



## INVESTIGATIONAL PLANNING AND REPORT

## PLANIFICATION ET RAPPORT D'ENQUÊTE

Date	Sec. Class./Designation Class./désignation séc.
2012-01-30	Protected B

### A) FILES - DOSSIERS

PROS or PRIME No. N° du SIRP/syst. PRIME	Division	Unit Name - Nom du service	Other Ref. - Autre réf.
2012-929	E	E Division IPOC	

### B) OCCURENCE - INCIDENT

Collator Codes - Codes d'intercl.	Caption and/or Project Name - Incident et/ou nom du projet
Project - Du projet Unit - Du service Other - Autre	Money Laundering - B.C. Casinos

Synopsis of the investigation/Summary Statement (Include rationale for undertaking the investigation and link(s) to National Tactical Priorities)  
Résumé de l'enquête/exposé sommaire (Indiquer les raisons de l'enquête et le(s) lien(s) aux priorités tactiques nationales)

Tens of millions of dollars in large cash-transactions (many transactions well over \$100,000, much of it in \$20 bills) are funnelled-through several of the larger casinos in B.C on an annual basis. Intelligence has revealed that the origin of much of these funds are derived from criminal activity and are the Proceeds of Crime. (continued page 2)

Monitoring Officer - Agent de contrôle Insp. Cal Chrustie	Project/Target Team Leader - Chef d'équipe du projet/but A/S/Sgt. Melanie Paddon	Media/Liaison - Agent de liaison avec les médias
Major Case Manager - Gestionnaire des cas graves	Responsible for Disclosure/Court Responsable de la divulgation/cour Colin Bursill	Team Commander - Chef d'équipe Sgt. Diane Doyle
Primary Investigator - Enquêteur principal Cpl. Dave Armstrong	File Coordinator - Coordonnateur des dossiers Cst. Darcy Yakubchuk	Alfiant - Signataire de l'affidavit

### C) INVESTIGATION - ENQUÊTE

#### TYPE - GENRE

- ☐ Major U/C Infiltration majeure ☐ Minor U/C Infiltration mineure ☐ Store Front Façade ☒ Intelligence Probe Mission de reconnaissance ☐ Part VI.C.C Partie VI du C. cr. ☐ International Internationale
- ☐ National Nationale ☐ Regional Régionale ☒ Divisional Divisionnaire ☐ Assistance - Foreign Agencies Aide - organismes étrangers ☐ National Security Sécurité nationale ☐ JFO OC ☒ IPOC UMPC
- ☐ Other, specify Autre, préciser

#### PRIORITY - PRIORITÉ

- ☒ Organized Crime Crime organisé ☒ National Tactical Tactique nationale ☐ Regional Tactical Tactique régionale ☐ Divisional Tactical Tactique divisionnaire ☐ Proof Score Pointage de la preuve

### D) OTHER AGENCY PARTICIPATION - PARTICIPATION D'UN AUTRE ORGANISME

Identify participating agencies - Indiquer les autres organismes participants

"E" Div. Criminal Intelligence Section - Asian Probe Team ("CIS")  
British Columbia Gaming Policy Enforcement Branch ("GPEB") (continued page 2)

### E) SUBJECT PROFILES - PROFIL DES SUJETS

Principal Targets - Cibles principales	DOB - DDN	FPS - SED	SID - NIS	Address - Adresse
Personal Information		nil		Personal Information
		nil		
		nil		

### F) COMPANIES/ORGANIZATIONS - SOCIÉTÉS/ORGANISATIONS

Companies/Organizations investigated - Sociétés/organisations qui font l'objet de l'enquête

**B) OCCURENCE (Continued) - INCIDENT (Suite)**

Synopsis of the investigation/Summary Statement (Include rationale for undertaking the investigation and link(s) to National Tactical Priorities)  
Résumé de l'enquête/exposé sommaire (Indiquer les raisons de l'enquête et le(s) lien(s) aux priorités tactiques nationales)

The purpose of submitting this Operational Plan is to address the problem, both through traditional and community-policing methods, and to work with our partners towards legislative and/or regulatory change.

**D) OTHER AGENCY PARTICIPATION (Continued) - PARTICIPATION D'UN AUTRE ORGANISME (Suite)**

Identify participating agencies - Indiquer les autres organismes participants

British Columbia Lottery Commission ("BCLC")

**E) SUBJECT PROFILES (Continued) - PROFILS DU SUJET (Suite)**

Principal Targets - Cibles principales	DOB - DDN	FPS - SED	SID - NIS	Address - Adresse
Personal Information		nil		Personal Information
		nil		

**F) COMPANIES/ORGANIZATIONS (Continued) - SOCIÉTÉS/ORGANISATIONS (Suite)**

Companies/Organizations investigated - Sociétés/organisations qui font l'objet de l'enquête



**G) INTELLIGENCE - RENSEIGNEMENTS**

Responsible for Intelligence - Responsable des renseignements

Cst. Darcy Yakubchuk

Have the targets and Intelligence information been entered on NCDB?  
Les cibles et les renseignements ont-ils été inscrits dans la BNDC?☐ Yes  
Oui ☐ No  
NonNCDB Identification number  
Numéro d'identification du BNDC

Has the Form 2350 information been entered on NCDB?

Est-ce que les renseignements du formulaire 2350 ont été inscrits dans la BNDC?

☐ Yes  
Oui ☐ No  
NonNCDB Identification number  
Numéro d'identification de la BNDCHave the targets and Intelligence information been entered on ACIIS?  
Les cibles et les renseignements ont-ils été inscrits au SARC?☐ Yes  
Oui ☐ No  
NonACIIS Identification number  
Numéro d'identification du SARCHas a Threat Measurement/SLEIPNIR Profile been conducted?  
Une évaluation des menaces ou un profil SLEIPNIR a-t-il été fait?☐ Yes  
Oui ☐ No  
NonProvide a synopsis of the Intelligence Threat Measurement with respect to this investigation.  
Fournir un résumé de l'évaluation des menaces en ce qui concerne cette enquête.Officer in charge recommendation  
Recommandation de l'officier responsable☐ Restricted  
Diffusion restreinte ☐ Non restricted  
Diffusion non restreinte**H) BACKGROUND - HISTORIQUE**

Investigation completed to date - Enquête effectuée à ce jour

The "E" Division IPOC Money-laundering team has identified significant money-laundering activity in and around several B.C. casinos. This initially came to the surface as a result of numerous Suspicious Transaction Reports ("STR's") that were received from partnering agencies, detailing dozens of large (hundreds of thousands of dollars) cash buy-ins, conducted primarily by wealthy People's Republic of China ("PRC")-based gamblers. Most of these transactions were conducted at either the River Rock or Starlight casinos, with the former accounting for the vast majority. (continued page 4)

**I) OBJECTIVES - OBJECTIFS**

What are the expected results? (eg. disruption of criminal organization(s), socio economic impact, etc.)  
Quels sont les résultats à accomplir? (ex. perturbation des organisations criminelles, retombées socio-économiques, etc.)

1. To disrupt significant money-laundering activity in and around B.C. casinos, resulting in disruption to organized crime groups.
2. To work towards legislative/regulatory change, in conjunction with BCLC and GPEB, to minimize and/or eliminate the need for wealthy foreign gamblers to access large amounts of local, criminally-derived Canadian cash. (continued page 5)

**J) PROPOSED INVESTIGATION SUMMARY - RÉSUMÉ DE L'ENQUÊTE PROPOSÉE**

How will the objectives be achieved? (Include projected timelines) - Comment les objectifs seront-ils atteints? (inclure le calendrier prévu)

Although Intelligence gleaned to-date indicates that these "bags of cash" involved in these large buy-ins have their ultimate origins in street-level criminal activity, drawing a concrete link to those activities has thus far been an elusive goal. In order for IPOC to pursue a successful prosecution for Possession of Proceeds or Money Laundering, it is essential to show a definite link to criminal activity. IPOC will task E Div CIS to provide this "missing link" to criminal activity. The task for CIS would be to gain sufficient information and evidence to conduct (continued page 5)

Media Plan completed and reviewed? - Plan médiatique établi et examiné?

☐ Yes  
Oui ☐ No  
Non

Commencement Date - Date de début

Anticipated Termination Date - Date de fin prévue

Approximate Duration - Durée approximative



**H) BACKGROUND (Continued) - HISTORIQUE (Suite)**

Investigation completed to date. - Enquête effectuée à ce jour.

In a one-year period (ending August, 2011), almost \$40 million dollars in suspicious buy-ins were identified, with the vast majority of these being in \$20 bills.

As noted, the individuals actually conducting the buy-ins at the casino, and doing the gambling, were wealthy Chinese businessmen, many with little to no ties to Canada. They choose to gamble at the casinos here, and to do so, they need ready access to significant amounts of Canadian cash. Typically, they are wealthy, but their funds are overseas (PRC) and are subject to PRC government currency export and transaction-restrictions. These PRC government rules make it extremely difficult for these gamblers to get their money out of the PRC and into a Canadian bank account, where they can access it for their gambling activities. Thus they may "have the money", but lack the ready access to large amounts of Canadian cash.

To fulfill the need of these gamblers for Canadian cash, there are several groups of people known to regularly frequent the River Rock and Starlight casinos. Investigation by IPOC to again need to date indicates that these groups of loan-shark "facilitators" are constantly present in and around the casinos, ready to supply large quantities of cash to these high-roller players. These high-roller players typically pay-back their losses via bank-deposits in the PRC or Hong Kong, which are ultimately brought back to Canada by the loan-sharks (in non-cash form) as "legitimate" money. This is often done by international money-laundering groups, using a "hawalla" style of debt-settlement, where a debt in Canada can be paid-back with a corresponding credit overseas (or vice-versa), with actual money rarely even changing hands between the parties.

These high-roller gamblers are coming into the casino literally with "shopping bags full of cash", often in the hundreds of thousands of dollars at one time. It is the root source of this cash that is of greatest concern to law-enforcement. Both by its appearance and the surrounding circumstances, it is apparent that virtually none of this cash was withdrawn from a bank, or any other legitimate source. Especially given the presence of huge amounts of \$20 bills (the most common "street money"), the origins of these actual dollar-bills being used can likely be traced-back to drugs, prostitution, or other street-level criminal activities being run and/or controlled, by organized criminal groups.

The goal of this "cash-service" provided by the loan-sharks, is both for the purpose of earning interest on the loans, and also to launder illicit funds. The individuals running the drug-operations or bawdy houses where these funds originate pay the loan-sharks a commission in order to turn their \$20 bills into a form (bank drafts or wire-transfers) that they can use to buy their expensive homes, cars, etc. Turning "street money" into a seemingly legitimate form, is a necessary part of any successful criminal enterprise.

The listed targets have been identified by IPOC as being "middle men", who directly supply high-roller gamblers with large quantities of cash on very short notice, in surreptitious locations. IPOC surveillance and investigation to-date has shown discrete night-time parking-lot meetings, not far from the casino, where high-roller gamblers have met with these "middle men", then bought-in at the casino only minutes later with a bag full of cash.

To this end, IPOC believes that these casinos are a very significant source of money-laundering activity, using the wealthy PRC gamblers as willing pawns in their activity.



**J) PROPOSED INVESTIGATION SUMMARY (Continued) - RÉSUMÉ DE L'ENQUÊTE PROPOSÉE (Suite)**

How will the objectives be achieved? (Include projected timelines) - Comment les objectifs seront-ils atteints? (inclure le calendrier prévu)

enforcement action, resulting in the seizure of currency and the successful prosecution of the individual(s) involved in the money-laundering activity. If an opportunity for significant enforcement action does not come to light in the course of the CIS intel-probe, it is anticipated that CIS will be able to open new investigative avenues for IPOC to pursue upon conclusion of the intel-probe. To this end, a CIS tasking will be formally submitted through channels, requesting funding and approval for CIS to conduct a probe, with the ultimate goal being to facilitate a prosecution for money-laundering and/or possess proceeds offences under the Criminal Code. Although CIS will submit their own Intel-probe Operational Plan and budget request, it is anticipated that the cost for such a Probe would be budgeted at \$62,000. This cost is appended to the budget for IPOC's Operational Plan.

The second facet to this Operational Plan is to work towards regulatory/legislative change, with the goal being to minimize and/or eliminate the need for wealthy foreign gamblers to access large amounts of Canadian cash. Although police are not the creators of the laws, policies, and regulations governing gaming in British Columbia, IPOC involvement could be extremely useful in the legislative and consultative process. Both BCLC and GPEB are members of an active working-group that provides information and advice to those responsible for legislative and policy change in B.C., specifically as it pertains to the British Columbia Gaming Act. IPOC members, with direct knowledge and experience in how organized crime groups use the casinos to facilitate their criminal-activities, could add very useful insight to the process. Ultimately, changes to the Gaming Act could make it far more difficult for these criminal groups to launder their funds using the casinos of B.C. It is to this end that this Operational Plan requests that members of the E Division IPOC Money-Laundering team be included in the regular working-group meetings conducted by BCLC and GPEB.

The third portion of this Operational Plan is to extend a public-education program that IPOC has previously used, in order to include casino management and staff. The Merchants Against Money-Laundering initiative is an outreach program designed to better educate business and community-groups on Money Laundering. This program has been used successfully, on an ongoing basis, for most of the past six years. Topics of these sessions include what Money Laundering is, how to recognize it, and how to respond to and report it. A casino-workforce better educated on Money Laundering could be an effective tool to deter would-be Money Laundering activity in and around the casinos. These sessions would be conducted by C22 Money Laundering Team members and require the cooperation of both GPEB and the casino-companies themselves.