

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
POLICING AND SECURITY BRANCH
BRIEFING NOTE**

PURPOSE: INFORMATION for Brenda Butterworth-Carr; Tr'injà shär njit dintlät, Assistant Deputy Minister and Director of Police Services

ISSUE: Current state of the police response to money laundering in BC

SUMMARY:

- In response to Dr. Peter German's (German) report *Dirty Money* (the Report) and by request of the Attorney General (AG), from 2018-2019 the Policing and Security Branch (PSB) worked with the Gaming Policy and Enforcement Branch (GPEB) and the Anti-Money Laundering Secretariat (AMLS) in the Ministry of the AG to:
 - understand and identify the current state of criminal activity in BC casinos, including gaps where they may exist; and
 - based on the findings, recommended changes that would deliver an appropriate enforcement solution to these challenges.
- PSB worked closely with policing partners to develop a business proposal for a police unit dedicated to intelligence and the investigation of AML in BC, which included the foundation for a centralized mechanism that would act as a fusion centre of information between private and public sectors. Ultimately, a lack of police capacity in BC coupled with provincial financial pressures dissolved the proposal in mid-2019.
- Despite this setback, police forged on and focused their efforts on a made-in-BC approach to collaboration. The Joint Illegal Gaming Investigation Team (JIGIT) and Combined Forces Special Enforcement Unit– BC developed the *Project Athena* model, which Federal policing is now emulating for their purposes at a national level. This model brings together a variety of financial, sectoral, and government stakeholders to assess and respond to illicit trends that have been identified in different industries.
- Presently, there are a number of parties involved in the promotion, regulation, reporting, intelligence gathering, monitoring, and enforcement for casinos and other sectors prone to money laundering. This variety of parties includes those with competing objectives and mandates, which has blurred the lines of responsibility, accountability, and transparency.

BACKGROUND:

- In light of shifting priorities and serious national security threats over the last couple of decades, federal RCMP priorities have shifted away from organized crime and money laundering, resulting in a loss of expertise in financial and organized crime.
 - The loss of this expertise, combined with limited resources at the municipal policing level, requirements related to disclosure (*Stinchcombe*), and a limited timeframe to bring cases to trial (*Jordan*), has resulted in fewer criminal charges and criminal forfeitures and an increased use of the Civil Forfeiture Office.

- Based on two reports by Dr. Peter German and one by Dr. Maureen Maloney, we have learned that a criminal economy is thriving in BC and has infiltrated many sectors of the economy, including gaming, real estate and luxury vehicles. These reports have demonstrated that all levels of government lack sufficient tools and resources to identify and combat this illicit activity.
- Money laundering and the crimes that accompany it, have put the safety of British Columbians at risk and, more broadly, has contributed to the housing affordability crisis, and also has links to the opioid crisis. While the BC government has made and continues to make progress in addressing the recommendations put forward by Drs. German and Maloney, disrupting this illicit behaviour cannot be accomplished without the critical support of the federal government. Right now, our response to money laundering in BC is fractured and we must move forward in a coordinated and collaborative manner.

Collaborations

- While BC has much work to do in this province, it is also imperative that the federal government deliver on the commitments it announced in the 2019 Budget. Failure to do so leaves BC and Canada exposed to the threat of a growing criminal economy and puts Canada's reputation at risk, being seen as a safe haven for transnational organized crime and a location to easily launder illicit funds.
- From a policing perspective, the federal government has 'delivered' in part through the creation of ACE team at the national level. This, however, has been problematic as there has been no consultation or communications on the mandate, roll-out or effect on British Columbia from the federal government or national police on actions taken to date.
- Given the magnitude of jurisdictions and sectors within Canada that are vulnerable to money laundering, PSB continues to engage with a Federal/Provincial Ad Hoc Working Group on the Real Estate sector. This group has recruited participation from a multitude of government, regulatory and private sector entities with an interest in AML.
- Currently, representatives from PSB, GPEB and the AG are also engaged in a Deputy Ministers Committee Working Group on AML (AML DMC) to respond to the German recommendations. Participation in this working group is ongoing, and representatives periodically present their work at these Committee meetings.
 - The creation of the AML DMC was intended to oversee the implementation of the recommendations contained in the German and Maloney reports. It is made up of three ministries (Finance, PSSG and the Attorney General) along with the Assistant Deputy Minister (ADM) and General Manager (GM) of GPEB and the President of the BCLC attending often as subject matter experts. Other experts may be invited as needed.
 - The AML DMC acts as the governing body for all the AML work within government.

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- Recognizing the nexus between money laundering and real estate, a Federal/Provincial Ad Hoc Working Group on the Real Estate sector emerged in 2019 with a mandate to enhance communication, information sharing and alignment amongst relevant operational and policy partners to explore and better address issues and risks related to fraud, money laundering and tax evasion through real estate in BC.
 - This Working Group is co-chaired by the ADM of the Policy and Legislation Division within the provincial Ministry of Finance, and the Associate ADM of the Financial Sector Policy Branch within the federal Ministry of Finance.

Next Steps

- BC will look more broadly at how it builds a structure and response that is integrated, coordinated and agile;
- Introduction of legislation in 2021 to create the Independent Gambling Control Office;
- Ongoing engagement and consultation with government partners and industry stakeholders to meaningfully address and/or implement the remaining recommendations from Dr. German's first report, "Dirty Money";
- Continued engagement with federal partners to advocate for amendments to the *Proceeds of Crime (Money Laundering) and Terrorism Financing Act* to expand the entities required to report to FinTRAC;
- Monitor and assess the interim and final Cullen Commission reports to inform next big steps;
- Stay up-to-date on the scope and effectiveness of Project Athena's national footprint; and
- Support JIGIT as they work through their 5-year team review and decide how to move forward in concert with our partners.

Prepared by:

Delaine Friedrich
Senior Policy Analyst
Public Safety Initiatives
Policing and Security Branch
[REDACTED]

Approved February 10, 2020 by:

Tom Steenvoorden
Executive Director
Public Safety Initiatives
Policing and Security Branch
[REDACTED]