

The Integrated Proceeds of Crime (IPOC) unit and other financial crime units such as the RCMP Commercial Crime section (CCS) and IMET were re-engineered in 2013 under the Federal Policing Program and renamed Federal Serious and Organized Crime (FSOC). FSOC consists of groups of teams (group 1 to 7) and the groups have evolved since 2013.

The majority of the positions that were part of IPOC were moved to form FSOC Group 6 (FSOC G6) in February 2013 as a result of the Federal Policing Re-engineering (<https://www.publicsafety.gc.ca/cnt/cntrng-crm/plcng/cnmcs-plcng/ndx/snpss-en.aspx?n=490>).

G6 personnel had the knowledge and expertise to work with our domestic and international law enforcement agencies to conduct operations involving, inter alia, undercover operations and accepting cash on behalf of believed to be transnational organized crime groups.

In 2014, FSOC Group 1 (G1) and Group 2 (G2), also known as FSOC Financial Integrity team, were staffed with personnel from IMET and CCS in 2013. Provincial Commercial Crime officers were moved into the Sensitive Investigations Unit (SIU) which is tasked with investigations pertaining to elected officials and allegations of financial crimes such as fraud, corruption and breach of trust against the government or institutions.

British Columbia was identified as the only province that did not have a provincial POC unit responsible for all 'provincial' financial crime investigations. As such, it was decided that provincial funding would be pursued. In 2015, a business case was prepared and submitted to RCMP Senior management requesting twelve resources for what was termed a "Provincial Fraud" team. The business case was not approved albeit continued to be discussed at regular senior management meetings throughout 2015 to 2017. It was finally approved by the RCMP in 2017 and referred to BC Police Services for review and approval. BC Police Services subsequently advised that "In our continuing effort to enhance strategies and capacity to combat Organized Crime within British Columbia, they would instead be interested in receiving a proposal for the creation of a Provincial Economic Integrity Unit. (see memo dated November 21 2017 from ADM Clayton Pecknold). This unit would be similar in nature to the "Provincial Fraud Unit", with a primary focus on prevention, disruption and enforcement against organized crime infiltration, and compromise of public and private sector institutions critical to the British Columbia economy. Money laundering, commercial crime and fraud would be included within the unit's mandate.

The original 15 person unit business case that was prepared in 2015 was set aside. A new business case was developed from that business case in 2016 and advocated for a 43 person unit. This is the business case referred to as the Provincial Fraud Unit. There are two different business cases spoken to here, the second one is the "E" Division FSOC Financial Integrity business case. These business cases are separate and distinct from the one referred to by Mel Paddon in her interview with the Commission.

In October 2017 the new business case, "E" Division FSOC Financial Integrity business case, prepared in 2016, asking for a larger provincial contribution to be considered to fund a team to investigate ML/POC and to work with provincial investigative business lines such as CFSEU and detachments within BC. The team would also pursue fraud investigations within BC whereby elderly and other vulnerable citizens had been victimized. It was recommended the team remain in the FSOC FI umbrella to maintain expertise and for operational support and oversight. The business case was developed in consultation with the BC Provincial Government with input added through policing services with the direct assistance of Ms. Megan Harris from the British Columbia office of the Attorney General. The same business case continued to be worked on well on into 2018. The original number of resources was increased to

become unit comprised of 38 Provincial positions. The business case was again sent up for consideration and was approved in principle.

In 2018, a strategic plan was developed to enhance the FSOC FI capabilities and capacity. Staffing efforts within the FSOC FI unit were becoming more of a priority however, were only able to be actioned upon issuance by RCMP NHQ of a staffing credit to BCRCMP FSOC. A limited number of credits was provided to the entire federal policing program but it remained the FSOC was lacking resources to fulfil its mandate.

A money Laundering Working group was created which included personnel, stakeholders, and partners from the Federal and Provincial Government. Regulatory bodies, Justice and Finance departments from the Provincial and Federal agencies along with RCMP, police agencies involved in the investigations and enforcement of POC/ML came together to discuss the issues and challenges faced in getting successful outcomes. Gaps were identified and strategies discussed inter alia, legal reform and legislative changes. Discussion also took place around considering opportunities for law enforcement to work with regulatory bodies and private sectors to enhance public safety as it pertained to ML/POC investigations and prosecutions.

In March 2019, FSOC identified that there were 27 positions dedicated to ML/POC investigation unit in Group 2. However, there was only 10 positions filled. At any given time, due to leave, training and other duties (fires/ VIP) there was likely only 3 or 4 people in the office to work on a ML/POC file between 2015 and 2018. Currently the unit has 51 personnel assigned to ML investigation counting all of the police officers assigned to the Money Laundering team, Project Development Team and the Integrated Market Enforcement Team.

During a meeting of the ML working group in February, consideration was given to creating an "intelligence fusion centre" that would assist with the gathering and collating of private sector and government sector regulatory and police/ law enforcement intelligence for the purpose of sharing information about the prolific offenders involved in ML/POC within the Province of BC. Effort were made to develop a business case and identify the process and rules in which the team would operate. The business case was prepared in consultation with CFSEU/ OCA, Provincial regulators, RCMP NHQ and the Province of BC. Again, it was determined that there was no funding available for this initiative.

On March 5, 2019 at the BC money laundering working group, it was learned from speaking to BC Police Services that the Province considered the latest business case however, there no funding to create and staff the unit. It was also indicated that if there was a unit, it would not be housed with the RCMP FSOC Financial Integrity team but would likely go to the CFSEU albeit, BC Finance did not have the funds to make it a priority.