentation from other large casinos - to date, there is no evidence that this issue has extended outside of RRCR.

BCLC has consulted with FINTRAC and BC's provincial gaming regulator, the Gaming Policy Enforcement Branch on this matter and will continue to do so..

Summary

BCLC is absolutely committed to compliance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. In addition to its reporting obligations to FINTRAC, BCLC works with and continues to report all suspicious transactions to GPEB and the RCMP simultaneously so that each of these agencies also receive the information at the same time.

I look forward to discussing this matter further once you have had an opportunity to review this report. If you require additional information, please do not hesitate to contact me.

Thank you for your attention to this matter.

Regards,



Ross Alderson CAMS

Director, AML & Operational Analysis

Corporate Security and Compliance Division, BCLC

Redacted - RCMP

Len Meilleur
Executive Director for Compliance
Gaming Policy Enforcement Branch (GPEB)
3rd Floor, 910 Government Street
Victoria, B.C. V8W 1X3



RE: Proposed River Rock Casino Resort Chip Swap

Dear Len,

On [Redacted - RCMP] at 1300 hrs BCLC were notified by GPEB, via teleconference, of a request from Law Enforcement to [Redacted - RCMP]

Redacted - RCMP

BCLC were advised that proceeding with the chip swap would [Redacted - RCMP]
[Redacted - RCMP] Based on that information BCLC agreed to postpone the chip swap until further notice.

It is BCLC's intent to fully cooperate with any law enforcement investigation however we would respectfully ask GPEB to notify BCLC as soon as practicable when the chip swap can again proceed.

There are inherent risks and liabilities for BCLC with the current outstanding volume of RRCR \$5,000.00 chips. There are also a number of cost and logistical considerations to consider in successfully executing the chip swap.

One of the key objectives for the chip swap was to identify individuals in possession of high volumes of \$5,000.00 chips through the chip return interview process. This may become more difficult with the delay, particularly with there now being increased visibility into the project.

Additionally there remain concerns that the outstanding volume of \$5,000.00 chips are being utilized for illegal activity including within illegal common gaming houses, which in turn could cause reputational damage for BCLC should a large volume of BCLC chips be found at one of these facilities.

BCLC would appreciate the continued support and consideration from GPEB in this matter.

Kind Regards

Ross Alderson
Director, AML & Operational Analysis

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Kamloops, BC V2C 4E2

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14 January, 2016

DIRECTION TO RIVER ROCK CASINO RESORT RE: Chips Back to PGF Account

On Monday January 18, 2016 BCLC will conduct a chip swap operation at River Rock Casino Resort. (RRCR) This project was shared with RRCR Management on January 12, 2016.

To assist in the operation BCLC has agreed to allow a TEMPORARY variance to PGF procedure for Chips Back to PGF Account as outlined below.

Please note this is a temporary procedure and will be reviewed by BCLC Compliance officers for compliance. BCLC can rescind this temporary policy at any point.

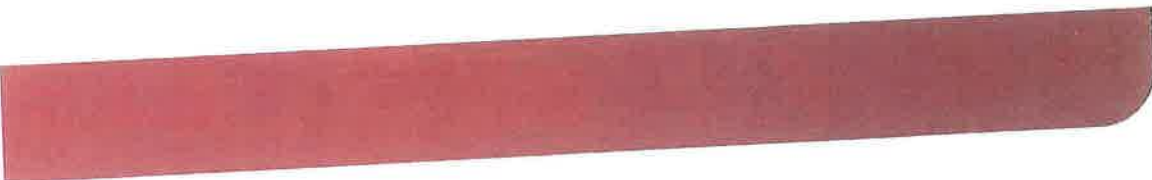

Temporary Procedure – Chips Back to PGF Account

1 GENERAL

- 1.1 Chips counted and verified at the gaming table for a high limit player that is known to the gaming floor staff are considered chips left on the table to be put back in the PGF account.
 - 1.1.1 The player must be a Patron Gaming Funds Account holder;
 - 1.1.2 All customer identification and customer due diligence procedures must have been followed before a player may be permitted to use this option.
- 1.2 The number denomination and dollar value of the chips has been verified and agreed upon by a countdown in the presence of the player before player leaves the table.
- 1.3 Player's play has been tracked in its entirety and the tracking sheet has been completed to ensure no chips from an unknown source have been introduced.

2 PROCEDURES

- 2.1 If an identified high limit table game player wishes to leave the table without taking his gaming chips and will either return within an acceptable timeframe, such as a meal break, or other short timeframe, the player's chips shall be counted down in the presence of the player before player leaves the table;
 - 2.1.1 The acceptable timeframe period shall be at Service Provider discretion, with consideration given to the knowledge of the player's usual behavior;
 - 2.1.2 Verified chips will be returned and entered back into the PGF account;
 - 2.1.3 In a rolling 24 hour period or until the end of play, chip movements to and from the PGF accounts do not have to be reported to FINTRAC;
- 2.2 Dealer, witnessed by Dealer Supervisor and player, shall count each denomination of chips.
- 2.3 Dealer Supervisor, witnessed by the Dealer and player, shall note, on the tracking sheet:
 - 2.3.1 Date;
 - 2.3.2 Time;

- 
- 
- 2.3.3 Player's name/signature
 - 2.3.4 Table game number;
 - 2.3.5 Number and denomination of each chip and resulting totals, including the breakdown of the original source of the chips; i.e. amount withdrawn from PGF Account, amount won at the table, other un-sourced chips.
 - 2.3.5a Unsourced chips must be returned to the patron prior to them leaving the table;
 - 2.3.5b If patron has left before the unsourced chips can be returned, the unsourced chips are kept using the established procedures of the abandoned chip policy.
 - 2.4 Player shall sign the tracking sheet of chips to show agreement with the total and source of chips;
 - 2.5 Table Games Floor Manager and Cage Supervisor shall be notified.
 - 2.6 Dealer Supervisor shall contact Cage to dispatch a Security Officer with an empty chip caddy and chip racks to the table;
 - 2.7 The Dealer, with the Dealer Supervisor and Security witnessing shall place the chips into the chip caddy along with the tracking sheet.
 - 2.8 The chips shall be delivered to the Cash Cage; and
 - 2.8.1 Recounted by the Cashier under the supervision of the Cage Supervisor;
 - 2.8.2 Brought back into the PGF account using established procedures;
 - 2.8.3 ITRAK incident created and tracking sheet scanned into the media tab.
 - 3 PLAYER RETURNS AND WITHDRAWS FROM PGF ACCOUNT TO RESUME PLAY
 - 3.1 If the Service Provider knows when the player is arriving to the site, or the player has called in notifying the site that they will be in, the Service Provider can arrange to have the player's chips at the table for when he/she arrives;
 - 3.2 Patron's identity shall be established and authenticated through the production of acceptable identification documentation when on site;
 - 3.3 All appropriate paperwork to be signed by the patron before commencing play.



BCLC Director AML & Operational Analysis



CORPORATE SECURITY & COMPLIANCE OPERATIONAL PLAN

FILE NAME: Chip Swap Operation	DATE: January 18, 2016.	FILE NUMBER:
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BACKGROUND

Daily chip liability reviews of RRC \$5000 chips conducted by BCLC since January 1st 2015 has determined a substantial shortage of RRC \$5000 chips in inventory with a dollar value that has ranged between 4.4 and 13.6 million.

The most recent daily chip liability review that was conducted on January 4, 2016, revealed a shortage of \$4,710,000 million worth of RRC \$5000 chips or 942 total chips.

A large number of these chips are believed to be in circulation for reasons of servicing in some cases, an underground network of individuals that facilitate providing patrons with access to the chips to enable play at the RRC and specifically the high limit rooms, although there is also concern they may also be used for funding illegal gaming and as a financial instrument for other criminal activity.

BCLC also believes the high number of outstanding RRC \$5000 chips poses a personal risk to the safety of those in possession of large quantities of these chips, as they may be targeted in a robbery.

This also poses a reputational risk to the gaming industry in British Columbia as this amount of outstanding chips could be viewed as funding an underground economy.

OBJECTIVES

1. To replace the current RRC \$5000 chip that is in circulation with a new RRC \$5000 chip.
2. On February 1st 2016 render valueless the current RRC \$5000 chip.
3. To implement safeguards to prevent a recurrence of this current situation by implementing policy* to mitigate the removal of chips from the RRC and specifically the high limit rooms. This will include setting future acceptable liability levels.
4. To encourage patrons to open Patron Gaming Fund accounts and make use of the account as a cash alternative and to prevent players from leaving the site with gaming chips.

**Temporary RRC policy will be introduced for the period of this project*

PROPOSED INVESTIGATIONAL SUMMARY

1. A marketing campaign to the public by BCLC and/or Great Canadian Gaming Corporation (RRC) notifying patrons in possession of the RRC \$5000 chips in question to return the chips.
2. Those in possession of the RRC \$5000 chips will have until midnight January 31st, 2016, to return the chips.



OPERATIONAL PLAN (Continued)

3. Anyone that is Voluntary Self Excluded or Barred, or otherwise unable to attend RRC that wishes to return chips can make arrangements by calling BCLC on 1-866-815-0222 or email BCLC through the BCLC.com Customer support portal <http://corporate.bclc.com/customer-support.html>

A case will be dispatched to BCLC Corporate Security to coordinate the return of chips in their possession.

4. Anyone returning chip values of \$10,000 or more is processed in accordance with FINTRAC reporting requirements.
5. One (1) BCLC Investigator will be on duty from 0900 hrs. to 2400 hrs. each day, starting January 18, 2016 to January 31, 2016.

An assessment of the project will be conducted on January 25, 2016, to determine if the project will continue until January 31, 2016, or be concluded.

BCLC Investigators will be available to conduct interviews of patrons returning large quantities of chips when the return involves a suspicious circumstance, a subject of interest or when the circumstances otherwise dictate.

6. Any **unknown** individual returning values of \$10,000 or more will be subject to an interview by BCLC Corporate Security and Compliance personnel.
7. Any **known** individual returning values of \$50,000 or more, will be subject to an interview by BCLC Corporate Security and Compliance personnel.
8. Anyone identified making **multiple** visits to the RRC and returning a single \$5000 chip, or returning **multiple** times with a small number of chips, will be subject to an interview by BCLC Corporate Security and Compliance personnel.
9. Anyone returning large quantities of RRC \$5000 chips, when applicable, a Suspicious Transaction Report will be submitted by BCLC Investigators.

INTERPRETERS

It is anticipated that many that will be interviewed will require an interpreter to communicate with in either the Mandarin or Cantonese language. Access to an interpreter proficient in each of these languages will be required during all operational hours either by phone or available at the River Rock Casino to be physically present at the interviews.

1. First consideration is to be given to making a request for an interpreter to an on duty River Rock Manager to utilize a River Rock employee.
2. If a River Rock employee is not available in the language required BCLC options are available Monday to Friday, day-shift hours:



OPERATIONAL PLAN (Continued)

3. As a last resort the services of Mosaic Translation Services can be utilized:

MOSAIC Translation Services:

Monday to Friday 8:00am - 5:30pm - 604-254-8022
Afterhours line - 5:30pm - 4:00am - 604-254-8617.

Saturday/ Sunday/ Statutory Holidays – afterhours line - 604-254-8617.

OPERATION DURATION

A public announcement that those in possession of the RRC \$5000 chips have until midnight January 31st 2016 to return the chips to the RRC in exchange for the cash value of the chips.

The period for returning the chips ends at midnight on January 31, 2016.

The announcement will indicate that if the chips are not returned before midnight of January 31, 2016, the chips will not be accepted by the RRC or any other casino in British Columbia and the chips will have no value. Any persons wishing to return with 'old' chips after midnight on January 31, 2016 will be required to contact BCLC on 1-866-815-0222 or email BCLC through the BCLC.com Customer support portal <http://corporate.bclc.com/customer-support.html> to arrange to speak to a member of BCLC Corporate Security.

OTHER STAKEHOLDERS PARTICIPATION

SERVICE PROVIDERS

- Although there is a Casino & Community Gaming Centres, Standards Policies and Procedures prohibiting accepting another facilities chips, there will likely be an increase in attempts by individuals to cash in the RRC \$5000 chips at other facilities, therefore a reminder can be circulated to other Lower Mainland facilities regarding this policy.

Sec:3-3.1 Cage – Chip Inventory

- 3.4 Value chips issued from a casino facility, identified by that facility's logo, may be redeemed only within that facility;
- 3.4.1 No cross-company or other company (foreign) value chips can be redeemed (cashed) by any casino employee.
 - 3.4.2 No cross-company or other company (foreign) value chips shall be accepted as a tip by any casino employee.

GREAT CANADIAN GAMING CORPORATION

- For the duration of the project, Great Canadian Gaming Corporation (GCGC) will post notices throughout the RRC informing patrons of the initiative.



OPERATIONAL PLAN (Continued)

- Communication to RRC VIP Management regarding education into the process.
- There may also be an increase in attempts by individuals to cash in one RRC \$5000 chips on one or multiple occasions in an attempt to avoid detection and therefore a reminder should be circulated to all cage staff regarding this policy.

Section: 1-2.3 General - FINTRAC and Anti-Money Laundering Compliance

3 SUSPECTED MONEY LAUNDERING/"SUSPICIOUS FINANCIAL TRANSACTION"

NOTE: Please refer to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) website, www.fintrac.gc.ca, for the full list of the casino industry indicators for suspicious financial transactions.

3.1 Casino staff should use the following list in conjunction with that provided by FINTRAC's guidelines to determine if an unusual financial transaction should be reported to BCLC Security Investigators via their manager and an incident report created in CRS. This list is not considered exhaustive and a common sense approach should be used at all times.

3.1.7 Client has large chip-ins at the table with no recent activity or history of play to explain the source of the chips

BCLC

- Marketing strategy.
- Internal communication for all staff awareness.

GPEB/GOVT

- Communication

SUBMITTED BY

A handwritten signature in black ink, appearing to read "Ross Alderson", with a long horizontal flourish extending to the right.

Ross Alderson
Director, AML & Operational Analysis



Know your limit, play within it.

September 22, 2013

Log # 331838

Brad Desmarais
Vice President
Corporate Security and Compliance
BC Lottery Corporation
2940 Virtual Way
Vancouver BC V5M 0A6



Re: BCLC Request for Policy Change Regarding Casino Cheque Issuance

Dear Brad:

Thank you for your proposal of September 19, 2013. As you know, GPEB is eager to advance this proposal in order to realize increased public safety and reduce the use of cash in casinos.

However, the information and analysis contained in the proposal is not currently sufficient for approval-in-principle of the requested policy change with respect to issuance of casino cheques. There are many questions left unanswered and a compelling argument that this policy will increase the opportunity for money laundering persists. I do not make these comments to be in any way critical of your proposal. I know that I have rushed this issue with your office in hopes of finding a solution as soon as possible. I believe it is an important proposal that must continue to be considered with additional analysis.

Therefore, despite my inability to take action based on the information currently available, GPEB is committed to continuing this discussion and analysis as both our organizations work to find an appropriate solution in the public interest. Going forward, I will not be able to participate in these discussions as General Manager of GPEB and so I would like to provide brief comments on this issue before I move on to other duties with the Provincial Government on September 23rd.

To begin, in my view the core argument that criminals prefer cash for anonymity has very important limits. Large amounts of cash can be a significant challenge to organized crime groups. It is difficult to transfer, is vulnerable to interdiction, and during virtually all legitimate large modern-day commercial transactions it raises significant and unwanted suspicion, including from FinTRAC and law enforcement agencies.

Ministry of Finance

Gaming Policy and
Enforcement Branch
Assistant Deputy Minister's
Office

Mailing Address:
PO BOX 9311 STN PROV GOVT
VICTORIA BC V8W 9N1
Telephone: (250) 387-1301
Facsimile: (250) 387-1818

Location:
Third Floor, 910 Government Street
Victoria, BC

Web: www.gaming.gov.bc.ca

If we accept the premise that a person wants to launder money in a casino, their goal *must* be to acquire a cheque¹. If their laundering goal is to have money returned in cash, why would they walk into a casino? The cash is already in their hands. Therefore, the suggestion that a casino is facilitating the criminal's money laundering goals in some way when returning cash in the same denominations as it was received is questionable.

If the goal of a criminal is not to launder in a common sense, but to use illicit currency to enjoy casino games, it is conceivable they would prefer to receive cash back, and this may deter this type of play (though a criminal may intend to play out their money entirely, or take casino chips home if a verified win cheque is seen by them as an attractive goal).

Future analysis of this proposal should include consideration of the potential types of money launderers. The table below is merely a starting point, however, it provides a first cut at what the potential impact of the proposed policy may be.

Launderer Type	Launderer Objectives	Potential Cheque Policy Impact
Criminal laundering their own proceeds of crime	1. Playing for enjoyment 2. Wish to acquire cheque	1. May deter play 2. Will make cheque acquisition easier (no need for verified win) and potentially encourage more laundering ²
Criminal using nominees to launder	3. Wish to acquire cheque in nominees name later to be transferred through multiple accounts – business and personal – comingled with other funds etc. – to obscure original source of funds	3. Will potentially encourage more money laundering as in #2.
Legitimately wealthy players who buy discounted currency “street cash” that is the proceeds of crime such as drug dealing	4. Wish to gamble. Enjoy the benefit of gambling at a discount due to lower cost of street cash.	4. No deterrent. May encourage more laundering as player will be able to buy more discounted street cash for the next day of play since they received no cash back from casino.

While much more analysis is warranted, I believe the table above illustrates why a decision to change this policy is not simple and could have unforeseen consequences in an environment we do not fully understand. In the four scenarios noted in the table, only one appears to have the potential to deter the money laundering, and that potential is questionable. The other three scenarios indicate potential to increase money laundering in BC Casinos.

¹ Unless the launderer's objective is to “colour up” to higher denominations (which should not be permitted with existing policy), or clean serial numbers (which would be a very rare practice).

² Notations similar to “Not from winnings” are not anticipated to act as a significant deterrent since, (as we understand) it is very challenging to prove there are not a series of small wins that can account for a payout, and sophisticated launderers will know even a verified win does not fully clean money and the laundering must continue through electronic means after the initial placement is made in a casino.

If feasible, I would like to see this policy implemented in order to achieve the other benefits you have noted in your proposal. Before that is possible a number of questions, including some presented here, must be answered to demonstrate the proposal will have the intended impact in our efforts to prevent money laundering.

In relation to the very desirable public safety benefit of this proposal, I believe it is important to note that all casino patrons are now in a position to ensure their own safety by utilizing the many non-cash options for buy-in, including debit card, bank transfer and the patron gaming accounts. This new level of patron safety is the product of GPEB and BCLC working together collaboratively on our common goal, a practice I know will continue. The additional safety of these options should be emphasized with players buying in with large amounts of cash. As you noted, customers who buy-in with smaller amounts of cash can enjoy the safety of “convenience cheques” for amounts of \$8,000 or less.

GPEB is committed to timely fact-finding and analysis with the help of expert guidance in order to form a solid and defensible base for any new policy. John Mazure, the incoming General Manager, will work with Bill McCrea and others on GPEB staff to continue this effort.

I appreciate your work on this issue and assure you that GPEB is committed to continuing the development of knowledge and policy in this area.

Sincerely,



Douglas S. Scott
Assistant Deputy Minister

cc Michael Graydon
Jim Lightbody
Bill McCrea

Timeline of events regarding communication of cash alternative issues with GPEB:

19 SEP 2013 – BCLC VP, CS&C, submitted cash alternatives proposal to GPEB

22 SEP 2013 – Assistant Deputy Minister responded to aforementioned proposal in writing, declining proposal

19 JAN 2015 – BCLC UBC Sauder Cohort Team engaged in teleconference with GPEB Executive Director Compliance Division and GPEB Executive Director Quality Assurance & Risk to discuss viability of cash alternative options, prior to presentation of proposals to BCLC Executives

19 FEB 2015 – BCLC UBC Sauder Cohort Team presented Cash Alternatives Proposal to BCLC Executives and UBC Associate Dean of Business

24 APR 2015 – BCLC VP, CS&C, submitted concept document seeking approval in principal speaking to 3 cash reduction alternative strategies to GPEB, Executive Director Compliance Division.

- To allow cash deposits into PGF accounts at the initial account opening and for subsequent deposits for VVIPs
- To allow VVIPs to receive the full amount of cash outs via convenience cheque without a weekly cheque issuance limit
- To allow PGF overdraft privileges, at no cost, to VVIPs who meet specific criteria.
- EFT International transfers was to be dealt under separate cover

04 JUN 2015 – GPEB/ BCLC/ CBSA/ Law Enforcement Meeting to discuss cash alternative options

16 JUL 2015 – Joint GPEB & BCLC Compliance Meeting. GPEB provided update on cash alternatives. In summary that Compliance had agreed in principal and that the matter would be reviewed by GPEB Policy group.

6 AUG 2015 – Email dialogue between BCLC, Director of AML and GPEB Executive Director Strategic Policy and Projects Division; BCLC requesting updates on cash alternative approvals

27 AUG 2015 – Convenience Cheque Proposal sent to GPEB Executive Director Strategic Policy and Projects Division; proposal was declined based on insufficient information provided to make an informed decision, response by GPEB Executive Director Compliance Division. GPEB wanted more information on:

- BCLC's outline of the benefits, and potential risks to this option
- How BCLC addresses the issue of source of funds, provided for a convenience cheque. Detailed plan required which includes questions such as "how many cheques in a specific timeframe".
- BCLC frame on this issue should be around safety, not around convenience.

28 AUG 2015 – BCLC Director AML responded to the concerns raised by GPEB around convenience cheques

1 SEPT 2015 – Letter sent to BCLC CEO from GPEB, Assistant Deputy Minister addressing the proposal from April 2015 on the 3 cash reduction alternatives.

10 SEPT 2015 – Response received from GPEB Executive Director Licensing, Registration & Certification Division that the convenience cheque proposal was to wait until GPEB Executive Director Compliance Division returned from vacation at the end of September.

13 NOV 2015 – BCLC VP, CS&C submitted 3 proposals (credit, delimiting convenience cheque, international EFTS) to GPEB Executive Director Compliance Division. Requested also to meet in person to discuss these initiatives once GPEB had reviewed.

3 DEC 2015 – BCLC received response to the request submitted to GPEB on Nov 13, 2015. Response received from GPEB Senior Policy Analyst requesting full business cases for the documents provided on convenience cheques, international transfers and credit.

11 DEC 2015 – BCLC Director AML and Manager of Cash Alternatives met with GPEB Senior Policy Analyst to discuss feedback. Result was to develop comprehensive business cases with more information.

18 JAN 2016 – Revised Convenience cheque and International Electronic Transfer Proposals sent to GPEB Senior Policy Analyst.

28 JAN 2016 – Response received from GPEB Senior Policy Analyst requesting clarity on the information provided and supporting documentation. Request also includes have the proposals reviewed by FINTRAC again now that there is more information included.

11 FEB 2016 – Met with GPEB Executive Director Compliance, GPEB Senior Policy Analyst, GPEB Executive Director Strategic Policy to discuss International EFTs/Convenience Cheques again.

12 FEB 2016 – Sent the revised proposals again to GPEB Senior Policy Analyst.

24 FEB 2016 – Meeting with GPEB Senior Policy Analyst to discuss EFT/CC proposals. Made revisions to the proposals.

25 FEB 2016 – Revised Proposals sent back to GPEB Senior Policy Analyst.

26 FEB 2016 – Proposals went to GPEB Executive Director Strategic Policy for review.

23 March 2016 – GPEB Executive Director responds to the proposals.

24 March 2016 – Proposals get returned to BCLC with request for more information.

05 April 2016 – Proposals returned to GPEB.

08 April 2016 – Met with GPEB Senior Policy Analyst to review proposals again in person.

11 April 2016 - Met with GPEB Senior Policy Analyst to review proposals again via phone.

19 April 2016 – Proposals reviewed by BCLC corporate communications and sent back to GPEB.

20 April 2016 – Proposals sent to GPEB Executive Director; request included to forward to General Manager of GPEB for review.

14 July 2016 – Letter sent from GPEB Assistant Deputy Minister and General Manager regarding the proposals. Letter specifically states, "There is no requirement for BCLC to seek GPEB approval of these specific proposals in and of themselves."

03 Aug 2016 – BCLC CEO responds to GPEB letter from July 14, 2016 clarifying expectations of BCLC's anti-money laundering regime.

Aug 2016 – September 2016 – BCLC begins putting policy in place as well as the new sub-menus for iTrak.

01 Nov 2016 – International EFT and Delimiting convenience cheques implemented.

Kim Fitzpatrick

From: Ross Alderson
Sent: Wednesday, April 20, 2016 9:11 AM
To: michele.jaggismith@bclc.ca (Personal information); Bal Bamra
Cc: Henderson, Jeff FIN:EX (Personal information)
Subject: BCLC Cash Alternative Proposals - Request for Submission
Attachments: 04 19 2016 BCLC International Electronic Funds Transfers Proposal.pdf; 04 19 2016 BCLC Convenience Cheque Proposal.pdf; Letter to MJS re Cash Alternatives 20160420.pdf

Good morning Michele,

Please find attached a covering letter and the two 'Cash Alternative' proposals which GPEB and BCLC have been jointly working on, and for which BCLC are seeking approval.

BCLC would request that these be submitted to the General Manager of GPEB, John Mazure for his review.

BCLC looks forward to hearing GPEB's response to both proposals.

Kind Regards

Ross

Ross Alderson CAMS

Director, AML & Operational Analysis
Corporate Security and Compliance Division, BCLC
2040 Virtual Way, Vancouver, BC V5M 0A6

20 April 2016

Michele Jaggi- Smith
Executive Director, Strategic Policy and Projects Division
Gaming Policy Enforcement Branch (GPEB)
3rd Floor, 910 Government Street
Victoria, B.C. V8W 1X3



Dear Ms, Jaggi-Smith

Re: Enhancements to Anti Money laundering Regime in BC Gaming Facilities – Cash Alternatives.

I am pleased to submit to you two attached BCLC Policy Documents namely:

1. Delimiting Casino Convenience Cheques
2. Expanding International Electronic Funds Transfers (EFT)

BCLC believe these proposals fulfil the request of the GPEB General Manager in his letter to the CEO of BCLC, dated January 15, 2016, in which he requests more detail be added into the existing cash alternative proposal documents. (Reference: Bullet point # 2)

BCLC therefore would request these proposals be submitted directly to John Mazure, in his capacity as the General Manager of GPEB for his review.

Both Policy Documents are attached as PDF files to this accompanying email.

I would also like to take this opportunity to thank you and your team for your collaboration with BCLC in this process and I very much look forward to receiving GPEB's response to these BCLC Anti-Money laundering initiatives.

Regards

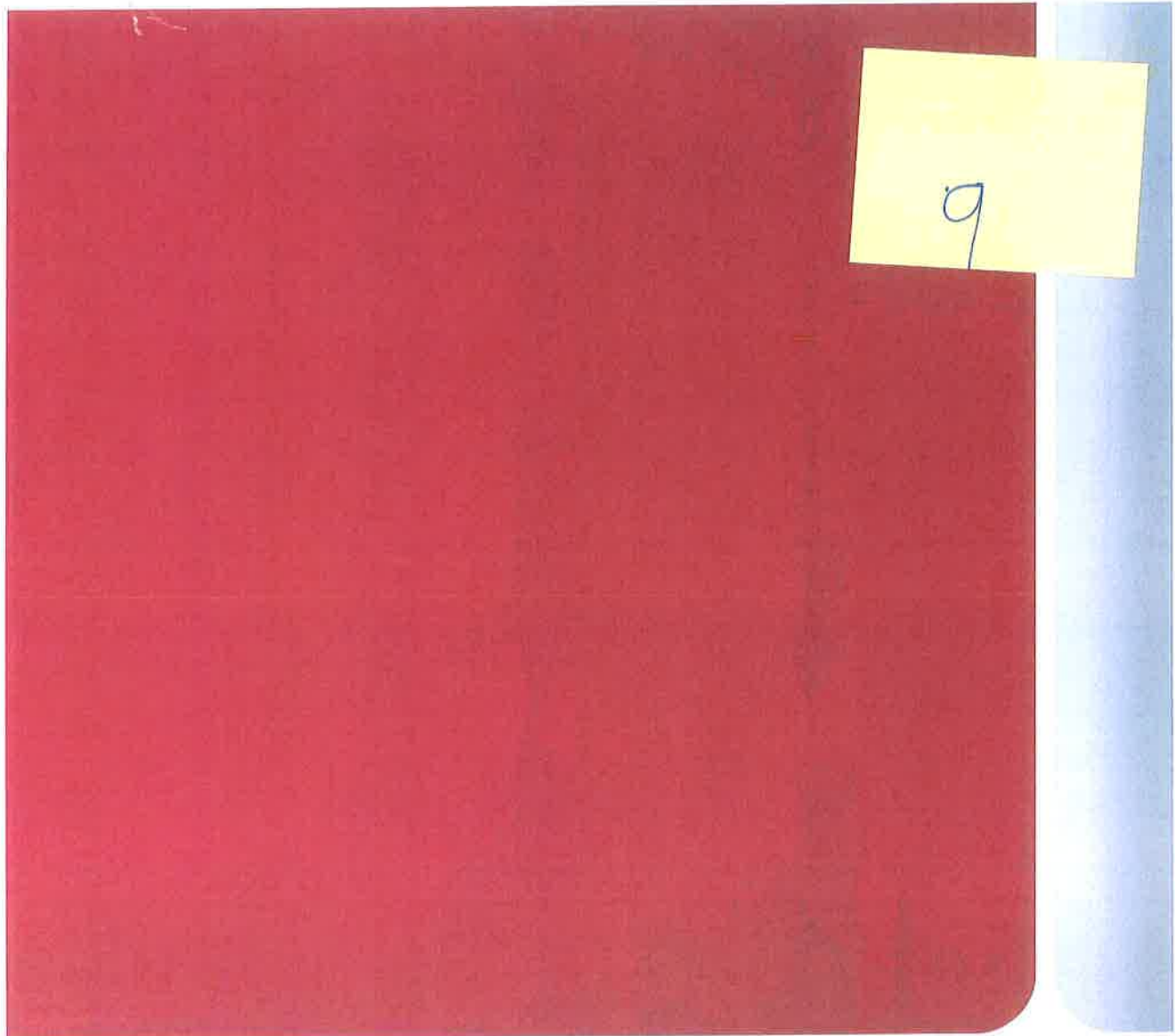
Ross Alderson
Director, AML & Operational Analysis
BCLC

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BCLC Proposal for Delimiting the Casino Convenience Cheque (v9) Corporate Security & Compliance

April 19, 2016



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Problem Statement

BCLC would like to delimit the \$10,000 threshold and weekly limit for convenience cheques. The objective of this document is to seek the General Manager's endorsement of this policy change by providing evidence of how it is a sound, operational and business decision, and is extremely important to continued Anti-Money Laundering (AML) compliance.

While the primary benefit is enhancing safety for all casino patrons who exit gaming properties with large sums of cash, this proposal will have the added benefit of reducing suspicious cash reports and help eliminate redundant reporting related to the "churn" of the same cash. The convenience cheque will replace some of the cash that would have originally been a disbursement (or pay out) from a Casino.

Background

BCLC's mission is "to conduct and manage gambling in a socially responsible manner for the benefit of British Columbians." This mission is embedded in BCLC's core values: Integrity, Social Responsibility, and Respect and directs BCLC in its focus on building public trust. Public trust is achieved by establishing a reputation as a fair and equitable organization, and through solid corporate citizenship. This is critical to the success of the gambling industry in B.C.

There are potential risks to public safety inherent in the presence of large sums of cash moving in and out of B.C. gaming facilities. While relatively infrequent, BCLC is aware of reports of instances in which casino patrons have been followed from a Lower Mainland casino property and subsequently robbed.¹ Giving customers more options to travel to and from gaming facilities without the need to carry cash will enhance customer safety by substantially reducing the risk of robbery.

Lower Mainland casinos are unlike any others in North America. There is a local population of primarily Chinese "VVIPs"² in this region, who prefer high limit play. In order to maintain integrity and remain compliant with all relevant legislation, BCLC and its Service Providers (SP) have established a rigorous AML compliance regime that is presently recognized as the "gold standard"³ compared to other Canadian gaming jurisdiction AML programs.

Based on information provided by customers and law enforcement there is grounds to believe that organized crime groups have approached some high limit players and provided them with cash for gaming. This holds significant reputational risk for all stakeholders involved in the industry. Repayment in these circumstances may allow the cash facilitators to hide the origins of the funds; providing alternatives to cash such as delimited convenience cheques helps reduce this money laundering potential.

¹ There were 17 robberies noted that took place between March 2012 and December 2015 that were associated with people leaving the casino with cash; one in particular for \$69,000.

² VVIPs (Very, very Important players) are patrons that have a \$150,000 yearly spend, or a greater than \$5000 theoretical net win per month.

³ Gold standard is in reference to a high standard level compared to other jurisdictions as stated by FINTRAC.

As stakeholders work together to minimize the volume of cash moving through casinos, it is critical that suitable cash alternatives are provided to patrons. If cash is discouraged without sufficient alternatives, there is a real risk that some patrons will take their cash to illegal gaming houses. These sites are unregulated and unsafe. Further, it is BCLC's experience that when high limit players take their play to illegal gaming houses, BCLC's high limit table drops are impacted. As a result, BCLC is committed to providing cash alternatives to help disrupt potential criminal groups who may target VVIP players while retaining players who have the means and desire to play at higher limits.

It is BCLC's contention that the prevalence of large cash transactions (LCT) in B.C. casinos, and the ensuing negative public perceptions and safety concerns, may be mitigated by a change in the current processes around various cash alternatives including delimiting the convenience cheque.

BCLC and its SPs currently distribute two types of cheques to casino patrons:⁴ verified win cheques and return of funds - not gaming winnings (also referred to as non-verified win) cheques (Appendix A). 'Verified win' means the casino or community gaming centre employee has determined that gaming chips or gaming tickets were acquired as a result of a documented win on a table game, a jackpot on an electronic gaming device, or a cash amount verified as a SP or BCLC marketing promotion prize.

Aside from the procedural differences involved in the processing of verified winnings and non-verified winnings cheques, the distinguishing factor between the two types of cheques is the notation "Return of Funds-Not Gaming Winnings," prominently affixed to the front of a non-verified winnings cheque.

GPEB correspondence⁵ (Appendix B) allows BCLC and its SPs to return a maximum of \$10,000 by cheque for non-verified wins once every seven days, per casino patron.⁶ While these cheques reduce the number of patrons leaving the casino with cash, subsequently mitigating security concerns and facilitating customer service, the threshold of \$10,000 every seven days has proven to be inadequate for the VVIPs who visit the casino multiple times per week and deal in significantly higher volumes of cash.

An assessment of convenience cheque usage was done from April 1, 2015 to December 17, 2015 whereby BCLC reviewed all incidences where a convenience cheque was used as partial payment. Analysis shows that although BCLC paid out \$537,440 in convenience cheques, there was still an additional \$632,743 disbursed in cash to recipients of these convenience cheques. Of the \$632,743 approximately \$419,000⁷ could have been paid via convenience cheque had there been no limit on the convenience cheque amount. On a larger scale, looking

⁴ Patrons do not have to have a patron gaming fund account to be offered a convenience cheque.

⁵ On February 4, 2014, Bill McCrear GPEB Executive Director Quality Assurance & Risk authorized (by email) that customer convenience cheques can be written up to \$10,000.

⁶ This limit originally started at \$5000 in April 2012, raised to \$8000 in January 2013 and finally to \$10,000 in April 2014. Since the increase in limits, a lift of 30% in utilization of convenience cheques since inception has occurred.

⁷ Difference attributed to the fact that not all patrons took the full amount of the convenience cheque; \$419,000 was attributed to the patrons that took the max of \$10,000 in convenience cheques.

at the cash disbursements over \$10,000 from the same time period, there was **\$268,961,181⁸** paid out in cash that could have been captured as convenience cheques.

These cheques are issued for the convenience and safety of patrons to provide an alternative to carrying large amounts of cash. A patron who has a verified win, however (a win confirmed by casino staff), is entitled to receive a cheque for the full amount of winnings. Regardless of the payment method or combination of payment methods, standard FINTRAC reporting guidelines apply (see Appendix E for FINTRAC reporting requirements).

Where patrons wish to withdraw funds from their Patron Gaming Fund (PGF), the current policy allows the customer to receive a cheque for the full amount, even if it exceeds \$10,000. This will continue and is subject to all existing regulations and reporting requirements, including the condition that all money deposited into the PGF be treated as non-winnings.⁹ Any cheque issued from a PGF must clearly identify the money as a "Return of Funds – Not Gaming Winnings" which ensures that the funds cannot be falsely claimed to have originated from gaming winnings.

Goals and Objectives

BCLC's AML mission statement is to "create an efficient best in class AML program that will meet federal compliance regulations pertaining to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act of Canada in order to solidify the integrity of the gaming industry in British Columbia." Part of the strategy to support this mission is to develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions and instruments, while exploring new ways to promote existing and new cash alternatives. By doing so, BCLC will decrease the large influx of cash coming from and going into casinos, thereby decreasing the risk of money laundering and the potential for patrons to play with proceeds of crime.

The financial cost of implementing this change is minimal and return on investment is not the intent of this initiative. Instead it is for increased public safety and to offer cash alternatives to mitigate money laundering risks. It is also consistent with good AML practices. For example, if a patron walks away with a convenience cheque, they can come back to the casino and return the cheque for continued play. This mitigates new cash coming into the facilities, thereby further mitigating money laundering risks.

This aligns with BCLC's core values of conducting gaming in B.C. with Integrity and Social Responsibility and also with the direction provided by the General Manager of GPEB, John Mazure, in his letter dated August 7, 2015 to BCLC requesting BCLC increase its efforts to develop and promote the use of cash alternatives:

"Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new

⁸ This amount is determined by all the people who walked away without accepting a convenience cheque because their disbursement exceeded \$10,000. These VVIPs are reluctant to get a convenience cheque as partial payment because it makes little sense to receive a cheque for \$10,000 and still walk away with \$190,000 in cash as an example.

⁹ This applies even if the PGF account has verified winnings deposited.

ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation."

Overall, BCLC anticipates delimiting convenience cheques will increase player safety, decrease LCT reporting, and provide more accurate data regarding cash buy-ins reported to FINTRAC.

Description of Proposed Initiatives

BCLC would like to allow all players to receive the full amount of cash outs via convenience cheque, without a weekly cheque issuance limit. To ensure that it is clear that the cheque does not represent game winnings, convenience cheques are prominently stamped "Return of Funds – Not Gaming Winnings".

The initiative to delimit the convenience cheque has been collaboratively worked on with BCLC's entire network of casino SPs. They support the strategy of offering cash alternatives and are in full favour of implementing the changes. Their only comments have been enquiries around when these initiatives will come to fruition.

Convenience cheques are already implemented with a threshold of \$10,000. To delimit the amount, there is no change to process but it will require change to existing policy (Appendix C). BCLC would also educate the financial institutions via conferences, email and one-on-one conversations about the change to convenience cheques¹⁰.

BCLC will continue to promote cash alternatives as preferred options for gambling. In April 2015, BCLC introduced education sessions around cash alternatives conducted by the SP staff with players who predominately utilized large values of cash. There are also marketing initiatives being developed to incentivize players to use cash alternatives (see example of marketing initiative in Appendix D), and increased advertising at casinos regarding the cashless alternatives offered.

Risk Analysis and Mitigation

Risk:

- It may attract players who wish to refine their cash and receive a cheque in the hopes this will legitimize it.

Mitigation Strategy:

- **Cheque Production** - BCLC internal procedures do not change when it comes to identifying suspicious behaviour on site which includes refining practices. By issuing a cheque clearly marked NOT GAMING WINNINGS, the recipient is forced to either play

¹⁰ Financial institutions as part of the IAFCI (International Association of Financial Crimes Investigators) have been informed as part of our regular monthly meetings.

on it again or deposit it into a financial institution which removes any anonymity. SP also:

- o Establishes the identity of the cheque recipient by verifying acceptable photo identification;
 - o Documents the full name, date of birth and cheque amount in an Incident Report¹¹;
 - o Ensures the customer is not currently voluntarily self-excluded;
- **Reducing Churn** - Presently, a customer can walk out of a casino with a large sum of cash and neither BCLC nor any investigative agency have any insight into its next destination, or if it is the same cash returning to the same casino or other casinos. When a Return of Funds cheque is disbursed to a player, the cheque displays the name of both the issuing institution and the patron and is therefore traceable if required for subsequent investigation, including by other government agencies (i.e. Revenue Canada). This not only enhances the audit trail and reporting capabilities for FINTRAC, it also allows BCLC and SPs far better visibility into disbursements to specific individuals, which are auditable and traceable from the casino to the financial institution or to another casino.
- **Financial Institutions** – Financial institutions have their own processes to mitigate money laundering and, depending on the client, do what they deem appropriate for customer due diligence. For example, if a client is bringing in convenience cheques on a regular basis, depending on their familiarity with the client, the teller would likely log them as unusual transactions. From an investigative standpoint, not only will an audit trail be formed on the casino side, but also at the financial institution. BCLC has discussed delimiting convenience cheques on multiple occasions with representatives from B.C. banks and credit unions through workshops, conferences and seminars. No concerns have been raised by these institutions, many of whom are already familiar with these cheques.

It is also important to note that banks are regulated in Canada and are subject to FINTRAC reporting requirements and audits.
- **AML Strategy** - BCLC currently has a progressive AML program. BCLC has a comprehensive Customer Due Diligence (CDD) program, as required by the PCMLTFA¹². BCLC takes a risk based approach to verify a casino patron's occupation and / or source of wealth through open source intelligence and other databases. In addition to this, court records from a variety of jurisdictions also supply BCLC with reliable information relating to a patron's criminal history. Over 400 global intelligence lists are currently utilized by the BCLC AML unit to ensure VVIPs are not "undesirable" clients.
- BCLC and its SPs will continue to employ effective standards and appropriate AML strategies including but not limited to the following:

¹¹ A report detailing information relevant to an exceptional occurrence entered into our ITRAK system - each issuance of a convenience cheque is recorded in ITRAK.

¹² Proceeds of Crime Money Laundering and Terrorist Financing Act of Canada

- Mandatory AML training for all staff delivering gaming services;
- Differentiating verified wins from funds not known to be from winnings;
- Prohibiting customers from exchanging bills for cheques without game play;
- Restricting the movement of gaming chips between players and gaming facilities;
- Reporting large cash buy-ins, disbursements, and suspicious transactions to FINTRAC.

- BCLC also has an Information Sharing Agreement (ISA) with the RCMP to assist BCLC in proactively identifying and prohibiting any persons who present a risk to the safety and integrity of casinos in B.C. and who may frequent casinos. This includes persons known to have been involved in activities relating to the proceeds of crime, as well as those with known gang affiliations.

Risk:

- Lack of uptake and acceptance by patrons who prefer cash for cultural and/or superstitious reasons, or because they are visiting B.C. and do not have access to a bank account or a money remitter.

Mitigation Strategy:

- BCLC and SPs will continue to advertise and educate both staff and patrons about cash alternatives such as convenience cheques. Convenience cheques will likely never completely replace cash, as cash is still the most convenient payment for slot and table play in the casinos. BCLC is simply ensuring there are sufficient viable alternatives to large amounts of cash entering and leaving casinos. As noted earlier when cash leaves the facility it becomes anonymous, therefore when cash comes into the casino it is primarily regarded as un-sourced cash.¹³
- BCLC will direct efforts to increase convenience cheque usage by high value VVIP who play with large amounts of cash. It is recognized that there are cultural considerations and it will take time to change player preference to accept other options besides cash. However, BCLC believes with the right marketing/advertising and player education, this will be more widely adopted.¹⁴

Other:

On June 4, 2015, an AML Summit meeting was jointly hosted by BCLC and GPEB. Included among the attendees were representatives from RCMP, CBSA, CRA, FINTRAC, GPEB, Police Services and the Ministry of Finance, as well as representatives from the financial sector. Participant list can be found in Appendix F.

The aim of the summit was primarily a discussion workshop as part of the final phase of the B.C. Government's AML Strategy from 2011. As a result of the workshop, a concept paper was drafted looking at enhanced measures around AML including recommendations around several

¹³ Also referred to as unknown source of funds.

¹⁴ There have been no marketing initiatives to show the success of migrating players to convenience cheques as of yet. Currently, it has only been word of mouth to educate players. However, Appendix D shows a sample marketing plan for cashless play.

cash alternative measures proposed by BCLC, namely offering credit to VVIP players and delimiting the convenience cheque.

The Western Canada Regional Manager for FINTRAC, was amongst those who agreed that delimiting the convenience cheque was an excellent proposal. His only comment at that time was that BCLC should discuss this change with the financial institutions so that they were aware of the pending new process.

FINTRAC has subsequently reviewed a high level summary of the proposal and provided some comments as attached (Appendix H). A number of the comments have been addressed within this document which provides a more detailed review of the proposal than what was presented to FINTRAC. Other comments have been specifically addressed below.

As per FINTRAC's request, stats around convenience cheques written, cheques going to the same patrons and high risk patrons can be seen in Appendix I for calendar year 2015 (Jan-Dec). There were 109 cheques written for a total of \$641,799.86 in the year 2015. There were 41 multiple cheques written for 14 of the same customers for a total of \$257,652. From this group, only two patrons were noted on the high risk list¹⁵ with two cheque issuances each.

Some of the risks identified by FINTRAC include:

Risk:

- Cheques maybe endorsed to a third party.

Mitigation Strategy:

- BCLC / SP will not accept third party cheques. If a patron has brought in a cheque that has been endorsed to them, BCLC / SP will not accept it.
- If a patron has endorsed a convenience cheque to a third party and it has gone to the bank, the banks will conduct their own CDD processes on patron activity and will file STR's based on their policies. It is important to note that this is an improvement over transferring cash, as we now have a paper trail of the third-party endorsement and to whom the payment is actually going. By providing a cheque, BCLC / SP is creating a paper trail which may be used in any future investigation.

Risk:

- Since all cheques go through cheque processing services, no one at a financial institution would ever see the notation printed at the bottom of the cheque indicating it was not a verified win.

Mitigation Strategy:

¹⁵ The high risk list includes patrons that have had 2 or more STR's in the last 5 year period, or anyone that is a politically exposed person. It can also be any patron that BCLC has flagged by virtue of suspicious activity or BCLC feels is a risk to the Corporation and/or Government.

- In previous meetings with the International Association of Financial Crimes Investigators (IAFCI),¹⁶ BCLC was advised by banking industry staff that they do review the cheque to determine if it was a verified win or return of funds. The financial institutions also review transactional history for unusual activity with patron accounts and file their own STRs if they deem activity suspicious. There are two checkpoints where cheques are being monitored: the first by BCLC tracking the number of cheques and the amounts being written to individuals, and the second by banks monitoring the account activity with the number of cheques coming in to specific individuals.

Risk:

- Patrons will continuously visit gaming facilities with cash to convert to cheques.

Mitigation Strategy:

- For the time period of August 2015 – January 2016 at River Rock Casino, there were 24 cheques provided and only three cheques redeemed at the site. BCLC has alerts in place to monitor every time a cheque is issued. The BCLC AML team monitors frequency and volume of cheques being issued and will file STR's based on suspicious activity and also place conditions on patrons if necessary.
- Anytime a patron comes in with large cash buy-ins, BCLC will look at past play to determine if the patron had a recent win, which would include the issuance of cheques. If the patron is returning with \$20 bills, this would indicate unusual behaviour and a report would be sent to FINTRAC and GPEB.

Returning non-winning gaming funds by way of cheque is not new in Canada. Casinos in Ontario currently provide unlimited dollar amount cheques back to players. Their cheques are not differentiated between winnings and non-winnings (i.e. not marked 'RETURN OF FUNDS'). FINTRAC, the Ontario Provincial Police (OPP), the provincial gaming regulator and the Alcohol and Gaming Commission of Ontario (AGCO) have not found fault with this process. BCLC did request information from other Canadian jurisdictions with respect to cheque issuance, and were told that they would not share information of this nature.

Cost / Benefits Analysis

Having unlimited convenience cheques provides increased public safety, as it enhances the security for patrons who do not wish to exit a gaming facility with large quantities of cash. Other benefits include a reduction in volume of LCTs and STRs, which in turn will improve the quality of data submitted to FINTRAC. Current policy allows SP discretion to accept cheques issued by any Canadian casino or community gaming centre. By increasing the limit of the convenience cheque, it may decrease the amount of cash returning to the facility, which in turn may decrease

¹⁶ A non-profit international organization, which provides services and an environment within which information about financial fraud, fraud investigation and fraud prevention methods can be collected, exchanged and taught for the common good of the financial payment industry and global society.

the amount of STRs and LCT reports by eliminating the “churn” of over reporting on the same cash.¹⁷

For example, if a patron buys-in for \$50,000 cash, a LCT and potentially a STR is reported to FINTRAC. The patron plays and through a series of bets that he wins and loses ends up being back at \$50,000. The player is paid out in cash as it is currently the only avenue; it is not considered a verified win as the “buy-in vs. winnings” does not apply. A disbursement for \$50,000 is then reported to FINTRAC.

The next day, the patron buys in with the same \$50,000 and another LCT and potentially a STR is reported to FINTRAC. This pattern is repeated multiple times, (i.e. 5) over a period of a week, which is very common with players particularly high limit gamblers. The player finally loses all their money on their fifth occurrence.

The patron will therefore over a period of 7 days, have \$250,000 in cash buy-ins reported and \$200,000 in disbursements, when in fact, it was only ever \$50,000 put at risk. This gives FINTRAC, and potentially CRA) a false representation of the total actual value of the transactions conducted by this individual.

It is extremely onerous on BCLC or the SP to go back through casino transaction history to confirm the above example. It should also be noted that the player may have gone to multiple casinos in this timeframe and it is virtually impossible to track where the source of funds were originally from. The player can be asked, but if some winnings were from a casino and some were not, it would be very challenging to track and verify the cash was the actual disbursement.

Providing the player with a “RETURN OF FUNDS” cheque would be the obvious alternative to amend this situation. There would be no ambiguity around the source of funds. In the same scenario above, if the player returned each day with the cheque, only the original \$50,000 cash deposit would ever be reported to FINTRAC as origin of the cheque buy-ins would be known and are not reported to FINTRAC (Appendix E outlines FINTRAC requirements for reporting).

This approach would also be valuable for the BCLC AML department. For example, if a player is paid out by a “RETURN OF FUNDS” cheque, and then the player returns the next day with un-sourced cash, it immediately raises suspicion around the transaction and source of funds. De-limiting the convenience cheques would provide better audit/paper trails as convenience cheques are documented and tracked.

BCLC’s current practices include the creation of system alerts every time a convenience cheque is issued. This ensures the compliance around the cheque issuance process is monitored. These alerts are tracked by the BCLC AML Analyst and then reviewed to see if a patron has received several cheques in a short time frame, indicating potential refining.¹⁸

Another benefit for convenience cheques is being able to cash them at any SP site, providing a clear auditable paper trail as previously noted. A patron who has received a cheque may cash it at the same facility or at another facility. Cheques from another site are verified by telephoning the issuing site and ensuring all the information on the presented cheque is correct including:

¹⁷ Position is supported by FINTRAC as per a meeting dated December 23, 2015 between Murray Dugger (Regional Director, Western Region - FINTRAC), Robby Judge (Regional Compliance Manager - FINTRAC), Ross Alderson (Director of AML - BCLC) and Rob Kroeker (Vice President Corporate Security & Compliance)

¹⁸ Changing of an amount of money from smaller denomination bills into larger ones or from one form into another.

- Cheque number;
- Date of issuance;
- Patron name;
- Dollar value;
- Signatory;
- Acceptable ID particulars of patron shown at time of cheque issuance.

This ensures that cross checks between sites is happening, and very little opportunity to produce counterfeit cheques.


Measures of Success

- The reduction in STRs and LCTs.
- Increase in the usage of convenience cheques. It is an underutilized cash alternative due to limitations imposed by the \$10,000 threshold. Currently, BCLC is averaging 10 cheques a month, average amount is \$10,000. In the last 8 month period, \$511,938 was issued in convenience cheques. These figures are low because the current limit is impractical specifically for high limit and regular (more than twice weekly) players. Because VVIP players are playing with large amounts of money (i.e. \$150,000 and above), convenience cheques with a \$10,000 limit are of little interest. Players see little use in a partial cheque cash-out and opt for all cash instead of waiting for the cash cage to produce a cheque. An increased usage is anticipated by high value players if cheque delimits occurred.
- Although it is difficult to forecast uptake on delimited convenience cheques, since inception of this product and limit changes, usage has shown a progressive positive trend year over year. Appendix F shows the growth of debit at the cage. BCLC anticipates that by delimiting the amount and frequency of the cheques, the same positive trend will continue.

Recommendation

Recommend delimiting the convenience cheque to an unlimited amount and remove the limitation of issuing one cheque per patron per week.

Appendix A



GATEWAY
GATEWAY CASINOS & ENTERTAINMENT LIMITED
4321 ABC STREET
BURNABY BC V5C 1C7
Tel: (604) 412-0166 Fax: (604) 412-0117

CHEQUE NO. 30010

DATE 12232015
MMDDYYYY

PAY Zero Dollars And 01 Cent

TO
The
Order
Of

TEST (NON VERIFIED WIN - (CONVENIENCE CHEQUE))
4321 ABC STREET
BURNABY BC
V5H4T4

"RETURN OF FUNDS - NOT GAMING WINNINGS"

PER _____

⑆000300105⑆ ⑆00040001⑆ 1593420⑆

⑆000201699⑆ ⑆00040001⑆ 1593420⑆



GATEWAY
GATEWAY CASINOS & ENTERTAINMENT LIMITED
4321 DOWNSIDE STREET
BURNABY BC V5C 1C7
Tel: (604) 412-0166 Fax: (604) 412-0117

CHEQUE NO. 20169

DATE 12232015
MMDDYYYY

PAY Zero Dollars And 01 Cent

TO
The
Order
Of

TEST (VERIFIED WIN)
4321 ABC STREET
BURNABY BC
V5H4T4

ON FILE - VERIFIED WIN AT MACH007 ASL1-2-3

PER _____

⑆000201699⑆ ⑆00040001⑆ 1593420⑆

⑆000201699⑆ ⑆00040001⑆ 1593420⑆

Appendix B

GPEB EMAIL

From: McCrea, Bill J FIN:EX [mailto:Personal information]
Sent: Tuesday, February 04, 2014 10:01 AM
To: Brad Desmarais
Subject: RE: Cash Alternatives Reporting

Thanks Brad,

I appreciate being able to provide these reports to our AML team. Going forward would you please send this to me when it is completed by Cathy.

We have seen good increases, from last year's Q3, in the use of the cash alternatives. This is especially the case in use of debit at cage and the PGF activity. I know you would prefer the ability to write cheques to customers for all amounts, but we have agreed that customer convenience cheques can be written up to \$10,000. Please let me know if you put this in place.

Lastly, I had written you earlier asking for the final versions of the Policies and Procedures for U.S. banking. Would you please send these when you are able. Thanks.

Bill

Bill McCrea BES MBA FCIP

Personal information
[Redacted signature block]

Province of British Columbia

Gaming Policy and Enforcement Branch

Location: 3rd Floor 910 Government Street V8W 1X3

Mailing: PO Box 9311 Stn Prov Govt Victoria BC V8W 9N1

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

Appendix C

Section: 3-9.4 Cage - Service Provider Cheques

1 GENERAL

- 1.1 Service Provider cheques shall have a duplicate copy.
 - 1.1.1 Duplicate carbon copy cheques may be used or the cheques may be photocopied.
 - 1.1.2 One copy of all Service Provider cheques shall be kept in a file at the Cash Cage for review by the BCLC Gaming Compliance Officer (GCO).
 - 1.1.2.a The GCO shall remove the file to the BCLC on-site office for review after which the GCO shall destroy the cheque copies by secure shredding.
- 1.2 Cheques shall be issued in numbered sequence.
- 1.3 The Service Provider is responsible for providing and updating the authorized signature list as required.
- 1.4 The Service Provider shall check the CRS Subject Module to ensure the patron is not currently voluntarily self-excluded or prohibited prior to issuance of a cheque.
 - 1.4.1 If the patron is determined to be voluntarily self-excluded or prohibited, see General – Gaming Integrity – Postpone or Delay Jackpot and General – Cash Assets – Ineligible Wins; or
 - 1.4.1.a In the case of 'Return of Funds – not Gaming Winnings cheques' - the cheque shall not be issued, and Security shall be contacted to escort the individual off the premises.
- 1.5 Requested cheques must be made available immediately, except as noted below:
 - 1.5.1 Payouts for 'verified wins' in excess of \$2,000.00 or more: the Service Provider shall issue a winner's cheque upon request by verified winners.
 - 1.5.2 Requests for winner's cheques for 'verified wins' less than \$2,000.00 shall be left to the discretion of the Service Providers, upon request by verified winners.
- 1.6 If a cheque is issued for an amount of \$10,000.00 or more the Service Provider must ensure a Casino Disbursement Report FINTRAC Entry is completed.
 - 1.6.1 A copy of the cheque and back-up documentation shall be kept in the file in the Cash Cage for review by the BCLC Gaming Compliance Officer.
- 1.7 Requests received from patrons for replacement cheques (to cover lost, stolen, damaged, stale dated cheques) shall be made in writing to the Casino/CGC Manager.
- 1.8 If a replacement cheque is issued, the Casino/CGC Manager shall complete an Incident Report in CRS.

[Subsection 1 amended 01/05/2015]

2 'WINNER'S' CHEQUES

- 2.1 Upon request, the Service Provider shall provide winner's cheques for 'verified wins' only to winners showing acceptable identification. See General – Customer Service Standards and Expectations.
- 2.1.1 A slot machine cancelled credit (CC) is not a slot jackpot.
- 2.1.2 A slot machine ticket or an accumulation of a number of slot machine tickets does not, in themselves, constitute a 'verified win.'
- 2.1.3 A prize won as a result of a Service Provider or BCLC marketing promotion is considered a 'verified win' for cheque issuance purposes.
- 2.1.4 Except for table game jackpot payouts, a table game 'verified win' is defined as the cash out minus the buy in.
- 2.1.5 A prize won as a result of a Bingo game is considered a 'verified win'.
- 2.2 If the Service Provider cannot verify the win, a 'verified win' winner's cheque shall not be issued.
- 2.3 To control any attempts to launder money through the casinos, when issuing any Service Provider winner's cheque, the Service Provider shall ensure the following are documented on both the cheque stub and, if the Large Cash Transaction Report (LCTR) or Large Casino Disbursement Report (LCDR) is applicable (any transaction \$10,000 or more), in the 'notes' area of the electronic FINTRAC Module in CRS once the daily totals are \$10,000.00 or more:
- 2.3.1 The table number and/or slot machine number and the GMS jackpot transaction slip number of the verified win and/or the name of the marketing promotion; and
- 2.3.2 The name and GPEB number of the casino employee that verifies the win.
- 2.3.3 A photocopy of the table tracking card or the slot machine/electronic gaming device jackpot printout from the slot management system or the marketing promotion transaction slip from GMS shall be attached to the cheque stub or the photocopy of the cheque as evidence of the verification of the win.

[Amended 09/20/2012, 01/05/2015]

3 'RETURN OF FUNDS – NOT GAMING WINNINGS' CHEQUE

- 3.1 To better protect the safety of customers and to facilitate good customer service, the Service Provider may, at their discretion and upon the request of the patron, issue a cheque that is not for verified wins only under the following conditions.
- 3.2 Convenience Cheques
- 3.2.1 A Service Provider 'Return of Funds – Not Gaming Winnings' Convenience cheque must;
- 3.2.1.a Be distinctly different and distinguishable from the cheques issued for 'verified wins';
- 3.2.1.b Have prominently endorsed on the face the phrase – 'Return of Funds – Not Gaming Winnings';
- 3.2.1.c Be for return of buy-in funds or small unverified wins i.e. wins that are less than the jackpot lock up limits so do not require jackpot verification/hand pay.

[Amended 01/15/2013, 11/04/2014]

- 3.2.2 The Service Provider shall establish the identity of the customer by verifying acceptable photo identification; and shall
- 3.2.2.a Document the full name (Surname and Given name) and date of birth in the Incident Report in CRS;
- 3.2.2.b Ensure the customer is not currently voluntarily self-excluded by checking the CRS Subject Module;
- (1) If patron is found to be voluntarily self-excluded, the convenience cheque shall not be issued, and Security shall be contacted to escort the individual off the premises.
- 3.2.3 The Service Provider shall create an Incident Report in CRS for the issuance of any 'Return of Funds - Not Gaming Winnings' Convenience cheque, and shall:
- 3.2.3.a Set the appropriate drop down menus to:
- (1) Type – Gaming
- (2) Specific – Cage
- (3) Category – Convenience Cheque
- (4) Note in the 'Narrative' field, the Surname and Given name of patron, date of birth and cheque amount (i.e. SMITH, John - \$4,500)
- (5) If patron already has a Subject Profile in CRS, add the profile to the incident report. If the patron does not already have one, a Subject Profile shall be created.
- 3.3 Return of PGF Cheques
- 3.3.1 A Service Provider 'Return of Funds – Not Gaming Winnings' Return of PGF cheque must;
- 3.3.1.a Be distinctly different and distinguishable from the cheques issued for 'verified wins';
- 3.3.1.b Have prominently endorsed on the face the phrase – 'Return of Funds – Not Gaming Winnings';
- 3.3.1.c Be for any amount if it is issued for the return of funds from a PGF account in accordance with the Cage – Patron Gaming Funds Accounts policy.
- 3.3.2 The Service Provider shall establish the identity of the customer by verifying acceptable photo identification; and
- 3.3.2.a Documenting the full name (Surname and Given name) and date of birth in the Incident Report in CRS.
- 3.3.3 The Service Provider shall create an Incident Report in CRS for the issuance of any 'Return of Funds - Not Gaming Winnings' Return of PGF cheque, and shall:
- 3.3.3.a Set the appropriate drop down menus to:
- (1) Type – Gaming

- (2) Specific – Cage
- (3) Category – Return of PGF Cheque
- (4) Note in the 'Narrative' field, the Surname and Given name of patron, date of birth and cheque amount (i.e. SMITH, John - \$4,500)
- (5) If patron already has a Subject Profile in CRS, add the profile to the incident report. If the patron does not already have one, a Subject Profile shall be created.

[Subsection 3 amended 09/20/2012]

4 CASHING OF SERVICE PROVIDER CHEQUES

- 4.1 Service Providers may, at their discretion, accept cheques issued by any Canadian casino or community gaming centre.
- 4.2 A patron who has received a Service Provider cheque may cash it at the same facility or at another facility;
 - 4.2.1 Cheques from another site shall be verified by telephoning the issuing site and ensuring all information on the presented cheque is correct:
 - 4.2.1.a Cheque number;
 - 4.2.1.b Date of issuance;
 - 4.2.1.c Patron name;
 - 4.2.1.d Dollar value;
 - 4.2.1.e Signatory;
 - 4.2.1.f Acceptable identification particulars of patron, shown at time of cheque issuance.
 - 4.2.2 Patron shall be required to produce the same identification for cashing cheque as was produced at issuing casino.
- 4.3 Any other personal cheques, third party cheques, or money orders shall not be accepted or cashed at a facility except as per Cage - Patron Gaming Fund Accounts and Cage - Hold Cheque Option policies.
- 4.4 A Service Provider's cheque shall be redeemed in GMS, using the Buy Forex screen and the Canadian Cheque tenderset;
 - 4.4.1 Comments shall be noted after the patron's name to indicate the issuing site;
 - 4.4.2 Cheques shall be transferred to the vault at end of day for subsequent deposit to bank;
 - 4.4.3 Redeemed cheques are ineligible for buy back by patron after redemption.

[Amended 09/20/2012]

5 RECORD-KEEPING AND RECONCILIATION

- 5.1 Cheques that have been redeemed or voided shall be stamped in an obvious manner to indicate such.
- 5.2 Redeemed cheques shall be included in the bank deposit.

Appendix D

Sample Marketing Initiative for Cashless Play:

Business Goals

- Stop market share loss YOY to at least maintain YOY market share for last 2 weeks of the month. (not YTD - just for these two weeks)
- Grow Theo Win of all participating Privé Members by 5% vs prior 4 weeks
- Achieve promotional cost of sale of at most 30% after split

Offer: (Entice players to come in with a bank draft and open PGF accounts; cashless targeted promotion)

- One time offer. 2 week promotion period, pending approval with following caps:
 - 100K PGF Account or not: \$5,000 for VVIP
 - Existing VVIPs with no PGF + Bank Draft: \$1,000,
 - Existing PGF accounts get \$500.

Rules:

- Must be escorted to cage by VIP GR team member (formerly known as Player Relations)
- Must play, if not we will not offer next visit – this will be managed subtly by the VIP GR team.
- Must be enrolled in Privé program
- Players tracked in salesforce to adequately track ROI, who's received what etc.

Target / Eligible Privé members

- Top 50 VVIP last 365 win/loss
- Top 50 VIP last 365 win /loss (also if we have any VIP who we know are "VIP big" but because we have tracking issues aren't on the top 50 list these will also be targeted)
- On a reactive basis - if any Privé member requests same promo (aka complains), then the VIP GR team member will manage and escort and approve cage to get issue bonus.

Appendix E

FINTRAC Reporting Guidelines

Large Cash Transaction:

- If you receive an amount of \$10,000 or more in cash in the course of a single transaction.
- If you receive two or more cash amounts of less than \$10,000 each that total \$10,000 or more within 24 consecutive hours of each other.
- Applies to purchase of chips, tokens, plaques, deposits to accounts, payment on markers and bets of currency.
- BCLC as the reporting entity must send all large cash transaction reports to FINTRAC for all SPs through batch filings within 15 calendar days after the transaction.

Casino Disbursements:

- If you make a disbursement, in an amount of \$10,000 or more, in the course of a single transaction.
- If you make two or more disbursements of less than \$10,000, that total \$10,000 or more within 24 consecutive hours of each other.
- Applies to redemptions of slot tickets, chips, tokens or plaques; front cash withdrawals; payments on bets, including slot jackpots; cashing of cheques or other negotiable instruments; comps in the form of reimbursements to clients of travel and entertainment expenses.
- BCLC as the reporting entity must send all casino disbursement reports to FINTRAC for all Service Providers through batch filings within 15 calendar days after the transaction.

Suspicious Transactions:

- Are financial transactions where there are reasonable grounds to suspect that they are related to:
 - The commission of a money laundering offence or attempted commission of a money laundering offence;
 - A terrorist activity financing offence or attempted commission of a terrorist activity financing offence.
- Must be reported to FINTRAC within 30 days of the transaction or when reasonable grounds were established.

Electronic Funds Transfers (EFT) & Foreign Exchange (FOREX):

- EFT's of \$1000 or more require customer identification.
- EFT's of \$10,000 or more must be reported to FINTRAC.
- A record must be kept for all FOREX transactions
- FOREX transactions of \$3000 or more require customer identification.

Terrorist Financing/Property:

- Terrorist financing provides funds for terrorist activity;
- May involve funds raised from legitimate sources, such as personal donations and profits from businesses and charitable organizations; may also involve funds from criminal sources, such as the drug trade, the smuggling of weapons and other goods, fraud, kidnapping and extortion.
- The Criminal Code prohibits all persons from dealing directly or indirectly with the property of a "terrorist group" or "listed person".
- Listed persons and/or terrorist organizations are published on a list maintained by the Office of the Superintendent of Financial Institutions.
- A listed person includes an individual, a corporation, a trust, a partnership or fund or an unincorporated association or an organization.
- List must be checked prior to opening an account.
- Should BCLC or its service providers become aware of, or come into possession or control of terrorist property, the service provider must immediately stop the transaction and secure the property (i.e. any type of real or personal property in possession or control such as cash, cheques, bank drafts and travellers cheques)
- A report must be made immediately, BCLC notified and the report submitted to RCMP or CSIS without delay in the prescribed paper form.

Appendix F

Participants from the June 4, 2015 AML Summit:

Participants

Len Meilleur	Executive Director, Compliance Division, GPEB
David Pyatt	Community Supports, GPEB
Michele Jaggi-Smith	Director, Strategic Policy and Projects Division, GPEB
Brad Desmarais	VP Corporate Security and Compliance, BCLC
Ross Alderson	Director, AML and Operational Analysis, BCLC
Kevin Sweeney	Director, Compliance & Investigations, BCLC
Murray Dugger	FINTRAC
Kevin Hackett	Chief Supt., Combined Forces Special Enforcement Unit
Calvin Chrustie	Investigator, Criminal Operations Federal Policing
Wayne Rideout	Assistant Commissioner, RCMP
Dennis Erickson	Division Intelligence Officer RCMP
Pierre McConnell	TD Bank
Peter McLellan	Western Union
Bernie Beck	Ascendant FX
Rob Kroeker	Great Canadian Gaming Corporation
Glen Atchison	Gateway Casinos and Entertainment Limited
Ros Smith	Edgewater Casino
Krista Ober	Canada Border Services Agency
Caroline Darts	Criminal Investigations Division, Canada Revenue Agency
Phil Tawtel	Civil Forfeiture Office, Ministry of Justice BC
Tom Steenvoorden	Police Services Division, Ministry of Justice BC
Luke Clark	Director, Centre for Gambling Research at UBC

Observer

Lee Bergeman	Criminal Operations Federal Policing
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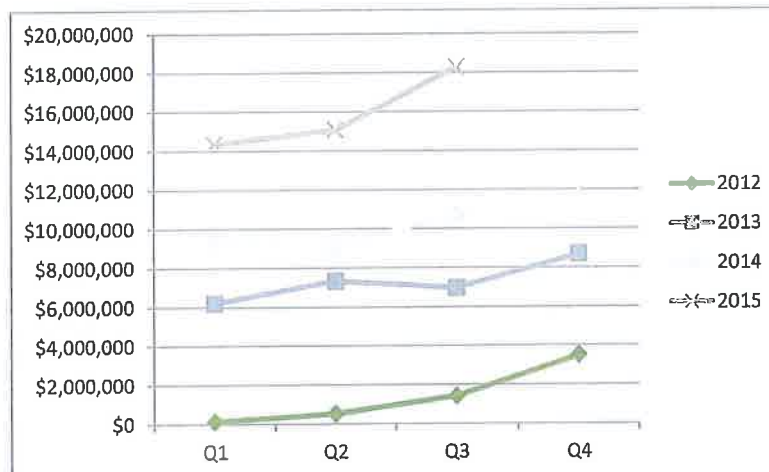
Facilitation

Kim Thorau	Perrin, Thorau and Associates Ltd.
Rachel DeMott	Strategic Policy and Projects Division, GPEB
Lisa Burke	Operations Division, GPEB
Greg Tonn	Compliance and Enforcement Sec., Ministry of Justice

Appendix G

Debit at the Cage trend lines from inception to current year:

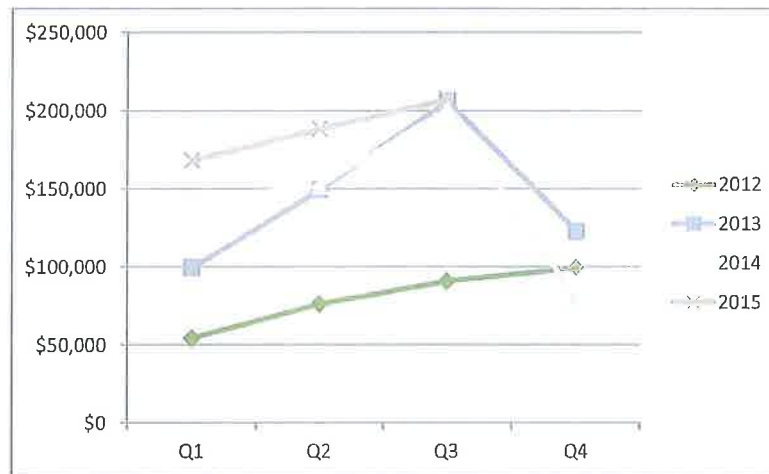
Debit at Cage				
	2012	2013	2014	2015
Q1	\$135,850	\$6,195,971	\$9,453,740	\$14,358,118
Q2	\$531,600	\$7,341,622	\$9,072,646	\$15,088,333
Q3	\$1,413,600	\$6,961,432	\$10,796,198	\$18,283,564
Q4	\$3,503,702	\$8,704,650	\$11,703,689	
Total	\$5,584,752	\$29,203,675	\$41,026,273	\$47,730,015



Note: This was a tool which was a last addition to the cash alternatives. It was not anticipated that it would do this well, but this initiative has shown a significant increase in usage.

Convenience Cheques trend lines from inception to current year:

Convenience Cheques				
	2012	2013	2014	2015
Q1	\$54,173	\$99,347	\$143,301	\$168,094
Q2	\$76,052	\$149,302	\$151,816	\$188,263
Q3	\$90,723	\$206,018	\$201,157	\$207,084
Q4	\$99,359	\$122,781	\$78,271	
Total	\$320,305	\$577,448	\$574,545	\$563,441



Note: At the launch of this initiative, the initial threshold amount was \$5000 and was later increased to \$8000 in January 2013. As of April 2014 the new threshold amount increased to \$10,000. Graphs depict a significant growth once the limits were changed and the trends indicate it's a positive growth.

Appendix H

From: Dugger, Murray (FINTRAC/CANAFE) [mailto:Murray.Dugger@fintrac.gc.ca] [Personal information]
Sent: Wednesday, March 09, 2016 10:38 AM
To: Ross Alderson
Cc: Bal Bamra; Meilleur, Len FIN:EX; Judge, Robby (FINTRAC/CANAFE)
Subject: RE: BCLC Casino proposals

Ross,

Thank you for providing FINTRAC the opportunity to review and comment on your proposals. As you noted, these initiatives were discussed at the AML Summit in June although I do not recall that all parties necessarily agreed with them. Our comments on each initiative are as follows:

Delimiting the Convenience Cheque

When this idea was proposed at the AML Summit, I challenged it, and suggested that before going forward BCLC should quantify the AML risk of the current convenience cheques with limits. Specifically: How many cheques are currently being written? How many are going to the same patrons, and are these patrons high risk? How often are these cheques being endorsed to a third party, how often is it the same third party? Are these third parties other patrons or otherwise "known to police"? At the time, BCLC stated they had not looked at any of these issues – has this happened in the interim? It would be imprudent from our perspective to abandon the limits when you have not look at what AML risk the current environment has.

There was also a representative from the banking industry at the AML Summit who suggested that since all cheques go through cheque processing services, no one at a financial institution would ever actually see the notation printed at the bottom of the cheque indicating it was not a verified win, which diminishes these cheques as an AML measure. Keep in mind that money laundering is the conversion of the illicit funds, therefore if BCLC provides a cheque (regardless of the notation on the cheque) that conversion has occurred. So your assertion that these cheques cannot be used for money laundering is incorrect.

Under *Benefits*, you identify a decrease in the number of LCTRs and STRs by eliminating the "churn". We would have to ask what proportion (number and value) of these cheques are currently being returned to the gaming sites to be cashed, or does the patron who receives these cheques come back with more cash to then convert it to another cheque? You seem to suggest in your last

bullet that this would not be an unusual situation. Moreover, the suggestion this will reduce STRs is always a concern, because the influx of money will still be coming into the casino just in a potentially different format.

International Electronic Fund Transfers

The cornerstone of this initiative seems to be a reliance on the robustness of the "international banking system", specifically they will investigate source of funds and they allow for a better ability to trace source of funds. Canadian institutions are reliant on the information provided by the sending institution and depending on the country of origin and their AML legislation, the quality of that information can vary. There is also no obligation to identify source of funds under the PCMLTFA, so banks would only be doing this if their internal policies dictate. Finally, the bank may believe the transfer is very suspicious and will file an STR themselves but would never share this information with BCLC, so the fact that BCLC receives an international transfer through a bank in no way alleviates or diminishes whether or not it is proceeds of crime. Consequently, the assertion that STRs would decrease is a concern because the influx of money will still be coming into the casino just in a potentially different format and possibly introducing new risks.

As BCLC is an important partner in the Canada's AML regime, we appreciate the opportunity to provide comment and highlight risk areas that should be considered. We can discuss these issue further at our forthcoming meeting.

Regards,

Murray Dugger

Regional Director, Western Regional Office | Directeur régional, Bureau régional de l'Ouest

Regional Operations and Compliance Sector | Secteur des Opérations régionales et conformité

[REDACTED] [REDACTED] [REDACTED] (Personal information)

[REDACTED] [REDACTED] [REDACTED]

Financial Transactions and Reports Analysis Centre of Canada | Centre d'analyse des opérations et déclarations financières du Canada
1120-1185 West Georgia Street, Vancouver, BC V6E 4E6 | 1120, 1185 rue Georgia ouest, Vancouver, (C.-B.) V6E 4E6

Facsimile | Télécopieur [REDACTED] (Personal information)
Government of Canada | Gouvernement du Canada

Appendix I

Calendar Year 2015

Date Created	Property	Incident Number	SID	Cheque Total
11-Jan-15	River Rock	IN20150002122	170035	\$458.19
21-Jan-15	River Rock	IN20150003800	170564	\$170.00
24-Jan-15	Hard Rock	IN20150004442	115656	\$2,661.00
28-Jan-15	River Rock	IN20150005076	152313	\$2,208.00
8-Feb-15	River Rock	IN20150007068	171568	\$1,345.00
14-Feb-15	Kamloops	IN20150008197	166936	\$5,000.00
16-Feb-15	River Rock	IN20150008665	47726	\$8,000.00
23-Feb-15	Cascades	IN20150010098	10016	\$20,000.00
5-Mar-15	Kelowna	IN20150011938	173064	\$5,000.00
18-Mar-15	River Rock	IN20150014486	59158	\$2,000.00
19-Mar-15	River Rock	IN20150014685	152313	\$1,000.00
21-Mar-15	River Rock	IN20150015155	23373	\$7,525.00
21-Mar-15	Grand Villa	IN20150014981	172158	\$3,000.00
23-Mar-15	Grand Villa	IN20150015373	10886	\$8,000.00
24-Mar-15	River Rock	IN20150015565	84637	\$10,000.00
26-Mar-15	River Rock	IN20150015894	59158	\$2,000.00
1-Apr-15	Edgewater	IN20150017109	65574	\$10,000.00
2-Apr-15	Hastings Park	IN20150017493	41356	\$5,000.00
6-Apr-15	Starlight	IN20150018145	91357	\$1,290.00
7-Apr-15	Edgewater	IN20150018417	65574	\$5,800.00
10-Apr-15	River Rock	IN20150018961	156774	\$8,000.00
11-Apr-15	River Rock	IN20150019015	25455	\$3,633.00
11-Apr-15	Langley	IN20150019103	CUMMING, Robert	\$341.44

11-Apr-15	Edgewater	IN20150019110	GILLIS, Troy	\$6,225.00
12-Apr-15	River Rock	IN20150019364	23910	\$8,000.00
15-Apr-15	River Rock	IN20150019842	84639	\$5,200.00
17-Apr-15	River Rock	IN20150020287	128686	\$4,850.00
18-Apr-15	Edgewater	IN20150020588	16538	\$5,600.00
25-Apr-15	Kelowna	IN20150021720	24768	\$8,025.00
26-Apr-15	River Rock	IN20150021982	25455	\$3,712.00
11-May-15	River Rock	IN20150024861	48832	\$9,520.00
13-May-15	Edgewater	IN20150025175	SATOMURA, Ryuki	\$1,802.35
15-May-15	River Rock	IN20150025561	89961	\$5,000.00
15-May-15	River Rock	IN20150025544	157853	\$79.90
21-May-15	River Rock	IN20150026623	164436	\$9,000.00
22-May-15	Edgewater	IN20150026816	16538	\$5,000.00
31-May-15	Hard Rock	IN20150028465	177605	\$10,000.00
8-Jun-15	River Rock	IN20150029879	164436	\$5,000.00
13-Jun-15	Edgewater	IN20150030714	65574	\$10,000.00
14-Jun-15	Grand Villa	IN20150030950	10886	\$4,000.00
14-Jun-15	Grand Villa	IN20150030955	10886	\$6,000.00
17-Jun-15	Starlight	IN20150031452	45844	\$8,000.00
21-Jun-15	Hard Rock	IN20150032061	85650	\$10,000.00
24-Jun-15	River Rock	IN20150032610	152313	\$1,000.00
28-Jun-15	River Rock	IN20150033319	45644	\$3,007.00
28-Jun-15	Edgewater	IN20150033422	179448	\$5,008.25
1-Jul-15	Hard Rock	IN20150034035	172508	\$1,600.00
1-Jul-15	Langley	IN20150033952	MATYUS, Samantha	\$5,300.00
4-Jul-15	Edgewater	IN20150036000	65574	\$10,000.00
5-Jul-15	Edgewater	IN20150034697	83315	\$10,000.00

6-Jul-15	River Rock	IN20150034962	116844	\$6,000.00
8-Jul-15	River Rock	IN20150035353	50711	\$4,877.50
10-Jul-15	Elements	IN20150035632	100034	\$5,000.00
11-Jul-15	River Rock	IN20150035774	85650	\$6,000.00
12-Jul-15	Edgewater	IN20150036001	65574	\$10,000.00
19-Jul-15	Grand Villa	IN20150037336	10886	\$10,000.00
21-Jul-15	Elements	IN20150037825	70700	\$5,000.00
23-Jul-15	River Rock	IN20150033201	132991	\$7,000.00
29-Jul-15	River Rock	IN20150039575	151629	\$10,000.00
30-Jul-15	Edgewater	IN20150039316	27863	\$5,000.00
6-Aug-15	River Rock	IN20150040912	168107	\$52.00
8-Aug-15	Edgewater	IN20150041426	62863	\$10,000.00
10-Aug-15	Nanaimo	IN20150044457	182479	\$1,000.00
24-Aug-15	River Rock	IN20150044171	141232	\$6,000.00
28-Aug-15	Edgewater	IN20150045025	62863	\$10,000.00
29-Aug-15	River Rock	IN20150044935	182805	\$6,254.63
31-Aug-15	Kelowna	IN20150045571	159046	\$2,061.00
8-Sep-15	Hard Rock	IN20150047034	27271	\$4,000.00
10-Sep-15	Kelowna	IN20150047316	10341	\$9,504.00
13-Sep-15	River Rock	IN20150047852	183731	\$10,000.00
19-Sep-15	River Rock	IN20150048823	183991	\$10,000.00
25-Sep-15	River Rock	IN20150049931	48505	\$10,000.00
26-Sep-15	Hard Rock	IN20150050173	4672	\$10,000.00
28-Sep-15	Edgewater	IN20150050482	QUEENIE, Gomilla	\$2,108.71
29-Sep-15	Elements	IN20150050766	184613	\$1,504.80
2-Oct-15	Elements	IN20150051384	184787	\$1,700.00
14-Oct-15	River Rock	IN20150053576	94765	\$9,000.00

17-Oct-15	Edgewater	IN20150054100	146391	\$10,000.00
18-Oct-15	Langley	IN20150054435	185020	\$5,000.00
22-Oct-15	Starlight	IN20150055093	37613	\$8,000.00
28-Oct-15	Edgewater	IN20150056037	151629	\$10,000.00
30-Oct-15	River Rock	IN20150056526	12478	\$6,245.00
1-Nov-15	River Rock	IN20150057003	186477	\$3,000.00
2-Nov-15	Kelowna	IN20150057065	186512	\$115.00
4-Nov-15	River Rock	IN20150057419	12796	\$5,000.00
6-Nov-15	Penticton	IN20150057852	96500	\$7,013.90
7-Nov-15	River Rock	IN20150058070	20497	\$5,000.00
9-Nov-15	Kelowna	IN20150058331	20466	\$1,801.00
15-Nov-15	River Rock	IN20150059363	12796	\$10,000.00
15-Nov-15	River Rock	IN20150059404	107597	\$9,400.00
16-Nov-15	River Rock	IN20150059613	187257	\$1,109.19
19-Nov-15	River Rock	IN20150059999	61811	\$10,000.00
20-Nov-15	Edgewater	IN20150060264	102992	\$10,000.00
25-Nov-15	River Rock	IN20150061184	67510	\$3,000.00
26-Nov-15	River Rock	IN20150061343	12796	\$5,200.00
27-Nov-15	Starlight	IN20150061650	21358	\$5,000.00
3-Dec-15	River Rock	IN20150062701	94765	\$10,000.00
3-Dec-15	Hard Rock	IN20150062658	283858	\$10,000.00
4-Dec-15	River Rock	IN20150062878	21358	\$5,000.00
5-Dec-15	Starlight	IN201500623108	21358	\$5,000.00
7-Dec-15	River Rock	IN20150063518	152313	\$1,000.00
11-Dec-15	Hard Rock	IN20150064190	55366	\$5,500.00
13-Dec-15	River Rock	IN20150064677	12796	\$5,000.00
17-Dec-15	Edgewater	IN20150065399	74637	\$10,000.00

17-Dec-15	Grand Villa	IN20150065409	156752	\$4,000.00
20-Dec-15	River Rock	IN20150066101	21358	\$7,000.00
20-Dec-15	River Rock	IN20150066120	147618	\$8,000.00
22-Dec-15	River Rock	IN20150066380	31862	\$7,000.00
31-Dec-15	Hard Rock	IN20150068222	55366	\$4,000.00

Total Cheques	109	Total Value	\$641,799.86
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Patrons with Multiple Cheques

SID	Cheque Total	Total \$ Value	HRP	PGF Account
16538	2	\$10,600	No	No
25455	2	\$7,345	No	No
45644	2	\$11,007	No	No
55366	2	\$9,500	No	No
59158	2	\$4,000	No	No
62853	2	\$20,000	No	Yes
85650	2	\$16,000	No	Yes
94765	2	\$19,000	No	No
151629	2	\$20,000	No	No
164436	2	\$14,000	No	No
10886	4	\$28,000	Yes	Yes
12796	4	\$25,200	Yes	Yes
21358	4	\$22,000	No	No
152313	4	\$5,200	No	No
65574	5	\$45,800	No	Yes
Total	41	\$257,652		

Kim Fitzpatrick

From: Anna Fitzgerald
Sent: Thursday, August 27, 2015 5:15 PM
To: Ross Alderson
Subject: FW: Delimiting Convenience Cheques
Attachments: Convenience Cheques - Final Draft.doc

Follow Up Flag: Follow up
Flag Status: Flagged

Thank you Ross,

From: Ross Alderson [mailto:[Personal information](#)]
Sent: Thursday, August 27, 2015 4:58 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: Fitzgerald, Anna FIN:EX; Vear, Maureen FIN:EX
Subject: Delimiting Convenience Cheques

Hi Michele,

Please find attached BCLC's decision document regarding changes to the current convenience cheque policy. The changes are proposed to be implemented by BCLC by the end of September, 2015.

As you may know this particular topic of convenience cheques was included on a document provided to GPEB in February 2015, along with a proposal for offering credit to VVIP players.

Both proposals were agreed to in principle, at the June 4th AML summit and you may recall we discussed at the recent BCLC/GPEB meeting in Victoria on July 23rd.

This proposal supports John Mazure's letter on August 7th to BCLC as below:

"2. Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation."

I have approved the policy change and we will move forward with the project. I wanted to share it with you at this point in case for any additional comment from GPEB's perspective before we put it into policy.

Offering credit to VVIP customers which we are working on currently will contain a far more detailed plan as it will have to consider customer base, risk levels, financial liabilities, RG implications etc

As always I am more than happy to discuss it further.

Many thanks

Regards

Ross

Personal information

From: Ross Alderson
Sent: Thursday, October 22, 2015 4:33 PM
To: Michele Jaggismith
Subject: Convenience cheques

Hi Michele,

Hope you are enjoying your new role. Among everything going on right now in the world of AML and cash alternatives I was hoping you may know where we currently stand with the convenience cheque proposal? Last communication I had with Len was this now sat with policy.

I know Jim Lightbody provided a letter detailing our AML initiatives and commitments and that John Mazure asked for more detail around credit, (which we are close to completing), however the status on the convenience cheque proposal is a little unclear. As it involves a fairly simple policy change from our end, should it be approved by GPEB of course, it is something we are keen to implement.

Appreciate any feedback you may have on the topic.

Many thanks

Regards

Ross

Sent from my BlackBerry 10 smartphone on the TELUS network.

Kim Fitzpatrick

From: Rob Kroeker
Sent: Friday, November 13, 2015 11:20 AM
To: Meilleur, Len FIN:EX; Jaggi-Smith, Michele FIN:EX [Personal information]
Cc: Ross Alderson; Kevin Sweeney; Nicole Wu
Subject: Cash Alternative Proposals - Additional Information
Attachments: 04 23 2015 Cash Alternatives in BC Casinos.pdf; 08 27 2015 Convenience Cheques - Penultimate Draft.pdf; 10 23 2015 International Transfers_Penultimate.pdf; 10 21 2015 Credit_Penultimate.pdf

Hello Len and Michelle

Please find attached documents setting out further detail in relation to BCLC's cash alternative initiatives related to PGF account overdraft (credit) and de-limiting convenience cheques. This information is in addition to that provided in April of this year (I have attached a copy of that document as well for reference). I have also attached a document outlining a further initiative related to international electronic funds transfers. This document is new but the concept has been discussed fairly extensively in other forums including the summit held in June of this year.

If we are to move forward, the next steps will involve development of the full program business mechanics for each item which will involve a considerable investment of time and resources. It would make little sense to move to that stage absent knowledge of GPEB's position. We are hoping this information will be of assistance to you.

There has been considerable e-mail and correspondence traffic on these initiatives and related AML matters over the last seven months. In the interests of getting to a decision point, I would like to suggest that once you have had a chance to review this most recent documentation, rather than a further exchange of correspondence, that we then set up a meeting in the next few weeks to discuss, in person, any remaining questions or concerns GPEB may have. In this way we are hoping to be of assistance in arriving at a decision so that we can then focus our resources and efforts accordingly.

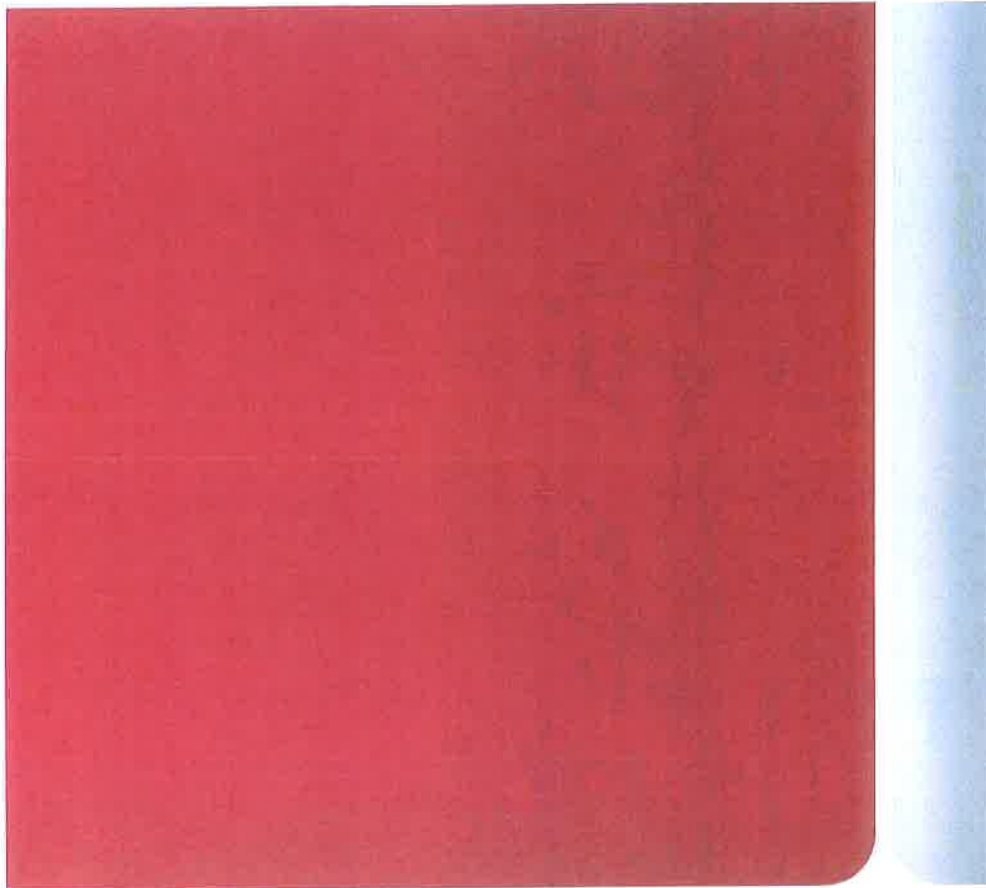
Regards,

Robert Kroeker BA, LL.B, MPA
Vice President | Corporate Security & Compliance
British Columbia Lottery Corporation

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.



BCLC Proposal for Delimiting the Casino Convenience Cheque ^(v5)

Corporate Security & Compliance

February 24, 2016





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20 April 2016

Michele Jaggi- Smith
Executive Director, Strategic Policy and Projects Division
Gaming Policy Enforcement Branch (GPEB)
3rd Floor, 910 Government Street
Victoria, B.C. V8W 1X3



Dear Ms, Jaggi-Smith

Re: Enhancements to Anti Money laundering Regime in BC Gaming Facilities – Cash Alternatives.

I am pleased to submit to you two attached BCLC Policy Documents namely:

1. Delimiting Casino Convenience Cheques
2. Expanding International Electronic Funds Transfers (EFT)

BCLC believe these proposals fulfil the request of the GPEB General Manager in his letter to the CEO of BCLC, dated January 15, 2016, in which he requests more detail be added into the existing cash alternative proposal documents. (Reference: Bullet point # 2)

BCLC therefore would request these proposals be submitted directly to John Mazure, in his capacity as the General Manager of GPEB for his review.

Both Policy Documents are attached as PDF files to this accompanying email.

I would also like to take this opportunity to thank you and your team for your collaboration with BCLC in this process and I very much look forward to receiving GPEB's response to these BCLC Anti-Money laundering initiatives.

Regards

Ross Alderson
Director, AML & Operational Analysis
BCLC

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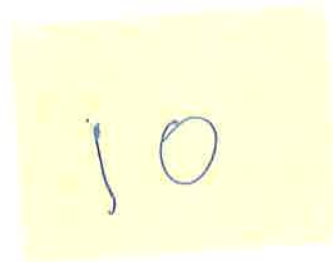


Know your limit, play within it.

July 14, 2016

351679

Jim Lightbody, CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver BC V5M 0A6



Dear Mr. Lightbody,

Re: Cash Alternative Proposals and Source of Funds

This letter is in response to the two policy documents proposing cash alternatives that were submitted to the Gaming Policy and Enforcement Branch (GPEB) on April 20, 2015 by Ross Alderson of the B.C. Lottery Corporation (BCLC).

Thank you for sharing these documents and I appreciate the work BCLC has undertaken in preparing these proposals. While there is no requirement for BCLC to seek GPEB approval of these specific proposals in and of themselves, I appreciate the opportunity to review them and provide comment in the broader context of government's anti-money laundering (AML) efforts. Indeed, BCLC has appropriately characterized both proposals as AML initiatives because they provide alternatives to cash entering or leaving gaming facilities. Fundamental to the success of these initiatives and B.C.'s AML Strategy as a whole, however, is the need to evaluate the source of funds and make a risk-based determination of their legitimacy prior to acceptance.

Due diligence on source of funds resulting from the cash alternatives proposed is important to ensure the AML Strategy is not undermined by providing a means to convert illicit funds. In the case of convenience cheques, the conversion would occur upon provision of a convenience cheque by the service provider. In the case of international BFTs, BCLC would be relying primarily on information provided to Canadian institutions from a foreign bank and ultimately the robustness of that country's banking system, their AML legislation and, specifically, that they will investigate source of funds. The Province has previously provided written direction to BCLC to establish the source of funds prior to accepting cash at gaming facilities:

1. **In the 2016/17 mandate letter to BCLC**, the Minister of Finance directed BCLC to provide a quarterly report on implementation of the government's AML Strategy, including "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."

Ministry of
Finance

Gaming Policy and
Enforcement Branch
Office of the Assistant
Deputy Minister and
General Manager

Mailing Address:
PO BOX 8311 STN PROV GOVT
VICTORIA BC V8W 9N1
Telephone: (250) 387-1301
Facsimile: (250) 387-1818

Location:
Third Floor, 910 Government Street
Victoria, BC
Web: www.gaming.gov.bc.ca


2. **The January 2016 letter from John Mazure, General Manager, GPEB, to Jim Lightbody, CEO and President, BCLC,** included the expectation that “BCLC implement AML best practices with appropriate consideration of evaluating source of wealth and source of funds prior to cash acceptance.”
3. **In the October 2015 letter from the Honourable Michael de Jong, Minister of Finance to Bud Smith, BCLC Board Chair,** BCLC was directed to take the following action in response to the prevalence of large and suspicious cash transactions: “Enhance customer due diligence to mitigate the risk of money laundering in British Columbia gaming facilities through the implementation of AML compliance best practices including processes for evaluating the source of wealth and source of funds prior to cash acceptance.”
4. **The August 2015 letter from John Mazure, General Manager, GPEB, to Jim Lightbody, CEO and President, BCLC,** asked BCLC to pursue specific activities related to enhancing the AML Strategy, including: “Develop and implement additional Customer Due Diligence (CDD) policies and practices constructed around financial industry standards and robust Know Your Customer (KYC) requirements, with a focus on identifying source of wealth and funds as integral components to client risk assessment...”

In providing comments to BCLC on the cash alternative proposals, I understand that FINTRAC also emphasized the need to establish source of funds to ensure the proposed cash alternatives do not introduce additional risks with respect to money laundering.

To ensure the Province is taking the steps necessary to eliminate the proceeds of crime from B.C. gaming facilities and to support the AML Strategy and the integrity of gaming in B.C., BCLC should contemplate not accepting funds where the source of those funds cannot be determined or verified, within a risk-based framework. This approach could include, for example, a source of funds questionnaire and a threshold amount over which BCLC would require service providers to refuse to accept unsourced funds, or a maximum number of instances where unsourced funds would be accepted from a patron before refusal.

I trust that BCLC will continue to work with GPEB to support the AML Strategy and the integrity of gaming in B.C. by evaluating source of funds prior to acceptance at gaming facilities.

Yours sincerely,



John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Finance

August 3, 2016

Gaming Policy & Enforcement Branch
PO BOX 9311 STN PROV GOVT
Victoria BC V8W 9N1

Attention: John Mazure
Assistant Deputy Minister and General Manager

Dear Mr. Mazure:

Re: Anti-Money Laundering Matters – Cash Alternative Proposals

I write in regard to your letter of July 14, 2016, and further to the two proposals we provided to you for approval on April 20, 2016 dealing with new non-cash transaction options at casinos.

At GPEB's request the proposals were submitted for approval however it is now the common understanding as between our respective organizations, based on recently acquired information, that GPEB approval is not required in regard to operational gaming matters such as these. I would like to take this opportunity to thank you for taking the time to review and comment on the proposals notwithstanding.

In your letter you have set out a number of excerpts from earlier correspondence between you and I, and from the Minister to the BCLC Board Chair, reminding us of the expectations of BCLC's anti-money laundering regime. I thank you for those reminders and can assure you that BCLC's obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) are an ever present top priority for BCLC. Furthermore, I can confirm that BCLC remains committed to working with GPEB and FinTRAC to ensure our anti-money laundering program is fully compliant and one of the most robust in the industry. I am very pleased to share that just recently (June 2016) FinTRAC completed a comprehensive audit of BCLC's anti-money laundering program and commented that BCLC was industry leading in its anti-money laundering efforts.

I appreciate your suggestion that BCLC ensure its new proposals are conducted within a risk based anti-money laundering framework, and specifically that on a risk basis source of wealth and source of funds inquiries should form part of that framework. I can confirm that source of wealth and source of funds inquiries are in fact incorporated into the BCLC anti-money laundering program and will apply to the proposals when implemented along with all the other program elements aimed at countering money laundering.

With respect to the proposal on electronic funds transfers, you state that "... BCLC would be relying primarily on information provided to Canadian institutions from a foreign bank and ultimately the robustness of that country's banking system...". I believe some clarification is required here. BCLC will not be relying on the anti-money laundering efforts of foreign banks. BCLC will, however, be relying to some extent on the compliance of Canadian banks with Canadian anti-money laundering laws governing international transfers. Under our proposal, electronic funds transfers must first be accepted by a Canadian bank prior to being transferred into a customer's gaming account. BCLC will also subject transactions to its own anti-



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bclccanada.com

money laundering measures independent of the Canadian bank's assessment. This will ensure that foreign transfers are subjected to two layers of anti-money laundering screening.

Thank you again for taking the time to provide us with your comments and feedback.

Sincerely,



Jim Lightbody
President & CEO

677

Appendix B

GPEB EMAIL

From: McCrea, Bill J FIN:EX (mailto:[REDACTED]@bcl.com) [Personal information]
Sent: Tuesday, February 04, 2014 10:01 AM
To: Brad Dasmarrals
Subject: RE: Cash Alternatives Reporting

Thanks Brad,

I appreciate being able to provide these reports to our AML team. Going forward would you please send this to me when it is completed by Cathy.

We have seen good increases, from last year's Q3, in the use of the cash alternatives. This is especially the case in use of debit at cage and the PGF activity. I know you would prefer the ability to write cheques to customers for all amounts, but we have agreed that customer convenience cheques can be written up to \$10,000. Please let me know if you put this in place.

Lastly, I had written you earlier asking for the final versions of the Policies and Procedures for U.S. banking. Would you please send these when you are able. Thanks.

Bill

Bill McCrea BES MBA FCIP
Executive Director

[REDACTED]

Field Code Changed

Province of British Columbia

Gaming Policy and Enforcement Branch

Location: 3rd Floor 210 Government Street V8W 1X3

Mailing: PO Box 9311 Stn Prov Govt Victoria BC V8W 9N1

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678

Kim Fitzpatrick

From: Bal Bamra
Sent: Wednesday, April 06, 2016 1:51 PM
To: 'Henderson, Jeff FIN:EX'
Cc: Rob Kroeker; Ross Alderson
Subject: RE: International EFTS
Attachments: 04 04 2016 International Electronic Funds Transfers GPEB Version 7.docx; BCLC - 02 26 2016 International EFT Proposal GPEB comments (V6).docx

Hi Jeff,

I added a few more comments and revisions, so please reference these documents as your updated copies.

I was under the impression that we were close to submitting this proposal to the GM, but from Michelle's comments, it seems that there are more questions and concerns around what we are proposing.

We are recommending another face to face meeting to discuss this when you have had a chance to review.

Please let us know at your earliest convenience when we can meet to discuss these documents; Rob, Ross and I will be in attendance.

Thanks very much.

Bal Bamra, B.Com, CAMS

Manager, Cash Alternatives & Special Projects
AML & Operational Analysis Unit
Corporate Security and Compliance Division, BCLC
2840 Virtual Way, Vancouver, BC, V5M 0A8

Personal Information

From: Bal Bamra
Sent: Tuesday, April 05, 2016 9:20 AM
To: Henderson, Jeff FIN:EX
Cc: Bal Bamra
Subject: International EFTS

Hi Jeff,

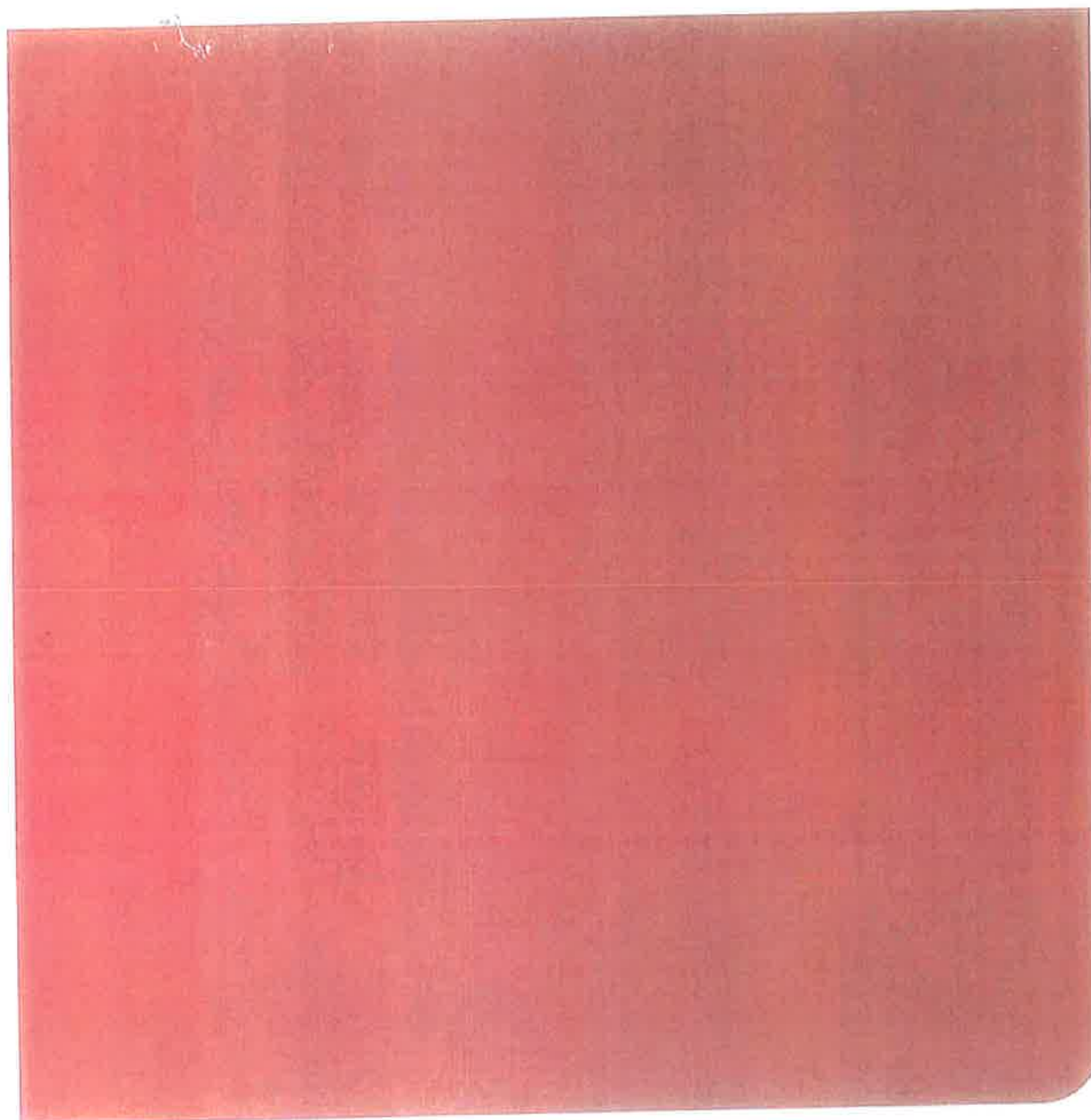
Hope things are well.

I'm still waiting for a piece of information for the Convenience Cheque proposal, but I wanted to send a long to you the EFT proposal. I have attached the comments and the cleaned up version. We may need to review this one together as I'm not sure what Michelle is looking for as what seems basic to me, seems to be interpreted very differently.

Have a read, make some comments, and then lets discuss.

Thanks,

Bal Bamra, B.Com, CAMS



International Electronic Funds Transfers (v9)

Corporate Security & Compliance

April 19, 2016

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Problem Statement

BCLC would like to allow British Columbia (BC) Casinos to accept international transfers to make it more convenient for players from overseas, specifically for the Lower Mainland Asian based high limit players who make up most of the high limit table play. The objective of this document is to seek the General Manager's endorsement of this policy change.

By allowing this type of Electronic Funds Transfer (EFT or Wire Transfer), BCLC is decreasing the amount of cash coming into the facilities which in turn will create a safer environment overall. By allowing international EFTs through financial institutions there is a better ability to trace source of funds and the risk is minimized by leveraging the existing due diligence already conducted by financial institutions in addition to the enhanced due diligence that BCLC also performs.

BCLC believes that international EFT's would enhance the customer experience while disrupting and decreasing the potential for money laundering.

Background

BCLC's mission is "to conduct and manage gambling in a socially responsible manner for the benefit of British Columbians." This mission is embedded in BCLC's core values: Integrity, Social Responsibility, and Respect and directs BCLC in its focus on building public trust. Public trust is achieved by establishing a reputation as a fair and equitable organization, and through solid corporate citizenship. This is critical to the success of the gambling industry in BC.

There are potential risks to public safety inherent in the presence of large sums of cash, including robbery. While relatively infrequent, BCLC is aware of instances in which casino patrons have been followed from a Lower Mainland casino property and subsequently robbed.¹ Giving customers more options to travel to and from gaming facilities without the need to carry cash will enhance customer safety by substantially reducing the risk of robbery.

Lower Mainland casinos are unlike any others in North America. There is a local population of primarily Chinese "VVIPs"² in this region, who prefer high limit play. In order to maintain integrity and remain compliant with all relevant legislation, BCLC and its Service Providers (SP) have established a rigorous Anti-Money Laundering (AML) compliance regime that is presently recognized as the "gold standard"³ compared to other Canadian gaming jurisdictions AML programs.

It is BCLC's contention that the prevalence of large cash transactions (LCTs) in BC casinos, and associated safety concerns, may be mitigated by the addition of new cash alternatives, including accepting international EFTs.

¹ There were 17 robberies noted that took place between March 2012 and December 2015 that were associated with people leaving the casino with cash; one in particular for \$69,000.

² VVIP (Very Very Important Players) are patrons that have a \$150,000 yearly spend, or a greater than \$5000 theoretical net win per month.

³ Gold standard is in reference to a high level of standard compared to other jurisdictions as stated by FINTRAC.

Based on information provided by customers and law enforcement there is grounds to believe that organized crime groups have approached some high limit players and provided them with cash for gaming. This holds significant reputational risk for all stakeholders involved in the industry. Repayment in these circumstances may allow the cash facilitators to hide the origins of the funds; providing alternatives to cash such as EFT's helps reduce this money laundering potential.

As stakeholders work together to minimize the volume of cash moving through casinos, it is critical that suitable cash alternatives are provided to patrons. If cash is discouraged without sufficient alternatives, there is a real risk that some patrons will take their cash to illegal gaming houses. These sites are unregulated and unsafe. Further, it is BCLC's experience that when high limit players take their play to illegal gaming houses, BCLC's high limit table drops are impacted. As a result, BCLC is committed to providing cash alternatives as a convenience to VVIP players in order to retain players who have the means and desire to play at higher limits.

The current practice in BC gaming facilities is to only accept EFT's from a Canadian or a U.S. regulated financial institution. The SP opens a separate, non-interest-accruing account with their financial institution for receiving EFT's that will eventually end up in the patrons Patron Gaming Fund (PGF) account. All monies transferred by patrons must first be transferred to this account until clearance for use by the receiving Canadian financial institution, and while investigation by the financial institution regarding the "source of funds" is completed. After the money has been cleared for use, the funds are transferred to the patron PGF account for subsequent withdrawal by for gaming usage.

Interviews were conducted with various financial institutions to review their customer due diligence (CDD) processes so that BCLC would be confident in accepting international EFT's. Financial institutions at the branch level work in partnership with their parent financial institution with respect to investigating suspicious or unusual transactions. The following process is consistent across all financial institutions:

- Patrons that the financial institutions interact directly or indirectly with are compared to the antiterrorism list;
- Significant Transaction Report⁴ is reviewed daily by branch personnel and determination is made if any further action is required for transactions;
- Financial institutions have job aides in place to guide them on what to do for various situations;
- Financial institutions at the branch level make the determination if transactions are suspicious or unusual in nature; this includes reviewing transfers coming in under the reporting threshold or multiple transfers that are inconsistent with the business norm;
- If a transaction is deemed to be unusual, financial institutions at the branch level will refer them back to the parent financial institution for review;
- The parent financial institution will flag any suspicious transactions and will interview the customer for information regarding source of funds;
- The parent financial institution will also document all conversations with the patrons as multiple departments are usually involved if an investigation ensues;
- Financial institution employees are responsible to ensure all transactions are legitimate;

⁴ Report specific to financial institutions showing account activity and transactions.

- Financial institutions will ask the EFT sending financial institution for a 3 month history on the client if they are unsure of the client.

Additional notes on International EFTs:

- The receiving financial institution sees the country of origin, and also any patron notes attached outlining the reason the money is being sent;
- The Canadian financial institution has to be satisfied with the due diligence conducted by the sending financial institution and the information around source of funds;
- Once funds are cleared, the receiving bank can put a hold on the funds until they are comfortable with accepting the funds;
- The receiving bank can also send back the funds if they are not comfortable with the source of funds;
- Financial institutions will hold the funds during a review period depending on how well they know their customer;
- Financial institutions can also decline servicing a business and/or patron if they consider the risk too high with respect to the client or the jurisdiction it is coming from.⁵

Current financial institution practices indicate that they have a CDD process that we would have confidence in when accepting international EFTs.

It is also important to note that Asian financial institutions⁶ are currently going through the Financial Action Task Force (FATF)⁷ review to ensure their programs are up to the FATF standards of AML. Some enforcement actions Asian financial institutions have endorsed are:

- Integrity of process, data and technology; ensure staff and management understand and manage the risk;
- Awareness of board and senior management on the seriousness of meeting compliance obligations;
- They are moving from a tick box exercise to an effectiveness test on their AML programs in financial institutions;
- Asian Pacific Regulators (APAC) are watching and taking notes to ensure that everything is compliant.

⁵ BCLC's approach to accepting international transfers will be consistent with that of Financial Institutions who take their guidance from Office of the Superintendent of Financial Institutions (OSFI) when it comes to high risk countries. BCLC is aligned with what the banking industry is currently doing. There is no intent to receive a transfer directly to a Casino from a foreign country.

⁶ Information collected from the ACAMS webinar (Jan 4, 2016) "APAC Focus: New AML Challenges and Solutions for Asian Financial Institutions" presented by Jodie Arthur, Head of Financial Crime MLRO I&B, ANZ, and Richard Moore, Managing Director, Group Head - Financial Crime and Security Services DBS Bank. Moderator was Hue Dang, Head of Asia ACAMS.

⁷ FATF is the global watchdog on AML/combating the financing on terrorism (CFT). Their latest principles for member countries to implement are a revised set of 40 principles for AML in June 2003 and 8 Special Recommendations on CFT issued in October 2001 followed by a 9th recommendation on cash couriers in October 2004. With regard to CTF, the FATF is especially concerned about the misuse of non-profit organizations, wire transfers through banks, hawala transfers (alternative remittances) and cash couriers (for smuggling of cash cross border).

Goals and Objectives

BCLC's AML mission statement is to "create an efficient best in class AML program that will meet federal compliance regulations pertaining to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act of Canada in order to solidify the integrity of the gaming industry in British Columbia." Part of the strategy to support this mission is to develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. By doing so, BCLC will decrease the large influx of cash coming and going in casinos, thereby further decreasing the possibility of money laundering and decrease the potential for patrons to play with proceeds of crime.

The financial cost of implementing this change is minimal. Return on investment was never the intent of this initiative instead it is for increased public safety, industry integrity and to offer cash alternatives to further mitigate money laundering risks.

This aligns with BCLC's core values of conducting gaming in BC with integrity and social responsibility and also with the direction provided by the General Manager of GPEB, John Mazure in his letter dated August 7, 2015 to BCLC requesting BCLC to increase its efforts to develop and promote the use of cash alternatives:

"Develop and implement additional cash alternatives, focusing on furthering the transition from cash-based to electronic and other forms of transactions, and instruments, and exploring new ways to promote existing and new cash alternatives. These alternatives should form part of a broader strategy for increasing the use of cash alternatives in gaming facilities, including implementing a performance measurement framework and an evaluation plan to determine service provider participation."

By implementing EFTs, an increase in player safety and a reduction in LCT reporting is anticipated. This option aligns with AML strategy by taking un-sourced cash out of properties, and having financial institutions conduct additional vetting of customers on a level BCLC cannot do due to access to data and privacy legislation⁸. Financial institutions have a much broader view of client's financial holdings through access to banking history including a more comprehensive view into transfer of funds patterns. Banks may conduct much more informed interviews with customers on source of funds, and they can confirm source of funds from an employer. By providing cash alternatives like international EFT's, BCLC can leverage banking AML controls in addition to its own AML program and thus further reduce the probability of having money laundering activity occur within BC Casinos.

Description of Proposed Initiative

The initiative of cash alternatives and specifically accepting international EFT's was collaboratively worked on with the SPs. They support offering cash alternatives and are in full favor of permitting international EFTs.

⁸ BCLC cannot get patron banking information, activity, or transactional history as financial institutions do.

The process of accepting EFT's has already been implemented by BCLC / SPs with US and domestic banks. To accept international EFTs, there is no change to BCLC or SP processes, but policy would be expanded to accept EFT's from foreign financial institutions.

As with EFTs from US and domestic banks, all monies transferred by the patron from their international bank must first be transferred into a SP corporate account at a Schedule 1⁹ Canadian bank. The money will be held in the SP's receiving account until clearance for use by the receiving Canadian financial institution, and while investigation by the financial institution regarding the "source of funds" is completed. After the money has been cleared for use, the funds are transferred to the casino PGF account at the same financial institution for subsequent withdrawal by the patron for gaming usage.

BCLC and the SP would benefit from the financial institution's ability to more comprehensively investigate into the source of funds and would also continue with its own CDD processes.¹⁰ It is a pre-requisite for all patrons to have a PGF account to receive EFTs at a gaming facility. BCLC and the SP will continue to ensure that a CDD interview of the player is done before offering the customer a PGF account and the option of accepting international EFTs. This service would not be offered to an unknown client. It will only be offered to customers if BCLC and the SP have conducted sufficient CDD and are confident that they have a legitimate source of funds.

All international EFT's would go through a Schedule 1 Canadian bank who must also perform a CDD and Know Your Customer (KYC) on the recipient of the incoming EFT including submitting a report to FINTRAC.

In April 2015, BCLC introduced education sessions around cash alternatives with players who predominately utilize large amounts of cash. There are also SP marketing initiatives being worked on to incentivize players to use cash alternatives by offering bonuses to players who normally play at higher volumes and increased advertising in sites regarding cash alternative offered (Appendix A).

BCLC and / or SPs would take the following steps when implementing international EFTs:

- Review the account opening documentation including client identification and transaction activity;
- Only accept international EFTs from clients that hold an existing PGF account;
- Report all applicable transactions to FINTRAC (see Appendix C for FINTRAC guidelines);
- Review individual account activity to determine whether the actual customer account activity is consistent with anticipated account activity;
- Monitor and review overall trends in the nature, size or scope of the incoming international EFTs;
- Determine whether ongoing monitoring is sufficient to identify suspicious activity;
- Determine if the risk level for the customer sending the international EFT is appropriate or if it should be modified;

⁹ As per the Office of the Superintendent of Financial Institutions, Schedule 1 banks are allowed to accept deposits and are not subsidiaries of a foreign bank.

¹⁰ This includes researching and documenting politically exposed persons which BCLC currently does already.

- Educate the receiving Canadian financial institutions about BCLC's policy to accept international EFTs and due diligence process;
- Ensure proper procedures are in place to conduct regular reviews around SP's accepting international EFTs;
- Ensure policy is updated to allow for acceptance of international EFTs.

Risks & Mitigation Strategies

FINANCIAL INSTITUTIONS

Risk:

In certain circumstances there is a potential risk that financial institutions will not identify suspicious funds that are being transferred to the financial institution through an international EFT. For example:

- If financial institution employees go on vacation, there is a possibility replacement staff will not identify trends and transactions will not be flagged;
- Financial institutions may miss some transactions as they will not deem them to be suspicious or unusual when in fact they are;


Mitigation Strategy:

It is critical to reiterate that it is a pre-requisite for all patrons to have a PGF account to receive EFTs at a gaming facility. BCLC and SP will continue to ensure that a CDD interview of the player is done before offering the customer a PGF account, and the option of accepting international EFTs. This service would not be offered to an unknown client. It will only be offered to customers if BCLC and the SP have conducted sufficient CDD and are confident that they have a legitimate source of funds.

In addition, BCLC understands that financial institutions have a number of money laundering red flags that would result in additional scrutiny by financial institution staff, including:

- Unusual transactions by sending financial institutions which would include:
 - EFT volumes that are extremely large in proportion to the asset size of the financial institution;
 - When the financial institution's business strategy and financial statements are inconsistent with a large volume of EFTs;
 - A large volume of EFTs of similar amounts in and out on the same or next day.
- International EFTs which are not consistent with the customer's business;
- International EFTs funded by multiple monetary instruments;
- Large EFTs by customers operating a cash business;
- High volume of EFTs with low account balances.

BCLC also understands that financial institutions take the following steps to mitigate the risk of money laundering through international EFTs:

- 
- Financial institutions must comply with laws to monitor financial transactions, including checking identification of the sender and the recipient; CDD information must be adequate and effective to detecting unusual and suspicious activities;
 - Financial institutions are required to report large transactions to FINTRAC;
 - Financial institutions have sound policies, procedures and processes to manage the AML risks of their funds transfer activities;
 - Financial institutions provide enhanced scrutiny for transfers to or from certain jurisdictions;
 - Financial institutions establish limits on the amount of funds that may be transferred to or from the financial institution for noncustomers, including the type of funds accepted by the originating financial institution;
 - Financial institutions maintain documentation of individuals consistent with the financial institution's recordkeeping policies;
 - Financial institutions monitor funds transfer processes in order to identify suspicious activity.

SPS AND BCLC

Risks associated with accepting International EFTs with respect to transactions involving BCLC/SP include:

Risk:

- If the receiving bank is not comfortable with the source of funds, they can refuse to accept the funds and send them back to the originating bank. This would potentially damage the gaming facility's relationship with the patron, leading to the patron withdrawing from gaming from that facility, if an explanation was not provided to the patron.

Mitigation Strategy:

- SPs will discuss with patrons the new EFT process and explain how the service is offered through their financial institution. This would include explaining SP and BCLC's limitations if the EFT is not accepted by their financial institution

Risk:

- BCLC and SP are relying in the financial institutions CDD process and that they have confirmed the legitimacy of source of funds.

Mitigation Strategy:

- We have confidence in the due diligence provided by the financial institutions based on the information they have shared with their processes. As discussed, BCLC and SPs will also conduct their own CDD with casino patrons when opening PGF accounts.

Risk:

- BCLC does not see the international EFTs coming in, but the SP's do; BCLC would see the incoming amount after the fact, but not necessarily the actual transfer document;
- As a result, BCLC is relying on the SP to ensure appropriate checks have been done with the incoming international EFTs.

Mitigation Strategy:

- BCLC will ensure that SPs understand that they are only to accept international EFTs from customers that are known to the establishment, where proper CDD has been conducted and the customers are found to be trustworthy and reliable;
- BCLC will establish a review process to ensure that the SPs are following due diligence for international EFTs;
- SP checks with incoming international EFTs include:¹¹
 - Reviewing that the payee name for the EFT is not from a third party account. This is checked from the bank statement by the SP Head Office Treasury.
 - Treasury also matches the patrons name and financial institution branch number recorded on the international EFT transfer form to the patron's previous EFT account information to ensure they are the same.
 - If Treasury receives an unexpected EFT deposit, Treasury will contact the respective gaming facility and the issuing bank for more information to confirm the EFT deposit.
 - If the payee name for the EFT is from a third party, Treasury will return the EFT deposit by completing and sending the Electronic Credit Return Memorandum to the bank; notify SP Surveillance who will complete an iTrak report; complete a section 86 report to GPEB and notify the BCLC Casino Security Investigator.
 - There will be a hold period on EFT before the customer can access the funds they deposited, which will be until the receipt of funds are confirmed by Treasury.

OTHER

As China continues to crack down on money leaving the country, is the EFT option a feasible solution given the Chinese restrictions on the movement of cash? BCLC has identified that many Chinese customers have businesses outside of China. Because they are transferring money from jurisdictions outside of China, there is no conflict with the allowance of only \$50,000 per person per year to be taken out of China.

There is concern around ensuring the originating source of transfer is from the same individual and not someone else in the foreign country. BCLC intends to mitigate this risk by only allowing international EFTs for patrons BCLC/SP have vetted with proper due diligence.

This proposal was also reviewed by FINTRAC and the following comments were received:

The cornerstone of this initiative seems to be a reliance on the robustness of the "international banking system", specifically they will investigate source of funds and they allow for a better ability to trace source of funds. Canadian institutions are reliant on the information provided by the sending institution and depending on the country of origin and their AML legislation, the

¹¹ Important to note that this option would only be open to customers that the SP has already vetted and conducted CDD on. BCLC would also ensure that people using the EFT option are appropriately checked through all CDD processes.

quality of that information can vary. There is also no obligation to identify source of funds under the PCMLTFA, so banks would only be doing this if their internal policies dictate. Finally, the bank may believe the transfer is very suspicious and will file an STR themselves but would never share this information with BCLC, so the fact that BCLC receives an international transfer through a bank in no way alleviates or diminishes whether or not it is proceeds of crime. Consequently, the assertion that STRs would decrease is a concern because the influx of money will still be coming into the casino just in a potentially different format and possibly introducing new risks.

BCLC has reviewed these comments and maintains that we are in fact reliant on the Canadian banking system rather than the international banking system. Through our discussions with the various Canadian financial institutions, they make a concerted effort to identify source of funds and have implemented these in their internal policies already. Finally, if the banks are filing STRs, and BCLC is conducting CDD, there is confidence that we can disrupt potential money laundering efforts. BCLC/SP would not be accepting international transfers from unknown customers. Nor would BCLC permit outbound EFT's to different financial institutions other than the originating account and only in the same name of the BCLC customer. This service would only be offered to patrons that have been vetted through BCLC and SP CDD.

Overall, BCLC and the SP are confident with the risk mitigation strategies to permit international EFTs. The transfer of funds would follow the same protocol as it does now from bank to bank, not directly to our casinos. Only when the funds have been vetted through the banks and they accept the transfer will the money be transferred to the casinos.

Cost / Benefits Analysis

The benefits of accepting international EFTs include:

- Decrease LCTs;
- Decrease STRs;
- Increase customer experience by expanding on the existing cash alternatives offered;
- A safer environment by expanding on the existing cash alternatives offered;
- Ease of convenience for people to have the money waiting for them at the casino site if they are travelling from another country;
- Increased revenue from out of town guests;
- Increased usage of PGF accounts which allows for better tracking of patrons;
- Simple and secure method to transfer and accept funds;
- Opportunity to have better intelligence on patrons using international EFTs as there is a better insight to origin of funds compared to cash;
- Will limit the ability of criminal elements that may wish to target Asian based gambling visitors to lend them cash;
- Increased cooperation with financial institutions including leveraging their Fraud Detection and AML programs.

BCLC has done some analysis around the potential amount of funds that would come in by international EFTs and based on our numbers the projection was approximately \$40,000,000

annually. A date range of Dec 1, 2014 to Nov 30, 2015 was taken to run the report of reportable transactions sent to FINTRAC. Within this timeframe, 9006 patrons had LCT reports and of this number, 541 patrons had addresses listed outside of Canada.¹²

Measure of Success

- Increased usage of EFTs;
- Increased usage of PGF Accounts;
- Although it would be difficult to predict the uptake on patrons utilizing international EFTs, we can see from other cash alternatives that they have shown progressive positive trends year over year (Appendix B). Appendix B shows the growth of debit usage at the cage service and the offering of convenience cheques since inception. BCLC anticipates the introduction of international EFTs will be met with a similar, positive response and uptake.
- Only those SPs that offer PGF accounts would be eligible to participate in this offering; getting acceptance and implementation from all five facilities¹³ would be a metric of success.

Recommendation

The recommendation is to accept international EFTs as the additional due diligence being conducted by Financial Institutions is built upon the CDD foundation conducted by BCLC / SP when opening PGF accounts. Combined the due diligence of both parties offer strong risk mitigation and minimize the risk of money laundering. BCLC is confident that patrons using this service will have been sufficiently vetted by BCLC / SP and the Financial Institution CDD process will offer an additional level of security.

¹² This includes countries such as China, US, Singapore, Hong Kong, Egypt, Malaysia and Korea.

¹³ Five facilities include River Rock, Edgewater, Starlight, Grand Villa and Hard Rock.

Appendix A

Sample Marketing Initiative for Cashless Play:

Business Goals

- Stop market share loss YOY to at least maintain YOY market share for last 2 weeks of the month. (not YTD - just for these two weeks)
- Grow Theo Win of all participating Privé Members by 5% vs prior 4 weeks
- Achieve promotional cost of sale of at most 30% after split

Offer: (Entice players to come in with a bank draft and open PGF accounts; cashless targeted promotion)

- One time offer. 2 week promotion period, pending approval with following caps:
 - 100K PGF Account or not: \$5,000 for VVIP
 - Existing VVIPs with no PGF + Bank Draft: \$1,000,
 - Existing PGF accounts get \$500.

Rules:

- Must be escorted to cage by VIP GR team member (formerly known as Player Relations)
- Must play, if not we will not offer next visit – this will be managed subtly by the VIP GR team.
- Must be enrolled in Privé program
- Players tracked in salesforce to adequately track ROI, who's received what etc.

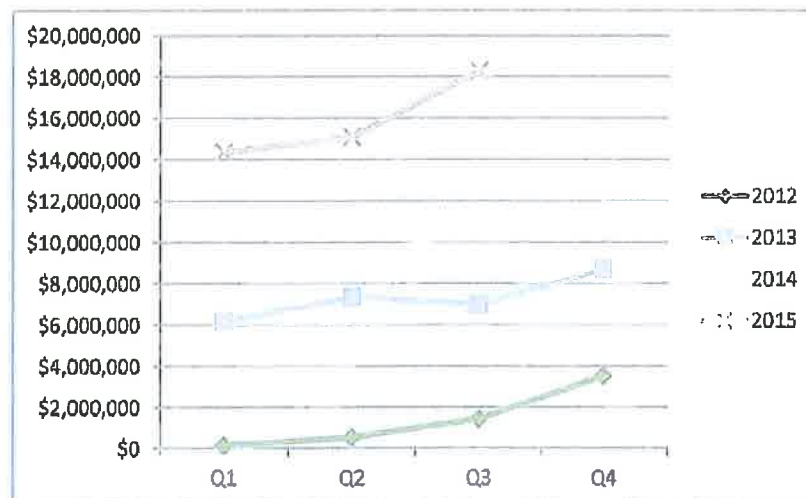
Target / Eligible Privé members

- Top 50 VVIP last 365 win/loss
- Top 50 VIP last 365 win /loss (also if we have any VIP who we know are "VIP big" but because we have tracking issues aren't on the top 50 list these will also be targeted)
- On a reactive basis - if any Privé member requests same promo (aka complains), then the VIP GR team member will manage and escort and approve cage to get issue bonus.

Appendix B

Debit at the Cage trend lines from inception to current year:

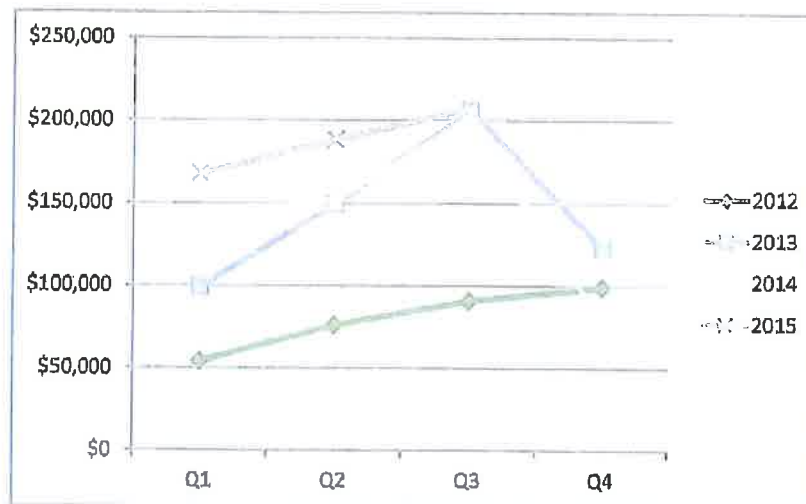
Debit at Cage				
	2012	2013	2014	2015
Q1	\$135,850	\$6,195,971	\$9,453,740	\$14,358,118
Q2	\$531,600	\$7,341,622	\$9,072,646	\$15,088,333
Q3	\$1,413,600	\$6,961,432	\$10,796,198	\$18,283,564
Q4	\$3,503,702	\$8,704,650	\$11,703,689	
Total	\$5,584,752	\$29,203,675	\$41,026,273	\$47,730,015



Note: This was a tool which was a last addition to the cash alternatives. It was not anticipated that it would do this well, but this Initiative has shown a significant increase in usage.

Convenience Cheques trend lines from Inception to current year:

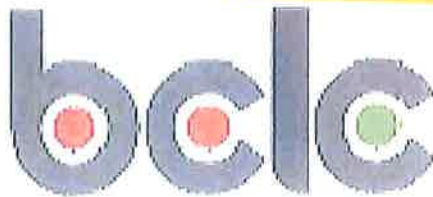
Convenience Cheques				
	2012	2013	2014	2015
Q1	\$54,173	\$99,347	\$143,301	\$168,094
Q2	\$76,052	\$149,302	\$151,816	\$188,263
Q3	\$90,723	\$206,018	\$201,157	\$207,084
Q4	\$99,359	\$122,781	\$78,271	
Total	\$320,305	\$577,448	\$574,545	\$563,441



Note: At the launch of this Initiative, the initial threshold amount was \$5000 and was later increased to \$8000 in January 2013. As of April 2014 the new threshold amount increased to \$10,000. Graphs depict a significant growth once the limits were changed and the trends indicate it's a positive growth.

PROTECTED "A"

13



INFORMATION SHARING AGREEMENT

BETWEEN:

The British Columbia Lottery Corporation

And

**The Royal Canadian Mounted Police
"E" Division (British Columbia)**

January 2014

INFORMATION SHARING AGREEMENT

BETWEEN:

BRITISH COLUMBIA LOTTERY CORPORATION
a Crown corporation having its registered address at
74 West Seymour Street
Kamloops, British Columbia, V2C 1E2, Canada
("BCLC" or "Participant")

AND:

THE ROYAL CANADIAN MOUNTED POLICE
with its "E" Division Headquarters located at
14200 Green Timbers Way
Surrey, British Columbia, V3T 6P3, Canada
("RCMP" or "Participant")
(collectively, the "Participants")

WHEREAS in 1983, the Government of Canada and the Province of British Columbia entered into an agreement pursuant to section 8(2)(f) of the *Privacy Act* (Canada) which permitted the release of personal information to the Government of British Columbia, including to its provincial public bodies.

WHEREAS BCLC is the provincial Crown corporate agent which conducts and manages commercial gaming in the Province of British Columbia as authorized by section 207(1)(a) of the *Criminal Code* of Canada and the *Gaming Control Act* (BC) ("GCA") and is a provincial public body;

WHEREAS the RCMP is the Canadian federal police force and provides policing services at the federal, provincial and municipal levels;

WHEREAS BCLC has the responsibility under the GCA to protect the security and integrity of gaming in British Columbia. As a result, BCLC routinely gathers personal information about its patrons and their activities while engaged in gaming operated by BCLC in compliance with the *Freedom of Information and Protection of Privacy Act* (BC) ("FIPPA").

WHEREAS BCLC must comply with the *FIPPA* and the RCMP must comply with the *Privacy Act* (Canada);

AND WHEREAS the Participants want to enter into an Information Sharing Agreement (the "Agreement" or "ISA") which will ensure timely and efficient sharing of information to assist with administration or enforcement of any law or to carry out a lawful investigation.

1.0 PURPOSE

- 1.1 The purpose of this Agreement is to document the terms and conditions of the exchange of certain personal information by the Participants, in compliance with *FIPPA*, the *Privacy Act* (Canada) and other applicable legislation.

2.0 DEFINITIONS

- (i) **"Commanding Officer"** means the Commanding Officer of the RCMP, "E" Division.
- (ii) **"Disclosing Participant"** means the Participant who is responding to a request by the other Participant for information.
- (iii) **"FIPPA"** means *Freedom of Information and Protection of Privacy Act*, R.S.B.C. 1996, c. 165.
- (iv) **"GCA"** means *Gaming Control Act*, Stats. B.C. 2002, c. 14.
- (v) **"Member"** means any person who has been appointed as an officer pursuant to section 5 or section 6(3)(a), or other member of the RCMP appointed pursuant to section 7(1)(a), of the *RCMP Act*, R.S.C. 1985, Chapter R-10, and any Regulations made pursuant thereto.
- (vi) **"Personal Information"** is defined by section 1 of *FIPPA* and section 3 of the *Privacy Act* and consists of information about an identifiable individual that is recorded in any form including, without restricting the generality of the foregoing:
 - (a) information relating to the race, national or ethnic origin, colour, religion, age or marital status of the individual;
 - (b) information relating to the education or the medical, criminal or employment history of the individual or information relating to financial transactions in which the individual has been involved;
 - (c) any identifying number, symbol or other particular assigned to the individual;
 - (d) the address, fingerprints or blood type of the individual;
 - (e) the personal opinions or views of the individual except where they are about another individual or about a proposal for a grant, an award or a prize to be made to another individual by a government institution or a part of a government institution specified in the regulations;
 - (f) correspondence sent to a government institution by the individual that is implicitly or explicitly of a private or confidential nature, and replies to such correspondence that would reveal the contents of the original correspondence;
 - (g) the views or opinions of another individual about the individual;
 - (h) the views or opinions of another individual about a proposal for a grant, an award or a prize to be made to the individual by an institution or a part of an institution referred to in paragraph (e), but excluding the name of the other individual where it appears with the views or opinions of the other individual; and,
 - (i) the name of the individual where it appears with other personal information relating to the individual or where the disclosure of the name itself would reveal information about the individual.
- (vii) **"PIC"** means the Provincial Intelligence Centre or its successor in 2014, the Real-Time Intelligence Centre (RTIC).
- (viii) **"PRIME"** means the Police Records Information Management Environment.
- (ix) **"Privacy Act"** means the *Privacy Act*, R.S.C. 1985, c. P-21.

- (x) **"RCMP"** means the Royal Canadian Mounted Police, Government of Canada.
- (xi) **"RCMP Act"** means *Royal Canadian Mounted Police Act*, R.S.C. 1985, c. R-10.
- (xii) **"Receiving Participant"** means the Participant who has made a request for information from the other Participant.
- (xiii) **"Surveillance Media"** means all media, whether electronic or otherwise and in any format, including video footage and still shots extracted from video footage, originating from surveillance systems installed and operating in British Columbia gaming facilities in which BCLC conducts and manages gaming.

3.0 AGREEMENT AUTHORITY

- 3.1 This Agreement is entered into by the Commanding Officer under the authority of section 5 and in relation to section 20 of the *RCMP Act* in aiding the administration of justice in the province and in carrying into effect the applicable legislation.
- 3.2 This Agreement is entered into by BCLC with the authority of the *GCA*, specifically:
 - (a) section 91 which requires BCLC to remove anyone from premises if they are not lawfully present or if it is suspected that they are about to commit an offence;
 - (b) section 92 which authorizes BCLC to refuse entry to anyone deemed undesirable;

and with the authority of section 35 of the *Criminal Code* (R.S.C. 1985, c. C-46) which enables BCLC to remove (or prohibit) any individual that BCLC reasonably believes is not entitled lawfully to be on the premises or who is about to commit an offence.

4.0 SUBJECT MATTER

- 4.1 In order to administer the *GCA*, BCLC may require Personal Information in the custody of the RCMP. In addition, the RCMP may choose to proactively disclose to BCLC Personal Information of individuals who may be undesirable pursuant to the *GCA* and are known to frequent gaming facilities. Personal Information will then be utilized by BCLC to assist BCLC in removing or barring undesirable individuals from gaming facilities and to provide the required written notices.
- 4.2 Upon receiving a request from BCLC, PIC / RTIC shall review three main categories of criteria from PRIME:
 - (a) Propensity for violence (including history related to violent and/or serious criminal activities, duty to warn, and charges and convictions);
 - (b) Person has a history of or is suspected of possession of the proceeds of crime as defined in Part XII.2, section 462.3(1) of the *Criminal Code*; and,
 - (c) Known gang/organized crime association.
- 4.3 In general, PIC / RTIC will provide information based on a two year history, unless the circumstances warrant expanding the search beyond the two year limit. This information

will then be provided to BCLC so that BCLC may determine if the subject poses a threat to public safety or is otherwise determined to be undesirable within the meaning of the GCA and therefore, should be ejected or barred from BCLC premises.

- 4.4 Similarly, the RCMP may require Personal Information in the possession of BCLC to assist with RCMP police investigations. Such information, including but not limited to: contact information, Surveillance Media, and financial transaction details.
- 4.5 The Participants will make all requests and disclosures of Personal Information within the limits established by FIPPA and the Privacy Act (Canada).

5.0 REQUEST FOR PERSONAL INFORMATION

- 5.1 Either Participant may request disclosure of Personal Information regarding a specific individual or individuals. The request shall be made in writing and provided to:

BCLC:

Vice President, Corporate Security and Compliance or designate

RCMP:

Officer-in-Charge, Provincial Intelligence Centre (PIC or RTIC)

- 5.2 Once a request is received, the Disclosing Participant shall advise the Receiving Participant as to the availability of the information. It is possible that some requests for Personal Information may be denied and require either Participant to obtain a court order prior to disclosure.
- 5.3 BCLC acknowledges that there are categories of sensitive information that would not normally be provided by the RCMP to BCLC:
- (a) correspondence or communications between the RCMP and Crown Counsel, or between the RCMP and solicitors advising them, for the purpose of giving or receiving legal advice;
 - (b) documents which it would be contrary to the public interest to produce and, in particular, documents which if disclosed could:
 - (i) reveal correspondence or communications between the RCMP and Crown Counsel other than those referred to in paragraph 5.3(a);
 - (ii) prejudice the conduct of a criminal prosecution which is anticipated or has been commenced but not finally concluded, where the dominant purpose for the creation of the documents is that prosecution (not including reports, photographs, videotapes or other records of or relating to the incident created by or for the RCMP on their attendance at the scene of the incident or as a contemporaneous record of such attendance);
 - (iii) harm an ongoing statutory investigation or ongoing internal RCMP investigation;
 - (iv) reveal the identity of a confidential human source or compromise the safety or security of the source;
 - (v) reveal sensitive police investigation techniques; or,
 - (vi) harm international relations, national defence or security or federal provincial relations; or,

- (c) protected from production by the *Youth Criminal Justice Act*, S.C. 2002, c. 1, or by any other applicable statute.

5.4 The Disclosing Participant shall:

- (a) advise the Receiving Participant as to whether or not the Disclosing Participant is able to provide the requested Personal Information; and,
- (b) provide, as soon as practicable, the requested Personal Information.

6.0 SECURITY AND CONFIDENTIALITY

- 6.1 All Personal Information and documentation provided to, collected by, delivered to or compiled on behalf of the Participants to this ISA in the performance of their duties and responsibilities shall be dealt with subject to and in accordance with federal and provincial statutes, particularly the *Privacy Act* (Canada), the *Access to Information Act*, R.S.C. 1985, c. A-1, and *FIPPA*.

- 6.2 The Participants agree that for the purposes of section 13(1) of the *Access to Information Act*, section 19(1)(c) of the *Privacy Act* and section 16(1)(b) of *FIPPA*, all information disclosed and received between the Participants under this ISA is disclosed and received in confidence and the Receiving Participant will maintain all such information in strict confidence and not divulge or otherwise communicate it to any person other than as permitted by, and to the limited extent necessary to fulfill the purpose of, this Agreement.

- 6.3 Where a Participant receives a request under the *Access to Information Act*, the *Privacy Act*, *FIPPA*, or in connection with any administrative or court proceeding including without limitation a court order, notice of application, demand for production of documents, summons or subpoena for disclosure of records that are subject to this ISA, that Participant shall immediately consult the other Participant to this ISA before disclosing the records to the applicant.

- 6.4 The Participants agree to establish a media relations plan to regulate contacts with the media in relation to this ISA. All media releases shall be reviewed by both Participants to the ISA before disclosing those media releases to the media and the public.

7.0 DISCLOSURE OF SURVEILLANCE MEDIA

- 7.1 The RCMP acknowledges that BCLC's Surveillance Media constitutes highly confidential and proprietary information of BCLC that is not disclosed to or otherwise available to the general public and agrees that it will:

- (a) retain Surveillance Media disclosed by BCLC in strict confidence and within its sole custody, possession and control other than as provided for in accordance with this Agreement;
- (b) not reproduce, release, divulge, disclose or otherwise distribute Surveillance Media or the contents thereof to any person outside of the RCMP and the Category I law enforcement RTIC partners, other than as provided for and in accordance with this Agreement; and,

- (c) keep confidential all documents, materials or information regarding or containing information disclosed in the Surveillance Media, including notes or memoranda based on the Surveillance Media, and to destroy any such documents and materials upon conclusion of the matter in respect of which disclosure of the Surveillance Media was made, subject to the retention and disposal requirements of the *Library and Archives of Canada Act*, Stats. Can. 2004, c. 11 and the RCMP Retention and Disposal Schedule.

7.2 If the RCMP deems it necessary, for the purposes of assisting with the administration or enforcement of any law or to carry out a lawful investigation, to provide Surveillance Media to expert advisors or consultants retained by it, then the RCMP shall obtain from that person written confirmation that the person will keep the Surveillance Media strictly confidential, not make any copies of the Surveillance Media, maintain it in a secure manner at all times, and return it to the RCMP as soon as practicable.

7.3 In the event that the RCMP receives any request or demand whatsoever that could result in disclosure of Surveillance Media, including without limitation any request under the *Access to Information Act*, the *Privacy Act*, *FIPPA*, or in connection with any administrative or court proceeding including without limitation a court order, notice of application, demand for production of documents, summons or subpoena, the RCMP shall promptly and prior to making any disclosure of Surveillance Media give notice to BCLC in accordance with section 9.1 of this Agreement so that BCLC may seek a protective order or other appropriate remedy in respect of the Surveillance Media.

8.0 COSTS

8.1 In the event that a Receiving Participant requests information and the Disclosing Participant incurs a cost in producing, gathering, copying or amassing the requested information, the Receiving Participant shall fully reimburse the Disclosing Participant for its costs PROVIDED THAT neither Participant shall seek reimbursement for any staffing costs associated with fulfilling a request for information.

9.0 NOTIFICATION

9.1 All notices or communications provided for in this ISA will be in writing and will be mailed or delivered to the individuals or positions responsible for the discharge of the obligations detailed in this Agreement. For the purposes of delivery of Notice, the addresses for delivery are:

For BCLC:

British Columbia Lottery Corporation
Attn: Brad Desmarais; Vice President Corporate Security and Compliance
2940 Virtual Way,
Vancouver, BC V5M 0A6
Email: bdesmarais@bclc.com

For the RCMP:

OIC, Provincial Intelligence Centre (PIC / RTIC)
14200 Green Timbers Way (Mall stop #701), Surrey, BC V3T 6P3

or at such address as a Participant has advised in writing.

- 9.2 Any such notice or communication given by mail will be deemed to have been delivered 72 hours after having been deposited in the mail service with first class postage prepaid. If given by electronic transmission, then such notice or communication will be deemed effective when received.

10.0 LIABILITY

- 10.1 The Participants agree that claims for damage and/or liability from third parties, the applicable provisions of the *RCMP Act*, the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and the Provincial Police Service Agreement shall apply and that the RCMP shall be deemed to be acting pursuant to paragraph 11(1)(b) of the *Police Act* while performing its duties under this Agreement.
- 10.2 Each Participant waives all claims against the other Participant in respect of damage caused to its personnel and/or its property by personnel or agents (excluding contractors) of the other Participant arising out of, or in connection with, the implementation of this Agreement.
- 10.3 However, if the damage described in Section 10.2 results from reckless acts or reckless omissions, willful misconduct or gross negligence of a Participant, its personnel or agents, the liability for any costs will be the responsibility of that Participant alone.
- 10.4 If one Participant receives notice of a claim by a third party for damage of any kind, caused by one of the Participant's personnel or agents arising out of, or in connection with, the implementation of this Agreement, the receiving Participant will notify the other Participant as soon as is practicable.
- 10.5 In the event of a notice of claim as described in Section 10.4, the Participants will consult and attempt to resolve the claim. If required, the Participants will divide financial responsibility between themselves to satisfy the claim. If such liability results from reckless acts or reckless omissions, willful misconduct or gross negligence of a Participant, its personnel or agents, the liability for any costs will be the responsibility of that Participant alone.
- 10.6 These provisions will survive the termination of this Agreement for any reason whatsoever.

11.0 TERM OF AGREEMENT

- 11.1 This Agreement will come into full force when signed by both Participants.
- 11.2 This Agreement will remain in full force and effect until replaced by another agreement or terminated in accordance with this Agreement.

- 11.3 This Agreement may be terminated at any time by either Participant if the other Participant fails to meet its obligations under this Agreement.
- 11.4 In compliance with the directive issued by the Solicitor General of Canada (2002) to the Commissioner of the RCMP that addresses agreements entered into by the RCMP, the Participants agree:
- (a) to reviews, audits and evaluations of any aspect of this Agreement;
 - (b) to amendments by mutual written agreement at any time duly executed by the Participants to this Agreement; and,
 - (c) that either of the Participants to this Agreement may terminate participation in this agreement upon provision of thirty (30) days written notice to the other Participant of their intention to terminate this Agreement.
- 11.5 Nothing in this Agreement is in any way intended to replace or amend any obligation that either Participant is bound to or required to perform by operation of law.
- 11.6 Nothing in this Agreement shall be interpreted to conflict with or derogate from the *Royal Canadian Mounted Police Act*, or *Royal Canadian Mounted Police Regulations, 1988*, or the *British Columbia Police Act*, R.S.B.C. 1996, c. 367 and Regulations under the *Police Act* but shall be interpreted in all respects to be subject to the *Royal Canadian Mounted Police Act* and *Royal Canadian Mounted Police Regulations, 1988* or the *Police Act* and Regulations under the *Police Act*. Should any provision of this Agreement be found in conflict or derogation of the *Royal Canadian Mounted Police Act* or *Royal Canadian Mounted Police Regulations, 1988*, or the *Police Act* and Regulations under the *Police Act* such provision shall be null and void.
- 12.0 General
- 12.1 This Agreement will be governed by and construed in accordance with the laws in force in the Province of British Columbia and the federal laws of Canada, without reference to any choice of law or conflict of law principles.
- 12.2 Each Participant is an independent contractor for the purposes of this Agreement and will not be deemed to be a servant, employee, agent, partner or joint venturer of any other Party.
- 12.3 If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either of the Participants.
- 12.4 Each Participant will perform the acts, execute and deliver the writings, and give the assurances necessary to give full effect to this Agreement.
- 12.5 This Agreement contains the entire agreement of the Participants concerning the subject matter of this Agreement, and no other understandings or agreements verbal or otherwise exist between the Participants with respect to such subject matter.

12.6 This Agreement may be executed in any number of counterparts or by fax or other electronic means, each of which will be deemed an original and all of which together will constitute one and the same agreement.

12.7 This Agreement reflects the good faith and spirit of cooperation of the Participants, but is not legally binding on any of the Participants.

Authorized representatives of the Participants:

BRITISH COLUMBIA LOTTERY CORPORATION

ROYAL CANADIAN MOUNTED POLICE



Brad Desmarais
Vice-President
Corporate Security and Compliance



Craig J. Callens
Deputy Commissioner
Commanding Officer, "E" Division

2014-03-06
Date

12 FEB 2014
Date

2013CP-0469

PROTECTED "A"

**INFORMATION SHARING AGREEMENT
AMENDING AGREEMENT**

This Amending Agreement dated as of July 14, 2016.

BETWEEN:

BRITISH COLUMBIA LOTTERY CORPORATION
a Crown corporation having its registered address at
74 West Seymour Street
Kamloops, British Columbia, V2C 1E2, Canada
("BCLC" or "Participant")

AND:

THE ROYAL CANADIAN MOUNTED POLICE
With Its "E" Division Headquarters located at 14200 Green Timbers Way
Surrey, British Columbia, V3T 6P3, Canada
("RCMP" or "Participant")

(Collectively, the "Participants")

WHEREAS the RCMP and BCLC entered Into an Information Sharing Agreement (the "Agreement")
signed February 12, 2014;

And WHEREAS the RCMP is a member of the Combined Forces Special Enforcement Unit British
Columbia and the Joint Illegal Gaming Investigation Team;

AND WHEREAS the Participants wish to amend the Agreement to document the terms and conditions
of the exchange of certain personal information by the Participants;

NOW THEREFORE, the parties hereto agree as follows:

Article 1 – Amendment

1.01 The Agreement is hereby amended as follows:

(a) Section 2.0(v) is deleted and replaced with:

"Member" means any person who has been appointed as an officer pursuant to
section 5 or section 6(4), or other member of the RCMP appointed pursuant to
section 7(1), of the *RCMP Act*, R.S.C. 1985, Chapter R-10, and any Regulations
made pursuant thereto.

(b) Section 4.1 is deleted and replaced with:

"In order to administer the GCA, BCLC may require Personal Information in the
custody of the RCMP. In addition, the RCMP may proactively or reactively
disclose to BCLC Personal Information of individuals who may be undesirable
pursuant to the GCA, or where it has reasonable grounds to believe that an
offence has or may occur at or in relation to a British Columbia gaming facility.
Personal Information may include information regarding Provincial Tactical
Enforcement Priority individuals who frequent gaming facilities. Personal Information

may then be utilized by BCLC to assist it in removing or barring undesirable individuals from gaming facilities and to provide the required written notices."

- (c) Section 4.4 is deleted and replaced with:

"Similarly, the RCMP may require Personal Information in the possession of BCLC to assist with RCMP investigations. In addition, BCLC may proactively disclose to the RCMP Personal Information where it deems it appropriate to do so and such disclosure relates to the *Criminal Code*, R.S.C. 1985, c. C-46, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 or the GCA. Such information may include, but is not limited to: contact information, Surveillance Media, Incident reports and financial transaction details."

- (d) Section 5.1 is amended as follows:

- (i) The words "Vice President Corporate Security and Compliance" are deleted and replaced with "Vice President responsible for Compliance, or designate".

- (e) Section 9.1 is amended as follows:

- (i) the words "Brad Demarais; Vice President Corporate Security and Compliance" are deleted and replaced with "Vice President responsible for Compliance, or designate"; and
- (ii) the words "Email: bdesmarais@bclc.com" are deleted.

- (f) The following is added as section 10.7:

"10.7 If a Participant shares information disclosed pursuant to this Agreement with a third party, that Participant agrees to indemnify and hold harmless the other Participant from any claim, liability or damage relating to any acts or omissions of the third party connected with such information."

Article 2 – General

- 2.01 Capitalized terms used but not otherwise defined herein have the meaning ascribed thereto in the Agreement.
- 2.02 Except as modified hereby, the Agreement will remain in full force and effect.
- 2.03 This Amending Agreement may be executed in one or more counterparts, each of which will be deemed an original and will constitute one and the same instrument. Signatures exchanged via facsimile or digital scans of original signatures will be deemed originals.

[Remainder of page intentionally left blank.]

2.04 This Agreement reflects the good faith and spirit of cooperation of the Participants, but is not legally binding on any of the Participants.

IN WITNESS WHEREOF the participants hereto have entered into this Amending Agreement as of the date first written above.

**BRITISH COLUMBIA LOTTERY
CORPORATION**

Per:



Authorized Signatory

Robert Kroeker
Vice President, Corporate Security and
Compliance

Date:

July 14, 2016

ROYAL CANADIAN MOUNTED POLICE

Per:



Authorized Signatory

Craig J. Callens, Deputy Commissioner
Commanding Officer, "E" Division

Date:

2016.07.20

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Kim Fitzpatrick

From: Ross Alderson
Sent: Monday, [Redacted - RCMP] 11:16 AM
To: 'Steve WETTER'
Cc: 'Bruce WARD'; 'Kurt BEDFORD'; 'Marc DESAUTELS'; 'Melanie PADDON'
Subject: RE: Information Regarding - [Redacted - RCMP]

Hi Steve,

Thanks for the email. Yes I am more than happy to be the point of contact for the Richmond Detachment Investigators.

Also as a follow up to our call and for your information BCLC concluded our chip swap operation at the River Rock Casino Resort at midnight last night. We saw approx. \$2.5 million in \$5K chips returned during the two weeks. I am confirming what is still outstanding, however it is thought to be approximately \$2 million in \$5K chips.

Moving forward any persons wishing to redeem or play with any old \$5K chips on will be refused, pending an interview with a BCLC Investigator.

Regards

Ross Alderson CAMS

Director, AML & Operational Analysis
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver, BC, V5M 0A6

[Redacted]

[Redacted] **Personal information**

From: Steve WETTER
Sent: Monday, [Redacted - RCMP] 10:51 AM
To: Ross Alderson
Cc: Bruce WARD; Kurt BEDFORD; Marc DESAUTELS; Melanie PADDON
Subject: Information Regarding - [Redacted - RCMP]

Hello Ross,

Thank you for the call last Thursday. In follow up to our conversation, I'm advising that I have had a chance to discuss the matter with both Sgt PADDON and Insp WARD and we are in agreement that [Redacted - RCMP]

[Redacted - RCMP] As discussed, Sgt PADDON will be concluding the FSOC file and passing the information over to intake at RCMP Richmond Detachment. With your agreement, Sgt PADDON will leave your details as the point of contact for the Richmond investigators.

Please do not hesitate to contact Sgt PADDON directly if you have any questions regarding this matter.

Thank you.

Steve W.

Steve Wetter, S/Sgt.
Operations NCO - Financial Integrity
Federal Serious and Organized Crime

Personal Information

[REDACTED]

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Redacted
- RCMP

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

Redacted - RCMP

Redacted
- RCMP

Personal information

b: [REDACTED]

Redacted - RCMP

Service

Redacted
- RCMP

Personal information

on [REDACTED]

 $|\mathbf{m}\rangle$

Redacted - RCMP

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- RCMP

710

We are starting to have a number of players provide unsolicited information to staff seemingly confirming the existence of illegal high bet limit baccarat casinos running [Redacted - RCMP]. A sample of that information is below. There is additional information available and it may be sufficient to identify the exact locations.

I understand that GPEB is aware of the earlier information suggesting these casinos may exist. I would suggest that GCGC and BCLC meet to discuss as well as GPEB.

Staff here are extremely worried about being in possession of this information as they believe if action is taken against the illegal operations and those responsible for running the casinos suspect a staff member reported the information there may be retaliation against our staff member or their family. I am not in a position to adequately assess the likelihood of this risk, but I can advise staff perceive it as very real. Accordingly I would appreciate BCLC doing all it can to protect the identities of our staff who are coming forward with this information.

I would appreciate setting up a meeting as soon as possible.

Rob

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

From: [Redacted - RCMP]
Date: [Redacted - RCMP] 11:05 PM (GMT-08:00)
To: [Redacted - RCMP]
Cc: [Redacted - RCMP]
Subject: Underground Casino [Redacted - RCMP]
Hi [Redacted - RCMP]

Here's the information that I collected from the DS regarding the underground casinos;

[Redacted - RCMP] around afternoon [Redacted - RCMP] was in the elevator (DW & PX), the DS said hi to [Redacted - RCMP] and asked where she has been playing as she hasn't visited RRD for a while. [Redacted - RCMP] said she lost 400k. The DS asked if she lost the 400k at Starlight and she responded it's [Redacted - RCMP]. When the DS wondering if she said [Redacted - RCMP] [Redacted - RCMP]

Unknown time in Dogwood room

[Redacted - RCMP] who is a DW player, her average bet is \$50 - \$100. She told the DS about [Redacted - RCMP] [Redacted - RCMP] said she heard [Redacted - RCMP] but not sure if it's rumor. [Redacted - RCMP] [Redacted - RCMP]

Wednesday, [Redacted - RCMP] around 9pm at the Main Cage [Redacted - RCMP] was at the Main Cage, the DS said hi to her and asked how she's been doing recently. [Redacted - RCMP] then the DS joking with her if she's [Redacted - RCMP]

[Redacted - RCMP] **Redacted - RCMP**

Redacted - RCMP

Thanks,

Redacted - RCMP

[River Rock Luxury Award Winner Signature Banner]

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Ankit Batra

From: Kris Gade
Sent: Redacted - RCMP 8:47 AM
To: Kevin Sweeney; Ross Alderson
Cc: Bruno Gatto
Subject: RE: Chinese classified link...
Importance: High

Someone "close" to him... He stated that Dealers and VIP Players are apparently talking "quite openly" about this on the floor...

Another interesting point here... The Job Posting is on a Chinese website "vansky.com" ... Unfortunately it is all in Mandarin/Cantonese so we can't read any of it... This being said however, if Ross remembers back to his interview with

Redacted - RCMP

It may be extremely beneficial for someone fluent in Mandarin/Cantonese to conduct a deeper dive on this site, if they are talking about money lending and alternative gambling locations who knows what they can dig up...

Kris Gade, CAMS
Manager, Investigations
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver BC. V5M 0A6

Personal information [Redacted]

[Redacted]

bclc.com

From: Kris Gade
Sent: Redacted - RCMP 9:25 PM
To: Kevin Sweeney
Cc: Ross Alderson
Subject: RE: Chinese classified link...

His "source"...

I'll see if he is able expand at all...

Kris Gade, CAMS
Manager, Investigations
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver BC. V5M 0A6

Personal information [Redacted]

[Redacted]

bclc.com

713

From: Kevin Sweeney
Sent: [Redacted - RCMP] 9:20 PM
To: Kris Gade; Ross Alderson
Subject: Re: Chinese classified link...

Kris

Where did Steve hear this information from?

Kevin Sweeney, CRM
Director, Compliance & Investigations & Interim Director, Information Security & Privacy
Corporate Security and Compliance Division, BCLC

[Redacted] Personal information [Redacted]

[Redacted] n

From: Kris Gade
Sent: Thursday, [Redacted - RCMP] 3:44 PM
To: Ross Alderson; Kevin Sweeney
Subject: Fw: Chinese classified link...

Some good stuff here... somewhat confirms our other intel.

Kris Gade, CAMS
Manager, Investigations
Corporate Security and Compliance Division, BCLC

2940 Virtual Way, Vancouver BC. V5M 0A6

[Redacted] Personal information [Redacted]

[Redacted] n

bclc.com

From: Steve Beeksma <[Redacted - RCMP]>
Sent: Thursday, [Redacted - RCMP] 15:28
To: Kris Gade
Cc: Bruno Gatto; Jim Husler; Jerome Wakeland; Stone Lee
Subject: Chinese classified link...

Hi Kris,

We've heard through the rumor mill that this add on a Chinese website called "vansky.com" soliciting for experienced dealers may be tied to the "underground casino(s)" in Richmond (page translated to English). There is also a suspicion that some casino dealers may be working there (making good money if the amounts aren't being exaggerated...rumor has it up to \$8K per week).

Redacted - RCMP

No current dealers at RRCR have been named that I'm aware of.

Other rumored details are it's

Redacted - RCMP

Redacted - RCMP

It's also rumored that

Redacted - RCMP

There has also been anecdotal, 3rd party account stories of unnamed players talking openly in River Rocks VIP Salon about what a nice job “they” did decorating/designing their “high limit room”. Apparently players are gambling amounts upwards of \$500K but I think we already heard that speculation.

Simply an FYI...mostly wanted to forward the link and advise that current casino employees may be working here on the side.

Thanks,

Steve Beeksma

Casino Investigations

BCLC, 2940 Virtual Way, Vancouver, BC, V5M 0A6

Personal information:

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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.

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Money Exchange Project

17

Recent interviews conducted by BCLC with casino patrons using unsourced funds suggested many were obtaining large quantities of small denomination bills from Money Service Businesses (MSB) in Richmond, BC and were advised of better interest rates to take smaller denominations. Based on the information received, BCLC Corporate Security & Compliance Division decided to look further into the information provided as part of its Enhanced Due Diligence (EDD) AML Program. On June 21, 2016, a covert operation was requested by Ross Alderson, Director of AML & Investigations specifically targeting Money Services Businesses (MSB) in the Richmond area. The purpose was to obtain general intelligence on MSB's to determine the reliability of the patron information BCLC had received. Findings yielded insight into businesses and its operations.

Method

GENERAL

Businesses were primarily chosen based on their proximity to No. 3 Road, Richmond, BC. A BCLC Operator was identified and requested to be "covert" as it was believed that businesses may be less willing to divulge information to a known BCLC employee.

A cover story and questionnaire were used to gather information from business employees. The BCLC employee would pose as a potential customer from the city of Guangzhou in Guangdong, China who wished to receive money from that area. That city was selected as it is a city where locals speak predominately Cantonese and Mandarin. This would also fit the background of the BCLC employee used who was a Cantonese speaker. The 15-hour time difference between Vancouver and Guangzhou was seen as advantageous as an excuse to delay the transfer and have the BCLC employee exit the business.

COVERT TEAM

The team identified consisted of two active employees from BCLC:

- Brandi Chan – Investigation Assistant
- Bal Bamra – Manager, AML Intelligence

Brandi Chan was selected to be the covert operator for the project. Brandi is a female of Asian ethnicity and speaks fluent Cantonese.

Bal Bamra assisted in driving, navigating, taking notes, and provided safety back-up.

The team dressed in plain clothing with all BCLC logos and branding hidden.

THE COVER STORY

"An urgent transfer of \$50,000CAD was required from an uncle in Guangzhou, China. The transfer had to be in cash, denomination(s) did not matter, and the money had to be received the same day." On completion of the information gathering the BCLC operator would step out to "call her uncle to confirm details as it would have been night time in Guangzhou."

QUESTIONS

The following questions listed were prepared for the business visits as guidelines. Depending on the fluidity of the conversation, not all questions were used. These questions were designed to bring insight on operational methods of the businesses.

- Do you facilitate cash exchanges from China?
- What is the rate for exchanging RMD to CAD?
- How do you conduct the transfer?
- When can it be done?
- What denomination will I receive it in?
- Would it be cheaper if I went with \$20 or \$50 bills?
- Would the exchange rate be cheaper if I transferred more money? \$100,000? \$120,000?

BUSINESS TARGETS

An exploratory approach was also used to target businesses appeared to be lower profile as a majority of google searches revealed Western Union branches. The main focus was the "No. 3 Road strip" and any notable money exchanges in the proximate area. The covert team resorted to patrolling the area by foot and a total of six MSBs. These included:

- Canada Money TT Ltd., 120 – 8311 Westminster Hwy, Richmond, BC
- Heng Sheng Financial Party Ltd., 1425 – 4540 No. 3 Road, Richmond, BC
- HWAY Financial Services Inc., 108 – 6061 No. 3 Road, Richmond, BC
- Kinbok Enterprises, 120 – 8091 Westminster Hwy, Richmond, BC
- Suhuida Money Exchange Ltd., 6620 No. 3 Road, Richmond, BC
- Vancouver Bouillon & Currency Exchange, 118 – 6061 No. 3 Road, Richmond, BC

Actions

On July 15, 2016 between the hours of 10:00am and 11:30am all six (6) sites were visited. All locations had an apparent standard MSB set-up – glass window barriers with speaker cut-outs and an exchange slot. See Appendix 1 of all business cards collected.

HWAY FINANCIAL SERVICES INC

This location was the first visited. The store front displayed the name of HWAY Currency Exchange. The employee was an Asian female in her late 20s, heavy built, with medium length brown hair. She advised that their location did not conduct wire transfers from overseas in cash, only commercial cheques. She recommended another money exchange business, Vancouver Bouillon & Currency Exchange, down the street.

VANCOUVER BOUILLON & CURRENCY EXCHANGE (VBCE)

This location was a few doors down from HWAY Financial Services Inc. The employee was an Asian male in his late 50s, slender built, with grey, receding hair. He advised that their location did not facilitate overseas cash exchanges with China as there were too many stringent regulations in place. He advised that it was a complicated process to bring overseas funds as it was hard to verify the source of funds.

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Their location offered in-person currency exchange only. When asked if he knew of a location where I could transfer cash from overseas, he advised that there were many Chinese locations in the vicinity that could assist. When asked for a referral, he could not list any names but advised to look for money exchanges with Chinese signs.

CANADA MONEY TT LTD

An employee by the name of [REDACTED] advised that this location facilitated in overseas currency exchange. The exchange rate was 5.25 to 1 for RMB to CAD. She advised that it would be quickest to electronically transfer the funds online if the transaction had to be completed the same day. They currently had \$30,000 CAD on site and would have to call if I was serious about the entire amount. Shirley made a phone call to confirm the rate when proposed with an increased transfer amount of \$70,000. The rates did not change.

When asked about bill denominations, Shirley explained that there was no option to choose from – whatever they had on site would be what they would provide. When asked why, she advised that the bill types were dependent on what customers bring in to be exchanged. Accepting any denomination did not change the rate.

SUHUIDA MONEY EXCHANGE LTD

The employee at this location was an Asian male in his late-20s to early-30s, heavy built, glasses, with ear-length, black hair. Their location facilitated overseas wire transfers from China. Their rate was 5.28 to 1 from RMB to CAD. \$50,000 could be received the same day in \$20 denominations. He had no explanation as to why they would choose to use \$20 bills for such a large amount. When asked for the option of \$100 bills instead, he said it could be arranged but it was the norm to use \$20 bills. Their rate did not change for larger wire transfers. Their business card offered a 24-hour hotline number (778-231-1567).

HENG SHENG FINANCAL PARTY LTD

This location was the only one visited that required customers to be buzzed in. The employee was an Asian male in his early to mid-30s, slender built, with black, short hair. He advised that the location can conduct oversea currency exchanges and the quickest way would be to first send an online wire transfer. However, he recommended waiting as the exchange rate was not that great. Their rate was 5.40 to 1 for RMD to CAD.

Their funds were normally provided in an assortment of denominations. Further probing yield \$20 and \$50 bills as the most frequent denomination used but \$100 bills could have be requested. When asked if it would be cheaper to exchange larger amounts, he provided his manager's contact information (778-829-1588) for inquiry. To note, their business card also offered a 24-hour hotline number (778-889-7666).

KINBOK ENTERPRISES

This was the last location attempted. The store front displayed the name of KINBOK. The store hours displayed stated that they opened at 11:00am, but the store remained still closed at approximately 11:20am.

Summary

The highest rate between the three locations that facilitated overseas wire transfers was 5.40, the lowest at 5.25. Of the three locations, two appear to have 24-hour hotline numbers on their business cards. All but one store could not give an explanation as to why they used small denomination bills for such large transactions. It appears that most locations defaulted to smaller denomination bills, rather than the usual \$100 denominations expected at accredited financial institutions for a request of this size. One out of six

stores was not open during their advertised store hours. None of the locations probed for personal, occupational, or financial information of the BCLC operator or the "uncle" from overseas. None of the locations questioned why such a large amount of cash (ranging \$50,000 to \$120,000) was required so urgently.

Analysis & Common Patterns

EXPLANATION OF SMALL DENOMINATION BILLS

Findings from one particular store yield an interesting question of whether currency exchanges are questioning the sources of funds received for transactions. As Canada Money TT Ltd. suggested, the denominations available to their clients was determined by what they received from other clients. One could then assume if a client came in to exchange all funds in \$20CAD bills, the store would then only have \$20 denominations to use.

UNEMPTIED FLOAT FROM PREVIOUS NIGHT

Another interesting point was that Canada Money TT Ltd. had \$30,000 readily available in denominations provided by previous clients during the early, opening hours. It suggests that they did not deposit their float from the previous night, a common practice for most operations that carry large volumes of currency. Had it been deposited after store closing, the denomination would have most likely changed. Although there is no evidence to suggest illegitimacy, the behavior of keeping large amounts of cash overnight seems unusual and therefore draws more attention to their practices.

24-HR HOTLINE

As mentioned previously, two of the three MSB's had 24-hour hotlines for clients to contact. Although most financial institutions have 24-hour ATMs with predetermined limits in the hundreds or thousands, they do not provide 24-hour personal service. Having a 24-hour hotline suggests there would be enough clients and/or profit to sustain operational costs, including available staff over a 24-hour period. Again, while there is no evidence to suggest illegitimacy, but merely appears unusual.

Conclusion

The outcome of the project provided insight into operational practices of currency exchanges on the "No. 3 Road" Strip including those that have refrained from conducting wire transfers from China. It also provided information on common trends and notable behavior that would be expected from facilitates that provide unsourced funds. Nonetheless, such discoveries were based on general conversation and did not prove or disprove any accusations made by patrons of better interest rates for different denominations. The information contained in this report can assist BCLC in their risk assessments when accepting future transactions in the casino that may have come from one of these MSB's.

Report prepared by Brandi Chan.

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Appendix 1

溫哥華分行 Vancouver Br.
Tel: 604-733-8603
Fax: 604-733-8609
102-950 West Broadway
Vancouver, BC V6Z 1K7
(中國領事館新簽証中心正對面)

本拿比分行 Main Br.
Tel: 604-433-8083
Fax: 604-431-8884
1231-4500 Kingsway
Burnaby BC V6H 1A9
(蘭花廣場底層威靈頓街商場)

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Canada Money **TT** Ltd.

Shirley Li
Senior Customer Service

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中國免費熱線
960-4030-5385

Business Hours: Mon-Fri 10:00am-7:00pm Sat & Sun 11:00am-5:30pm

004-279-3870
004-279-1383
help@moneytt.net

Richmond Branch (列治文分行)
120-8311 Westminster Hwy (Blue Jay)
Richmond BC V6X 1A7
加拿大卑詩省列治文市西敏街特
爾摩大廈底層 (公眾市場對面)

恒盛匯兌 HENG SHENG FINANCIAL PARTY LTD.
BC Incorporation No. BC0927211

Calgary Office (卡加利分店):
1015 - 9650 Harvest Hills HE, Calgary, AB T3K 0B3
159 - 1518 Centre St. SE, Calgary, AB T2E 2R9

Toronto Office (多倫多分店):
7010 Warden Ave, Suite B, Markham, Ontario L3R 5Y3

恒盛匯兌 HENG SHENG FINANCIAL PARTY LTD.

778-829-1588 5.4

offered e-transfer.

1425 - 4540 No. 3 Road, Richmond, BC
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Email: hengshengptyltd@hotmail.com
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www.suhuda.net
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Sat/Sun 11am-7pm
TEL: 604-737-0088
604-737-0066
FAX: 778-297-7290
EMAIL: suhuda1@hotmoll.com
ADD: 6020 NO. 3 road richmond, BC V6Y 2C2

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Kim Fitzpatrick

From: Paul Dadwal
Sent: Wednesday, [Redacted - RCMP] 9:02 PM
To: Ross Alderson
Subject: Re: [Redacted - RCMP]

Ross,

This is great.

I'll call you tomorrow to try and arrange a time for coffee.

Been crazy busy.

Thx

Paul

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ross Alderson
Sent: Wednesday, [Redacted - RCMP] 2:32 PM
To: Jeffrey, Kevin
Cc: Hussey, Joel; Dadwal, Paul; Daryl Tottenham
Subject: FW: [Redacted - RCMP]

FOR INFORMATION

We have information that some Casino players are obtaining cash (in mixed bills) from a money exchange in [Redacted - RCMP] called [Redacted - RCMP]. It is registered with FINTRAC as a MSB so at face value this appears a legitimate business.

However on [Redacted - RCMP] an individual [Redacted - RCMP] bought in for \$97,465.00 in mixed denomination bills at the Grand Villa and produced a receipt that from this cash exchange. The denominations were 200 x \$50, 3003 x \$20's; 1 x \$5. On [Redacted - RCMP] the same individual then bought in for \$170,005 at the Grand Villa. The denominations were 1200 x \$50, 5500 x \$20's; 1 x \$5. Both amounts according to receipts originated from a currency exchange for Chinese Yuan. (approx. \$1.5 million YUAN)

The individual has a local address however from a previous interview states his source of wealth is China based. So based on Chinese flight of capital laws it is unknown how that much Chinese currency made its way into Canada.

As per the BCLC directive to the Casino the source the funds was from a legitimate source (money exchange) so the buy in was accepted but obviously there are circumstances here which seem 'unusual.'

As a follow up on [Redacted - RCMP] I had two of our AML investigators attend [Redacted - RCMP] to validate the receipts were legitimate.

[Redacted - RCMP] acknowledged the receipts were from their location (confirmed on their computer system).

721

Redacted -
RCMP

acknowledged they do give out \$20's. Denominations they give out are allegedly

Redacted - RCMP

Contrary to what we have been told by some patrons

Redacted - RCMP

Specifics of the location are attached as per my analysts email.

I find it unusual that a Money exchange would 1. Carry that much cash on site and 2. Provide those types of denominations.

Regards

Ross Alderson CAMS.

Director, AML & Investigations
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver, BC, V5M 0A6

[Redacted] Personal Information [Redacted]

[Redacted]

[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: Brad Rudnicki

Sent: Thursday, [Redacted - RCMP] 3:16 PM

To: Ross Alderson

Subject: [Redacted - RCMP]

Ross,

It is registered with FINTRAC but I did notice the addresses are different between BC registry services (attached) and the FINTRAC registration (below).

Redacted
- RCMP

FINTRAC MSB Information:

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The screenshot shows the FINTRAC Money services business (MSB) registry search interface. The header includes the Government of Canada logo and the text 'FINTRAC - Money services business (MSB) registry search'. A navigation bar contains links for Obligations, Guidance, Reporting to FINTRAC, Reporting entities, Financial intelligence, and Public. The breadcrumb trail reads: Home → MSB → Search by name → Name search results → MSB details. The left sidebar lists search options: Search by name, Search by address, Name search results, XML report, Detailed information, MSB details (selected), and Branch details. The main content area, titled 'MSB details', is mostly obscured by a large black redaction box with the white text 'Redacted - RCMP'.

Brad Rudnicki

Personal information

•Yes, and...•

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Kim Fitzpatrick

From: Daryl Tottenham
Sent: Wednesday, [Redacted - RCMP] 9:38 AM
To: Paul Dadwal
Cc: Ross Alderson
Subject: FW: Money Exchange receipts
Attachments: 20160706061703265.pdf

Morning Paul,

I am sending you copies of the 3 most recent money exchange receipts we have received from patrons at River Rock which Ross has spoken to you about. The receipt from [Redacted - RCMP] is not a great copy but the details you need are visible. As this place has been described as [Redacted - RCMP], it is very possible that notwithstanding they are registered with Fintrac, they may not be reporting all transactions which would be a compliance issue and make them subject to penalties from Fintrac if confirmed. The reporting period for LCT's (Large cash transactions) is 15 days therefore they would have to report the cash pay-outs within that 15-day period to be compliant with the Act. For any suspicious transaction that should be reported to Fintrac, they have 30 days to file.

It might be very interesting to contact Fintrac after the 15 day window has elapsed and see if [Redacted - RCMP] actually filed LCT reports for these disbursements. We will be keeping copies of all money-exchange receipts we get from VIP patrons moving forward and our analysts will be doing OSINT dives on each business as well so we will keep your group apprised of what we find that may have value to you.

Regards,
Daryl

Daryl Tottenham Ba, CAMS
Manager, AML Programs
Corporate Security & Compliance Division, BCLC

2940 Virtual Way, Vancouver, BC V5M 0A6

Personal information
[Redacted]

●Yes, and...●

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: Daryl Tottenham [Redacted] Personal information
Sent: Wednesday, July 06, 2016 6:17 AM
To: Daryl Tottenham
Subject:

This E-mail was sent from "RNPCAE445" (Aficio MP C4500).

Scan Date: 07.06.2016 06:17:02 (-0700)

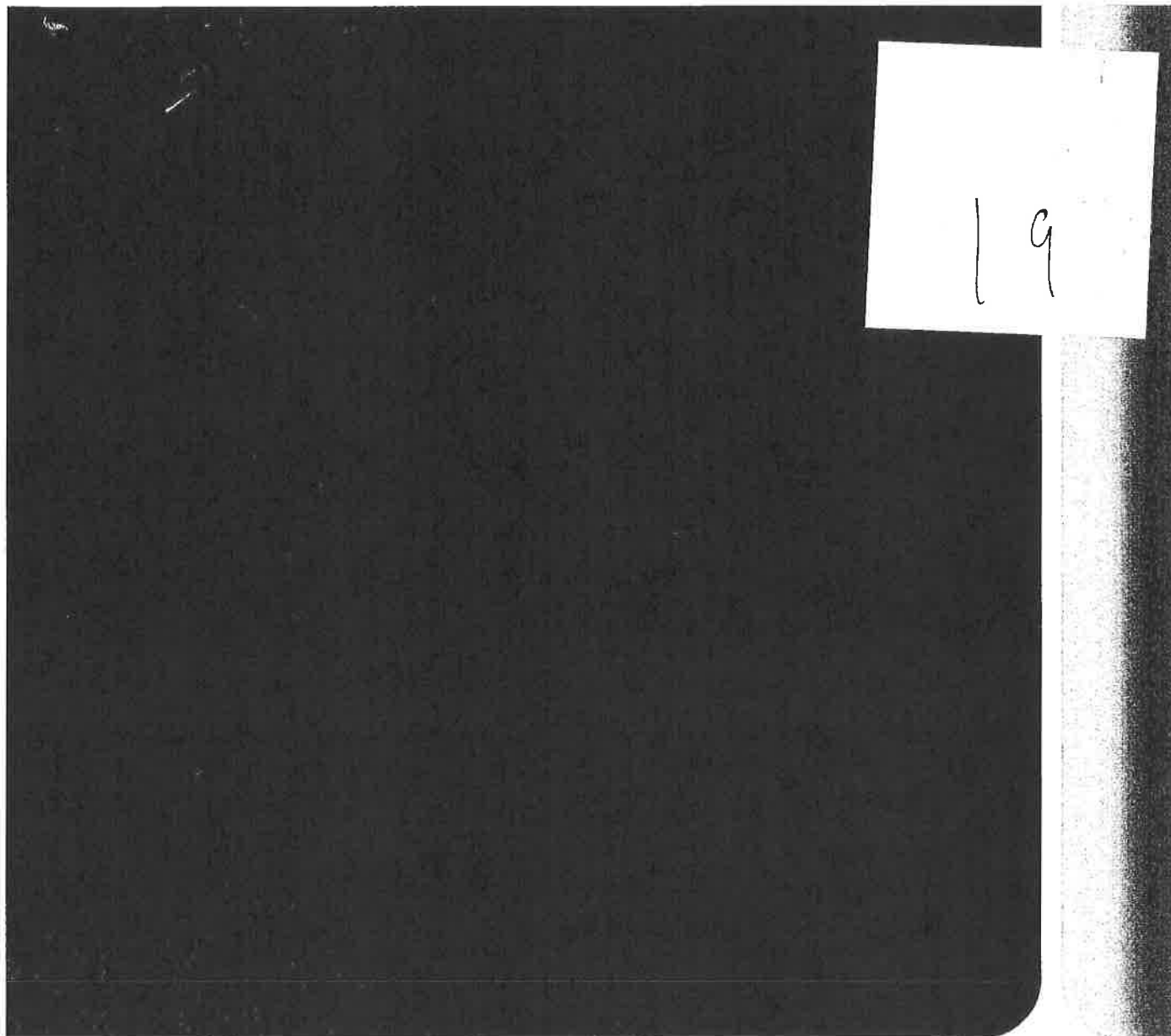
Queries [Redacted] [Redacted]

Redacted
- RCMP

Redacted -
RCMP

Redacted -
RCMP

727



Redacted -
RCMP

Poker Room Analysis

Prepared by the AML and Operational Unit

Ross Alderson, AML Director

Brad Rudnicki, AML Business Intelligence Analyst

Redacted - RCMP

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Associated Addresses iTrak query results	7

Overview of Analysis

Redacted - RCMP is suspected to be engaging in illegal gambling. Ownership and company information relating to this location was reviewed to determine any linkages to BCLC's iTrak database. The address Redacted - RCMP does not exist with land titles records however, the registered address for this property is Address confirmed through reviewing the PID # for location. Both Redacted - RCMP were used in the analysis when querying databases.

BC Assessment and Land Titles were reviewed to determine ownership. In addition to these sources the internet, Vancouver business licence databases from 2015 and 2016, and BC Company Registry Services were queried to determine linkages.

Summary of Analysis

- All person names, business names, and addresses found for business associations (historical or current) related to Redacted - RCMP were queried in iTrak with no results.
- Redacted - RCMP was listed for sale by Redacted - RCMP In Redacted - RCMP the property was purchased by Redacted - RCMP
- Redacted - RCMP is currently owned by Redacted - RCMP Operated by Redacted - RCMP
- A Craig's List ad had a posting for a Redacted - RCMP Redacted - RCMP was found. A Harmari search can be conducted at additional cost to see the information within the posting if required.
- Unable to establish who is leasing the property from Redacted - RCMP
- There are no businesses currently registered with Redacted - RCMP
- Previous companies that operated out of this address are not currently active.
- Redacted - RCMP was previously owned by Redacted - RCMP

Redacted
- RCMP

ASSOCIATED COMPANY INFORMATION

1. The internet indicates that

Redacted -
RCMP

2. The internet indicates that

Redacted
- RCMP

- 3.

Redacted
- RCMP

- 5.

6. The internet lists a

Redacted - RCMP

7. The internet lists a

Redacted
- RCMP

8. The internet lists a company called

Redacted - RCMP

Redacted
- RCMP

BC Company Registry

Redacted
- RCMP

Redacted
- RCMP

ASSOCIATED PEOPLE ITRAK QUERY RESULTS

Name:
iTrak SID:

Redacted
- RCMP

Name:
iTrak SID:

Redacted
- RCMP

Redacted
- RCMP

Name:
iTrak SID:

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iTrak SID:

Name:
iTrak SID:

Redacted
- RCMP

ASSOCIATED ADDRESSES ITRAK QUERY RESULTS

Address:
iTrak:

Address:
iTrak:

Address:
iTrak:

Address:
iTrak:

Address:
iTrak:

Address:
iTrak:

Address:
iTrak:

Address:

Redacted
- RCMP

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iTrak:

Name:

iTrak:

Redacted -
RCMP

***End of report

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Kim Fitzpatrick

From: Paul Dadwal
Sent: Thursday, [Redacted - RCMP] 9:43 AM
To: Ross Alderson
Subject: RE: Guest Note - Casino

Good stuff !!!

From: Ross Alderson [mailto:[Redacted - RCMP]]
Sent: [Redacted - RCMP] 9:15 AM
To: Ackles, Kenneth
Cc: Dadwal, Paul; Hussey, Joel
Subject: FW: Guest Note - Casino
Importance: High

Ken.

The attached PDF is a copy of a note left in the comment card at the Grand Villa casino last night alleging [Redacted - RCMP]
[Redacted - RCMP]

It was sent to me this morning via email from Gateway staff.

Author of note unknown

Regards

Ross Alderson CAMS.

Director, AML & Investigations
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, Vancouver, BC, V5M 0A6
[Redacted - RCMP] [Redacted - RCMP] [Redacted - RCMP] [Redacted - RCMP] [Redacted - RCMP]

[Redacted - RCMP] and... [Redacted - RCMP]

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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: Randy Sears [mailto:[Redacted - RCMP]]
Sent: Thursday, [Redacted - RCMP] 8:59 AM
To: Ross Alderson
Cc: Brandon Norgaard; [Redacted - RCMP]
Subject: FW: Guest Note - Casino

Ross,

We found this note in a comment card box last night.

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Regards,

Randy

From: Orkut Polat

Sent: Wednesday, [Redacted - RCMP] 7:10 PM

To: Rowland England; Stan Ma; Randy Sears; Bill Lang

Subject: Guest Note - Casino

Hello,

We received a note that was dropped in a comment card box:

Redacted - RCMP

I attached the note for your reference.

Orkut

Orkut Polat

Guest Relations and Promotions Manager

Grand Villa Casino

A Gateway Casinos & Entertainment Limited Property

4331 Dominion Street

Burnaby, BC V5G 1C7

Personal information

om

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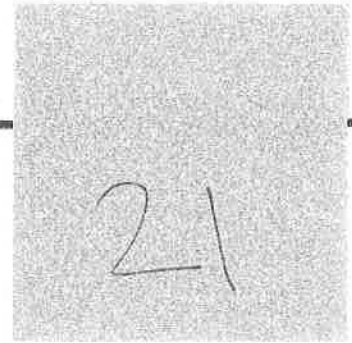
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Ankit Batra

From: Rob Kroeker
Sent: September-29-17 11:43 AM
To: Ross Alderson
Subject: FW: Casino Cash Facilitators
Importance: High



fyi

From: Brad Desmarais
Sent: September-29-17 11:31 AM
To: Rob Kroeker <Personal information>
Subject: FW: Casino Cash Facilitators
Importance: High

Not sure if you have seen this....

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: John Karlovcec
Sent: Monday, [Redacted - RCMP] 2:24 PM
To: Trevor Emmerson <Personal information>
Cc: Robert Grant <Personal information>; Bob Stewart <Personal information>; Brad Desmarais <Personal information>; 'Kurt Bulow' <Personal information>; 'Mark Jordan' <Personal information>; 'Personal information' <Personal information>; 'Jeff Neuman Neuman' <Personal information>; 'Eldon Orregaard' <Personal information>; 'Eldon' <Personal information>; Brad Rudnicki <Personal information>; Daryl Tottenham <Personal information>
Subject: Casino Cash Facilitators
Importance: High

Hi Trevor,

Hope all is well. Just to advise you that we have compiled our top 10 Casino cash facilitator targets.

Our BCLC Intelligence analyst has sent the target sheets as well as BCLC investigator contact information by secure file transfer protocol to CFSEU analysts Jill PATTERSON, Jorda METCALFE, Caralee FLORE and Nathalie BROWNE.

Please contact one of your CFSEU analysts to receive/gain access to the information. Again we very much appreciate your support with this initiative.

Please let us know if you have any questions or if we can be of any further assistance.

Best Regards,

John

John Karlovcec
Manager AML & Operational Analytics Unit
Corporate Security & Compliance Division, BCLC

2940 Virtual Way, Vancouver, BC V5M 0A6

■ Personal information ■ ■

■

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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.

Ankit Batra

From: Daryl Tottenham
Sent: January-05-16 4:24 PM
To: Ross Alderson
Subject: FW: Paul JIN info

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

2940 Virtual Way, Vancouver, BC V5M 0A6

Personal information
[Redacted]

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

From: Daryl Tottenham
Sent: Thursday, [Redacted - RCMP] 8:46 AM
To: Daryl Tottenham
Subject: [Redacted - RCMP]

Had the team at the RRCR compile some information surrounding

[Redacted - RCMP]

I've attached a Spreadsheet of all the incidents where [Redacted - RCMP] is involved or believe to be involved. The breakdown is as follows:

Redacted
- RCMP

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

2940 Virtual Way, Vancouver, BC V5M 0A6

Personal information
[REDACTED]

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

Ankit Batra

From: Daryl Tottenham
Sent: January-05-16 4:26 PM
To: Ross Alderson
Subject: FW: Casino file

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

2940 Virtual Way, Vancouver, BC V5M 0A6

Personal information
[REDACTED]

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

From: Kevin UGANEK [mailto:Personal information a]
Sent: Tuesday, [REDACTED - RCMP] 3:55 PM
To: Gerry PROCTOR; Glenn Atkins; Steve WETTER
Cc: Daryl Tottenham
Subject: Casino file

Gentlemen,

this morning I spoke with Daryl Tottenham regarding our surveillance from last Thursday [REDACTED - RCMP] and some questions that arose as a result of the surveillance. First of all Daryl did confirm the ID of the [REDACTED - RCMP] [REDACTED - RCMP] and has forwarded me copies of their reports for that transaction.

I asked Daryl about the possibility of our team getting access to the cash from any future transactions, so that we can CRAT's the money. He advised that it would not be a problem as they secure they money in a vault for as least 24 hrs, so that we would have ample time to make arrangements to have it done.

I asked Daryl if it would be preferable to change the money out, if we had equivalent amount in a float or to CRAT's it within their facilities, with a portable CRATS machine. Daryl said either method would work for them but suggested that we would probably want to CRATS it at the Casino facilities, given the large sums of money involved. Daryl advised me that our target had made another transaction on the following Saturday [REDACTED - RCMP] where [REDACTED - RCMP] was observed [REDACTED - RCMP]

[REDACTED - RCMP]

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Daryl has been kind enough to forward me their report regarding this transaction, and has agreed to do the same for any future reports he has involving our target.

Detective Constable Kevin Uganec
Vancouver Police # 1654
On loan to RCMP FSOC 6
14200 Green Timbers Way,
Surrey, BC

Personal information [REDACTED]

Detective Constable Kevin Uganec
Vancouver Police # 1654
On loan to RCMP FSOC 6
14200 Green Timbers Way,
Surrey, BC

Personal information [REDACTED]

Detective Constable Kevin Uganec
Vancouver Police # 1654
On loan to RCMP FSOC 6
14200 Green Timbers Way,
Surrey, BC

Personal information [REDACTED]

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Economic and Social Consequences of Money Laundering

British Columbia Lottery Corporation

Anti-Money Laundering Unit

Brad DESMARAIS, VP of CS&C
Ross ALDERSON, Director of AML
Daryl TOTTENHAM, AML Specialist

BCLC Corporate Security &
Compliance

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Referenced Material

(ACAMS Study Guide pg 18-24)

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The following section contains excerpts from “The consequences of money laundering and financial crime,” by John McDowell and Gary Novis, which appeared in the U.S. State Department publication “Economic Perspectives” in May 2001, and from the World Bank and International Monetary Fund’s “Reference Guide to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT).” issued in January 2007.

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Known Impacts of Money Laundering

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1. Social Costs
2. Increased Crime and Corruption
3. Undermining the Legitimate Private Sector
4. Weakening Financial Institutions
5. Loss of control of, or mistakes in, decisions regarding economic policy
6. Economic Distortion and Instability
7. Loss of Tax Revenue
8. Risks to Privatization Efforts
9. Reputation Risk for the Country

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Social Costs

- ◎ Significant social costs and risks are associated with money laundering
 - Profitability through money laundering for criminals increases their business opportunities.
 - Increased crime drives up the cost of government expenses and budgets
 - Law enforcement
 - Health care

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Increased Crime and Corruption

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- ◎ If money laundering is prevalent, there is likely to be more corruption. Criminals may try to bribe government officials, lawyers and employees of financial or non-financial institutions so that they can continue to run their criminal businesses.

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Undermining the Legitimate Private Sector

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- ◎ Money launderers are known to use front companies, or businesses that appear legitimate and engage in legitimate business, but are in fact controlled by criminals who commingle the proceeds of illicit activity with legitimate funds.
- ◎ These front companies have access to substantial illicit funds, allowing them to subsidize front company products and services at levels well below market rates.
- ◎ Finally, by using front companies and other investments in legitimate companies, money laundering proceeds can be used to control whole industries or sectors of the economy of certain countries. This increases the potential for monetary and economic instability due to the misallocation of resources from artificial distortions in asset and commodity prices.

Weakening Financial Institutions

- ◎ Financial institutions that knowingly or unknowingly rely on proceeds of crime have challenges in managing their assets, liabilities and operations. Each having financial consequences such as:
 - Loss of legitimate profitable business
 - Liquidity problems through withdrawal of funds
 - Termination of correspondent banking facilities
 - Investigation costs and fines
 - Asset seizures
 - Loan losses
 - Reduced stock value of financial institutions



Loss of control of, or mistakes in, decisions regarding economic policy

- ◎ Illicit proceeds may dwarf government budgets, resulting in a loss of control of economic policy by governments.
- ◎ Money laundering can adversely affect currencies and interest rates as launderers reinvest funds where their schemes are less likely to be detected, rather than where rates of return are higher.
- ◎ Threat of monetary instability due to the misallocation of resources from artificial distortions in asset and commodity prices.

Economic Distortion and Instability

- ◎ Criminals “invest” their money in activities that are not necessarily economically beneficial to the country where the funds are located.
- ◎ Industries, such as construction and hotels, have been financed not because of actual demand, but because of the short-term interests of money launderers. When these industries no longer suit the needs of the money launderers, they abandon them, causing a collapse of these sectors.

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Loss of Tax Revenue

- ⊙ Tax evasion is, perhaps, the one money laundering impact with the most obvious macroeconomic impact.
- ⊙ Diminished government tax revenue indirectly harms honest tax payers.

Risks to Privatization Efforts

- ◎ Criminal organizations can outbid legitimate purchasers for formerly state-owned enterprises. Furthermore, while privatization initiatives are often economically beneficial, they can also serve as a vehicle to launder funds.
- ◎ In the past, criminals have been able to purchase marinas, resorts, casinos and other businesses to hide their illicit proceeds and to further their criminal activities.

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Reputation Risk for the Country

- ◎ The negative effects for development and economic growth in a country associated with money laundering can not be underestimated.
- ◎ Money laundering diminishes legitimate global opportunities because foreign financial institutions may decide to limit their transactions with institutions located in a country prevalent with money laundering.

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BCLC's Culture of Compliance

Association of Certified
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ACAMS®

- ⦿ Dedicated Specialist AML Department with a mandate to be best in class
- ⦿ Certified Anti-Money Laundering Specialists (CAMS) certification for all BCLC Investigators.
- ⦿ AML training for all BCLC employees.
- ⦿ AML training for all Casino service provider employees based on new FINTRAC regulations.
- ⦿ Have established strong relationships with various levels of law enforcement agencies across Canada.

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Appendix B

Gaming Policy and Enforcement Investigations and Regional Operations Division

SECTION 86 G C ACT REPORT

To be submitted without delay.

CONFIDENTIAL

This document is the property of Investigations and Regional Operations Division, Gaming Policy and Enforcement, is confidential and shall not be disclosed or divulged, in whole or in part, without prior consent of the Investigations and Regional Operations Division, Gaming Policy and Enforcement.

Date: July 24, 2015

Service Provider: N/A

Date & Time of Occurrence: [Redacted - RCMP] at 02:44hrs.

Details: [Redacted - RCMP]

Request received by email from GPEB as below:
July 24th 2015. 0749 hrs

Good morning Ross.

I am requesting a Section 86 Report from BCLC which is to be sent directly to me (no distribution beyond that) outlining the following:

1. The date of the initial complaint made by BCLC and the substance of that complaint including any documents provided to the investigative body;
2. The names and other descriptors, vehicles, addresses provided by BCLC to the investigative body;
3. The names and dates of who has been in contact with the investigative body about this matter and the information shared and/or provided to BCLC particularly the events of 22 July 2015 when you contacted me; and
4. The names of all individuals at BCLC who are currently aware of this Project.

I would appreciate receiving this as soon as possible.

Regards,

Len Meilleur

BCLC Response:

1. On [Redacted - RCMP] at 1400 hrs. BCLC met with RCMP (FSOC) to lodge a complaint [Redacted - RCMP]
[Redacted - RCMP] [Redacted - RCMP]
[Redacted - RCMP] This meeting was conducted at the BCLC Vancouver Office. [Redacted - FINTRAC]
[Redacted - FINTRAC] The Investigative lead was Steve WETTER. BCLC staff present were John KARLOVCEC, Daryl TOTENHAM (from AML Unit) and Kris GADE and Bruno GATTO (Investigations unit)

2. All material provided was extracted from iTrak and involved copies of player information and

E-Mail SGGPEB86ReportingLMD@gov.bc.ca

Lower Mainland Regional Office, 408-4603 Kingsway Ave, Burnaby BC V5H 4M4

Page 1

Redacted - FINTRAC

GPEB and RCMP.

Note: VP CS&C Brad DESMARAIS had reached out to various agencies prior to Redacted - RCMP to investigate the matter and FSOC were the first agency which agreed to look into it.

3. On Redacted - RCMP at 1300 hrs - BCLC Director AML Ross ALDERSON met with FSOC Operational team to discuss the Redacted - RCMP ALDERSON to that point had limited knowledge of file. ALDERSON was advised that Redacted - RCMP however that Redacted - RCMP of their investigation and that the Redacted - RCMP Redacted - RCMP While suspected there were Redacted - RCMP Redacted - RCMP other than Redacted - RCMP FSOC asked that BCLC Redacted - FINTRAC ALDERSON aware this was privileged information.

On Redacted - RCMP at 1400 hrs - BCLC Director AML Ross ALDERSON met with FSOC Operational team to discuss BCLC's current cash alternative initiatives and discuss any updates on Redacted - RCMP ALDERSON was advised in that meeting that FSOC had now Redacted - RCMP Redacted - RCMP No further specifics involving names, addresses or vehicles, was provided however Inspector Cal CHRUSTIE of FSOC then advised ALDERSON that Redacted - RCMP Redacted - RCMP Meeting concluded at 1600 hrs. ALDERSON aware this was privileged information.

BCLC VP CS&C briefed later.

On Redacted - RCMP at 0800 hrs - BCLC Director AML Ross ALDERSON met with Inspector Cal CHRUSTIE to discuss Redacted - RCMP ALDERSON was advised that Redacted - RCMP Redacted - RCMP Redacted - RCMP Although Redacted - RCMP Redacted - RCMP Redacted - RCMP Also that several Redacted - RCMP It was understood from ALDERSON that any info shared was confidential and extremely sensitive in nature. It was discussed how Redacted - RCMP Redacted - RCMP CHRUSTIE advised ALDERSON that BCLC Redacted - FINTRAC and information sharing and that Redacted - RCMP Redacted - RCMP and that any action taken by BCLC should be discussed with FSOC so as not to impede any ongoing criminal investigation. ALDERSON aware this was privileged information however the information discussed Redacted - RCMP Redacted - RCMP should it be true or leaked out to media.

On Redacted - RCMP at 1123 hrs - BCLC Director AML Ross ALDERSON telephoned Len MEILLEUR to discuss the pending GPEB/BCLC meeting on July 24th around Cash Alternatives, and source of funds, and also to confirm meeting details. During the course of that call ALDERSON advised he had Redacted - RCMP and advised MEILLEUR should all CHRUSTIE. No further details were shared.

On Redacted - RCMP at 1451 hrs BCLC Director AML Ross ALDERSON read an email from Kandace NAGEL, GPEB to call Len MEILLEUR asap.
1455 hours - called MEILLEUR. Advised that MEILLEUR had spoken to CHRUSTIE and as a

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result of that conversation John MAZURE had been briefed and that likely Mike DEJONG would also be briefed. MEILLEUR and ALDERSON discussed in more detail and compared information that they had received from law enforcement.

On [Redacted - RCMP] at approx. 1515 hrs BCLC Director AML Ross ALDERSON briefed CEO Jim LIGHTBODY, Brad DESMARAIS and VP Social Responsibility and Communications Susan DOLINSKI. Kevin SWEENEY, Daryl TOTTENHAM and Kris GADE were also advised by ALDERSON that [Redacted - RCMP] and that further player sanctions were being considered.

4. BCLC staff involved or with current/previous knowledge.

Ross ALDERSON - Primary Law Enforcement Contact with FSOC since April 2015 and fully briefed by FSOC.

Brad DESMARAIS - (ALDERSON's direct superior) briefed by ALDERSON
Jim LIGHTBODY - briefed by ALDERSON
Susan DOLINSKI - briefed by ALDERSON

Kevin SWEENEY – initial involvement and limited knowledge of file
Kris GADE - initial involvement and limited knowledge of file
Daryl TOTTENHAM – initial involvement and limited knowledge of file
Bruno GATTO – no involvement outside initial report to FSOC

John KARLOVCEC – initial involvement and original FSOC contact (Retired in March 2015)

SUMMARY:

BCLC suspected [Redacted - RCMP] It is my understanding that GPEB were notified at that time however I am not privy to those conversations. There was communication between BCLC and GPEB investigations [Redacted - RCMP] [Redacted - RCMP] which confirms information sharing was ongoing.

Since July 22, 2015 there has been regular contact between BCLC and GPEB and mitigation strategies discussed and implemented.

E-Mail SGGPEB86ReportingLMD@gov.bc.ca

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Police Called: Yes ☒ No ☐**Attended:** Yes ☒ No ☐**Police Force:** RCMP – Federal; Serious Organized Crime (FSOC)**File Number:****Investigating Officer(s) & Badge Number(s):** (initially) Staff Sergeant Steve WETTER**Submitted by:** Ross ALDERSON**GPEB Registration #:** Personal information

E-Mail SGGPEB86ReportingLMD@gov.bc.ca

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BCLC Chronology re: [Redacted - RCMP]

2009 - Process for BCLC copying all Suspicious Transaction reports to police established. Initially all sent to IPOC and Criminal Intelligence. GPEB also received copies of all STR reports.

[Redacted - RCMP] – [Redacted – FINTRAC/RCMP] involving [Redacted - RCMP] for suspicious behaviour/transactions.

[Redacted - RCMP] – [Redacted - RCMP] barred for 14 days pending investigation for a series of suspicious incidents involving suspected cash facilitation.

[Redacted - RCMP] barred 1 year on review for inappropriate behaviour per above.

[Redacted - RCMP] – IPOC (RCMP) requested info on [Redacted - RCMP] received for a ‘money-laundering’ investigation.

[Redacted - RCMP] barred 5 yrs (Maximum barring under BCLC policy) for further suspected off site cash deliveries. He was advised by phone.

*****Through late [Redacted - RCMP] while not allowed on premises, was suspected as being involved in multiple drop off's within proximity of casinos and subsequent surveillance reviews of buys ins showed this. This information was provided to RCMP, GPEB [Redacted – FINTRAC/RCMP] It was believed IPOC were looking at [Redacted - RCMP] but at that time IPOC was downsizing and it was known RCMP were being asked to focus more on Terrorist Activity. Locally there was also significant gang activity in Lower Mainland*****

Apr 16, 2014 – BCLC/CFSEU met at Green Timbers Surrey to discuss establishment of a working relationship and working on issues of interest. Present Insp Marc Landry, Supt. John Grywinski, Cpl Robert Grace, Brad D. John K, Daryl T.

May 6, 2014 - PTEP sharing process from CFSEU to BCLC established.

[Redacted - RCMP] – BCLC coordinated to provide CFSEU with a package on 10 Persons of Interest including [Redacted - RCMP] who was believed to be the main player.

June 19, 2014 – BCLC and GCGC coordinated a tour and orientation of River Rock.

Redacted - RCMP - List of 10 suspected cash facilitators completed and delivered to CFSEU. Redacted - RCMP included on list. Redacted - RCMP AML Intelligence analysis including all STR and Security files for Redacted - RCMP to date were provided.

Redacted - RCMP – Notice of Claim (Richmond, BC)

Redacted - RCMP

Redacted - RCMP

Oct 9, 2014 – BCLC reach out to CFSEU for an update

Redacted - RCMP - Meeting at River Rock with GCGC and BCLC management. Lengthy discussions on Redacted - RCMP problems, cash deliveries. Concerns over lack of police activity.

Redacted - RCMP at 1400 hrs. BCLC met with RCMP (FSOC) to lodge a formal complaint re Redacted - RCMP. Held at BCLC Vancouver Office. RCMP lead was Sgt Steve WETTER.

March 10, 2015 - Met with RCMP at Green Timbers to try and and get more assistance with suspected criminal organizations targeting BCLC site.

Redacted - RCMP - FSOC advised BCLC they would start project Redacted - RCMP

Redacted - RCMP - BCLC informed that FSOC met with Richmond RCMP over project conflicts with Redacted - RCMP

Redacted - RCMP

Redacted - RCMP - FSOC requested BCLC assist with putting a Power Point together on the social impacts of ML as per conversation between BCLC Daryl TOTTENHAM and FSOC Sergeant Kevin UGANEC.

*BCLC put the powerpoint together overnight and heard a week later from RCMP

Redacted - RCMP

June 4, 2015- AML summit hosted at BCLC Vancouver office involving participants from GPEB, BCLC, FINTRAC, CFSEU, FSOC, Financial Sector, Service Providers, CRA, CFO, Police Services, CBSA

Redacted - RCMP - BCLC Director ALDERSON meeting with FSOC

Redacted
- RCMP

- BCLC Director meeting with FSOC

- BCLC Director met with FSOC Inspector Calvin CHRUSTIE to discuss new information regarding the

Redacted
- RCMP

Redacted -
RCMP

Redacted
- RCMP

GPEB Exe Director Compliance and BCLC

Executive/CEO advised of update.

Redacted -
RCMP

- GPEB requests that BCLC file a s.86 report detailing all knowledge and relevant dates associated with the

Redacted - RCMP

July 27, 2015 - Conference call conducted between BCLC, RCMP and GPEB Senior Management to further discuss July 22 information.

Redacted - RCMP

-- BCLC reviewed recent received cash deliveries linked to

Redacted -
RCMP

Redacted - RCMP players were placed on unsourced cash conditions. Copies of intelligence interviews detailing transactions here and abroad were provided to police.

Redacted - RCMP

ALDERSON was shown preliminary analysis conducted by FSOC analysts linking approx. Redacted - RCMP

Redacted - RCMP FSOC confirmed they would provide BCLC with more detailed analysis.

Aug 28, 2015 - BCLC were advised by GPEB that they would be conducting an audit into BCLC's STR and UFT reporting practices.

Redacted - RCMP

Redacted - RCMP

Redacted - RCMP - ALDERSON met with Insp Bruce WARD (FSOC) who now was OIC for Redacted - RCMP

Redacted - RCMP - Notice of Civil Claim names Redacted - RCMP
- RCMP Redacted - RCMP Approx: \$1 million seizure.

Redacted - RCMP - ALDERSON provided details of illegal gaming location to FSOC

Redacted - RCMP

Redacted - RCMP - FSOC confirmed they had passed information from Redacted - RCMP onto Richmond RCMP

Redacted - RCMP - BCLC conducted full day training with JIGIT at BCLC Vancouver. Redacted - RCMP info passed on to OIC.

Redacted - RCMP - ALDERSON contacted FSOC who confirmed Redacted - RCMP file with Crown for charge approval re illegal gaming and money laundering

Aug 31, 2017 - Insp. Bruce WARD does hour long presentation on ePirate at IAFCI Conference in Vancouver detailing investigation and noting charges coming.

Redacted - RCMP - BCLC submits impact statement for Redacted - RCMP file to FSOC.

May 12, 2017

Gaming Policy & Enforcement Branch
Ministry of Finance
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: **John Mazure**
Assistant Deputy Minister

Dear John:

Re: Your Letter Dated May 8, 2017

I write in response to your letter of May 8, 2017, which references various aspects of BCLC's anti-money laundering program. I very much appreciate your offer of enhanced cooperation and support for BCLC's anti-money laundering efforts.

With respect to your inquiries about BCLC's coordination and collaboration with police generally and the Joint Illegal Gaming Investigation Team (JIGIT) specifically, I can advise you that since the date of the team's inception BCLC has made collaborating with and supporting their efforts a top priority. This is in addition to the \$3 million dollars per year BCLC has committed to JIGIT funding. Reports back to BCLC from the Officer-in-Charge of JIGIT and others have commended BCLC for the very high level of collaboration and support BCLC's AML Department have provided to JIGIT. More specifically, I can advise you BCLC has held on site training and orientation sessions with a number of members from JIGIT to ensure they have a strong working knowledge of BCLC's gaming operations, AML program, type of data collected, and our transaction analysis abilities. Additionally, I can advise that the Director of BCLC's AML Department is in frequent communication with the OIC JIGIT, and in some circumstances daily communication.

In regard to support of police efforts more generally, please be reminded that it was BCLC's analysis of transactions and other operational gaming data that led to the identification of a key suspect associated to illegal gaming operations in the Lower Mainland. Further, it was BCLC's complaint to the police and briefing on BCLC's analysis that provided the information that allowed the police to begin to target that suspect. Prior to BCLC's action on that matter, the activities of a suspected major illegal gaming crime figure appear to have gone undetected. On a broader note, in 2014 BCLC initiated and executed an information sharing agreement with the RCMP – an unprecedented anti-money laundering measure in Canada. When JIGIT was set up in 2016 BCLC immediately initiated a review of the existing information sharing agreement. That review resulted in updates to the agreement which ensured BCLC could provide support to JIGIT's efforts. The creation of the agreement in the first instance was an important addition to BCLC's AML program. The agreement enabled a more strategic level of coordination between BCLC and police across the province. One outcome of the agreement is that it has allowed BCLC to identify individuals and their associates involved in or linked to organized crime and proactively ban those individuals from casinos across the province. Because of this unique cooperative effort between BCLC and police, 260 individuals have been banned from provincial

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gaming sites helping to ensure our facilities remain free from criminal influences and are safe for the public.

You have asked for an update on our efforts to increase the sophistication and capabilities of BCLC's AML program through software tools and data analytics. SAS, an AML and business intelligence software solution, is going through the final stages of being brought on-line this very week. The SAS solution is utilized by a number of Canada's largest banks in their AML programs. We understand BCLC's implementation of SAS is the first in the world in the gaming industry. Note however that SAS is only one of a number of software and web-based solutions BCLC employs in its AML program. We have also augmented our program with other solutions that have emerged in the last year. As I am certain you can appreciate, the functioning of BCLC's AML program and use of automated solutions results in a multi-faceted program, a description of which is beyond what can be meaningfully covered here. I would be pleased to arrange a technical briefing, at a time convenient to you, on the automated solutions employed and how the technology supports our AML efforts.

In your correspondence, you make inquiries about source of funds. BCLC's anti-money laundering program incorporates both source of funds and source of wealth determinations. Moreover, our anti-money laundering program employs comprehensive customer due diligence and customer on-going monitoring procedures. Tens of millions dollars in cash transactions have been refused under BCLC's program and 131 customers have been placed on buy-in restrictions. BCLC's entire anti-money laundering regime was recently audited by the federal Financial Transactions and Reports Analysis Centre of Canada (FinTRAC). This was the most comprehensive review of BCLC's program to date with upwards of six dedicated FinTRAC anti-money laundering and terrorist financing experts reviewing every aspect of its' program. FinTRAC found that not only was BCLC's program effective and fully compliant with all customer due diligence, transaction and on-going monitoring requirements but also provided feedback to us to the effect that BCLC's program was the leader in the sector. In addition to FinTRAC audits, BCLC is required under federal law to have an independent audit and assessment of its anti-money laundering program completed once every two years. BCLC has just completed the selection and engagement process for that audit for 2017. BCLC has selected a prominent international audit firm to conduct the work. To help address your comments we will ensure that BCLC's customer due diligence, transaction handling (including source of funds and wealth procedures) and customer on-going monitoring procedures are specifically reviewed during the audit. As is our standard practice, BCLC will share the results of the audit with GPEB once completed later this year.

You express concerns about instances where casino customers present \$20 dollar denomination bank notes wrapped in elastic bands, and I agree that caution is needed in these circumstances. When this type of circumstance occurs, as part of BCLC's customer due diligence procedures, BCLC makes inquiries around the source of funds and other factors relevant to the transaction. In more than one case BCLC has determined that the \$20 bank notes originated from a registered money services business (MSB). Upon further inquiries, BCLC determined that MSBs often issue \$20 bank notes because that denomination makes up the vast majority of Canadian currency in circulation. Further, BCLC has learned it is a fairly standard practice for an MSB to bundle large numbers of bank notes, of any denomination, with elastic bands as that is simply the most practical way for them to handle the money. As a result of inquiries, and despite initially appearing suspicious, follow-up inquiries in some cases have pointed to nothing untoward. Having said that I can assure you we will remain vigilant on this front and welcome any additional information or support GPEB can provide.


Linked to source of funds, you raise concerns about bank drafts and specifically the mechanics behind transactions between a bank and its customer where a bank draft is issued. BCLC does accept bank drafts from Canadian banks and credit unions (both of which are reporting entities under Canadian anti-money laws and who are required to have comprehensive and effective anti-money laundering programs) where customer due diligence has been completed and the customer holds a casino account. BCLC has no line of sight into a casino customer's bank accounts or any other financial services provided to a

customer by a financial institution. While BCLC has had some discussions with financial institutions around the sharing of information in furtherance of anti-money laundering, financial institutions generally are not receptive to the sharing of their customer and commercial banking information with BCLC for the obvious privacy and commercial reasons. BCLC does make inquiries of its customers in relation to bank drafts however, not being an enforcement agency BCLC's powers to conduct these inquiries are quite limited. Ultimately, BCLC has no means and no authority to require banks to disclose how a bank's customer conducts its business with the bank. GPEB and the police, however, do have access to court processes including search warrants and production orders which allow you to compel the disclosure of financial information and conduct much more in-depth inquiries than BCLC is permitted to do. We understand that through this type of work GPEB has concluded that some bank drafts are suspect – as you have noted in your letter. BCLC relies entirely on GPEB and the police to advise it where there are suspicions around a bank's conduct in the issuance of bank drafts. In fact, several weeks ago GPEB advised BCLC that as many as 10 casino customers were using proceeds of crime to purchase bank drafts at Canadian banks. BCLC asked GPEB to provide the names of those customers so that BCLC could immediately ban the customers in question pursuant to its authority in section 92 of the *Gaming Control Act*. BCLC has no tolerance for money laundering or any other illegal activity and wishes to protect its facilities, staff and the integrity of gaming. We have not yet received the names of the customers involved from GPEB. I would welcome you doing anything you can to expedite BCLC being provided the names of customers in question so that we can get them out and keep them out of our gaming sites.

I am seeking your assistance on one additional item. In my letter to you of September 16, 2015, I reported that our staff, as well as those of our service providers, were receiving reports from casino customers of high stakes illegal gaming houses being operated in the lower mainland. Through open source analysis, we were even able to provide at least one possible address. Our customers continue to report these illegal gaming houses remain operating. I would appreciate receiving any information you can share around what action has been taken in response to these reports and whether any illegal gaming houses have been located and shutdown.

We remain fully committed to keeping all illegal activities out of our gaming facilities and look forward to GPEB's continued support of our efforts.

Yours truly,



Jim Lightbody
President & CEO

cc: Cheryl Wenezenki-Yolland, Associate Deputy Minister, Ministry of Finance

June 16, 2017

Gamling Policy and Enforcement Branch
PO Box 9309 Stn Prov Govt
Victoria BC V8W 9N1

Attention: Mr. Len Meilleur
Executive Director, Compliance Division



Dear Mr. Meilleur,

Re: Press Conference on Illegal Gambling and Casino Money Laundering

I am writing about the press conference GPEB held in conjunction with the CFSEU on June 13, 2017. I wish to extend my congratulations to you on the successes GPEB has had in its partnership with the Joint Illegal Gaming Investigation Team and which you announced at the press conference. BCLC is thankful for the effort GPEB has put into the investigation.

BCLC welcomed the news that a number of illegal gambling operations in the lower mainland had been shutdown. However, it was very troubling to learn through the press materials that sophisticated international organized crime groups had laundered funds through BCLC casinos. As you know, BCLC has committed considerable resources, staff and effort to developing its anti-money laundering and counter terrorist financing program. I know you are also aware that BCLC's program has been scrutinized by GPEB audit staff and that it has recently undergone a comprehensive review by FINTRAC with no deficiencies in its anti-money laundering procedures identified. Nonetheless, BCLC's program is not static and we are committed to a course of continuous improvement. Moreover, we recognize that criminal elements will adapt and seek new ways to launder proceeds of crime in response to countermeasures and for this reason, BCLC's program must adapt and evolve on an ongoing basis. Given what we learned from the press conference, BCLC is seeking GPEB's assistance. It would seem a vulnerability in our program has been exploited by organized crime. In order to address this vulnerability and prevent further laundering attempts, I ask that you share with us the specific details of the money laundering methodology you determined was used by these organized crime groups to launder proceeds of crime through legal casinos. This information will allow us to make the changes needed to better protect our operations from money laundering threats and close any gaps.

As troubling as it was to learn of a laundering vulnerability at our casino facilities, we were even more concerned to learn of serious threats to public safety. It was deeply alarming to hear that top tier organized crime figures participating in or linked to crimes such as kidnapping and extortion were frequenting our facilities. Clearly, individuals engaged in these types of criminal activities present the highest order of risk to public safety. The safety of our customers, the staff of our service providers, and our own staff who work in casinos must be paramount. I am certain that you agree. BCLC simply cannot have these individuals exposing our customers and staff to personal safety risks through their laundering activities or any other criminal activity. The *Gaming Control Act* grants BCLC the statutory authority to ban any individual from its casinos. I ask that GPEB provide BCLC with the names of the 9 individuals arrested so far in the investigation, as well as the names of any other individual the investigation has revealed to be involved in or connected in any way to criminal acts related to gaming, so that

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BCLC can immediately ban those individuals from our facilities to protect the safety of our customers and staff.

Given the threats to public safety, I would appreciate a response at your earliest possible convenience.

Sincerely,



Robert Kroeker
Vice President, Corporate Security and Compliance



cc. Mr. Murray Dugger, Western Regional Manager, Financial Transactions and Reports Analysis Centre

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June 15, 2017

Combined Forces Special Enforcement Unit
Mailstop #408/409
14200 Green Timbers Way
Surrey, BC V3T 6P3

Attention: Kevin Hackett
Assistant Commissioner

Dear Assistant Commissioner Hackett:

Re: Press Conference on Illegal Gaming & Casino Money Laundering

I am writing in regard to the press conference held on June 13, 2017, covering the recent activities of the Joint Illegal Gaming Investigation Team. Congratulations on the successes achieved to date. BCLC is thankful for the dedicated effort CFSEU has put into this initiative. We are also pleased with having been able to support the team operationally where appropriate and where asked to do so.

It was most encouraging to hear of the inroads JIGIT has made in addressing illegal gaming operations in the province. However, it was disturbing to hear that money laundering conducted by sophisticated organized crime groups was occurring at casinos. As you may be aware, BCLC has invested extensively in its anti-money laundering and counter terrorist financing program. Our program has recently gone through a comprehensive review by FINTRAC with no material compliance issues being identified. Having said that, we recognize that the program can never be static, our efforts must continue to evolve and improve, and we must remain ever vigilant. In that regard I would very much appreciate if you could share with us the methodology used by these organized crime groups to undermine the anti-money laundering efforts at our casinos so that we can review our program and, working with our service providers, make the adjustments necessary to prevent any further attempts at laundering at our casinos.

Even more important to us is the safety of our customers, the staff of our service providers, and our own staff working in casinos. It was alarming to hear that criminals have been frequenting our facilities exposing staff and the public to money laundering activities and putting them at risk. Under the provincial *Gaming Control Act*, BCLC has the authority to ban any person from entering any gaming site in the province. I ask that CFSEU provide us with the names of the nine individuals arrested, and any other person CFSEU has determined is involved in criminal acts that are in any way related to gaming, so that we can ban those individuals from our facilities to protect the safety of our customers and staff.

Again, congratulations on your success. I look forward to your response.

Yours truly,



Jim Lightbody
President & CEO

cc: Rob Kroeker, VP, Corporate Security & Compliance, BCLC

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Investigative Protocol Backgrounder Document

Protocol Document Draft Team

GPEB: Pat TOLAND, Anna FITZGERALD

BCLC: Ross ALDERSON, Kevin SWEENEY

Background:

On January 13, 2017, Key stakeholders from GPEB and BCLC met to discuss the subject of Information Sharing, primarily as it related to Investigations, which has been a contentious subject.

As a takeaway from that meeting Pat TOLAND, Anna FITZGERALD (GPEB) and Ross ALDERSON, Kevin SWEENEY (BCLC) were asked to draft a Protocol document outlining the investigative process.

Process:

The first protocol document was drafted for January 27, 2017 where the group first met in person to discuss it. Further meetings were subsequently held on Feb 15, 2017 and March 6, 2017 to discuss later iterations of the draft. Time in March was then provided to allow both agencies to share with their respective investigative management teams for feedback.

As a result of management feedback further questions were posed and discussion occurred.

The process as outlined above involved both in-person meetings as well as teleconferences. Additionally there was regular communication in between scheduled meetings and the final document is a collaborative effort between all parties. The in-person and teleconference meetings were very productive, always respectful and provided great dialogue between the two agencies.

Many of the process flows portrayed in this document are currently in effect and have been unofficially occurring for several months.

The group felt that a strong communications plan is key to the change management process being successful, particularly across the GPEB Investigative groups who are the most impacted.

Lastly, the group felt this document should focus only on Section 86 G.C.A and Section 34T G.C.R investigative processes and that Section 75 (initially included) would be out of scope, and included in any future Compliance related sharing process document.

BCLC - GPEB

Investigations Protocol Document

Section 86 G.C.A. and 34 G.C.R. Reporting

June 2017

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BCLC – GPEB Investigations Protocol Document

Context

The British Columbia Lottery Corporation (BCLC) and Gaming Policy and Enforcement Branch (GPEB), will distinguish their roles and responsibilities as per the Key Principles summarized in the June 29th, 2015, letter co-signed by both parties to the Minister of Finance and the reporting requirements outlined in the applicable provincial legislations; primarily, the Gaming Control Act (GCA) and the Freedom of Information and Protection of Privacy Act (FOIPPA).

The following protocol document is not legally binding; rather, its aim is to provide the basis of agreement between BCLC and GPEB to facilitate and administer the efficient, effective, and secure provision of information. Furthermore, it is intended to elucidate the distinctive roles and illustrate the specific responsibilities of each body within the limits of and compliance with the aforementioned legislation. The shared objective is to heighten the accountability of each body to its internal and external stakeholders, most notably the Province of British Columbia, and to guide the process for the sharing of information related to Investigations and Investigative Audits as defined by the GCA.

In an effort to fulfill the agreed upon key principles and common objectives, BCLC and GPEB have engaged various third parties and internal legal resources to provide feedback and recommendations in relation to the current processes. One such example, the 2016 GPEB Section 86 Privacy Impact Assessment (PIA) Review conducted by the Office of the Information and Privacy Commissioner (OIPC) in OIPC File F16-68186, outlines recommendations made in relation to the collection of personal information through GCA Section 86 demands. These recommendations will be clarified here.

Roles & Responsibilities

BCLC

BCLC is "responsible for the conduct and management of gaming on behalf of the government."¹ This includes "agreements with registered gaming services providers for services required in the conduct, management or operation of provincial gaming."² As an agent of the government, BCLC and, in turn, its service providers will adhere to the reporting and disclosure requirements outlined by the GCA and FOIPPA, and notify GPEB of all instances falling within the specifications of Section 86(2) of the GCA. Similarly, as a business with customers, BCLC will protect and reasonably manage the information

¹ Gaming Control Act (GCA) s. 7(1)

² GCA s. 7(1)(f)

obtained from its customers to ensure any disclosure is done in accordance with both the GCA requirements and the FOIPPA disclosure standards.

GPEB

GPEB is “an office of the government under the direction of the general manager”³ tasked “to carry out the responsibilities given to it under this Act”⁴ by providing regulatory oversight to BCLC and its gaming service providers. GPEB bears the responsibility of “the overall integrity of gaming and horse racing”⁵ in BC, which includes offences under the GCA and, when under authority of police of jurisdiction, by extension the Criminal Code of Canada (CCC). GPEB will manage and outline exactly what is required in relation to an investigation to satisfy the expectations of the OIPC to avoid “overly broad” requests and the subsequent “over-collecting [of] personal information.”⁶ In the event GPEB identifies some of the information collected as “irrelevant or inappropriate” and determines that this information “will not be used to make a decision that directly affects an individual,”⁷ said information will be either returned to BCLC, or destroyed in accordance with government’s information management legislation.⁸

Gaming Services Providers

Gaming Services providers are contracted to operate gaming facilities on behalf of and under the instructions, policies, and directions of BCLC. To facilitate this undertaking, gaming services providers utilize BCLC’s databases. As registered gaming services providers, they are subject to the regulatory oversight of GPEB and will adhere to the regulations of the GCA and the supplementary Gaming Control Regulation (GCR). As per the GCR, gaming service providers are required to “immediately report to the general manager any conduct or activity at or near a gaming facility that is or may be contrary to the Criminal Code, the Act or any regulation under the Act.”⁹ Therefore, gaming service providers will provide information to GPEB as required under the GCA and GCR.

Police

Police have full jurisdictional enforcement of the CCC and can investigate and issue violation tickets in relation to the GCA. BCLC has an Information Sharing Agreement (ISA) with the Royal Canadian Mounted Police (RCMP). This agreement allows sharing of information related to suspected criminal activity that is appropriate under FOIPPA disclosure standards. BCLC and the Combined Forces Special Enforcement Unit (CFSEU-BC) have an existing agreement in place to “proactively ban Provincial Tactical Enforcement Priority (PTEP) individuals who frequent gaming facilities, such as casinos, and who are considered ‘undesirable’ under the Gaming Control Act.”¹⁰ Furthermore, in 2016 CFSEU-BC established the Joint Illegal Gaming Investigation Team (JIGIT) comprised of police and other organizations, including GPEB. As per their mandate, “JIGIT will gather intelligence concerning the gaming industry and manage this information effectively to ensure that all facets of the gaming industry operate with honesty and integrity. The aim is to prevent criminal attempts to legalize the proceeds of crime through gaming facilities, while at the same time be a central repository of information and intelligence on illegal gaming activity in the province.”¹⁰

³ GCA s. 22(1)

⁴ GCA s. 22(2)

⁵ GCA s. 23

⁶ OIPC File F16-68186

⁷ FOIPPA s. 31

⁸ OIPC File F16-68186

⁹ Gaming Control Regulation (GCR) s. 34(1)(t)

¹⁰ Website link [CFSEU-BC JIGIT](#)

FINTRAC

At a federal level, BCLC and its service providers are regulated by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and are subject to the reporting requirements outlined in the FINTRAC Guidelines.¹¹ FINTRAC is responsible for both regulating and auditing as well as receiving and analyzing information from reporting entities. FINTRAC also discloses money laundering offences to police.

Anti Money Laundering (AML) intelligence, including Suspicious Transaction Reports (STRs) containing personal information, submitted by BCLC and its service providers to FINTRAC will also be shared with JIGIT as an extension of the ISA between BCLC and the RCMP. GPEB is a key stakeholder in the province's AML compliance strategy and an integrated partner with JIGIT and BCLC. All parties are in agreement that information provided to JIGIT by BCLC and its service providers related to AML will be shared with GPEB as GPEB deems relevant. At GPEB's request, BCLC will also provide high-level AML analysis and reporting, for example STR statistics.

Guidelines

Gaming Control Act - Section 86 Reporting

Information to be provided to the general manager

86 (1) On request of the general manager and within the time period specified by the general manager in the request, the lottery corporation, a registrant, a licensee and an eligible organization must provide to the general manager any information, records or things that the general manager considers relevant to an investigation or an investigative audit under this Act.

When GPEB makes a Section 86(1) demand of BCLC and/or its service providers it is a mandatory regulatory requirement. The demand must be relevant to an existing investigation, as determined by the general manager, and will specify requirements in a consistency of wording.¹² Safeguards related to the integrity of the manner by which information from BCLC databases is shared with GPEB have been identified and will be implemented through a consistent process flow, as summarized below and in the Sect 86(1) Demand Flowchart.

GPEB will send all 86(1) demand forms of BCLC by email attachment to a BCLC-monitored Special Purpose Mailbox (SPM). BCLC will seek clarification by return email, if necessary, and process said demand forms in accordance with the legislation. Due diligence will be employed to transmit personal and confidential information in a manner as to adhere to the disclosure standards contained within FOIPPA.¹³

To ensure all GPEB demands for records of BCLC under the Act are processed in a timely manner and to create an auditable record, all 86(1) demands will be compiled by BCLC and saved to a shared Secure File Transfer Protocol (SFTP) server. Once uploaded, BCLC will respond to the original email, notifying GPEB of the uploaded documents available in the SFTP server.

Any subsequent demands by GPEB for new information from BCLC will be processed in the same manner through the SPM and SFTP server, so they can be tracked appropriately. If the investigation is

¹¹ FINTRAC Guidelines

¹² OIPC File F16-68186

¹³ FOIPPA s. 33.1(1)(c)

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undertaken at the request of BCLC, or if the general manager otherwise considers it appropriate to do so, GPEB will provide a report of the results of the investigations to BCLC as outlined in Section 81(4).¹⁴

Information to be provided to the general manager

86 (2) The lottery corporation, a registrant and a licensee must notify the general manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing, if the conduct, activity or incident involves or involved

(a) the commission of an offence under a provision of the Criminal Code that is relevant to a lottery scheme or horse racing, or

(b) the commission of an offence under this Act.

In summary, Section 86(2) requires BCLC and its service providers to notify the general manager, GPEB, without delay when the commission of a Criminal Code offence that is relevant to a lottery scheme or a Gaming Control Act offence occurs. The occurrence may take place at a BCLC property, a Lottery Retail location, a registered gaming establishment such as a casino or Community Gaming Centre (CGC), or on the internet platform PlayNow.com.

BCLC and gaming services providers will notify GPEB of such occurrences via email and provide the related file number. Notifications from BCLC will contain a synopsis of the report, no personal information will be transferred via email. The BCLC file will include a comprehensive explanation of the investigation and offence(s) identified, including information of the site and/or patrons involved, and will be made available to GPEB via the SFTP at the time the email notification is sent.

GPEB will download and review the full file and advise BCLC as soon as practicable whether or not they are conducting a regulatory or criminal investigation. Ongoing communication between GPEB and BCLC and adherence to the protocol appendices flowcharts will ensure that no GPEB investigation is compromised, while also allowing any corporate or contractual investigation to be completed in a timely manner by BCLC. In instances wherein BCLC is the victim of a crime, BCLC will report the matter to the police of jurisdiction and notify GPEB of the police file number and jurisdiction for GPEB to assist police, if required. This will prevent duplication of effort by both BCLC and GPEB.

Gaming Control Regulation - Section 34 Reporting

Conditions of registration for gaming services providers

34 (1) Subject to subsection (2), it is a condition of registration of a gaming services provider that it must

(t) unless the gaming services provider is a lottery retailer to which subsection (2) (a) applies or is a hospitality retailer to which subsection (2) (b) applies, immediately report to the general manager any conduct or activity at or near a gaming facility that is or may be contrary to the Criminal Code, the Act or any regulation under the Act.

The criteria for a GCR Section 34 notification is broader than Section 86 of the GCA and only relates to gaming service providers. GPEB will provide guidance to gaming service providers on the criteria for a Section 34 notification as per their mandate.

Wherein a scenario has been deemed to have reasonably met reporting criteria under 34(1)(t), a service provider will immediately send an email to GPEB to notify of the report and provide the file number. GPEB

¹⁴ GCA s. 81(4)

will review the notification to determine if further action is required with the gaming service provider or with BCLC. In the case where it relates to BCLC directly then GPEB will submit a Section 86(1) demand to BCLC through the SPM. The report itself will be uploaded to the SFTP for GPEB to access upon receipt of a Section 86(1) demand, as per the previously outlined process.

For gaming services providers, GPEB will submit a section 86(1) demand direct to the gaming services providers.

In the event of a GPEB demand for information from BCLC that cannot be uploaded to the SFTP, BCLC will coordinate to have the information made available for collection, as soon as practicable.

Dispute Mechanism

The determination and interpretation of reporting criteria under Section 86(2) of the GCA will be subject to the Reasonable Person's Test when it is reasonable to expect an offence has taken place. GPEB will advise gaming services providers on the criteria for reporting under the GCA Regulation 34(1) and provide BCLC with a copy of that criteria so BCLC can effectively manage the gaming service providers for compliance. As recommended by Peter GERMAN in his advice to BCLC and GPEB,¹⁵ a dispute mechanism with two levels of escalation will assist both parties resolve any areas of disagreement and/or difference of interpretation.

The proposed "dispute resolution process should begin at the investigative level, and be raised expeditiously to senior leaders in both organizations with a mediated resolution occurring by the use of a third party."¹⁶

To facilitate this process, BCLC and its service providers will immediately recognize any issues related to the identification of reporting criteria and notify GPEB of such. Both parties will isolate the issue in question and attempt to resolve any misinterpretations or areas of confusion at the lowest level possible, typically at the Investigator level followed by the direct supervisor level, Manager, and Director level, as required.

Should the matter remain unresolved, escalation to the General Manager of GPEB and the CEO and President of BCLC (or their respective delegates) may be required for further consideration of the issue at hand.

In the instances wherein resolution cannot be met at this level, a previously agreed upon third party will work with both organizations to mediate an agreed upon solution.

Supporting Documentation

- BCLC's 2014/15 Mandate Letter Requirement Update (June 29, 2015)
- FASKEN MARTINEAU Memo RE: Roles & Responsibilities File # 240161.00006
- Freedom of Information and Protection of Privacy Act
- Gaming Control Act
- Gaming Control Regulation
- GERMAN Opinion Letter
- KEIM Legal Memo
- OIPC File F16-68186

¹⁵ GERMAN Opinion Letter p. 30

- PIA-Personal information collected under Section 86 of the Gaming Control Act; OIPC File F16-68186

Signed on Behalf of GPEB



John Mazure, General Manager

Date: June 29, 2017

Signed on Behalf of BCLC

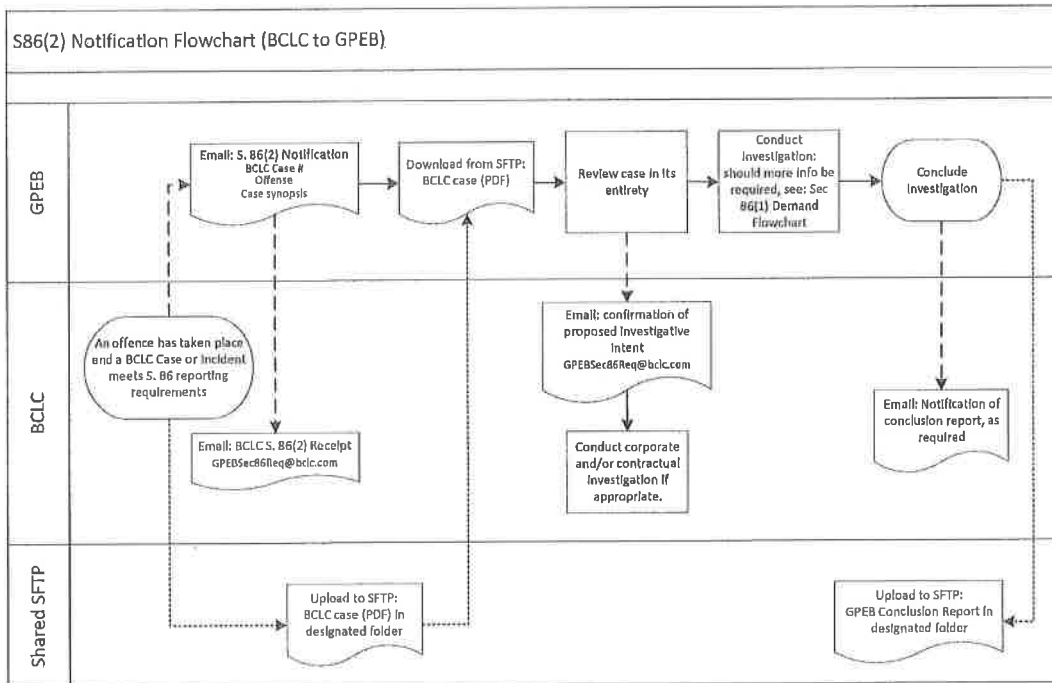


Rob Kroeker, Vice President

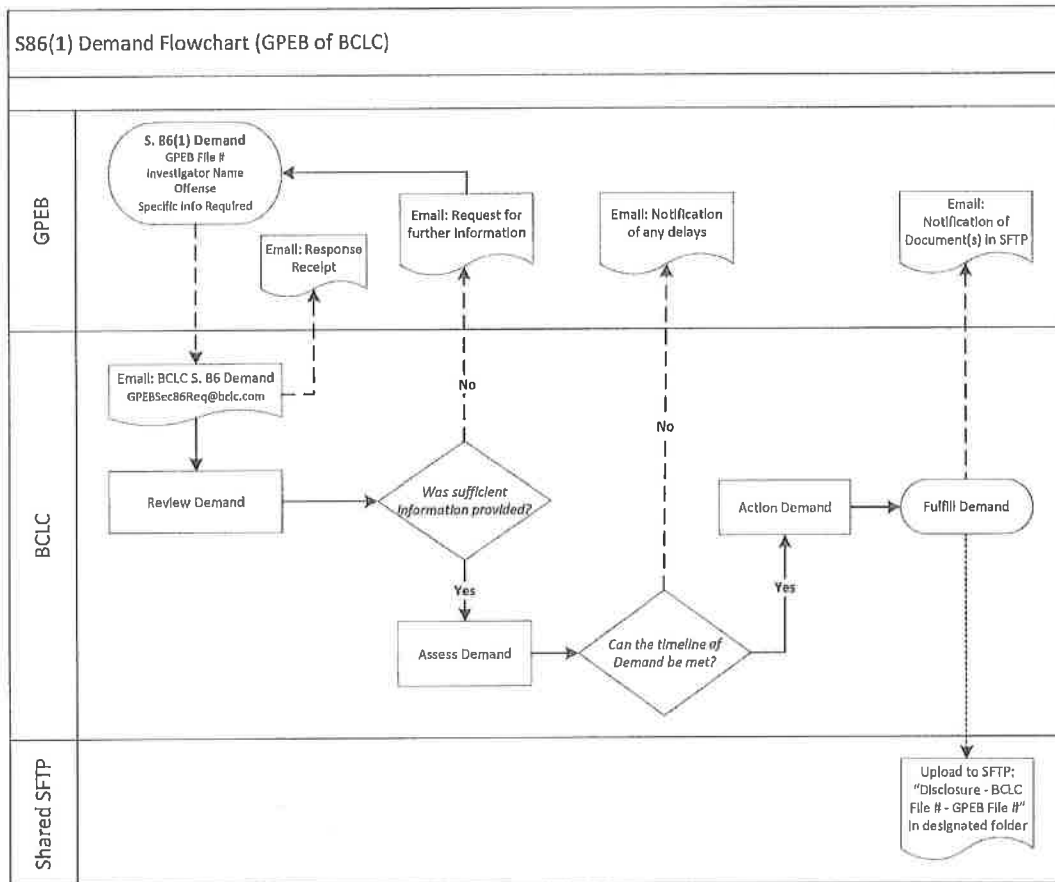
Date: June 30, 2017

Appendices

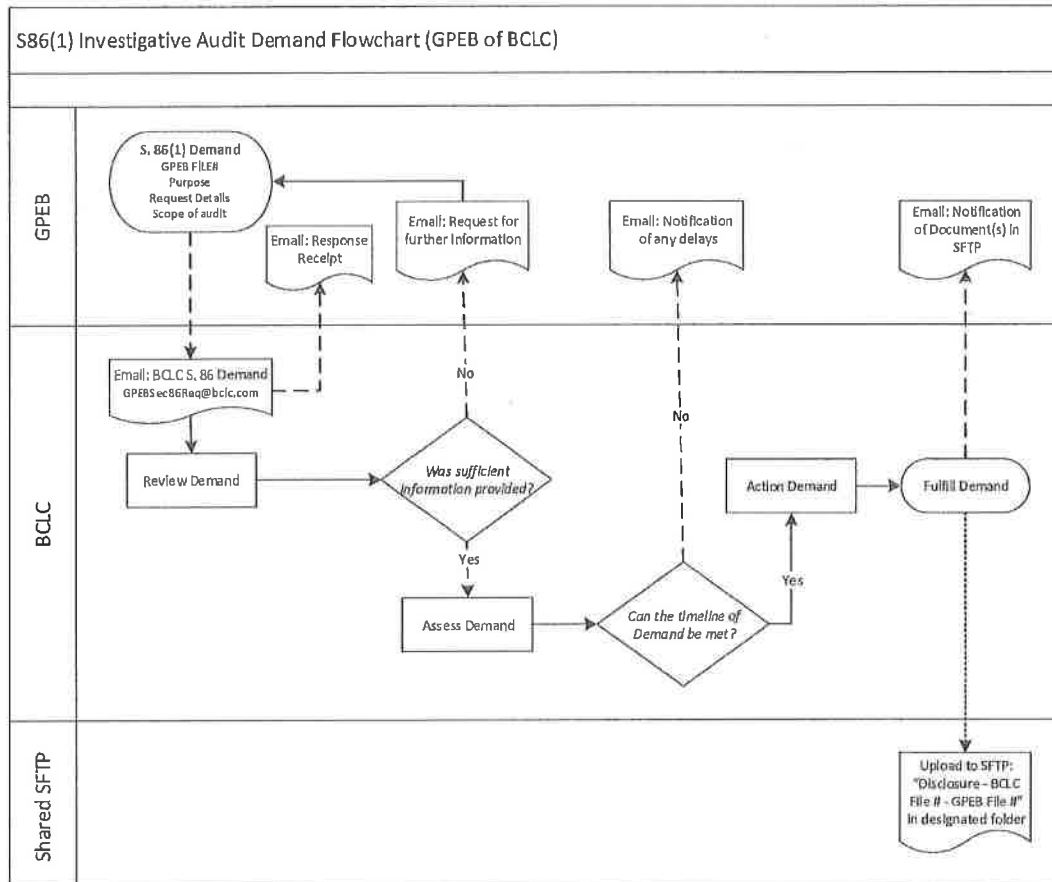
Section 86(2) Notification Flowchart



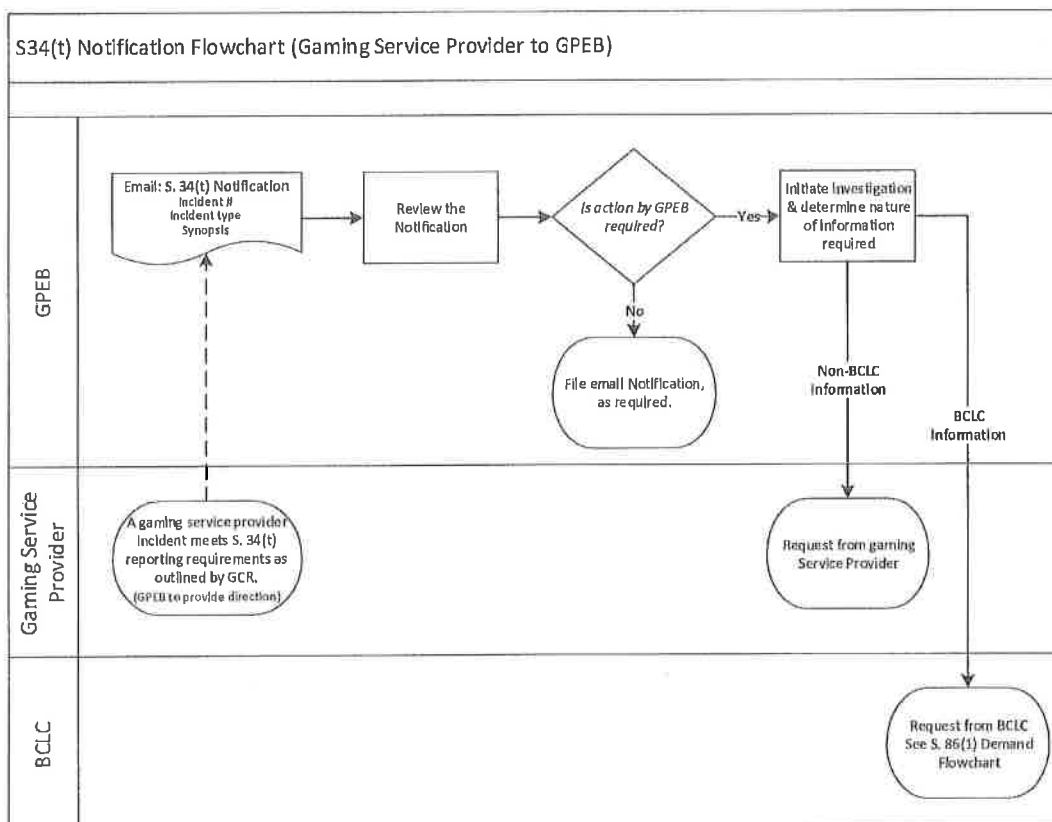
Section 86(1) Demand Flowchart

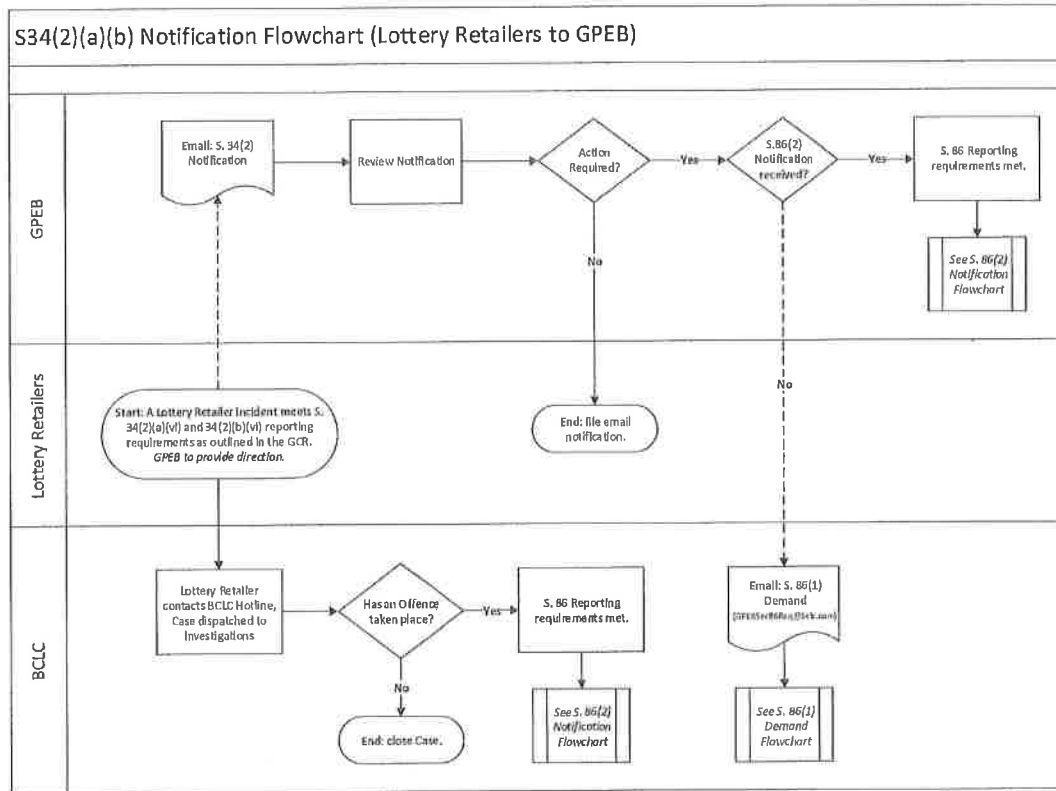


Section 86(1) Investigative Audit Demand Flowchart



Section 34 Notification Flowcharts







355179

Bud Smith
Board of Directors
British Columbia Lottery Corporation
74 Seymour Street
West Kamloops BC V2C 1E2

Dear Mr. Smith:

This Mandate Letter confirms your organization's mandate, provides government's annual strategic direction and sets out key performance expectations for the 2017/18 fiscal year. On behalf of the Province of British Columbia, thank you for your leadership and the contributions made by the British Columbia Lottery Corporation over the past year in support of government's objective of providing legal gaming in a safe and responsible manner benefiting all British Columbians. In particular, congratulations on the efforts made towards the following contributions and achievements:

- Contributing to the integrity of gambling through the conduct and management of gambling in a social responsible manner, while exceeding the 2015/16 net income target of \$1.216 billion by \$97.5 million;
- Working with government to combat illegal gaming and advancing government's Anti-Money Laundering strategy, including enhancing Customer Due Diligence, and by providing funding for the Joint Illegal Gaming Investigation Team (JIGIT);
- Working with government to implement commitments from the Plan for Public Health and Gambling (February 2015), including completing three and making significant progress on four of the commitments that pertain to the Corporation;
- Attaining a Comprehensive Cost Ratio of 42% and surpassing the 2015/16 target of 43.3%; and,
- Substantially completing the recommendations made by Internal Audit & Advisory Services (IAAS).

.../2

Ministry of Finance

Office of the Minister

Mailing Address:
P.O. Box 9048 Sun Drive Court
Victoria BC V8W 9R2
Telephone: 250 387-5751
Facsimile: 250 387-5594

Location:
501 Belleville Street
Parliament Buildings, Victoria
website:
www.gov.bc.ca/fm

- 2 -

B.C.'s Corporate Governance Framework takes a principles-based approach in providing direction for effective governance of ministries and Public Sector Organizations (PSOs). Since June 2014, the Taxpayer Accountability Principles (TAP) have provided guidance to ensure that the actions taken and services provided strengthen accountability and promote cost control while meeting the public policy objectives established by government on behalf of the citizens of B.C. I would also like to recognize the contributions BCLC makes to local and regional economies in British Columbia, and in particular the importance of the corporation's head office to the Kamloops area.

It is critical that public sector organizations operate as efficiently as possible, in order to ensure British Columbians are provided with effective services at the lowest cost possible. This requires constant focus on maintaining a cost-conscious and principled culture through the efficient delivery of services that stand the test of public scrutiny and help develop a prosperous economy in an environmentally sustainable manner. This is critical to government's commitment to control spending and balance the budget. For this reason, it is essential that BCLC contains costs and meets its projected revenue targets.

Government is making open information a priority across the public sector to enhance government transparency and accountability in the use of public resources, the delivery of programs and public services. With that in mind, it is government's expectation that BCLC will foster a culture of transparency and information sharing with government.

Government seeks to deliver legal gaming in a sound and responsible manner that promotes the integrity of gaming and public safety. Under the *Gaming Control Act*, the Lottery Corporation is responsible for the conduct and management of gaming on behalf of government. The Lottery Corporation is directed to conduct its business in a manner that meets government's expectations for social responsibility, public safety, gaming integrity, and projected financial targets. This is achieved through a culture of innovation and cost containment as well as commitment to responsible gambling and anti-money laundering efforts. To achieve this mandate, the British Columbia Lottery Corporation is specifically directed to take the following strategic actions:

1. BCLC will optimize the Corporation's financial performance and sustain net return to the Province in accordance with government direction on cost containment, responsible gambling, and anti-money laundering, and in alignment with the Taxpayer Accountability Principles by:
 - a) Continuing to seek business opportunities such as new gambling facilities and eGaming from a social responsible perspective with particular attention to impacts on problem gambling, money laundering, public safety, and subsequently developing strategies to mitigate risk;
 - b) Providing a long term Capital Plan to the Ministry of Finance setting out the corporation's capital and spending and management plans, including significant IT and Kamloops head office facility development projects, over the next five years;

- 3 -

- c) Reviewing its approach to commissions paid to gaming service providers and implementing changes subject to the approval of its board of directors;
 - d) Achieving financial targets as approved by Treasury Board;
 - e) Reporting on the implementation of the new PlayNow subsidiary, which will be managed by the same controls and accountabilities to BCLC's Board; and
 - f) Providing quarterly reports to the Ministry of Finance that provide financial forecasts, and discuss and identify issues and risks.
2. Continue to support government in the implementation of its Anti-Money Laundering (AML) Strategy and mitigation of related illegal activities, including but not limited to:
- a) Undertaking activities to ensure the Corporation's compliance regime is focused on preserving the integrity and reputation of B.C.'s gaming industry in the public interest;
 - b) Working collaboratively with GPEB to determine and implement measures that effectively combat money laundering and illegal activities in B.C. gambling facilities;
 - c) Funding, in accordance with government's announced direction, the Joint Illegal Gaming Investigation Team (JIGIT), a dedicated, coordinated, multi-jurisdictional investigative and enforcement response to unlawful activities within B.C. gaming facilities and illegal gambling in B.C.;
 - d) Collecting and sharing information and data with GPEB that supports measures to address money laundering in B.C. gaming facilities, illegal gaming in the province, and JIGIT operations; and
 - e) Enhancing AML best practices with appropriate consideration of evaluating source of funds prior to cash acceptance within a risk-based framework; and
 - f) Providing a quarterly report to the Minister of Finance on BCLC's activities related to the above.
3. Implement the five remaining commitments that BCLC is responsible for in the *Plan for Public Health and Gambling (February 2015)*. This includes offering time and money budgeting tools to Encore Rewards members and PlayNow.com customers and implementing customized responsible gambling messaging on PlayNow.com. BCLC will continue to partner with GPEB in the implementation of the four remaining commitments for which they are jointly responsible, including implementing a GameSense Advisor presence in Community Gaming Centres and undertaking key research projects related to online problem gambling and high-risk features of Electronic Gaming Machines. BCLC will submit bi-annual progress reports to the Minister of Finance and the General Manager, GPEB, on the implementation of commitments under the Plan.
4. BCLC will report out on the completion of implementation of the recommendations from the *Review of the British Columbia Lottery Corporation (December 2014)* by Internal Audit and Advisory Services by June 30, 2017.

- 4 -

The ongoing culture shift to principled public sector governance remains a priority for government. PSOs are expected to undertake more comprehensive professional development to enhance orientation of their board members and senior executives. Government will be providing programming and resources designed to complement components of orientation to ensure understanding of the accountabilities and expectations of public sector boards and organizations. For detailed information about TAP directives, please refer to the following link, [Taxpayer Accountability Principles](#).

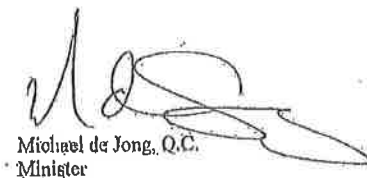
Government is committed to continue to revitalize the relationship between Government and PSOs. This strong focus on increased two-way communication supports and ensures a common understanding of Government's expectations. Timely communication of emerging issues which may affect the business of the British Columbia Lottery Corporation and/or the interests of government is critical to building trust and the effective delivery of public services, including information on any risks to achieving financial forecasts and performance targets. With the TAP embedded in the Annual Service Plans and Reports, this will support board chairs in assessing and communicating the organization's overall performance.

In addition, it is expected that your organization will continue to be diligent in ensuring familiarity with and adherence to statutory obligations and policies that have broad application across the public sector. Please refer to the following link for a summary of these accountabilities, [link to Crown Accountabilities](#).

Each board member is required to acknowledge the direction provided in the Mandate Letter by signing this letter. The Mandate Letter is to be posted publicly on your organization's website, and a copy signed by all board members provided to the ministry and made available to the public upon request.

I look forward to our regular meetings focusing on strategic priorities, performance against TAP, and working together to protect the public interest at all times.

Sincerely,



Michael de Jong, Q.C.
Minister

- 5 -

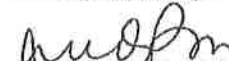
Signed by:


 Bud Smith, Chair
 British Columbia Lottery Corporation

December 5, 2016
 Date


 Christina Anthony, Director
 British Columbia Lottery Corporation

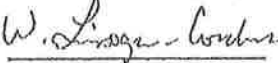
Dec 5, 2016
 Date


 Trudi Brown, Director
 British Columbia Lottery Corporation

December 5, 2016
 Date


 Robert Holden, Director
 British Columbia Lottery Corporation

Dec 5, 2016
 Date


 Wendy Lisogor-Cocchia, Director
 British Columbia Lottery Corporation

Dec 5/16
 Date


 Moray Keith, Director
 British Columbia Lottery Corporation

Dec. 5/16
 Date


 Matthew Watson, Director
 British Columbia Lottery Corporation

Dec 5, 2016
 Date


 Andrew Brown, Director
 British Columbia Lottery Corporation

Dec 5 11.6
 Date

- 6 -

cc: Honourable Christy Clark
Premier

Kim Henderson
Deputy Minister to the Premier and Cabinet Secretary

Athina Mentzelopoulos
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Cheryl Wenzelki-Yolland
Associate Deputy Minister
Ministry of Finance

Christina Anthony
Trudi Brown
Robert Holden
Wendy Lisogar-Coechla,
Moray Keith
Matthew Watson
Andrew Brown

Board Members
Public Sector Organization

Jim Lightbody
Chief Executive Officer
British Columbia Lottery Corporation

John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch

Attachment: Taxpayer Accountability Principles

- 7 -

Further Information available at: http://gov.bc.ca/crownaaccountabilities	
1. Cost Consciousness (Efficiency)	Enhance cost management abilities and foster a culture of cost-consciousness in all levels of public sector organizations. Provide all the services and programs as efficiently and effectively as possible to benefit the citizenry and support sustainable public policies and programs as a result of new technologies to come.
2. Accountability	Transparently manage responsibilities according to a set of common public sector principles in the best interest of the citizens of the province. By enhancing organizational efficiency and effectiveness in the planning, reporting and decision making, public sector organizations will ensure actions are aligned with government's strategic mandate.
3. Appropriate Compensation	Comply with the province's standard (if applicable) performance management and employee compensation which reflects appropriate compensation for work across the public sector that is consistent with government's pay-for-accountability principles and respect of the taxpayer.
4. Service	Maintain a clear focus on positive outcomes for citizens of British Columbia by delivering cost-efficient, effective, value-for-money public services and programs.
5. Respect	Engage ethically, compassionately, respectfully and effectively with all stakeholders to ensure all parties are properly informed, consulted on actions, decisions and public communications in a timely manner. Proactively collaborate in a spirit of partnership that respects the use of taxpayer monies.

- 8 -

6 Integrity

Make decisions and take actions that are transparent, ethical and free from conflict of interest. Require the establishment of a strong ethical code of conduct for all employees and executives. Serve the citizens of British Columbia by respecting the shared public trust and acting in accordance with the taxpayer accountability principles.



Know your limit, play within it.

FEB 08 2017

350705

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
V5M 0A6

Dear Mr. Lightbody

Re: Joint Illegal Gaming Investigation Team

The Ministry of Finance's Gaming Policy Enforcement Branch (GPEB), The Ministry of Public Safety and Solicitor General's (PSSG) Policing and Security Branch (PSB), and the RCMP "E" Division have agreed to the creation of the Joint Illegal Gaming and Investigation Team (JIGIT) within the Combined Forces Special Enforcement Unit B.C. (CFSEU-BC). JIGIT is an initiative to help combat police-reported increases in illegal gambling and to increase investigation into the manner in which funds flow through provincial gambling facilities.

I want to thank you for the financial contribution that the British Columbia Lottery Corporation (BCLC) will make to JIGIT and the continued cooperation between our two organizations on compliance.

PSB and GPEB have entered into a Letter of Understanding, which outlines the purpose, structure, governance, funding, duration, performance reporting, and confidentiality requirements of JIGIT. The Letter of Understanding is confidential in nature and is attached for your reference.

This letter provides for the agreement between BCLC and GPEB regarding performance reporting, financial reporting, confidentiality and public communications, as specified below.

Performance Reporting

GPEB will provide BCLC with bi-annual performance information based on reporting received from CFSEU-BC. The report will outline the efforts of JIGIT and include gambling specific metrics.

.../2

Ministry of
Finance

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

Mailing Address:
PO BOX 9282 ETN PROV GOVT
VICTORIA BC V8W 0N1
Telephone: (250) 387-1301
Facsimile: (250) 387-1818

Location / Courier Address:
Third Floor, 810 Government Street
Victoria, BC V8W 1X3
Web: www.gaming.bc.ca

-2-

The report provided to BCLC may include:

- Number of active JIGIT files.
- Total number of investigative techniques [investigative efforts against targets (e.g. surveillance, judicial authorizations, warrants, interviews etc.)]
- Total number of police seizures (including a breakdown of what those were and the value)
- Total number of arrests, charges, convictions and dispositions.

Financial Reporting

Financial reporting on JIGIT will be provided to BCLC on a quarterly basis, in a mutually agreeable form, noting the province cannot disclose information that would be detrimental to JIGIT operations or compromise police investigations. I understand discussions are underway between our two financial departments to determine what format this reporting will take.

Confidentiality

Any reports generated or produced in connection to JIGIT, including performance reports and financial reports, shall remain confidential unless otherwise agreed to by PSB and GPEB or where required by law or regulatory disclosure requirements.

The attached Letter of Understanding between GPEB and PSB must also remain confidential.

Public Communications

External, public-facing communications of JIGIT activities, such as media releases and press conferences, are within CFSEU-BC jurisdiction. The Ministry of Finance and the Ministry of Public Safety and Solicitor General have requested that JIGIT communication of investigative matters pre and post operation be shared by the RCMP with both Ministries as early as possible to the extent advisable by the CFSEU-BC. The Ministry of Finance will ensure that BCLC is briefed on these issues where advisable by the CFSEU-BC.

The attached Letter of Understanding may be amended as required.

Yours sincerely,



John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Finance

pc: Mr. Clayton J. D. Pecknold, Assistant Deputy Minister and Director of Police Services
Mr. J.E.L. (Len) Meilleur, Executive Director, Compliance Division
Ms. Amanda Hobson, Vice-President, Chief Financial Officer, Finance and Corporate Services, BCLC
Mr. Rob Kroeker, Vice-President, Corporate Security and Compliance, BCLC



Know your limit, play within it.

June 20, 2017

358903

Clayton J. D. Pecknold
Assistant Deputy Minister and Director of Police Services
Policing and Security Branch
Ministry of Public Safety and Solicitor General
PO Box 9285 STN PROV GOVT
Victoria, BC V8W 9J7

Dear Mr. Pecknold,

The Gaming Policy and Enforcement Branch (GPEB) would like to propose the following amendment to the letter of understanding dated February 7, 2017 between the Ministry of Public Safety and Solicitor General (PSSG) and the Ministry of Finance (MoF) regarding the creation, operation and funding of the Joint Illegal Gaming Investigation Team (JIGIT) (see attached letter).

GPEB proposes amending Section 5, Paragraph 2 on page 3:

"A review will be undertaken by PSSG, MoF and the RCMP / CFSEU-BC late in year two to determine if JIGIT will continue beyond this five year mandate. Another review would take place in the fourth year of operation to determine whether JIGIT should continue to deliver on its mandate after year five. Terms of the review will be established through consultation and agreement between the parties."

To the following language:

"A review will be undertaken by PSSG, MoF and the RCMP / CFSEU-BC in year four (2019/20) to determine if JIGIT will continue beyond this five year mandate. Terms of the review will be established through consultation and agreement between the parties"

This proposed change is necessary to clarify that a single review in year four (2019/20) is the only review necessary to determine whether the mandate should be extended beyond five years rather than two separate reviews.

.. /2

Ministry of
Finance

Gaming Policy and
Enforcement Branch
Office of the Assistant
Deputy Minister and
General Manager


Mailing Address:
PO BOX 6311 STN PROV GOVT
VICTORIA BC V8W 9N1
Telephone: (250) 387-1301
Facsimile: (250) 387-1818

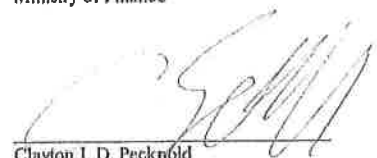
Location:
Third Floor, 610 Government Street
Victoria, BC
Web: www.gaming.gov.bc.ca

It is understood and agreed that all terms and conditions forming the original letter of understanding, as well as the above stated amendment of Section 5, Paragraph 2, shall remain in full force and effect during the duration of the letter of understanding.

Please indicate approval of the proposed amendment by signing below and returning it to GPED.

Yours truly,


John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Finance


Clayton J. D. Pecknold
Assistant Deputy Minister and Director of Police Services
Policing and Security Branch
Ministry of Public Safety and Solicitor General

pc: Ms. Tonia Enger, Executive Director and Deputy Director, Policing and Security Branch
Ms. Alana Best, Executive Director, Policing, Security, and Law Enforcement Infrastructure and Finance
Mr. J.E.L. (Len) Meilleur, Executive Director, Compliance Division, Gaming Policy Enforcement Branch

This is Exhibit " 90 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

BCLC AML Update October 23, 2017

1



Introduction

BCLC is committed to maintaining a robust Anti-Money Laundering (AML) program in coordination with the Government of British Columbia, the Gaming Policy and Enforcement Branch, FinTRAC, law enforcement, and casino service providers. To keep pace with evolving dynamics resulting from the rise in high-wealth individuals visiting and living in the lower mainland and gambling at BC casinos, greater coordination among these multiple agencies and organizations is required.

The purpose of the briefing is to:

- Clearly outline BCLC's commitment and actions to maintain a robust AML program (provided in pre-read);
- Provide context around the business and specifically High Limit Table play;
- Provide an overview of gaming sector roles and accountabilities related to AML; and
- Discuss recommendations to mitigate risk.

2



Agenda

- Business Context
- AML Roles and Accountabilities in the Gaming Sector
- Challenges
- Risk Mitigation and Calls to Action
- Case Study
- Appendix – BCLC Actions and Status

3



Business Context

- Steve Wynn: "There are only two markets in North America, outside of Las Vegas, that I'd be interested in – Boston and Vancouver." Stated at Massachusetts Gaming Commission presentation.
- Are we in the business?
- Risk tolerance
- No daylight

4



AML Roles and Accountabilities in the Gaming Sector

- ⑤ Service Providers – identify and report large cash transactions through BCLC's system, write casino disbursement reports, flag unusual financial transactions and report standard customer due diligence.
- ⑤ BCLC – monitor and record large cash transactions and determine whether unusual transactions are suspicious and report them. Under the GCA, empowered to make rules, that have the force of law, for issues such as rules of play and handling of money and cash alternatives. Responsible to ensure service provider compliance on customer due diligence and implement enhanced customer due diligence.
- ⑤ FinTRAC – analyze reports from Service Providers and BCLC and look for money laundering trends and report to police.
- ⑤ Police – investigate alleged criminal offences and seek charges
- ⑤ GPEB – regulates the gaming industry in BC including registering companies and gaming workers. Sets certain policy decisions for Government. Enforces Gaming Control Act.

5



Challenges with Current Model

- ⑤ Accountabilities are blurred
- ⑤ Delays between reporting, planning and action
- ⑤ Information sharing is inconsistent
- ⑤ Communications to the public are not coordinated

6



Risk Mitigation and Calls to Action

While the German and EY reviews will be crucial to inform further improvements to our AML framework, we believe there are some concrete actions Government and BCLC can take in the interim. It is critical that we evolve, respond and continually improve.

Here are four specific actions that BCLC would encourage the Minister to help us with:

1. Help BCLC strengthen public safety in gaming facilities. Individuals under criminal investigation that are not known to BCLC enter BC gaming facilities. There is more that we can do to proactively bar these individuals such as informing BCLC of their identity.
2. How can BCLC support Peter German's work and create a well-coordinated approach with regulators (GPEB and FinTRAC), law enforcement (RCMP) and BCLC that will strengthen clarity around roles, accountabilities and improve collaboration?
3. Recognize the need for a common communications strategy with Government, GPEB, RCMP, and BCLC to preserve the public's confidence in the BC gaming industry.
4. Meet with BCLC in the coming weeks to review several specific new AML measures for both immediate implementation and further development.

7



Risk Mitigation and Calls to Action

There are also three new initiatives that BCLC will pursue immediately:

1. Implement bank note denomination tracking software. Currently, this is a manual process. This newly available software will allow for automation to enhance the SP's and BCLC to record, track and analyze denominations for a more sophisticated counter measure to cash refining.
2. Create a registry of approved Money Service Businesses. MSB's represent a higher risk profile than banks and credit unions. BCLC will rate MSB's in BC and create a registry of approved MSB's to reduce the risk of money laundering through non-compliant MSB's.
3. Request GPEB to amend Terms of Registration of all Service Providers who offer Table Games to require each SP to appoint a Chief Compliance Officer. This could increase the compliance focus and capabilities within SP's and provide a much clearer line of support for compliance.


8



Case study – Redacted - RCMP at River Rock

- Redacted - RCMP is barred due to loan sharking and supplying cash to VIP customers.
- BCLC implemented cash alternatives, but no solution to offering buy-in options outside banking hours
- Continue to monitor, notice and report R outside River Rock.
- October 2012, China designates Canada as a preferred destination
- Red briefing held with RCMP and formally ask for an investigation.
- BCLC provides information to RCMP in order for resources to be deployed.
- High Limit Table play increases significantly
- Cash buy-ins increase due to growth in High Limit market
- BCLC implements more controls over cash and source of funds and enhanced customer due diligence.
- Chip liability at River Rock rises dramatically. BCLC chip swap delayed due to RCMP investigation
- BCLC and RCMP execute information sharing agreement.
- 2015: BCLC implements additional cash controls, enhanced customer due diligence and introduce bank drafts. Revenue in High Limit tables drops.
- Reports of illegal gaming houses in Richmond emerge R is still at large.

9




Case Study Findings

This case study illustrates the need for clear accountabilities, coordination and alignment among the gaming sector in BC between Service Providers, BCLC, FinTRAC, Police and GPEB.

The criminal element will find ways around the system if it isn't tightly coordinated, aligned and roles are not clearly defined.

We now have an opportunity with JIGIT, GPEB and BCLC to strengthen the enforcement around illegal gaming, money laundering and proceeds of crime.

10



Appendix - BCLC Actions and status	
Request	Status
GPEB request for all documents and information related to compliance at River Rock.	Information delivered to GPEB on October 13 th , 2017
Ministerial request to investigate allegations of sexual assault at River Rock (Oct 5/17)	Response on Oct 6/17. BCLC confers with GPEB on who should conduct further investigation. GPEB suggests BCLC should conduct. BCLC will conduct interviews.
Ministerial letter requesting cooperation with German Review (Oct 3/17)	Meeting scheduled November 1. BCLC requested to supply all AML related material back to 2005.
Audit of AML framework and review of SP compliance	EY is currently conducting one of our annual AML audits. In addition, they are reviewing River Rock's cheque issuance compliance.



This is Exhibit "91" referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]; Brad Desmar[Personal information]om]
Cc: Laura Piva-Babcock[Personal information]; Jerry Williamsor[Personal information]; Lara Gerrits[Personal information]; Suzanne Rowley[Personal information]; Karen Gaia-Maretta[Personal information]
From: Greg Walker
Sent: Sat 23/02/2019 12:49:03 AM
Subject: CONFIRMED BCLC MEETINGS WITHY MAYORS

Hi Jim and Brad:

Quick summary of scheduled meetings confirmed as part of your outreach to mayors to discuss money laundering. All meetings on Wednesday February 27. Call with questions.

CITY OF VANCOUVER

TIME; 10:30 AM
LOCATION: Vancouver City Hall
 453 West Twelfth Avenue
 Third Floor
 Mayor's office
ATTENDING: Mayor Kennedy Stewart
 Neil Monckton, Mayor's Chief of Staff
 Email: [Personal information]

NOTES:

- City Council meets on this day, so Mayor Stewart may be able to attend in part
- Contact: Neil [Personal information]

CITY OF BURNABY

TIME: 1:30 PM
LOCATION: Burnaby City Hall
 4949 Canada Way, Burnaby
 Mayor's office
ATTENDING: Mayor Mike Hurley

NOTES:

- Contact: Elaine Wong, Mayor's Executive Assistant

CITY OF PORT COQUITLAM

TIME: 3:00 PM
LOCATION: TBC (Depending on Mayor's schedule)
ATTENDING: Mayor Brad West

NOTES:

- Contact: Wendy Gray, Mayor's executive assistant

Unconfirmed meetings

1. DELTA - Mayor George Harvie
 - Mayor Harvie is in Ottawa throughout the week of February 25
 - Contact: Leanne Salmon, Mayor's executive assistant: Personal information
2. COQUITLAM – Mayor Richard Stewart
 - Mayor's office has BCLC'S meeting request; awaiting response
 - Contact: Anita Brent, Mayor's executive assistant: Personal information
3. NEW WESTMINSTER – Mayor Jonathon Cote
 - Mayor's office has BCLC's meeting request; awaiting response
 - Contact: Sophie Schreder, Mayor's executive assistant: Personal information
4. GREATER VANCOUVER REGIONAL DISTRICT – Chairman Sav Dhaliwal
 - Send BCLC'S meeting request to Chairman at his Burnaby office
 - Chair is also a member of council at the City of Burnaby

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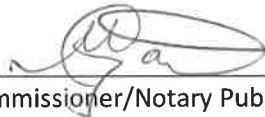
Greg Walker

Director, Public Affairs
 Communications and Social Responsibility
 BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
 Personal information

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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.

This is Exhibit " 92 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Laura Piva-Babcock[Personal information]; Greg Walker[Personal information]; Brad Desmarais[Personal information];
Cc: Jerry Williamson[Personal information]; Lara Gerrits[Personal information]; Suzanne Rowley[Personal information]; Karen Gaia-Maretta[Personal information]
From: Jim D. Lightbody
Sent: Sat 23/02/2019 7:29:53 PM
Subject: Re: CONFIRMED BCLC MEETINGS WITHY MAYORS

Laura and Greg,

I will go ahead with the call with Mayor Brodie on Monday, but Ive received advice to postpone the meetings with other Mayors until I've got alignment with the MO.

Greg, on Monday please advise the other Mayors we will need to reschedule. You can tell them we look forward to talking to them, but due to a schedule conflict , Wednesday won't work.

Thanks

Jim

From: Laura Piva-Babcock <[Personal information]>
Date: February 22, 2019 at 4:55:57 PM PST
To: Greg Walker <[Personal information]>, Jim D. Lightbody <[Personal information]>, Brad Desmarais <[Personal information]>
Cc: Jerry Williamson <[Personal information]>, Lara Gerrits <[Personal information]>, Suzanne Rowley <[Personal information]>, Karen Gaia-Maretta <[Personal information]>
Subject: Re: CONFIRMED BCLC MEETINGS WITHY MAYORS

Great work Greg! L

From: Greg Walker <[Personal information]>
Date: February 22, 2019 at 4:49:03 PM PST
To: Jim D. Lightbody <[Personal information]>, Brad Desmarais <[Personal information]>
Cc: Laura Piva-Babcock <[Personal information]>, Jerry Williamson <[Personal information]>, Lara Gerrits <[Personal information]>, Suzanne Rowley <[Personal information]>, Karen Gaia-Maretta <[Personal information]>
Subject: CONFIRMED BCLC MEETINGS WITHY MAYORS

Hi Jim and Brad:

Quick summary of scheduled meetings confirmed as part of your outreach to mayors to discuss money laundering. All meetings on Wednesday February 27. Call with questions.

CITY OF VANCOUVER

TIME; 10:30 AM

LOCATION: Vancouver City Hall
 453 West Twelfth Avenue

Third Floor

Mayor's office

ATTENDING: Mayor Kennedy Stewart

Neil Monckton, Mayor's Chief of Staff

Email: neil.monckton@vancouver.ca

NOTES:

- City Council meets on this day, so Mayor Stewart may be able to attend in part
- Contact: [REDACTED] Personal information [REDACTED]

CITY OF BURNABY

TIME: 1:30 PM

LOCATION: Burnaby City Hall
4949 Canada Way, Burnaby
Mayor's office

ATTENDING: Mayor Mike Hurley

NOTES:

- Contact: Elaine Wong, Mayor's Executive Assistant

Personal information

CITY OF PORT COQUITLAM

TIME: 3:00 PM

LOCATION: TBC (Depending on Mayor's schedule)

ATTENDING: Mayor Brad West

NOTES:

- Contact: Wendy Gray, Mayor's executive assistant

[REDACTED] Personal information [REDACTED]

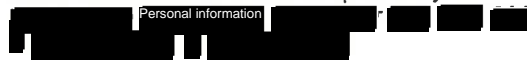
Unconfirmed meetings

1. DELTA - Mayor George Harvie
 - Mayor Harvie is in Ottawa throughout the week of February 25
 - Contact: Leanne Salmon, Mayor's executive assistant: [REDACTED] Personal information [REDACTED]
2. COQUITLAM – Mayor Richard Stewart
 - Mayor's office has BCLC'S meeting request; awaiting response
 - Contact: Anita Brent, Mayor's executive assistant [REDACTED] Personal information [REDACTED]
3. NEW WESTMINSTER – Mayor Jonathon Cote
 - Mayor's office has BCLC's meeting request; awaiting response
 - Contact: Sophie Schreder, Mayor's executive assistant [REDACTED] Personal information [REDACTED]
4. GREATER VANCOUVER REGIONAL DISTRICT – Chairman Sav Dhaliwal
 - Send BCLC'S meeting request to Chairman at his Burnaby office
 - Chair is also a member of council at the City of Burnaby

g

Greg Walker

Director, Public Affairs
Communications and Social Responsibility

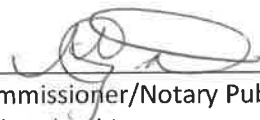


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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

This is Exhibit " 93 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Greg Walker [Personal information]
Cc: Laura Piva-Babcock [Personal information]; Monica Bohm [Personal information]; Brad Desmarais [Personal information]
From: Jim D. Lightbody
Sent: Sat 23/02/2019 7:50:10 PM
Subject: Mayors meetings

Greg,

I appreciate you set these meetings up. I will do the call with Mayor Brodie on Monday. Before we start with the other Mayors, I need to ensure the Ministers Office is aware and aligned with what we will say. They are concerned. We will do the meetings soon, but it's important for our organization not to get in the middle of two governments.

We can talk Monday morning before you reach out the the Mayors you booked for Wednesday. I sent a note to the MO and I have a briefing with the Minister on Tuesday and Thursday. I expect we will be able to set up meetings with Mayors in the next 2 weeks.

Thanks

Jim

This is Exhibit " 94 " referred to in the
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before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

NEWS

WEEKLY JIM SESSION: EDUCATING & ENGAGING OUR STAKEHOLDERS

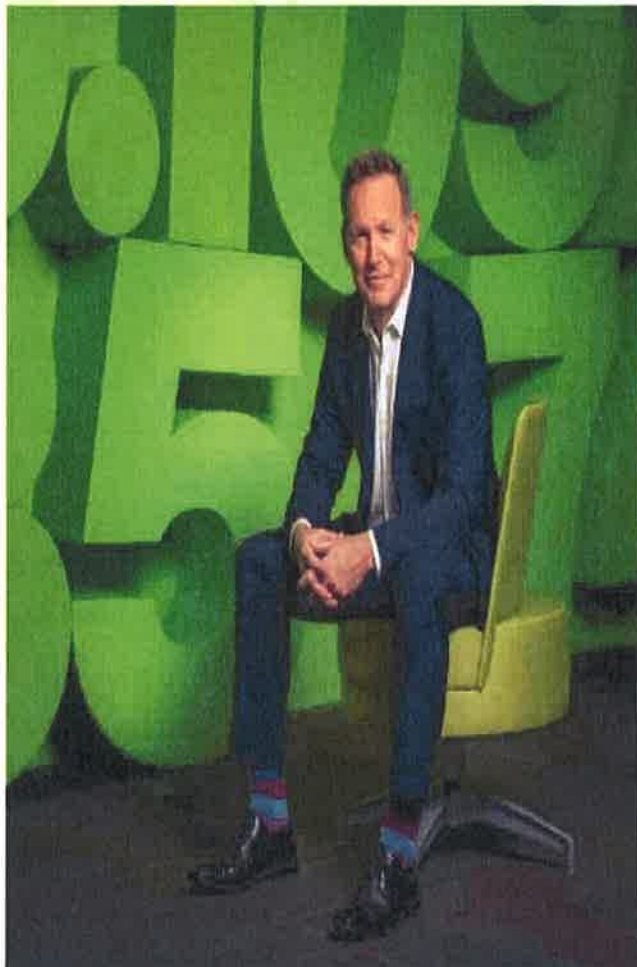
By

Jim Lightbody, President & CEO

April 1, 2019

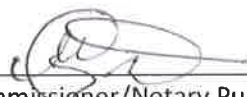
I believe in our business, in what we do and in each of you and the hard work you put in day in day out.

I shared with you back in February that I planned to have open and frank conversations with a number of mayors in the Lower Mainland about the risk of money laundering in casinos. I recently had the opportunity to meet with the Mayor of Richmond, Malcolm Brodie and he was very receptive to the work we are doing to safeguard our casinos. Later this afternoon, I am meeting with the Richmond City Council's General Purposes Committee, at Council's request, to inform them on our AML program and the actions we are taking. I'll be joined by Terrance Doyle, the President of Great Canadian Gaming Corporation, representing our service provider at River Rock. It's important to meet with our community partners, and I know that they want to learn more about how we mitigate risks in our business and the community along with regulators and law enforcement. It's also an important opportunity for me to tell people about the good work you do everyday, and the actions we continue to take to combat this insidious issue. I have more meetings planned with other mayors and I will be sure to keep you updated along the way!



In other news related to our casino business, on March 11th the City of Delta Council approved a notice of motion regarding money laundering counter measures, specifically requesting the federal and provincial governments to explore options with cashless gaming systems. This motion stems from the Mayor's desire to have the new casino in Delta be a "cashless" casino and follows Council and community concerns about money laundering. In our business, we do offer "cashless" account based gambling on PlayNow.com and have been exploring ways to expand this type of option into our land-based business. We know that the use of cash is becoming less prevalent in general and it's important we meet our customers' ever changing expectations, while mitigating risks in our business. While we are not aware of a casino system that is completely cashless, we are exploring the best options to provide ways to reduce the use of cash and enhance our AML program. An account based gambling system could be part of the solution. Later this month, our Minister will be meeting with Delta's Mayor and Brad Desmarais to continue the conversation on this. I respect that community stakeholders have a keen interest in ensuring their communities are safe and I believe these conversations are valuable to our business.

This is Exhibit " 95 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

NEWS

WEEKLY JIM SESSION: HOW WE SHOW UP

By

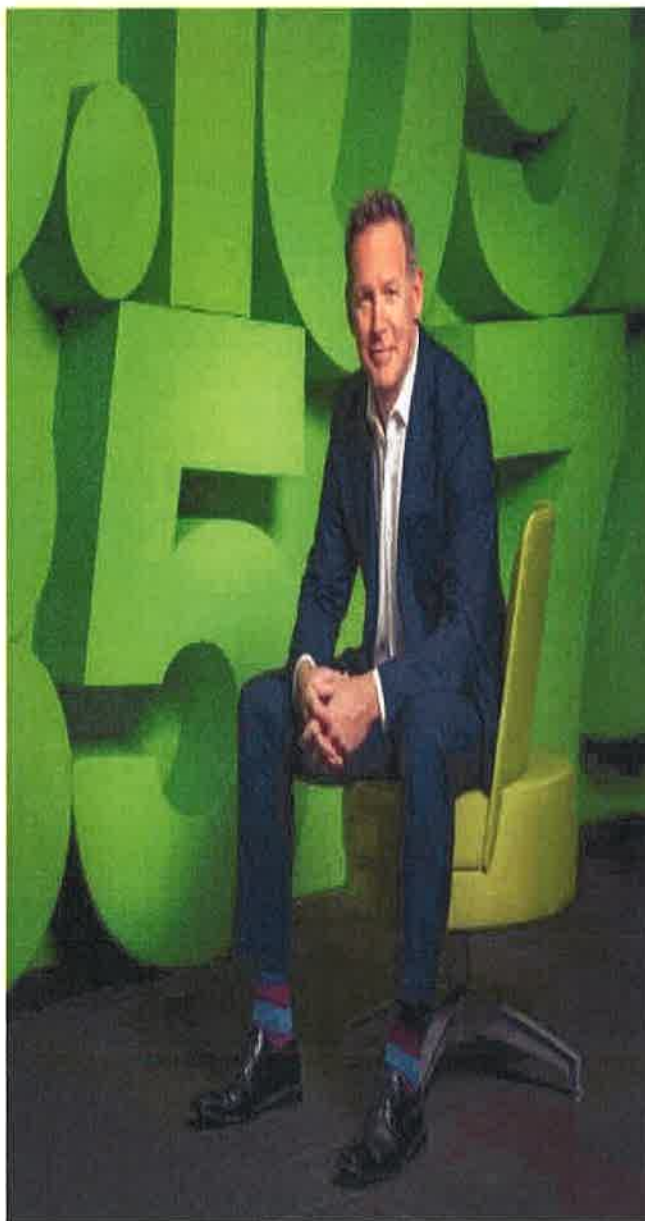
Jim Lightbody, President & CEO

April 8, 2019

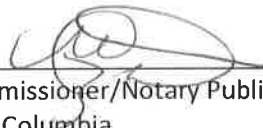
How we show up for our players, our people and our stakeholders is crucial to our success.

I mentioned to you last week that I was meeting with the Richmond City Council's General Purposes Committee to inform them on our anti-money laundering (AML) program. Brad Desmarais and Terrance Doyle, Great Canadian's Chief Compliance Officer, joined me to provide an overview of how BCLC responded to the number of suspicious transactions in 2014 and 2015, and the resulting reduction in the number of those transactions. While the meeting with Council was closed, I can tell you that there was a lot of interest in what we had to say. Richmond Mayor, Malcolm Brodie was on CKNW last week and was asked about money laundering as part of a longer interview. He shared some facts about the reduction of suspicious transactions in casinos from the information we informed Council on. You can listen to that interview [here](#).

We can't underestimate how important our municipal stakeholders are to our business and the impact of our business in communities. We've worked hard over the years to build strong relationships with municipal leaders and this goes a long way to our corporation and our industry being trusted and understood. Our meeting in Richmond was a positive step to tell our story of how we took action and continue to take action on this issue. We are setting up meetings with other Mayors in the Lower Mainland to share our information and, more importantly, to hear back from them. I'll keep you posted.



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this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

NEWS

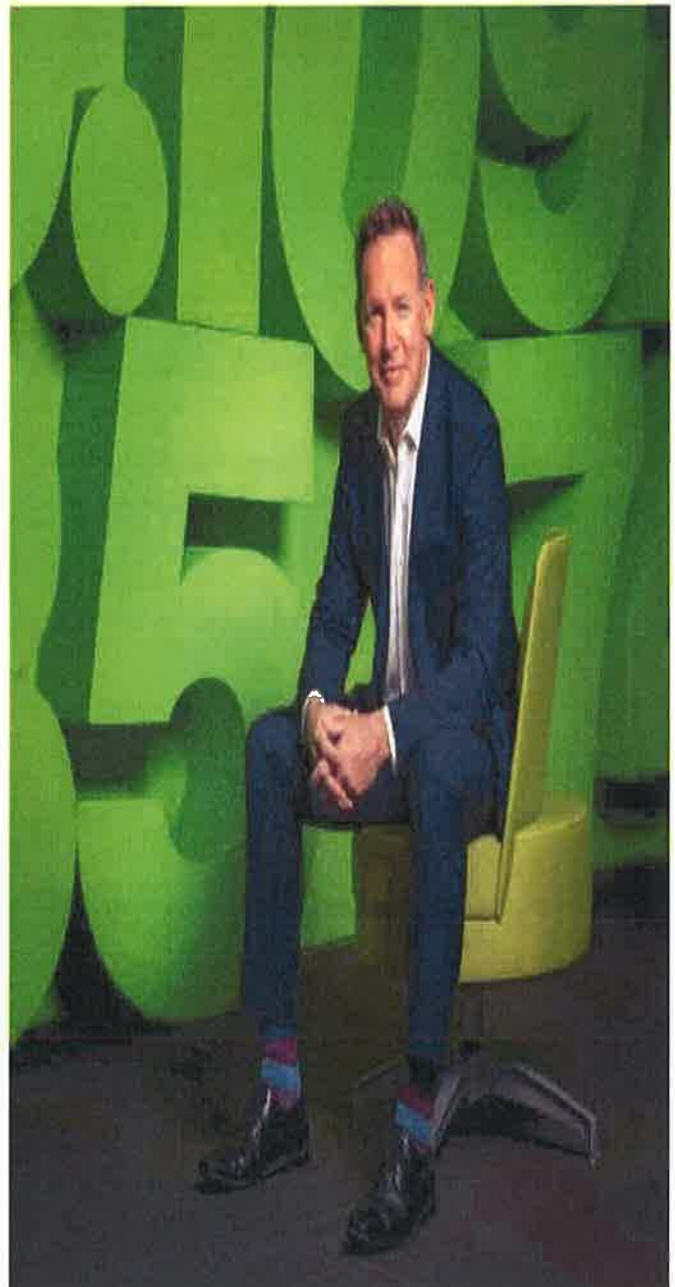
WEEKLY JIM SESSION: EVERY ACTION MATTERS

By
Jim Lightbody, President & CEO
May 21, 2019

Every action we take, big or small, can make a big impact on our business, our people and our stakeholders. At the core, it's about how we show up.

As you may know, last Wednesday, Government announced British Columbia will hold a public inquiry into money laundering. I can tell you that BCLC supports this decision, and we will of course, fully comply with Commissioner Cullen throughout the entirety of the process. I've shared with you, like many British Columbians, I am outraged that criminals try insidious means to target our casino players and other areas of our economy, in an attempt to launder their money. BCLC and all of us employees have always been committed to doing the right thing and making sure BCLC is doing everything in its power to combat this complex problem. We look forward to helping British Columbians better understand BCLC's role, and the actions we have taken to improve anti-money laundering controls as part of our ongoing effort to safeguard B.C. casinos from illegal activity. You can read more in my [Executive Corner](#).

Speaking of our ongoing efforts to safeguard B.C. casinos, I also want to share with you that I continue my series of meetings with mayors and stakeholders to inform them on our casino business and how we continue to take action. I met with Kennedy Stewart, the Mayor of Vancouver and his chief of staff on Friday, May 17th and we had a great discussion about Parq, Hastings, our anti-money laundering regime and the current state of things. I really appreciated the mayor asking me what input I could bring to the future potential of the City and from our discussion, I got the distinct impression he really wants to be inclusive in his plan for Vancouver.



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before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Responsible organization	Section	Recommendation	Response Plan	Status
GPEB	4.2	Should consider implementing a policy requirement that Service Providers refuse unsourced cash deposits exceeding an established dollar threshold or to refuse frequent unsourced cash deposits exceeding an established threshold and time period until the source of the cash can be determined and validated.	Subsections 9.6(1) and (2) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, as well as FinTRAC Guideline 4, section 6 and FinTRAC's Guidance on the Risk-Based Approach to Combating Money Laundering and Terrorist Financing, require BCLC to implement a risk-based compliance regime. A directive issued under the provincial Gaming Control Act to BCLC or service providers requiring a prescriptive compliance approach in the form recommended here may give rise to a direct conflict of laws as between federal and provincial requirements. A directive of this nature could result in confusion for service provider staff as between provincial and federal requirements. In addition, a directive of this nature may have dramatic adverse fiscal impacts to gaming service providers in the province. If this risk were to materialize, service providers may see the action as frustrating its service contract with BCLC and may look to government to compensate them for any resulting losses. GPEB to consider the recommendation.	
	5.6	Define its accepted level of risk for unsourced cash and then develop clear roles and responsibilities for: GPEB – Regulator, Enforcement BCLC – Manage gaming and reporting entity Service Provider – Risk Identification	As per 4.2 above GPEB to develop response.	
	5.35	At the direction of the Minister responsible for gaming, consider issuing a directive pertaining to the rejection of funds where the source of cash cannot be determined or verified at specific thresholds.	As per 4.2 above	
	5.52	Source of funds can only be verified by obtaining documentation for the withdrawal of cash from a financial institution or entity covered under the PCMLTFA.	As per 4.2 above. GPEB to develop response.	
	5.74	A directive from GPEB may also support BCLC in creating a policy which would mandate the Service Provider to decline a transaction when mandatory occupation data is no provided by the patron.	BCLC policy already exists directing Service Providers to stop and refuse transactions where a customer does not provide required identification.	
	4.3	The review of proposed cash alternative solutions, including credit, and the impact of these solutions should remain a priority for both GPEB and BCLC. Cash alternatives allow Service Providers to receive funds, strengthening the overall compliance regime with minimal impact on revenue generation.	BCLC has completed work on permitting international electronic funds transfers and delimiting return of funds cheques. These changes have been implemented. Work on an option that would allow Service Providers to offer credit has been wound down as Service Providers do not believe it is a workable payment option.	
	5.68			
BCLC	5.56	Depending on GPEB / Minister's risk tolerance for large unsourced cash transactions, revise policies regarding tolerance of high risk play and consequences of unacceptable high risk activity	BCLC will await GPEB's analysis of this recommendation.	On Hold
	4.8	Consider whether its risk assessment process adequately reflects current thinking around money laundering and terrorist financing risk. The risks associated to specific facilities should be evaluated, rather than simply drawing geographic boundaries for risk.	BCLC has reviewed its risk assessment. BCLC's risk assessment takes into account geographic risk elements. The risk assessment looks at both risk by region within the province and site specific risks within each region, including risks such as local crime rates in and around gaming sites. In June 2016, BCLC's risk assessment was the subject of an In-depth FinTRAC Compliance Review and was found to be fully in compliance with the PC(ML)TFA. Moreover, during the exit interview phase of the Compliance Review, FinTRAC indicated that BCLC's risk assessment was one of the most robust in the industry.	Complete
	5.48	Rather than base a facilities risk assessment by region, risk assessments should include factors specific to the facility. Consider if the risk register reflects the current environment as it is not as granular as other jurisdictions reviewed by MNP.	BCLC has reviewed its risk assessment. BCLC's risk assessment takes into account geographic risk elements. The risk assessment looks at both risk by region within the province and site specific risks within each region, including risks such as local crime rates in and around gaming sites. In June 2016, BCLC's risk assessment was the subject of an In-depth FinTRAC Compliance Review and was found to be fully in compliance with the PC(ML)TFA. Moreover, during the exit interview phase of the Compliance Review, FinTRAC indicated that BCLC's risk assessment was one of the most robust in the industry.	Complete
	5.49			
	5.7	Consider developing new cash alternative programs and products that include:	BCLC has been developing and introducing new cash alternative payment options since 2012. At the time of the MNP review two cash alternatives sat with GPEB for approval. GPEB have since stated their approval is not required as these are operational gaming matters falling outside of their mandate. The two new cash alternative payment options have now been implemented.	Complete
		The ability of non-Canadian players to fund PGF accounts and repay credit if subject to cash restrictions in their home country (i.e. China), and	International EFT and wire transfers were in the process of development prior to the time of this review. That work is complete and international EFTs have been implemented. Initial assessments of credit offering do not support the offering of this option in the near term.	Complete
		allocating how defaults on repayment will be determined (i.e. between BCLC and service provider).	Credit has been evaluated and is presently not approved by GPEB and thus is not currently proposed by BCLC in the short term	Complete

Responsible organization	Section	Recommendation	Response Plan	Status
BCLC	4.5	If GPEB implements a policy regarding the refusal of large or frequent unsourced cash deposits, BCLC's procedures to address the policy should include refresher training to Service Providers pertaining to BCLC's reporting requirements of attempted transactions to ensure reports are appropriately identified.	BCLC will await direction from GPEB/Minister. BCLC notes, subsections 9.6(1) and (2) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, as well as FinTRAC Guideline 4, section 6 and FinTRAC's Guidance on the Risk-Based Approach to Combatting Money Laundering and Terrorist Financing, require BCLC to implement a risk-based compliance regime. A directive issued under the provincial Gaming Control Act to BCLC or service providers requiring a prescriptive compliance approach in the form recommended here may give rise to a direct conflict of laws as between federal and provincial requirements. BCLC would need clarification from the federal regulator and provincial regulator as to which requirement was to be given paramountcy. Noial requirements are not aligned with or conflict with federal law.	On Hold
	4.11 5.47	Facility staff should be regularly trained on the completion of the forms used for reporting, including UFT reporting.	Service Provider staff receive initial AML training prior to commencing duties and also receive periodic refresher training. In June 2016 FINTRAC completed a comprehensive review of BCLC UFT and STR reporting processes including that of RRCR and found BCLC to be fully compliant with PCMLTFA. UFT is an internal industry reporting process for SP's to report transactions to BCLC for review.	Complete
	4.12	Anti-money laundering training programs should be evaluated for up-to-date content and effectiveness.	BCLC reviews and updates its AML training on a periodic basis and whenever requirements under the PC(ML)TFA are amended. In June 2016 FINTRAC completed a comprehensive review of BCLC's AML regime. BCLC has undertaken a full review, taking into account guidance from FINTRAC. Enhancements to BCLC's AML training program will be in place in 2017.	Complete
	4.12 5.55	Training should be provided in the primary language of the candidate, particularly for its high risk exposed employees (those working in high-limit rooms).	BCLC has reviewed this recommendation. Federal Anti-money laundering laws and FinTRAC Guidance and directives are provided only in Canada's official languages: French and English. Compliance reviews and audits conducted by FinTRAC in B.C. are conducted in English only. Nationally recognized accounting firms, which reporting entities under the PC(ML)TFA rely upon to conduct statutorily mandated biennial independent compliance reviews, offer services only in English or French. Prescribed reporting to FinTRAC under the PC(ML)TFA and under the Criminal Code may only be conducted in English or French. For security related reasons casino operations and all transactions and communications between gaming staff and customers are required to be conducted in English only in BC casinos. BCLC's service providers employ more than 5000 staff reflecting a broad range of nationalities and languages other than English or French. Conducting AML training in myriad languages that are not used in either casino operations or AML compliance audits and reviews would introduce a substantial risk of confusing and misunderstood communications potentially leading to compliance gaps and errors. Given the risk of reporting errors and other compliance gaps implementing this recommendation could introduce, BCLC will not pursue the recommendation further.	Complete
	4.14	The KYP framework at RRCR is a task-driven compliance activity rather than a risk management activity. Provide further guidance as the manager and responsible entity for AML regulatory obligations to enhance and enforce appropriate KYP measures.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entities on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRCR and a number of RRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
	5.54	Additional training for employees in the VIP area focused specifically on suspicious indicators and required actions to improve independent thinking.	BCLC reviews and updates its AML training on a periodic basis and whenever requirements under the PC(ML)TFA are amended. In June 2016 FINTRAC completed a comprehensive review of BCLC's AML regime. BCLC has undertaken a full review, taking into account guidance from FINTRAC. Enhancements to BCLC's AML training program will be in place in 2017.	Complete
BCLC	4.7	Enhance the CDD processes from both a risk management and revenue generation perspective with modifications and additional resources to meet EDD expectations for high risk patrons.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entities on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRCR and a number of RRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
	4.9 5.83	Review its EDD process to ensure the data collected and information gleaned provides a clear picture of the risks and profile of the patron for risk assessment and mitigation.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entities on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRCR and a number of RRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
	5.15	EDD measures could be more qualitative, and a formal response to specified risk ratings could be created.	BCLC has reviewed its customer due diligence process in light of this recommendation, the requirements under the PC(ML)TFA and FinTRAC Guidance on KYC requirements. In addition, BCLC has consulted with other casinos and reporting entities on appropriate KYC measures. BCLC's CDD and KYC measures meet all requirements. In addition, in June 2016 FinTRAC conducted a comprehensive review of BCLC's entire AML program. The FinTRAC review involved site visits to RRCR and a number of RRCR staff interviews to test its CDD and KYC processes. FinTRAC found BCLC's program to be fully compliant.	Complete
	5.16	Outsourcing the EDD process for higher risk patrons should be considered to clear the current backlog.	Any backlog observed by this review was a temporary circumstance arising from an underreporting issue discovered by BCLC at the River Rock facility October 2015. Additional BCLC staff were reassigned to assist the AML unit with the underreporting issue so that normal transaction monitoring could continue to be carried out while the underreporting issue was addressed contemporaneously. The reviewer was made aware of these circumstances at the time of its work. Any backlog that may have been observed was transitory in nature. Moreover, the outsourcing of core AML processes would unnecessarily introduce a higher level of risk into the AML program and increase the chance of error resulting in non-compliance.	Complete
	4.1 5.24 5.28 5.29	Prioritize and appropriately resource the ongoing SAS Implementation project (scheduled for roll out in fall of 2016) to improve the quality of the data used for ongoing risk assessment and compliance monitoring and reporting.	BCLC continues with the process to automate aspects of its AML program to provide greater efficiency and enhanced transaction monitoring capabilities. BCLC pursues a "continuous improvement" philosophy with respect to its AML program and continually seeks to improve and enhance its efforts and performance.	Complete

Responsible organization	Section	Recommendation	Response Plan	Status
BCLC	4.11	Ensure that reporting forms used by the facilities are up to date and include valuable information fields for mandatory completion for unsourced or high volume cash transactions such as source of funds, source of wealth and purpose and intended nature of relationship information.	BCLC reviewed its forms in light of this recommendation. In June FinTRAC conducted a comprehensive review of BCLC's entire AML program and found no issues with transaction reporting or record keeping requirements.	Complete
	4.13	MNP identified instances where non-cash transactions processed to RRRCR's PGFs were over-reported to FINTRAC, and instances where mandatory fields in LCTRs were left blank. Both issues are contrary to the PCMLTFA and require remediation and disclosure to FINTRAC.	It is BCLC's understanding that it is not possible to successfully submit an LCT into the BCLC - FinTRAC linked systems with a designated mandatory field left blank. Such a report would be rejected by the FinTRAC system and flagged for immediate follow-up and remediation. BCLC suspects that this anomalous finding may be related to the reviewer's unique methodology where it worked in a select data extraction from BCLC's database rather than the actual production database. This is a process that has never been attempted before and deviates from standard audit practice where auditors work directly in the production database which removes the risk of these types of errors. BCLC has reviewed the data extraction as a result of this finding and compared it to the production data. It appears that during the extraction process some data fields did not populate into the extraction sample in some limited instances. In other words BCLC, when working directly in the production data as opposed to a select extraction of the data, cannot find the LCT errors referred to here. BCLC suggested the reviewer re-run their analysis in the production database or provide the suspect reports to FinTRAC directly for verification that mandatory fields were completed as required when the form was submitted. The reviewer declined the opportunity to take either of these steps and correct what appear to erroneous findings. Upon reviewing the actual production data BCLC is confident the exceptions reported here did not in fact occur.	Complete
	5.27	Due diligence on large volumes of slot Cash Disbursement Reports (CDR) should be monitored for suspicious activity.	BCLC implemented processes in 2016 to review slot play based on CDR levels and it is currently built into the AML program. This is on top of current due diligence practices which FinTRAC found to be compliant in June 2016.	Complete
	5.36 5.32	Review all of the FINTRAC reporting (LCTR/CDR) for non-cash for all facilities which offer PGF accounts should be done immediately to stop unnecessary and incorrect reports.	As per 4.13 BCLC identified the PGF issue in Nov 2016 and engaged FinTRAC for guidance as this reporting practice had been in place since 2012. On written confirmation from FinTRAC BCLC ceased this practice in July 2016. BCLC have requested guidance from FinTRAC on all new Cash alternatives and reporting obligations.	Complete
	5.44	Create a template for Unusual Financial Transaction (UFT) reports for service providers to use to ensure that all required information is included and to create consistency in the quality of submissions between facilities.	BCLC has reviewed its UFT process in the context of this recommendation. BCLC requires immediate email notification from service providers of a UFT for timeliness. Any specific detail pertaining to the transaction are reported through the ITRAK database for consistency, completeness, security and protection of privacy requirements. Implementing a stand alone form outside of the existing database will introduce risk of reports or data being missed and a privacy breach risk that do not currently exist.	Complete
Service Providers	5.4	VIP Hosts have the most significant interaction and knowledge of the VIPs and ability to flag instances of receipt and use of unsourced cash for suspicious transaction reporting. Consideration should be given to cross functional reporting lines to the Director, Table Games for a consistent approach to compliance across all table game points of access susceptible to the acceptance of unsourced cash.	BCLC has reviewed this recommendation. VIP hosts and all Table Game staff must complete anti-money laundering training which includes training related to large cash transaction handling and the duty to report in regard to these transactions. Additionally, Surveillance live monitors all large cash transactions irrespective of the staff involved in the transaction be they VIP hosts, Table Games staff, Cage staff or any other employee. FINTRAC reviewed BCLC's AML program in June 2016 including that of RRRCR and found BCLC to be compliant with PCMLTFA with no evidence of non reporting transactions since the under-reporting issue was identified by BCLC in November 2016.	Complete
	5.46	Floor staff should have more active involvement in the UFT reporting process. UFT reporting is currently carried out by surveillance staff who only have limited info based on video surveillance.	BCLC has reviewed its UFT reporting process in the context of this recommendation. There appears to be some misapprehension expressed in the review in regard to BCLC's UFT reporting process. All floor staff receive mandatory AML training and have a positive duty to bring forward and report any unusual financial transactions, irrespective of their specific role. Further, Surveillance is not restricted to information based solely on video surveillance. Surveillance operators are at all times in direct communication with floor staff via two way radio. FINTRAC conducted a comprehensive review of BCLC's AML program in June 2016 including that of RRRCR and found BCLC to be fully compliant with all aspects of the PCMLTFA related to transaction reporting and record keeping.	Complete
GPEB	5.19	Establish a dedicated, cooperative Inter-agency AML investigations unit comprised of GPEB and BCLC investigators to delineate the roles between operational and AML investigations and regulatory compliance investigations.	GPEB on lead for response.	
BCLC	5.1	Operating levels for BCLC Investigators may need to be reviewed as the current staffing levels assigned to RRRCR do not appear to be sufficient.	Any backlog or workload issues observed during this review were a temporary circumstance arising from an underreporting issue discovered by BCLC at the River Rock facility October 2016. Additional BCLC staff were reassigned to assist the AML unit with the underreporting issue so that normal transaction monitoring could continue to be carried out while the underreporting issue was addressed contemporaneously. The reviewer was made aware of these circumstances at the time of its work. BCLC closely monitors work demands on AML Investigators on a weekly basis. Workloads remain manageable and no similar backlogs have developed since the one in November - December 2016.	Complete
All	4.4	Jointly evaluate the resourcing and functioning of existing investigative units. Effective multi-agency units would promote the sharing of information and resources.	BCLC and GEB executive have worked through roles and responsibilities. The GCA allows sharing of information in appropriate circumstances between GPEB and BCLC. Since the MNP review JIGIT was created as the primary agency to investigate ML and POC related activity. BCLC has MOU with JIGIT allowing for effective and efficient information flows and coordination. GPEB has investigators assigned to JIGIT.	Complete

This is Exhibit " 98 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Godfrey, Sam AG:EX Personal information
Cc: Bud Smit Personal information
From: Jim D. Lightbody
Sent: Thur 2017-09-21 2:35:55 AM
Subject: Re: MNP Audit Report

Sam,

I just spoke to George Smith and we will have a conference call tomorrow morning at 8 am with the Minister.

Thanks for your help in making this happen.

Best,

Jim

Sent from my iPhone

> On Sep 20, 2017, at 7:25 PM, Godfrey, Sam AG:EX Personal information > wrote:

>

> Thank you. I will follow up with you asap.

>

> Sent from my iPhone

>

>> On Sep 20, 2017, at 6:47 PM, Jim D. Lightbody Personal information > wrote:

>>

>> Sam,

>> I've reviewed the document you sent. We are very concerned that the report does not include our Management Response that we provided, which is usual practice and provides balance and perspective. I have attached our Management Response for reference. We are also concerned the release may undermine our AML practices and would like the opportunity for our opportunity to review and advise. We have not had that opportunity yet.

>> Please see below and advise.

>> Regards,

>> Jim

>>

>> Sent from my iPhone

>>

>> Begin forwarded message:

>>

>> From: "Rob Kroeker" Personal information >>

>> To: "Jim D. Lightbody" Personal information >>

>> Subject: MNP Audit Report

>>

>> Jim

>>

>> It is my understanding we were not consulted by GPEB prior to the FOI package going to the Minister – certainly I was not given an opportunity to comment on redactions. It is normal course for BCLC to be consulted on the release of its information which the MNP is report is almost entirely comprised of.

>>

>> Find attached a copy of the report with our management comments, most of which where not addressed in the final report. To provide balance a copy with our management responses should be released and only after the report has been vetted to make sure information that would undermine our AML program is not released.

>>

>> I have also attached a copy of our completed response plan to the report.

>>

>> Rob

>>

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>> <MNP response plan.xlsx>

>> <2016 05 17 - British Columbia Gaming Policy Enforcement Branch - BCLC Management Responses and Notes.docx>

This is Exhibit " 99 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

826

To: Peter Law [Personal information]
Cc: Ross Alderson [Personal information]; Bob Boyle (Personal information Personal information); Brad Desmarais [Personal information]
From: Rob Kroeker
Sent: Sat 30/09/2017 1:53:35 PM
Subject: RE: AML Review (BCLC & EY)

Hi Peter

There is not much we can provide in advance. As you have likely seen there has been considerable media focus on our AML program. Yesterday one of the reporters himself was interviewed on a radio program. During that interview he made, amongst others, this statement:

Cooper: Yeah, the gamblers are allowed to walk into the casinos and, with very troubling ease, buy casino chips -- you know, up to \$600,000, \$650,000 a pop -- gamble, and then they can walk out of there with cheques and, you know, my investigation suggests, invest in real estate.

If BCLC procedures are followed this cannot occur. The allegation is an extremely serious one. Through two Fintrac audits and our own casino policy and procedure reviews we have not found any evidence of this type of transaction occurring. Both of those types of reviews are based on sampling. Given the seriousness of this allegation BCLC has taken the decision to order a review of all cheques issued by 3 casinos between January 1, 2014 and December 31, 2016 to determine if there have been any instances where procedures have not been followed or there has been collusion leading to the circumstances the reporter says his investigation has uncovered. Our initial thought is Edgewater (closed as of yesterday), Riverrock and Starlight will be the properties subject to review.

Thank you for making time, especially on the weekend, to consider this engagement.

Regards,

Rob Kroeker

Vice President | Corporate Security & Compliance
 British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

[Redacted] [Personal information] [Redacted] 3

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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: Peter Law [Personal information]
Sent: September-29-17 9:26 PM
To: Rob Kroeker <[Personal information]>
Cc: Ross Alderson <[Personal information]>
Subject: Re: AML Review (BCLC & EY)

Hi Rob -

827

Sorry it's 9am. I've updated the invite. Talk in the morning.

Do you have any materials that would help in advance?

From: Rob Kroeker [Personal information] >
Date: September 29, 2017 at 8:57:15 PM PDT
To: Peter Law <[Personal information]>
Cc: Ross Alderson [Personal information] >
Subject: Re: AML Review (BCLC & EY)

Peter - just confirming this is 9:00 p.m. Pacific time ?

From: Peter Law <[Personal information]>
When: September 30, 2017 at 9:00:00 PM PDT
Required: Bob Boyle [Personal information], Zain Raheel [Personal information] >, Kirsten Tisdale [Personal information], Thomas M Roche [Personal information] >, Rob Kroeker [Personal information] >
Subject: AML Review (BCLC & EY)
Location: 1866-259-5440 // PIN 94756030

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This is Exhibit " 100 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

British Columbia Lottery Corporation

River Rock Casino Resort:

**Anti-Money Laundering
Typology Analysis**

February 15, 2019

PRIVILEGED AND CONFIDENTIAL





Ernst & Young LLP
100 Adelaide Street West, P.O. Box 1
Toronto, ON M5H 0B3

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

830

Hunter Litigation Chambers
Suite 2100 – 1040 West Georgia Street
Vancouver, BC, V6E 4H1
Attention: K. Michael Stephens
Job Title: Officer

15 February 2019

Anti-money laundering Analysis

Dear K. Michael Stephens:

Attached please find our report requested by outside counsel for British Columbia Lottery Corporation ("BCLC") to analyze patterns of transaction and gaming activity at River Rock Casino Resort ("River Rock") that reflect money laundering typologies. This analysis was prepared to the attention of the Firm, privileged and confidential in nature, for a sample of transactions conducted by 28 Patrons for the period of January 1, 2014 through December 31, 2016. The report is pursuant to our engagement agreement dated October 10, 2017 and our scoping document dated November 2, 2018. We do not express any conclusion on the policies, procedures, systems/software and practices at BCLC, River Rock Casino Resort, or any other BC Casino.

Very truly yours,

Ernst & Young LLP, Canada

Privileged & Confidential

BCLC0005159.02

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1. Executive Summary

Ernst & Young LLP ("EY") was engaged to provide assistance to Hunter Litigation Chambers (the "Firm") in connection with the Firm's provision of legal advice to British Columbia Lottery Corporation ("BCLC"). Our primary points of contact have been the Firm, BCLC's General Counsel and Director of Internal Audit.

The purpose of our work was to analyze patterns of transactions and gaming activity at River Rock Casino Resort ("River Rock") reflected the money laundering typologies defined below. This analysis was conducted for 28 Patrons who were the recipients of the 49 cheques marked with issuance exceptions in EY's *Verified Win, Return of Funds, and Convenience Cheque Analysis* report between January 1, 2014 and December 31, 2016. EY performed investigation procedures on a sampled selection of the selected Patrons' player gaming fund ("PGF"), cage and Table Games transaction activity as well as the Patrons' due diligence files.

The sampled assessment period ("Analysis Period") consisted of the Patrons' rated play, casino transaction activity and due diligence records for six months prior to and six months after the 49 casino cheques with exceptions were issued by River Rock. Forty-eight of the 49 cheques marked with issuance exceptions, were issued without associated transaction activity flagging for any of the four AML typologies discussed below. One of the 49 cheques was issued as a result of an Unsourced buy-in. Two of the 553 cheques¹ identified for the 28 Patrons for the Analysis Period had exceptions pertaining to the AML typologies discussed below. Of the two cheques with exceptions, one was funded from a Sourced PGF Buy-In and the other was the Unsourced Buy-In cheque as discussed above.

EY's analysis considered whether cheques, rated play or casino transactions exhibited patterns or red flags pertaining to the following money laundering typologies: (1) placement and layering of funds; (2) structuring of transactions; (3) suspicious currency exchanges or use of other financial instruments; and (4) integration of funds. Additionally, the analysis covers if mitigating factors were applied to Patron and the types of mitigating factors. EY did not, however, assess the effectiveness of the mitigating factors applied. Please find the summary of this analysis below:

Summary of Exceptions – Typology Type			
Money Laundering Typology	Analysis of 28 Patrons		
	# of Patrons with Exceptions	% of Patrons with Exceptions	% of Patrons with Exceptions who BCLC applied mitigating factors
Typology 1 - Placement and Layering through PGF Accounts or the Casino's System Funds placed or entered into the casino's system, such as when a Patron buys casino chips ("Buy-In") or deposits funds into a PGF account and then subsequently layers the funds through schemes such as Minimal Gaming, Chip Passing between Patrons or Chip Walking	10	36%	100%
Typology 2 - Structuring The division of cash or casino value instruments conducted in a series of smaller value instruments to avoid threshold reporting for large currency transactions or casino disbursements. Transactions are often segmented into smaller values during the same or across two or more consecutive gaming days	0	0%	

¹ All 49 cheques selected from the Analysis Period were assessed as part of the 553 cheque population identified

Typology 3 - Currency Exchange or other Financial Instruments Patrons use of foreign currency services or other financial instruments (e.g. travelers cheques, casino cheques) to disguise the true source of funds	0	0%	
Typology 4 - Integration of Funds Patrons use of PGF accounts or cash Buy-Ins at the cage or Table Games that take place with high frequency or are high in value when compared to the Patrons' employment or other due diligence on file.	19	68%	100%

EY's analysis did not identify red flags or patterns through our assessment of the 28 Patrons for typology 2 (structuring) and typology 3 (currency exchange or other financial instruments). The findings and mitigating factors for typology 1 and typology 4 are covered in greater detail below.

1.1 Typology 1 - Placement and Layering through PGF Accounts or the Casino's System

The purpose of this typology analysis was to identify patterns of activity through rated play or other transaction activity at the casino that exhibit money laundering red flags for placement and layering through the Patron's PGF account or through the casino's operational departments (e.g. cage, Table Games). This typology consists of when funds are *placed* or entered into the casino system, such as when a Patron conducts a Buy-In transaction or makes a deposit into their PGF account. Under this typology, these funds are then subsequently *layered* through schemes such as minimal Table Game play, passing chips between Patrons or walking with chips from the casino without cashing out. Funds may also be redeemed for a casino cheque (either a Return of Funds, Convenience or Verified Win cheque) once a scheme has been executed on the gaming floor.

Red flags for placement and layering activity within the casino include, but are not limited to, the following:

- Patron deposits of funds into their PGF account and subsequently requests casino cheques or cash for funds without any substantial play.
- A cheque is issued to the Patron for chips that are Unsourced (e.g. not purchased with cash or PGF account during the gaming day) or for chips that were passed to the Patron from another individual
- Patron cashes out Unsourced chips that are not tied to cash or PGF Buy-Ins for that individual during the gaming day. This can be a sign that a chip pass occurred or the Patron is cashing chips from a previous Chip Walk scenario.
- Patron buys-in at a Table Game for a large amount of cash in small denominations and then walks from the table with chips after Minimal Gaming play.
- The Patron uses their PGF account to deposit or 'park' funds and subsequently withdraws the cash.

For all ten Patrons who demonstrated patterns of placement and layering behaviour, EY's analysis identified that the behaviour was associated to Cash Out transactions for Unsourced chips that were not associated to Buy-Ins made during the gaming day or previous gaming days analyzed for those individuals. EY identified two instances for one Patron where cheque issuances exhibited red flags for the placement or layering of funds as minimal or no gaming activity took place before the cheques were issued or could not be definitively tied to a Sourced Buy-In.²

In one instance, the Patron conducted an Unsourced cash Buy-In, gamed and cashed out her winnings.

Redacted -
FINTRAC

Redacted - FINTRAC

The

Patron did not Cash Out her initial Buy-In and these chips appear to have been held at the casino. Upon her return on the following gaming day, the Patron decided to Cash Out the chips for a return of funds cheque and no gaming activity was noted for this day. Although the original source of funds was Unsourced for the issuance of the return of funds cheque, the initial cash Buy-In did appear to be used during the prior day's gaming activity. In the other instance, the Patron deposited Sourced funds, made up of a bank draft, into her PGF account and withdrew half of her deposit as a return of funds cheque without any gaming activity attributed to that portion of the deposit. The remaining part of the bank draft deposit was used for gaming activity that day. The transactions analyzed as part of the Analysis Period for the other 27 Patrons did not yield any cheque issuances that were reflective of placement and layering behaviours or scenarios.

² EY's analysis consisted of a risk-based approach for assessing Patron activity which included addressing the population of the casino cheques issued for each Patron. While EY received records for PGF transactions, cheque activity and rated play, EY sampled specific days that had transactions associated to cheque issuances that were previously marked with an exception, occurred around dates of recorded suspicious activity, large cash buy-ins and large verified win amounts compared to the buy-in. For these gaming days, EY received additional documentation including: Cash Tracking Forms, Casino Disbursement of Funds Forms, copies of regulatory reports and PGF Records.

Of the ten Patrons whose transactions exhibited red flags for placement and layering through Unsourced chip Cash Outs, BCLC took mitigating action between January 1, 2014 and December 31, 2016 for these ten Patrons through the application of transaction limitations, monitoring controls and/or reported transaction activity to Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"). These mitigating factors and controls included:

- **Internal Incident Reports** [Redacted - FINTRAC] – BCLC filed reports either internally or with FINTRAC, respectively, for all ten patrons involving the exchange of cash or chips between two or more Patrons
- **Cash conditions** – BCLC implemented controls preventing four of the ten Patrons from making Buy-Ins with Unsourced cash or "un-sourced or borrowed" chips³
- **Internal watch lists** - BCLC designated all ten Patrons as a 'person of interest' or as a 'high risk Patron' and placed them on a watch list to be monitored by BCLC
- **Banning** – BCLC banned two of the ten Patrons from gaming at any of the BCLC casino locations. One of the two Patrons was banned following a Chip Passing incident

Summary of Analysis – Typology One		
Total # of Patrons	BCLC mitigating factors applied (Includes [Redacted] cash restrictions, banning etc.)	% of BCL / Patrons
(#)	(#)	(%)
10	10	100%

³ The imposition of cash restrictions for these Patrons was made by BCLC prior to January 10, 2018, when British Columbia regulators put into place a rule that mandates that high rollers must verify the source of their funds if they seek to buy CAD 10,000 or more in chips over a 24-hour period.

1.2 Typology 4 - Integration of Funds

The purpose of this typology analysis was to identify patterns and red flags associated to the integration of funds through the casino. This typology is identified through the Patron's use of financial instruments when transacting through their PGF accounts or through the value and volume of cage or Table Game transactions involving cash. The analysis covered the Patrons' value and volume of Buy-Ins over the Review Period, the types of Buy-Ins that were made, the level of gaming activity identified in the Patrons' rating history, verified wins the Patron had from gaming activity and any employment and due diligence documentation BCLC maintained on file for the Patrons.

Red flags for integration scenarios may include, but are not limited to, the following:

- Source of funds information or source of employment, income or wealth that is inconsistent with the level of cash or PGF transaction activity
- The Patron is bringing large volumes of cash to the casino that is Unsourced and not connected to a financial institution transaction and/or is made with small denomination bills
- Patron has a PGF account, but their Buy-Ins are made primarily through cash transactions
- The Patron funds their PGF account through several different means (e.g. bank drafts from various financial institutions)

EY's analysis identified that 19 of the 28 Patrons exhibited one or more of the red flags noted above pertaining to the integration of funds into the casino's systems. EY did not identify any activity associated with Patrons funding their PGF accounts from multiple financial institutions nor any integration red flags that involved the use of cheque deposits.

Of the 19 Patrons whose transaction activity yielded red flags for the integration of funds, BCLC took mitigating action between January 1, 2014 and December 31, 2016 on these 19 Patrons through applying transaction limitations, monitoring controls and/or reporting the activity of the Patrons to FINTRAC. These mitigating factors and controls included:

- **Internal Incident Reports** Redacted - FINTRAC – BCLC filed reports either internally or with FINTRAC, respectively, for large cash Buy-Ins with low denomination bills as well as unknown source of funds for all 19 Patrons
- **Cash conditions** – BCLC implemented controls preventing ten of the 19 Patrons from making Buy-Ins with Unsourced cash or "un-sourced or borrowed" chips⁴
- **Internal watch lists** – BCLC designated 18 of the 19 Patrons as either a 'person of interest' or as a 'high risk Patron' and placed them on a watch list to be monitored by BCLC
- **Banning** – BCLC banned two of the 19 Patrons from gaming at any of the BCLC casino locations. One of the two Patrons was banned for being considered undesirable.

Summary of Analysis – Typology Four		
Total # of Patrons	BCLC mitigating factors (Includes Redacted cash restrictions, banning of Patron, etc.)	% of BCL / Patrons
(#)	(#)	(%)
19	19	100%

⁴ The imposition of cash restrictions for these Patrons was made by BCLC prior to January 10, 2018, when British Columbia regulators put into place a rule that mandates that high rollers must verify the source of their funds if they seek to buy CAD 10,000 or more in chips over a 24-hour period.

2. Engagement Scope

2.1 Mandate

BCLC requested that we analyze the patterns of transaction and gaming activity at River Rock for 28 Patrons who received the 49 cheques marked with issuance exceptions in EY's *Verified Win, Return of Funds, and Convenience Cheque Analysis* report between January 1, 2014 and December 31, 2016 for the money laundering typologies defined below. The Analysis Period consisted of a sample of the Patrons' player rating history, casino transaction activity and due diligence records for six months prior to and six months after the cheques with issuance exceptions, but not to exceed the Analysis Period. The Analysis Period was determined for each Patron independently.

The purpose of our analysis was to identify patterns of activity and behaviours that demonstrates red flags for the below defined money laundering typologies. The typologies to be assessed were agreed upon through consultations with BCLC's Internal Audit department and BCLC's Audit Committee.

Typology 1: Placement and Layering through PGF Accounts or the Casino's System

Funds placed or entered into the casino's system, such as when a Patron buys casino chips ("Buy-In") or deposits funds into a PGF account and then subsequently layers the funds through schemes such as Minimal Gaming, Chip Passing between Patrons or Chip Walking.

Typology 2: Structuring

The division of cash or casino value instruments conducted in a series of smaller value instruments (less than CAD 10,000) to avoid threshold reporting for large currency transactions or casino disbursements. Transactions are often segmented into smaller values during the same or across two or more consecutive gaming days. For example, a Patron makes a cash Buy-In of CAD 8,500 at a Blackjack table, wins CAD 9,500 and tries to cash out the total of CAD 18,000 in multiple trips to the cage in amounts less than CAD 10,000.

Typology 3: Currency Exchange or other Financial Instruments

Patron's use of foreign currency services or other financial instruments (e.g. traveler's cheques, casino cheques) for Buy-Ins at the cage or Table Games, or as deposits into the Patron's PGF account, to disguise the true source of funds. This activity is generally the first step in schemes involving the placement and layering of funds through the casino's systems.

Typology 4: Integration of Funds

Patron's use of PGF accounts or cash Buy-Ins at the cage or Table Games that take place with high frequency or are high in value when compared to the Patron's employment or other due diligence on file that outline's the Patron's source of funds or source of wealth. For example, a Patron has an aggregate of CAD 1,000,000 in cash Buy-Ins over the Analysis Period of 12 months, however the Patron lists his occupation as student and no other documentation regarding the Patron's source of funds is identified. Additionally, an analysis of the Patron's gaming history does not show substantial wins or cash disbursements to support subsequent cash Buy-Ins.

2.2 Defining the Sample

The Patron's selected for analysis were identified from the 49 cheques issued by River Rock and marked with issuance exceptions in EY's *Verified Win, Return of Funds, and Convenience Cheque Analysis* report. The cheques were issued to 28 Patrons whose associated gaming activity was assessed from a contextual standpoint across the Analysis Period unique to each Patron and against the determined money laundering typologies.

The primary component of the work performed included an analysis of the contextual data concerning cheques issued to the 28 Patrons during the Analysis Period and if these issuances were connected to the money laundering typologies identified in the previous section above. BCLC provided us with listings of cheques for the 28 Patrons that met the following criteria:

- Issued from River Rock
- Issued to a Patron that was the recipient of one of the 49 cheques marked with issuance exceptions in EY's *Verified Win, Return of Funds, and Convenience Cheque Analysis* report
- Issued during each Patron's independently determined Analysis Period, but not to exceed the Analysis Period
- Issued as a Verified Win or Return of Funds
- Issued for CAD 10,000 or more
- Issued to PGF or non-PGF Patrons
- Related to play that occurred at a Table Game (applicable to Verified Win Cheques only)

Additionally, BCLC provided EY with the Cash Tracking Forms, Casino Disbursement of Funds Forms and PGF Records related to each gaming session a cheque was issued during the Analysis Period, Patron's information file including copies of regulatory reports and the Patron's Player Rating History for the applicable Analysis Period. Utilizing this data, we performed a holistic analysis of each Patron's provided contextual data.

For Patrons with more extensive cheque activity, EY took a risk-based approach for assessing the activity which included sampling specific gaming days that had transactions associated to cheque issuances occurring around dates of recorded suspicious activity, large cash Buy-Ins and large verified win amounts compared to the Buy-In amount.

2.3 Limitations of Report and Restrictions of Use

This report was prepared for the Firm and BCLC's general counsel pursuant to the terms of our Agreement dated October 10, 2017 (the "Agreement") and our scoping document dated November 2, 2018 (the "Scoping Document").

This report does not constitute legal opinion or advice. This report has been prepared solely for the use of BCLC. BCLC shall be responsible for any further use of this report. We assume no responsibility or liability in connection with access to this report by parties other than BCLC. This report, or any part thereof or any reference thereto or any quotation thereto in relation to EY, may not be distributed or in any way published or to be used for any other purposes (unless expressly stated in this report) without our prior written consent.

This report summarizes our observations based on the scope of work specified in the engagement letter. It is possible that further work may have identified additional observations and/or modified or clarified the observations covered in this report. Accordingly, we disclaim any liability whatsoever in relation to any loss or damage arising out of or in connection with any reliance on this report (or any part thereof) by BCLC, the Firm, or any other third party. We reserve the right to amend and modify the findings. Notwithstanding this, we have no obligation to update this report.

Under the Agreement and Scoping Document:

1. Data, documentation and information analyzed and used for the preparation of this report was made available to us by BCLC, upon our request. We have relied on the integrity, completeness and accuracy of what was provided. As such, we relied on the accuracy of the data that was provided in the Patron player rating history or cash transaction forms.
2. This report is based on our procedures conducted up to the date of this report and as described herein. In the event that further documents, data or other information become available that could impact our observations, we reserve the right, but will not be obligated, to analyze such records and reconsider and amend the observations set out in this report.
3. Our procedures were performed on a sample basis for River Rock. Our analyses should not be extrapolated, including to other properties, Patrons or instruments.

This report was not written with the needs of parties other than the Firm and BCLC in mind and assumes a detailed understanding of BCLC and River Rock. Consistent with the terms of our Agreement and Scoping Document:

1. This report is intended to be read in its entirety. We caution against drawing conclusions from any part of the report in isolation.
2. Where our written consent is required for you to disclose our report to a third party, we will also require that third party to execute a letter substantially in the form of Appendix A of the Agreement. Without our prior written consent, you may not use or publish our report for any purpose not contemplated in our Agreement.

For clarity, we were not engaged to, and did not:

1. Perform a financial statement audit, review or compilation for the purpose of expressing an opinion on historical financial statements of BCLC in accordance with standards established by CPA Canada. Accordingly, we do not express such an opinion or any form of assurance.
2. Express any conclusions on BCLC or River Rock's policies, procedures, systems/software and practices. Additionally, we did not conduct any field work at River Rock as part of our procedures, and we did not interview any River Rock employees.
3. Perform an assessment of BCLC's compliance with the Federal Proceeds of Crime (Money Laundering) and Terrorist Financing Act ("PCMLTFA") or against applicable reporting requirements outlined by FINTRAC.

3. Procedures

We designed procedures to analyze the gaming documentation, due diligence records and regulatory filings over the Analysis Period of each of the 28 Patrons who were the recipients of the 49 cheques issued by River Rock and marked with issuance exceptions in EY's *Verified Win, Return of Funds, and Convenience Cheque Analysis* report during the Analysis Period. The procedures completed are outlined below.

At our direction, BCLC obtained supporting documentation from River Rock and incorporated prescribed data points into Patron analysis write-ups that we designed for our analyses.

3.1 Documentation

The sample of 49 cheques, issued at River Rock, were determined to be issued to 28 unique Patrons. BCLC identified 553 cheques⁵ that met the sample description for the scope of this analysis and within the defined Analysis Period for the activity associated to the 28 Patrons selected. We obtained copies of the following supporting documentation related to each cheque issuance from BCLC:

- Cheque Image
- Cash Tracking Form
- Casino Disbursement of Funds Form
- PGF Record

Additionally we obtained copies of the following supporting documentation from BCLC for the determined Analysis Period for each of the 28 Patrons:

- PGF account ledger, PGF account opening checklist and Patron profile card
- Bank drafts and source of funds declarations
- Patron's Player Rating History
- Patron information file that could include:
 - Incident reports
 - Property reports
 - Court filings
- Large Cash Transaction Reports ("LCTRs") Redacted - FINTRAC
- Enhanced due diligence reports, if available

The following general procedures were performed that are applicable to all typology assessed:

1. Identified the Cash Tracking Form, Casino Disbursement of Funds Form, PGF Record and LCTRs associated to each cheque included in the assessment of each Patron and trace the transaction to understand the nature of the activity and quantify the cash activity
2. Analyzed the Patron's PGF account, bank draft and source of funds documentation to understand the financial activity and stated source of the funds into the PGF account
3. Performed an analysis of Patron's Player Rating History to gain an understanding of the Patron's gaming behaviour.
4. Assessed the Internal Incident Reports Redacted - FINTRAC for gaming activity flagged by BCLC

⁵ The 553 cheques include Verified Win and Return of Fund Cheques issued for CAD 10,000 or more related to Table Game play only.

Typology 1: Placement and Layering through PGF Accounts or the Casino's System

The following additional procedures were performed specific to the analysis performed to address typology one:

1. Assessed the Patron's PGF account during the Analysis Period to identify the source of funds (e.g. bank draft, verified wins, cash) and withdrawals in the form of a casino cheque to identify if the activity exhibited any red flags for placement and layering behaviours.
2. Analyzed the Patron's Player Rating History during the Analysis Period to understand the volume of the Patron's Buy-Ins and to quantify the minutes of play per gaming day to understand if the Patron had shorter gaming sessions with Minimal Gaming, no gaming activity or substantial gaming with significant bets or losses
3. Analyzed the Cash Tracking Forms, PGF account activity and Patron's Player Rating History, in tandem, to identify instances where funds were deposited and withdrawn while coupled with instances of minimal or no gaming activity demonstrated red flags for placement and layering behaviour
 - a. Assessed cheques issued on the gaming days to understand the source of funds from which the cheque was generated and if any behaviours exhibited in the gaming activity prior to issuance of the cheque reflect placement or layering red flags.
4. Analyzed LCTR [Redacted - FINTRAC] for gaming activity flagged by BCLC for historical Chip Passing or Chip Walking activity. If found, requested an expanded sample of Cash Tracking Forms, Casino Disbursement of Funds Forms, PGF Records and LCTRs for gaming days identified from the Patron's Player Rating History (gaming sessions with minimal to no Buy-Ins but many chip Buy-Ins or large walk with amounts) and dates from Internal Incident Reports [Redacted - FINTRAC] with the denoted activity.
5. Assessed the Patron's information file for high-risk indicators or negative news related to placement and layering red flags.

Typology 2: Structuring

The following additional procedures were performed specific to the analysis performed to address typology two:

1. Analyzed the Patron's cash activity as seen in Internal Incident Reports, LCTRs, Cash Tracking Forms and Casino Disbursement of Funds Forms, within the Analysis Period for cash transactions below the CAD 10,000 reporting threshold for LCTR and CDR filings.
2. Analyzed the cash transactions as identified in provided Cash Tracking Forms, Casino Disbursement of Funds Forms and Internal Incident Reports to support if the transactions are segmented into smaller values during the same or across two or more consecutive gaming days into amounts less than CAD 10,000 but in aggregate greater than CAD 10,000.

Typology 3: Currency Exchange or other Financial Instruments

The following additional procedures were performed specific to the analysis performed to address typology three:

1. Assessed the Patron's information file, including Internal Incident Reports, and the PGF account activity to identify any patterns of the Patron using foreign currency or other financial instruments (e.g. traveler's cheques, casino cheques) for Buy-Ins in an attempt to disguise the true source of funds.
2. Analyzed the Patron's Player Rating History during the Analysis Period to understand the volume of the Patron's Buy-Ins and to quantify the minutes of play per gaming day to understand if the Patron had shorter gaming sessions and if that activity represented minimal or no gaming activity or substantive gaming with significant bets or losses

- a. Assessed cheques issued on the gaming days analyzed to understand the source of funds from which the cheque was generated and if any behaviours exhibited in the gaming activity prior to issuance of the cheque reflect red flags for currency exchange or other financial instruments.

Typology 4: Integration of Funds

The following additional procedures were performed specific to the analysis performed to address typology four:

1. Assessed the Patron's source of funds and declaration of funds documentation to determine the Patron's occupation.
2. Analyzed the Patron's information file that may include property listings, court filings and LexisNexis report for other sources of funds (if applicable for the Patron).
3. Quantified the Patron's cash Buy-Ins from the provided documentation over the Analysis Period. Analyzed the total identified cash activity to determine if it was supported by the identified sources of funds and in comparison to Buy-Ins made from the Patron's PGF account to see if the ratio of Buy-Ins was skewed to Unsourced Buy-Ins.
4. Quantified the deposits into the Patron's PGF account, the type of financial product (e.g. bank draft, casino cheque, verified wins) and the total Buy-Ins from the Patron's Player Rating History over the Analysis Period for the total Buy-Ins
5. Assessed LCTRs Redacted -
FINTRAC for gaming activity flagged by BCLC for historical cash Buy-Ins made in small denominations or associations to Patrons who had been previously barred for undesirable behaviour.
6. Analyzed the Patron's information file for high-risk indicators or negative news related to placement and layering red flags.

4. Observations

Twenty-eight Patrons' transactional activity was analyzed and selected based on a sample of 49 cheques marked with issuance exceptions in EY's *Verified Win, Return of Funds, and Convenience Cheque Analysis* report that were issued by River Rock during the Analysis Period. The Analysis Period consisted of a sample of the Patrons' rated play, casino transaction activity and due diligence records for six months prior to and six months from when the 49 casino cheques were issued by River Rock. The Analysis Period consisted of the patrons' rated play, casino transaction activity and due diligence records for six months prior to and six months after the sampled set of casino cheque issuance. We noted an aggregate of 553 cheques for the 28 Patrons over each unique Patron Analysis Period. If a Patron met criteria through our analysis that cheques, rated play or casino transactions of exhibiting patterns or red flags pertaining to the following money laundering typologies: (1) placement and layering of funds; (2) structuring of transactions; (3) suspicious currency exchanges or use of other financial instruments; and (4) integration of funds, it has been included in the following table:

Summary of Exceptions – Typology Type			
Money Laundering Typology	Analysis of 28 Patrons		
	# of Patrons with Exceptions	% of Patrons with Exceptions	% of Patrons with Exceptions who BCLC applied mitigating factors
Typology 1 - Placement and Layering through PGF Accounts or the Casino's System Funds placed or entered into the casino's system, such as when a Patron buys casino chips ("Buy-In") or deposits funds into a PGF account and then subsequently layers the funds through schemes such as Minimal Gaming, Chip Passing between Patrons or Chip Walking	10	36%	100%
Typology 2 - Structuring The division of cash or casino value instruments conducted in a series of smaller value instruments to avoid threshold reporting for large currency transactions or casino disbursements. Transactions are often segmented into smaller values during the same or across two or more consecutive gaming days	0	0%	
Typology 3 - Currency Exchange or other Financial Instruments Patrons use of foreign currency services or other financial instruments (e.g. travelers cheques, casino cheques) to disguise the true source of funds	0	0%	
Typology 4 - Integration of Funds Patrons use of PGF accounts or cash Buy-Ins at the cage or Table Games that take place with high frequency or are high in value when compared to the Patrons' employment or other due diligence on file.	19	68%	100%

4.1 Typology 1 - Placement and Layering through PGF Accounts or the Casino's System

The purpose of this typology analysis was to identify patterns of activity through rated play or other transaction activity at the casino that exhibit money laundering red flags for placement and layering through the Patron's PGF account or through the casino's operational departments (e.g. cage, Table Games). This typology consists of when funds are *placed* or entered into the casino system, such as when a Patron buys casino chips ("Buy-In") or makes a deposit into their PGF account. Under this typology, these funds are then subsequently *layered* through schemes such as minimal Table Game play, passing chips between Patrons or walking with chips from the casino without cashing out. Funds may also be redeemed for a casino cheque (either a Return of Funds, Convenience or Verified Win cheque) once a scheme has been executed on the gaming floor.

Red flags for placement and layering activity within the casino include, but are not limited to, the following:

- Patron deposits funds into their PGF account and subsequently requests casino cheques or cash for the funds without any substantial play associated to the deposit.
- A cheque is issued to the Patron for chips that are Unsourced (e.g. not purchased with cash or PGF account during the gaming day) or for chips that were passed to the Patron from another individual
- Patron cashes out Unsourced chips that are not tied to cash or PGF Buy-Ins for that individual during the gaming day. This can be a sign that a chip pass occurred or the Patron is cashing chips from a previous chip walk scenario.
- Patron buys-in at a Table Game for a large amount of cash in small denominations and then walks from the table with chips after Minimal Gaming play.
- The Patron uses their PGF account to deposit or 'park' funds and subsequently withdraws the cash.

For all ten Patrons who demonstrated patterns of placement and layering behaviour, EY's analysis identified that the behaviour was associated to Cash Out transactions for Unsourced chips that were not associated to Buy-Ins made during the gaming day or previous gaming days analyzed for those individuals. Some examples include:

- A Cash Tracking Form or Casino Disbursement of Funds Form that calculates a Cash Out amount greater than the sum of the Buy-Ins and verified wins as listed on the Cash Tracking Form
- A cash disbursement with no gaming activity on the day of the disbursement or prior gaming days to evidence the source of the chips associated to the disbursement

EY identified two instances for one Patron where cheque issuances exhibited red flags for the placement or layering of funds as minimal or no gaming activity took place before the cheques were issued or could not be definitively tied to a Sourced Buy-In.⁶

In the first instance, the Patron conducted a cash Buy-In, gamed and cashed out her winnings of CAD 81,500 in a Verified Win cheque. [Redacted - FINTRAC]

[Redacted - FINTRAC]

The Patron did not complete a Cash Out of all her chips, as her initial cash Buy-In appears to have been held at the casino for her later return. Upon her return on the following gaming day, the Patron did not show any gaming activity and instead cashed out the chips for a return of funds cheque. Although the

⁶ EY's analysis consisted of a risk-based approach for assessing Patron activity which included addressing the population of the casino cheques issued for each Patron. While EY received records for PGF transactions, cheque activity and rated play, EY sampled specific days that had transactions associated to cheque issuances that were previously marked with an exception, occurred around dates of recorded suspicious activity, large cash buy-ins and large verified win amounts compared to the buy-in. For these gaming days, EY received additional documentation including: cash tracking slips, cash disbursement forms, copies of regulatory reports and PGF Record.

original cash Buy-In was Unsourced and exchanged for the issuance of the return of funds cheque, this initial Buy-In did appear to be used during the prior day's gaming activity.

The second instance occurred when the same Patron deposited a bank draft into her PGF account for CAD 2,000,000 and half of the deposit, CAD 1,000,000, was withdrawn as a return of funds cheque without any gaming activity attributed to this portion of the deposit. The remaining part of the bank draft deposit, CAD 1,000,000, was used for gaming activity that day. The two instances involved one transaction made with Unsourced funds before it was converted into a casino cheque and the second with Sourced funds which were partially converted into a casino cheque. Both cheques were issued as Return of Funds cheques. The transactions analyzed as part of the Analysis Period for the other 27 Patrons did not yield any cheque issuances that were reflective of placement and layering behaviours or scenarios.

In order to address and mitigate this behaviour if exhibited by any Patrons, BCLC utilized several controls through the application of transaction limitations, monitoring controls [Redacted - FINTRAC]. These mitigating factors and controls included documenting Internal Incident Reports [Redacted - FINTRAC] for the exchange of cash or chips between two or more Patron, cash restrictions on the Patron (not allowing him or her to Buy-In with "un-sourced" cash (cash without a bank or ATM withdrawal slip) or "un-sourced or borrowed" chips⁷), labeled the Patron as a person of interest or a high risk Patron and placed them on a watch list or banned the Patron.

Of the ten Patrons whose transactions exhibited red flags for placement and layering through Unsourced chip Cash Outs, BCLC took mitigating action between January 1, 2014 and December 31, 2016 for all ten Patrons. Those mitigating factors for the ten Patrons include:

- **Internal Incident Reports** [Redacted - FINTRAC] – BCLC filed reports either internally or with FINTRAC, respectively, for all ten patrons involving the exchange of cash or chips between two or more Patrons
- **Cash conditions** – BCLC implemented controls preventing four of the ten Patrons from making Buy-Ins with Unsourced cash or "un-sourced or borrowed" chips"
- **Internal watch lists** - BCLC designated all ten Patrons as a 'person of interest' or as a 'high risk Patron' and placed them on a watch list to be monitored by BCLC
- **Banning** – BCLC banned two of the ten Patrons from gaming at any of the BCLC casino locations with one of the two Patron banned following a Chip Passing incident

Summary of Analysis – Typology One		
Total # of Patrons	BCLC mitigating factors applied (Includes [Redacted - FINTRAC] cash restrictions, banning etc.)	% of BCL / Patrons
(#)	(#)	(%)
10	10	100%

⁷ The imposition of cash restrictions for these Patrons was made by BCLC prior to January 10, 2018, when British Columbia regulators put into place a rule that mandates that high rollers must verify the source of their funds if they seek to buy CAD 10,000 or more in chips over a 24-hour period.

4.2 Typology 2 - Structuring

The purpose of this typology analysis was to identify patterns of activity through Cash Tracking Forms, Casino Disbursement of Funds Forms and Internal Incident Reports at the casino that exhibit money laundering red flags for structuring. This typology consists of when cash or casino value instruments are divided in a series of smaller value instruments to avoid threshold reporting for large currency transactions or casino disbursements. Transactions are often segmented into smaller values during the same or across two or more consecutive gaming days.

Red flags for structuring activity within the casino include, but are not limited to, the following:

- Patron makes multiple cash Buy-Ins below the CAD 10,000 reporting threshold without explained gaming activity (e.g. losing the previous Buy-In through gaming activity).
- Multiple Cash Outs that include cash disbursement and casino value instruments related to the same gaming activity in amounts below the CAD 10,000 reporting threshold.

EY's analysis did not identify any red flags for structuring for the transaction activity assessed for the 28 Patrons.

Summary of Analysis – Typology Two		
Total # of Patrons	BCLC mitigating factors applied	% of BCL / Patrons
(#)	(#)	(%)
0	0	0%

4.3 Typology 3 - Currency Exchange or other Financial Instruments

The purpose of this typology analysis was to identify patterns and red flags associated to the use of foreign currencies or other financial instruments (e.g. traveler's cheques, casino cheques) to disguise the true source of funds. This typology is identified through the Patron's use of financial instruments when transacting through his/her PGF accounts or through cage or Table Game transactions involving foreign currencies or financial instruments that can be used to obfuscate the source of funds. The analysis covered the Patron's type of financial product used for Buy-Ins and to fund the Patron's PGF account over the Analysis Period and the level of gaming activity identified in the Patron's rating history.

Red flags for currency exchange or other financial instrument used to obscure the source of funds scenarios may include, but are not limited to, the following:

- Patron makes multiple Buy-Ins using foreign currency or other financial instruments that disguise the source of funds
- Multiple deposits of foreign currency or other financial instruments (e.g. Return of Funds casino cheques) into the Patron's PGF account
- Attempts to receive a return of gaming funds cheque after performing a transaction using foreign currency or other financial instruments

EY's analysis did not identify any red flags associated to the execution of any foreign currency exchanges or exchange of other financial instruments to obscure the source of funds for the 28 Patron.

Summary of Analysis – Typology Three		
Total # of Patrons	BCLC mitigating factors	% of BCL / Patrons
(#)	(#)	(%)
0	0	0%

4.4 Typology 4 - Integration of Funds

The purpose of this typology analysis was to identify patterns and red flags associated to the integration of funds through the casino. This typology is identified through the Patron's use of financial instruments when transacting through their PGF accounts or through the value and volume of cage or Table Game transactions involving cash. The analysis covered the Patrons' value and volume of Buy-Ins over the Analysis Period, the types of Buy-Ins that were made, the level of gaming activity identified in the Patrons' rating history, verified wins the Patron had from gaming activity and any employment and due diligence documentation BCLC maintained on file for the Patrons.

Red flags for integration scenarios may include, but are not limited to, the following:

- Source of funds information or source of employment, income or wealth that is inconsistent with the level of cash or PGF transaction activity
- The Patron is bringing large volumes of cash to the casino that is Unsourced and not connected to a financial institution transaction and/or is made with small denomination bills
- Patron has a PGF account, but their Buy-Ins are made primarily through cash transactions
- The Patron funds their PGF account through several different means (e.g. bank drafts from various financial institutions)

EY's analysis identified that 19 of the 28 Patrons exhibited one or more of the red flags noted above pertaining to the integration of funds into the casino's systems. EY did not identify any activity associated with Patrons funding their PGF accounts from multiple financial institutions nor any integration red flags that involved the use of cheque deposits. Some examples of what EY did identify include:

- Patrons with high value of cash Buy-In and minimal to no activity transacting through their PGF account
- Patrons with a high aggregate value of Buy-Ins over the Analysis Period and no verified or limited source of funds in conjunction with legal filings for default of mortgages or fraud charges

In order to address and mitigate this behaviour, if exhibited by any Patrons, BCLC utilized several controls by applying transaction limitations, monitoring controls or reporting the activity of the Patrons to FINTRAC. These mitigating factors and controls included documenting Internal Incident Reports **Redacted - FINTRAC** for large cash Buy-Ins using low denomination bills as well as cash Buy-Ins that appear to be connected to Patrons who had been previously barred for undesirable behaviour. BCLC could also implement cash restrictions on the Patron, not allowing him or her to Buy-In with "un-sourced" cash (cash without a bank or ATM withdrawal slip) or "un-sourced or borrowed" chips," label the Patron as a person of interest or a high risk Patron and placed them on a watch list or banned the Patron.

Of the 19 Patrons whose transaction activity yielded red flags for the integration of funds, BCLC took mitigating action between January 1, 2014 and December 31, 2016 on all 19 Patrons. Those mitigating factors for the 19 Patrons include:

- **Internal Incident Reports** **Redacted - FINTRAC** – BCLC filed reports either internally or with FINTRAC for large cash Buy-Ins with low denomination bills as well as unknown source of funds for all 19 Patrons
- **Cash conditions** – BCLC implemented controls preventing ten of the 19 Patrons⁸ from making Buy-Ins with Unsourced cash or "un-sourced or borrowed chips"

⁸ The cash condition controls was implemented for all ten Patrons before the legislation requiring cash conditions for Patrons who bring in over CAD 10,000 was enacted in January 2018.

- **Internal watch lists** - BCLC designated 18 of the 19 Patrons under the category of 'person of interest' or 'high risk Patron' and placed them on a watch list to be monitored by BCLC
- **Banning** – BCLC banned two of the 19 Patrons from gaming at any of the BCLC casino locations. One of the two Patrons was banned for being considered undesirable.⁹

Summary of Analysis – Typology Four		
Total # of Patrons	BCLC mitigating factors (Includes Redacted cash restrictions, banning of Patron, etc.)	% of BCL / Patrons
(#)	(#)	(%)
19	19	100%

⁹ The total number of Patrons either on internal watch lists or banned lists is 18.

Appendices

Appendix	Appendix description
Appendix A	Defined Terms

A. Defined Terms

In writing our report, we used specific terms. For the purposes of this report, the followings terms have been used:

- ▶ Patron: An individual who is a customer of a casino and utilizes the establishment for gambling purposes. Patrons are assigned a unique subject ID (“SID”) once a Business Relationship has been established.
- ▶ Business Relationship: A relationship established between the casino and a client to conduct financial transactions or provide services related to those transactions. A Business Relationship is established when a Patron has opened a Patron Gaming Fund (“PGF”) account or has conducted two or more transactions or activities through the casino, for which the patron’s identity needs to be verified.
- ▶ PGF Patron: A Patron who has opened a Patron Gaming Fund (“PGF”) account at the casino.
- ▶ PGF account: An account opened at the casino for a Patron where the Patron can deposit funds for the purpose of gaming. The account can only be opened with a minimum amount of CAD 10,000 in Sourced funds in the form of a bank draft. The PGF Patron can withdraw funds from their PGF account at any point as a Buy-In or a Return of Funds Cheque.
- ▶ Table Game: Casino games conducted on a table and operated by one or more live dealers. Players enter a game by sitting (or standing) at the table and placing their bets on that table, in accordance with the rules of the game. Tables are identified using a table number coded using various acronyms such as MDB and MEZB. Gaming activity for table games, or rated play, is tracked using a Cash Tracking Form (see term below).
- ▶ Buy-In Amount (“Buy-In”): The amount of cash, chips or cheques that a Patron uses to initiate gaming activity. Note that there can be more than one Buy-In amount related to one occurrence of gaming activity.
- ▶ Cash Out Amount (“Cash Out”): The total amount of chips or cash that a Patron takes to the cage when they finish gaming in order to cash out.
- ▶ Verified Win Amount (“Verified Win”): The net positive gaming activity for a Patron, equal to the total Table Game Cash-Out Amount less the total Buy-In Amount.
- ▶ Sourced: Funds that can be traced back to their origin (e.g. bank draft can be traced back to the bank from which it was issued).
- ▶ Unsourced: Funds where the source of money cannot be verified, i.e. the origin of the funds cannot be tied back to legal activity as there is no paper trail
- ▶ Minimal Gaming: A money laundering scenario that involves a Patron making a large buy-in for chips, but gambling very little before leaving a Table Game and cashing out. Generally associated with the placement and layering stages of the money laundering lifecycle.
- ▶ Chip Walking: A money laundering scenario that involves a Patron who leaves the gaming floor with a large volume of chips without any offsetting chip redemptions or chip buy-ins made at another Table Game and who fails to return with those chips on subsequent gaming days during a gaming trip. Failing to convert chips back to cash is considered suspicious as the chips may be passed as a form of currency to mask their source for illicit purposes.

- ▶ **Chip Passing:** A money laundering scenario that involves a Patrons who may pass a large quantity of chips to another patron in an apparent effort to conceal the original ownership and source of the chips.

For the purposes of this report, cheques issued to gaming Patrons have been categorized into the following categories:

- ▶ **Verified Win Cheque:** Issued to any Patron as a result of gaming activity where the Patron wins money from the casino. The amount of the cheque is not to exceed the amount of gaming winnings for the recorded session(s) prior to cash-out (e.g. total cash out amount less the buy in amount).
- ▶ **Convenience Cheque:** Issued to any Patron for redemption of chips valued at CAD 10,000 or less. The cheque is issued as a convenience to Patrons so they do not have to carry cash or chips out of the casino. PGF patrons do not have a limit on how many Convenience Cheques can be issued whereas non PGF Patrons are only allowed up to CAD 10,000 a week.
- ▶ **Return of Funds ("ROF") Cheque:** Issued to a PGF Patron for a return of funds that have been deposited in the PGF account, either sourced from a deposit from an external source or a deposit from a result of gaming play.

As part of our analysis, we looked at copies of the following types of financial instruments and documents prepared during gaming days at River Rock.

- ▶ **Cheque:** A written order to pay a stated sum from the drawer's account to the addressee. BCLC's cheque can be printed by a computer or written by hand.
- ▶ **Cash Tracking Form:** Form that is used by casino staff to track patrons who buy-in with CAD 3,000 or more at a Table Game. The form is used to track details such as what table and seat position the Patron is playing at, date of play, Cash Out amount, Buy-In amount, and a calculation of the Verified Win amount. These are handwritten records in which play may be recorded as a sum of the activity in CADs or by specific chip values where each chip color has a corresponding denomination.
- ▶ **Casino Disbursement of Funds:** Form that is used by Casino staff to track all cash disbursements conducted at the cage post gaming activity as well as Verified Win Cheques issuance. The Casino Disbursement of Funds form is filled out by a cage employee when a Patron has approached the cage to perform a Cash-Out transaction.
- ▶ **Patron Gaming Fund Large Cash Transaction, Foreign Exchange and Disbursement Record ("PGF Record"):** Form that is used by casino staff to track deposits and withdrawals to a PGF Account, that includes the date, amount, and source of the funds or type of withdrawal, respectively. The source of the deposits can be external (e.g. bank draft) or internal (e.g. re-deposit from gaming activity at the Casino) and the type of withdrawal can be a buy-in used to initiate gaming activity through the purchase of chips at the cage, a direct table transaction, or can be a Return of Funds Cheque which is used to take money outside of the casino.
- ▶ **iTrak:** Incident and security management software system used by BCLC and its service providers to manage the documentation of activities and transactions to adhere or compliance and reporting requirements.
- ▶ **iTrak LCT Printout:** A print out of a Large Cash Transaction Report ("LCTR") from iTrak. LCTR's are entered and tracked in iTrak. LCTRs are sent to FINTRAC when a casino receives CAD 10,000 or more within 24 hours from by or on behalf of the same individual or entity. The LCTR form contains Buy-In amounts, PGF account deposits and disbursement details and amounts.

- ▶ Internal incident report: An internal report made by BCLC regarding suspicious or potentially suspicious activity occurring in or related to the casino
- ▶ Patron's Player Rating History: A history of the Patron's table gaming activity that includes, but is not limited to the date, minutes played, cash buy-in, chip buy-in, average bet, player's win/loss, walk with amount and table location. The history is created when the Patron uses their loyalty card to "check in" when table gaming.
- ▶ Suspicious Transaction Reports ("STRs"): A report created by BCLC and sent to FINTRAC about suspicious or potentially suspicious activity occurring in or related to the casino
- ▶ PGF Account Detail: Statement of a Patron's PGF account deposits and withdrawals from account opening to close.
- ▶ Bally Gaming Management System ("GMS"): An electronic tracking and reporting system that balances transactions to cash at the end of each day. GMS includes all cheques issued for the period of January 1, 2014 to December 31, 2016.
- ▶ Manual ROF Cheque Register: River Rock Casino tracked ROF cheques issued to Patrons on a manual hand written register. This register was used to determine the population of RPF cheques to be reviewed by EY during the scope period.

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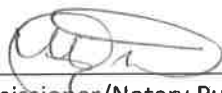
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This is Exhibit " 101 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

British Columbia Lottery Corporation

River Rock Casino Resort:

**Verified Win, Return of Funds, and
Convenience Cheque Analysis**

February 15, 2019

PRIVILEGED AND CONFIDENTIAL





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Suite 2100 – 1040 West Georgia Street
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Attention: K. Michael Stephens

15 February 2019

Cheque Analysis

Dear K. Michael Stephens:

Attached please find our report on the analysis requested by British Columbia Lottery Corporation ("BCLC") in relation to the following specific types of cheques issued by River Rock Casino Resort: Verified Win and Return of Fund Cheques issued for \$10,000 or more, and Convenience Cheques issued for more than \$10,000, from the period of January 1, 2014 to December 31, 2016. The report is pursuant to our engagement agreement dated October 10, 2017 and our scoping document dated May 4, 2018. As such, we do not express any conclusion on the policies, procedures, systems/software and practices at BCLC, River Rock Casino Resort, or any other BC Casino.

Very truly yours,

Ernst & Young LLP

Ernst & Young LLP, Canada

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1. Executive Summary

Ernst & Young LLP ("we") was engaged to provide assistance to Hunter Litigation Chambers (the "Firm") in connection with the Firm's provision of legal advice to British Columbia Lottery Corporation ("BCLC"). Our primary points of contact have been BCLC's General Counsel and Director Internal Audit.

The purpose of our analyses was to identify instances of cheques issued to patrons of River Rock Casino Resort ("River Rock") that were not supported by the Patron's gaming activity. The mandate questions that we were asked to address are detailed in Section 2.1 of this report ("Mandate Questions"). We performed procedures on all cheques issued by River Rock within the parameters described in Section 2.2 of this report. The defined terms included in the Mandate Questions, and throughout this report, are defined in Appendix A.

There were 2,031 cheques that met the parameters in Section 2.2 of this report. Of the 2,031 cheques analyzed, we identified 49 cheques where the question criteria was met. If a cheque met criteria for more than one of the Mandate Questions, it was only included in the following table one time. We noted the following observations:

Summary of Observations				
	Analysis Period			Total
	2014	2015	2016	
Sample Summary				
Number of Cheques Analyzed	682	629	720	2,031
Dollar Value of Cheques Analyzed	126,927,492	73,454,384	78,852,345	279,234,221
Summary of Observations				
Number of Cheques with Observations	21	6	22	49
% of Total Cheques Analyzed	3.08%	0.95%	3.06%	2.41%
Dollar Value of Cheques with Observations	2,524,400	536,000	3,858,700	6,919,100
% of Total Cheques Analyzed	1.99%	0.73%	4.89%	2.48%

Refer to Section 4 of this report for a detailed breakout of each observation type.

There was one instance of a cheque meeting the criteria for more than one of the Mandate Questions. As such, this cheque is included twice as an observation for both Mandate Question 1 and Mandate Question 4. The total number of cheques identified with observations, percentage of the total number of cheques analyzed, and the corresponding unsupported amounts are summarized in the table below:

Summary of Observations by Mandate Question – Unsupported Amount (\$)				
Question	Total # of Cheques with Observations			
	Cheques (#)	% of Sample (#)	Value of Cheques (\$)	Unsupported Amount (\$)
All Cheques				
1 From the sample of cheques analyzed, were there cases observed where a patron walked in to River Rock with cash and received a cheque without any casino play? (see Section 4.1)	1	0.05%	300,000	300,000
Verified Win Cheques				
2 From the sample of cheques analyzed, were there cases observed where a patron received a verified win cheque for an amount that is not supported by a Cash Tracking Form, or does not reconcile to the Cash Tracking Form provided, documenting their play for that day, regardless if the buy-in was cash or not? (see Section 4.2)	35	2.43%	2,801,100	1,140,490
Return of Funds Cheques				
3 From the sample of cheques analyzed, were there cases observed where a patron removed funds from a PGF account and received a verified win cheque without any casino play? (see Section 4.3)	9	1.52%	3,510,000	3,510,000
4 From the sample of cheques analyzed, were there cases observed where a PGF Patron deposited funds and subsequently received a return of funds cheque with no gaming activity between the deposit and cheque request? (see Section 4.3)	5	0.84%	608,000	608,000
Convenience Cheques				
5 From the sample of cheques analyzed, were there cases observed where a patron received a convenience cheque for an amount greater than \$10,000? (see Section 4.4)	N/A	N/A	N/A	N/A

The observations noted in the above table can be summarized into the following three categories (as detailed in Section 4):

- ▶ **Cheque Issued without Play:**
 - ▶ 1 occurrence noted that represented \$300,000.
- ▶ **Verified Win Cheques issued in Excess of Verified Win Amount:**
 - ▶ 22 occurrences noted where partial or complete buy-ins appeared to be included in a Verified Win Cheque with unsupported amounts totaling \$598,910 (where the unsupported amount of the cheque was \$1,000 or more).
 - ▶ 10 occurrences noted where partial or complete buy-ins appeared to be included in a Verified Win Cheque with unsupported amounts totaling \$1,580 (where the unsupported amount of the cheque was less than \$1,000).
 - ▶ 9 occurrences noted where a Verified Win Cheque was issued for the Return of Funds that represented \$3,510,000.
- ▶ **Missing Documentation:**
 - ▶ 7 occurrences noted that represented \$848,000.

2. Engagement Scope

2.1 Mandate

BCLC requested that we analyze the following specific types of cheques issued by River Rock Casino Resort ("River Rock"): Verified Win and Return of Fund Cheques issued for \$10,000 or more, and Convenience Cheques issued for more than \$10,000¹, from the period of January 1, 2014 to December 31, 2016. BCLC requested that Verified Win Cheques were limited to cheques related to Table Game play only.

The purpose of our analyses was to identify instances of cheques issued to Patrons of River Rock that were not supported by the Patron's gaming activity. The Mandate Questions were specifically developed through consultations with BCLC's management and BCLC's Audit Committee. The Mandate Questions that BCLC asked us to address are as follows:

Mandate Question 1: Verified Win, Return of Funds, and Convenience ("All Cheques")

From the sample of cheques analyzed, were there cases observed where a Patron walked in to River Rock with cash and received a cheque without any casino play?

Mandate Question 2: Verified Win Cheques

From the sample of cheques analyzed, were there cases observed where a patron received a verified win cheque for an amount that is not supported by a Cash Tracking Form, or does not reconcile to the Cash Tracking Form provided, documenting their play for that day, regardless if the buy-in was cash or not?

Mandate Question 3: Return of Funds Cheques

From the sample of cheques analyzed, were there cases observed where a Patron removed funds from a Patron Gaming Fund ("PGF") account and received a Verified Win Cheque without any casino play?

Mandate Question 4: Return of Funds Cheques

From the sample of cheques analyzed, were there cases observed where a PGF Patron deposited funds and subsequently received a Return of Funds Cheque with no gaming activity between the deposit and cheque request?

Mandate Question 5: Convenience Cheques

From the sample of cheques analyzed, were there cases observed where a Patron received a Convenience Cheque for an amount greater than \$10,000?

¹ Convenience Cheques are intended to be issued for \$10,000 or less and therefore only Convenience Cheques issued for more than \$10,000 were analyzed.

2.2 Defining the Sample

BCLC provided us with listings of cheques that met all of the following criteria:

- ▶ Issued from River Rock
- ▶ Issued as a Verified Win, Return of Funds, or Convenience Cheque
- ▶ Issued during the period of January 1, 2014 to December 31, 2016 ("Analysis Period")
- ▶ Issued for \$10,000 or more²
- ▶ Issued to PGF or non-PGF Patrons
- ▶ Related to play that occurred at a Table Game (applicable to Verified Win Cheques only)

BCLC represented that cheque listings were obtained from the sources described below. We did not perform procedures to independently validate the completeness of the sample of cheque data provided by BCLC.

Verified Win Cheques

BCLC represented that Verified Win Cheque data is captured within the Bally GMS system ("GMS"). GMS includes all Verified Win Cheques issued for the Analysis Period. The BCLC AML Team applied a filter to remove all cheques below \$10,000 in value and represent that the information is complete and accurate and that no information was redacted.

BCLC represented that GMS does not specifically identify if cheques issued relate to Table Games, or slot/machine winnings. Therefore, the BCLC AML Team applied text filters to identify which cheques related to Table Games winnings or which related to slot/machine winnings. The BCLC AML Team communicated to us that there were some cheques that were not picked up by either text filter. In these cases, the BCLC AML Team manually reviewed the cheques to determine if they related to Table Games or slot/machine games.

Return of Funds Cheques

BCLC represented that Return of Funds Cheques were documented on a hardcopy cheque register for the Analysis Period. The BCLC Internal Audit Team manually reviewed the hardcopy cheque register and identified cheques which were issued for \$10,000 or more that were issued to PGF Patrons for Return of Funds that had been held in a PGF account. From the information provided by the River Rock Casino, the BCLC Internal Audit Team represents that the information is complete and accurate and that no information was redacted.

Convenience Cheques

The BCLC AML Team identified cheques issued during the Analysis Period for over \$10,000 based on the Convenience Cheque tracking documents manually maintained by the BCLC AML Team. The sample used for analysis is from the Convenience Cheque tracking sheet maintained by the BCLC AML Team. The BCLC AML Team and represents that the information is complete and accurate and that no information was redacted.

² Only Convenience Cheques over \$10,000 were analyzed. Convenience Cheques are intended to be issued for \$10,000 or less and therefore these cheques were excluded from the sample.

2.3 Limitations of Report and Restrictions of Use

This report was prepared for the Firm and BCLC pursuant to the terms of our Agreement dated October 10, 2017 (the "Agreement") and our scoping document dated May 4, 2018 (the "Scoping Document").

Under the Agreement and Scoping Document:

1. Data, documentation and information analyzed and used for the preparation of this report was made available to us by BCLC, upon our request. We have relied on the integrity, completeness, and accuracy of what was provided. As such, we relied on the accuracy of the data that was provided in the Manual ROF Cheque Register or GMS.
2. This report is based on our procedures to the date of this report as described herein. In the event that further documents, data or other information become available that could impact our observations, we reserve the right, but will not be obligated, to analyze such records and reconsider and amend the observations set out in this report.
3. Our procedures were performed on a sample basis for River Rock. Our analyses should not be extrapolated, including to other properties or instruments.

This report was not written with the needs of parties other than the Firm and BCLC in mind and assumes a detailed understanding of BCLC and River Rock. Consistent with the terms of our Agreement and Scoping Document:

1. This report is intended to be read in its entirety. We caution against drawing conclusions from any part of the report in isolation.
2. Where our written consent is required for you to disclose our report to a third party, we will also require that third party to execute a letter substantially in the form of Appendix A of the Agreement. Without our prior written consent, you may not use or publish our report for any purpose not contemplated in our Agreement.

For clarity, we were not engaged to, and did not:

1. Perform a financial statement audit, review or compilation for the purpose of expressing an opinion on historical financial statements of BCLC in accordance with standards established by CPA Canada. Accordingly, we do not express such an opinion or any form of assurance.
2. Express any conclusions on BCLC or River Rock's policies, procedures, systems/software and practices. Additionally, we did not conduct any field work at River Rock as part of our procedures, and we did not interview any River Rock employees.
3. Perform an assessment of BCLC's compliance with the Federal Proceeds of Crime (Money Laundering) and Terrorist Financing Act ("PCMLTFA") or against applicable reporting requirements outlined by the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC").
4. Perform procedures to consider or analyze the source of funds relating to the Buy-In Amounts used to calculate the Verified Win cheques, Return of Funds cheques, Convenience cheques, or the

source of funds relating to PGF Account deposits. The source of funds detail was not provided in the supporting documents.

3. Procedures

We designed procedures to address the Mandate Questions. The Mandate Questions relate to three different types of cheques – Verified Win Cheques, Return of Funds Cheques, and Convenience Cheques. Each of the three cheque types is issued for a different purpose, and therefore has different supporting documentation that is available. The procedures completed are outlined below.

At our direction, BCLC obtained supporting documentation from River Rock and entered prescribed data points into workbooks that we designed for our analyses. We analyzed the data captured by BCLC to identify cheques that required further analysis. In these cases, we analyzed the documentation and inputs provided by BCLC. We also performed quality control procedures on the inputs entered by BCLC Internal Audit and BCLC AML employees.

3.1 All Cheques

BCLC identified 2,031 cheques that met the sample description identified above. For these cheques, we obtained copies of the following supporting documentation from BCLC:

- ▶ Cheque Image
- ▶ Printout of the iTrak LCT and CDR filing information
- ▶ If applicable, Cash Tracking Form
- ▶ If applicable, Casino Disbursement of Funds Form

Mandate Question 1: From the sample of cheques analyzed, were there cases observed where a Patron walked in to River Rock with cash and received a cheque without any casino play?

The following procedures were performed:

1. Identified the cheque and the type of cheque that was issued
2. For Verified Win Cheques, obtained a copy of the Cash Tracking Form prepared by River Rock to support if gaming activity had occurred
3. For Return of Funds Cheques, obtained a copy of the PGF Account Summary prepared by River Rock to support that the Patron had engaged in gaming activity
4. For Convenience Cheques, obtained a copy of the Cash Tracking Form prepared by River Rock to support that gaming activity had occurred
5. Analyzed the supporting document to identify if gaming activity had occurred

For purposes of Mandate Question 1, we did not recalculate the value of the cheque issued, or the purpose of why the cheque was issued. The focus was to identify if gaming activity had occurred.

3.2 Verified Win Cheques

BCLC identified 1,439 Verified Win Cheques that met the sample description identified above. For these cheques, we obtained the copies of the following supporting documentation from BCLC:

- ▶ Cheque Image
- ▶ Cash Tracking Form
- ▶ Casino Disbursement of Funds Form
- ▶ Printout of the iTrak LCT and CDR filing information

Mandate Question 2: From the sample of cheques analyzed, were there cases observed where a patron received a verified win cheque for an amount that is not supported by a Cash Tracking Form, or does not reconcile to the Cash Tracking Form provided, documenting their play for that day, regardless if the buy-in was cash or not?

The following procedures were performed:

1. Identified the cheque based on details located in GMS
2. Compared the cheque date to the Cash Tracking Form to support that the Cash Tracking Form relates to the cheque that was issued:
 - a. Where the cheque date was off by one day, we were informed that the form would relate to the cheque due to timing of gaming play. For example, a Patron who started gaming on May 6 at 11:50 pm and cashed out on May 7 at 2:30 am may have been issued a cheque dated May 6
3. Compared the value of the cheque with the value of the River Rock employee's calculated Verified Win Amount on the Cash Tracking Form
4. Where the Cash Tracking Form did not include a River Rock employee's calculation of the Verified Win, we compared the Cheque amount to the following sources:
 - a. Calculated Verified Win Amount on the Casino Disbursement of Funds Form
 - b. Chip movement on the Cash Tracking Form³

The printout of the iTrak LCT and CDR filing information was available for reference and reconciliation.

3.3 Return of Funds Cheques

BCLC identified 592 Return of Funds Cheques that met the sample description identified above. For these cheques, we obtained the copies of the following supporting documentation from BCLC:

- ▶ Cheque
- ▶ Patron Profile Card
- ▶ Printout of the iTrak LCT and CDR filing information
- ▶ Patron Gaming Fund Large Cash Transaction, Foreign Exchange and Casino Disbursement of Funds Form
- ▶ If applicable, Cash Tracking Form

³ It was communicated to us that the chip movement on the Cash Tracking Form was to support the fact that gaming activity occurred. BCLC represented that the summary information written by hand on the Cash Tracking Form is the highest form of evidence. Therefore, we only relied on the chip movement when a summary on the Cash Tracking Form or a summary on the Casino Disbursement of Funds Form was not available. There were instances in which chip movement was tracked by denominations versus total dollar value and in these cases the totals from chip movement may not reconcile with amounts noted in summaries or disbursement of funds forms.

Mandate Question 3: From the sample of cheques analyzed, were there cases observed where a Patron removed funds from a Patron Gaming Fund ("PGF") account and received a Verified Win Cheque without any casino play?

The following procedures were performed:

1. Identified the cheques from the Manual ROF Cheque Register
2. Compared the cheque number, cheque type, date and amount per the copy of the cheque to the Manual ROF Cheque Register
3. Identified the type of cheque as an ROF Cheque, indicated by "Return of Patron Gaming Funds" or Verified Wine Cheque "Players Gaming Club Winnings"

Mandate Question 4: From the sample of cheques analyzed, were there cases observed where a PGF Patron deposited funds and subsequently received a Return of Funds Cheque with no gaming activity between the deposit and cheque request?

The following procedures were performed:

1. Identified the cheques from the Manual ROF Cheque Register
2. Compared the cheque number, date and amount per the copy of the cheque to the Manual ROF Cheque Register
3. Identified the transaction by withdrawal date and amount in the PGF Patron Profile Card and analyze the most recent deposit prior to the withdrawal/cheque date
4. Identified if there is gaming activity related to the most recent deposit prior to the withdrawal. If gaming activity exists, obtain a copy of the Cash Tracking Form

3.4 Convenience Cheques

Convenience Cheques are intended to be issued for \$10,000 or less. BCLC did not identify any Convenience Cheques that were above \$10,000.

Mandate Question 5: From the sample of cheques analyzed, were there cases observed where a Patron received a Convenience Cheque for an amount greater than \$10,000?

As there were no Convenience Cheques identified for an amount greater than \$10,000, no analysis was performed.

4. Observations

We noted that of the 2,031 cheques analyzed, we identified 49 cheques where the question criteria was met. If a cheque met criteria for more than one Mandate Question, it was only included in the following table one time. We noted the following observations:

Summary of Observations				
	Analysis Period			Total
	2014	2015	2016	
Sample Summary				
Number of Cheques Analyzed	682	629	720	2,031
Dollar Value of Cheques Analyzed	126,927,492	73,454,384	78,852,345	279,234,221
Summary of Observations				
Number of Cheques with observations	21	6	22	49
% of Total Cheques Analyzed	3.08%	0.95%	3.06%	2.41%
Dollar Value of Cheques with observations	2,524,400	536,000	3,858,700	6,919,100
% of Total Cheques Analyzed	1.99%	0.73%	4.89%	2.48%

The table above identifies the total number of unique cheques that we identified observations. The following tables identify the number of cheques for each question.

Summary of Observations by Mandate Question – Unsupported Amount (\$)				
Question	Total # of Cheques with Observations			
	Cheques (#)	% of Sample (#)	Value of Cheques (\$)	Unsupported Amount (\$)
All Cheques				
1 From the sample of cheques analyzed, were there cases observed where a patron walked in to River Rock with cash and received a cheque without any casino play? (see Section 4.1)	1	0.05%	300,000	300,000
Verified Win Cheques				
2 From the sample of cheques analyzed, were there cases observed where a patron received a verified win cheque for an amount that is not supported by a Cash Tracking Form, or does not reconcile to the Cash Tracking Form provided, documenting their play for that day, regardless if the buy-in was cash or not? (see Section 4.2)	35	2.43%	2,801,100	1,140,490
Return of Funds Cheques				
3 From the sample of cheques analyzed, were there cases observed where a patron removed funds from a PGF account and received a verified win cheque without any casino play? (see Section 4.3)	9	1.52%	3,510,000	3,510,000
4 From the sample of cheques analyzed, were there cases observed where a PGF Patron deposited funds and subsequently received a return of funds cheque with no gaming activity between the deposit and cheque request? (see Section 4.3)	5	0.84%	608,000	608,000
Convenience Cheques				
5 From the sample of cheques analyzed, were there cases observed where a patron received a convenience cheque for an amount greater than \$10,000? (see Section 4.4)	N/A	N/A	N/A	N/A

There was one instance of a cheque meeting the criteria for more than one of the Mandate Questions. As such, this cheque is included twice as an observation for both Mandate Question 1 and Mandate Question 4.

4.1 All Cheques

Mandate Question 1

We analyzed 2,031 cheques in total. We noted one Return of Funds Cheque where there was no play noted and the source of the Buy-In was not noted on the Cash Tracking Form.

Question 1: Summary of Observations			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cash Tracking Form indicates no play	1	300,000	300,000
Total Cheques Analyzed	2,031	279,346,721	
Observations as % of Total Cheques Analyzed	0.05%	0.11%	0.11%

Of the cheques analyzed, there were cheques for which we were unable to determine if gaming play occurred due to missing tracking sheets. For these cheques, we were unable to form a conclusion and therefore have excluded these cheques from the observations for Mandate Question 1.

The cheques where we are missing Cash Tracking Forms are discussed later in this document.

4.2 Verified Win Cheques

Mandate Question 2

We analyzed 1,439 Verified Win Cheques. Of these cheques, we noted observations for Mandate Question 2 related to 35 cheques. We have segmented the observations into the following three categories:

- ▶ 22 cheques where the partial or complete Buy-In appeared to be included in Verified Win Cheque
- ▶ 10 cheques where we identified a difference (difference was less than \$1,000)
- ▶ 3 cheques where the Cash Tracking Form could not be located

The cheques are discussed in more detail below. The observations are summarized in the table below.

Question 2: Summary of Observations			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Partial or complete buy-in appeared to be included in Verified Win Cheque	22	1,899,000	598,910
Difference (difference was less than \$1,000)	10	362,100	1,580
Cash Tracking Form could not be located	3	540,000	540,000
Total	35	2,801,100	1,140,490
Total Cheques Analyzed	1,439	103,935,477	
Observations as % of Total Cheques Analyzed	2.43%	2.70%	1.10%

Cheques where Verified Win Cheque appears to include funds that are not a Verified Win

We noted 32 cheques where the Cash Tracking Form was provided, but the Verified Win Cheque was issued for an amount that was greater than the Verified Win recorded on the Cash Tracking Form. Of these cheques, we noted that 22 cheques had differences greater than \$1,000 and appeared to include a portion of the original Buy-In amount. The remaining 10 cheques had differences that were less than \$1,000 and appeared to have been rounded up when the cheque was issued. The cheques issued with observations are summarized below:

Cheques where Verified Win Cheque appears to include funds that are not a Verified Win			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Partial or complete buy-in appeared to be included in Verified Win Cheque	22	1,899,000	598,910
Difference (difference was less than \$1,000)	10	362,100	1,580

Cheques where Cash Tracking Form was Not Located

We noted 3 cheques where the Cash Tracking Form was not provided and the Verified Win Amount could not be corroborated. River Rock communicated to us that the Cash Tracking Forms were missing and could not be found. The cheques are summarized below:

Cheques where Verified Win Cheque appears to include funds that are not a Verified Win			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cash Tracking Form could not be located	3	540,000	540,000

Cheques where Cash Tracking Form did not have a Summary, but the Movement on Cash Tracking Form Supported the Verified Win Cheque

We noted instances where the Cash Tracking Form and the Casino Disbursement of Funds Form did not include a summary of the Cash-Out Amount, Buy-In Amount, and Verified Win Amount. However, we were able to perform alternative procedures using the chip movement recorded on the Cash Tracking Form. Therefore, we did not include these cheques as an observation. We noted 7 cheques for a total of \$378,700 that met this description.

Cheques where Cash Tracking Form was not required as Buy-In Amount was equal to or less than \$3,000

In the case where a Patron Buys-In for \$3,000 or less, River Rock does not require its employees to record gaming play on a Cash Tracking Form. We were unable to identify the Buy-In Amount. We noted 2 cheques for a total of \$25,200 that met this description.

4.3 Return of Funds Cheques

Mandate Question 3

We analyzed 592 Return of Funds Cheques. Of these cheques, we noted observations for Mandate Question 3 related to 9 cheques. The cheques are discussed in more detail below. The total unsupported value of these cheques is \$3,510,000. The observations are summarized in the table below:

Question 3: Summary of Observations			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cheques where Verified Win Cheque was issued for ROF amount	9	3,510,000	3,510,000
Total Cheques Analyzed	592	175,298,744	
Observations as % of Total Cheques Analyzed	1.52%	2.00%	2.00%

Cheques where Verified Win Cheque was issued for ROF amount

We noted 9 cheques where a PGF Patron had requested a Return of Funds Cheque. The cheque was listed in the Return of Funds Cheque register. However, the cheque was written on a Verified Win Cheque. In these instances, the Verified Win Amount is not supported. The cheques are summarized below:

Cheques where Verified Win Cheque was issued for ROF amount			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cheques where Verified Win Cheque was issued for ROF amount	9	3,510,000	3,510,000

Mandate Question 4

We analyzed 592 Return of Funds cheques. Of these cheques, we noted observations for Mandate Question 4 related to 5 cheques. The cheques are discussed in more detail below. The total unsupported value of these cheques is \$608,000. The observations are summarized in the table below:

Question 4: Summary of Observations			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cash Tracking Form indicates no play	1	300,000	300,000
Cheque copy and supporting documentation could not be located	3	250,000	250,000
Cash Tracking Form could not be located	1	58,000	58,000
Total	5	608,000	608,000
Total Cheques Analyzed	592	175,298,744	
Observations as % of Total Cheques Analyzed	0.84%	0.35%	0.35%

Cash Tracking Form indicates that no play occurred

The Cash Tracking Form notes that the Patron bought in but did not play. The funds were subsequently issued as an ROF cheque. The cheque is summarized below:

Cash Tracking Form indicates that no play occurred			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cash Tracking Form indicates no play	1	300,000	300,000

Cheque copy and supporting documentation could not be located

River Rock communicated to BCLC that these cheques were not issued as ROF cheques and were not withdrawn by the Patron. They indicated that the cheques were voided and re-issued as a Buy-In for a Table Game. In 2014, cheques were issued to move money from the PGF Account to a table for a Buy-In. We requested a copy of the voided cheque, or a copy of the cheque that was used to transfer money to the table for a Buy-In. River Rock was not able to provide copies of a voided cheque or of a cheque used for a Buy-In. The cheques are summarized below:

Cheque copy and supporting documentation could not be located			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cheque copy and supporting documentation could not be located	3	250,000	250,000

Cash Tracking Form could not be located

The Patron Card indicated that gaming activity existed, but the Cash Tracking Form could not be located. As a result, we could not corroborate that gaming activity actually occurred. The cheque is summarized below:

Cash Tracking Form could not be located			
	# of Cheques	Total Value of Cheques (\$)	Unsupported Amount (\$)
Cash Tracking Form could not be located	1	58,000	58,000

Cheques where Cash Tracking Form could not be located, but other supporting documentation indicates play occurred

We noted an instance where the Cash Tracking Sheet Form could not be located to identify that play occurred prior to the withdrawal of the ROF cheque. However, we were able to use alternative procedures to exclude this as an observation by referencing other supporting documentation such as cash tracking forms for prior sessions of play associated with cheques issued prior to this one. The additional support analyzed indicated that play was associated to the ROF cheque issued. Therefore, we did not include this cheque as an observation. We noted one cheque for a total of \$1,000,000 that met this description.

4.4 Convenience Cheques

Mandate Question 5

There were no Convenience Cheques identified by BCLC that were written for over \$10,000 at River Rock within the Analysis Period. Convenience Cheques are intended to be issued for \$10,000 or less and BCLC did not identify any Convenience Cheques that were above \$10,000.

5. Summary

Of the 2,031 cheques analyzed, we identified 49 cheques where one or more of the Mandate Questions' criteria was met. As noted in Section 4 of this report, these 49 cheques accounted for \$6,919,100 of the \$279,234,221 in total value of cheques. The observations noted in this report can be summarized into the following three categories:

- ▶ **Cheque Issued without Play:**
 - ▶ 1 occurrence noted that represented \$300,000.
- ▶ **Verified Win Cheques issued in Excess of Verified Win Amount:**
 - ▶ 22 occurrences noted where partial or complete buy-ins appeared to be included in a Verified Win Cheque with unsupported amounts totaling \$598,910 (where the unsupported amount of the cheque was \$1,000 or more).
 - ▶ 10 occurrences noted where partial or complete buy-ins appeared to be included in a Verified Win Cheque with unsupported amounts totaling \$1,580 (where the unsupported amount of the cheque was less than \$1,000).
 - ▶ 9 occurrences noted where a Verified Win Cheque was issued for the Return of Funds that represented \$3,510,000.
- ▶ **Missing Documentation:**
 - ▶ 7 occurrences noted that represented \$848,000.

Appendices

Appendix	Appendix description
Appendix A	Defined Terms

A. Defined Terms

In writing our report, we used specific terms. For the purposes of this report, the following terms have been used:

- ▶ **Patron:** An individual who is a customer of a casino and utilizes the establishment for gambling purposes. Patrons are assigned a unique subject ID ("SID") once a Business Relationship has been established.
- ▶ **PGF Patron:** A Patron who has opened a Patron Gaming Fund ("PGF") account at the casino.
- ▶ **PGF account:** An account opened at the casino for a Patron where the Patron can deposit funds for the purpose of gaming. The account can only be opened with a minimum amount of CAD 10,000 in Sourced funds in the form of a bank draft. The PGF Patron can withdraw funds from their PGF account at any point as a Buy-In or a Return of Funds Cheque.
- ▶ **Table Game:** Casino games conducted on a table and operated by one or more live dealers. Players enter a game by sitting (or standing) at the table and placing their bets on that table, in accordance with the rules of the game. Tables are identified using a table number coded using various acronyms, such as MDB and MEZB. Gaming activity for Table Games, or rated play, is tracked using a Cash Tracking Form (see term below).
- ▶ **Buy-In Amount ("Buy-In"):** The amount of cash, chips or cheques that a Patron uses to initiate gaming activity. Note that there can be more than one Buy-In amount related to one occurrence of gaming activity.
- ▶ **Cash-Out Amount ("Cash-Out"):** The total amount of chips or cash that a Patron takes to the cage when they finish gaming in order to cash out.
- ▶ **Verified Win Amount ("Verified Win"):** The net positive gaming activity for a Patron, equal to the total Table Game Cash-Out amount less the total Buy-In amount.

For the purposes of this report, cheques issued to gaming Patrons have been categorized into the following categories:

- ▶ **Verified Win Cheque:** Issued to any Patron as a result of gaming activity where the Patron wins money from the casino. The amount of the cheque is not to exceed the amount of gaming winnings for the recorded session(s) prior to Cash-Out (e.g., total Cash-Out amount less the Buy-In amount).
- ▶ **Convenience Cheque:** Issued to any Patron for redemption of chips valued at CAD 10,000 or less. The cheque is issued as a convenience to Patrons so they do not have to carry cash or chips out of the casino. PGF Patrons do not have a limit on how many Convenience Cheques can be issued, whereas non-PGF Patrons are only allowed up to CAD 10,000 a week.

- ▶ **Return of Funds ("ROF") Cheque:** Issued to a PGF Patron for a return of funds that have been deposited in the PGF account, either sourced from a deposit from an external source or a deposit from a result of gaming play.

As part of our analysis, we looked at copies of the following types of financial instruments and documents prepared during gaming days at River Rock:

- ▶ **Cheque:** A written order to pay a stated sum from the drawer's account to the addressee. BCLC's cheques can be printed by a computer or written by hand.
- ▶ **Cash Tracking Form:** The form that is used by casino staff to track Patrons who buy in with CAD 3,000 or more at a Table Game. The form is used to track details such as what table and seat position the Patron is playing at, date of play, Cash-Out amount, Buy-In amount and a calculation of the Verified Win amount. These are handwritten records in which play may be recorded as a sum of the activity in CADs or by specific chip values where each chip color has a corresponding denomination.
- ▶ **Casino Disbursement of Funds:** The form that is used by casino staff to track all cash disbursements conducted at the cage post gaming activity, as well as Verified Win Cheque issuances. The Casino Disbursement of Funds Form is filled out by a cage employee when a Patron has approached the cage to perform a Cash-Out transaction.
- ▶ **Patron Gaming Fund Large Cash Transaction, Foreign Exchange and Disbursement Record ("PGF Record"):** The form that is used by casino staff to track deposits and withdrawals to a PGF account that includes the date, amount and source of the funds or type of withdrawal, respectively. The source of the deposits can be external (e.g., bank draft) or internal (e.g., redeposit from gaming activity at the casino), and the type of withdrawal can be a Buy-In used to initiate gaming activity through the purchase of chips at the cage, a direct table transaction or a Return of Funds Cheque that is used to take money outside of the casino.
- ▶ **iTrak:** Incident and security management software system used by BCLC and its service providers to manage the documentation of activities and transactions to adhere to compliance and reporting requirements.
- ▶ **iTrak LCT Printout:** A printout of a Large Cash Transaction Report ("LCTR") from iTrak. LCTRs are entered and tracked in iTrak. LCTRs are sent to FINTRAC when a casino receives CAD 10,000 or more within 24 hours from or on behalf of the same individual or entity. The LCTR contains Buy-In amounts, PGF account deposits, and disbursement details and amounts.
- ▶ **PGF Account Detail:** Statement of a Patron's PGF account deposits and withdrawals from account opening to close.
- ▶ **Bally Gaming Management System ("GMS"):** An electronic tracking and reporting system that balances transactions to cash at the end of each day. GMS includes all cheques issued for the period of January 1, 2014 to December 31, 2016.
- ▶ **Manual ROF Cheque Register:** River Rock tracked ROF Cheques issued to Patrons on a manual handwritten register. This register was used to determine the population of ROF cheques to be reviewed by EY during the scope period.

EY | Assurance | Tax | Transactions | Advisory

About EY

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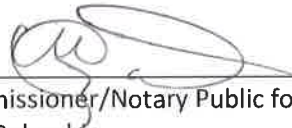
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ey.com/ca

This is Exhibit " 102" referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

Date Prepared: February 26, 2019

Prepared By: Jim Lightbody

Phone Number:

Personal information

Contact: Jim Lightbody
President and CEO
BCLC

Email:

Personal information

TITLE: EY Casino Cheque Issuance and Anti-Money Laundering Analysis

PURPOSE:

(X) FOR INFORMATION

TITLE: EY Casino Cheque Issuance and Anti-Money Laundering Analysis**BACKGROUND:**

There have been suggestions in the media that patrons were coming into River Rock Casino with dirty money, buying casino chips, playing notionally, then cashing the chips in and receiving a cheque in return. BCLC commissioned EY to analyse if this occurred.

EY performed two separate analyses regarding transaction activity for patrons of River Rock Casino during the three year period of January 1, 2014 to December 31, 2016 (analysis period). BCLC selected this period because it was alleged that money laundering was occurring during this timeframe. The first analysis was performed to identify if there were any instances of any cheque over \$10,000 that were issued to patrons that were not supported by the patrons' gaming activity. Every cheque over \$10,000 for the time period was investigated, resulting in 2,031 cheques being analysed.

The attached appendix is EY's briefing note on their analysis.

Appendix

BRIEFING NOTE – OBSERVATIONS FOR DISCUSSION

Prepared For: Minister David Eby - February 2019

By: Ernst & Young LLP (EY)

Subject: Casino Cheque Issuance and Anti-Money Laundering Analysis

1. Background:

EY performed two separate analyses regarding transaction activity for patrons of River Rock Casino during the three year period of January 1, 2014 to December 31, 2016 (analysis period). The first analysis was performed to identify if there were any instances of any cheque over \$10,000 that were issued to patrons that were not supported by the patrons' gaming activity. Every cheque over \$10,000 for the time period was investigated, resulting in 2,031 cheques being analysed. The analysis was performed to address the following mandate questions:

- 1) From the sample of cheques analyzed, were there cases observed where a patron walked in to River Rock with cash and received a cheque without any casino play?
- 2) From the sample of cheques analyzed, were there cases observed where a patron received a verified win cheque for an amount that is not supported by a Cash Tracking Form, or does not reconcile to the Cash Tracking Form provided, documenting their play for that day, regardless if the buy-in was cash or not?
- 3) From the sample of cheques analyzed, were there cases observed where a patron removed funds from a patron Gaming Fund ("PGF") account and received a Verified Win Cheque without any casino play?
- 4) From the sample of cheques analyzed, were there cases observed where a PGF patron deposited funds and subsequently received a Return of Funds Cheque with no gaming activity between the deposit and cheque request?
- 5) From the sample of cheques analyzed, were there cases observed where a patron received a Convenience Cheque for an amount greater than \$10,000?

The second analysis EY performed consisted of identifying patterns of transaction and gaming activity at River Rock reflected in the money laundering typologies defined below. This analysis was conducted for 28 patrons who were the recipients of the 49 cheques marked with issuance exceptions related to the mandate questions above from the first analysis performed. The money laundering typologies addressed included the following:

- Typology 1 - Funds placed or entered into the casino's system, such as when a patron buys casino chips ("Buy-In") or deposits funds into a PGF account and then subsequently layers the funds through schemes such as Minimal Gaming, Chip Passing between patrons or Chip Walking
- Typology 2 – The division of cash or casino value instruments conducted in a series of smaller value instruments to avoid threshold reporting for large currency transactions or casino disbursements; transactions are often segmented into smaller values during the same gaming day or across two or more

- Typology 3 – patrons’ use of foreign currency services or other financial instruments (e.g., traveler’s cheques, casino cheques) to disguise the true source of funds
- Typology 4 - patrons’ use of PGF accounts or cash Buy-Ins at the cage or Table Games that take place with high frequency or are high in value when compared to the patrons’ employment or other due diligence on file

2. Discussion:

During the scope period across both analyses performed by EY, River Rock was in charge of documenting buy-in transactions at the table view manual cash tracking forms, disbursements as they occurred during the gaming day, the issuance of cheques to patrons and the deposit and withdrawal of funds for PGF accounts.

BCLC’s role during the scope period was to report transactions that met the criteria for filings with FINTRAC which included large currency transactions, casino disbursements and suspicious transaction reports. BCLC would also review patron incident reports and PGF account information to assess if any mitigating factors needed to be applied to patrons based on the types of transactions being conducted or background information regarding their occupation or other source of wealth information.

In order to establish the population for the first analysis, BCLC provided EY with listings of cheques issued by River Rock that met all of the following criteria:

- Issued as a Verified Win, Return of Funds, or Convenience Cheque
- Issued during the period of January 1, 2014 to December 31, 2016 (“Analysis Period”)
- Issued for \$10,000 or more
- Issued to PGF or non-PGF patrons
- Related to play that occurred at a Table Game (applicable to Verified Win Cheques only)

BCLC identified 2,031 cheques that met the sample criteria under the applied standard or risk based approach to the overall cheque population. EY analyzed the cheques and supporting transaction documentation that led to the issuance of the cheques and identified 49 cheques where exceptions related to the mandate questions were identified.

These cheques served as a starting point for the second analysis which was focused on identifying money laundering scenarios associated to the 28 patrons who were issued the 49 cheques with exceptions and their holistic transaction and gaming activity. EY selected a sample assessment period for the activity of the 28 patrons that consisted of the patrons’ rated play, casino transaction activity and due diligence records for six months prior to and six months after the 49 casino cheques with exceptions were issued by River Rock.

3. Summary observations:

Of the 2,031 cheques analyzed as part of cheque issuance work, EY identified 49 cheques (2.41%) with exceptions related to how they were issued.

- The 49 exceptions were primarily related to verified win cheques that were issued for the following:
 - Amounts that included part of the original buy-in or could not be recalculated in full based on River Rock’s manual table cash tracking forms.

- One of the 49 cheques was issued where no gaming play was recorded and this was issued as a return of funds cheque for the patron.
- No verified win cheques were issued without gaming activity observed on the same day.

In order to identify if the cheque issuance exceptions involved any money laundering implications for BCLC, EY analyzed transaction and gaming activity for the 28 patrons who had received the 49 cheques identified with issuance exceptions.

- Forty-eight of the 49 cheques marked with issuance exceptions were issued without the associated transaction activity flagging for any of the four AML typologies covered above
 - One of the 49 cheques was issued as a result of an unsourced buy-in.
- For the review of the patron's contextual gaming and transactions conducted for the period of review prior and post the issuance of the 49 cheques, two of the total 553 cheques issued for the 28 patrons had exceptions pertaining to the AML typologies covered above
 - Of the two cheques with exceptions, one was funded from a sourced PGF Buy-In and the other was related to the unsourced buy-in covered above

Separate from the cheque activity analyzed, EY assessed the other transactions associated to the 28 patrons for the time period noted above for money laundering typologies.

- Ten of the 28 patrons demonstrated transaction activity reflective of placement and layering behavior. This behavior was associated to cash-out transactions for chips that were not associated to the buy-ins the patron made during the gaming day or previous gaming days analyzed for those individuals, thus they were considered unsourced
 - Of the ten patrons whose transactions exhibited red flags for placement and layering through unsourced chip Cash-Outs, BCLC took a standard or risk based approach in applying mitigating action over the course of the Analysis Period for these ten patrons through the application of transaction limitations, monitoring controls and/or reported transaction activity to FINTRAC. These controls included one or more of the following:
 - **Internal Incident Reports and STRs** – BCLC filed reports either internally or with FINTRAC, respectively, for all ten patrons involved in the exchange of cash or chips between two or more patrons.
 - **Cash conditions** – BCLC implemented controls preventing four of the ten patrons from making Buy-Ins with Unsourced cash or “Unsourced or borrowed” chips. For any patrons who are flagged for cash conditions, they need to provide documentation and support showing that the cash they have brought to the casino was sourced from a financial institution (e.g. bank cheque, ATM withdrawal).
 - All instances when cash conditions were applied for the four patrons observed occurred before this became a requirement in British Columbia to verify the source of funds for buy-ins of CAD 10,000 or more in January 2018.
 - **Internal watch lists** – BCLC designated all the ten patrons as a “person of interest” or as a “high-risk patron” and placed them on a watch list to be monitored by BCLC.
 - **Banning** – BCLC banned two of the ten patrons from gaming at any of the BCLC casino locations. One of the two patrons was banned following a Chip Passing incident.
- Nineteen of the 28 patrons exhibited one or more red flags pertaining to the integration of

funds into the casino's systems. EY did not identify any activity associated with patrons funding their PGF accounts from multiple financial institutions nor any integration red flags that involved the use of cheque deposits

- Of the 19 patrons whose transaction activity yielded red flags for the integration of funds, BCLC took standard or risk based approach in applying mitigating action over the course of the Analysis Period for these 19 patrons through the application of transaction limitations, monitoring controls and/or reporting the activity of the patrons to FINTRAC. These mitigating factors and controls included:
 - **Internal Incident Reports and STRs** – BCLC filed reports either internally or with FINTRAC, respectively, for large cash Buy-Ins with low denomination bills, as well as unknown source of funds for all 19 patrons.
 - **Cash conditions** – BCLC implemented controls preventing ten of the 19 patrons from making Buy-Ins with Unsourced cash or “Unsourced or borrowed” chips.
 - All instances when cash conditions were applied for the ten patrons observed occurred before this became a requirement in British Columbia to verify the source of funds for buy-ins of CAD 10,000 or more in January 2018.
 - **Internal watch lists** – BCLC designated 18 of the 19 patrons as either a “person of interest” or as a “high-risk patron” and placed them on a watch list to be monitored by BCLC.
 - **Banning** – BCLC banned two of the 19 patrons from gaming at any of the BCLC casino locations. One of the two patrons was banned for being considered undesirable.

4. Next Steps:

- Identify if the observations above apply to any of the other casinos with similar operations to River Rock
 - This would include an assessment of the cheque issuance processes and AML typologies at casinos that issue cheques and offer PGF account services to their patrons
- Discuss any further areas of focus regarding cheque issuance and AML typologies for transaction and gaming activity

This is Exhibit " 103 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

BRIEFING GUIDE - Casino Cheque Issuance and Anti-Money Laundering Analysis

Plan	Lead
1. Describe Context	Jim
<ul style="list-style-type: none"> EY was brought in by the BCLC Board and Executive in late 2017, when news of money laundering allegations at River Rock Casino Resort broke in the press. EY's mandate was to get to the truth of the allegations. EY was called by Rob Kroeker on Friday September 29, 2017, and the EY AML Investigation team – led by Bob Boyle out of New York – travelled over the weekend to be on-site at BCLC ready to work on Monday morning. Introduce EY team: <ul style="list-style-type: none"> Bob Boyle (New York) – leads EY gaming AML compliance work globally Peter Law (Vancouver) – leads EY's services at BCLC 	
2. The Punchline	Bob
<ul style="list-style-type: none"> I lead EY's gaming AML compliance work in Canada and globally <i>[Bob's technical and client credentials]</i> I led the work to investigate cheque issuance and money laundering typologies at River Rock for the two-year period of January 2014 to December 2016 using a standard or risk based approach. We identified and tested 100% of cheques >\$10k issued at River Rock Casino. Total of 2,031 cheques. For those identified with issuance exceptions, a holistic assessment was performed of the activity associated to those patrons who received those cheques; 28 patrons in total. We found that all verified win cheques issued at River Rock during the review period were directly related to gaming play. Two cheques had exceptions; one for an unsourced cash-buy-in and one for a sourced PGF deposit. These cheques totaled a combined \$1,300,000. Both cheques were issued as return of funds cheques in these instances and were not systemic to any particular AML typology. 	
3. EY Scope	Bob
<ul style="list-style-type: none"> We focused our work on providing answers to five key questions for BCLC regarding the activity at River Rock – these mandate questions were covered with BCLC and the Board: <ul style="list-style-type: none"> Did someone walk in to River Rock with cash and receive a cheque without casino play? Did someone receive a verified win cheque for an amount not supported by a Cash Tracking Form documenting their play for that day? Did someone remove funds from a Patron Gaming Fund (PGF) account & receive a Verified Win Cheque without any casino play? Did a PGF Patron deposit funds and receive a return of funds cheque with no gaming activity between the deposit and cheque request? Did someone receive a convenience cheque for an amount greater than \$10,000? 	
4. Schedule & Approach	Bob
<ul style="list-style-type: none"> First Report was completed in September 2018 – This report covered the investigation and analysis of instances where cheques being issued at River Rock met any of the five questions to be addressed. EY identified 49 observations for cheques issued to 28 patrons. 	

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- Second Report was completed in February 2019 – EY's analysis consisted of a further investigation into the 49 observations against four AML typologies.

Page 2

- EY was responsible for the analysis of cheques, rated play and additional transaction activity for the patron, assessing the supporting transaction documentation and documenting observations.
- Access to data was time consuming and manual as information had to be collected by BCLC from River Rock and subsequently sent to EY.

5. Key findings**Bob**

- We found 28 patrons who received cheques identified with issuance exceptions.
- No verified win cheques were issued without gaming activity observed on the same day and were not issued in connection with any AML typology red flags.
- Two cheques of the 553 cheque population issued for the 28 patrons had exceptions pertaining to AML typologies; one for an unsourced cash-buy-in and one for a sourced PGF deposit. Both cheques were issued as return of funds cheques in these instances and were not systemic to any particular patron or behavior.

6. Next Steps**Jim / Peter K**

- EY's work has not found evidence of systemic issues at River Rock related to money laundering typologies involving cheque issuances.
- BCLC has implemented a tighter AML Compliance regime since this period of time (January 2014 – December 2016).
- How do we put this to bed in your mind?

This is Exhibit " 104 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

BRIEFING NOTE – OBSERVATIONS FOR DISCUSSION

Prepared For: Minister David Eby - February 2019

Subject: Casino Cheque Issuance and Anti-Money Laundering Analysis

1. Background:

EY performed two separate analyses regarding transaction activity for patrons of River Rock Casino Resort ("River Rock"). The first analysis was performed to identify if there were any instances of cheques that were issued to patrons that were not supported by the patrons' gaming activity. The analysis was performed to address the following mandate questions:

- 1) From the sample of cheques analyzed, were there cases observed where a patron walked in to River Rock with cash and received a cheque without any casino play?
- 2) From the sample of cheques analyzed, were there cases observed where a patron received a verified win cheque for an amount that is not supported by a Cash Tracking Form, or does not reconcile to the Cash Tracking Form provided, documenting their play for that day, regardless if the buy-in was cash or not?
- 3) From the sample of cheques analyzed, were there cases observed where a patron removed funds from a patron Gaming Fund ("PGF") account and received a Verified Win Cheque without any casino play?
- 4) From the sample of cheques analyzed, were there cases observed where a PGF patron deposited funds and subsequently received a Return of Funds Cheque with no gaming activity between the deposit and cheque request?
- 5) From the sample of cheques analyzed, were there cases observed where a patron received a Convenience Cheque for an amount greater than \$10,000?

The second analysis EY performed consisted of identifying patterns of transaction and gaming activity at River Rock reflected in the money laundering typologies defined below. This analysis was conducted for 28 patrons who were the recipients of the 49 cheques marked with issuance exceptions related to the mandate questions above from the first analysis performed. The money laundering typologies addressed included the following:

- Typology 1 - Funds placed or entered into the casino's system, such as when a patron buys casino chips ("Buy-In") or deposits funds into a PGF account and then subsequently layers the funds through schemes such as Minimal Gaming, Chip Passing between patrons or Chip Walking
- Typology 2 – The division of cash or casino value instruments conducted in a series of smaller value instruments to avoid threshold reporting for large currency transactions or casino disbursements; transactions are often segmented into smaller values during the same gaming day or across two or more
- Typology 3 – patrons' use of foreign currency services or other financial instruments (e.g., traveler's cheques, casino cheques) to disguise the true source of funds
- Typology 4 - patrons' use of PGF accounts or cash Buy-Ins at the cage or Table Games that take place with high frequency or are high in value when compared to the patrons' employment or other due diligence on file

2. Discussion:

During the scope period across both analyses performed by EY, River Rock was in charge of documenting buy-in transactions at the table view manual cash tracking forms, disbursements as they occurred during the gaming day, the issuance of cheques to patrons and the deposit and withdrawal of funds for PGF accounts.

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Page 2

In order to establish the population for the first analysis, BCLC provided EY with listings of cheques issued by River Rock that met all of the following criteria:

- Issued as a Verified Win, Return of Funds, or Convenience Cheque
- Issued during the period of January 1, 2014 to December 31, 2016 ("Analysis Period")
- Issued for \$10,000 or more
- Issued to PGF or non-PGF patrons
- Related to play that occurred at a Table Game (applicable to Verified Win Cheques only)

BCLC identified 2,031 cheques that met the sample criteria under the applied standard or risk based approach to the overall cheque population. EY analyzed the cheques and supporting transaction documentation that led to the issuance of the cheques and identified 49 cheques where exceptions related to the mandate questions were identified.

These cheques served as a starting point for the second analysis which was focused on identifying money laundering scenarios associated to the 28 patrons who were issued the 49 cheques with exceptions and their holistic transaction and gaming activity. EY selected a sample assessment period for the activity of the 28 patrons that consisted of the patrons' rated play, casino transaction activity and due diligence records for six months prior to and six months after the 49 casino cheques with exceptions were issued by River Rock.

3. Summary observations:

Of the 2,031 cheques analyzed as part of cheque issuance work, EY identified 49 cheques (2.41%) with exceptions related to how they were issued.

- The 49 exceptions were primarily related to verified win cheques that were issued for the following:
 - Amounts that included part of the original buy-in or could not be recalculated in full based on River Rock's manual table cash tracking forms.
 - One of the 49 cheques was issued where no gaming play was recorded and this was issued as a return of funds cheque for the patron.
 - No verified win cheques were issued without gaming activity observed on the same day.

In order to identify if the cheque issuance exceptions involved any money laundering implications for BCLC, EY analyzed transaction and gaming activity for the 28 patrons who had received the 49 cheques identified with issuance exceptions.

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 - One of the 49 cheques was issued as a result of an unsourced buy-in.
- For the review of the patron's contextual gaming and transactions conducted for the period of review prior and post the issuance of the 49 cheques, two of the total 553 cheques issued for the 28 patrons had exceptions pertaining to the AML typologies covered above
 - Of the two cheques with exceptions, one was funded from a sourced PGF Buy-In and the other was related to the unsourced buy-in covered above

Separate from the cheque activity analyzed, EY assessed the other transactions associated to the 28 patrons for the time period noted above for money laundering typologies.

Page 3


- Ten of the 28 patrons demonstrated transaction activity reflective of placement and layering behavior. This behavior was associated to cash-out transactions for chips that were not associated to the buy-ins the patron made during the gaming day or previous gaming days analyzed for those individuals, thus they were considered unsourced
 - Of the ten patrons whose transactions exhibited red flags for placement and layering through unsourced chip Cash-Outs, BCLC took a standard or risk based approach in applying mitigating action over the course of the Analysis Period for these ten patrons through the application of transaction limitations, monitoring controls and/or reported transaction activity to FINTRAC. These controls included one or more of the following:
 - **Internal Incident Reports and STRs** – BCLC filed reports either internally or with FINTRAC, respectively, for all ten patrons involved in the exchange of cash or chips between two or more patrons.
 - **Cash conditions** – BCLC implemented controls preventing four of the ten patrons from making Buy-Ins with Unsourced cash or “Unsourced or borrowed” chips. For any patrons who are flagged for cash conditions, they need to provide documentation and support showing that the cash they have brought to the casino was sourced from a financial institution (e.g. bank cheque, ATM withdrawal).
 - All instances when cash conditions were applied for the four patrons observed occurred before this became a requirement in British Columbia to verify the source of funds for buy-ins of CAD 10,000 or more in January 2018.
 - **Internal watch lists** – BCLC designated all the ten patrons as a “person of interest” or as a “high-risk patron” and placed them on a watch list to be monitored by BCLC.
 - **Banning** – BCLC banned two of the ten patrons from gaming at any of the BCLC casino locations. One of the two patrons was banned following a Chip Passing incident.
- Nineteen of the 28 patrons exhibited one or more red flags pertaining to the integration of funds into the casino’s systems. EY did not identify any activity associated with patrons funding their PGF accounts from multiple financial institutions nor any integration red flags that involved the use of cheque deposits
 - Of the 19 patrons whose transaction activity yielded red flags for the integration of funds, BCLC took standard or risk based approach in applying mitigating action over the course of the Analysis Period for these 19 patrons through the application of transaction limitations, monitoring controls and/or reporting the activity of the patrons to FINTRAC. These mitigating factors and controls included:
 - **Internal Incident Reports and STRs** – BCLC filed reports either internally or with FINTRAC, respectively, for large cash Buy-Ins with low denomination bills, as well as unknown source of funds for all 19 patrons.
 - **Cash conditions** – BCLC implemented controls preventing ten of the 19 patrons from making Buy-Ins with Unsourced cash or “Unsourced or borrowed” chips.
 - All instances when cash conditions were applied for the ten patrons observed occurred before this became a requirement in British Columbia to verify the source of funds for buy-ins of CAD 10,000 or more in January 2018.
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 - **Banning** – BCLC banned two of the 19 patrons from gaming at any of the BCLC casino locations. One of the two patrons was banned for being considered undesirable.

4. Next Steps:

Page 4

- Identify if the observations above apply to any of the other casinos with similar operations to River Rock
 - This would include an assessment of the cheque issuance processes and AML typologies at casinos that issue cheques and offer PGF account services to their patrons
- Discuss any further areas of focus regarding cheque issuance and AML typologies for transaction and gaming activity

This is Exhibit " 105 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

<p style="text-align: center;">Information Note</p> <p>British Columbia Lottery Corporation</p> <p>Date: November 21, 2017</p>	<p style="text-align: center;">BCLC Letter to Sam Cooper</p>
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KEY FACTS:

BCLC was informed by an individual's legal counsel that he and his client, received a document from Postmedia journalist, Sam Cooper, entitled "Corporate Security and Compliance AML Document" dated September 8, 2015. The legal counsel advised BCLC that Cooper stated the document was obtained as part of an FOI response.

BCLC records show the document has not been disclosed as a result of any BCLC FOI request. The document contains confidential BCLC information and sensitive personal information. As such, BCLC is obligated to determine how Cooper obtained the document, and take any action necessary pursuant to the Freedom of Information and Protection of Privacy Act.

On November 21, 2017, BCLC is issuing a letter to Cooper, asking him to provide a FOI request number associated with his receipt of the document and a list of parties to whom he has disclosed the document. BCLC is also requesting the legal counsel not disclose the document with anyone else.

Background:

In a September 30, 2017 story that was published in the Vancouver Sun, reporter Sam Cooper, identified Guo Tai Shi as a VIP gambler associated with the suspected criminal network of Paul King Jin. In the story, Shi is identified as someone BCLC investigators had planned to interview due to his ties with Jin. Cooper cites "B.C. government documents" as the source of this information. Cooper goes on to disclose a list of properties owned by Shi as part of his land title search.

BCLC RESPONSE POINTS:


- **BCLC records show a document titled "Corporate Security and Compliance AML Document" dated September 8, 2015 was not disclosed as part of a BCLC FOI request.**
- **The protection of personal privacy and confidential information is of utmost importance to BCLC. As such, we are obligated to determine how this document was disclosed.**
- **Sensitive personal information from this document appears to have been reported by Postmedia reporter, Sam Cooper. BCLC was also informed**

by a legal third party that Cooper provided them a copy of the document, which he says was disclosed as part of a FOI request.

- Given this document contains sensitive personal information BCLC is requesting that Sam Cooper provide us with a FOI request number associated with the disclosure of the document, and a list of parties with whom the document has been shared.

	Name	Number
Program Area Contact:	Laura Piva-Babcock, BCLC	Personal information

This is Exhibit " 106" referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

INFORMATION NOTE**British Columbia Lottery Corporation****Date: December 22, 2017****Cooper Story:
Slot AML controls****KEY FACTS:**

On December 21, 2017, Postmedia published an article as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos.

<http://vancouver.sun.com/news/national/b-c-s-top-slot-machine-players-rake-in-millions-in-jackpots-review-shows>

On December 20, 2017, BCLC received a request from Cooper for comment related to a Civil Forfeiture case settlement from 2016. BCLC responded with messages regarding slot machine verified win controls and ticket redemption machine levels.

On January 15, 2016, the BC Civil Forfeiture Office filed a notice of civil claim regarding Chilliwack resident Michael Mancini whose vehicle was searched by RCMP on two separate occasions. During these searches police seized drugs and currency. BCLC analysis and data show that the individual frequented various gaming facilities and had won approximately \$2.2 million in slot machine jackpots in the previous 12 months at gaming facilities primarily in the Interior and the Fraser Valley.

The conclusion of the civil forfeiture matter resulted in the forfeiture of \$41,715 in cash seized from the car Mancini had been driving when stopped by the police. Mancini's \$29,085 in verified winnings cheques were not forfeited.

The article reports problems of anonymous play associated with slot machines

"B.C. gaming enforcement investigators conducted a review of the 10 top slot machine players in BCLC casinos in terms of large cash transactions. Investigators studied the period from April 2015 to April 2016. The review counted only the 50 most recent transactions of over \$10,000 for each player. These transactions alone accounted for \$33 million in disbursements, most of which were slot jackpots paid out in cash... The big gamblers studied were sometimes cashing out tickets redeemed for slot machine credits not played, review documents say. Casino experts say that gamblers can submit slot machine vouchers into ticket redemption machines and receive cash back in exchange, and that in this way gamblers do not need to be identified at casino cashier windows."

BCLC Response:

- The maximum cash payout for a slot machine voucher from a ticket redemption machine is \$2,999.99 at any BCLC facility.
- Any suspicious transaction is reported to FINTRAC and police.

This article reports about the risks of refining.

"There is a risk that slot machines could be used for refining ... i.e. converting \$20 bills into \$100 bills," the review says. Inside casinos, \$100-bill deposits are viewed as less suspicious for money laundering concerns than \$20-bill deposits. However, the 10 big slot players studied apparently were mostly feeding \$100 bills into machines, according to the review."

BCLC response:

- There are controls in place at BC casinos to protect against refining, including automated controls within BCLC's gaming management systems.
- BCLC's controls, including those targeting refining, have been independently reviewed by FinTRAC and a national accounting firm with no deficiencies in those controls found.
- All casino staff are required to complete AML training prior to working in a casino and it must be repeated every two years.
- The course, includes training on how to recognize suspicious behaviour including refining, as well as transactions which must be reported to FinTRAC.

This article critiques that slot machine AML controls are ineffective

"A heavily redacted conclusion for the slot audit states: '(redacted) makes it virtually impossible to determine a true value of their spend ... or to get a complete picture of their play. It appears that while controls are in place within BCLC systems to detect suspicious slot play, they may not be utilized to their full potential.' In Mancini's case, jackpot winnings and verified casino win cheques apparently were an important factor."

BCLC response:

- BCLC was not shown, consulted on or provided a copy of the GPEB slot report.
- The money laundering and terrorist financing controls BCLC has over slot machine play meet or exceed industry standards.
- BCLC's controls were reviewed by FinTRAC in 2016 and by a national accounting firm in 2017 and no issues were found with its controls.
- During the exit interview with FinTRAC at the close of the 2016 review, FinTRAC advised BCLC that its controls were industry leading.
- GPEB has been unable to advise BCLC as to how slot controls are not "utilized to their full potential" and has made no recommendations with respect to how slot controls could be improved.

The article reports about Mancini's player activity

"A police investigation showed that between November 2014 and October 2015, Mancini played in 10 Lower Mainland and Fraser Valley casinos and was paid out \$2,189,880 by the casinos. BCLC documents say the payouts were all 'verified slot jackpot wins.' Mancini had 92 casino payouts of \$10,000 or more, documents say, including casino cheques worth \$374,614, and \$1.8 million in cash."

BCLC response:

- This player's transactions and play patterns were monitored extensively, and game results were within the range of outcomes expected for the level and type of play.

The article reports about the results of the CFO settlement

"The Civil Forfeiture Office attempted to seize from Mancini as the proceeds of crime the Camaro, three verified casino cheques worth \$29,000, just over \$41,000 in cash and drugs seized from the vehicle. But in a statement of defence, Mancini denied 'attending casinos to launder money.' Mancini 'frequently attends casinos throughout British Columbia and is a legitimate and bona fide gambler,' according to his statement. BCLC documents say that in a negotiated settlement in June 2016, Mancini forfeited \$41,715 in cash and drugs seized from the Camaro. But he did not forfeit the Camaro, or his three verified casino cheques."

BCLC response:

- This matter was concluded without trial; as such, there were no findings of fact in the Civil Forfeiture Office's civil claim, and the verified win casino cheques were returned to the player.

Program Area Contact:

Laura Piva-Babcock

Personal information

A solid black rectangular box used to redact personal information.

This is Exhibit " 107 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

<p style="text-align: center;">INFORMATION NOTE</p> <p>British Columbia Lottery Corporation</p> <p>Date: January 2, 2018</p>	<p>Cooper AML Story</p> <p>RE: Chip Replacement</p>
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KEY FACTS:

On December 20, 2017, Postmedia published another story as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos.

<http://vancouversun.com/news/national/documents-points-to-5000-chip-problems-at-river-rock-casino>

On December 15, 2017, Cooper requested previously released FOI records (FOI 16-009) regarding a casino chip replacement at River Rock Casino that took place in January 2016. Given that BCLC released the package of records previously, BCLC FOI provided Cooper with the information.

On December 19, 2017, Cooper received 202 pages of redacted records consisting of email correspondence between BCLC Corporate Security and Compliance staff; River Rock Casino third party IT support staff; and additional records including letters from BCLC to River Rock security and gaming floor staff; and BCLC operational planning, chip replacement processing and investigation summary forms.

The article reports problems regarding disappearing \$5,000 casino chips:

"BCLC believed the high number of outstanding River Rock Casino chips posed a personal risk to the safety of those in possession of large quantities of these chips. The BCLC eventually completed a recall of \$5,000 chips at River Rock in January 2016. Most of the chips had been taken from high-limit betting rooms. VIP gamblers were presented with cash or new chips in exchange for the old casino currency."

BCLC Response:

- BCLC casino chips are valid only at the B.C. gambling facility where purchased – they are not transferable between casinos in B.C. nor other jurisdictions. BCLC brands its casino chips, specific to the facility, and each chip contains identification trackers.
- During the January 2016 chip replacement at River Rock, patrons that presented verified and legitimate \$5,000 casino chips were provided with new chips or a payout.
- If casino chips are suspected to be counterfeit, it is reported and provided to police as evidence.

The article states that the plan to replace the chips was delayed and there were information leak concerns.

"The large volume of missing River Rock Casino chips risked the integrity of BCLC casinos, documents say. But a confidential plan to replace the chips was delayed, according to documents, and there were concerns of an information leak between BCLC and River Rock staff."

BCLC Response:

- The Chip swap was scheduled for September 2015 and had been kept confidential and tightly controlled to ensure that any chips that may have been used for illicit purposes could be easily identified, which would allow for further control and enforcement measures.
- On the day before the chip swap was to commence, GPEB directed BCLC to cancel the chip swap. No specific reason was given other than the swap may interfere with their activities.
- In January of 2016, GPEB advised BCLC that it no longer had objections to BCLC conducting a chip swap.

This article reports about a chip-swap policy requirement

"A BCLC memo regarding the emails exchanged between BCLC and River Rock staff notes the mention that 'planning for the swap is moving ahead despite 'comfort level' concerns of River Rock Casino. Also, there were 'concerns from River Rock that they might not have enough \$5,000 chips for the Chinese New Year, due to the decision not to issue new \$5k chips until the chip exchange program is complete.'"

"But in late December 2015, BCLC's director of anti-money laundering Ross Alderson wrote: 'It appears from the email chain like RRCR are having issues ... It would be nice to have a comfort level (information redacted) it is now a current policy requirement and the service provider should be adhering to it.'"

BCLC response:

- GCGC/RRCR was fully supportive of the chip swap, and in fact it was GCGC that suggested a chip swap as part of the strategy to deal with the emerging concerns over outstanding chips.
- The only concern GCGC/RRCR had was that they have sufficient supply of chips to meet operational needs.____

The article reports that BCLC met with GCGC in fall 2014 to discuss concerns about unsourced casino value chips at River Rock:

"BCLC brass had been concerned about more than just missing chips at River Rock, internal documents obtained by Postmedia show. The documents say BCLC executives met with executives from River Rock operator Great Canadian Gaming Corp. in October and November 2014 to discuss problems of extremely large cash deliveries, \$5,000 chips leaving the casino and an alleged network of VIP gamblers from China using 'large volumes of unsourced casino value chips at River Rock Casino.'"

BCLC response:

- BCLC and GCGC worked in coordination to identify and respond to emerging money laundering threats.
- All circumstances where criminal activity was suspected, including money laundering, were reported to GPEB or the police or both depending upon the situation.
- Specific requests to investigate some circumstances were made by BCLC and GCGC of GPEB and the police.
- Service Providers are required by BCLC to track high-value chips (\$5,000) on a daily basis. If a new player arrives to a casino with high-value chips that cannot be traced to that customer's play, the chips would be refused.
- In addition, BCLC periodically refreshes casino chip stock to enhance game protection and other aspects of casino security. BCLC has done three chip swaps in the last five years.

- Tens of millions of dollars in cash transactions have been refused under BCLC's AML program, including refusing unsourced cash from 150 customers whom have been placed on specific restrictions.
- BCLC has made significant progress in the use of traceable cash alternatives at gaming facilities in B.C. In 2016/2017, over \$1.9 billion in financial transactions were generated in B.C. Gaming Facilities through secure and traceable cash alternatives such as bank drafts and debit transactions.
- Since 2014/2015, at least \$100 million in cash transactions has been replaced with non-cash options like bank drafts and electronic fund transfers. Between 2012/2013 and 2016/2017, there has been approximately \$580 million in the increase of non-cash options including bank drafts and electronic fund transfers.

The article reports that BCLC did not notify GPEB sooner about concerns of disappearing casino chips and suspected money laundering.

"Internal BCLC records also make it clear the gambling regulator was concerned that outstanding River Rock \$5,000 chips were allegedly used to fund illegal gambling and an underground economy in B.C. These records also point to tension with B.C.'s gaming policy enforcement branch. In mid-2015, records say, when branch investigators became aware of the need for a chip recall, they accused BCLC staff of not notifying them earlier of a problem the branch viewed as important to the integrity of BCLC casinos."

BCLC response:

- BCLC records indicate five instances where BCLC reported underground casinos/gaming houses. These were reported to GPEB, RCMP and Fintrac on the following dates, 2016/01/25; 2016/02/17; 2016/02/18; 2016/02/22; and, 2017/08/17.
- BCLC records indicate at least five incidents referencing illegal casino chips. These were reported to GPEB, RCMP and Fintrac on the following dates; 2015/07/06; 2015/12/23; 2015/12/30; 2016/01/21; and, 2016/04/03.

The article reports about JIGIT:

"Ministry of Finance records from 2016 and 2017 make the connection between BCLC casino chips, organized crime and illegal casinos. The records say B.C.'s new Joint Illegal Gaming Unit continues to investigate the use of BCLC casino chips in illegal casinos. And ongoing investigations have alleged that high-level organized crime networks in B.C. with ties to mainland China are using illegal gambling houses in Richmond and BCLC casinos to launder money for drug traffickers."

"The investigations allege there are "multiple roles filled by different people, which enabled the organization in laundering large amounts of money through casinos," the records say. And when suspects were arrested in raids of six residences, police captured large amounts of cash, bank drafts, suitcases and drug equipment, the records say."

BCLC response:

- BCLC has worked closely with JIGIT in relation to providing information it has received in relation to illegal gambling houses operating in Richmond.
- BCLC flagged for JIGIT concerns that its chips could be attractive to criminals operating illegal gambling houses.
- BCLC understands that one or more illegal gambling houses have been shut down by police.
- BCLC has had no reports from police or GPEB that any of its chips have been found or recovered from any of these locations.


Program Area Contact:

Laura Piva-Babcock

Personal information

A large black rectangular redaction box covering the majority of the page content below the header and contact information.

This is Exhibit " 108 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

INFORMATION NOTE**British Columbia Lottery Corporation****Date:** January 11, 2018**Cooper AML Story
RE: AML Presentation****KEY FACTS:**

On January 8, 2018, Postmedia published another story as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos.

<http://vancouver.sun.com/news/local-news/chinas-hunt-for-corrupt-officials-could-affect-bclc-whale-gambler-revenue>

In his article, Cooper references a presentation released through a GPEB FOI, prepared by BCLC's former Director of AML for a November 23, 2016 presentation to the Association of Certified Fraud Examiners, titled "Rolling the Dice: Compliance in the BC Gambling Space."

The article reports allegations that VIPs / "whale gamblers" in B.C. casinos were part of a criminal network:

"Information in Alderson's prepared slides provides background context about a network of ultra-wealthy VIP bettors from China. According to allegations in government documents obtained by Postmedia and RCMP's E-Pirate investigation, these VIPs were used by an organized crime group with ties to mainland China to buy chips in B.C. casinos with cash suspected to be from drug traffickers."

BCLC Response:

- BCLC proactively bars suspected members of organized crime and those associated to criminal activity from gaming facilities in B.C., including more than 270 people identified to BCLC by law enforcement through an information-sharing agreement.
- Since these circumstances arose (2015), tens of millions of dollars in cash transactions have been refused under BCLC's program, including refusing unsourced cash from 150 customers who have been placed on specific unsourced cash buy-in restrictions.
- Currently another 150 other customers are on various other types of conditions, including source of funds and/or source of wealth reviews.

The article reports about the overall profile of the top high-roller gamblers in B.C. casinos:

"Alderson's presentation slides show that of the top 100 BCLC high-rollers, in the period of January to September 2016, 97 were Asian. These top 100 high-stakes gamblers accounted for 54 per cent of all large transactions in BCLC casinos, the documents show."

"A breakdown of these top 100 gamblers' occupations is provided. The top declared occupation was real estate, followed by service, "other," import/export, housewife and student."

"These top gamblers accounted for a major portion of BCLC revenue. But Alderson's presentation suggests these VIPs are a volatile source of income, and they could be affected by political and economic forces in China."

BCLC Response:

- In 2012, BCLC increased its customer due diligence efforts and began more in-depth interviews with customers where concerns around source of cash and source of wealth were arising. In 2014, BCLC continued to have concerns regarding a number of cash transactions, and reported the concerns to police and GPEB and made repeated requests that they investigate.

- Where warranted, and based on individual circumstances, customers may be asked for information around the source of the funds they intend to use for gaming.
- In every instance of a cash buy-in payment of \$10,000 or more, or where suspicious circumstances are present, BCLC ascertains detailed information on each customer's identity in accordance with FINTRAC requirements.
- If concerns arise around the origin of funds, restrictions may be placed on the methods an individual customer is permitted to use to buy in. For example, a customer may be restricted to using bank drafts or certified cheques, or a customer may be banned from further play.

The article reports that Chinese government actions and measures to combat flight of capital were affecting high-roller play in B.C. casinos/impacting BCLC revenues:

"In a slide titled 'Recent impact on Asian whales,' the listed impacts include 'alleged Chinese police operations in B.C.' and an increase in Interpol warrants for alleged corruption and bribery involving Chinese officials. Other factors listed include the volatility of China's stock market, and a decrease in gambling revenue in Macau as China cracks down on the flight of capital.

"Another factor is the proposed Canada and China repatriation treaty, in which China hopes to seize and get back some portion of Canadian assets that China alleges have been purchased by fugitives with ill-gotten gains."

BCLC response:

- In 2015, there was a decline in high-limit casino play globally compared to previous years. This is evident in reports from Las Vegas, Macau and across Canada.
- BCLC implemented stricter source of funds and source of wealth controls starting in summer 2015. These controls included BCLC placing buy-in restrictions on players where source of funds inquiries could not be adequately established. These restrictions included not permitting players to buy-in with cash or complete bans on play. Where players were restricted from cash buy-ins, they were still permitted to use bank drafts and other sourced and traceable buy-in options.
- Information on players placed on buy-in restrictions or banned, along with copies of suspicious transaction reports are provided directly to the RCMP. In addition, BCLC cooperates with police in the development of intelligence on money laundering threats. We are the only gambling jurisdiction in Canada to do this.

The article reports eight individuals from China's financial fugitives list are/have gambled in B.C. casinos:

"Documents obtained by Postmedia in a previous freedom of information disclosure show that B.C.'s gaming policy enforcement branch has conducted an audit to determine if any of the top 100 alleged financial fugitives named by China 'are gambling or have gambled in B.C. gaming facilities.' The audit shows a clipping of eight suspects from China's so-called 'SkyNet List.'

"However, several pages of findings and a conclusion on whether these suspects have gambled in B.C. casinos are completely redacted. A spokeswoman for the Attorney General's ministry said an investigation is continuing, and results of the audit cannot be released."

BCLC Response:

- In May 2015, BCLC AML reviewed the list of the 100 most wanted fugitives from China (aka Skynet 100) through our Casino Reporting Systems (iTrak and Salesforce). Six people were identified as matching the Skynet 100 list and had confirmed profiles in BCLC's casino management system.
- The casino history of all individuals was reviewed through the BCLC AML due-diligence process. All individuals had minimal gaming history for Large Cash Transaction reporting.
- BCLC subsequently notified and provided the names of these individuals to CBSA. BCLC also immediately banned all these individuals from all B.C. gambling facilities for a period of 5 years.

The article reports challenges for BCLC in probing for Source of Funds info and relationships with GPEB:

"Competition from illegal casinos in B.C., and probing both the 'source of funds' and the 'source of wealth' of BCLC gamblers are challenges for BCLC, presentation notes say. The presentation also notes that 'politics' and the sharing of information among various agencies are challenges for BCLC."

BCLC Response:

- BCLC has comprehensive source of funds and source of wealth procedures, which include in-depth interviews with players as warranted.
- BCLC's source of funds and source of wealth procedures are informed by, and fully aligned with, the risk-based framework set out in guidance from FINTRAC and the Financial Action Task Force, the international anti-money laundering oversight body.
- Despite a comprehensive AML program, challenges exist in source of wealth and source of funds inquiries where police or GPEB do not share adverse information gathered on players to which BCLC is not privy, i.e. where the police or GPEB are aware that a player is associated to organized crime or is in possession of proceeds of crime. If this information is shared with BCLC, the player is immediately banned, but where it is not shared, BCLC may be unable to detect the information, given that BCLC is not a police or investigative agency.

The article closes with the following summary of VIP gamblers, LCTs and suspected connections to BC's real estate market:

"Alderson's presentation also highlights connections between VIP gamblers that are responsible for a majority of large and suspicious transactions in B.C. casinos, and B.C.'s real estate industry. While many of the VIPs are involved in real estate, according to Alderson's report, there has been a major disparity between the reporting of suspicious and large transactions in casinos versus B.C.'s real estate sector. From 2010 to 2013 there were 2,045 suspicious transactions filed in BCLC casinos. In the same time period B.C. realtors only reported 13 suspicious transactions. And there were 65,920 large cash transactions reported in B.C. casinos from 2010 to 2013. Only seven were reported in B.C. real estate transactions."

BCLC Response:

- This work shows the comprehensive nature of the source of funds and wealth procedures and analysis that is included in BCLC's anti-money laundering regime.

Program Area Contact:

Laura Piva-Babcock

Personal information

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Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

INFORMATION NOTE**British Columbia Lottery Corporation****Date:** January 29, 2018**Cooper AML Story
RE: Jin ML Network and
Loans****KEY FACTS:**

On January 12, 2018, Postmedia published an article as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos.

<http://vancouversun.com/news/local-news/chinese-developer-took-2-68-million-cash-loan-in-richmond-coffee-shop-legal-filings-allege>

The story focuses on the alleged Paul Jin network, including illegal gambling houses, money lending and recruiting "whale" gamblers to play in B.C. casinos. It features a timeline of events that include BCLC's knowledge of alleged transnational money laundering occurring at its casinos in September 2015.

The article reports about an ongoing court dispute between Jin and a Chinese real-estate developer associate:

"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 \$2.68-million cash loan. Liu...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."

BCLC Response:

- BCLC casino chips are valid only at the B.C. gambling facility where purchased – they are not transferable between casinos in B.C. nor other jurisdictions. BCLC brands its casino chips, specific to the facility, and BCLC incorporates various security features in chips to protect against illicit use and fraud.
- BCLC records indicate at least five incidents referencing illegal casino chips. BCLC reported to GPEB, RCMP and FINTRAC on the following dates: 2015/07/06, 2015/12/23, 2015/12/30, 2016/01/21 and 2016/04/03.
- BCLC has worked closely with JIGIT to provide information it has received in relation to illegal gambling houses operating in Richmond.
- BCLC flagged for JIGIT concerns that its chips could be a target for criminals operating illegal gambling houses.
- BCLC understands that police have shut down one or more illegal gambling houses. BCLC has had no reports from police or GPEB that they found BCLC chips at any of these locations.
- During the January 2016 chip replacement at River Rock, patrons that presented verified and legitimate \$5,000 casino chips received new chips or a payout.
- Great Canadian Gaming/River Rock supported fully the chip swap to deal with emerging concerns regarding potential illicit chip use and illegal gaming houses.
- BCLC records indicate five instances where BCLC reported underground casinos/gaming houses. BCLC reported to GPEB, RCMP and FINTRAC on the following dates: 2016/01/25, 2016/02/17, 2016/02/18, 2016/02/22 and 2017/08/17.

The article reports bags of cash were supplied by Jin's network and delivered to whale gamblers at River Rock:

"Lenders operating in or around River Rock Casino were using Jin's Silver International Investment 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."

BCLC response:

- BCLC and Great Canadian work in coordination to identify and respond to emerging money laundering threats.
- In 2015, BCLC implemented a program to ban patrons, based on risk, from using cash that was unsourced or suspected to be from illegal sources. Since mid-2015, BCLC has placed 180 players on sourced-cash conditions. It has also banned over 270 people for posing a risk to public safety, involvement in criminal organization activities or criminal conduct likely to generate proceeds of crime.
- BCLC reports all circumstances of suspected criminal activity to GPEB and the police.
- BCLC reports all suspicious financial transactions to FINTRAC, GPEB and the police.
- BCLC and Great Canadian made specific requests to GPEB and the police to investigate some circumstances of suspected criminal activity involving suspicious financial transactions.
- Tens of millions of dollars in cash transactions have been refused under BCLC's AML program.
- BCLC has made significant progress in the use of traceable cash alternatives at gaming facilities in B.C. In 2016/2017, B.C. gambling facilities generated over \$1.9 billion in financial transactions through secure and traceable cash alternatives such as bank drafts and debit transactions.
- Since 2014/2015, at least \$100 million in cash transactions have been replaced with non-cash options like bank drafts and electronic fund transfers. Between 2012/2013 and 2016/2017, there has been an approximate \$580 million increase of non-cash options including bank drafts and electronic fund transfers.

The article reports about BCLC's intelligence gathered around money-laundering activities following interviews with players, and suspicions that gaming staff were also implicated:

"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."

BCLC response:

- BCLC tracks and investigates any unusual incidents or circumstances and reports suspected criminal activity to GPEB and police who have the authority to investigate and recommend charges.
- BCLC has an information-sharing agreement with law enforcement that has led to the banning of over 270 people for posing a risk to public safety.

The article reports around Jin's previous gambling activity and subsequent barring from BC Casinos and connection to underground loans etc:

"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."

BCLC response:


- As part of its anti-money laundering program, BCLC reports all incidents of suspicious financial transactions directly to the police. This collaborative practice has been in place since 2009.
- BCLC first reported these matters to FINTRAC, police and GPEB in 2012 and banned this individual shortly after this time. BCLC continued to monitor and report any suspicious activity identified to authorities while proactively banning players.
- In 2014, BCLC met with police in person to request formally an investigation into these activities.
- This matter remains part of an on-going investigation.

Program Area Contact:

Laura Piva-Babcock

Personal information

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A Commissioner/Notary Public for the Province of
British Columbia

<p style="text-align: center;">INFORMATION NOTE</p> <p>British Columbia Lottery Corporation</p> <p>Date: February 15, 2018</p>	<p>Cooper AML Story</p> <p>RE: SAS Anti-money-laundering software</p>
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KEY FACTS:

On February 9, 2018, Postmedia published an article as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in and around B.C. casinos:

<http://vancouversun.com/news/local-news/bclc-staff-unable-to-properly-use-7-million-anti-money-laundering-software-program>

The story focuses on the alleged limitations and breakdowns of the Statistical Analysis Software (SAS), which is one of a number of tools that BCLC uses to assist in identifying suspected money laundering transactions. Cooper's information appears to come from documents obtained through freedom of information requests and conversations he told BCLC Media Relations that he has had with B.C. Government officials.

The article reports that the SAS software has not met expectations to automate aspects of customer and transaction monitoring for money-laundering threats, creating reporting gaps that overlook risks. *"BCLC's new software was expected to 'eliminate many manual processes' and 'support a detailed view of a customer's risk profile ... in order to identify circumstances which need the direct attention of BCLC investigators,' according to a February 2017 BCLC memo, obtained by Postmedia in a freedom-of-information request.*

"Investment in the software would result in a system, the memo says, "that automates most aspects of customer and transaction monitoring for money-laundering risks. It will allow BCLC to better risk-assess money-laundering threats and allow more sophisticated and timely responses.

"But, four years after the new high-tech system was planned, the program, called Statistical Analysis Software, is barely functioning... And BCLC analysts claim they don't have the ability to use the system and produce reports regarding large and potentially risky transactions, without manual efforts."

BCLC Background:

- SAS is an integrated software suite developed by SAS Institute (www.sas.com) that can mine, alter, manage and retrieve data from a variety of sources and perform statistical analysis for multitude of business purposes. BCLC uses SAS for two primary components:
 - SAS business intelligence functions
 - SAS anti-money laundering (AML) functions
- Since 2016, BCLC has used SAS business intelligence functions for all our lines of business to support greater customer understanding through comprehensive data analysis, and increased product performance and management.
- SAS is one of several technological solutions and processes that support our AML program. BCLC was the first application of this tool for AML outside of the banking sector, and the conversion to the gaming sector proved more complex than originally anticipated by SAS.
- BCLC will continue to build out SAS analytics capabilities over the next 18-24 months that will help enhance and evolve our AML analytics and support our AML program.
- Prior to the SAS project, BCLC used, and continues to use, a system called iTrak to automate

several security and AML functions. SAS has added some automation to BCLC's current processes, and it provides the basis for further automation. The providers of iTrak also continue to add automated functionality and analytic capabilities.

- iTrak is an incident-management system which acts as the main repository for incident and transaction data collected on players. BCLC manages FINTRAC reporting through this software solution. BCLC uses five other solutions for various analytics as well as four open source external databases to build profiles and assess the risk associated with certain players.

The article reports about reasons for the delayed implementation of the SAS AML software.

"But even though the software was designed for BCLC, it hasn't been functioning to meet BCLC's needs. The system was supposed to be running in 2016, but its launch was expected to be delayed until later in 2017, according to the 2017 memo." "Adapting the system for BCLC's needs 'proved more complex than originally anticipated,' a BCLC statement says, and getting the system to work as intended 'is an ongoing priority.' At some point in 2017, though, BCLC was able to get the system to 'automate alerts regarding key anomalies to support our anti-money-laundering program,' the statement claims. The system has so far cost \$7.3 million to implement, the statement said."

BCLC Background:

- Since 2016, BCLC has used SAS business intelligence functions for all our lines of business to support greater customer understanding through comprehensive data analysis, and increased product performance and management.
- SAS supports greater customer understanding and increased product performance and management across all lines of our business. SAS business intelligence functions work as intended and have met all expectations.
- In 2017, BCLC began using SAS to monitor and automate some alerts, which support its anti-money laundering program. The software has a number of other capabilities that BCLC will prioritize in the next 18-24 months.
- SAS is one of several technological solutions and processes that support our AML program. BCLC was the first application of this tool for AML outside of the banking sector, and the conversion to the gaming sector proved more complex than originally anticipated by SAS.
- BCLC will continue to build out SAS analytics capabilities that will help enhance and evolve our AML analytics and support our AML program.

As part of an FOI request, the reporter requested records surrounding non-cash, patron gaming-fund accounts. To provide the scope of information requested would have involved many resources and hours of labour. However, the context of the article reports that BCLC analysts don't have the ability to use the SAS system to extract this information and that creating records regarding potentially risky transactions would require hundreds of hours of manual efforts.

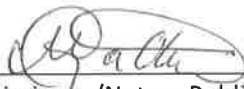
"BCLC staff confirmed to Postmedia this week that data analysts don't have the ability to use the system, and they claim the task of creating records regarding potentially risky transactions would require hundreds of hours of manual efforts. That information came out in the context of a Postmedia FOI request about risks surrounding non-cash, patron gaming-fund accounts..."

"This would be the type of data that BCLC's automated Statistical Analysis Software could be expected to produce with ease. But BCLC staff informed Postmedia that the information request was too challenging to handle, since staff must produce the data by "extracting, compiling and analyzing information from databases, and then conducting a significant manual review."

BCLC Background:

- The reporter requested Patron Gaming Fund (PGF) account information, which is in fact banking information. Gaming Service Providers manage PGF accounts directly, and accounts are at one of Canada's major banks.
- The reporter holds the expectation that had SAS delivered on all functionality, SAS could be used to manage and report on bank account transactions. SAS was never intended to be a bank account management system.
- Accordingly, the reporter's FOI requests are unrelated to SAS' intended or actual AML functionality.
- SAS is one of several technological solutions and processes that support BCLC's AML program.
- BCLC utilizes a combination of software based and manual processes; which is standard practice for all casinos and other entities reporting to FINTRAC. BCLC's systems processes and procedures meet all federal regulatory prevention, monitoring and reporting requirements pertaining to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act as evidenced by recent independent reviews of BCLC's AML program by FINTRAC and EY.

This is Exhibit " 111 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

INFORMATION NOTE**British Columbia Lottery Corporation****Date: March 15, 2018****Cooper AML Story
RE: Jin Connections with
Casino Staff****KEY FACTS:**

On February 24, 2018, Postmedia published a story as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos:

<http://vancouversun.com/news/local-news/police-probed-calls-made-from-burnaby-casino-to-e-pirate-suspect-paul-king-jin>

In his article, Cooper outlines allegations by an unnamed source that B.C. casino staff helped facilitate third-party transactions and other questionable practices, such as identifying high-level players for illegal loan sharks, primarily at the River Rock, but also Grand Villa and Starlight Casinos. Most of the allegations date back to 2010.

The article reports that, according to government documents, RCMP met to discuss casino staff members allegedly aiding Jin and his money-laundering network in 2015:

"At an August 2015 'Jin file' meeting, members of RCMP's federal serious and organized crime unit reviewed information about several calls that were made to Jin from inside Grand Villa casino in June 2015, documents show. A Postmedia source with knowledge of the Jin file said investigators established the calls were made from a cellphone registered to the casino. The information raised concerns for investigators that a casino staffer might be involved in facilitating cash deliveries from Jin's network, the source said. After initial meetings on the calls made from the Burnaby casino to Jin's phone, it was unclear if investigators ever identified a suspect among casino staff, a source said.

"The documents also say that in multi-agency meetings about Jin, RCMP investigators expressed their perception that B.C. Lottery Corp. leadership seemed unwilling to tackle what police viewed as a clear problem of huge volumes of suspicious cash flooding B.C. casinos."

BCLC Background:

- As clarified in the article, Gateway Casinos & Entertainment – the Service Provider for Grand Villa and Starlight Casinos – contacted the RCMP directly [Redacted - RCMP]
- [Redacted - RCMP]
- RCMP has never communicated to BCLC its alleged concerns regarding a perception that BCLC was unwilling to address suspicious cash concerns.
- BCLC in fact alerted the RCMP to concerns regarding suspicious cash, and supported RCMP members with a presentation designed to encourage an investigation into the concerns.
- As part of its anti-money laundering program, BCLC works collaboratively with RCMP and GPEB by sharing all suspicious financial transaction reports submitted to FINTRAC. This practice has been in place since 2009.
- In 2014, resulting from new legislated requirements set out in the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, BCLC increased its customer due diligence efforts to include more in-depth interviews with customers to determine their source of cash and source of wealth.
- In 2014, BCLC identified a number of suspicious cash transactions occurring at Lower Mainland casinos and reported those concerns to the Combined Forces Special Enforcement Unit (CFSEU), Financial Stability Oversight Council (FSOC) and GPEB, requesting that they investigate. BCLC also continued to implement additional anti-money laundering (AML) controls in response.

The article reports questionable behaviour amongst some VIP casino staff is not an isolated incident:

"It is not uncommon for staff in BCLC casinos to be accused of inappropriate contact with illegal cash lenders, Postmedia's review of gaming enforcement branch reports shows. Most recently, prominent River Rock Casino VIP hostess Lisa Gao, who oversaw all high-limit betting operations, was de-registered and lost her job in February after an enforcement branch investigation into allegations that she 'acted in direct violation of BCLC and Fintrac directives about third party cash buy-ins.'"

BCLC Background:

- Redacted - FINTRAC
Redacted - FINTRAC/RCMP As per BCLC practice, BCLC also sent a copy of the report to the Joint Illegal Gaming Investigation Team (JIGIT), GPEB and Criminal Intelligence Service of B.C.
- BCLC's AML unit notified GPEB of the circumstances surrounding the incident on Sept 14, 2017. GPEB registration subsequently commenced its own investigation and cancelled the gaming worker registration of Gao on November 24, 2017, a decision that was upheld following a GPEB review.
- BCLC's AML Unit conducted in-depth due diligence inquiries and background checks of all the individuals believed to be involved or in any way associated to this occurrence, which involved a River Rock VIP host (Gao) assisting an individual to purchase chips on behalf of his employer – not allegations of illegal cash lending as the reporter states.

Further in the article, Cooper reports specific cases of VIP staff investigations in 2010:

"Documents obtained by Postmedia through freedom-of-information show that, since 2010, the enforcement branch has investigated a number of cases involving VIP staff at Metro Vancouver casinos.

"Another BCLC investigation report talks about 'allegations of improper activities by VIP hosts and allowing loan sharks to operate' at Vancouver's Edgewater Casino in June 2010. The case was not initially reported to police, the document says. BCLC has yet to respond to a request for information on the outcome of this case.

"Another BCLC investigation file says that in September 2010, at Burnaby's Grand Villa casino, suspects were involved in a third-party exchange of cash. One gambler cashed out \$110,000 worth of chips, but only pocketed \$10,000. Next, an unidentified person was observed 'placing the rest (of the money) into a bag, supplied by a VIP host, and carrying the money out of the casino.'

"The redacted document does not explain whether the VIP host was investigated in this suspicious large cash exchange transaction.

"Another September 2010 BCLC investigation file at the Burnaby casino alleges 'possible loan sharking activity in the VIP room.'

Police were not called initially in either case, BCLC documents show."

BCLC Background:

- BCLC and its Service Providers noted the incidents described in this article and reported them to GPEB.
- During this period, BCLC, with reports from Great Canadian and Gateway, identified a number of individuals involved in what appeared to be cash facilitation and other suspicious financial transactions. In addition to tightening its own controls, BCLC and Service Provider officials met

with both police and GPEB to outline concerns and request the police and GPEB investigate a number of identified individuals for suspected money-laundering transactions.

- BCLC met with CFSEU at RCMP headquarters in Surrey on [Redacted - RCMP] to identify [Redacted - RCMP] [Redacted - RCMP] and to request that police investigate.
- BCLC and Great Canadian hosted a meeting and tour of River Rock Casino for CFSEU on [Redacted - RCMP] and as part of this identified to police [Redacted - RCMP], and their typical habits related to [Redacted - RCMP]
- BCLC met with RCMP FSOC and made a formal complaint in relation to [Redacted - RCMP] on [Redacted - RCMP]
- Or [Redacted - RCMP] RCMP FSOC advised BCLC that it had started an investigation.
- RCMP FSOC started an investigation (E-Pirate) on [Redacted - RCMP]
- Regarding a reference that BCLC did not respond to the reporter's question related to an incident at Edgewater:
 - BCLC received a request from Sam Cooper on October 2, 2017 about the possibility that casino staff was bribed, between 2012 and 2015, to somehow facilitate the ability of VIP players to cash out in ways that would allow them to facilitate money-laundering activities.
 - BCLC responded to that request on October 10, 2017, noting that BCLC has no authority to conduct criminal or regulatory investigations; however if either of these circumstances were to occur and BCLC were to become aware, BCLC would immediately report to the police and to the Provincial Gaming Regulator (GPEB) to investigate.

Program Area Contact:

Laura Piva-Babcock

Personal information

This is Exhibit " 112 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

INFORMATION NOTE**British Columbia Lottery Corporation****Date: March 19, 2018****Cooper AML Story
RE: Top 25 PGF Payouts****KEY FACTS:**

On March 13, 2018, Postmedia published a story as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos:

<http://vancouversun.com/news/local-news/massive-bcllc-casino-cheque-payouts-were-mostly-returned-funds>

Cooper focused his story on data released through BCLC FOI request 17-078 (shipment one, sent February 27) and a subsequent response (sent March 8) of five copies of cheques not included in the initial FOI response package. BCLC advised in the FOI response letter that cheque amounts may be misinterpreted, and conclusions based only upon a cheque amount are likely to be erroneous and misleading, without a clear and informed understanding of a player's complete buy-in and cash-out history along with the overall win/loss ratio for that player.

The 25 PGF cheque payouts were made to eight players, who are well known to BCLC. Two of these players are currently barred from all gambling facilities in B.C. for attempting to cheat (one barring expires November 2018 and the other expires February 2019).

The other six remain active players in BCLC facilities. BCLC has fully identified these players through government photo identification and background due diligence checks. BCLC monitors their play on an ongoing basis. BCLC has discovered no information that would suggest these players are involved in or associated to any criminal activity, nor connected to individuals involved in criminal activity.

BCLC has also received no advice or adverse information from police or GPEB that would suggest these players are involved in or associated to criminal activity or that BCLC should ban them. Five of the six players have an extensive gaming history with BCLC dating back as far back as 2010, 2011, 2011, 2015, 2015 respectively.

One of the six players is a seasonal player, who has a minimal history of activity over a lengthy period. This player came into BCLC sites one to two times a year from 2007 to late 2010. He did not return until 2016 and has only attended a casino 10 times since.

About Patron Gaming Funds (PGFs):

Patron Gaming Fund (PGF) accounts allow customers to transfer money (over \$10,000) between their casino account and their approved Canadian bank account, eliminating the need to bring cash into a casino. Account holders can link their casino accounts with up to two approved Canadian bank accounts, allowing direct transfers from a bank account. Players can deposit funds to a PGF using a certified, personal or Canadian casino cheque; bank draft; debit card; or online banking.

Funds deposited into PGF accounts are legal tender confirmed as sourced cash. Therefore, patrons are able to withdraw any amount of funds from the account, at any time, including in multiple cheques. Players may request more than one cheque for a variety of reasons. For example, if a player wants to use one portion of a PGF withdrawal for a future buy-in, the player may request payout via more than one cheque so that the player does not have to return with the entire amount of withdrawn funds if they so choose. PGF cheques can only be issued to the player associated with the PGF account.

The article reports that most of the PGF payouts were not for gambling wins:

"The majority of big-money cheques issued to B.C. Lottery Corp. high-rollers in 2016, including a \$2.4 million return of funds, were not for gambling wins, according to a Postmedia News analysis of patron gaming accounts used by VIP gamblers.

"Postmedia examined the ways in which high-value cheques are disbursed from BCLC "non-cash" patron gaming fund accounts because documents say that B.C.'s gaming policy enforcement branch is concerned that these accounts are almost exclusively funded through bank draft deposits connected to a small number of high-risk VIP gamblers from Asia.

"The enforcement branch says this could be a problem, because 'the majority of bank drafts are accepted' by casino operators 'without knowing whether the funds are coming from the (VIP gambler's) own bank account,' documents say. 'Some of the drafts are blank. ... Customer due diligence (of some VIP gamblers) responsible for a significant amount of patron gaming fund account activity may not be sufficient.'"

BCLC Background:

- PGF cheque amounts represent the amount cashed out by the player. They do not represent buy-in amounts, win/loss history or other cash outs.
- "Return of patron gaming funds" and "no buy in – patron took cheque" are terms used by Service Providers to indicate that players are clearing out their PGF account, and not expected to return to play in the foreseeable future.
- BCLC has implemented several layers of anti-money laundering oversight, including daily monitoring of any PGF deposits by bank draft, followed by minimal play and removal of funds. This includes BCLC's requirement that all Gaming Service Provider staff must receive anti-money laundering training prior to working on the gaming floor or in a surveillance capacity. The AML training aligns with FINTRAC guidelines and provides gaming staff with potential indicators of suspicious financial activity that they should be aware of on the gaming floor.

The article states PGFs are promoted to high-risk players as a means of better tracking and reviewing their gambling activity:

"Patron gaming accounts were promoted for high-risk VIP gamblers who have been associated with the transnational money laundering of suspected drug-dealing cash in BCLC casinos. The accounts are supposed to provide a better audit trail for source of funds, and prevent gamblers from leaving casinos with currency that appears to be 'cleaned.'

"BCLC said the idea is that if there was an indication a gambler was depositing bank drafts into a patron gaming account, then asking for a cash-out by cheque without 'an expected level' of gambling, that account would immediately be flagged for review."

BCLC Background:

- This is factual. If there is any indication that a patron was using a PGF account to deposit bank drafts into a PGF account in an effort to receive a cheque back without an expected level of play, the PGF account would be flagged immediately for potential review/action by BCLC's anti-money laundering unit.

- The BCLC AML unit also receives daily reports in relation to bank drafts brought in, and cheques going out, on a 30-day rolling view to identify suspicious activity. As part of its anti-money laundering oversight, BCLC has the authority to require the closure of any PGF account.

The article states BCLC could not initially find all cheque records requested through FOI:

"BCLC could not initially find copies of five of the top 25 patron gaming fund cheques on site at River Rock Casino, including the largest patron fund disbursement for 2016, a \$2.4-million cheque. Postmedia asked BCLC if there could be any concerns that the cheques that couldn't be located on site at River Rock were not properly marked... BCLC said after following up with the casino, it was able to obtain copies of the five cheques for Postmedia."

BCLC Background:

- BCLC policy requires Service Providers to retain copies of PGF cheques on site until reviewed by BCLC during periodic gaming operations reviews. These reviews occur at minimum three times a year, per site. After that, Service Providers are not required to hold copies of cheques on site but must ensure the records remain available for 7 years.
- In one case, neither a copy of the cheque nor cheque-stub record was located on site by the Service Provider; however, the cheques are retrievable from the bank at which they were processed.
- BCLC asked the Service Provider to obtain copies of the cheques not retained on site from its bank, and BCLC provided the copies (not included in the initial FOI response package) to the applicant in a subsequent response on March 8, 2018.
- BCLC reviewed these PGF cheques in 2016 as part of its gaming operations reviews. There was no indication the Service Provider was not in compliance.

The article cites the ongoing Guo lawsuit as the one known case in B.C., in which money laundering and fraud have been alleged in connection to a BCLC PGF account:

BCLC Background:

- BCLC monitors play activity and PGF account activity and investigates unusual activity – including by requesting proof of source of wealth.
- In July 2016, Hong Guo and the Guo Law Corporation started an action against several defendants regarding the alleged misappropriation of funds. BCLC is not a party to the litigation.
- In August 2016, BCLC was advised that Plaintiffs' counsel was seeking to have records disclosed regarding one of the defendants, Pan, as it is alleged that she had indicated she had a PGF account with Gateway Casino & Entertainment Limited. BCLC fully complied with the court order for records. BCLC has had no further involvement with the litigation.
- The allegations against the defendants are unproven and still before the courts.

Program Area Contact:

Laura Piva-Babcock

Personal information

This is Exhibit " 113 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**BCLC
BRIEFING DOCUMENT**

Date Prepared: March 28, 2018

Prepared By: Jim Lightbody

Phone Number: [Personal information]

Contact: Jim Lightbody
President and CEO
BCLC

Email: [Personal information]

TITLE: Postmedia AML Story re: HLT Advisory Report and Potential Revenue Impacts

PURPOSE:

(X) FOR INFORMATION

TITLE: Postmedia AML Story re: HLT Advisory Report and Potential Revenue Impacts

ISSUE: Postmedia AML Story re: HLT Advisory Report and Potential Revenue Impacts

KEY FACTS:

On March 16, 2018, Postmedia published a story as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos:

<http://vancouversun.com/news/national/embargoed-until-330-am-friday-confidential-report-anti-money-laundering-measures-will-significantly-reduce-bclc-casino-revenue>

BCLC commissioned HLT to analyze the possible impacts of a \$10,000 cash buy-in limit at B.C. casinos shortly after the Province appointed Dr. Peter German to conduct an independent review of anti-money laundering policies and practices in B.C. casinos. Restricting cash buy-in amounts in B.C. casinos was a recommendation from the MNP Review. BCLC wanted to advise government as it prepared for its Service Plan, due on February 20, 2018 to the Ministry. BCLC typically makes assumptions in its financial projections and, at the time, believed the potential initiative had a likelihood of occurring. HLT provided its report to BCLC on October 11, 2018, which BCLC used to inform financial forecasts in its 2018-2021 Service Plan.

Capping cash buy-ins could serve as one additional prescriptive control for money-laundering risks, and addresses perceptions of money laundering associated with the use of cash. It is fair to assume that controls placed on the acceptance of cash may reduce the volume of play and therefore revenue generated by BCLC for the Province of B.C.

BCLC commissioned the analysis before, and without prior knowledge of, Dr. German's interim recommendations. Since that time, BCLC implemented Dr. German's first interim recommendation through enhanced procedures requiring that all cash and bank draft / certified cheque buy-ins for \$10,000 or more, in one or more transactions within a 24-hour period, have an original receipt of the transaction that shows the financial institution, branch number and account number.

While this measure differs from the hypothetical \$10,000 cash cap on table game cash buy-ins analyzed by HLT, this control can help to prevent the use of proceeds of crime at casinos.

The article had an inaccurate headline: "\$88 Million in Casino Revenue Tied to Suspicious Cash Deals"

BCLC Background:

- BCLC commissioned the analysis of a potential \$10,000 cash cap to inform financial forecasts in its 2018-2021 Service Plan.
- This headline is untrue. The analysis looked at Large Cash Transactions – cash transactions of \$10,000 or more – not at transactions that were suspicious or concerning.

The article outlines the report, commissioned by BCLC, estimates a potential drop in casino revenues

"If all chip purchases with over \$10,000 in cash were banned, and all the high-stakes gamblers accustomed to making transactions at this level responded by not gambling again in B.C., the province would lose about \$584 million in chip 'buy-ins' annually, according to HLT's estimates. That reduction would translate into a loss of \$87.7 million in net revenue for B.C.'s casinos. B.C. Lottery Corp.'s share would drop by \$47 million each year. And the casinos, which keep 44 per cent of revenue, would lose \$38.5 million in commissions.

"HLT calculated that if all of these high-rollers continued to come to B.C. casinos, but could only spend \$9,999 a day in cash buy-ins, annual cash-buy-ins would drop by \$230 million. And total revenue taken in by B.C. casinos would drop by \$34.5 million. B.C. Lottery Corp. would lose \$18.6 million, and the casinos would lose \$15.2 million per year."

BCLC Background:

- In total, HLT estimated that between \$34.6 and \$87.7 million of net win could be lost if cash buy-ins were restricted to amounts less than \$10,000. This loss of net win would affect revenue to government (through BCLC) with a reduction in net income of between \$18.6 and \$47.2 million. This equates to 1.4 to 3.6 per cent of BCLC's budgeted net income for fiscal year 2018/19.
- HLT estimated that Service Providers could lose between \$15.2 and \$38.6 million in commissions.
- BCLC reports on net win, which is revenue after prizes. Net income to government is net win, less commission payable by BCLC to Service Providers and BCLC operating costs.
- HLT's analysis utilized the commission structure contained in BCLC's former Operational Services Agreement (OSA) with Service Providers: 40 per cent for table games, plus three per cent for Facility Development Commission (FDC) and 2 per cent for Accelerated Facility Development Commission (AFDC) programs, less one per cent table game supplies, thus totaling 44 per cent.
- Patron Gaming Fund (PGF) accounts support BCLC's cash alternative program, thereby reducing the risk of unsourced cash entering B.C. casinos.
- PGF accounts allow customers to buy in with more than \$10,000 by allowing for the transfer of money between their casino account and their approved Canadian bank account. This eliminates the requirement and risk associated with carrying large amounts of cash into a casino, and is one measure to prevent the use of un-sourced cash or proceeds of crime in casinos.
- If a cash buy-in of \$10,000 or more occurs with funds withdrawn from a PGF account, BCLC files a Large Cash transaction report with FINTRAC.

The article cites concerns around money-laundering activity through PGF accounts:

"The report notes that high-stakes gamblers also use B.C. Lottery Corp. patron gaming fund accounts, which are funded with bank drafts. These accounts can receive hundreds of millions in deposits annually from bank drafts but, as Postmedia has reported, B.C.'s gaming enforcement branch is concerned that many of the drafts could have suspicious origins. Eby acknowledged that a crack down on bank drafts could lead to further B.C. casino revenue reductions that were not considered in HLT's analysis.

“Eby said he is aware of allegations that some VIP gamblers may have been funding their patron gaming fund accounts with black market bank drafts. Police investigations in B.C. have shown that suspects connected to loan sharking and transnational money laundering in B.C. casinos have been found in possession of suspicious bank drafts.”

BCLC Background:

- Patron Gaming Fund (PGF) accounts allow customers to transfer money (over \$10,000) between their casino account and their approved Canadian bank account, eliminating the need to bring cash into a casino. Account holders can link their casino accounts with up to two approved Canadian bank accounts, allowing direct transfers from a bank account.
- Players can deposit funds to a PGF account using: a bank draft; a certified cheque; a Canadian casino cheque; a wire transfer; an Electronic Fund Transfer (international and domestic); a debit transaction; an Internet banking transfer from an authorized account; cash or chips from a verified win at the same casino that opened the PGF account; cash sourced from a credit-card kiosk that has been paid at the facility's cash cage; and sourced cash deposited to a patron's own PGF, with a same-day receipt from a recognized financial institution.
- Funds deposited into PGF accounts are legal tender confirmed as sourced cash.
- BCLC monitors play activity and PGF account activity and investigates unusual activity – by requesting proof of source of funds.
- If there is any indication that a patron is using a PGF account to deposit bank drafts into a PGF account in an effort to receive a cheque back without an expected level of play, the PGF account is flagged immediately for review/action by BCLC's anti-money laundering unit. If, upon review, BCLC confirmed that the patron was misusing a PGF account, BCLC would immediately require the Service Provider to close the account and the player would be placed on cash conditions. Depending on the circumstances, any further incidents could lead to BCLC barring a patron from all B.C. gambling facilities.
- The BCLC AML unit also receives daily reports in relation to bank drafts brought in, and cheques going out, on a 30-day rolling view to identify unusual/suspicious activity. As part of its anti-money laundering oversight, BCLC has the authority to require the closure of any PGF account.
- Upon hearing the concern from GPEB regarding bank drafts, BCLC reviewed more than 7,000 bank drafts covering a three-year period (2015-2017) and could find no anomalies related to the drafts.
- BCLC has been in communication with police and GPEB in relation to bank drafts. Police have not flagged any players or bank draft transactions for BCLC to watch for, or be concerned about. If either the police or GPEB advised BCLC of concerns about a player using “black market” bank drafts or bank drafts that were in any way suspicious, BCLC would ban that player from all B.C. casinos.

Additional BCLC Background:

BCLC's AML program is subject to frequent review and continuous improvement, and in the last year BCLC has developed and made several changes, including implementation of Dr.

German's interim recommendation regarding source of funds procedures. Other enhancements were shared with GPEB and the Ministry in October 2017 and include:

- Conducting an in-depth risk assessment of money service businesses (MSBs) and subsequently requiring Service Providers to cease acceptance of MSB receipts as proof of source of funds (made effective March 15, 2018);
- Updating rules around chip ownership, making it clear that BCLC owns all casino chips and may refuse to accept or redeem chips that are brought in if the source is not validated;
- Transitioning the tracking of buy-in denominations from a paper process to an electronic process more readily accessible to data analysis. This enhanced tracking strengthens a Service Provider's ability to deter "refining" (changing smaller denomination bills into larger ones) of bills at the cash cage, which mitigates the chances of potential money laundering occurring within B.C. gaming facilities;
- Mandating that cash be returned to players in original buy-in denominations;
- Implementing an on-going bank draft and cheque monitoring and analysis process to look for unusual or suspicious transactions;
- Formally asking GPEB to increase the governance of compliance functions at Service Providers by requiring all Service Providers have a compliance officer with requisite expertise who reports directly to their President, CEO, Board or beneficial owner (prior to them signing the new OSA, which requires this); and
- Hiring one additional intelligence analyst and one additional AML investigator.

This is Exhibit " 114 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: PMG [Personal information]
Cc: Rob Kroeker [Personal information]
From: Jim D. Lightbody
Sent: Wed 18/10/2017 5:39:06 AM
Subject: Re: Gaming

I'll get this request in motion, Pete. We'll cooperate in any way you need and appreciate your sensitivity around some information.

Jim

Sent from my iPhone

On Oct 17, 2017, at 10:21 PM, PMG <[Personal information]> wrote:

Thank you for the speedy response, Jim and for your offer of assistance. Much appreciated. Suzanne has been in touch and we have scheduled a meeting for the week after next.

In the interests of time, it may be worthwhile if I provide you with a preliminary wish list. We have done likewise to GPEB.

In addition to your presentation next week to the Minister, which you have kindly offered to provide, we would appreciate an unvetted hard or electronic copy of every report and paper commissioned or authored by BCLC since 2005, which relates to money laundering and, or compliance in BC casinos. We want to be sure that we have reviewed all relevant material.

In the event that certain of the material remains classified or privileged, please ensure that those portions are highlighted so that we do not inadvertently release information which is not in the public domain. If some of the reports are currently available on your website, there will be no need for a copy, but possibly you could provide a hyperlink. We realize that it may not be possible to attend to this request before our visit, but wanted to be sure that you had the ask.

Many thanks and we look forward to meeting... pete

Peter German, LL.M., Ph.D.
 Peter German & Assocs. Inc.

[Personal information]

From: Jim D. Lightbody [Personal information]
Sent: Tuesday, October 17, 2017 2:33 PM
To: 'PMG'; Jim Lightbody
Cc: Rob Kroeker; Suzanne Rowley
Subject: RE: Gaming

Pete (if I may);

Great to hear from you and I look forward to finally meeting you in person. It's unfortunate you can't join us on October 23rd, however we will make available any and all material from that meeting. We are very eager to work with you to continuously improve the gaming industry in BC. Your experience and credentials will provide us with valuable perspective. As I'm sure you're aware, this challenge of an effective anti-money laundering regime requires a well-coordinated

effort by law enforcement, regulators (GPEB and FinTRAC), BCLC and casino service providers. If we can do better, we must.

I have cc'd my EA, Suzanne, who will reach out to you and schedule a time for Rob and I to meet with you at your earliest convenience. If at any time you need to reach me, my mobile is [Personal information]

Best regards,
Jim

From: PMG [Personal information]
Sent: Tuesday, October 17, 2017 2:07 PM
To: Jim Lightbody [Personal information]
Cc: Rob Kroeker [Personal information]
Subject: Gaming

Dear Mr. Lightbody –

Please excuse the informality of an e-mail introduction. As you are likely aware, I have been appointed by the AGBC to review the issue of money laundering and gaming. FYI, attached is a cc of the TOR and of a letter from the AG to yourself.

I was hoping that we could meet and discuss my terms of reference and the contribution which BCLC can make to the review. I will unfortunately be out of the country next week when you are briefing the Minister, however am available the following week and thereafter.

I delayed sending this message until Mr. Kroeker's return from a well deserved vacation and am taking the liberty of copying him to it.

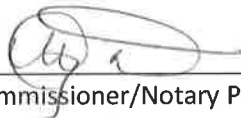
I can be reached on this e-mail or my mobile [Personal information]

Thank you in advance... Pete

Peter German, LL.M., Ph.D.

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 115 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

BCLC0005667

This is Exhibit " 116 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: jmalys[Personal information]; Peter German
 Personal information [a]
Cc: Nicole Wu[Personal information]; Jim D. Lightbod[Personal information]
From: Rob Kroeker
Sent: Fri 03/11/2017 6:11:17 PM
Subject: Provision of Documents - Secure Server Active

Peter and Jerome

The secure server is now populated and operational, ready for your use. We have included a detailed index of the documents uploaded. If we make any additions to the server we will provide you notice of the change.

Should you experience any difficulties please let me know.

Regards,

Rob Kroeker

Chief Compliance Officer & VP Legal, Compliance, Security
 British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information

Connect with us:

Twitter @BCLC | Facebook BCCasinos | Blog | bclc.com

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

From: Rob Kroeker
Sent: November-02-17 9:03 AM
To: jmalys[Personal information]; Peter German [Personal information] >
Cc: Rob Kroeker [Personal information]; Nicole Wu [Personal information] >
Subject: RE: TASK212143 - Access Granted to BCLC SecureFTP (External)

Jerome and Peter

You will have received initial set-up mails for the secure server. Those are just to facilitate and confirm access. The server has not yet been fully populated and the index is not yet quite ready. We are hoping to have that work completed tomorrow or early next week. As soon as it is complete we will notify you via email.

Regards,

Robert Kroeker BA, LL.B, MPA
 Chief Compliance Officer & VP Legal, Compliance, Security
 British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information

Connect with us:

Twitter @BCLC | Facebook BCCasinos | Blog | bclc.com

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

From: BCLC - Identity & Access

Sent: November-02-17 8:34 AM

To: 'jmalyshe@' Personal information

Cc: Bal Bamra <Personal information>

Subject: TASK212143 - Access Granted to BCLC SecureFTP (External)

Congratulations, you have been granted access to BCLC's secure file transfer service, SecureFTP!

You are receiving this email because you or somebody on your behalf recently requested access to BCLC's SecureFTP web site.

Sensitive data must be transferred using the BCLC SecureFTP site. Sensitive data by definition contains any identifier that can be linked to an individual.

To access the site, you will need to follow the instructions attached to this email. In addition, by using this site you agree to its Terms of Use. Please read the Terms of Use attached to this email. In some cases, you may encounter an 'Internal Server Error'. Instructions for resolving this have been attached to this email.

You should have the following attachments:

- Documentation: SecureFTP - Using the BCLC Secure FTP Site.pdf
- Documentation: SecureFTP – Web Access Plus.pdf
- Terms of Use: SecureFTP – Terms of Use.pdf
- Troubleshooting: SecureFTP – Internal Server Error.pdf

Your username is:

Your password will be forwarded in a separate email without any subject or reference to SecureFTP in the message body.

Password Policy

Upon your first login, you will be required to change your password.

If you are experiencing problems, or have not received the proper documentation, please open a [ServiceDesk request online](#) or contact our ServiceDesk at 1.855.554.5665.

Thank you,

Identity & Access

Client Services

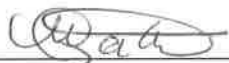
BCLC, 74 West Seymour Street, Kamloops B.C. V2C 1E2

T 1 855 554 5665 (Toll Free – Canada) or ext 5665

T 250 828 5665 (All Others)

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

This is Exhibit " 117 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]
Cc: Rob Kroeker[Personal information]
From: PETER GERMAN
Sent: Tue 12/12/2017 11:43:13 PM
Subject: Re: EY Audit of BCLC AML program

Thanks a lot Jim. Pete

Sent from my iPhone

On Dec 13, 2017, at 10:39 AM, Jim D. Lightbody <Personal information> wrote:

Peter;

We would like to provide you with a copy of EY's recent audit of our AML program and our Management Response to the findings and observations. If you have any questions, please don't hesitate to ask.

Best regards,

Jim

Jim Lightbody

President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2

T [Personal information]

BCLC Marketing & Sales Office
2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information]

[Personal information]
bclc.com

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

<EY Report_AML and Sanctions Program Assessment of BCLC_2017_051217_FINAL (rd version).pdf>

<EY Report_AML and Sanctions Program Assessment of BCLC_2017_051217_FINAL (002).pdf>

This is Exhibit " 118 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Rob Kroeker[Personal information]; Jim D. Lightbody[Personal information]; Brad Desmarais[Personal information]
Cc: John Karlovcec[Personal information]
From: Amanda Hobson
Sent: Wed 03/01/2018 1:10:37 AM
Subject: RE: German Review
[Revenue by BU FY13-FY17 \(003\).xlsx](#)

My apologies. I sent the wrong version. See attached with the following footnote included:

* Prizes are for bingo and lottery only. All other products are reported net of prizes

From: Rob Kroeker
Sent: Tuesday, January 02, 2018 5:08 PM
To: Amanda Hobson [Personal information]; Jim D. Lightbody <[Personal information]>; Brad Desmarais
Cc: John Karlovcec <[Personal information]>
Subject: RE: German Review

I am looking on my phone and don't see the note - could be just doesn't show on the phone.

From: Amanda Hobson [Personal information]
Date: January 2, 2018 at 4:55:46 PM PST
To: Jim D. Lightbody [Personal information] <[Personal information]>, Brad Desmarais [Personal information], Rob Kroeker <[Personal information]>
Cc: John Karlovcec <[Personal information]>
Subject: RE: German Review

I added a footnote to this effect. (Maybe I sent the wrong version..?)

From: Jim D. Lightbody
Sent: Tuesday, January 02, 2018 4:54 PM
To: Amanda Hobson [Personal information]; Brad Desmarais [Personal information]; Rob Kroeker
Cc: John Karlovcec <[Personal information]>
Subject: RE: German Review

Rob,
 You will need to explain that prizes under the casino chart only refer to Bingo. As you know slots and tables are only reported after prizes (net win).
 Thanks

From: Amanda Hobson [Personal information]

Date: January 2, 2018 at 4:27:52 PM PST

To: Brad Desmarais <[REDACTED] Personal information> Rob Kroeker <[REDACTED] Personal information>

Cc: Jim D. Lightbody <[REDACTED]>

Subject: RE: German

Personal information

Hi Rob,

Please see attached summary of revenue by BU and product line for the last 5 years. This ties to previous reports we have formally provided to gov't for the periods in question. It will not likely tie to any information produced by EBI that you may have provided through the course of this review. If you want to send me anything you have provided them, we can begin to reconcile the differences in anticipation of the questions that will likely come up.

Note there is no breakdown of high-limit vs. regular limit tables. I have discussed with Brad and there is some concern that any breakdown we have (i.e. by game type) does not align with our plans to define high limit tables going forward for the purpose of the commission restructuring and so would create confusion.

I would suggest sending this as a starting point, noting that we don't have the historical breakdown, and see what we get for follow-up questions.

Regards,

Amanda Hobson

CFO and VP, Finance and Corporate Services
BCLC, 74 Seymour St W, Kamloops BC V2C 1E2

Personal information [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: Brad Desmarais

Sent: Tuesday, January 02, 2018 10:14 AM

To: Rob Kroeker <[REDACTED] Personal information>; Amanda Hobson <[REDACTED] Personal information>

Cc: Jim D. Lightbody <[REDACTED] Personal information>; John Karlovcec <[REDACTED] Personal information>

Subject: RE: German Review

Amanda:

Can we discuss during our meeting this afternoon – the breakdown of high limit play will be problematic because, as you are aware, we describe revenue from mid-limit Baccarat as high limit. We'll need to provide an explanation.

Brad Desmarais

Vice President, Casino and Community Gaming

BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6

Personal information [REDACTED]

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

From: Rob Kroeker

Sent: Tuesday, January 02, 2018 10:10 AM

To: Brad Desmarais [Personal information]; Amanda Hobson <[Personal information]>

Cc: Jim D. Lightbody [Personal information]; John Karlovcec [Personal information]

Subject: German Review

Received a call just now from Jerome Malysh who is working with Peter German.

He has asked if we would be able to provide them with, for each of the previous 5 years, a financial overview showing:

Gross/total & Net Revenue

Gross/total & Net Revenue by each line of business

and then for Casino:

Gross/total & net revenue for all tables

Gross/total & net revenue for tables broken by high limit vs. other

Gross/total & net revenue for slots

Gross/total & net revenue for bingo

If we able to put these in tables or some other format we can then post the info to the secure server we have set up for them.

Please let me know if we can pull these together for them and how long it will take.

Thanks,

Rob

This is Exhibit " 119 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Brad Desmarais[Personal information]; Amanda Hobson[Personal information]
Cc: Jim D. Lightbody[Personal information]; John Karlovcec[Personal information]
From: Rob Kroeker
Sent: Tue 02/01/2018 6:10:05 PM
Subject: German Review

Received a call just now from Jerome Malysh who is working with Peter German.

He has asked if we would be able to provide them with, for each of the previous 5 years, a financial overview showing:

Gross/total & Net Revenue
Gross/total & Net Revenue by each line of business

and then for Casino:

Gross/total & net revenue for all tables
Gross/total & net revenue for tables broken by high limit vs. other
Gross/total & net revenue for slots
Gross/total & net revenue for bingo

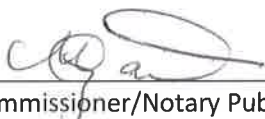
If we able to put these in tables or some other format we can then post the info to the secure server we have set up for them.

Please let me know if we can pull these together for them and how long it will take.

Thanks,

Rob

This is Exhibit " 120 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: PMG[Personal information] Jim D. Lightbody[Personal information]
From: Rob Kroeker
Sent: Thur 29/03/2018 9:50:21 PM
Subject: RE: SAS information

Hello Peter

We have additional detail for you.

BCLC's business case and budget of \$7.4MM reflects the total cost of the project to BCLC including internal and external costs. The numbers that have been discussed regarding payments to SAS (approx. \$3MM in licensing and \$1.8MM in professional services) are correct and the remaining difference of approx. \$2.5MM represents costs to BCLC for items such as hardware (servers, etc) , additional contractors and allocation of internal labour costs to the project. These internal labour costs total approximately \$300K and are not an incremental cost to the organization but rather internal allocation to track overall investment.

I trust this answers your inquiry. Should you need anything further, please do not hesitate to ask.

Regards,

Rob Kroeker

Chief Compliance Officer & VP Legal, Compliance, Security
 British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information]

Connect with us:

Twitter @BCLC | Facebook BCCasinos | Blog | bclc.com

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

From: PMG[Personal information] >
Sent: March-29-18 1:40 AM
To: Jim D. Lightbody[Personal information] Rob Kroeker <[Personal information]>
Subject: RE: SAS information

Good morning Jim / Rob – Finishing off loose ends on the report. I reached out to SAS and obtained their version of the software issues. They confirmed the \$3 million software license cost but indicate that their total labour was \$1,885,200 and not \$4 million. Furthermore, they indicate that \$600,000 of that amount was over the original labour budget of \$1,288,520. I have extracted from your note below. Can you clarify? Tx... pete

BCLC's executive approved the business case for SAS on May 9, 2014 and it initiated the project that same month. The budget (capital and operating) was \$7.4 million. BCLC implemented the project slightly under budget at \$7.3 million. Approximately \$3 million of the total cost was for overall software licensing costs and hardware (server) costs. Most of the remaining budget was for labour and services related to the AML portion of the project.

From: Jim D. Lightboc [Personal information]
Sent: Friday, February 16, 2018 8:28 AM
To: 'PMG' [Personal information]
Cc: Rob Kroeker <[Personal information]>
Subject: SAS information

Pete,

Here is some background information on our SAS software solution that is one of the tools in BCLC's AML program. Rob is also reaching out to you to organize a briefing meeting for you and Jerome to provide the opportunity for more information sharing and Q&A.

Best regards,
Jim

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 121 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: PMG [Personal information] Jim D. Lightbody [Personal information] m]
From: Rob Kroeker
Sent: Thur 29/03/2018 3:51:26 PM
Subject: RE: SAS information

Good morning Peter

We will action this immediately and provide a response as soon as possible.

Rob

From: PMG <[Personal information]>
Sent: March-29-18 1:40 AM
To: Jim D. Lightbody <[Personal information]>; Rob Kroeker <R[Personal information]>
Subject: RE: SAS information

Good morning Jim / Rob – Finishing off loose ends on the report. I reached out to SAS and obtained their version of the software issues. They confirmed the \$3 million software license cost but indicate that their total labour was \$1.885,200 and not \$4 million. Furthermore, they indicate that \$600,000 of that amount was over the original labour budget of \$1.2885,200. I have extracted from your note below. Can you clarify? Tx... pete

BCLC's executive approved the business case for SAS on May 9, 2014 and it initiated the project that same month. The budget (capital and operating) was \$7.4 million. BCLC implemented the project slightly under budget at \$7.3 million.

Approximately \$3 million of the total cost was for overall software licensing costs and hardware (server) costs. Most of the remaining budget was for labour and services related to the AML portion of the project.

From: Jim D. Lightbody [Personal information]
Sent: Friday, February 16, 2018 8:28 AM
To: 'PMG' [Personal information]
Cc: Rob Kroeker [Personal information]
Subject: SAS information

Pete,

Here is some background information on our SAS software solution that is one of the tools in BCLC's AML program. Rob is also reaching out to you to organize a briefing meeting for you and Jerome to provide the opportunity for more information sharing and Q&A.

Best regards,

Jim

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 122 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody [Personal information]; Rob Kroeker [Personal information]
From: PMG
Sent: Thur 29/03/2018 8:40:25 AM
Subject: RE: SAS information

Good morning Jim / Rob – Finishing off loose ends on the report. I reached out to SAS and obtained their version of the software issues. They confirmed the \$3 million software license cost but indicate that their total labour was \$1.885,200 and not \$4 million. Furthermore, they indicate that \$600,000 of that amount was over the original labour budget of \$1.2885,200. I have extracted from your note below. Can you clarify? Tx... pete

BCLC's executive approved the business case for SAS on May 9, 2014 and it initiated the project that same month. The budget (capital and operating) was \$7.4 million. BCLC implemented the project slightly under budget at \$7.3 million. Approximately \$3 million of the total cost was for overall software licensing costs and hardware (server) costs. Most of the remaining budget was for labour and services related to the AML portion of the project.

From: Jim D. Lightbody [Personal information]
Sent: Friday, February 16, 2018 8:28 AM
To: 'PMG' [Personal information] >
Cc: Rob Kroeker [Personal information]
Subject: SAS information

Pete,
Here is some background information on our SAS software solution that is one of the tools in BCLC's AML program. Rob is also reaching out to you to organize a briefing meeting for you and Jerome to provide the opportunity for more information sharing and Q&A.
Best regards,
Jim

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This is Exhibit " 123 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Rob Kroeker [Personal information]
Cc: Jim D. Lightbody [Personal information]
From: PETER GERMAN
Sent: Fri 16/02/2018 7:51:07 PM
Subject: Re: SAS information

A1.

Sent from my iPhone

On Feb 16, 2018, at 11:22 AM, Rob Kroeker <[Personal information]> wrote:

Will disregard the request, however if there is anything else you think you would like in advance please do let me know.

What I propose for the meeting is that we will run you through the project history and current status. We will outline the written materials available at the meeting (as you can imagine the documentation on the project is voluminous) and provide any you think are useful to you immediately thereafter.

Trust this will meet your needs.

Rob

From: PETER GERMAN [Personal information]
Sent: February-16-18 10:51 AM
To: Jim D. Lightbody [Personal information]
Cc: Rob Kroeker [Personal information]
Subject: Re: SAS information

Perfect.

Rob. Disregard my request in the other email for docs in advance.

Tx. Pete

Sent from my iPhone

On Feb 16, 2018, at 8:28 AM, Jim D. Lightbody [Personal information] wrote:

Pete,

Here is some background information on our SAS software solution that is one of the tools in BCLC's AML program. Rob is also reaching out to you to organize a briefing meeting for you and Jerome to provide the opportunity for more information sharing and Q&A.

Best regards,

Jim

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

<IN_SAS_final_February 15 2018.docx>

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 124 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]; Rob Kroeker[Personal information]
From: PMG
Sent: Wed 14/02/2018 9:42:54 AM
Subject: Independent Review of ML in LM Casinos

Dear Jim / Rob –

I am hoping that you can assist me with the following:

1. You likely read that the AG has asked that I review the SAS software as part of my Review. I have learned a bit about SAS by visiting with Rob's AML unit, however it is apparent that I must now obtain a fuller understanding. Who should I be speaking with and are there any documents that you wish to share which I may not already have?
2. I would like to obtain a better understanding of the RF devices in chips and the tracking software for those devices. Again, if you can put me in touch with the right person, that would be appreciated.
3. Could I please be provided with a list of the Ministries and the Ministers to which BCLC reported since its inception.

I apologize in advance, but I expect that I may have more requests as I draft the report.

Thank you in advance.

pete

Peter M. German, QC, PhD
Principal
Peter German & Assocs. Inc.

Personal information

This is Exhibit " 125 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]
Cc: Rob Kroeker[Personal information]
From: PETER GERMAN
Sent: Thur 29/03/2018 6:14:29 PM
Subject: Re: Gifts, etc

Thanks Jim. P

Sent from my iPhone

On Mar 29, 2018, at 10:56 AM, Jim D. Lightbody <[Personal information]> wrote:

Pete;

In response to your question, please find attached BCLC's Standards of Ethical Business Conduct.

On page 19 you will find our standard around acceptance of gifts, etc.

Please advise if you need anything further.

Best regards,

Jim

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

<BCLC SOEBC.PDF>

This is Exhibit " 126 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: 'PMG'[Personal information a]
Cc: Rob Kroeker[Personal information]
From: Jim D. Lightbody
Sent: Thur 29/03/2018 5:56:49 PM
Subject: Gifts, etc
BCLC SOEBC.PDF

Pete;

In response to your question, please find attached BCLC's Standards of Ethical Business Conduct. On page 19 you will find our standard around acceptance of gifts, etc.

Please advise if you need anything further.

Best regards,

Jim

This is Exhibit " 127 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]
Cc: Rob Kroeker[Personal information]
From: PMG
Sent: Thur 29/03/2018 5:06:29 PM
Subject: Gifts, etc.

Jim – Could I also impose upon you to have someone forward your existing internal policy or a link to your policy on the acceptance of gifts and other benefits from third parties, by BCLC employees. Tx... pete

Peter M. German, QC, PhD
Principal
Peter German & Assocs. Inc.

Personal information

This is Exhibit " 128 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

NEWS

WEEKLY JIM SESSION: ADVERSITY AND ALIGNMENT

By
Jim Lightbody
October 23, 2017

Good morning,

Adversity can be a positive thing, even though it doesn't feel like it when we are facing it. Adversity is what defines us. It is easy to have a great attitude, a strong work ethic and a positive outlook when things are going great. However, how do we stand up during tough times?

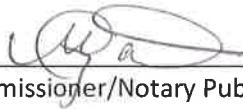
Our business right now is going through significant media attention with the review on anti-money laundering (AML). Many of you are fielding questions from vendors, service providers, retailers, family and friends. I know this can be challenging, but know that we are committed to doing the right thing to ensure our players and our business are protected.



The importance of alignment and coordination on this issue with our service providers, regulators (GPEB and FINTRAC), government and law enforcement is key. Each of us has a role to play in this process and I can tell you that BCLC is dedicated to fulfilling our role to prevent, detect, and report any suspicious activity. We rely on the police to help protect casinos in BC by investigating and seeking charges against anyone involved in money laundering. Last week, the Public Prosecution Service of Canada confirmed that criminal charges have been laid against Caixuan Qin, Jian Jun Zhu, and Silver International Investments Ltd. in relation to allegations of money laundering in facilities. This is a positive step forward in this process and we welcome the actions of law enforcement to help keep our facilities safe.

BCLC's internal task force is key in the coordination efforts and is responsible to manage and monitor how and when BCLC will respond. I know you have questions about what the media is reporting. You may find answers to some of your questions in this [Q&A](#). When it comes to BCLC's responses to media inquiries, I want you to know that we are responding, where possible and that ultimately, the reporter holds the pen. More importantly, given the Attorney General's review being led by Mr. Peter German is underway and given that the allegations in the media reports may be subject to police investigation, the task force wants to ensure our response plan is thoughtful, well informed and appropriate. I can tell you that adversity brings opportunity and we will weather this storm and come out stronger. Thank you for your continued support.

This is Exhibit " 129 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

WEEKLY JIM SESSION: RECOGNITION ALWAYS MATTERS



Jim Lightbody, President & CEO
March 26, 2018

Not everybody takes their work home with them, as the old saying goes. However, it is true that most of us take home the other stuff like feelings or experiences from the day, both good and bad. I believe it is important to show your people that you see and appreciate their efforts, and to demonstrate it when they make an impact. Over the years, I have also learned that when you do this, your people feel good about what they do and take those feelings home with them. In that vein, I'd like to recognize one of our own – Mandeep Bhatti, one of our Key Account Managers in our Lottery Division. Last week, Kevin Gass and I met with representatives of the Western Convenience Store Association, including a representative from Peninsula Co-op, a retail chain in the gas and convenience channel. The representative went out of his way to compliment Mandeep and stated that he is an outstanding representative for BCLC. Well done and thank you, Mandeep!

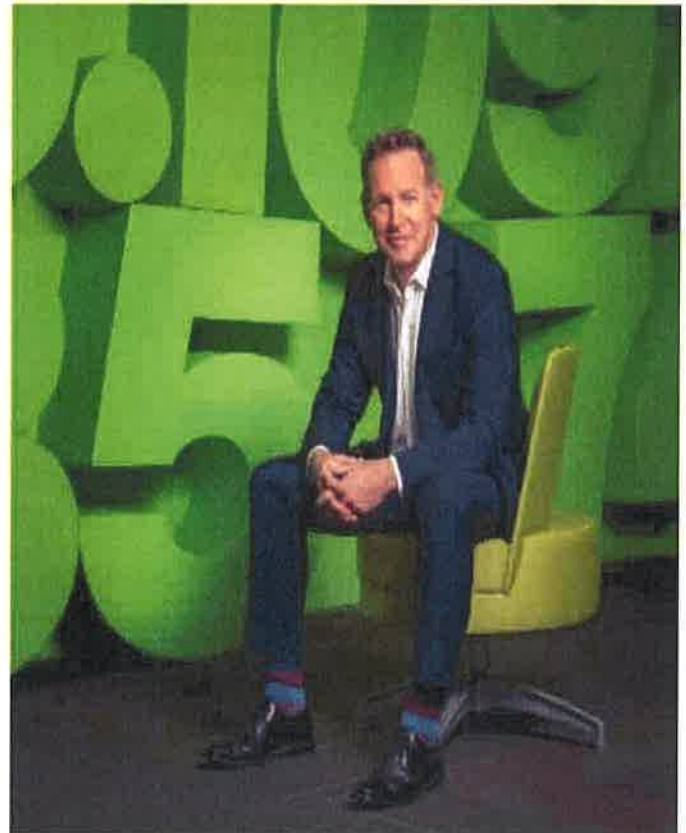
You have heard me talk about the work our Human Resources team is doing to take a closer look at improving our recognition program. This work has been fueled by the great insights from the ACE recognition accelerator workshop and I am very happy to see some of the initiatives are already underway. To help create a solid recognition program, our HR team needs your feedback. I

encourage you to participate in this short survey centered on recognition preferences. Your feedback will identify for us what you value in a recognition experience, and help shape a rewards and recognition program that is meaningful to you.

As many of you are aware, Dr. Peter German's review of anti-money laundering policies and practices in B.C. casinos will be due to our Minister by the end of the month. It is important that BCLC continues to play our part in the Province's AML system to keep our facilities safe and secure, and that we are able to take effective action on Dr. German's recommendations. This is a priority for me, and in order to best support the organization, we will be augmenting our structure to support our response to the report. As such, we have created a temporary role of Director of AML Response to lead BCLC's response, support the AML Steering Committee and focus 100% of their time on this initiative. I'm pleased to announce Jennifer Gallaway will be taking on this important role. Jennifer will work closely with internal stakeholders to lead the development of a response plan and robust program to address Dr. German's recommendations. Jennifer is ideally suited to get up to speed quickly for this role with her knowledge of the casino business and relationships across divisions and in the industry. Jennifer will also have the active support of Shirley Beveridge as the Project Manager. This work will ensure we will continue to strengthen our efforts to deter those who may target our business, and ultimately make our business stronger. Congratulations, Jennifer!

Last week, your Executive team met for one of our regular meetings, and a highlight was a presentation on our Employee Engagement results. We will be sharing the results with all of you next week after we share them with your Directors. So, stay tuned!

Another part of my job that I love is seeing my people succeed. This is why I am very honored to attend the Career Milestone Luncheon in Vancouver later today. There are 85 people across our organization celebrating a career milestone of 10 or more years and that is a fantastic accomplishment! For those celebrating a milestone this year, I want to say a special thank you for all your years of commitment to BCLC. And, I can't wait to celebrate in Kamloops on April 5th!



This is Exhibit " 130 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

April 18, 2018

Via Email

Ministry of Attorney General
PO Box 9044, Stn Prov. Govt.
Victoria, BC V8W 9E2

**Attention: David Eby
Attorney General**

Dear Minister Eby:

Re: Response to Dr. Peter German Report

Thank you for your request to provide feedback on the Independent Review of Money Laundering in Lower Mainland Casinos written by Peter M. German, QC.

BCLC's Board of Directors and Management fully support and accept the recommendations in this report and we will work to implement those we believe we are directly responsible for (Appendix 1). We stand ready to implement those, while extending our full cooperation and support to the Province of British Columbia, the Gaming Policy and Enforcement Branch and the multiple agencies, ministries and service providers at which recommendations are also directed. We will follow our standard program management discipline whereby the Board will assume an oversight role as BCLC mobilizes to implement actions responsive to the recommendations (Appendix 2). BCLC's Internal Audit team will validate the work upon completion and the corporation is committed to reporting progress on a quarterly basis to the Ministry, GPEB, and the public.

Dr. German's report provides an important road map for the multiple agencies and companies involved in combatting money laundering. The report acknowledges that despite the level and quality of information gathering, there is a need for improvement in all areas due to "a collective system failure." I am confident that the recommendations will address the need to enhance the level and quality of communication, cooperation and enforcement actions taken to date. Dr. German appropriately recognizes that BCLC and GPEB have been impaired and frustrated in their ability to address concerns both entities expressed about money laundering to date by stating that both organizations:

"...have suffered from significant disability when it comes to dealing with money laundering. Other than saying 'No' and barring a person from returning to a facility, there is little that either can do with the valuable intelligence which they possess concerning money laundering. It is essential that law enforcement be engaged in a meaningful way."

This is a critical point and I firmly believe that the recommended modernization of the *Gaming Control Act* to enable greater clarity of roles and responsibilities and that a significantly strengthened, and more independent regulator, will establish a strong foundation from which the multiple agencies and organizations involved can work to better engage law enforcement. Moving the day to day jurisdiction for policing with respect to gaming matters to a Designated Policing Unit will ensure greater clarity of roles to enable stronger enforcement. These changes are essential to ensuring the overall integrity of casino gaming and to helping rebuild public trust in this important industry in British Columbia.



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While the BCLC Board and Management fully support the recommendations in Dr. German's report, it is important to challenge one key assumption. Explicit and implicit in the report is the suggestion that BCLC was, and continues to be, motivated only by revenue. In a number of instances, BCLC's mandate, bestowed onto it by government, is to conduct and manage gambling in a socially responsible manner. The report calls into question this mandate in a way that suggests BCLC has been disingenuous with respect to its true purpose or motive and states that the organization willfully turned a blind eye and was blinded by the cash. I am challenged by this assertion for three reasons.

First, as one who served the government of the day that created BCLC in 1985, I can state with confidence that BCLC's purpose was at the time to operate gambling to generate extra funding and benefits for British Columbia and do it in a way that is accountable to communities served. As Chair of the BCLC Board of Directors for almost five years working with the leadership team, I can attest that remains the case today.

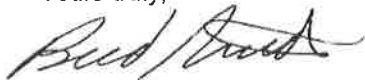
Second, I acknowledge and accept that there are varying opinions on the effectiveness of actions taken by BCLC to address concerns about money laundering. The point remains however that BCLC, as a corporate entity and our employees, as individuals, recognized the threat of money laundering and took action in the context of the information available at the time and the system within which we were working. This action had the result of a consistent decrease in the number and total value of Suspicious Transaction Reports since April 2015 (Appendix 3). The reality of money laundering, as we now understand it thanks to Dr. German's review, is the result of a system that did not keep up with the criminal element and that no single person or entity is responsible for this issue. To suggest that BCLC would encourage employees to knowingly turn a blind eye to illegal or suspicious behaviour in the name of revenue generation is wrong.

Third, this perspective is inconsistent with the tone and culture that has been established by the Board and Management at BCLC and most importantly unfair to the 900 employees who, articulate in employee engagement surveys every year, that they are motivated by working at an organization they recognize is socially responsible because it balances growth with sustainability (Appendix 4). Responsibility to British Columbians is embedded in our organization's DNA.

In the spirit of continued cooperation and support for the work of Dr. German and the Ministry of the Attorney General, we have opted not to provide comment on the editorial opinion contained in the report. Appendix 5 provides further information and clarification on specific, material issues for your consideration.

BCLC can and will improve the ways in which we are addressing money laundering. We remain steadfast in our commitment to be part of the solution by continuing to meet and exceed our responsibilities to regulators, supporting a culture that is accountable to the communities we serve, and working collaboratively and in support of all agencies to combat this insidious issue impacting our economy and our communities.

Yours truly,

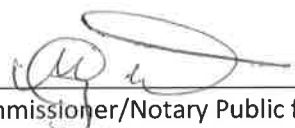


Bud Smith
Chair, BCLC Board of Directors

cc: Jim Lightbody, President & CEO, BCLC
Robert Holden, Member, BCLC Board of Directors
Andrew Brown, Member, BCLC Board of Directors
Wendy Lisogar-Cocchia, Member, BCLC Board of Directors
Richard Fyfe, Deputy Attorney General
Doug Scott, Associate Deputy Minister

Enclosure(s) x1 (Appendices 1 – 5)

This is Exhibit " 131 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Appendix for BCLC Response to:

**An Independent Review of Money
Laundering in Lower Mainland Casinos
conducted for the Attorney General of
British Columbia**

Submitted April 18, 2018

Appendices 1 - 5

Appendix 1

BCLC believes we are responsible for thirteen of the recommendations by Dr. German, as follows:

Recommendations	
R3	That BCLC, in conjunction with the Regulator and Service Providers, review the present Source of Funds Declaration on at least an annual basis to determine if refinements are required.
R4	That BCLC re-enforce the importance of Service Providers not accepting cash or other reportable instruments if they are not satisfied with the source of funds declaration.
R5	That the Service Providers be responsible for completing all necessary reports to FinTRAC, including STRs.
R6	That discussions with FinTRAC take place with the purpose of designating the Service Providers as direct reports to FinTRAC, failing which that reports from Service Providers be sent in an unaltered form to FinTRAC by BCLC.
R7	That BCLC provide Corporate STRs if its files contain relevant information not contained within an STR from a Service Providers.
R10	That the Regulator/DPU be provided with access to iTRAK in its offices.
R11	That UFT and SCT reports be eliminated.
R16	That BCLC not engage in further undercover operations, except in conjunction with the Regulator and, or the police.
R17	That no further expense be incurred by BCLC with respect to the SAS AML software system.
R18	That BCLC ensure that VIP hosts do not handle cash or chips.
R21	That cash limits not be imposed on buy-ins.
R22	That PGF accounts be eliminated once responsibility for cash alternatives has been transitioned to the Service Providers.
R23	That BCLC implement a chip tracking system for Service Providers.

Appendix 2

German Independent Review

Readiness and Response Plan

OVERVIEW

The AML Response will be managed as a high priority corporate program and encompass two parts:

1. Review and assess options to address recommendations made or issues identified, including the risks and costs associated with what are assumed will be policy, people and process requirements and gaps identified.
 - Action plans across the dimensions of: policy, process, information, technology, people, budget and governance
 - Implement communication management plan for stakeholders, media and employees
2. Follow a standard project approach, which includes approval of options, planning, implementation and reporting on progress and results.

BCLC's Recommendation Reporting Summary Tracking document will provide the detailed assignments, by recommendation, of the responsible Director Leads and Vice Presidents Owners. A Board Committee (Audit, Governance, HR&C or Risk) will also be designated for oversight of each recommendation.

ROLES & MEMBERS

Roles and Responsibilities		
Sponsor	Jim Lightbody	<ul style="list-style-type: none"> • Provide overall project guidance • Board updates • Ministry updates • Part of AML Response Steering Committee
Steering Committee	Jim Lightbody Brad Desmarais Jamie Callahan Rob Kroeker Susan Dolinski	<ul style="list-style-type: none"> • Provide project guidance • Assign and approve V.P. Owner and Director Leads for each Recommendation • Review and approve approach to address each Recommendation • Review and approve Recommendation Completion • Review and approve Recommendation Closure • Review and approve Board and Ministry reporting
Interim Director, AML Response	Jennifer Galloway	<ul style="list-style-type: none"> • Lead the development and coordination of BCLC's response to the German review • Oversee AML Response Steering Committee meetings including organizing agendas, meetings and supporting steering committee decisions • Provide independent assessment of the proposed implementation actions and provide recommendations to the steering committee • Lead SMEs through solution planning including leading the development of "what if" scenarios

German Independent Review

Readiness and Response Plan

		<ul style="list-style-type: none"> • Liaise with AML Team to ensure an in-depth understanding of AML matters and actions, including liaising with GPEB • Key liaison between AML, Casino and Communications teams, and any other areas affected within BCLC, to ensure a coordinated approach • Ongoing communication with government, stakeholders, and service providers • Provide direction to the AML Project Manager
Project Manager	Shirley Beveridge	<ul style="list-style-type: none"> • Project management including coordination of Leads and SMEs, schedules and reporting specific to plans and actions to implement • Liaise with Audit Services to ensure auditability of the Recommendations • Recommendation status reporting including Summary Tracking Documents and Recommendation Dashboards to Steering Committee, BCLC Executive and Board
Owners	TBD	<ul style="list-style-type: none"> • Vice Presidents will be assigned as Owners of each of the recommendations that BCLC is responsible for • Responsible for providing direction to the Lead and team implementing the actions to address the Recommendation, ensuring that completion is aligned with the approved approach • Responsible for continuous improvement once implementation is complete
Director Leads	TBD	<ul style="list-style-type: none"> • Directors will be assigned to Lead each of the recommendations that BCLC is responsible for • Responsible for analysis of options and managing the actions to address the Recommendation across areas of policy, process, information, technology, people, budget, and governance including documentation and reporting. • Overall responsibility for addressing the Recommendation, including <ul style="list-style-type: none"> ◦ Identify options to address the Recommendation ◦ Implement the approved option ◦ Documentation including monthly status reporting ◦ Resource usage tracking ◦ Confirm auditable deliverables with Audit Services

German Independent Review

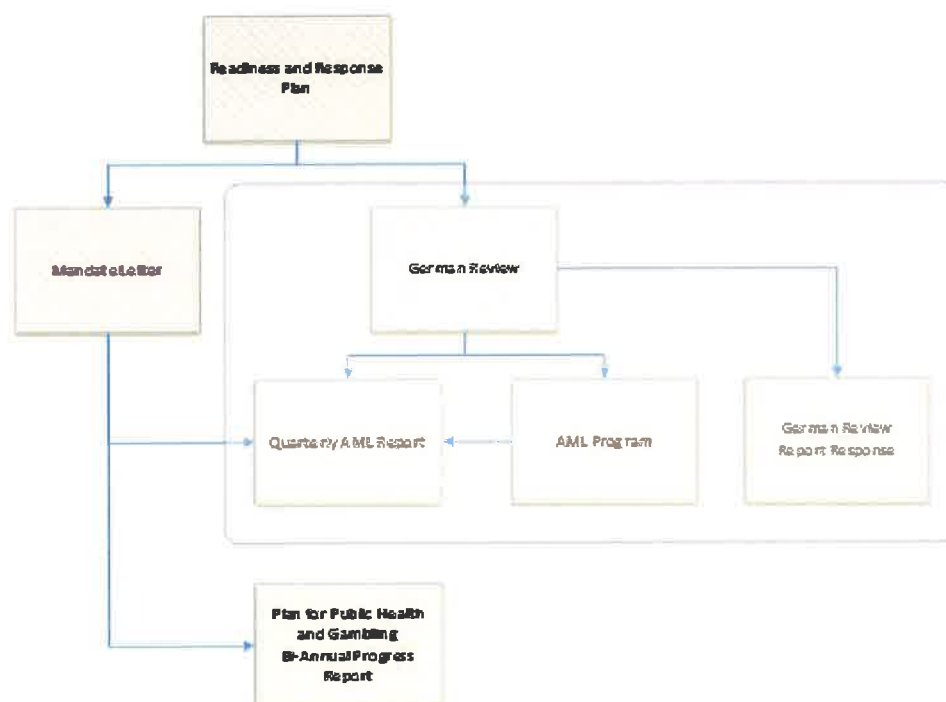
Readiness and Response Plan

Board Committees	Audit, Governance, HR&C or Risk	<ul style="list-style-type: none">• Board Committees will be assigned to each of the recommendations that BCLC is responsible for• Responsible for oversight of the implementation of each recommendation																								
Audit Services	Gurmit Aujla	<ul style="list-style-type: none">• Provide guidance to Leads on auditable deliverables• Maintain evidence of auditable deliverables• Review Recommendations for completion• Advise the Steering Committee on the completion of each Recommendation• Develop and present closing memos for each Recommendation																								
Key Contacts	Engaged by Leads as necessary	<p>Key points of contact have also been identified for potential areas requiring involvement in the actions to address Recommendations, as below:</p> <table><tr><td>AML</td><td>John Karlovcec</td></tr><tr><td>BT</td><td>Tricia Warrington</td></tr><tr><td>Casino Operations</td><td>Garth Pieper</td></tr><tr><td>Communications</td><td>Laura Piva-Babcock</td></tr><tr><td>Finance</td><td>Abigail Ma</td></tr><tr><td>GPEB</td><td>Rob Kroeker</td></tr><tr><td>Government</td><td>Susan Dolinski</td></tr><tr><td>HR</td><td>Jamie Callahan</td></tr><tr><td>Legal</td><td>Jennifer Keim</td></tr><tr><td>Policy</td><td>Kevin Sweeney</td></tr><tr><td>Risk</td><td>Jennifer Barbosa</td></tr><tr><td>Service Providers</td><td>Brad Desmarais</td></tr></table>	AML	John Karlovcec	BT	Tricia Warrington	Casino Operations	Garth Pieper	Communications	Laura Piva-Babcock	Finance	Abigail Ma	GPEB	Rob Kroeker	Government	Susan Dolinski	HR	Jamie Callahan	Legal	Jennifer Keim	Policy	Kevin Sweeney	Risk	Jennifer Barbosa	Service Providers	Brad Desmarais
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Legal	Jennifer Keim																									
Policy	Kevin Sweeney																									
Risk	Jennifer Barbosa																									
Service Providers	Brad Desmarais																									

While the response focuses primarily on the German Report, it also encompasses the 2017/18 and 2018/19 Mandate Letters that reference the government's Anti-Money Laundering (AML) Strategy and the Peter German review. The following chart shows the key areas to be addressed in the response:

German Independent Review

Readiness and Response Plan



PROCESS FOR IMPLEMENTATION OF RECOMMENDATIONS

The process to address the Recommendations will follow a standard project approach. As the planning and options to address each Recommendation are identified, the Lead and Owner will be asked to present their Recommendation to the Steering Committee. Plans to address each Recommendation must be approved by the Steering Committee before actions are taken. Each Recommendation and its deliverables will be reviewed by Audit Services. Completion and closure of each Recommendation will also be presented to and approved by the Steering Committee. A diagram of the process that will be used for the implementation of the Recommendations can be found in [Appendix A](#).

This process will be used for implementation of the German recommendations. This process does not apply to process improvements (e.g. enhancements), unless the enhancement is directly related to a Recommendation. Enhancements will instead follow normal business unit practices. The responsible business unit(s) will, however, provide program enhancement updates to the AML Response Steering Committee and will include relevant updates in Board and Ministry reporting.

German Independent Review

Readiness and Response Plan

REPORTING

Reporting of the recommendations will be coordinated with Mandate Letter reporting. The reporting responsibilities and process are below and a diagram of the process that will be used for recommendation reporting can be found in [Appendix B](#).

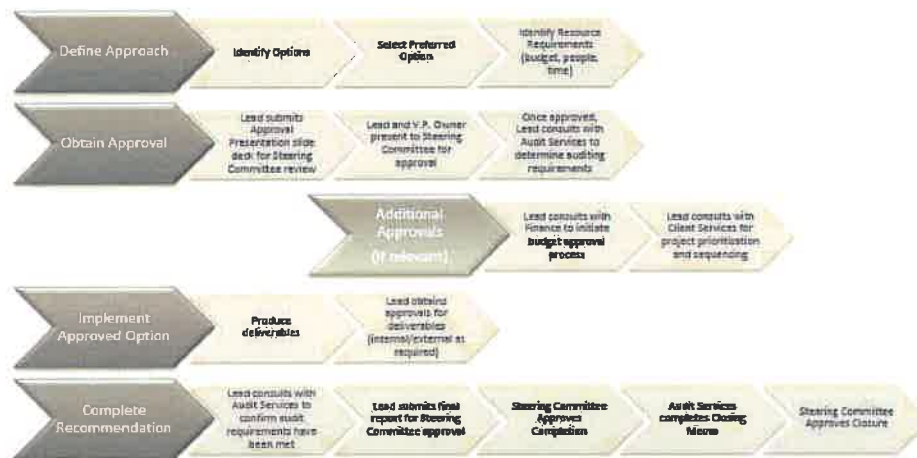
Reporting Responsibilities

Responsible	Report	Audience	Frequency
Rob Kroeker	AML Report	Board Attorney General	Quarterly
Shirley Beveridge	BCLC Recommendation Reporting Summary Tracking Document	AMLR Steering Committee BCLC Executive Board Public	Quarterly
Shirley Beveridge	Recommendation Dashboard	AMLR Steering Committee BCLC Executive	Monthly
Shirley Beveridge	Implementing Government Direction	Board Minister	Quarterly
Susan Dolinski	Plan for Public Health and Gambling Progress Report	Board General Manager, GPEB	Bi-Annually
Jennifer Keim	Cover Letters	Board Chair Attorney General	Quarterly

German Independent Review

Readiness and Response Plan

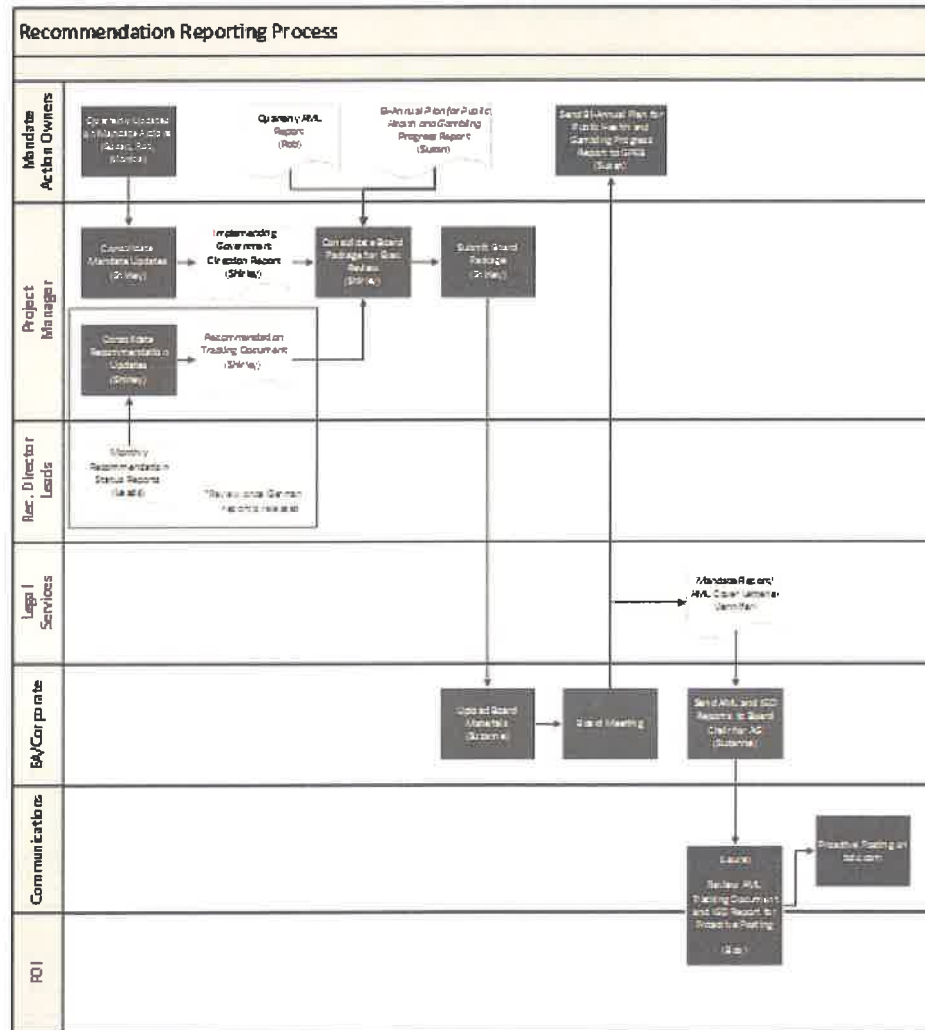
APPENDIX A: PROCESS FOR IMPLEMENTATION OF RECOMMENDATIONS



German Independent Review

Readiness and Response Plan

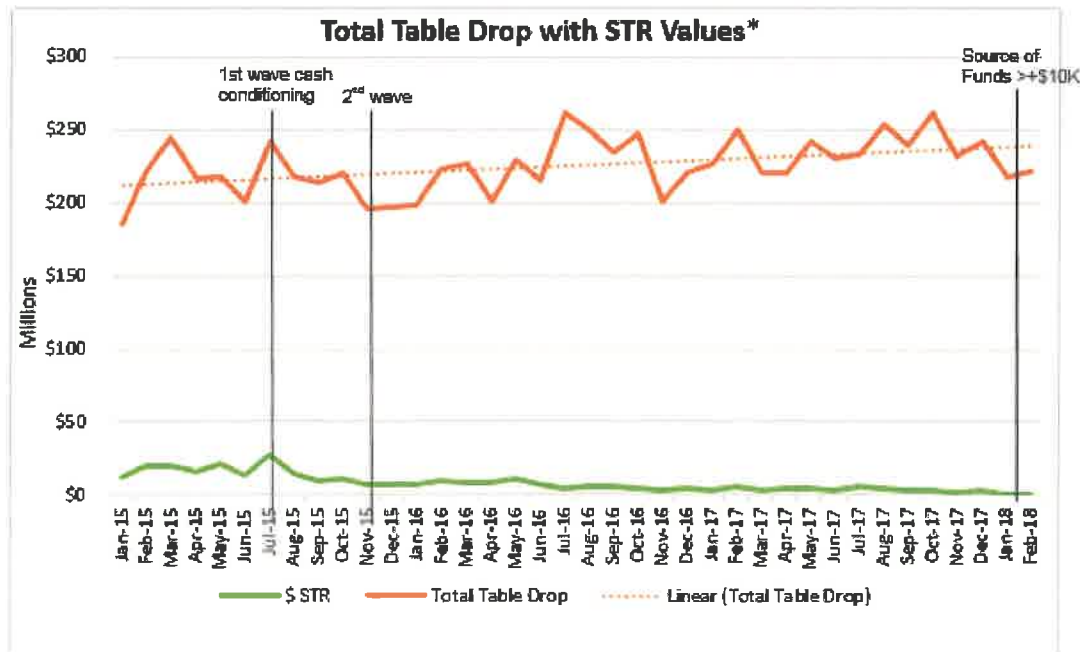
APPENDIX B: RECOMMENDATION REPORTING PROCESS



Appendix 3

Suspicious Transaction Reports (STR) and Table Performance

Since 2015, the total number, total value and average value of STR has been trending down, while total table drop has continued its upward trend.



* All data presented in table form below.

Key points:

In April 2015, BCLC initiated a sourced-cash condition program to address the unexplained increase in un-sourced cash and chips being brought into lower mainland casinos. As part of its AML due diligence screening process, BCLC Investigators interviewed certain VIP players to determine the origin of their cash and chips. If a player was unable to prove source of funds, or BCLC suspected or received information that the source of funds originated from underground banking operations, or suspected proceeds of crime, the player was immediately placed on "sourced cash conditions" and would only be allowed to buy-in if they could provide the service provider cash cage with an original receipt sourcing the funds as follows;

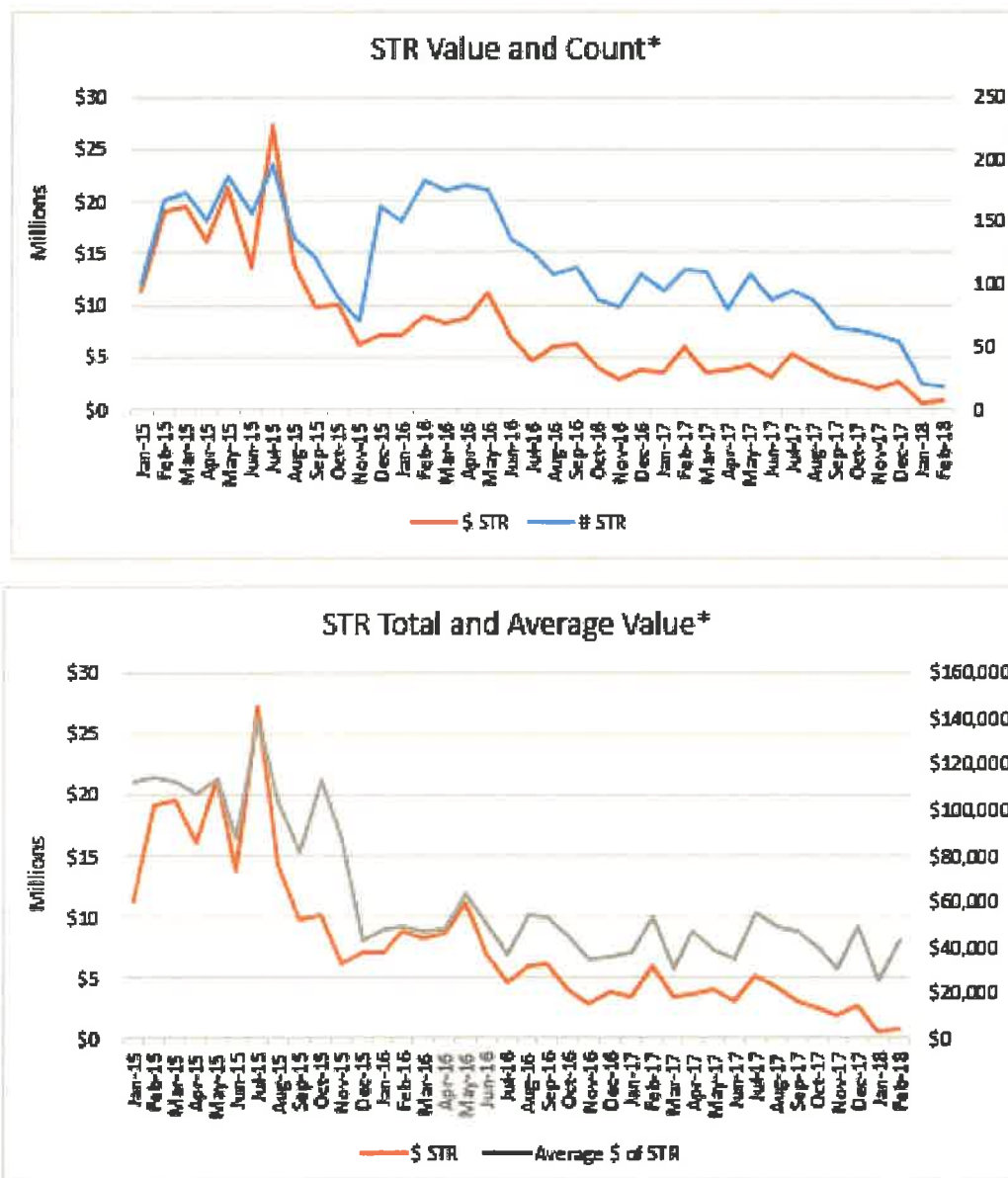
- A bank draft, EFT, certified or Casino Cheque (as defined under policy)
- Cash drawn from an accredited Financial Institution
- Cash drawn at the gaming facility using Global Cash, Debit at Cage, ATM

or that the source of funds originated from;

- Cash verified as from a recent sourced Casino Disbursement
- Chips verified as from a recent sourced Casino Disbursement

Dollar value of STR has decreased (as have counts – see next table)

Jan 10, 2018 – Implemented Source of Funds Declaration for cash deposits of \$10,000 or more as per Peter German's interim recommendation to BCLC.



* All data presented in table form below.

Key points:

- Both the count, total value and average value of STR have been decreasing since 2015, with a significant drop in the second half of the year when BCLC began cash conditioning players.
- Not only are there fewer STR, the ones that are reported are decreasing in value.

Month	# STR	\$ STR	Total Table Drop	\$ STR as a % of Total
Jan-15	101	\$11,358,985	\$185,417,014	6.1%
Feb-15	187	\$19,084,854	\$221,147,991	8.6%
Mar-15	173	\$19,462,764	\$244,375,305	8.0%
Apr-15	151	\$16,123,855	\$216,608,331	7.4%
May-15	187	\$21,201,775	\$218,188,402	9.7%
Jun-15	156	\$13,676,465	\$201,344,040	6.8%
Jul-15	185	\$27,243,150	\$241,868,750	11.3%
Aug-15	137	\$14,138,565	\$218,164,623	6.5%
Sep-15	120	\$9,825,950	\$213,405,914	4.6%
Oct-15	89	\$10,045,281	\$220,930,949	4.5%
Nov-15	71	\$6,159,039	\$195,892,062	3.1%
Dec-15	163	\$7,055,010	\$197,654,842	3.6%
Jan-16	150	\$7,149,960	\$198,290,501	3.6%
Feb-16	182	\$8,847,035	\$222,322,359	4.0%
Mar-16	176	\$8,271,680	\$226,148,655	3.7%
Apr-16	179	\$8,653,255	\$200,745,010	4.3%
May-16	175	\$11,086,690	\$228,732,489	4.9%
Jun-16	136	\$6,853,117	\$215,754,977	3.2%
Jul-16	124	\$4,601,405	\$261,176,104	1.8%
Aug-16	108	\$5,850,500	\$249,726,100	2.3%
Sep-16	114	\$6,081,832	\$234,568,406	2.6%
Oct-16	88	\$3,969,055	\$246,717,806	1.6%
Nov-16	81	\$2,836,569	\$200,837,162	1.4%
Dec-16	108	\$3,800,280	\$219,896,314	1.7%
Jan-17	94	\$3,507,455	\$226,231,338	1.6%
Feb-17	112	\$5,948,770	\$249,814,715	2.4%
Mar-17	110	\$3,410,960	\$219,979,501	1.6%
Apr-17	80	\$3,715,810	\$220,153,775	1.7%
May-17	107	\$4,095,101	\$241,729,928	1.7%
Jun-17	88	\$3,020,060	\$230,312,458	1.3%
Jul-17	94	\$5,216,080	\$233,368,366	2.2%
Aug-17	87	\$4,254,290	\$253,317,319	1.7%
Sep-17	64	\$3,000,605	\$239,804,737	1.3%
Oct-17	63	\$2,530,020	\$261,022,645	1.0%
Nov-17	59	\$1,828,050	\$231,477,360	0.8%
Dec-17	53	\$2,582,140	\$242,634,757	1.1%
Jan-18	20	\$505,199	\$217,174,414	0.2%
Feb-18	17	\$721,630	\$221,439,676	0.3%

Appendix 4

Employee Engagement Results

Statement	% Change 2017- 2018	% Change 2015- 2017	% Change 2014 - 2015	2018	2017	2015	2014
I feel that my overall compensation package (pay, bonus and benefits) is comparable with people doing a similar job with other similar organizations.	-3.2%	6.6%	-2.3%	39.2%	42.4%	35.8%	38.1%
Our team values one another's unique strengths and different abilities.	-3.1%	1.6%	5.7%	84.6%	87.7%	86.1%	80.4%
My department's objectives are realistic.	-3.0%	7.4%	10.1%	76.7%	79.7%	72.3%	62.2%
Change is widely embraced	-2.9%	-	-	61.6%	64.5%	-	-
BCLC is transforming to a player-centric company.	-2.7%	5.3%	3.2%	81.0%	83.7%	78.4%	75.2%
BCLC consistently conducts business in a fair, honest and trustworthy manner.	-2.6%	0.4%	4.7%	89.9%	92.5%	92.1%	87.4%
The way BCLC operates is in alignment with its values (Integrity, Respect & Social Responsibility).	-2.4%	4.9%	5.5%	91.5%	93.9%	89.0%	83.5%
BCLC is environmentally responsible.	-2.2%	3.1%	4.8%	82.6%	84.8%	81.7%	76.9%
The actions of the entire Senior Leadership team (CEO, VPs and Directors) of BCLC are consistent with BCLC values (Integrity, Respect & Social Responsibility).	-2.1%	7.1%	7.4%	81.0%	83.1%	76.0%	68.6%
BCLC is customer focused	-1.9%	-	-	85.4%	87.3%	-	-

Appendix 5

1. German Report Statements that indicate there was no action taken by BCLC:

"...no transaction was refused by BCLC before 2015." (paragraph 478)

"In March 2014, a former BCLC Investigator recalls telling senior management that something had to be done about the cash entering casinos. They listened but he saw no discernable action." (paragraph 504)

"Despite the police investigation, the cash kept coming into the casinos. With no direction from BCLC or GPEB to stop accepting huge amounts of unsourced cash, the head of compliance for GCGC decided to end it himself." (paragraph 536)

"Despite all the efforts described in previous chapters, prior to 2016, nobody appears to have said no in terms of accepting unsourced cash at Lower Mainland casinos. (paragraph 600)

BCLC Clarification:

Refusing cash:

BCLC's sourced cash condition initiative began April 2015 with the program being formally implemented in September 2015; however, it should be noted that cash was refused prior to the initiation of this program. As an example, Exhibit A demonstrates that a certain player would no longer be permitted to play with cash. This player continues to be limited to playing with sourced cash only to this day. Exhibit B is a redacted copy of an internal document used to track players who have been cash conditioned, from April 14, 2105 to present day.

Appendix 5 - EXHIBIT A - Email regarding patron placed on cash conditions in 2014

November 27th, 2014- As a result of the recent activity by [REDACTED] a directive was initiated at the request of [REDACTED] and [REDACTED] sent out the following directive that was posted on the profile for [REDACTED]:

From: [REDACTED]

Sent: November-27-14 7:58 AM

To: [REDACTED]

Cc: [REDACTED]

Subject: RE: ** [REDACTED] - SID [REDACTED] **

Hi [REDACTED],

The following comment has been added to [REDACTED]'s profile SID# [REDACTED]:

2014-NOV-27 BCLC Corp Sec - BCLC Directive for Investigative Purposes; [REDACTED] is not permitted to buy-in at any property with "ANY" cash or un-sourced chips until he is interviewed by BCLC Corporate Security and Compliance. Provide patron with the BCLC Consumer Services number if an investigator is not available, so an appointment can be set up at the earliest convenience: 1-866-815-0222.

[REDACTED]

BCLC Casino Investigator

Conditions Imposed	03/10/2016
Conditions Imposed	03/10/2016
Conditions Imposed	03/10/2016
Conditions Imposed	2017-DEC-06
Conditions Imposed	12/10/2016
Conditions Imposed	26/10/2016
Conditions Imposed-Updated	2017-FEB-24
Conditions Imposed	01/11/2016
Conditions Imposed	05/12/2016
Conditions Imposed-Play suspended Dec-14	14/12/2016
Conditions Imposed	2017-Jan-18
Conditions Imposed	2017-Feb-11
Conditions Imposed	2017-Feb-07
Conditions Imposed	2017-Feb-20
Conditions Imposed	2017-FEB-21
Conditions Imposed -Pending Int	2017-DEC-18
Conditions Imposed	2017-MAR-14
Conditions Imposed	2017-MAR-20
Conditions Imposed	2017-MAR-28
Conditions Imposed	2017-MAR-28
Conditions Imposed	2017-Mar-29
Conditions Imposed-Play suspended APR-13	2017-APR-10
Conditions Imposed	2017-APR-11
Conditions Imposed	2017-APR-13
Conditions Imposed	2017-APR-19
Conditions Imposed	2017-APR-25
Conditions Imposed	2017-MAY-02
Conditions Imposed	2017-MAY-15
Conditions Imposed	2017-MAY-15
Conditions Imposed	2017-MAY-15
Conditions Imposed	2017-MAY-17
Conditions Imposed	2017-MAY-17
Conditions Imposed	2017-MAY-19
Conditions Imposed	2017-MAY-24
Conditions Imposed	2017-JUN-26
Conditions Imposed	2017-JUL-04
Conditions Imposed	2017-JUL-04
Conditions Imposed	2017-JUL-18
Conditions Imposed	2017-JUL-18
Conditions Imposed	2017-JUL-19
Conditions Imposed	2017-JUL-19
Conditions Imposed	2017-JUL-19
Conditions Imposed	2017-JUL-24
Conditions Imposed	2017-JUL-24
Conditions Imposed	2017-JUL-31
Conditions Imposed	2017-AUG-01
Conditions Imposed	2017-AUG-01
Conditions Imposed	2017-AUG-07
Conditions Imposed	2017-AUG-17
Conditions Imposed	2017-AUG-17
Conditions Imposed	2017-AUG-17
Conditions Imposed	2017-AUG-22
Conditions Imposed	2017-AUG-22
Conditions Imposed	2017-SEP-11
Conditions Imposed	2017-SEP-11
Conditions Imposed	2017-SEP-11
Conditions Imposed	2017-SEP-11
Conditions Imposed	2017-SEP-11
Conditions Imposed	2017-SEP-11
Conditions Imposed	2017-SEP-21
Conditions Imposed	26/05/2016
Conditions Imposed	2017-SEP-20
Conditions Imposed	2017-AUG-10
Conditions Imposed	2017-OCT-10
Conditions Imposed	2017-OCT-11
Conditions Imposed	2017-OCT-11
Conditions Imposed	2017-OCT-11
Conditions Imposed	2017-OCT-12
Conditions Imposed	2017-OCT-17
Conditions Imposed	2017-OCT-22
Conditions Imposed	2017-OCT-22
Conditions Imposed	2017-OCT-25
Conditions Imposed	2017-OCT-30
Conditions Imposed	2017-NOV-06
Conditions Imposed	2017-NOV-08
Conditions Imposed	2017-NOV-09
Conditions Imposed	2017-NOV-16
Conditions Imposed	2017-NOV-16
Conditions Imposed	2017-NOV-16
Conditions Imposed	2017-NOV-20
Conditions Imposed	2017-NOV-16
Conditions Imposed	2017-NOV-29
Conditions Imposed	2017-NOV-29
Conditions Imposed	2017-DEC-01
Conditions Imposed	2017-DEC-05
Conditions Imposed	2017-DEC-08
Conditions Imposed	2017-NOV-23
Conditions Imposed	2017-DEC-18
Conditions Imposed	2017-DEC-19
Conditions Imposed	2017-DEC-19
Conditions Imposed -Pending Int	2017DEC-22
Conditions Imposed	2017-dec-27
Conditions Imposed	2017-Dec-27
Conditions Imposed -Pending Int	2017-DEC-29
Conditions Imposed -Pending Int	2017-DEC-29
Conditions Imposed -Pending Int	2017-DEC-28
Conditions Imposed -Pending Int	2018-JAN-03

[illegible]

Sourced Cash Conditions were having an impact as identified in Great Canadian Gaming Corporation (GCGC) financial disclosures.

Appendix - EXHIBIT C - CHART OF GCGC DISCLOSURES

MDA details	Document link	Citation re VIP conditions/financial impacts
<p>Q3 2015</p> <p>Released: Nov 4, 2015</p>	<p>https://gcmgaming.com/wp-content/uploads/GCGC-Q3-2015-MDA-FINAL.pdf</p>	<p>p 8: BCLC Introduced Additional Conditions for Certain VIP Players in British Columbia Late in the third quarter, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase chips. The effect of these conditions is not currently known but will likely lead to a certain amount of reduced play, and therefore revenues, at all BC casinos, especially those that have significant VIP play.</p> <p>p. 16: Recent Developments As discussed in the "Major Developments – British Columbia" section of this MD&A, late in the third quarter, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase chips. The effect of these conditions is not currently known but will likely lead to a certain amount of reduced play, and therefore revenues, at River Rock. The estimated portion of River Rock's revenues generated from the VIP players affected by these additional conditions over the past 12 months is approximately \$20 million.</p>
<p>Q4 2015</p> <p>Released: Mar 9, 2016</p>	<p>https://gcmgaming.com/wp-content/uploads/GCGC-2015-Q4-MDA-FINAL.pdf</p>	<p>p. 18: BCLC Introduced Additional Conditions for Certain VIP Players in British Columbia Late in the third quarter, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase chips. The effect of these conditions is not currently known, but management believes they have caused and will likely lead to a certain amount of reduced play, and therefore revenues, at all BC casinos that have significant VIP play.</p> <p>p. 29: Recent Developments As discussed in the "Major Developments – British Columbia" section of this MD&A, late in the third quarter of 2015, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase chips. The effect of these conditions is not currently known, but management believes they have caused and will likely lead to a certain amount of reduced play, and therefore revenues, at River Rock. The estimated portion of River Rock's revenues generated from the VIP players affected by these additional conditions over the 12 months ended September 30, 2015 was approximately \$20.0. While table drop levels in a period may be affected by changes in player behaviour, such as frequency and duration of visits to the property and changed levels of wagering during such visits, management believes that a significant portion of the decline in River Rock's table drop and gaming revenues during the fourth quarter of 2015 was attributed to these additional conditions required for certain VIP players. In addition, a portion of the decline in gaming revenues in the fourth quarter was due to volatility inherent in table games as evidenced by the 5.3 percentage point decrease in table hold percentage in this year's fourth quarter when compared to the prior year's fourth quarter record 25.0% table hold percentage.</p> <p>p 45:</p>

		<p>Revenues over the past eight quarters have generally trended positively during 2015 and over the prior year comparable periods. The increase in revenues in the fourth quarter of 2015 compared to the third quarter of 2015 was primarily due to the additional revenues contributed by Casino New Brunswick that was acquired on October 1, 2015. This increase was partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop during the fourth quarter of 2015, as a result of additional conditions that BCLC introduced late in the third quarter of 2015 for certain VIP players (refer to the "Major Developments - British Columbia" section of this MD&A). The revenue increase in the third quarter of 2015 compared to the second quarter of 2015 was primarily due to the growth in gaming revenues across most of the Company's properties.</p>
<p>Q1 2016</p> <p>Released: May 9, 2016</p>	<p>https://gqgaming.com/wp-content/uploads/GCGC-Q1-2016-MDA-FINAL.pdf</p>	<p>p. 2: -risk/uncertainty = the impact of new conditions imposed on certain VIP players in British Columbia</p> <p>p. 9: BCLC Introduced Additional Conditions for Certain VIP Players in British Columbia Late in the third quarter of 2015, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase gaming chips. The effect of these conditions is not currently known, but management believes they have caused and will likely lead to a reduction in the amount of gaming chips purchased, corresponding reduction in play and therefore reduced revenues at all BC casinos that have significant VIP play.</p> <p>p. 19: Recent Developments As discussed in the "Major Developments – British Columbia" section of this MD&A, late in the third quarter of 2015, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase gaming chips. The effect of these conditions is not currently known, but management believes they have caused and will likely lead to a reduction in the amount of gaming chips purchased, as well as a corresponding reduction in play and therefore reduced revenues, at our gaming facilities in British Columbia, in particular River Rock. The estimated portion of River Rock's revenues generated from the VIP players affected by these additional conditions over the 12 months ended September 30, 2015 was approximately \$20.0. While table drop levels in a period may be affected by changes in player behaviour, such as frequency and duration of visits to the property and changed levels of wagering during such visits, management believes that a significant portion of the decline in River Rock's table drop and gaming revenues during the first quarter of 2016 was attributed to these additional conditions required for certain VIP players.</p> <p>p.35: These increases were partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop, as a result of additional conditions that BCLC introduced late in the third quarter of 2015 for certain VIP players (refer to the "Major Developments - British Columbia" section of this MD&A).</p>
<p>Q2 2016</p> <p>Released: Aug 10, 2016</p>	<p>https://gqgaming.com/wp-content/uploads/GCGC-Q2-2016-MDA-FINAL.pdf</p>	<p>p. 1: -risk/uncertainty = the impact of new conditions imposed on certain VIP players in British Columbia</p> <p>p. 20:</p>

		<p>The increase in revenues in Q4 2015 compared to Q3 2015 was primarily due to the additional revenues contributed by Casino New Brunswick. These increases were partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop, as a result of additional conditions that BCLC introduced late in Q3 2015 for certain VIP players.</p>
<p>Q3 2016</p> <p>Released: Nov 8, 2016</p>	<p>https://gcgaming.com/wp-content/uploads/GCGC-Q3-2016-MDA-FINAL.pdf</p>	<p>p 13: -risk/uncertainty = the impact of new conditions imposed on certain VIP players in British Columbia</p> <p>p 19: The increase in revenues in Q4 2015 compared to Q3 2015 was primarily due to the additional revenues contributed by Casino New Brunswick. These increases were partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop, as a result of additional conditions that BCLC introduced late in Q3 2015 for certain VIP players.</p>
<p>Q4 2016</p> <p>Released: Mar 7, 2017</p>	<p>https://gcgaming.com/wp-content/uploads/GCGC-Q4-2016-MDA-FINAL-3-6-17-1.pdf</p>	<p>p 13: -risk/uncertainty = the impact of new conditions imposed on certain VIP players in British Columbia</p> <p>p 19: The increase in revenues in Q4 2015 compared to Q3 2015 was primarily due to the additional revenues contributed by Casino New Brunswick. These increases were partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop, as a result of additional conditions that BCLC introduced late in Q3 2015 for certain VIP players.</p> <p>P 21: Recent Developments Late in the third quarter of 2015, BCLC introduced conditions for certain high value table games players in British Columbia casinos that include a requirement to demonstrate the source of their funds. Players in British Columbia have historically relied on cash as the primary way to purchase chips. During the fourth quarter of 2016, BCLC introduced international wire transfers as a method of transferring funds for gaming. Management is continuing to ensure the Company's players understand the options available to them.</p> <p>Overview Revenues at River Rock have been negatively affected since the conditions with respect to cash were introduced late in the third quarter of 2015. The new conditions have mainly impacted the high volume of VIP play from which River Rock has benefited over recent years. The requirements to demonstrate the source of funds has resulted in lower buy ins, reduced average bets, and shorter durations of play. These dynamics led to the average hold rate declining from 20% in 2015 to 17% in 2016. In response to the decline in revenues, management has changed its promotional activities and reduced operating expenses.</p> <p>Revenues River Rock's gaming revenues declined during the twelve months of 2016, when compared to the same period in the prior year, primarily due to a decline in table drop following BCLC's new conditions with respect to cash as well as a 2.6 percentage point decrease in the table hold percentage. The decline in table drop is mainly due to decreased high limit table play volume. Gaming revenues also declined during the fourth quarter of 2016, when compared to the same period in the prior year, primarily due to a 24%</p>

		<p>decrease in table hold. The 5% increase in table drop was more than offset by a 5.4 percentage point decrease in table hold percentage.</p> <p>The decline in table revenues was partially offset by an increase in slot win of 5% and 2% during the twelve and three months ended December 31, 2016, respectively, when compared to the same periods in 2015.</p>
<p>Q1 2017</p> <p>Released: May 8, 2017</p>	https://gcgaming.com/wp-content/uploads/GCGC-Q1-2017-MDA-FINAL.pdf	<p>p 2: - risk/uncertainty = the impact of conditions imposed on certain VIP players in British Columbia</p> <p>- risk/uncertainty = proposed or unanticipated regulatory or policy changes (including those that may impact VIP play)</p> <p>p. 21: The increase in revenues in Q4 2015 compared to Q3 2015 was primarily due to the additional revenues contributed by Casino New Brunswick. These increases were partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop, as a result of additional conditions that BCLC introduced late in Q3 2015 for certain VIP players.</p>
<p>Q2 2017</p> <p>Released: Aug 10, 2017</p>	https://gcgaming.com/wp-content/uploads/GCGC-Q2-2017-MDA-FINAL.pdf	<p>p 2: - risk/uncertainty = the impact of conditions imposed on certain VIP players in British Columbia</p> <p>- risk/uncertainty = proposed or unanticipated regulatory or policy changes (including those that may impact VIP play)</p> <p>p. 21: The increase in revenues in Q4 2015 compared to Q3 2015 was primarily due to the additional revenues contributed by Casino New Brunswick. These increases were partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop, as a result of additional conditions that BCLC introduced late in Q3 2015 for certain VIP players.</p>
<p>Q3 2017</p> <p>Released: Oct 23, 2017</p>	https://gcgaming.com/wp-content/uploads/GCGC-Q3-2017-MDA-FINAL.pdf	<p>p 2: - risk/uncertainty = the impact of conditions imposed on certain VIP players in British Columbia</p> <p>- risk/uncertainty = proposed or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact VIP play)</p>
<p>Q4 2017</p> <p>Released: Mar 6, 2018</p>	https://gcgaming.com/wp-content/uploads/GCGC-Q4-2017-MDA-FINAL.pdf	<p>p 2: - risk/uncertainty = the impact of conditions imposed on certain VIP players in British Columbia</p> <p>- risk/uncertainty = proposed or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact VIP play)</p>

2. German report states: "Whether intended or not, the net effect is that there would be no paper trail in iTRAK..." (paragraph 646)

BCLC Clarification: There were already comprehensive records entered into iTrak on each of these players including full particulars on their identity, date of birth address, residence, occupation as well as documentation on the concerning transactions including suspicious transaction reports. In addition, the letter quoted and list were retained and formed part of BCLC's records in relation to these players and their transactions.

3. Reference to CEO Comments (paragraph 554)

BCLC supports the need for increased criminal enforcement and police action within casinos. The comments made by Jim Lightbody, President & CEO referencing "reservations about the police being involved in criminal enforcement within the casinos as it may 'muddy' the role of GPEB" were intended to convey BCLC's strong belief that greater role clarity and accountability is needed prior to increasing the number of agencies dedicated to enforcement at casinos. Dr. German's recommendation to create a Dedicated Policing Unit addresses this concern.

4. SAS Financials (paragraphs 717, 718)

Dr. German's report notes that BCLC acquired SAS for AML as a result of *POCMLTFA* regulation changes in 2013 requiring entities, including BCLC, to apply enhanced Customer Due Diligence requirements on its patrons. It also notes that BCLC reached out to financial institutions in search of a system and that BCLC was the first in the gambling industry to engage SAS for AML services.

BCLC's engagement with SAS for the AML project was a commercial arrangement with both parties assuming certain responsibilities under the contract.

Project budget and costs

BCLC approved the business case for the project with a budget of \$7.4 million including internal and external costs. The actual total cost of the project was \$7,294,756. The total paid to SAS within the project was \$4,560,723. This is the same amount that SAS indicated in its March 8, 2018 memo to Dr. German that it was paid by BCLC in relation to the project.

BCLC's final payment to SAS for the SAS AML project was on May 19, 2016 for \$29,446.48. BCLC has not and will not incur further expense with respect to the SAS AML software project.

The detailed project cost breakdown is contained in Exhibit D.

Appendix 5 - EXHIBIT D

Category	Total Amount	Notes
BCLC professional services	\$2,171,165	BCLC contract resources (PM/IT Lead/Business Analyst/Developers/Testers)
Hardware	\$253,088	Servers, storage, etc
Internal Labour	\$308,171	BCLC internal Employee costs
Other	\$ 1,609	Misc expenses
SAS Professional Services	\$1,581,057	SAS contractors/resources
SAS Professional Services – Travel	\$149,576	SAS travel
SAS Software License	\$2,721,570	SAS - Business Intelligence & AML
SAS Professional Services – Training	\$108,520	SAS Training
TOTAL	\$7,294,756	

This is Exhibit " 132 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

To: ALL- Senior Executive[Personal information]
From: Jim D. Lightbody
Sent: Thur 19/04/2018 2:28:06 PM
Subject: FW: BCLC - Response Letter from Board Chair
[2018.04.18 - a - Letter to Minister Eby - Response to German Report.pdf](#)
[2018.04.18 - b - Attachment to Minister Eby Letter - Appendices 1-5.pdf](#)

FYI. Thank you to all of you who helped put this together.

From: Suzanne Rowley
Sent: Wednesday, April 18, 2018 5:33 PM
To: 'Richard.Fyfe@[Personal information]';
Cc: Jim D. Lightbody <[Personal information]>; 'Bud Smith' ([Personal information]);
 [Personal information]; Andrew Brown ([Personal information]); 'Wendy Lisogar-
 Cocchia' <[Personal information]>; 'Doug Scott' [Personal information]
Subject: BCLC - Response Letter from Board Chair

Dear Mr. Fyfe,

On behalf of Bud Smith, Chair, BCLC's Board of Directors, please find attached response letter to the report by Peter German.

Kind regards,
Suzanne.

Suzanne Rowley

Assistant Corporate Secretary/EA
President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

[Personal information]

[bclc.com](#)

This is Exhibit " 133 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Executive Corner / All-Employee Email**Stepping up our AML commitment****Source: Jim Lightbody, President & CEO**

As you know, I have never shied away from confronting a problem, and turning it into an opportunity.

You may have heard, today Minister David Eby released Dr. Peter German's independent review of B.C.'s anti-money laundering policies and practices in Lower Mainland casinos. Now that BCLC has received Dr. German's final report and recommendations, we are poised to work collaboratively with the Gaming Policy and Enforcement Branch and law enforcement to help the Province combat organized crime.

BCLC will fully support Government's direction on recommendations in Dr. German's report, which provides an important road map for the multiple organizations involved in combatting money laundering in B.C. I firmly believe that the report's call for greater clarity of roles and responsibilities, a stronger regulator and dedicated law enforcement will create a collective force with the strength to keep casinos safe and sustainable.

On a personal level, I continue to be outraged and frustrated that criminals have developed such insidious ways to target our casinos and our players in their attempts to launder dirty money.

I also recognize that, after reviewing Dr. German's report, many people may ask, *could BCLC have done better?* Here is what I know: BCLC and its employees recognized the threat of money laundering in our casinos, and took action to report information to authorities and evolve our program in the context of the information available at the time and the system within which we were working.

I am very proud of how our organization has proactively responded to this threat and especially proud of the resilience of our people and continued commitment to doing the right thing throughout the course of this review.

Based on direction from Government, BCLC will develop a robust response plan to implement the recommendations within our scope of authority, and in a swift and effective manner. I promise to keep you informed and up to date every step of the way.

It is important for me to recognize Dr. German, whose work has broadened and deepened our understanding of the true threat posed by organized crime, not just to our casinos, but also to the people of British Columbia, our communities and other critical areas of our economy. Dr. German rightly identifies gaming as integral part of the province and a vital industry and, as the organization entrusted to manage this business, I pledge to you all that I am committed to protecting our business and industry.

This is an important opportunity for our company, and the road ahead will require determination, hard work, and most importantly, collaboration. Our culture sets us up to embrace this opportunity and I know the industry will be stronger because of this collective effort.

In times like this, it is easy to focus on problems and lose sight of the opportunities. I urge you to see the opportunity in front of us: a chance to improve further our anti-money laundering program, help the Province root out criminals from our casinos and communities, and strengthen our business.

This is Exhibit " 134 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**Peter German AML Review
Release of Report and Recommendations
DRAFT – DRAFT – DRAFT**

June 22, 2018

COMMUNICATIONS CONTEXT

- The Minister has been driving the public/media messaging regarding the Dr. Peter German review since its inception.
- BCLC has strategically focused on a government-relations approach thus far, given Government's ownership of the review and due to the number of FOIs and other information sharing.
- BCLC has maintained transparent communications: proactively (Information Bulletins, web updates) and reactively (media requests).
- The German report is 247 pages and is Minister Eby's to release – he will continue to own the messaging and communication about next steps.
- BCLC has identified four phases with the report: Orientation, Analysis, Advice and Action:
 - Orientation: Government will share an embargoed draft copy with GPEB, BCLC and potentially other stakeholders.
COMPLETE
 - Analysis: BCLC will review the report and determine what if any business risks exist in the content/recommendations.
COMPLETE
 - Advice: BCLC to provide its own perspective on the report and recommendations, which will become a matter of public record.
COMPLETE
 - Action: Minister Eby Dr. German release the final report to media/public.
June 27, 2018 – a.m.
- The Minister has owned the public communication about the report and this will continue through its release. However, media may contact BCLC for comment or request clarification from BCLC regarding the contents of the report.

AUDIENCES

Internal:

- Executive Team
- All staff (Kamloops, Vancouver)
- Consumer Services
- Field staff (RMs/TMs)

External:

- General Public
- Players
- Media
- Service Providers
- BCGIA
- Host Local Governments
- Retailers
- Provincial Government stakeholders (GPEB, GCPE, MO)
- Industry groups (i.e. Canadian Gaming Association)

STRATEGIES, TOOLS AND TACTICS: THREE-PHASED

PHASE 1: IMMEDIATE RESPONSE TO THE REPORT – WEEK ONE

OBJECTIVES:

1. Demonstrate BCLC's support for government's message, commitment to being accountable, taking action and being part of the solution against those who are targeting our business and the province.
2. Demonstrate BCLC's willingness to enact concrete changes to safeguard our industry and re-build public trust.

NARRATIVE/ KEY MESSAGES:

REPORT

- BCLC will fully support Government's direction related to Dr. German's recommendations, which we believe provide an important road map for the multiple organizations involved in combatting money laundering in this province.
- BCLC will work to implement recommendations within our scope of authority and as directed by the Government of B.C.
- BCLC supports the review's focus on providing greater clarity of roles and responsibilities, a stronger regulator and dedicated law enforcement to create a collective force that ensures B.C. casinos are safe and sustainable.
- BCLC is confident that this approach is key to addressing what Dr. German calls a "collective system failure."
- BCLC will continue to evolve the ways in which we address the threat of money laundering and criminals who target our business. We are steadfast in our commitment to be part of the solution.

- Dr. German rightly identifies gaming as integral part of the province and a vital industry. As the organization entrusted to manage this business, BCLC is committed to protecting not only our industry, but also the people and communities of British Columbia.

BCLC ROLE

- BCLC is trusted to conduct and manage commercial gambling in B.C. The public and our customers count on us to operate with the highest levels of integrity and social responsibility.
- We will continue to evolve our policies and practices to safeguard better our industry from the criminal element that is threatening our integrity.
- BCLC is one part of the overall anti-money laundering regime, which includes Service Providers, GPEB, FINTRAC and law enforcement.
- We will take action as quickly as possible, working with our law enforcement, regulator and service provider partners, to strengthen our business so that it is safe, strong and sustainable.

(Additional – Internal audience only)

- Resilient, high performing companies like ours embrace opportunities to take a deep dive into our operations, find areas for improvement and raise the bar for our business. Stay positive and focused on our future.
- The Peter German Review Report made 48 recommendations, and we will work to implement those within our scope of authority and as directed by the Government of B.C., while extending our full cooperation and support to the Province and other organizations also working on this insidious issue.
- We recognize the commitment of our employees working hard to ensure the effectiveness of our anti-money laundering programs. Thank you for your dedication throughout the years, the review period – and for your continued support moving forward.
- There are varying opinions on the effectiveness of actions taken by BCLC to address concerns about money laundering. What is fact is that BCLC and its employees recognized the threat of money laundering and took action to evolve our program in the context of the information available at the time, and the anti-money laundering system within which we were working.

TACTICS:

1. COMMUNICATE PROACTIVELY IN ORDER TO DEMONSTRATE COMMITMENT

- The Minister commissioned the German review, and the report is his to release. Government will consider the report and determine action in regards to its recommendations.
- In order to ensure a coordinated response with Government, BCLC will issue a statement response to the report, following its release by the Minister.

- BCLC will proactively disseminate the statement to B.C.-wide media and post it to bclc.com, along with links to BCLC's formal response package to Government.
- The statement will include a quote attributable to BCLC President and CEO, Jim Lightbody, to demonstrate BCLC's commitment to accountability on this issue.
- Given Government's ownership of the report and next steps, BCLC will reactively respond to media requests, with BCLC Media Relations providing specific information, as requested, on background only.
- In the weeks following Government's release of the report and once BCLC has received direction from Government regarding next steps, BCLC will consider proactive media opportunities that align with overall objectives noted above.

2. KEEP EMPLOYEES INFORMED IN ORDER TO ENSURE THEIR UNDERSTANDING AND GAIN THEIR SUPPORT IN THE WORK AHEAD

- Following the Minister's release of the German report, BCLC will issue an all-employee email via the CEO, which will include a link to the statement response and supporting materials. The CEO email will be on YAK as an Executive Corner.
- To ensure targeted, proactive and relevant internal communications, relevant BCLC Executives (LCS and others as determined by VPs) will hold divisional meetings with staff to discuss the German report, BCLC's response and next steps.
- Key messages will ensure and support a consistent response across the organization.
- Given the report's particular relevance and potential impact to the Legal, Compliance and Security Division, BCLC's CEO will support the Vice President for its divisional meeting.

3. INFORM, ENGAGE AND LEVERAGE OUR BUSINESS PARTNERS SO THAT THE INDUSTRY IS ALIGNED

Industry Outreach

- Meet with Service Providers & BCGIA (in advance) to review communications approaches to Government's release of the German review
- Shared Key messages with SPs and BCGIA
- Email to other jurisdictions day-of with the report link and BCLC statement & KMs

4. BE PREPARED TO RESPOND TO PLAYERS AND THE PUBLIC

- Key messages and QA for Customer Support, Casino Ops, Security and GameSense team leads, Executive

- Player-friendly web content – work in conjunction with Casino Operations and Casino Marketing to ensure consistent messaging across all channels (share with Service Providers)
- Social media – monitor
- Letter to Lower Mainland Host Local Governments from BCLC CEO

REQUIRED MATERIALS:

- BCLC statement
- Employee KMs and Q&A (for VP-led divisional meetings)
- External Q&A (to support player/public communications via CSC, TMs, MBOs, etc.)
- All-employee email
- Executive Corner (email)
- Letter to Lower Mainland Host Local Governments (from CEO)
- Email to jurisdictions (from CEO)

PHASE 2: DEMONSTRATING OUR COMMITMENT – SHORT TERM

OBJECTIVES:

1. Demonstrate BCLC's commitment to safeguarding our casinos.
2. Ensure timely, open communications regarding specific actions to improve BCLC's anti-money laundering policies and practices.
3. Rebuild trust and understanding of BCLC's conduct of gambling in B.C., including our role and responsibilities as part of a broader, collaborative anti-money laundering regime.

KEY MESSAGES / NARRATIVE:

- *Continuation of Phase 1 messages*

1. PROACTIVE COMMUNICATIONS REGARDING OUR PROGRESS AND COMMITMENT IN ORDER TO HELP RE-BUILD TRUST

Proactive Media Materials / Updates

- Information Bulletin (IB) and outreach to reporters at key landmarks, that are public facing/impact players including:
 - Announcement of BCLC action plan in response to Government direction on German recommendations
 - Significant policy changes arising from review recommendations
- Consider proactive media opportunities for BCLC CEO
- Provide quarterly updates on BCLC's progress to government & the public
- Third-party statement/validator opportunities (BCGIA, Canadian Gaming Association, Service Providers)

2. KEEP OUR COMMUNITIES & HOST LOCAL GOVERNMENTS INFORMED IN ORDER TO REBUILD TRUST, ENSURE DIALOGUE AND GAIN UNDERSTANDING OF THEIR CONCERNS

Host Local Government Outreach

- Letter from CEO to Lower Mainland HLGs with BCLC action plan response to review recommendations
- One-on-one meetings, as required
- Council delegations, as required (recommended: Richmond, Burnaby, Kamloops)

Community Engagement (6-8 weeks from release of report)

- Secure CEO speaking opportunities re: community impacts of gambling in B.C. with a future-facing narrative focus on the integrity of our industry (Chamber events, Greater Vancouver Board of Trade)
- Increased CEO involvement in BCLC community outreach program / speaking opportunities

3. INFORM, ENGAGE AND LEVERAGE OUR BUSINESS PARTNERS

Service Provider Outreach (1-4 weeks from release and as-needed)

- Letter to Service Providers with BCLC action plan response to review recommendations
- Policy directives with consistent messaging
- One-on-one meetings, as required.

Industry Outreach (2-6 weeks from release)

- Third-party article or op-ed submission to security industry publications

- Speaking opportunities at industry events for third-party experts who can validate BCLC's AML regime

4. **MAINTAIN A PROACTIVE, POSITIVE AND TRANSPARENT APPROACH WITH PLAYERS TO ENSURE THEY UNDERSTAND THE REPORT AND CHANGES IN FACILITIES**

- Player-friendly web content – work in conjunction with Casino Operations and Casino Marketing to ensure consistent messaging across all channels (share with SPs)
- Social media, as needed
- Ongoing feedback from front line staff to ensure KMs and QAs are responsive to current questions/sentiment.

5. **KEEP EMPLOYEES INFORMED**

- YAK content
- Manger huddles
- Executive Corners, as required

PHASE 3: RECOVERY & RENEWAL – LONG TERM

OBJECTIVES:

1. Rebuild trust and understanding of BCLC's conduct of gambling in B.C., including our role and responsibilities as part of a broader, collaborative anti-money laundering regime
2. Communicate to our players in a friendly, proactive tone that demonstrates focus on safeguarding our business

KEY MESSAGES:

TBD

1. **DEVELOP A PROGRAM TO DEMONSTRATE BCLC'S COMMITMENT TO INTEGRITY AND SAFEGUARDING OUR BUSINESS, LEVERAGING THE FRIENDLY FAIRNESS BRAND PILLAR**

- Leverage our implementation of the report recommendations by developing a BCLC external facing program (i.e. Player First and GameSense) that serves as an umbrella for the suite initiatives and actions BCLC has taken and will take to address AML and security of our facilities, offerings and players.
- Ensure friendly, proactive tone that focuses on safeguarding our business.

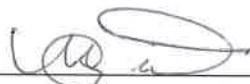
2. CHANGE THE CHANNEL

- Late July – Play It Forward campaign commences to share community-based stories through paid, earned and social media regarding positive impacts of the gaming industry (B.C.-wide)
- Ongoing Community Engagement program / storytelling
- Ongoing focus on proactive media/storytelling opportunities about various positive impacts of BCLC and the industry

METRICS

- Engage BI to assist with public perception measurements to drive strategy development in short and long term.
- Analyze and measure tone of media coverage during and following report release.

This is Exhibit " 135 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Q&A, KEY MESSAGES – German Report

Key Messages

- BCLC will work with Government on recommendations within Dr. German's report, which provides an important road map for the multiple organizations involved in combatting money laundering in British Columbia.
- BCLC will provide regular updates on the actions it takes on recommendations within its scope of authority.
- BCLC will work in collaboration with service providers, law enforcement and regulators to keep B.C. casinos safe.
- Dr. German identifies gaming as integral part of the province and a vital industry. As the organization entrusted to manage this business, BCLC is committed to safeguarding its business alongside industry and government partners, for the benefit of all British Columbians.

Q&A**Action****1. Will BCLC implement all of Dr. Peter German's recommendations?**

BCLC will work with Government on recommendations contained within Dr. German's report, which provides an important road map for the multiple organizations involved in combatting money laundering in British Columbia.

BCLC will provide regular updates on the actions it takes on recommendations within its scope of authority.

2. What will BCLC implement first?

BCLC will work with Government on recommendations contained within Dr. German's report, including potential implementation timelines.

BCLC will provide regular updates on the actions it takes on recommendations within its scope of authority.

Accountability

3. CEO Do you admit that money laundering was occurring in B.C. casinos?

We now know that organized crime was lending dirty money to high net-worth individuals to spend in casinos and on real estate and luxury vehicles as part of a complex money-laundering scheme.

Our focus was on Knowing Your Customer and that our customers had the wealth to play at the levels they were spending. When we found out the source of the funds that our customers were using was from illicit sources – we said no, and told these customers they could not bring in cash.

Dr. German's report provides an important road map for the multiple organizations involved in combatting money laundering in B.C. and we are committed to being part of the solution.

4. When did BCLC acknowledge that money laundering was happening?

Dr. German's report has broadened and deepened our collective understanding of the threat posed by organized crime, not just to our casinos, but also to the people of British Columbia, our communities and other critical areas of our economy.

BCLC and its employees recognize the risk that money laundering poses to casinos, and have continued to take action to increase controls as new threats emerged.

5. Why did it take Dr. German's review for BCLC to act?

Dr. German's report has broadened and deepened our collective understanding of the threat posed by organized crime.

BCLC and its employees recognize the risk that money laundering poses to casinos, took action and continue to take action to increase controls as new threats emerged.

6. Who is accountable for money laundering in B.C. casinos?

The reality of money laundering, as Dr. German's has outlined, is the result of a system that did not keep up with the criminal element. No single person or entity is responsible for this issue – in fact, Dr. German called it a "collective system failure."

BCLC, gaming service providers, GPEB, FINTRAC and law enforcement are all part of the system to keep dirty money out of casinos.

BCLC will work in collaboration with service providers, law enforcement and its regulator to keep B.C. dirty money out of casinos.

7. CEO Why have you been silent on this issue for months now?

As CEO, I was careful to consider public/media statements during the review period in order to ensure the integrity of the independent review underway.

BCLC fully cooperated with Dr. German as part of his independent review, including offering interviews, records and site visits as requested. BCLC continues to be committed to transparency through timely information sharing with media and the public.

8. CEO Do you take responsibility for what has happened? Why did you not do more?

The reality of money laundering, as Dr. German has outlined, is the result of a system that did not keep up with the criminal element. In fact, Dr. German called it a “collective system failure.”

As part of the system, I take responsibility as the CEO of BCLC to do more and do better to keep dirty money out of casinos.

We are poised to implement the direction set out by Attorney General David Eby to safeguard our business alongside our industry and government partners, for the benefit of all British Columbians

9. CEO Will you resign?

No. I have an important job to do. I am poised to lead BCLC in implementing Government's direction on recommendations contained within Dr. German's report, and will work in lockstep with the Province, BCLC's Board of Directors, GPEB, our service providers and industry partners to keep B.C. casinos safe.

10. CEO BCLC's VP of Security used to work for Great Canadian and is alleged to have said in the past that money laundering does not occur in casinos there. Are you confident that you have the best person for this role?

Yes. BCLC and its employees, including our Chief Compliance Officer and Vice President of Legal, Compliance and Security, have a detailed understanding of the money laundering threats to casinos and are committed to continually updating and improving our anti-money laundering controls.

Their work is subject to independent review every year by either FINTRAC or a nationally recognized audit firm with expertise in the anti-money laundering field.

Our Chief Compliance Officer is the most qualified person you could ask for in this role. He is a former police officer, a lawyer, one of the driving forces in setting up our Civil Forfeiture program while in government, and a published author of a book on anti-money laundering.

11. CEO Was it not a conflict of interest to have an ex Great Canadian employee in the VP of Security role?

As part of BCLC's Standards of Ethical Business Conduct, all employees and contractors are required to disclose any actual or perceived conflicts of interest – including any previous or current involvement in the gaming industry, in any capacity.

Any direct or indirect interest in a gaming service provider must be disclosed to the Gaming Policy and Enforcement Branch (GPEB) as part of its registration process, which is a requirement of employment with BCLC.

12. Does this issue affect BCLC's social license to operate? How has this affected your staff?

Working at a socially responsible organization that balances growth with sustainability is what motivates our employees.

Responsibility and integrity are part of our organization's DNA – that will not change.

13. CEO In a February 2015 Victoria Times Colonist interview, you spoke about BCLC's strategy to attract high rollers from China and noted, "So they do come in with bags full of money for their buy-ins." How do you justify attracting these players with bags full of cash, given concerns regarding money laundering in B.C. casinos?

Prior to 2015, our focus was on Knowing Your Customer and that our customers had the wealth to play at the levels they were spending. When we found out the source of the funds that our customers were using was from illicit sources – we said no, and told these customers they could not bring in cash. Knowing what we know now, we should have focused earlier on the origin of players' cash.

We did this beginning in April 2015, when we learned of questionable sources of the cash and started interviewing certain players to determine where their cash came from. If a player was unable to prove legitimate source of funds, BCLC placed the player on sourced-cash conditions or even barred them from gambling at our facilities. This was instrumental in drastically reducing suspicious cash transactions from their peak at \$27 million in July 2015 to \$370,000 in April 2018 (98 per cent decrease).

REPORT & RECOMMENDATIONS

14. What is your reaction to a Crown regulator with an independent board?

BCLC will work with Government on recommendations contained within the report. Our priority is to work in collaboration with service providers, law enforcement and our regulator to keep B.C. casinos safe.

15. Will there be revenue loss at the cost of new AML measures? How will BCLC address the revenue loss?

To date, BCLC has not experienced a financial impact from Dr. German's interim recommendation regarding source-of-funds declarations for cash buy-ins of \$10,000 or more. At this stage, we do not anticipate any substantial financial impacts from Dr. German's subsequent recommendations.

16. CEO Dr. German's report indicates a frustrated relationship between BCLC and GPEB. How would you describe it, and what needs to change?

B.C.'s Gaming Control Act legislation, introduced in 2002, is ambiguous regarding roles and responsibilities of BCLC and our regulator. As such, I agree with Dr. German's characterization of

a “strained” relationship between BCLC and GPEB.

With Dr. German’s recommended legislation amendments to delineate roles more clearly, BCLC and GPEB can work together more effectively to keep B.C. casinos safe.

17. Has BCLC ever intended to counsel its customers on how to launder money through casinos?

No. As part of its due diligence, BCLC flags players exhibiting suspicious behavior and, where warranted, may place them on certain conditions in order to mitigate the risk of dirty money entering our casinos.

As per regulatory reporting requirements, BCLC maintains certain records/information on these players that include full particulars on their identity, date of birth address, residence, occupation as well as documentation on the concerning transactions including suspicious transaction reports.

18. If BCLC is not an investigative agency, why did it undertake an undercover operation at Money Services Businesses?

To our knowledge, we have not engaged in undercover operations, as we understand the definition of such operations. BCLC did its due diligence to gather information to confirm the legitimacy of some Money Service Businesses, used by certain players. Our intention was to mitigate the risk of potential money-laundering activity associated with money received from these businesses and used in our casinos.

However, we will ensure that we do not engage in undercover activity.

19. Why did BCLC focus so much on cash alternatives, when evidence showed that it was a ‘failed strategy’?

BCLC’s cash-alternative initiatives aim to reduce the amount of cash entering B.C. casinos and, as a result, reduce the risk of proceeds of crime used at casinos.

In addition, cash alternatives like bank drafts create clear audit trails for police and other agencies to follow – something that does not exist when only cash is used. The implementation of cash alternatives succeeded in meeting these objectives.

Non-payment cash options are one component of BCLC’s comprehensive set of anti-money laundering controls. Dr. German’s recommendations will assist and guide BCLC’s efforts to continue to improve its anti-money laundering program.

20. Regarding the FINTRAC penalty, why did BCLC spend so much time/money fighting the fine?

The Federal Court of Canada allowed BCLC’s appeal and set aside FINTRAC’s findings as well as the administrative monetary penalty.

Reporting entities like banks and BCLC have important procedural rights under the law so that when concerns arise regarding potential mistakes, there is an opportunity to have concerns about errors independently reviewed.

21. How much money did BCLC spend fighting the FINTRAC penalty?

The legal advice that BCLC received in relation to this matter and the fees associated to that advice are a matter of solicitor-client privilege, which BCLC is not disclosing as a result.

22. Why does BCLC not have AML investigators on evenings/weekends?

BCLC has an AML investigator who is available on evenings and weekends to respond to potential money-laundering concerns.

BCLC will work with Government on recommendations contained within the report. Our priority is to work in collaboration with service providers, law enforcement and our regulator to keep B.C. casinos safe.

23. Why does BCLC file with FINTRAC and not SPs directly?

This is not a matter within BCLC's control. The federal legislation governing reporting in relation to money laundering specifically states that BCLC is responsible for providing prescribed reports to FINTRAC.

24. Why did BCLC continue to invest millions in failed AML software?

BCLC initiated a project to enhance its business intelligence by acquiring an enterprise version of the SAS Business Intelligence solution. At the same time, it acquired the SAS anti-money laundering solution, which is used by three of the five major banks in Canada. While SAS Business Intelligence performs well, the vendor was unable to adapt satisfactorily the anti-money laundering solution from the banking environment to the gaming environment.

BCLC utilizes a number of anti-money laundering software solutions that now provide much of the same advanced capabilities that BCLC was anticipating from SAS.

25. Will BCLC invest more money in SAS?

BCLC has not incurred, and will not incur, further expenses with respect to the anti-money laundering portion of the SAS software.

26. Does it surprise or disturb you, given the seriousness of the allegations, how long you have known about them and the threat to the integrity of BC casinos, that no criminal prosecutions have taken place?

BCLC is not a police agency or a regulator. We are not in the position, and do not have the information required, to comment on justice system outcomes from a position of knowledge.

27. Hockey bags of cash are not a new thing – media have been reporting on this for years. Why has this never set off alarms?

Combatting money laundering has always been a top priority for BCLC. Along with our service providers, we have taken many steps over many years to keep dirty money and the people behind it out of our casinos. This includes reporting of all suspicious transactions to FINTRAC and police.

BCLC will work with Government on recommendations contained within the report. Our priority is to work in collaboration with service providers, law enforcement and our regulator to keep B.C. casinos safe.

28. How much does BCLC spend on its anti-money laundering program?

Presently, BCLC employs approximately 12 staff dedicated to its anti-money laundering program and 22 staff dedicated to its investigations unit, which, combined, operate on a budget of about \$3.8 million, and are part of a broader security and compliance regime.

Q&A – BCLC EMPLOYEES ONLY

29. Dr. German recommends an independent regulator that will have AML as part of its responsibility. He also recommends a dedicated policing unit. How will this change impact jobs at BCLC?

We do not expect any changes in staffing at BCLC. Should government decide to implement this recommendation exactly as written, it will take time for a new regulator to be established. BCLC will continue doing what we are doing. Even once the new regulator is in place there will be a need for analysis and reporting work and subject-matter expertise to continue to protect casinos from money laundering threats.

30. The report recommends that service providers be responsible for reporting to FINTRAC, rather than BCLC. How does this affect BCLC staff?

There may be some process shifts in reporting procedures; however, we do not anticipate major impacts to BCLC staff.

The federal legislation governing reporting in relation to money laundering specifically states that BCLC is responsible for providing prescribed reports to FINTRAC. Currently, service providers already complete large-cash transaction (LCT) reports and casino disbursement reports (CDR) to FINTRAC on behalf of BCLC, utilizing BCLC systems.

BCLC will review current suspicious transaction reporting in response to the German recommendation. BCLC oversight of reporting will remain in place as long as the federal legislation remains in its current form.

31. Dr. German has recommended that cash alternatives become the responsibility of service providers. How will that affect BCLC?

Pending Government direction on this recommendation, service providers will need to determine what type of alternatives they want to use – and these will be subject to BCLC approval.

32. Dr. German asks that BCLC stop engaging in undercover operations, except with GPEB and police. Were we doing this? What are the instances?

To our knowledge, we have not engaged in undercover operations, as we understand the definition of such operations. BCLC did its due diligence to gather information to confirm the legitimacy of some Money Service Businesses, used by certain players. Our intention was to mitigate the risk of potential money-laundering activity associated with money received from these businesses and used in our casinos.

However, we will ensure that we do not engage in undercover activity.

33. What can I tell people about the SAS project?

We started using the business intelligence functions of SAS in early 2016 as part of our overall business-intelligence toolkit.

In 2014, FINTRAC introduced new regulations for reporting entities including the obligation to perform ongoing monitoring for specific customers with whom the entity has a business relationship. BCLC is now responsible for monitoring approximately 18,000 customers on an on-going basis. That number is increasing by roughly 300 each month.

In order to meet these new regulatory obligations, BCLC initiated a project to acquire an enterprise version of the SAS for enterprise business analytics and at the same time acquire the SAS AML solution, used by three of the five big banks, to automate some of the monitoring requirement. While SAS BI performs well, the vendor was unable to adapt satisfactorily the AML solution from the banking environment to the gaming environment.

With the SAS AML solution not able to deliver as promised, BCLC has worked with advances in existing AML software solutions and systems to provide BCLC with additional due diligence capabilities that BCLC was anticipating from the SAS AML solution.

BCLC will incur no further expenses from SAS with respect to the AML portion of the SAS software

34. Dr. German recommends that BCLC establish a chip tracking system. What type of system do you expect we'll use?

BCLC will work with Government to consider recommendations contained within Dr. German's report and we may consider several options for a chip-tracking system.

This is Exhibit " 136 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

BCLC Statement on Dr. Peter German Report

Vancouver, B.C., June 27, 2018 – BCLC has received Dr. Peter German's final report from his independent review of B.C.'s anti-money laundering policies and practices in Lower Mainland casinos. Dr. German was appointed as an independent expert by Attorney General and Minister Responsible for BCLC, David Eby.

"Dr. German's report provides an important road map for the multiple organizations involved in combatting money laundering in British Columbia," said Peter Kappel, BCLC Board Chair. "BCLC will work with Government on recommendations contained within the report, and I am confident in the organization's steadfast commitment to be a part of the solution."

BCLC will work in collaboration with service providers, law enforcement and regulators to keep dirty money out of B.C. casinos.

"I would like to thank Dr. Peter German, whose work has broadened and deepened our understanding of how the multiple agencies involved in combatting organized crime can improve," said Jim Lightbody, President and CEO, BCLC. "We are poised to implement the direction set out by Attorney General David Eby to keep dirty money out of casinos alongside our industry, government and law enforcement partners. We can all do better for the benefit of British Columbians."

BCLC will provide regular updates on the actions it takes on recommendations within its scope of authority.

-30-

Media Assets:


- [[HYPERLINK "http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=anti-money%20laundering"](http://corporate.bclc.com/who-we-are/corporate-reports/corporate-reports-search.html?filter_category=anti-money%20laundering)]
- [[HYPERLINK "http://corporate.bclc.com/media-centre/bclc-news/news-search/news-management/bclc-expands-source-of-funds-procedures-in-bc-gambling-facilities.html"](http://corporate.bclc.com/media-centre/bclc-news/news-search/news-management/bclc-expands-source-of-funds-procedures-in-bc-gambling-facilities.html)]

For more information:

BCLC Media Relations
604-225-6460

[[HYPERLINK "mailto:mediarelations@bclc.com"](mailto:mediarelations@bclc.com)]

This is Exhibit " 137 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Kim M. Bruce - Government of BC (Personal information [REDACTED])
Cc: Rob Kroeker (Personal information [REDACTED]); John Mazure (Personal information [REDACTED]); Suzanne Rowley (Personal information [REDACTED])
From: Jim D. Lightbody
Sent: Tue 19/12/2017 10:28:52 PM
Subject: FW: German Recommendation #1 - Source of Funds Declaration
[Scan 20171215.pdf](#)

Kim;

I am sending this to you via email in order to attend to this in the quickest fashion. While we still maintain that BCLC has authority under the Gaming Control Act to implement this recommendation as it pertains to the handling of money, we are willing to work with you on this. As I stated in my letter last week, our concern is that we delay implementing a recommendation by Peter German aimed at strengthening our AML regime in BC Casinos. I urge you to deal with this as quickly and responsibly as possible.

Below are the answers to GPEB's questions as you provided to us on Friday. I trust you will understand them, however if you don't, I would ask two things to move this forward without delay:

- 1) Identify the specific questions or comments whereby GPEB asserts BCLC cannot move forward with implementing the recommendation until you are satisfied;
- 2) Contact Rob Kroeker directly if you need to clarify any of the answers.

Kim, we appreciate the role of GPEB and have always maintained we need a well-coordinated approach with clear roles and responsibilities to manage gaming in this province, including our AML regime. I hope you appreciate we are trying to work with you here in order to follow the direction from the Minister to implement the two initial Peter German recommendations as quickly as is practicable and further strengthen our AML program in BC. If you would like to discuss further, please feel free to contact me directly at 250-828-5650.

Sincerely,
 Jim

From: Rob Kroeker
Sent: Tuesday, December 19, 2017 8:00 AM
To: Jim D. Lightbody <(Personal information [REDACTED])>
Cc: Suzanne Rowley (Personal information [REDACTED]); Brad Desmarais (Personal information [REDACTED])
Subject: FW: German Recommendation #1 - Source of Funds Declaration

Good morning Jim

Below are the responses to the questions in the order in which Kim lists them in her letter. They did not number their questions, but I numbered the responses for ease of reference on our side.

Let me know if you require anything additional.

Rob

1. Yes, as per legislative requirements already in place under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act customer due diligence (CDD) will be completed in all instances which includes the collection of the information listed.
2. Yes, a duly registered gaming worker assigned to and familiar with cage policies and procedures.
3. Yes.

4. It is the registered gaming workers' duty and obligation to request and ensure the information is accurately recorded. This puts their registration and employment on the line. This is where the greatest level of control can be asserted. In addition as was outlined in the covering memo, BCLC, as soon as is practicable, wants to move from a paper form scanned into its data system to entering the data directly into its' systems. This will allow for much more sophisticated analytics and transaction monitoring around SoF and RM. Requiring customer signature will create a substantial barrier to this control improvement for no practical gain. If a registered gaming worker were to make errors in the recording of key information it would be treated the same as today with all other AML requirements: the SP will be required to take corrective action in the case of mistakes; falsely certifying a document would be seen by BCLC as a serious integrity issue and would be referred to GPEB for review and action as they see fit.
5. New customer means a new customer in the context of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and an AML regime – one who has not completed a transaction that is reportable or for whom BCLC is required to ascertain identity.
6. Yes – these procedures are already in place for all other reporting requirements. Linkage occurs via customer ID # and incident reporting.
7. Yes.
8. No. The funds must be sourced. A "receipt" will not be required for verified win funds paid out prior, but the prior verified win amount will have to be confirmed by the SP or the funds refused – as per existing policy.
9. Yes.
10. Yes. Receipts must relate to the cash being proffered.
11. As per existing procedure, receipts are scanned into the BCLC data system. Originals provided by the player are retained by the SP.
12. Cage from the receiving SP confirms with cage from SP who paid out or BCLC investigator – as per existing procedure.
13. To receive a verified win payout, a SP must confirm the verified win payout is consistent with the buy-in funds being proffered before accepting those funds (by amount and denomination). There is no specific limit on time, however if the payout occurred more than 48 hours earlier, BCLC must be consulted.
14. BCLC is not familiar with the term "rolling cash balances". As per above and existing procedure, prior to accepting any buy-in that is proffered as a verified win, the SP must confirm the win, amount and denominations.
15. This is covered in existing training extensively. As per the PCMLTFA, the threshold for LCTs and CDRs is \$10,000 or more or any series of transactions adding up to \$10,000 or more in a 24 hour period. This has been a requirement since 2000 and SP and BCLC staff are intimately familiar with the rule.
16. Denomination amounts are already captured elsewhere during every transaction to which this procedure applies. It would be redundant to recapture the information on the RM/SoF form. With a coming upgrade to BCLC systems denomination amounts for all reportable transactions will be entered directly into BCLC data systems.
17. Ascertaining identity rules under the PCMLTFA apply to every transaction to which this procedure applies. This involves much more than capturing full name, but for clarity we can confirm it includes capturing full name.
18. This aspect is covered off in staff training and familiarization. Only trained cage staff with will complete this form.
19. This information is captured elsewhere in the process. Will consider but this will create a redundancy in the procedures.
20. No. Records must be readily available and produced on demand for the purposes of audit by FinTRAC. FinTRAC accepts forms only in the two official languages of Canada. The same applies to independent biennial audits competed under the PCMLTFA by national accounting firms. Further, gaming in BC occurs in English for security and game protection reasons.

21. Additional forms may be used in such an unusual circumstance. Buy-ins from multiple FIs would be concerning and require follow-up via UFT by BCLC AML. This is not a transaction type BCLC would want to encourage through systemic practice.
22. No. As above, staff are trained and intimately familiar with procedures re all reportable transactions.
23. This will depend on the circumstances of the individual transaction. SPs are aware they will need to exercise professional judgment and due diligence when documenting a transaction.
24. SPs will follow suspicious transaction training provided by BCLC, which is based upon and incorporates the guidance on suspicious transaction provided by FinTRAC the FATF.
25. BCLC.
26. This is the same as Q4. Please see that response.
27. This form does not collect personal information that is not already collected through the CDD/KYC and EDD procedures. Collection will simply apply to some transactions that were not subject to collection before. Notwithstanding, privacy impacts have been assessed.
28. Existing CDD and enhanced DD processes will apply. As per existing procedure bank drafts must show payee, payor, account name and # on the face of the draft or supporting receipt showing this information. It has been long standing policy that BCLC does not permit 3rd party transactions – funds must be the player's own.
29. Yes.

From: Bruce, Kim M FIN:EX [Personal information]
Sent: December-15-17 3:35 PM
To: Jim D. Lightbody [Personal information]; Mazure, John C FIN:EX [Personal information]
Cc: Rob Kroeker [Personal information]; Brad Desmarais [Personal information]; Susan Dolinski [Personal information]; Kendall, Janelle FIN:EX [Personal information]; Vear, Maureen FIN:EX [Personal information]
Subject: RE: German Recommendation #1 - Source of Funds Declaration

Hello Jim,

As Acting ADM for GPEB, I have attached the response to your December 12, 2017 email as requested.

Sincerely,

Kim

*Kim Bruce, MPA
 Executive Director
 Licensing, Registration and Certification Division
 Gaming Policy and Enforcement Branch
 Ministry of Attorney General
 Location: 3rd Floor, 910 Government Street, Victoria BC V8W 1X3
 Mailing Address: P.O. Box 9309 Stn Prov Govt, Victoria BC V8W 9N1
 [Personal information]
 [Redacted]
 Website: www.gaming.gov.bc.ca*

From: Jim D. Lightbody [Personal information]
Sent: Tuesday, December 12, 2017 10:31 AM
To: Mazure, John C FIN:EX; Bruce, Kim M FIN:EX
Cc: Rob Kroeker; Brad Desmarais; XT:Dolinski, Susan GCPE:IN

Subject: FW: German Recommendation #1 - Source of Funds Declaration

John and Kim;

Attached you will find three documents regarding the implementation of Peter German's recommendation regarding Source of Funds Declaration. As discussed last Wednesday in our teleconference, we would like to move this forward as expeditiously as possible as per the Minister's direction. However, we would also like GPEB to have the opportunity to review it and therefore ask that you review the attached and please get back to us with any questions or concerns prior to December 15th. If we do not hear any concerns by end of day Friday, the 15th, we will go ahead and issue the attached Directive to service providers.

Kim, for you information, last Friday, John and I did discuss BCLC's authority under Sec 8 of the GCA to make rules such as this for the handling of money and money equivalents. That said, we do want to be aligned with GPEB on our approach to implementing Peter German's recommendation therefore seek your questions or concerns this week.

Thank you for your attention to this important matter.

Best regards,

Jim

From: Rob Kroeker

Sent: Monday, December 11, 2017 4:10 PM

To: Jim D. Lightbody

Cc: John Karlovcec

Subject: German Recommendation #1 - Source of Funds Declaration

Jim

Please find attached a memorandum in regard to German Review Recommendation #1 – Source of Funds declarations. You will also find attached the Directive to Service Providers that, once issued, will implement this recommendation. The specific form Service Providers will complete is also attached for reference.

I am of the understanding that the Minister expects the recommendations to be implemented as soon as possible. We are able to put recommendation #1 into place as of December 18, 2017. I understand you will be providing the attached documentation on the implementation to both the DAG's office and John Mazure. I will wait to hear back from you before the Directive is issued.

Rob Kroeker

Chief Compliance Officer & VP Legal, Compliance, Security
British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information | [REDACTED] | [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.

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 138 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]
Cc: Rob Kroeker[Personal information]
From: PMG
Sent: Mon 25/12/2017 11:18:26 PM
Subject: RE: German Recommendation #1 - Source of Funds Declaration

Understood. Thanks for the update Jim.

May you both have a very Merry Christmas and the best in 2018! Thanks for all the assistance...

pete

From: Jim D. Lightbody [Personal information]
Sent: Saturday, December 23, 2017 12:38 PM
To: PETER GERMAN
Cc: Rob Kroeker
Subject: Re: German Recommendation #1 - Source of Funds Declaration

Pete,
 Just want to give you an update on our implementation of your recommendation to us. After meeting with GPEB and advising them of our plans, John sent me a letter last week informing us that GPEB must approve the form, policies and procedures supporting this recommendation. We received a number of questions from them over the past week which Rob has answered. We await their approval before implementing. Unfortunately with the holidays upon us, we are probably delayed until next month. On a brighter note, I hope you have a chance for a break over Christmas and wish you a happy holidays.
 Cheers,
 Jim

From: PETER GERMAN [Personal information] >
Date: December 12, 2017 at 3:54:16 PM PST
To: Jim D. Lightbody [Personal information]
Cc: Rob Kroeker [Personal information] >
Subject: Re: German Recommendation #1 - Source of Funds Declaration

Appreciate the speedy work. Thanks Jim. I'll review. Pete

Sent from my iPhone

On Dec 13, 2017, at 5:21 AM, Jim D. Lightbody [Personal information] wrote:

Pete;
 I am sending this to you to advise how we are implementing the recommendation you provided regarding Source of Funds declarations. Please advise if you have any questions or concerns and we will be happy to accommodate. For your information, we met with John and his staff last Wednesday to discuss this and have provided a copy of these three documents to GPEB as well. We have asked them to advise us of any questions they have. As you may be aware, under the Gaming Control Act, Sec 8, BCLC is able to make rules regarding handling and holding of money and money equivalents. I have discussed this with John to ensure we are in the spirit of collaboration while moving this initiative forward as expeditiously as possible.
 Best regards,
 Jim

From: Rob Kroeker
Sent: Monday, December 11, 2017 4:10 PM
To: Jim D. Lightbody [Personal information]
Cc: John Karlovcec [Personal information]
Subject: German Recommendation #1 - Source of Funds Declaration

Jim

Please find attached a memorandum in regard to German Review Recommendation #1 – Source of Funds declarations. You will also find attached the Directive to Service Providers that, once issued, will implement this recommendation. The specific form Service Providers will complete is also attached for reference.

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Rob Kroeker

Chief Compliance Officer & VP Legal, Compliance, Security
 British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

T [Personal information]

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<2017-12-11 Memo re German Interim Recommendation #1.pdf>

<New RM and SOF form 2017 - Master (Fillable).pdf>

<Directive to Service Providers_Source of Funds Declarations 18 December 2017.pdf>

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 139 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: 'John Mazure (Personal information [redacted]);
 'kim.m.bruce@ [redacted] (Personal information [redacted]);
Cc: Rob Kroeker (Personal information [redacted]); Brad Desmarais (Personal information [redacted]); Susan
 Dolinski (Personal information [redacted]);
From: Jim D. Lightbody
Sent: Tue 12/12/2017 6:31:14 PM
Subject: FW: German Recommendation #1 - Source of Funds Declaration
[2017-12-11 Memo re German Interim Recommendation #1.pdf](#)
[New RM and SOF form 2017 - Master \(Fillable\).pdf](#)
[Directive to Service Providers Source of Funds Declarations 18 December 2017.pdf](#)

John and Kim;

Attached you will find three documents regarding the implementation of Peter German's recommendation regarding Source of Funds Declaration. As discussed last Wednesday in our teleconference, we would like to move this forward as expeditiously as possible as per the Minister's direction. However, we would also like GPEB to have the opportunity to review it and therefore ask that you review the attached and please get back to us with any questions or concerns prior to December 15th. If we do not hear any concerns by end of day Friday, the 15th, we will go ahead and issue the attached Directive to service providers.

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Thank you for your attention to this important matter.

Best regards,

Jim

From: Rob Kroeker

Sent: Monday, December 11, 2017 4:10 PM

To: Jim D. Lightbody <(Personal information [redacted])>

Cc: John Karlovcec <(Personal information [redacted])>

Subject: German Recommendation #1 - Source of Funds Declaration

Jim

Please find attached a memorandum in regard to German Review Recommendation #1 – Source of Funds declarations. You will also find attached the Directive to Service Providers that, once issued, will implement this recommendation. The specific form Service Providers will complete is also attached for reference.

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Rob Kroeker

Chief Compliance Officer & VP Legal, Compliance, Security
 British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

[redacted] (Personal information [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.

memo



To: Jim Lightbody
President & CEO

Date: December 11, 2017

From: Rob Kroeker
Chief Compliance Officer & VP Legal, Compliance,
Security

Subject: German Interim Recommendation #1 - Source of Funds Declarations

On December 5, 2017, the Attorney General announced that Mr. Peter German, who is conducting a review of money laundering controls at casinos, amongst other things, has made two interim recommendations. The first of the two recommendations relates to the conduct and management of gambling and speaks to business transactions between customers and BCLC casinos. Specifically, Mr. German recommended:

First, I recommend that Gaming Service Providers (GSPs) complete a source of funds declaration for cash deposits and bearer monetary instruments which exceed the FinTRAC threshold for Large Cash Transactions of \$10,000. At a minimum, the declaration must outline a customer's identification and provide the source of their funds, including the financial institution and account from which the cash or financial instrument was sourced. In the case of new customers, after two transactions, cash should only be accepted from the customer if the veracity of the previous answers has been confirmed and is not considered suspicious.

The second recommendation was directed to GPEB and relates to staffing of investigators in casinos.

The Attorney General stated in his announcement that he had:

... directed the BC Lottery Corporation (BCLC) and government's Gaming Policy and Enforcement Branch (GPEB) to implement the recommendations as soon as possible.

BCLC's Anti-money Laundering Unit has now completed the work necessary to implement the first recommendation. In every instance where a player buys-in for an amount of \$10,000 or more, a source of funds declaration will be completed by the gaming service provider at the time of the transaction. The registered gaming worker conducting the transaction will be required to certify that she or he ascertained the source of funds information from the player and that she or he accurately entered that information on the source of funds declaration. Where a player is not able, or refuses, to provide the required information, BCLC has directed service providers to refuse the transaction and submit a report to BCLC. Service providers will be responsible for scanning source of funds declarations, and any necessary supporting documentation, into BCLC's information management system.

It is now possible for BCLC to implement these new procedures, in collaboration with service providers, effective December 18, 2017.

Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, BCLC is required to take reasonable measures to determine if any reportable transaction is being conducted on the part of a third party. Inquiries in relation to reasonable measures dovetail with the new source of funds requirements. Accordingly, BCLC has modified buy-in procedures to ensure service providers conduct and record source of funds and reasonable measures inquiries contemporaneously. Linking the collection of source of funds and reasonable measures information provides for administrative efficiency and reduces the risk of error and oversight.

The source of funds declaration document and a policy directive to service providers are attached to this memorandum.

The initial implementation of the new requirement involves the completion of a paper document that service providers will scan into BCLC's system. The scanned document provides a record of the information collected, however the individual data elements contained within that record are not searchable nor can those elements be subject to an automated analysis and reporting processes. For these reasons the AML Unit will be working with BCLC's systems providers to determine the feasibility of modifying our existing system so that source of funds information can be directly entered into the system, as opposed to scanning a copy of the form. This would provide much better capability with respect to tracking, monitoring, analyzing and creating trend and other reports related to source of funds. These additional capabilities will enhance anti-money laundering controls. The AML Unit will undertake this feasibility work over the next few months.

Date Completed: _____ ID confirmed? Yes ___ No ___

Guest Name / SID #: _____

Ask the guest if he/she was acting on behalf of a third party. "Are you buying in or cashing out on behalf of someone else?"
Answer:

- ☐ Yes (third party transaction confirmed)
☐ No (funds belong to individual)
☐ Undetermined (see reason why below)

Time	Buy-in / Cash-out Amount	
_____ B ___ C ___ \$ _____	Yes ___ No ___ UND ___	Employee name/GPEB _____
_____ B ___ C ___ \$ _____	Yes ___ No ___ UND ___	Employee name/GPEB _____
_____ B ___ C ___ \$ _____	Yes ___ No ___ UND ___	Employee name/GPEB _____

Why Reasonable measures were unsuccessful:

SOURCE OF FUNDS DECLARATION
(Buy-ins of \$10,000 or more)

Amount of buy-in requested: _____ Cash ___ Draft ___ Certified Cheque ___

Notes:

Ask the guest where they acquired the funds from for this buy-in? (This information is mandatory and must be specific)

Financial Institution: _____ Branch _____ Account # _____

Do they have a receipt for the funds? Yes ___ No ___ Is this a new customer? Yes ___ No ___
Does the guest have an existing PGF account? Yes ___ No ___

Signature of registered gaming worker certifying source of funds information _____

Print name of individual certifying information _____ GPEB # _____ Date _____

BCLC DIRECTIVE

SOURCE OF FUNDS DECLARATION

Effective Date: December 18, 2017

Effective December 18, 2017, all cash and monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a source of funds declaration by the patron prior to acceptance for buy-in at all casinos and community gaming centres. Service Providers will document the player declaration on a revised Reasonable Measures/Source of Funds form and the Service Provider will scan the form into Itrak for each associated LCT entry.

This change follows an interim report to the Attorney General's office from the Peter German review currently underway. BCLC currently has a source of funds (SoF) process for patrons flagged in Itrak by the AML unit, however this new process will apply to ALL cash and bank draft/certified cheque buy-ins of \$10,000 or more. This includes incremental table buy-ins that reach the \$10,000 threshold. Service Providers are responsible for reporting the total amount of all incremental buy-ins where those buy-ins equal \$10,000 or more in a 24 hour period and are also responsible for ensuring a SoF declaration is also completed at the time of the report. This information will be required before the patron is allowed to buy-in and will be reviewed daily by the AML unit.

In addition, and upon BCLC review of the patron's transactions, if the patron has been unable to provide sufficient detail to demonstrate the funds are not of a suspicious or illegal nature, BCLC will, at a minimum, impose sourced cash restrictions on the patron for all future buy-ins. BCLC will document these conditions on the patron profile and where a patron has been placed on restrictions, Service Providers are required to obtain a receipt showing the source of cash and scan that receipt into Itrak when completing the LCT related to the buy-in.

BCLC has revised the Reasonable Measures form to include both RM questions and the Source of Funds Declaration. If the patron does not provide the information requested or provides information that is clearly suspicious, Service Providers must refuse the transaction. Where a Service Provider refuses a transaction, it must then create an Itrak file for an unusual financial transaction for a "refused SoF declaration". BCLC will investigate all refused transactions.

When asking the patron the SoF questions, vague or generic answers are not acceptable. For example if the patron advises the funds are from his safe at home, that does not answer where the funds originated. Service Providers must request and document, in reasonable detail, the origin of the funds on the SoF declaration. Where a patron is buying-in with cash that was paid out to the patron by a casino, the Service Provider must confirm the player was paid out an amount or amounts that are consistent with the buy-in amount being presented and the date of the prior casino cash-outs. In these circumstances, "pay out from casino" shall be indicated in the account number data field on the form.

Once the SoF declaration is complete, the name of the gaming service worker obtaining the information shall be documented on the bottom of the form, along with their GPEB number and the date. The Service Provider employee obtaining the information will be required to certify that she or he collected the information directly from the patron and verified with the patron that the information was true and accurate.

If you any questions regarding this directive, please contact the AML unit at

Personal information 11

Please ensure a copy of all completed Reasonable Measures/Source of Funds forms are scanned into the media file of the LCT report and that all forms are clearly legible.

Where there is a conflict between the BCLC Casino and Community Gaming Centre Standards, Policies and Procedures and this Directive, the contents of this Directive shall prevail. The next release of the Casino and Community Gaming Centre Standards, Policies and Procedures will incorporate these changes and replace this Directive.

This is Exhibit " 140 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: 'PMG'[Personal information a]
Cc: Rob Kroeker[Personal information n]
From: Jim D. Lightbody
Sent: Tue 12/12/2017 6:21:10 PM
Subject: FW: German Recommendation #1 - Source of Funds Declaration
[2017-12-11 Memo re German Interim Recommendation #1.pdf](#)
[New RM and SOF form 2017 - Master \(Fillable\).pdf](#)
[Directive to Service Providers Source of Funds Declarations 18 December 2017.pdf](#)

Pete;

I am sending this to you to advise how we are implementing the recommendation you provided regarding Source of Funds declarations. Please advise if you have any questions or concerns and we will be happy to accommodate. For your information, we met with John and his staff last Wednesday to discuss this and have provided a copy of these three documents to GPEB as well. We have asked them to advise us of any questions they have. As you may be aware, under the Gaming Control Act, Sec 8, BCLC is able to make rules regarding handling and holding of money and money equivalents. I have discussed this with John to ensure we are in the spirit of collaboration while moving this initiative forward as expeditiously as possible.

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Jim

From: Rob Kroeker
Sent: Monday, December 11, 2017 4:10 PM
To: Jim D. Lightbody[Personal information >
Cc: John Karlovcec [Personal information]
Subject: German Recommendation #1 - Source of Funds Declaration

Jim

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Rob Kroeker

Chief Compliance Officer & VP Legal, Compliance, Security
British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

[Redacted contact information]

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memo



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President & CEO

Date: December 11, 2017

From: Rob Kroeker
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Subject: German Interim Recommendation #1 - Source of Funds Declarations

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_____	B ___ C ___ \$ _____ Yes ___ No ___ UND ___	Employee name/GPEB _____
_____	B ___ C ___ \$ _____ Yes ___ No ___ UND ___	Employee name/GPEB _____
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SOURCE OF FUNDS DECLARATION
(Buy-ins of \$10,000 or more)

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BCLC DIRECTIVE

SOURCE OF FUNDS DECLARATION

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If you any questions regarding this directive, please contact the AML unit at

[REDACTED] b [REDACTED] Personal in [REDACTED]

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This is Exhibit " 141 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

December 13, 2017

543730

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver B.C. V5M 0A6

Dear Mr. Lightbody

Re: Peter German recommendations

I am writing to follow-up on our December 6, 2017 phone call regarding the Attorney General's direction for the B.C. Lottery Corporation (BCLC) and the Gaming Policy and Enforcement Branch (GPEB) to implement Dr. Peter German's recommendations as announced by the Attorney General on December 5, 2017.

As part of his independent review of anti-money laundering policies and practices in Lower Mainland casinos, the Attorney General asked Dr. German to provide government with recommendations considered important to reducing or eliminating ongoing criminal or overtly suspicious activity, particularly involving large cash transactions. Dr. German has provided the following recommendations:

1. Gaming service providers (GSPs) must complete a Source of Funds Declaration for cash deposits or bearer bonds of \$10,000 or more. At a minimum, the declaration must outline a customer's identification and provide the source of their funds, including the financial institution and account from which the cash or bond was sourced. After two consecutive transactions, cash can only be accepted from the customer once it has been determined that it is not of a suspicious or illegal nature.
2. Government regulators must be seen on site at large, high-volume facilities on the Lower Mainland and available to the GSPs. Once staffing is in place, a GPEB investigator will be on-shift and available to high-volume casino operators in the Lower Mainland on a 24/7 basis. This presence will allow for an increased vigilance required in casinos. In particular, it will assist with issues surrounding source of funds, third-party cash drops, and other operational support for GSPs and BCLC.

.. /2

Ministry of
Attorney General

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

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Location / Courier Address:
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Victoria, BC V8W 1X3
Web: www.gaming.bov.bc.ca

I would like to reiterate GPEB's commitment to working collaboratively with BCLC to implement the above recommendations as soon as practicable.

With respect to the first commitment, you mentioned in the meeting that BCLC would provide GPEB with a draft Source of Funds Declaration for review. As discussed, it is critical that GPEB approve the Source of Funds Declaration and the policies and procedures around its use prior to implementation.

With respect to the second commitment, I expect BCLC and GPEB to work together to determine which Lower Mainland casinos require the presence of a GPEB investigator and the best approach to providing this support.

Should you have any questions or concerns, please contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Mazure', with a stylized, flowing script.

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Attorney General

This is Exhibit " 142 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

December 13, 2017

Gaming Policy & Enforcement Branch
Ministry of the Attorney General
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: John Mazure
Assistant Deputy Minister

Dear John:

Re: Peter German recommendations

Thank you for your letter today regarding the implementation of Peter German's recommendation relating to a Source of Funds Declaration (SoFD). I want to clarify several points arising from your letter, specifically, your comment that "...it is critical that GPEB approve the Source of Funds Declaration and the policies and procedures around its use prior to implementation."

On December 6, 2017, you and I met with Anna Fitzgerald, Michele Jaggi-Smith, Jeff Henderson from GPEB, Brad Desmarais and Rob Kroeker from BCLC to discuss the initial two recommendations made by Peter German. At that time, we shared with you BCLC's thoughts regarding implementation of the SoFD recommendation which we all agreed was directed towards BCLC.

As noted, section 8 of the *Gaming Control Act* (GCA) gives BCLC the authority to enact rules which have the force of law. As a practical matter, BCLC also develops the operational policies and procedures that support its rules. The relevant GCA sections for the SoFD recommendation are:

- Section 8(1)(a): requiring and governing books, accounts and other records to be kept by registered gaming services providers, including but not limited to establishing time schedules for the retention of those books, accounts and other records; and
- Section 8(1)(e): respecting the handling of money and money equivalents received from players of games of chance by the lottery corporation, licensees and gaming services providers.

On December 6th, we indicated that we would collaborate with GPEB to align our approach to the recommendations. BCLC indicated that we would provide GPEB with our SoFD implementation draft for GPEB's comment. Anna Fitzgerald asked us if BCLC could provide some information to assist GPEB in understanding how to move forward on the second recommendation around government regulators being on site. We agreed with the suggestion made by Anna that GPEB would send us a list of questions around that issue and that we would be happy to oblige with feedback.

On December 8, 2017, you and I had a telephone conversation in which I reiterated that BCLC intends to implement the SoFD recommendation expediently and that we would provide GPEB our draft for review and comment the following week.



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On December 12, 2017, I sent to yourself and Kim Bruce (who you advised me would be acting on your behalf while you were on vacation until your return January 8, 2018) three documents regarding our implementation plan for the SoFD recommendation (I have attached the documents to this letter for ease of reference). As noted in my email to yourself and Kim Bruce, we requested that GPEB advise us of any questions or concerns by end of day, December 15th, 2017. BCLC is prepared, as per the Minister's direction, to implement as soon as practicable the SoFD recommendation on Monday, December 18th, 2017.

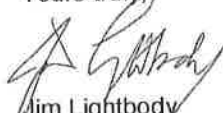
We want to work with GPEB to ensure alignment in our approach to these two recommendations from Peter German which is why we sent the documents for GPEB's review. However, BCLC does not agree with your assertion that GPEB approval is required before BCLC's implementation of the SoFD recommendation. We are prepared to consult with GPEB, however, our authority to implement arises from the GCA and specifically, section 8.

If GPEB is able to provide its comments by December 15th, BCLC will take them under advisement and if necessary, revise the current proposed SoFD. I am concerned that your letter seems to suggest that it may take considerable time for GPEB to complete its review of our SoFD. We do not want to unduly delay implementation of Peter German's recommendation to us.

John, your letter does not explicitly state whether or not GPEB will meet BCLC's requested timeline. If you are asking for a few more days to review our implementation plan, please advise and if reasonable, we will be happy to accommodate your request. As stated earlier, we could be ready as early as December 18th to implement the recommendation if there are no major concerns.

I am confident that our two organizations can work together to implement these initial recommendations by Peter German. From our perspective, the rationale for the Minister to direct Peter German to make recommendations during the process stems from a desire to see a swift response to any suggested improvements. BCLC is ready to deliver substantive action on the SoFD recommendation and we look forward to GPEB's cooperation in meeting our timeline.

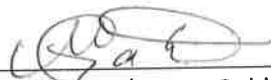
Yours truly,


 Jim Lightbody
 President & CEO

cc: Kim Bruce, Executive Director
 File

Enclosure(s) x3

This is Exhibit " 143 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia



1051

Know your limit, play within it.

December 15, 2017

544186

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, B.C. V5M 0A6

Dear Mr. Lightbody

Re: Peter German recommendation relating to Source of Funds Declaration

I am writing in response to your December 13, 2017 letter to John Mazure that included a draft Reasonable Measures / Source of Funds Declaration and British Columbia Lottery Corporation (BCLC) Directive to Service Providers regarding the Declaration.

As stated in John Mazure's December 13, 2017 letter to you, the Gaming Policy and Enforcement Branch (GPEB) is committed to working collaboratively with BCLC to implement Dr. German's recommendations as soon as practicable.

GPEB has reviewed the Declaration and Directive provided and we have a number of comments and questions about the content of both documents as well some questions about the implementation of the Declaration. These comments and questions are included in the enclosure.

GPEB is responsible for the overall integrity and regulation of gambling in British Columbia. As such, I would like to reiterate the need for GPEB to approve the final version of the Source of Funds Declaration and the policies and procedures around its use prior to the implementation of the Declaration.

.../2

Ministry of
Attorney General

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

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BCLC0005563

I would also like to emphasize the pivotal role that gambling facility service providers will be expected to play in administering the Declarations. This creates the opportunity to take a collaborative approach with service providers in developing and implementing a Source of Funds Declaration that will reduce the risk of the proceeds of crime entering B.C. gambling facilities.

Should you have any questions or concerns, please contact me.

Yours sincerely,



Kim Bruce
A/Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Ministry of Attorney General

cc. John Mazure

Enclosure

GAMING POLICY AND ENFORCEMENT BRANCH

The comments contained in this document provide input from GPEB, including Compliance (Audit and Investigations) and Strategic Policy and Projects Divisions, and JIGIT representatives.

Questions on BCLC's Source of Funds Declaration (V.1 December 2017)

- GPEB assumes that all the following information that is not on this form is already being captured for the purposes of LCT reporting to FINTRAC and will be linked to the Source of Funds Declaration in iTrak. Can you confirm:
 - ID number and type of the ID that was provided
 - Date of birth
 - Occupation and employer (if applicable)
 - Patron's address and telephone number
- Is there a specific level of Service Provider staff that is responsible for completing these forms? Is a signature from a supervisor or manager required or just the employee working in the cash cage at any given time?
- Will the Reasonable Measures/Source of Funds requirements be applied to cash and monetary instruments being deposited into a patron's PGF account?
- Why are you not asking the patron to verify this information (i.e. signing to confirm the above)? What is your recourse if they advise that they did not provide the information on the form – e.g. that patrons advised that the employee didn't capture what they said correctly?
- What is meant by the questions "Is this a new customer?" New to this casino, new to the individual processing the transaction, not already in iTrak? Some clarification may be helpful.
- If there are indicators of suspicion and the Service Provider will be completing an Unusual Financial Transaction, will it be linked to the Source of Funds Declaration somehow?
- Just to confirm – it is mandatory for a patron to provide all the banking information (Bank / Branch / Account #) for each transaction and if a patron refuses or cannot provide all the required information – then the transaction is refused?
- What is the action taken if patron does not have a receipt for funds – would the patron be permitted to buy-in on two occasions without a receipt and then on the third occurrence, the transaction is refused?
- Can you confirm that bank drafts and certified cheques are only accepted from customers who have active PGF accounts?
- Is there a time frame for sourcing cash to a receipt? For example, can a patron bring in a bank receipt from two weeks ago, two months ago?

December 15, 2017

1

- How will Service Provider ensure same receipt isn't used for multiple transactions – either at their casino or at another service provider's facility?
- Given that Service Providers cannot see information in iTrak on transactions from other service providers – who has responsibility for verifying the source of funds if a patron indicates the funds were from another Service Provider's facility? Is this BCLC's responsibility and if so how will this be done?
- Will there be direction to the Service Providers on the allowable time frame to source buy-ins to a previous cash payout from a casino? For example, if a patron had a payout from a casino in December – how much time can elapse before he/she can no longer source a new buy-in to that previous payout?
- How will BCLC be tracking rolling cash balances for patrons (i.e. their previous cash disbursements from casinos) in order for a patron to source a buy-in from that payout?

Suggestions for BCLC's Source of Funds Declaration (V.1 December 2017)

- Consider clarifying on form that it applies to "Buy-ins for \$10,000 or more during 24 hour period".
- Consider capturing information on amount of each denomination.
- Consider whether this form should be clear that you are looking for full legal name (as presented on ID).
- Consider whether the form should provide examples of "sufficient detail" in response to question about where the guest acquired the funds.
- Consider that instead of using "Account #" field for buy-ins sourced from payouts from previous game play add a "Payout from Casino" field including a field for the "Date Payout was received" and "Casino Payout Came From" as it will allow for verification.
- Will BCLC be providing these forms in other languages? If not, consider adding a check box to indicate the language used – i.e. English/Mandarin/Other. Information could also be provided as to which staff (name and GPEB #) translated if the information was provided in a language other than English.
- Consider adding more than one Financial Institution field. What if the source of funds is made up of multiple sources? For example \$20,000 buy-in: \$10,000 from a TD account and \$10,000 bank draft from the Royal Bank. The form doesn't allow for this as there is only one Financial Institution field.

Comments on Directive – Source of Funds Declaration

- Paragraph 1 states that the form should be completed and scanned for each associated LCT entry. We note that this also applies to other monetary instruments that will not have an associated LCT. Could this cause confusion for Service Providers?

- Page 1, paragraph 3 references "sufficient detail to demonstrate the funds are not of a suspicious or illegal nature". What does BCLC consider "sufficient detail"?
- Page 1, paragraph 4 provides that "If the patron does not provide the information requested or provides information that is clearly suspicious, Service Providers must refuse the transaction." What does BCLC consider to be "clearly suspicious"? Will Service Providers use existing FINTRAC guidelines provided by BCLC?
- Page 1, paragraph 5 provides that "vague or generic answers are not acceptable." Who determines what is vague or generic?
- Page 2, paragraph 1 – The Service Provider is expected to verify "with the patron that the information was true and accurate." How is the Service Provider expected to do this, particularly if the patron doesn't read English? Would it not be better to have the patron sign to verify the accuracy of the information provided?

General Comments

Privacy Impact Assessment

Given this new form is collecting personal information, some of which has not been collected before (e.g. financial information), has a privacy impact assessment been completed or the Office of the Privacy Commissioner been consulted?

Determining Veracity

Peter German's recommendation includes "In the case of new customers, after two transactions, cash should only be accepted from the customer if the veracity of the previous answers has been confirmed and is not considered suspicious."

How will BCLC ensure that the veracity of previous answers has been confirmed and is not considered suspicious? For example, what if patron advises that the money came from their account at the TD bank and provides a branch and account number? Is this acceptable? How do you ensure the money came from that account, that the patron is the owner of that account, or that the account even exists?

Consultation

Has BCLC consulted with Service Providers to get any feedback on the form given they will be the entities responsible for completing them?

This is Exhibit " 144 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody [Personal information]
Cc: Rob Kroeker [Personal information]; Mazure, John C FIN:EX [Jo [Personal information]]; Suzanne Rowley [Personal information]
From: Bruce, Kim M FIN:EX
Sent: Tue 19/12/2017 11:22:43 PM
Subject: RE: German Recommendation #1 - Source of Funds Declaration

Hi Jim,

Thanks for your email and I want to assure you that we will respond as quickly and reasonably as possible.

Sincerely,

Kim

From: Jim D. Lightbody [Personal information]
Sent: Tuesday, December 19, 2017 2:29 PM
To: Bruce, Kim M FIN:EX
Cc: Rob Kroeker; Mazure, John C FIN:EX; Suzanne Rowley
Subject: FW: German Recommendation #1 - Source of Funds Declaration
Importance: High

Kim;

I am sending this to you via email in order to attend to this in the quickest fashion. While we still maintain that BCLC has authority under the Gaming Control Act to implement this recommendation as it pertains to the handling of money, we are willing to work with you on this. As I stated in my letter last week, our concern is that we delay implementing a recommendation by Peter German aimed at strengthening our AML regime in BC Casinos. I urge you to deal with this as quickly and responsibly as possible.

Below are the answers to GPEB's questions as you provided to us on Friday. I trust you will understand them, however if you don't, I would ask two things to move this forward without delay:

- 1) Identify the specific questions or comments whereby GPEB asserts BCLC cannot move forward with implementing the recommendation until you are satisfied;
- 2) Contact Rob Kroeker directly if you need to clarify any of the answers.

Kim, we appreciate the role of GPEB and have always maintained we need a well-coordinated approach with clear roles and responsibilities to manage gaming in this province, including our AML regime. I hope you appreciate we are trying to work with you here in order to follow the direction from the Minister to implement the two initial Peter German recommendations as quickly as is practicable and further strengthen our AML program in BC. If you would like to discuss further, please feel free to contact me directly at [Personal information].

Sincerely,
 Jim

From: Rob Kroeker
Sent: Tuesday, December 19, 2017 8:00 AM
To: Jim D. Lightbody [Personal information]
Cc: Suzanne Rowley [Personal information]; Brad Desmarais [Personal information]
Subject: FW: German Recommendation #1 - Source of Funds Declaration

Good morning Jim

Below are the responses to the questions in the order in which Kim lists them in her letter. They did not number their questions, but I numbered the responses for ease of reference on our side.

Let me know if you require anything additional.

Rob

1. Yes, as per legislative requirements already in place under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act customer due diligence (CDD) will be completed in all instances which includes the collection of the information listed.
2. Yes, a duly registered gaming worker assigned to and familiar with cage policies and procedures.
3. Yes.
4. It is the registered gaming workers' duty and obligation to request and ensure the information is accurately recorded. This puts their registration and employment on the line. This is where the greatest level of control can be asserted. In addition as was outlined in the covering memo, BCLC, as soon as is practicable, wants to move from a paper form scanned into its data system to entering the data directly into its' systems. This will allow for much more sophisticated analytics and transaction monitoring around SoF and RM. Requiring customer signature will create a substantial barrier to this control improvement for no practical gain. If a registered gaming worker were to make errors in the recording of key information it would be treated the same as today with all other AML requirements: the SP will be required to take corrective action in the case of mistakes; falsely certifying a document would be seen by BCLC as a serious integrity issue and would be referred to GPEB for review and action as they see fit.
5. New customer means a new customer in the context of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and an AML regime – one who has not completed a transaction that is reportable or for whom BCLC is required to ascertain identity.
6. Yes – these procedures are already in place for all other reporting requirements. Linkage occurs via customer ID # and incident reporting.
7. Yes.
8. No. The funds must be sourced. A "receipt" will not be required for verified win funds paid out prior, but the prior verified win amount will have to be confirmed by the SP or the funds refused – as per existing policy.
9. Yes.
10. Yes. Receipts must relate to the cash being proffered.
11. As per existing procedure, receipts are scanned into the BCLC data system. Originals provided by the player are retained by the SP.
12. Cage from the receiving SP confirms with cage from SP who paid out or BCLC investigator – as per existing procedure.
13. To receive a verified win payout, a SP must confirm the verified win payout is consistent with the buy-in funds being proffered before accepting those funds (by amount and denomination). There is no specific limit on time, however if the payout occurred more than 48 hours earlier, BCLC must be consulted.
14. BCLC is not familiar with the term "rolling cash balances". As per above and existing procedure, prior to accepting any buy-in that is proffered as a verified win, the SP must confirm the win, amount and denominations.
15. This is covered in existing training extensively. As per the PCMLTFA, the threshold for LCTs and CDRs is \$10,000 or more or any series of transactions adding up to \$10,000 or more in a 24 hour period. This has been a requirement since 2000 and SP and BCLC staff are intimately familiar with the rule.
16. Denomination amounts are already captured elsewhere during every transaction to which this

procedure applies. It would be redundant to recapture the information on the RM/SoF form. With a coming upgrade to BCLC systems denomination amounts for all reportable transactions will be entered directly into BCLC data systems.

17. Ascertaining identity rules under the PCMLTFA apply to every transaction to which this procedure applies. This involves much more than capturing full name, but for clarity we can confirm it includes capturing full name.
18. This aspect is covered off in staff training and familiarization. Only trained cage staff with will complete this form.
19. This information is captured elsewhere in the process. Will consider but this will create a redundancy in the procedures.
20. No. Records must be readily available and produced on demand for the purposes of audit by FinTRAC. FinTRAC accepts forms only in the two official languages of Canada. The same applies to independent biennial audits completed under the PCMLTFA by national accounting firms. Further, gaming in BC occurs in English for security and game protection reasons.
21. Additional forms may be used in such an unusual circumstance. Buy-ins from multiple FIs would be concerning and require follow-up via UFT by BCLC AML. This is not a transaction type BCLC would want to encourage through systemic practice.
22. No. As above, staff are trained and intimately familiar with procedures re all reportable transactions.
23. This will depend on the circumstances of the individual transaction. SPs are aware they will need to exercise professional judgment and due diligence when documenting a transaction.
24. SPs will follow suspicious transaction training provided by BCLC, which is based upon and incorporates the guidance on suspicious transaction provided by FinTRAC the FATF.
25. BCLC.
26. This is the same as Q4. Please see that response.
27. This form does not collect personal information that is not already collected through the CDD/KYC and EDD procedures. Collection will simply apply to some transactions that were not subject to collection before. Notwithstanding, privacy impacts have been assessed.
28. Existing CDD and enhanced DD processes will apply. As per existing procedure bank drafts must show payee, payor, account name and # on the face of the draft or supporting receipt showing this information. It has been long standing policy that BCLC does not permit 3rd party transactions – funds must be the player's own.
29. Yes.

From: Bruce, Kim M FIN:EX [Personal information]

Sent: December-15-17 3:35 PM

To: Jim D. Lightbody [Personal information]; Mazure, John C FIN:EX [Personal information]

Cc: Rob Kroeker [Personal information]; Brad Desmarais [Personal information]; Susan Dolinski [Personal information]; Kendall, Janelle FIN:EX [Personal information]; Vear, Maureen FIN:EX [Personal information]

Subject: RE: German Recommendation #1 - Source of Funds Declaration

Hello Jim,

As Acting ADM for GPEB, I have attached the response to your December 12, 2017 email as requested.

Sincerely,

Kim

Kim Bruce, MPA

*Executive Director
Licensing, Registration and Certification Division
Gaming Policy and Enforcement Branch
Ministry of Attorney General
Location: 3rd Floor, 910 Government Street, Victoria BC V8W 1X3
Mailing Address: P.O. Box 9309 Stn Prov Govt, Victoria BC V8W 9N1*

Personal information

From: Jim D. Lightbody

Personal information

Sent: Tuesday, December 12, 2017 10:31 AM

To: Mazure, John C FIN:EX; Bruce, Kim M FIN:EX

Cc: Rob Kroeker; Brad Desmarais; XT:Dolinski, Susan GCPE:IN

Subject: FW: German Recommendation #1 - Source of Funds Declaration

John and Kim;

Attached you will find three documents regarding the implementation of Peter German's recommendation regarding Source of Funds Declaration. As discussed last Wednesday in our teleconference, we would like to move this forward as expeditiously as possible as per the Minister's direction. However, we would also like GPEB to have the opportunity to review it and therefore ask that you review the attached and please get back to us with any questions or concerns prior to December 15th. If we do not hear any concerns by end of day Friday, the 15th, we will go ahead and issue the attached Directive to service providers.

Kim, for your information, last Friday, John and I did discuss BCLC's authority under Sec 8 of the GCA to make rules such as this for the handling of money and money equivalents. That said, we do want to be aligned with GPEB on our approach to implementing Peter German's recommendation therefore seek your questions or concerns this week.

Thank you for your attention to this important matter.

Best regards,

Jim

From: Rob Kroeker

Sent: Monday, December 11, 2017 4:10 PM

To: Jim D. Lightbody

Cc: John Karlovcec

Subject: German Recommendation #1 - Source of Funds Declaration

Jim

Please find attached a memorandum in regard to German Review Recommendation #1 – Source of Funds declarations. You will also find attached the Directive to Service Providers that, once issued, will implement this recommendation. The specific form Service Providers will complete is also attached for reference.

I am of the understanding that the Minister expects the recommendations to be implemented as soon as possible. We are able to put recommendation #1 into place as of December 18, 2017. I understand you will be providing the attached documentation on the implementation to both the DAG's office and John Mazure. I will wait to hear back from you before the Directive is issued.

Rob Kroeker

Chief Compliance Officer & VP Legal, Compliance, Security
British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6

Personal information [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.

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This is Exhibit " 145 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

December 19, 2017

Gaming Policy & Enforcement Branch
Ministry of the Attorney General
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: Kim Bruce
A/Assistant Deputy Minister

Dear Kim:

Re: Peter German Recommendation relating to Source of Funds Declaration

As a follow up to my email dated December 19, 2017, I write to formally confirm BCLC's response to your letter dated December 15, 2017.

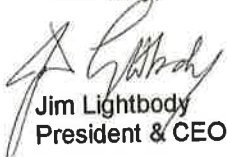
While we still maintain that BCLC has authority under the Gaming Control Act to implement this recommendation as it pertains to the handling of money, we are willing to work with you on this. As I stated in my letter last week, our concern is that we delay implementing a recommendation by Peter German aimed at strengthening our AML regime in BC Casinos. I urge you to deal with this as quickly and responsibly as possible.

Below are the answers to GPEB's questions as you provided to us on Friday. I trust you will understand them, however if you don't, I would ask two things to move this forward without delay:

- 1) Identify the specific questions or comments whereby GPEB asserts BCLC cannot move forward with implementing the recommendation until you are satisfied;
- 2) Contact Rob Kroeker directly if you need to clarify any of the answers.

Kim, we appreciate the role of GPEB and have always maintained we need a well-coordinated approach with clear roles and responsibilities to manage gaming in this province, including our AML regime. I hope you appreciate we are trying to work with you here in order to follow the direction from the Minister to implement the two initial Peter German recommendations as quickly as is practicable and further strengthen our AML program in BC. If you would like to discuss further, please feel free to contact me directly at Personal information

Yours truly,



Jim Lightbody
President & CEO

cc: John Mazure, Assistant Deputy Minister, GPEB
Rob Kroeker, CCO & VP, Legal, Compliance, Security, BCLC
File



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Response to Questions from GPEB re Source of Funds Declaration (V.1. December 2017)

Note: The responses listed below are in the order as listed in your letter dated December 15, 2017.

1. Yes, as per legislative requirements already in place under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act customer due diligence (CDD) will be completed in all instances which includes the collection of the information listed.
2. Yes, a duly registered gaming worker assigned to and familiar with cage policies and procedures.
3. Yes.
4. It is the registered gaming workers' duty and obligation to request and ensure the information is accurately recorded. This puts their registration and employment on the line. This is where the greatest level of control can be asserted. In addition as was outlined in the covering memo, BCLC, as soon as is practicable, wants to move from a paper form scanned into its data system to entering the data directly into its' systems. This will allow for much more sophisticated analytics and transaction monitoring around SoF and RM. Requiring customer signature will create a substantial barrier to this control improvement for no practical gain. If a registered gaming worker were to make errors in the recording of key information it would be treated the same as today with all other AML requirements: the SP will be required to take corrective action in the case of mistakes; falsely certifying a document would be seen by BCLC as a serious integrity issue and would be referred to GPEB for review and action as they see fit.
5. New customer means a new customer in the context of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and an AML regime – one who has not completed a transaction that is reportable or for whom BCLC is required to ascertain identity.
6. Yes – these procedures are already in place for all other reporting requirements. Linkage occurs via customer ID # and incident reporting.
7. Yes.
8. No. The funds must be sourced. A "receipt" will not be required for verified win funds paid out prior, but the prior verified win amount will have to be confirmed by the SP or the funds refused – as per existing policy.
9. Yes.
10. Yes. Receipts must relate to the cash being proffered.
11. As per existing procedure, receipts are scanned into the BCLC data system. Originals provided by the player are retained by the SP.
12. Cage from the receiving SP confirms with cage from SP who paid out or BCLC investigator – as per existing procedure.
13. To receive a verified win payout, a SP must confirm the verified win payout is consistent with the buy-in funds being proffered before accepting those funds (by amount and denomination). There is no specific limit on time, however if the payout occurred more than 48 hours earlier, BCLC must be consulted.
14. BCLC is not familiar with the term "rolling cash balances". As per above and existing procedure, prior to accepting any buy-in that is proffered as a verified win, the SP must confirm the win, amount and denominations.
15. This is covered in existing training extensively. As per the PCMLTFA, the threshold for LCTs and CDRs is \$10,000 or more or any series of transactions adding up to \$10,000 or more in a 24 hour period. This has been a requirement since 2000 and SP and BCLC staff are intimately familiar with the rule.
16. Denomination amounts are already captured elsewhere during every transaction to which this procedure applies. It would be redundant to recapture the information on the RM/SoF form. With a coming upgrade to BCLC systems denomination amounts for all reportable transactions will be entered directly into BCLC data systems.
17. Ascertaining identity rules under the PCMLTFA apply to every transaction to which this procedure applies. This involves much more than capturing full name, but for clarity we can confirm it includes capturing full name.

18. This aspect is covered off in staff training and familiarization. Only trained cage staff with will complete this form.
19. This information is captured elsewhere in the process. Will consider but this will create a redundancy in the procedures.
20. No. Records must be readily available and produced on demand for the purposes of audit by FinTRAC. FinTRAC accepts forms only in the two official languages of Canada. The same applies to independent biennial audits completed under the PCMLTFA by national accounting firms. Further, gaming in BC occurs in English for security and game protection reasons.
21. Additional forms may be used in such an unusual circumstance. Buy-ins from multiple FIs would be concerning and require follow-up via UFT by BCLC AML. This is not a transaction type BCLC would want to encourage through systemic practice.
22. No. As above, staff are trained and intimately familiar with procedures re all reportable transactions.
23. This will depend on the circumstances of the individual transaction. SPs are aware they will need to exercise professional judgment and due diligence when documenting a transaction.
24. SPs will follow suspicious transaction training provided by BCLC, which is based upon and incorporates the guidance on suspicious transaction provided by FinTRAC the FATF.
25. BCLC.
26. This is the same as Q4. Please see that response.
27. This form does not collect personal information that is not already collected through the CDD/KYC and EDD procedures. Collection will simply apply to some transactions that were not subject to collection before. Notwithstanding, privacy impacts have been assessed.
28. Existing CDD and enhanced DD processes will apply. As per existing procedure bank drafts must show payee, payor, account name and # on the face of the draft or supporting receipt showing this information. It has been long standing policy that BCLC does not permit 3rd party transactions – funds must be the player's own.
29. Yes.

This is Exhibit " 146 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody[Personal information]
From: Rob Kroeker
Sent: Sat 23/12/2017 6:51:57 PM
Subject: German Recommendation #1

Just a thought. With no letter coming from GPEB yesterday and the manner in which they are conducting themselves, they have essentially stalled us by a month and pushed any implementation into the New Year. Your last communication left Mr. German with the impression we could/would implement this month. You may wish to consider sending him brief email update advising we have been asked to hold off implementation by the MO and GPEB while GPEB considers the matter, and that there is no projected date by which they have committed to getting back to us.

This is Exhibit " 147 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Know your limit, play within it.

December 27, 2017

543730

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver B.C. V5M 0A6

Dear Mr. Lightbody

Re: Peter German recommendation relating to Source of Funds Declaration

I am writing to follow-up on email correspondence and discussions (December 12, 15, 19, 20 and 22, 2017) related to your proposed draft Reasonable Measures / Source of Funds Declaration (version 1.0 December 2017) that was provided to John Mazure on December 13, 2017.

I appreciate the efforts made by the British Columbia Lottery Corporation (BCLC) and the Gaming Policy and Enforcement Branch (GPEB) to work together to implement Dr. German's recommendations as soon as practicable.

When the draft Source of Funds Declaration and accompanying BCLC Directive were sent to GPEB, I responded by email on December 15, 2017 with a number of questions. GPEB staff have discussed a number of these questions with Rob Kroeker and most of our questions have been answered (see Attachment 1 for details of GPEB's questions and BCLC's responses). However, GPEB have several recommendations for BCLC with respect to the Source of Funds Declaration (see Attachment 2 for GPEB's recommendations).

In addition to the recommendations, GPEB has one area of significant concern with the Source of Funds Declaration that, without resolution, will result in GPEB being unable to support the proposal.

.../2

Ministry of
Attorney General

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

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The Source of Funds Declaration, as currently proposed, does not require a patron to confirm the accuracy of the information provided through a signature. GPEB understands that BCLC intends to rely on the signature of the registered gaming worker. However, the gaming worker can only confirm the Source of Funds Declaration reflects the information provided to them by the patron. This is not a substitute for the signature of the patron. Without obtaining the patron's signature, there may be some uncertainty whether the information provided is reflective of the patron's response to the questions (e.g. the patron could claim there was a misunderstanding). The patron's signature can also be useful in any subsequent investigation, particularly if it demonstrates that a patron provided false information.

From GPEB's perspective as the organization responsible for the overall integrity of gambling in British Columbia, failure to obtain the signatures of both the gaming worker and the patron significantly weakens the collection of information in the Source of Funds Declaration. As a result, GPEB does not support this approach.

GPEB appreciates the opportunity to provide input into the development of the new Source of Funds Declaration to ensure it has the intended effect and reduces the risk of proceeds of crime entering B.C. gambling facilities.

Should you have any questions or concerns, please contact me.

Yours sincerely,



Kim Bruce
A/Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Ministry of Attorney General

cc. John Mazure

Attachments (2)

Attachment 1 – Q&A for Source of Funds Declaration

The intent of this document is to capture the information provided by BCLC to GPEB with respect to the proposed Source of Funds Declaration (V.1 December 2017) and accompanying Directive that was provided by email on December 12, 2018. The information below includes the following:

- Questions sent by Kim Bruce, A/ADM GPEB, to Jim Lightbody, BCLC CEO, on December 15, 2018 related to the proposed Source of Funds Declaration and Directive (in *black*);
- Responses to the initial questions provided by Rob Kroeker, BCLC Chief Compliance Officer, and sent by Jim Lightbody to Kim Bruce on December 19, 2017 (in *blue*);
- Follow-up clarification questions sent by Kim Bruce to Rob Kroeker on December 20, 2018 (in *red*); and,
- Verbal responses provided by Rob Kroeker during conference call with GPEB on December 22, 2018 (in *green*).

Source of Funds Declaration (V.1 December 2017)¹:

1. Q) GPEB assumes that all the following information that is not on this form is already being captured for the purposes of LCT reporting to FINTRAC and will be linked to the Source of Funds Declaration in iTrak. Can you confirm:
 - ID number and type of the ID that was provided
 - Date of birth
 - Occupation and employer (if applicable)
 - Patron's address and telephone number

A) Yes, as per legislative requirements already in place under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act customer due diligence (CDD) will be completed in all instances which includes the collection of the information listed.

2. Q) Is there a specific level of Service Provider staff that is responsible for completing these forms? Is a signature from a supervisor or manager required or just the employee working in the cash cage at any given time?

A) Yes, a duly registered gaming worker assigned to and familiar with cage policies and procedures.

3. Q) Will the Reasonable Measures/Source of Funds requirements be applied to cash and monetary instruments being deposited into a patron's PGF account?

A) Yes.

4. Q) Why are you not asking the patron to verify this information (i.e. signing to confirm the above)? What is your recourse if they advise that they did not provide the information on the form – e.g. that patrons advised that the employee didn't capture what they said correctly?

A) It is the registered gaming workers' duty and obligation to request and ensure the information is accurately recorded. This puts their registration and employment on the line. This is where the greatest level of control can be asserted. In addition as was outlined in the covering memo, BCLC,

¹ Numbering provided by Rob Kroeker in his December 19, 2018 email

December 22, 2017

as soon as is practicable, wants to move from a paper form scanned into its data system to entering the data directly into its' systems. This will allow for much more sophisticated analytics and transaction monitoring around SoF and RM. Requiring customer signature will create a substantial barrier to this control improvement for no practical gain. If a registered gaming worker were to make errors in the recording of key information it would be treated the same as today with all other AML requirements: the SP will be required to take corrective action in the case of mistakes; falsely certifying a document would be seen by BCLC as a serious integrity issue and would be referred to GPEB for review and action as they see fit.

5. Q) What is meant by the questions "Is this a new customer?" New to this casino, new to the individual processing the transaction, not already in iTrak? Some clarification may be helpful.

A) New customer means a new customer in the context of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and an AML regime – one who has not completed a transaction that is reportable or for whom BCLC is required to ascertain identity.

6. Q) If there are indicators of suspicion and the Service Provider will be completing an Unusual Financial Transaction, will it be linked to the Source of Funds Declaration somehow?

A) Yes – these procedures are already in place for all other reporting requirements. Linkage occurs via customer ID # and incident reporting.

7. Q) Just to confirm – it is mandatory for a patron to provide all the banking information (Bank / Branch / Account #) for each transaction and if a patron refuses or cannot provide all the required information – then the transaction is refused?

A) Yes.

8. Q) What is the action taken if patron does not have a receipt for funds – would the patron be permitted to buy-in on two occasions without a receipt and then on the third occurrence, the transaction is refused?

A) No. The funds must be sourced. A "receipt" will not be required for verified win funds paid out prior, but the prior verified win amount will have to be confirmed by the SP or the funds refused – as per existing policy.

Clarification – If a patron wants to buy in with cash that is not from a verified win and doesn't provide a receipt, will they be permitted to buy-in?

Response – No receipt, no buy-in. This applies to all customers.

9. Q) Can you confirm that bank drafts and certified cheques are only accepted from customers who have active PGF accounts?

A) Yes.

10. Q) Is there a time frame for sourcing cash to a receipt? For example, can a patron bring in a bank receipt from two weeks ago, two months ago?

A) Yes. Receipts must relate to the cash being proffered.

Clarification – Is there a *time frame* (i.e. time limit) for sourcing cash to a receipt?

Response – No time limit. However, BCLC will be consulted on all receipts over 48 hours old and a BCLC contact will be available 24/7.

11. Q) How will Service Provider ensure same receipt isn't used for multiple transactions – either at their casino or at another service provider's facility?

A) As per existing procedure, receipts are scanned into the BCLC data system. Originals provided by the player are retained by the SP.

Clarification – What if the patron would like the receipt returned? What happens if the receipt is for a significantly larger amount than the cash buy-in (e.g. receipt is for \$50,000 and buy-in is \$15,000) and the patron would use for multiple buy-ins? Have you considered marking the original receipt (e.g. stamp / initial) to indicate it has been used for a cash buy-in and the amount of buy-in?

Response – Receipt will be retained by Service Provider in all cases. If patron does not have original receipt, transaction will not be accepted.

BCLC would not consider marking and returning receipt because it introduces a level of risk that exceeds their risk tolerance. In addition, BCLC is eliminating paper, does not want to introduce paper processes where they are not needed, and is moving towards automating more business processes to allow for better analytics.

12. Q) Given that Service Providers cannot see information in iTrak on transactions from other service providers – who has responsibility for verifying the source of funds if a patron indicates the funds were from another Service Provider's facility? Is this BCLC's responsibility and if so how will this be done?

A) Cage from the receiving SP confirms with cage from SP who paid out or BCLC investigator – as per existing procedure.

Clarification – What is the existing procedure? If a BCLC investigator is required, are they available 24/7 or would the confirmation happen after the transaction has occurred? Have you considered requiring the casino to issue the patron a receipt for each payout of \$10,000 or more documenting the date, denomination and amount? This would simplify sourcing cash (equivalent amount or less) to a payout from a different casino.

Response – Service Providers do not have access to detailed information regarding individual player buy-ins and cash-outs with other Service Providers. This will be verified by cage staff only, who will contact cage staff at the disbursing facility for confirmation, and does not require supervisor sign-off. BCLC reviews all of these types of transactions.

If the payout was more than 48 hours before the buy-in attempt or the transaction is suspicious, there will be a BCLC investigator available to review 24/7.

As per question 11, paper processes introduces a level of risk that exceeds BCLC's risk tolerance. As a result, BCLC does not intend to issue a paper receipt to patrons for disbursements.

13. Q) Will there be direction to the Service Providers on the allowable time frame to source buy-ins to a previous cash payout from a casino? For example, if a patron had a payout from a casino in December – how much time can elapse before he/she can no longer source a new buy-in to that previous payout?

A) To receive a verified win payout, a SP must confirm the verified win payout is consistent with the buy-in funds being proffered before accepting those funds (by amount and denomination). There is no specific limit on time, however if the payout occurred more than 48 hours earlier, BCLC must be consulted.

Clarification – Is BCLC available for consultation 24/7 so the consultation happens prior to the transaction? Why the decision to place no time limit for cash buy-ins from verified wins (chip buy-ins limited to 48 hours)?

Response – No limit. However, Service Provider must confirm that the cash proffered comes from the verified win. BCLC investigator will be available 24/7 to review transaction before the buy-in is accepted if time between verified win and buy-in exceeds 48 hours.

Limit on chips to 48 hours (same day preference) is because chips have a much higher risk profile than cash and there is no reason for chips to leave facility.

14. Q) How will BCLC be tracking rolling cash balances for patrons (i.e. their previous cash disbursements from casinos) in order for a patron to source a buy-in from that payout?

A) BCLC is not familiar with the term "rolling cash balances". As per above and existing procedure, prior to accepting any buy-in that is proffered as a verified win, the SP must confirm the win, amount and denominations.

15. Q) Consider clarifying on form that it applies to "Buy-ins for \$10,000 or more during 24 hour period".

A) This is covered in existing training extensively. As per the PCMLTFA, the threshold for LCTs and CDRs is \$10,000 or more or any series of transactions adding up to \$10,000 or more in a 24 hour period. This has been a requirement since 2000 and SP and BCLC staff are intimately familiar with the rule.

16. Q) Consider capturing information on amount of each denomination.

A) Denomination amounts are already captured elsewhere during every transaction to which this procedure applies. It would be redundant to recapture the information on the RM/SoF form. With a coming upgrade to BCLC systems denomination amounts for all reportable transactions will be entered directly into BCLC data systems.

Clarification – Where are denomination amounts currently captured for all transaction \$10,000 or greater?

Response – Service Providers are capturing this information using a Business Intelligence tool (drop-down menu in Itrak) for capturing denominations for all LCTs.

17. Q) Consider whether this form should be clear that you are looking for full legal name (as presented on ID).

A) Ascertaining identity rules under the PCMLTFA apply to every transaction to which this procedure applies. This involves much more than capturing full name, but for clarity we can confirm it includes capturing full name.

18. Q) Consider whether the form should provide examples of “sufficient detail” in response to question about where the guest acquired the funds.

A) This aspect is covered off in staff training and familiarization. Only trained cage staff with will complete this form.

19. Q) Consider that instead of using “Account #” field for buy-ins sourced from payouts from previous game play add a “Payout from Casino” field including a field for the “Date Payout was received” and “Casino Payout Came From” as it will allow for verification.

A) This information is captured elsewhere in the process. Will consider but this will create a redundancy in the procedures.

Clarification – Where is this information captured?

Response – Payout information is captured in CDR. Buy-in information is captured in the LCT notes in Itrak.

20. Q) Will BCLC be providing these forms in other languages? If not, consider adding a check box to indicate the language used – i.e. English/Mandarin/Other. Information could also be provided as to which staff (name and GPEB #) translated if the information was provided in a language other than English.

A) No. Records must be readily available and produced on demand for the purposes of audit by FinTRAC. FinTRAC accepts forms only in the two official languages of Canada. The same applies to independent biennial audits completed under the PCMLTFA by national accounting firms. Further, gaming in BC occurs in English for security and game protection reasons.

Clarification – Response understood. However, have you considered the second part of the question? Have you considered capturing the name and GPEB# of any Service Provider staff member who translates the information on the form for the patron and /or translates the response back into English?

Response – BCLC is not aware of this being an issue, meaning the need for translations by Service Provider staff as they have no numbers to support this. BCLC does not allow 3rd party transactions

except in very limited circumstances (e.g. husband wins a slot jackpot and would like to payout to his wife).

21. Q) Consider adding more than one Financial Institution field. What if the source of funds is made up of multiple sources? For example \$20,000 buy-in: \$10,000 from a TD account and \$10,000 bank draft from the Royal Bank. The form doesn't allow for this as there is only one Financial Institution field.

A) Additional forms may be used in such an unusual circumstance. Buy-ins from multiple FIs would be concerning and require follow-up via UFT by BCLC AML. This is not a transaction type BCLC would want to encourage through systemic practice.

Accompanying Directive:

22. Q) Paragraph 1 states that the form should be completed and scanned for each associated LCT entry. We note that this also applies to other monetary instruments that will not have an associated LCT. Could this cause confusion for Service Providers?

A) No. As above, staff are trained and intimately familiar with procedures re all reportable transactions.

23. Page 1, paragraph 3 references "sufficient detail to demonstrate the funds are not of a suspicious or illegal nature". What does BCLC consider "sufficient detail"?

A) This will depend on the circumstances of the individual transaction. SPs are aware they will need to exercise professional judgment and due diligence when documenting a transaction.

24. Page 1, paragraph 4 provides that "If the patron does not provide the information requested or provides information that is clearly suspicious, Service Providers must refuse the transaction." What does BCLC consider to be "clearly suspicious"? Will Service Providers use existing FINTRAC guidelines provided by BCLC?

A) SPs will follow suspicious transaction training provided by BCLC, which is based upon and incorporates the guidance on suspicious transaction provided by FinTRAC the FATF.

25. Q) 25 Page 1, paragraph 5 provides that "vague or generic answers are not acceptable." Who determines what is vague or generic?

A) BCLC.

Clarification – Will BCLC be available 24/7 to make this determination when transaction is questionable? We have attached examples of source of funds declarations that have been accepted by Service Providers in the past.

Response – BCLC is unable to monitor completion of these forms in real time. BCLC will review responses after the fact and, if inadequate, BCLC will follow-up with additional training for Service Providers and, if necessary, as a contractual issue.

26. Q) Page 2, paragraph 1 – The Service Provider is expected to verify “with the patron that the information was true and accurate.” How is the Service Provider expected to do this, particularly if the patron doesn’t read English? Would it not be better to have the patron sign to verify the accuracy of the information provided?

A) This is the same as Q4. Please see that response.

27. Q) **Privacy Impact Assessment**

Given this new form is collecting personal information, some of which has not been collected before (e.g. financial information), has a privacy impact assessment been completed or the Office of the Privacy Commissioner been consulted?

A) This form does not collect personal information that is not already collected through the CDD/KYC and EDD procedures. Collection will simply apply to some transactions that were not subject to collection before. Notwithstanding, privacy impacts have been assessed.

28. Q) **28 Determining Veracity**

Peter German’s recommendation includes “In the case of new customers, after two transactions, cash should only be accepted from the customer if the veracity of the previous answers has been confirmed and is not considered suspicious.”

How will BCLC ensure that the veracity of previous answers has been confirmed and is not considered suspicious? For example, what if patron advises that the money came from their account at the TD bank and provides a branch and account number? Is this acceptable? How do you ensure the money came from that account, that the patron is the owner of that account, or that the account even exists?

A) Existing CDD and enhanced DD processes will apply. As per existing procedure bank drafts must show payee, payor, account name and # on the face of the draft or supporting receipt showing this information. It has been long standing policy that BCLC does not permit 3rd party transactions – funds must be the player’s own.

Clarification – Requiring that all bank drafts must show payee, payor, account name and number on the bank draft or supporting receipt showing this information appears to be a new policy? Can you advise when this policy was implemented and how it is applied (e.g. all existing PGF accounts or only new PGF accounts)?

Response – This is existing policy (introduced in the last few months). All four data elements must exist in all bank drafts and / or receipts.

Clarification - Could you please respond to the second part of the question – If a patron provides an account, branch #, and institution, how will you ensure the money came from that specific account, that the patron is the owner of that account, or that the account even exists? Will a receipt be required in all cases?

GAMING POLICY AND ENFORCEMENT BRANCH

Response – BCLC will require a receipt in all cases. There is currently no way for Service Providers or BCLC to verify that the receipt is issued with respect to an account held by the patron.

Attachment 2 – Recommendations for BCLC regarding BCLC’s proposed Source of Funds Declaration (V.1 December 2017)

GPEB has the following recommendations related to the proposed Source of Funds Declaration and Directive:

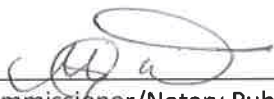
1. **Supervisory sign-off** - BCLC has advised that “a duly registered gaming worker assigned to and familiar with cage policies and procedures” will be authorized to sign the Declaration. GPEB recommends that BCLC require the signature of an employee in a supervisory position, particularly given it is currently BCLC policy for a cash cage supervisor to verify other transactions, including any cash or chip transaction of \$5,000 or more.
2. **Clarification of \$10,000 threshold** – BCLC has advised that applying the Source of Funds Declaration to a series of transactions totaling \$10,000 or more over a 24 hour period is something “that is covered in existing training extensively” and is something that Service Providers are “intimately familiar with” because it has been a requirement under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) since 2000. However, the Source of Funds Declaration is not a PCMLTFA requirement and, as a result, GPEB recommends clarifying *on the Source of Funds Declaration* that it applies to a series of buy-ins totaling \$10,000 or more over a 24 hour period to ensure there is no confusion among Service Providers.
3. **Field for refused transactions** – There may be instances where a transaction that is subject to a Source of Funds Declaration is refused (e.g. patron does not have a receipt). GPEB recommends adding a field on the Source of Funds Declaration to indicate the transaction has been refused and the reason for refusal.
4. **Signature of registered gaming worker involved in interpretation** – GPEB investigators have experienced situations where a Service Provider staff member has been involved in interpreting language on a document on behalf of a patron when the document is provided in English and the patron does not read / speak English. Given the Declaration will only be provided in English, GPEB recommends that a field be added to the Source of Funds Declaration that captures the name and GPEB registration number of any staff member that may be involved in translating information on the Source of Funds Declaration for a patron or translating information provided by the patron that will be captured on the Source of Funds Declaration.
5. **Clarify language in directive regarding Large Cash Transactions (LCTs)** – The proposed language in the Directive requires Service Providers to “document the player declaration on a revised Reasonable Measures / Source of Funds form and...scan the form into Itrak for each associated LCT entry.” This may cause some confusion for Service Providers given the Source of Funds Declaration applies to transactions that do not have an associated LCT entry (e.g. bank draft \$10,000 or greater). GPEB recommends the language be clarified that all Declarations should be scanned into Itrak regardless of whether there is an associated LCT.
6. **Provide clear guidelines for Service Providers** – The Declaration relies on Service Providers exercising their judgement. BCLC asks the Service Providers to ensure information provided by the patron is “specific” and includes “reasonable detail”. GPEB recommends that BCLC provide clear written guidelines to Service Providers to assist them in making these determinations.

December 22, 2017

7. **Privacy Impact Assessment** – BCLC has advised GPEB that the Source of Funds Declaration “does not collect personal information that is not already collected through the CDD/KYC and EDD procedures.” GPEB understands that public bodies are required to complete a Privacy Impact Assessment (PIA) for any proposed enactment, system, project, program or activity. GPEB recommends that BCLC consult with the Office of the Information and Privacy Commissioner for B.C. to determine whether a PIA is required for the implementation of the Source of Funds Declaration.

December 22, 2017

This is Exhibit " 148 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

January 2, 2018

Gaming Policy & Enforcement Branch
Ministry of the Attorney General
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: Kim Bruce
A/Assistant Deputy Minister



Dear Ms. Bruce:

Re: German Recommendation #1 – Source of Funds Declaration

I write in response to your letter of December 27, 2017. GPEB's input on BCLC's money laundering controls and its source of funds process is appreciated.

We understand from your letter that GPEB is unwilling to support BCLC's implementation of this recommendation unless the player/customer also signs the source of funds documentation. BCLC will add this step to the process. With that change, my understanding is that GPEB supports the process BCLC will now have in place. If you would kindly confirm this is correct, as soon as possible, it would be appreciated.

We do wish to ensure GPEB understands that when casinos receive banknotes (cash) or bank drafts of \$10,000 or more, the source of those funds will be supported by financial institution documentation, or inquiries showing the funds are consistent with a casino payout. These measures provide control against money laundering at the casino. Having the customer sign the declaration will be done, however we want to point out that requiring a signature provides no real protection and will create some potential customer service challenges that we will have to overcome.

We can advise you that with your pending approval, BCLC will fully implement the procedures necessary to meet Mr. German's recommendation #1 on January 8, 2018.

We also want to also advise that BCLC's money laundering and terrorist financing controls are not static. As has been the case since inception, BCLC's controls will continue to evolve and improve as the risks of money laundering and terrorist financing shift, new and better controls emerge and, new technological solutions come to market. We will keep GPEB advised as improvements are made.

Finally, we look forward to collaborating with GPEB on the implementation of Mr. German's second recommendation to have GPEB investigators stationed in the lower mainland casinos.

Yours truly,

Jim Lightbody
President & CEO

cc: John Mazure, Assistant Deputy Minister, GPEB
Rob Kroeker, CCO & VP, Legal, Compliance, Security, BCLC
Brad Desmarais, VP, Casino & Community Gaming, BCLC

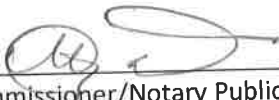
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This is Exhibit " 149 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia



1084

Know your limit, play within it.

January 4, 2018

543730

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver B.C. V5M 0A6

Dear Mr. Lightbody:

Re: German Recommendation #1 – Source of Funds Declaration

I am writing in response to your January 2, 2018 letter concerning implementation of Peter German's recommendation for a Source of Funds Declaration.

I can confirm that with the addition of the requirement for a player / customer to sign the Source of Funds Declaration, the Gaming Policy and Enforcement Branch (GPEB) supports the process proposed by the British Columbia Lottery Corporation (BCLC). However, I would like to encourage BCLC to consider the recommendations provided by GPEB concerning the implementation of the Source of Funds Declaration that were attached to my December 27, 2017 letter. Please do not hesitate to contact GPEB if you would like to discuss any of these recommendations in more detail.

I appreciate that BCLC's money laundering and terrorist financing control are not static and will evolve to mitigate ever-changing risks and will improve as better controls emerge. GPEB supports this approach and appreciates BCLC advising GPEB of any improvements.

GPEB also looks forward to further collaboration with BCLC to implement Peter German's recommendation to have GPEB investigator on-shift and available to high-volume casinos in the Lower Mainland.

Should you have any questions or concerns, please contact me.

Yours sincerely,

Kim Bruce
A/Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Ministry of Attorney General

cc. John Mazure

Ministry of
Attorney General

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

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BCLC0005533

This is Exhibit " 150 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

memo



To: Jim Lightbody
President & CEO

From: Rob Kroeker
Chief Compliance Officer & VP Legal,
Compliance, Security

Subject: GPEB Recommendations on Source of Funds Process

Date: January 4, 2018

In her letter of December 27, 2017, the Acting General Manager of GPEB provided seven recommendations in regard to German Recommendation #1 dealing with the source of funds declaration process. Each of those recommendations has been reviewed and considered. The following are the responses to the recommendations.

GPEB Recommendation

1. Supervisory sign-off - BCLC has advised that "a duly registered gaming worker assigned to and familiar with cage policies and procedures" will be authorized to sign the Declaration. GPEB recommends that BCLC require the signature of an employee in a supervisory position, particularly given it is currently BCLC policy for a cash cage supervisor to verify other transactions, including any cash or chip transaction of \$5,000 or more.

BCLC

BCLC policy requires the cage supervisor to witness and verify cash and chip transactions of \$5000 or more. Under the procedure the individual responsible for completing the SoF declaration will be required to sign the record, as will the customer. By policy, the cage supervisor is already responsible for overseeing and verifying the process. Adding a third signature does nothing to increase the obligations and responsibilities of the cage supervisor and conversely, not having the third signature in no way takes away from the supervisor's responsibilities or the ability to hold that individual responsible for the activities that occur under their supervision. Ultimately, the site general manager and the executive members of the service provider remain responsible for all activities at a gaming site as well as compliance with all laws including anti-money laundering laws. Logically, if signatures were beneficial and necessary to confirm the ascending order of responsibility every person from the cashier to the CEO should sign the declaration. Further, a focus on rigid, paper-based procedures, such as multiple hard copy signatures, creates barriers to moving to more effective automated AML systems. BCLC's vision and desire is to move as quickly as possible to increased automation which will allow for more sophisticated money laundering analytics and countermeasures. For these reasons we do not believe having the cage supervisor sign the SoF is beneficial.

GPEB Recommendation

2. Clarification of \$10,000 threshold- BCLC has advised that applying the Source of Funds Declaration to a series of transactions totaling \$10,000 or more over a 24 hour period is something "that is covered in existing training extensively" and is something that Service Providers are "intimately familiar with" because it has been a requirement under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) since 2000. However, the Source of Funds Declaration is not a PCMLTFA requirement and, as a result, GPEB recommends clarifying on the Source of Funds Declaration that it applies to a series of buy-ins totaling \$10,000 or more over a 24 hour period to ensure there is no confusion among Service Providers.

BCLC

Contrary to the statement in this recommendation, source of funds and source of wealth measures are requirements under the PCMLTFA. The PCMLTFA is a risk based regime – meaning prescriptive and detailed procedures are not set out explicitly in the legislation. Rather, reporting entities are expected and required to undertake the activities and implement the systems needed, tailored to their individual circumstances and risk, to meet the statutory requirements. Notwithstanding, "source of funds" requirements are specifically set out in the legislation – see for example section 67.1 of the general regulation. Source of funds and source of wealth requirements in regard to customer due diligence and on-going monitoring are created, based upon the risk presented by the customer, through the operation of section 9.6 of the Act and section 71.1 of the general regulations. This is confirmed in FinTRAC Guideline 4, which specifically mentions determining the "source of funds and source of wealth" of the client.

As initially stated, source of funds and wealth inquiries have been part of BCLC's AML regime for a considerable period of time. Service Provider cage and surveillance staff are well versed in these obligations and have received specific training. Moreover, BCLC believes there is very little chance of any confusion arising as the changes being made are an extension of existing SoF procedures rather than the introduction of a new process. Nonetheless, BCLC acknowledges GPEB's concern about confusion and will monitor compliance with the change closely for an initial period to make sure no difficulties are experienced.

GPEB Recommendation

3. Field for refused transactions- There may be instances where a transaction that is subject to a Source of Funds Declaration is refused (e.g. patron does not have a receipt). GPEB recommends adding a field on the Source of Funds Declaration to indicate the transaction has been refused and the reason for refusal.

BCLC

A refused transaction will already generate an unusual financial transaction report to BCLC, which may in turn result in an STR to FinTRAC. UFTs and STRs include much more information than the fact there was a refusal and the reason for the refusal. Putting these data fields on the SoF form will create a redundancy within the existing procedures, will serve no purpose given the current requirement for an UFT, and could create confusion. For these reasons BCLC believes it would not be beneficial to add these data fields to the SoF form.

GPEB Recommendation

4. Signature of registered gaming worker involved in interpretation- GPEB investigators have experienced situations where a Service Provider staff member has been involved in interpreting language on a document on behalf of a patron when the document is provided in English and the patron does not read or speak English. Given the Declaration will only be provided in English, GPEB recommends that a field be added to the Source of Funds Declaration that captures the name and GPEB registration number of any staff member that may be involved in translating information on the Source of Funds Declaration for a patron or translating information provided by the patron that will be captured on the Source of Funds Declaration.

BCLC

BCLC has not experienced or had difficulties reported where translation is required for basic gaming transactions. BCLC will monitor for these situations and will revisit the translation issue should it become evident it is creating transactional or monitoring issues. While BCLC will monitor this situation, adding a fourth signature to the SoF form is likely to prove counterproductive to AML program improvement for the reasons set out in the response to #1 above.

5. Clarify language in directive regarding Large Cash Transactions (LCTs)- The proposed language in the Directive requires Service Providers to "document the player declaration on a revised Reasonable Measures / Source of Funds form and...scan the form into Itrak for each associated LCT entry." This may cause some confusion for Service Providers given the Source of Funds Declaration applies to transactions that do not have an associated LCT entry (e.g. bank draft \$10,000 or greater). GPEB recommends the language be clarified that all Declarations should be scanned into Itrak regardless of whether there is an associated LCT.

There appears to be some misapprehension on the part of GPEB in regard to the existing buy-in processes. For tracking and monitoring purposes, an LCT record is currently initiated in all buy-in instances of \$10,000 or more – cash or bank instrument. A formal LCT report to FinTRAC is only generated and sent in the case of a cash buy-in, as per PCMLTFA requirements and FinTRAC direction to BCLC. Service Providers are intimately familiar with the process requirements and how iTrack works. In this regard there is no change to existing processes and thus there should be no opportunity for confusion at the Service Provider.

All completed SoF forms will be scanned into iTrack regardless of the form of buy-in; cash or bank instrument.

GPEB Recommendation

6. Provide clear guidelines for Service Providers- The Declaration relies on Service Providers exercising their judgement. BCLC asks the Service Providers to ensure information provided by the patron is "specific" and includes "reasonable detail". GPEB recommends that BCLC provide clear written guidelines to Service Providers to assist them in making these determinations.

BCLC

Where appropriate and practical, BCLC prefers a non-prescriptive approach to policy and procedure. Challenges with a rigid prescriptive approach where detailed direction or a list is provided include: 1) it is impossible to cover every circumstance or eventuality that will arise so gaps in the prescriptive requirements are certain to emerge over time; and 2) compliance tends to become reduced to the prescribed guidance. BCLC prefers to require Service Providers, through training and experience, to be knowledgeable and have expertise in their areas of responsibility which leads to an obligation to exercise sound judgment and good decision making in duties such as completing free text data fields. BCLC is of the view this approach leads to higher and better

levels of compliance as opposed to tick-box compliance which comes with prescriptive guidance. For example, Service Providers do a good job of identifying and completing UFT reports with the requisite level of detail and information. BCLC believes this same approach will be successful in with the completion of SoF records. BCLC acknowledges GPEB's concern and will monitor the completeness of SoF forms closely for an initial period to make sure no difficulties are experienced. Should issues with lack of specificity or detail be found, this recommendation will be revisited.


GPEB Recommendation

7. Privacy Impact Assessment- BCLC has advised GPEB that the Source of Funds Declaration "does not collect personal information that is not already collected through the CDD/KVC and EDD procedures." GPEB understands that public bodies are required to complete a Privacy Impact Assessment (PIA) for any proposed enactment, system, project, program or activity. GPEB recommends that BCLC consult with the Office of the Information and Privacy Commissioner for B.C. to determine whether a PIA is required for the implementation of the Source of Funds Declaration.

BCLC

While not required, a formal PIA review was completed as part of the implementation process for recommendation #1.

This is Exhibit " 151 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1091

<p style="text-align: center;">INFORMATION NOTE</p> <p>British Columbia Lottery Corporation</p> <p>Date: January 5, 2018</p>	<p>BCLC Action Plan</p> <p>RE: German interim recommendation #1</p>
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KEY FACTS:

On December 5, 2017, Peter German made two interim recommendations in the course of his review of anti-money laundering controls at Lower Mainland casinos. He will deliver his full report by March 31, 2018. Released publicly by the Attorney General, German's interim recommendations were:

1. "Service Providers must complete a Source of Funds Declaration for cash deposits or bearer bonds of \$10,000 or more. At a minimum, the declaration must outline a customer's identification and provide the source of their funds, including the financial institution and account from which the cash or bond was sourced. After two consecutive transactions, cash can only be accepted from the customer once it has been determined that it is not of a suspicious or illegal nature."
2. "Government regulators must be seen on site at large, high-volume facilities on the Lower Mainland and available to the Gaming Service Providers. Once staffing is in place, a GPEB investigator will be on-shift and available to high-volume casino operators in the Lower Mainland on a 24/7 basis. This presence will allow for an increased vigilance required in casinos. In particular, it will assist with issues surrounding source of funds, third-party cash drops, and other operational support for Gaming Service Providers and BCLC."

Recommendation #1 falls clearly within BCLC's conduct and management authority as set out in the Gaming Control Act (GCA). Recommendation #2 falls clearly within GPEB's statutory authority under the GCA. BCLC's Anti-Money Laundering Unit has completed the work necessary to implement the first recommendation as early as December 18, 2017.

On December 6, 2017, BCLC and GPEB held a teleconference meeting to collaborate and discuss respective roles and responsibilities in completing both recommendations as soon as practicable as per the Attorney General's direction. BCLC clarified, and GPEB agreed, that section 8 of the CGA gives BCLC clear statutory authority with respect to all casino operational matters including any new operational policies or procedures. As such, it is BCLC's obligation to address the first recommendation, with input but not approval from GPEB.

After that call, correspondence was exchanged between BCLC and GPEB regarding implementation of the interim recommendations. In that correspondence, despite clear statutory language to the contrary, GPEB asserts that it must approve the operational and policy changes necessary for BCLC to implement recommendation #1.

A December 13, 2017 letter from BCLC CEO to GPEB ADM reiterates the urgency in getting GPEB feedback on the new source of funds (SoF) procedures quickly as the only thing preventing BCLC from implementing recommendation #1 on December 18, 2017 was GPEB's feedback. BCLC reiterated that, under the GCA, there are no legal barriers to the immediate implementation of recommendation #1 given the fact GPEB is not required to approve operational gaming procedures. While BCLC was committed to collaborating with GPEB, the concern was delaying the implementation and being consistent with our statutory authority.

On December 15, 2017 GPEB Acting ADM did respond as requested to BCLC with a number of questions and comments regarding BCLC's amended SoF procedures. The response reiterated GPEB's view they must approve the final version of the declaration form and the policies and procedures prior to the implementation of the declaration.

After several meetings and correspondence in late December, GPEB indicated by correspondence dated January 3, 2018, that it supports/approves BCLC's operational process and added some additional recommendations for BCLC to consider in implementing the Source of Funds declaration. GPEB also agreed with BCLC's approach to continuous improvement to its anti-money laundering controls and appreciates BCLC advising GPEB of these improvements.

On January 4, 2018, BCLC sent out a directive to all Service Providers to implement the following as of January 10, 2018:

- All cash and monetary instruments (bank drafts/certified cheques) of \$10,000 or more will require a SoF declaration by the patron prior to the acceptance of a buy-in.
- Service Providers will document the player declaration on a revised Reasonable Measures/SoF declaration form and the Service Provider will scan the form into Itrak for each transaction.
- Service Providers are responsible for reporting single transactions totaling \$10,000 or more as well as the total amount of all incremental buy-ins where those buy-ins equal \$10,000 or more in a 24 hour period, and ensuring a SoF declaration including certification by the gaming worker and signature by the patron is completed at the time of the report.
- This information will be required before the patron is allowed to buy-in and will be reviewed daily by the BCLC AML unit.
- If a patron is unable to provide sufficient detail to demonstrate the funds are not of a suspicious or illegal nature, BCLC will, at a minimum, impose sourced cash restrictions on the patron for all future buy-ins.
- Where a patron has been placed on restrictions, Service Providers are required to obtain a receipt showing the source of cash and scan that receipt into Itrak.
- Where a Service Provider refuses a transaction, it must then create an Itrak file for an unusual financial transaction for a refused SoF declaration, which BCLC will investigate.

BCLC RESPONSE POINTS:

- **We welcome the Attorney General's independent review on the Province's anti-money laundering regime and are pleased that Peter German has provided interim recommendations.**
- **BCLC has implemented Mr. German's first recommendation by expanding the types of transactions to which source of funds declarations apply, and requiring Service Providers to record detailed information about where the customer sourced his or her buy-in funds.**
- **The expansion of BCLC's existing source of funds process will apply to all cash and bank draft/certified cheque buy-ins of \$10,000 or more. This information will be required before a customer is allowed to buy-in, and will be reviewed daily by BCLC's AML unit.**

- Any registered gaming worker conducting the transaction will be required to certify that he or she received the source of funds declaration directly from the customer, and completely and accurately recorded that information.
- The customer will also be required to sign the source of funds declaration form.
- If a customer does not provide the information required, provides information that is clearly suspicious, or fails to sign the source of funds declaration form, Service Providers must refuse the transaction and document it, and, in doing so will trigger an investigation by BCLC AML Investigations.
- BCLC will support GPEB as requested and needed with respect to the second recommendation wherein GPEB investigators be on shift and available to high-volume casino operators in the Lower Mainland on a 24/7 basis.
- BCLC is actively engaged in the prevention and detection of money laundering, and will do whatever we can to protect our business and our players.

Program Area Contact:

Laura Piva-Babcock

Personal information

A black rectangular redaction box covering the contact information.

This is Exhibit " 152 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

BCLC DIRECTIVE

SOURCE OF FUNDS DECLARATION

Effective Date: January 10, 2018



Effective January 10th, 2018 all cash and bearer monetary instruments (bank drafts/ certified cheques) of \$10,000 or more will require a source of funds (SOF) receipt by the patron prior to acceptance for buy-in at all BCLC Gaming Service Provider locations. This receipt will be documented on a revised Reasonable Measures (RM) form and shall be scanned into iTrak for all LCT entries.

This change follows an interim report to the Attorney General's office from the Peter German review currently underway. We currently have a source of funds process for patrons flagged in iTrak by the AML Unit however, this new process will apply to ALL cash and bank draft/ certified cheque buy-ins for \$10,000 or more. This also includes incremental table buy-ins when they reach the \$10,000 threshold. The reported amount for incremental buy-ins must be reported in full once the amount reaches \$10,000. The cash receipt will be required before the patron is allowed to buy-in and will be reviewed daily by the AML Unit.

The required receipt must be an original which aligns with the amount and denominations expected for the buy-in. The receipt shall be retained by the Service Provider and scanned into the associated iTrak LCT entry for the patron. If the receipt is not from the same day of use, further inquiries need to be made to confirm it is legitimate. An example of this might include cash withdrawn prior to a long weekend by a patron, however, a receipt that is two weeks old would not be reasonable. If Service Provider staff find the circumstances suspicious in any way the buy-in must be refused and documented as an Unusual Financial Transaction incident in iTrak.

The Reasonable Measures form has been updated and now contains both the RM questions and the SOF Declaration on one form. Effective January 10th, 2018 when a patron attempts to buy-in with \$10,000 or more, they shall be advised of the new SOF process and that a receipt is now required for the cash. **A notation must be made on their iTrak subject profile in the comments field that indicates they have now been advised of the new SOF program.** On all subsequent cash buy-ins of \$10,000 or more where the patron does not provide a receipt, an iTrak file must be created for a "refused SOF request" for investigation by the AML Unit.

Where a player is buying-in with cash that was paid out to the player by a casino for casino winnings, the Gaming Service Provider must confirm the player was paid out an amount that is consistent with the buy-in amount and the date of the prior cash-outs. This would include contacting the casino that paid out the disbursement in order to confirm the amount, date and denominations. If you are unable to obtain the required information from the casino that paid the patron out, you should contact BCLC for confirmation. In these circumstances, "pay out from casino" shall be indicated in the account number field of the RM/SOF Form including the casino name and the amount received by the patron.

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Once completed, the employee documenting the information shall print and sign their name at the bottom of the RM/SOF form, along with their GPEB number and the date. The employee signing the form is certifying that the information is complete and accurate.

This RM/SOF form must also be signed by the patron for cash buy-ins of \$10,000 or more, including incremental buy-ins at the tables. The transaction that triggers the \$10,000 threshold shall not be completed until the RM/SOF form is completed and signed by the patron.

Please ensure a copy of the completed form is scanned into the media file of the iTrak LCT report and that it is legible.

The next release of BCLC Casino Policies and Procedures will incorporate these changes and replace this directive.

If you have any questions regarding this directive, please contact the AML Unit at aml@bclc.com.

Sincerely,



Daryl Tottenham
AML, Programs Manager




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This is Exhibit " 153 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia



November 27, 2018

556626

Angela Swan, Vice President, Regulatory Affairs and Compliance,
Parq Vancouver,
39 Smithe St, Vancouver BC
V6B 0R3

Dear Ms. Swan,

As you are aware, the Gaming Policy and Enforcement Branch (GPEB) is responsible for the overall integrity of gambling in the province. Under section 34(1)(f)(i) of the Gaming Control Regulation, it is a condition of registration for gaming service providers to obey the standard operating procedures (BCLC Standards) and rules of play set out by the British Columbia Lottery Corporation (BCLC).

In January 2018, BCLC implemented the new Source of Funds Declaration policy (the Source of Funds Policy). The policy requires that:

Patrons presenting cash or cash equivalents such as certified cheques, or bank drafts for buy-ins totaling \$10,000 or more must produce a source of funds receipt from the remitting financial institution. The receipt must show the patron's name, the name of the financial institution that issued the cash, certified cheque, or bank draft, and the patron's bank account number.

This policy was formally incorporated into the BCLC Standards in September 2018. The Source of Funds Policy is an integral control in anti-money laundering efforts, and compliance with this policy is critical for upholding the integrity of gaming in BC.

As you are aware GPEB conducted an audit of transactions in August 2018 at Parq Vancouver to verify compliance to the Source of Funds Policy issued by BCLC in January 2018. Our audit found non-compliance with this policy, specifically around incomplete or missing documentation required to substantiate the source of the patron's funds. The results of our audit were shared with you on October 30, 2018 and your response was received by GPEB on October 31, 2018. GPEB acknowledges the commitment made by Parq, in your response to our audit, to address these issues.

As this policy has now formally been incorporated into the BCLC Standards for two months, GPEB expects full compliance as required under section 34(1)(f)(i) of the Gaming Control Regulation.

./2

**Ministry of
Attorney General**

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

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GPEB will be conducting a follow up audit at Parq Vancouver in early 2019 to verify full compliance with this policy. Please be advised that any further findings of non-compliance will result in escalating administrative sanctions which could include additional conditions being imposed on your registration, fines, suspensions and/or cancellation of registration pursuant to sections 69(1)(a) and 68(c)(i) of the *Gaming Control Act*.

Sincerely,

A handwritten signature in black ink, appearing to read 'MacLeod', with a stylized flourish at the end.

Sam MacLeod
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

Cc: Joe Brunini, President, Parq Vancouver
Jim Lightbody, CEO, BC Lottery Corporation

GPEB is a 2018 recipient of the BC Public Service Top Work Unit Award

This is Exhibit " 154 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1102



November 29, 2018

557029

Jim Lightbody, Chief Executive Officer,
BC Lottery Corporation
2940 Virtual Way
Vancouver, BC
V5M 0A6

Dear Mr. Lightbody,

As you are aware, the Gaming Policy and Enforcement Branch (GPEB) is responsible for the overall integrity of gambling in the province. Under section 34(1)(f)(i) of the Gaming Control Regulation, it is a condition of registration for gaming service providers to obey the standard operating procedures (BCLC Standards) and rules of play set out by the British Columbia Lottery Corporation (BCLC).

GPEB considers the Source of Funds Policy BCLC, implemented in January 2018 and incorporated into the Standards in September 2018, an integral control in anti-money laundering efforts, and service provider compliance with this policy is critical for upholding the integrity of gambling in BC.

GPEB conducted an audit of transactions from May to June 2018 and a follow up audit of transactions in August 2018 at the five largest Lower Mainland casinos to verify compliance to BCLC's Source of Funds Policy. Our audit found non-compliance with this policy, specifically around incomplete or missing documentation required to substantiate the source of the patron's funds. In addition, preliminary results from the work being performed by Deloitte have identified continued non-compliance with Source of Funds Policy.

As a result of these findings, I sent letters on November 28, 2018 to the three largest casino service providers in the Lower Mainland outlining GPEB's expectations of their compliance with BCLC's Source of Funds Policy. These letters outlined that continued non-compliance will result in escalating administrative sanctions, which could include additional conditions being imposed on their registration, fines, suspensions and/or cancellation of registration.

./2

**Ministry of
Attorney General**

Gaming Policy and
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GPEB's audits also found service provider confusion during the roll-out of the Source of Funds Policy. The policy has been in effect for 11 months and formally incorporated into BCLC Standards for two months, yet non-compliance remains at unacceptable levels. As BCLC is responsible for the conduct and management of gambling in the province, including the implementation of this policy, GPEB requests that BCLC support service providers in their efforts to achieve and maintain full compliance. This may include analysis to determine the reasons behind non-compliance and additional training and increased onsite support from BCLC as necessary.

GPEB expects service providers to be in full compliance as required under section 34(1)(f)(i) of the Gaming Control Regulation. GPEB will be conducting another source of funds audit in early 2019 to review BCLC's program and to verify service provider compliance with the policy.

GPEB is committed to ensuring the integrity of gambling in BC and supporting BCLC in its anti-money laundering efforts.

Sincerely,

Sam MacLeod
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

GPEB is a 2018 recipient of the BC Public Service Top Work Unit Award

This is Exhibit " 155 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Source of Funds and Reasonable Measures (SOF/RM) Reference Guide for Service Providers

July 2019
AML Unit

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Reasonable Measures & Source of Funds (RM/SOF) Reference Guide

Source of Funds Overview

On January 10, 2018 following an interim recommendation from the Peter German review, BCLC released a directive for Source of Funds (SOF) Declarations at the \$10,000 threshold to confirm where BC Casino patrons are obtaining the funds used for their buy-ins. This directive was included in Policy effective September 6, 2018. This process applies to all cash and cash equivalents including debit/credit card advances and bank draft/certified cheque buy-ins for \$10,000 or more and includes incremental table buy-ins when the patron reaches the \$10,000 threshold.

SOF Forms

In addition to the completion of the SOF form at the \$10,000 threshold, an SOF Form must also be completed for every subsequent buy-in after the original \$10,000. This can be completed either on additional SOF forms or by using the multiple entry page 2 form. The player must sign for each incremental buy-in past the \$10,000 and all documentation must be scanned into the media tab in LCT entry.

DETAILS ON SOF FORM

The SOF form must show the breakdown of the funds and not just the total amount. This means that if there is \$5000 from cash, \$2000 from debit, and \$4000 from global cash, all three need to be listed on the SOF for a cumulative total of \$11,000. For cash and debit transactions, full banking information must be collected including transit number/branch location and bank account number, and/or the last four digits of credit cards must be recorded.

It is imperative that every line or checkbox MUST be completed on the SOF form before it is signed by the patron and scanned into the media tab.

EXAMPLES OF SOF PROCESS

Example 1: If a patron is playing at a table and hits the \$10,000 threshold:

- 1) Play must be stopped until the SOF form can be completed by the gaming employees, receipt(s) collected and recorded and the SOF form signed by the patron. The SOF form must be fully completed before being presented to the patron for their signature.
- 2) The SOF form must be signed by the patron to certify the information they provided before any further play can commence.
- 3) The employee documenting the information must also print and sign their name at the bottom of the SOF form, and provide their GPEB number and the date. The employee signing the form is certifying that the information is complete and accurate.
- 4) Once the SOF form is complete and receipts have been obtained, the patron may continue play and the completed SOF form and receipts must be scanned into the LCT entry in iTrak.
- 5) Un-sourced cash cannot exceed \$10,000 or more per day per site under any circumstances.

Example 2: If the patron refuses to provide their information, receipt(s) and/or sign the SOF form:

- 1) Gaming privileges must be refused.
- 2) An Unusual Financial Transaction incident in iTrak (UFT, SOF Refusal) must be created for review by the AML Unit.

Example 3: If the Service Provider employees find the circumstances suspicious in any way:

- 1) The buy-in must be refused.
- 2) The incident must be documented as an Unusual Financial Transaction incident in iTrak.

Example 4: If an SOF Form is missed by Service Provider employees:

- 1) An iTrak file **MUST** be created to explain why this occurred and if it was avoidable

Missed SOF Form

When an SOF form is missed an iTrak file must be created to explain why this occurred and details for the missed report must be provided. If the SOF form was missed because of the 48-hour rule or multiple tracking sheets, this explanation must be noted on the form or the tracking sheets and scanned into iTrak.

The application of the 48-hour rule is for multiple tracking sheets that extend over two playing days or on a single day with a significant break in play which are under \$10,000 each but when found in review, contain buy-ins of \$10,000 or more within a 24-hour period.

The multiple tracking sheet rule is used in instances where a player has bought in on the same day in different areas or on different floors and staff are unaware that there is an open tracking sheet already started. Upon collection of the tracking sheets at days end, two or more sheets are located for the same person that total \$10,000 or more within the 24-hour period.

In both these examples, staff would not have initiated an SOF or RM form as the known totals were under \$10,000 therefore those forms are not required.

Receipts

Patrons presenting unsourced cash totaling \$10,000 or more, or cash equivalents such as certified cheques or bank drafts, must produce receipts for all of the unsourced cash and cash equivalents and the receipt must include the patron's name, financial institution that issued the cash, location of the financial institution, and the patron's bank account information. This information must be provided by the patron and recorded on the receipt by the gaming employee.

If the total of the unsourced cash is less than \$10,000 but the overall total includes cash equivalents which brings the total to \$10,000 or more, receipts are only required for the cash equivalents.

If the patron is unable to produce receipt(s):

- 1) No further cash buy-ins can be accepted from them and gaming privileges must be refused.
- 2) The incident must be documented in an Unusual Financial Transaction incident in iTrak (UFT, no receipt) for review by the BCLC AML Unit.

Bank receipts for cash must be dated within 24 hours of the patron declaring the funds as sourced. The receipt must be an original, which aligns with the amounts expected for the buy-in. The original receipt shall be retained by the Service Provider and scanned into the associated iTrak LCT entry for the patron with the full bank account number, branch location and name of patron recorded.

For debit card transactions, the receipt must include the patron's name, financial institution, location of the financial institution, and the patron's bank account information. For credit card transactions, the receipt must contain the patron's name, the financial institution issuing the card, and the last 4 digits of the card number. Card type is not required to be recorded (i.e. Visa, MasterCard etc.).

It should be noted that Money Service Businesses (MSBs) are not considered acceptable sources of funds and therefore funds presented from these businesses shall not be accepted.

Casino Disbursements

Cash that is from a casino disbursement can be presented within 48 hours of the disbursement providing gaming staff confirm the disbursement by checking the details with the issuing site or with the BCLC AML Unit. Any cash from previous winning outside the 48-hour window must be confirmed by BCLC before it can be accepted for gaming. The site can call the AML Unit or the onsite Investigator to confirm previous disbursements outside the 48-hr window. This rule is in place as sites do not have visibility across all Service Providers therefore, cannot confirm that previous disbursements were not already returned and that this is not new money. Verified Win or Return of Funds cheques from BC Casinos can be presented for redemption at any time and a copy must be scanned into LCT entry in iTrak.

Two Approved SOF Form Examples



ALL areas of form must be filled out and all boxes must be checked before presenting to patron for signature

SOF

SOURCE OF FUNDS DECLARATION

(Initial buy-in of \$10,000 threshold and each subsequent buy-in thereafter)

Amount of **INITIATING** buy-in requested: **see note 1)** Total **buy-in** amount for LCT: **see note 2)**

Patron Name: _____ SID #: _____

Type: Cash _____ Draft _____ VW / ROF / Cert. Cheque _____ Debit Card _____ Credit Card _____ Chips (cage transactions) _____
(circle one)

Does the patron have a receipt for the funds? Yes _____ No _____

Does the patron have an existing PGF account? Yes _____ No _____

Is this a new customer? Yes _____ No _____

*ALL applicable boxes must be checked

Notes (specify every transaction for initiating SOF): **see note 3)**

Ask the patron where they acquired the funds for this buy-in? (This information is mandatory and must be specific)

ie: \$5000 cash from personal chequing account, \$2000 from BMO debit card at cage, \$4000 TD Visa

Banking Information (Initiating Source of Funds Transaction)

Financial Institution: _____ Branch #: _____ Account #: _____
(Bank Name) (N/A for credit card) (last 4 digits of credit card)

Draft Transit #: _____ Draft #: _____

Signature of registered gaming worker certifying source of funds information **see note 4)**

Print name of registered gaming worker certifying information _____ GPEB #: _____ Date: _____

Name of patron certifying this information: (please print name) **see note 5)**

Date: _____ Patron signature: *Patron MUST sign before any further play

Additional Buy-ins

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

Time: _____ Amount: _____ Type (specify): _____ Fin. Inst. _____ Branch _____ Account #: _____ Patron Signature _____

☐ See page 2 for additional buy ins

Privacy Notice: Your personal information is collected in accordance with the Freedom of Information and Protection of Privacy Act, British Columbia, and will be used, stored, disclosed and shared by BCLC and its service providers inside and outside Canada to administer and validate your transactions, for auditing, record keeping and reporting purposes as required by BCLC and its regulators, including the Gaming Policy and Enforcement Branch (GPEB) and the Financial Transactions and Reports Analysis Centre (FINTRAC), and to comply with applicable laws and BCLC policies, procedures and standards. Questions related to the collection or use of your personal information may be directed to BCLC's Customer Support Centre at 14 West Seymour Street, Kamloops, BC, V2C 1A2. Telephone: 1-800-825-0222 or bclc.com.

Updated January 2019

Page 1

1) Buy in amount which triggers the LCT reporting requirement

2) Total buy in amount at this point (\$10K+)

3) Must show breakdown of the funds and not just the total amount.

ie: \$5000 cash buy in at 11:03am, \$2000 debit buy in at 11:26am, \$4000 global cash at 11:49am. Receipts must be scanned into iTrak.

*Note: Patron can present up to \$9999 unsourced cash, and once \$10,000 threshold is hit all receipts must be collected before any further play

FULL Banking information must be collected including transit/branch number and account number

4) Gaming worker name, GPEB#, signature and date must all be completed

5) Present to patron for signature after form has been completely filled out. Form MUST be signed by patron before any further play





SOURCE OF FUNDS DECLARATION

(Buy-ins of \$10,000 or more)

Amount of buy-in requested: _____

Type:

Cash ☐Draft ☐Certified Cheque ☐Debit Card ☐Credit Card ☐Does the patron have a receipt from a financial institution
which sources the funds? Yes ___ No ___

Does the patron have an existing PGF account? Yes ___ No ___

Is this a new customer? Yes ___ No ___

Notes (specify every transaction):

_____Ask the patron where they acquired the funds for this buy-in? (This information is mandatory and must be specific)

Banking Information

Financial Institution: _____	Branch _____ (N/A for credit card)	Account # _____ (last 4 digits of credit card)
	Draft Transit # _____	Draft # _____

Signature of registered gaming worker certifying source of funds information _____

Print name of registered gaming worker certifying information _____ GPEB # _____ Date _____

Name of patron certifying this information: (please print name) _____

Date: _____ Patron signature: _____

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Updated December 2018

Reasonable Measures Overview

The purpose of the Reasonable Measures Form is to determine and document ownership of funds before any transaction of \$10,000 or more within a static 24-hour period is completed. This process has been put in place to determine ownership of cash for buy-ins and disbursements and to ensure transactions are not being completed on behalf of a third party. The question **MUST** be asked and documented with the time of the buy-in/cash out at the \$10,000 threshold and every subsequent increment of \$10,000 per gaming day.

Individual sites may capture this information at each \$10,000 progression or for every \$10,000 reached for larger transactions. (i.e.: 10k, 20k, 30k or 17K (first buy in), 27K, 37K).

'UNDETERMINED' RESPONSE / THIRD PARTY TRANSACTIONS

The bottom section of the RM form only needs to be filled out when the response is "undetermined". In this case, the buy-in or disbursement must be refused, as BCLC does not allow third party buy-ins under any circumstances. If the patron is unable to confirm it is not third party cash or refuses to provide this information, the transaction must be refused and the player should be asked to leave. The incident then shall be documented as a UFT- Refusal. All applicable boxes on the RM form **MUST** be filled in and must contain the full name and GPEB number for the gaming worker asking the questions.

MISSED RM FORM

When an RM form is missed, an iTrak file **MUST** be created to explain why this occurred and details for the missed report must be provided. If the RM form was missed because of the 48-hour rule or multiple tracking sheets, this explanation **MUST** be noted on the form or the tracking sheets and scanned into iTrak.


SCENARIOS FOR REASONABLE MEASURES REQUIREMENTS WITH RESPECT TO PGF TRANSACTIONS

Is an RM required to be completed when:

1. A patron deposits 10K into their PGF account using an approved method, with no withdrawal-buy-in.
Yes
2. A patron requests a 10K withdrawal-buy-in (CPV) from their PGF account to play Tables.
No
3. A patron requests a 10K cash withdrawal from their PGF Account to play Slots.
Yes (essentially a disbursement)
4. A patron withdraws 10K (CPV) from their PGF account to play Tables, cashes out 10K after play within 24hrs, and requests a redeposit of 10K back into their PGF account.
No
5. A patron withdraws 10K (CPV) from their PGF account to play Tables, cashes out 20K after play within 24hrs, and requests a redeposit of 10K plus a deposit of 10K in verified win back into their PGF account.
No
6. A patron withdraws 10K (CPV) from their PGF account to play Tables, cashes out 20K after play within 24hrs, requests a redeposit of 10K back into their PGF account and a 10K Verified Win cheque.
Yes (VW is a disbursement)
7. A patron requests a 10K Return of Funds-PGF cheque from their PGF account.
Yes

RM Form Example

RM



REASONABLE MEASURES FORM

Date Completed: _____ ID confirmed? Yes ___ No ___

Patron Name: _____ SID #: _____

Ask the guest if he/she was acting on behalf of a third party. "Are you buying in or cashing out on behalf of someone else?"

Answer: _____

- Yes (third party transaction – transaction is refused)
- No (funds belong to patron)
- Undetermined (see reason why below)

Time	Buy-in / Cash-out Amount							
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				
_____	B ___ C ___ \$ _____	Yes ___ No ___	UND ___	Employee name/GPEB _____				

Why Reasonable Measures were unsuccessful:

Updated November 2018

Q/A Document for SOF Directive

1. Sometimes patrons withdraw cash without receiving/collecting a receipt, in this case is there any way we can verify the banking information?

A. In every instance when cash is withdrawn, a receipt is either given or offered. It is up to the patron to obtain one and retain it for buy-in purposes. There is a zero tolerance on this issue. The onus is on the patron to bring in a receipt for cumulative buy-ins of \$10,000 or more or the buy-in will be refused.

2. If someone wins a slot jackpot and then buys-in at a table with \$10K cash, some of which includes proceeds from the jackpot, how do we verify the funds and what information is needed under such circumstances?

A. You will require a receipt for the portion of cash used and document the JP disbursement on the tracking sheet and LCT for \$10,000 transactions or higher.

3. If a guest passes the \$10,000 buy-in threshold with multiple subsequent buy-ins, does the full account number need to be disclosed every time? Is it sufficient to receive the full account number the first time and then for all subsequent \$10k buy-ins to match the partial numbers shown on the receipt to that full account number first provided?

A. Once they have passed the \$10,000 threshold and have provided the required receipt, all subsequent cash buy-ins regardless of size will require a receipt to be scanned into the LCT. Each receipt will require the patron name, financial institution name, financial institution location (branch location and/or transit number) and account number for the patron so we can show the link to the LCT entry and scan.

4. At what point, if any, do we need a receipt for foreign currency? Do the same requirements apply?

A. The same requirements apply for Forex. At \$3,000 CDN equivalent, they are reported as normal for record keeping, at \$10,000 CDN they are reportable to FINTRAC and require the same receipts and RM/SOF attention as CDN funds.

5. When patrons produce a receipt with their account number and name on it, are we scanning it into iTrak? Are we documenting the account number in any way to confirm it matches previous buy-ins?

A. Yes, scan the receipt in with the noted information with the LCT. We will be reviewing these files moving forward but as a best practices rule, for large buy-ins it would be a good practice to look at any previous receipts/cheques to ensure the numbers match. If they do not, further questions should be asked prior to buy-in to determine why they are different.

6. Is it a rolling 24-hour period or is it by gaming date?

A. It is a rolling 24-hr period for 24-hr sites, and a fixed 24-hr period for non-24-hr sites. These are the same standards applied by FINTRAC for LCT reporting.

7. If there is a player buying-in with \$10,000 cash or more who is notified of the new SOF policy and then attempts to buy in with \$9000 instead, will we accept this transaction?

A. The buy-in for \$9000 can be accepted and the patron should now be aware of the receipting rules. If that player returns with subsequent cash buy-ins just under \$10,000, it is likely going to result in the patron being placed on full sourced cash/chip conditions by BCLC. In no circumstance should SP staff give patrons direction as to what they can do to buy in under the \$10,000 threshold (structuring) as it will likely result in registration issues for the employee.

8. How would this impact GCA (credit card) transactions as the receipts may not include bank account information?

A. Please include the receipt that the patron withdraws on their credit card, which should house the truncated credit card number and the company that issued the card. Due to the payment industry standard, we are not authorized to retain credit card numbers, therefore the receipt will be proof of source of funds.

9. Will BCLC be providing a statement or privacy notification for all service providers to pass on to players when collecting information for the new SOFs?

A. No. BCLC has conducted a PIA (Privacy Impact Assessment) on this issue and the information we are collecting does not require a notification as it required under Federal Legislation for the RM form and enhanced due diligence on source of wealth and source of funds for FINTRAC reporting purposes, as set out in FINTRAC guidelines.

10. Can we utilize company phones to take pictures of the receipts that will then be scanned?

A. Only company phones can be used to photograph and scan in receipts. Once completed, the photo must be removed from the phone SIM card.

11. Can we allow players to sign the receipt of the buy-in instead of the Tracking Sheet?

A. The patron must sign the SOF form as it is being used to certify the information.

12. Many guests want their receipts back, does this mean we keep the receipt and do not give it back to the patron or is a copy of the original sufficient?

A. The original receipt should be retained but if they wish to have a copy of the receipt, that is ok. (I would suggest you stamp the copy so it is clear it is a copy) We want the original retained and scanned so we have a record of it and to ensure they do not leave, go to another site with more cash and re-use the same receipt.

13. Once the receipt is scanned, do we have to keep a hard copy of it?

A. Keeping the hard copy of the receipt is up to the site and policy. Once you have scanned it and confirmed the scanned copy is clear and readable, the original receipt must be retained and not given back to the patron.

14. How are we to handle casinos that do not want to provide information due to privacy and use this to get the guest to go back to their site?

A. All SP's have been asked to cooperate as this is a two-way street and we all need to work together to make things work. That being said if they refuse to confirm the disbursement, you could contact the BCLC Investigator at your site or the AML unit if they are available. Failing that and outside normal working hours, you can contact Daryl Tottenham who can confirm that information in most instances and he will deal with the site refusal the next day.

15. Should we be offering our guests receipts at the Cage when they cash out with information on the denominations given and to whom?

A. We do not currently have provisions to work with receipts from SP's. If the patron plans on returning and is concerned about being able to buy in, the easiest way to deal with it is to take a convenience cheque. When they return they have no receipt issues to deal with and if they change their mind, they can simply deposit the cheque into their bank account.

16. Where incremental buy-ins breach the \$10,000 threshold what amount will be recorded in the "amount of buy in requested"? Will this be \$10,000 or the amount which incrementally breached the \$10,000 threshold?

A. The notations made should include the amount information on the buy-in that caused it to breach \$10,000 and the overall total with that buy-in included.

17. For the question of Financial Institution does this have to be the numeric code for their bank or is RBC, BMO etc. sufficient?

A. The name of the bank is fine for the form but the branch transit number is the entry required in the FINTRAC module.

18. Does any amount received in a certified cheque or bank draft need a receipt or only a reportable threshold?

A. Bank drafts require receipting in all instances which includes patron name, bank and location, and account number.

19. If the SP has collected receipts but the buy-in does not reach reporting threshold, what do you want them to do with them?

A. Those receipts would have to be kept for 24 hrs to ensure the patron does not return within the 24 hr window with more buy-ins. However, once that 24 hr window passes and the receipts are no longer required, they should be shredded.

20. In regards to sourced buy-in, for example, if a player bought in for \$3,000 and cashed out \$12,000. He comes in the next day; we could source the buy-in up to \$12,000 without receipt? At what point do we ask for a receipt in this scenario? When he reaches \$22,000?

A. The first \$3,000 buy-in is un-sourced, the balance of the cash-out is sourced by winnings for \$9,000, therefore when he comes back in, \$9,000 is sourced not the entire \$12,000. He would require a receipt for the next buy-in that puts him over \$10,000 so \$3,000 in un-sourced and an additional \$7,000 would put him at 10K and require receipting for the entire 10K. He would then require receipts for ANY amount of further buy-ins.

21. When a player withdraws from the ATM with a debit card, the bank account number would not appear on the receipt, could we accept the receipt without bank account number?

A. No, the gaming staff will have to record the patrons name, financial institution, financial institution location and account number on the receipt. They will be signing a declaration that the information is true and accurate and that is the information we will be tracking.

22. As patrons may be concerned about their privacy when asked for their bank account numbers, how should we respond when they question our authority?

A. They can be advised that their information is only kept for FINTRAC reporting purposes that will be strictly protected by BCLC as required by Federal Legislation.

23. Is the SOF declaration the same for out-of-town patrons (holding foreign passport) with foreign currency?

A. Yes.

24. If a patron is denied a buy-in as no receipt was produced for the entire buy-in amount, when can the patron return to the casino?

A. They can return 24 hours after their last buy-in.

25. If a patron is still gaming with chips but is denied when attempting to buy-in over \$10,000, can the patron continue gaming with the remaining chips?

A. Yes. The same rules apply similar to LCT reporting, they cannot allow further buy-ins but their gaming can continue with active chips.

26. If a patron does not have receipts for the entire buy-in amount and withdraws at the cage, can the amount from the cage be approved?

A. If they buy-in from the cage off a card those funds are considered sourced. The receipt from the transaction shall be scanned and included for the SOF form at 10K but it would not impact any outstanding un-sourced cash total for receipting purposes.

27. If the withdrawn amount on the receipt is greater than the buy-in, how long is the unused portion of the receipt valid for?

A. There is no shelf life on receipts. When they buy-in the original receipt must be retained and scanned into the system. They will not be able to use that receipt for partial buy-ins after that point. This would be impossible to track per site let alone across multiple sites. Patrons will have to make those calculations prior to going out to casinos moving forward.

28. Do we really need to document the bank and personal information on the ATM receipt when this is already required on the RM/SOF?

A. Yes, we need it written on the receipt for ATM Slips as there needs to be something that ties it to the SOF form to make the declaration of value. Otherwise the patron could deny the receipt was the one he provided if he became an issue and we could not show otherwise.

29. Will a full bank card number be acceptable on the SOF?

A. No, it needs to be their account number. Some bank cards do not have the patron names on them and proving ownership of the card does not confirm the funds are from the patron. In addition, anytime the patron gets a new card, the number will change. We will be tracking customer account numbers for buy-ins and remembering that they are signing a declaration stating the information is true and accurate, we need consistency in the information they are providing.

30. If a player comes with \$10,000 in cash without a receipt. Can we tell them to buy in under \$10,000 in order to play?

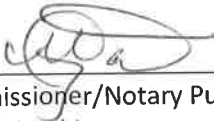
A. Gaming staff cannot tell them to buy in under \$10,000 in order to play. Gaming staff can explain the rules to the patron. If the patron chooses to buy-in on their own accord under the \$10,000 threshold, that is different then staff telling them to do so. BCLC will be reviewing these

transactions closely and if we see players starting to buy in just under \$10,000 to avoid the receipt and reporting process, we will be placing them on permanent sourced cash conditions which will require receipts for every single buy-in regardless of amount. Buying in just under the threshold is called structuring and is one of the FINTRAC indicators that is taught in AML training. Having staff advise them to buy-in under that threshold could cause employees to lose their GPEB registration so not recommended.

31. Please confirm if SOF has no cut-off after reaching \$10,000 threshold. E.g. patron brought in \$5,000, \$5,000, \$2,000 - patron provided receipts for the first two buy-ins of \$5,000, but they are still required to provide the receipt for \$2,000.

A. Once they hit the \$10,000 threshold and are asked for receipts, any buy-in after that MUST have a receipt. This is not the same as the Reasonable Measures program which asks after each \$10,000 increment.

This is Exhibit " 156 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1121

To: Laura Piva-Babcock [Personal information]; Rob Kroeker [Personal information]; Brad Desmarais [Personal information]; Gurmit Aujla [Personal information]
Cc: Jennifer Gallaway [Personal information]
From: Jim D. Lightbody
Sent: Fri 22/02/2019 8:06:14 PM
Subject: RE: Deloitte Report

Doug and Derrick suggest we arrange for a brief 15 minute call with the Minister, Rob, me and a Deloitte representative. The Minister wants to know if the compliance issues are due to a) nefarious or cultural issues, or b) administrative challenges. I explained the manual, hand written process is very challenging, especially for buy-ins at the table that add up to \$10,000 over several hours and sometimes different tables. This is an example of what the Minister needs to here.

Rob, please identify a Deloitte rep for us and brief him/her. I'll advise as soon as I hear when the call will be.
 Thanks,
 Jim

From: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Sent: Thursday, February 21, 2019 5:12 PM
To: Rob Kroeker [Personal information]; Brad Desmarais <[Personal information]>; Jim D. Lightbody [Personal information]; Gurmit Aujla <[Personal information]>
Cc: Jennifer Gallaway [Personal information]
Subject: RE: Deloitte Report

Report from Deloitte.

Laura Piva-Babcock

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

[Personal information]

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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: Rob Kroeker [Personal information]
Sent: February 21, 2019 4:56 PM
To: Laura Piva-Babcock [Personal information]; Brad Desmarais <[Personal information]>; Jim D. Lightbody [Personal information]; Gurmit Aujla <[Personal information]>
Cc: Jennifer Gallaway [Personal information]
Subject: RE: Deloitte Report

Please work with John.

What does "an updated report" mean? The IN ?

From: Laura Piva-Babcock <[Personal information]>
Sent: February-21-19 1:49 PM
To: Brad Desmarais [Personal information]; Rob Kroeker [Personal information]; Jim D. Lightbody [Personal information]; Gurmit Aujla [Personal information]
Cc: Jennifer Gallaway [Personal information]

1122

Subject: Deloitte Report

Hi,

Megan Harris attends Doug's weekly meetings with the Minister. In follow up she says that the Minister would like a bit more detail on the Deloitte Report re SoF compliance.

- When will we have an updated report to share with him?
- What efforts/initiatives were put in place that helped increase the compliance rates?

We developed and sent the attached IN back in October and we can update it since quite a bit has happened between then and now.

Please let me know who we should work with on this.

Thanks,

Laura Piva-Babcock

Director, Communications

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

Personal information

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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.

This is Exhibit "157" referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

PRIVILEGED AND CONFIDENTIAL

Brad Desmarais
Vice President, Casino and Community Gaming
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V5M 0A6

Date: October 11, 2017

Re: Restriction to Table Games Buy-in Levels

Dear Mr. Desmarais,

INTRODUCTION

HLT Advisory Inc. ("HLT") has been retained by British Columbia Lottery Corporation ("BCLC") to estimate the impact of restricting the acceptance of table game cash "buy-ins" (i.e., acquisition of playing chips) of more than \$10,000 at BC gaming facilities. This restriction will impact High-Limit (or High-End) table game business as the majority of cash buy-ins over \$10,000 occur in this component of casino operations.

SCOPE OF WORK

To complete the impact analysis HLT assessed the following data:

- FY2016, FY2017 and six fiscal periods of FY2018 table drop, net win and hold rate by table game type.
- FY2017 High-Limit table drop, net win and hold rate by casino.
- Large cash transactions ("LCT") for 12 fiscal periods ending September 23, 2017.
- Buy-In from both LCTs and non-LCTs (12 fiscal periods ending September 23, 2017).

HIGH-LIMIT TABLE BUSINESS

The High-Limit table segment in British Columbia casinos is defined as midi and squeeze (or "EZ") baccarat. As shown in Exhibit 1 following, high-limit baccarat has historically accounted for approximately 60 percent of total table drop and between approximately 50 to 60 percent of total table net win. Casinos which offer high limit tables typically experience volatile hold rates in high limit games, as evidenced in BC with a high of 18.6% in FY2016 to a low of 14.1% in FY2018 YTD. The impact of this hold rate change is highlighted in FY2017 where high-limit baccarat drop increased over FY2016 but net win decreased due to a significantly lower hold rate in FY2017.

Exhibit 1					
Provincial Table Drop, Net Win & Hold Rate (Excluding Table Poker and TouchBet Roulette)					
Fiscal 2016	High-Limit Baccarat	Main Floor Baccarat	Blackjack	All Other	Total
Drop	\$1,555,869,275	\$305,085,379	\$347,052,550	\$362,830,225	\$2,570,837,429
% of Total Drop	60.5%	11.9%	13.5%	14.1%	100.0%
Net Win	\$289,998,296	\$40,714,829	\$80,005,298	\$85,009,656	\$495,728,079
% of Total Net Win	58.5%	8.2%	16.1%	17.1%	100.0%
Hold %	18.6%	13.3%	23.1%	23.4%	19.3%
Fiscal 2017					
Drop	\$1,631,361,862	\$391,847,357	\$351,290,026	\$379,765,043	\$2,754,264,287
% of Total Drop	59.2%	14.2%	12.8%	13.8%	100.0%
Net Win	\$239,358,605	\$52,712,755	\$83,433,340	\$88,579,129	\$464,083,830
% of Total Net Win	51.8%	11.4%	18.0%	19.1%	100.0%
Hold %	14.7%	13.5%	23.8%	23.3%	16.8%
Fiscal 2018 YTD*					
Drop	\$789,283,740	\$206,763,017	\$176,559,847	\$192,559,616	\$1,365,166,220
% of Total Drop	57.8%	15.1%	12.9%	14.1%	100.0%
Net Win	\$110,898,844	\$26,400,225	\$41,261,183	\$44,257,370	\$222,817,622
% of Total Net Win	49.8%	11.8%	18.5%	19.9%	100.0%
Hold %	14.1%	12.8%	23.4%	23.0%	16.3%

Source: HLT Advisory Inc. based on BCLC data

* Fiscal 2018 YTD equals April 1 through September 23, 2017

As shown in Exhibit 2, the high-limit baccarat business is concentrated in five Lower Mainland casinos. These casinos account for approximately 98% of total high-limit drop and net win. Of these casinos, River Rock accounts for almost half the drop and net win. River Rock's share of total drop and win is likely to decrease once Parq Casino (formerly Edgewater) is stabilized in the market (opened September 29, 2017).

Exhibit 2							
High-Limit Table Drop & Net Win by Casino (FY2017)							
	River Rock	Edgewater	Grand Villa	Starlight	Hard Rock	All Other	Total
Drop	\$776,360,596	\$363,035,323	\$204,780,300	\$144,751,795	\$107,743,475	\$34,710,373	\$1,631,361,862
Net Win	\$118,110,079	\$50,703,308	\$29,668,852	\$14,944,497	\$21,408,741	\$4,523,131	\$239,358,605
Hold %	15.2%	14.0%	14.5%	10.3%	19.9%	13.0%	14.7%
Drop % of Total	47.6%	22.3%	12.6%	8.9%	6.6%	2.1%	100.0%
Win % of Total	49.3%	21.2%	12.4%	6.2%	8.9%	1.9%	100.0%

Source: HLT Advisory Inc. based on BCLC data

It should be recognized that high-limit tables account for over 40% of total table business in each of these casinos. River Rock is most dependant on high-limit business (historically high-limit has accounted for approximately 70% of total table win) followed by Edgewater (over 50%).

CASH BUY-INS (LCTs FILED)

Table game buy-ins are made either through cash or by way of withdrawal from a customer account (PGF). Monies in the latter case originate mainly from bank drafts from a customer's bank account to an account maintained by the casino for that customer. If a cash buy-in exceeds \$10,000 (either via one transaction or a series of transactions which total \$10,000 or more in a 24-hour period), an LCT report is filed with FINTRAC. The majority of PGF buy-ins, and approximately 90% of LCTs are for high-limit table games.

To calculate the range of potential loss we used data for the trailing twelve fiscal periods ending September 23, 2017. As shown in Exhibit 3, LCTs (including discarded LCT transactions) account for 21 percent of total table drop. This percentage increases to approximately 37 percent if only high-limit table drop is considered.

Exhibit 3				
Buy-In (Drop) by Source (12 fiscal periods ending Sept 23, 2017)				
Source of Buy-In	Number	Table Drop	% of Total	Average Buy-In
LCTs	35,417	\$505,770,804	18.2%	\$14,280
Discarded LCT Transactions *	41,704	\$78,697,817	2.8%	\$1,887
PGF ** and other Cash Buy-in	NA	\$2,191,377,971	78.9%	NA
Total Table Game Drop	NA	\$2,775,848,592	100.0%	NA

Source: HLT Advisory Inc. based on BCLC data.
 NA – not available.
 * Discarded transactions are player buy-ins occurring after an LCT is recorded. The discarded amounts for these players do not total to an additional \$10,000, accordingly no additional LCT was filed.
 ** PGF (Player Gaming Fund) represents player account amounts. These are amounts that are received at the casino from the player's financial institution and held on account for player. The player draws on his/her account for buy-ins.

Of the 35,417 filed LCTs, approximately 94% were in the \$10,000 to \$20,000 range (see Exhibit 4 following). These LCTs accounted for approximately 76% of the total value of LCTs filed. PGF buy-ins have a similar stratification.

Exhibit 4					
LCT Level Stratification (12 fiscal periods ending Sept 23, 2017)					
LCT Level	Number	% of Total	Amount of LCTs	% of Total	Average LCT
\$10k-\$20k	33,120	93.5%	\$385,307,948	76.2%	\$11,634
>\$20k to \$30k	926	2.6%	\$25,888,316	5.1%	\$27,957
>\$30k to \$40k	320	0.9%	\$12,148,580	2.4%	\$37,964
>\$40k to \$50k	462	1.3%	\$22,730,945	4.5%	\$49,201
>\$50k to \$75k	213	0.6%	\$13,177,851	2.6%	\$61,868
>\$75k to \$100k	250	0.7%	\$23,206,470	4.6%	\$92,826
>\$100k to \$250k	112	0.3%	\$17,501,855	3.5%	\$156,267
>\$250k	14	0.0%	\$5,808,840	1.1%	\$414,917
Total LCTs Filed	35,417	100.0%	\$505,770,804	100.0%	\$14,280
Discarded Transactions *	41,704		\$78,697,817		
Total			\$584,468,621		

Source: HLT Advisory Inc. based on BCLC data.
 * Discarded transactions are player buy-ins occurring after an LCT is recorded. The discarded amounts for these players do not total to an additional \$10,000, accordingly no additional LCT was filed.

ESTIMATED NET WIN IMPACT

To estimate the potential impact of restricting cash buy-ins to below \$10,000, HLT provided a range of net win loss:

- The upper end of the range assumes that all buy-ins from LCTs will be lost (i.e. all customers who currently play at a level that requires an LCT report to be filed will no longer visit BC casinos).
- The lower end of the range assumes that all players who have cash buy-ins at \$10,000 or more will continue to come to the casino, however, their daily buy-in would be capped at \$9,999.

Exhibit 5 following summarizes the range of estimated loss. An estimated hold rate of 15% was assumed to calculate the loss associated with both the upper and lower end of the range as defined above. In total, HLT estimates that between \$34.6 and \$87.7 million of net win could be lost if cash buy-ins were restricted to amounts less than \$10,000.

Exhibit 5	
Range of Estimated Loss in Net Win	
Upper End of Loss Range	
Total Value of LCTs (drop)	\$584,468,621
Estimated Hold	15%
Net Win Loss	\$87,670,293
Lower End of Loss Range	
Total Value of LCTs (drop)	\$230,423,266
Estimated Hold	15%
Net Win Loss	\$34,563,490
<i>Source: HLT Advisory Inc. based on BCLC data</i>	

ESTIMATED GOVERNMENT AND SERVICE PROVIDER IMPACT

This loss of net win will impact both the Province (through BCLC) and SPs. As summarized in Exhibit 6, the income loss to BCLC would equal net win less SP commission paid and GST. In total income loss to BCLC would range from \$18.6 to \$47.2 million.

Exhibit 6		
Income Loss to BCLC		
	Minimum	Maximum
	Potential Loss	Potential Loss
Estimated Table Net Win Loss	\$34,563,490	\$87,670,293
Less Savings In:		
Service Provider Commissions (44%)*	\$15,207,936	\$38,574,929
GST	\$760,397	\$1,928,746
Income Loss to BCLC	\$18,595,158	\$47,166,618
<i>Source: HLT Advisory Inc. based on BCLC data & HLT estimate</i>		
<i>*40% base plus 5% FDC/AFDC, less 1% table game supplies</i>		

As summarized in Exhibit 7 following, total SP loss would range from \$15.2 to \$38.6 million. On a site basis, River Rock would lose the largest amount (\$6.7 to \$17.0 million) followed by Parq (Edgewater; \$3.4 to \$8.8 million). From a SP total portfolio perspective Great Canadian Gaming Corporation would lose between \$7.8 to \$19.9 million and Gateway would lose \$3.1 to \$8.8 million. The loss to Parq is understated as this facility just opened and was financed based on a business strategy focussed on high-limit table play.

Exhibit 7			
Commission Revenue Loss by Casino & SP *			
Casino	Percent of LCTs	Minimum Potential Loss	Maximum Potential Loss
River Rock	44.1%	\$6,712,430	\$17,026,080
Parq (Edgewater)	22.7%	\$3,455,218	\$8,764,159
Grand Villa	11.6%	\$1,758,913	\$4,461,484
Starlight	8.8%	\$1,334,866	\$3,385,886
Hard Rock	7.5%	\$1,135,256	\$2,879,578
Total All Other	5.3%	\$811,252	\$2,057,742
Total	100.0%	\$15,207,936	\$38,574,929

Service Provider	Percent of LCTs	Minimum Potential Loss	Maximum Potential Loss
GCGC	51.6%	\$7,847,687	\$19,905,658
Parq (Edgewater)	22.7%	\$3,455,218	\$8,764,159
Gateway	20.3%	\$3,093,779	\$7,847,370
Total All Other	5.3%	\$811,252	\$2,057,742
Total	100.0%	\$15,207,936	\$38,574,929

Source: HLT Advisory based on BCLC & HLT estimate
 *40% base plus 5% FDG/AFDC, less 1% table game supplies

The casinos most impacted by a loss in high-limit table business resulting from limiting cash buy-ins to amounts less than \$10,000, account for approximately 76% of total SP investment to date in gaming facilities (excluding intangible assets; \$1.4 billion from 2015 SP Compensation review plus \$792 million to account for recent investment in Parq Casino) or approximately \$1.6 billion in investment. These facilities also generate 55% of total gaming win in the province.

* * * * *

Should you have any questions on this letter report, please do not hesitate to contact either Rob Scarpelli at [Personal information] or Drew Chamberlain at [Personal information].

Sincerely,

HLT Advisory Inc.



Robert M Scarpelli
 Managing Director



Drew Chamberlain
 Managing Director

This is Exhibit " 158 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1130

To: Gurmit Aujla [Personal information]
Cc: Rob Kroeker [Personal information]
From: Brad Desmarais
Sent: Mon 27/05/2019 3:52:46 PM
Subject: FW: BCLC loss greater than 25k
[loss greater than 25k jan 17 2018.docx](#)

Brad Desmarais

Vice President, Casino and Community Gaming

BCLC, 2940 Virtual Way, Vancouver, B.C. V5M [Personal information]
 T 604 225 6408 C 604 328 2481 F 604 225 6488

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

From: Robert Scarpelli <robertscarpelli@hlta.ca>
Sent: January 17, 2018 11:11 AM
To: Jim D. Lightbody [Personal information]
Cc: Brad Desmarais [Personal information]; Drew Chamberlain <[Personal information]>
Subject: RE: BCLC loss greater than 25k

Your questions I red.....answers in blue (hope colour goes through on your end)..attached is a revised table

How come the range for \$10K is now \$73-78M? It has to do with the inclusion of "Discarded Transactions" in the first analysis....HLT does not believe that "Discarded Transactions" will be impacted by \$25k limit. We do believe that these transactions would be impacted by a \$10k limit. See revised table attached which takes out the impact below \$25k.

We were told earlier that it was something like \$35-70M? We used a range in first analysis. Low End of range assumes that players with LCTs over \$10k would still play but only up to \$10k. High End of range assumes that all players with LCTs over \$10k would not play any amount. "Discarded LCTs" were included the Low and High range estimates. The range used in this current analysis is not comparable to the range used in the first analysis. We never used the same Low and High End range in this current analysis...does not make a big difference as the majority of LCTs are between \$10k and \$15k.

We've communicated \$60M to govt. This is a BCLC number.

What are the # and percentage of total LCT's under \$25K? 33,262 LCTs, 93.9% of total LCTs of 35,417 (this does not include the "discarded LCTs" that totaled 41,704)

What is the \$ amount and percentage of LCT \$ amounts under \$25K? \$388.4 million or 76.8% of total, not including "discarded LCTs" (if you want to included discarded LCTs, the numbers would be \$467.2 of 79.9% of total)

Does this help...do you want call to discuss? Just have to do a call with SK right now...be off in an hour.....is that too late for your meeting?

Robert M Scarpelli

1131

Managing Director
 HLT Advisory Inc.
 4516 Mountainview Road
 Beamsville, ON L0R 1B3

(Personal information)

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From: Jim D. Lightbody (<mailto:>) (Personal information)
Sent: Wednesday, January 17, 2018 12:53 PM
To: Robert Scarpelli (Personal information)
Cc: Brad Desmarais (Personal information)
Subject: RE: BCLC loss greater than 25k

Thanks, Rob. How come the range for \$10K is now \$73-78M? We were told earlier that it was something like \$35-70M? We've communicated \$60M to govt. I want to make sure what we tell govt for the proposed \$25K cap of \$15-20M is explainable.

Other things I need confirmed:

- What are the # and percentage of total LCT's under \$25K?
- What is the \$ amount and percentage of LCT \$ amounts under \$25K?

Thanks,
 Jim

From: Robert Scarpelli (Personal information)
Sent: Wednesday, January 17, 2018 9:43 AM
To: Jim D. Lightbody (Personal information)
Cc: Brad Desmarais (Personal information)
Subject: RE: BCLC loss greater than 25k

On the table if you see the blue highlighted area we have calculated the range of loss if you stopped accepting cash buy-ins greater than \$25k in a 24 hour period would be \$15-\$20 million.

On the table we have also provided ranges for other possible levels that may be considered. Example if you wanted to stop accepting cash buy-ins greater than \$40k the range would be \$11-\$16 million.

Robert M Scarpelli
 Managing Director
 HLT Advisory Inc.
 4516 Mountainview Road
 Beamsville, ON L0R 1B3

(Personal information)

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1132

phone 924-0750. Please delete this communication immediately without making any copies.

From: Jim D. Lightbody [Personal information]
Sent: Wednesday, January 17, 2018 12:33 PM
To: Robert Scarpelli [Personal information]
Cc: Brad Desmarais [Personal information]
Subject: FW: BCLC loss greater than 25k
Importance: High

Rob;

Brad is in a meeting in Delta and I'm wanting to know what the estimates revenue/net win impact is if we were to implement a cap on cash (banknotes only) at \$25K. He sent me this table, but I want to ensure I read it correctly. Can you decipher for me?

Thanks,

Jim

From: Brad Desmarais
Sent: Wednesday, January 17, 2018 9:23 AM
To: Rob Kroeker [Personal information]; Jim D. Lightbody [Personal information]
Subject: FW: BCLC loss greater than 25k

Out in Delta at meeting so haven't reviewed in detail. Is this helpful?

From: Robert Scarpelli [Personal information]
Date: January 17, 2018 at 8:40:53 AM PST
To: Brad Desmarais [Personal information]
Cc: Drew Chamberlain [Personal information]
Subject: FW: BCLC loss greater than 25k

Have a look

Robert M Scarpelli
Managing Director
HLT Advisory Inc.
4516 Mountainview Road
Beamsville, ON L0R 1B3

[Personal information]
[Redacted]
[Redacted]

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From: Drew Chamberlain
Sent: Wednesday, January 17, 2018 11:29 AM
To: Robert Scarpelli [Personal information]
Subject: BCLC loss greater than 25k

1133

Drew Chamberlain
Managing Director
HLT Advisory Inc.
4516 Mountainview Road
Beamsville, ON
L0R 1B3

Personal information


[REDACTED]

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This is Exhibit " 159 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

1135

To: Rob Kroeker[RKroeker@bclc.com]
Cc: Brad Desmarais[BDesmarais@bclc.com]; Susan Dolinski[SDolinski@BCLC.com]; Jamie Callahan[JCallahan@bclc.com]; Shirley Beveridge[SBeveridge@BCLC.com]
From: Jim D. Lightbody
Sent: Wed 17/01/2018 11:34:45 PM
Subject: AML initiatives - GPEB

Rob;

I spoke with John Mazure today advising and updating him on some of the things we're working on in AML. We had agreed to stay in close contact on this so we're aligned.

I advised him of our decision on de-risking MSB's and also about our thinking behind a cap on cash at \$25K. I gave him the rationale and asked how they would see this working, so we're clear, given the discussions we had around Peter German's reco #1. He stated he didn't think they need to approve it, but would appreciate the opportunity to review and ask questions. We also agreed it would be wise to advise Peter German. I did state that we would like this to move rather quickly so it's in place prior to Chinese New year, and he said they would work with that. He also stated that while he prefers a risk based approach, we are in a risk averse environment now and a more prescriptive approach may be necessary.

The next steps we agreed to were for John K and yourself to meet with Anna and Michele to take them through both those initiatives and rationale. It would help if you could send them a brief document in advance, or after, that summarizes our rationale and how it works.

I will also advise you tomorrow the result of my call with the Deputy and the MA later today.

Let me know if you have any questions.

He also stated that his team (Bob Stewart and Anna) have appreciated the cooperation from BCLC and SP's in developing the implementation plan around reco #2. They haven't come to any conclusions yet.

Thanks,

Jim

Jim Lightbody

President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2

Personal information

BCLC Marketing & Sales Office
2940 Virtual Way, Vancouver BC V5M 0A6

Personal information

Personal information 
bclc.com

This is Exhibit " 160 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1137

To: Suzanne Rowley [Personal information]
From: Jen Viau
Sent: Fri 2020-09-25 5:02:21 PM
Subject: FW: AG File No. 546040

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

From: Fyfe, Richard J JAG:EX [Personal information] >
Sent: Sunday, January 28, 2018 1:40 PM
To: Jim D. Lightbody <[Personal information]>
Subject: Re: AG File No. 546040

Hi Jim. Sounds like work! Any time should be fine. Whatever is most convenient for you.

Richard J.M. Fyfe QC
 Deputy Attorney General
 Ministry of Attorney General

[Personal information]

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On Jan 28, 2018, at 1:38 PM, Jim D. Lightbody [Personal information] >>
 wrote:

Richard,
 I'm helping my son clean and move to a new place this afternoon, so let me know if a call tonight works for you.
 Or we can talk tomorrow before 8 am.
 Let me know what works.
 Thanks,
 Jim

From: Fyfe, Richard J JAG:EX <[Personal information]>
Date: January 27, 2018 at 6:00:52 AM PST
To: Jim D. Lightbody <[Personal information]>
Subject: Re: AG File No. 546040

Hi Jim. Yes we can talk Monday. I think this is largely a letter to bring closure to our recent discussions but let's talk Monday. I have a pretty full day Monday - is a call before 8:00 am possible for you? Happy to talk over the weekend if that is easier for you.

Richard J.M. Fyfe QC
 Deputy Attorney General
 Ministry of Attorney General

[Personal information]

[Personal information]

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1138

email.

On Jan 26, 2018, at 7:56 PM, Jim D. Lightbody

Personal information <[REDACTED]> wrote:

Richard,

I received this today. I hope we can discuss it on Monday. I need to get some clarification. Let me know what time works Thanks and have a great weekend, Jim

From: JAG WEBFEEDBACK JAG:EX
<AGWEBFEEDBACK@gov.bc.ca<mailto:AGWEBFEEDBACK@gov.bc.ca><mailto:AGWEBFEEDBACK@gov.b
c.ca>>

Date: January 26, 2018 at 1:37:55 PM PST

To: Jim D. Lightbody

<[REDACTED]>

Subject: AG File No. 546040

Mr. Jim Lightbody

President and Chief Executive Officer

British Columbia Lottery Corporation

Email: J[REDACTED]

Dear Mr. Lightbody:

Staff have advised me that BCLC has advised government that BCLC is or has been contemplating reforms, including possible reforms related to bank drafts and money orders being used in BC casinos.

The issue of negotiable instruments in BC casinos has been in the media, and is an issue of concern to me. I commend you and your staff for taking the initiative on this matter.

As you know, on September 28, 2017, I appointed Mr. Peter German to conduct a review of British Columbia's anti-money-laundering policies and practices in the gambling industry, with a focus on the Lower Mainland.

Mr. German is tasked with designing an integrated response to the issue of money laundering we are facing in our casinos. He is doing so in consultation with, among others, the RCMP, FINTRAC, GPEB, BCLC, and casino service providers.

In order to ensure that any BCLC initiatives, including any new negotiable instrument policy reform proposal, are integrated with any policy reforms proposed by Mr. German, I respectfully request that BCLC not proceed to implementation immediately. Instead, I encourage you to present your policy reform proposals to Mr. German directly with any suggestions about implementation.

Mr. German has the ability to recommend to me reforms that should be implemented immediately rather than awaiting his final report, if he considers it necessary to do so.

Absent coordination with Mr. German, my concern is that any proposal implemented by GPEB or BCLC independently from the ongoing review process could result in consequences as serious as interfering with active law enforcement investigations, or could prevent necessary resources from being dedicated to higher priority initiatives identified by Mr. German.

Thank you for your understanding, and your initiative on this matter.

Yours truly,

1139

Original signed by:

David Eby, QC
Attorney General

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This is Exhibit " 161 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

To: Susan Dolinski [Personal information]
Cc: Jim D. Lightbody [Personal information] John Karlovce [Personal information] Rob
Kroeke [Personal information]
From: Brad Desmarais
Sent: Thur 01/02/2018 6:03:11 PM
Subject: HLT - Cash Cap Final
HLT - Cash Cap Final.docx

Hi Susan. This is the HLT report which, as I understand it, will be sent to the Minister today as part of his request last Tuesday. Abby received it yesterday, but I wanted to draw your attention to Exhibit 4 in the report. This is the stratification of LCTs over the period Sept 2016-Sept 2017 and indicates the vast majority of the cash buy-ins were in the \$10-20K range, in both value and incidents. This is important because it clearly shows the very large cash buy-ins are in fact relatively rare when taken in context. This is probably the first time the Minister will have been exposed to this information other than Jim providing a verbal overview to staff.

PRIVILEGED AND CONFIDENTIAL

Brad Desmarais
Vice President, Casino and Community Gaming
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V5M 0A6

Date: October 11, 2017

Re: Restriction to Table Games Buy-in Levels

Dear Mr. Desmarais,

INTRODUCTION

HLT Advisory Inc. ("HLT") has been retained by British Columbia Lottery Corporation ("BCLC") to estimate the impact of restricting the acceptance of table game cash "buy-ins" (i.e., acquisition of playing chips) of more than \$10,000 at BC gaming facilities. This restriction will impact High-Limit (or High-End) table game business as the majority of cash buy-ins over \$10,000 occur in this component of casino operations.

SCOPE OF WORK

To complete the impact analysis HLT assessed the following data:

- FY2016, FY2017 and six fiscal periods of FY2018 table drop, net win and hold rate by table game type.
- FY2017 High-Limit table drop, net win and hold rate by casino.
- Large cash transactions ("LCT") for 12 fiscal periods ending September 23, 2017.
- Buy-In from both LCTs and non-LCTs (12 fiscal periods ending September 23, 2017).

HIGH-LIMIT TABLE BUSINESS

The High-Limit table segment in British Columbia casinos is defined as midi and squeeze (or "EZ") baccarat. As shown in Exhibit 1 following, high-limit baccarat has historically accounted for approximately 60 percent of total table drop and between approximately 50 to 60 percent of total table net win. Casinos which offer high limit tables typically experience volatile hold rates in high limit games, as evidenced in BC with a high of 18.6% in FY2016 to a low of 14.1% in FY2018 YTD. The impact of this hold rate change is highlighted in FY2017 where high-limit baccarat drop increased over FY2016 but net win decreased due to a significantly lower hold rate in FY2017.

Exhibit 1					
Provincial Table Drop, Net Win & Hold Rate (Excluding Table Poker and TouchBet Roulette)					
Fiscal 2016	High-Limit Baccarat	Main Floor Baccarat	Blackjack	All Other	Total
Drop	\$1,555,869,275	\$305,085,379	\$347,052,550	\$362,830,225	\$2,570,837,429
% of Total Drop	60.5%	11.9%	13.5%	14.1%	100.0%
Net Win	\$289,998,296	\$40,714,829	\$80,005,298	\$85,009,656	\$495,728,079
% of Total Net Win	58.5%	8.2%	16.1%	17.1%	100.0%
Hold %	18.6%	13.3%	23.1%	23.4%	19.3%
Fiscal 2017					
Drop	\$1,631,361,862	\$391,847,357	\$351,290,026	\$379,765,043	\$2,754,264,287
% of Total Drop	59.2%	14.2%	12.8%	13.8%	100.0%
Net Win	\$239,358,605	\$52,712,755	\$83,433,340	\$88,579,129	\$464,083,830
% of Total Net Win	51.6%	11.4%	18.0%	19.1%	100.0%
Hold %	14.7%	13.5%	23.8%	23.3%	16.8%
Fiscal 2018 YTD*					
Drop	\$789,283,740	\$206,763,017	\$176,559,847	\$192,559,616	\$1,365,166,220
% of Total Drop	57.8%	15.1%	12.9%	14.1%	100.0%
Net Win	\$110,898,844	\$26,400,225	\$41,261,183	\$44,257,370	\$222,817,622
% of Total Net Win	49.8%	11.8%	18.5%	19.9%	100.0%
Hold %	14.1%	12.8%	23.4%	23.0%	16.3%

Source: HLT Advisory Inc. based on BCLC data.

* Fiscal 2018 YTD equals April 1 through September 23, 2017.

As shown in Exhibit 2, the high-limit baccarat business is concentrated in five Lower Mainland casinos. These casinos account for approximately 98% of total high-limit drop and net win. Of these casinos, River Rock accounts for almost half the drop and net win. River Rock's share of total drop and win is likely to decrease once Parq Casino (formerly Edgewater) is stabilized in the market (opened September 29, 2017).

Exhibit 2						
High-Limit Table Drop & Net Win by Casino (FY2017)						
	River Rock	Edgewater	Grand Villa	Starlight	Hard Rock	All Other
Drop	\$776,360,596	\$363,035,323	\$204,760,300	\$144,751,795	\$107,743,475	\$34,710,373
Net Win	\$118,110,079	\$50,703,306	\$29,668,852	\$14,944,407	\$21,408,741	\$4,523,131
Hold %	15.2%	14.0%	14.5%	10.3%	19.9%	13.0%
Drop % of Total	47.6%	22.3%	12.6%	8.9%	6.6%	2.1%
Win % of Total	49.3%	21.2%	12.4%	6.2%	8.9%	1.9%

Source: HLT Advisory Inc. based on BCLC data.

It should be recognized that high-limit tables account for over 40% of total table business in each of these casinos. River Rock is most dependant on high-limit business (historically high-limit has accounted for approximately 70% of total table win) followed by Edgewater (over 50%).

CASH BUY-INS (LCTs FILED)

Table game buy-ins are made either through cash or by way of withdrawal from a customer account (PGF). Monies in the latter case originate mainly from bank drafts from a customer's bank account to an account maintained by the casino for that customer. If a cash buy-in exceeds \$10,000 (either via one transaction or a series of transactions which total \$10,000 or more in a 24-hour period), an LCT report is filed with FINTRAC. The majority of PGF buy-ins, and approximately 90% of LCTs are for high-limit table games.

To calculate the range of potential loss we used data for the trailing twelve fiscal periods ending September 23, 2017. As shown in Exhibit 3, LCTs (including discarded LCT transactions) account for 21 percent of total table drop. This percentage increases to approximately 37 percent if only high-limit table drop is considered.

Exhibit 3				
Buy-In (Drop) by Source (12 fiscal periods ending Sept 23, 2017)				
Source of Buy-In	Number	Table Drop	% of Total	Average Buy-In
LCTs	35,417	\$505,770,804	18.2%	\$14,280
Discarded LCT Transactions *	41,704	\$78,697,817	2.8%	\$1,887
PGF ** and other Cash Buy-In	NA	\$2,191,377,971	78.9%	NA
Total Table Game Drop	NA	\$2,775,846,592	100.0%	NA

Source: HLT Advisory Inc. based on BCLC data.
NA - not available
* Discarded transactions are player buy-ins occurring after an LCT is recorded. The discarded amounts for these players do not total to an additional \$10,000, accordingly no additional LCT was filed.
** PGF (Player Gaming Fund) represents player account amounts. These are amounts that are received at the casino from the player's financial institution and held on account for player. The player draws on his/her account for buy-in.

Of the 35,417 filed LCTs, approximately 94% were in the \$10,000 to \$20,000 range (see Exhibit 4 following). These LCTs accounted for approximately 76% of the total value of LCTs filed. PGF buy-ins have a similar stratification.

Exhibit 4					
LCT Level Stratification (12 fiscal periods ending Sept 23, 2017)					
LCT Level	Number	% of Total	Amount of LCTs	% of Total	Average LCT
\$10k-\$20k	33,120	93.5%	\$385,307,948	76.2%	\$11,634
>\$20k to \$30k	926	2.6%	\$25,888,316	5.1%	\$27,957
>\$30k to \$40k	320	0.9%	\$12,148,580	2.4%	\$37,964
>\$40k to \$50k	462	1.3%	\$22,730,945	4.5%	\$49,201
>\$50k to \$75k	213	0.6%	\$13,177,851	2.6%	\$61,868
>\$75k to \$100k	250	0.7%	\$23,206,470	4.6%	\$92,826
>\$100k to \$250k	112	0.3%	\$17,501,855	3.5%	\$156,267
>\$250k	14	0.0%	\$5,808,840	1.1%	\$414,917
Total LCTs Filed	35,417	100.0%	\$505,770,804	100.0%	\$14,280
Discarded Transactions *	41,704		\$78,697,817		
Total			\$584,468,621		

Source: HLT Advisory Inc. based on BCLC data.
* Discarded transactions are player buy-ins occurring after an LCT is recorded. The discarded amounts for these players do not total to an additional \$10,000, accordingly no additional LCT was filed.

ESTIMATED NET WIN IMPACT

To estimate the potential impact of restricting cash buy-ins to below \$10,000, HLT provided a range of net win loss:

- The upper end of the range assumes that all buy-ins from LCTs will be lost (i.e. all customers who currently play at a level that requires an LCT report to be filed will no longer visit BC casinos).
- The lower end of the range assumes that all players who have cash buy-ins at \$10,000 or more will continue to come to the casino, however, their daily buy-in would be capped at \$9,999.

Exhibit 5 following summarizes the range of estimated loss. An estimated hold rate of 15% was assumed to calculate the loss associated with both the upper and lower end of the range as defined above. In total, HLT estimates that between \$34.6 and \$87.7 million of net win could be lost if cash buy-ins were restricted to amounts less than \$10,000.

Exhibit 5	
Range of Estimated Loss in Net Win	
Upper End of Loss Range	
Total Value of LCTs (drop)	\$584,468,621
Estimated Hold	15%
Net Win Loss	\$87,670,293
Lower End of Loss Range	
Total Value of LCTs (drop)	\$230,423,266
Estimated Hold	15%
Net Win Loss	\$34,563,490
<i>Source: HLT Advisory Inc. based on BCLC data</i>	

ESTIMATED GOVERNMENT AND SERVICE PROVIDER IMPACT

This loss of net win will impact both the Province (through BCLC) and SPs. As summarized in Exhibit 6, the income loss to BCLC would equal net win less SP commission paid and GST. In total income loss to BCLC would range from \$18.6 to \$47.2 million.

Exhibit 6		
Income Loss to BCLC		
	Minimum	Maximum
	Potential Loss	Potential Loss
Estimated Table Net Win Loss	\$34,563,490	\$87,670,293
Less Savings in:		
Service Provider Commissions (44%)*	\$15,207,936	\$38,574,929
GST	\$760,397	\$1,928,746
Income Loss to BCLC	\$18,595,158	\$47,166,618
<i>Source: HLT Advisory Inc. based on BCLC data & HLT estimate</i>		
<i>*40% base plus 5% FDC/AFDC, less 1% table game supplies</i>		

As summarized in Exhibit 7 following, total SP loss would range from \$15.2 to \$38.6 million. On a site basis, River Rock would lose the largest amount (\$6.7 to \$17.0 million) followed by Parq (Edgewater; \$3.4 to \$8.8 million). From a SP total portfolio perspective Great Canadian Gaming Corporation would lose between \$7.8 to \$19.9 million and Gateway would lose \$3.1 to \$8.8 million. The loss to Parq is understated as this facility just opened and was financed based on a business strategy focussed on high-limit table play.

Exhibit 7			
Commission Revenue Loss by Casino & SP *			
Casino	Percent of LCTs	Minimum Potential Loss	Maximum Potential Loss
River Rock	44.1%	\$6,712,430	\$17,026,080
Parq (Edgewater)	22.7%	\$3,455,218	\$8,764,159
Grand Villa	11.6%	\$1,758,913	\$4,461,484
Starlight	8.8%	\$1,334,866	\$3,385,886
Hard Rock	7.5%	\$1,135,256	\$2,879,578
Total All Other	5.3%	\$811,252	\$2,057,742
Total	100.0%	\$15,207,936	\$38,574,929

Service Provider	Percent of LCTs	Minimum Potential Loss	Maximum Potential Loss
GCGC	51.6%	\$7,847,687	\$19,905,658
Parq (Edgewater)	22.7%	\$3,455,218	\$8,764,159
Gateway	20.3%	\$3,093,779	\$7,847,370
Total All Other	5.3%	\$811,252	\$2,057,742
Total	100.0%	\$15,207,936	\$38,574,929

Source: HLT Advisory based on BCLC & HLT estimate
 *40% base plus 5% FDC/AFDC, less 1% table game supplies

The casinos most impacted by a loss in high-limit table business resulting from limiting cash buy-ins to amounts less than \$10,000, account for approximately 76% of total SP investment to date in gaming facilities (excluding intangible assets; \$1.4 billion from 2015 SP Compensation review plus \$792 million to account for recent investment in Parq Casino) or approximately \$1.6 billion in investment. These facilities also generate 55% of total gaming win in the province.

* * * * *

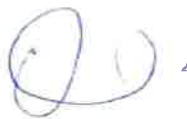
Should you have any questions on this letter report, please do not hesitate to contact either Rob Scarpelli at [Personal information] or Drew Chamberlain at [Personal information].

Sincerely,

HLT Advisory Inc.

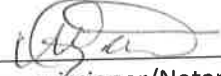


Robert M Scarpelli
 Managing Director



Drew Chamberlain
 Managing Director

This is Exhibit " 162 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

To: Rob Kroeker[Personal information]; Brad Desmarais[Personal information]
From: Jim D. Lightbody
Sent: Fri 02/02/2018 6:39:40 PM
Subject: Re: AML Program adjustments

I have also given the DAG heads up on these.

From: Rob Kroeker <[Personal information]>
Date: February 2, 2018 at 5:45:02 PM GMT
To: Jim D. Lightbody [Personal information], Brad Desmarais <[Personal information]>
Subject: AML Program adjustments

Jim and Brad

A week or so ago we discussed some modifications to current controls that we believe will not only improve those controls from an AML stance but will also help smooth out the impacts of the new prescriptive source of funds requirement. Those three things are:

1. Reduce PGF account opening requirement from \$10,000 to \$0 (this was not an AML control but rather a request of SPs to control account administration costs).
2. Delimit all convenience cheques (right now delimited cheques only go to account holders, but with all case and bank drafts of \$10K or more being sourced in every instance delimiting cheques is now very low risk)
3. Cap cash payments (bank notes) out to \$25,000. (this will reduce the churn of cash and help with verification procedures when cash an SP pays out comes back).

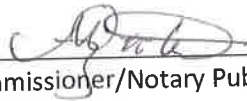
These three measures will reduce the burden of account and buy-in – cash-out administration and provide additional AML oversight.

At the operational level, my team is saying the SPs are good with these.

We would like to proceed, subject to Brad giving the SPs a heads up at the top end and any other comments or concerns the two of you might have.

Rob

This is Exhibit " 163 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1150

Thu 01/03/2018 12:06 PM

Jim D. Lightbody [Personal information]

AML improvements

To: Rob Kroeker [Personal information]; Brad Desmarais <[Personal information]>; Susan Dolinski

[Personal information]

I have confirmed with the Ministry (DAG, MA and ADM) they would prefer we wait until the German recommendations come out before implementing the three improvements. We should advise Peter German of our plans and suggest he may want to reference them in his report. Doug Scott did have a concern about the convenience cheques, but I believe I allayed those concerns.

They also agreed we will be tightly aligned on the communications plan around the release of the report and Susan and Shawn Robbins will be the leads. Doug, Sam, John M and I will also serve as the steering committee.

I know the postponing of our 3 plans may cause some concerns internally and with SP's, and I trust you will advise them it is not "if", rather "when" we implement these improvements and we are not anticipating a long time (weeks, not months).

Thanks,
Jim

Jim Lightbody
President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2


T [Personal information]

BCLC Marketing & Sales Office
2940 Virtual Way, Vancouver BC V5M 0A6

T [Personal information]

[Redacted]

This is Exhibit " 164 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



1152

Know your limit, play within it.

August 9, 2018

552607

Jim Lightbody
 President and CEO
 British Columbia Lottery Corporation
 74 West Seymour Street
 Kamloops BC V2C 1E2

Dear Jim,

Thank you for suspending the implementation of a British Columbia Lottery Corporation's (BCLC) directive that updated Patron Gaming Fund (PGF) account and convenience cheque policies and procedures for Casino Service Providers on August 2, 2018 at my request.

As you are aware, government is initiating policy-related work stemming from the German Report recommendations through an internal deputy minister committee. Some of the recommendations overlap the areas where BCLC's proposed changes are directed. In order to minimize the impact on service providers, these recommendations should be considered before the proposed changes are implemented. Government will decide how to move forward as quickly as possible with the best ways to implement them.

A robust Source of Funds process minimizes any incremental risk associated with the implementation of the proposed changes to the PGF and convenience cheque policies. As you know, the Gaming Policy and Enforcement Branch (GPEB) is currently undertaking an audit of the Source of Funds Directive. Preliminary findings from our audit, which has been supported by work undertaken by BCLC, have led to an extension of the audit timeframe. It is important to first determine the effectiveness of the Source of Funds process and whether the additional training undertaken by BCLC has increased compliance.

.../2

**Ministry of
 Attorney General**

Gaming Policy and
 Enforcement Branch
 Assistant Deputy
 Minister's office

Mailing Address:
 PO BOX 9311 STN PROV GOVT
 VICTORIA BC V8W 9N1
 Telephone: (778) 698-2277
 Facsimile: (250) 356-8237

Location / Courier Address:
 Third Floor, 910 Government Street
 Victoria, BC V8W 1X3

Web: www.gaming.gov.bc.ca

1153

Mr. Jim Lightbody
Page 2

I request you continue to hold implementation of the directive to Casino Service Providers until this audit work is complete and future direction has been established by the deputy minister committee.

Sincerely,

A handwritten signature in dark ink, appearing to read 'MacLeod', with a large, stylized loop at the end.

Sam MacLeod
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Ministry of Attorney General

GPEB is a 2018 recipient of the BC Public Service Top Work Unit Award

This is Exhibit " 165 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1155

To: Rob Kroeker [Personal information]
Cc: Brad Desmarais [Personal information]; Jennifer Keim [Personal information]
From: Jim D. Lightbody
Sent: Thur 19/10/2017 8:09:55 PM
Subject: RE: MSB's and other initiatives - for the Task Force

We should be looking at anything we think would be prudent and discussing with German. Let's be methodical and thoughtful. The MSB initiative is just one. Richard and I didn't discuss anything other than MSB's, but as you mentioned this morning we should be looking at the refining risk again.
 Let me know.

Thanks,
 Jim

From: Rob Kroeker
Sent: Thursday, October 19, 2017 12:54 PM
To: Jim D. Lightbody [Personal information]
Cc: Brad Desmarais [Personal information]; Jennifer Keim [Personal information]
Subject: RE: MSB's and other initiatives - for the Task Force

Did you or Richard have anything specific in mind other than the MSBs – or we are just given the okay to look at anything new we think would be prudent and discuss that with German as he proceeds?

From: Jim D. Lightbody
Sent: October-19-17 12:50 PM
To: Rob Kroeker [Personal information]
Cc: Brad Desmarais [Personal information]; Jennifer Keim [Personal information]
Subject: MSB's and other initiatives - for the Task Force

Rob;
 I spoke to Richard Fyfe and asked about how we can work with and leverage Peter German to bring new initiatives to our AML regime in an expedient fashion. He agreed that we can work actively with German to advise on our new initiatives and that is consistent with the Minister's direction.

On the risk around MSB's we discussed this morning, as we learned with the disclosure of Silver International, I'd like you and your team to consider creating an "approved list" of MSB's (similar to schedule III banks, etc) that we will accept. If they are not on our list, we won't accept their currency. And your team can develop a criteria for how new MSB's can seek to be qualified.
 I think this could be a good step to mitigating risk around MSB's.

Let me know.
 Thanks,
 Jim

Jim Lightbody
 President & CEO

BCLC Head Office
 74 West Seymour Street, Kamloops BC V2C 1E2

[Personal information]

[Redacted signature block]

Personal information
bcllc.com

This is Exhibit " 166 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

1158

To: Rob Kroeker[Personal information]; Brad Desmarais[Personal information]; Susan Dolinski[Personal information]
From: Jim D. Lightbody
Sent: Tue 06/03/2018 2:49:10 PM
Subject: RE: AML improvements

Rob,
 Go ahead with the MSB derisking. It won't be a problem as we've communicated that already. No press release required either.
 Thanks
 Jim

From: Rob Kroeker <[Personal information]>
Date: March 5, 2018 at 3:24:33 PM PST
To: Jim D. Lightbody[Personal information], Brad Desmarais <[Personal information]>, Susan Dolinski <[Personal information]>
Subject: RE: AML improvements

Jim – as discussed on prior Steering Committee calls, we are also getting set to de-market MSBs. There is a quarterly policy notice going out next week and we planned to include MSB change. This was work we started back last summer. Our analysis tells us this needs to be done to properly manage the MSB risk and the sooner the better. Do you feel this direction also applies to that change and we should stop?

Rob

From: Jim D. Lightbody
Sent: March-01-18 12:06 PM
To: Rob Kroeker[Personal information]; Brad Desmarais <[Personal information]>; Susan Dolinski <[Personal information]>
Subject: AML improvements
Importance: High

I have confirmed with the Ministry (DAG, MA and ADM) they would prefer we wait until the German recommendations come out before implementing the three improvements. We should advise Peter German of our plans and suggest he may want to reference them in his report. Doug Scott did have a concern about the convenience cheques, but I believe I allayed those concerns.

They also agreed we will be tightly aligned on the communications plan around the release of the report and Susan and Shawn Robbins will be the leads. Doug, Sam, John M and I will also serve as the steering committee.

I know the postponing of our 3 plans may cause some concerns internally and with SP's, and I trust you will advise them it is not 'if', rather "when" we implement these improvements and we are not anticipating a long time (weeks, not months).

Thanks,
 Jim

1159

Jim Lightbody
President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2

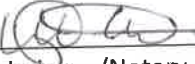
Personal information [REDACTED]

BCLC Marketing & Sales Office
2940 Virtual Way, Vancouver BC V5M 0A6

Personal information [REDACTED]

[REDACTED]
bclc.com

This is Exhibit " 167 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

To: Jim D. Lightbody [Personal information]
Cc: Rob Kroeker [Personal information]
From: Brad Desmarais
Sent: Thur 10/01/2019 6:57:11 AM
Subject: Re: Credit in Casinos

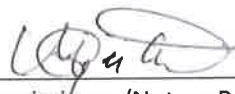
It's listed on our business improvement agenda with the SPs on the 23rd. We're asking them to come with input - once that is done we'll use an accelerator approach with Rob's team to get this fast tracked. Obviously GPEB will be in the mix very early on.

Sent from my iPhone

On Jan 9, 2019, at 8:41 PM, Jim D. Lightbody <[Personal information]> wrote:

Guys,
Can you give me an update on this? I had asked you to put a team together including SPs and figure out how we can solve this problem.
Thanks
Jim

This is Exhibit " 168 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vanouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1163



December 4, 2018

556862

Mr. Jim Lightbody, CEO
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V2C 1E2

Re: Source of Funds Declaration Identification Threshold

Dear Jim:

I am writing in response to the November 2, 2018 memo the British Columbia Lottery Corporation's (BCLC) Anti-Money Laundering (AML) unit shared with the Gaming Policy and Enforcement Branch (GPEB). The memo presents an amended policy aimed at better addressing risks of money laundering in gambling facilities by reducing the threshold for ascertaining customer identity from \$9000 to \$3000.

I would like to thank you for the opportunity to review the proposal and provide feedback. I appreciate BCLC's efforts to be responsive to ever-changing risks and align with international standards. GPEB supports this initiative, and I would appreciate BCLC keeping GPEB apprised of any improvements or implications related to the implementation of this new policy.

To ensure successful implementation of the policy, I recommend BCLC consults with service providers as they will be directly impacted by its introduction. I also recommend BCLC inform the AML Deputy Minister's Committee prior to implementing the proposed policy.

I look forward to further collaboration between our organizations to ensure the integrity of gambling and prevention of money laundering in the province. Should you have any questions or concerns, please contact me.

Sincerely,

Sam MacLeod
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Attorney General

**Ministry of
Attorney General**

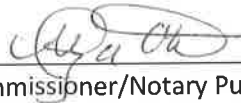
Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

Mailing Address:
PO BOX 9311 STN PROV GOVT
VICTORIA BC V8W 9N1
Telephone: (250) 387-1301
Facsimile: (250) 356-8237

Location / Courier Address:
Third Floor, 910 Government Street
Victoria, BC V8W 1X3

Web: www.gaming.bov.bc.ca

This is Exhibit " 169 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1165



October 5, 2017

Mr. Jim Lightbody
President and Chief Executive Officer
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V5M 0A6

Dear Mr. Lightbody:

Re: Allegations of sexual assaults on staff at River Rock Casino

BCLC Media Relations have shared with my office an e-mail from reporter Sam Cooper. Mr. Cooper advises that he is preparing a story on alleged sexual assaults at River Rock Casino by casino patrons on gaming staff.

Mr. Cooper also writes "the staff allege that from their perspective, management at River Rock tend to make sure that incidents generally do not get reported to BCLC..."


He alleges that he spoke with River Rock casino floor staff about these alleged assaults but that staff then "were asked apparently by BCLC or casino operators at River Rock, who I'm not sure, to sign an agreement not to blow the whistle to media about allegations or to spread info on social media."

Please immediately look into these serious allegations. Specifically, please investigate:

- Whether there have been reported or unreported incidents sexual harassment and/or sexual assault on floor staff, and if so what actions were taken by the service provider and BCLC;
- Whether BCLC or River Rock have required staff to sign some kind of non-disclosure agreement, and if so, what the text of that agreement is and the legal basis for it; and,
- Whether management at River Rock is failing to report assaults on their staff to BCLC.

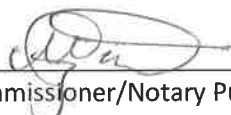
Thank you in advance for your urgent assistance.

Yours truly,



David Eby, QC
Attorney General

This is Exhibit " 170 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

March 19, 2018

Gaming Policy & Enforcement Branch
Ministry of the Attorney General
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: John Mazure
Assistant Deputy Minister

Dear John:

Re: Investigations into Allegations regarding Great Canadian Gaming Corporation's Operations at River Rock

In October 2017, the Attorney General directed BCLC to investigate allegations regarding Great Canadian Gaming Corporation's (GCGC) operations at River Rock and determine, specifically:

1. Whether or not there have been reported and unreported incidents of sexual harassment and/or sexual assaults on floor staff and if so, what actions were taken by the service provider and BCLC;
2. Whether or not BCLC or River Rock have required staff to sign some kind of non-disclosure agreement, and if so, what the text of that agreement is and the legal basis for it; and
3. Whether management at River Rock is failing to report assaults on their staff to BCLC.

BCLC engaged Paladin Security to undertake the investigation and that work is now complete. As a result and pursuant to s. 86(2) of the *Gaming Control Act* (GCA), we are writing to inform you that there is a possibility that GCGC and/or its employees have failed to meet their reporting responsibilities as set out in s. 86(2) of the GCA and s. 34(t) of the Gaming Control Regulation. We have enclosed a copy of the Final Summary Report for your reference.

Should GPEB decide to undertake an investigation pursuant to s. 81 of the GCA, BCLC will, as usual, be ready to fully cooperate with GPEB's effort.

BCLC takes very seriously the matters raised in the Final Summary Report and would like to undertake proactive communication with our service providers about their GCA reporting obligations. However, we do not want any such communication to prejudice, in any way, any investigation that GPEB may undertake. Accordingly, we will await your direction as to when we may appropriately communicate with our service providers about their GCA reporting obligations.

Thank you for your immediate attention to this matter.

Yours truly,


Jim Lightbody
President & CEO

cc: Richard Fyfe, Deputy Attorney General
Doug Scott, Associate Deputy Minister
Rob Kroeker, CCO & VP, Legal, Compliance, Security, BCLC
Brad Desmarais, VP, Casino & Community Gaming, BCLC

Enclosure(s) x 1



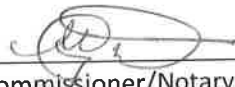
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T 604.215.0649
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bclc.com

This is Exhibit " 171 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

**Paladin Security**

March 19th, 2018

British Columbia Lottery Corporation

2940 Virtual Way

Vancouver, B.C. V5M 0A6

Telephone: 604-228-3011

Attention: Kris Gade, Manager, Investigations | Legal, Compliance, Security

FILE NO.: **2017-VR424 (Paladin)**
FILE NAME: **Project Guardian (BCLC)**

Dear Mr. Gade,

As per your request, we assisted the BC Lottery Corporation ("BCLC") with a workplace review at the River Rock Casino and Resort ("The Casino"). The goal of this review was to determine:

Whether there have been reported or unreported incidents of sexual harassment and/or sexual assault on floor staff, and if so what actions were taken by the service provider and BCLC;

Whether BCLC or River Rock have required staff to sign some kind of non-disclosure agreement, and if so, what the text of that agreement is and the legal basis for it; and,

Whether management at River Rock is failing to report assaults on their staff to BCLC.

This document is intended as a summary of our findings to date. It will contain an overview of our methodology and the investigative documents used, a breakdown of the review's findings, and finally some brief conclusions and limitations of our review.

A more complete, detailed final report will be forthcoming in the near future. All data from the entire review was used to inform this current summary; therefore it is not expected that the final report to follow will in any way deviate from this summary in its findings or conclusions, other than to expand upon or refine them.



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Methodology

This section will describe the stated goal of the review, the parameters of the review (in terms of timeframes, sample and population limitations, and investigative thresholds), as well as the investigative documents used to guide the review. Operational definitions are discussed throughout this section.

In November of 2017, we were asked to conduct this review in order to achieve its stated goal, which was to learn the answers to the following questions provided by BCLC:

- 1. Whether there have been reported or unreported incidents of sexual harassment and/or sexual assault on floor staff, and if so what actions were taken by the service provider and BCLC.***
- 2. Whether BCLC or River Rock have required staff to sign some kind of non-disclosure agreement, and if so, what the text of that agreement is and the legal basis for it.***
- 3. Whether management at River Rock is failing to report assaults on their staff to BCLC***

In order to carry out the review and ultimately answer these questions, in late November 2017 we first received from BCLC fifteen folders ("the jackets"), each containing a unique file from the BCLC Casino Reporting System, referred to herein as "CRS." We shortly thereafter received a sixteenth folder containing a unique CRS file. These were known incidents that had been reported to security at the Casino and had resulted in the generation of a CRS file. We conducted interviews with staff members involved in these files, using a set of questions provided by BCLC. Concurrently, we also administered a short questionnaire to a much larger sample of the Casino staff population. The questionnaire consisted of the interviewer asking four questions verbally, followed by a short interview (20-30 minutes) as needed.

After collating the data from both the jackets and the questionnaires, we identified 40 individuals for either re-interview on jacket files or follow-up interviews to the questionnaires. BCLC and the Casino provided us access to staff in order to schedule and conduct these final interviews. All interviews were conducted at the Casino, with one exception made for a former staff member. Interviews were completed on February 3, 2018.

In total, during December and January we conducted 69 interviews (both from jacket files and questionnaire follow-up) and administered 360 questionnaires with accompanying interview in this



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sample, from an approximate total River Rock Casino staff population of 1200; in total then, we interviewed 429 employees which is 35.75% of the total staff.

Below are a number of definitions used in this review, as well as excerpts from investigative documents, where applicable.

The Interview Subjects:

For ease of reference while still respecting privacy concerns, any specific incident or interviewee referred to in this summary will be based on an arbitrary number assigned to each person, with the person's true identity at this time known only to the writer of this summary. These will be used throughout the summary in order to refer to certain incidents ("Person 10's sexual assault"), and to illustrate specific points or to provide verbatim accounts (e.g. "Person 12 said..."). Should BCLC request a different system to document the interviewees, it will be incorporated into the final report.

'Preamble':

This refers to the heading that accompanied all interview-related documents supplied to us by BCLC. In all cases it was read and explained to the interviewee at the start of the interview. If an interviewee did not understand the preamble, or had concerns with it, these were noted and the interviewers ensured that the preamble was explained further and was better understood before proceeding with the interview.

The preamble's text:

I am (interviewer's name), an investigator conducting this interview on behalf of BCLC. BCLC has the authority under the Gaming Control Act to conduct and manage gaming in the province of British Columbia.

The reason we are speaking to you is there have been allegations made that River Rock Casino employees have been asked by River Rock Casino management to sign a non-disclosure agreement agreeing not to report any incidents of any kind – including assault and sexual assault by casino patrons on employees – to BCLC.

The interview is part of a review conducted to ensure RRCR is meeting all reporting requirements. BCLC may be required to disclose information provided in this interview to GPEB or other law enforcement agencies, including where such information relates to the commission of an offence under the Gaming Control Act or the Criminal Code.



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'Jackets' and 'Jacket Interviews':

Jackets refer to the numbered manila folders, labelled "0001" through "0016" that were provided to us by BCLC in early December 2017. Each of these is based on a Casino-related incident that came to the attention of BCLC and resulted in the generation of a CRS file. They each contain statements, incident details and other documents specific to the generating incident. Each has its own unique Incident number (e.g. IN20170001619).

We selected individuals from these CRS files on the basis of their potential to help us answer the three provided questions. These follow-up interviews are referred to as "jacket interviews."

Each jacket interview was conducted using the following questions provided by BCLC:

1. *Have you ever been asked to sign any kind of non-disclosure agreement by anyone affiliated to River Rock Casino?*
 - *[For Management] Have you ever asked any employees at River Rock Casino to sign any kind of non-disclosure agreement?*
 - *If yes, please explain the legal basis:*
2. *As a direct result of your employment at the River Rock Casino, are you aware of (or personally been involved in) any of the following types of incidents:*
 - *Sexual harassment by patrons or other staff:*
 - *Sexual assault by patrons or other staff:*
 - *Physical assault by patrons or other staff:*
 - *Workplace harassment by patrons or other staff:*
 - *If yes, please explain:*
3. *Are you aware of any incidents of sexual or general assault or harassment that have occurred while working at the River Rock Casino or any other casino, in which you or someone you know have been asked by River Rock Casino Management or other management not to report to BCLC?*
 - *If yes, please explain:*
4. *Have you ever been asked or pressured by Supervisors, Managers, Executive, or anyone affiliated to the River Rock Casino not to report these incidents to:*
 - *Supervisors and/or Management:*



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- BCLC:
- GPEB:
- Law Enforcement:
- If yes, please explain:

5. *Is there anything you would like to add regarding any of the above?*

6. *During your employment at the River Rock, please explain the safety related training you received, both during your HR onboarding and beyond:*

7. *If a safety-related incident were to occur (for example an injury, assault, safety, etc.) please outline who (or which groups and/or departments) would be involved in the follow up process:*

Responses to these jacket interview questions were recorded in the interviewer's file notebook. In many cases, responses were recorded verbatim and later transcribed. All interviewer's notes and other interview documents are available to BCLC and will be included in the final report.

'The Questionnaire':

The questionnaire was verbally administered to 360 staff members during December 2017 and January 2018. Selection of the sample was made in cooperation with BCLC and the Casino, done essentially randomly but the sample was weighted in favour of dealers and floor servers, as well as supervisors in these areas; given the nature of the review's queries, these categories of employee were predicted to have the greatest amount of contact with patrons of the Casino and therefore yield the most informative results for the review. The questionnaire was only four questions, but they provided an opportunity immediately following for a short interview of 20 to 30 minutes, as needed.

The questionnaire's text:

(Preamble provided)

1. *Have you ever been asked to sign any kind of non-disclosure agreement by anyone affiliated to River Rock Casino? (for management: Have you ever asked any employees at River Rock Casino to sign any kind of non-disclosure agreement? If yes, what was the legal basis?)*
2. *Are you aware of any incidents of sexual or general assault or harassment that have occurred while working at the River Rock Casino or any other casino, in*



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which you or someone you know have been asked by River Rock Casino Management or other management not to report to BCLC? If yes, please explain.

3. *Have you ever been asked or pressured by Supervisors, Managers, Executive, or anyone affiliated to the River Rock Casino not to report these incidents to:*
 - *Supervisors and/ or Management?*
 - *BCLC?*
 - *GPEB?*
 - *Law Enforcement?*
 - *If yes, please explain.*
4. *Is there anything you would like to add regarding any of the above?*

Questionnaires were concluded with the following statement to interviewees:

We appreciate you taking the time speaking with us today.

If at anytime you would like to add anything to your statement or if you would like to discuss further with BCLC please contact BCLC Legal, Compliance and Security through the toll free Consumer Services line, 1-866-815-0222 and request a call back from Investigations.

Responses to the questionnaire were recorded on the sheet itself or in the interviewer's file notebook. As with the jacket interviews, all interviewers' notes and these original questionnaires are available to BCLC and will be included in the final report.

Follow-up Interviews:

These were conducted as a result of the jacket interview phase and questionnaire phase. Interviewers each submitted several names or incident descriptions to BCLC that emerged as noteworthy from the previous phases, and final decisions were made therein as to which incidents were already sufficiently documented and which required further information. For the latter, we provided approximately 40 names to BCLC and the Casino, who assisted in scheduling and facilitating these interviews throughout January 2018. These interviews were conducted according to the specific circumstances of each



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incident, and therefore used open-ended questions without any specific format provided by BCLC. The following section is related, as it outlines the investigative threshold and useful definitions in determining the direction of this review.

Investigative Thresholds and Parameters

In any review of this number of individuals, as well as taking into account the nature of the Casino with its hundreds of employees and the natural human tendency toward gossip and rumour, identifying first-hand victim or witness accounts can be a challenge.

Rumours without provision of a victim name or witness name were noted but not pursued. If names, dates, or particulars were provided, we pursued and located the first-hand account in all cases where the incident was not considered unfounded. For example, "I heard about a dealer who..." was not pursued if the interviewee was unable to provide the name of the victim, the name of the patron, names of witnesses, or even names of who originally told the interviewee the rumour. However, if the interviewee told us, "I heard from another dealer that Person 2 was hit by a player last year," this line of inquiry was pursued to its end, either confirming the incident's existence and details, or ruling out the incident as unfounded or unlikely to yield further evidence.

Preventing overlap of reports was also a concern with a review of this size and nature. Person 5 and Person 10 may have each described to us what appeared to be unique instances of sexual assault, while in reality they are describing the same incident independently. In order to prevent double-reporting or overlap we took the following steps: use of regular correspondence and daily updates between team members after each set of interviews, periodic team meetings where every unique victim, alleged perpetrator, witness and incident was identified and documented separately, and finally a master list of all persons of interest (victim, witness, alleged perpetrator) was cross-referenced according to known CRS file numbers or known unique unreported incidents.

Regarding specifics of the incidents that we felt were noteworthy for this review, we considered, and were guided by, the following criminal code definitions listed below, where applicable. Also included are our interpretations of how the legal definition may apply in practical terms for this review on those criminal offences, as well as non-criminal misconduct such as sexual harassment.

Criminal Code definitions:

Because the various documents and interview questions provided to us by BCLC include the following offences – assault, sexual assault – we operated on the Criminal Code definitions and how the police and



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courts of law generally apply those definitions. Assault, in general, is only one section of the Criminal Code that deals with person-to-person offences involving violence, and therefore we included all of the following distinctions in our queries and final statistical conclusions:

Assault:	section 266 Criminal Code
Sexual assault:	section 271 Criminal Code
Assault with weapon:	section 267 Criminal Code
Uttering threats:	section 264.1 Criminal Code

'Assault' occurs when any person, without the consent of another person, applies force intentionally to that other person, directly or indirectly; or attempts or threatens, by an act or a gesture, to apply force to another person, if he has, or causes that other person to believe on reasonable grounds that he has, present ability to effect his purpose.

'Sexual assault' occurs when a person commits an assault of a sexual nature that violates the sexual integrity of the victim. This can include completed, attempted, or threatened acts. For purposes of this review, the division between sexual assault and sexual harassment was understood to be when physical contact took place. Verbal utterances, unless they included a threat of sexual assault, were considered sexual harassment.

'Assault with a weapon' occurs when a person in committing an assault carries, uses or threatens to use a weapon or an imitation thereof. The practical application of this offence includes a wide-reaching definition of 'weapon'; almost any object capable of causing even minor injury, if used in an assault, is considered a weapon.

'Uttering threats' occurs when a person, in any manner, knowingly utters, conveys or causes any person to receive a threat to cause death or bodily harm to any person; or to burn, destroy or damage real or personal property. Like the definition of 'assault', this section requires that the alleged victim of a threat reasonably believes the person making the utterance is capable of carrying out the threat.

'Criminal harassment' is worth discussing briefly for two reasons. First, there was one CRS-reported instance of a 'stalker' incident that meets the definition of criminal harassment, and second, to make the distinction between the different classifications of harassment. This is 'criminal harassment,' a Criminal Code offence that is loosely defined as engaging in patterns of behaviour that make a person fear for his or her safety. Two other types of non-criminal harassment are discussed below.



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Non-criminal misconduct definitions:

'Sexual harassment' is defined in the Canada Labour Code as as any non-criminal conduct, comment, gesture, or contact of a sexual nature that is likely to cause offence or humiliation to any employee; or that might, on reasonable grounds, be perceived by that employee as placing a condition of a sexual nature on employment or on any opportunity for training or promotion. Generally, most individuals we interviewed at the Casino shared a common operating definition of sexual harassment.

'Workplace harassment' is defined any number of ways. Most often, government and private industry develop their own definition of workplace harassment using the Canadian Human Rights Act and according to their own internal policies. With some exceptions, a person generally must engage in a pattern of inappropriate behaviour for the definition of harassment to be met.

Non-disclosure agreements:

There is no single authority that provides consensus on what constitutes a non-disclosure agreement and defines it apart from other types of secrecy document. However, for purposes of this review we agreed on the following operating definitions for the various types of secrecy document referred to in the interviews and in this summary:

'Workplace confidentiality' document is one that covers the employee's obligation to respect the privacy of the workplace's customers and that of other employees. This is relevant to this review in that many interview subjects assumed we were talking about this document, which they sign periodically, when we asked about non-disclosure agreements. This definition will include the social-media-related agreement that we understand employees at the Casino have been asked to sign, as well as any standard secrecy-related documents the employee signed upon hiring.

'Non-disclosure agreement' was defined during this review as another type of secrecy contract between two parties, though one in which there was a threat, real or implied, or other punitive measure that could be taken against one party for breaching its secrecy. We felt that this definition was consistent with the goals of the review while ensuring that the definition would exclude any other normal business agreements that are necessary parts of any workplace. This distinction was made clear to the interview subjects in order to ensure accurate responses to our questions.



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'Reported' vs 'Unreported':

This was a challenging distinction that deserves some discussion here. At this Casino there are a number of 'layers' when it comes to reporting structure. Based on the interviews we completed, our understanding of the reporting process of a typical incident is as follows: Person X is a dealer and is assaulted; he is to report it to his supervisor; the supervisor is to report this to a manager; the manager will determine if security, surveillance, or other managers will become involved, and BCLC is advised.

In a hypothetical example, Person X is assaulted and tells Supervisor Y. Months later when we interview Person X, he is likely to tell us the incident was reported. However, we were also told of incidents in which the supervisor did not pass the information on to a manager. In the hypothetical example, Supervisor Y keeps the information to himself, and therefore what we assumed to be a 'reported' incident has become an 'unreported' incident, simply because the perspective has changed from Person X to Supervisor Y.

As such, we attempted in all cases to determine exactly to whom any incident was reported and then interviewed that person to learn how far up the reporting structure the information went. As well, we had BCLC assistance at one point in comparing incidents told to us by interviewees against known CRS reports. Therefore, all incidents are considered 'reported' that made it onto the CRS system, or that we were reasonably satisfied based on our questions to interviewees that the incident had been reported to at least the level of manager. All incidents that are considered 'unreported' are those for which no CRS file can be found (and the interviewee involved doesn't remember an CRS file being created), instances in which the interviewee explicitly told us that he or she did not report the incident to anyone, and any instances in which the interviewee reported it to a supervisor but to the best of their knowledge the supervisor did not report it further.

The forthcoming final report will include more discussion on the matter of 'reported' and 'unreported' and will also include a list of reasons provided to us by interviewees as to why they might not report an incident.

Findings

This section will attempt to answer the three questions on which this review was engaged. It will also include a basic statistical breakdown, it will highlight several incidents and persons of relevance to the review, and it will contain a brief list of other notable themes that emerged from the review.



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Findings - Question 1

1. *Whether there have been reported or unreported incidents of sexual harassment and/or sexual assault on floor staff, and if so what actions were taken by the service provider and BCLC*

This is in fact four questions, and as such we were required to separately answer each of the four component questions within:

1.A. Have there been reported incidents of sexual assault? What actions were taken by River Rock and BCLC?

Answer: Yes. In a review of selected CRS files provided to us, and based on the subsequent interviews we conducted, our review indicates that there have been at least two instances of sexual assault that were documented on CRS.

In terms of actions taken, the first instance resulted in a two-year provincial ban for the suspect, and the second instance is unknown – it only came to light during the writing of this summary, and we have not yet had an opportunity to request database queries from BCLC. This will appear in the final report. In both cases, we understand that police involvement was declined by the victims.

BCLC advised us on March 7, 2018 that physical assaults could be included in our analysis of this question. As such, we identified at least 14 instances of physical assault that were documented on CRS.

A more complete list of actions taken in response to these instances as well as supporting documentation will be included in the final report.

1.B. Have there been unreported incidents of sexual assault?

Answer: Yes. In the interview sample, based on the working definition of “unreported,” at least one instance of an unreported sexual assault was identified. This was an incident of a patron of the Casino inappropriately touching Person 46, an employee of the Casino.

Again, if we take into account physical assaults in this question as well, we identified at least seven instances of unreported physical assaults. A more detailed breakdown of



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who was involved in these incidents, and the reasons provided for failing to report, will be included in our final report.

1. C. Have there been reported incidents of sexual harassment? What actions were taken by River Rock and BCLC?

Answer: Yes. In a review of the selected CRS files provided to us, and based on the subsequent interviews we conducted, our review indicates there have been at least five instances of sexual harassment that were reported and documented on CRS. To the best of our understanding, four of these were Patron/ Employee incidents, and one was Employee/ Employee. More detail will become available on these incidents as the final report progresses.

In terms of actions taken: in the first instance, no ban was implemented; no information is available to this review at this time regarding the second; in the third, the suspect received a two-week River Rock ban; in the fourth, the suspect received a one-year River Rock ban; and in the fifth, the suspect received a one-year River Rock ban.

A more complete list of actions taken in response to these two instances as well as supporting documentation will be included in the final report.

1.D. Have there been unreported incidents of sexual harassment?

Answer: Yes. In the interview sample, based on the working definition of "unreported," at least five instances of unreported sexual harassment were identified. Of these, two incidents were Patron/ Employee and three were Employee/ Employee. A more detailed breakdown of who was involved in these incidents, and the reasons provided for failing to report, will be included in our final report.

Findings - Question 2

2. Whether BCLC or River Rock have required staff to sign some kind of non-disclosure agreement, and if so, what the text of that agreement is and the legal basis for it.



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Again, in the interest of accuracy and specificity this question was broken down into its three component parts:

2.A. Has BCLC required staff to sign some kind of non-disclosure agreement?

Answer: No. We did not find anything in this review to indicate BCLC has required staff at the River Rock Casino to sign a non-disclosure agreement.

2.B. Has River Rock required staff to sign some kind of non-disclosure agreement?

Answer: Yes. During this review, we learned that members of the Human Resources department at River Rock Casino may have asked a number of staff members to sign a document that appears to be a type of non-disclosure agreement. Based on interview evidence, this document is referred to within Human Resources and as a "confidentiality statement," and all employees providing statements – typed and audio-recorded – to Human Resources are asked to sign this document. Based on interview evidence, the number of staff members required to sign this document could be as low as 60 and as high as 400.

2.C. If either of the above is yes, then what is the text of the agreement?

Answer: Requests for a copy of this "confidentiality statement" and any supporting files and documentation were denied by River Rock Casino. River Rock Casino refused to provide these documents indicating that they believe the request was "beyond the terms of reference" for this request. Therefore, our best understanding of the document's text comes from verbatim interview evidence. We believe there are two elements to the confidentiality statement; first, that it includes the phrase "*I, (the undersigned), agree the content and conversation we've had in this investigation is to be kept confidential,*" and second, that it contains the warning "*discipline may result, up to and including termination,*" presumably in the event that the confidentiality is breached by the signee.

2.D. If either of the above is yes, what is the legal basis for the non-disclosure agreement?

Answer: Because requests for further information on this confidentiality statement and supporting documents were denied, and River Rock Casino refused to provide the documents, we are unable to provide any background on its legal basis. A copy of this letter will be included in the final report.

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Findings - Question 3

3. Whether management at River Rock is failing to report assaults on their staff to BCLC.

Answer: No. This review found nothing to support the statement that individual members of the management team are failing to report assaults on their staff to BCLC. However, we did identify a number of incidents in which a supervisor was told about an incident and did not appear to inform management; in these cases the 'management structure' at River Rock could be considered to be failing to report appropriately to BCLC.

Statistical Data

Of the 360 questionnaires and 69 other interviews we conducted (**429 total interviews**) we identified:

- **41** victims or complainants of assault, sexual assault, assault with weapon, uttering threats, sexual harassment, and criminal/ other harassment;
- **50** unique incidents – **30 reported** and **20 unreported**
 - assaults: 14 reported, 7 unreported
 - sexual assaults: 2 reported, 1 unreported
 - uttering threats: 1 reported, 2 unreported
 - assault with weapon: 7 reported, 2 unreported
 - sexual harassment: 5 reported, 5 unreported
 - criminal harassment/ other harassment: 1 reported, 3 unreported

Persons or incidents of particular note

A number of individuals were identified as having been involved in, or had knowledge of, particularly noteworthy incidents that informed this review. These interviews and their supporting documentation and analyses can be provided to BCLC in the final report, respecting whatever privacy parameters are specified prior to the report's completion.

Conclusions and Limitations:

This review was conducted from late November 2017 to March 8, 2018. We interviewed 429 individuals in order to answer as best we were able the questions provided by BCLC at the review's outset. The final



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report is underway and will be available in the near future to BCLC. Although the findings of that report are unlikely to differ from those presented here, the report will provide a more detailed picture of our processes, how CRS files and interviewees were selected, how we arrived at the findings presented here, anecdotal evidence from interviewees that may illuminate some of this review's findings, considerations for future investigation (should this review be required to continue), as well as all relevant interviews and supporting documentation.

The limitations of this current review include inconsistent incident-reporting practices within the Casino, problematic definitions as discussed earlier in this summary, and limited access to potential interviewees and databases for follow-up questions and cross-referencing to find known reported incidents. We were most limited, however, in our ability to answer Question 2 on non-disclosure agreements. We only became aware of the "confidentiality statement" used in Human Resources at the very end of this review. Therefore very few of the previous 428 interviewees were asked specifically about either this document or their past involvement in Human Resources investigations. Given the current estimates of the number of employees who have been required to sign one, it is likely that at least some of the sample would have had experience with a confidentiality statement.

Given these limitations, we feel that we have conducted this review in a manner that has produced the most accurate and detailed findings possible, in light of all enabling- and limiting factors. Some of the statistical findings in the final report may vary slightly from this summary as analysis continues, though it is not expected that this variation will be significant. To date we have concluded our inquiries regarding this matter and are in the process of providing you with the final report. Should you have any questions or concerns about this summary or the forthcoming final report, please do not hesitate to contact me directly. In the meantime, thank you for referring this file to Paladin Security Group.

Sincerely,

Jared Brin

Jared Brin, Senior Investigator
Paladin Security Group
Personal information



Paladin Security



CC: Michael Lantz – Director, Investigation Services
Paladin Security Group

This is Exhibit " 172 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

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To: Jennifer Keim[Personal information]
Cc: Jim D. Lightbody[Personal information]; Brad Desmarais[Personal information]
From: Rob Kroeker
Sent: Tue 2018-10-09 3:09:26 PM
Subject: FW: VIP Room Investigation
[VIP Room Investigation.docx](#)
[Draft - VIP Room Investigation letter.docx](#)

 >>>>

Good morning Jennifer

Jim has asked that we draft a response to Sam's letter. We would like to indicate:

- ✓ BCLC agrees these are sensible recommendations
- ✓ BCLC will commence work on the recommendation on policies and procedures directed at it.
- ✓ In drafting these policies and procedures, BCLC will consult with GPEB and will have effective outcomes, however BCLC is also required to respect the bounds of labour law and not go so far as to stand in the place of the service provider as employer.
- ✓ BCLC would encourage GPEB to require the senior level of gaming registration for all service provider employees whose role is primarily related hosting or marketing to customers who play at high dollar values or private gaming salons and not just one per site. Additionally, BCLC would encourage GPEB to consider increasing governance and oversight of these employees within service provider organizations by adding terms of registration to each service provider requiring senior hosting staff to report directly to the general manager of a casino.

Let me know what assistance I can provide in pulling Jim's letter together.

Thanks,

Rob

From: Jim D. Lightbody

Sent: October-05-18 8:04 AM

To: Rob Kroeker ; Brad Desmarais

Subject: Fwd: VIP Room Investigation

Guys,

Attached are the letter and report from GPEB I mentioned to you yesterday. They are in draft form and Sam would like a response from us by early next week.

Can you please a) let me know when I can tell him we'll respond (need this by end of day today), and b) suggest any feedback we can give or clarification in the report.

Thanks

Jim

From: MacLeod, Sam GPEB:EX <[Personal information]@c.ca>
Date: October 5, 2018 at 6:57:54 AM PDT
To: Jim D. Lightbody <[Personal information]>
Cc: MacLeod, Sam GPEB:EX <[Personal information]@c.ca>
Subject: VIP Room Investigation

Jim

As we discussed, please find attached the final report on the VIP Room Investigation and a draft letter. I would like to finalize this early next week if possible.

Thanks

Sam

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FINAL INVESTIGATION REPORT

**FINAL INVESTIGATION REPORT
CASINO VIP OPERATIONS**

OVERVIEW

Due to recent events involving suspicious transactions and high wealth casino patrons in VIP rooms in the Lower Mainland, Gaming Policy and Enforcement Branch (GPEB), Licensing Registration and Certification (LRC) Division, Corporate Registration (CREG) Unit conducted a corporate investigation of the three casino operators who operated the five casino locations with the highest level of VIP play. The purpose of this investigation was to identify:

- 1) whether individuals currently registered as gaming workers under Personnel Registration (PREG) and employed in VIP rooms should require registration under Corporate Registration;
- 2) whether junkets or independent consultants are utilized in attracting wealthy patrons to VIP rooms in BC casinos as those companies or individuals would require registration;
- 3) whether current procedures governing VIP rooms are sufficient in mitigating risk arising from money laundering.

This investigation reviewed the staff and procedures at the VIP rooms of Great Canadian Gaming Corporation's (GCGC) River Rock Casino Resort and Hard Rock Casino locations; Gateway Casino's Grand Villa Casino and Starlight Casino locations; and Parq Vancouver ULC.

SYNOPSIS

- VIP rooms at various BC casinos are regularly involved in large transactions.
- On September 13, 2017, a casino patron and the Director of VIP Guest Relations at the River Rock Casino Resort were involved in a third party suspicious currency transaction at the VIP room cash cage. Although referred to as the cash cage, this area is responsible for all transactions involving cash or any other monetary instruments.
- An I-TRAK report (2017-52024) was generated whereby prompting a GPEB investigation by the Compliance Division.
- The investigation concluded that the Director of VIP Guest Relations was complicit or to a lesser degree negligent in facilitating the suspicious currency transaction.
- The Director of VIP Guest Relations was deemed unsuitable for the BC gaming industry resulting in cancellation of their registration with GPEB.
- The Director of VIP Guest Relations position remains vacant at this time. The General Manager of River Rock Casino Resort assumed control of the VIP operations in the interim.
- On December 13, 2017, the Executive Director of GPEB LRC and Director of LRC CREG initiated further investigation into VIP operations at River Rock Casino Resort to ascertain whether further CREG oversight is needed.
- Also on December 13, 2017, the Director of LRC CREG requested further information regarding VIP operations from all casino operators in the province, specifically:

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- Number of VIP venue(s) that your company operates.
 - Personnel Organizational Chart for each venue operating a VIP gambling room(s).
 - Operations and Policy Manuals specific to the VIP gambling room(s).
 - Job descriptions of all individuals currently employed in VIP gambling room(s).
 - Identities of any individuals acting as contractors or independent agents on behalf of your company in connecting with VIP players globally.
- A CREG investigator was assigned to further investigate the incident at the River Rock Casino Resort where VIP Guest Relations Managers who reported to the former Director of VIP Guest Relations were interviewed. On March 31, 2018, a Preliminary Investigation Report was completed and included findings and recommendations including expanding the investigation to review four additional casinos in the Lower Mainland (Parq Vancouver, Hard Rock Casino, Grand Villa Casino, Starlight Casino) and completion of a Final Investigation Report.

INVESTIGATION PROCESS

The investigation included the following process:

- Interview of employees of the VIP rooms at the River Rock Casino Resort, Parq Vancouver, Starlight Casino, Grand Villa Casino, and Hard Rock Casino.
 - On April 19 and 20, 2018, interviews with seven Parq Vancouver VIP employees were conducted.
 - From April 25, to 27, 2018, interviews with seven VIP employees from Starlight Casino and Grand Villa Casino, two additional Parq Vancouver VIP employees and two Hard Rock Casino VIP employees were conducted as a part of this review.
 - Interviews were conducted at GPEB's Kingsway office and were visually recorded.
- Review of information and documents provided by casino operators including Personnel Organizational Chart for each venue operating a VIP gambling room(s); Operations and Policy Manuals specific to the VIP gambling room(s); job descriptions of all individuals currently employed in VIP gambling room(s); and identities of any individuals acting as contractors or independent agents on behalf of the company in connecting with VIP players globally.
 - Great Canadian Gaming Corporation: River Rock Casino Resort / Hard Rock Casino
 - Parq Vancouver ULC: Parq Vancouver
 - Gateway Casinos: Starlight/Grand Villa
- It should be noted that in all cases the staff and management of the five casinos reviewed fully cooperated with the investigation and made all requested staff available to the investigators.

INVESTIGATION FINDINGS

Interviews of VIP employees included specific questions regarding:

- Policies, personal responsibilities, training, suspicious transactions, large transactions, and operations of the VIP rooms.
- Compensation, gifts, tips, and any gratuities received from wealthy patrons were asked in determining whether conflicts of interests exist due to personal dealings.

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Policies:

Great Canadian Gaming Corporation: River Rock Casino Resort / Hard Rock

It was determined that special policies for VIP rooms were non-existent at the facilities¹. However, general policies governing the casino floor were applicable to the VIP rooms (Table Games, Cash Cage, Gratuities, etc.). BCLC policies regarding the operations of gaming sites were the foundation for internal policies. Each individual interviewed asserted that the minimum standards imposed by corporate policies were adhered to on a day-to-day basis.

Parq Vancouver ULC: Parq Vancouver

It was determined that special policies for VIP rooms were non-existent at the facility. However, general policies governing the casino floor were applicable to the VIP rooms (Table Games, Cash Cage, Gratuities, etc.). BCLC policies regarding the operations of gaming sites were the foundation for internal policies. With this, policies on rules or betting revisions were implemented in the past and included the following:

- Opening Squeeze Baccarat cards
- Average Bets & Bonus
- Squeeze Cards Pre-Shuffle
- Li Room Back Betting
- Unlimited Free Hands in Li Room
- Supervisor Threshold and Li Room Rulings
- Thresholds

The aforementioned revisions were limited to ensuring clarity in what was permissible during gambling activities. Absent were further special policies governing the Cash Cage, acceptance of gratuities, fraternizing with clients/patrons, etc. It should be noted that one VIP employee openly admitted to fraternizing with a client by accompanying them to Las Vegas to Gamble on their free time. The employee emphasized that the plane ticket to Las Vegas was paid out of pocket while the hotel accommodation was provided by the client through a personal comp² with a Las Vegas Casino. This incident is demonstrative of a conflict of interest that occurred due to the lack of written policies in place preventing employees from fraternizing with their clients.

Gateway Casinos: Starlight/Grand Villa

Unlike the other service providers, Gateway Casinos had written policy specific to the VIP operations. The "VIP Standard Operating Parameters" dated March 19, 2012 must be signed by employees involved with VIP operations. The document³ was divided into four sections:

- Compliance with Regulation and Law
- Protection of Proprietary and Customer Information
- Financial Interaction Boundaries

¹ As determined through correspondence from the General Managers of River Rock Casino Resort and Hard Rock Casino
² Comps are complimentary items and services awarded by casinos to encourage gambling. Comps are determinant on level of betting and time spent gambling.

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- Professional Boundaries

Each section was designed to protect the employee and employer from any untoward interaction with VIP clients and patrons.

Policies: Summary of Findings

It was apparent that the three operators investigated applied differing levels of policies specific to the VIP rooms. Great Canadian Gaming Corporation indicated policies specific to VIP operations were non-existent. Parq Vancouver ULC's policies specific to VIP operation were limited to card play and betting thresholds. Gateway Casinos demonstrated that policies specific to VIP operation existed in the form of "VIP Standard Operating Parameters" documentation that must be signed by VIP employees. The differing levels of policies can be attributed to BCLC's lack of policies governing VIP operations.

Personal Responsibilities

Great Canadian Gaming Corporation: River Rock Casino Resort / Hard Rock Casino

When asked about personal responsibilities specific to interactions with the patrons, the consensus was that each VIP Guest Relations Manager or VIP Guest Relations Host was expected to be on call for any requests made by wealthy patrons (hotel rooms, entertainment tickets, buy ins, etc.). Although the VIP Guest Relations Manager or VIP Guest Relations Host were not expected to attend to the requests personally, they were expected to facilitate the requests by communicating to personnel on shift at the River Rock Casino Resort. Wealthy patrons had access to the VIP Guest Relations Managers or VIP Guest Relations Host by calling their corporate cellular phone provided by the company. This contact information was provided through individual business cards provided by GCGC. While at the casino, the VIP Guest Relations Managers or VIP Guest Relations Host were tasked with the following:

- Assisting in any translation services from Mandarin or Cantonese to English including but not limited to special requests, buy ins, comps, food services, and interaction with casino staff and BCLC investigators.
- Maintaining a civil environment in the VIP rooms. This included assisting in deescalating contentious situations between wealthy patrons and staff.
- Ensuring that policies were adhered to such as table play and chip passing.
- Identifying potential high limit players on the casino floor and approaching them with opportunities to play in the VIP rooms.
- Keeping wealthy patrons happy.

Additionally, the VIP Guest Relations Managers or VIP Guest Relations Host were expected to understand current policies in place regarding casino operations and anti-money laundering (AML). Risks were immediately apparent due to the VIP Guest Relations Manager or VIP Guest Relations Host's close relationship with wealthy patrons as the responsibilities and duties were designed to increase rapport with wealthy patrons.

When asked about how the casino attracts wealthy patrons, the VIP Guest Relations Managers and VIP Guest Relations Host were consistent in answering that most were recruited through word-of-mouth interaction between patrons in addition to internal efforts in identifying potential high limit players on the

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casino floor. According to the VIP Guest Relations Managers and VIP Guest Relations Host, GCGC did not employ independent agents or contractors for the purpose of recruiting wealthy patrons to their gaming sites. It should be noted that both positions traditionally reported to the Director of VIP Guest Relations, however, due to vacancies at both sites, the VIP employees reported to the General Manager of their respective casinos.

Parq Vancouver ULC: Parq Vancouver

During this due diligence process, the Director of Customer Development, Customer Development Executives, and Customer Development Hosts were interviewed. The job descriptions for the positions are included in this report. The Director of Customer Development oversees the Customer Development Executives and Hosts. Both positions report directly to the director. The director was primarily responsible for the following:

- Create and implement Customer Development strategic plans
- Cultivate and sustain relationships with VIP players ensuring player loyalty
- Develop profiles and ratings of VIP players for VIP database
- Ensure compliance with licensing laws and statutory regulations
- Respond and/or resolve customer issues that are escalated

During the interview, the Director of Customer Development stated that dinners with clients at onsite restaurants occurred from time-to-time, however, her interaction was limited compared to that of her subordinates.

Customer Development Executives and Hosts had overlapping responsibilities. The Customer Development Executive had the added responsibility of driving new player acquisitions, driving business development initiatives, and laying out plans for enhancing service, and evaluating and analyzing service performance. The shared duties include:

- Resolve guest relations issues with the assistance of Casino Operations
- Make player comp decisions based on play history and potential play
- Develop player relationships
- Provide scheduling arrangements for hotel and/or restaurant
- Develop new and current player relationships

During the interviews, additional duties that were revealed were the following:

- Translation services at the cash cage
- Arranging transportation for VIP clients
- Expectation to be on call to serve VIP clients with company cell phones 24/7

The overall goal of the department was to provide a memorable experience for their VIP clients. It was determined through the interviews that client recruitment was through word-of-mouth recruiting through the clients in addition to the Customer Development Executive's duty to develop new and current player relationships as mentioned above.

Gateway Casinos: Starlight/Grand Villa

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The following positions were reviewed and interviewed during this due diligence: Executive Director VIP Business Development, Business Development Manager VIP, Executive Host VIP, and Casino Host VIP. The duties and responsibilities for the Executive Director VIP Business Development were as follows:

- Creates and implements strategy for the VIP Table Game and Business Development department
- Builds strong relationships with players, VIP staff, regulators, and senior table game management
- Assumes fiscal responsibility of VIP operations
- Resolves escalated guest concerns
- Directs assigned VIP staff
- Oversees maintenance of VIP guest database

The Executive Director was separated from the VIP clients as that duty was delegated to the Business Development Managers and Executive Hosts. It is important to note that those who were compensated through fixed salary were not eligible to participate in the tip pool. As such, the only employees interviewed who participate in the tip pool were Casino Host VIP as they were hourly paid employees. Additionally, Business Development Managers and Executive Hosts were the only personnel with company cell phones. VIP clients may contact them on a 24/7 basis, however, it was expected that the Executive Hosts direct all calls to the on duty personnel at the casino. Casino Hosts utilized a shared cell phone during working hours.

The duties and responsibilities of the Business Development Manager VIP were as follows:

- Builds and maintains a database of VIP guests
- Marketing strategies
- Establishes networks with third party agents and suppliers that will assist in driving business to company properties (e.g. travel agents, tour group operators etc.)
- Handles demanding guests and resolves issues
- Ensures compliance at all times to regulatory requirements and company policy
- Supervises VIP Hosts

The main responsibility of a Business Development Manager was to bring in new players to the casino. When asked about the responsibility of establishing networks with third parties, both Business Development Managers stated that the use of a third party contractor was cost prohibitive. Additionally, most of the VIP clients that they attract are through word of mouth and fostering relationships through interaction. Interaction may include sharing a meal together at a restaurant off site. It seemed that the Business Development Managers were cognizant of the importance of maintaining a level of separation with their VIP clients.

The duties and responsibilities of the Executive Host VIP were as follows:

- Coordinates all Casino Hosts
- Manages the performance of staff
- Scheduling
- Manages all cost elements within the department
- Develops relationships with guests and customer group representatives
- Retains a thorough knowledge of internal control and regulatory policies and procedures. Liaises with government regulators.
- Issues Comps

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The role was more managerial in nature as it coordinated Casinos Hosts by ensuring adherence of policy and procedure. Although the Executive Host VIPs were on call 24/7, they were trained to redirect any material issues arising from client interaction to the persons on duty. For example, one Executive Host VIP explicitly stated that they do not come in to the casino on their day off regardless of the issue. The Executive Host VIP was not responsible for attracting new players; however, they were responsible for maintaining the loyalty of current players.

The duties and responsibilities of the Casino Host VIP were as follows:

- Identifies and develops relationships with regular guests
- Monitors the arrival, stay, and departure of VIP guests
- Supervises Hosts (beverage servers)
- Ensures the guests are made to feel comfortable
- Issues comps

The Casino Host VIP was not a salaried position and participated in the tip pool where their share was 25%. They also provided translation services if it was requested by the VIP guest. During the interviews, it was evident that the Business Development Manager VIP position had the greatest exposure to VIP guests.

Personal Responsibilities: Summary of Findings

The personal responsibilities of VIP employees centered on the development and maintenance of relationship with VIP patrons. Both Great Canadian Gaming Corporation and Parq Vancouver ULC applied a decentralized management structure whereby VIP employees under the department heads were given greater autonomy in decision making with overlapping duties and responsibilities. Conversely, Gateway implemented a more centralized management structure whereby most VIP employees (excluding Business Development Hosts and Executive Host VIP) were not expected to maintain contact with VIP patrons outside their hours of employment.

Due to the personal responsibilities of VIP employees to develop and maintain rapport with VIP patrons, a conflict of interest may exist. This risk is greater with Great Canadian Gaming Corporation and Parq Vancouver ULC.

Suspicious Transactions

Great Canadian Gaming Corporation: River Rock Casino Resort / Hard Rock Casino

The VIP Guest Relations Manager's or VIP Guest Relations Host's role in transactions was limited to translation services from Mandarin or Cantonese to English. This was necessary as cash cage personnel communicated solely in English. The problem arises where the VIP Guest Relations Manager or VIP Guest Relations Host may translate in a manner that was inaccurate for AML purposes. For example, the VIP Guest Relations Manager could tell the cash cage staff that money belonged to the player when it did not. The VIP Guest Relations Manager or VIP Guest Relations Host were subject to annual or bi-annual sign offs on AML and corporate policies. It was also noted that Surveillance was only privy to a visual feed as there was no audio surveillance in the VIP room cash cage. When asked about AML policies and procedures during the interview, each individual was able to describe the corporate process and policy in

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place. It was noted by the VIP Guest Relations Managers and VIP Guest Relations Host that revenues generated in the VIP rooms rapidly decreased after new recommendations requiring bank drafts with receipts was directed by the Attorney General to BCLC in early January 2018.

Parq Vancouver ULC: Parq Vancouver

All VIP employees were knowledgeable in Anti-Money Laundering policies in place. Additionally, they were well aware of the recommendations currently in place regarding bank drafts and receipts. The employees also expressed that revenues were greatly affected due to the new recommendations in place as VIP players have decreased buy in amounts to circumvent the new recommended reporting requirements mandated by the Attorney General in early January 2018. When asked if VIP players were advised to decrease buy in amounts for the purpose of avoiding the reporting threshold, each employee responded in the negative.

Gateway Casinos: Starlight/Grand Villa

A separate policy document on large cash and suspicious financial transactions existed. Each individual interviewed understood the policy and procedure and was able to explain the transaction process in detail during the interview. There was a general sentiment among the employees that revenues decreased substantially due to the new recommendations in place with respect to bank drafts and receipts. Additionally, employees were adamant that they did not suggest to VIP clients to circumvent the reporting threshold in order to gamble.

Suspicious Transactions: Summary of Findings

It was found that the new recommendations requiring bank drafts and receipts directed by the Attorney General to BCLC in January 2018 greatly affected revenue of all three operators. However, during the interviews it was found that the VIP players were circumventing the new recommended reporting requirements by buying in below the reporting threshold of \$10,000.

VIP Room Operations

Great Canadian Gaming Corporation: River Rock Casino Resort / Hard Rock Casino

As previously mentioned, policies of VIP rooms mirror common internal policies governing the gaming floor. As such, special policies for VIP rooms were non-existent. Gaming floor managers and cash cage managers in the VIP rooms were shared with the gaming floor, meaning, additional special oversight for large buy-ins at the table and VIP room cash cage were non-existent. Traditionally, the Director of VIP Guest Relations managed the VIP rooms autonomous of the general gaming floor. Communication with the current General Manager was minimal according to the VIP Guest Relations Managers and VIP Guest Relations Host. At the time of the interviews, the General Manager had oversight of the VIP rooms through his Assistant General Manager.

Parq Vancouver ULC: Parq Vancouver

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As previously mentioned, policies of VIP rooms mirror common internal policies governing the gaming floor. As such, special policies for VIP rooms were non-existent. Gaming floor managers and cash cage managers in the VIP rooms were shared with the gaming floor, meaning, additional special oversight for large buy-ins at the table and VIP room cash cage were non-existent. Special training for gaming floor managers and cash cage managers specific for VIP rooms appears to be lacking. As with many VIP operations, Parq Vancouver's VIP areas seem to operate autonomously of the gaming floor.

Gateway Casinos: Starlight/Grand Villa

The policy of VIP rooms mirror common internal policies governing the gaming floor. However, the "VIP Standard Operating Parameters" were also implemented in order to reduce the level of perceived conflict of interest between an employee and a VIP client. Gaming floor managers and cash cage managers in the VIP rooms were shared with the gaming floor, meaning, additional special oversight for large buy-ins at the table and VIP room cash cage were non-existent. Special training for gaming floor managers and cash cage managers specific for VIP rooms appears to be lacking.

VIP Room Operations: Summary of Findings

VIP Room Operations implement common internal policies governing the gaming floor. For Great Canadian Gaming Corporation and Parq Vancouver ULC, special policies for VIP rooms were non-existent. Gateway Casinos have implemented policy through the "VIP Standard Operating Parameters" that were specifically drafted for the VIP rooms.

VIP Employee Compensation

Great Canadian Gaming Corporation: River Rock Casino Resort / Hard Rock Casino

The range of compensation for VIP Guest Relations Managers and VIP Guest Relations Host varied from \$45,000 to \$70,000. The VIP Guest Relations Manager and VIP Guest Relations Host positions were not participants in the tip pool and did not participate in a bonus program. However, the VIP Guest Relations Managers and VIP Guest Relations Host were participants in the corporate stock option program.

Parq Vancouver ULC: Parq Vancouver

The compensation for each position was as follows:

- Director of Customer Development - \$110,000 with a bonus up to 20%
- Customer Development Executive - \$77,000 to \$120,000 with various bonus structures
- Customer Development Host - \$45,000 to \$51,000 with various bonus structures.

Additionally, the aforementioned VIP employees did not participate in the tip pool.

Gateway Casinos: Starlight/Grand Villa

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The compensation for each position was as follows:

- Executive Director VIP Business Development: \$165,000 plus quarterly bonuses based on performance
- Business Development Manager VIP: \$50,000 to \$70,000 plus performance bonuses
- Executive Host VIP: \$50,000 to \$70,000 plus performance bonuses
- Casino Host VIP: \$18.00 to \$20.00 per hour with 25% participation in tip pool

Additionally, the aforementioned salaried VIP employees did not participate in the tip pool.

VIP Employee Compensation: Summary of Findings

The salaries reported seemed unexpectedly low for the responsibilities carried by many of the VIP employees. This may pose a risk due to the high net wealth of VIP patrons and unexpectedly low compensation of the VIP employees.

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Tips, Gifts, and Gratuities

Great Canadian Gaming Corporation: River Rock Casino Resort / Hard Rock Casino

The VIP Guest Relations Managers and VIP Guest Relations Host stated that participation in the tip pool was not allowed due to internal corporate policies. If a wealthy patron insisted on the acceptance of a tip, they were directed by the VIP Guest Relations Manager or VIP Guest Relations Host on duty to give the amount to the dealer or cash cage for tip pooling purposes. Most non-monetary gifts or gratuities given to the VIP Guest Relations Managers or VIP Guest Relations Host were in the form of tea or treats. The VIP Guest Relations Managers and VIP Guest Relations Host also communicated that they had not accepted any monetary or luxury item compensation from wealthy patrons in the Casino or privately

Parq Vancouver ULC: Parq Vancouver

Participation in the tip pool for Customer Development department personnel was strictly prohibited. Additionally, the acceptance of gifts was not permitted over a value of \$100. Most gifts that were offered are in the form of tea or baked goods. However, due to the employees' close relationship with clients, further due diligence into the employees will be required.

Gateway Casinos: Starlight/Grand Villa

As previously mentioned, only non-salaried employees participated in the tip pool. All gifts offered by VIP clients must be reported. Employees may only accept gifts under \$100 after receiving permission from their supervisor. It was noted that there was some confusion during the interviews as to what the exact policy was with regard to accepting gifts.

Tips, Gifts, and Gratuities: Summary of Findings

It was widely reported by VIP employees that gifts in the form of tea or baked goods were gifted by VIP patrons from time to time. Tips are outright refused by the VIP employees and VIP patrons are directed to tip the dealer or the cash cage. Employees may only accept gifts up to a certain threshold dependent on the company they work for. However, there was some confusion as to what was permissible under the policy.

DISCUSSION

Although there were broad similarities in how the different casino operators managed their respective VIP rooms, it was apparent that each company had created its own standard as far as titles, duties, responsibilities, restrictions and oversight of the VIP rooms. All of the facilities used BCLC's mandatory table game and cash cage procedures as a foundation adding specific corporate policy as needed. Gateway Casino alone had a written set of procedures specific to VIP Operations.

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The implication of using BCLC standard casino rules for the VIP rooms assumes that these areas do not require special consideration. This is despite the physical separation of VIP rooms with some having separate entrances restricting access to a small subset of players. Additionally, each casino operator created a number of specific VIP room related staff positions with their own chain of command and compensation structure separate from the rest of the casino floor. VIP rooms and players were treated as a different business line than the rest of the gaming floor. These areas were treated as autonomous from the rest of the casino by staff, management, and customers, therefore, policies and procedures should reflect this.

Each casino company used differing titles for VIP employees. The duties, compensation and responsibilities were inconsistent from company to company. Determining which VIP personnel at each facility requiring CREG registration will focus on a risk analysis of actual duties and authorities of each individual that may affect the integrity of gambling in British Columbia.

The investigation was focused on analysis and recommendations related to three questions as follows:

Whether individuals currently registered as gaming workers under Personnel Registration (PREG) and employed in VIP rooms should require registration under Corporate Registration (CREG);

Each company implemented unique management structures for their VIP operations, however, the autonomy of hosts or guest relations personnel is a consistent element throughout all structures. All sites reviewed were consistent in reporting structure as all personnel involved in VIP operations reported directly to the senior personnel managing VIP rooms. Currently, there are an estimated fifty gaming personnel involved in the VIP rooms across the lower mainland. However, there would be only an estimated fifteen to twenty personnel requiring registration under CREG if registration was limited to personnel with a supervisory operational VIP role in the lower mainland. It is important to note that the Personal Disclosure Form (Standard) is an intentionally intrusive application process. This process allows for information such as personal finances be disclosed to GPEB for further scrutiny. Due to the lower salary levels, a risk between hosts and wealthy patrons may exist.

Whether junkets or independent consultants are utilized in attracting wealthy patrons to VIP rooms in BC casinos as those companies or individuals would require registration;

Evidence of junket operators or independent consultants utilized by casino operators was non-existent. Individual employees interviewed, senior management, and compliance of each operator confirmed that these services were not utilized.

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Whether current procedures governing VIP rooms are sufficient in mitigating risk arising from money laundering.

The casino companies operate their facilities using corporate policies under the overall framework of BCLC casino, cash cage, and AML standards. While no direct evidence that these varying corporate standards added to the risk of money laundering exist, implementing a consistent set of best practices dictated by BCLC and used in all VIP rooms would be beneficial on several levels.

First, it would ensure that customers would be treated the same in all BC casinos and could not “shop around” for casinos where standards are weaker or staff are not trained as well in AML and other practices.

Second, it would allow a consistent standard throughout the industry which could be easily audited by GPEB Compliance staff as they are able to do on cash handling, table game play, surveillance, responsible gambling, and other aspects of casino operations.

Third, it would provide a built in standard for any new casinos opened in BC such as those planned in Delta and Victoria.

Fourth, it would ensure that all casino staff are trained to the same standard and that staff moving from one company to another are already cognizant of the standards.

RECOMMENDATIONS

The following recommendations from CREG are based on the investigation pertaining to VIP operations:

1. GPEB recommend to BCLC to implement universal VIP operations policies. Areas that should be considered when designing these policies include:
 - Standards of conduct between VIP staff and customers including acceptance of gratuities, gifts or benefit.
 - Control and auditing of staff gratuities, gifts or benefits.
 - VIP staff orientation and annual training.
 - Clarification of responsibilities for all staff involved in VIP services including VIP hosts, cash cage staff, surveillance and management.
2. GPEB implement a system for audits of VIP rooms to ensure compliance with these standards.
3. GPEB require one VIP room guest services director (or equivalent) for each of the five lower mainland casinos to apply for registration as a senior employee (total of 5) through Corporate Registration.
 - The Personal Disclosure Form (Standard) is an intentionally intrusive application process that imposes a high barrier of entry into the BC gaming industry. Through this process, additional information such as personal finances may be requested by GPEB for further scrutiny. Investigation into the finances of individuals is deemed necessary in order to determine if past, current, or present risks involving external compensation from clients to employees exist due to the relatively low compensation provided to the positions investigated.

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- Since the casino companies use different titles and duties for their VIP staff some analysis will be required to determine precisely which employees will be required.

1200

Cliff: 554326
Date Prepared: September 20, 2018

September XXth, 2018

Cliff: 554326

Jim Lightbody, CEO
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC
V5M 0A6

Dear Mr. Lightbody,

RE: Recommendation to BCLC for developing and implementing VIP Operational Standards, Policies & Procedures

This letter is intended to provide the British Columbia Lottery Corporation (BCLC) with a recommendation from the Gaming Policy & Enforcement Branch (GPEB) to develop and implement standards, policies and procedures for Casino VIP operations across BC.

GPEB recently conducted an investigation into Casino VIP room operations and activity. This investigation was triggered by recent events involving suspicious transactions and high wealth casino patrons in Casino VIP rooms in the lower mainland. The investigation took into consideration the following factors: whether individuals currently registered as gaming workers and employed in Casino VIP rooms should require enhanced registration under the corporate registration; whether junkets or independent consultants are utilized in attracting wealthy patrons to Casino VIP rooms in BC and if there may be registration requirement implications as a result; and whether current procedures governing Casino VIP rooms are sufficient in mitigating any risks arising from money laundering. The investigation reviewed the staff and procedures at the VIP rooms of Great Canadian Gaming Corporation's (GCGC) River Rock Casino Resort and Hard Rock Casino locations; Gateway's Grand Villa Casino and Starlight Casino locations; and Parq Vancouver ULC Parq Vancouver location.

Based on my review of the findings and conclusions of this investigation, I am implementing the following:

1201

Cliff: 554326

Date Prepared: September 20, 2018

September XXth, 2018

Cliff: 554326

Jim Lightbody, CEO
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC
V5M 0A6

Dear Mr. Lightbody,

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GPEB recently conducted an investigation into Casino VIP room operations and activity. This investigation was triggered by recent events involving suspicious transactions and high wealth casino patrons in Casino VIP rooms in the lower mainland. The investigation took into consideration the following factors: whether individuals currently registered as gaming workers and employed in Casino VIP rooms should require enhanced registration under the corporate registration; whether junkets or independent consultants are utilized in attracting wealthy patrons to Casino VIP rooms in BC and if there may be registration requirement implications as a result; and whether current procedures governing Casino VIP rooms are sufficient in mitigating any risks arising from money laundering. The investigation reviewed the staff and procedures at the VIP rooms of Great Canadian Gaming Corporation's (GCGC) River Rock Casino Resort and Hard Rock Casino locations; Gateway's Grand Villa Casino and Starlight Casino locations; and Parq Vancouver ULC Parq Vancouver location.

Based on my review of the findings and conclusions of this investigation, I am implementing the following:

1202

Cliff: 554326

Date Prepared: September 20, 2018

- Recommend that BCLC develop and implement universal Casino VIP Operation Standards, Policies and Procedures into the BCLC Casino and Community Gaming Centre Standards, Policies and Procedures manual.
- GPEB implement a system for audits of VIP rooms to ensure compliance with these standards.
- GPEB require one VIP room guest services director (or equivalent) for each of the five lower mainland casinos to apply for registration as a senior employee (total of 5) through Corporate Registration.

The BCLC universal Casino VIP Operation Standards, Policies and Procedures should address:

- Standards of conduct between VIP staff and customers including acceptance of gratuities, gifts or benefit.
- Control and auditing of staff gratuities, gifts or benefits.
- VIP staff orientation and annual training.
- Clarification of responsibilities for all staff involved in VIP services including VIP hosts, cash cage staff, surveillance and management.

If you have any questions or concerns please do not hesitate to contact me.

Sincerely,

Sam MacLeod
Assistant Deputy Minister
Gaming Policy & Enforcement Branch
Ministry of the Attorney General

Cc: Kim Bruce, Executive Director LRC
Anna Fitzgerald, Executive Director Compliance

GPEB is a 2018 recipient of the BC Public Service Top Work Unit Award

This is Exhibit " 173 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

October 10, 2018

Gaming Policy & Enforcement Branch
3rd Floor - 910 Government Street
PO BOX 9310 STN PROV GOVT
Victoria, BC V8W 9N1

Attention: Sam MacLeod
Assistant Deputy Minister

Dear Sam:

Re: Response to Recommendation for developing & implementing VIP Operational Standards, Policies & Procedures

I write in response to your recent letter regarding recommendations for the development and implementation of VIP Operational Standards, Policies & Procedures.

BCLC will immediately undertake the work necessary to draft policies and procedures that will govern service provider interactions with VIP customers. In order to ensure that our policies align with expected outcomes, we need some further clarification from you regarding the definition of 'VIP rooms'. While there are private VIP rooms at most facilities, many 'VIP' players also play in other areas of the casinos. Our Casino team will reach out to your team for clarification.

In addition to the above clarification, BCLC offers the following comments on the proposed changes:

- BCLC encourages GPEB to consider requiring that all service provider employees whose role is primarily related to marketing or hosting customers who play at high dollar value tables or private gaming salons must be registered as a senior employee rather than just requiring one senior employee per site. Expanding the requirement will demonstrate the need for service providers to provide adequate levels of supervision and expertise in complying with operational requirements.
- BCLC suggests that GPEB consider requiring service providers, as part of their terms of registration, to create a reporting structure so that all senior hosting staff report directly to the general manager of a facility.
- VIP players are free to wager anywhere within a facility. We note that you intend to institute audits of VIP rooms which may not address the issue if what you are trying to monitor is the interaction between staff and the VIP Player. If it is the interaction that is of import, we suggest that the audit recommendation be broadened to capture the interaction of VIPs and staff, wherever it may occur within the facility.
- Currently, each service provider is free to determine its own definition of what constitutes a 'VIP' player which enables the service provider to make the decision based on their particular business needs. Generally, a VIP designation is given to a player based on the amount of spend that occurs over a period of time. BCLC intends to create policy that will direct the



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F 604.225.6424
bclc.com

service provider on appropriate actions once the 'VIP' designation is made but still leave the service provider the discretion to decide when the designation is appropriate.

- In developing its own policies, BCLC must ensure that the policies do not contravene labour or tax laws and effectively have BCLC stand in place of the service provider as the employer.

We look forward to working collaboratively with GPEB in developing effective controls for service provider interaction with VIP players.

Yours truly,



Jim Lightbody
President & CEO

cc: Brad Desmarais, VP, Casino & Community Gaming
Rob Kroeker, CCO & VP, Legal, Compliance, Security

This is Exhibit " 174 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1207

Deputy Minister's Committee on Anti-Money Laundering

Meeting Date: Thursday, December 13, 2018

Meeting Time: 8:00 am – 9:30 am

Meeting Location: 11th Floor Executive Boardroom – 1001 Douglas Street

Meeting Participants:

- Doug Scott, AG (Chair)
- Lori Wanamaker, FIN
- Mark Sieben, PSSG
- Jim Lightbody, BCLC
- Sam MacLeod, GPEB
- Jillian Hazel, GPEB
- Jennifer Gallaway, BCLC
- Megan Harris, AG
- Michele Jaggi-Smith, GPEB (Guest)
- Dave Boychuk, GPEB (Guest)

MINUTES

1. Approval of Agenda and previous minutes

No changes to the agenda.

APPROVED: Previous meeting's minutes were approved with notes below.

Action item #3 was confirmed; GPEB will conduct the audit in addition to BCLC's internal audit team. Verification process and audit for GPEB only recommendations will still need process confirmation.

BCLC Board would like an update at each board meeting on the status of the recommendations.

ACTION #1: Jennifer to provide AMLS with board dates.

ACTION #2: AMLS to provide BCLC with summary of recommendations ahead of each board meeting.

2. Overview of suggested future legislation

Michele Jaggi-Smith presented scope and timeline for future legislation.

Suggestion was made that consideration for Community Gaming Grants to be brought back into the fold of GPEB should be an option. Michele confirmed that this has been discussed and is ongoing.

Discussions taking place during the development of legislation should include any services that can help with corporate registration and certification. In addition, policy around compliance and unregulated online gambling need to be reviewed/developed.

APPROVED: Scope and timeline for legislation approved by DMC.

3. Briefing on regulator model

Jillian and Dave presented draft options for ministerial consideration of a future regulator model.

1208

Deputy Minister's Committee on Anti-Money Laundering

*Meeting went in camera at 9:00 am. Jim and Jennifer exited the meeting.

*General meeting resumed at 9:20 am. Jim and Jennifer rejoined the meeting.

ACTION #3: AMLS to restructure the briefing note and share with DMC.

4. Update on Phase 2 German review and request for data

Megan provided a statistical update on information shared through tip portal between Nov. 18 and Dec. 12.

In the interest of time, further discussion around request for data was taken off line.

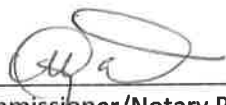
5. New BCLC policy implementation (>\$3K buy-in ID checks)

DMC had no concerns with proposed policy implementation.

All further items were deferred due to limited time.

The meeting ended at 9:30 am.

This is Exhibit " 175 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1210

Deputy Minister's Committee on Anti-Money Laundering

Meeting Date: Thursday, June 18, 2019

Meeting Time: 8:15am – 9:45am

Meeting Location: 11th Floor Executive Boardroom – 1001 Douglas Street
Or via Skype conference details

Meeting Participants:

- Doug Scott, AG (Chair)
- Lori Wanamaker, FIN
- Mark Sieben, PSSG
- Jim Lightbody, BCLC
- Adam Kubel, Guest
- Sam MacLeod, GPEB
- Jillian Hazel, GPEB
- Jennifer Gallaway, BCLC
- Megan Harris, AG
- Barbera Pearson (minutes)

MINUTES

1. Approval of Agenda and previous minutes.

- No Change to the agenda
- APPROVED: Meeting Minutes from May 2, 2019 with edits.
- Action Items from May 2nd meeting discussed, and status update provided.
 - Action Item #2 = completed
 - Action Item #3 = Number of Refused STR's = 233
 - Action Item #3 = Meeting to be scheduled with Peter German.
- Next Regularly scheduled meeting is on July 16, 2019.

2. Recommendation R5/6 discussion (R7, R8, R9, 11a impacted)

- Refer to Briefing Note # 558735 – Analysis of German recommendations related to casino reporting obligations to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).
 - The briefing note was redrafted to reflect updated information including FINTRAC's response to BCLC requesting feedback on Dr. German's proposed process.
 - Peter German felt that the service providers already have the tools required to raise threshold levels of UFTs to that of an STR and to report directly to FINTRAC.
 - Service Providers do not support this proposed change.
 - FINTRAC reporting may move to a 3-day turnaround – this timeline is to be confirmed.
 - Can BCLC continue as status quo if FINTRAC moves from a 30 day to a 3 day reporting timeline?

Decision made on R5/6 – Option #1 to continue with current reporting structure and process approved

1211

Deputy Minister's Committee on Anti-Money Laundering

- Further discussion regarding responsibility and unless there is a change in legislation the service providers do not hold ultimate responsibility.
- Concern was raised that if thresholds change for Service Provider reporting (moving from UFT thresholds to STR thresholds), there is a risk that not as many STRs will be filed.

Action Item: Meeting to be scheduled with Peter German to review recommended option with Dr. German

3. Recommendation 10 (Regulator/DPU access to iTRAK) discussion

- Peter German report recommendation to insert iTRAK Terminals into Gaming, Policy & Enforcement Branch (GPEB) offices.
- The systems contain a great deal of personal information.
- A Privacy Assessment was completed, and it was determined that this would be off side of current policy.

Solicitor/Client Privilege

Action Item: BCLC & GPEB to request a meeting with OCIO and obtain guidance.

4. Completion and closure report discussion

Completion report for interim recommendation #2 approved

5. Executive Roadmap and timeline review

- 15 of 48 recommendations have been addressed (this translates to 31% of the entire report being completed).
- Estimated that an additional 21 of the 48 recommendations to be addressed in July 2019 and approximately 70% by December 2019.

Meeting adjourned at 9:15am.

This is Exhibit "176" referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

November 15, 2018

Deputy Minister Committee
c/o Office of the Attorney General



British Columbia Lottery Corporation (BCLC) has been asked to provide comments on a proposed "Standards-Based Model for Gambling Regulation" presentation. This memo will address two specific areas related to the potential impacts on the conduct and manage mandate for gaming in BC. BCLC acknowledges and supports the Province's desire to implement all the recommendations contained within the Dr. German report.

In order to assist the Province with its analysis on how best to implement the recommendations, we offer the following for your consideration:

The Use of Standards to Conduct and Manage Gaming

The *Gaming Control Act* creates two separate mandates: the conduct, management and operation of gaming on behalf of the Province by BCLC and the regulatory oversight of gaming integrity, charitable gaming and horseracing by the Gaming Policy Enforcement Branch (GPEB).

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F 604.225.6424
bclc.com

**Redacted by BC -
Public Interest
Immunity**

Thus, Ontario's *Gaming Control Act* S.O.1992, Chapter 24 explicitly limits the regulator's authority as follows:

Other standards and requirements

3.8 (1) If the regulations have not prescribed standards and requirements for a matter described in this section, the Registrar may establish in writing standards and requirements for the conduct, management and operation of gaming sites, lottery schemes or businesses related to a gaming site or a lottery scheme or for goods or services related to that conduct, management or operation if the standards and requirements deal with,

- (a) prohibiting or restricting certain persons from entering gaming sites or playing lottery schemes;
- (b) the prevention of unlawful activities;
- (c) the integrity of a lottery scheme;
- (d) surveillance, security and access related to gaming sites or lottery schemes;
- (e) internal controls;
- (f) the protection of assets, including money and money equivalents;
- (g) the protection of players and responsible gambling; and
- (h) the keeping of records, including financial records. 2011, c. 9, Sched. 17, s. 5.

Thus, the regulator in Ontario can only issue standards for the enumerated items and only if that matter has not already been covered in the regulations. This preserves the legislative authority of the government to direct the industry through regulations while enabling the regulator to direct action in limited specific areas if the government has not already set out its expectations in regulations.

Why is this an important consideration for BC?

Redacted by BC - Public Interest Immunity

Issuance of Directives:

Currently, the GCA requires that GPEB obtain ministerial approve prior to issuing a directive that is applicable to BCLC. Redacted by BC - Public Interest Immunity

Redacted by BC - Public Interest Immunity

As a Crown Corporation, the operations of BCLC are subject to the oversight of the BCLC Board of Directors who are government appointed. Ultimately, it is the Board of Directors that is responsible and accountable to its shareholder, the Province for the operations of BCLC. Thus, when directives are issued (either by

the Minister or by GPEB with ministerial approval), the BCLC Board has the legal obligation to ensure that BCLC is in full compliance. It is not accurate to say that there is no ability to enforce non-compliance with a directive as the minister can, at any time, revoke the board appointments and replace the board.

When a directive is issued, it is the BCLC Board that must determine how BCLC will meet its compliance obligation. BCLC has corporate bylaws that govern its operations and it is imperative that the BCLC Board maintain its discretion to direct the operations of the corporation while complying with its bylaws.

In the past, any ministerial directives had BCLC consultation and input prior to being issued. This process enables the BCLC Board to address any operational or legal considerations prior to a directive binding BCLC.

**Redacted by BC
- Public Interest
Immunity**

Respectfully submitted,



Jennifer Keim
BCLC, General Counsel

This is Exhibit " 177 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.


A Commissioner/Notary Public for the Province of
British Columbia

To: Rob Kroeker [Personal information]; John Karlovcec [Personal information]
Cc: Daryl Tottenham [Personal information]; Bal Bamra [Personal information]
From: Bal Bamra
Sent: Wed 10/04/2019 1:22:20 AM
Subject: FW: Cash in casinos
[Cash Analysis 2015 to 2018.docx](#)

Hi Rob/John,

Please review the attached document with respect to the highlighted request below.

Brad and team did the best they could do with the limited information they had.

Let me know if there is anything that you would like the team to dig into further, or need more clarification on something.

Thanks,

Bal Bamra BCom, CAMS
 Manager, AML Intelligence
 Legal, Compliance & Security Division, BCLC
 2940 Virtual Way, Vancouver, BC, V5M 0A6
 Personal information [redacted]

[redacted] *and...* [redacted]

[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: Rob Kroeker [Personal information]
Sent: March-28-19 12:07 PM
To: Jennifer Gallaway <[Personal information 1]>; Jim D. Lightbody [Personal information]
Cc: Brad Desmarais [Personal information]; Bal Bamra [Personal information]
Subject: RE: Cash in casinos

Hi Jennifer,

This is interesting and helpful. If I understand correctly, this is for tables only.

Jim's request, as I understand it, is for total bank notes coming into casinos from outside. That would be for both tables and slots and would exclude payments from options like casino ATMs, Global cash and debit at cage because those transactions do not involve bank notes being brought into a casino from outside.

Brad R. and Cynki will work on the analysis and keep you looped in.

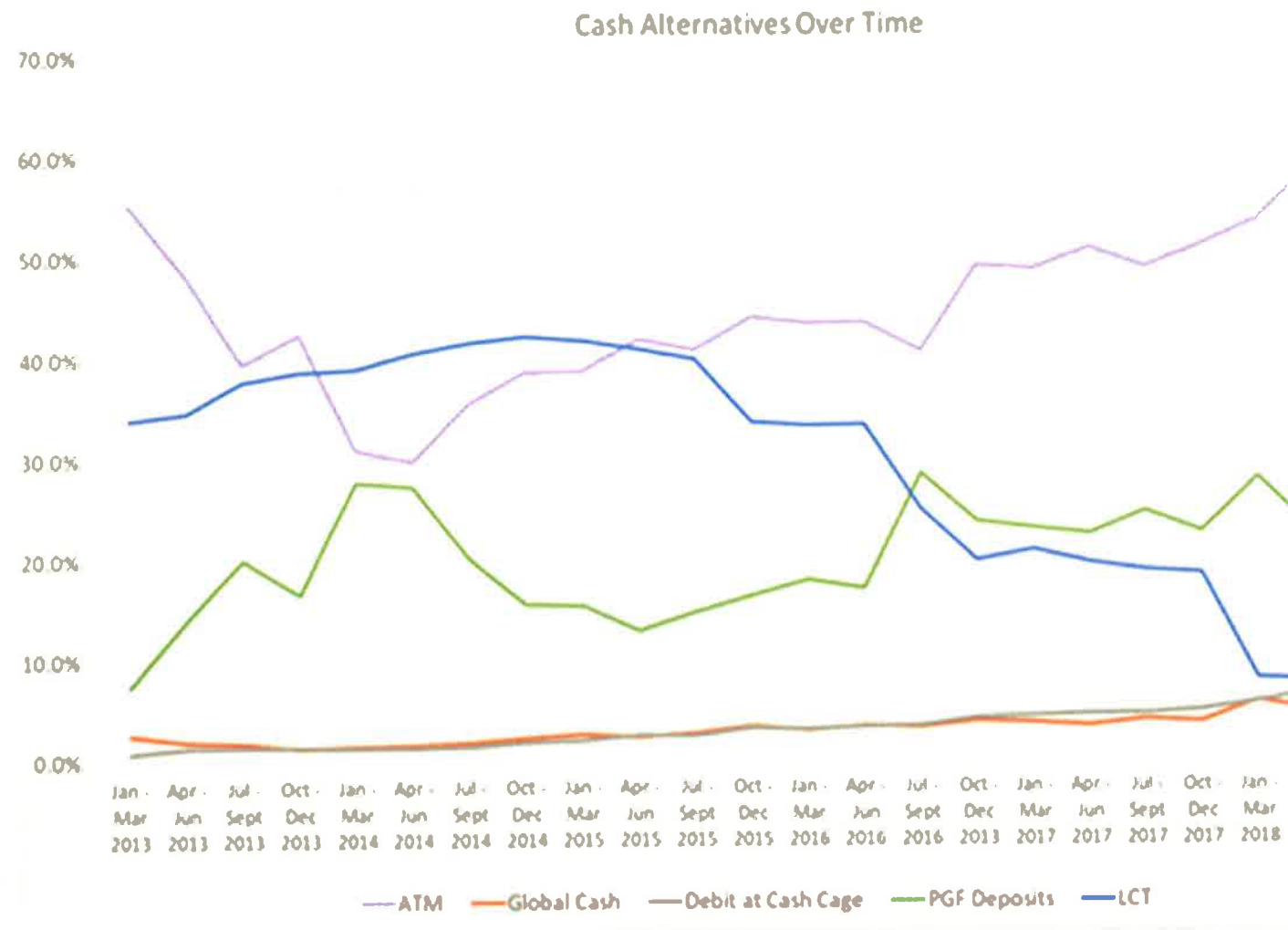
Rob

From: Jennifer Gallaway <[Personal information 1]>
Sent: March-28-19 11:57 AM
To: Jim D. Lightbody <[Personal information]>

Cc: Brad Desmarais [Personal information]; Rob Kroeker [Personal information]
Subject: RE: Cash in casinos

Thanks, Jim.

I have been working with John and Bal to track the % change of cash alternatives over time, although it is only for \$10K and above. The chart is below and I am just confirming some details with the AML group, so it is not to be shared yet. But, it does reveal interesting patterns beginning in Jan 2015. I think looking at the values as a % prevents any misinterpretation of churn and actual total value of cash coming into the facility. Once it is finalized, I will share with the group to see if there is interest in disseminating it further.



Jennifer Gallaway, MBA
 Interim Director, AML Response

From: Jim D. Lightbody [Personal information]
Sent: March 28, 2019 11:21 AM
To: Jennifer Gallaway [Personal information]
Cc: Brad Desmarais [Personal information]; Rob Kroeker [Personal information]

Subject: Cash in casinos

Jennifer;

FYI, Sam and Jillian have asked if we're working on the follow up from the DMC re amount of cash in casinos. I've tasked Brad and Rob with this and they are getting Cynki and Brad Rudnicki to help. I've told them to loop you in as well to support and provide the info to Jillian and ADMC/DMC.

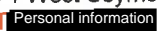
Thanks,
Jim

Jim Lightbody

President & CEO

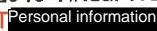
BCLC Head Office

74 West Seymour Street, Kamloops BC V2C 1E2

 Personal information

BCLC Marketing & Sales Office

2940 Virtual Way, Vancouver BC V5M 0A6

 Personal information


bclc.com

This is Exhibit " 178 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



CONFIDENTIAL

October 4, 2017

Mr. John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Attorney General
3rd Floor – 910 Government Street
Victoria, BC V8W 9J4

Mr. Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC V5M 0A6

Dear Mr. Mazure and Mr. Lightbody:

Re: Media reports by Sam Cooper in Postmedia News

This morning, a Postmedia news story includes information that suggests a sensitive BCLC internal document provided to the Gaming Policy Enforcement Branch was leaked to reporter Sam Cooper.

Today's report by Mr. Cooper is the most recent in a series of reports he has published that rely, according to him, on internal sources within GPEB and/or BCLC, and the RCMP. I am gravely concerned that leaks from the BC government could compromise what appears to be a very serious, international RCMP investigation.

I request that you urgently reinforce for all staff in your respective organizations that leaking information to journalists is grounds for immediate termination. There is a Freedom of Information process that vets any documents for public release to ensure that information released does not compromise law enforcement investigations.

Ministry of
Attorney General

Office of the
Attorney General

Mailing Address:
PO Box 9044 Stn Prov Govt
Victoria BC V8W 9E2
email: AG.Minister@gov.bc.ca
website: www.gov.bc.ca/ag

Telephone: 250 387-1866
Facsimile: 250 387-6411

While I understand the frustration that some staff may have felt under the previous administration, that administration is no longer in power. Our new government, under the direction of the Premier, takes allegations of criminality related to BC gaming very seriously. We are addressing the issue with the assistance of Peter German, a lawyer and former Deputy Commissioner of the RCMP who is an expert in anti-money laundering law in Canada. This is the first step of many significant reforms to come.

Staff concerned about money laundering should understand that leaking information in an attempt to encourage action on money laundering could frustrate their own goals. Leaks could prevent the successful detection, arrest and prosecution of individuals and organizations involved in money laundering under ongoing and apparently very active RCMP investigations.

If leaks continue, I will be taking significant steps to increase security of documents and information in your organizations.

Yours truly,

A handwritten signature in black ink, appearing to be 'D. Eby', with a long horizontal stroke extending to the right.

David Eby, QC
Attorney General

This is Exhibit " 179 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Ross Alderson
Director, AML & Investigations
BCLC

Ross,
Should we look into this from a security perspective and determine if this was a matter that one of our staff members release? We could conduct a potential forensic review to determine if in fact this was released by a BCLC or SP staff member?

Personal information [REDACTED]

● *Yes, and...* ●

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From: Jen Viau On Behalf Of Jim D. Lightbody

Hello Everyone,

As employees (or contractors) we all have access to information that is confidential. Protecting confidential information is a crucial business practice. That is why each of us signed a Confidentiality Agreement when we began our employment with BCLC and we are expected to abide by this agreement throughout and beyond our employment with BCLC.

BCLC0016055

other things, does not compromise law enforcement investigations or BCLC's business.

If you want additional information, I encourage you to read BCLC's Standards of Ethical Business Conduct or contact your HRA (or contract management) for a copy of the Confidentiality Agreement.

Thank you for your attention to this important commitment.

Jim Lightbody

President & CEO

BCLC Head Office

74 West Seymour Street, Kamloops BC V2C 1E2

Personal

BCLC Marketing & Sales Office

2940 Virtual Way, Vancouver BC V5M 0A6

Pe

bclc.com

This is Exhibit " 180 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: Ross Alderson [Personal information]
Cc: Isherwood, [Personal information]
From: Jim D. Lightbody
Sent: Fri 2017-12-15 8:18:43 PM
Subject: Re: RA

Great, thanks

From: Ross Alderson
Date: December 15, 2017 at 12:08:23 PM PST
To: Jim D. Lightbody
Cc: Isherwood, Herb
Subject: Re: RA

Yes. I will be there.
Regards

On Dec 15, 2017 12:01 PM, "Jim D. Lightbody" [Personal information] wrote:

Thanks, Ross. Are you able to meet me and Herb at the Norton Rose office downtown at 1:30 pm today?
Jim

From: Ross Alderson <[Personal information]>
Date: December 15, 2017 at 9:47:38 AM PST
To: Jim D. Lightbody [Personal information]
Subject: Re: RA

Hi Jim,
I am prepared to meet with you this afternoon. I greatly appreciate your email and you making yourself available.
Let me know where and when and I will be there.
Regards
Ross

On Fri, Dec 15, 2017 at 9:24 AM, Jim D. Lightbody <[Personal information]> wrote:

Ross,
I would really like the opportunity for us to sit down and talk. I read your email and feel for what you are going through. I asked our counsel, Herb, to reach out to you as well hoping that we can meet. I will make myself available for you as early as this afternoon. Ross, I am not angry with you. I truly care about your well being. Please let us know when you would like to sit down and talk

about this.
Sincerely,
Jim

From: Ross Alderson <Personal information>
Date: December 13, 2017 at 9:05:18 AM PST
To: Jim Lightbody , Jim D. Lightbody <Personal information>
Cc: Jamie Callahan <Personal information>
Subject: RA

Dear Jim,

I wanted to reach out to you direct to tell you how sorry I am for how this has panned out. I wanted to call you but I know you will likely be very angry with me so I thought I would try to at least put something down. I never wanted to hurt BCLC and I thought what I was doing was to help BCLC and show all the great work that we do. I love my team and they are not just colleagues, but friends. I would never intentionally hurt any of them and I originally gave myself up to protect them. I thought I was doing the only thing I could in the circumstances and looking back I have multiple regrets including how negatively it has impacted BCLC. I have made multiple mistakes in judgement, been deceptive and dishonest, particularly since Oct 4. I wish I had had the courage to speak to you direct on Oct 4 but I guess with you and Brad in Vegas and Rob in Italy I went to a lawyer friend as I was so scared. Jim, I am still very scared. When I knew that you would need to likely share my disclosure with others I panicked. I wish perhaps I hadn't involved lawyers at all but the thought of possible investigation by third parties and retribution still frightens me and my wife is terrified of organized crime looking for us. These last few months have been the toughest of my life. They have greatly impacted my physical and mental health and I made a number of reckless, irrational and stupid decisions, based on conflicting advice, an affected state of mind from the high level of stress and sleep deprivation I have been living with. I also know when I made the disclosures I was suffering from the most debilitating and painful injury I have ever suffered and was off work because of it. That may sound like a weak excuse but I know that also didn't help my judgement. This has severely impacted my family, although they believe in me and god knows how I would have coped without their support. So Jim, as BCLC make a decision on my future I beg you with all my heart to remember not just the Ross since Sept 2017 but the Ross of the previous nine + years at BCLC that gave his heart and sole and ultimately sacrificed his career for this industry and what I believed was the greater good. The Ross you know from work, from golf and social events, the devoted father and husband. I know I am not a bad person and I am extremely remorseful for many of my actions which are not who I am, but a reflection of what this process did to me. This job ultimately broke me and it hurts me that I know I have lost the respect and friendship of many and won't be able to help them in the transition of the industry. Perhaps I was naive to think that David Eby would ride in and save the day but that was and is what I was hoping. My closest confidants tell me what I did was for the greater good and that the industry and the province will be better for it but right now it's hard to rationalize it was all worth it. I understand this letter is all maybe a little too late but I wanted to clear my conscious because I do value relationships as I know you do. I thank you Jim for the opportunities you and BCLC have given me over the years and as I said all I beg of you is to consider the impact to my life and that of my family, whichever decision BCLC decide to go. I am deeply sorry and remorseful over how this played out.

Yours respectfully
Ross Alderson

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 181 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Whistleblower Policy

Approved by: BCLC Board of Directors
Last Reviewed: January 2015

Purpose

This policy establishes BCLC's expectations and protections for reporting concerns related to Misconduct in a safe, confidential manner.

SCOPE

This policy applies to all BCLC Board of Directors, employees, and contractors.

This policy applies to issues of alleged Misconduct relating to BCLC. Routine operational issues, disputes or grievances should be addressed through the process established under BCLC's [Redress Policy](#). Other corporate policies are in place to report matters related to harassment and occupational health and safety.

CONTEXT

This policy is governed by accountability principles defined by the Government of British Columbia and [Standards of Conduct Guidelines for the B.C. Public Sector Guidelines](#). The latter requires BCLC to state how and where employees may seek advice on making a report and the process for reporting breaches of the [Standards of Ethical Business Conduct](#) (SOEBC).

POLICY STATEMENT

BCLC is committed to achieving high standards in honesty, integrity and accountability, to enforcing adherence to its Standards of Ethical Business Conduct (SOEBC), and to promoting a culture of openness and transparency in its interaction with employees. BCLC encourages whistleblowing in order to achieve this commitment. Whistleblowing refers to the act of reporting alleged Misconduct in accordance with BCLC's [Whistleblower Procedures](#). Whistleblowing enables BCLC to take action immediately to resolve problems and minimize the risk of damage to our business, players, people, and the public.

BCLC expects employees and contractors to report situations where there is reasonable grounds to suspect a BCLC employee or a member of the BCLC Board of Directors has engaged in Misconduct. Reports concerning Misconduct may be submitted through BCLC's Whistleblower Procedures. BCLC treats all Complaints as confidential to the fullest extent possible.

BCLC reviews and assesses all Complaints received through the Whistleblower Procedures. Where warranted, an appropriate, objective and impartial investigation is conducted. BCLC implements mitigation strategies and/or takes disciplinary action when a Complaint is Well-founded. Once a Complaint has been completed, BCLC provides notification to the Complainant that states their

Whistleblower Policy

Complaint has been reviewed and closed. For systemic issues, the notification may also identify whether further action was taken.

BCLC has zero-tolerance for Retaliation against persons who seek advice about making a Complaint, make a Complaint, or participate in an investigation. BCLC investigates all allegations of Retaliation that appear to be connected to a person's report or participation in an investigation.

POLICY DETAILS

Reports Received by Managers. Where an employee or contractor reports Misconduct to a Manager first, the Manager must explain to the person making the report that he or she has the right to report Misconduct directly through BCLC's Whistleblower Procedures. Regardless of whether the person making the report escalates the matter, Managers have a duty to document the discussion and promptly report alleged Misconduct through BCLC's Whistleblower Procedures.

Withdrawing Complaints. Complaints cannot be withdrawn.

Respondent Rights. When a whistleblower investigation is conducted, Respondents are:

- entitled to submit relevant information and evidence before disciplinary action is taken against them; and
- entitled to receive a summary of the investigation findings, upon request.

Complaints Concerning BCLC Governance and Corporate Social Responsibility ("Governance and CSR") Committee Members. If a Complaint concerns the conduct of any member of the BCLC Governance and CSR Committee, the roles and responsibilities assigned to the Governance and CSR Committee and its Chair ("Committee Chair") within this policy will be assumed by other members of BCLC's Board of Directors and the Chair of the Board, respectively.

Redirecting Complaints. Complaints received under BCLC's Whistleblower Procedures may be redirected through other BCLC procedures, if appropriate. When Complaints are redirected, they must be treated with the same level of protection for confidentiality and Retaliation, regardless of the policy or process under which the Complaint is redirected.

Complaints Concerning Illegal Activity. If a Complaint indicates that illegal activity has occurred, a Complaint may be made directly to the police or other law enforcement or regulatory agency, as appropriate. A complaint may be forwarded to the police if it involves illegal activity.

Quarterly Reports. A confidential summary report must be provided to the Board of Directors by the Governance and CSR Committee Chair on a quarterly basis. The report must contain a list of Complaints and their outcomes from the preceding and current quarter, but exclude personal

Whistleblower Policy

information. The report must include the number of: complaints received, complaints in review and assessment, complaints under investigation (total, internally, and externally), closed with investigation, and closed without investigation.

Records management. BCLC must retain records pertaining to a Complaint in compliance with BCLC policies, the *Document Disposal Act*, the *B.C. Freedom of Information and Protection of Privacy Act*, and the Administrative Records Classification System (ARCS) or the Operational Records Classification System (ORCS); and subject to safeguards that ensure their confidentiality.

Confidentiality and Privacy. Maintaining confidentiality is crucial in preventing Retaliation against a Complainant. BCLC provides a safe avenue to report any situation where there is alleged Misconduct by treating the identities of those involved in making a report, the subject of an investigation, or individuals involved in the investigation process as confidential to the fullest extent possible. Employees and contractors who make a Complaint can expect it to be treated as confidential when submitted in accordance with BCLC's Whistleblower Procedures.

Persons who have knowledge of or participate in an investigation carried out under the Whistleblower Procedures are required to keep the details and results of the investigation confidential. This means employees and contractors must not share this information with other persons, unless authorized to do so by the Committee Chair, and must take all reasonable steps to not reveal the identity of a Complainant, unless required to do so by law.

BCLC is a public body and must comply with B.C.'s *Freedom of Information and Protection of Privacy Act* (FIPPA). Therefore, records in the custody and under the control of BCLC may be requested under the access to information provisions of FIPPA, or by other legal process such as court orders. If this is the case, BCLC will take steps to maintain the confidentiality of employees and contractors to the fullest extent possible under the law.

Anonymity. Given the technical and logistical requirements of investigating a Complaint, anonymous complaints may be difficult to resolve when additional information is required. It is preferred that Complainants provide their identity and contact information when making a Complaint in order to allow for follow up and clarification, if necessary. The Whistleblower Advisor withholds identity and contact information belonging to a Complainant, unless it is specifically requested by the Committee Chair.

ROLES AND RESPONSIBILITIES

Governance and CSR Committee

The Governance and CSR Committee is responsible for:

- the overall maintenance and operation of this policy;

Whistleblower Policy

- establishing procedures for receiving, investigating, tracking and appropriately resolving all reports received under this policy;
- establishing and maintaining channels to facilitate the confidential reporting of alleged Misconduct;
- investigating as appropriate all reports of alleged Misconduct received through the Whistleblower Procedures; and
- determining an appropriate outcome and/or taking corrective actions when a report of Misconduct is substantiated.

The Committee Chair is responsible for:

- reviewing Complaints and assessing whether an investigation is warranted;
- determining whether internal or external investigators need to be engaged;
- determining an Investigation Team based upon advice received from the Whistleblower Advisor;
- overseeing investigations, including initiating investigations when required, delegating responsibilities for investigating, reviewing and reporting the results;
- determining whether a Complaint is Well-founded and making recommendations for mitigation and disciplinary actions;
- protecting the identities of Complainants, Respondents, and persons who participate in an investigation under this policy by keeping personal information confidential to the fullest extent possible;
- maintaining documentation in accordance with this policy; ;
- maintaining and tracking the appropriate information required for preparing quarterly reports;
- preparing quarterly reports, with assistance from the Whistleblower Advisor, and providing it to the Board of Directors; and
- designating another member of BCLC's Board of Directors to fulfill the Committee Chair's role and responsibilities during absences and in extenuating circumstances.

Whistleblower Advisor

The Whistleblower Advisor is an external third party contracted by BCLC and is responsible for:

- receiving and documenting Complaints from employees and contractors concerning Misconduct;
- protecting the identities of Complainants, Respondents, and persons who participate in an investigation under this policy by keeping personal information confidential to the fullest extent possible
- forwarding information regarding each Complaint made under the Whistleblower Procedures to the Committee Chair;
- assisting the Committee Chair in reviewing and assessing complaints, as needed;
- advising the Committee Chair in determining an Investigation Team;
- assisting the Committee Chair in engaging external investigators, as necessary;
- providing assistance in conducting investigations, as necessary; and

Whistleblower Policy

- reviewing investigation reports and making recommendations to the Committee Chair on whether a Complaint is Well-Founded or not.

Investigation Team

The Investigation Team may consist of an investigator(s) who are BCLC employees and/or persons from an independent third party. The Investigation Team is responsible for:

- conducting an investigation under the direction and guidance of the Whistleblower Advisor;
- protecting the identities of Complainants, Respondents, and persons who participate in an investigation under this policy by keeping personal information confidential to the fullest extent possible;
- preparing a full investigation report; and
- providing an investigation report to the Committee Chair and Whistleblower Advisor.

Managers

In addition to their responsibilities as employees, BCLC Managers, including executives, directors and managers, are responsible for:

- promoting a culture of openness in their interaction with employees;
- taking reasonable steps to ensure that a safe environment exists for persons who make a report of Misconduct;
- informing employees of the protections offered by BCLC's under this policy, its intended use, and the related Whistleblower Procedures; and
- promptly following the related Whistleblower Procedures upon receiving a Complaint.

Employees and Contractors

BCLC employees are responsible for:

- being aware of their responsibilities under BCLC's Standards of Ethical Business Conduct, BCLC policies, and applicable laws;
- understanding BCLC's Whistleblower Procedures;
- cooperating in investigations; and
- keeping details and results of investigations confidential when they have knowledge of or are participants in an investigation.

Whistleblower Policy

COMPLIANCE

Employees may be subject to disciplinary action in accordance with BCLC's [Progressive Discipline Policy](#) if they:

- retaliate against a person who made a report or participated in an investigation;
- knowingly make a false or misleading statement in the course of seeking advice about making a report, in making a Complaint, or during an investigation;
- wilfully obstruct an investigation;
- knowingly conceal, destroy, mutilate or alter/falsify materials that are likely to be relevant to a whistleblower investigation;
- breach confidentiality related to a Complaint or investigation; and
- direct, counsel or cause, in any manner, a person to do any of the above.

DEFINITIONS AND ABBREVIATIONS

Complaint: Refers to a report made through BCLC's Whistleblower Procedures that concerns a situation or issue where Misconduct is alleged to have occurred or is occurring.

Complainant: Refers to the person(s) who makes a Complaint.

Misconduct: Means any act or workplace practice that is premeditated, intentional, or carried out with indifference to the consequences. For example, Misconduct may include, but not be limited to:

- a violation of law;
- a violation of professional standards or practice;
- a violation of BCLC's Standards of Ethical Business Conduct or another BCLC policy or procedure;
- unauthorized or misuse of BCLC funds or assets;
- an act of accounting or auditing impropriety (e.g., fraud related to audit, accounting, or internal control matters);
- an act that is dangerous or likely to cause serious harm to the health and safety of an employee, contractor, player, or the public;
- an act that poses a significant danger to the environment; or
- an act in retaliation to a Complaint made under this policy.

Respondent: Refers to the person(s) implicated in a Complaint.

Retaliation: Refers to adverse consequences, discrimination or reprisal against a person because that person made a Complaint or participated in a whistleblower investigation. This may include, but is not limited to:

- Dismissal or the threat to dismiss an employee;

Whistleblower Policy

- Disciplining, suspending, or threatening to discipline or suspend an employee;
- Demoting or threat to demote an employee;
- Denial of benefits, compensation, or professional development opportunities;
- Harassing or discriminatory behaviour or otherwise disadvantaging an employee; and
- Intimidating or coercing an employee.

Well-founded: Refers to the outcome of an investigation conducted in accordance with the Whistleblower Procedures where the collected evidence substantiates some or all parts of the reported Misconduct.

RELATED MATERIAL

[Whistleblower Procedures](#)

POLICY OWNERSHIP

Policy Owner Position Vice President, Human Resources

Approving Body BCLC Board of Directors

REVISION HISTORY

Version Number	Approval Date	Approved by	Amendment
2.0	Jan 14 th , 2015	BCLC Board of Directors	Major revisions made to address implementation of a Whistleblower Advisor role, to align BCLC policy with principles and guidelines recently released by the BC government, to transfer responsibilities from the Audit Committee to the Governance and CSR Committee, to transfer Policy Ownership authority, to separate policy and procedure content, and to clarify existing policy.
1.2	Sep 10 th , 2013	Corporate Secretary	Email reference(s) removed
1.1	Sep 30 th 2011	Corporate Secretary	Contact details for Chairman of the Board updated following relocation of Vancouver office, and content transferred to new corporate policy template
1	Dec 19 th 2009	BCLC Board of Directors	

This is Exhibit " 182 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

To: 'Mazure, John C FIN:EX' [Personal information]
From: Jim D. Lightbody
Sent: Wed 2017-10-11 10:49:15 PM
Subject: RE: Information Incident: Government investigation

John;
 Yes, we are conducting an internal investigation and responding to this incident.
 Thanks,
 Jim

From: Mazure, John C FIN:EX [Personal information]
Sent: Wednesday, October 11, 2017 3:24 PM
To: Jim D. Lightbody <Personal information>
Subject: RE: Information Incident: Government investigation

Hi Jim. Just confirming that BCLC is taking the lead on responding to this incident or is there a need for the process I initiated within government to continue?

From: Jim D. Lightbody [Personal information]
Sent: Friday, October 6, 2017 12:50 PM
To: Mazure, John C FIN:EX
Subject: Re: Information Incident: Government investigation

John,
 We can confirm that the Sec 86 report in question was disclosed to Sam Cooper of Postmedia by our employee. We cannot say with the same confidence if any other reports were. We are taking steps to determine if any other documents were disclosed.
 Jim

Sent from my iPhone

On Oct 6, 2017, at 11:23 AM, Mazure, John C FIN:EX [Personal information] wrote:

Hi Jim,

In order to proceed on government investigation (led by the Privacy, Compliance and Training Branch, Ministry of Citizen Services) into this matter there is additional info from BCLC that would assist.

At present, for incident response, PTCB does not need to know the name of the BCLC employee who has come forward and admitted to disclosing information to the media.

The key initial determination is whether the responsibility for this incident falls to the provincial government (i.e. the Ministry of Attorney General), BCLC, or potentially both. As such, it would be helpful if BCLC could confirm whether they believe that the BCLC employee who has come forward is responsible for the disclosure of the s.86 report and related records that are the basis of the Vancouver Sun article "RCMP casino money laundering probe uncovered alleged 'terrorist financing' links", which also cites that "a B.C. government document" was obtained by "Postmedia".

If BCLC was the source of the disclosure, this would make them, as a public body in British

Columbia, responsible for taking steps to resolve the apparent breach of privacy. This includes:

- Potential containment action (e.g. with media);
- Assessment of harm and notification to impacted individuals, where appropriate (those whose personal information was included in the records believed to have been disclosed);
- Root cause determination; and
- Prevention.

The determination of responsibility will drive whether this incident is a potential government information incident (right now we're operating on the basis that the records could have been disclosed by government), and thus, what government's role in responding to this incident is. If responsibility is unclear, then we (GPEB and PCTB) should be working with BCLC right away to develop a joint action plan regarding the above bulleted items with immediate priority being assessment of harm and notification determination.

Thx Jim.

From: Jim D. Lightbody [Personal information]
Sent: Thursday, October 5, 2017 2:06 PM
To: Mazure, John C FIN:EX
Subject: Re: Gaming worker

John,
 Thank you for the note. We will remind our employee to remain compliant with the GCA as per your request. In particular, sec 35 that refers to an gaming worker being subject to a criminal code investigation. To the best of our knowledge, there is not a current investigation of this type.
 Best regards,
 Jim

Sent from my iPhone

On Oct 5, 2017, at 12:59 PM, Mazure, John C FIN:EX [Personal information] wrote:

Hey Jim,

I've checked and I don't have the authority to ask you to provide the name of the individual.

It is a condition of registration, however, that a gaming worker must notify GPEB (Section 35 of Gaming Control Regulation) if they are involved in an investigation. As such, I am simply asking that you, as the employer, remind this employee of their obligation to report to GPEB regarding their situation. thx

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

This is Exhibit " 183 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

October 11, 2017

Strictly Private and Confidential
Sent By E-mail

Ronald Josephson
Josephson Litigation Counsel
906 Cathedral Place
Vancouver, BC, V6C 3L2

Norton Rose Fulbright Canada LLP
1800 - 510 West Georgia Street
Vancouver, BC V6B 0M3 CANADA

Personal information [REDACTED] .com

Herb Isherwood

Personal information [REDACTED]

Assistant

Personal information [REDACTED]

Your reference
[YourRef]

Our reference
[OurRef]

Dear Mr. Josephson:

Re: Ross Alderson

We are counsel for the British Columbia Lottery Corporation in this matter and confirm we have your letters to BCLC dated October 4 and October 6, 2017.

Our client is currently engaged in due diligence related to the information set out in your letters. As your first letter indicates, and Mr. Alderson must appreciate, the conduct of Mr. Alderson described in your letter raises very serious issues for BCLC with respect to Mr. Alderson's employment obligations to BCLC and with respect to his and BCLC's obligations to and reputation with the Gaming Policy and Enforcement Branch ("GPEB"), the RCMP Federal Serious and Organized Crime unit ("FSOC") and the gambling service providers.

BCLC appreciates the offer made by Mr. Alderson to cooperate with and assist BCLC in carrying out its due diligence. BCLC will want to interview Mr. Alderson as part of this due diligence. Mr. Alderson will be asked questions about his conduct and will have an opportunity to provide BCLC with a fulsome explanation for his conduct. The interview will be scheduled as soon as possible but BCLC is currently analyzing the data on the cell phone and lap top used by Mr. Alderson and needs to complete this work before the interview can take place.

As an immediate step in its diligence, BCLC requires that Mr. Alderson provide answers to the following questions:

- When and by what means did he disclose the section 86 report dated July 24, 2015 (the "Report") to Sam Cooper? Did he make any redactions to the Report before providing it to Mr. Cooper?
- Has he disclosed the Report or its contents to any other person outside of BCLC, GPEB and FSOC? If so, provide the details of such disclosure.
- Did he disclose any other BCLC-related information either orally or in writing to Mr. Cooper? If so, provide the details of the information disclosed including the means by which it was disclosed and when it was disclosed.

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BCLC0009068

- Other than the disclosures referenced in the first 2 bullets above, has he disclosed confidential or sensitive BCLC-related information to any person outside of BCLC, GPEB and FSOC? If so, provide the details of such disclosure, including what information was disclosed or used, to whom the information was disclosed, the means by which it was disclosed and when it was disclosed.
- Has he used confidential or sensitive BCLC-related information for any purpose other than the proper performance of his BCLC duties? If so, provide details of such use.
- Is there any other conduct that he has engaged in that may require immediate action by BCLC? This could include, for example, the disclosure of information or statements made to any third parties that could reasonably risk the on-going investigations and operations of BCLC, GPEB, FSOC and any gambling services providers or the disclosure of personal information of individuals to any third parties.

BCLC expects Mr. Alderson to be forthright and candid in providing the information required above. The answers to these questions could significantly impact the on-going investigations and operations of BCLC, GPEB, FSOC and gambling services providers. As a result, BCLC requires the response to these questions in as soon as possible and in any event by no later than this **Friday, October 13, 2017**.

Your letters to BCLC are labelled as "Without Prejudice" and "Strictly Confidential". You will note that this letter is not sent as a without prejudice communication. BCLC is considering whether all of the contents of your letters can properly be treated as without prejudice communications (one of your statements purports to be "on the record") and reserves its right to address that issue if and when necessary. However, once it receives the answers to the questions set out above BCLC may be required to take steps to protect its interests and the interests of its other stakeholders, including their employees, and accordingly requires the answers to its questions to be provided on the record. It is BCLC's position that it is a condition of his employment with BCLC that Mr. Alderson is required to provide this information to BCLC.

We reiterate BCLC's direction to Mr. Alderson that he must preserve any other documentation or records in his possession or control that are in any way related to BCLC. This includes any electronic communications such as e-mails and text messages and includes records on personal devices.

Please let us know if you have any questions.

Yours very truly,




Herb Isherwood

HJI/apg

[enclosure(s)/attachment(s)]

This is Exhibit " 184 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



JOSEPHSON
LITIGATION COUNSEL

1245

906 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER, BC, V6C 3L2
TEL: (604) 684-9887
WWW.JOSEPHSONLITIGATION.CA

DIRECT TEL: [REDACTED]

E-MAIL: [REDACTED]

OUR FILE: 4842.001

October 13, 2017

WITH PREJUDICE

BY EMAIL

Norton Rose Fulbright
1800 – 510 West Georgia Street
Vancouver, B.C. V6B 0M3

ATTENTION: Herb Isherwood

Re: Ross Alderson

I am writing to respond to your *With Prejudice* letter of **October 11, 2017**, on behalf of Ross Alderson. As I indicated in my earlier correspondence, Mr. Alderson is perfectly willing to be cooperative with BCLC and is committed to *"be forthright and candid in providing the information required"* by BCLC.

The responses below are in Mr. Alderson's own words.

When and by what means did he disclose the section 86 report dated July 24, 2015 (the "Report") to Sam Cooper? Did he make any redactions to the Report before providing it to Mr. Cooper?

On or around **September 14, 2017**, I sent Sam Cooper by email, the copy of the Section 86 Report exactly as I had originally authored it, with no redactions.

Has he disclosed the Report or its contents to any other person outside of BCLC, GPEB and FSOC? If so, provide the details of such disclosure.

I have only disclosed the Report to Paul Dadwal and Ben Robinson of the Combined Forces Special Enforcement Unit (Joint Illegal Gaming Investigation Team). I did that in approximately **June or July 2016**.

I also disclosed it to my solicitor when I engaged him.

Did he disclose any other BCLC-related information either orally or in writing to Mr. Cooper? If so, provide the details of the information disclosed including the means by which it was disclosed and when it was disclosed.

Yes, I did. Here is a comprehensive list of all BCLC related information that I had disclosed in writing or in person, to Sam Cooper.

RONALD JOSEPHSON LAW CORPORATION PRACTICES LAW AS JOSEPHSON LITIGATION COUNSEL

1. On or around **August 10, 2017**, I sent Sam Cooper an email including a copy of the publicly available Notice of Claim relating to an illegal casino in Sidaway Road, Richmond, which BCLC had identified in **2015**.
2. On **September 12, 2017**, I met in person with Sam Cooper in Victoria during an anti-money laundering conference. Sam Cooper was a presenter at the conference and I was an attendee. I knew who he was as I had previously met Sam Cooper through his work for the Vancouver Chapter of the Association of Certified Anti-Money Laundering Specialists.

The meeting with Sam Cooper, over coffee in a café lasted for about one hour. During that meeting, Sam Cooper informed me of the following details:

- a) he was about to break the Paul Jin story;
- b) he had sources within the RCMP (FSOC), GPEB as well as in the gaming industry but was not specific in relation to the sources, other than that the RCMP source was an Inspector within FSOC who was Asian;
- c) he was aware of the recent public presentation by Inspector Bruce Ward of the RCMP on **August 31, 2017**, regarding ePirate, and that he had sources within HSBC who had attended that presentation. He provided details of what Bruce Ward had said at the conference. Having been present myself at that conference, I knew this information was accurate, except that Sam Cooper believed (apparently from discussions with the police) that players were walking into casinos with bags of \$20 bills and walking out with cheques. That was not correct and I told Sam Cooper that that was not what Bruce Ward had said.
- d) he had details of a Civil Claim regarding bullet proof glass at 'Silver International' known to me as Paul Jin's cash house; and
- e) he stated that he had most of the details that he wanted, and had formed a view about the situation. In his words:

"BCLC and the casinos will get slammed for allowing money laundering for years and the police want blood"

I had no doubt from my conversation with Sam Cooper at that meeting at the café that he had the full picture and that his "journalism angle" was going to be to go after BCLC. He also mentioned Cal Chrusties' name a few times and I wondered if Cal Chrusties was also providing information to Sam Cooper.

During that meeting at the Café, I told Sam Cooper that:

- i) there was far more to the story than he was aware of, including years of inaction from regulators and police and I had proof of that;

- ii) what BCLC had done in its anti-money laundering program since I had assumed the position of Director Responsible for AML in **2015**, including placing approximately 150 people on "conditions" relating to individuals receiving suspicious cash.
- iii) Paul Jin himself had been on BCLC's radar since **2012** and, as soon as BCLC was told that he was allegedly providing proceeds of crime, BCLC put conditions on the recipients of the suspected proceeds of crime.

In response, Sam Cooper said that:

- he knew about the charges against Paul Jin that were imminent, and that he had heard that from his FSOC contact;
- he knew about the "conditioned" players, and had requested thousands of documents from GPEB through the Freedom of Information process, as well as acquiring information through other sources;
- he had not heard or seen any proof of BCLC's positive involvement;
- his editor was going to run the story within days or weeks; and
- he used to speak to Attorney General, Eby quite regularly and knew that the Attorney General supported whistle blowing in order for the truth to come to light.

As a result of the meeting in the café in Victoria, I believed the details of the Paul Jin investigation were about to be made public. Knowing that police had spoken publicly on the investigation at the conference on **August 31, 2017**, combined with my knowledge that multiple documents were to be released through FOI and a belief that another police press conference was imminent, I made the decision two or three days later to disclose the BCLC documents as listed below, including the Section 86 Report.

3. On **September 14, 2017**, I disclosed to Sam Cooper via email:

- a) a copy of a BCLC **Redacted - FINTRAC** from **Redacted - FINTRAC** regarding **Redacted - FINTRAC**
- b) a copy of 3 letters authored by Jim Lightbody, namely:
 - i) **June 2017** letter to Kevin Hackett;
 - ii) **May 2017** letter to John Mazure; and
 - iii) **June 2017** letter to John Mazure;

- c) a copy of 2 letters that I had sent to casino service providers in **2015** detailing that casino players were to be placed on conditions.

Other than the disclosures referenced in the first 2 bullets above, has he disclosed confidential or sensitive BCLC-related information to any person outside of BCLC, GPEB and FSOC? If so, provide the details of such disclosure, including what information was disclosed or used, to whom the information was disclosed, the means by which it was disclosed and when it was disclosed.

In and during **2014**, along with Brad Desmarais, the Vice President of Casinos and Canadian Gaming, I met with Police Services in Victoria to provide evidence of concerns about senior members of the GPEB organisation. I understand this may have resulted in the termination of the Executive Director and Director of Investigations of GPEB.

All relevant details of BCLC's anti-money laundering program, including ongoing intelligence, were provided to CFSEU-JIGIT starting in **May 2016**, and have continued to the current day. This was all fully authorised under the BCLC RCMP Information Sharing Agreement.

Has he used confidential or sensitive BCLC-related information for any purpose other than the proper performance of his BCLC duties? If so, provide details of such use.

No, I have not.

Is there any other conduct that he has engaged in that may require immediate action by BCLC? This could include, for example, the disclosure of information or statements made to any third parties that could reasonably risk the on-going investigations and operations of BCLC, GPEB, FSOC and any gambling services providers or the disclosure of personal information of individuals to any third parties.

No, there is not.

I trust that the foregoing is a comprehensive response to the inquiries made in your letter of **October 11, 2017**. If there are any follow-up questions, Mr. Alderson will be pleased to respond to them through me. Furthermore, Mr. Alderson has advised me that he undertakes to preserve any and all documentation or records in his possession and control that are in any way related to BCLC.

Finally, there is one matter that Mr. Alderson wishes to address, and it relates to the review ordered by the Attorney General regarding the Gaming Industry in British Columbia. Mr. Alderson believes that it is his duty to speak to the Chief Investigator, Peter German, and the review team at some point, and disclose the unique knowledge he has of the industry.

Mr. Alderson hereby requests that BCLC provide its approval in writing, through me, that he be authorised to meet with Mr. German at the appropriate time.

I invite you to contact me by telephone, or in writing to discuss any matters arising from this letter.

Yours truly,

JOSEPHSON LITIGATION COUNSEL

Per:


Ronald Josephson

RJ/sm

cc: client

This is Exhibit " 185 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1251



Barristers & Solicitors / Patent & Trade-mark Agents

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October 16, 2017

Strictly Confidential**Sent By E-mail [richard.fyfe@gov.bc.ca]**

Deputy Attorney General's Office
 PO BOX 9290
 STN PROV GOVT
 Victoria, BC
 V8W 9J7

Attention: Richard Fyfe, QC,
Deputy Attorney General

Personal Information

Personal Information

Our reference
 11-2990

Dear Sirs/Mesdames:

Re: British Columbia Lottery Corporation

We are counsel to the B.C. Lottery Corporation and write on a confidential basis to advise you of information we very recently received on behalf of BCLC during an on-going investigation. This information was received last Friday, October 13, 2017.

BCLC has learned that a BCLC employee has had unauthorized communications with Post Media journalist Sam Cooper. While BCLC's investigation into the employee's conduct is on-going, the employee has, through counsel, answered questions about information provided to and by Mr. Cooper. BCLC has not questioned the employee about the information but expects to do so once BCLC's internal due diligence is completed.

BCLC believes that some of the information that has been provided may be relevant to on-going investigations into money laundering by the Gaming Policy and Enforcement Branch ("GPEB") and the RCMP Federal Serious and Organized Crime unit ("FSOC"), BCLC has determined that the information should be provided to you in confidence without delay. We confirm that today you advised BCLC that your Ministry needs this information in order to investigate the possible improper disclosure of information from GPEB and FSOC.

This employee has advised us of the following:

1. The Section 86 Report dated July 24, 2015 prepared by BCLC for GPEB was provided to Mr. Cooper in unredacted form on September 14, 2017,
2. On August 10, 2017, the employee provided Mr. Cooper with a copy of a publicly available Notice of Civil Claim,
3. The employee met with Mr. Cooper for about an hour in September, 2017 and Mr. Cooper disclosed to our employee:
 - o that Mr. Cooper had sources within the RCMP (FSOC), GPEB and the gaming industry but Mr. Cooper was not specific about those sources except that the RCMP source was an Asian inspector within FSOC,

7837409.13

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October 16, 2017


NORTON ROSE FULBRIGHT

- that Mr. Cooper was aware of the public presentation by RCMP Inspector Bruce Ward regarding ePirate and had sources within HSBC who attended the presentation,
 - accurate details of the presentation by Bruce Ward with the exception that Mr. Cooper believed (apparently from discussions with the police) that players were attending casinos with bags of \$20 bills and leaving with cheques – Cooper was told that this was not correct,
 - details of a civil claim regarding bullet proof glass at Silver International,
 - that Mr. Cooper was of the view that BCLC and the casinos will get “slammed” for allowing money laundering for years and that the police “want blood”,
4. During this September, 2017 meeting, Mr. Cooper used Cal Chrusties' name a few times leaving our employee with the impression that Cal Chrustie may be providing information to Mr. Cooper.
5. Our employee told us that during this meeting our employee told Mr. Cooper,
- that there was more to the story including years of inaction from regulators and police,
 - the steps BCLC had taken in its money laundering program in the last 2 years including placing 150 people on “conditions” relating to individuals receiving suspicious cash,
 - that Paul Jin had been on BCLC's radar since 2012 and as soon as BCLC was told that he was alleged to have received proceeds of crime, it put conditions on the recipients of the suspected proceeds of crime.
6. Mr. Cooper responded in that meeting by telling our employee that he (Mr. Cooper),
- knew that charges against Paul Jin were imminent,
 - knew about the “conditioned” players and had requested thousands of documents from GPEB through the freedom of information process,
 - had not heard or seen any proof of BCLC's positive involvement,
 - used to speak to Attorney General, David Eby, quite regularly and knew that the Attorney General supported whistle blowing in order for the truth to come to light

The employee indicated that on September 14, 2017 he also provided Mr. Cooper with copies of the following documents,

- (a) a BCLC [Redacted - FINTRAC] from [Redacted - FINTRAC] regarding [Redacted - FINTRAC]
- (b) letters from Jim Lightbody to Kevin Hackett (June, 2017) and John Mazure (May, 2017 and June, 2017), and
- (c) 2 letters sent to casino service providers in 2015 detailing that casino players were to be placed on conditions.

With respect to paragraph (a), BCLC reviewed its records and determined that there were at least [Redacted - FINTRAC] [Redacted - FINTRAC] from BCLC in [Redacted - FINTRAC] regarding [Redacted - FINTRAC] BCLC does not know which [Redacted - FINTRAC] was provided to Mr. Cooper.

We enclose copies of 2 of the 3 letters referred to in paragraph (b). BCLC records do not disclose a letter from Jim Lightbody to John Mazure dated June, 2017 that is related to these matters. BCLC suspects that this may have been meant to be a reference to a letter dated June 16, 2017 from Robert Kroeker, BCLC's Vice President, Corporate Security and Compliance to Len Meilleur, Executive Director, Compliance Division, GPEB. We enclose a copy of this letter as well. BCLC determined that the two letters from Jim Lightbody and the letter from Robert Kroeker were found on October 7, 2017 posted on Twitter.

BCLC records do not disclose the letters to casino service providers referenced in paragraph (c) but BCLC sent an e-mail to casino service providers dated August 5, 2015 and we attach this e-mail. BCLC is not able to confirm at this time if this is one of the communications provided to Mr. Cooper.

The employee advises us that BCLC-related information has not otherwise been used by this employee for purpose other than the proper performance of BCLC duties. The employee also advises that the employee has not engaged in any other conduct that might require immediate action (such as disclosing information to 3rd

1253

October 16, 2017

 **NORTON ROSE FULBRIGHT**

parties that might risk on-going investigations). BCLC has not completed its verification of these statements at this time.

BCLC is disclosing this information to your Ministry only for the purpose of investigating possible improper disclosures of information in relation to the investigation of gaming activities in B.C. We trust that you will share this information with the Deputy Solicitor General as necessary. BCLC will continue to cooperate with you and other agencies involved in gaming as its investigation proceeds. Please let us know if you have any questions or concerns regarding this information.

Yours very truly,



Herb Isherwood*

HJI/apg

**Law Corporation*

Enclosures

cc. B.C. Lottery Corporation

May 12, 2017

Gaming Policy & Enforcement Branch
Ministry of Finance
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: John Mazure
Assistant Deputy Minister

Dear John:

Re: Your Letter Dated May 8, 2017

I write in response to your letter of May 8, 2017, which references various aspects of BCLC's anti-money laundering program. I very much appreciate your offer of enhanced cooperation and support for BCLC's anti-money laundering efforts.

With respect to your inquiries about BCLC's coordination and collaboration with police generally and the Joint Illegal Gaming Investigation Team (JIGIT) specifically, I can advise you that since the date of the team's inception BCLC has made collaborating with and supporting their efforts a top priority. This is in addition to the \$3 million dollars per year BCLC has committed to JIGIT funding. Reports back to BCLC from the Officer-in-Charge of JIGIT and others have commended BCLC for the very high level of collaboration and support BCLC's AML Department have provided to JIGIT. More specifically, I can advise you BCLC has held on site training and orientation sessions with a number of members from JIGIT to ensure they have a strong working knowledge of BCLC's gaming operations, AML program, type of data collected, and our transaction analysis abilities. Additionally, I can advise that the Director of BCLC's AML Department is in frequent communication with the OIC JIGIT, and in some circumstances daily communication.

In regard to support of police efforts more generally, please be reminded that it was BCLC's analysis of transactions and other operational gaming data that led to the identification of a key suspect associated to illegal gaming operations in the Lower Mainland. Further, it was BCLC's complaint to the police and briefing on BCLC's analysis that provided the information that allowed the police to begin to target that suspect. Prior to BCLC's action on that matter, the activities of a suspected major illegal gaming crime figure appear to have gone undetected. On a broader note, in 2014 BCLC initiated and executed an information sharing agreement with the RCMP – an unprecedented anti-money laundering measure in Canada. When JIGIT was set up in 2016 BCLC immediately initiated a review of the existing information sharing agreement. That review resulted in updates to the agreement which ensured BCLC could provide support to JIGIT's efforts. The creation of the agreement in the first instance was an important addition to BCLC's AML program. The agreement enabled a more strategic level of coordination between BCLC and police across the province. One outcome of the agreement is that it has allowed BCLC to identify individuals and their associates involved in or linked to organized crime and proactively ban those individuals from casinos across the province. Because of this unique cooperative effort between BCLC and police, 260 individuals have been banned from provincial



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gaming sites helping to ensure our facilities remain free from criminal influences and are safe for the public.

You have asked for an update on our efforts to increase the sophistication and capabilities of BCLC's AML program through software tools and data analytics. SAS, an AML and business intelligence software solution, is going through the final stages of being brought on-line this very week. The SAS solution is utilized by a number of Canada's largest banks in their AML programs. We understand BCLC's implementation of SAS is the first in the world in the gaming industry. Note however that SAS is only one of a number of software and web-based solutions BCLC employs in its AML program. We have also augmented our program with other solutions that have emerged in the last year. As I am certain you can appreciate, the functioning of BCLC's AML program and use of automated solutions results in a multi-faceted program, a description of which is beyond what can be meaningfully covered here. I would be pleased to arrange a technical briefing, at a time convenient to you, on the automated solutions employed and how the technology supports our AML efforts.

In your correspondence, you make inquiries about source of funds. BCLC's anti-money laundering program incorporates both source of funds and source of wealth determinations. Moreover, our anti-money laundering program employs comprehensive customer due diligence and customer on-going monitoring procedures. Tens of millions dollars in cash transactions have been refused under BCLC's program and 131 customers have been placed on buy-in restrictions. BCLC's entire anti-money laundering regime was recently audited by the federal Financial Transactions and Reports Analysis Centre of Canada (FinTRAC). This was the most comprehensive review of BCLC's program to date with upwards of six dedicated FinTRAC anti-money laundering and terrorist financing experts reviewing every aspect of its' program. FinTRAC found that not only was BCLC's program effective and fully compliant with all customer due diligence, transaction and on-going monitoring requirements but also provided feedback to us to the effect that BCLC's program was the leader in the sector. In addition to FinTRAC audits, BCLC is required under federal law to have an independent audit and assessment of its anti-money laundering program completed once every two years. BCLC has just completed the selection and engagement process for that audit for 2017. BCLC has selected a prominent international audit firm to conduct the work. To help address your comments we will ensure that BCLC's customer due diligence, transaction handling (including source of funds and wealth procedures) and customer on-going monitoring procedures are specifically reviewed during the audit. As is our standard practice, BCLC will share the results of the audit with GPEB once completed later this year.

You express concerns about instances where casino customers present \$20 dollar denomination bank notes wrapped in elastic bands, and I agree that caution is needed in these circumstances. When this type of circumstance occurs, as part of BCLC's customer due diligence procedures, BCLC makes inquiries around the source of funds and other factors relevant to the transaction. In more than one case BCLC has determined that the \$20 bank notes originated from a registered money services business (MSB). Upon further inquiries, BCLC determined that MSBs often issue \$20 bank notes because that denomination makes up the vast majority of Canadian currency in circulation. Further, BCLC has learned it is a fairly standard practice for an MSB to bundle large numbers of bank notes, of any denomination, with elastic bands as that is simply the most practical way for them to handle the money. As a result of inquiries, and despite initially appearing suspicious, follow-up inquiries in some cases have pointed to nothing untoward. Having said that I can assure you we will remain vigilant on this front and welcome any additional information or support GPEB can provide.

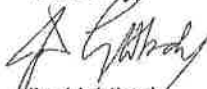
Linked to source of funds, you raise concerns about bank drafts and specifically the mechanics behind transactions between a bank and its customer where a bank draft is issued. BCLC does accept bank drafts from Canadian banks and credit unions (both of which are reporting entities under Canadian anti-money laws and who are required to have comprehensive and effective anti-money laundering programs) where customer due diligence has been completed and the customer holds a casino account. BCLC has no line of sight into a casino customer's bank accounts or any other financial services provided to a

customer by a financial institution. While BCLC has had some discussions with financial institutions around the sharing of information in furtherance of anti-money laundering, financial institutions generally are not receptive to the sharing of their customer and commercial banking information with BCLC for the obvious privacy and commercial reasons. BCLC does make inquiries of its customers in relation to bank drafts however, not being an enforcement agency BCLC's powers to conduct these inquiries are quite limited. Ultimately, BCLC has no means and no authority to require banks to disclose how a bank's customer conducts its business with the bank. GPEB and the police, however, do have access to court processes including search warrants and production orders which allow you to compel the disclosure of financial information and conduct much more in-depth inquiries than BCLC is permitted to do. We understand that through this type of work GPEB has concluded that some bank drafts are suspect – as you have noted in your letter. BCLC relies entirely on GPEB and the police to advise it where there are suspicions around a bank's conduct in the issuance of bank drafts. In fact, several weeks ago GPEB advised BCLC that as many as 10 casino customers were using proceeds of crime to purchase bank drafts at Canadian banks. BCLC asked GPEB to provide the names of those customers so that BCLC could immediately ban the customers in question pursuant to its authority in section 92 of the *Gaming Control Act*. BCLC has no tolerance for money laundering or any other illegal activity and wishes to protect its facilities, staff and the integrity of gaming. We have not yet received the names of the customers involved from GPEB. I would welcome you doing anything you can to expedite BCLC being provided the names of customers in question so that we can get them out and keep them out of our gaming sites.

I am seeking your assistance on one additional item. In my letter to you of September 16, 2015, I reported that our staff, as well as those of our service providers, were receiving reports from casino customers of high stakes illegal gaming houses being operated in the lower mainland. Through open source analysis, we were even able to provide at least one possible address. Our customers continue to report these illegal gaming houses remain operating. I would appreciate receiving any information you can share around what action has been taken in response to these reports and whether any illegal gaming houses have been located and shutdown.

We remain fully committed to keeping all illegal activities out of our gaming facilities and look forward to GPEB's continued support of our efforts.

Yours truly,



Jim Lightbody
President & CEO

cc: Cheryl Wenezenki-Yolland, Associate Deputy Minister, Ministry of Finance

June 15, 2017

Combined Forces Special Enforcement Unit
Mailstop #408/409
14200 Green Timbers Way
Surrey, BC V3T 6P3

Attention: **Kevin Hackett**
Assistant Commissioner

Dear Assistant Commissioner Hackett:

Re: Press Conference on Illegal Gaming & Casino Money Laundering

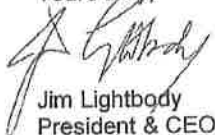
I am writing in regard to the press conference held on June 13, 2017, covering the recent activities of the Joint Illegal Gaming Investigation Team. Congratulations on the successes achieved to date. BCLC is thankful for the dedicated effort CFSEU has put into this initiative. We are also pleased with having been able to support the team operationally where appropriate and where asked to do so.

It was most encouraging to hear of the inroads JIGIT has made in addressing illegal gaming operations in the province. However, it was disturbing to hear that money laundering conducted by sophisticated organized crime groups was occurring at casinos. As you may be aware, BCLC has invested extensively in its anti-money laundering and counter terrorist financing program. Our program has recently gone through a comprehensive review by FINTRAC with no material compliance issues being identified. Having said that, we recognize that the program can never be static, our efforts must continue to evolve and improve, and we must remain ever vigilant. In that regard I would very much appreciate if you could share with us the methodology used by these organized crime groups to undermine the anti-money laundering efforts at our casinos so that we can review our program and, working with our service providers, make the adjustments necessary to prevent any further attempts at laundering at our casinos.

Even more important to us is the safety of our customers, the staff of our service providers, and our own staff working in casinos. It was alarming to hear that criminals have been frequenting our facilities exposing staff and the public to money laundering activities and putting them at risk. Under the provincial *Gaming Control Act*, BCLC has the authority to ban any person from entering any gaming site in the province. I ask that CFSEU provide us with the names of the nine individuals arrested, and any other person CFSEU has determined is involved in criminal acts that are in any way related to gaming, so that we can ban those individuals from our facilities to protect the safety of our customers and staff.

Again, congratulations on your success. I look forward to your response.

Yours truly,



Jim Lightbody
President & CEO

cc: Rob Kroeker, VP, Corporate Security & Compliance, BCLC

bclc
playing it right

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June 16, 2017

Gaming Policy and Enforcement Branch
PO Box 9309 Stn Prov Govt
Victoria BC V8W 9N1

Attention: Mr. Len Meilleur
Executive Director, Compliance Division



Dear Mr. Meilleur,

Re: Press Conference on Illegal Gambling and Casino Money Laundering

I am writing about the press conference GPEB held in conjunction with the CFSEU on June 13, 2017. I wish to extend my congratulations to you on the successes GPEB has had in its partnership with the Joint Illegal Gaming Investigation Team and which you announced at the press conference. BCLC is thankful for the effort GPEB has put into the investigation.

BCLC welcomed the news that a number of illegal gambling operations in the lower mainland had been shutdown. However, it was very troubling to learn through the press materials that sophisticated international organized crime groups had laundered funds through BCLC casinos. As you know, BCLC has committed considerable resources, staff and effort to developing its anti-money laundering and counter terrorist financing program. I know you are also aware that BCLC's program has been scrutinized by GPEB audit staff and that it has recently undergone a comprehensive review by FINTRAC with no deficiencies in its anti-money laundering procedures identified. Nonetheless, BCLC's program is not static and we are committed to a course of continuous improvement. Moreover, we recognize that criminal elements will adapt and seek new ways to launder proceeds of crime in response to countermeasures and for this reason, BCLC's program must adapt and evolve on an ongoing basis. Given what we learned from the press conference, BCLC is seeking GPEB's assistance. It would seem a vulnerability in our program has been exploited by organized crime. In order to address this vulnerability and prevent further laundering attempts, I ask that you share with us the specific details of the money laundering methodology you determined was used by these organized crime groups to launder proceeds of crime through legal casinos. This information will allow us to make the changes needed to better protect our operations from money laundering threats and close any gaps.

As troubling as it was to learn of a laundering vulnerability at our casino facilities, we were even more concerned to learn of serious threats to public safety. It was deeply alarming to hear that top tier organized crime figures participating in or linked to crimes such as kidnapping and extortion were frequenting our facilities. Clearly, individuals engaged in these types of criminal activities present the highest order of risk to public safety. The safety of our customers, the staff of our service providers, and our own staff who work in casinos must be paramount. I am certain that you agree. BCLC simply cannot have these individuals exposing our customers and staff to personal safety risks through their laundering activities or any other criminal activity. The *Gaming Control Act* grants BCLC the statutory authority to ban any individual from its casinos. I ask that GPEB provide BCLC with the names of the 9 individuals arrested so far in the investigation, as well as the names of any other individual the investigation has revealed to be involved in or connected in any way to criminal acts related to gaming, so that

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BCLC can immediately ban those individuals from our facilities to protect the safety of our customers and staff.

Given the threats to public safety, I would appreciate a response at your earliest possible convenience.

Sincerely,



Robert Kroeker
Vice President, Corporate Security and Compliance

cc. Mr. Murray Dugger, Western Regional Manager, Financial Transactions and Reports
Analysis Centre



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Ross Alderson**From:**
Sent:
To:Ross Alderson
Wednesday, August 05, 2015 9:57 AM**Personal information****Cc:**
Subject:
Attachments:Bruno Gatto; Kevin Sweeney; Brad Desmarais; Daryl Tottenham
Sanctions on high limit players
VVIP list of 10.pdf

Good morning,

This morning certain conditions were imposed on a list of 10 Casino Patrons which I have attached to this email. Their iTrak profiles will be shortly updated.

All players on the list are no longer permitted to buy-in at any BC Casino with any "un-sourced" cash or gaming chips until further notice.

BCLC has attempted to contact all 10 players to arrange an interview with each patron to inform them of the conditions and discuss certain recent activity which has resulted in these conditions. Unfortunately at this time due to sensitivity I am not at liberty to discuss that activity further.

Below are the following conditions to be imposed effective IMMEDIATELY:

1/ Un-sourced Cash and Chips

- If any of the players on the list decides to buy-in using cash (any amount), this buy-in must be accompanied by a withdrawal slip from an accredited financial institution showing the same date as the attempted buy-in.
- If any of the players on the list decides to buy-in with gaming chips, the site must be able to show that the chips were the result of a previous verified win, otherwise they will not be accepted at this time until BCLC has conducted a player interview.
- No player on this list can accept any cash or chips (either sourced or un-sourced) from any other persons at any time. Eg no "chip passing" of any kind

Please note the above applies to all transactions, regardless of amount

2/ Bank Drafts

- If any of the players on the list make a deposit into their PGF Account using a bank draft, the following restrictions apply:
 - Bank Draft must be from an accredited financial institution
 - The player must be able to show that the Bank Draft is derived from their own bank account, and must be made payable to the Casino accepting the deposit

Any deviation from the above conditions, may result in immediate additional measures, including sanctions such as possible suspension or outright prohibition of the players gaming privileges.

As we value our business partnership with all our players, it is critical that all Service Partners assist in ensuring these conditions are followed without exception. BCLC will continue to reach out to all players today in the hope of alleviating the need for any future sanctions.

As always we appreciate the assistance of our business partners.

If there are any comments or questions please feel free to contact me at your earliest convenience and I will attempt to answer as much as I am able.

Thank you for your cooperation

Regards

Ross Alderson CAMS

Director, AML & Operational Analysis
Corporate Security and Compliance Division, BCLC
8940 Virtual Way, Vancouver, BC, V5M 0A6

[REDACTED]

[REDACTED]

This is Exhibit " 186 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia



Royal Gendarmerie
Canadian royale du
Mounted Canada
Police

1263
Security Classification / Désignation
Classification/désignation sécuritaire
Confidential

C/Supt. Keith Finn
RCMP E Division FSOC
14200 Green Timbers Way
Surrey, BC V3T 6P3

Norton Rose Fulbright Canada LLP
1800 – 510 West Georgia St.
Vancouver, BC V6B 0M3

Attn.: Mr. Herb Isherwood

Re: British Columbia Lottery Corporation (BCLC)

Dear Mr. Isherwood,

I am in receipt of your letter to the Deputy Attorney General's Office dated October 16, 2017 (Re: British Columbia Lottery Corporation). Deputy Solicitor General Mark Sieben provided the letter to the Commanding Officer of the BC RCMP on October 30, 2017 for review and appropriate action.

I am the Deputy Criminal Operations Officer Federal Policing "E" Division and I have been assigned to look into this matter further on behalf of Deputy Commissioner Butterworth-Carr.

Some of the allegations in your letter have raised serious concerns. I wish to inform you that I have identified two senior investigators outside of Division Federal Serious and Organized Crime Section to conduct a review in respect of the possibility that information within our possession has been shared inappropriately with the media. I remain mindful that while the allegations are serious, only a thorough review can shed light on whether they are founded, and to which extent.

This document is the property of the Royal Canadian Mounted Police (RCMP), National Security Program. It is loaned specifically to your department/agency in confidence and for internal use only, and it is not to be reclassified, copied, reproduced, used or further disseminated, in whole or in part, without the consent of the originator. It is not to be used in affidavits, court proceedings, subpoenas or any other legal or judicial purpose without the consent of the originator. The handling and storing of this document must comply with handling and storage guidelines established by the Government of Canada for classified information. If your department/agency cannot apply these guidelines, please read and destroy this document. For any enquiries concerning the information of the caveat, please contact the Director Federal Policing National Security, RCMP.




I anticipate that this review may take some time. I also anticipate that my investigators will require, to the best extent possible, open lines of communication with various officials of the BCLC as well as access to some BCLC investigative reports, and any recordings, transcripts, or notes in respect of the interview(s) of the person whom you have referred to as "the employee." I also request that our investigators be granted access to this employee.

I can be reached at the address above or through the contacts below. I look forward to hearing from you at your earliest convenience in order to advance our review of these allegations.

Yours truly,



Chief Superintendent Keith FINN
Deputy Criminal Operations Officer
E Division - Federal Policing

 Personal Information



cc: Mr. Mark Sieben, Deputy Solicitor General B.C. Lottery Corporation
D/Commr. Brenda Butterworth-Carr, Commanding Officer BC RCMP
Mr. Richard Fyfe, QC, Deputy Attorney General
Mr. Clayton Pecknold, Assistant Deputy Minister and Director of Police Services
Policing and Security Branch, Ministry of Public Safety and Solicitor General

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This is Exhibit " 187 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

Via Email

15 December 2017

RE: Letter of Resignation

Attention Rob Kroeker

Dear Rob,

I write this letter to notify you that I am resigning from my position as Director, AML and Investigations for BCLC.

The decision to resign has been incredibly difficult. I have been extremely lucky to have built such wonderful relationships at BCLC over my 9+ years of employment. However, I have decided to take advantage of new and exciting opportunities, and focus on what is best for my family.

BCLC has been a tremendous employer to work for and I sincerely thank them for the personal growth and career opportunities they have given me from my earliest days as an investigator.

While it is incredibly unfortunate that BCLC does not get the proper public recognition it deserves for its compliance role in gaming in this province, I sincerely hope that BCLC's integral and positive role will become evident as a result of the current provincial government casino review.

While I am genuinely sad to leave BCLC I am equally looking forward to the next chapter of my life.

I want to thank you for the tremendous support over the years and the faith you showed in me to lead a team of 32 amazing individuals.

I wish BCLC the very best of luck for the future.

Yours sincerely

Ross Alderson

Cc: Jim Lightbody, President and CEO of BCLC

Jamie Callahan, Vice President, Human Resources

This is Exhibit " 188 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

WEEKLY JIM SESSION: OUR COMMITMENT TO INTEGRITY

By
Jim Lightbody, President & CEO
February 11, 2019

As many of you know, there continues to be significant media attention with respect to our business and money laundering in B.C. casinos. If you're like me, I'm sure you find these stories extremely challenging to read because most of them contain inaccuracies, are taken out of context and do not tell the full story of our commitment and the dedicated actions we have taken, and continue to take, to combat money-laundering.

Like many British Columbians, I am outraged that criminals use insidious means to target our casinos or other areas of our economy, like real estate, in an attempt to launder their money – threatening our communities. BCLC and all of us employees have always been committed to making sure BCLC is doing everything in its power to combat this complex problem. I categorically deny any suggestion that BCLC was “willfully blind” or allowed our service providers to accept dirty money.

All of you and our stakeholders, players and the public need to trust in the integrity of our organization. It's important that both the public and our other stakeholders have access to the facts – which I can assure you we have shared with the media over these many months. Unfortunately it does not always get reported. As such, we have taken the step to create a dedicated hub of anti-money laundering (AML) information on bclc.com, for the public to access which will include facts and information about how BCLC and our people recognized the risk that money-laundering posed to casinos, took action years ago and continue to take action to increase controls as new threats emerge. You will find this a useful reference – and it's something you can share with friends, family and colleagues who may be asking questions. We will also continue to update this information **source as necessary**.

There have also been increasing calls by media and the public to hold a public inquiry into money laundering in B.C. Some of you may wonder what our position is on this. While it is ultimately the government's call, should a public inquiry be held, I would support it – and we would be prepared to testify under oath.


You may have also seen the CTV W5 piece that featured our former Director of AML who spoke to the actions taken to combat money laundering and was referenced as a “whistleblower”. While the media uses that term generically, at BCLC we have a well-defined [Whistleblower Policy](#) which provides employees a safe and secure environment to report alleged misconduct. This is one way to ensure that BCLC and our people uphold our Standards of Ethical Business Conduct ([SOEBC](#)), and protect any private information that could harm innocent people. All of us need to understand how this policy and the SOEBC are our commitment to fulfil our ethical promise to conduct our business with professionalism, honesty and integrity.

We expect this media attention to continue. I know that it is difficult to hear questions and criticism, but I want you to know that we will always act with the highest standards of honesty and integrity. As a reminder, it is in our policy that only authorized spokespeople may speak with media. If you are approached, please refer them to our Media Relations team. I also want to remind you of our social media [guidelines](#).

To those of you directly involved in our anti-money laundering efforts and those dealing with these media issues, myself and everyone on the executive team want to thank you for your dedication and support. I sincerely appreciate that during times like this it's hard to take criticism. Just know that we have always lived true to our mission and to always do the right thing.



This is Exhibit " 189 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

1270

To: Laura Piva-Babcock [Personal information]
From: Jim D. Lightbody
Sent: Wed 2019-02-20 12:13:24 AM
Subject: RE: Alderson work timeline

Not 'for' RRCR, but at RRCR. We have designated BCLC surveillance people at the big 5 casinos in the LM.
 Started by Terry Towns.

From: Laura Piva-Babcock
Sent: Tuesday, February 19, 2019 4:06 PM
To: Jim D. Lightbody
Subject: RE: Alderson work timeline

I will see – folks weren't sure whether he ever worked for RRCR from my conversations last week.

Laura Piva-Babcock

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

[Personal information]

Connect with us:

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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: Jim D. Lightbody [Personal information]
Sent: February 19, 2019 3:49 PM
To: Laura Piva-Babcock [Personal information]
Subject: RE: Alderson work timeline

Laura;

You should point out when he was stationed at RRCR. (Casino Surveillance?)

Thanks

From: Laura Piva-Babcock [Personal information]
Sent: Tuesday, February 19, 2019 3:35 PM
To: Harris, Megan AG:EX [Personal information]
Cc: Lara Gerrits [Personal information] Jim D. Lightbody [Personal information]
Subject: Alderson work timeline

Hi Megan,

As requested here is the timeline of Ross Alderson's employment at BCLC

Start Date in Role	End Date in Role	Title of Position
November 14, 2008	February 26, 2011	Investigator: Lottery Security
February 27, 2011	May 5, 2012	Investigator: Casino Surveillance
May 6, 2012	November 17, 2012	Manager, Lottery Security
November 18, 2012	February 23, 2014	Manager, eGaming Investigations
February 24, 2014	April 19, 2015	Senior Manager, eGaming Investigations
April 20, 2015	December 15, 2017*	Director, Anti-Money Laundering and Investigations

1271

*Ross Alderson was on administrative leave beginning on October 4, 2017 and resigned on December 15, 2017.

Thanks,

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.

This is Exhibit " 190 " referred to in the
Affidavit of Jim Lightbody sworn (or affirmed)
before me at Vancouver, B.C.,
this 25 day of January, 2021.



A Commissioner/Notary Public for the Province of
British Columbia

February 25, 2019

By Email

Strictly Privileged and Confidential

Attorney General Minister's Office
PO Box 9044
Stn Prov Govt
Victoria, BC
V8W9E2
Canada

**Attention: The Honourable David Eby, Q.C.,
Minister of Attorney General**

Norton Rose Fulbright Canada LLP
1800 - 510 West Georgia Street
Vancouver, BC V6B 0M3 CANADA

F: +1 604.641.4949
nortonrosefulbright.com

Personal Information

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Your reference
N/A

Our reference
11-2990

Dear Minister Eby:

Re: Ross Alderson and B.C. Lottery Corporation

We write in response to your request for a brief with respect to the letter that our firm sent on behalf of BCLC to Ross Alderson dated February 19, 2019. We attach a copy of the letter and its attachments. We note that the letter and its attachments are confidential [Redacted - Settlement Privilege]. We ask that disclosure of the documents and their contents be strictly limited to those in the Ministry on an as-needed basis with the same qualification as to further disclosure and, to the extent applicable, privilege is not waived and we assert common interest privilege over this letter and disclosure, which will not be waived with any further disclosure of these documents and their contents.

As the Director of BCLC's Anti-Money Laundering ("AML") team, Mr. Alderson understood the importance of maintaining the confidentiality of the highly sensitive information he received, which included information about the monitoring and reporting of suspicious cash transactions.

Despite this, in 2017 Mr. Alderson improperly disclosed confidential documents to the media. [Redacted - Settlement Privilege]
[Redacted - Settlement Privilege]
[Redacted - Settlement Privilege] Unfortunately, this was an ill-conceived effort. [Redacted - Settlement Privilege]
[Redacted - Settlement Privilege]

During the investigation into his conduct, [Redacted - Settlement Privilege]
[Redacted - Settlement Privilege] Earlier, when his BCLC laptop was picked up from him at his house on the day his lawyer advised us he was the source of the leak to the media, it had been soaked with water in an apparent attempt to disable access to its files. [Redacted - Settlement Privilege]
[Redacted - Settlement Privilege] [Redacted - Solicitor/Client Privilege]

CAN_DMS: \1257087012

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BCLC0009904

In December 2018, BCLC learned from several BCLC employees that Mr. Alderson asked a number of BCLC employees to anonymously disclose confidential information to the media. BCLC was very concerned with this conduct as it put BCLC operations at risk and, in effect, asked his former co-workers to jeopardize their employment. Mr. Alderson showed a serious disregard for the interests of his former co-workers and placed them in a very uncomfortable position. We advised him that this request was improper and again reminded him of his confidentiality obligations.

Then, just over 2 weeks ago, there were new media publications discussing BCLC in the context of money laundering in B.C. casinos, including CTV's W5 program on money laundering for which Mr. Alderson was interviewed. BCLC was very concerned with these publications because Mr. Alderson disclosed confidential information, made inaccurate statements about his BCLC co-workers, and there were references to notes he made while working for BCLC. Redacted

Redacted - Settlement Privilege

Redacted - Solicitor/Client Privilege

Redacted - Solicitor/Client Privilege

BCLC employees who work on the AML team – former colleagues and friends of Mr. Alderson's – were extremely distressed by these recent media reports. He made unfounded suggestions of deliberate inaction and complicity against them. These employees looked to BCLC to respond to these very unfair and upsetting allegations as they rightfully expected that there would be consequences for making false allegations and breaching the confidentiality obligations to which they all agreed.

The BCLC AML team employees have an important role in addressing the threat of money laundering in B.C.'s casinos. Given the criminal elements involved in money laundering, the critical requirement to keep highly sensitive information confidential, and the crucial need to support its employees in their valuable work, BCLC views it as essential that all reasonable steps be taken to both prevent and respond to the improper disclosure of confidential information and unfair allegations made against its employees. BCLC needs its employees to remain focused, effective and engaged.

Additionally, since all BCLC employees must sign a confidentiality agreement as a condition of employment, BCLC is concerned about the precedent that Mr. Alderson's actions may set within the organization. If one employee is seen to have disclosed confidential information without impunity, it may lead other employees to question whether they are bound by their confidentiality agreements. This is particularly important given his attempts to have employees speak to the media.

As a result, BCLC sent the letter to Mr. Alderson to remind him of his continuing confidentiality obligations to BCLC, to ask him to ensure that he has in fact returned all BCLC records, and to ensure that any future public dialogue is accurate. We provided him with e-mails that directly contradicted his statements about BCLC. BCLC wanted Mr. Alderson to understand the negative impact he was having on his former co-workers. As he had been reminded of his obligations on multiple occasions, BCLC also wanted him to understand the serious implications of his conduct in that legal action could result if he did not correct his behaviour.

Please let us know if you have any questions.

Yours very truly,



Herb Isherwood

HJI/apg

Enclosure

February 19, 2019

Strictly Private and Confidential

Sent By E-mail [Redacted - Not Relevant (Personal Information)]

Ross Alderson

Norton Rose Fulbright Canada LLP
1800 - 510 West Georgia Street
Vancouver, BC V6B 0M3 CANADA

F: +1 604.641.4949
nortonrosefulbright.com

[Redacted - Personal Information]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

Our reference
11-2990

Dear Sir:

Re: Defamatory and Unlawful Media Communications regarding British Columbia Lottery Corporation

We write on behalf of BCLC concerning your involvement in recent media publications by Global News BC, including the February 7 and 12, 2019 stories, as well as the recent broadcast by CTV News W5 on February 9, 2019. We were asked to write this letter to you because you are not abiding by the commitments you made to BCLC and your recent conduct is negatively impacting your former colleagues.

It is clear from these recent stories that you have again disclosed confidential BCLC information, including documents obtained or created by you in the course of your employment with BCLC, for the purpose of publication in the media. You have done this despite being fully aware of your continuing duty of confidentiality. We reminded you of this obligation in December, 2018 after you unlawfully attempted to induce your former colleagues to breach their obligations of confidentiality.

Your disclosure of BCLC confidential information is unacceptable and is in direct violation of your ongoing obligations of confidentiality to BCLC, including under the Employee Confidentiality Agreement you signed on November 11, 2008 and BCLC's Standards of Ethical Business Conduct which you acknowledged having read and understood in a declaration signed by you on February 16, 2016. As a former police officer and the former senior employee spearheading our anti-money laundering initiatives, you understood the justification and critical need for confidentiality; sensitive investigations can be jeopardized and innocent people can be hurt by confidentiality breaches. You knew that BCLC required all media communications to go through its media team and that BCLC has a process and procedure to ensure that all FOI requests are properly addressed to ensure that none of its sensitive operations are prejudiced by the inappropriate disclosure of confidential information.

To be clear, your claim to be a whistleblower does not authorize or justify your misconduct. As you know, BCLC also has had in place for many years a robust and well defined Whistleblower Policy that provides a safe environment for reporting alleged misconduct.

[Redacted - Settlement Privilege]

Redacted - Settlement Privilege

CAN_DMS: \125510763\1

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BCLC0009904.03

Redacted - Settlement Privilege

In December 2017, you acknowledged to BCLC that you made a "number of reckless, irrational, and stupid decisions" and that you were "deceptive and dishonest" with BCLC. You acknowledged that although not intending to, you had caused harm to BCLC. You expressed that you were "deeply sorry and remorseful over how this played out". That is one reason why BCLC is so concerned with your recent conduct as it has compounded that harm. You are again hurting your former colleagues; those members of your team that you professed were your friends that you loved. You breached their, and BCLC's, trust in 2017 and you have breached it again.

Redacted - Settlement Privilege

It is also clear from the recent media reports that you have records that belong to BCLC which include your notes taken while working for BCLC. Those notes are the property of BCLC and must be returned immediately together with any other BCLC property in your possession or control.

Your recent media disclosures are also disturbing because you are now making statements to the media regarding BCLC and its executives that are not true, are defamatory of BCLC and its employees, and have caused serious damage to, among other things, the reputations of BCLC and its employees.

BCLC is surprised by these comments because you know that BCLC executives were supportive of your directives aimed at combating the problem and that far from being complicit or turning a blind eye, BCLC was doing what it could to address the issue. You knew that BCLC and its executives shared your desire to stop the flow of large amounts of unaccounted for cash through casinos. Under their supervision, you developed and implemented important AML initiatives such as the "unsourced cash and chip" conditions, the "chip swap" operation, the "refuse cash" protocol and the "source of funds" and "source of wealth" programs. We attach copies of e-mails you received from the senior leadership team at BCLC that show their clear support for your activities. In addition to being defamatory, your comments to the contrary are quite hurtful and upsetting to those individuals and to the rest of the team.

The importance of your work and support provided to you by senior leadership in BCLC was clearly reflected in the invitation extended to you to speak directly with the BCLC Board of Directors in December, 2016 to provide an overview of our AML initiatives and training. The Board understood this was a serious issue and your presentation was very well received. As you know, the Board continued to support our AML activities.

BCLC agrees that you put in place valuable initiatives.

Redacted - Settlement Privilege
Redacted - Settlement Privilege

Understandably, your former colleagues are extraordinarily disappointed that you are making statements that you know are untrue about BCLC and your former colleagues to the media.

Redacted - Settlement Privilege

Redacted - Settlement Privilege

In any event, given you conduct BCLC reiterates that you must immediately:

- cease disclosing confidential information of BCLC,
- refrain from engaging in any defamatory and unlawful conduct with respect to BCLC and its employees going forward,
- return to BCLC any and all documents and other records in your possession or under your control containing confidential information of BCLC, regardless of what media or format it is in and, once BCLC has confirmed receipt of that those records, you will securely and permanently destroy any and all copies of such confidential information, and
- confirm to us that you have returned all BCLC confidential information in your possession and under your control and have securely destroyed any other copies of such items in your possession.

If you do not cease such conduct and otherwise comply with your ongoing obligations to BCLC, BCLC will take steps to enforce its rights, including potentially seeking, among other things, an injunction to restrain your unlawful conduct and recovery of damages for your unlawful conduct. In the event such action is required we will seek to fully recover all damages and legal expenses incurred in recovering those damages.

We want to be clear about the scope of the conduct that our letter addresses. You are not prohibited from accurately and truthfully commenting on information that is generally available to the public. BCLC's intent is not to inhibit your ability to engage in public discourse about the important issue of AML activities. In fact, given the misinformation you recently provided, it would be incumbent on you to correct the record by making it clear that there were significant initiatives undertaken by BCLC and that BCLC did all that it could within its authority. If you are prepared to set the record straight, BCLC will work with you to clarify what information is not confidential and therefor is disclosable to the media. However, in doing so, it is important that you adhere to your legal obligations so we caution that disclosing further information about BCLC and its employees without first obtaining BCLC's approval would not be appropriate and would regrettably lead to the litigation described above.

We trust that you will not engage in any further contravention of your confidentiality obligations and will not make any further defamatory statements about BCLC or its employees. We reserve all of BCLC's and its employees' legal rights in relation to your past unlawful conduct, as set out above, as well as any future unlawful conduct that you may engage in, to the detriment of BCLC or its employees.

Yours very truly,



Herb Isherwood

HJI/apg

From: Ross Alderson
Sent: September-25-15 11:00 AM
To: Rob Kroeker; Laura Piva-Babcock
Cc: Caroline Wakefield
Subject: Re: AML Draft - Sept 25 2015.docx

Thx Rob

I still think it's worthwhile noting we brought this investigation forward to police over year and a half ago.

Sent from s 15

From: Rob Kroeker
Sent: Friday, September 25, 2015 10:57 AM
To: Laura Piva-Babcock; Ross Alderson
Cc: Caroline Wakefield
Subject: RE: AML Draft - Sept 25 2015.docx

No, Jim is aware of the number he can speak to it if he thinks it is a useful point.

From: Laura Piva-Babcock
Sent: September-25-15 8:28 AM
To: Ross Alderson; Rob Kroeker
Cc: Caroline Wakefield
Subject: RE: AML Draft - Sept 25 2015.docx

Hi – that number was in the document Rob sent over from you yesterday afternoon. It may have been something we provided to you from the powerpoint Brad D developed with us for a January briefing this year.

Also, I just got some info on the amount of drop lost due to the illegal gaming (Rob, I think you presented this number at the Directors meeting). Is this something we should inject in here?

From: Ross Alderson
Sent: September 25, 2015 8:23 AM
To: Laura Piva-Babcock; Rob Kroeker
Cc: Caroline Wakefield
Subject: Re: AML Draft - Sept 25 2015.docx

My only comments would be.

BCLC originally reported suspicious activity to police back in April 2014. The file was dropped by CFSEU (we have documentation) however BCLC were persistent there was a problem. Finally in Feb 215 FSOC took it on.

Also the 8500 databases. I was unaware of that figure. Is that something you got from Brad R?

Sent from s 15

From: Laura Piva-Babcock
Sent: Friday, September 25, 2015 8:03 AM
To: Ross Alderson; Rob Kroeker
Cc: Caroline Wakefield
Subject: AML Draft - Sept 25 2015.docx

Hi,

We have condensed to two pages, which may still be too much for this briefing. However, we haven't yet had the opportunity to brief the minister on our AML program in general, so I thought this would be helpful. We could also condense some of the first page into a one-page leave-behind backgrounder for the Minister so Jim can focus on the matters at hand. L

From: Rob Kroeker
Sent: January-22-16 3:36 PM
To: Ross Alderson <Personal information>
Subject: RE: s 22 s 15(1) s 22

We will file a section 86 with this info – the illegal gaming house and ^{s 22} view that our player restrictions are driving that business?

From: Ross Alderson
Sent: January-22-16 2:23 PM
To: Rob Kroeker
Subject: FW: s 22 s 15(1) s 22

FYI
You will note that the player states that there are 6-7 illegal casinos currently in operation.

I am following up with up Tom on whether^{s 22} specified any particular addresses

Ross Alderson CAMS

Director, AML & Operational Analysis
Corporate Security and Compliance Division, BCLC
2940 Virtual Way, V [REDACTED] BC, V5M 0A6

T [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] Personal information
[REDACTED] Personal information

Personal information

From: Tom Caverly
Sent: Friday, January 22, 2016 1:20 PM
To: Ross Alderson; Kris Gade; Bruno Gatto; Daryl Tottenham
Subject: s 22 s 15(1) s 22

Good afternoon,

Please find the attached interview summary for the c/n.

Tom Caverly
Casino Investigations
BCLC, 2940 Virtual Way, Vancouver, BC, V5M 0A6
s 17(1)
Personal information!

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From: Rob Kroeker
Sent: February-18-16 3:25 PM
To: Ross Alderson <RAlderson@BCLC.com>
Subject: FW: Persons of Interest

Ross – consider passing this intel directly onto your police contacts, if you have already not done so.

From: Kevin Sweeney
Sent: February-18-16 3:23 PM
To: Kris Gade; Bruno Gatto; Ross Alderson
Cc: Rob Kroeker
Subject: FW: Persons of Interest

This fyi...

Kevin Sweeney, CRM
 Director, Compliance & Investigations &
 Interim Director, Information Privacy and Security
 Corporate Security and Compliance Division, BCLC

Personal information [REDACTED]

Personal information [REDACTED]

From: Cameron Conn [Personal Information] [REDACTED]
Sent: Thursday, February 18, 2016 1:01 PM
To: Laird Robinson; Kevin Sweeney
Subject: Persons of Interest

Laird/Kevin,

I wanted to keep you both informed of some persons of interest. Last night one of our regular salon players commented that a group of players at a baccarat table were s 22 of one of the underground casinos. Both patrons were identified and both players have s 15(1). I have passed this information on to Chris at GPEB. The patrons mentioned were:

s 22 s 15(1) s 22

s 22 s 15(1) s 22

Let me know if you have any questions.

Cameron Conn



CAMERON CONN | DIRECTOR OF PLAYER DEVELOPMENT

EDGEWATER CASINO | 311-750 PACIFIC BLVD S | VANCOUVER, BC V6B 5E7

Personal information



From: Rob Kroeker
Sent: December-06-16 10:53 AM
To: Ross Alderson [Personal information];
Subject: RE: s 22

Hi Ross – I think we need to speak with s 22 and move s 22 off cash unless s 22 can prove it came from an FI.

Rob

From: Ross Alderson
Sent: December-06-16 10:51 AM
To: Rob Kroeker [Personal information]; Kevin Sweeney [Personal information]; Jennifer Keim [Personal information]; Brad Desmarais [Personal information];
Subject: s 22

Hi Folks,

An individual by the name of s 22 has recently been attending Edgewater (as of s 22) after a 4 year LCT absence. s 22 buy-ins from late s 22 until now = <\$50K. s 22 has been involved, albeit not as the primary suspect in 2 UFT's since s 22 has been back.

You may have heard of s 22 as s 22 has been the subject of s 22

All allegations of wrongdoing are still to be proven but the investigation is quite compelling. Whatever s 22 is, s 22 is a s 22 with known source of wealth.

Here is a news article you may have seen from earlier this year.

s 22

Be interested in your combined thoughts regarding our business relationship with s 22

Ross Alderson CAMS

Director, AML & Investigations
 Corporate Security and Compliance Division, BCLC
 2940 Virtual Way, Vancouver, BC, V5M 0A6
 [Personal information]

• Yes, and... •

[Personal information]

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



JOSEPHSON
LITIGATION COUNSEL

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VANCOUVER, BC, V6C 3L2
TEL: (604) 684-9887
WWW.JOSEPHSONLITIGATION.CA

October 4, 2017

DIRECT TEL: [REDACTED]

E-MAIL: [REDACTED]

OUR FILE: [REDACTED]

STRICTLY CONFIDENTIAL

WITHOUT PREJUDICE

BY EMAIL

B.C. Lottery Corporation
2940 Virtual Way
Vancouver, B.C.
V5M 0A6

**ATTENTION: Jim Lightbody
President and CEO**

**Rob Kroeker
Vice-President, Corporate Security
and Compliance**

Re: Ross Alderson

**Redacted -
Settlement
Privilege**

Redacted - Settlement Privilege

Yours truly,

JOSEPHSON LITIGATION COUNSEL

Per:



Ronald Josephson

RJ/sm

Cc: Client

Brad Desmarais, Vice President of Casinos and Canadian Gaming
(Acting Vice President of Corporate Security and Compliance)



JOSEPHSON
LITIGATION COUNSEL

1288
906 CATHEDRAL PLACE
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October 6, 2017

Personal information



4842.001

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BY EMAIL

B.C. Lottery Corporation
2940 Virtual Way
Vancouver, B.C.
V5M 0A6

ATTENTION: **Jamie Callahan**
 Vice President – Human Resources

Re: Ross Alderson

**Redacted -
Settlement
Privilege**

RONALD JOSEPHSON LAW CORPORATION PRACTICES LAW AS JOSEPHSON LITIGATION COUNSEL

BCLC0009904.16

Redacted - Settlement Privilege

Yours truly,

JOSEPHSON LITIGATION COUNSEL

Per:


Ronald Josephson

RJ/sm

Cc: Client

Personal in