

# Anti-Money Laundering Financial Intelligence and Investigations Units

Draft Proposal

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## Executive Summary

Contemporary money laundering issues have been rising in BC since 2015 when an auditor report from a Lower Mainland casino revealed matters of significant concern. Following a change in provincial government leadership in July 2017, the report was publicly released, and money laundering concerns became amplified by media and public pressure.

By September 2017, Dr. Peter German was appointed by Attorney General David Eby to undertake an independent review<sup>1</sup> of allegations of money laundering in Lower Mainland casinos. The Ministry of Public Safety and Solicitor General – Policing and Security Branch received a formal request in November 2018 from the Attorney General to:

- understand and identify the current state of criminal activity in British Columbia (BC) casinos; and
- based on the findings, recommend changes that would deliver an appropriate enforcement solution.

Since November 2018, the Policing and Security Branch and the Attorney General's Anti-Money Laundering Secretariat have been working with police and regulatory partners to develop and refine a proposal that would respond to the gaming-specific recommendations set out by Dr. German. In understanding and identifying the current state of criminal activity in BC casinos, current intelligence and international reports from a variety of trusted sources and partners have demonstrated that casinos are not the only vulnerable sector in BC. As such, Dr. German was subsequently appointed to conduct another review that focused on real estate, luxury vehicles, and horse racing, which confirmed the links between money laundering and the sectors noted above, with the exception of horse racing.

Given that current intelligence and international reports highlight exploitation and vulnerabilities across multiple sectors, the creation of a casino-specific Designated Policing Unit (DPU) does not go far enough to deliver an appropriate enforcement solution. Further, given the significant cost of a single DPU, it is not financially feasible to create a new sector-specific DPU for every vulnerable or emerging sector facing money laundering challenges.

As multiple sectors continue to be exploited, the Financial Intelligence and Investigations units (FIIU) are proposed to respond to current and emerging money laundering and proceeds of crime offences and trends by having dedicated teams gather actionable intelligence for enforcement and prosecution. The FIIU will identify and address cases of money laundering within their mandate that are linked to public safety concerns and social harms, such as the opioid crisis, gang violence, and housing affordability. This will ensure that BC continues to develop as a safe, well regulated, and dynamic business arena, reflective of its established international reputation. While the coordination of intelligence, enforcement, and prosecutions are critical to an effective police response, as detailed further below, a police response to money laundering will only succeed when partnered with a strong regulatory response.

While this proposal highlights the need and importance of having a strong police response to promote deterrence through increased enforcement priorities and convictions, a strong police response cannot address current regulatory deficiencies across sectors. A response to money laundering that is dependent on law enforcement will always be reliant on a *response* to money laundering through expensive, complex, time-consuming police investigations, instead of focusing on the *prevention* of money laundering through an effective regulatory response enhancing sectoral resilience. As noted by New Zealand's Financial Intelligence

<sup>1</sup> *Dirty Money*. (2018) German, Peter.

Unit, law enforcement is the last line of defense against money laundering; cooperation between government and businesses is the key to success for anti-money laundering.<sup>2</sup> Therefore, it is imperative to recognize that while this proposal focuses on a police response to money laundering, the regulatory response cannot be left behind. A separate government proposal titled *British Columbia Compliance and Enforcement Anti-Money Laundering Fusion Center* (Fusion Center), forms the foundation of the required regulatory counterpart for the police response to money laundering. Both the police and regulatory response must run in parallel to effectively identify and disrupt money laundering, as laundered funds do not exclusively occupy one area, but intersect police and regulatory lines across many sectors.

The involvement of the regulatory regimes will be ever-present in any criminal investigation. For that reason, the regulatory inclusion on criminal investigations are, for the most part, investigation-specific. By contrast, regulatory involvement in the Fusion Center, at least initially, is sector-specific.

Beyond a regulatory response, the FIU will be supported by additional provincial initiatives already underway to address other priority areas including enforcement in casinos. This includes work undertaken by the Gaming Policy and Enforcement Branch (GPEB) in pursuit of their enhanced enforcement response in casinos, resulting in GPEB taking a proactive, real-time role in the investigation of suspicious transactions, crime that occurs on casino property in connection with GPEB's regulatory responsibilities, and working with the Joint Illegal Gaming Investigations Team (JIGIT) to build a collaborative intelligence model with strong ties to law enforcement. The new and existing resources contributed from JIGIT, GPEB, and the Police of Jurisdiction are focused on casinos, illegal gambling activities, and their intersections with money laundering.

The work of the FIU is not intended to usurp or amalgamate any existing initiatives in this area, but to provide resources to other sectors (such as real estate, luxury vehicles, and emerging sectors) which have not been provided any financial resources and offer a cross-sectoral intelligence picture based on the work of the FIU and other police and regulatory partners.

The estimated cost for the FIU (including both the Intelligence and Investigations units with 78 police and support positions total) is \$18.5 million for fiscal year (FY) 19/20 and includes approximately \$3 million for start-up costs. In subsequent years this number falls to \$15.4 million in FY 20/21, and \$16.4 million in FY 23/24, respectively.

## Background

Money laundering is a complex issue crossing multiple domestic and international boundaries, affecting an ever-changing landscape of sectors. From casinos, to real estate and luxury vehicles, money launderers use sophisticated, underground, local and global networks with varying methods of transferring funds to ensure the diversification of financial transactions and limit the risk of detection. While the reputed, non-violent nature of economic crime rarely fuels the same public concern seen in response to violent crime, the ripple effects of money laundering have increasingly been linked to an array of social and economic harms affecting public safety and the economic integrity of British Columbia (BC).

<sup>2</sup> NZ Financial Intelligence Unit: 2018 National Risk Assessment. Online: <http://www.police.govt.nz/sites/default/files/publications/fiu-nra-2018.pdf>

Some commonwealth jurisdictions have enjoyed a measure of success in countering money laundering, however, pervasive problems have remained in BC for many years with contemporary linkages to the opioid crisis and housing affordability issues. The top three most unaffordable cities to live or purchase property in BC are the same cities with the highest fatal overdose rate. With 10,000 lives lost to the opioid crisis in Canada and a price tag of over \$1 million for a single detached home in the Great Vancouver area, the media is increasingly drawing connections between opioids and housing issues, and demanding action and accountability from government. In BC alone, more people died of an overdose in 2018 than from homicide, suicide, and car crashes combined. While the Province has committed a total of \$608 million to address the opioid crisis through reduction and awareness programs, there have not been any comparable financial investments to prevent and disrupt proceeds of crime and money laundering activities that are known to finance opioid production and distribution.

Due to the non-violent nature of economic crime, when resourcing challenges occurred<sup>3</sup> in 2012/2013 within the Royal Canadian Mounted Police (RCMP) and their economic crime units evolved<sup>4</sup>, observers speculated that economic crime was deprioritized in some ways to maintain an effective response to violent crime and terrorism.<sup>5</sup> Despite these resourcing challenges, provincial police resources in the RCMP Federal Serious and Organized Crime – Commercial Crimes unit continued to be funded up until 2015.

All levels of policing in Canada have concurrent jurisdiction to address money laundering under the *Criminal Code of Canada* through section 462.31(1) *Laundering the proceeds of crime*, and section 354(1) *Possession of property obtained by crime*. As detailed above with the federal RCMP, police at the provincial and municipal level have also suffered from competing enforcement priorities (i.e.: violent crime), resulting in an inability to invest in intelligence resources and investigative expertise to respond to money laundering and proceeds of crime cases.

While law enforcement has faced resource and capacity issues, regulatory organizations have been hindered in their response by a siloed approach to money laundering, focusing on their respective industries and not necessarily on cross-industry interactions or collaboration. The lack of inter-agency collaboration between regulators results in:

- Difficulties in identifying cross-sector trends and patterns;
- Limited or ad-hoc organizational structure for regulator information sharing; and
- Limited capacity for compliance and enforcement organizations to develop a coordinated regulatory response (ie: enforcement and/or legislation, regulation and policy changes) to address the larger criminal economy.

This proposal acknowledges that while a police response is critical to address money laundering and proceeds of crime offences under the *Criminal Code*, there are also many opportunities to strengthen the siloed regulatory approaches of compliance and enforcement, as well as perceived fears and risk-aversion around information sharing and privacy laws. The combination of a strong police and regulatory response working in concert will provide the greatest leverage and lens on money laundering in BC.

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<sup>3</sup> *An Independent Review of Money Laundering in B.C. Real Estate, Luxury Vehicle Sales & Horse Racing*. 2019. Release of Chapter 6-4. German, P.M. page 4 para 3.

<sup>4</sup> For detail on historic RCMP units focused on economic crime, please see the Financial Intelligence Units comparison at **Appendix “F”**.

<sup>5</sup> *Interview with former BC Minister of Public Safety and Solicitor General Mike Morris*: CBC on the Island. April 9, 2019. Excerpt: “...when the federal government decided to focus their attention on national security issues, maybe 2013/14 and they diverted a number of resources into that to protect us from terrorists and all the other attacks that we might be subject to in Canada.”

## Current State

From a comprehensive review of reports, intelligence information, meetings and discussions on issues of money laundering in BC, it has become clear that the damaging impacts to our financial systems and BC citizens is seen as ongoing with few deterrents. This public perception is largely due to domestic media reports highlighting challenges in BC, as well as international reports naming Canada as a vulnerable jurisdiction. Currently there is no dedicated, funded criminal or regulatory agency, team or department in place within BC to organize or lead a coordinated and collaborative effort around prevention, disruption and enforcement to address current priority areas, such as real estate and luxury goods. Due to the evolving nature of money laundering across sectors, the police response needs the ability to be flexible and scale to respond when emerging areas and priorities become known through reports, intelligence products, and increased information sharing with regulatory partners.

Based on the review, a summation of recommendations includes:

1. Align policy, regulations, and legislation across sectors to detect, deter and address money laundering;
2. Develop common reporting systems, requirements, and analytics across sectors to detect and monitor key factors related to money laundering;
3. Foster relationships between law enforcement, regulators and prosecution services to support collaborative partnerships with clear mandates and goals;
4. Coordinate governance and oversight structures with authority and influence across sectors to improve response and effectiveness for current and emerging threats; and
5. Integrate embedded federal and provincial prosecutors trained in complex financial matters related to organized crime; and
6. Integrate intelligence from the investigation of the predicate offenses for money laundering to support prosecutions.

In terms of federal involvement, in March 2019, the federal government made significant financial commitments towards their national priorities related to money laundering by announcing a proposal that mirrored, in many ways, this FIIU proposal which has been under development since 2018. The commitment included a multi-disciplinary intelligence team, resources for investigations, and a Trade Fraud and Trade-Based Money Laundering Centre of Expertise. While BC Attorney General David Eby had made repeated requests in the media and directly to federal Minister of Border Security and Organized Crime Reduction regarding provincial allocations of this federal funding, as of April 2019, no federal funding has been confirmed or anticipated to address provincial priorities on money laundering.

It will be critical to ensure that BC initiatives collaborate with the federal policing agencies to maximize the leverage of our collective resources, while ensuring the provincial business line is protected and the mandate and scope of the FIIU is clear. This clarity of scope and mandate will allow the FIIU to refer cases, where appropriate, to other partner agencies whose mandate may more closely align with the substance of the referral.

One key theme<sup>6</sup> that has emerged is that regardless of where money laundering is occurring, the issue cannot be tackled by one agency, department, or level of government alone. To support strong regulatory practices and enhance the police response will require a coordinated approach involving law enforcement,

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<sup>6</sup> Transparency International, the Financial Action Task Force, and the Department of Finance Canada

government, prosecutors, regulators, associations, public and private sectors and other multi-disciplinary professionals at both the provincial and federal level.

The success of a coordinated law enforcement and regulatory approach is already being demonstrated by JIGIT through Project Athena, a public/private partnership focussed on creating a less permissive environment for underground banking activity. This approach has seen partners from law enforcement, casinos, and representatives from major banks come together to identify money laundering trends and propose and implement effective solutions across the banking and casino sectors. This has involved JIGIT coordinating the analysis and sharing of information between the BC Lottery Corporation (BCLC), Combined Forces Special Enforcement Unit (CFSEU-BC), and financial institutions with new partners including GPEB and federal policing. For more information on Project Athena, please see **Appendix “I”**.

## Current and Proposed Provincial AML Response

Below at *Figure 1* is an overview of the current resources and priorities related to anti-money laundering (AML) and an indication if there are any corresponding dedicated financial resources. Note that while the province has dedicated resources in select areas, the bottom right of the chart highlights a lack of dedicated resources for provincial priorities related to real estate, luxury goods, and emerging sectors. These are the gaps that the proposed FIIU, and the corresponding Fusion Center are envisioned to fill. For more information on the FIIU, please see **Appendices A - C**. For the Fusion Center, please see **Appendix “D”**.

While the Fusion Center does not form part of the FIIU proposal, it would provide an integrated platform allowing regulators from across sectors to deposit, analyze, and disseminate relevant information amongst each other and where appropriate, with police. It will be imperative for the FIIU to have strong regulatory partners and support, as some money laundering offences begin as regulatory infractions which, if detected and addressed, would not escalate into criminal offences. It should be noted that while regulatory infractions may lead to money laundering offences, many money laundering offences begin as predicate offences such as fraud, corruption, and drug trafficking.

At the center of *Figure 1* are two boxes marked “under development”. Beyond a coordinated regulatory response, the FIIU will be supported by additional provincial initiatives to address other priority areas including enforcement in casinos. This includes work undertaken by GPEB in pursuit of their enhanced enforcement response in casinos, resulting in GPEB taking a proactive, real-time role in the investigation of suspicious transactions, crime that occurs on casino property in connection with GPEB’s regulatory responsibilities, and working with JIGIT to build a collaborative intelligence model with strong ties to law enforcement.

As the work of GPEB and JIGIT will complement the mandate of the FIIU, the linkages between money laundering, casinos, and illegal gambling will be leveraged. While GPEB and JIGIT are not funded by the FIIU, they form a vital part of the FIIU and will provide important linkages and intelligence to the FIIU given their lens on gaming and its connection to money laundering. For more information on GPEB and JIGIT intersections with the FIIU please see information contained in **Appendix “E”**, and the organizational chart at **Appendix “C”**.

The work of the FIIU is not intended to usurp or amalgamate any existing initiatives in this area, but to provide resources to other sectors (such as real estate, luxury vehicles, and emerging sectors) which have not been provided any financial resources and offer a cross-sectoral intelligence picture based on the work of the FIIU and other police and regulatory partners. More information about the GPEB and Police of



Jurisdiction response can be found at **Appendix “E”**. Finally, *Figure 1* notes the current involvement and priority areas for JIGIT.

*Figure 1. Anti-Money Laundering Priorities and Dedicated Financial Resources*

<b>Anti-Money Laundering Priorities</b>	<b>Federal</b> Terorrism and National Security	<b>Federal</b> Capital Markets Fraud Insider Trading	<b>Federal</b> Real Estate and Luxury Goods	<b>Provincial</b> Casinos	<b>Provincial</b> Illegal Gambling	<b>Provincial</b> Real Estate and Luxury Goods	<b>Provincial</b> Emerging sectors and trends
<b>Dedicated Financial Resources</b>							
<b>Federal</b> Serious Organized Crime: Financial Integrity units	Yes	Yes	Yes	No	No	No	No
<b>Federal</b> FinTRAC	Yes	Yes	Yes	No	No	No	No
<b>Federal</b> Regulators	unknown	unknown	unknown	No	No	No	No
<b>Federal</b> ACE team, increased police investigative capacity, Centre of Expertise, embedded prosecutors	unknown	unknown	unknown	No	No	No	No
<b>Provincial</b> CFSEU-JIGIT	No	No	No	Yes	Yes	No	No
<b>Provincial</b> GPEB	No	No	No	under development	No	No	No
<b>Provincial</b> Police of Jurisdiction	No	No	No	under development	No	No	No
<b>Provincial</b> Regulators	No	No	No	Yes	No	No	No
<b>Provincial Proposed:</b> Financial Intelligence and Investigative Units, embedded prosecutors ( <b>FIIU</b> )	information sharing only	information sharing only	information sharing only	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
<b>Provincial Proposed:</b> Fusion Center*	information sharing only	information sharing only	information sharing only	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
*note the Fusion Center does not form part of the FIIU business case and is referenced for awareness only							

### Proposed Mandate for Financial Intelligence and Investigations Units

The FIIU will be the principal entity tasked with multi-stakeholder intelligence coordination in the field of preventing and countering money laundering in BC as it relates to casinos, illegal gambling, real estate, luxury goods, and emerging sectors. While money laundering techniques continue to evolve into new sectors, a new police unit cannot be created for every new sector that encounters money laundering issues. Therefore, it is proposed that the FIIU be built in a manner that allows for scalability and flexibility to respond to changing priorities based on current criminal activity. While the FIIU’s strategic response and tactical enforcement will be driven by the information provided by the Intelligence unit, this information will also provide key insights to FIIU leadership to assist them in determining the appropriate subject matter experts to employ or contract.

The FIIU will be responsible for identifying and bringing together various stakeholders to organize and lead a coordinated and collaborative effort. The approach will be integrated and multi-disciplined, including the coordination and information sharing with many AML partners noted at *Figure 1* who already have dedicated financial resources in place to combat different forms of money laundering in Canada.

Success will be contingent on the use of highly skilled and agile civilian professionals, equipped with leading-edge training and technology. These professionals will be called upon to provide analysis and situational awareness to prevent strategic surprise, safeguard economic stability, and provide decision-making advantages to law enforcement, regulators, and parliamentarians.

#### A. Intelligence unit

The creation of a multi-disciplinary Intelligence unit is proposed as one of the first steps in establishing a provincial lens on money laundering across current and emerging sectors. This unit should be created at the same time as the Investigations unit to promote and leverage information sharing between units.

The Intelligence unit would detect and provide information to the Investigations unit to respond to money laundering across multiple sectors, including real estate, luxury goods, and other emerging sectors which are vulnerable to exploitation. Due to its cross-sector approach, the Intelligence unit will be built to scale and in response to the current and emerging issues within its mandate. For a detailed breakdown of the proposed Intelligence unit, please see **Appendix “B”**.

#### B. Investigations unit

As the Intelligence unit gathers and analyzes information from known and anticipated sources, including databases and sectoral partners, a police-based Investigations unit will receive this actionable information and act on a mandate to investigate and disrupt crimes reflective of the FIIU mandate, responding to priority issues in the province through targeted enforcement opportunities.

Supported by the Intelligence unit, the Investigations unit would perform some duties of a Designated Policing Unit (as noted in the *Dirty Money* recommendation 37) across priority sectors to investigate, disrupt, and enforce *Criminal Code* provisions related to money laundering and proceeds of crime. For a detailed breakdown of the proposed Investigations unit, please see **Appendix “C”**.

The Intelligence unit will support integrated, intelligence-led investigations which will target, disrupt, and dismantle organized crime groups, ensuring that investigators and prosecutors have the information and evidence they need to secure convictions and create a less permissive environment to money laundering.

Investigative duties include the following:

- Arresting suspects;
- Handling the seizure of exhibits;
- Providing witness security and management;
- Preparing and executing judicial applications;
- Conducting structured interviews and interrogations;
- Developing and maintaining confidential sources/informants;
- Preparing Reports to Crown Counsel and supporting prosecutions;
- Understanding and applying the principles of Major Case Management; and
- Providing evidence in Provincial and Supreme Courts with respect to the investigations.

### Proposed FIIU Strategic Objectives and Anticipated Outcomes

1. Enhance public safety and protect the economic integrity and stability within the province by addressing the police response to outstanding and emerging sectors vulnerable to money

laundering through active, inter-agency involvement and information sharing. Collaborating and leveraging relationships with law enforcement, Fusion Center, regulatory, and embedded Crown partners will provide a critical lens on a rapidly changing threat environment.

2. Improve the understanding of money laundering in current and emerging areas not presently addressed by any provincial or federal unit with dedicated funding. This will be done by discovering threats, vulnerabilities, and trends previously unknown through continuous intelligence gathering and analysis, leading to the Intelligence unit providing an increased volume, depth, and medium for financial intelligence that is actionable by the Investigations unit.
3. Establish a strategic and operational relationship with the regulator-focused Fusion Center. While the FIIU is proposed as the police response to money laundering for sectors noted within its proposed mandate, a strong regulatory response is required to detect, prevent, and deter money laundering threats in areas outside of the jurisdiction of the FIIU, and either respond to the threats through the use of their own regulatory tools, or refer the case to police where a threat has progressed from a regulatory infraction to a criminal offence.
4. Guide and amend strategies and responses to money laundering in FIIU mandate areas, including real estate, luxury goods, and other emerging areas as they appear to respond to the ever-changing nature of money laundering. This flexibility and scalability will provide an effective response to deter money laundering as a direct result of increased monitoring and target-hardening.
5. Enhance innovative collection and analytical opportunities to leverage technological solutions and applied research. This enhancement will support the identification and disruption of complex financial webs which are used by money launderers to further their illicit objectives.
6. Demonstrate an understanding and ability to track the money laundering linkages between domestic and international jurisdictions and the public safety and economic threats that affect BC. This will provide intelligence that will create regulatory and enforcement environments less permissive to exploitation by money launderers, resulting in an improved international reputation that BC is a stable and safe economy.
7. Provide critical contributions to strategies which support multi-disciplinary, proactive, risk-based, and community-focused problem solving to combat money laundering.

### Proposed FIIU Key Functions

1. The Intelligence unit will gather, analyze, and disseminate actionable intelligence for use by the Investigations unit and other appropriate partners, leading to target-hardening and an environment less permissive to money laundering in key areas identified in the FIIU mandate.
2. The Intelligence unit will gather and review court cases related to money laundering and proceeds of crime locally and in other jurisdictions to develop subject matter expertise and best practices.

3. The FIIU will deliver quality and timely analysis and advice to senior police and government officials on emerging trends and typologies that support the prevention of money laundering through regulatory, policy, legislative, and other means outside of the police response to money laundering through the FIIU.
4. The FIIU will create an intelligence environment in which participants seamlessly communicate by leveraging databases, systems, and networks to maximize information and intelligence sharing, and utilize virtual integration to co-locate personnel, technology, and other intelligence professionals. Multi-disciplinary expertise will be used to support this key function.
5. The FIIU will build, coordinate, and maintain strong regulatory liaison opportunities with industry and regulators, including communicating timely, sound guidance and information on emerging and vulnerable sectors to support prevention through strong regulatory awareness and innovation.
6. The FIIU will support knowledge gaps and continuing education by ensuring that the FIIU and staff receive enhanced training from recognized subject matter experts in the field of financial crime, focusing on AML and proceeds of crime investigations and convictions. Relationships should be established and maintained with key organizations such as the Financial Action Task Force, Interpol, Europol, and Transparency International.
7. Given the international nature of money laundering for some areas within the mandate of the FIIU, it will be imperative that the FIIU establish linkages with domestic and international law enforcement to ensure the FIIU understands where it can add value to cross-border money laundering and proceeds of crime interdictions.

## Proposed FIIU Performance Measurements

### a. Social Return on Investment (SROI) analysis considerations

SROI analysis can be challenging to produce even in straight forward circumstances, however, the underground nature of money laundering presents even greater challenges for SROI analysis.

Due to financial estimates of money laundering in BC ranging from millions to billions, the scalability of harms could be multiplied to varying degrees. Where possible, considerations for future reporting may include an analysis to highlight public safety issues and social harms, including:

- Lives lost to the opioid crisis
- Proceeds of crime funding supporting illicit operations and violent crime
- Loss of provincial economic integrity
  - o Reduced investment trends
  - o Criminals using alternative jurisdictions outside BC to launder funds
- Loss of tax revenue from unreported income or funds

The FIIU may also conduct an impact assessment based on performance metrics received by police and measured against the collective intelligence gathered from the Intelligence unit and other law enforcement

and regulatory partners (ie: the Fusion Center) to monitor trends for further analysis over the next 2-5 years, and beyond.

To inform the analysis for SROI, the following indicators are proposed for tracking:

- International crime presence in BC
- National organized crime footprint in BC
- Government expenditures on the initiative
- Revenues for government from seizures and forfeitures
- Reduction in crime flowing from the restraint and confiscation of funds from money laundering

Acknowledging the challenges of SROI detailed above, it is recognized that these proposed indicators relate to trend and impact analysis. As money laundering provides financing for many different forms of organized crime, an analysis looking at the broader reduction of crime should be used, despite lingering correlation and causation concerns.

#### b. Annual Tracking

To better inform future investments and the harms associated with money laundering to communities, tracking and reporting will be done to gain an understanding of the costs of money laundering specific to the cost of investigations and intelligence gathering.

Key tracking includes:

- Number of hours spent in support of prosecutions
- Number of investigations that involve PTEP targets
- Number, size and frequency of disruptions to money laundering networks
- Number of disclosure details per investigation/file being submitted to Crown:
  - o Disclosure package: number of individual items
  - o Number of items in the Available for Inspection Ledger
  - o Report to Crown Counsel: number of pages and unique sourcing of documents and media
- Number of referrals to other provincial or federal units with jurisdiction to act on a given matter
- Number of cases referred to Civil Forfeiture and the positive or negative result of those referrals
- Number of money launderers and associates arrested, recommended charges, and convictions related to enforcement action
- Number of cross-jurisdiction initiatives (intelligence sharing; collaboration on an investigation that involves provincial interests) with partners noted at *Figure 1* and other appropriate entities
- Number of official reports received from other units resulting in an FIIU investigation regarding money laundering which is not associated with the Provincial Tactical Enforcement Priority (PTEP). For clarity, these official reports do not include informal referrals from other partners
- Number of educational/training opportunities completed by the FIIU and staff members whereby they provided educational/training opportunities to other departments and partners

in order to equip and build external capacity, with reporting to justify the use and applicability of the opportunity and relevant linkages to the mandate of the FIIU

## Oversight and Governance

The FIIU will reside within the provincially designated unit, the Organized Crime Agency (OCABC), with all law enforcement positions and staff filled as provincial staff. OCABC remains a designated police agency within BC and is a permanent member of CFSEU-BC. OCABC became fully operational in February 2000, similar in structure and authority to other municipal police departments in BC. As a designated police agency, OCABC has its own contingent of sworn law enforcement officers and civilian personnel and is responsible for providing designated policing and law enforcement to reduce and eliminate organized crime and other significant criminal activity in British Columbia". OCABC derives its powers from Section 4.1 (2) (c) and 18.1 (d) of the *Police Act*.

Augmenting the contingent of police officers, OCABC has maintained civilian professionals with broad areas of specialization, including intelligence and open source analysis, forensic accounting, computer science, human resource, fleet operations and foreign languages. Headquartered in Metro Vancouver, CFSEU-BC is represented in all the main regions of the province with offices in Kelowna, Prince George, and on Vancouver Island. CFSEU-BC is made up of seconded police officers from the OCABC, Abbotsford Police Department, Central Saanich Police Service, Delta Police Department, New Westminster Police Department, Port Moody Police Department, Royal Canadian Mounted Police, Saanich Police Department, South Coast British Columbia Transportation Authority (Transit Police), Vancouver Police Department, Victoria Police Department, and West Vancouver Police Department.

The CFSEU-BC/OCABC Board of Governance will also provide a further strategic-level governing body and process to make certain that the FIIU is doing the work articulated in its proposed mandate. These board members represent various police agencies and jurisdictions, as well as representatives from the BC Ministry of Public Safety and Solicitor General; Police Services, the Canadian Association of Chiefs of Police, and the National Integrated Operations Council. These dual roles are important to the success of CFSEU-BC and its operations as it allows for members to share information with one another and continue important dialogue with various national partners and stakeholders on current and emerging issues. This fosters the ongoing exchange of best practices and ensures that members are alive to their colleagues' concerns across portfolio areas.

The FIIU's Senior Management Team (SMT) is the principal, unit-level oversight body and its membership consists of experienced operational and administrative decision-makers, including financial crimes and criminal economy experts. This senior leadership will provide role clarity, ensuring that the FIIU's operations and activities stay within their proposed mandate. The FIIU is committed to providing, at minimum, the reporting and analysis detailed in this proposal, with annual reconsideration of different reporting mechanisms available to the FIIU and requested by the appropriate partners.

The new Investigations unit will follow established Major Case Management (MCM) investigative principles. In MCM, the Command Triangle can be considered the "engine" which advances an investigation. The Command Triangle consists of a Team Commander (TC), a Primary Investigator, and a File Coordinator. The TC is the key role responsible for the effective governance of the entire investigation. TC accreditation is a process that was established in 2003 to accredit applicants that have demonstrated success in the

various investigative leadership roles, from the onset of an investigation through prosecution. A Staff Sergeant accredited as a TC will be responsible for the proposed units and will report to the FIIU SMT.

The decision to house the FIIU into OCABC instead of within an existing RCMP structure has been done intentionally and with much deliberation. While the Province enjoys cost-savings on most existing provincial police services under the RCMP Provincial agreement and initiatives by cost-sharing with the federal government a 70/30 allocation (70% of costs covered by the Province, 30% of costs covered by the federal RCMP), this cost-share arrangement is not well suited to the sustainability required for the FIIU. Given the requirement that the strategic objectives of the FIIU must align with provincial priorities, it is proposed that the FIIU be a 100% provincially funded unit.

Historical realities of the 70/30 cost-share allocation have included:

- Annual uncertainty in RCMP budget allocation to federal policing results in budget and promotional freezes, loss of resources in anticipation of budget shortfalls, and an inability to project yearly funding increases, decreases, deficits and government priorities;
- Positions within federal policing remain vacant for lengthy and unacceptable periods of time. Once filled, these positions may be occupied by personnel with less experience than their predecessors;
- Often when resources are reconciled a surplus will emerge, however, the methodology used creates unpredictability that causes catastrophic impacts to federal capacity and operational capability;
- Securing and delivering federal RCMP staff takes years to realize, as procurement and human resource requirements increase, and facilities requests compete against already strained municipal, provincial, and federal business lines. For example, as the largest RCMP contract province in Canada, BC experiences a 30% Human Resources deficit for federal policing in BC. This is due, in part, to experienced federal personnel leaving federal policing to pursue career opportunities in provincial or municipal police agencies where greater stability is offered.
- Where the 70/30 cost-share has been utilized, those resources are entirely tethered to federal Treasury Board guidelines, staffing, and procurement practices. This alignment with federal policy can result in a de-prioritization of BC interests.

Based on these historical realities, it was anticipated that tethering specialized units, such as the FIIU, to the federal RCMP or a provincial force that used the 70/30 cost-share would compromise human resource capacity and expertise, staffing levels, provincial priorities, information flow, and the agility required to respond to emerging issues. To have an effective response to provincial issues, the FIIU must be provincially funded in order to have the authority and autonomy to direct the FIIU to respond to provincial priorities.

The nature of the work proposed by the FIIU calls for expertise, specialists, and continuity under a provincial strategic vision that identifies and responds to BC priorities. Due to the unique provincial priorities of the FIIU, the Province must play an overarching and critical role in the response to money laundering within the province, to ensure that provincial challenges are identified and addressed.

## Financial Summary

A comprehensive *Business Case Financial Outlook* has been attached for the noted staffing requirements of the Intelligence unit and Investigations unit. It shows the costing estimates required to established these units which are comprised of 78 new police officers and civilian support staff in total. This *Financial Outlook* package includes operations & maintenance, start-up costs, vehicles, computers, training, and equipment expenses. Costing estimates were calculated for fiscal years 2019/20 – 2023/24, all funding amounts beyond this period will be discussed at a later time. This outlook incorporates an estimated 2.50% pay increase each year for all positions. In addition to pay increases, an increase of 2% for operations and maintenance costs has been built in due to inflation. Staffing will be a priority area, work toward filling positions as soon as possible if approved, though it should be noted that receiving the full complement of staff could likely take time, given the level of expertise required and staffing processes with partner agencies. As depicted in the organization charts, the leveraging of existing resources within CFSEU-BC, JIGIT, GPEB and OCABC, where applicable, have been highlighted in support of this important initiative moving forward. The estimated cost for the FIIU (including both the Intelligence and Investigations units with 78 police and support positions total) is \$18.5 million for fiscal year (FY) 19/20 and includes approximately \$3 million for start-up costs. In subsequent years this number falls to \$15.4 million in FY 20/21, and \$16.4 million in FY 23/24, respectively. For more information on the *Financial Outlook*, please see **Appendix “H”**.

## Conclusion

The FIIU is required to gather independent intelligence and provide effective enforcement measures to support provincial commitments to combat money laundering in emerging sectors not currently addressed by existing resources. Regulatory and police intelligence will provide information for analysis, producing trends and typologies that will inform the strategies and response. Sustained intelligence work to establish threat profiles will determine the appropriate targets to harden and focus resources.

As the scope of the *Dirty Money* report focused on narrow recommendations to address challenges in casinos, it is predictable that the recommendations did not look beyond casinos and into other vulnerable and exploited sectors. Since *Dirty Money* was released in 2018, further intelligence reports, meetings with experts and consultants, and other findings (including the follow up review to *Dirty Money*), have indicated that money laundering is a broad issue affecting multiple sectors using a variety of techniques. It is a widely held view that these considerations preclude a primarily police-based unit from achieving any notable success in this area without significant multi-disciplinary support. This is reflective many current practices in this area, including current and proposed provincial and federal initiatives.

At a micro-level, the success of a coordinated approach is already being demonstrated by JIGIT through Project Athena, a public/private partnership focussed on creating a less permissive environment for underground banking activity. The project is rooted in JIGIT's probe into the use of bank drafts at BC casinos exhibiting indicators of criminal exploitation. This involved JIGIT coordinating the analysis and sharing of information between BCLC, CFSEU-BC, and financial institutions with new partners including GPEB and federal policing. For more information on Project Athena, please see **Appendix “I”**.

Due to the considerations noted in this proposal, a multi-disciplinary and cross-sector approach was favored over the creation of a casino-specific DPU. Police and government representatives have continued to build and refine this proposal since 2018, recognizing the value of collaboration and the dangers of a continued approach that keeps police and regulators in their jurisdictional and sectoral silos. A siloed



approach permits money launderers to commit alleged criminal offences and regulatory infractions undetected because the parties responsible do not communicate linkages to one another. Leveraging intelligence and partnerships between police and regulators will allow for a fulsome picture on money laundering to emerge, providing increased opportunities to identify challenges and respond with an appropriate enforcement solution from police and regulators.

Appendices:

**Appendix “A” Organizational Chart for proposed Intelligence and Investigations Units**

**Appendix “B” Intelligence Unit**

**Appendix “C” Investigations Unit**

**Appendix “D” BC Compliance and Enforcement AML Fusion Center**

**Appendix “E” Priorities and Dedicated Financial Resources**

**Appendix “F” Comparison of FIU models**

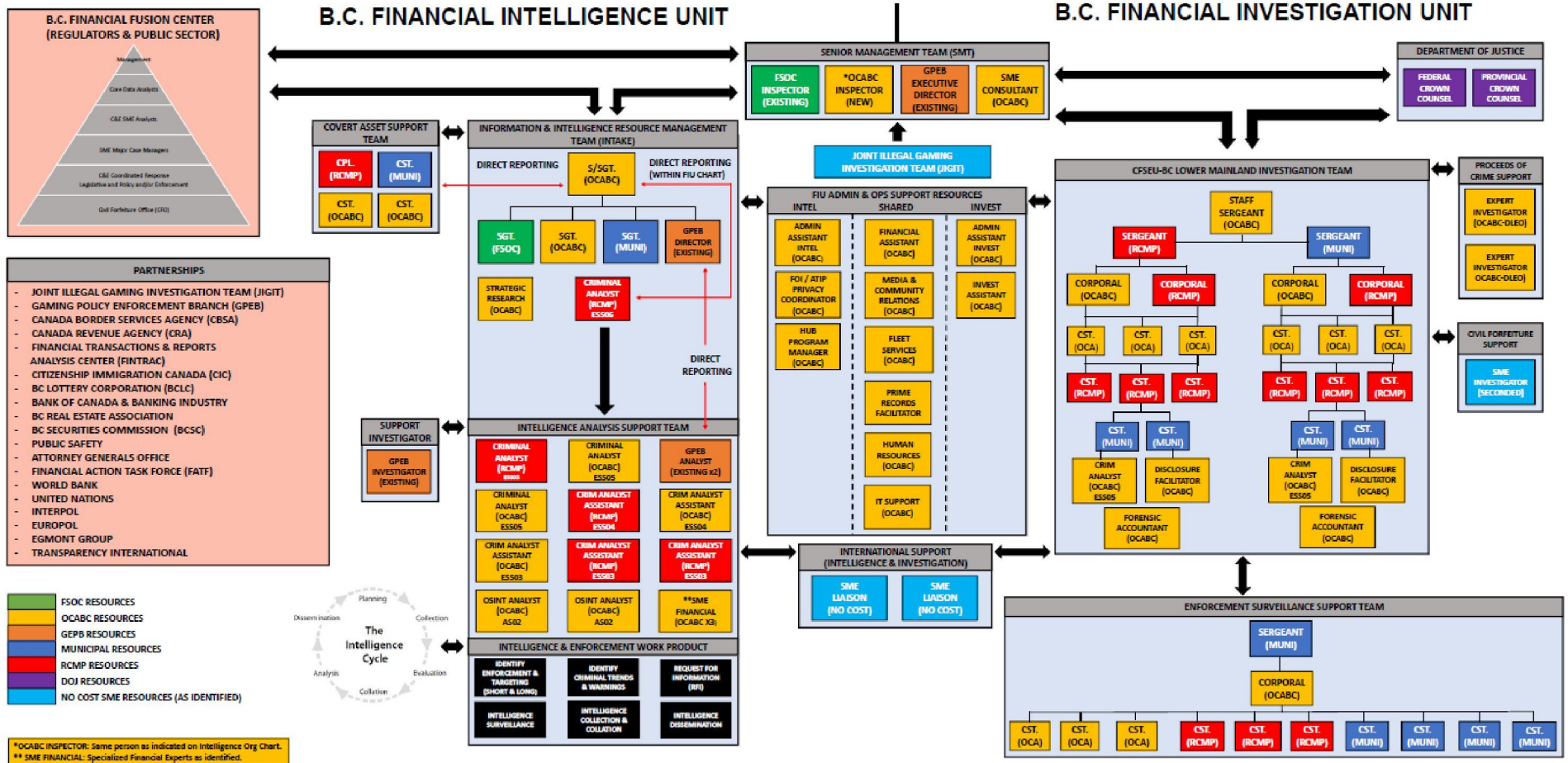
**Appendix “G” Summary of proposed multi-disciplinary positions**

**Appendix “H” Financial Outlook**

**Appendix “I” Project Athena**

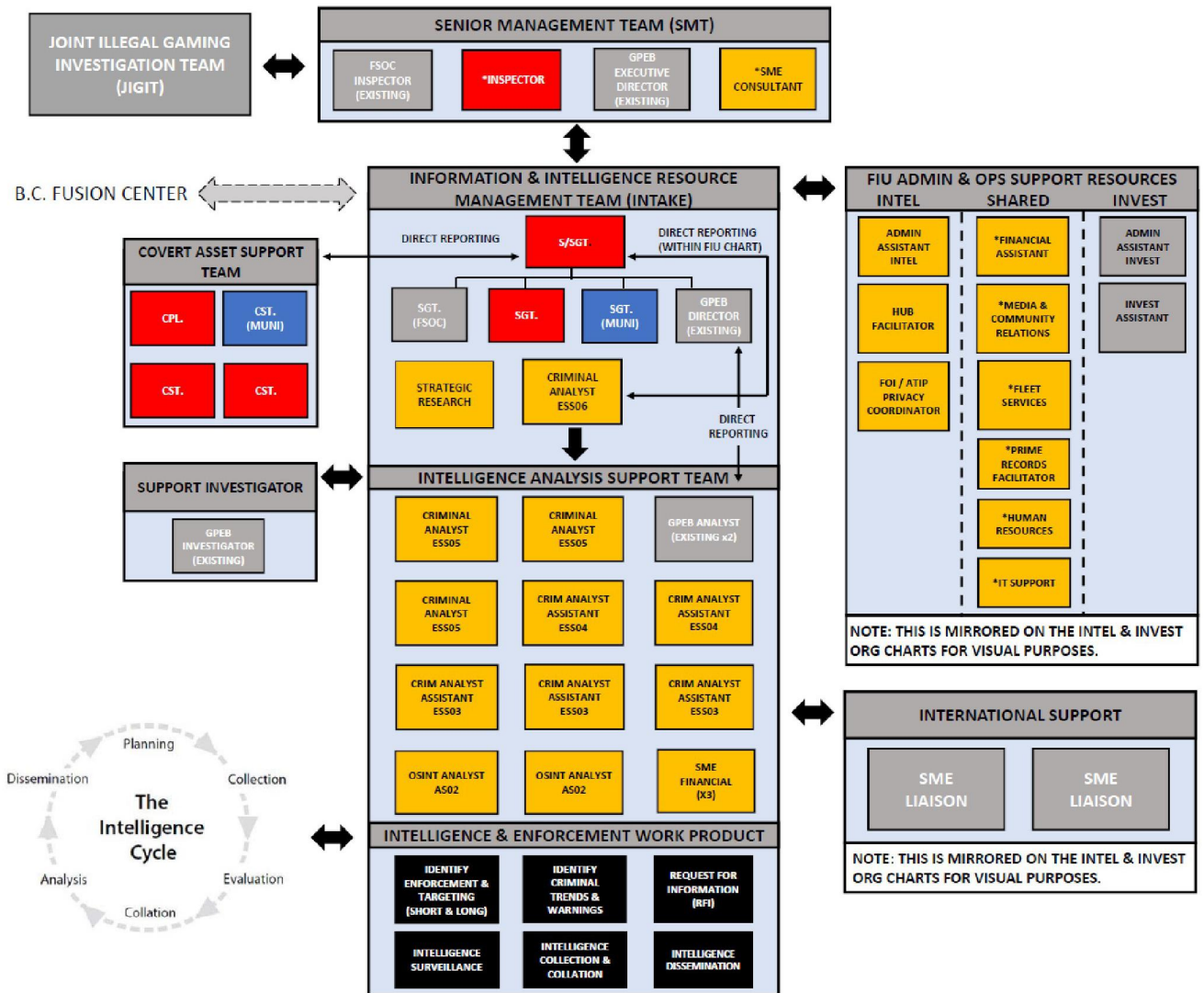
**Appendix “J” Joint Illegal Gaming Investigation Team**

# Appendix "A" : Overview of Financial Intelligence and Investigations Units



## Appendix "B": Financial Intelligence Unit

# B.C. FINANCIAL INTELLIGENCE UNIT



- NEW POLICE POSITIONS:**
- 1 - \*INSPECTOR (SAME AS INVEST UNIT)
  - 1 - STAFF SERGEANT
  - 1 - SERGEANT
  - 1 - SERGEANT (MUNI)
  - 1 - CORPORAL
  - 2 - CONSTABLES
  - 1 - CONSTABLE (MUNI)

- NEW NON-POLICE ADMIN & OPS SUPPORT POSITIONS:**
- 1 - \*EXECUTIVE SME (SAME AS INVEST UNIT)
  - 1 - CRIMINAL ANALYST (ESS06)
  - 3 - CRIMINAL ANALYSTS (ESS05)
  - 2 - CRIMINAL ANALYST ASSISTANTS (ESS04)
  - 3 - CRIMINAL ANALYST ASSISTANTS (ESS03)
  - 2 - OSINT ANALYSTS (AS02)
  - 3 - FINANCIAL SME INVESTIGATORS
  - 1 - ADMINISTRATIVE ASSISTANT
  - 1 - HUB FACILITATOR
  - 1 - FREEDOM OF INFORMATION / ATIP PRIVACY COORDINATOR
  - 1 - \*FINANCIAL ASSISTANT (SHARED WITH INVEST UNIT)
  - 1 - \*MEDIA & COMMUNITY RELATIONS (SHARED WITH INVEST UNIT)
  - 1 - \*FLEET SERVICES (SHARED WITH INVEST UNIT)
  - 1 - \*PRIME RECORDS FACILITATOR (SHARED WITH INVEST UNIT)
  - 1 - \*HUMAN RESOURCES (SHARED WITH INVEST UNIT)
  - 1 - \*INFORMATION TECHNOLOGY SUPPORT (SHARED WITH INVEST UNIT)

- EXISTING OR NO COST POSITIONS:**
- 2 - INTERNATIONAL SUPPORT INVESTIGATORS
  - 1 - INSPECTOR (FSOC)
  - 1 - GPEB EXECUTIVE DIRECTOR
  - 1 - GPEB DIRECTOR
  - 1 - GPEB SUPPORT INVESTIGATOR
  - 2 - GPEB ANALYSTS

- NEW MUNICIPAL POLICE RESOURCES
- NEW POLICE RESOURCES
- NO COST OR EXISTING RESOURCES
- NEW NON-POLICE ADMIN & OPS SUPPORT RESOURCES (SOME SHARED WITH INTEL UNIT)

## Appendix “B”: Financial Intelligence Unit

### Roles and Responsibilities for Intelligence Unit

1. Senior Management Team : two inspectors, one executive director from GPEB, one other SME senior representative with an expertise in financial crime and criminal economies.
  - Provides direction and feedback to Intelligence unit leadership, and a direct line of reporting to their home agency / unit.
  - Defines and streamlines priorities, including urgent situations
2. Data, Information & Intelligence Resource Management (Intake Team): One Staff Sergeant, two Sgts, one Sgt from Municipal police, one GPEB director, one Strategic Research Officer, one Hub Program Manager, one Criminal Intelligence Analyst
  - Staff Sergeant is the lead of the Intake Team, and is the gate keeper of information, facilitating the final step in quality control, vetting, and dissemination of key information.
  - Three other Sgt and director-level positions support the Staff Sergeant, providing direct reporting to the Senior Management Team, including full knowledge of incoming raw data, information, and intelligence.
  - The Strategic Research Officer is responsible for all metrics, including statistics and investigative information reporting to the Fusion Center. The duties of the Officer will include annual reporting, such as Social Return on Investment and other reporting functions noted in this proposal at Proposed FIIU Performance Measurements. The Officer will author products and reports to the FIIU, and as directed to the BC Association of Chiefs of Police, municipalities, Public Safety Canada, BC Ministry of Public Safety, or others. The Strategic Research Officer will work in collaboration with the Media Relations officer to ensure accurate, timely, and information feeds internal and external communications for public engagement and media-related content. The Officer will also provide critical linkages and support to the Senior Management Team and liaise with the Fusion Center.
  - The Criminal Intelligence Analyst reports directly to the Staff Sergeant and team. The Analyst is responsible for task assignment and team operations, providing quality control of the work product and direct contact with the leads of the Intake Team.

## Appendix “B”: Financial Intelligence Unit

- The seven positions described above form the team that receives the incoming information from partners, including police of jurisdiction, other law enforcement agencies, crime stoppers, confidential informants, mainstream media, social media, and other sources.
3. Intelligence Analysis Support Team: Four supervisor analysts, six junior analysts / criminal analyst assistants, three multi-disciplinary positions, two OSINT analysts, and two GPEB analysts.
- Four supervisor analysts will oversee task assignments and work product process, corroborating intelligence and report writing. These supervisor analysts form the first stage of quality control for intelligence products.
  - Six junior analysts search, gather and compile information from various databases and sources, assisting with the creation and analysis of intelligence work product.
  - Three multi-disciplinary positions will be filled with appropriate staff based on priority areas and required expertise. These positions should be a mix of permanent and contract positions to allow for continuity and flexibility depending on scale. Preliminary roles for these positions can be found at **Appendix “G”**.
  - OSINT are specialized analysts who work with open and closed sources. They are responsible for collation and management of intelligence work products, and are able to conduct searches of web-based programs, manual files & electronic devices such as cellphones and other personal devices.
  - External partner agency representative for cross-border information liaising (ie: Federal Bureau of Investigation)

## Appendix "B": Financial Intelligence Unit

### 4. Intelligence Unit Administrative and Operations support

- 11 positions: PRIME records facilitator, Hub Program Manager, Human Resources, IT Support, Financial and Investigative Assistants, Media and Community Relations, FOI/ATIP Privacy Coordinator, Fleet and Equipment Services, Administrative Assistant.

### 5. Support Investigator (Existing resource) : one GPEB investigator

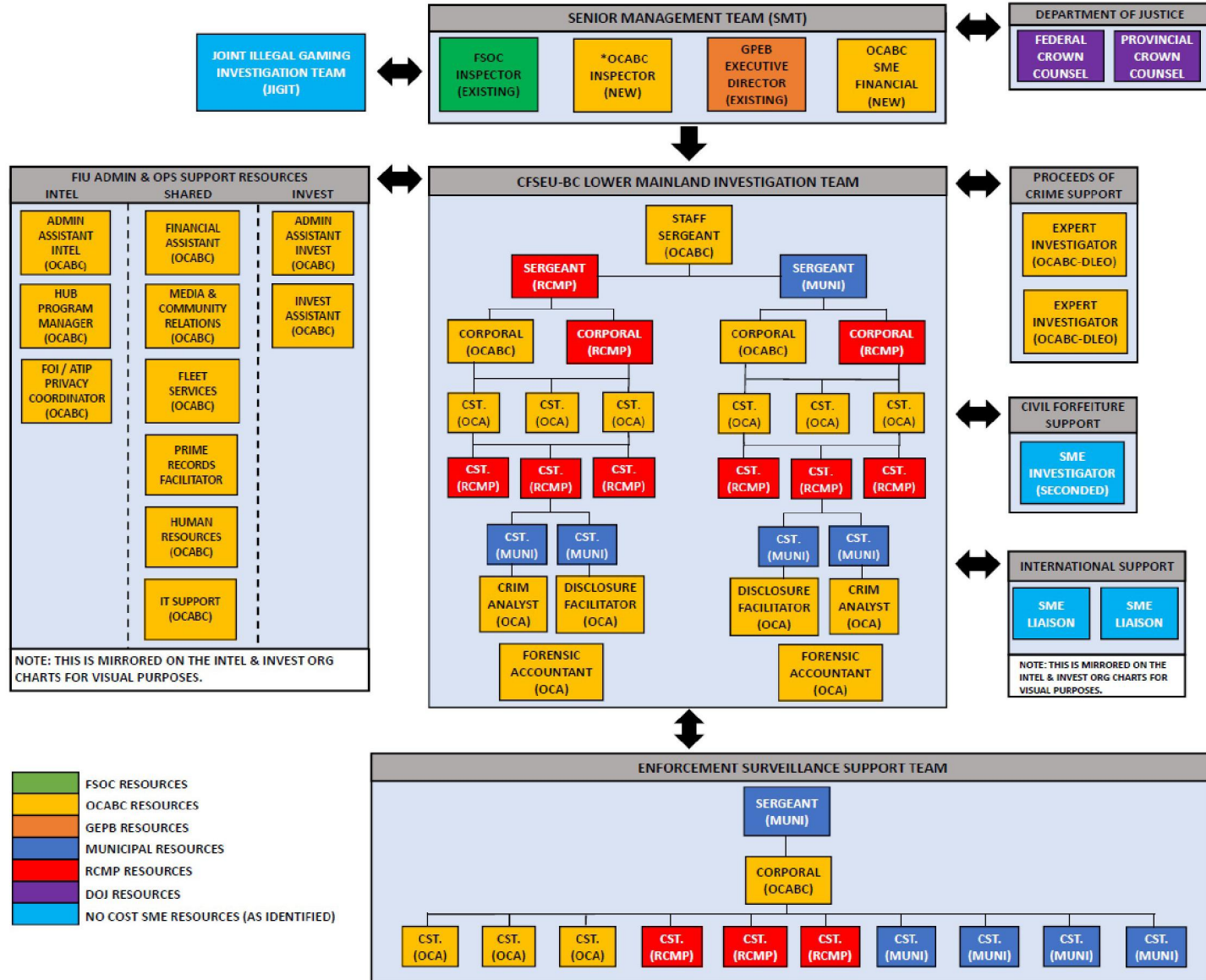
### 6. Covert Asset Support Team (Development and Management)

- One corporal and three constables are responsible for recruitment, development, and management of confidential informants

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# Appendix "C": Financial Investigations Unit

## B.C. FINANCIAL INVESTIGATION UNIT



\*CFSEU INSPECTOR: Same person as indicated on Intelligence Org Chart.

## Appendix “C”: Financial Investigations Unit

As the Intelligence unit gathers and analyzes information, a police-based Investigations unit is proposed to receive this information and act on a mandate to investigate and disrupt crimes reflective of the FIIU mandate, and respond to priority issues in the province through targeted enforcement opportunities. Supported by the Intelligence unit, the Investigations unit would perform some duties of a Designated Policing Unit (as noted in the *Dirty Money* recommendation 37) across sectors to investigate, disrupt, and enforce *Criminal Code* provisions related to money laundering and proceeds of crime.

The Intelligence unit will provide integrated, intelligence-led investigations which target, prosecute, disrupt, and dismantle the organized crime groups and individuals that have a nexus to money laundering in BC as it relates to real estate, luxury goods, and emerging and vulnerable sectors.

Investigative duties include the following:

- Arresting suspects;
- Handling the seizure of exhibits;
- Providing witness security and management;
- Preparing and executing judicial applications;
- Conducting structured interviews and interrogations;
- Developing and maintaining confidential sources/informants;
- Preparing Reports to Crown Counsel and supporting prosecutions;
- Understanding and applying the principles of Major Case Management; and
- Providing evidence in Provincial and Supreme Courts with respect to the investigations.

### Department of Justice / Provincial Criminal Justice Branch – Embedded Crown

Two embedded and specialized federal and provincial crown counsel to prosecute money laundering offences within the mandate of the FIIU.

### Administrative and investigation assistants, Disclosure facilitator and Intelligence Analyst

Two support staff to support the work of the unit, with two specialists for further tailored support in their respective areas.

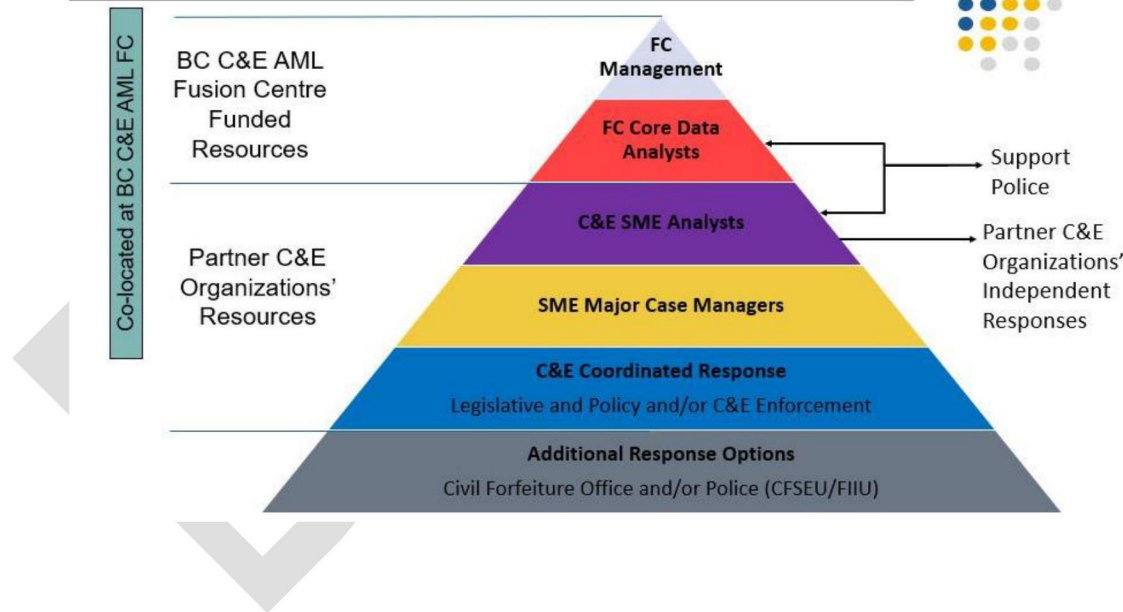


## Appendix “D”: BC Compliance and Enforcement AML Fusion Center

While the proposed FIU are focused on the police enforcement of *Criminal Code* provisions related to the prevention of money laundering and proceeds of crime, the other side of the coin requires addressing regulatory gaps and information sharing to prevent money laundering before it escalates into *Criminal Code* offenses. The regulatory gaps are proposed to be addressed through the work of the Fusion Center. It is imperative that both police and regulatory partners have the tools needed to support an effective AML response, as there are many criminal and regulatory intersections that require a coordinated effort between both police and regulators. As such, the FIU and Fusion Center are being developed as the ideal model to address the outstanding provincial police and regulatory response to money laundering in priority areas.

It is believed that between the proposed provincial FIU and Fusion Center, BC will be poised to address outstanding current and emerging sectors affected by money laundering within the province, and have the capacity and expertise to work in concert with the federal government as they expand their national priorities related to money laundering intelligence and investigations.

### The BC C&E AML Fusion Centre



### Appendix “E”: Current AML Priorities and Dedicated Financial Resource Allocations

<b>Anti-Money Laundering Priorities</b>	<b>Federal Terorrism and National Security</b>	<b>Federal Capital Markets Fraud Insider Trading</b>	<b>Federal Real Estate and Luxury Goods</b>	<b>Provincial Casinos</b>	<b>Provincial Illegal Gambling</b>	<b>Provincial Real Estate and Luxury Goods</b>	<b>Provincial Emerging sectors and trends</b>
<b>Dedicated Financial Resources</b>							
<b>Federal</b> Serious Organized Crime: Financial Integrity units	Yes	Yes	Yes	No	No	No	No
<b>Federal</b> FinTRAC	Yes	Yes	Yes	No	No	No	No
<b>Federal</b> Regulators	unknown	unknown	unknown	No	No	No	No
<b>Federal</b> ACE team, increased police investigative capacity, Centre of Expertise, embedded prosecutors	unknown	unknown	unknown	No	No	No	No
<b>Provincial</b> CFSEU-JIGIT	No	No	No	Yes	Yes	No	No
<b>Provincial</b> GPEB	No	No	No	under development	No	No	No
<b>Provincial</b> Police of Jurisdiction	No	No	No	under development	No	No	No
<b>Provincial</b> Regulators	No	No	No	Yes	No	No	No
<b>Provincial Proposed:</b> Financial Intelligence and Investigative Units, embedded prosecutors ( <b>FIIU</b> )	information sharing only	information sharing only	information sharing only	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
<b>Provincial Proposed:</b> Fusion Center*	information sharing only	information sharing only	information sharing only	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
*note the Fusion Center does not form part of the FIIU business case and is referenced for awareness only							

## Appendix “E”: Current AML Priorities and Dedicated Financial Resource Allocations

### 1. Federal AML Priorities and Dedicated Financial Resources

#### A. RCMP “E” Division Federal Serious & Organized Crime (FSOC) -Financial Integrity (FI) Program<sup>7</sup>

The E Division Federal Serious and Organized Crime’s (FSOC) Financial Integrity program focuses on national priorities, ultimately governed by the RCMP’s Federal Policing Directorate located in Ottawa. FSOC investigations may address money laundering activities that occur in BC but will only do so when the criminality is multi-jurisdictional or international in scope.

Delivered in partnership with international and domestic government agencies and stakeholders, the RCMP’s FSOC-FI section delivers a Financial Integrity Program which contributes to the security of the Canadian economy and seeks to protect Canadians and their governments from financial crimes perpetrated by organized crime and others.

The E Div. FSOC Financial Integrity Program is made up of three distinctly separate Teams:

##### **i. Sensitive Investigations Unit (SIU) Team (Provincial)**

The role of the Provincial SIU Team is to prevent, deter and investigate/prosecute complex politically sensitive files which are expected to attract public attention. These include breach of trust and corruption offences involving BC government employees and senior public officials at the Provincial level.

The SIU Team will investigate/prosecute complex financial crimes involving senior public officials/employees of a Municipal government where the nature of the crime exceeds the resources of the police force of jurisdiction, or there is a perceived/actual conflict of interest requiring an independent investigation.

<sup>7</sup> RCMP Financial Crime Program. Online: <http://www.rcmp-grc.gc.ca/fio-ofi/finan-crime-eng.htm>

## Appendix “E”: Current AML Priorities and Dedicated Financial Resource Allocations

### ii. Money Laundering Project (MLP) Team (Federal)

The mandate of the MLP Team is to detect, deter and investigate serious Criminal Code money laundering and proceeds of crime offences that are regional, national or international significance that pose a genuine threat to economic stability in Canada and in the integrity of Canada’s economy. The priorities of the MLP Team is to focus on criminals involved in using laundered funds to purchase real estate and other high value commodities in BC and/or are utilizing underground banking systems as a vehicle to legitimize funds in Canada. The MLP works in partnership with other partners and stakeholders to identify, restrain, and forfeit illicit and unreported wealth accumulated through criminal activity. The E Div. FSOC-Financial Integrity MLP Team is an integral partner in the federal government’s National Money Laundering Strategy<sup>8</sup> and the Financial Action Task Force.

Beginning June 1, 2019, the Money Laundering Project Team will receive additional bodies from the FSOC Project Development Team. This will result in 20 working members dedicated to FSOC Financial Integrity – Money Laundering. As of May 2019, the Money Laundering Project Team was comprised of 10 filled positions, 2 positions where the members are off duty sick, and 14 vacant positions. Note that FSOC does not have any provincially-funded positions for money laundering or proceeds of crime investigations.

### iii. Integrated Market Enforcement Teams (Federal)

The Integrated Market Enforcement Teams (IMET) are special RCMP-led units that detect, investigate and deter capital markets fraud. The objective of the IMET is to effectively enforce the law against serious criminal capital market fraud offences in Canada. To achieve this objective, IMET is mandated to investigate serious *Criminal Code* capital market fraud offences that are of regional or national significance and threaten investor confidence or economic stability.<sup>9</sup>

The IMET Executive Council is composed of senior officials from the RCMP, Public Prosecution Service Canada, Justice Canada and Public Safety Canada, and provides strategic oversight for the IMET program. IMET partners examine options to improve and enhance the efficiency and effectiveness of investigations and prosecutions to address serious and complex fraud that occurs in

<sup>8</sup> *Reviewing Canada’s Anti-Money Laundering and Anti-Terrorist Financing Regime*, February 2018. Department of Finance, Government of Canada. Online: <https://www.fin.gc.ca/activity/consult/amlatfr-rpcf-a-eng.pdf> : Included in this review and discussed at Chapter 1, the *Federation of Law Societies of Canada (Canada (Attorney General) v. Federation of Law Societies of Canada, 2015 SCC 7)* ruling that Proceeds of Crime (Money Laundering) and Terrorist Financing Act provisions “as currently drafted for application to lawyers, are unconstitutional. This is an important decision in the history of the Regime and in light of the money laundering and terrorist financing risks that the legal profession poses, the Department is considering all of the options available.”

<sup>9</sup> *Horizontal Initiative – Integrated Market Enforcement Teams (IMET) Program*. Online: <https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/dprtmntl-prfrmnc-rprt-2014-15/hrzntl-nttvs-en.aspx>

## Appendix “E”: Current AML Priorities and Dedicated Financial Resource Allocations

Canada’s capital markets.<sup>10</sup> IMETs are composed of police officers, lawyers and other investigative experts. The teams work closely with securities regulators and other federal and provincial authorities, building on the RCMP’s existing partnerships with these organizations.<sup>11</sup>

### B. Financial Transactions and Reports Analysis Centre of Canada (FinTRAC)

As Canada’s financial intelligence unit, FinTRAC was created in 2000 by the *Proceeds of Crime Money Laundering and Terrorist Financing Act* as an independent agency of the federal government to collect information that will assist in the detection, prevention and deterrence of money laundering and financing of terrorism.<sup>12</sup> BCLC and banks are required to report Suspicious Transaction Report (STRs) to FinTRAC, however, FinTRAC guidelines confirm there is no minimum dollar value related to the filing of an STR: suspicious transactions are financial transactions where there is reasonable grounds to suspect they are related to the commission of a money laundering offence.<sup>13</sup>

### C. Announced March 2019: AML Action Coordination and Enforcement Team / Investigations / Trade Fraud and Trade-Based Money Laundering Centre of Expertise

In March 2019, the federal government announced its budget and included a number of initiatives aimed at addressing money laundering and financial crime in Canada. This included new funding for sustained and pilot initiatives in three areas:

#### i. Action, Coordination, and Enforcement Team (ACE)

ACE is a new five-year pilot with \$24 million attached, this multi-disciplinary team for intelligence gathering and sharing will support coordination and deconfliction for investigations. Public Safety Canada will build ACE in 2019/20, and then will transfer the unit to law enforcement to take over operations in 2020/21.

#### ii. Federal operational and investigative capacity

A new funding boost of \$68.9 million over five years has been committed to support investigations flowing from the ACE team, then sustained funding at \$20 million per year ongoing.

<sup>10</sup> *Horizontal Initiative – Integrated Market Enforcement Teams (IMET) Program*. Online: <https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/dprtmntl-prfrmnc-rprt-2014-15/hrzntl-nttvs-en.aspx>

<sup>11</sup> *Integrated Market Enforcement Teams (IMET)*. Online: <https://www.publicsafety.gc.ca/cnt/cntrng-crm/rgnzd-crm/ntgrtd-mrkt-nfrcmnt-en.aspx>

<sup>12</sup> *Dirty Money*, page 83, para 326.

<sup>13</sup> MNP LLP Anti-Money Laundering Report to GPEB, July 26, 2016, page 17 para 5.33

## Appendix “E”: Current AML Priorities and Dedicated Financial Resource Allocations

- It may be prudent to consider that given ACE is a five-year pilot, if ACE is not renewed, would it be practical for the federal government to fund \$20 million per year for an investigative capacity that is not led by an intelligence team?

### iii. Trade Fraud and Trade-based Money Laundering Centre of Expertise

New funding of \$28.6 million over four years beginning in 2020, then sustained funding at \$10.5 million per year to complement the ACE team and strengthen the capacity of FinTRAC, Canada Border Service Agency, banks, and other regulatory actors to counter financial crime threats in Canada.

## 2. Provincial AML Priorities and Dedicated Financial Resources

### A. Combined Forces Special Enforcement Unit-BC / Joint Illegal Gaming Investigations Team

JIGIT was formally announced on April 11, 2016 with its primary focus being to disrupt organized crime and gang involvement in illegal gaming and prevent criminals from using BC gaming facilities to legalize the proceeds of crime. The objective of JIGIT is to provide a dedicated, integrated, and coordinated multi-jurisdictional investigative and enforcement response to illegal gaming in BC with an emphasis on top-tier organized crime and gangs.

One AML project, the E-Nationalize investigation, has thus far had over 400 police resources connected to the file, including:

- The synthesis, correlation and analysis of voluminous amount of complex and technical evidence which was mostly in languages other than English; and
- a Report to Crown Counsel of over 500 pages plus supplemental materials

In addition to this high-profile investigation, JIGIT’s work has influenced AML policies and members of JIGIT have provided investigative assistance to multiple provincial and national police agencies. Between December 2017-2018, JIGIT was involved in seven interdictions, five illegal gaming operations being closed, and 27 referrals to other police and partner agencies. Presently JIGIT has eight active investigations.

## Appendix “E”: Current AML Priorities and Dedicated Financial Resource Allocations

### B. GPEB/CFSEU-BC/JIGIT/POJ Response to *Dirty Money* Recommendations 37-42<sup>14</sup>:

Beyond a coordinated regulatory response, the FIIU will be supported by additional provincial initiatives to address other priority areas including enforcement in casinos. This includes work undertaken by the Gaming Policy and Enforcement Branch (GPEB) in pursuit of their enhanced enforcement response in casinos, resulting in GPEB taking a proactive, real-time role in the investigation of suspicious transactions, crime that occurs on casino property in connection with GPEB’s regulatory responsibilities, and working with the Joint Illegal Gaming Investigations Team (JIGIT) to build a collaborative intelligence model with strong ties to law enforcement.

While the work of GPEB and JIGIT may fall outside the mandate of the FIIU, the linkages between money laundering, casinos, and illegal gaming are well documented. Through their work in these areas, GPEB and JIGIT will provide important linkages and intelligence to the FIIU but will remain separate entities for funding purposes, given that their mandates have already been established, funded, and are distinct from the mandate of the FIIU in terms of their sectoral priorities.

The work of the FIIU is not intended to usurp or amalgamate any existing initiatives in this area, but to provide resources to other sectors (such as real estate, luxury vehicles, and emerging sectors) which have not been provided any financial resources, and offer a cross-sectoral intelligence picture based on the work of the FIIU and other police and regulatory partners.

GPEB began the development of an enhanced enforcement response in September 2018 to address to several recommendations made in the German report. As a result, three changes were proposed and approved, in principle, for implementation:

1. In response to the threat of money laundering and possession of the proceeds of crime, GPEB takes a more proactive, real-time role in the investigation of suspicious transactions;
2. In response to the threat of criminal behavior, GPEB takes a more proactive, real-time role in the investigation of crime that occurs on casino property, in connection to GPEB’s regulatory responsibilities; and,
3. In support of the above initiatives, GPEB works with CFSEU-BC and JIGIT to build a collaborative intelligence model with strong ties to law enforcement information and intelligence acknowledging the historic and current barriers faced by some partners in accessing and sharing relevant information with each other.

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<sup>14</sup> ***Dirty Money – Gaming Police Recommendations 37-42:*** **R37** That a Designated Policing Unit [police force] be created to specialize in criminal and regulatory investigations arising from the legal gaming industry, with an emphasis on Lower Mainland casinos; **R38** That the DPU be an integral part of the Regulator; **R39** That the DPU not be responsible for investigating illegal gaming outside casinos; **R40** That the DPU contain an Intelligence Unit; **R41** That the duties of the Ontario Provincial Casino Bureau and the Nevada Gaming Control Branch Enforcement Division be reviewed in order to determine an appropriate role for the DPU; **R42** That anti-money laundering be a specific responsibility of the DPU.

## Appendix “E”: Current AML Priorities and Dedicated Financial Resource Allocations

In addition to transferring four intelligence resources to JIGIT to support the collaborative intelligence model GPEB has also taken the following steps:

- GPEB has met with law enforcement partners who have endorsed GPEB’s desired future state and have confirmed the necessity for the GPEB’s Enforcement Division to take a more active role in these areas. GPEB is developing MOU’s with police of jurisdiction for the five high-volume Lower Mainland casinos to clearly articulate a common understanding or roles and responsibilities and how the organizations will work together.
- GPEB has hired nine new Casino Investigators and is in the process of competing three additional Casino Investigator positions. GPEB has identified peak periods (sixteen hour periods) in five geographic locations (sites for the high-volume Lower Mainland casinos) that are associated with the highest frequency of unusual financial transactions and other high-risk indicators. Casino Investigators are being deployed to maximize availability during these peak times.
- GPEB will be seeking approval for additional FTEs to ensure GPEB’s Enforcement Division can provide optimal coverage during the peak times for suspicious transactions and respond in real-time to investigate other potential criminal and regulatory offences that occur on casino property.

GPEB Intel will continue to maintain its current intelligence networks and collection practices to produce relevant intelligence led products for GPEB investigators and situational awareness products for GPEB management and the AG Ministry. GPEB involvement specifically with the FIU is two-fold.

1. GPEB gathers information from the structured reporting of regulatory and criminal incidents throughout the province. These incidents form the basis of GPEB’s intelligence sharing with the FIU. Financial instruments continue to present potential for the proceeds of crime to enter the gaming industry.
2. GPEB’s 24/7 ongoing enforcement units within the casino environment will further identify ongoing regulatory and criminal information, recording and reporting it through a structured reporting mechanism.

In turn GPEB will further its regulatory and enforcement mandate by utilizing the **output** intelligence disseminated by the FIU within its enforcement responsibilities within gaming in the province. The use of this intelligence will aid and guide the enforcement mandate of GPEB. GPEB will continue to be fully engaged within JIGIT.



## Appendix “F”: Comparison of Financial Intelligence Models and Units

### Appendix “F” contents:

- A. Four Models of Financial Intelligence Units
  - B. RCMP: Snapshot of former E Division Commercial Crime Section in May 2010
  - C. RCMP: Snapshot of former E Division Integrated Proceeds of Crime (IPOC) section in September 2008
  - D. RCMP: Integrated Market Enforcement Unit (IMET)
  - E. International Sampling
- 
- A. Four Models of Financial Intelligence Units<sup>15</sup>
    1. **Judicial Model:** established within the judicial branch of government wherein “disclosures” of suspicious financial activity are received by the investigative agencies of a country from its financial sector such that the judiciary powers can be brought into play i.e.: seizing funds, freezing accounts, conducting interrogations, detaining people, conducting searches, etc.
    2. **Law Enforcement Model:** implements anti-money laundering measures alongside already existing law enforcement systems, supporting the efforts of multiple law enforcement or judicial authorities with concurrent or sometimes competing jurisdictional authority to investigate money laundering.
    3. **Administrative Model:** a centralized, independent, administrative authority, which receives and processes information from the financial sector and transmits disclosures to judicial or law enforcement authorities for prosecution It functions as a “buffer” between the financial and the law enforcement communities.
    4. **Hybrid Model:** serves as a disclosure intermediary and link to both judicial and law enforcement authorities. It combines elements of at least two of the FIU models noted above.

<sup>15</sup> *Financial Intelligence Units*, The Egmont Group: a united body of 159 Financial Intelligence Units, providing a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing. Online: <https://egmontgroup.org/en/content/financial-intelligence-units-fius>

## Appendix "F": Comparison of Financial Intelligence Models and Units

### B. Snapshot of former E Division Commercial Crime Section in May 2010

Aside from the 58 regular RCMP members, there were 30 support staff for a total of 88 resources. These included the following:

#### 1. **Assistants, Coordinators, Analysts**

Six investigative Support Assistants (Public Service Employees/PSE's), one Executive Assistant, one Prime Coordinator, one Records Management Coordinator and three Investigative Analysts (Civilian Member and two TCE (temporary casual employees).

2. **External Partners** There were external partners working in the office which included one FBI agent and one representative from the Competition Bureau.

3. **Information Support Team** : Five Information Processors (PSE's), one Supervisor (CM) and one Major Case Management resource (CM).

4. **Analytical Support Unit** Two PSE Open Source Analysts and one Criminal Analyst (CM).

#### 5. **Financial Office Support team**

Two Financial Administrative Assistants (PSE's)

#### 6. **Specialized Support**

One forensic accountant and one PSE for Technical Support

### C. Snapshot of former E Division Integrated Proceeds of Crime (IPOC) section in September 2008

36 regular members (Asset Forfeiture, Intake, Investigative Team, CRATS and 24 support staff for a total of 60 resources including:

## Appendix “F”: Comparison of Financial Intelligence Models and Units

Five Forensic Accountants, 4 PPSC's, 6 Operational Support (PSE's), one Office Manager (PSE), two Major Case Managers (PSE), 1 Finance, 1 Admin, 2 TCE's, and one CRA (Canada Revenue Agency).

- D. Integrated Market Enforcement Unit (IMET) was broken down with 15 RM's and 14 support staff for a total of 29 resources. Support staff included one Forensic Accountant, one Office Manager (PSE) and four Major Case Management (PSE); seven Civilian members made up of 5 Investigative Analysts, one Market Integrity Computer Analyst and Major Case Management, and one federal prosecutor.
- E. International Sampling
1. **City of London:** Economic Crime Unit: 175 officers, 131 support staff
  2. **Australia:** Serious Financial Crime Taskforce @ \$30 million AUD annually
  3. **United Kingdom:** National Criminal Intelligence Service – Financial Intelligence Division (historical example): 120 staff @ \$7 million CAD annual budget.

## Appendix “G”: Summary of suggested Multi-Disciplinary Positions

### Forensic Accountant<sup>16</sup>

Using investigative accounting techniques to unravel money laundering and proceeds of crime schemes and support police investigations, forensic accountants assist in investigations by documenting the individuals and methods used to commit financial crimes across all related financial institutions. By understanding how financial crimes are committed, police and regulators can prevent future crimes from occurring.

A forensic accountant would assist and coach FIU investigative teams in the completion of their proceeds of crime and money laundering investigations; and would conduct long term proceeds of crime and money laundering investigations arising from FIU substantive investigations.

### Data Scientist<sup>17</sup>

Data scientists are a new breed of analytical data experts who have the technical skills to solve complex problems for private and public sector employers who are charged with managing mass amounts of unstructured data. Comparable data scientist position duties include:

- Collecting large amounts of unruly data and transforming it into a usable format
- Solving problems using data-driven techniques
- Having a solid grasp of statistics, including statistical tests and distributions
- Staying on top of analytical techniques such as machine learning and text analytics
- Communicating and collaborating with IT and other team members
- Looking for order and patterns in data, as well as spotting trends that can respond to the mandate of the team

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<sup>16</sup> <https://www.acamstoday.org/forensic-accounting-fight-against-financial-crimes/>

<sup>17</sup> [https://www.sas.com/en\\_ca/insights/analytics/what-is-a-data-scientist.html](https://www.sas.com/en_ca/insights/analytics/what-is-a-data-scientist.html)

## Appendix "H": Financial Outlook



### Business Case Financial Outlook BC Financial Intelligence & Investigation Unit

FTE		FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	
	RM	12.00	13.00	13.00	13.00	13.00	Per proposed structure. Please see Org Chart for details.
	CM	5.00	5.00	5.00	5.00	5.00	Per proposed structure. Please see Org Chart for details.
	TCE	-	-	-	-	-	
	IM's	-	-	-	-	-	
	PSE	-	-	-	-	-	
	<b>TOTAL FTE</b>	<b>17.00</b>	<b>18.00</b>	<b>18.00</b>	<b>18.00</b>	<b>18.00</b>	
<b>SALARY &amp; ALLOWANCE PAY</b>							
	RM	\$ 1,246,000	\$ 1,277,000	\$ 1,309,000	\$ 1,341,000	\$ 1,375,000	
	CM	444,000	446,000	448,000	450,000	453,000	
	TCE	-	-	-	-	-	
	IM's	-	-	-	-	-	
	PSE	-	-	-	-	-	
	<b>TOTAL SALARY</b>	<b>\$ 1,690,000</b>	<b>\$ 1,723,000</b>	<b>\$ 1,757,000</b>	<b>\$ 1,791,000</b>	<b>\$ 1,828,000</b>	
	<b>TOTAL ALLOWANCE</b>	<b>\$ 69,000</b>	<b>\$ 70,000</b>	<b>\$ 72,000</b>	<b>\$ 73,000</b>	<b>\$ 76,000</b>	
	<b>TOTAL SALARY &amp; ALLOWANCE</b>	<b>\$ 1,759,000</b>	<b>\$ 1,793,000</b>	<b>\$ 1,829,000</b>	<b>\$ 1,864,000</b>	<b>\$ 1,904,000</b>	
<b>OPERATING COST</b>							
31 - Overtime - RM		144,000	146,880	149,818	152,814	155,870	Estimate of \$8,000 per member (@ 18)
50 - Travel		36,000	36,720	37,454	38,203	38,968	Estimate of \$2,000 per member (@ 18)
52 - Training Travel		36,000	36,720	37,454	38,203	38,968	Estimate of \$2,000 per member (@ 18)
191 - Training & Seminars - Unit Commander Authority		27,000	27,540	28,091	28,653	29,226	Estimate of \$1,500 per member (@ 18)
219 - Professional Services - OCA Support Overtime		84,000	85,680	87,394	89,141	90,924	Estimate of \$4,000 per member (@ 21)
219 - Professional Services - OCA/MUNI Overtime		312,000	318,240	324,605	331,097	337,719	Estimate of \$8,000 per member (@ 39)
219 - Professional Services - OCA/MUNI Salaries		7,070,000	7,246,750	7,427,919	7,613,617	7,803,957	Per proposed structure. Please see Org Chart for details.
219 - Professional Services - OCA/MUNI Training		90,000	91,800	93,636	95,509	97,419	Estimate of \$1,500 per member (@ 60 > all Muni/OCABC)
219 - Professional Services - OCA/MUNI Training Travel		120,000	122,400	124,848	127,345	129,892	Estimate of \$2,000 per member (@ 60 > all Muni/OCABC)
219 - Professional Services - OCA/MUNI Travel		78,000	79,560	81,151	82,774	84,430	Estimate of \$2,000 per member (@ 39 > all Muni/OCABC less Support Staff)
223 - Radio Communications Systems - Services		185,000	188,700	192,474	196,323	200,250	Prime Levy \$1,000 per police position (@ 45) + Radios \$5,000 each (@ 14)
370 - Repair of Vehicles		147,840	150,797	153,813	156,889	160,027	Estimate of \$10,560 per vehicle per year (@ 14)
430 - Fuel		77,000	78,540	80,111	81,713	83,347	Estimate of \$5,500 per vehicle per year (@ 14)
500 - Stationery (Including EDP)		10,000	10,200	10,404	10,612	10,824	Estimate annual expense (referencing Gang Suppression/CFSEU Expansion Business Case)
540 - Post Budget Expenditures		300,000	306,000	312,120	318,362	324,730	Estimate annual expense (referencing Gang Suppression/CFSEU Expansion Business Case)
580 - Other Sensitive Expenditures		2,000,000	2,040,000	2,080,800	2,122,416	2,164,864	Estimate annual expense (referencing Gang Suppression/CFSEU Expansion Business Case)
580 - Other Sensitive Expenditures - Vehicles		234,080	238,762	243,537	248,408	253,376	Estimate of \$16,720 per vehicle per year (@ 14)
999 - GT Facilities Overhead		152,880	155,938	159,056	162,237	165,482	Estimate of \$1,960 per position based on 2018-19 Finals (@ 78)
	<b>TOTAL OPERATING COST</b>	<b>\$ 11,103,800</b>	<b>\$ 11,361,226</b>	<b>\$ 11,624,684</b>	<b>\$ 11,894,318</b>	<b>\$ 12,170,272</b>	
<b>ONE TIME START-UP COSTS / CAPITAL / EVERGREEN</b>							
61 - Relocation - Regional/Divisional Staffing		\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	Estimate of 1 employee relocation at \$70,000 each year
480 - Patrol Carabines (Ind Training)		\$ 45,000	\$ -	\$ -	\$ -	\$ -	Estimate of \$1,000 per carbine (@ 45 police positions)
841 - Computers - Div/Dir Purchases		\$ 350,064	\$ -	\$ -	\$ -	\$ -	ROSS computer, CFSEU computer & Laptop \$4,488 (@ 78)
890 - Vehicles		\$ 739,200	\$ -	\$ -	\$ -	\$ -	14 Open RCMP Vehicles based on 1:2 car-to-position ratio.
580 - Vehicles		\$ 708,400	\$ -	\$ -	\$ -	\$ -	14 Covert RCMP Vehicles based on 1:2 car-to-position ratio.
830 - Office Furniture		\$ 429,000	\$ -	\$ -	\$ -	\$ -	Estimate of \$5,500 per workstation (@ 78)
900 - Investigative Equipment		\$ 100,000	\$ -	\$ -	\$ -	\$ -	Estimate of unit specific investigative equipment
510 - Clothing & Kit		\$ 112,500	\$ -	\$ -	\$ -	\$ -	Estimate of \$2,500 per member (@ 45 police positions)
310 - Office Fitup and Furniture		\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	Rough estimate.
	<b>TOTAL ONE TIME START-UP / CAPITAL</b>	<b>\$ 3,554,164</b>	<b>\$ 70,000</b>	<b>\$ 70,000</b>	<b>\$ 70,000</b>	<b>\$ 70,000</b>	
<b>TOTAL COSTS (before Indirect Costs)</b>		<b>\$ 16,416,964</b>	<b>\$ 13,224,226</b>	<b>\$ 13,523,684</b>	<b>\$ 13,828,318</b>	<b>\$ 14,144,272</b>	

## Appendix “H”: Financial Outlook



### Business Case Financial Outlook BC Financial Intelligence & Investigation Unit

	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	
<b>INDIRECT COSTS</b>						
Pensions: RM - CM - IM	\$ 270,000	\$ 279,500	\$ 286,500	\$ 293,600	\$ 301,000	
Pensions: PS - TCE	58,900	59,400	60,000	60,500	61,200	
EI: RM - CM - IM	12,500	13,900	14,300	14,600	15,000	
EI: PS - TCE	6,200	6,300	6,500	6,700	6,800	
Div Admin - RMs, CMs, TCEs, IMs	490,500	541,800	560,700	580,500	601,200	
EHQ Green Timbers Accommodation Charge	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	\$15,000 GT Accomodation per position (@ 78)
<b>Recruitment &amp; Training</b>	-	-	-	-	-	
Recruitment	16,100	17,400	17,400	17,400	17,400	
DEPOT	55,200	59,800	59,800	59,800	59,800	
PDSTC	-	-	-	-	-	
PROS (per member)	-	-	-	-	-	
PRIME (per member)	-	-	-	-	-	
<b>National Programs:</b>						
Public Complaints Commission (PCC)	5,900	6,400	6,400	6,400	6,400	
Enhanced Reporting & Accountability	2,100	2,300	2,400	2,400	2,400	
Legal Advisory Services	1,400	1,500	1,500	1,500	1,500	
<b>Centralized Services (these will decrease Div Admin)</b>						
Pay & Compensation	-	-	-	-	-	
Accounting Operation	-	-	-	-	-	
Shared Services - IT	8,500	9,400	9,600	9,800	10,000	
<b>INDIRECT COSTS</b>	<b>\$ 2,097,300</b>	<b>\$ 2,167,700</b>	<b>\$ 2,195,100</b>	<b>\$ 2,223,200</b>	<b>\$ 2,252,700</b>	
<b>GRAND TOTAL</b>	<b>\$ 18,514,264</b>	<b>\$ 15,391,926</b>	<b>\$ 15,718,784</b>	<b>\$ 16,051,518</b>	<b>\$ 16,396,972</b>	



## Appendix “I”: Project Athena

Project Athena is a public/ private partnership focused on creating a less permissive environment for underground banking activity. The project is rooted in JIGIT’s probe into the use of bank drafts at BC casinos exhibiting indicators of criminal exploitation. This involved JIGIT coordinating the analysis and sharing of information between BCLC, CFSEU-BC and financial institutions.

Early indication of the project’s effectiveness included the identification of \$666,000 in bank drafts redeemed at the casino by someone other than the bank draft purchaser, the discovery of inaccurate disclosures made on source of funds declarations and exposing activity consistent with money laundering and underground banking. Information gleaned from the probe was shared with the stakeholders for the purpose of implementing operational and policy changes to combat money laundering.

### Public Interest Immunity

**Public Interest Immunity** It became known as Project Athena and adopted a four-pillar approach concentrated on education, information sharing, analysis and investigations to combat money laundering through underground banking. Beyond the casino industry, this initiative has uncovered suspicious financial transactions related to real estate, car dealerships, lawyers and money service businesses.

Following the federal budget announcement, Project Athena was approached by FinTRAC to create a national public / private partnership in pursuit of FinTRAC’s new national approach.

The four pillars of Project Athena:

#### **Pillar I: Education and changes to make the environment less permissive to underground banking**

- Quarterly meetings for all stakeholders to share information on underground banking trends and suspicious activity
- Routine dissemination of information among stakeholders related to underground banking
- The collective understanding of issues and developing solutions to those issues
- Implementation of change to create an environment less permissive to underground banking activity (ie: public/ internal policy change, legislative change, change to bank drafts, etc)



## Appendix “I”: Project Athena

**Pillar II: Identification and reporting of suspected underground banking activity** (similar to other public/ private partnership focussed on combatting other crimes such as human trafficking)

- Sharing indicators associated to underground banking activity
- Financial institutions, operating independently, identify suspected underground banking activity and report suspicious transactions (STRs) to FINTRAC with the notation “Project ATHENA”
- FINTRAC directs the intelligence derived from the STRs to law enforcement for intelligence and analysis

**Pillar III: Focused analysis, data sharing and inquiries on specific issues**

- Lawful sharing of information and data to reduce blind spots presented by procedural limitations
- Focused analysis on a specific issue related to underground banking (ie: bank drafts)
- It is anticipated that underground banking trends will evolve and migrate to different businesses, professions, sectors and financial products. Therefore, there will be a need to pivot from one issue to the next

**Pillar IV: Investigations**

- The information uncovered from pillars I, II and III will be shared with investigative bodies to commence investigations
- Investigations may vary in size, scope and nature (ie: Criminal, Civil, etc)
- It is recognized that some investigations may be sensitive and will not be shared among stakeholders

Appendix "J": Joint Illegal Gaming Investigation Team

**JOINT ILLEGAL GAMING INVESTIGATION TEAM (JIGIT)**

