

# **REVIEW OF THE JOINT ILLEGAL GAMING INVESTIGATION TEAM (JIGIT)**

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Finally, while JIGIT's successes are a credit to many, we wish to note particularly the leadership demonstrated by Assistant Commissioner Kevin Hackett (now retired) and now-Superintendent Paul Dadwal in turning a vision into an effective team in a very short period of time.

This Review is constructed from interviews, government documents, police data, academic literature, and a variety of other sources. We have attempted to represent the information we obtained in a fair and objective manner; any errors in that process are ours alone and not of those persons interviewed.

## CONTENTS

ACRONYMS AND TERMS .....	6
EXECUTIVE SUMMARY .....	9
SUMMARY OF FINDINGS.....	19
SUMMARY OF RECOMMENDATIONS.....	27
MANDATE, INDEPENDENCE, SCOPE, AND METHODOLOGY .....	32
Mandate.....	32
Independence .....	32
Scope.....	32
Objectives .....	33
Methodology/Data and Information Sources.....	34
Limitations of Methodology/Findings.....	36
LIST OF FIGURES .....	37
BACKGROUND.....	38
The Introduction of Legal Gaming in BC .....	38
Money Laundering .....	38
Relevant Federal and Provincial Legislation .....	40
The Integrated Illegal Gaming Enforcement Team (IIGET) is Created.....	42
The Joint Illegal Gaming Investigation Team (JIGIT) is Created .....	43
The Current JIGIT Environment.....	49
THE REVIEW .....	52
Introduction .....	52
The JIGIT Mandate .....	52
Discussion and Recommendations .....	55
Resources .....	58
Discussion and Recommendations .....	62
Structure .....	63
Discussion and Recommendations .....	69
Governance, Performance Reporting, and Funding Mechanism.....	70
Introduction .....	70

Governance Structures and Responsibilities .....	70
Discussion and Recommendations .....	79
Performance Reporting.....	80
Discussion and Recommendations .....	87
Funding Mechanism and Financial Management.....	88
Discussion and Recommendations .....	92
Experience and Training.....	93
Discussion and Recommendations .....	95
Performance .....	96
Investigations, Prevention, and Disruption .....	96
Quality of Investigations .....	106
Non-Operational Impacts.....	106
Discussion and Recommendations .....	108
Expertise and Operational Support .....	113
Discussion and Recommendations .....	114
Intelligence Gathering.....	114
Discussion and Recommendations .....	115
Collaboration and System Improvement.....	115
Level of Support from Police of Jurisdiction .....	118
Level of Support from GPEB.....	120
Level of Support from BCLC .....	120
Level of Support from Gaming Service Providers .....	121
Discussion and Recommendations .....	121
Education and Media Efforts .....	122
Education .....	122
Media .....	124
Discussion and Recommendations .....	127
The Social Return on Investment for JIGIT.....	130
Introduction .....	130
The Impacts of Money Laundering on Society.....	131
The Cost of Money Laundering in Canada .....	132
Evaluating Anti-Money Laundering Initiatives.....	132
Assessing JIGIT's Social Return on Investment .....	135

Discussion and Recommendations .....	140
Continuing Systemic Challenges to JIGIT’s Success .....	141
CONCLUSION.....	145
REFERENCES .....	147
APPENDIX “A”: JIGIT PRESENTATIONS .....	158
APPENDIX “B”: PRE-INTERVIEW QUESTIONNAIRE.....	161
APPENDIX “C”: CORE INTERVIEW QUESTIONS.....	167
APPENDIX “D”: GOVERNANCE RESPONSIBILITIES.....	169

## ACRONYMS AND TERMS

ACAMS	Association of Certified Anti-Money Laundering Specialists
ADM	Assistant Deputy Minister
AGBC	Attorney General of British Columbia
AGCO	Alcohol and Gaming Commission of Ontario
AML	Anti-money laundering
AMP	Administrative Monetary Penalty
BCLC	British Columbia Lottery Corporation
BCACP	British Columbia Association of Chiefs of Police
BCPS	British Columbia Prosecution Service
CAST	Crime Analysis Search Tool
CBSA	Canada Border Services Agency
CDR	Casino Disbursement Report
CFA	<i>Civil Forfeiture Act</i> (BC)
CIFA-BC	Counter Illicit Finance Alliance of British Columbia
CFSEU-BC	Combined Forces Special Enforcement Unit – British Columbia
CPIC	Canadian Police Information Centre
CROPS	(RCMP) Criminal Operations
DEA	(U.S.) Drug Enforcement Administration
FI	Financial Institution
FC	File Coordinator (for Major Case Management)
FinTRAC	Financial Transaction and Reports Analysis Centre of Canada
FISOC	Federal Investigative Services & Organized Crime
FOIPPA	<i>Freedom of Information and Protection of Privacy Act</i>
FSOC	Federal Serious and Organized Crime
GIG	Gaming Intelligence Group
GCA	<i>Gaming Control Act</i> (BC)
GCGC	Great Canadian Gaming Corporation



GCR	<i>Gaming Control Regulations</i> (BC)
GPEB	Gaming Policy & Enforcement Branch
GOS	(GPEB) Gaming Online Services
HSI	Homeland Security Investigations
IIGET	Integrated Illegal Gaming Enforcement Team
IIS	Integrated Information Service
JFO	Joint Force Operation
JIGIT	Joint Illegal Gaming <sup>1</sup> Investigation Team
JUSTIN	Justice Information System
LAST	Legal Application Support Team
LCTR	Large Cash Transaction Report
LEA	Law Enforcement Agency
MAG	Ministry of the Attorney General
MCM	Major Case Management
MOU	Memorandum of Understanding
NTEP	National Targeting Enforcement Priority
OCABC	Organized Crime Agency - BC
OSFI	Office of the Superintendent for Financial Institutions
OISP	“E” Division RCMP Office of Investigative Standards and Practices
PCMLTFA	<i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i>
PPSC	Public Prosecution Service Canada
POJ	Police of Jurisdiction
PRIME	Police Records Information Management Environment
PSB	Policing and Security Branch
PSSG	Ministry of Public Safety and Solicitor General
PTEP	Provincial Tactical Enforcement Priority
RCC or RTCC	Report to Crown Counsel

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<sup>1</sup> In most documents examined in this Review, “Gaming” is used, but in the secondment MOU between RCMP and GPEB, “Gambling” is used.



RCMP	Royal Canadian Mounted Police
ROI/SROI	Return on Investment / Social Return on Investment
SPC	Special Provincial Constable
STR	Suspicious Transaction Report
TC	Team Commander (for Major Case Management)
TDR	Transmission Data Recorder
ToR	Terms of Reference
UCR	Uniform Crime Report
UFT	Unusual Financial Transaction
VPD	Vancouver Police Department

## EXECUTIVE SUMMARY

### **MANDATE, INDEPENDENCE, SCOPE, AND METHODOLOGY**

The mandate for this work was set out in a Terms of Reference (ToR) document developed by the Policing and Security Branch (PSB) of the Ministry of Solicitor General and Public Safety (PSSG), finalized March 2, 2020. The purpose of the Review was to determine if JIGIT would continue to receive funding and remain operational beyond its five-year mandate, and to inform program improvements. The Review was commissioned by PSB, included two consultants, and proceeded independently. The study period was 2016 – 2019, inclusive, and measured JIGIT's performance against its stated strategic objectives of prevention and disruption of money laundering in casinos and operation of illegal gaming operations; providing expertise and operational support; intelligence gathering; and collaboration and system improvement. The methodology was designed to assess both outputs and outcomes and included both qualitative and quantitative analyses. Over 40 interviews were conducted with key personnel and stakeholders were a key source of information, along with various data sets and documents. In addition, a comprehensive questionnaire was distributed to JIGIT members and several others and subjected to a detailed thematic analysis.

### **BACKGROUND**

Legal gaming was allowed in BC in 1985 following *Criminal Code* amendments, beginning with lotteries, followed by slot machines in 1997. The first destination casino opened in 1999 and more followed. With the introduction of casinos, criminals had a new opportunity to launder money, i.e., to disguise the origins of funds obtained through crimes such as drug trafficking so as to make them appear legitimate. Money laundering has increasingly been linked to an array of social and economic harms affecting public safety and the economic integrity of BC.

The criminal legislation to address money laundering has evolved since the first iteration in 2000 and various amendments that followed. The current legislation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), criminalizes money laundering and gives law enforcement agencies the authority to search, seize, and restrain property believed to be the proceeds of crime; however, police in BC and across Canada have not been particularly successful in money laundering investigations, with relatively few convictions.

In 2001, BC created the Integrated Illegal Gaming Enforcement Team (IIGET) to investigate illegal gaming, but in 2009, IIGET was disbanded. In 2011, the Provincial government embarked on a multi-faceted anti-money laundering strategy. Subsequently, the Gaming Policy and Enforcement Branch (GPEB) identified an increase in illegal gambling activities and indicated that organized crime groups may be laundering money in both provincial gaming facilities and through illegal gambling operations. As a result, in 2015, the BC government advised the RCMP of its interest in establishing a coordinated enforcement approach related to illegal gaming. The result was a proposal to create the Joint Illegal Gaming Investigation Team (JIGIT), a collaboration between the Combined Forces Special Enforcement Unit-BC (CFSEU-BC), whose mandate is combatting organized crime, and GPEB, implemented in 2016.

JIGIT is currently comprised of 26 police officers, GPEB investigators, and civilian staff. It is one of many specialized units under the umbrella of CFSEU-BC. Other stakeholders include the BC Lottery Corporation (BCLC) and PSB. JIGIT functions in a complex environment as money laundering is an issue that crosses provincial, national, and international boundaries. Estimates of the volume of money laundering across all sectors in BC range in the billions of dollars. While JIGIT is focused only on the legal and illegal gaming sector of the broader money laundering industry, it is a complicated issue that is subject to both criminal and regulatory legislation.

Over the past few years, public concern about money laundering has continued to grow in the wake of extensive media coverage and three reports commissioned by the BC government. We note here the many positive steps the BC government has taken to improve its anti-money laundering (AML) approach by implementing numerous recommendations from reports it commissioned, including *Dirty Money* and *Dirty Money – Part 2*. These bode well for the future, as it is only through using law enforcement in combination with a strong regulatory response across affected sectors that progress can be made. In 2019, the BC government announced a Public Inquiry into money laundering in BC, known as the “Cullen Commission,” which is anticipated to recommend large scale, systemic changes in the AML areas of both law enforcement and government.

## **THE REVIEW**

The Review is organized consistent with the ToR. Findings and future recommendations (where applicable) have been provided for each subject area.

### **The JIGIT Mandate**

JIGIT’s mandate is to target and disrupt organized crime and gang involvement in illegal gaming, conduct criminal investigations of illegal gaming activities, and prevent criminal attempts to legalize the proceeds of crime through gaming facilities. It also has a series of more focused strategic objectives. JIGIT has delivered on key portions of its mandate, but with less of an impact on illegal gaming houses linked to organized crime.

We found some concern that JIGIT’s mandate has become less focused, and that there is a debate within JIGIT as to the value of investigating illegal gaming operations based on the resources required and the court outcomes. We found, however, that there was too much focus on court outcomes and not enough on the considerable public safety benefits to Police of Jurisdiction (POJs) and communities that result from these investigations. We note the high level of support from POJs for this element of JIGIT’s mandate, given the resources and expertise required. JIGIT has also advocated for amendments to the *Gaming Control Act* (GCA) that have the potential to streamline such investigations.

All JIGIT members and all stakeholders interviewed but two see the value of JIGIT investigating money laundering in legal gaming operations. In fact, some stakeholders believe JIGIT’s mandate should be expanded to address money laundering in other sectors, given the propensity of criminals to adapt and evolve their operations.



We have made several recommendations regarding JIGIT's mandate, relative to illegal gaming houses associated to organized crime, expanding its mandate once the recommendations of the Cullen Commission are known, and integrating JIGIT into a broader law enforcement approach.

## **Resources**

JIGIT was designed as a two-team model with 22 law enforcement personnel supplemented by four GPEB investigators. The intention was for there to be one team for long-term investigations and one for shorter "quick hit" investigations. JIGIT has struggled at times with attrition and unfilled positions, exacerbating a belief that staffing should be increased. Promptly filling vacancies would reduce the perception of inadequate resources. While the original proposal called for the integration of Organized Crime Agency of BC (OCABC) investigators to provide operational continuity, this did not occur in a meaningful way. (OCABC is a designated policing unit within CFSEU-BC with permanent rather than seconded employees.) However, situating JIGIT in CFSEU-BC, rather than as a standalone unit, has had positive benefits, including access to specialized resources. JIGIT members were appreciative of the strong leadership and support in CFSEU-BC; however, we found JIGIT's surveillance needs exceeded CFSEU-BC's capacity, leading to JIGIT investigators conducting surveillance, reducing their investigative capacity. This has contributed to unmet investigative needs. As a result, we have recommended consideration be given to creating an additional CFSEU-BC surveillance team prioritized to JIGIT.

At the end of the study period, JIGIT restructured from two investigative teams into one Investigative Operations team and one Intelligence Operations team. It is too early to know the impact on resources, especially as it pertains to long term and "quick hit" investigations, now that the investigative team size has decreased. For this reason, we recommend that the adequacy of resources be examined in early 2021. We have also recommended that the current JIGIT structure be revisited with respect to the original vision of incorporating OCABC investigators.

## **Structure**

As described above, in year four JIGIT was restructured. As Special Provincial Constables (SPCs), the limited authorities of the GPEB investigators created challenges when integrated in the original investigative teams. In the new structure, the GPEB investigators were instead assigned to the Intelligence Operations team (often referred to as the Gaming Intelligence Unit [GIU]), where it was believed their expertise could be better utilized. The new model is strongly supported by JIGIT members; however, one external police stakeholder was concerned that the single investigative team could become consumed with a long-term investigation and not have the capacity to assist POJs with lower-priority illegal gaming houses. We found that integrating non-law enforcement experts into the JIGIT structure would be of benefit, particularly to provide legal advice, which JIGIT investigators believe is crucial to their future success. We have provided analysis of several options for consideration that would address this need. There is also concern regarding the ability of the diminished investigative resources to action the intelligence being produced by the GIU.

We have also recommended implementation of a mechanism to track resourcing demands, enhancement of GPEB SPCs' legal authorities, and a cost/benefit analysis of several proposed models to incorporate legal expertise into JIGIT.

## **Governance, Performance Reporting, and Funding Mechanism**

The governance framework for JIGIT is set out in Letters of Understanding, funding directives and agreements between the CFSEU-BC, PSSG, GPEB and BCLC. Only a few of those currently involved in JIGIT governance are aware of the provisions contained in the Letters of Understanding.

The CFSEU-BC Board of Governance has overall responsibility for providing operational and strategic governance for JIGIT but receives limited information regarding JIGIT's overall success in meeting its objectives. To date, the CFSEU-BC Board of Governance has provided little strategic direction to JIGIT. Oversight and direction for JIGIT are provided by the CFSEU-BC management team.

To ensure appropriate stewardship of its investment in JIGIT, PSB has various oversight mechanisms in place for JIGIT and other CFSEU-BC teams. GPEB does not participate in formal governance structures but does receive updates and provides input through other structured processes and informal communication. This is acceptable to GPEB because it has good relationships with PSB and JIGIT's Staff Sergeant.

Many of those interviewed are satisfied with the governance and oversight arrangements for JIGIT; however, some feel that there needs to be clearer direction regarding JIGIT's mandate and position within the wider anti-money laundering strategy for the Province.

The JIGIT business case and the Letters of Understanding also set out expectations for JIGIT performance reporting. As well, PSB provides direction to CFSEU-BC regarding JIGIT's performance metrics and reporting through its annual delegation letters.

Initial work to develop performance metrics was undertaken collaboratively with input from CFSEU-BC, PSB and GPEB. Early performance reports included originally agreed-upon metrics but were often unclear and inconsistent and therefore unreliable. Current performance reports, prepared for bi-annual PSSG Performance Metrics Reports with data provided by CFSEU-BC, are much better, and include Return on Investment estimates. However, it is still difficult to discern how the data presented relate to each of JIGIT's strategic objectives. The reports are well received and PSB continues to work with CFSEU-BC to address gaps and improve data reliability. There is some concern that data collection and reporting could be more efficient and streamlined.

JIGIT performance and financial reports are shared with CFSEU-BC management, and just recently with the CFSEU-BC Board of Governance, but not routinely with GPEB and BCLC. While GPEB and BCLC are not dissatisfied with this, it does mean that different partners in JIGIT have different information about the Team. The CFSEU-BC Board of Governance and PSB receive financial reports for JIGIT, but GPEB and BCLC do not. Similarly, GPEB's cost for JIGIT is not shared with its partners. As a result, there is no shared understanding of the total cost of JIGIT and of partners' relative contributions.

JIGIT's CFSEU-BC cost is funded by a 30% federal contribution and a 70% provincial contribution in accordance with the Provincial Police Service Agreement (PPSA) between the Province and the RCMP. GPEB funds 100% of the cost of its staff. Since inception, JIGIT expenditures have totalled \$17.9M. Expenditures were overbudget in one year, but this was managed internally within CFSEU-BC.

The 70% provincial contribution to JIGIT paid by PSSG is funded indirectly by a contribution from BCLC. A few of those interviewed expressed concern that this arrangement could put JIGIT in a conflict



situation should JIGIT ever need to investigate BCLC; however, there was no suggestion that an actual conflict of interest has ever arisen. The approach to flowing gaming revenues to support JIGIT changed in 2019/20, which reduced the potential for a perceived conflict of interest.

We have made a number of recommendations to clarify governance and management responsibilities regarding JIGIT, improve provision of information regarding JIGIT's performance and achievement of strategic objectives, improve flows of performance and financial information between partner agencies, and enhance the overall governance and funding mechanism for JIGIT.

### Experience and Training

To be successful, JIGIT required a diverse skill set, including skills in Major Case Management, investigative techniques, and language skills. Recruiting for these skills posed challenges; nevertheless, JIGIT has been able to recruit highly motivated members with complementary skill sets. JIGIT members had mixed views on whether the training they received while in JIGIT – although relatively extensive – was optimal, considering their specialized needs. We have made two recommendations regarding enhanced recruiting and training strategies.

### Performance: Investigations, Prevention, and Disruption

Through analysis of investigative data sets provided by CFSEU-BC, JIGIT has demonstrated high investigational outputs but moderate investigational outcomes. JIGIT conducted 27 investigations; made 34 arrests; made 23 cash seizures totalling over \$1M, as well as casino chips valued at \$319K; seized 10 vehicles; and has successfully referred well over \$600K to the Civil Forfeiture Office (CFO). In the course of its investigations, JIGIT also seized 121 electronic devices, obtained and/or executed 160 search warrants, conducted 575 surveillance shifts, and engaged in 47 undercover scenarios.

public interest immunity investigation is JIGIT's most significant investigation and sets a benchmark for money laundering investigations, involving a multi-million-dollar casino-related money laundering operation public interest immunity The scope of the investigation was extraordinary, and its complexity extremely high. Although arrests were made in 2017, this investigation is still at the charge assessment stage with Crown counsel.

JIGIT also conducted at least 26 shorter investigations, some leading to criminal charges and convictions, while others were focused on disruption and deterrence by shutting down illegal gaming operations and seizing property and cash resulting in referrals to the CFO. All files requiring significant investigative actions (e.g., search warrant executions) involved gaming houses connected to organized crime. A majority of JIGIT members surveyed – 78 percent – believe JIGIT has been successful in targeting and disrupting organized crime and gang involvement in illegal gaming.

In terms of outcomes, it was assessed that public interest immunity public interest immunity public interest immunity Further, in addition to the arrests, cash and property seizures, and referrals to the CFO described above, JIGIT's actions have resulted in the closure of four illegal gaming operations and three criminal convictions.

public interest immunity public interest immunity We found JIGIT has used civil forfeiture as an effective disruption tool, but it may be able to increase its referrals to the CFO.



With respect to the quality of JIGIT's investigations, although based on a small number of files, one Crown counsel assessed that JIGIT investigations are of the highest quality.

JIGIT's work has also generated positive non-operational impacts on issues pertaining to money laundering, illegal gaming and the legal gaming industry. These impacts include influencing government policy (e.g., regarding suspicious transactions and source of funds reporting); advocating for changes to legislation; engaging in innovative investigative strategies; developing new police training; creating highly productive partnerships outside of policing; using technology in developing intelligence and sharing subject matter expertise widely.

It is challenging to quantify the degree to which JIGIT's work has impacted on money laundering activity in casinos. While JIGIT has only one money laundering investigation in progress and one at the charge approval stage, no case has been concluded through the courts, making assessment of their impact difficult. It is clear, however, that JIGIT has had a positive impact in many operational and non-operational areas.

Debriefing cases to inform future investigations is a best practice. While some debriefing has occurred in JIGIT, it would benefit from a more systematic approach that ensured that lessons learned were carefully documented to institutionalize knowledge and inform changes to, for example, investigative "business rules" and training. Monitoring and implementing best practices from other jurisdictions both in Canada and internationally is also a strategy to maintain excellence and the subject of discussion in the Review.

To increase performance, we have made recommendations regarding a systematic debriefing process, continuing to advocate for improvements to the GCA, **public interest immunity** and continued monitoring of best practices. Further, we have recommended that creation of a dedicated "Civil Forfeiture and Proceeds of Crime Advisor" position be considered, and that CFSEU-BC examine the practicability of a mechanism to track JIGIT's systemic, non-operational impact.

### **Expertise and Operational Support**

JIGIT is consistently building its expertise and outreach, ensuring that POJs (and their communities) are supported and provided the necessary expertise to conduct investigations into money laundering and illegal gaming. Strategies have included delivering training to frontline police officers to build their knowledge and assisting and assuming investigations from POJs when requested. These efforts have been highly regarded by POJs and have also generated valuable information from front-line police officers. We have recommended JIGIT track tips from POJs and the outcomes of resulting investigations to provide evidence of outcomes from JIGIT's efforts to be a "force multiplier."

### **Intelligence Gathering**

JIGIT utilizes various analytical tools and data sources proactively and reactively to gather intelligence and prioritize investigations. Data sources include the Police Records Information Management Environment (PRIME-BC), BCLC Unusual Financial Transactions (UFTs) and Suspicious Transaction Reports (STRs), the Financial Transaction and Reports Analysis Centre of Canada (FinTRAC), GPEB files, and information from municipal police agencies and RCMP detachments. JIGIT also contributes intelligence to national RCMP Headquarters. New processes to analyze information begun in early 2020

(e.g., the GIU) – after the study period – are considerably more sophisticated and systematic to better position JIGIT to prioritize its resources and disrupt organized crime in BC casinos.

### **Collaboration and System Improvement**

JIGIT is a truly integrated team combining RCMP and GPEB resources, and a majority of JIGIT members rated communication (87%), synergy and cooperation (87%), and alignment of strategies between the agencies (69%) as very good or excellent. Communication with the Federal Serious and Organized Crime (FSOC) Financial Investigation Unit (FIU), though, was considered by only 60% of JIGIT members to be acceptable or very good with 40% considering it poor.

JIGIT has been very proactive in attempting to achieve its strategic goal of collaborating with police and other strategic partners and has been successful, using disparate strategies. JIGIT has also been successful in promoting information sharing between public and private entities with AML responsibilities through an innovative public-private partnership model dubbed Project ATHENA involving CFSEU-BC, BCLC, GPEB, FinTRAC, Canada Revenue Agency (CRA), and several major banks. This partnership has been effective in exposing criminal activity, identifying new trends and activities, and contributing to informed decision making so as to deter money laundering activity at BC casinos. This initiative is being evolved to include multiple additional stakeholders in the group known as Counter Illicit Finance Alliance of British Columbia (CIFA-BC).

### **Level of Support from Stakeholders**

The continued operation of JIGIT is strongly supported by all stakeholders interviewed but two.<sup>2</sup> It is strongly supported by the police agencies – municipal and RCMP – in municipalities most affected by money laundering through legal and illegal gaming. These agencies do not have the capacity or expertise to deal with such investigations and noted that JIGIT has been important in addressing community safety issues in their communities related to money laundering and illegal gaming. Further, GPEB members at the operational and management level believe JIGIT is an important and effective partnership. BCLC did not express strong support for JIGIT based on a perceived lack of performance – it described JIGIT as “helpful” but was not convinced it was the most effective model, suggesting a multi-sector approach would be better, citing international examples. The largest gaming service provider in BC, GCGC, however, expressed strong support for JIGIT and its continued operation, noting JIGIT was important in safeguarding the integrity of the gaming industry. It expressed a desire for a closer working relationship with JIGIT.

### **Education and Media Efforts**

JIGIT has made extensive efforts to provide education to police and stakeholders, providing at least 80 presentations during the study period to police, government, and industry stakeholders. POJs were positive about JIGIT’s educational outreach, and JIGIT notes it has been directly responsible for frontline police officers providing important information to JIGIT. We commend JIGIT for its work in this regard. We recommend a more systematic approach to its extensive educational efforts, and including effectively using technology, which could assist them to disseminate educational materials more efficiently. With respect to public education, JIGIT has not achieved the objectives set out in its mandate but has recognized this and is planning a public education initiative in the future. Another goal

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<sup>2</sup> Please note that PSB could not provide a formal position considering its role in the Review.



for JIGIT was to ensure positive public perception and media coverage of the unit. JIGIT has delivered on this portion of its mandate through multiple examples of positive earned media coverage, although the impact is unknown and difficult to measure.

### **The Social Return on Investment (SROI) for JIGIT**

The Review undertakes an analytical approach that encompasses the examination of both outputs and outcomes generated by JIGIT. This is accomplished by outlining existing approaches and necessary data sources to comprehensively evaluate the SROI of anti-money laundering initiatives and illegal gaming investigations; providing an assessment of JIGIT's SROI based on the best available data sources; and discussing additional, unquantified social benefits resulting from JIGIT's work.

In BC, there is ample research demonstrating the extensiveness and pervasiveness of money laundering activity by organized crime groups and individuals through industries such as casinos, luxury vehicles, and real estate. Additionally, money laundering often contributes to some of the most serious and violent criminal activities, including drug trafficking and gang-related violent crime. For these reasons, it is critical that the impacts of JIGIT's work be considered not only within the scope of money laundering activity, but also the multitude of criminal activities that money laundering attracts.

A best measure of success of any anti-money laundering initiative is a substantial and sustainable reduction in the harms from financial crime. One of the key variables at the enforcement level that is often used as a proxy indicator for harm reduction is "criminal asset forfeiture rate," which measures the proportion of criminal funds intercepted compared to all criminal funds available. Another measure is the Proceeds of Crime Disruption Index (POCDI), which is used to estimate the total impact of proceeds of crime action on criminal activity, including monetary costs saved to society.

Using the amount of cash seized by JIGIT, we estimated that the seizures resulted in a total of \$4,271,549 future criminal activity disrupted. Based on the almost \$18M invested in JIGIT in the study period, it cost \$4.19 for every dollar of potential criminal activity disrupted. Although a negative return on investment, these findings are consistent with the literature that has generally shown an average negative return on investment for most anti-money laundering initiatives internationally. It is also critical to note the potential cost savings and benefits not captured in the analysis above. Examples include increased capacity and support for POJs; increased response to public concerns regarding criminal activity in communities; better engagement and collaboration among stakeholders; better intelligence on illegal gaming; the deterrent impact; fewer issues related to money laundering in casinos; and increased disruption of other money laundering activity through systems such as ATMs and the banking industry.

Further, many of the potential benefits of JIGIT's work related to illegal gaming houses and money laundering in casinos are not captured in the above estimate. For example, we calculated that a single low-level illegal gaming house could generate \$140K per year and, using the POCDI, this represents a yearly potential of \$546,000 in future downstream criminal activities. (Moreover, as part of the FSOC public interest immunity investigation, evidence from an illegal gaming house demonstrated that a large-scale operation can generate much greater revenue than indicated in JIGIT investigations to-date; in the FSOC investigation, the net profit in four months was over \$32M.) Most important, perhaps, is the deterrent impact of JIGIT through its sheer existence.

We concluded that JIGIT yielded a negative quantifiable cost-benefit ratio but yielded various positive but unquantifiable impacts on the police, stakeholders, the public, and the gaming environment. We have made several recommendations to assist JIGIT in better tracking its impact and in prioritizing its investigations.

### Continuing Systemic Challenges to JIGIT's Success

JIGIT's performance and impacts are largely influenced by systemic challenges beyond its control which pose barriers to success. For example, with respect to money laundering, the legal environment is complex, creating obstacles to successful money laundering investigations and prosecutions. Further, some industry stakeholders have both revenue generation and AML responsibilities, creating an inherent conflict that some JIGIT members believe has negatively impacted on reporting of suspicious activity. In addition, because of the international scope of money laundering, **public interest immunity** **public interest immunity** With respect to illegal gaming operations, some JIGIT members **public interest immunity** **public interest immunity** as impediments to their effectiveness.

### Conclusion

JIGIT is now in its fifth year of operation and has delivered on key portions of its mandate and strategic objectives while also developing considerable and valuable subject matter expertise.

JIGIT's most significant case – **public interest immunity** was groundbreaking and extraordinary. JIGIT has provided key support to local police agencies, has used civil forfeiture successfully as a disruption tool, and has been successful in improving information exchange between industry stakeholders to build AML capacity, and in providing education to stakeholders, including police. The original purposes for which JIGIT was created remain relevant, valid, and aligned with Provincial government priorities.

Therefore, based on the substantial achievement of its key objectives, the Review Team recommends that JIGIT be funded for another five-year term, at which point it should be re-evaluated against the recommended improvements recommended in this Review. JIGIT provides a valuable tool for prevention, disruption, and enforcement against money laundering in casinos and the operation of illegal gaming houses. Further, it acts as a force multiplier in increasing the knowledge and ability of POJs to take enforcement action. It is the only police AML unit in BC focused on provincial priorities (given the FSOC FIU is focused on federal priorities).

The Review Team is confident that appropriate consideration of its numerous findings and 44 recommendations will assist JIGIT in continuing to advance its expertise, effectiveness, and efficiency in delivering on its important mandate in the future.

The following table summarizes JIGIT's outcomes and achievements relative to objectives.



**Summary Table of JIGIT Outcomes and Achievements Relative to Objectives**

Objective	Outcome	Achievement
<p>Target and disrupt top-tier organized crime and gang involvement in illegal gambling in British Columbia</p> <p>Prevent criminal attempts to legalize the proceeds of crime through gambling activity in the Province</p>	Partially Achieved	<ul style="list-style-type: none"> <li>• <b>public interest immunity</b> was a successful investigation; <b>public interest immunity</b> and sets a benchmark for money laundering investigations;</li> <li>• JIGIT has had positive non-operational impacts on issues pertaining to money laundering, illegal gaming and the integrity of the gaming industry;</li> <li>• While JIGIT has delivered on key portions of its mandate, there has been less of an impact on illegal gaming houses linked to organized crime;</li> <li>• JIGIT has demonstrated high investigational outputs but moderate investigational outcomes.</li> </ul>
<p>Deliver a multi-jurisdictional investigative and enforcement response to illegal gambling</p> <p>Collaborate with police officers and other strategic partners across Canada to ensure a common investigative standard as well as leverage best practices</p> <p>Provide a specialized capability which includes the provision of expert advice, operational assistance, major case management and gambling education to police services across BC</p> <p>Provide investigative leadership with respect to the detection, investigation, and prevention of illegal gambling across the Province</p>	Achieved	<ul style="list-style-type: none"> <li>• Good collaboration with Police of Jurisdiction, providing support, expertise and guidance;</li> <li>• JIGIT is consistently building its expertise and outreach, ensuring that POJ's (and their communities) are supported and provided the necessary expertise to conduct investigations into money laundering and illegal gaming</li> <li>• Successful collaboration with regulators and service providers to increase successful investigations and to implement deterrence strategies;</li> <li>• Favourable support from POJ's and stakeholders;</li> <li>• CFSEU-BC's strategic location, expertise and mechanisms are an ideal environment for development of investigative leadership and specialized capability;</li> <li>• JIGIT members have a diverse skillset.</li> </ul>
Gather intelligence concerning the gambling industry and manage this information effectively to ensure that all facets of the gambling industry operate with honesty and integrity	Partially Achieved	<ul style="list-style-type: none"> <li>• JIGIT has had a strong impact with respect to promoting information sharing between public and private entities with AML responsibilities;</li> <li>• Intelligence gathering somewhat decentralized;</li> <li>• Lack of systematic information gathering; dissemination and management;</li> <li>• It is expected with the creation of the GIU that this objective will be achieved moving forward.</li> </ul>
Ensure both positive public perception and media coverage of unit and investigations to maintain trust and confidence as well as raise awareness of the provincial mandate to ensure the integrity of gambling	Partially Achieved	<ul style="list-style-type: none"> <li>• JIGIT has been positively featured in the media; however, the impact of media coverage is unknown and difficult to measure;</li> <li>• JIGIT has not achieved the objectives set out in its Mandate with respect to public education.</li> </ul>

## SUMMARY OF FINDINGS

### THE JIGIT MANDATE

- In the years since inception, JIGIT has delivered on key portions of its mandate as outlined in the Business Case submitted, with less of an impact on illegal gaming houses linked to organized crime.
- There is debate within JIGIT as to the value of pursuing illegal gaming houses.
- Some JIGIT members believe pursuing gaming houses is important because it demonstrates responsiveness to the needs of communities and POJs in terms of providing expertise and investigative support.
- With respect to money laundering investigations, there is no debate among JIGIT members about the value of pursuing money launderers associated to casino gaming. One stakeholder, BCLC, questions JIGIT's role in addressing money laundering in casinos.
- Stakeholders expressed the need to consider expanding JIGIT's mandate so that it is not limited to money laundering cases related to casinos, because criminals will simply move to other sectors.

### RESOURCES

- The team was set up in the appropriate time frame, however, often with large vacancy rates and senior positions unfilled.
- JIGIT set up two teams as envisioned aligned with the proposed structure in the business case. However, the established positions focused heavily on RCMP/CFSEU-BC members, failing to incorporate OCABC members as part of the structure in a meaningful way.
- CFSEU-BC's strategic location, expertise and support mechanisms were an ideal environment to set JIGIT up for success.
- It is unclear whether the Team was able to follow Major Case Management investigative principles throughout its tenure.
- Some stakeholders expressed the need for more resources within JIGIT to more effectively deliver on its mandate.
- JIGIT suffers from a high turnover rate.
- JIGIT's surveillance needs exceed the available CFSEU-BC surveillance capacity.



## STRUCTURE

- JIGIT consisted of two investigative teams for most of its existence, with a re-structuring occurring in year four, when the unit was re-structured into one investigative team and one intelligence team.
- While there is support for the new structure, one POJ was concerned about JIGIT's ability to deliver on all parts of their mandate with only one investigative team.
- A dedicated Crown Counsel (or group of Crown Counsel) or embedded prosecutor would be a significant benefit to JIGIT's success and ability to deliver more effectively on their mandate.
- Several stakeholders support an expansion of GPEB investigators' authorities pursuant to their appointments under the *Police Act* as Special Provincial Constables. This would allow more versatility in their utilization.

## GOVERNANCE

- Few of those currently involved in JIGIT governance are aware of the provisions contained within the Letters of Understanding between the RCMP, PSSG, GPEB and BCLC that outline the governance responsibilities for JIGIT. These Letters of Understanding expire in March 2021.
- Reports to the Board, contained in Board briefing packages, are developed through an internal flow of information and metrics within CFSEU-BC chain of command.
- The CFSEU-BC Board of Governance receives limited information regarding JIGIT's overall success in meeting its objectives. Board briefing packages are lengthy, detailed, and do not provide summary information regarding activities and outcomes by objective.
- To date, the CFSEU-BC Board of Governance has provided little strategic direction to JIGIT, focusing primarily on the strategic, financial and HR considerations of CFSEU-BC/OCABC as an entity.
- The Letters of Understanding assign the approval of operational plans to the Board of Governance rather than to the CFSEU-BC management team. This is not in keeping with the strategic level decision-making that the Board is charged with in practice.
- The governance structure for CFSEU-BC is being reviewed. This will impact the governance structure for JIGIT.

- There is a defined and robust management process in place for JIGIT, reporting directly to the OIC of CFSEU-BC/OCABC. This process ensures appropriate oversight of the team, its operations, human resources and finances.
- To ensure appropriate stewardship of its investment in JIGIT, PSB has various oversight mechanisms.
- GPEB does not participate in formal governance structures; it receives updates and provides input through other structured processes and informal communication. GPEB and JIGIT are satisfied with the collaboration and communication between the two agencies.
- Despite a lack of strategic direction provided by the Board of Governance, many of those interviewed are satisfied with the governance and oversight arrangements for JIGIT; however, some are not satisfied. Some feel that there needs to be clearer direction regarding JIGIT's mandate and position within the wider anti-money laundering strategy for the province.

## PERFORMANCE REPORTING

- Early development of performance metrics for JIGIT occurred collaboratively at staff level.
- Early performance reports included originally agreed-to metrics, but they were often unclear and inconsistent and therefore unreliable.
- Current performance reports prepared for the Province with data provided by CFSEU-BC are much better and include Return on Investment estimates. However, it is still difficult to discern how the data presented relate to each of JIGIT's strategic objectives. PSB continues to work with CFSEU-BC to address data gaps and improve the reliability of data received.
- The reports are well received, particularly the inclusion of Return on Investment results.
- There is some concern that data collection and reporting could be made more efficient and streamlined.
- PSSG prepared performance reports are shared with CFSEU-BC management, and just recently with the Board of Governance, but not routinely with GPEB and BCLC despite the terms of the Letters of Agreement. While GPEB and BCLC do not express dissatisfaction with this, it does mean that different partners in JIGIT have different information about the Team.

## FUNDING MECHANISM & FINANCIAL MANAGEMENT

- JIGIT's estimated total cost from inception to March 31, 2020 is estimated to be \$17.9M, shared between the federal government, PSSG and GPEB.
- JIGIT expenditures in 2017/18 were \$1.2M overbudget but the over-expenditure was managed internally within CFSEU-BC.
- The Province's use of fenced funds for JIGIT gives it greater control and certainty regarding how these funds are spent, and PSB works with CFSEU-BC to approve changes to how fenced funds are applied in the interests of effective financial management.
- The CFSEU-BC Board of Governance and PSB receive financial reports for JIGIT, but GPEB and BCLC do not. Information regarding GPEB costs for JIGIT is not shared with JIGIT partners outside the Ministry of Attorney General. As a result, there is no shared understanding of the total cost of JIGIT and of partners' relative contributions.
- The approach to flowing gaming revenue funds to support JIGIT taken in 2019/20 reduced the potential for a perceived conflict of interest. However, some potential for a perceived conflict remains.

## EXPERIENCE & TRAINING

- As the province's money laundering team, JIGIT fills a much-needed gap in money laundering expertise. To ensure JIGIT was successful, it required a diverse skillset. This presented some challenges.
- There exists a lack of consensus regarding the adequacy of training amongst stakeholders.

## PERFORMANCE

- JIGIT has demonstrated high investigational outputs but moderate investigational outcomes over the course of its operations.
- **public interest immunity** is JIGIT's largest and most significant investigation. It sets a benchmark for money laundering investigations.
- **public interest immunity** **public interest immunity**
- The majority (21) of the 30 illegal gaming house files opened by JIGIT did not involve organized crime; however, 11 files involving significant investigative actions (e.g., search warrant executions) did involve gaming houses connected to organized crime.



- JIGIT's participation in the PTEP process is not significant. Despite this, all successful enforcement actions by JIGIT have been against public interest immunity.
- JIGIT does utilize the CFO as a disruption tool but may be able to increase its referrals.
- There is an internal perception that JIGIT has been successful in targeting and disrupting organized crime and gang involvement in illegal gaming.
- One Crown Counsel assessed that JIGIT investigations are of the highest quality based on review of three investigations.
- JIGIT has had positive non-operational impacts on issues pertaining to money laundering, illegal gaming and the gaming industry.

#### EXPERTISE & OPERATIONAL SUPPORT

- JIGIT is consistently building its expertise and outreach, ensuring that POJ's (and their communities) are supported and provided the necessary expertise to conduct investigations into money laundering and illegal gaming.

#### INTELLIGENCE GATHERING

- JIGIT utilizes various tools and data sources to gather intelligence and prioritize targets and investigations; this work is both proactive and reactive.

#### COLLABORATION & SYSTEM IMPROVEMENT

- With respect to Effective Communication, 88% of JIGIT members rated communication between the RCMP and GPEB as Very Good or Excellent.
- With respect to Synergy and Cooperation between RCMP and GPEB, 88% assessed these attributes as Very Good or Excellent.
- Regarding Alignment of Strategies, while the assessment wasn't as strongly positive as compared to the previous two categories, there was still a majority, 69%, who described these attributes as Very Good or Excellent.
- With respect to Communication and collaboration with the FSOC Financial Investigation Unit, only 20% of JIGIT members rated it as very good although 40% rated communication as acceptable. With respect to cooperation, 53% rated it as poor or very poor and only 47% rated it as acceptable or very good.
- JIGIT has achieved its objective of collaborating with police and other strategic partners.

- JIGIT has had a strong impact with respect to promoting information sharing between public and private entities with an AML responsibility.
- JIGIT is strongly supported by the police agencies in municipalities most affected by money laundering through legal and illegal gaming, with Vancouver and Richmond being the most significant.
- The GPEB members assigned to JIGIT we interviewed were highly supportive of the JIGIT model and committed to its work.
- BCLC reps interviewed did not express strong support for JIGIT and its continuation based on both a perceived lack of performance and clarity of role.
- Gaming Service Providers are very supportive of JIGIT and its continued operations.
- It was the view of the service providers that JIGIT could enhance its operations by forging closer relationships with service providers; specifically, direct interaction and communication.

#### EDUCATION & MEDIA EFFORTS

- JIGIT has delivered on its mandate with respect to providing education to police and industry stakeholders but may benefit from a more systematic approach.
- JIGIT has not achieved the objectives set out in its mandate with respect to public education.
- JIGIT has delivered on its mandate with respect to raising public awareness and ensuring the integrity of gaming through earned media coverage.
- While JIGIT has been positively featured in the media, the impact of media coverage is unknown and difficult to measure.

## THE SOCIAL RETURN ON INVESTMENT FOR JIGIT

- JIGIT yielded a negative quantifiable cost-benefit ratio, but various positive but unquantifiable impacts on the police, stakeholders, the public, and the gaming environment.

Variable	Results
Total investment into JIGIT since 2016 (at 100%)	\$17,894,190
Total value of cash seizures conducted by JIGIT	\$1,095,269.10
Total value of successful forfeitures through CFO	\$578,084.70
Total disruptive impact of proceeds of crime seizures (estimate)	\$4,271,549.49
Variable	Results
Cost–Benefit Analysis based on disruptive impact of cash seizures*	\$4.19 (cost) : \$1 (benefit)
Estimated costs of low-level gaming house:	
Estimated yearly revenue	\$40,000
Estimated yearly downstream impact*	\$156,000
Estimated costs of medium-level gaming house:	
Estimated yearly revenue	\$140,000
Estimated yearly downstream impact*	\$546,000
Estimated yearly revenue of high-level gaming house (downstream impact not calculated):	\$65,000,000+
Other <i>potential</i> unquantified impacts on the police, stakeholders, and the public	<ul style="list-style-type: none"> <li>Increased capacity and support for POJs</li> <li>Increased response to public concerns regarding criminal activity in communities</li> <li>Better engagement and collaboration among stakeholders</li> <li>Better intelligence on illegal gaming</li> <li>Deterrent impact</li> <li>Fewer issues related to money laundering in casinos</li> </ul>



	<ul style="list-style-type: none"><li>• Increased disruption of other money laundering activity through systems such as ATMs and the private banks.</li></ul>
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#### SYSTEMIC CHALLENGES

- JIGIT's performance and impacts is largely impacted by systemic challenges beyond the control of the unit which pose barriers to success. So much of JIGIT's operations (and resulting success) hinge on the external environment in which it operates and on actors with sometimes diverging mandates and priorities.

## SUMMARY OF RECOMMENDATIONS

### THE JIGIT MANDATE

1. That illegal gaming houses with a nexus to organized crime remain a component of JIGIT's mandate;
2. That JIGIT ensures they are targeting illegal gaming houses with a nexus to organized crime and that the link is strongly established prior to launching an investigation;
3. That once the recommendations of the Cullen Commission are known, consideration be given to expanding JIGIT's mandate to other key sectors if deemed appropriate; and/or
4. That consideration be given to expanding provincial police resources to address money laundering outside of the casino sector as part of a broader multi-sector approach.

### RESOURCES

5. That an analysis be conducted within CFSEU-BC on the impact of creating GIU after it has been operational for one year;
6. That expanding JIGIT's resources to meet its current mandate await analysis of the impact of creating the GIU;
7. That JIGIT be supported and encouraged by CFSEU-BC senior management to continue to seek MCM Team Commander accreditation for supervisory staff, and appropriate MCM training (e.g., File Coordinator training) for investigators;
8. That a business case be developed to obtain additional funding for an additional surveillance team in CFSEU-BC that would prioritize JIGIT's investigations; and
9. That the current JIGIT structure be re-visited as per the original business case with respect to the creation of investigative OCABC positions within JIGIT to ensure continuity and knowledge transfer.
10. That CFSEU-BC consider creating a position for a dedicated "Civil Forfeiture and Proceeds of Crime Advisor" whose primary responsibility would be to manage CFO referrals for CFSEU-BC, and to action the offer from the CFO to fund this position; and

## STRUCTURE

11. That CFSEU-BC implement a mechanism for systematically tracking investigation resourcing demands, including potential resource gaps and anticipated impacts, (this mechanism may benefit other CFSEU-BC units as well) to support future funding requests;
12. That GPEB continue its efforts to have its Special Provincial Constable investigators' authorities enhanced to be in better alignment with their responsibilities; and
13. That CFSEU-BC conduct a review of the costs and benefits of contracting, seconding from the BCPS or PPSC, or having on retainer, an expert legal advisor for JIGIT and other CFSEU-BC units to support complex investigations; or
14. That CFSEU-BC consult with the Assistant Deputy Attorney General about the potential to create a "WorkSafeBC model" of a group of preassigned Crown prosecutors for access to expert legal advice.

## GOVERNANCE

15. That new Letters of Understanding for the continuance of JIGIT be prepared, and that the governance provisions in these letters differentiate the roles of the Board of Governance and the CFSEU-BC management team generally and in particular regarding provision of strategic direction, operational oversight and the approval of operational plans;
16. That once signed, the new Letters of Understanding be circulated to and reviewed by all members of the CFSEU-BC Board of Governance, members of the CFSEU-BC management team, the JIGIT Staff Sergeant, and managers at GPEB, PSB and BCLC that have involvement with JIGIT;
17. That the CFSEU-BC Board of Governance continue its efforts to improve its oversight of CFSEU-BC, particularly with respect to the provision of strategic direction to individual teams, including JIGIT;
18. That the CFSEU-BC Board of Governance requests high level briefing materials that present summary evidence regarding JIGIT's level of achievement for each of its strategic objectives; and
19. That an advisory committee for JIGIT be established that involves CFSEU-BC, GPEB, and PSB. This committee would advise on JIGIT's mandate, role and priorities for the Team itself and as it relates to the broader anti-money laundering strategy of the province. The committee would provide updates and recommendations for consideration by the CFSEU-BC Board of Governance. Provision for the advisory committee would be included in the renewed Letters of Understanding for JIGIT between the RCMP, PSB, and GPEB.

## PERFORMANCE REPORTING

20. That PSB continues to work with CFSEU-BC to improve JIGIT performance reports and continues efforts to develop ROI reporting for money laundering and illegal gaming investigations;
21. That key JIGIT performance metrics directly tied to the Team's strategic objectives be identified for routine reporting to the Board of Governance (also see recommendation 17), PSSG, GPEB and BCLC. The metrics should be developed by a working group with participants from each agency (this could be assigned to the Advisory Group recommended above). Not all metrics need to be shared with all groups but there should be a core set of metrics that is common to all versions of a performance report. JIGIT GIU data should be considered as a source for some performance metrics;
22. That the Working Group should also consider whether there are any feasible means to improve the efficiency of report production;
23. That clear timing for the delivery of performance reports and an agreed-to distribution to all participating agencies should be developed; and
24. That the agreed-to metrics, reporting schedules, and distribution be incorporated into renewed Letters of Understanding among JIGIT participants.

## FUNDING MECHANISM & FINANCIAL MANAGEMENT

25. That the provisions in the Letters of Understanding between GPEB, PSSG and BCLC regarding financial reporting be reviewed and updated when the letters are renewed. Consideration should be given to including GPEB expenditures for JIGIT in the financial information that is shared among partner agencies to provide a clear picture of total costs and contributions for JIGIT; and
26. That the options for funding the Province's share of JIGIT's CFSEU-BC costs be reviewed, considering implications regarding the potential for a perceived conflict of interest and the certainty of JIGIT funding.

## EXPERIENCE & TRAINING

27. That CFSEU-BC determine the expertise and skillset needs for the unit and build a recruitment strategy based on that need. This can be a fluid strategy as it would take into consideration current and emerging trends in the field of illegal gaming and money laundering investigations; and



28. That the RCMP and CFSEU-BC consider the information obtained in the course of this Review regarding JIGIT's specialized training needs when prioritizing access to relevant training, and to inform the potential for developing new training courses that meet JIGIT's needs.

## PERFORMANCE

29. That all significant JIGIT investigations be subject to a systematic debriefing process resulting in a concise report documenting the investigative challenges, steps taken to overcome them, lessons learned, and any relevant and practicable recommendations for the future (e.g., improvements to training, policy, and business rules). Recommendations should be tasked out and their progress tracked and reported on. An electronic repository of these reports should be available to all JIGIT members and reviewed as part of the process for onboarding new members;
30. That JIGIT continue to advocate for amendments to the *Gaming Control Act* that would allow for a more efficient alternative to pursuing onerous criminal investigations against illegal gaming houses (akin to the use of provincial Immediate Roadside Prohibitions rather than criminal impaired driving charges) in those cases that generate community problems for the POJ but do not involve organized crime;
31. That JIGIT work with the PTEP team at CFSEU-BC to better align money laundering indicators as part of PTEP and use PTEP intelligence to target organized crime linked to illegal gaming;
32. That JIGIT continue its ongoing liaison with police agencies nationally and internationally to benefit from learning about best practices that may have applicability in BC;
33. That CFSEU-BC consider creating a position for a dedicated "Civil Forfeiture and Proceeds of Crime Advisor" whose primary responsibility would be to manage CFO referrals for CFSEU-BC, and to action the offer from the CFO to fund this position; and
34. That CFSEU-BC, in consultation with the BC RCMP Hub, examine the practicability of developing and implementing an evaluation scheme to measure and track JIGIT's systemic impact, e.g., on the legislation, policies and regulations of government, BCLC, gaming service providers, and other stakeholders in BC's AML regime.

## EXPERTISE & OPERATIONAL SUPPORT

35. That JIGIT implement a process reflected in a business rule to ensure careful tracking of any tips and requests for assistance/information from POJs, as well as their outcomes, wherever practicable. Doing so would provide valuable data as to its success in meeting this element of its mandate, and also for tracking JIGIT's impact as a "force multiplier" with POJs.

## INTELLIGENCE GATHERING

36. That JIGIT consider the development of a regular bulletin on information of interest to POJs regarding illegal gaming and money laundering that could be distributed via RTIC. This would serve not only to provide valuable information to POJs but is also an opportunity to enhance awareness of JIGIT and how it can assist frontline officers, as well as to solicit valuable information.

## COLLABORATION & SYSTEM IMPROVEMENT

37. That JIGIT seek more opportunities for communication and collaboration with BCLC and gaming service providers, and that these relationships be formalized wherever possible with instruments such as letters of understanding, or in JIGIT's internal policies to ensure continuity of information.

## EDUCATION & MEDIA EFFORTS

38. That JIGIT implement a process reflected in a business rule to ensure careful tracking of all presentations;
39. That JIGIT develop updatable educational materials (e.g., handouts, training video, CPKN course) for electronic distribution to POJs and other audiences as appropriate;
40. That JIGIT develop a long-term and more formalized education strategy setting out, for example, the intervals for POJ briefings; and
41. That JIGIT look for additional opportunities to create educational campaigns and to leverage the media to provide helpful information to the public and raise JIGIT's profile so as to educate the public and deter those crimes within its mandate.

## THE SOCIAL RETURN ON INVESTMENT FOR JIGIT

42. That, when possible, all relevant information on the value of proceeds of crime assets is recorded and tracked;
43. That high-level gaming houses be prioritized over low-level gaming houses; and
44. That JIGIT continue to leverage and actively engage in non-enforcement actions, such as developing best practices and promoting necessary changes to policies and systems.

## MANDATE, INDEPENDENCE, SCOPE, AND METHODOLOGY

### Mandate

The Mandate for this work was set out in a Terms of Reference document (TOR) developed by the Policing and Security Branch (PSB) of the Ministry of Public Safety and Solicitor General (PSSG) and finalized March 2, 2020.

As described in the TOR, a review (hereinafter referred to as “the Review”) was mandated to occur in 2019/20 by PSSG, the Ministry of the Attorney General (MAG) and the RCMP/CFSEU-BC to determine if JIGIT will continue beyond its five-year mandate.

This Review aligns with PSSG’s mandate to provide oversight, accountability and compliance for all investments based on the terms associated with the funding. Specifically, the JIGIT Review will enable the Province to credibly report on the results achieved by JIGIT and the associated resources invested to understand whether the initiative is achieving the anticipated outcomes of the funding within the confines of the budget provided. This Review will also inform policy and program improvements by helping to identify lessons learned and best practices.

### Independence

The Review was commissioned by PSSG to absolve the Ministry of Attorney General (MAG) (specifically the Gaming Policy and Enforcement Branch) (GPEB) from any perceived conflict of interest, to maintain the Review’s integrity. Two independent consultants were contracted to lead the review effort, supported by PSSG staff.,

### Scope

As described in the ToR, the scope of this Review will range from 2016 – 2019 inclusive. The purpose of the Review is two-fold, taking into account environmental and organizational factors:

1. *To assess the adequacy and effectiveness of service delivery performance within JIGIT as measured against the objectives stated in CFSEU-BC’s business case, and;*
2. *To examine the structure and resourcing of JIGIT in the context of current and emerging knowledge about the money laundering environment in BC and nationally.*

The evaluation criteria of the current review will be predicated on the strategic objectives outlined in CFSEU-BC’s business case. These objectives fall under four overarching responsibilities of JIGIT:

1. Prevention and Disruption:
  - Target and disrupt top-tier organized crime and gang involvement in illegal gaming in British Columbia;
  - Deliver a multi-jurisdictional investigative and enforcement response to illegal gaming;



- Prevent criminal attempts to legalize the proceeds of crime through legal gaming activity in the Province.
2. Expertise and Operational Support:
- Provide investigative leadership with respect to the detection, investigation, and prevention of illegal gaming across the Province;
  - Provide a specialized capability which includes the provision of expert advice, operational assistance, major case management and gaming education to police services across BC
3. Intelligence Gathering:
- Gather intelligence concerning the gaming industry and manage this information effectively to ensure that all facets of the gaming industry operate with honesty and integrity.
4. Collaboration and System Improvement:
- Collaboration between RCMP and GPEB to ensure effective communication and synergy between units and strategies;
  - Collaborate with police officers and other strategic partners across Canada to ensure a common investigative standard as well as leverage best practices;
  - Ensure both positive public perception and media coverage of unit and investigations to maintain trust and confidence as well as raise awareness of the provincial mandate to ensure the integrity of gaming.

## Objectives

The ToR set out that the Review would undertake an examination of both “Outputs” and “Outcomes,” as described below:

- Outputs are measures of internal performance that are highly correlated with desirable policing outcomes and under the direct control of the police. For the purpose of this review, this includes such things as investigations and enforcement activities against illegal gaming in casinos and money laundering.
- Outcomes are societal benefits that are contributed to, but which are not under direct control of the police and are influenced by factors outside the control of the police. For the purpose of this review, these societal benefits include such things as incarceration of key criminals and increased disruption of criminal networks involved in illegal gaming.

This approach was undertaken in order to examine key elements of JIGIT, including service delivery models, funding mechanisms and potential revisions, and to develop recommendations pertaining to the sustainability, relevance, performance and effectiveness of JIGIT. These recommendations will facilitate the development of policy options to guide future direction. Operational Reviews are used to document the demands on police, their capacity to respond and ways in which they can become more



efficient and effective. It will also provide direction for the allocation of existing resources and will identify gaps in capacity, as well as alternative models and funding mechanisms.

The ToR required that the findings of the review address the following domains:

- Relevance:
  - Continued Need for Program
  - Alignment with Government Priorities
  - Current Environment
  - Resourcing Levels
- Performance:
  - Achievement of Expected Outcomes and JIGIT's role and contribution made to combatting illegal activity in casinos and by extension money laundering
  - Economy and Efficiency
- Future State:
  - JIGIT was created in 2016 and the illegal gaming environment, as well as expectations, have changed since. As such, the Review will be forward looking to take into consideration the current environment, such as lessons learned, growth in the industry, changes in technology and new illegal avenues available to organized crime. This Review will encompass necessary changes or evolutions to JIGIT to reflect the current state, considering:
    - Changes required to maximize unit efficiency and effectiveness
    - Changes required to ensure unit is current and relevant to the money laundering landscape in BC
    - Resourcing levels
    - Structure
    - Funding

## Methodology/Data and Information Sources

The ToR set out the methodology to be employed as follows:

1. *Mandate (purpose, goals and objectives)*
  - Review and assess JIGIT since inception, including legislation, policy and timelines
2. *Resources*
  - Review and assess the current resource levels

### 3. *Structure*

- Review and assess current structure, experience and training

### 4. *Work (tasks and flow)*

- Review and assess work and operational capacity; examine provincial capacity and other actors
- Review and assess engagement with partners and stakeholders to establish the effectiveness and coordination of the unit

### 5. *Internal Processes (work allocation, performance management and reporting)*

- Review and assess the current governance, management and oversight arrangements, including risk management and performance reporting; observe internal governance arrangements

The ToR also set out that the Review will encompass the following complementary qualitative and quantitative evaluation methodologies in order to achieve the desired findings:

- Literature review (review of written policies and procedures including foundational JIGIT documents, such as Memorandums of Understanding and Information Sharing Agreements)
- Database mining: identification and use of data sources
- Analysis of program cost including ROI and program cost-benefit analysis
- Analysis of human resources
- Environmental assessment – current state
- Key Informant Interviews

In combination, the methodology was designed to produce convergent validity through triangulation. To ensure efficiency and a process-focused approach, JIGIT was asked to provide a single point of contact for the Review to support the process and to facilitate appropriate access to people and information.

The work necessary for this Review was undertaken over the course of five months, from February 1, 2020 to June 30, 2020. In the course of this work, pursuant to the methodology described above, we conducted the following activities:

1. A document and literature review, including, but not limited to, academic literature, government reports, media articles, various policies, and other documents from stakeholder agencies;
2. A comprehensive questionnaire administered to 18 subjects, including JIGIT members and several other stakeholders, and a detailed analysis of the results using SPSS software;
3. Over 40 interviews (by phone due to COVID-19) of representatives of:
  - a. CFSEU-BC
  - b. CFSEU-BC Board of Governors
  - c. JIGIT

- d. "E" Division RCMP
  - e. LMD RCMP
  - f. Richmond Detachment RCMP
  - g. Burnaby Detachment RCMP
  - h. GPEB
  - i. BCLC
  - j. GCGC
  - k. Police Services Branch
  - l. BC Prosecution Service Vancouver Region
  - m. BC Prosecution Service Organized Crime
  - n. Vancouver Police Department
  - o. Ontario Provincial Police/ Alcohol and Gaming Commission of Ontario
4. A detailed questionnaire for the Assistant Deputy Minister responsible for GPEB;
  5. A thematic, content analysis of qualitative interviews and questionnaires;
  6. Return on Investment / Social Return on Investment analysis;
  7. Financial and Human Resources analyses; and
  8. Analysis of data sets pertaining to JIGIT's investigations and outcomes, as well as JIGIT performance reports and PTEP Outcome Reports.

### Limitations of Methodology/Findings

The first limitation is that the size of the illegal gaming environment is impossible to accurately estimate because of the underground nature of the activity. This is also true of the amount of money laundering occurring in legal gaming facilities. Therefore, findings need to be considered with these factors in mind, and any impacts attributed to JIGIT have to be contextualized as a result. A second limitation is the reliance on interviews with JIGIT staff and other internal stakeholders who may have a view that is biased towards supporting JIGIT. We have attempted to mitigate this limitation through many interviews with external stakeholders as well as review of documentary information and various objective analyses in order to validate the information received through interviews. Where possible, we have attempted to quantify the aggregate results of our interviews and questionnaires. Except where otherwise indicated, it should be understood that the views represented in this Report are the views of the individuals who were interviewed and not necessarily the official views of the organizations to which they belong. Any interpretation or analysis of those views are those of the Review Team.



## LIST OF FIGURES

Figure 1:	Illegal Gaming and Money Laundering Files in BC
Figure 2:	Proposed JIGIT Organizational Chart
Figure 3A:	Original JIGIT Organizational Structure
Figure 3B:	Current JIGIT Organizational Structure
Figure 4:	Parties to JIGIT Governance Model
Figure 5:	JIGIT Performance Presentation Excerpt
Figure 6:	Performance Reporting Flow
Figure 7:	JIGIT Expenditures
Figure 8:	DELETED
Figure 9:	DELETED
Figure 10:	DELETED
Figure 11:	DELETED
Figure 12:	public interest immunity
Figure 13:	JIGIT CFO Referrals
Figure 14:	Casino Suspicious Transaction Reports
Figure 15:	AGCO Organizational Chart
Figure 16:	JIGIT PowerPoint Slide
Figure 17:	JIGIT PowerPoint Slide
Figure 18:	JIGIT Draft Public Education Poster
Figure 19:	CFSEU Media Release Images
Figure 20:	CFSEU Media Release Image
Figure 21:	CFSEU Media Release Image
Figure 22:	VPD Information Bulletin
Figure 23:	RTIC Information Bulletin
Figure 24:	Example of Case Value Comparison by File Status
Figure 25:	Criminal Activity Disrupted Estimate
Figure 26:	Cost/Benefit Calculation
Figure 27:	Estimated Revenue Generated by Illegal Gaming House Based on Interview Data
Figure 28:	Summary of Key SROI Findings

## BACKGROUND

### The Introduction of Legal Gaming in BC

To understand the current legal and illegal gaming context in BC, it may be helpful to understand the legislative history. Most gaming was illegal in Canada for much of the 20<sup>th</sup> century; however, eventually, the *Criminal Code* was amended to permit pari-mutual betting in horse racing, occasional games of chance for religious or charitable purposes, and some games at agricultural fairs and exhibitions. But until the 1970s, the only significant legal betting was on horse racing, which from the beginning of the 20<sup>th</sup> century until the 1970s was a vibrant business in BC<sup>3</sup>

In 1969, a *Criminal Code* amendment<sup>4</sup> allowed the federal and provincial governments an exemption from the prohibition against commercial gaming, provided that government was responsible for its conduct and management.<sup>5</sup> The provinces could therefore “run approved lottery schemes, including casinos.”<sup>6</sup> But other forms of legal gaming in BC would eventually become available, beginning in 1974 when Manitoba, Saskatchewan, Alberta and BC formed a partnership to conduct lotteries in Western Canada. The national “6/49” lottery was introduced in 1982, with a jackpot reaching \$13.9M in 1984, spawning “jackpot fever.”

In 1985, the federal and provincial governments agreed that the *Criminal Code* should be amended again, leaving gaming to the provinces, and BCLC then began operations, introducing many new lottery options. In 1997, BCLC was given permission to bring slot machines into the province, which were introduced in Canada in 1998.<sup>7</sup> A year later, BCLC assumed responsibility for casino gaming in BC, with the first destination casino opening in 1999. In 2004, BCLC introduced a secure gaming website which provides online play and sales of some lottery products. More casinos opened and in 2010, BC became the first jurisdiction in North America to offer legal, regulated online casino games on “PlayNow.com.”<sup>8</sup>

### Money Laundering

Money laundering is a complex issue crossing multiple domestic and international boundaries, affecting an ever-changing landscape of sectors. When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the

<sup>3</sup> <https://www.vancouverheritagefoundation.org/place-that-matters/hastings-park-race-course/>.

<sup>4</sup> S.C. 1968-69, c. 38.

<sup>5</sup> Now CC 207(1)(a), (g).

<sup>6</sup> Section 190 C.C.

<sup>7</sup> A “slot machine is typically a computer containing a random number generator that determines where the reels will stop [after] each spin and thus game outcomes for that machine are in accordance with programmed game rules” (Robert Kroeker and Jeffrey Simser, *Canadian Anti-Money Laundering Law: Gaming Sector* (Toronto: Thompson Reuters, 2017), p. 5.

<sup>8</sup> <https://corporate.bcl.com/who-we-are/our-history.html>.

underlying activity or the persons involved. Criminals do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention.<sup>9</sup>

There are various definitions of money laundering used internationally. The Financial Action Task Force (FATF), of which Canada is a member describes money laundering as:

the processing of these criminal proceeds to disguise their illegal origin...Illegal arms sales, smuggling, and the activities of organized crime, including for example drug trafficking and prostitution rings, can generate huge amounts of proceeds. Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits and create the incentive to “legitimise” the ill-gotten gains through money laundering.<sup>10</sup>

Canada’s Financial Transactions and Reports Analysis Centre (FinTRAC)<sup>11</sup> uses the United Nations definition of money laundering: “any act or attempted act to disguise the source of money or assets derived from criminal activity,” and “the process whereby ‘dirty money’ – produced through criminal activity – is transformed into ‘clean money,’ the criminal origin of which is difficult to trace.”<sup>12</sup> FinTRAC describes the three states of money laundering as follows:

- “Placement” involves placing the proceeds of crime in the financial system.
- “Layering” involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds. This stage may involve transactions such as the buying and selling of stocks, commodities or property.
- “Integration” involves placing the laundered proceeds back in the economy to create the perception of legitimacy.<sup>13</sup>

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 BC.

The gaming industry in BC is one of many sectors where money laundering has taken place. As described in great detail in *Dirty Money*,<sup>14</sup> the historical process of money laundering in casinos was quite simple: large amounts of cash believed to be the proceeds of crime were traded for chips in BC

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<sup>9</sup> <http://www.fatf-gafi.org/faq/moneylaundering/>

<sup>10</sup> Ibid.

<sup>11</sup> FinTRAC is an independent government agency and “operates at arm's length from law enforcement agencies, and collects, analyzes and discloses information to help detect, prevent and deter money laundering and the financing of terrorist activities in Canada and abroad.” <http://www.fintrac-canafe.gc.ca/guidance-directives/overview-apercu/Guide1/1-eng.asp#s6-1>.

<sup>12</sup> Ibid.

<sup>13</sup> <http://www.fintrac-canafe.gc.ca/guidance-directives/overview-apercu/Guide1/1-eng.asp#s6-1>.

<sup>14</sup> Peter M. German. *Dirty Money*. Victoria: Province of B.C., 2018.



casinos, the money launderer gambled for a time and then simply cashed out, receiving a check for the balance of their funds, thereby legitimizing their funds as winnings from legal gaming.

## Relevant Federal and Provincial Legislation

The Joint Illegal Gaming Investigation Team (JIGIT) and other law enforcement units have several pieces of federal and provincial legislation available to address criminal conduct associated with gaming generally and money laundering specifically.

In 2000, the *Proceeds of Crime (Money Laundering) Act* was introduced as part of these measures to create an anti-money laundering regime. It is reflected in s. 462.31(1) of the *Criminal Code*, which describes that money laundering “occurs when an individual or group uses, transfers, sends, delivers, transports, transmits, alters, disposes of or otherwise deals with, any property or proceeds of any property that was obtained as a result of criminal activity...with the intent to conceal or convert illegal assets into legitimate funds.”<sup>15</sup>

Further *Criminal Code* amendments were to follow:

- In 2001, the first reporting requirement came into effect for suspicious transactions, with enhancements introduced later. The same year, the scope of the *Proceeds of Crime (Money Laundering) Act* was expanded to include terrorist financing. This resulted in the former *Proceeds of Crime (Money Laundering) Act* becoming the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA).<sup>16</sup>
- Over the course of 2002 and 2003, other requirements under the PCMLTFA and related Regulations were phased-in, such as record keeping, client identification and other reporting obligations.<sup>17</sup>
- In 2006, amendments to the PCMLTFA introduced changes including the establishment of a money services businesses registry and the addition of the authority to impose administrative monetary penalties. In addition, measures to strengthen reporting, record keeping, client identification and compliance regime requirements were added, with these changes being implemented from 2007 to 2009.<sup>18</sup>

These various *Criminal Code* amendments criminalized money laundering and gave law enforcement agencies the authority to search, seize, and restrain property believed to be the proceeds of crime. Prosecutions may be initiated by the provincial BC Prosecution Service (BCPS) or by the federal Public Prosecution Service of Canada (PPSC). “Whether a laundering offence is prosecuted by the BCPS or by PPSC is generally determined by s. 462.3(3) of the *Criminal Code*. It provides concurrent jurisdiction for

<sup>15</sup> *Criminal Code of Canada (CCC)*, R.S.C. 1985. Chapter C-46, Section 462.31.

<sup>16</sup> Financial Transactions and Reports Analysis Centre of Canada (January 2019). Guideline 1: Background. Accessed at <https://www.fintrac-canafe.gc.ca/guidance-directives/overview-aperçu/Guide1/1-eng>

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

the Attorney General of Canada to conduct criminal prosecutions where the offence arises in whole or in part from a federal statute or regulation other than the *Criminal Code*, usually the *CDSA*.<sup>19</sup>

But notwithstanding the improved legislative scheme, successful prosecutions for money laundering have been relatively few.

For example, in BC, between 2002 and 2019, 50 money laundering charge reports were forwarded to Crown counsel for charge approval, resulting in 28 individuals being charged, but only 10 were convicted.<sup>20</sup> In all of Canada between 2000 and 2016, there were only 321 guilty verdicts in money laundering cases.<sup>21</sup>

These disappointing results were reflected in an international evaluation which found Canada's "[l]aw enforcement results are not commensurate with the [money laundering] risk and asset recovery is low."<sup>22</sup> Further, the most recent U.S. "International Narcotics Control Strategy" report on money laundering described Canada as one of a group of "major money laundering countries."<sup>23</sup> The same report observed that:

Money laundering activities in Canada involve the proceeds of illegal drug trafficking, fraud, corruption, counterfeiting and piracy, and tobacco smuggling and trafficking, among others. Foreign-generated proceeds of crime are laundered in Canada, and professional, third-party money laundering is a key concern. Transnational organized crime groups and professional money launderers are key threat actors... Money is laundered via several mediums, including bulk cash smuggling, MSBs/currency exchanges, casinos, real estate, wire transfers, offshore corporations, credit cards, foreign accounts, funnel accounts, hawala networks, and the use of digital currency. The illicit drug market is the largest criminal market in Canada. Transnational organized crime groups represent the most threatening and sophisticated actors in the market, given their access to professional money launderers and facilitators and their use of various money laundering methods to shield their illicit activity from detection by authorities... As noted by international experts, when the magnitude of the identified money laundering risks are taken into account, Canada's money laundering conviction rate appears to be low; from 2010-2014 (most recent data available), only 169 trials on charges of money laundering led to a conviction.<sup>24</sup>

<sup>19</sup> Peter M. German. *Dirty Money – Part 2*, p. 307. Victoria, Province of B.C., 2019.

<sup>20</sup> Gordon Hoekstra & Kim Bolan (February 8, 2019). "Investigation: Only 10 convictions for money laundering in B.C. since 2002," *Vancouver Sun*. Accessed at <https://vancouver.sun.com/news/local-news/investigation-only-10-convictions-for-money-laundering-in-b-c-since-2002>.

<sup>21</sup> Andrew Russell (February 10, 2019). Not just B.C.: Most provinces in Canada fail to secure convictions in money-laundering cases." *Global News*. Accessed at <https://globalnews.ca/news/4939801/provinces-canada-fail-to-convict-money-laundering/>.

<sup>22</sup> FATF (2016), Anti-money laundering and counter-terrorist financing measures - Canada, Fourth Round Mutual Evaluation Report, FATF, Paris, p. 3. [www.fatf-gafi.org/publications/mutualevaluations/documents/mer-canada-2016.html](http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-canada-2016.html);

<sup>23</sup> United States Department of State Bureau for International Narcotics and Law Enforcement Affairs (March 2019). "International Narcotics Control Strategy Report Volume II Money Laundering and Financial Crimes," p. 73. Accessed at <https://www.state.gov/wp-content/uploads/2019/03/INCSR-Vol-INCSR-Vol.-2-pdf.pdf>

<sup>24</sup> Ibid, pp. 73-74.



In addition to federal legislation, each province also has provincial legislation in place to govern gaming which has been evolving for a number of years. Following the *Criminal Code* amendments regarding gaming in 1969, BC's legislation and governance of gaming activities was eventually consolidated in the *Gaming Control Act* (GCA).<sup>25</sup> The GCA received Royal Assent in April 2002, and its regulations were issued in August 2002 (and reflected a new regulatory structure in BC<sup>26</sup>).

Finally, like most other provinces in Canada, BC has a *Civil Forfeiture Act* (CFA), which became law in 2006.<sup>27</sup> The CFA targets the proceeds and instruments of unlawful activity and was created "to ensure that people cannot profit from unlawful activity or use property in a way that may harm other persons."<sup>28</sup> Civil proceedings may be initiated by the Director of Civil Forfeiture against the profits of alleged unlawful activity as well as the instruments used to acquire it. The CFA allows police to refer cases to the Civil Forfeiture Office (CFO) even where an investigation did not result in criminal charges being approved. Under section 3 of the CFA, the provincial director of civil forfeiture may apply to a court for an order forfeiting any property or an interest in property, regardless of whether there has been a criminal conviction. The Province must only demonstrate on the civil standard of a balance of probabilities that property, such as cash, is more likely than not the proceeds of unlawful activity or an instrument of unlawful activity.

This tool is used extensively by some police agencies and units, particularly those with Asset Forfeiture Units, such as in "E" Division RCMP (which also acts as a "gatekeeper for all referrals to the CFO from RCMP in BC), the Surrey RCMP, and the Vancouver Police Department, which refers the most files of any municipal police department or RCMP detachment in BC. In 2018, the RCMP in all jurisdictions of BC referred 861 files to the CFO,<sup>29</sup> and the VPD's three-year average for 2017-2019 inclusive was 271 referrals per year (comprised of 1,420 individual assets on average).<sup>30</sup>

### The Integrated Illegal Gaming Enforcement Team (IIGET) is Created

in 2001, PSSG announced a restructuring of gaming in the province. Five agencies were consolidated into two: the Gaming Policy and Enforcement Branch (GPEB) and the BC Lottery Corporation (BCLC).<sup>31</sup> Once the GCA was passed in 2002 and GPEB was created, discussions began between the RCMP, GPEB and Police Services regarding the need for a specialized unit to investigate illegal gaming. The result was the creation of IIGET, which became operational in 2004. The partnership between the RCMP and GPEB, with unit funding from BCLC, was reflected in a 2004 MOU setting out a mandate to "maintain the

<sup>25</sup> S.B.C. 2002, c. 14.

<sup>26</sup> George L. Morfitt (July 15, 2005). *Horse Racing in British Columbia: A Consideration of Organizational and Operational Issues*. Government of British Columbia. Accessed at <https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/rpt-horse-racing-operations.pdf>.

<sup>27</sup> S.B.C. 2005, c. 29.

<sup>28</sup> British Columbia Civil Forfeiture Office. Accessed at <https://www2.gov.bc.ca/gov/content/safety/crime-prevention/civil-forfeiture-office>.

<sup>29</sup> Peter M. German. *Dirty Money – Part 2*, p. 178. Victoria, Province of B.C., 2019.

<sup>30</sup> Data provided by Staff Sergeant M. Heard, Vancouver Police Department, February 19, 2019.

<sup>31</sup> George L. Morfitt (July 15, 2005). *Horse Racing in British Columbia: A Consideration of Organizational and Operational Issues*. Government of British Columbia. Accessed at <https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/rpt-horse-racing-operations.pdf>.



integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming.” IIGET was staffed by 12 RCMP members, six of whom were co-located with GPEB with the remainder working at other locations in BC. IIGET focused on “illegal lotteries, common gaming houses, VLTs, animal fights, bookmaking, and internet gaming.”<sup>32</sup> Despite IIGET being “swamped with reports of illegal activity”<sup>33</sup> and an increase in suspicious cash reports, IIGET encountered barriers to success, including resource challenges. In 2007, the RCMP sought additional resources to be able to address both mid- and high-level targets. An external review conducted in 2007 concluded that the Consultative Board had insufficient information on which to base a decision regarding the continuation of IIGET. The report recommended a one-year funding extension so that a comprehensive business case, including metrics on the extent of illegal gaming in BC, could be developed.<sup>34</sup> But on March 31, 2009, because the provincial government was “not satisfied that IIGET was providing value for money,”<sup>35</sup> IIGET was disbanded,<sup>36</sup> which has generated considerable media attention.<sup>37</sup>

### The Joint Illegal Gaming Investigation Team (JIGIT) is Created

According to a 2015 briefing document from GPEB to the Minister of Finance, in 2011, two years after the demise of IIGET, the BC government developed an anti-money laundering (AML) strategy that focused on “minimizing the opportunity for money laundering.”<sup>38</sup> There were three phases to the strategy: the first focused on the development and implementation of cash alternatives; the second focused on intervention by service providers to encourage the use of cash alternatives by their patrons; and the third involved regulator guidance and, where necessary, intervention with respect to due diligence by customers. The briefing document described a series of improvements that had been made to combat money laundering under Phases 1 and 2, including:

- Patron gaming fund accounts allowing casino customers to transfer money from regulated banks and credit unions or add funds to their account via certified cheques, bank drafts, internet transfers, or verified win cheques;

<sup>32</sup> Peter M. German. *Dirty Money*, p. 102. Victoria, Province of B.C., 2018.

<sup>33</sup> Ibid, p. 103.

<sup>34</sup> Catherine Tait Consulting. “Effectiveness Review of the Integrated Illegal Gaming Enforcement Team”, January 14, 2008.

<sup>35</sup> Ibid, note 32, p. 104.

<sup>36</sup> For a more detailed history of the creation and demise of IIGET, see Peter M. German. *Dirty Money*, pp. 102-105. Victoria, Province of B.C., 2018.

<sup>37</sup> See, for example: Sean Holman (August 6, 2010). “B.C. warned of organized crime's reach into gambling.” *Globe and Mail*. Accessed at <https://www.theglobeandmail.com/news/british-columbia/bc-warned-of-organized-crimes-reach-into-gambling/article1368787/>; Sam Cooper (October 24, 2017); “Illegal gaming unit killed in 2009 due to BCLC 'funding pressure'”. *Vancouver Sun*. Accessed at <https://vancouversun.com/news/local-news/illegal-gaming-unit-killed-in-2009-due-to-bclc-funding-pressure>; Sam Cooper (October 17, 2019). “Former RCMP illegal gaming unit leader to make case at B.C. money laundering Inquiry.” *Global News*. Accessed at <https://globalnews.ca/news/6045006/former-rcmp-illegal-gaming-unit-leader-to-make-case-at-b-c-money-laundering-inquiry/>; and Sam Cooper (January 15, 2020). “B.C. disbanded RCMP unit after report warned possible crime figure bought stake in casino.” Accessed at <https://globalnews.ca/news/6403415/organized-crime-bc-casinos-rcmp-report/>.

<sup>38</sup> John Mazure, ADM, GPEB (May 14, 2015). “Exploring Common Ground, Building Solutions.” Gaming Policy and Enforcement Branch Briefing Document for the Minister of Finance.

- The ability to electronically transfer money into patron gaming fund accounts through Canadian and U.S. chartered banks;
- Customer convenience cheques clearly marked as verified win or as a "return of funds that are not gaming winnings";
- A "chequehold" system for high-volume players where players can secure play against a personal cheque from an approved bank that will not be processed by a casino until an agreed upon period of time and any winnings or remaining funds are paid back to the player by casino cheque;
- Debit withdrawals at the "cash cage"; and
- ATM withdrawals inside gaming facilities.

The memo also noted that BCLC had “also enhanced its AML policies and procedures, staff training and investigation and security and surveillance capacity and is developing new business intelligence software to identify and monitor high-risk patrons and activities.”

For Phase 3, it was noted that:

- GPEB was investigating options for AML compliance, customer due diligence and regulatory intervention.
- In 2014 GPEB commissioned Malysh Associates Ltd. to research customer due diligence standards used by financial institutions and other businesses when accepting cash deposits. The September 2014 report summarized best practices based on experiences of businesses required to maintain an AML compliance regime and other AML compliance issues identified in the research.
- On June 4, 2015, GPEB in cooperation with BCLC scheduled a workshop of stakeholders and an invitation had been extended to interested parties including representatives from FinTRAC, law enforcement, financial institutions and financial intermediaries, service providers, and provincial and federal government departments.
- The goals of the workshop were to identify strengths and weaknesses of the current AML strategy and framework for gaming facilities, to increase awareness, and to identify and develop possible options and approaches for enhancing AML policies, procedures and practices.
- The findings of the September 2014 Malysh study and the information obtained from the workshop process were to be used by the GPEB to complete Phase 3 of the AML Strategy. GPEB will develop recommendations for government to reduce risk concerning money laundering in casinos, which would include collaborative strategies intended to heighten awareness, increase compliance where necessary, reduce risk to the industry and respond to public concern.



Despite all these notable efforts, money laundering concerns continued to increase in BC from 2015 forward as the result of information from police and other interested parties, which was amplified by the media creating public pressure for more action to be taken.

Further, “[T]he [Federal Serious Organized Crime] FSOC investigation into a money service business had already been connected to high limit gamblers at the nearby River Rock casino, and intelligence suggested a greater response was required.”<sup>39</sup>

Further, GPEB had identified an “increase in illegal gambling activities and the possible legitimization of the proceeds of crime through BC’s provincial gaming facilities,” and that organized crime may be ‘laundering’ money in both provincial gaming facilities and through illegal gambling means.”<sup>40</sup>

It was in this context that the BC government expressed to the RCMP its interest in establishing a “coordinated enforcement approach of provincial and federal statutes related to illegal gaming”<sup>41</sup> which was provided to the Combined Forces Special Enforcement Unit of BC (CFSEU-BC) for analysis. As such, CFSEU-BC was approached to participate in constructing a response to this issue. As the provincial anti-gang body, the situating of an anti-money laundering unit within CFSEU-BC was critical given the Federal RCMP’s national mandate and its accountability to national headquarters and ultimately the Federal Government.

In response, on February 11, 2016 the then Chief Officer of CFSEU-BC, then-Chief Superintendent Kevin Hackett, submitted to the Director of Police Services a detailed business case for a new unit to be known as the Joint Illegal Gaming Investigation Team (JIGIT), which would include seconded GPEB investigators, and would fall under the umbrella of CFSEU-BC.<sup>42</sup>

The business case was approved and on March 10, 2016, Mike Morris, then the Minister of Public Safety and Solicitor General, wrote to then Finance Minister Michael de Jong to confirm the creation of JIGIT, noting he had directed the RCMP in accordance with the *Provincial Police Service Agreement* (PPSA) to form the team and begin hiring staff.<sup>43</sup>

JIGIT was established in April 2016 and was intended to provide a dedicated, coordinated, multi-jurisdictional investigative and enforcement response to unlawful activities in British Columbia’s gaming facilities. As described in a letter from the Assistant Deputy Minister and Director of Police Services to the Assistant Deputy Minister and General Manager of GPEB,<sup>44</sup> JIGIT had three key strategic objectives:

1. *The targeting and disruption of organized crime and gang involvement in illegal gaming;*

<sup>39</sup> Peter M. German. *Dirty Money*, p. 130. Victoria: Province of BC, 2018.

<sup>40</sup> Clayton Pecknold, Assistant Deputy Minister and Director of Police Services memo (February 7, 2017). Memo to John Mazure, Assistant Deputy Minister and General Manager, Gaming Policy and Enforcement Branch.

<sup>41</sup> Chief Superintendent Kevin Hackett, Chief Officer, CFSEU-BC (February 11, 2016). Memo to Assistant Deputy Minister and Director of Police Services Clayton Pecknold.

<sup>42</sup> CFSEU-BC Joint Illegal Gaming Investigation Team Business Case (February 2016).

<sup>43</sup> Mike Morris, Minister of Public Safety and Solicitor General, March 10, 2016 letter to Mike de Jong, Q.C., Minister of Finance.

<sup>44</sup> Clayton Pecknold, Assistant Deputy Minister and Director of Police Services memo (February 7, 2017). Memo to John Mazure, Assistant Deputy Minister and General Manager, Gaming Policy and Enforcement Branch.



2. *Criminal investigations of illegal gaming activities;*
3. *The prevention of criminal attempts to legalize the proceeds of crime through gaming facilities.*

In addition, a Memorandum of Understanding between “E” Division RCMP and GPEB was later signed off by both organizations in February 2017, which listed nine specific strategic objectives, as follows:<sup>45</sup>

1. Target and disrupt top-tier organized crime and gang involvement in illegal gambling in British Columbia;
2. Deliver a multi-jurisdictional investigative and enforcement response to illegal gambling;
3. Provide investigative leadership with respect to the detection, investigation, and prevention of illegal gambling across the Province;
4. Collaboration between RCMP and GPEB to ensure effective communication and a synergy between units and strategies;
5. Gather intelligence concerning the gambling industry and manage this information effectively to ensure that all facets of the gambling industry operate with honesty and integrity;
6. Provide a specialized capability which includes the provision of expert advice, operational assistance, major case management and gambling education to police services across BC;
7. Prevent criminal attempts to legalize the proceeds of crime through gambling activity in the Province;
8. Collaborate with police officers and other strategic partners across Canada to ensure a common investigative standard as well as leverage best practices; and,
9. Ensure both positive public perception and media coverage of unit and investigations to maintain trust and confidence as well as raise awareness of the provincial mandate to ensure the integrity of gambling.

At full capacity, the business case for JIGIT set out that it would be comprised of two operational teams made up of 22 law enforcement positions, supplemented by four GPEB investigators.

To fund the new unit, in fiscal year 2016/17, the Ministry of Public Safety and Solicitor General (PSSG) delegated “fenced funding”<sup>46</sup> for the establishment of JIGIT within CFSEU-BC, based on the usual provincial 70/30 cost-sharing agreement with the federal government as set out in the PPSA, with the

<sup>45</sup> Secondment Agreement Between Gaming Policy Enforcement Branch and Royal Canadian Mounted Police “E” Division Respecting Joint Illegal Gambling Investigation Team, February 2017.

<sup>46</sup> The term “fenced funding” means it cannot be diverted to any other purpose.

provincial funding being provided by the British Columbia Lottery Corporation (BCLC). The approved funding level for the first three years of JIGIT operations was set at:<sup>47</sup>

2016/17 - \$1.8M

2017/18 - \$3.0M

2018/19 – 3.0M

On October 5, 2018, a briefing memo was prepared for Attorney General Eby by Dave Boychuk, the Director of Operations at GPEB and approved by the Assistant Deputy Minister and General Manager of GPEB, Sam MacLeod, providing several options for funding years four and five. A November 7, 2018 version of the memo signed by Deputy Attorney General Richard Fyfe, QC, and Attorney General David Eby, QC, indicates that Option 2 – “Seek Treasury Board approval to fund JIGIT directly while offsetting the cost through increased transfer from BCLC to CRF” – had been approved.<sup>48</sup> In fact, however, JIGIT continued to be funded by BCLC. Funding was set at \$3.0M for 2019/2020 and \$3.0M for 2020/2021.)

As a unit within CFSEU-BC, the existing CFSEU-BC Board of Governance was responsible for strategic oversight of JIGIT through the Chief Officer. Then Chief Superintendent Hackett led the initiative to create JIGIT. He partnered with then-Staff Sergeant Paul Dadwal, who would become JIGIT’s first operational leader. The inception years of JIGIT included learning from other jurisdictions (e.g. Ontario Provincial Police and Sûreté du Québec), to see what other agencies were doing to combat illegal gaming and money laundering, as well as setting out the team structure and recruiting members with the right skillsets.

JIGIT was jointly announced on April 11, 2016 by Finance Minister Mike de Jong, Solicitor General Mike Morris, and then-Chief Superintendent Kevin Hackett, who described it as an important public safety initiative intended to “help preserve the integrity of the BC gaming industry by targeting and disrupting top-tier organized crime and gang involvement in illegal gaming, and prevent criminal attempts to legalize the proceeds of crime through gaming facilities.”<sup>49</sup>



By June 2016, the first JIGIT team was in place consisting of RCMP members and GPEB members, followed by the second team in 2017, and quickly became consumed with a major money laundering investigation called public interest immunity (described in detail in the “Performance” section).

<sup>47</sup> Clayton Pecknold, Assistant Deputy Minister and Director of Policing, February 28, 2017 letter to Deputy Commissioner Craig Callens regarding the creation, operation, and funding of JIGIT.

<sup>48</sup> D. Boychuk (October 5, 2018). Gaming Policy and Enforcement Branch Briefing Note to Attorney General Eby re: Short term funding mechanism for remaining two years of JIGIT’s initial five-year mandate.

<sup>49</sup> BC Government News Release (April 11, 2016). “Money laundering, illegal gaming the focus of new joint policing unit.” Accessed at <https://news.gov.bc.ca/releases/2016FIN0010-000546>



However, despite the introduction of JIGIT and its ongoing work, public concern with respect to money laundering and its impacts on rapidly increasing real estate prices and other negative impacts tied to illicit activities continued to grow. An audit prepared for GPEB by MNP LLP in July 2016 – only a few months after JIGIT was created – further heightened concerns about money laundering in BC casinos. The audit included findings that there were “reasonable grounds to suspect money laundering activity through the use of unsourced funds,”<sup>50</sup> and that “unsourced cash being accepted by the casino may be associated with criminal activity...”<sup>51</sup>

Money laundering concerns were also reflected in a series of extensive media reports both locally and nationally.<sup>52</sup> The increasing and alarming publicity around money laundering culminated in a government directed review of money laundering in casinos in 2018, “Dirty Money,”<sup>53</sup> by former RCMP Deputy Commissioner Peter German, QC, PhD. Two additional reviews followed in 2019. The first was “Dirty Money, Part 2,”<sup>54</sup> also by Dr. German, which focused on money laundering in BC real estate, luxury vehicle sales and horse racing.<sup>55</sup> The second, “Combatting Money Laundering in BC Real Estate,”<sup>56</sup> was prepared by the Expert Panel on Money Laundering in Real Estate, chaired by Professor Maureen Maloney, a former BC Deputy Attorney General. All of these reports also generated considerable public concern and media attention.<sup>57</sup>

<sup>50</sup> MNP LLP (July 26, 2016). British Columbia Gaming Policy Enforcement Branch AML Report, p. 24. Accessed at [https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/mnp\\_report-redacted.pdf](https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/mnp_report-redacted.pdf)

<sup>51</sup> Ibid.

<sup>52</sup> See, for example, Sam Cooper (October 16, 2017). “B.C. casinos knowingly accepted ‘banned’ cash: report”. *The Province*. Accessed at <https://www.timescolonist.com/news/b-c/b-c-casinos-knowingly-accepted-banned-cash-report-1.23065455>; Sam Cooper (October 19, 2017). “Charges laid in probe of alleged B.C. money laundering.” *Vancouver Sun*. Accessed at <https://www.timescolonist.com/news/b-c/charges-laid-in-probe-of-alleged-b-c-money-laundering-1.23068949>; Sam Cooper (October 20, 2017). “River Rock-BCLC meetings in 2014 show depth of concern over big-cash gamblers.” *Vancouver Sun*. Accessed at <https://vancouversun.com/news/national/river-rock-bclc-meetings-in-2014-show-depth-of-concern-over-big-cash-gamblers>; and Sam Cooper (January 15, 2018). “Exclusive: How B.C. casinos are used to launder millions in drug cash.” *Vancouver Sun*. Accessed at <https://vancouversun.com/news/national/exclusive-how-b-c-casinos-are-used-to-launder-millions-in-drug-cash>.

<sup>53</sup> Peter M. German. *Dirty Money*. Victoria: Province of B.C., 2018.

<sup>54</sup> Peter M. German. *Dirty Money – Part 2*. Victoria: Province of B.C., 2019.

<sup>55</sup> The lead author for the Review worked with Dr. German on “Dirty Money – Part 2” and was the lead for the Luxury Autos and Horse Racing analyses. He was not a member of the team responsible for Dirty Money.

<sup>56</sup> [https://news.gov.bc.ca/files/Combatting\\_Money\\_Laundering\\_Report.pdf](https://news.gov.bc.ca/files/Combatting_Money_Laundering_Report.pdf)

<sup>57</sup> See, for example, Gordon Hoekstra (June 28, 2018). “‘They turned a blind eye to it,’ says Eby on release of damning German report into money laundering at B.C. casinos”. *Vancouver Sun*. Accessed at <https://vancouversun.com/news/local-news/b-c-government-to-release-casino-money-laundering-report>; Gordon Hoekstra & Kim Bolan (February 8, 2019). “Investigation: Only 10 convictions for money laundering in B.C. since 2002,” *Vancouver Sun*. Accessed at <https://vancouversun.com/news/local-news/investigation-only-10-convictions-for-money-laundering-in-b-c-since-2002>; Global News (February 8, 2019). “A B.C. money laundering public inquiry is backed by every demographic that was asked in this Ipsos poll.” Accessed at <https://globalnews.ca/news/4937536/bc-money-laundering-inquiry-support-poll/>; Global News (February 8, 2019). “A B.C. money laundering public inquiry is backed by every demographic that was asked in this Ipsos poll.” Accessed at <https://globalnews.ca/news/4937536/bc-money-laundering-inquiry-support-poll/>; Andrew Russell (February 10, 2019). “Not just B.C.: Most provinces in Canada fail to secure convictions in money-laundering cases.” *Global News*. Accessed at <https://globalnews.ca/news/4939801/provinces-canada-fail-to-convict-money-laundering/>; Ian Bailey (June 27, 2018). “How organized crime uses B.C. casinos to launder money.” *The Globe and*



On May 15, 2019, the Provincial Government announced it would hold a Public Inquiry into money laundering in BC,<sup>58</sup> now known as the Cullen Commission. An interim report is due 18 months after the Cullen Commission was established, and a final report within two years.<sup>59</sup> It is in this era of heightened public and government concern over money laundering in BC that the four-year review of JIGIT is occurring, as was mandated to occur in its original 2016 delegation letter from PSSG.

## The Current JIGIT Environment

Money laundering is a complex issue crossing provincial, national and international boundaries. From casinos, to real estate and luxury vehicles, money launderers use sophisticated, underground, local and global networks impacting all sectors of our economy and fueling illicit criminal activity. While the reputed, non-violent nature of economic crime rarely fuels the same public concern as violent crime, the ripple effects of money laundering have an array of political, social and economic harms affecting public safety and the economic integrity of British Columbia. Every country in the world is vulnerable to money laundering, creating linkages as each work to protect our economies.

In 2011, the volume of money laundering in Canada was estimated to have been at \$37.8B, increasing to \$41.7B in 2015.<sup>60</sup> Given the underground and secretive nature of money laundering, this is only an estimate, with the potential for much higher figures. According to Maloney et al.,<sup>61</sup> money laundering in BC increased from \$5.9B in 2011 to \$6.3B in 2015, representing 2.5% of GDP.

To understand the more direct environment that JIGIT operates in, the Review Team asked the “E” Division Data Analysis Unit to extract General Occurrence<sup>62</sup> files on PRIME-BC from 2016 to 2019 related to illegal gaming and money laundering (gaming related). This resulted in a total of 49 files detailed in the table below. For the purposes of this report, we grouped the files together into overarching categories. The miscellaneous category includes offences such as pull-tab fraud and sport betting. Most occurrences were in the Lower Mainland, specifically in Richmond and Burnaby. This is consistent with casino locations in these two cities.

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*Mail.* Accessed at <https://www.theglobeandmail.com/canada/british-columbia/article-how-organized-crime-uses-bc-casinos-to-launder-money/>; Gordon Hoekstra (May 8, 2019). “‘Bags of money’ being used to buy luxury cars in B.C., according to new money laundering report”. *Vancouver Sun*. Accessed at <https://vancouversun.com/business/local-business/bc-govt-to-release-second-independent-report-on-money-laundering-this-time-in-real-estate/>; and Bethany Lindsay (May 9, 2019). “Money laundering funded \$5.3B in B.C. real estate purchases in 2018, report reveals”. *CBC*. Accessed at <https://www.cbc.ca/news/canada/british-columbia/laundered-money-bc-real-estate-1.5128769>

<sup>58</sup> Office of the Premier (May 15, 2019). Government to hold public inquiry into money laundering. Accessed at <https://news.gov.bc.ca/releases/2019PREM0052-000958>.

<sup>59</sup> <https://cullencommission.ca/tor/>

<sup>60</sup> Maloney et al. 2019. Combatting Money Laundering in BC Real Estate. Accessed at [https://news.gov.bc.ca/files/Combatting\\_Money\\_Laundering\\_Report.pdf](https://news.gov.bc.ca/files/Combatting_Money_Laundering_Report.pdf)

<sup>61</sup> Ibid.

<sup>62</sup> A “General Occurrence” or “GO” report is the term used for reports submitted to the provincial records management system for police, PRIME-BC.

We also received data from the Vancouver Police Department (VPD) with the same parameters, which we have included in the table below. With the addition of VPD, there are a total of 66 illegal gaming and money laundering (gaming related) General Occurrence files from 2016 to 2019 in BC.

District	Gaming House	Money Laundering/Proceeds of Crime	Casino Fraud/Lottery Fraud	Loan Shark/Extortion	Suspicious Transaction	Miscellaneous
Lower Mainland	16	6	13	6	1	1
Southeast	1	1	1			
Island			1			
North						2
Vancouver	16			1		
<b>TOTAL</b>	<b>33</b>	<b>7</b>	<b>15</b>	<b>7</b>	<b>1</b>	<b>3</b>
<b>GRAND TOTAL</b>	<b>66</b>					

Figure 1: Illegal Gaming and Money Laundering Files in BC

Currently, JIGIT is comprised of 26 staff positions, made up of 14 police officers, seven GPEB members, and five civilians (analysts, administration, disclosure) either employed or contracted to OCABC. JIGIT is divided into Investigative Operations and Intelligence Operations, with a sergeant supervising each unit who reports up to the staff sergeant in charge of JIGIT. The staff sergeant reports to a “line officer” at the Inspector rank, who reports up through the chain of command to the Chief Officer of CFSEU-BC. who in turn reports to the CFSEU-BC Board of Governors.

The team division into Intelligence Operations and Investigative Operations occurred in early 2020 following JIGIT’s re-structuring based on learnings throughout the four years of operations. Prior to this, JIGIT was comprised of two Investigative teams: one “quick-hit” team and one long-term investigations team.

To March 31, 2020, \$17.9M has been spent on JIGIT operations, including contributions from the federal government and the provincial Ministries of PSSG (PSB) and AG (GPEB).

To understand the environment in which JIGIT operates, it will be helpful to understand the mandates of several key agencies JIGIT interacts with: CFSEU-BC, GPEB, BCLC, and PSB, which is part of PSSG. Briefly, their purposes relevant to JIGIT are as follows.

**CFSEU-BC** is BC’s anti-gang agency, an integrated joint forces operation of highly specialized officers from federal, provincial and municipal law enforcement agencies. Its integrated approach is intended to enhance intelligence sharing, coordination and strategic deployment against threats of violence posed by organized crime groups and gangs in BC. JIGIT is one of several specialized units that operate under the CFSEU-BC umbrella, including, but not limited to, the Uniform Gang Enforcement Team, the Illegal



Firearms Enforcement Team, the Covert Asset Support Team, several other specialized investigation teams, and surveillance teams.<sup>63</sup>

**GPEB** regulates all gambling in British Columbia, ensures the integrity of gambling industry companies, people and equipment, and investigates allegations of wrongdoing. This includes regulatory oversight of BCLC, all gambling services providers and gambling workers, BC's horse racing industry and licensed gambling events.<sup>64</sup> GPEB has an Enforcement Division for gambling integrity-related activities, and enforcing the GCA, the *Gaming Control Regulation*, the *Criminal Code*, and other relevant provincial statutes.<sup>65</sup> Currently, seven GPEB members are assigned to JIGIT.

**BCLC** is a Crown Corporation responsible for managing gambling in BC, including lotteries, on-line gambling and casinos. It sets the “standards, policies and procedures for the operation of all gambling facilities to ensure a high standard of security and integrity.”<sup>66</sup> Of relevance to JIGIT, BCLC is responsible for managing over 40 casinos and gaming centres in BC offering services such as slot machines and table games. Further, BCLC’s operations include an anti-money laundering unit responsible for cooperating with law enforcement, reporting suspicious transactions to FinTRAC, and meeting the requirements of PCMLTFA. (To be clear, it is a civilian corporate unit, not a police unit.)

**PSB** has a very broad mandate, including responsibility under the *Police Act* for ensuring adequate and effective levels of policing and for superintending policing in BC; monitoring the finances and operations of the provincial and municipal RCMP; establishing provincial policing standards for police services delivery; and inspecting and reporting on the quality of police services. Specific to JIGIT, PSB staff are directly involved in the oversight over the disbursement of funds and bi-annual performance reporting, to understand the impact and value of its investment in JIGIT. Enhancing accountability and stewardship of funds ultimately strengthens the Province’s ability to make real-time adjustments to investments to ensure alignment with provincial priorities related to public safety. Further PSB has an Executive Director responsible for law enforcement programs who is in regular contact with CFSEU-BC management for briefings, including on JIGIT. In addition, under the *Police Act*, the CFSEU-BC/OCABC Board of Governance is accountable to the Minister of the Ministry of Public Safety and Solicitor General. That responsibility is delegated to the Director of Police Services, who sits on the CFSEU-BC Board of Governors.

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<sup>63</sup> <https://www.cfseu.bc.ca/>

<sup>64</sup> <https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/laws-regulations-policies>

<sup>65</sup> GPEB. *Annual Report 2018-2019* (Victoria: Province of B.C., 2018), p. 21. Accessed at <https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/annual-rpt-gpeb-2018-19.pdf>.

<sup>66</sup> <https://corporate.bclc.com/what-we-do/casinos.html>



## THE REVIEW

### Introduction

This Review is organized consistent with the ToR covering the subjects of JIGIT's mandate, structure, resources, experience and training of the members, governance and funding, and performance. The performance section is broken down into analyses of investigations, prevention, and disruption; quality of investigations; non-operational impact; and the level of support from key stakeholders, including POJs, GPEB PSB, BCLC, and gaming service providers. Further, the performance section summarizes JIGIT's media impact. Next, we provide analysis regarding JIGIT's operational support to POJs, intelligence gathering activities, efforts to collaborate with stakeholders and influence systemic improvements, and its performance in meeting its education mandate. Finally, we provide analysis regarding the social return on investment for JIGIT's resources. For each subject area, we have provided findings and, where relevant, recommendations for the future. We conclude the Review with commentary on JIGIT's relevance, overall performance, and future state.

The following sections outline the findings of the Review for each of the above-mentioned categories.

### The JIGIT Mandate

**Finding: In the years since inception, JIGIT has delivered on key portions of its mandate as outlined in the Business Case submitted, with less of an impact on illegal gaming houses linked to organized crime.**

JIGIT's mandate is, in short, to target and disrupt organized crime and gang involvement in illegal gaming, conduct criminal investigations of illegal gaming activities, and prevent criminal attempts to legalize (i.e., launder) the proceeds of crime through legal gaming facilities. (In addition, as described in the Background to the Review, nine strategic objectives were set out for JIGIT, each of which will be addressed at various points in the Review.)

Based on data received and interviews, JIGIT has been on mandate with respect to disrupting money laundering in casinos linked to organized crime. Most notably, this was seen with **public interest immunity** (detailed later in the Review).

Based on a thematic analysis of interviews conducted, many participants stated that JIGIT is delivering on its mandate. Among JIGIT members, 78% believed they were successful in targeting and disrupting organized crime and gang involvement in illegal gaming, 72% believed they were successful in its criminal investigations of illegal gaming activities, and 59% believed JIGIT was successful in its prevention of criminal attempts to legalize the proceeds of crime through gaming facilities. However, one JIGIT member noted that JIGIT's mandate has become less focused over time, shifting from illegal gaming and organized crime to money laundering activities more generally.

Based on available data, JIGIT did not deliver on part of its mandate, with respect to the nexus to organized crime component of illegal gaming houses. It appears that illegal gaming houses that were targeted and shut down were not linked to organized crime but rather were smaller illegal gaming houses providing an alternative place for patrons to play.

**Finding: There is debate within JIGIT as to the value of pursuing illegal gaming houses.**

The far-reaching effects of laundering the proceeds of crime have been summarized earlier in the Review and are well-documented in BC.<sup>67</sup> The importance of police enforcement and other activities to address money laundering – including in casinos – is critical. With respect to illegal gaming operations, in addition to their inherent illegality, they can generate collateral crimes (e.g., loansharking, extortion, assaults) which generate community safety issues and local policing challenges. Further, illegal gaming operations may divert potential revenue from legal operations, depriving society of the beneficial aspects of legal gaming, such as the significant portion of revenue provided to government.

Some JIGIT members expressed frustration with the high level of resources required to conduct a successful investigation of an illegal gaming house considering the minimal sentences that typically result for the “keeper,” and the Crown’s lack of interest in prosecuting the multiple “found-ins” under s. 201(2)(a) of the *Criminal Code*. For example, in one case, JIGIT investigated an illegal gaming house in commercial premises in Vancouver and arrested and charged the alleged keeper under s. 201(1) of the *Criminal Code*. Then while he was awaiting trial, JIGIT learned he had opened a second illegal gaming house in a multi-million-dollar residence on the west side of Vancouver. They again arrested and charged him, requiring considerable resources and investigative time. The result was that the accused pleaded guilty to both offences, receiving a sentence of one day in jail and probation for the second offence, and probation alone for the first offence, as well as the forfeiture of gaming paraphernalia seized in the raids.<sup>68</sup> Such a sentence has caused some JIGIT members to question the impact of shutting down an illegal gaming house. Similarly, a 2018 RCMP Briefing Note opined that, “Reporting indicates enforcement, when it does take place, has limited impact...”<sup>69</sup>

**Finding: Some JIGIT members believe pursuing gaming houses is important because it demonstrates responsiveness to the needs of communities and POJs in terms of providing expertise and investigative support.**

This latter view is supported by key POJs, which are important stakeholders. For example, the OIC of the Richmond RCMP detachment advised that resources and lack of subject matter experts limited its ability to address money laundering cases and that it relied on CFSEU and JIGIT.

We’re limited in our resources to attack money laundering, to do wiretap or anything like that. So we really rely on JIGIT and CFSEU to do those sorts of investigations. I was surprised how many targets there are in these money services [in Richmond]. JIGIT fills the void...Without them there is really no agency outside of JIGIT to deal with these investigations...and we really don’t have SMEs [Subject Matter Experts] to help. [JIGIT]

<sup>67</sup> See for example, German, P. (2018). *Dirty Money*. Victoria, Province of B.C.; German, P. (2019). *Dirty Money – Part 2*. Victoria, Province of B.C.; and Maloney, M., Somerville, T., and Unger, B. (2019). *Combatting Money Laundering in BC Real Estate*. Expert Panel on Money Laundering in BC Real Estate. Victoria, Province of BC.

<sup>68</sup> Sean Boynton (2019, September 7). Vancouver man gets 1 day in jail for running illegal gaming operation in \$4M home. *Global News*. Accessed at <https://globalnews.ca/news/5871328/vancouver-gambling-house-sentence/>.

<sup>69</sup> Peter German (2018). *Dirty Money*. An Independent Review of Money Laundering in Lower Mainland Casinos conducted for the Attorney General of British Columbia, p. 133. Victoria, Province of B.C.



filled a huge void in the last year and half and Council was really pleased that there's this kind of agency.

Similarly, senior representatives of the Vancouver Police Department (VPD) observed:

[Regarding] illegal [gaming] operations in the city...now that I'm more familiar with what's connected and seeing all the intimidation, threatening, shots fired etc., that was going on before, I think the criminals really knew they were unchecked around illegal gaming and money laundering, but now we see less and less [problems] like after hours casinos because the criminals know there is targeted enforcement and that really helps us because we see fewer problems.

Some illegal gaming houses are associated with organized crime and other illegal activities. For example, in one JIGIT file in Nanaimo, it is alleged that those involved were also involved in drug trafficking. JIGIT members noted that conducting investigations of illegal gaming houses helps to build investigative knowledge and expertise in such matters. Even if some gaming houses do not involve organized crime, the investigations help build and maintain expertise, in addition to the other benefits to communities and POJs of taking enforcement action. Moreover, they provide specific deterrence to those targeted, and general deterrence to others through media coverage and other communications.

As noted in *Dirty Money*:

Illegal gambling dens are proving to be highly profitable, and their insulated nature allows them to be relatively low-risk criminal investments [gaol sentences are not normal]. Accessibility is restricted [to] persons inextricably linked to or a part of tightly-knit organized crime cells and controlled by invitation only, which creates significant enforcement challenges.<sup>70</sup>

Finally, while the original vision for JIGIT was that it would only focus on those high-level gaming houses linked to organized crime and the POJs would handle the lower-level ones, this simply isn't practicable, given the specialized investigative skills required. It is acknowledged, however, that there is a reduced return on investment for enforcement against illegal gaming houses not connected to organized crime (as described in the Social Return on Investment section of the Review).

**Finding: With respect to money laundering investigations, there is no debate among JIGIT members about the value of pursuing money launderers associated to casino gaming. One stakeholder, BCLC, does question JIGIT's role in addressing money laundering in casinos.**

JIGIT understands that, as described earlier, money laundering is associated with organized crime and has a toxic effect on BC's economy.

Unfortunately, JIGIT's most significant money laundering investigation public interest immunity described later in the Review) – is still at the charge approval stage, and Crown is unable to provide an estimate of when

<sup>70</sup> Peter German (2018). *Dirty Money. An Independent Review of Money Laundering in Lower Mainland Casinos* conducted for the Attorney General of British Columbia, p. 133. Victoria, Province of B.C.



the charge approval process will be completed. Notably, in reference to public interest immunity a GPEB representative opined that JIGIT was doing an excellent job considering its resources, that its work sent an important message of deterrence to those involved illegal gaming and associated criminal activity, and that JIGIT was providing very good value.

We interviewed two senior executives in BCLC responsible for AML and both raised the concern that JIGIT's perceived lack of success in money laundering investigations made their value – with respect to this part of their mandate – questionable. They also noted that with the new policies put in place requiring proof of source of funds and other measures recommended in *Dirty Money*, the phenomenon of “hockey bags of cash” coming into the River Rock casino had been eliminated.

It should be noted, though, that JIGIT was involved in advocating for source of funds declarations as a method to deter money laundering, notwithstanding that it was BCLC's decision to implement such a policy.<sup>71</sup> Further, the reduction in money laundering using cash clearly does not mean money laundering in casinos has been eliminated; rather, there are new typologies JIGIT members will have to understand and find ways to successfully investigate. As described to the Cullen Commission recently by the Director General of Criminal Intelligence Service Canada, it had been suggested that source of funds policy introduced in BC casinos in 2018 has not only caused money laundering to evolve, it has caused criminals to target casinos in other provinces where such policies do not exist.<sup>72</sup>

**Finding: Stakeholders expressed the need to consider expanding JIGIT's mandate so that it is not limited to money laundering cases related to casinos, because criminals will simply move to other sectors.**

As several JIGIT members opined, regarding the mandate, that it should be expanded to include other industries affected, such as regarding the export of luxury vehicles.

Finally, a retired senior RCMP member cautioned that a potential expansion of the JIGIT mandate would have significant resource impacts, that money laundering prosecutions are immensely complicated, and that alternative target hardening strategies should be considered.

## Discussion and Recommendations

Despite the concerns about the value of illegal gaming house investigations, JIGIT members may be too focused on sentences received by operators of illegal gaming houses rather than other outcomes that are also important, although less easily measured. It is not news that police (and the public) often perceive that sentencing is inadequate.<sup>73</sup> Sentences in BC are perceived by police to be shorter on

<sup>71</sup> Sam Cooper (June 11, 2020). Elite B.C., Ontario crime network laundering ‘hundreds of millions’ a year, inquiry hears. *Global News*. <https://globalnews.ca/news/7055099/ontario-bc-crime-group-laundering/>

<sup>72</sup> Cullen Commission transcripts, June 9, 2020, evidence of Chief Superintendent R. Gilchrist, at p. 59. Accessed at <https://cullencommission.ca/data/transcripts/Transcript%20June%209,%202020.pdf>.

<sup>73</sup> See, for example, James Keller (June 19, 2008). Vancouver police chief seeks new policy for criminals: ‘30 strikes and you’re out’. *The Globe and Mail*. <https://www.theglobeandmail.com/news/national/vancouver-police-chief-seeks-new-policy-for-criminals-30-strikes-and-youre-out/article674581/>; and, Ken MacQueen (July 7, 2008). More

average compared to other Canadian jurisdictions for some offences, a perception which is supported by some empirical data,<sup>74</sup> and which has occasionally caught the attention of the media.<sup>75</sup>

While there are many offences in BC for which sentences appear to police to be “too short,” the likely sentence cannot be the only determining factor in deciding whether to pursue an investigation; rather, consideration must also be given to the impact on public perception of safety, the ability and willingness of the police to take action regarding community concerns, the suppression of illegal activities, and the deterrent effect. Given that gaming houses presented 50% ( $n=33$ ) of the General Occurrence files, as noted previously, it is important to ensure there is a provincial entity providing support for the investigation of these offences. Further, despite relatively few cases and the perceived insufficient sentences, seizures of gaming paraphernalia and cash for referral to the CFO also have a beneficial impact that may be greater than the consequences of the criminal charge. Moreover, senior police officers in jurisdictions affected by illegal gaming houses have expressed their strong support for JIGIT as a specialized unit that can deal with illegal gaming houses and the collateral crimes – such as loansharking and robbery – that these operations may spawn.

Notably, even a large municipal police agency such as the VPD no longer has the expertise to conduct such investigations. Historically, the VPD did have a unit to investigate illegal gaming-related offences. In January 2005, however, the unit was disbanded with the understanding that GPEB would assume conduct of gaming investigations and the VPD positions could be redeployed to other needs, but this did not come to pass; rather, VPD members asserted that (prior to the creation of JIGIT) GPEB would gather information and simply refer it to the VPD as the POJ, which no longer had the mandate or staff assigned to conduct such investigations.<sup>76</sup>

Some JIGIT members consider the sentences for operators of illegal gaming houses to be too short and demoralizing; however, we have concluded that that enforcement against illegal gaming houses has value. These investigations serve to support local police of jurisdiction in responding to community safety concerns, enhance the reputation of JIGIT, and may lead to valuable information being provided to JIGIT from local police officers. Notwithstanding these benefits, it is clear that there is a greater return on investment when the gaming houses targeted are associated with organized crime.

Notably, JIGIT members (including seconded GPEB members) have advocated for enhancements to the GCA to provide for a streamlined regulatory response to illegal gaming houses that would reduce the resource impact of a criminal investigation. For example, it has been proposed that an investigation of an illegal gaming house under the GCA could be less onerous than a criminal investigation and could

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crime means less time in B.C. *Maclean's Magazine*. <https://archive.macleans.ca/article/2008/7/7/more-crime-means-less-time-in-bc#!&pid=32>

<sup>74</sup> See, for example, Bryan Kinney (2005). *Court Sentencing Patterns*. *PhD Dissertation*. Simon Fraser University School of Criminology; N. Pollard, N. (2011). *Sentencing chronic offenders: 30 strikes and you're out?* (Publication No. etd6751) [Doctoral dissertation, Simon Fraser University]. SUMMIT: SFU'S RESEARCH REPOSITORY; and Vancouver Police Department (2008). *Assessing Sentencing across Criminal Careers: An Examination of VPD's Chronic Offenders*. *Planning, Research & Audit Section*, Vancouver, B.C.

<sup>75</sup> See, for example, Jason Kirby & Nancy MacDonald (May 19, 2008). *How B.C. became a world crime superpower*. *Maclean's Magazine*. <https://archive.macleans.ca/article/2008/5/19/how-bc-became-a-world-crime-superpower#!&pid=24>

<sup>76</sup> Peter German (2019). *Dirty Money – Part 2. Turning the Tide - An Independent Review of Money Laundering in B.C. Real Estate, Luxury Vehicle Sales & Horse Racing*, pp. 235-236. Victoria, Province of B.C.



provide for a provincial ticket to be issued. (This could be similar to, for example, a liquor offence resulting in a violation ticket under the provincial *Liquor Control and Licensing Act*, enforcement of the Cannabis Control and Licensing Act by the PSSG Community Safety Unit against illegal marijuana dispensaries,<sup>77</sup> or the Immediate Roadside Prohibition set out in the Provincial *Motor Vehicle Act* that has not only been effective,<sup>78</sup> but takes far less time than that necessary for a criminal impaired driving investigation.) We were advised by JIGIT that their recommendations for amendments to the GCA have been well received by the provincial government.

Further, offloading such investigations to GPEB would allow JIGIT to focus on illegal gaming houses with a clear link to organized crime, as is contemplated in the mandates of both JIGIT and CFSEU-BC. Target selection could then be linked more closely to PTEP priorities. (JIGIT supervisors believe that the recent introduction of the GIU will provide improved intelligence and JIGIT will be in a better position to target those illegal gaming houses linked to organized crime.)

With respect to casino-related money laundering – and money laundering generally – it is clear that conducting complex criminal investigations with uncertain outcomes cannot be the only strategy relied upon. As pointed out by a retired senior RCMP officer, there must be other strategies besides law enforcement to target and prevent money laundering from occurring. And, in fact, the provincial government has initiated work to develop new regulatory measures to prevent money laundering as a result of the recommendations made in the two *Dirty Money* reports, as well as launched an Inquiry. As of mid-2019, BC reported that it had implemented 15 of the 48 recommendations from *Dirty Money* and had also taken steps on recommendations from *Dirty Money – Part 2*. These include transitioning GPEB to a new Independent Gambling Control Office (IGCO) through amendments to the GCA; implementing a source of funds declaration in BC casinos; revising the CFA; launching a review of luxury car exporters' use of provincial sales tax refunds, and preparing plans to regulate the sector; and requiring post-secondary schools to review policies on accepting large amounts of cash.<sup>79</sup> Further, in response to the report of the Expert Panel on Money Laundering in BC Real Estate, BC is examining the potential for a regulatory framework for money services businesses, a central registry of company beneficial ownership, and modernizing mortgage-broker legislation.<sup>80</sup>

Given the new regulations and policies now in place to reduce money laundering in casinos, criminals will look to other sectors.

If BC is to maintain a law enforcement capacity as an important element in the holistic approach it has taken to address money laundering, consideration should be given to expanding JIGIT's mandate to allow it to conduct investigations into other sectors of concern in BC, such as were identified in *Dirty Money – Part 2*, where regulation is far less robust.

What is clear – from experience in other jurisdictions and recent analyses in BC – is that for BC to be successful in both preventing and responding to money laundering, law enforcement must be used in

<sup>77</sup> See <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis>.

<sup>78</sup> See: Douglas J. Beirness & Erin E. Beasley (2014) An Evaluation of Immediate Roadside Prohibitions for Drinking Drivers in British Columbia: Findings from Roadside Surveys, *Traffic Injury Prevention*, 15:3, 228-233, DOI: [10.1080/15389588.2013.813628](https://doi.org/10.1080/15389588.2013.813628) and *Lemieux v. The Superintendent of Motor Vehicles*, 2018 BCSC 863.

<sup>79</sup> <https://news.gov.bc.ca/releases/2019FIN0061-001233>

<sup>80</sup> <https://news.gov.bc.ca/releases/2020FIN0012-000399>



combination with a strong regulatory response across vulnerable sectors in the economy, including, but not limited to casinos, real estate and luxury vehicles. Further, a coordinated approach is required that involves not only law enforcement, but also the provincial and federal governments, prosecution services, regulatory bodies, and other sectoral stake holders. For example, although it has not moved past the proposal stage, BC considered the potential for a broader approach to money laundering by creating Anti-Money Laundering and Financial Intelligence and Investigations Units;<sup>81</sup> this might very well be an approach considered in the Cullen Commission.

We recommend:

1. That illegal gaming houses with a nexus to organized crime remain a component of JIGIT's mandate;
2. That JIGIT ensures they are targeting illegal gaming houses with a nexus to organized crime and that the link is strongly established prior to launching an investigation;
3. That once the recommendations of the Cullen Commission are known, consideration be given to expanding JIGIT's mandate to other key sectors if deemed appropriate; and/or
4. That consideration be given to expanding provincial police resources to address money laundering outside of the casino sector as part of a broader multi-sector approach.,

## Resources

This section will speak to the human resourcing component of JIGIT and aim to reconcile intended and realized objectives pertaining to structure and resourcing. The following findings are based on the analysis of Human Resource statements provided by CFSEU-BC regarding JIGIT from 2016 to February 2020, CFSEU-BC organizational charts, and the JIGIT business case submitted to the Ministry of Public Safety and Solicitor General outlining the request for JIGIT. This business case also set out the proposed JIGIT organizational and governance structure, as well as its intended objectives and outcomes.

Resulting from the business case submitted to the provincial government, JIGIT was to be comprised of two operational teams consisting of 22 law enforcement personnel, supplemented by four GPEB investigators.

*The CFSEU-BC suggests a two-team model would offer an effective, proactive, accessible, and appropriately resourced investigative response to combat illegal gaming linked to the highest levels of organized crime. These teams would provide a modern and intelligence-led response to keeping gaming facilities free and safe from criminal conduct and enhance public trust and confidence in the overall justice program in British Columbia. These two teams would form the "Joint Illegal Gaming Investigation Teams" (JIGIT).<sup>82</sup>*

<sup>81</sup> Anti-Money Laundering Financial Intelligence and Investigation Units (May 3, 2019). Draft Proposal. Police Services, Ministry of Public Safety and Solicitor General.

<sup>82</sup> CFSEU-BC JIGIT Business Case

The chart below represents the organizational structure of JIGIT as proposed in the business case:

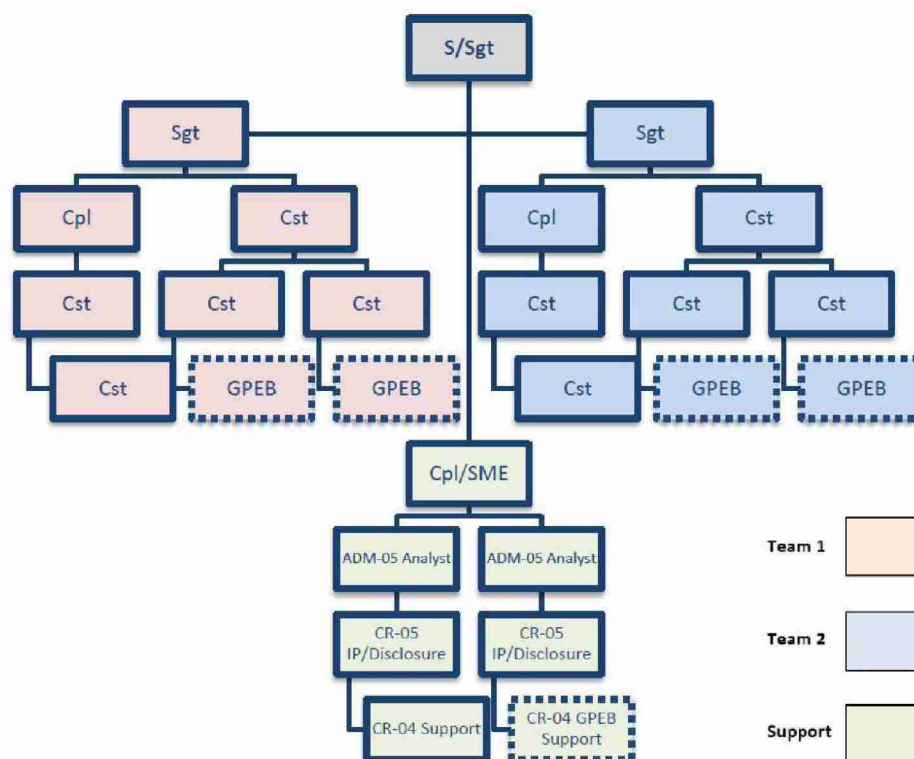


Figure 2: Proposed JIGIT Organizational Chart

Each team was to consist of: 1 Sergeant, 1 Corporal, and 5 Constables. Supporting both teams would be two analysts, two disclosure staff, an investigative assistant, and a support member for the GPEB members.

**Finding: The team was set up in the appropriate time frame, however, often with large vacancy rates and senior positions unfilled.**

The first team was formed in 2016, with the second in 2017, staffing up to 12 positions within the first year, 16 within the second year, and the full 22 established in mid-2019. The vacancy rates each year was between three and five positions, generally at the Corporal and Constable level. From the end of 2017 to the end of 2018, there was no Staff Sergeant assigned to the team and various senior positions were in an acting capacity throughout the four years.

**Finding: JIGIT set up two teams as envisioned aligned with the proposed structure in the business case. However, the established positions focused heavily on RCMP/CFSEU-BC members, failing to incorporate OCABC members as part of the structure in a meaningful way.**

As described in the original JIGIT business case, OCABC positions were to be incorporated into the structure of the unit:

As well, given the inherent transitory nature of specialized law enforcement resources within any secondment model, we also aim to effectively utilize the Organized Crime Agency of British Columbia (OCABC) personnel for this undertaking. Without this designated foundation, continual transfers of members in multi-agency units would create a lack of overall corporate knowledge. OCABC staff will provide these teams with the needed expertise, tenure, and operational continuity that are required to achieve results.<sup>83</sup>

Since JIGIT was created, OCABC positions have not been utilized. Currently, of the 22 positions, there are 2 OCABC contract employees working with JIGIT. It would be beneficial to incorporate meaningful OCABC positions within the unit to ensure continuity and institutional knowledge retention.

**Finding: CFSEU-BC's strategic location, expertise and support mechanisms were an ideal environment to set JIGIT up for success.**

Situating JIGIT within CFSEU-BC allows it to draw on all the resources within the agency. CFSEU-BC is in a strong position to advance organized crime connected to illegal gaming disruption given the existing footprint, infrastructure, and support mechanisms currently in place, such as the Legal Assistance Support Team (LAST) or the Technical Support Unit (TSU).

A major support team JIGIT was to draw from was the in-house Asset Forfeiture Investigation Team (AFIT) [at "E" Division], which assists CFSEU-BC investigative teams with their asset seizures in such areas as assembly and completion of material required for the BC Civil Forfeiture Office or Canada Revenue Agency referrals. Given the nature of offences JIGIT is investigating and the significance of Proceeds of Crime to their work, this is a critical component to their success. To supplement this, it would have been helpful if CFSEU-BC had an established policy framework for civil forfeiture referrals and a dedicated CFO team.

**Finding: It is unclear whether the Team was able to follow Major Case Management investigative principles throughout its tenure.**

The teams were to follow Major Case Management (MCM) investigative principles, including the Command Triangle consisting of an accredited Team Commander (TC), a Primary Investigator and a File Coordinator (FC). JIGIT was to be led by a Staff Sergeant with an accredited Team Commander designation.<sup>84</sup>

At inception, the Staff Sergeant was an accredited Team Commander (and led public interest immunity following his departure, the acting Staff Sergeant, and the current Staff Sergeant, were not accredited Team Commanders.

Currently, the Inspector JIGIT reports to is an accredited Team Commander, with two members in the process of working on their applications. CFSEU-BC does not have an accredited FC program; however,

<sup>83</sup> CFSEU-BC JIGIT Business Case

<sup>84</sup> Ibid



five members have completed the RCMP course “Foundations of File Coordination”, which is an intensive five-day course on File Coordination. The team also has four trained UC cover and two trained UC operators.

**Finding: Stakeholders expressed the need for more resources within JIGIT to more effectively deliver on its mandate.**

The majority (88%) of the respondents to the questionnaire we administered believed JIGIT needed more resources to operate optimally. Further, the ADM responsible for GPEB supported consideration for increasing JIGIT’s resources.

**Finding: JIGIT suffers from a high turnover rate.**

Like any police unit, attrition in JIGIT has also been a challenge. Turnover has occurred in JIGIT due to transfers and promotions. In fact, we were advised that only three of the original police members of JIGIT are still in place, which creates inevitable challenges with respect to continuity of expertise.<sup>85</sup>

**Finding: JIGIT’s surveillance needs exceed the available CFSEU-BC surveillance capacity.**

In policing, surveillance resources are generally shared between various units rather than being attached to a particular unit. They are always in high demand and police managers generally allocate them based on the risk posed to the public. For example, surveillance to gather evidence against a homicide suspect, or conducting surveillance of a violent offender who is in his “crime cycle,” will take priority over surveillance of a break and enter suspect. The situation is no different in CFSEU-BC, where there are four surveillance teams that are shared among various CFSEU-BC units, and may also be used to assist external units, such as IHIT.

We heard repeatedly from JIGIT members that they spend considerable time doing their own surveillance because of limited access to CFSEU-BC surveillance teams. It was noted that the surveillance teams are prioritized to investigations where public safety is at risk over non-violent crimes such as money laundering.

But the result is that highly trained criminal investigators often perform surveillance duties rather than their core functions. This has decreased their capacity to take on more cases. The result, we were advised, is that JIGIT has

public interest immunity

public interest immunity

Further, it should be noted that surveillance is a highly specialized field of policing and carries considerable risk and liability, for example, when doing surveillance of a highly mobile target who engages in aggressive driving and counter-surveillance techniques, or “cleaning.” This is why the training for surveillance teams is extensive and the standards for surveillance operations are high. While it is not uncommon for investigative units to conduct occasional low risk, static surveillance, such as

watching a residence to see who comes and goes, mobile surveillance is far riskier and the chances of being “burned” are much higher, compromising an investigation. Having said that, much of the surveillance JIGIT requires is static, apparently putting it outside of the CFSEU-BC surveillance teams’ mandate.

## Discussion and Recommendations

Despite their resource concerns, several sworn and civilian JIGIT members attributed their successes in part to excellent leadership, which is a credit to those in leadership positions in CFSEU-BC.

While JIGIT would benefit from additional investigative resources, we have recommended that a decision to increase them should be delayed until the impact of the creation of the GIU can be fully understood, unless a decision is made to expand JIGIT’s mandate. However, there are two exceptions to this finding.

First, the creation of the GIU has improved JIGIT’s analytical capacity, but it appears the demand still exceeds capacity. For example, we heard from one JIGIT member that JIGIT was falling farther and farther behind in reviewing important sources of information, such as FinTRAC disclosures that work exceeded current resources. However, it appears that the backlog has been created at least partly by unfilled vacancies in the GIU, rather than insufficient positions. The reconfiguration of JIGIT has also reduced the overall number of operational investigators, although it is too early to assess the impact.

Second, the lack of access to surveillance resources has a significant impact on JIGIT’s effectiveness. The nature of JIGIT’s cases requires considerable surveillance to determine who targets are associating with, what their patterns of behaviour are, and other information necessary to support further investigative strategies, including search warrants, transmission data recorders, and wiretaps.

The only way to address this resource gap is to create a surveillance team that prioritizes JIGIT’s needs. There is certainly precedence for such an initiative. For example, the VPD created two “Strike Force” surveillance teams in the 1980s, and now public interest immunity to provide 24/7 capacity when needed (the same number of such teams as CFSEU-BC). The members are trained to a very high level to conduct mobile surveillance of often high-risk targets, usually for units in the Major Crime Section (e.g., Homicide, Robbery/Assault) or the Specialized Crime Section (e.g., Sex Crimes, High Risk Offenders Unit). However, VPD managers responsible for addressing property crime – which affects more citizens than any other crime type – experienced the same frustrations as JIGIT in accessing these resources, and so eventually additional surveillance teams were created whose priority is property crime. There are currently two such teams, which report to the Inspector in charge of the Property Crime Section, as well as one more team responsible to conduct for the Organized Crime Section. It is in a similar situation to JIGIT in that its investigations are proactive, rather than in response to an imminent risk to public safety.

There is a case to be made that an additional surveillance team should be created in CFSEU-BC whose priority would be JIGIT investigations. It could also support any other CFSEU-BC unit engaged in investigations that are currently not prioritized because of a lack of imminent risk to the public. When not needed for such investigations, the additional team could no doubt be used for other unmet surveillance needs in CFSEU-BC for higher-risk targets. As surveillance is integral to the efficient and



effective use of JIGIT's current resources, a business case could be made seeking additional funding consistent with the current funding mechanism for JIGIT.

While JIGIT is meeting its mandate, there are unmet demands that would be alleviated with additional resources. The lack of capacity is a result, in part, of unfilled vacancies, the reduction in investigators due to the restructuring to create the GIU, and because of JIGIT's self-reliance for conducting surveillance in support of its investigations. Further, if a decision is made to expand JIGIT's mandate, then additional resources will absolutely be required.

Finally, it was also suggested to us several times that one way to address resourcing challenges – particularly regarding recruiting and retention – was to incorporate OCABC<sup>86</sup> police officers into JIGIT, as they are permanently assigned to CFSEU-BC and not subject to transfer to another area in the RCMP, or back to their home agency, if seconded from a municipal police department.

We recommend:

5. That an analysis be conducted within CFSEU-BC of the impact of creating GIU after it has been operational for one year;
6. That expanding JIGIT's resources to meet its current mandate await analysis of the impact of creating the GIU;
7. That JIGIT be supported and encouraged by CFSEU-BC senior management to continue to seek MCM Team Commander accreditation for supervisory staff, and appropriate MCM training (e.g., File Coordinator training) for investigators;
8. That a business case be developed to obtain additional funding for an additional surveillance team in CFSEU-BC that would prioritize JIGIT's investigations; and
9. That the current JIGIT structure be re-visited as per the original business case with respect to the creation of investigative OCABC positions within JIGIT to ensure continuity and knowledge transfer.

## Structure

**Finding: JIGIT consisted of two investigative teams for most of its existence, with a re-structuring occurring in year four, when the unit was re-structured into one investigative team and one intelligence team.**

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<sup>86</sup> The Organized Crime Agency of BC is a "Designated Policing Unit" created under the *Police Act* in 1999 in the same way that a municipal police force is created, but for a specialized purpose. OCA was eventually subsumed into the RCMP-led CFSEU-BC model but continued in CFSEU-BC as police agency and employs OCABC police officers and civilian employees.



As described earlier, in 2016, JIGIT began with one investigative team with a second team added in 2017.

Each team had on average eight RCMP law enforcement positions, a criminal analyst, an administrative assistant and two GPEB investigator positions. This provided for one team to conduct longer-term, more complex investigations – such as **public interest immunity** – while the second team was intended to conduct “quick hit” or shorter-term and less complex investigations,<sup>87</sup> such as illegal gaming houses with a nexus to organized crime that had generated concerns for a municipal police department or RCMP detachment. The structure of the two-team model is described in the organizational chart below.

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<sup>87</sup> “Less complex” should not be interpreted as “not complex”; in fact, gathering the evidence to prove the five elements required for a charge of operating an illegal gaming house is quite challenging, generally involving surveillance and information from an informant to develop grounds to prepare an Information to Obtain (ITO) a Search Warrant, execution of the warrant, multiple arrests and interviews of “found-ins”, seizure of physical evidence, and preparation of a detailed Report to Crown Counsel.

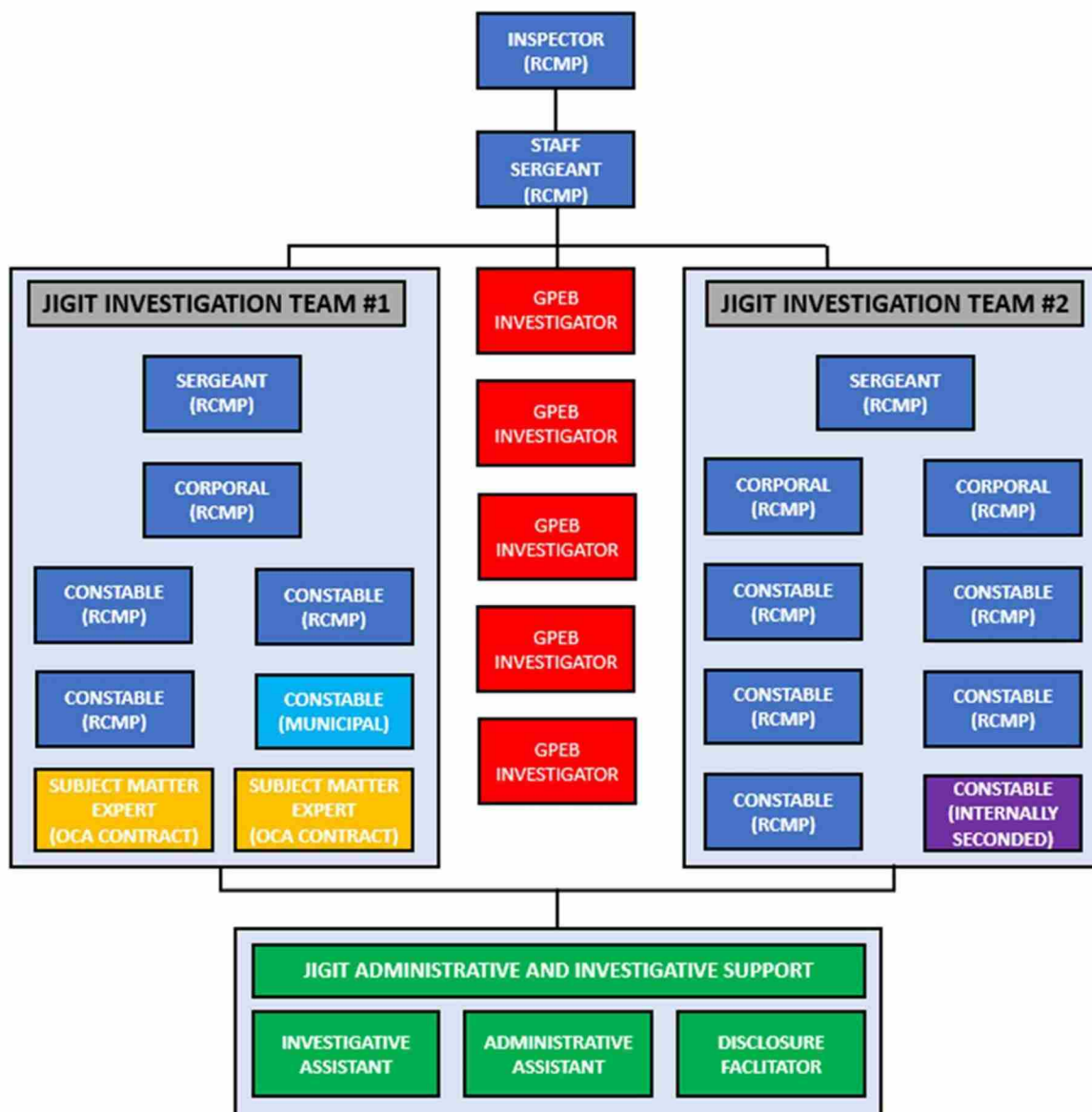


Figure 3A: Original JIGIT Organizational Structure

However, in 2019 a decision was made in CFSEU-BC to reorganize JIGIT into one larger investigative team supported by an analytical team named the Gaming Intelligence Unit (GIU). One rationale was that there were concerns about using GPEB investigators as part of an operational investigative team despite them not being armed and not having the same training and authorities as a police officer.<sup>88</sup> Further, it was assessed that the abilities of the GPEB members would be better utilized in an

<sup>88</sup> GPEB investigators are “Special Provincial Constables” appointed under Section 9 of the *Police Act*. They are peace officers but not police officers. They are unarmed and their authorities are specifically limited by the language in their appointment letters, which describe a narrower range of authorities than police officers have and are limited to those necessary to fulfill their regulatory role.

This resulted in a new structure as described in the organizational chart below.



We interviewed the majority of the JIGIT members, and there was a strong consensus that this was a better model in that the GPEB investigators could be fully utilized, information analysis was improved and generating better intelligence, and the investigative team was able to focus more on investigative tasks. It would also allow JIGIT to more effectively deliver on their mandate, especially related to illegal gaming houses and their nexus to organized crime. Both police officers and GPEB members in JIGIT were supportive of the new organizational structure, noting it made better use of GPEB members' knowledge and skills, had resulted in better information sharing and actionable intelligence, and had improved communication between GPEB and BCLC.

**Finding:** While there is support for the new structure, one stakeholder worried about JIGIT's ability to deliver on all parts of their mandate with only one investigative team.

Although JIGIT members – both from police and GPEB – expressed strong support for the new structure, one concern raised about the one investigative team model was that it could be completely consumed by a longer-term investigation and there would not be sufficient capacity to



conduct investigations of gaming houses identified through the GIU, or by POJs because of community concerns. This observation is consistent with findings from *Dirty Money*.<sup>89</sup>

The OIC of Richmond Detachment, who praised JIGIT's work, also raised a concern regarding JIGIT's capacity to deal with illegal gaming houses going forward:

...there really needs to be the team that does the quick hits like when JIGIT started. They learn a lot doing those investigations, and it's good for the public to see the reactivity, that police are doing something. The quick hits help with deterrence demonstrating to the targets we're there and looking for them, even the lower level ones. We're really remiss if we don't have a quick hit team because the bigger team can get bogged down in complex investigations, disclosure and so on. We've got money exchange businesses and FinTRAC is ineffective in ensuring they're acting properly. We had a currency exchange with a kidnapping, ERT had to blow through a door, everyone was charged...We're the money exchange capital. All we can do is patrols and tell the businesses about FinTRAC reporting so we don't have teeth and it's also really important that the underground currency exchanges get dealt with so you really need that quick hitting team in JIGIT and get it out there that these are illegal. And so are illegal gaming houses but we don't have the capacity or expertise. We can shut them down, but we don't have the expertise to get the evidence through an undercover operation to charge. We really need them demonstrating they're out there and that would be a huge win for the province.

**Finding: A dedicated Crown Counsel (or group of Crown Counsel) or embedded prosecutor would be a significant benefit to JIGIT's success and ability to deliver more effectively on their mandate.**

On another matter related to the structure and staffing of JIGIT, we heard repeatedly from JIGIT members about the importance of having an embedded prosecutor or legal counsel to provide ongoing legal advice as a part of the JIGIT structure. Several external stakeholders expressed a similar view, including from the gaming industry and Crown counsel.

An organized crime prosecutor we interviewed was concerned, however, that embedding a Crown prosecutor could create problems with respect to the mutual independence of police and Crown, and potential problems created by having a prosecutor giving advice to police, but who was not responsible for the charge approval and prosecution phases. He did agree, however, that JIGIT having access to ongoing legal advice via an assigned lawyer – or one on retainer – with the appropriate knowledge and experience would be a good thing, “another layer of expertise brought to a file.”

We interviewed several senior police officers in BC familiar with legal issues associated to major files in BC and elsewhere in Canada who noted that policing has become increasingly complex and that it is important that police have competent legal advisors throughout the life cycle of investigation. It was noted that having expert legal advice leads to better search warrant and

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<sup>89</sup> See: Peter German (2018). *Dirty Money. An Independent Review of Money Laundering in Lower Mainland Casinos conducted for the Attorney General of British Columbia*, p. 134. Victoria, Province of B.C.

wiretap applications, and improved disclosure to Crown to help ensure compliance with *R. v. Jordan*.<sup>90</sup>

In exploring this issue further, we interviewed the Deputy Director, Commercial, Police & Regulatory Prosecutions in the BC Prosecution Service. He has experience with a variety of models for providing legal advice to investigative bodies. For example, he noted that the Integrated Market Enforcement Team (IMET) in BC has in-house counsel. This lawyer is assigned by the PPSC as a “dedicated” counsel whose role is to provide IMET with legal advice during an investigation, and who liaises with provincial Crown to ensure they are in agreement on their legal analysis. But once an investigation matures and the likelihood of a Report to Counsel (RTCC) being submitted becomes high, then provincial Crown’s role increases leading up to RTCC submission and the charge approval process.

Another model the senior BCPS representative recommended CFSEU-BC/JIGIT consider is the model in place with WorkSafeBC. Rather than an embedded Crown prosecutor, in the last decade, the BCPS’s Commercial, Police & Regulatory Prosecutions unit created a preassigned group of Crown prosecutors specializing in areas of law relevant to WorkSafeBC investigations. When WorkSafeBC is faced with a serious case, it liaises with the Deputy Director of CPRP, who will then assign a prosecutor from the preassigned group. If an RTCC is submitted, then that particular prosecutor or another one from the preassigned group would be responsible for reviewing the RTCC.

The advantages of this model are that rather than relying on a single embedded prosecutor, who will not always be available due to absences, there are a group of prosecutors to draw on with expertise in the relevant areas of law. Further, there is a consistency in approach because of the centralization of this expertise. Finally, just as discussion and brainstorming is important in police investigative teams to develop the best investigative approach, in this model, the preassigned group of prosecutors benefits from the round-tableing of cases and the synergy that results, rather than being isolated from their Crown colleagues and precluded from regular discussions on legal issues.

**Finding: Several stakeholders support an expansion of GPEB investigators’ authorities pursuant to their appointments under the *Police Act* as Special Provincial Constables. This would allow more versatility in their utilization.**

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<sup>90</sup> *R. v. Jordan*, 2016 SCC 27 is an extremely impactful case for police and prosecutors in which the Supreme Court of Canada set out a presumptive ceiling beyond which delay — from the charge to the actual or anticipated end of trial — is presumed to be unreasonable, unless exceptional circumstances justify it. The presumptive ceiling is 18 months for cases tried in the provincial court, and 30 months for cases in the superior court (or cases tried in the provincial court after a preliminary inquiry). *R. v. Jordan* has created immense new pressures on police and prosecution services around timely disclosure, and according to one mid-2019 analysis, nearly 800 criminal cases had been stayed resulting from the *Jordan* decision, including the most serious cases, such as murder. See: Andrew Russell (June 10, 2019). ‘It’s a travesty’: Nearly 800 criminal cases thrown out over delays since 2016 *Jordan* decision. Global News. <https://globalnews.ca/news/5351012/criminal-cases-thrown-out-r-v-jordan-decision/>; and Canadian Press (July 6, 2017). A list of some cases affected by the Supreme Court’s *Jordan* decision. CTV News. Accessed at <https://vancouversun.com/news/national/a-list-of-some-cases-affected-by-the-supreme-courts-jordan-decision/>.



Given both the expertise of GPEB members and the limits of their authorities as prescribed in their current Special Provincial Constable appointments, the new organizational structure appears to have improved JIGIT's efficiency in their use of resources (although JIGIT will need to ensure it is able to preserve its ability to conduct both longer term and short-term investigations). Notably, we were advised by GPEB that a review of the province's Special Provincial Constable program is underway; he supports GPEB investigators having strengthened authorities under the *Police Act* "that would better align with their mandated responsibilities." If this were to occur, GPEB investigators in JIGIT could potentially be utilized in a broader role with more interchangeability with police officers.

## Discussion and Recommendations

The challenges created by the limited authorities of GPEB investigators in JIGIT created challenges in the original structure; however, these have been mitigated in the new model. Nevertheless, an expansion of their authorities may increase their investigative versatility in JIGIT.

Second, the need for expert legal advice was a strong theme we heard from JIGIT members, RCMP management representatives, and several external stakeholders. It may not be feasible to assign a legal advisor solely to JIGIT; however, there are other CFSEU-BC units that may benefit from having rapid access to expert legal advice on complex investigative matters where it is not practicable to obtain it from Crown.<sup>91</sup> If so, it is possible the case could be made for a legal advisor that could be a shared resource with CFSEU-BC, which could be accomplished through contracting a lawyer to OCABC, having a lawyer on retainer, or through a secondment from the BC Prosecution Service.<sup>92</sup>

We do acknowledge concerns about the secondment model, due to concerns for the independence of Crown, but note that there are examples where this has worked. For example, as described in *Dirty Money – Part 2*, the PPSC had historically provided prosecutors to be embedded in RCMP Integrated Proceeds of Crime (IPOC) units in various locations in Canada until IPOC units were shut down by 2013.<sup>93</sup> Their role was detailed in a Memorandum of Understanding between the RCMP and the Department of Justice in 1997, and included providing legal advice; making various court applications, including for wiretaps; assisting the team in preparing the court brief; and assisting the trial prosecutor.<sup>94</sup> In B.C.,

<sup>91</sup> The BCPS has a "Legal Advice to the Police" policy that sets out the circumstances in which police may seek legal advice from Crown. <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/prosecution-service/crown-counsel-policy-manual/leg-1.pdf>.

<sup>92</sup> For further information about the challenges of prosecuting money laundering cases in BC, there is an excellent analysis in pp. 307 to 310 of: Peter German (2019). *Dirty Money – Part 2*. Government of British Columbia, Victoria, BC.

<sup>93</sup> For example, according to apparently out-of-date information on the Saskatoon Police website, in Saskatchewan, the PPSC is a partner agency in the RCMP's "F" Division Integrated Proceeds of Crime (IPOC) Unit (<http://saskatoonpolice.ca/criminalintel/>, accessed May 15, 2020). In other IPOC units (historically), the RCMP notes in out-of-date website information, "These groups include the RCMP, provincial and municipal investigators, lawyers from the Public Prosecution Service of Canada (PPSC), forensic accountants from Public Works and Government Services Canada, tax investigators from the Canada Revenue Agency, and Customs officers from Canada Border Services Agency" (<https://www.rcmp-grc.gc.ca/poc-pdc/index-eng.htm>, accessed May 15, 2020).

<sup>94</sup> See archived PPSC policy re proceeds of crime at s. 24.3.1., accessed at <https://www.ppsc-sppc.gc.ca/eng/pub/fpsd-sfpg/fps-sfp/fpd/ch24.html>.



PPSC had embedded prosecutors at IPOC up until 2009, but it was determined there wasn't a sufficient number of investigations to justify having full-time prosecutors embedded with the unit.

Finally, the current WorkSafeBC model with a preassigned group of prosecutors in BCPS who are available to provide expert legal advice prior to an RTCC being submitted is a model we believe may be best suited to JIGIT and is therefore well worth pursuing.

We recommend:

10. That CFSEU-BC implement a mechanism for systematically tracking investigation resourcing demands, including potential resource gaps and anticipated impacts, (this mechanism may benefit other CFSEU-BC units as well) to support future funding requests;
11. That GPEB continue its efforts to have its Special Provincial Constable investigators' authorities enhanced to be in better alignment with their responsibilities; and
12. That CFSEU-BC conduct a review of the costs and benefits of contracting, seconding from the BCPS or PPSC, or having on retainer, an expert legal advisor for JIGIT and other CFSEU-BC units to support complex investigations; or
13. That CFSEU-BC consult with the Assistant Deputy Attorney General about the potential to create a "WorkSafeBC model" of a group of preassigned Crown prosecutors for access to expert legal advice.

## Governance, Performance Reporting, and Funding Mechanism

### Introduction

In the course of this Review, we examined the current governance of JIGIT by looking at governance structures and responsibilities, performance reporting, financial management and reporting, and the funding mechanism for JIGIT.

### Governance Structures and Responsibilities

In this section we present our review of the governance structures for JIGIT as set out in governance documents, the responsibilities and actions of CFSEU-BC's Board of Governance and management team, as well as other processes that provide direction and oversight to JIGIT. While this section discusses the JIGIT reports to the Board of Governance, a more detailed discussion of JIGIT's performance reporting is presented in a later section.

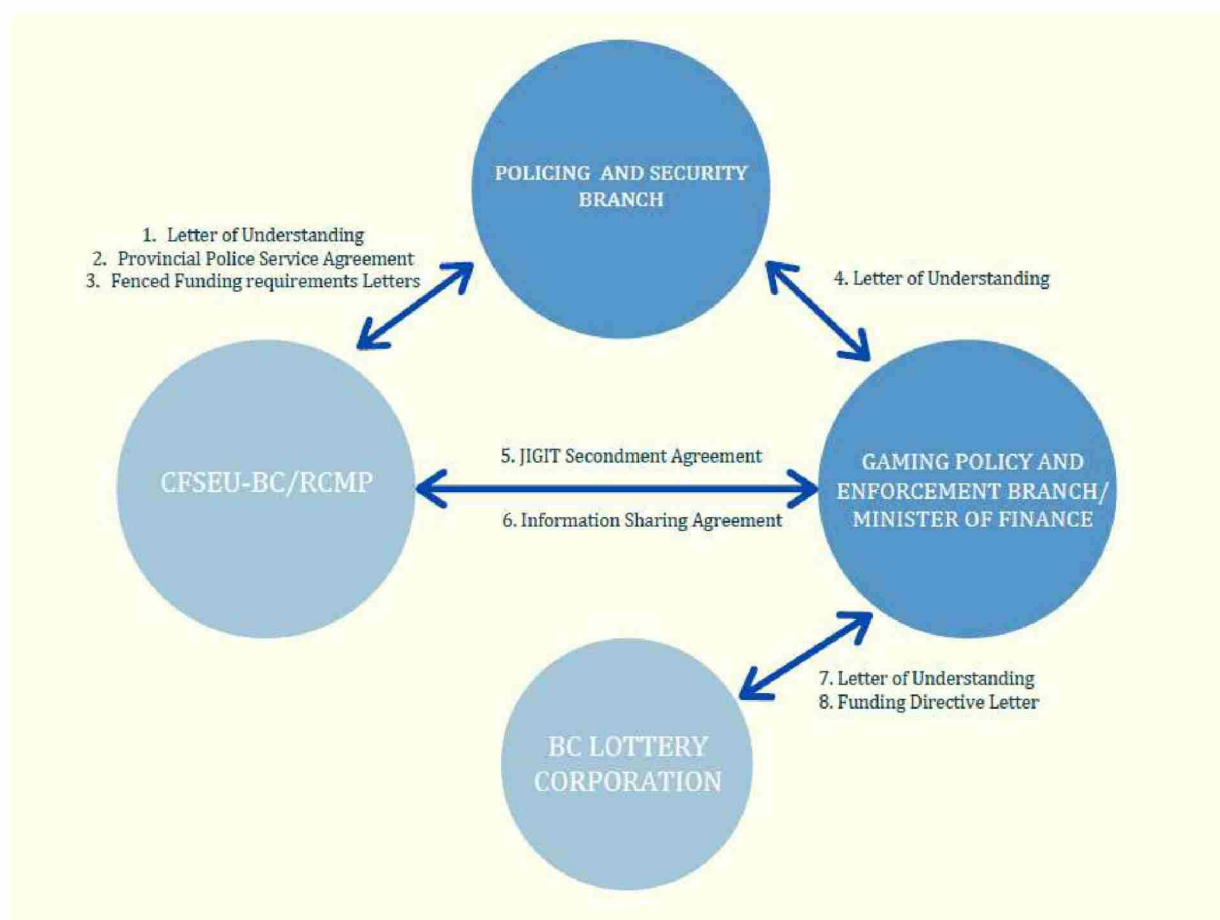
### Governance Documents

The governance framework for JIGIT is set out in various documents – including an MOU – that involve CFSEU-BC, PSSG, GPEB and BCLC. The business case for JIGIT laid out the proposed governance arrangements, and when JIGIT was created, a series of Letters of Understanding between these agencies established the role that each was to play, and their respective governance and funding responsibilities. These Letters of Understanding also outline mechanisms for performance and financial reporting as well

as some provisions for financial management. The Letters of Understanding between CFSEU-BC, PSSG, GPEB and BCLC expire in March 2021.

In addition to these letters, the Provincial Police Service Agreement (PPSA) between the province and the RCMP sets out overarching responsibilities of both parties for the provision of RCMP services as the provincial police force in BC. This Agreement, struck in 2012 and in effect until 2032, includes provisions for cost-sharing between BC and Canada for RCMP services which apply to CFSEU-BC.

Finally, there are additional agreements regarding the secondment of GPEB staff to JIGIT and information sharing, fenced funding requirement letters and a funding directive letter from then Minister of Finance de Jong to BCLC directing them to provide funding for JIGIT for three years. Figure 4 below depicts the parties to each of the governance documents. Relevant provisions of these documents will be discussed below. Appendix 4 provides, in table format, a summary of the key responsibilities of each agency as set out in the governance documents for JIGIT.



**Figure 4: Parties to JIGIT Governance Model**

The governance arrangement for JIGIT includes the following key features:

- Under the *Police Act*, the CFSEU-BC Board of Governance is accountable to the Minister of the Ministry of Public Safety and Solicitor General. The Minister's responsibility is delegated to the Director of Police Services who sits on the Board.
- The CFSEU-BC Board of Governance has overall responsibility for providing operational and strategic governance for JIGIT.
- Performance expectations are to be set by the CFSEU-BC Board of Governance, and the Board is to receive quarterly performance reports.
- Bi-annual performance reports are to be provided to PSSG and GPEB. GPEB is to provide bi-annual performance information to BCLC.
- JIGIT is to be funded by Canada and the province at the 30%/70% cost share ratio for its CFSEU-BC costs, with GPEB covering the full costs of its staff participating in JIGIT without a federal contribution.
- BCLC was directed to provide funding for years 1 – 3 at levels expected to cover the provincial 70% share of JIGIT's costs.
- CFSEU-BC is to provide quarterly financial reports for JIGIT to PSSG and GPEB. Financial reports are also to be provided to BCLC.

**Finding: Few of those currently involved in JIGIT governance are aware of the provisions contained within the Letters of Understanding between the RCMP, PSSG, GPEB and BCLC that outline the governance responsibilities for JIGIT. These Letters of Understanding expire in March 2021.**

For an integrated Team such as JIGIT to be governed effectively with four key stakeholders (CFSEU-BC, PSB, GPEB and BCLC), a clear and shared understanding of the roles and responsibilities of each agency is needed. We asked the senior officials, stakeholders and CFSEU-BC Board of Governance members about their knowledge of the Letters of Understanding and agreements for JIGIT. While some were aware that these documents exist, most indicated that they could not recall the details or specific provisions they contain.<sup>95</sup>

#### About the CFSEU-BC Board of Governance

As described in the business case and the Letters of Understanding between the RCMP, PSSG, GPEB and BCLC, the CFSEU-BC Board of Governance (hereafter "the Board") is the governing body for JIGIT.

The Board of Governance is chaired by the Commanding Officer, RCMP "E" Division. Other RCMP "E" Division members of the Board are: Criminal Operations Officer (CROPS Officer); Commander of the Lower Mainland District; and Chief Superintendent of the South East District. Other police agency

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<sup>95</sup> The secondment agreement was familiar to some in GPEB and CFSEU management, and the Director of Operations at GEPB, responsible for GPEB finances, was familiar with the funding directive letter to BCLC that lays out the mechanics of the transfer of funds for BCLC's contribution to JIGIT, flowing from BCLC to GPEB and then to PSSG.



representatives on the Board are the Chief Constable of the Vancouver Police Department and the Chief Officer of the Transit Police. Under the *Police Act*, the CFSEU-BC/OCABC Board of Governance is accountable to the Minister of the Ministry of Public Safety and Solicitor General and there are two provincial representatives on the Board: the Assistant Deputy Ministry (ADM) of the Policing and Security Branch (PSB) and Director of Police Services (non-voting member) and the Executive Director, Serious and Organized Crime Initiatives Policing and Security Branch.

The Board meets three to four times per year and meetings are also attended by members of the CFSEU-BC Senior Management Team (SMT) including the Officer In Charge (OIC) of CFSEU-BC, the CFSEU-BC Operations Officer, and the CFSEU-BC Support Operations Officer. While the Board has been operating since CFSEU-BC/OCABC's inception, a number of members are relatively new to the Board. The Chair was appointed to the Board in mid-2019, the CROPS Officer in March 2020, and the OIC for CFSEU-BC in February 2020.

In addition to providing governance for JIGIT, the CFSEU-BC Board oversees nine other integrated teams and specialized units, as well as finance, human resources, and other support units. According to the Memorandum of Understanding (MOU) that established CFSEU-BC in 2005, responsibilities of the Board include "providing policy objectives and operational strategic direction to the Chief Officer of CFSEU-BC."<sup>96</sup>

#### Role of the Board in JIGIT Governance

According to the business case and the Letters of Understanding between the RCMP, PSSG and GPEB, the CFSEU-BC Board has the responsibility to provide operational and strategic governance for JIGIT. The Chair of the Board confirmed that the role of the Board is to make financial and strategic decisions. In order to make informed decisions, the Board first needs to understand the mandate of JIGIT and receive information about JIGIT and its performance.

#### **i. Information received by the Board of Governance**

**Finding: Reports to the Board, contained in Board briefing packages, are developed through an internal flow of information and metrics within CFSEU-BC chain of command.**

The information that the Board receives about JIGIT is provided by the OIC of CFSEU-BC, who receives information from JIGIT's Staff Sergeant, the Monitoring Officer, and the Operations Officer for CFSEU-BC. Prior to meetings, Board members are provided with a briefing package that encompasses all CFSEU-BC teams and units and receive verbal briefings from the OIC of CFSEU-BC, the Operations Officer, and the Support Operations Officer at the meetings.

The current process to develop JIGIT information for the Board<sup>97</sup> reports is undertaken by the Monitoring Officer, the Operations Officer and the OIC, starting with a verbal report from the Monitoring Officer summarizing the progress of JIGIT's ongoing investigations.

<sup>96</sup> Memorandum of Understand respecting the Combined Forces Special Enforcement Unit of British Columbia, 2005.

<sup>97</sup> Performance reporting and metrics are discussed in greater detail in the Performance Reporting section below.

**Finding: The CFSEU-BC Board of Governance receives limited information regarding JIGIT's overall success in meeting its objectives. Board briefing packages are lengthy, detailed and do not provide summary information regarding activities and outcomes by objective**

The Board briefing package includes information on budgets and staffing, spending for travel, a list of current year investigative files and projects, and a summary of each current investigation and project. The investigation summaries include a background section which covers the investigation history and an update section on its status. Outcomes such as seizures and arrests are reported. The project summaries cover JIGIT's activities with other agencies in areas such as regulatory provisions and education and information sharing regarding money laundering in the province.

We were provided with a redacted version of the JIGIT information provided to the Board for its February 2020 meeting. That information included two pages on JIGIT's budget and spending, two pages on staffing and eight pages on JIGIT investigations and projects. The list of current year investigative files and projects does not list all the investigations and projects for which summaries were provided. The list includes five investigations (two shown as concluded) and two projects, while summaries are provided for seven investigations and four projects. While the investigation summaries provide operational and some outcome information, the length and detail of this information (presumably provided to the Board for each of its ten teams and other units for each of its meetings) make it difficult to ascertain, at a high level, JIGIT's level of success. The report does not provide a statement of JIGIT's strategic objectives and which team activities pertain to each objective. Nor does it contain a high-level synthesis of information that would indicate the extent to which the team is achieving its objectives.

Board members confirm that written and verbal reports are their source of information regarding JIGIT.<sup>98</sup>

We heard mixed views on the information the Board receives. One member of the Board commented that past reports to the Board have not demonstrated the effectiveness of individual CFSEU-BC units, but also noted that reporting is improving, with an intent to move beyond anecdotal reporting to provide metrics on levels of success.

When asked for an overall assessment of JIGIT's competence and effectiveness at meeting its mandate, two Board members commented that the Board generally, does not have a good understanding of JIGIT's impact in the areas it was created to address.

However, others are satisfied with the information received by the Board, noting they were satisfied they knew what JIGIT was doing from their reporting.

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<sup>98</sup> One Board member commented that he learned more from a presentation by JIGIT, made at his request, for LMD Mayors.

## ii. Board of Governance Direction to JIGIT

**Finding: To date, the CFSEU-BC Board of Governance has provided little strategic direction to JIGIT, focusing primarily on the strategic, financial and HR considerations of CFSEU-BC/OCABC as an entity.**

A key part of the Board governance responsibilities for JIGIT is to provide strategic direction for the Team. Two Board members interviewed reported that there has been very limited discussion of JIGIT per se at Board meetings, where the focus is more on the support side of CFSEU-BC regarding staffing, vacancies, mental health, budget, and fleet. One noted that the CFSEU-BC has many different teams but the discussion at meetings does not delve into specifics of the individual units.

Several of those interviewed indicated that the Board has been supportive but has given little in the way of direction to JIGIT. None could recall any issues of concern regarding JIGIT that the Board had dealt with. Senior staff reporting to the Board commented that the only direction received was on administrative matters, and no direction on operational matters has been provided, other than supportive and encouraging comments. Another commented that strategic direction given by the Board is for the CFSEU-BC/OCABC as a whole, rather than for individual teams such as JIGIT.

In contrast, another member of the Board is satisfied with the Board's feedback process to the OIC, noting that CFSEU-BC has been responsive to Board comments.

However, this member could not recall any specific direction having been given regarding JIGIT.

One observer noted that most members of the RCMP are not used to reporting to, or serving on, a Board of Governance like that of CFSEU-BC; in BC, the police board model is used for independent police departments only. PSB is considering improvements so that the Board does provide strategic direction.

**Finding: The Letters of Understanding assign the approval of operational plans to the Board of Governance rather than to the CFSEU-BC management team. This is not in keeping with the strategic level decision-making that the Board is charged with in practice.**

According to the Letters of Understanding establishing JIGIT, one of the Board's roles was to approve operational plans for JIGIT investigations. As described in the Letters of Understanding between the RCMP and PSSG, and PSSG and GPEB:

Operational governance over JIGIT will be the responsibility of the CFSEU-BC Board of Governance. Within the strategic-level governance the Board's responsibilities include reviewing and approving operational plans which are submitted prior to beginning an investigation.<sup>99</sup>

<sup>99</sup> Pecknold, C. (2017, February 28). Clayton Pecknold, Assistant Deputy Minister and Director of Police Services, February 28, 2017 letter to Deputy Commissioner Craig Callens regarding the creation, operation, and funding of JIGIT.



Board members interviewed noted that they do not make operational decisions and the reference in the Letters of Understanding regarding the Board's approval of operational plans for JIGIT seems out of keeping with its higher level of responsibility for strategic decision-making:

Aside from the question of providing approval of operational plans, the Board accepts that its role regarding JIGIT includes providing strategic decisions for the Team. One reason that this has not occurred is likely that the Board receives a high volume of information prior to meetings and Board meetings tend not to delve into specifics regarding individual teams, as outlined above. Contributing to this is the fact that the Board oversees ten different integrated teams and specialized units, each with its own mandate and reporting.

**Finding: The governance structure for CFSEU-BC is being reviewed. This will impact the governance structure for JIGIT.**

For its part, the Board has made some changes and discussed others, not to address JIGIT specifically but for the whole of its responsibilities. A senior staff member indicated that they are completing a review that addresses, in part, governance and reporting.

A Board member commented that there have been general discussions regarding appropriateness of the governance model for CFSEU-BC overall, given that the agency is comprised of several police agencies, with different stakeholders and funding envelopes.

#### Management Oversight within CFSEU

**Finding: There is a defined and robust management process in place for JIGIT, reporting directly to the OIC of CFSEU-BC/OCABC. This process ensures appropriate oversight of the team, its operations, human resources and finances.**

Although the Board itself is providing little direction specifically for JIGIT, the chain of command from the OIC of CFSEU-BC down to the Staff Sergeant provides management oversight and operational decision-making. Examples of how these processes work include:

- The former OIC of CFSEU-BC indicated that he took a hands-on approach with JIGIT, receiving weekly updates and signing off on operational plans, in conjunction with the Operations Officer.
- The Monitoring Officer (who reports to the Operations Officer) works with the Staff Sergeant to assess potential investigations, including whether they are on mandate, prior to presenting their case to the Operations Officer.
- The Operations Officer and a steering committee within CFSEU-BC are implementing a process to select the investigations that its units, including JIGIT, will undertake based on criteria that include mandate, resources, capacity and expected outcomes. Operational plans will be prepared for selected investigations and how they will be resourced.

- The Monitoring Officer and the Staff Sergeant assess whether investigations are run properly, decide how to address issues and document and communicate feedback to the team.
- The Monitoring Officer and the Operations Officer meet weekly with the OIC to report on the progress of investigations.
- The Staff Sergeant, Monitoring Officer and Operations Officer provide a synopsis regarding JIGIT for inclusion in Board reports.
- The Staff Sergeant is responsible for managing budgets for each investigation but Monitoring Officer approval is required for overtime expenditures.

Interviews conducted with JIGIT team members and with members of this chain of command indicate a high degree of satisfaction with the management of the Team and the decisions made.

#### Other Governance and Oversight Processes

**Finding: To ensure appropriate stewardship of its investment in JIGIT, PSB has various oversight mechanisms.**

Aside from Board membership, another mechanism that PSB uses for exercising its oversight and stewardship responsibilities regarding CFSEU-BC is to issue annual delegation letters to CFSEU-BC for the fenced units<sup>100</sup>, including JIGIT. The delegation letters indicate the provincial contribution to the unit's budget, spending directives, team structure, anticipated outcomes and requirements for budget and performance monitoring and reporting.

PSB representatives interviewed for this Review indicate that the delegation letters ensure that information pertaining to the outputs and outcomes of the provincial investment in fenced units is reported, which supports a greater understanding of the public safety impacts of that investment. Additionally, the reporting requirements outlined in the delegation letter helps the Province ensure that funded units are on mandate and aligned with provincial priorities. A review of JIGIT provisions in the delegation letters for 2018 and 2019 indicates that PSB is requiring an increased level of detail and additional reporting requirements for JIGIT. Despite the more detailed reporting requirements, PSB staff feel there is still room for improvement (see more under Performance Reporting, below).

In addition, PSB meets on a twice monthly basis with the CFSEU-BC OIC, the Operations Officer and the Support Operations Officer (including all the fenced unit heads) to review status and issues of fenced units at CFSEU-BC, which includes an update on JIGIT. These calls help PSB understand challenges, resources and budget issues. The group takes a collaborative approach to solving challenges, and the calls focus on metrics and administrative questions, not operations.

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<sup>100</sup> Fencing describes the limits on provincial funds committed to the unit. As a fenced unit, no provincial funds allocated to JIGIT can be used for any other purpose without the approval of the Director of Police Services.

**Finding: GPEB does not participate in formal governance structures; it receives updates and provides input through other structured processes and informal communication. GPEB and JIGIT are satisfied with the collaboration and communication between the two agencies.**

One agency that participates directly in JIGIT is not involved in formal governance structures at all. GPEB does not have a seat on the CFSEU-BC Board of Governance, and according to the Letter of Understanding between GPEB and PSSG, is only able to raise any issues of concern regarding JIGIT to the Director of Police Services. The Director is then to raise GPEB's concerns with the Board, where deemed appropriate. Despite its lack of membership on the Board, senior staff at GPEB are satisfied with the governance arrangements for JIGIT, feel they have the information needed to understand how well JIGIT is doing, and are able to provide appropriate input into JIGIT operations. For GPEB, this is achieved by:

- The GPEB ADM receives internal reports from the Executive Director of the Enforcement Division, who in turn receives regular updates through reporting lines maintained with GPEB staff at JIGIT. These are supplemented by regular formal and informal communication between GPEB and CFSEU-BC senior management. The ADM does clarify, however, that the primary reporting responsibilities of GPEB members in JIGIT fall within the JIGIT and CFSEU-BC organizational structures.
- While GPEB's ADM is not involved in the operational/investigative decision making at JIGIT, he does, primarily through GPEB's Executive Director of Enforcement, provide guidance and perspective to JIGIT on gambling regulation concerns, including money laundering, proceeds of crime and other criminal threats to the integrity of the gaming industry.
- GPEB's Executive Director of Enforcement and the Inspector in charge of JIGIT form a joint management team that provide operational oversight and direction to the Gaming Intelligence Unit within JIGIT.

The Executive Director of Enforcement makes decisions regarding which GPEB staff will be members of JIGIT but works collaboratively with law enforcement counterparts to ensure a good team fit. The resourcing of GPEB positions within JIGIT is determined by the Executive Director and the ADM of GPEB.

The ADM of GPEB reports that he has not raised issues of concern regarding JIGIT to the Director of Police Services. He has had discussions at the management level regarding the placement of GPEB staff within JIGIT and an agreement was reached collaboratively. The effectiveness of the lines of communication between GPEB and CFSEU-BC / JIGIT is enhanced by good working relationships at the staff level.

While the current arrangements are satisfactory for those involved, the effectiveness of informal mechanisms depends on good personal relationships which can be lost when people change positions or organizations are restructured.

#### Satisfaction with JIGIT's Governance and Oversight Structure

**Finding: Despite a lack of strategic direction provided by the Board of Governance, many of those interviewed are satisfied with the governance and oversight arrangements for JIGIT; however, some**



**are not satisfied. Some feel that there needs to be clearer direction regarding JIGIT's mandate and position within the wider anti-money laundering strategy for the province.**

When asked whether they were satisfied with the governance structure for JIGIT, both the current OIC CFSEU-BC and the OIC in place when JIGIT was created indicated satisfaction with the Board process and that they had no concerns.

The GPEB ADM is also satisfied with the current governance arrangements and says that it appears to be a suitable governance model. Furthermore, he finds the arrangement where GPEB is not represented on the CFSEU-BC Board of Governance satisfactory for GPEB because he has good working relationship with PSB, which is represented on the Board. Despite this, a PSB representative felt that there could be some benefit to including GPEB in a committee regarding JIGIT along with PSB and CFSEU-BC.

One PSB representative who noted that the direction of JIGIT occurs more within CFSEU-BC management than at the Board level, also commented that this has not led to challenges for JIGIT. While not commenting on governance directly another person also expressed concerns regarding a need to provide clear direction to JIGIT, particularly with regard to what CFSEU-BC wants from JIGIT, and decisions to resource and manage it effectively. Another member of the Board echoed the need for clearer direction regarding JIGIT's focus and mandate stating that a decision was needed regarding the problem they are trying to solve.

A related concern is the need to ensure that JIGIT is positioned appropriately as one part of the overall strategy to address money laundering. This would require input beyond that provided by JIGIT to considering information held by GPEB and other stakeholders that the Board does not receive.

## Discussion and Recommendations

The governance of JIGIT within the CFSEU-BC should provide strategic direction to the Team itself and ensure that JIGIT's work supports the broader CFSEU-BC and provincial government objectives, plans and strategies to combat organized crime and money laundering. While the Board of Governance should not be providing detailed *operational level* direction, it should provide strategic direction to the *operations* of CFSEU-BC, including JIGIT, to ensure that all units' work is on mandate, that they are achieving expected outcomes and are furthering the overall goals of the agency. Strategic direction of this nature for JIGIT could include decisions regarding which of JIGIT's strategic objectives should be prioritized. Management responsibilities should include implementation of Board direction, providing direction at the operational level, monitoring outcomes and reporting to the Board to inform its strategic decision-making.

Those who have governance responsibilities for JIGIT will soon be required to make decisions regarding the future of the team, including whether to continue funding the team and the scope of its mandate if it does continue.

We recommend:

14. That new Letters of Understanding for the continuance of JIGIT be prepared, and that the governance provisions in these letters differentiate the roles of the Board of Governance and

the CFSEU-BC management team generally and in particular regarding provision of strategic direction, operational oversight and the approval of operational plans;

15. That once signed, the new Letters of Understanding be circulated to and reviewed by all members of the CFSEU-BC Board of Governance, members of the CFSEU-BC management team, the JIGIT Staff Sergeant, and managers at GPEB, PSB and BCLC that have involvement with JIGIT;
16. That the CFSEU-BC Board of Governance continue its efforts to improve its oversight of CFSEU-BC, particularly with respect to the provision of strategic direction to individual teams, including JIGIT;
17. That the CFSEU-BC Board of Governance requests high level briefing materials that present summary evidence regarding JIGIT's level of achievement for each of its strategic objectives; and
18. That an advisory committee for JIGIT be established that involves CFSEU-BC, GPEB, and PSB. This committee would advise on JIGIT's mandate, role and priorities for the Team itself and as it relates to the broader anti-money laundering strategy of the province. The committee would provide updates and recommendations for consideration by the CFSEU-BC Board of Governance. Provision for the advisory committee would be included in the renewed Letters of Understanding for JIGIT between the RCMP, PSB, and GPEB.

## Performance Reporting

In this section we review the progress made on JIGIT's performance reporting including the original expectations for reporting, the work to develop performance metrics, data collection processes, early and current performance reports, flows of performance information and satisfaction with performance reporting. This section does not dwell on reporting provided to the Board of Governance which has been covered above.

### Original JIGIT Performance Reporting Expectations

Both CFSEU-BC's business case for JIGIT and the Letters of Understanding between the RCMP, PSSG, GPEB and BCLC set out expectations for JIGIT performance reporting and flows of performance information among these agencies.

The Business Case indicated that JIGIT would report on traditional metrics (arrests and seizures), **public interest immunity** and "unique qualitative and quantitative measures that relate to achieving mission success, impact on society, and demonstrated value for dollar."<sup>102</sup> The collation of JIGIT performance data was to be performed by the Investigative Services and Organized

<sup>101</sup> **public interest immunity**

**public interest immunity**

**public interest immunity**

<sup>102</sup> Business Case, p. 5.

Crime (ISOC) Hub (now the BC RCMP Hub). The Business Case also indicated that JIGIT activities would be included in bi-annual ISOC reports and the bi-annual RCMP Performance Plans.<sup>103</sup>

The Letters of Understanding between CFSEU-BC and PSSG, PSSG and GPEB, and GPEB and BCLC set out the following regarding performance reporting:

- The CFSEU-BC Board of Governance responsibilities for JIGIT include setting performance measurement and outcomes for the Team.
- The OIC of CFSEU-BC would provide quarterly reports on the actions of JIGIT to the Board.
- CFSEU-BC would provide bi-annual performance outcome reports to PSSG and GPEB. GPEB would provide bi-annual performance information, based on the CFSEU-BC reports, to BCLC. Reports of a sensitive nature would be provided only to the Director of Police Services.
- CFSEU-BC reports would outline efforts and successes of JIGIT, including gaming-specific outcomes and an assessment of how outcomes have impacted the criminal networks targeted.
- GPEB's General Manager of Gaming would brief Ministry of Finance<sup>104</sup> officials quarterly.

These documents clearly indicate that the audiences for JIGIT performance information include the CFSEU-BC Board of Governance, PSSG, GPEB and BCLC.

#### Development of Performance Metrics for JIGIT

#### **Finding: Early development of performance metrics for JIGIT occurred collaboratively at staff level.**

Once the approval to create JIGIT was given, work began to develop appropriate performance metrics. The process was collaborative with input from CFSEU-BC and the ADMs of PSB and GPEB. An attempt was made to adapt the PTEP reporting metrics specific to gaming and to report on the metrics these agencies needed.

As of October 2016 GPEB was actively working with CFSEU-BC's data analytics team to develop a template performance report that would include metrics on JIGIT activities, such as the number of seizures, including cash, drugs, weapons, vehicles, and casino cheques, and the number of arrests, charges and convictions, as well as individuals' relationship to the BC's gaming industry. The objective was to have a performance report that can be shared with all provincial parties, including BCLC.<sup>105</sup>

<sup>103</sup> Business Case p. 9. In fact, neither of these has occurred. The ISOC reports have been discontinued, and the RCMP Performance Plan reports have not yet included priorities that relate to areas within JIGIT's mandate.

<sup>104</sup> When the Letters of Understanding were signed, GPEB was in the Ministry of Finance. It is now part of the Ministry of Attorney General.

<sup>105</sup> Briefing Document, Ministry of Finance, October 5, 2016



In October 2016 a briefing on performance measurement and outcomes for JIGIT was provided to GPEB, CFSEU-BC, and BCLC that outlined JIGIT report measures: **public interest immunity**

**public interest immunity** As shown in the excerpted images below, the presentation also included examples of gaming-specific outcomes measures that JIGIT reports would include.

STATUS	Suspicious Transaction Report	Banned	Sanctioned	Gaming Worker	Previous Gaming Worker
Arrested	-	-	-	-	-
Charged	-	-	-	-	-
Convicted	-	-	-	-	-

Cash/Casino Cheques	Gaming Supplies
→ Total value of cash	→ Gaming equipment
→ Total value of casino cheques	→ Certified gaming equipment (if required)
→ Identify how many casino cheques are verified and non-verified win cheques	

Figure 5: JIGIT Performance Presentation Excerpt

### Collection of data for reporting

Data that forms the basis for the quantitative elements of JIGIT's performance reports is collected by way of Investigation Report (IR) templates, completed on a weekly basis by JIGIT members. The data provided includes the number of seizures, arrests, authorizations and related data. These were previously completed using a fillable .pdf form but are now completed through an automated online system. IRs do not capture purely intelligence activities, and GPEB members do not currently complete IRs. The BC RCMP Hub is currently discussing how to obtain information from partner agencies.

IRs are provided to the BC RCMP Hub and analysts provide data needed for performance reports and data requests.

Beginning in mid-July 2018, PSB funded a performance metrics position at the Strategic Research Office (SRO) at CFSEU-BC. The SRO is a support unit that analyzes data and provides evidence-based strategies to CFSEU-BC. The PSB funded position works collaboratively with PSB to provide information from the IRs, dashboards and briefing notes in a form that can be shared with PSB in order to fulfill performance metrics reporting requirements.

### Early performance reports

**Finding: Early performance reports included originally agreed-to metrics, but they were often unclear and inconsistent and therefore unreliable.**

From April 2016 to December 2018 JIGIT Outcome Reports were produced by CFSEU-BC. We were provided with copies of four reports that together covered JIGIT activities in the period from April 1, 2016 to October 31, 2018; however, no report that covered the period from December 2017 to April 2018 was provided.<sup>107</sup> In our review of these reports we observed:

<sup>106</sup> "Joint Illegal Gaming Investigation Team Reporting" PowerPoint Presentation, October 14, 2016.

<sup>107</sup> This period was subsequently covered by newer reports produced by PSB based on data provided by CFSEU-BC, as discussed below.

- The reporting periods covered ranged from 6 to 9 months.
- Each report indicated the period covered in its Introduction, but the data in the body of the reports are often shown for longer periods.<sup>108</sup> This leads to uncertainty regarding the results presented, a potential for double-counting and difficulty in creating an assessment of JIGIT over time.
- Reports included written descriptions of the JIGIT Mandate, the PTEP model, and narratives that provide some context regarding JIGIT's current and cumulative results since inception. Unfortunately, the numbers presented in the narratives are sometimes difficult to reconcile with the data presented in the results tables.<sup>109</sup>
- The reports did include gaming specific results tables (for example, seizures of cash/casino cheques, and gaming supplies) as well as traditional metrics, such as the number of police techniques, seizures, arrests, charges/convictions and dispositions that occurred.
- |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| public interest immunity | public interest immunity | public interest immunity |
|--------------------------|--------------------------|--------------------------|
- The data presented within reports are sometimes inconsistent.<sup>110</sup>
- The final report produced (May – October 2018) includes new sections on staffing, file synopses, description of intelligence, partnership and education activities and summaries of reporting period and cumulative efforts to date that were not included in prior reports.

### Current performance reports

**Finding: Current performance reports prepared for the Province with data provided by CFSEU-BC are much better and include Return on Investment estimates. However, it is still difficult to discern how the data presented relate to each of JIGIT's strategic objectives. PSB continues to work with CFSEU-BC to address data gaps and improve the reliability of data received.**

In 2018 PSB made a decision to compile CFSEU-BC data on fenced units into performance reports with a more hands-on approach. This decision was taken because PSB found it difficult to validate the numbers in the performance reports previously created by CFSEU-BC.

<sup>108</sup> For example, the report for January 2017 – May 2017 includes data in tables labelled May 2017 – November 2017.

<sup>109</sup> For example, in the May – November 2018 report, the narrative states that JIGIT used 422 investigative techniques but the tabulated results show 436 in one table and 432 in another.

<sup>110</sup> For example, the April – December 2016 report indicated that zero arrests had occurred (p. 2) yet presents a pie chart that indicates shares of arrests by status, including what appears to be approximately 50% released with conditions and approximately 30% remanded (p. 5).



Since June 2018, delegation letters issued by PSB detail the information and metrics for fenced teams within CFSEU-BC that must be provided to the province for bi-annual reports. The information required is provided by CFSEU-BC to PSB staff. The 2019 letter included a much more detailed and specific list of data requests than the 2018 letter.

We were provided with JIGIT excerpts from three fenced unit reports prepared for bi-annual performance reports required by the Province using data provided by CFSEU-BC. One is a full year summary report (December 2017 to November 2018) and the other two are bi-annual reports (December 2018 – May 2019; June 2019 – November 2019).

- The first (year summary) report included narratives and data tables regarding: JIGIT's mandate, funding and partners; staffing and vacancies; partnership and education activities; Project ATHENA; offences and recommended charges identified by JIGIT; seizures and outcomes; and a discussion of potential **public interest immunity** return on investment. Most of the gaming specific metrics seen in earlier reports were not included.
- The December 2018 - May 2019 report covered similar material and also included information on **public interest immunity** file coordination and disclosure activities, **public interest immunity** for JIGIT files. An estimate of socio-economic return on investment for JIGIT was included (estimates of dollar value of drug harm avoided resulting from JIGIT drug seizures) as well as the estimated value of future criminal activities disrupted due to JIGIT cash seizures.
- The June – November 2019 report built on the earlier report but included new information regarding the new GIU, additional detail regarding JIGIT activities, and JIGIT's engagement with external agencies and groups on a number of money laundering issues.

These reports provide much more description regarding JIGIT's multi-faceted lines of activity than the earlier performance reports. However, it is still difficult to discern which activity, output and to some extent outcomes, data relate to each of JIGIT's strategic objectives.

The inclusion of the **public interest immunity** and the Return on Investment results do provide some assessment of the relative value of JIGIT's outcomes. This information helps readers to understand the direct benefit of JIGIT activities as well as the value of the teams' contribution to broader public policy objectives. Both greatly enhance the performance nature of these reports.

#### Satisfaction with Performance Reporting

#### **Finding: The reports are well received, particularly the inclusion of Return on Investment results.**

Those interviewed who are familiar with the new reports are satisfied, particularly with the inclusion of Return on Investment analyses, which is valuable when making funding requests. Others commented that the PSB reports do a good job of telling JIGIT's story, are providing more detailed and valuable metrics and provide performance measures for provincial investments.



**Finding: There is some concern that data collection and reporting could be made more efficient and streamlined.**

Despite the improvement in the performance reports now being produced, the Province continues to have some challenges obtaining all the information it feels it needs to understand JIGIT's activities and outcomes. Both recent bi-annual reports included recommendations for better data collection and reporting by CFSEU-BC on some requested information. For example, the most recent report included recommendations to: address challenges in tracking charges and JFOs; provide metrics on number of money laundering investigations and illegal gaming house closures; and to work with PSB to assess the feasibility of capturing Project ATHENA metrics.

Some of those we interviewed also offered suggestions for other things to track and report. The following suggestions have been mentioned elsewhere in this Review:

- A mechanism for tracking unmet investigative needs would be helpful to support funding requests;
- Tracking tips and requests for assistance from POJs, and their outcomes; and
- Implementation of a business rule to ensure careful tracking of all presentations made.

Additional suggestions include better reporting on briefings, education and relationship building to tell a more complete story of JIGIT's activities and impacts.:

As the last comment indicates, performance reporting does impose a workload burden on staff, both at the point of data entry, but also to collate and analyse data and prepare reports. These activities are currently completed by JIGIT members, members of the BC RCMP Hub, CFSEU-BC's Strategic Research Office and management team, and PSB staff. Reports are required for different purposes: regular Board meetings as well as the provincially mandated performance reports, and for special data requests and ad hoc reports.<sup>111</sup> In addition, GPEB members have started to identify metrics to be reported internally to their Executive Director of Enforcement and ADM. Some commented about the need to balance the level of performance reporting provided with the work it takes to create reports, and the desire for greater efficiency in reporting.

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<sup>111</sup> See for example: Letter from Chief Officer, CFSEU T. Rolfe, to Assistant Commissioner K. Hackett regarding the "Current Landscape of Money Laundering within BC Casinos", January 11, 2019, which includes information on JIGIT activities, investigations and learnings about money laundering in BC.

### Intended Flow of Performance Reporting Information

The Letters of Understanding signed when JIGIT was created, and now the delegation letters from the Province to CFSEU-BC, set out which agencies are to receive performance reports and from what source. As shown in Figure 6 below, both PSB and GPEB are to receive performance reports from CFSEU-BC and GPEB is to provide performance information, based on performance reports that it receives, to BCLC on a bi-annual basis.

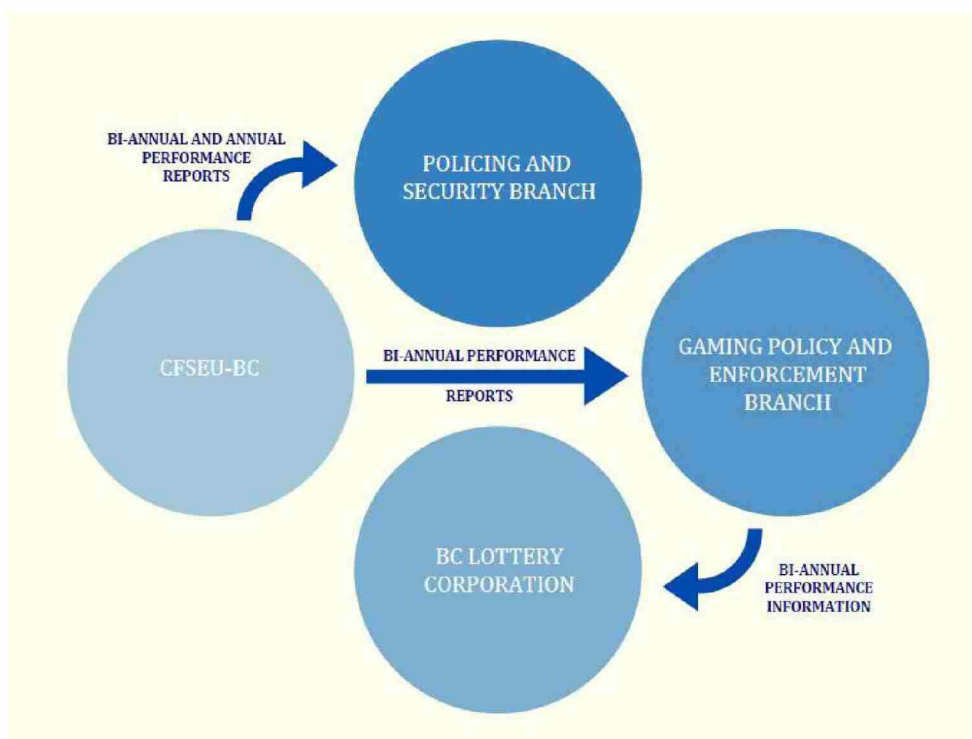


Figure 6: Performance Reporting Flow

**Finding: PSSG prepared performance reports are shared with CFSEU-BC management, and just recently with the Board of Governance, but not routinely with GPEB and BCLC despite the terms of the Letters of Agreement. While GPEB and BCLC do not express dissatisfaction with this, it does mean that different partners in JIGIT have different information about the Team.**

However, reporting does not flow exactly as intended. While PSB has received JIGIT performance reports from CFSEU-BC (and now produces the reports themselves), GPEB does not receive these reports on a routine basis, and performance information has not been provided to BCLC. (PSB has just started to provide the bi-annual performance reports to the Board of Governance members for their meetings.) For its part, GPEB commented that information regarding JIGIT is obtained through discussions rather than performance reports.

BCLC does not receive performance information regarding JIGIT, despite the provisions in the Letter of Understanding between GPEB and BCLC. Currently, this may be appropriate given the change in the way

funds flow from BCLC to support JIGIT (see below); however, even in the past, the reporting it received was only financial.

The difficulty with not sharing JIGIT performance information as was originally intended is that different participating agencies are each seeing different information about JIGIT. While discussions may occur between individuals, without seeing a set of common metrics it may be difficult for JIGIT participants and key stakeholders to form a common understanding regarding the degree to which the Team is meeting its mandate and achieving its objectives.

It can also lead to ad hoc requests for information, and responses, that can be problematic. Recently, GPEB requested information directly from JIGIT which was provided by the sharing of a Strategic Intelligence Report containing performance metrics, but also information on named persons and locations that should not have been shared to those outside of the police. This was a one-time occurrence, and reporting lines and limitations have now been clarified, but it is illustrative of the problems that can occur when performance information is not routinely provided with agreed-to content. PSB staff report that they can create a version of JIGIT's bi-annual performance reports that excludes sensitive information while retaining key performance information, that would be suitable for sharing with GPEB and BCLC. Because recent performance reports now include fewer gaming-specific metrics, it may be that a joint review of the performance metrics by PSB, GPEB and BCLC is now required to ensure that reports meet the needs of all users.

## Discussion and Recommendations

Performance reporting is important because it is critical to informed decision-making by those with responsibilities to provide direction to JIGIT. It is also essential for accountability regarding the investment of public funds for particular purposes. Performance reporting should therefore provide information about the funded activities that occurred, the results of those activities and the achievement of intended outcomes. In this way, performance reporting enhances evidence-based decision-making regarding program specific investments.

The business case also suggested that, in addition to achieving its own objectives, JIGIT would contribute to broader public policy objectives such as undermining the efforts of organised crime groups, maintaining the integrity of public gaming in BC and protecting the economic well-being of the province.<sup>112</sup> Where possible, performance reporting should go beyond the degree to which JIGIT achieves its own objectives to, ideally, assess its contribution to the broader policy objectives. That contribution can be assessed, at least to some degree, through Social Return on Investment analyses (to be discussed later in the Review) that quantify the social and economic impacts of programs.

We recommend:

19. That PSB continues to work with CFSEU-BC to improve JIGIT performance reports and continues efforts to develop ROI reporting for money laundering and illegal gaming investigations;

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<sup>112</sup> JIGIT Business Case, p. 2.



20. That key JIGIT performance metrics directly tied to the Team's strategic objectives be identified for routine reporting to the Board of Governance (also see recommendation 17), PSSG, GPEB and BCLC. The metrics should be developed by a working group with participants from each agency (this could be assigned to the Advisory Group recommended above). Not all metrics need to be shared with all groups but there should be a core set of metrics that is common to all versions of a performance report. JIGIT GIU data should be considered as a source for some performance metrics;
21. That the Working Group should also consider whether there are any feasible means to improve the efficiency of report production;
22. That clear timing for the delivery of performance reports and an agreed-to distribution to all participating agencies should be developed; and
23. That the agreed-to metrics, reporting schedules, and distribution be incorporated into renewed Letters of Understanding among JIGIT participants.

### Funding Mechanism and Financial Management

In this section we present our review of JIGIT's funding arrangements, financial management and reporting and JIGIT's funding from BCLC.

#### Funding Arrangements

**Finding: JIGIT's estimated total cost from inception to March 31, 2020 is estimated to be \$17.9M, shared between the federal government, PSSG and GPEB.**

JIGIT is funded by both federal and provincial contributions. A 30% federal contribution and 70% provincial contribution to CFSEU-BC costs are defined in the Provincial Police Service Agreement between the province and the RCMP. The 70% provincial contribution to JIGIT's CFSEU-BC costs is paid by PSSG and is funded indirectly by a contribution from BCLC. When JIGIT was established, the Minister of Finance, who was also the Minister responsible for BCLC at that time, directed BCLC to provide \$1.8M in 2016/17 and \$3.0M in each of 2017/18 and 2018/19, for JIGIT funding.<sup>113</sup> BCLC revenues to the province were also used to fund PSSG's contribution to JIGIT in 2019/20 (although the mechanism has changed somewhat: see below). The original combined federal and provincial contributions for JIGIT's CFSEU-BC costs were expected to total no more than \$2.6M in 2016/17 and \$4.3M in each of 2017/18 and 2018/19.

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<sup>113</sup> Michael de Jong, Minister of Finance, letter to Bud Smith, BCLC Board of Directors, January 30, 2017.

In addition to the federal and provincial contributions to JIGIT's CFSEU-BC costs, GPEB funds the cost of its staff who participate in JIGIT, and some related costs, in accordance with the terms of a Secondment Agreement between GPEB and the RCMP.<sup>114</sup>

Since its inception to March 31, 2020 a total of \$17.9M has been spent on JIGIT. These expenditures were for JIGIT itself, and do not reflect JIGIT's use of CFSEU-BC resources such as surveillance teams and the BC RCMP Hub. The annual breakdown of JIGIT expenditures and contribution is shown in Figure 7 below.

	2016/17	2017/18	2018/19	2019/20*	Total
<b>CFSEU Costs</b>					
Provincial share	\$ 1,786,294	\$ 3,834,615	\$ 2,755,398	\$ 2,991,430	\$ 11,367,737
Federal share	\$ 765,554	\$ 1,643,407	\$ 1,180,885	\$ 1,282,041	\$ 4,871,887
sub-total	\$ 2,551,848	\$ 5,478,022	\$ 3,936,283	\$ 4,273,471	\$ 16,239,624
<b>GPEB Costs</b>	\$ 156,257	\$ 510,839	\$ 505,645	\$ 481,825	\$ 1,654,566
<b>Total Costs</b>	\$ 2,708,105	\$ 5,988,861	\$ 4,441,928	\$ 4,755,296	\$ 17,894,190

\*Forecast

Sources: Summary of Budget Cap & Forecast for JIGIT, 2016/17, 2017/18, 2018/19. JIGIT Financial Summary 2019/20 as of February 29, 2020. GPEB Joint Illegal Gambling Investigation Team WFR GL Balances for periods ADJ1-17, ADJ1-18, ADJ1-19 and ADJ1-19.

**Figure 7: JIGIT Expenditures**

## Financial Management

**Finding: JIGIT expenditures in 2017/18 were \$1.2M overbudget but the over-expenditure was managed internally within CFSEU-BC.**

Budgets for JIGIT's CFSEU-BC costs are defined at a high level by annual delegation letters from the province that set the provincial contribution amount for the year. CFSEU-BC and RCMP Finance staff develop line item budgets that cover pay, O&M, capital, and indirect costs. Budgets are developed for individual investigations as well, which are managed by the Staff Sergeant, with decisions regarding overtime expenditures going to the Monitoring Officer for approval.

In its second year of operation (2017/18) JIGIT's CFSEU-BC expenditures exceeded the original budget set for that year by \$1.2M as the costs to run the public interest immunity investigation proved expensive. The Letters of Understanding between the RCMP, PSSG and BCLC outline a process for addressing extraordinary costs: the RCMP is to communicate the extraordinary costs to PSSG and GPEB in advance. GPEB is then to bring forward a Treasury Board Submission to address these costs with funding options,

<sup>114</sup> "Secondment Agreement between Gaming Policy Enforcement Branch, Ministry of Finance, Province of British Columbia and Royal Canadian Mounted Police "E" Division, respecting Joint Illegal Gambling Investigation Team", February 2017.

including BCLC funding some or all the extraordinary amounts. In 2017/18, it was not necessary to use this process as CFSEU-BC was able to manage JIGIT's higher than expected expenditures internally, using funds from elsewhere within the agency that happened to be in surplus that year. JIGIT's CFSEU-BC expenditures have not exceeded budgeted amounts in the last two years.

**Finding: The Province's use of fenced funds for JIGIT gives it greater control and certainty regarding how these funds are spent, and PSB works with CFSEU-BC to approve changes to how fenced funds are applied in the interests of effective financial management.**

The provincial 70% contribution to JIGIT is "fenced" meaning that the funds cannot be used for other purposes without the permission of the Director of Police Services (DPS). As stated in the 2019/20 delegation letter, "No funds can be diverted outside of fenced teams and their respective mandates without the permission of the DPS." This gives the province an extra measure of control over the use of funds for JIGIT. This does not mean however, that JIGIT is not impacted by other spending decisions made within CFSEU-BC. One provincial representative noted that if the RCMP cuts the CFSEU-BC budget (as it did one year recently) the capacity of CFSEU units to assist JIGIT is reduced.

The OIC of CFSEU-BC feels constrained by the fenced funding approach for JIGIT, noting that there are limited ways to spend fenced funds. However, CFSEU-BC does have the ability to request changes to how fenced funds are applied, and PSB regularly approves these types of requests to assist CFSEU-BC in managing its funds effectively.

The ADM of GPEB notes that he is consulted in decisions regarding the level of GPEB resources in JIGIT and is satisfied with this approach. . There had been some uncertainty about who is responsible for some costs associated with GPEB positions that were not clearly identified in the original Secondment Agreement (e.g. for computer hardware, space costs). JIGIT is currently amending the Secondment Agreement to better identify the financial responsibilities of GPEB and CFSEU-BC with respect to JIGIT.

#### Financial Reports

**Finding: The CFSEU-BC Board of Governance and PSB receive financial reports for JIGIT, but GPEB and BCLC do not. Information regarding GPEB costs for JIGIT is not shared with JIGIT partners outside the Ministry of Attorney General. As a result, there is no shared understanding of the total cost of JIGIT and of partners' relative contributions.**

The Letters of Understanding between RCMP, PSSG, GPEB and BCLC that established JIGIT indicated that financial reports would be provided by CFSEU-BC on a quarterly basis to PSSG and GPEB. BCLC was also to receive quarterly financial reports, though it is unclear from whom. The Letters of Understanding do not speak to financial reports for GPEB costs and the financial reports prepared by CFSEU-BC that we reviewed do not include GPEB costs.

The Board of Governance also receives financial reports. The OIC of CFSEU-BC who was in place until 2018 described the Board's role in financial oversight of CFSEU-BC as high level, ensuring that spending is reasonable and allocated appropriately. Managers have a fair amount of latitude regarding their



budget envelopes. He did not recall any specific financial issues regarding JIGIT.

Regarding the financial reports the Province receives, PSB commented that it has been asking for more detail, in that JIGIT's expenses for things like surveillance are presented for CFSEU-BC as a whole. Despite the Letter of Understanding provisions, GPEB does not receive financial reports from CFSEU-BC regarding JIGIT. GPEB's Director of Operations, who is responsible for GPEB finances and the transfer of funds from BCLC to PSSG, feels she should receive the financial reports. She feels that they would be helpful in preparing an annual justification required by the Office of the Comptroller General for the funds transfer. GPEB financial information regarding JIGIT is not shared with other JIGIT participants. The BCLC representative we interviewed reported that he used to see JIGIT financial reports but no longer does because the flow of BCLC funds for JIGIT has changed.

#### BCLC funding for JIGIT

As described above, when JIGIT was created the then Minister of Finance directed BCLC to contribute \$7.8M over three years to support the province's contribution for JIGIT. The letter indicated that BCLC's payment of net gaming revenues to the provincial government's Consolidated Revenue Fund would be adjusted to reflect this funding. It also stated that the funding for years four and five of JIGIT's mandate would be determined at a later date but were expected, at the time the letter was written, to be similar to the amounts for 2018/19 (\$3M per year).

The Letter of Understanding between PSSG and GPEB described exactly how the JIGIT funds would flow from BCLC to PSSG. Each quarter the Ministry of Finance (GPEB) would submit an invoice to BCLC, and upon receipt of the funds, would journal voucher the proceeds to PSSG. Discussions with GPEB's Director of Operations indicates that BCLC is not currently invoiced, but the funds are received, and journal vouchered to PSSG, upon approval by the Office of the Comptroller General, once per year.

A review of BCLC financial statements contained in its annual Service Plan Reports from 2016/17 to 2018/19 shows that the JIGIT contribution was treated as an expense item in the Corporation's Income Statement. JIGIT was funded by BCLC by way of a cheque deposited directly to the PSSG account.

Although BCLC has been directed by the Minister of Finance to provide a contribution to JIGIT, some of those interviewed expressed concern that this arrangement could lead to a perception of conflict of interest. On the one hand, BCLC has a mandate to generate revenue from gaming; on the other hand, it funds the police agency that is charged with investigating money laundering in casinos. If ever there were a need for JIGIT to investigate BCLC – the agency that supports a major portion of the Team's funding – the Team would be placed in a conflict situation. The argument for this concern depends partly on the premise that BCLC would have some discretion regarding whether it funded JIGIT or not, and could conceivably cut JIGIT's funding if JIGIT launched an investigation into BCLC operations. However, BCLC did not in fact have discretion to cut JIGIT's funding because it had been directed by the Minister of Finance to provide the JIGIT funds. It must be emphasized that the concerns expressed were about the *potential* for a *perceived* conflict of interest. There is no suggestion that any conflict actually arose.

**Finding: The approach to flowing gaming revenue funds to support JIGIT taken in 2019/20 reduced the potential for a perceived conflict of interest. However, some potential for a perceived conflict remains.**

In 2019/20 the flow of BCLC funds to support JIGIT changed, putting the contribution clearly outside the control of BCLC.<sup>115</sup> Some of BCLC's net gaming revenues received by the province are earmarked for specific purposes, including contributions to the Host Local Government program, the Ministry of Health Special Account, Community Grants, Horseman Purse and First Nations Revenue Sharing. BCLC net revenues for these purposes are first paid into the Consolidated Revenue Fund by BCLC, in accordance with the Gaming Control Act<sup>116</sup> and then voted by the legislature as an appropriation to GPEB as a \$1,000 vote.<sup>117</sup> GPEB then manages the distribution of these gaming funds to the various accounts and recipients. For JIGIT's fourth year of operation, 2019/20, the \$3.0M contribution from BCLC flowed in this manner – as part of the overall net BCLC revenue paid to the government that was then distributed by GPEB for specific, earmarked purposes.<sup>118</sup> This process differs from the original process to transfer BCLC funds for JIGIT because the 2019/20 amount for JIGIT was included in the Corporation's net gaming revenue payment to the Province. This removes any perception that BCLC may have discretion over the JIGIT contribution and places decisions regarding the contribution to JIGIT in the provincial government's hands.

While this change reduces the potential for a conflict of interest, it does not eliminate it entirely because ultimately, a major portion of the funding for JIGIT is still derived from BCLC, which might make the Team somewhat hesitant to investigate the Corporation should the need ever arise. Two of those interviewed stated noted this concern, indicating a preference for arms-length, government funding of JIGIT and law enforcement generally.

However, some of those we interviewed were less concerned about BCLC's contribution to JIGIT, noting for example, that a similar model is used in Ontario.

## Discussion and Recommendations

The approach used in 2019/20 to flow \$3M in BCLC net revenue funds to the Province to support JIGIT is not reflected in the current Letters of Understanding between PSSG, GPEB and BCLC. While the original rationale to partially fund JIGIT through a contribution from BCLC is not known, it does have the advantage of protecting the funding from the uncertainties of the provincial government budget process. Some would also suggest that it is appropriate that a small portion of the revenue generated by the gaming industry is used to support policing efforts to address money laundering and other illegal activities associated with the gaming industry. Similar models exist in other parts of Canada, such as Ontario.

<sup>115</sup> Boychuk, D., "Gaming Policy and Enforcement Branch Briefing Note to Attorney General Eby re: Short term funding mechanism for remaining two years of JIGIT's initial five-year mandate", 2018.

<sup>116</sup> Gaming Control Act, 2002, s. 14.

<sup>117</sup> The funds for these programs do not sit in GPEB's budget, but the \$1,000 vote allows GPEB to distribute the BCLC net gaming revenues to other parts of government and First Nations for defined purposes.



We recommend:

24. That the provisions in the Letters of Understanding between GPEB, PSSG and BCLC regarding financial reporting be reviewed and updated when the letters are renewed. Consideration should be given to including GPEB expenditures for JIGIT in the financial information that is shared among partner agencies to provide a clear picture of total costs and contributions for JIGIT; and
25. That the options for funding the Province's share of JIGIT's CFSEU-BC costs be reviewed, considering implications regarding the potential for a perceived conflict of interest and the certainty of JIGIT funding.

### Experience and Training

**Finding: As the province's money laundering team, JIGIT fills a much-needed gap in money laundering expertise. To ensure JIGIT was successful, it required a diverse skillset. This presented some challenges.**

As described earlier, the first JIGIT members were recruited for varied skills necessary to conduct successful, aggressive, multi-strategy investigations. They brought with them skills in surveillance, undercover work, major case management, homicide investigations, and others. In addition, the GPEB members brought expertise in gaming and casino operations. What the JIGIT members did not have was expertise in money laundering investigations, because it had become a rare skill set in policing, and had to be developed through experience – it was JIGIT members who were then looked to for having money laundering expertise. JIGIT also recruited for languages, bringing in Cantonese and Mandarin speaking members with a variety of investigative skills. We were advised, however, that JIGIT has always needed more members with relevant language skills, and who could fit in doing surveillance in a city like Richmond with a high proportion of Asian language speakers. Not only was it difficult to recruit members with the right combination of language and investigative skills, as they were in high demand, but there were challenges to recruiting members generally to JIGIT due to the complex, time-consuming nature of the investigations, which did not have broad appeal. This made retention of members important, especially those qualified as Team Commanders and File Coordinators. It was also suggested that OCA positions should be incorporated into JIGIT as OCA police officers are not subject to transfer from CFSEU-BC.



**Finding: There exists a lack of consensus regarding the adequacy of training amongst stakeholders.**

In terms of training, there was a difference between the views of police and GPEB members regarding the adequacy of their training. Analysis of the questionnaires demonstrated that 50% of police members did not view their training as optimal, with the balance believing it was, or they were unsure.

Variable	% (n) / Mean (range)
Optimal training – JIGIT	
Yes	11.8% (2)
No	52.9% (9)
Unsure	35.3% (6)
Optimal training – GPEB	
Yes	22.2% (4)
No	33.3% (6)
Unsure	55.6% (8)

When it came to GPEB members of JIGIT, slightly less than a quarter believed it was optimal, a third did not, and the remainder were unsure.

In our interviews, RCMP members (sworn and civilian) generally described feeling strong support from management. With respect to training, one member noted, “Training is phenomenal in CFSEU as a whole, which is extremely supportive. There have been cutbacks in the last six months but hopefully with a new fiscal year training will get back on track.”<sup>119</sup> However, the questionnaire responses clearly indicate concerns about the availability of training, and members described problems such as being on waiting lists for major case management training.

Further, members identified that JIGIT has some very specialized training needs. For example, it was noted that **public interest immunity** for a homicide file or undercover operations is very different than for money laundering files, which **public interest immunity** requires special skills.

JIGIT supervisors note how important appropriate training is to supporting effective investigations. Key is training in major case management, asset recruitment, undercover operations, surveillance, interviewing, and search warrant writing. JIGIT members have received a wide variety of relevant training courses,<sup>120</sup> including:

- RCMP Confidential Informer Management Course
- RCMP Major Crime Investigations Techniques Course
- Both RCMP and Municipal courses on Proceeds of Crime & Money Laundering (one JIGIT member leads this municipal course as instructor/another member instructs on National RCMP course)
- RCMP File Coordination Course
- RCMP Phased Interview Course
- RCMP Team Commander Course
- RCMP Affiant courses (2 day/ 5 day): Part VI & various Judicial Authorizations

<sup>119</sup> There was a predicted budget shortfall of \$10.7M in the BC Provincial RCMP in 2019 resulting in significant spending cuts, according to a RCMP communication made public. (See for example, CBC News (Nov. 14, 2019). B.C. RCMP orders immediate spending cuts amid predicted \$10.7M shortfall. Accessed at <https://www.cbc.ca/news/canada/british-columbia/rcmp-deficit-10m-strachan-1.5359755>.)

<sup>120</sup> Not all members have received all the training listed, but this training is represented across JIGIT members.

- RCMP and Municipal Surveillance Courses
- RCMP Undercover Program (UC Cover and UC Operator)
- RCMP Drug Investigative Techniques Course
- RCMP Digital Mobile Field Technician (trained to conduct searches on mobile devices such as cell phones and tablets)
- National Crime Agency (NCA) Expert Laundering Evidence (Course included money laundering SMEs from NCA, AFP, FBI and New Zealand Police and covered providing expert evidence)
- Anti Money Laundering Certified Specialist (ACAMS) Training. ACAMS is the world's largest International membership organization dedicated to enhancing expertise of financial crime detection and prevention from both public & private sectors.
- Three JIGIT members successfully completed ACAMS certification as Specialists
- Further, JIGIT's current Inspector is an Accredited Team Commander and there are two JIGIT members in the accreditation process.

### Discussion and Recommendations

It appears JIGIT has done very well recruiting highly motivated members with a strong work ethic and a wide variety of investigative skills. Police officers with these attributes will always be in high demand and there is no "magic bullet" to ensure that JIGIT is always able to attract such members to address attrition (or even that suitable members will necessarily be able to transfer to JIGIT.) As long as the management team in CFSEU-BC strongly supports JIGIT and there are respected supervisors in place, it is expected that JIGIT will be able to continue to attract excellent candidates. We recognize that the management of resources in policing is complex with many competing priorities. We do note, however, that we heard several times of the importance of recruiting and integrating non-police resources with a broader variety and depth of expertise, such as in forensic accounting, to increase JIGIT's effectiveness.

With respect to training, there are also challenges, although the diversity of training JIGIT members have received is impressive. Ideally, members recruited to JIGIT should have the appropriate training upon arrival in JIGIT or receive it soon after, so that the investment in training – and the benefits – are realized for as much of the assignment as possible. But in policing, there are generally more members who would benefit from the training than there are spots available. As the current line officer for JIGIT observed, "We need to develop our members in MCM, File Coordination, and organized crime investigations...We prefer to select members with the right training, but we will work towards developing our members in place. We need a balance of trained members and developing people in the unit..."

While fully appreciating the complexities and challenges of providing training, one option for consideration is to develop a list of core training courses that are necessary and/or desirable for success in JIGIT. This would allow interested members to seek this training before their application to make themselves a more desirable candidate. Second, JIGIT now has enough experience to develop a list of mandatory training courses for JIGIT members. CFSEU-BC could work with the RCMP's Pacific Regional

Training Centre, Canadian Police College, and the Canadian Police Knowledge Network to ensure there is sufficient capacity to meet JIGIT's needs. In addition, it may be that new courses need to be developed, or existing ones expanded and enhanced to deal with JIGIT's specialized training needs, as described earlier.

Having said that, we appreciate that training is expensive, there is no easy solution, and that recommending something won't "make it so" if it is not practicable. The RCMP and CFSEU-BC have expert staff responsible for human resources matters – including training – who are best positioned to assess JIGIT's training needs.

We recommend:

26. That CFSEU-BC determine the expertise and skillset needs for the unit and build a recruitment strategy based on that need. This can be a fluid strategy as it would take into consideration current and emerging trends in the field of illegal gaming and money laundering investigations; and
27. That the RCMP and CFSEU-BC consider the information obtained in the course of this Review regarding JIGIT's specialized training needs when prioritizing access to relevant training, and to inform the potential for developing new training courses that meet JIGIT's needs.

## Performance

### Investigations, Prevention, and Disruption

The following section outlines the performance of JIGIT over the previous four years (2016-2019 inclusive) based on investigative data received from CFSEU-BC, data received from other service providers, outcomes and performance reports, and interviews. CFSEU-BC provided us with cumulative raw data pertaining to JIGIT collected through the Investigative Reports via the BC RCMP Hub. This data was analyzed to assess the impact of JIGIT, realizing that a lack of clear understanding of the environment they operate in (money laundering is an underground enterprise and almost impossible to measure) makes it difficult to assess both impact and success.

### **Finding: JIGIT has demonstrated high investigational outputs but moderate investigational outcomes over the course of its operations.**

From April 2016 until the end of 2019, JIGIT's cumulative efforts, enforcement and assistance has resulted in:

- 27 investigations/files
- 34 arrests
  - 29 targets were released without conditions and 5 were released with conditions
  - 3 charges laid: Cheat at Play; Mischief of \$5000 or under; Keeping Disorderly House
  - A total sentence length of 6 months and 3 days, and a fine under \$5,000
  - 2 individuals have been deported



- 23 cash seizures totalling \$1,095,269
- 10 vehicles seized
- \$319,000 seized in British Columbia casino chips
- Closure of four illegal gaming operations
- Successful CFO referrals totalled \$619,933 CAD; \$20,876 USD and 1 vehicle valued at \$4,853 CAD

Since inception, JIGIT has employed a variety of complex police techniques; results include the following:

- 121 electronic devices were seized
- 160 search warrants of various types were obtained and/or executed
- 575 total surveillance shifts; and
- **public interest immunity**

**Finding:** **public interest immunity** is JIGIT's largest and most significant investigation. It sets a benchmark for money laundering investigations.

Almost upon inception in May 2016, JIGIT became engaged in an extraordinarily complex, resource-intensive money laundering investigation called **public interest immunity** **public interest immunity** **public interest immunity**

The lead author for the Review was provided detailed information regarding **public interest immunity** regarding resources involved, the investigative findings, the extraordinary number and variety of investigative techniques employed, and the outcomes, including arrests; seizures of cash, vehicles, and other items; referrals to the CFO, and disclosure metrics.

The first group of arrests arising from **public interest immunity** was announced to the media.<sup>121</sup> However, as of the writing of this Review, **public interest immunity** is still being considered for charge approval by Crown Counsel; as a result, and following consultation with Crown, further details about the investigation cannot be provided in this Review, other than what has been released publicly. The following information appears on the CFSEU website:

In May 2016, only one month after its creation, JIGIT initiated an investigation into the activities of an organized crime group that was allegedly involved in operating an illegal money laundering network. In June 2017, the CFSEU-BC announced that multiple arrests had been made stemming from the nearly year-long investigation. That information can be found on the CFSEU-BC's website: [www.cfseu.bc.ca](http://www.cfseu.bc.ca).

Many investigative techniques were implemented within this file. This investigation generated and influenced multiple derivative investigations and referrals to other units. JIGIT has submitted comprehensive disclosure packages containing the Report to Crown Counsel (RTCC) and substantive evidence to Criminal Appeals and Special Prosecutions of

<sup>121</sup> See, for example, Amy Judd (2017, June 13). 9 people arrested in network connected to illegal gaming houses and money laundering in B.C. Global News. Accessed at <https://globalnews.ca/news/3524413/9-people-arrested-in-network-connected-to-illegal-gaming-houses-and-money-laundering-in-b-c/>.

the B.C. Prosecution Service recommending charges against multiple subjects. Information on charges will be provided once a decision is made.

public interest immunity is considered to be one of the largest investigations in CFSEU-BC's history, surpassing even the Jonathan Bacon murder investigation that spanned almost 7 years, and is likely to set an investigative benchmark and precedent for future money laundering investigations by Canadian law enforcement.

To give the public and media a sense of the scope of the public interest immunity investigation, during the lifespan of the investigation thus far, there has been over 400 police resources connected to the file. Their work has included:

- the synthesis, correlation and analysis of voluminous amount of complex and technical evidence which was mostly in languages other than English,
- an RTCC of over 500 pages and a supplemental RTCC of over 160 pages submitted,
- a total of \$725,397.20 in cash was seized and \$126,000 in other assets; and,
- Civil Forfeiture Office referrals totaling \$261,805. The successes achieved by the JIGIT thus far are not limited to the scope and extent of the positive results seen in public interest immunity. public interest immunity JIGIT's work has influenced anti-money laundering 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. At present, JIGIT has eight active investigations.<sup>122</sup>

By any measure, based on the material examined for the Review, it is clear public interest immunity was an extraordinarily complex and comprehensive investigation.<sup>123</sup>

**Finding:** public interest immunity public interest immunity

Notably, in terms of impact, even though charges are still under consideration by Crown, it has been assessed that the public interest immunity public interest immunity

**public interest immunity**  
public interest immunity

In addition to public interest immunity JIGIT has conducted at least 26 shorter investigations, some which are still underway. Several of the investigations led to criminal charges and convictions, while others were

<sup>122</sup> CFSEU-BC (April 9, 2019). Response to German Report. Accessed at <https://www.cfseu.bc.ca/cfseu-bc-response-to-german-report/>.

<sup>123</sup> The lead author has extensive experience in the Vancouver Police Department as an investigator, investigative supervisor, Major Crime Section team commander, and at the management level overseeing major investigations, and has also conducted comprehensive reviews of major investigations.

focused on disruption and deterrence by shutting down illegal gaming operations and seizing property and cash for eventual referral to the Civil Forfeiture Office.

**Finding: Nineteen of the 30 illegal gaming house files opened by JIGIT did not involve organized crime; however, those 11 files involving significant investigative actions (e.g., search warrant executions) did involve gaming houses connected to organized crime.**

Notably, JIGIT has opened files on 30 gaming houses, of which 11 led to search warrant executions and disruption of the illegal activity. All of these 11 interventions involved gaming houses with a nexus to organized crime. In addition to illegal gaming houses, JIGIT also conducted other investigations within its mandate. Synopses of several concluded JIGIT investigations are provided below as illustrative examples of their work.

#### **File 2016-162 Cheat at Play**

The investigation involved **public interest immunity** gambling at a casino in Kelowna and resulted in two arrests and two charges approved against two individuals (Cheat of Play; Mischief \$5000 or under). The allegations were that the gambler and the casino dealer were working together.

#### **Outcome**

The charges resulted in one target receiving a six-month conditional sentence and the other receiving a fine under \$5,000. The dealer was suspended by the casino and his registration as a Gaming Worker in the province of B.C. has been suspended by the GPEB.

**public interest immunity**

**public interest immunity**

**public interest immunity**



**File 2018-64 – Money Laundering**

In May 2018, a foreign national linked to Asian organized crime and international money laundering was arrested by members of JIGIT on an Immigration and Refugee Protection Act (IRPA) arrest warrant. This investigation involved coordination with FSOC, CBSA, BCLC, U.S. Homeland Security, and Australian Federal Police. The individual was suspected by Australian law enforcement to have laundered hundreds of millions of dollars internationally. He had been temporarily residing at River Rock Casino in Richmond, B.C.

**Outcome**

During this investigation, JIGIT investigators seized \$75,805 from the primary target and over \$20,000 from a suspected money courier associate. Within one week, this individual was deported from Canada, preventing him from continuing his operations in B.C.

**File 2018-68 – Illegal Gambling Den**

In June 2018, because of information provided by Richmond Detachment of observed activity consistent with an illegal gaming den, JIGIT initiated an investigation. The investigation determined that visitors to this location included a known Asian Organized Crime member and other individuals linked to past STRs at B.C. casinos.

**Outcome**

Operation shut down by way of bylaw enforcement and a \$1,000 fine.

**File 2019-11    Illegal Money Services Business (EPURIFY)**

JIGIT investigated an illegal money service business in Richmond. It is believed the suspects were exploiting the Informal Value Transfer System. The investigation included intelligence gathering, undercover operations, and enforcement actions.

**Outcome**

During the investigation, the [public interest immunity] forcing him to discontinue his operation. The investigation is concluded.

**File 2019-170    Illegal Gaming House**

This is an investigation into the alleged keeper of an illegal gaming house. The target was the same keeper of a gaming house in file 2017-49 (2 separate houses). A search warrant was executed and JIGIT seized \$4,000 (CAD), a half kilogram of marijuana, a stun-gun, four cell phones, and one computer. JIGIT arrested five individuals, four of whom were released without conditions, and one was released with conditions. The main target pleaded guilty to a “Keeping Disorderly House” charge from this file as well as from file 2017-49 and received 3 days in jail and an 18-month probation order. The target was also

forced to forfeit all exhibits seized in both investigations, including a small amount of cash referred to the CFO.

public interest immunity

### **Illegal Gaming House**

This was an investigation into an illegal gaming house in Richmond, B.C. Of significance, investigators seized \$3,145 in cash, three cell phones, three computers, a high-end professional poker table, gaming paraphernalia and score sheets.

#### **Outcome**

Four charges of Keeping a Gaming House were approved against three keepers and one dealer, as well as an additional charge of Public Mischief against a player. Disclosure packages were submitted to Crown for all five parties and JIGIT is working with Crown and E-DIV Legal Application Support Team (LAST) to draft the Exhibit Detention Order Extension. Additional disclosure material requiring translation and transcription is being compiled and will be provided to the Crown in a second disclosure package. JIGIT is also consulting with CBSA to have one of the targets removed from the country as a result of an expired student visa.

There are currently five targets wanted on arrest warrants regarding this investigation, including the target arrested on 2019-06-28, who was released without conditions. \$3,145.00 is being pursued through the CFO.

#### **Provincial Tactical Enforcement Priority (PTEP)**

With limited police resources to address gang violence and drug trafficking, targeting organized crime for investigation and disruption requires an integrated, reliable, and coordinated process utilizing the best criminal intelligence available to law enforcement. The Provincial Tactical Enforcement Priority (PTEP) is used to achieve strategic and coordinated targeting of organized crime groups and activities in

BC

public interest immunity

public interest immunity

Of note, the business case for JIGIT described that:

**public interest immunity**

**public interest immunity**

**public interest immunity**  
**public interest immunity** As of January 2019,  
 participation in PTEP by law enforcement agencies in BC has become a policing standard.

**Finding: JIGIT's participation in the PTEP process is not significant. Despite this, all successful enforcement actions by JIGIT have been against** **public interest immunity**

# public interest immunity

Of the 34 arrests made by JIGIT, it should be noted that all were associated to a **public interest immunity** no arrests, charges or dispositions were reported for any non-PTEP file.

**public interest immunity** JIGIT received \$600,000 in total from the PTEP Enforcement Fund for **public interest immunity** JIGIT maintains that participating in PTEP is critical to its operations, especially as the incorporation of money laundering increases **public interest immunity**  
**public interest immunity**  
**public interest immunity**. For large investigations such as **public interest immunity** this is critical, as JIGIT's modest budget remains consistent over the years.



# public interest immunity

**Finding: JIGIT does utilize the CFO as a disruption tool but may be able to increase its referrals.**

The CFO was identified as a key tool for disruption of illegal gaming activities, money laundering, and organized crime, and has been utilized by JIGIT in many instances, as set out in the table below.

Date Referred	CFSEU/JIGIT File	Status	Asset Name	Total Net Value of All Assets	Region	
2018/12/20	public interest immunity		\$8,257.75	\$8,257.75	Vancouver Island	
2019/10/29			public interest immunity	public interest immunity	public interest immunity	
2019/10/29				\$0.00		
2017/11/29				public interest immunity		
2017/09/22				public interest immunity		
2017/05/25	2017-0012	Declined	\$172,000	\$172,000.00	Greater Vancouver	
2019/10/01	2019-170	Default	\$829.45 & \$202.10 & \$307.40	\$1,338.95	Greater Vancouver	
2018/12/20	public interest immunity		\$12,415	\$12,415.00	public interest immunity	
2019/10/29			public interest immunity	public interest immunity		
2018/08/21						
2018/07/26						
2018/02/23						
2017/11/29						
Total Files	14					
Total Asset value	\$789,664					

**Total Asset Value AC: \$156,946.95**

**Total Files: 7**

**Total Asset Value JC: \$632,717.75**

**Total Files: 7**

**Case Status Legend:**

- **Concluded** – The file has successfully concluded, and all steps taken to collect and/or dispose of the asset.
- **Default** – Any interest holders did not defend or respond to an administrative forfeiture and forfeiture was obtained by default.
- **Settlement Agreement** – Negotiated a split of the equity with the interest holder(s).
- **Notice of Civil Claim** – Court filing litigants use to initiate a court action. File with this status is still going through the court process.
- **Declined** – The file was declined due to insufficient evidence as proceeds of crime.

**Case File Legend:**

- **JC** – Judicial Cases: Cases Initiated in the civil courts.
- **AC** – Administrative Cases: Files under \$75K involving personal property that are initiated out of CFO.

**Figure 13: JIGIT CFO Referrals**

However, we found there was disagreement within JIGIT with respect to whether referrals to the CFO were made in every appropriate case. There is acknowledgement, however, at the team level of the importance of the CFO and a desire to utilize it more as a disruption tool. This is especially encouraging as the Province recently amended the Civil Forfeiture Act to make it easier for police to seize assets. Further, the onus shifts to the respondent to prove that an asset is not an instrument or proceed of unlawful activity in cases where there is sufficient evidence clearly linking the asset to the crime.

Interestingly, a proceeds of crime expert in JIGIT expressed the view that JIGIT would be more successful if it improved its level of understanding of proceeds of crime investigations, to provide the option of proceeding criminally rather than civilly with a CFO referral.

Notwithstanding this view, proceeds of crime and money laundering investigations are extraordinarily challenging for both police and Crown, and often do not result in a lengthier sentence than would be imposed for the underlying offence (often related to illicit narcotics), so it is understandable why police and Crown proceed on the predicate offence and engage the CFO process.<sup>124</sup>

We note that, currently, CFSEU-BC does not have a process in place for CFO referrals. This leads to members using various avenues to refer seized assets to the CFO, with some members unaware of what the process is. Further, the tracking of such referrals remains disjointed. We concluded that it would be optimal if CFSEU-BC was the gatekeeper for CFO referrals. CFSEU-BC also does not have an Asset Forfeiture Team (or designated person); rather, CFO referrals for the entire agency are managed by a JIGIT member as a secondary duty. This is not ideal, as it not only takes the member away from their primary JIGIT duties, but also imposes the CFO referral process on an already over-burdened member, potentially decreasing the effectiveness and efficiency of the process.

As a result, we concluded that it would be beneficial to have a designated person in CFSEU-BC whose sole responsibility is CFO referrals, including engagement in investigations at the onset as the “Civil Forfeiture and Proceeds of Crime Advisor.”

We also understand that the Civil Forfeiture Office has offered to fund a CFO position within CFSEU-BC. It would be prudent to action the offer, given not only JIGIT’s critical role in seizing assets of crime, but CFSEU-BC’s organized crime mandate, which is strongly linked to high profit illicit business.

**Finding: There is an internal perception that JIGIT has been successful in targeting and disrupting organized crime and gang involvement in illegal gaming.**

Despite their concerns over the resources required to investigate gaming houses relative to the sentences achieved, 72% of JIGIT members surveyed still believe that their investigative efforts regarding gaming houses are successful.

Moreover, the questionnaires demonstrate 78% of JIGIT members believe they have been successful in targeting and disrupting organized crime and gang involvement in illegal gaming.

Notably, POJs most affected by both illegal gaming houses and money laundering through casinos are highly supportive of JIGIT’s work, noting the benefits to their communities. JIGIT’s capacity to deal with illegal gaming houses causing community safety concerns is valued and JIGIT’s collaborative attitude is appreciated.

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<sup>124</sup> For a detailed analysis of the investigative and prosecutorial challenges of proceeds of crime or money laundering charges, see: Peter German (2019). *Dirty Money* – Part 2, especially at pp. 285-287 and 307-310.



## Quality of Investigations

### **Finding: Crown Counsel assesses that JIGIT investigations are of the highest quality.**

During this Review, we interviewed several Crown prosecutors regarding the quality of JIGIT investigations, and related matters. One prosecutor who handled several JIGIT files described JIGIT's work as being of the highest quality and exceptionally thorough. We also had the benefit of interviewing a former member of "E" Division's Office of Investigative Standards and Practices (OISP). This Unit is staffed by members with significant expertise in major case management who conduct file reviews for RCMP and municipal investigative units. OISP had conducted a file review of public interest immunity; it was underway, at JIGIT's request. The former OISP member commented positively on JIGIT's leadership and the investigation, recommending only minor adjustments.

## Non-Operational Impacts

### **Finding: JIGIT has had positive non-operational impacts on issues pertaining to money laundering, illegal gaming and the gaming industry.**

Several senior representatives from CFSEU-BC and JIGIT noted they had produced intelligence that has influenced and informed government policy regarding gaming, such as reporting of suspicious transactions and source of funds declarations. Retired Assistant Commissioner Hackett observed that:

If you look to the partners within the industry, we started to shine a light on them. In homicide investigations we look at how victims become victims and become "at risk." I could equate this to money laundering because the focus seems to be on the failings primarily of law enforcement. But this is a highly regulated industry and I believe that others also need to get their houses in order, including banks, real estate boards etc., so bringing these people together allowed us to shine a light on others as well. We needed everyone to understand collectively what the actual money laundering process looked like and who had a part to play and how they could help with solutions. What are the Notaries doing, the lawyers etc.? And if collectively everyone improved their operations we would collectively do better. I believe we were able to initiate this by bringing the relevant partners together.

When we first met with BCLC they told us that Asian people gamble and buy homes and cars with hockey bags of cash and tried to convince us that this was normal in the culture. We were gobsmacked and I think we've been able to expose and change that attitude that appeared to be accepting or normalizing the behaviour.

Further, JIGIT continues to advocate for changes to municipal bylaw legislation, the provincial GCA, and the federal *Criminal Code*. But as was pointed out by JIGIT management, while current measurement tools for operational matters (e.g., number of investigations, arrests, charges) are comprehensive, they are insufficient for measuring the environmental change JIGIT has influenced. In addition, the impacts described elsewhere in this Review, JIGIT management noted several JIGIT achievements that had not been captured in performance reporting, some of which could be considered to have had an environmental impact; at the least they were innovative and laudable, including:

- JIGIT's work as the first law enforcement unit in the country to utilize s. 241 (exception 9.5) of the *Income Tax Act* to obtain tax records;<sup>125</sup>
- JIGIT's work in public interest immunity with respect to AML investigations in terms of using non-compliance with the PCMLTFA as a legal strategy;
- JIGIT's development of new undercover officer training specific to gaming and AML investigations;

## • public interest immunity

- JIGIT's proactive approach to information sharing and the creation of partnerships outside of law enforcement agencies (e.g., PROJECT ATHENA);
- JIGIT's coordination role with government and other stakeholders through the Money Service Businesses Working Group in pursuit of improved for Money Services Business legislation;
- JIGIT's initiative with the RCMP Hub to use technology to analyze Suspicious Transaction Reports;
- JIGIT's extensive efforts to share the subject matter expertise it has developed with POJs and other stakeholders; and
- JIGIT has likely made a contribution to the significant downward trend in suspicious transaction reports in BC casinos. While it is impossible to quantify JIGIT's contribution to this positive trend because of the multiple factors involved, the chart does speak to the money laundering environment throughout JIGIT's tenure and the ways it has shifted, requiring JIGIT to adapt.

<sup>125</sup> S. 241 creates an offence for a federal government official or representative to release taxpayer information, allow a person to have access to taxpayer information, or use tax payer information except in the administration of the *Income Tax Act* and several other acts. (9.5) provides an exemption for an official to provide to a law enforcement officer of an appropriate police organization taxpayer information if the official has reasonable grounds to believe that the information will afford evidence of an act or omission in or outside of Canada that, if committed in Canada, would be an offence under a variety of acts, including certain sections of the *Criminal Code*.

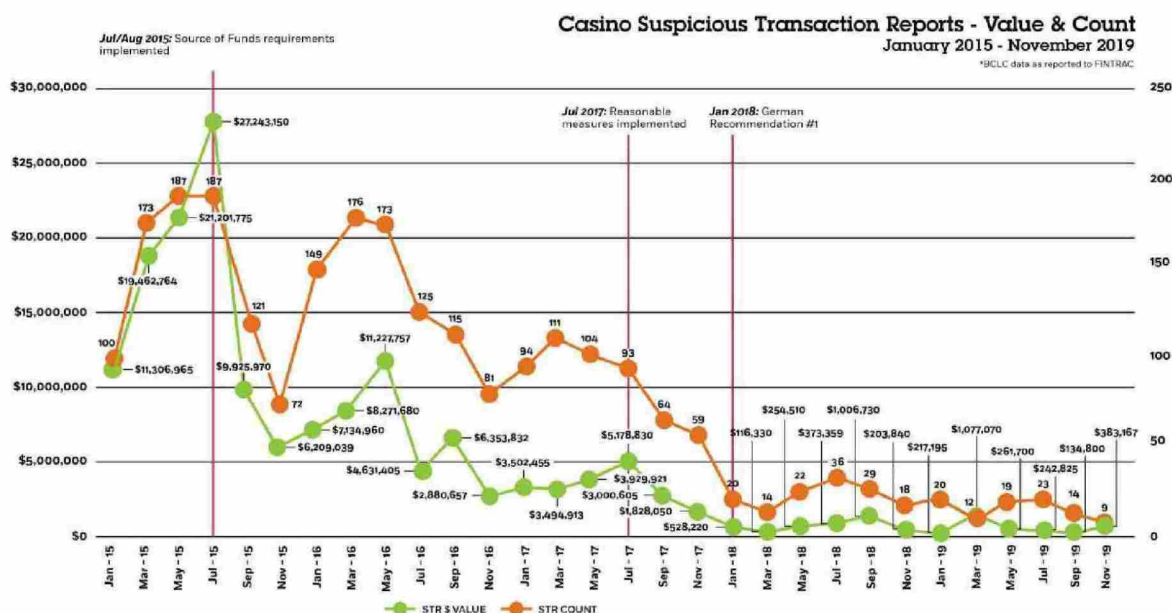


Figure 14: Casino Suspicious Transaction Reports.<sup>126</sup>

The table also supports the need to developing tools to better measure non-traditional police metrics; this is an area worthy of further examination so that JIGIT's non-operational/environmental influence can be fairly assessed, especially given a CFSEU-BC Superintendent's estimate that it accounts for about half of JIGIT's impact. This is perhaps an area that the RCMP's analytical experts in the "E" Division BC RCMP Hub could examine.

### Discussion and Recommendations

Given the lack of empirical data on the true scope of money laundering activity in casinos across BC, it is challenging to quantify – or fully assess – the total level of impact that JIGIT's work has had on money laundering activity in casinos. While JIGIT has only one money laundering investigation in progress and one at the charge approval stage, no case has been concluded through the courts. As a result, it is very difficult to assess the quality of their money laundering investigations or their impact. While it has been assessed that

public interest immunity the outcome of Crown's charge approval process will be an important factor in assessing public interest immunity public interest immunity the result of the charge approval process and the success rate of referrals to the CFO arising from public interest immunity will be important factors in assessing JIGIT's success in this regard.

As well, JIGIT's preventative work is an important consideration. It was recognized from JIGIT's creation that it would have to engage in multiple strategies to impact illegal gaming and money laundering in casinos and should not be judged only by its investigations leading to prosecutions. It was noted that multiple strategies were important because of the expense of criminal investigations and prosecutions;

<sup>126</sup> Accessed at <https://corporate.bclbc.com/what-we-do/security---compliance/anti-money-laundering/suspicious-transaction-reports.html>



therefore, in addition to enforcement, strategies relating to disruption, education, and regulation were pursued.

With respect to the quality of investigations, as was noted earlier, one prosecutor we interviewed praised JIGIT's work on illegal gaming houses. In exploring methods to maintain a high standard of investigations and support continuous improvement, we discussed with JIGIT members the benefits of systematic case debriefings.

JIGIT has debriefed some of its investigations, but other than one exception, it appears the debriefs were quite informal, without a systematic approach or legacy documentation created. The exception was the debrief for public interest immunity which was a highly structured debriefing involving numerous staff. We reviewed documentation associated to this debrief and commend JIGIT for their professional approach in this extraordinary case.

Debriefing significant cases in a thoughtful and systematic manner – whether they were successful or not – provides a valuable learning opportunity for staff and organizations in determining what strategies are effective, and where performance can be improved. No investigation proceeds “perfectly” because of the dynamics of investigations and the unpredictable variables, and because investigations are conducted by humans. It is expected that no investigation will be perfect; the debrief should be regarded as a learning opportunity to improve investigations in the future by addressing systemic issues, not blaming individuals.<sup>127</sup>

The learnings can be the catalyst for improvements to training, business rules, investigative strategies, leadership tools and so on. “Part of being a learning organization is to constantly be working toward renewing and updating best practices, policies and institutional structures.”<sup>128</sup>

A written “no charge” decision from Crown or an acquittal in court will often provide important information that can improve future investigations, whether it's regarding the admissibility of evidence, findings of *Charter of Rights* infringements, or the acceptability of certain investigative strategies. In some police units, there is an attitude of “we did our job getting charges – we can't control what happens in court.” This is unhealthy – police investigators DO have a significant influence on what happens in court, through the quality of evidence presented and articulated, how well investigators perform under examination and cross examination, and how skillfully and lawfully the underlying investigation was conducted.

An example of a formalized debriefing process for investigative units was initiated in the Vancouver Police Department in the mid-2000's. The Investigation Division instituted a process of assigning a senior officer uninvolved in the investigation to debrief major cases with the investigative team, and then write a memo identifying the nature of the case, the investigative challenges faced, and recommendations to address them going forward, including equipment, infrastructure, training, etc.

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<sup>127</sup> The U.S. National Institute of Justice report *Mending Justice: Sentinel Event Reviews* is an excellent resource on the issue of effective criminal justice system debriefs. It is available at <https://www.ncjrs.gov/pdffiles1/nij/247141.pdf>.

<sup>128</sup> British Columbia (2012). Missing Women Commission of Inquiry. *Forsaken: the report of the Missing Women*, Vol. III, p. 20. Commission of Inquiry / Wally T. Oppal, Commissioner.

The information from these debriefs was instrumental in justifying significant improvements, such as constructing a proper command room with break-out rooms to manage kidnapping cases.

How the RCMP reviews major cases through its Office of Investigative Standards and Practices (OISP) is also an excellent example of setting up a process to learn from major investigations and improve them going forward. An example of the benefits of debriefing is how the RCMP systematically adjusted its training and practices for “Mr. Big” investigations in the wake of the Supreme Court of Canada’s 2014 *R. v. Hart*<sup>129</sup> decision. These steps ensured the Mr. Big investigative technique could continue to be used successfully post-*Hart*, as it has been on many occasions.<sup>130</sup>

It is important that any findings be carefully documented, that approved recommendations are tasked out as appropriate, and that there is a system in place to ensure they are completed and institutionalized, e.g., through changes to training, policies, and the way in which investigative strategies are employed.

For less complex investigations, debriefing and preparing documentation does not need to be an onerous process. There is great value in reviewing an investigation, preparing a short report documenting the nature of the investigation, the challenges encountered, how they were overcome or could be in the future, any lessons learned, and recommended changes made for the future, e.g., for resourcing, business rules, investigative practices, and training. Among other benefits, taking these steps may help to inoculate future investigations in terms of demonstrating good faith efforts to follow the latest directions from courts and engage in best practices.

Debrief reports also provide a mechanism to institutionalize knowledge, so it is not lost with the inevitable attrition that occurs in specialized units, including JIGIT. (We were advised that only three of the original JIGIT police members from 2016 remain in the unit.) Experienced JIGIT investigators we interviewed noted the benefit of formally recording “lessons learned” to use to pass on knowledge to new members.

Another method to improve performance is regularly scan for best practices in other jurisdictions (something the Chief Officer of CFSEU-BC and JIGIT’s Staff Sergeant did when they were first seized with creating JIGIT in 2016.) For example, in Canada, the Alcohol and Gaming Commission of Ontario’s (AGCO) partnership with the OPP was praised by service providers here, as described later in the Review. The AGCO model is highly integrated, as shown in the organizational chart below.<sup>131</sup>

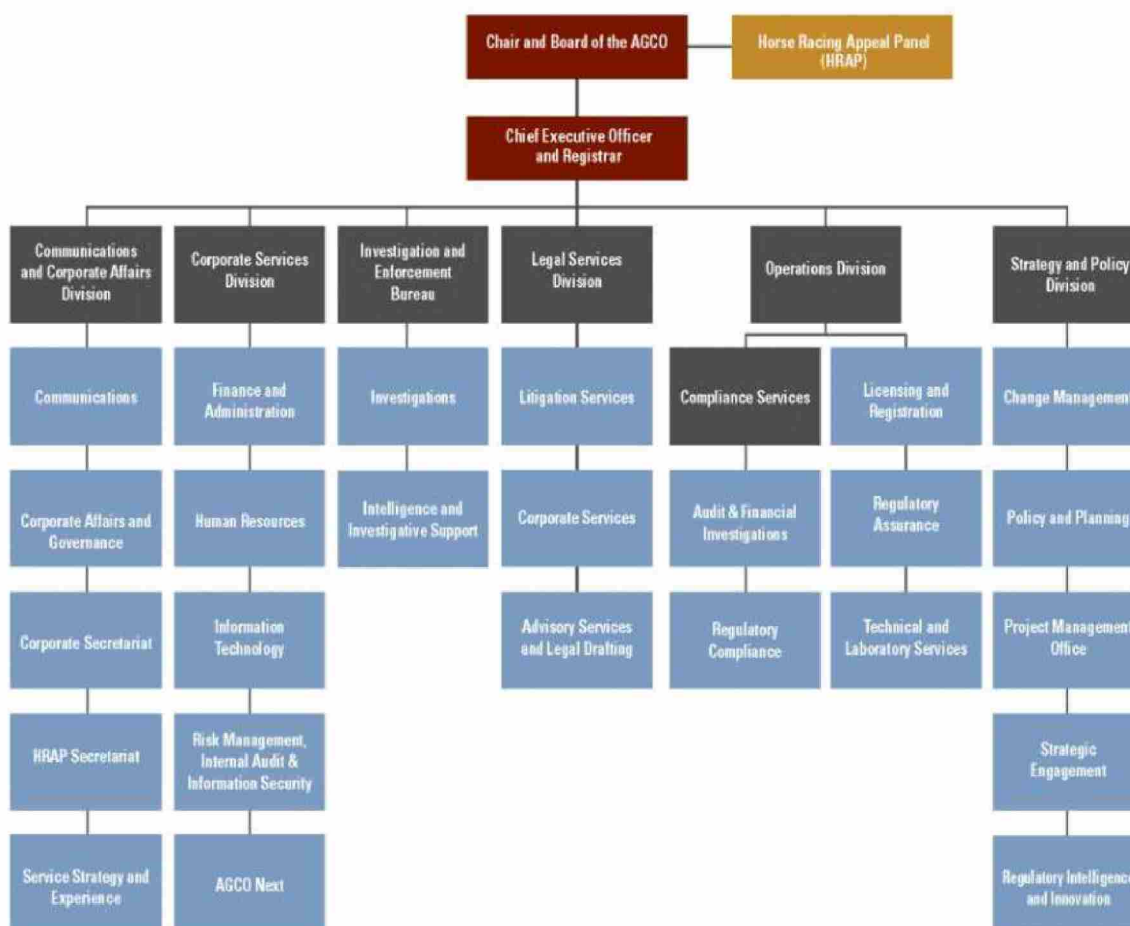
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<sup>129</sup> *R. v. Hart*, 2014 SCC 52, [2014] 2 S.C.R. 544.

<sup>130</sup> See, for example, *R. v. Randle*, 2016 BCCA 125 (CanLII).

<sup>131</sup> <https://www.agco.ca/organizational-structure>

## AGCO Organizational Chart



**Figure 15: AGCO Organizational Chart**

Further, we interviewed the OPP Superintendent in charge of 140 staff in the AGCO Investigation and Enforcement Bureau, who emphasized their proactive approach to keeping organized crime out of gaming, including having a highly visible police presence in casinos. He advised his staff are highly trained in detecting cheating offences and money laundering in gaming and AGCO offers what is reputed to be the only accredited policing gaming course in North America. Additionally, the Superintendent advised their Gaming Protection Unit looks at trends across North America and has relationships with other police services, regulators (including in BC) and service providers, such as in Las Vegas, Nevada and Atlantic City, New Jersey. AGCO's comprehensive and integrated approach to addressing criminality and regulatory offences in gaming is impressive.

In some areas, however, particularly information analysis and the development of actionable intelligence, JIGIT's practices appear more sophisticated than AGCO's. But as an example of why constant scanning for best practices is important, we were advised that the AGCO Investigation and



Enforcement Bureau is in the process of implementing a new evidence based, data efficient, risk analysis program that they can use to assess subjects with risk identifiers and obtain a score to better support prioritization for investigation rather than relying on human assessment. This new program, once implemented, may be of interest to JIGIT.

Internationally, there are several countries that have developed very robust AML regimes, including with respect to law enforcement. For example, the FATF has assessed that “Australia’s measures are particularly strong in legal, law enforcement, and operational areas...”<sup>132</sup>

Further, the FATF has assessed that in the US, “Law enforcement efforts rest on a well-established task force environment which enables the pooling of expertise from a wide range of law enforcement agencies (LEAs), including prosecutors, to support quality ML/TF investigation and prosecution outcomes.”<sup>133</sup> In Las Vegas, Nevada, as a specific U.S. example, effective regulation and enforcement has been credited with “removing organized crime from casino operations...and keeping organized crime out...”<sup>134</sup>

Finally, the FATF has assessed that the UK has a strong AML regime and that “The UK routinely and aggressively identifies, pursues and prioritises ML investigations and prosecutions. It achieves around 7,900 investigations, 2,000 prosecutions and 1,400 convictions annually for standalone ML or where ML is the principal offence.”<sup>135</sup>

To its credit, JIGIT has consulted on money laundering intelligence issues with police in Australia, New Zealand, and the U.S., and plans to continue these efforts. As well, the implementation of the GIU offers considerable opportunity to improve and measure JIGIT’s performance.

To improve and better measure JIGIT’s performance going forward, we recommend:

28. That all significant JIGIT investigations be subject to a systematic debriefing process resulting in a concise report documenting the investigative challenges, steps taken to overcome them, lessons learned, and any relevant and practicable recommendations for the future (e.g., improvements to training, policy, and business rules). Recommendations should be tasked out and their progress tracked and reported on. An electronic repository of these reports should be available to all JIGIT members and reviewed as part of the process for onboarding new members;

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<sup>132</sup> FATF and APG (2015), Anti-money laundering and counter-terrorist financing measures - Australia, Fourth Round Mutual Evaluation Report, p. 7, FATF, Paris and APG, Sydney [www.fatf-gafi.org/topics/mutualevaluations/documents/mer-australia-2015.html](http://www.fatf-gafi.org/topics/mutualevaluations/documents/mer-australia-2015.html)

<sup>133</sup> FATF (2016), Anti-money laundering and counter-terrorist financing measures - United States, Fourth Round Mutual Evaluation Report, p. 4, FATF, Paris [www.fatf-gafi.org/publications/mutualevaluations/documents/mer-united-states-2016.html](http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-united-states-2016.html)

<sup>134</sup> UNLV International Gaming Institute (2017). Practical Perspectives on Gambling Regulatory Processes for Study by Japan: Eliminating Organized Crime in Nevada Casinos, p. 26. [https://www.unlv.edu/sites/default/files/page\\_files/27/JapanEliminatingOrganizedCrime.pdf](https://www.unlv.edu/sites/default/files/page_files/27/JapanEliminatingOrganizedCrime.pdf)

<sup>135</sup> FATF (2018), Anti-money laundering and counter-terrorist financing measures – United Kingdom, Fourth Round Mutual Evaluation Report, , p. 5, FATF, Paris <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-united-kingdom2018.html>

29. That JIGIT continue to advocate for amendments to the *Gaming Control Act* that would allow for a more efficient alternative to pursuing onerous criminal investigations against illegal gaming houses (akin to the use of provincial Immediate Roadside Prohibitions rather than criminal impaired driving charges) in those cases that generate community problems for the POJ but do not involve organized crime;

30. **public interest immunity**

31. That JIGIT continue its ongoing liaison with police agencies nationally and internationally to benefit from learning about best practices that may have applicability in BC;
32. That CFSEU-BC consider creating a position for a dedicated “Civil Forfeiture and Proceeds of Crime Advisor” whose primary responsibility would be to manage CFO referrals for CFSEU-BC, and to action the offer from the CFO to fund this position; and
33. That CFSEU-BC, in consultation with the BC RCMP Hub, examine the practicability of developing and implementing an evaluation scheme to measure and track JIGIT’s systemic impact, e.g., on the legislation, policies and regulations of government, BCLC, gaming service providers, and other stakeholders in BC’s AML regime.

### Expertise and Operational Support

**Finding: JIGIT is consistently building its expertise and outreach, ensuring that POJ’s (and their communities) are supported and provided the necessary expertise to conduct investigations into money laundering and illegal gaming.**

During the Review, JIGIT staff made clear that they understand the importance of building their reputation and magnifying their impact by providing investigative support and assistance to POJs. JIGIT reports that as a result of its outreach, including: 44 presentations to Lower Mainland RCMP detachments and municipal police agencies in 2017; the use of RTIC to disseminate throughout BC gaming-related information, including trends; and many other educational initiatives (described in “Education”), it receives two to three calls per week from POJs for assistance with gambling-related incidents in their jurisdictions. These incidents range from missing persons with gambling debts to assistance in investigating illegal gaming houses. Moreover, as a result of this contact from POJs, JIGIT somewhat regularly provides advice and assistance. JIGIT cited multiple examples of receiving information from POJs and of working collaboratively with them on investigations. In several cases, JIGIT has launched significant investigations as a result of information received from POJs. These have included investigations and subsequent search warrants at illegal gaming houses in

**public interest immunity**

**public interest immunity**

Key POJs were very complimentary of JIGIT’s work in this regard. For example, an NCO in charge of a POJ investigative unit described a collaboration with JIGIT that resulted in extensive surveillance, a seizure of cash and a vehicle, and a referral to the CFO. Further, a joint probe into a money laundering



case was initiated but had to be concluded because of COVID-19. Finally, he noted JIGIT had been a consistent source of subject matter experts and had been quick in responding to requests for assistance.

POJ representatives from another municipality noted that JIGIT was responsive and helpful, including taking over from the POJ an extortion file connected to a JIGIT investigation. A representative from a third POJ was complimentary of JIGIT's work, noting that JIGIT had assisted on a series of investigations in that municipality.

## Discussion and Recommendations

JIGIT is meeting the element of its mandate regarding providing support and expertise to POJs. To better track their work in this area we recommend:

34. That JIGIT implement a process reflected in a business rule to ensure careful tracking of any tips and requests for assistance/information from POJs, as well as their outcomes, wherever practicable. Doing so would provide valuable data as to its success in meeting this element of its mandate, and also for tracking JIGIT's impact as a "force multiplier" with POJs.

## Intelligence Gathering

**Finding: JIGIT utilizes various tools and data sources to gather intelligence and prioritize targets and investigations; this work is both proactive and reactive.**

JIGIT analysts use Crime Analysis Search Tool (CAST) to query British Columbia's three external PRIME-BC servers to identify and extract files classified by Uniform Crime Report (UCR) crime types that fall under JIGIT's mandate.

JIGIT analysts also query the Integrated Information Service (IIS) portal for particular key words related to JIGIT's mandate. This operation conducts in-text searches for key words within PRIME-BC files (file synopses, investigative narratives, etc.). This is beneficial as it ensures the detection of any files that may be inaccurately or erroneously classified as a particular crime type in PRIME-BC, and therefore will not be extracted by the CAST method listed above. For example, the following selection of keywords helps to enhance the detection of relevant crime-related information: loan shark, extortion, launder, money laundering, gambling den, gambling house, gaming, loan, poker game, Mahjong, bank draft.

BCLC reports of Unusual Financial Transactions (UFTs) and Suspicious Transaction Reports (STRs) provide JIGIT with valuable information pertaining to in-casino activity, associations, and trends. Running CAST and IIS queries to detect relevant police information is followed by cross-referencing with BCLC, GPEB, FinTRAC and other partner stakeholder information.

JIGIT also receives information from other sources, such as from police officers and crime analysts in municipal police agencies and RCMP detachments.

New processes to analyze information began in January 2020 with the inception of the GIU, outside the timeframe for this Review's mandate, but provided here for information. For example, to make the information useful in the identification and disruption of criminal operations and networks internal and



external to BC casinos, JIGIT now creates a product called an Actionable Enforcement Report. A person of interest is identified and queried through all available databases. A background intelligence report on the subject is created with all relevant information, such as known associates and where they live and work. Once this information is collated, it is reflected in the Actionable Enforcement Report with recommended actions. If it will not be assigned in JIGIT, it will be forwarded to the appropriate agency, including GPEB or a POJ, for example. Recommended actions included in the Actionable Enforcement Report could include interviewing a particular person and asking certain questions. Further, JIGIT has created a template for interviews of patrons to ensure consistency in the questioning, and to help fill intelligence gaps.

JIGIT members advised that the main objective of the new process described above is to build up actionable intelligence. Once the recommended action is completed (e.g., asking subjects for an explanation of why they were seen giving \$80,000 in casino chips to someone else), the third part of the process is an Actionable Enforcement Update, which is entered in appropriate records systems, such as GPEB's Gaming Online Services (GOS) database. In addition, JIGIT occasionally uses RTIC to distribute information of general interest to police agencies regarding illegal gaming and money laundering.

This approach integrates data sources from various stakeholders and marries data to achieve a more holistic picture. In today's complex policing environment, policing data is not the only relevant source of information. Including regulatory data, Open Source data and financial data, JIGIT will be in a better position to disrupt organized crime in BC casinos.

## Discussion and Recommendations

It is unclear whether JIGIT was meeting its mandate regarding the centralized collection, analysis and distribution of information and intelligence regarding illegal gaming houses and money laundering during most of the study period, given the somewhat ad hoc approach taken; however, since the creation of GIU it is doing so.

We recommend:

35. That JIGIT consider the development of a regular bulletin on information of interest to POJs regarding illegal gaming and money laundering that could be distributed via RTIC. This would serve not only to provide valuable information to POJs, but is also an opportunity to enhance awareness of JIGIT and how it can assist frontline officers, as well as to solicit valuable information.

## Collaboration and System Improvement

One of the goals set out in the JIGIT business case was that there would be a collaboration between RCMP and GPEB to ensure effective communication and synergy between units and strategies. JIGIT is a truly integrated team, in that the GPEB SPCs and police officers are not only physically co-located, they report up through direct supervisors to a single RCMP staff sergeant. Further, they clearly work

together as a team. In the first several years, the GPEB investigators were used as general investigators working alongside police officers.<sup>136</sup>

To determine whether the goal of effective communication and synergy between the RCMP and GPEB was being met, we engaged in several strategies. First, we developed and distributed a questionnaire to all JIGIT members canvassing this issue (and others). JIGIT members were asked to rate the following as Excellent, Very Good, Acceptable, Poor, or Very Poor:

- Effective Communication
- Synergy/Cooperation
- Alignment of Strategies

**Finding: With respect to Effective Communication, a strong majority of JIGIT members, 87%, rated communication between the RCMP and GPEB as Very Good or Excellent.**

**Finding: With respect to Synergy and Cooperation between RCMP and GPEB, again, a strong majority, 88%, assessed these attributes as Very Good or Excellent.**

**Finding: Regarding Alignment of Strategies, while the assessment wasn't as strongly positive as compared to the previous two categories, there was still a majority, 63%, who described these attributes as Very Good or Excellent.**

We also conducted interviews with a large sample of JIGIT members, including civilian analysts, GPEB members, and police officers at multiple ranks. The results of those questionnaires and interviews were consistent with the survey responses and demonstrated a high level of cohesiveness between police and GPEB members in JIGIT.

**Finding: Communication and collaboration with the FSOC Financial Investigation Unit is not strong.**

We note that the FSOC Financial Investigation Unit (FIU) is also housed at "E" Division Headquarters and its mandate includes money laundering, but only in situations unrelated to gaming and casinos. While we assumed there would still be some crossover, it was apparent the level of communication between JIGIT and FSOC is not strong, with fully a third of JIGIT members describing it as "poor" in the questionnaire, although a majority, 60%, described it as either "acceptable" or "good." A few JIGIT members were politely critical of FSOC FIU, for example, for being unwilling (or unable) to take action on good intelligence fitting their mandate that came to JIGIT's attention; however, one senior member pointed out that "poor" was just the best available rating to reflect that there simply was not much

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<sup>136</sup> When this proved less than optimal because of the GPEB members' lack of certain police authorities, in early 2020 (after the study period for the Review), JIGIT was reorganized to position the GPEB members into the GIU where they work with RCMP analysts and are focused on analyzing information from a wide variety of databases and other resources to develop actionable intelligence for the JIGIT investigative team.



interaction – nor a need for interaction – between JIGIT and FSOC FIU because of the very different federal and provincial structures and mandates, and this did not reflect a poor relationship.

**Finding: JIGIT has achieved its objective of collaborating with police and other strategic partners.**

A second goal set out in JIGIT's business case was to collaborate with police officers and other strategic partners across Canada to ensure a common investigative standard as well as to leverage best practices. To this end, the first of JIGIT's two primary public outreach strategies is the Gaming Intelligence Group (GIG). The GIG is a collaborative approach between JIGIT, GPEB and BCLC to share information to combat money laundering and other crime at BC casinos. The GIG participants meet monthly and engage in a weekly teleconference to share information, which includes the review of STRs and UFTs. Feedback from BCLC and GPEB regarding the GIG has been positive. JIGIT has also reached out at the local level through tactics such as assigning JIGIT members as liaisons to gaming service providers and forming a partnership with Richmond Bylaw Enforcement to collaborate on enforcement against illegal gaming houses and currency exchanges.

**Finding: JIGIT has had a strong impact with respect to promoting information sharing between public and private entities with an AML responsibility.**

The second of JIGIT's two primary outreach strategies is an initiative to promote information sharing between public and private entities with an AML responsibility. JIGIT recognized that government, law enforcement, regulators, and industry are all challenged when it comes to addressing money laundering. The sophisticated schemes criminals use to launder the proceeds of crime can span multiple financial institutions, professional services, and jurisdictions. As a result, public-private partnership models have recently been adopted in the United Kingdom and Australia to combat money laundering (e.g., the Joint Money Laundering Intelligence Taskforce and Fintel Alliance, respectively). Such a public-private partnership had not existed anywhere in Canada involving law enforcement, and this initiative was intended to address that gap.

To further this effort, in 2018, CFSEU-BC engaged with public and private stakeholders to address a money laundering scheme impacting BC casinos. This partnership engaged CFSEU-BC, BCLC, GPEB, the Financial Transactions and Reports Analysis Centre of Canada (FinTRAC), Canada Revenue Agency (CRA), Toronto Dominion bank, Bank of Montreal, Royal Bank of Canada, Canadian Imperial Bank of Commerce, Scotia Bank and Hong Kong and Shanghai Banking Corporation. This partnership is seen as critical to exposing criminal activity, identifying new trends and activities, and contributing to informed decision making so as to deter money laundering activity at BC casinos.

The initiative, which became known as Project ATHENA, continued to produce positive results and was well received by stakeholders. For example, senior VPD representatives noted that it was "hugely beneficial" that JIGIT was successful in getting the banking industry involved in taking proactive steps to prevent money laundering.

As a result, in 2019, Project ATHENA was expanded to include more sectors and more stakeholders. The results included FinTRAC publishing a nationally distributed operational alert based on the Project



ATHENA typology, the delivery of numerous presentations, and RCMP National Headquarters (NHQ) rolling out the Project ATHENA model for implementation across all RCMP Divisions.

With the success of the initial phases of Project ATHENA, as of March 2020, there are plans to evolve the project into a permanent public-private partnership model to combat money laundering in BC. It is intended that the model will be tailored to the needs of BC while being coordinated with the federal Anti Money Laundering regime. This will be achieved by bringing together:

- All relevant crown corporations;
- All levels of government (municipal, provincial, federal);
- Regulators (provincial and federal);
- Law enforcement (municipal, provincial and federal) and
- Relevant industry stakeholders.

The purpose of bringing together these disparate bodies is to lawfully share information, develop innovative solutions (data analytics, technology, etc.), and contribute to informed policy, regulatory, and legislative change. The result of this evolution is an organization known as the Counter Illicit Finance Alliance of British Columbia (CIFA-BC).

The advancements of Project ATHENA have resulted in JIGIT presenting on this typology in Toronto to the heads of Compliance/AML units within the major banks and the Department of Finance Canada. Following these recent meetings in Toronto, the VP of Compliance/AML of RBC declared his commitment to making similar changes. JIGIT will continue to educate partners and Project ATHENA will be continuing with quarterly meetings.

In addition to Project ATHENA, JIGIT is actively engaged with RCMP Federal Policing at National Headquarters. It should be noted that RCMP Federal Policing has identified that four of the top five money laundering trends have a nexus to China and/or Asian Organized Crime. CFSEU-BC/JIGIT is a significant contributor of intelligence to RCMP National Headquarters as it relates to underground banking activity.

At the international level, JIGIT is a contributor, with RCMP's FSOC, to the United Nations Office on Drugs and Crime (UNODC) - Global Programme against Money Laundering, Proceeds of Crime and the Financing of Terrorism e-learning module on underground banking.

#### Level of Support from Police of Jurisdiction

**Finding: JIGIT is strongly supported by the police agencies in municipalities most affected by money laundering through legal and illegal gaming, with Vancouver and Richmond being the most significant.**

Richmond, with its River Rock casino and legal and underground currency exchange businesses has been the focus of extraordinary attention because of allegations of rampant money laundering, as described

in *Dirty Money*. The Richmond RCMP detachment has an authorized strength of 251 police officers<sup>137</sup> and representatives noted it does not have the capacity to address the various offences associated with money laundering resources or expertise to deal with the volume and complexity of associated investigations.

The Richmond RCMP's OIC is very familiar with the abilities of JIGIT, having been the unit's line (overseeing) officer in CFSEU-BC prior to his current assignment:

We've got a lot of pressure due to the German report regarding currency exchanges, money laundering, the River Rock but we're limited in our resources to attack money laundering, to do wiretap or anything like that. So we really rely on JIGIT and CFSEU to do those sorts of investigations. I was surprised how many targets there are in these money services [in Richmond]. JIGIT fills the void and came in and presented to Council who really didn't understand the issues and JIGIT was really able to open their eyes and I think there was huge value in that and they really appreciated that there was a unit working on these issues. Without them there is really no agency outside of JIGIT to deal with these investigations. With the shuffling of resources from Proceeds of Crime there really isn't anyone else to do this and we really don't have SMEs to help. They've filled a huge void in the last year and half and Council was really pleased that there's this kind of agency.

The Vancouver Police Department is a large municipal police agency with an authorized strength of 1,327 police officers.<sup>138</sup> In the course of this review, we interviewed four senior members of the VPD Investigation Division. Supporting the views of the Richmond RCMP, the VPD representatives were unanimous in their support of JIGIT. Their comments included:

- “[Regarding] illegal [gaming] operations in the city...now that I’m more familiar with what’s connected and seeing all the intimidation, threatening, shots fired etc., that was going on before, I think the criminals really knew they were unchecked around illegal gaming and money laundering, but now we see less and less [problems] like after hours casinos because the criminals know there is targeted enforcement and that really helps us because we see fewer problems.”
- “Without the funding for JIGIT, I don’t think any agency would take on, on their own, getting up to speed on money laundering. I watched them setting up their JIGIT team and getting the expertise on money laundering and gaming in general looking nationally and internationally; no one had that expertise in BC and without the funding no one is going looking for it. So they have done so many positive things like getting the banking industry involved to prevent money laundering, so that’s been hugely beneficial. No one was looking at these kinds of files. Once the team got up and running, instead of attacking low

<sup>137</sup> Ministry of Public Safety and Solicitor General Police Services Division, Police Resources in British Columbia, 2018, p. 9. Accessed at <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/police/publications/statistics/police-resources.pdf>

<sup>138</sup> Ministry of Public Safety and Solicitor General Police Services Division, Police Resources in British Columbia, 2018, p. 10. Accessed at <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/police/publications/statistics/police-resources.pdf>





### Level of Support from GPEB

**Finding: The GPEB members assigned to JIGIT we interviewed were highly supportive of the JIGIT model and committed to its work.**

Further, a GPEB representative expressed that the partnership model in JIGIT is highly valued by JIGIT and that strong collaboration with law enforcement through JIGIT will be one of the keys to JIGIT's success.

### Level of Support from BCLC

**Finding: BCLC does not express strong support for JIGIT and its continuation based on both a perceived lack of performance and clarity of role.**

According to BCLC, casinos in BC operate similar to a franchise model. BCLC selects the operators of gaming facilities in BC, where they will operate, the size of the facilities, and their operating parameters, as well as providing the equipment – such as slot machines – and business managers in every facility. In total, BCLC oversees 38 casinos in the province.

We interviewed Brad Desmarais the VP, Casino and Community Gaming and Interim VPD, Legal, Security and Compliance (since promoted to Chief Operating Officer for BCLC; and the Director, AML and Investigations. Both are former senior police officers in BC with extensive experience in financial crime investigations. They both offered somewhat cautious support for JIGIT in terms of its performance, and for continuing its funding, noting the lack of successful prosecutions in connection to money laundering in casinos. Mr. Desmarais made the following observations.

- “I think there is a concern on the e-gaming and grey market sites that deprive the province of revenue because they compete with PlayNow. They are illegal to operate, not play. If you're an operator, that's illegal. I don't know how you'd go after them but there should be an opportunity to take some action. In the RCMP, they've been challenged to manage fenced funding models because of resourcing demands. I see them really trying to maintain this JIGIT model. A lot of it depends on the people. ATHENA is a good example of where we're trying to collectively bring about change through greater info sharing.”
- “...having JIGIT working with us is helpful, but if it's the most effective model I could go back and forth. Are you better off supporting POJs and restructuring CFSEU to identify targets? The bad guys engage in gaming activities because they want to be the big wheel, not necessarily to launder money. We see a very targeted approach but trying to get prosecutorial support is hard. I don't know if they are able to keep up with resourcing. In my experience when we had these dedicated teams it was always a challenge to keep staffed with the right people.”
- “I think they are in a good place now... We tried to report a 775 fraud when they first started and they [JIGIT] said it wasn't ML so not their mandate. I think they're past that now. There was no one to report these things to – not municipal police or RCMP. So now at least we have



somewhere we can go now that JIGIT exists...What will be helpful will be to have some successful prosecutions – I hope public interest immunity is approved.”

- “This province needs an independent financial crime/corruptions unit that uses current thought on how those organizations are structured with appropriate governance. It shouldn’t be sector specific; it should be focused on money laundering and financial crime. I think it needs to be in an investigative body with appropriate funding. The successful organizations around the world addressing money laundering don’t really look like a police organization...We have a robust toolbox of evidence gathering tools in Canada but they aren’t well understood regarding money laundering and financial crime. General warrants, law enforcement exemptions – they’re used in murder and drug investigations. But the more complex investigations like financial crime, money laundering, corruption, I’m not seeing the tools being used. I would have expected to have been served general warrants and assistance warrants to look at information about patrons, rather than relying on information sharing agreements. Maybe I’m pessimistic. I don’t think we’re going to have a lot of success until we address this in major investigations.”

#### Level of Support from Gaming Service Providers

##### **Finding: Gaming Service Providers are very supportive of JIGIT and its continued operations.**

The Great Canadian Gaming Corporation (GCGC) is “British Columbia’s foremost casino and gaming operator, and the largest entertainment company in Western Canada,”<sup>139</sup> operating 10 casinos around the province.<sup>140</sup> We interviewed senior GCGC representatives who were highly supportive of JIGIT, and for funding to be continued. They noted they did not have access to the information about customers that may be involved in illicit activity that police do.

##### **Finding: It was the view of the service providers that JIGIT could enhance its operations by forging closer relationships with service providers; specifically, direct interaction and communication.**

Notwithstanding their strong support, in response to questions about how JIGIT could improve its performance, the GCGC representatives alluded to their experience in Ontario in recommending that JIGIT forge closer relationships directly with service providers, rather than only dealing with them through BCLC. They noted the high level of interaction OPP members in AGCO have with gaming service providers and were in favour of more direct relationships with police, rather than only the regulator (GPEB).

#### Discussion and Recommendations

The relationship between GPEB and police members in JIGIT appears to be cohesive. Moreover, from stakeholder comments, it is clear JIGIT has had good results in fostering productive relationships with external bodies, such as POJs. Further, JIGIT’s Project ATHENA, which encouraged collaboration and

<sup>139</sup> <https://www.go2hr.ca/companies/great-canadian-casinos-inc>

<sup>140</sup> <https://gcgaming.com/#>

system improvement across sectors regarding AML. This is a project that has built on best practices developed in the UK, a nation recognized for its AML excellence by the FATF.<sup>141</sup> CFSEU-BC/JIGIT has developed the initiative from a local to a provincial and national one that has support at senior levels of the provincial and federal governments.

We did, however, find there is room for improvement in the relationships with BCLC and in AML compliance units in gaming service providers. While there is a natural tension with BCLC because of its revenue generating mandate (notwithstanding it also has an AML role), we encourage JIGIT to look for opportunities to enhance the relationship. Similarly, the largest gaming service provider – GCGC – was highly supportive of JIGIT but expressed a desire to forge a more collaborative and mutually beneficial relationship, as it described having with the OPP/AGCO in Ontario.

We recommend:

36. That JIGIT seek more opportunities for communication and collaboration with BCLC and gaming service providers, and that these relationships be formalized wherever possible with instruments such as letters of understanding, or in JIGIT's internal policies to ensure continuity of information.

## Education and Media Efforts

In addition to its three key strategic objectives, JIGIT has an additional mandate to provide public education with respect to the identification and reporting of illegal gambling in BC. Included in this secondary objective is a mandate to provide education and advice to the local POJs on organized crime matters involving gaming.

### Education

**Finding: JIGIT has delivered on its mandate with respect to providing education to police and industry stakeholders but may benefit from a more systematic approach.**

According to available JIGIT records, in its start-up period during 2016 and 2017 – when the team members themselves were becoming educated regarding illegal gaming issues and were consumed with a major investigation – JIGIT was understandably not delivering on this part of its mandate.

However, it is evident that since 2018, JIGIT has taken this responsibility very seriously and has invested considerable time and energy into delivering on its secondary objective.

In the course of this Review, we examined multiple PowerPoint presentations used by JIGIT members for various audiences. They were not only clear with considerable important and appropriate information, but, as shown in the excerpted slide below, they were also visually appealing, with

<sup>141</sup> FATF (2018), Anti-money laundering and counter-terrorist financing measures – United Kingdom, Fourth Round Mutual Evaluation Report, FATF, Paris <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-united-kingdom2018.html>.

excellent use of colour, graphics, photographs and other images, making them an excellent complement to the JIGIT members' oral presentations.



Figure 17: JIGIT PowerPoint Slide

While we did not have an opportunity to observe a presentation being given, we were impressed by the passion, knowledge, and articulateness of JIGIT members with whom we spoke and who were responsible for presenting on JIGIT's behalf. We also note that JIGIT has presented before some prestigious bodies, like the United Nations Office on Drugs and Crime (UNODC) in Vienna, Austria. Finally, we spoke to representatives of several Lower Mainland police agencies, who provided very positive feedback about JIGIT's outreach and education efforts. They noted JIGIT had been proactive in offering training, opportunities to participate in committees, such as one developing draft legislation with respect Money Service Providers, and had provided briefings to operational members.

Senior VPD representatives also provided similarly supportive comments about JIGIT's outreach. They noted that twice a year JIGIT organizes a large-scale training day at the JIBC for about 120 attendees with 20-25 seats for the VPD and (until the COVID-19 Pandemic) were planning on another round of frontline training, as well as training for source handlers to generate informant information regarding money laundering. Finally, the VPD noted that at every monthly Project ATHENA call, JIGIT includes an educational component for attendees.

A list of presentations made by various members of JIGIT is included in Appendix "A".



**Finding: JIGIT has not achieved the objectives set out in its Mandate with respect to public education.**

With respect to public education, a thematic content analysis of the interviews we conducted revealed there is a perception – both internally and externally – that JIGIT has not delivered on the public-facing aspect of its education mandate, which was acknowledged by CFSEU-BC management. Although it isn't finished, JIGIT is currently developing an educational poster campaign for casinos to educate the gaming public about the signs of loan sharking and other concerns, as shown in the adjacent image. The initiative will incorporate a media campaign, including a phone number to report concerns to. We note that CFSEU-BC has developed some professional and successful media campaigns, such as the multi-strategy “End Gang Life” initiative, demonstrating the expertise that CFSEU-BC can bring to bear, which bodes well for JIGIT's initiative.<sup>142</sup>

We commend JIGIT for this in-progress public outreach strategy; we hope it will be completed and encourage JIGIT to look for other opportunities to take advantage of available media expertise in CFSEU-BC to achieve the public education goals in its mandate.



Figure 18: Draft Patron Education Poster

## Media

A third goal in JIGIT's business case was to ensure both positive public perception and media coverage of the unit and investigations to maintain trust and confidence as well as raise awareness of the provincial mandate to ensure the integrity of gaming.

**Finding: JIGIT has delivered on its mandate with respect to raising public awareness and ensuring the integrity of gaming through earned media coverage.**

In addition to the direct impact on JIGIT's targets, it is reasonable to assume that the investigations have become known to others involved in illegal gaming through their own networks and via media coverage. CFSEU-BC has provided comprehensive information and visuals in its attempts to gain “earned media” regarding JIGIT (and other CFSEU-BC) investigations. An example of a JIGIT press release and images from the related press conferences are shown below.

<sup>142</sup> <https://www.cfseu.bc.ca/end-gang-life/>



**Multiple Arrests Stemming from a Nearly Year Long CFSEU-BC JIGIT Investigation into Organized Crime**

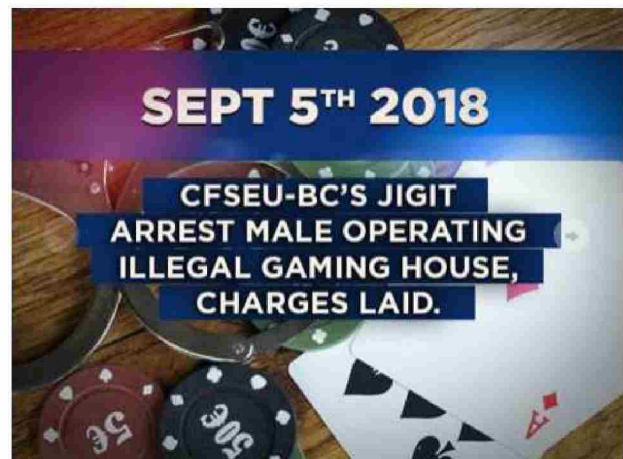


Figure 19: CFSEU Media Release Images.<sup>143</sup>



**Two Men Have Been Arrested After an Incident of Cheating in a Kelowna Casino**

Figure 20: CFSEU-BC Media Release Image.<sup>144</sup>



**CFSEU-BC's JIGIT Arrest Male Operating Illegal Gaming House, Charges Laid.**

Figure 21: CFSEU-BC Media Release.<sup>145</sup>

<sup>143</sup> <https://www.cfseu.bc.ca/multiple-arrests-stemming-from-a-nearly-year-long-cfseu-bc-jigit-investigation-into-organized-crime/#topOfPage>

<sup>144</sup> Accessed at <https://www.cfseu.bc.ca/two-men-have-been-arrested-after-an-incident-of-cheating-in-a-kelowna-casino/>

<sup>145</sup> Accessed at <https://www.cfseu.bc.ca/cfseu-bcs-jigit-arrest-male-operating-illegal-gaming-house-charges-laid/>

**Finding: While JIGIT has been positively featured in the media, the impact of media coverage is unknown and difficult to measure.**

JIGIT's proactive press releases have resulted in notable media coverage. The following is a representative but non-exhaustive list of prominent media stories specifically about JIGIT we were able to locate during this Review. These stories were typically carried by multiple media outlets):

- Larsen, K. (2016). "Gang squad and BC government join forces to fight casino money laundering." *CBC News*.<sup>146</sup>
- Judd, A. (2017, June 13). "9 people arrested in network connected to illegal gaming houses and money laundering in BC." *Global News*.<sup>147</sup>
- Little, S. (2018, September 6). "Police break up alleged illegal Vancouver gambling den, 1 man charged." *Global News*.<sup>148</sup>
- Hamill, B. (2019, January 21). River Rock staff probed over laundering. *Gaming Post*.<sup>149</sup>
- Little, S. (2019, February 2). "\$4M Shaughnessy home raided in connection with illegal gambling investigation." *Global News*.<sup>150</sup>
- Boynton, S. (2019, September 7). "Vancouver man gets 1 day in jail for running illegal gaming operation in \$4M home." *Global News*.<sup>151</sup>
- Bolan, K. (2019, November 6). "Government wants \$200,000 found by BC's anti-gang cops forfeited." *Vancouver Sun*.<sup>152</sup>
- Wood, G. (2020, February 11). "Alleged money launderer wants his \$25,000 casino bank draft back." *Richmond News*.<sup>153</sup>

<sup>146</sup> Accessed at <https://www.cbc.ca/news/canada/british-columbia/casino-money-laundering-gangs-organized-crime-gaming-illegal-1.3530266>.

<sup>147</sup> Accessed at <https://globalnews.ca/news/3524413/9-people-arrested-in-network-connected-to-illegal-gaming-houses-and-money-laundering-in-b-c/>.

<sup>148</sup> Accessed at <https://globalnews.ca/news/4432852/vancouver-illegal-gaming-house/>.

<sup>149</sup> Accessed at <https://www.gamingpost.ca/canadian-casino-news/river-rock-staff-probed-laundering/>.

<sup>150</sup> Accessed at <https://globalnews.ca/news/4919198/illegal-gambling-raid-shaughnessy/>.

<sup>151</sup> Accessed at <https://globalnews.ca/news/5871328/vancouver-gambling-house-sentence/>.

<sup>152</sup> Accessed at <https://vancouver.sun.com/news/crime/government-wants-200000-found-by-b-c-s-anti-gang-cops-forfeited/>.

<sup>153</sup> Accessed at <https://www.richmond-news.com/alleged-money-launderer-wants-his-25-000-casino-bank-draft-back-1.24073441>.



## Discussion and Recommendations

Although they were not able to engage in education and outreach portion of their mandate in the first year of operation, overall we were very impressed with JIGIT's highly proactive efforts and conclude that they eventually met – and in fact exceeded – the expectations set out in several areas but fell short when it came to public education.

In terms of where improvements could be made to address their education mandate, the tracking of its presentations could be refined. The list of presentations earlier was put together from various sources and is likely not complete, because no master spreadsheet was maintained of presentations, the presenter, topic, the date, the location, and so on. In fact, we were provided copies of PowerPoints that had been delivered but were not reflected in its list of presentations. In other words, we are unable to give full credit to JIGIT because of a lack of consistent record keeping.

A simple spreadsheet could be developed to track presentations, and a business rule implemented in JIGIT requiring that any member providing a presentation be required to populate the spreadsheet with basic data. The following is provided as a sample spreadsheet format.

JIGIT PRESENTATIONS LOG							
NUMBER	DATE	AGENCY	LOCATION	TOPIC	JIGIT MEMBER(S)	# of ATTENDEES	FEEDBACK SUMMARY
1							
2							
3							

Further, while JIGIT's educational efforts are ongoing and continued right up until the COVID-19 crisis interfered in early 2020, its briefings to frontline police officers in POJs took place over a fairly short period of time (September to December 2018). Because of the 24/7 nature of frontline police work, such presentations are extremely onerous and time-consuming due to the multiple shifts in each of multiple POJs that must be presented to. For example, an RCMP detachment has a minimum of four watches to cover a 24/7 period. In the VPD, there are five shift briefings per day for "even" day members and this is replicated for the "odd" day members, meaning up to 10 presentations would be required to reach all frontline members.

Notwithstanding the extraordinary demands of providing these briefings, it is an important part of JIGIT's mandate. Not only does it empower frontline officers in POJs to better understand and act on indicators of illegal gaming and money laundering they may encounter, the briefings can result in important intelligence being provided to JIGIT. In fact, several successful JIGIT investigations into illegal gaming operations were the result of being provided information by municipal police agencies and detachments.

However, the reality is there is a high turnover rate in frontline police officers – particularly in the RCMP, due its role in providing policing municipally, provincially, and nationally – caused by transfers and promotions, as well as regular attrition. Since December of 2018, literally hundreds of new police officers have been hired and deployed in Lower Mainland municipal police forces and RCMP detachments, not to mention officers who have transferred to frontline policing from other assignments. Therefore, it is important that providing education to frontline officers in POJs continues at appropriate intervals.

While an in-person presentation that allows for interaction with the audience is optimal, with its current staffing levels and primary mandate, it may be unreasonable to expect that JIGIT is able to deliver education to POJs with the regularity necessary to be optimally effective.

Fortunately, current technology allows for more creativity and efficiency in the use of JIGIT members' time. For example, JIGIT could create an updatable information handout concisely summarizing the information in its briefing sessions, including JIGIT's mandate, telltale signs of money laundering and illegal gaming, how JIGIT can assist a POJ (and vice versa), FAQs, and contact information. As an example, in 2019 the VPD created a series of handouts regarding the Cannabis Control and Licensing Act, such as the one shown below,<sup>154</sup> that provide an excellent example of the sort of concise and informative handouts that JIGIT could emulate. Another example is the handout made available by the Real Time Intelligence Centre (RTIC) and last updated in March 2019, also shown below.<sup>155</sup>

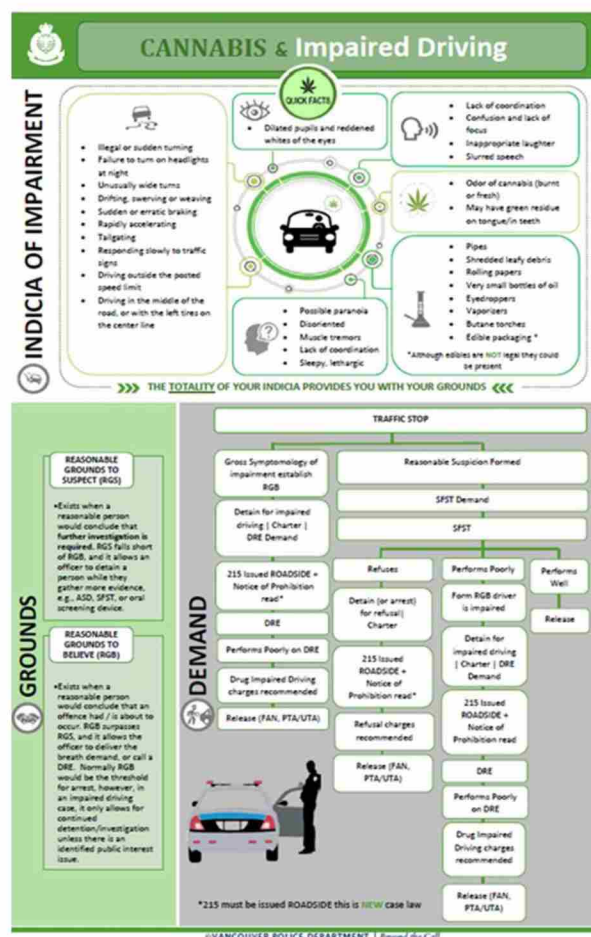


Figure 22: VPD Information Bulletin

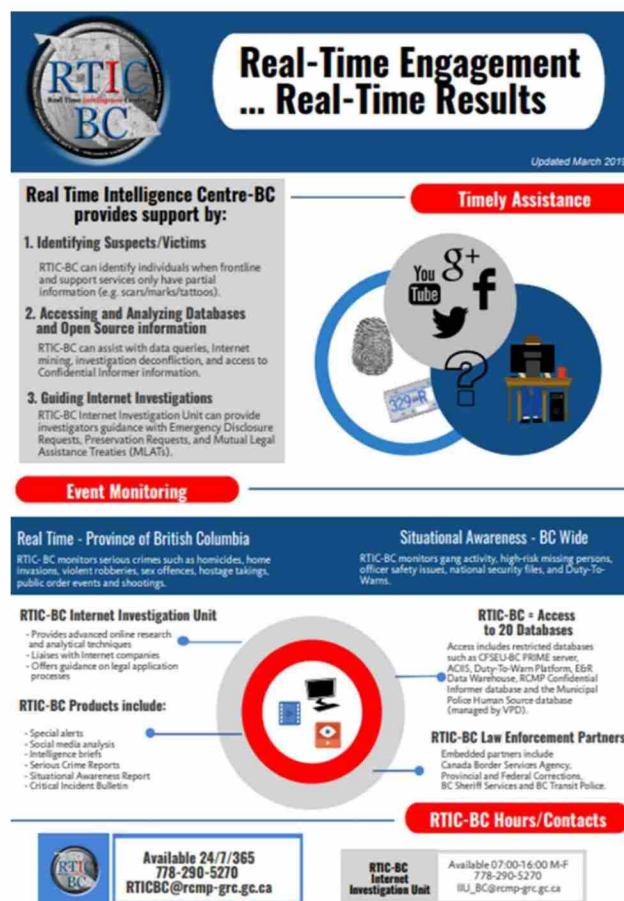


Figure 23: RTIC Information Bulletin

<sup>154</sup> Provided courtesy of the Vancouver Police Department.

<sup>155</sup> Provided courtesy of the Real Time Intelligence Centre.



Further, JIGIT could produce an information training video (or a narrated PowerPoint) that can be made available to complement the information handouts and also placed on the Intranets of POJs. The POJs can then be requested to play the video at reasonable intervals (e.g., once per year). This would ensure new members are exposed to it and other members are refreshed on its contents. RTIC produced such a video several years ago. It is of high quality, informative, based on true events, and has helped to ensure a high level of awareness in policing of RTIC's role.<sup>156</sup> Another option is to work with the Canadian Police Knowledge Network<sup>157</sup> to develop an on-line course specifically for frontline police officers, which can be incorporated into their mandatory and optional training regimes, as occurred when the new marijuana-related legislation was introduced (e.g., the *Cannabis Act*, and *Criminal Code* amendments regarding drug impaired driving).<sup>158</sup>

If JIGIT provides in-person presentations to POJ members in the future, it should carefully track each presentation, and also consider distributing a very brief and simple survey to canvass the quality and relevance of the presentation and any brief suggestions.

Additionally, JIGIT advised that it had initiated several investigations as the result of information provided by POJ frontline members after JIGIT had made a presentation to that POJ. JIGIT should consider tracking any leads received from POJ members by simply asking them what information led them to contact JIGIT and linking it to a training session at that POJ if applicable. Doing so would provide useful data as to the impact of JIGIT's education outreach initiatives and help demonstrate their value, as well as illustrate the proactive aspect of JIGIT's work.

With respect to "earned media," the nature of JIGIT's work means it will not be highly visible with the frequency of files and the media appeal of a unit like the Integrated Homicide Investigation Team (IHIT), for example. Nevertheless, they have had some very good media coverage. In fact, while the media coverage was not voluminous, it is notable that all the media stories about JIGIT we reviewed were all either positive or neutral, with no examples where the media was critical of JIGIT or questioning its value.

We recommend:

37. That JIGIT implement a process reflected in a business rule to ensure careful tracking of all presentations;
38. That JIGIT develop updatable educational materials (e.g., handouts, training video, CPKN course) for electronic distribution to POJs and other audiences as appropriate;
39. That JIGIT develop a long-term and more formalized education strategy setting out, for example, the intervals for POJ briefings; and

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<sup>156</sup> BCACP (June 2019). *High Risk Offenders: A Review of Police Information Sharing and Offender Management Strategies*, p. 24. British Columbia Association of Chiefs of Police Missing Women Commission of Inquiry Special Purpose Committee.

<sup>157</sup> See <https://www.cpkn.ca/en/>

<sup>158</sup> See <https://cannabis.cpkn.ca/en/index.php>.



40. That JIGIT look for additional opportunities to create educational campaigns and to leverage the media to provide helpful information to the public and raise JIGIT's profile so as to educate the public and deter those crimes within its mandate.

## The Social Return on Investment for JIGIT

### Introduction

As previously stated, the Review undertakes an analytical approach that encompasses the examination of both outputs and outcomes. Whereas outputs are often directly measured through activities such as investigations, capturing outcomes requires a more in-depth analysis of the broader social impacts related to the initiative. One component of this includes calculating social return on investment (SROI).

Calculating the SROI for JIGIT – as for any police unit – is a complicated task. However, SROI analyses are critical in order to capture both the inherent complexity and multidimensional impacts of modern policing. This is particularly important in the current policing environment, where costs of policing have risen significantly despite down-trends in the general crime rate since the 1990s. Specifically, it is known that the cost of policing represents the largest single cost component of the justice system and has risen more than any other criminal justice system component in recent years.<sup>159</sup> While there are many reasons for this, two key factors have been noted in the literature. The first is the aggregate impact of several key Supreme Court of Canada decisions, including but not limited to “the right to a state-funded lawyer (*R. v. Rowbotham et al.* (1988) 25 O.A.C. 321.),<sup>160</sup> the right to a speedy trial (*R. v. Askov* [1990] 59 C.C. C. (3d) 499 (S.C.C.)),<sup>161</sup> and the right to full disclosure of Crown evidence (*R. v. Stinchcombe* [1991] 3 S.C.R. 326.”<sup>162</sup> The second key factor is the increasing complexity of criminal investigations,<sup>163</sup> which is also, in part, a consequence of recent court decisions.<sup>164</sup> In addition to these factors, specialized policing units that target organized crime also face additional complexities (and expenditures) as a result of the more complicated nature of their cases. This is particularly relevant for JIGIT, as money laundering activities associated with organized crime continue to present numerous challenges and barriers at both the policing and court levels in Canada.

While some analytic methods and tools have been identified and implemented in the literature to analyze the social impacts and return on investment of policing, there is a paucity of research related to

<sup>159</sup> S. Easton, H. Furness, and P. Brantingham (2014). The cost of crime in Canada, p. 53. *Fraser Institute*. Accessed at <https://www.fraserinstitute.org/sites/default/files/cost-of-crime-in-canada.pdf>.

<sup>160</sup> Also see *R. v. Brydges*, [1990] 1 S.C.R. 190, which impacted police handling time by establishing requirements for police to advise detained and arrested persons of the availability of legal aid and duty counsel

<sup>161</sup> Also see *R. v. Jordan*, 2016 SCC 27 which has imposed even more onerous requirements on Crown regarding the accused's right to a trial within a reasonable period of time, generating, amongst other things, increased costs for police to meet disclosure deadlines.

<sup>162</sup> S. Easton, H. Furness, and P. Brantingham (2014). The cost of crime in Canada, p. 62. *Fraser Institute*. Accessed at <https://www.fraserinstitute.org/sites/default/files/cost-of-crime-in-canada.pdf>.

<sup>163</sup> See Council of Canadian Academies (2015). Policing Canada in the 21<sup>st</sup> Century: New Policing for New Challenges, p. 46. *The Expert Panel on the Future of Canadian Policing Models*. Accessed at [https://ccla.org/cclanewsite/wp-content/uploads/2015/05/policing\\_fullreporten.pdf](https://ccla.org/cclanewsite/wp-content/uploads/2015/05/policing_fullreporten.pdf).

<sup>164</sup> Aili Malm, Nahanni Pollard, Paul Brantingham, et al (2006). A 30 Year Analysis of Police Service Delivery and Costing, pp. 55-60. Accessed at <http://capg.ca/wp-content/uploads/2013/05/A-30-Year-Analysis-of-Police-Service-Delivery-and-Costing1.pdf>

the SROI of enforcement actions related to illegal gaming and money laundering. Furthermore, existing analytic approaches are highly dependent on specialized data sources, the majority of which were unavailable in the current Review. The benefits of JIGIT activities include (a) prevention of POC re-investment in criminal activities (through cash seizures) and (b) prevention of future revenue streams from criminal activities (through shutting down of criminal operations such as illegal gaming houses).

As such the aim of the current section is three-fold:

- Outline existing approaches and necessary data sources to comprehensively evaluate the SROI of anti-money laundering initiatives and illegal gaming investigations;
- Provide an assessment of JIGIT's SROI based on the best available data sources; and
- Discuss additional, but unquantified, social benefits resulting from JIGIT's work.

### The Impacts of Money Laundering on Society

Money laundering (for clarity, money laundering in this Review includes any related offences, such as illegal gaming, loansharking, etc. For simplicities sake, we shall refer to it in a holistic manner as money laundering.) has a multitude of impacts on the societies in which it takes root. While some scholars have pointed out that countries may appear to benefit from the integration of laundered money in the economy, it is also well-known that money laundering supports the underlying offences that necessitate it.<sup>165</sup> This includes mid- and high-level drug trafficking, which is one of the largest sources of revenue for criminal organizations. These underlying criminal activities present additional problems in themselves, including contributing to the overdose crisis and fueling violence between gangs and organized crime groups. The introduction of these illegitimate funds into legitimate business sectors, such as the real estate market, allows individuals to receive capital gains on proceeds of crime while simultaneously driving up costs for legitimate buyers. This also provides further opportunities for criminals to expand operations and reinvest in organized crime. As such, countries that have limited control and regulation over money laundering attract and incentivise the development and expansion of criminal organizations and activities.<sup>166</sup>

In British Columbia, there is ample research demonstrating the extensiveness and pervasiveness of money laundering activity by organized crime groups and individuals through industries such as casinos, luxury vehicles, and real estate.<sup>167</sup> These activities have resulted in the corruption of institutions, the reduction in tax revenue, the inflation in housing prices, and the distortion of other private sectors.<sup>168</sup> Additionally, while money laundering in itself is not inherently violent, it often contributes to and

<sup>165</sup> Dr. Brigitte Unger et al. ((2006). "The Amounts and the Effects of Money Laundering," p. 9. Report for the Ministry of Finance, Nederland. Accessed at [http://www.urosario.edu.co/observatorio-de-lavado-de-activos/imagenes/Report-for-the-Ministry-of-Finance-\(2006\).pdf](http://www.urosario.edu.co/observatorio-de-lavado-de-activos/imagenes/Report-for-the-Ministry-of-Finance-(2006).pdf)

<sup>166</sup> Ibid.

<sup>167</sup> See for example, German, P. (2018). *Dirty Money*. Victoria, Province of B.C.; German, P. (2019). *Dirty Money – Part 2*. Victoria, Province of B.C.; and Maloney, M., Somerville, T., and Unger, B. (2019). *Combatting Money Laundering in BC Real Estate*. Expert Panel on Money Laundering in BC Real Estate. Victoria, Province of BC.

<sup>168</sup> Maloney, M., Somerville, T., and Unger, B. (2019). *Combatting Money Laundering in BC Real Estate*. Expert Panel on Money Laundering in BC Real Estate.



facilitates some of the most serious and violent criminal activities, including drug trafficking and gang-related violent crime. For these reasons, it is critical that the impacts of JIGIT's work be considered not only within the scope of money laundering activity, but also the multitude of criminal activities that money laundering attracts and facilitates.

### The Cost of Money Laundering in Canada

To assess the social impact and value of JIGIT's work to-date, it is first important to consider the broader context of the costs and impacts of money laundering activities in Canada; these estimates range significantly across sources. Specifically, in 2011 the RCMP estimated that the amount of money laundered in Canada ranges between \$5 billion and \$15 billion annually, and that money laundering is often related to organized criminal and/or terrorist activity and frequently connected to the illegal drug trade.<sup>169</sup> Other estimates suggest the range is between \$5 billion to \$100 billion.<sup>170</sup> While there are fewer estimates of total money laundering activity at the Provincial level, the Expert Panel on Money Laundering in BC Real Estate conservatively estimated that approximately \$7.4 billion was laundered in British Columbia in 2018 alone.<sup>171</sup> While even the lower bounds of these estimates represent a significant impact on the Canadian economy, the variance in these projections points to an important limitation related to current state of money laundering. That is, "the inherent secrecy of an activity designed to hide the true nature of financial transactions, together with the lack of reliable, internationally consistent data, means that there is no definitive way to measure money laundering activity."<sup>172</sup> As such, there are still many questions surrounding the true scope and depth of the problem in Canada and internationally. It is within this overarching context that the impact of JIGIT's work must be considered.

### Evaluating Anti-Money Laundering Initiatives

At the policing level, specialized anti-money laundering units are less commonplace than many other specialized units such as anti-drug trafficking and firearms trafficking teams, and this scarcity is even more pronounced when considering units that specifically target money laundering activity with a nexus to casinos and/or illegal gaming. As a result of this relative rarity, there is no previously validated evaluative standard for which to assess the total impacts of JIGIT's work to-date. Despite this, there are several frameworks and tools that have been implemented internationally to assess the impacts and return on investment of broader international and transnational anti-money laundering initiatives. Although much of this work has been focused on policy effectiveness and stakeholder compliance,

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<sup>169</sup> Shannon Brennan and Roxan Vaillancourt (June 21, 2011). "Money laundering in Canada, 2009," Canadian Centre for Justice Statistics. Juristat Bulletin. Statistics Canada – Catalogue no. 85-005-X.

<sup>170</sup> Denis Meunier (September 13, 2018). "Why is Canada Still the World's Money Laundering Pawn?" C.D. Howe Institute. Accessed at <https://www.cdhowe.org/intelligence-memos/why-canada-still-world%E2%80%99s-money-laundering-pawn>.

<sup>171</sup> Ibid.

<sup>172</sup> Maloney, M., Somerville, T., and Unger, B. (2019). Combatting Money Laundering in BC Real Estate. Expert Panel on Money Laundering in BC Real Estate.



existing international standards and impact analyses provide promising avenues to explore the impacts and return on investment of JIGIT.

In order to assess the success of any initiative, it is important to first establish a meaningful measure of effectiveness. Although there is debate surrounding what this measure of effectiveness should entail with respect to anti-money laundering initiatives, it has been argued that the best measure of success of any anti-money laundering initiative includes “a substantial, demonstrable, sustainable reduction in the harms from serious profit-motivated and other financially indicated crime.”<sup>173</sup> While there are many variables that impact harm reduction, one of the key variables at the enforcement level that is often used as a proxy indicator for harm reduction is the “criminal asset forfeiture rate.” At its most simplified level, the criminal asset forfeiture rate measures the proportion of criminal funds intercepted compared to all criminal funds available. This approach can be applied at the case-level to evaluate the proportion of seizures compared to all criminal proceeds generated by a target group, or at a macro level to evaluate the impact of anti-money laundering efforts on the broader scope of money laundering activity in BC or Canada. As such, this approach requires data on both the outputs of an initiative (e.g., seizures) as well as the total amount available for forfeiture. Using this approach, the United Nations Office on Drugs and Crime (UNODC) estimated that less than 1% of the proceeds of crime laundered in the financial system alone are seized and frozen (taking into consideration the caveats regarding the uncertainty of the size of the problem).<sup>174</sup> In comparison, the UNODC estimates that over 20% of globally produced illicit opiates are seized as well as over 40% of the total cocaine supply.<sup>175</sup>

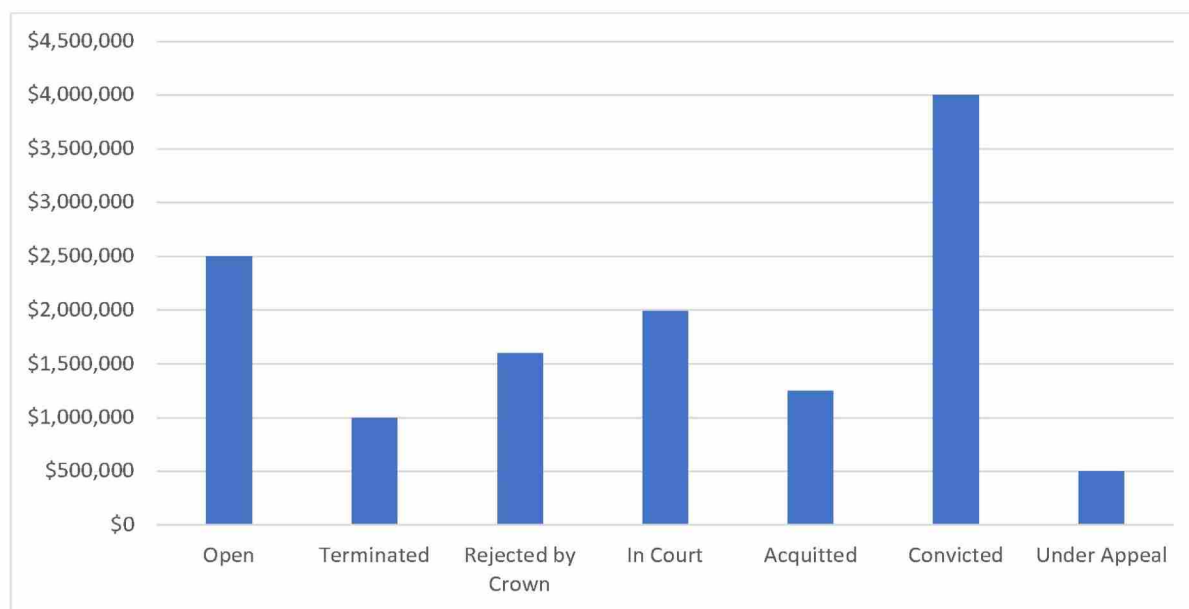
In addition to offering a measure of impact, the collection of data on the total value of criminal proceeds available for forfeiture also allows for comparisons to be made between cases at the unit level. This approach is currently utilized in Australia where all assets that could be seized under proceeds of crime legislation are identified and their value is estimated at the outset of an investigation (referred to as “case value”). As the investigations progress and enforcement actions are carried out, these data allow for comparisons to be made across the status and outcomes of cases. To illustrate this, the figure below provides an example of how this approach can be used to compare case values by file outcomes within a police unit. Note that the data represented in this figure was generated for illustrative purposes only and does not reflect the real value or status of any current cases.

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<sup>173</sup> Pol, R. F. “Anti- money laundering: The world’s least effective policy experiment? Together, we can fix it.” *Policy Design and Practice* 3.1 (2020): 73–94.

<sup>174</sup> UNODC. Estimating illicit financial flows resulting from drug trafficking and other transnational organized crimes. Vienna: 2011.

<sup>175</sup> UNODC, World Drug Report 2010, Vienna: 2010.



**Figure 24: Example of Case Value Comparison by File Status**

As shown in the chart above, this approach provides an overview of the estimated value of cases across points in time in the investigation and criminal justice process. Not only does this approach allow for a more direct assessment of the impacts of enforcement actions, but also helps identify particular components of the criminal justice system that present barriers for successful outcomes. This same approach can be employed by examining case costs (as opposed to case value) to highlight where funding and resources are most heavily dedicated over time. Together, the combination of these data provides the necessary framework to conduct comprehensive cost-benefit analyses—which are critical for determining the return on investment of anti-money laundering initiatives.

#### *Proceeds of Crime Disruption Index (POCDI)*

While the previously mentioned interception rate and cost-benefit approaches provide an important perspective on the general impact of money laundering initiatives, they do not take into account the broader social impacts and costs to society of money laundering activities. Recognizing this limitation, recent projects were undertaken by the Australian and New Zealand police to develop a more comprehensive measure of the impact of proceeds of crime action through the development of a Proceeds of Crime Disruption Index (POCDI).<sup>176</sup>

The POCDI is an economic model used to estimate the total impact of proceeds of crime action on criminal activity, including monetary costs saved to society. Specifically, it estimates the revenue that would have been available for reinvestment in the criminal enterprise had it not been for successful proceeds of crime action, and the downstream impacts of that re-investment. The resulting multiplier

<sup>176</sup> The current version of PODCI report is not available for public access. Previous iterations of this project include: McFadden, M. O'Flaherty, M., Boreham, P., & Haynes, M. (2014). Targeting the profits of illicit drug trafficking through proceeds of crime action. *National Drug Law Enforcement Research Fund, Monograph Series No. 52*. Retrieved from [aic.gov.au/file/6978/download?token=RG-4jjup](http://aic.gov.au/file/6978/download?token=RG-4jjup)

(3.9) is used to develop an estimate of the value of proceeds of crime disruption and its subsequent potential re-investment into future criminal activities.

The POCDI multiplier of 3.9 is based upon both previous published work in professional journals and unpublished research undertaken in Australia and New Zealand. These sources provide details on profit margins of approximately 600% associated with drug trafficking and economic crime within the context of organised crime. Not all criminal profit is directed to future crime, some is used to maintain or enhance lifestyle. The POCDI multiplier is discounted to exclude the proportion of criminal revenue directed to legitimate purposes. This discount has been estimated as approximately one third in past research. Thus, an overall estimated profit of 600% is discounted to approximately 400%, or more accurately in this case a return on investment of \$3.9 for every \$1 invested in drug-related and economic crime by organised criminal groups. The estimated value of future criminal activity disrupted by proceeds of crime action is the value of assets forfeited multiplied by 3.9.<sup>177</sup>

While the actual amount of proceeds of crime seized is important for accounting purposes, it is considered a poor measure of its social impact. The premise of using the POCDI is that the amount of cash/assets that are seized during a criminal investigation is not a true representation of the disruptive effect the seizure had on the criminal network. Rather, it attempts to understand this source of funds as it would have been used by the criminal enterprise to further their criminal activities.

As such, this approach allows for a more direct measurement of the positive social impact of proceeds of crime action and helps identify factors associated with successful proceeds of crime seizures that may be leveraged to inform future policies and initiatives. By including this broader set of social impacts into the estimate, the POCDI can be considered a better indicator of the value of enforcement action, as opposed to the actual amount restrained or forfeited which tend to underestimate the disruptive impact of enforcement actions against organized crime groups. The POCDI can be used to report the true value of proceeds of crime action to the government and the community and may also assist in prioritising potential investigations where resources are limited.

### Assessing JIGIT's Social Return on Investment

As discussed above, previous evaluations of anti-money laundering initiatives have often utilized interception rates and case value comparisons to speak to overall impact on the total money laundering environment. Unfortunately, while there are some estimates on the total scope of money laundering in BC and Canada, there are no known estimates on the total amount of money laundering connected to illegal gaming in BC. Additionally, while we received access to the total value of JIGIT's successful cash seizures, there were no available data on the total value of assets in cases that were dropped, rejected, or did not result in successful outcome. As a result, the current section utilizes a cost benefit approach, based on the total investments made into JIGIT and the estimated disruptive value of JIGIT's successful seizures. To estimate the broader social impacts of these seizures, we employed the average, and most conservative, multiplier identified in the Australia and New Zealand POCDI. While we recognize potential limitations with respect to the generalizability of this multiplier across borders, this approach provides a better indication of the downstream effects of proceeds of crime seizures than would be achieved

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<sup>177</sup> Email correspondence with Dr. Michael McFadden, Director McFadden Consultancy, June 29, 2020.



through the analysis of the raw seizure amounts alone. Additionally, the Review Team consulted directly with the author of the New Zealand and Australia POCDI (Dr. Michael McFadden) to ensure that the multiplier used was as accurate to the Canadian context as possible.

Since 2016, JIGIT has initiated a total of 28 investigations which have resulted in cash seizures amounting to \$1,095,269.10, as well as 9 privately owned vehicles of unknown make and model. Of the total cash and assets seized, \$789,664.70 (72%) was submitted to the Civil Forfeiture Office of BC (CFO), and \$578,084.70 (53%) has currently resulted in successful forfeiture.<sup>178</sup> In addition to making criminal activities less profitable, these CFO referrals also represent direct compensation and added benefits to individuals and communities across the province. These seizures represent the outcomes from a variety of enforcement efforts including investigations of illegal gaming houses, money laundering activity in casinos, and targeted disruption of a high-level organized crime group.

The following calculations reflect the return on investment based on the POCDI estimates of the total cash seizures executed by JIGIT. Typically, the POCDI model also allows for the inclusion of non-liquid asset values such as vehicles in the estimation of downstream effects; however, given that the Review Team did not receive data on the details of the vehicles seized (e.g., make and model), we are not able to include these seizures in our estimates.

The estimated downstream impacts of the cash seized by JIGIT—as captured by the POCDI—are as follows:

$$\$1,095,269.10 \text{ (cash seized)} \times 3.9 \text{ (POCDI multiplier)} = \mathbf{\$4,271,549.49}$$

Using only the cash amount seized, we estimate that JIGIT's seizures resulted in **a total of \$4,271,549.49 future criminal activity disrupted.**

**Figure 25: Criminal Activity Disrupted Estimate**

As detailed in the figure above, the cash seizures conducted by JIGIT have resulted in an estimated \$4,271,549.49 potential future criminal activity disrupted. While the Review Team is acutely aware that cash seizures do not capture all potential costs saved by JIGIT, these estimates reflect the most comprehensive available impact assessments based on available data. As such, this estimate should be considered to the *minimum value* of potential future criminal activity disrupted by JIGIT.

The outcomes highlighted above are the cumulative result of four years of investigations and enforcement activities carried out by JIGIT. Over those four years, the Province has invested a total of \$17,894,190 into JIGIT. This total is inclusive of the 30% cost-share provided by the Federal Government, as detailed below:

- 2016/2017: \$2,708,105
- 2017/2018: \$5,988,861
- 2018/2019: \$4,441,928
- 2019/2020: \$4,755,296

<sup>178</sup> Additionally, \$39,580 is currently in the civil forfeiture process; \$172,000 CAD was declined

Using the cumulative investment into JIGIT over the previous four fiscal years as the measure of ‘cost’, and the total estimated disruption resulting from cash seizures as the only measure of ‘benefit,’ the following calculations reflect the cost-benefit analysis of JIGIT’s enforcement actions:

Costs	=	\$17,894,190 invested into JIGIT	=	\$4.19
Benefits		\$4,271,549.49 potential criminal activity disrupted		\$1

**Figure 26: Cost/Benefit Calculation**

As shown above, for every \$1 in potential criminal activity disruption caused by JIGIT, \$4.91 was costed to the government and its funding partners. Although this represents a negative return on investment, these findings are consistent with the literature that has generally shown an average negative return on investment for the majority of broader anti-money laundering initiatives internationally. Specifically, research conducted by Sproat in 2007 – which compared costs to government and private industries in the U.K. to criminal assets recovered – estimated that for every £1 of criminal assets recovered, £3.73 was costed to government and other industries.<sup>179</sup> Similarly, a study conducted by Pol in 2020 using data from the UNODC showed that compliance costs associated with anti-money laundering policies may exceed confiscations by between 120 and 600 times, depending on the effectiveness of the policy.<sup>180</sup> Furthermore, while specific findings and methodological approaches have varied among other studies,<sup>181</sup> most scholars have reached the conclusion that the majority of anti-money laundering initiatives have only scratched the surface of the total available proceeds of crime across various sectors and economies, despite the significant costs and resources invested into such initiatives.

With that said, it is also critical to note the potential costs savings and benefits that are not included in the cost-benefit estimate outlined above. As detailed throughout this report, JIGIT’s work has encompassed a variety of objectives, not all of which are directly enforcement related. Examples include but are not limited to stakeholder engagement, public education, the development of best practices, and the implementation of procedural changes. Additionally, many of the potential benefits of JIGIT’s work related to illegal gaming houses and money laundering in casinos are not captured in the above estimate; for example, paradoxically, a steady downward trend in cash seizures could be an indicator that preventative work (deterrence, education, policy and regulatory change) has been successful. Most important, perhaps, is the deterrent impact of JIGIT through its sheer existence. Given the limited body of research on these activities as well as the general environment in which the team operates in, it is challenging to operationalize the economic benefits of this work for inclusion in cost-benefit analyses. As such, the following subsections provide supplementary analyses and qualitative summaries to help speak to the additional impacts of JIGIT’s work over the previous four years.

### *Costs of Illegal Gaming Houses*

As previously mentioned in this report, a key component of JIGIT’s work includes the disruption and prevention of organized crime and gang involvement in illegal gambling. One of the ways that JIGIT has

<sup>179</sup> Sproat, P. (2007), *An Evaluation of the UK’s Anti-money Laundering and Asset Recovery Regime*, Crime, Law and Social Change, 47, 169–184

<sup>180</sup> Pol, R. F. “Anti- money laundering: The world’s least effective policy experiment? Together, we can fix it.” *Policy Design and Practice* 3.1 (2020): 73–94.

<sup>181</sup> See for example: Bell, 2000; Harvey, 2005; Haynes, 2008; Schneider, 2004; Nelen, 2004



addressed this objective is through the use of investigative techniques and enforcement actions on illegal gaming houses in the province. Over the previous four years, JIGIT's efforts have resulted in the closure of four illegal gaming houses. As noted in interviews with JIGIT members, these illegal gaming houses had the potential to generate significant amount of untaxed revenue for those who operate them, ranging up to \$140K per year.

The profitability of illegal gaming houses varies depending on the level of sophistication and organization of the operation; however, at the upper bounds of the spectrum, it is clear that gaming houses can produce a significant source of untaxed revenue for criminal organizations. The proceeds generated by these gaming houses not only represent funds that are lost in legitimate gaming facilities, but also potential funds for reinvestment into future criminal activity. The following table provides a hypothetical estimation of the immediate and longer-term impacts of a low-end and high-level gaming house based on the estimates provided in the previously noted interview.

Years of successful operation	Profits Generated		Potential value of future criminal activity resulting from reinvestment	
	Lower Bound Estimate <sup>a</sup>	Upper Bound Estimate <sup>b</sup>	Lower Bound Estimate	Upper Bound Estimate
1	\$40,000	\$140,000	\$156,000	\$546,000
2	\$80,000	\$280,000	\$312,000	\$1,092,000
3	\$120,000	\$420,000	\$468,000	\$1,638,000
4	\$160,000	\$560,000	\$624,000	\$2,184,000
5	\$200,000	\$700,000	\$780,000	\$2,730,000

<sup>a</sup> assumes that \$40,000 is generated per year (\$20,000 every 6 months)

<sup>b</sup> assumes that \$140,000 is generated per year

<sup>c</sup> calculated using POCDI multiplier of 3.9

**Figure 27: Estimated Revenue Generated by an Illegal Gaming House Based on Interview Data**

As shown in the table above, gaming houses have the potential to generate significant profits over time. Specifically, if an illegal gaming house in BC generates \$140,000 per year, this represents a yearly potential of \$546,000 in future downstream criminal activities (using the POCDI multiplier discussed above). If left to operate for five years, the estimated revenue of this operation would total \$700,000 – representing over \$2.7M in potential downstream criminal activity costs to our communities. While these estimates are purely illustrative in nature, they help speak to some of the potential unrealized benefits and cost-savings related to JIGIT's work. These estimates also reinforce the importance of JIGIT focusing its efforts on the highest possible level of illegal gaming operations linked to organized crime, as low-level gaming houses present a much lower potential opportunity for achieving a return on investment.

Moreover, enforcement against alleged illegal gaming houses conducted as part of the RCMP FSOC's   investigation demonstrated that the profits from illegal gaming houses can be **much** larger than those contemplated in the estimates above. In that case in Richmond, BC, in only four months, it is



alleged in an RCMP affidavit sworn February 28, 2020 for a civil forfeiture action that the total revenue exceeded \$67M and that the net profit was over \$32M.<sup>182</sup>

### *Impacts on the Public and Stakeholders*

In addition to the potential cost-savings associated with the closure of illegal gaming operations, it is also important to note the potential impacts of JIGIT's work on the public's perception of safety across communities. As noted by both internal and external stakeholders, high-level illegal gaming houses have been noted to attract and facilitate a variety of other illegal activities (e.g., the sale of illegal drugs), and as a result, have attracted the attention of community members and public officials. Addressing the public's concerns surrounding criminal activity in their communities has important implications for the public's perception of safety and confidence in the police. Specifically, by providing a surge capacity to police partners, police of jurisdiction are not only better equipped to respond to public complaints related to illegal gaming operations in their jurisdiction, but also have increased capacity to delegate resources towards other emerging public safety issues. Additionally, while impacts on public perceptions of safety are challenging to quantify, previous research has demonstrated that a perceived lack of safety has various adverse effects on individuals and communities including the reduction of social cohesion<sup>183</sup> and negative impacts on general well-being.<sup>184</sup> Although the direct impact of illegal gaming houses on public perceptions of safety has not been empirically examined, it is nonetheless important to consider these 'less visible' impacts when evaluating the broader social impacts of JIGIT's work over the previous four years.

In addition to responding to public concerns, JIGIT also has an important role in educating and collaborating with stakeholders in order to identify and leverage best practices surrounding money laundering and illegal gaming. Examples of JIGIT's successes with this aspect of their mandate include the implementation of Project ATHENA, various working groups, as well as the collaborative work conducted with strategic stakeholders on key policies and regulations (e.g., changing source of funds limits in casinos, instituting changes in bank draft policies). As identified in the thematic content analysis (Appendix X), there is a common perception among internal and external stakeholders that JIGIT's ability to facilitate collaboration and information sharing between key stakeholders has resulted in numerous preventative and disruptive impacts. Examples noted by stakeholders include a perception of fewer problems in casinos, better intelligence on illegal gaming, and the disruption of other money laundering activity through systems such as ATMs and the private banks. Like public perception, quantifying the value of these impacts presents numerous challenges. However, what remains evident is that JIGIT has been successful in improving collaboration and information sharing between key stakeholders, which is a critical component of any strategic approach to combat organized crime activity.

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<sup>182</sup> Affidavit of Corporal M. Chizawsky in the Supreme Court of British Columbia, No. S-192828, Vancouver Registry, paragraph 106. Also see reporting on this case by Kim Bolan & Gordon Hoekstra (October 3, 2020). "Paul Jin warned by police in 2015 that he was in danger." *Vancouver Sun*, p. A10.

<sup>183</sup> Cobbina, J. E., Miller, J., & Brunson, R. K. (2008). Gender, neighborhood danger, and risk avoidance strategies among urban African-American youths. *Criminology*, 46(3), 673–709.

<sup>184</sup> Cobbina, J. E., Miller, J., & Brunson, R. K. (2008). Gender, neighborhood danger, and risk avoidance strategies among urban African-American youths. *Criminology*, 46(3), 673–709; Foster, S., Knuimann, M., Hooper, P., Christian, H., & Giles-Corti, B. (2014). Do changes in resident's fear of crime impact their walking? Longitudinal results from RESIDE. *Preventive Medicine*, 62, 161-166.

## Discussion and Recommendations


**Finding: JIGIT yielded a negative quantifiable cost-benefit ratio but yielded various positive but unquantifiable impacts on the police, stakeholders, the public, and the gaming environment.**

To summarize, the following table reiterates the key information and findings discussed throughout this section:

Variable	Results
Total investment into JIGIT since 2016 (at 100%)	\$17,894,190
Total value of cash seizures conducted by JIGIT	\$1,095,269.10
Total value of successful forfeitures through CFO	\$578,084.70
Total disruptive impact of proceeds of crime seizures (estimate)	\$4,271,549.49
Cost–Benefit Analysis based on disruptive impact of cash seizures*	\$4.19 (cost): \$1 (benefit)
Estimated costs of low-level gaming house:	
Estimated yearly revenue	\$40,000
Estimated yearly downstream impact*	\$156,000
Estimated costs of medium-level gaming house:	
Estimated yearly revenue	\$140,000
Estimated yearly downstream impact*	\$546,000
Other <i>potential</i> unquantified impacts on the police, stakeholders, and the public	<ul style="list-style-type: none"> <li>• Increased capacity and support for POJs</li> <li>• Increased response to public concerns regarding criminal activity in communities</li> <li>• Better engagement and collaboration among stakeholders</li> <li>• Better intelligence on illegal gaming</li> <li>• Deterrent impact</li> <li>• Fewer issues related to money laundering in casinos</li> <li>• Increased disruption of other money laundering activity through systems such as ATMs and the private banks.</li> </ul>

\*calculated using POCDI

**Figure 28: Summary of Key SROI Findings**

While JIGIT currently tracks the value of cash seizures through Investigative Reports, additional tracking the values of non-liquid assets—including vehicles and other personal property—would allow for a more comprehensive impact assessments and analyses. Estimates of low- and high-level illegal gaming house revenues (as identified through stakeholder interviews) show a significant difference in potential return on investment and social impact of enforcement actions. Specifically, high-level gaming houses with a nexus to organized crime present a much stronger opportunity for social impact and return on investment than lower-level operations. Leveraging current intelligence generated through the GIU  **public interest immunity** may be a potential avenue to identify and prioritize these investigations.



Based on available data, the cumulative value of JIGIT's seizures yield a negative return on investment when comparing to their four-year budget alone. While we recognize that there are many potential benefits not accounted for by this cost-benefit analysis, this finding suggests that enforcement actions alone are unlikely to result in maximum impacts and return on investment. While we do not have the available data to quantify the impacts of this work, stakeholders have recognized a multitude of benefits from JIGIT's work on these tasks to-date.

The lack of current research on the total scope of money laundering activity with a nexus to casinos and illegal gaming in BC is a key limitation with respect to assessing JIGIT's broader impact. While we recognize that JIGIT is not responsible for this limitation nor responsible for leading this research, CFSEU-BC is well-positioned to undertake this research and add to the existing knowledge base.

Therefore, we recommend:

41. That, when possible, all relevant information on the value of proceeds of crime assets is recorded and tracked;
42. That high-level gaming houses be prioritized over low-level gaming houses;
43. That JIGIT continuing to leverage and actively engage in non-enforcement actions, such as developing best practices and promoting necessary changes to policies and systems; and
44. That CFSEU-BC continue to leverage all available intelligence and engage with relevant stakeholders and experts to help build a more comprehensive picture of the scope of these issues in BC

### Continuing Systemic Challenges to JIGIT's Success

**Finding: JIGIT's performance and impacts is largely impacted by systemic challenges beyond the control of the unit which pose barriers to success. So much of JIGIT's operations (and resulting success) hinge on the external environment in which it operates and on actors with sometimes diverging mandates and priorities.**

Despite the moderate successes described in the Performance section and in the information regarding return on investment, it became apparent in the Review from interviews and other sources that JIGIT faces a number of systemic challenges to success regarding money laundering and illegal gaming houses. Some of the key challenges are summarized below for money laundering investigations, followed by the challenges for illegal gaming house investigations.

#### Money Laundering

From the enforcement and investigation perspective, the offence of money laundering poses great challenges. The law as set out in the *Criminal Code* is complex and there is minimal case law. Money laundering by organized crime groups using professional money launderers entails using multiple



individuals with specific and different roles, designed to distance the offenders from the predicate offences.

Investigators are faced with complexity in the law and expectations from the courts evolving from a series of Charter decisions over the last generation, particularly around onerous disclosure requirements. These decisions have greatly impacted on police investigative practices.<sup>185</sup> Further, adding to the burden on police, BC has the most challenging charge approval standard in Canada, requiring that the evidence meet the test of a “substantial likelihood of conviction,”<sup>186</sup> compared to the “reasonable prospect of conviction” test in jurisdictions such as Ontario,<sup>187</sup> and in the PPSC.<sup>188</sup> Finally, there is a perception in JIGIT and CFSEU-BC that prosecution services in BC have neither sufficient capacity nor expertise to pursue money laundering cases. (In fairness, as described in an analysis in *Dirty Money* – Part 2, prosecution services in BC have concerns about the lack of money laundering expertise in “E” Division RCMP.<sup>189</sup>)

JIGIT faces other obstacles to success. For example, FinTRAC receives reports on STRs reported from BCLC; however, it only receives what BCLC’s AML unit deems to be suspicious. This dictates what JIGIT understands of the environment, and subsequently what is actioned.

Similarly, GPEB performs analysis of Unusual Financial Transaction reports (UFTs) that are prepared by gaming service providers and noted regularly that suspicious activity is missed. This occurs because the money laundering indicators are often subjective. It is difficult for those responsible for compliance in cash-based industries to detect or understand the vulnerabilities being exploited by criminal groups. Although JIGIT has provided training to front-line casino cage workers on indicators of proceeds of crime, money laundering indicators are not always present or may be considered “potential” indicators. This may result in alternate actions such as refusal of cash by patrons at the casino. The resulting problem is that, although there is an UFT created for the refusal, it is infrequent that these refusals are reported to FINTRAC, thereby eliminating a potential source of intelligence that could be gleaned from the pattern of refusals.

Within some organizations and financial institutions, money laundering is a compliance-based industry. This is the case for BCLC and Financial Institutions, with whom JIGIT has built relationships and partnerships with.

With respect to BCLC, it is mandated as a Crown Corporation to “Conduct and Manage” gambling in BC and to provide revenue to the province for the benefit of its citizens. While JIGIT reports a positive

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<sup>185</sup> See for example: Aili Malm, Nahanni Pollard, Paul Brantingham, et al (2006). A 30 Year Analysis of Police Service Delivery and Costing, pp. 55-60. Accessed at <http://capg.ca/wp-content/uploads/2013/05/A-30-Year-Analysis-of-Police-Service-Delivery-and-Costing1.pdf>;

<sup>186</sup> BCPS Crown Counsel Policy Manual. Accessed at <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/prosecution-service/crown-counsel-policy-manual/cha-1.pdf>.

<sup>187</sup> Ontario Crown Prosecution Manual. Accessed at <https://www.ontario.ca/document/crown-prosecution-manual/d-3-charge-screening>.

<sup>188</sup> Public Prosecution Service of Canada Deskbook. Accessed at <https://www.ppsc-sppc.gc.ca/eng/pub/fpsd-sfpg/fps-sfp/tpd/p2/ch03.html>.

<sup>189</sup> See Peter German (2019). *Dirty Money* – Part 2, especially at pp. 285-287 and 307-310.

relationship with BCLC, JIGIT members believe that BCLC's AML responsibilities conflict with its mandate of revenue generation. JIGIT advises it does not have the resources to monitor the presentation of cash at casino so relies on the gaming service providers. JIGIT notes that "bulk cash" as an indicator of money laundering has been arbitrarily described over the last several years as amounts over \$10,000, but points out there are other indicators of money laundering, including packaging inconsistent with normal banking practices, including:

- bundling with elastics;
- misoriented facing bills within the bundles;
- bricks of cash made up of varying amounts of bundles; and
- cash in back packs, gift bags, and hockey bags.

JIGIT reports that even when these indicators of money laundering are present, if the amount of cash presented is under \$10,000, the money may be accepted and not reported as suspicious, or refused; in either case, no FinTRAC report is generated thereby eliminating further scrutiny. JIGIT believes refusals at casinos should be reported as potential suspicious transactions.

BCLC has criteria in place to ban or put conditions on the obvious cases of cash facilitators; however, as a corporation with a mandate to generate revenue, JIGIT members perceive that there is less of an incentive to be diligent with potentially suspicious activity.

JIGIT reports its members are often asked to advise BCLC who the money launderers are with a promise of appropriate action; however, this puts JIGIT in an untenable position if it has not gathered the evidence to a criminal standard. Instead, JIGIT's strategy has been to provide evidence-based education to BCLC regarding money laundering typologies and indicators. This information, JIGIT believes, combined with information from UFTs from the gaming service providers, should provide enough information to meet gaming service providers' threshold for banning a patron, refusing cash, or submitting STRs. However, JIGIT points to several examples of suspected money launderers who are still allowed to frequent casinos, despite the indicators or money laundering being present.

JIGIT's has addressed the exploitation of bank drafts by providing education to relevant stakeholders. In addition, through Project ATHENA (now CIFA-BC), JIGIT identified that banks had an inability to share information with BCLC regarding the source of funds on bank drafts presented at casinos by patrons. This was largely due to privacy issues within the banks. CIFA-BC is building a governance model to improve efficiencies in this area. JIGIT has made several recommendations in this regard, including that major banks can put the account holders' names on the face of the bank drafts, and several major financial institutions have adopted this recommendation, but it is a voluntary one that not all financial institutions have implemented and likely won't unless they are directed to by the federal Office of the Superintendent for Financial Institutions (OSFI). As a result, money launderers are able to exploit these financial institutions. Further, JIGIT believes that all financial institutions should have standards to deter money laundering and that their responsibilities should extend beyond reporting to conducting follow-up.



JIGIT recognizes that money laundering is a global problem and money launderers exploit the differing legal approaches across jurisdictions, as well as taking advantage of the ability to electronically transfer funds and use shell companies, law firms and nominees to disguise their activity. Even in BC alone, JIGIT notes that in the private sector and among financial institutions, they are faced with competing interests and priorities as well as privacy laws that hamper progress on the lawful sharing of information.

Finally, JIGIT supervisors observed that that the RCMP does have the capacity to assemble teams with the right expertise to address the challenges of a particular money laundering investigation, as it did in

**public interest immunity** However, JIGIT members noted repeatedly that, regardless of the expertise available, **public interest immunity** The members asserted that **public interest immunity** provide the best opportunity to drive successful investigations, but without **public interest immunity** JIGIT will never be able to advance to investing higher level organized money-laundering organizations, and that progress on this issue will require the support of RCMP National Headquarters.

### Illegal Gaming Houses

JIGIT notes that the relevant Criminal Code sections are antiquated in that that the games they use as examples are rarely played anymore, but the infrequency of cases has not led to any helpful case law or legislative amendments. Further, an investigative challenge is proving the financial gain element of the offence; although JIGIT has become an expert in this area and has been successful in enforcement and subsequent prosecutions.

Further, JIGIT notes the lack of expertise regarding illegal gaming elsewhere in the justice system. For example, when JIGIT applied for search warrants under s. 199 of the Criminal Code, they found a lack of knowledge with Judicial Justices of the Peace (JJs) and Crown. While JIGIT's gaming house cases have been resolved with guilty pleas, civil forfeiture, bylaw fines, and relinquishment of property, it does expect there will be cases going to trial in the future. This will require that prosecuting Crown become educated on the law around illegal gaming houses and associated offences such as bookmaking and placing bets on behalf of others. Finally, JIGIT believes that the minimal sentences for gaming house operators does not reflect that such operations can produce large amounts of untaxed revenue, as well as generate the potential for other offences, such as loansharking and extortion.



## CONCLUSION

JIGIT is now in its fifth year of operation and has delivered on key portions of its mandate and strategic objectives while also developing considerable subject matter expertise. This expertise has allowed it to be successful in investigating the legalization of the proceeds of crime – money laundering – in casinos, although its groundbreaking **public interest immunity** investigation is still in the charge approval assessment phase. As such, the outcomes are not included in this Review, but are considered a potential disruption to an alleged sophisticated organized crime group. As well, JIGIT has investigated numerous illegal gaming operations with positive results. Their expertise has also allowed JIGIT to support police of jurisdiction in addressing community safety issues involving illegal gaming and money laundering, particularly given that municipal police agencies have neither the expertise nor the capacity to conduct such investigations. Further, JIGIT has used the civil forfeiture process on numerous occasions as a disruption technique. Finally, JIGIT has engaged in extraordinary efforts to improve information exchange between industry stakeholders with a goal of building AML capacity, as well as providing education to stakeholders, including police.

During this Review, it became clear that the original purposes for which JIGIT was created remain relevant, valid, and aligned with Provincial government priorities. In fact, it has become even more apparent through several reports commissioned by the Provincial government since JIGIT was created that money laundering in BC is an insidious problem that is toxic to the economy and affects numerous sectors; contributes to related crimes, including crimes of violence; and exacerbates existing social problems, such as opioid addiction.

JIGIT has, at times, struggled with its resourcing levels, and this is reflected in our findings and recommendations for consideration of an additional surveillance team, and for further analysis once the impact of the GIU is fully understood.

This Review has made numerous findings and recommendations to assist JIGIT in continuing to maximize its effectiveness and efficiency, as well as ensuring that performance can be tracked more systematically to ensure cost/benefit analyses are fully informed, given the considerable investment by the Provincial government to sustain JIGIT operations.

The chart below sets out the original strategic objectives for JIGIT (combined where appropriate). Based on the data received and analyzed, and our understanding of this data, these are the conclusions we have been able to draw regarding JIGIT's accomplishment of objectives as set out in the foundational documents, including its business case, correspondence, and MOUs/LOUs. We recognize that despite the best efforts to quantify JIGIT's achievements, there is necessarily some level of subjectivity in making these conclusions, but they represent the collective professional judgment of the Review Team.

It is also important to recognize the obvious: JIGIT does not operate in an investigative vacuum and faces a variety of challenges beyond its control, including:

- Law enforcement resource and capacity issues;
- Regulatory organizations that have been hindered by a siloed approach to money laundering, focusing only on their industries and not cross-industry interaction/collaboration;
- A limited or ad-hoc organizational structure for regulator information sharing; and
- Difficulties in identifying cross-sector trends and patterns.

Further, while a police response is critical to address money laundering and proceeds of crime offences under the *Criminal Code*, it is clear there are also many opportunities to strengthen the current regulatory approaches for compliance and enforcement. The combination of a strong police and regulatory response working in concert will provide the greatest leverage and lens on money laundering in BC. Unfortunately, there is currently no funded criminal or regulatory dedicated agency, team or department in place within BC to organize or lead a coordinated and collaborative effort around prevention, disruption and enforcement of money laundering offences broadly. Yet, the immense challenges posed by money laundering cannot be tackled by one agency, department, or level of government alone. Canada's approach to date – focusing on a criminal justice response – has not been sufficiently effective. There have been some promising initiatives, however. Recent commitments by the Federal Government to support provinces in addressing money laundering and the ongoing Cullen Commission are both promising with respect to combatting money laundering generally in BC.

In the meantime, based on the level of achievement of its objectives, as described in the chart above, the Review Team recommends that JIGIT continue to be funded. While its mandate is necessarily limited given the size of the team, it is currently the Province's only police unit focused on money laundering (whereas the FSOC FIU is focused on federal priorities). JIGIT provides a valuable tool for prevention, disruption, and enforcement against money laundering in casinos and the operation of illegal gaming houses. Further, it acts as a force multiplier in increasing the knowledge and ability of POJs to take enforcement action and in supporting POJs in their investigations.

The Review Team is confident that appropriate consideration of its findings and recommendations (consolidated in full following the Executive Summary) will assist JIGIT in continuing to advance its expertise, effectiveness, and efficiency in delivering on its important mandate.

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## APPENDIX “A”: JIGIT PRESENTATIONS

### 2016

- Illegal Gaming, Underground Casinos and How to Infiltrate them from an Undercover Operator Perspective – Three-day training session on undercover operations, Surrey, BC (December 2016)

### 2018

- ML Typologies related to Casinos and Illegal Gaming Houses – CFSEU-BC Gang Conference (March 2018)
- Combatting Money Laundering in BC Casinos – Presentation to BCLC. (May 2018)
- Underground Banking and Criminal Abuse of Informal Value Transfer Systems (IVTS) – Presentation to United Nations Office of Drugs & Crime (UNODC) financial crime workshop in Vienna, Austria, with JIGIT representing Canada (June 2018). This was followed by a JIGIT member authoring a report to UNODC on this topic.
- Exploitation of Bank Drafts for ML Activity – ACAMS conference in Toronto (October 2018)
- JIGIT Operations – Presentation to the RCMP Money Laundering National Working Group, Ottawa, ON. (October 2018)
- JIGIT Combatting Money Laundering – to “E” Div RCMP Finance Section, Surrey, BC (October 2018)
- Indicators of POC/ML Activity – presented to Casino Service Providers for front line staff (cash cage/security/surveillance operations) (October 2018)
- Presentation to ACAMS Conference, Toronto, ON (October 2018)
- ML Typologies – Presentation to FinTRAC, Ottawa, ON (October 2018)
- Combatting Money Laundering – Presentation to Homeland Security Investigations (HSI). Blaine, WA. (November 2018)
- Underground Banking and Casinos. JIBC Proceeds of Crime course, New Westminster, BC (November 2018)
- Exploitation of Bank Drafts by Professional Money Laundering Networks – Presentation to the Canadian Bar Association (November 2018)
- Exploitation of Bank Drafts by Professional Money Laundering Networks. Presentation to senior bank executives in the Money Laundering Contact Group (December 2018)
- JIGIT Combatting Money Laundering in Casinos/Indicators of Loan Sharking and Illegal Gaming Houses – presentations to watch/parade briefings and support units for RCMP detachments and

municipal police departments in Richmond, Burnaby, Vancouver, Coquitlam, and New Westminster (44 presentations from September – December 2018)

- Exploitation of Bank Drafts – Money Laundering Contact Group in Toronto, Attended by Chief Compliance and AML officers from the Major banks in Canada, RCMP, Department of Finance, and FinTRAC (December 2018)
- ML Typologies – The Department of Homeland Security Investigations, Blaine, WA (October 2018)
- ML Typologies and Informal Value Transfer Systems – Presentation to the Canadian Banker's Association in Vancouver, BC (November 2018)

## 2019

- ML Typologies – Presentation to the RCMP Federal Serious and Organized Crime (FSOC) unit in Edmonton, AB (January 2019)
- ML Typologies Occurring within Richmond MSBs / Illegal Gaming Houses – Presentation to the City of Richmond Community Safety Committee (January 2019)
- ML Typologies – Presentation to the Vancouver Police Department's Organized Crime Unit (January 2019)
- Presentation to RCMP Proceeds of Crime course (February 2019)
- Project ATHENA Initiative – Presentation to Canadian Credit Union Association (CCUA), via Webinar (February 2019)
- Underground Banking – Presentation to Vancouver Chapter of ACAMS, Vancouver, BC (March 2019)
- Criminal Abuse of Underground Banking – ML Working Group with Financial Crime investigators with Las Vegas/ Los Angeles DEA, IRS, RCMP (April 2019)
- ML Typologies Affecting BC Gaming Industry – Pacific Region Cross Border Law Enforcement Forum (June 2019)
- Money Laundering presentation to United Nations Office on Drugs and Crime (UNODC). Vienna, Austria. (June 2019)
- Money Laundering – Presentation to BC Association of Chiefs of Police, Victoria, BC (June 2019)
- ML Typologies/Underground Banking – CRA Pacific Partnership Meeting (June 2019)
- ML Typologies - CBSA at Vancouver International Airport (August 2019)
- Presentation to CACP Canadian Integrated Response to Organized Crime (CIROC) Committee (October 2019)



- Project ATHENA Initiative Background and Vision – FinTRAC Casino Forum (Ottawa), attended by stakeholders in casino industry that included bankers, casino service providers and regulators, and JIGIT members. (November 2019)
- Project ATHENA – Presentation to the Canadian Association of Chiefs of Police CIROC Committee meeting (November 2019)
- Project ATHENA – Presentation to Department of Justice (assisting on Cullen Commission) on Project ATHENA Sub-Group, Nov 2019
- Project ATHENA Updates – Presentation at Project ATHENA Bi-Annual Meeting (November 2019)
- Illegal Gaming, Underground Casinos and How to Infiltrate them from an Undercover Operator Perspective – Three-day training session on undercover operations

**2020**

- Project ATHENA – Presentation to Cullen Commission (January 2020)
- JIGIT Evolution, Operations, and Initiatives – Presentation to Cullen Commission (February 2020)
- AML and “Backstopping” Undercover Operations – Presentation to an international conference held at RCMP HQ in Ottawa, with AML representatives from Europe, the U.S., and elsewhere, from JIGIT’s undercover operator expert (March 3-5).

## APPENDIX "B": PRE-INTERVIEW QUESTIONNAIRE

## JIGIT REVIEW QUESTIONNAIRE

**Directions:** Please indicate your agreement or disagreement with the statements regarding JIGIT below. Place a mark in the box of your answer. There are also open-ended questions that may be filled out in the space provided. Note that all answers will be kept confidential and only de-identified data will be used to inform the final report.

**SECTION A – DEMOGRAPHIC INFORMATION**

Name: \_\_\_\_\_

Gender: \_\_\_\_\_

Position Title: \_\_\_\_\_

Relationship to JIGIT: \_\_\_\_\_

Date Range of Involvement with JIGIT (mm/yy – mm/yy): \_\_\_\_\_

**SECTION B – MANDATE:****B1. How well do you feel you understand the mandate of JIGIT?**

- ☐ Very Well  
☐ Quite Well  
☐ Somewhat Well  
☐ Not Well  
☐ Not Sure

**B2. Since JIGIT started, do you feel the mandate has changed? If yes, please describe below:**

- ☐ Yes  
☐ No  
☐ Not Sure

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**B3. Do you feel that specific changes could be made to the mandate of JIGIT that would assist in operations? If yes, please describe below:**

- ☐ Yes
- ☐ No
- ☐ Not Sure

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### **SECTION C – RESOURCES**

**C1. Do you feel you have the proper resources available to you to operate optimally under JIGIT? If no, please describe below:**

- ☐ Yes
- ☐ No
- ☐ Not Sure

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**C2. Since JIGIT started, do you feel the resourcing available to you has changed? If yes, please describe the nature of the changes below:**

- ☐ Yes
- ☐ No
- ☐ Not Sure

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**SECTION D – STRUCTURE**

**D1. Do you feel the governance and management structure for JIGIT is optimal? If no, please describe below:**

- ☐ Yes
- ☐ No
- ☐ Not Sure

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**D2. Do you feel the training that is provided to police JIGIT investigators is optimal? If no, please describe below:**

- ☐ Yes
- ☐ No
- ☐ Not Sure

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**D3. Do you feel the training that is provided to GPEB JIGIT investigators is optimal? If no, please describe below:**

- ☐ Yes
- ☐ No
- ☐ Not Sure

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**SECTION E – PERFORMANCE**

**E1. How would you rate the level of collaboration between the RCMP and GPEB with respect to the following:**

	Excellent	Very Good	Acceptable	Poor	Very Poor
<b>Effective Communication</b>					
<b>Synergy/Cooperation</b>					
<b>Alignment of Strategies</b>					

**E2. How would you rate the level of collaboration between JIGIT and the FSOC Financial Integrity Unit with respect to the following:**

	Excellent	Very Good	Acceptable	Poor	Very Poor
<b>Effective Communication</b>					
<b>Synergy/Cooperation</b>					
<b>Alignment of Strategies</b>					

***JIGIT has three stated key strategic objectives. Please indicate your level of agreement with respect to the achievement of each objective, listed below. Please also use the space provided to explain your responses.***

**E3. Overall, I believe JIGIT is successful in targeting and disrupting organized crime and gang involvement in illegal gaming:**

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Not Sure

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**E4. Overall, I believe JIGIT is successful in its criminal investigations of illegal gaming activities:**

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Not Sure

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**E5. Overall, I believe JIGIT is successful in its prevention of criminal attempts to legalize the proceeds of crime through gaming facilities:**

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Not Sure

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**E6. In your opinion, and all things considered, what (if anything) could be done/changed/ adjusted in order to make JIGIT function as optimally as possible?**

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**E7. In your opinion, and all things considered, what (if anything) is preventing JIGIT from functioning as optimally as possible?**

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***This completes the questionnaire. Thank you for taking the time to provide your thoughts and feedback.***

## APPENDIX “C”: CORE INTERVIEW QUESTIONS

### JIGIT REVIEW

#### CORE INTERVIEW QUESTIONS

- 1) Establish connection to JIGIT and date range of involvement.

#### INTELLIGENCE:

- 2) How do you collect intelligence? What have you done to add to the intelligence collected regarding ML/gaming in BC?
- 3) What has been the impact of the creation of the new Gaming Intelligence Unit?
- 4) How are JIGIT’s investigations initiated/targets determined, e.g., informants, intelligence public interest immunity complaints from casinos or others, etc.?
- 5) How are investigations/targets prioritized, e.g., Seriousness of offences? Impact on organized crime?

#### CHARGES and CFO:

- 6) There have been limited convictions resulting from the criminal charges that resulted from JIGIT’s investigations; what are the barriers to successful prosecutions?
- 7) What are the barriers to increasing the number of investigations resulting in criminal charges?
- 8) To what do you attribute any successes or failures?
- 9) What data is collected regarding dispositions of criminal proceedings (e.g., SOP, acquittal, conviction)?
  - a) If this data exists, what is done with it?
- 10) Once a case has “no-charged” by Crown or has been disposed of in court, what follow-up (if any) is taken based on the no-charge decision by Crown or a court decision? (e.g., decision is reviewed, debrief occurs, results of either/both inform policy/practices/business rules, training, etc.)?
- 11) How is it determined when a case will be referred to the CFO for civil forfeiture?

12) Could more cases that do not result in a criminal charge/prosecution be referred to the CFO?

**PERFORMANCE:**

13) What mechanisms are in place to monitor performance (performance metrics/reports, etc.)?

14) Are there additional performance monitoring mechanisms that should be implemented or metrics that should be tracked, and why?

15) What factors do believe any of JIGIT's successes or failures can be attributed to?

16) Are there sources of information about JIGIT's performance we haven't talked about that you can identify?

**PUBLIC AWARENESS/EDUCATION:**

17) JIGIT has a strategic objective secondary to its 3 key objectives, which is public education regarding identification and reporting of illegal gambling in BC in collaboration with provincial partners, and to educate and advise local police agencies in BC on organized crime matters involving gaming. Please describe what you know about JIGIT's activities, successes/failures in achieving this secondary objective.

**FUTURE FUNDING:**

18) This Review is to determine if it should be recommended to the Provincial Government that JIGIT continue to be funded, and any recommendations that might support continued/improved success. What is your view on JIGIT's mandate/funding being continued?

19) If you believe JIGIT should continue to be funded, are there any changes you would recommend be made to any aspect of JIGIT (e.g., governance, structure, mandate, policies/procedures/business rules, funding, resources, training, mandate, etc.) to maximize JIGIT's efficiency and effectiveness?

**CLOSING/MISC:**

20) Is there anyone else you think it's important that we interview?

21) Is there anything else we should ask you?

22) Is there anything else you would like to tell us?



## APPENDIX “D”: GOVERNANCE RESPONSIBILITIES

## JIGIT Governance Responsibilities set out in LOUs, MOUs, Business Case, Agreements and Correspondence

	JIGIT	CFSEU-BC Senior Mgmt Team	CFSEU-BC / RCMP	CFSEU-BC Board	PSB / PSSG	GPEB / Ministry of Finance	BCLC
<b>Governance Responsibilities</b>							
<b>Strategic and Operational governance</b>				X <sup>1</sup>			
Unit level oversight, provide role clarity, ensure Team activities are on mandate		X <sup>2</sup>					
Creating operational plans prior to investigations	X <sup>1</sup>						
Approving operational plans prior to investigations				X <sup>1</sup>			
Setting outcomes				X <sup>1</sup>			
Setting performance measurement				X <sup>1</sup>			
<b>Performance Reporting</b>							
Create quarterly reports for CFSEU-BC Board		X <sup>1</sup> (created by OIC CFSEU-BC)					
Other reports on performance			In ISOC & BC RCMP Perf. Plan <sup>2</sup>				
Provide bi-annual reports		X <sup>1</sup>				To LCLB (based on reports from CFSEU-BC) <sup>3</sup>	
Receive performance reports				X <sup>1</sup> (Quarterly, from OIC CFSEU-BC)	X <sup>1,8</sup> (Bi-annual from CFSEU-BC)	X <sup>1,3</sup> (Bi-annual from CFSEU-BC)	Receive from GPEB <sup>3</sup>
Brief Ministry Officials						X <sup>1</sup> (Quarterly & as needed)	
Issues of concern				Consider issues raised by PSB/GPEB <sup>1</sup>	Consider GPEB concerns; raise with CFSEU-BC Board if appropriate <sup>1</sup>	Raise issues with PSB <sup>1</sup>	

	JIGIT	CFSEU-BC Senior Management Team	CFSEU-BC / RCMP	CFSEU-BC Board	PSB / PSSG	GPEB / Ministry of Finance	BCLC
<b>Funding Mechanism &amp; Financial Governance</b>							
<b>Provide funding and resources</b>			X <sup>1</sup> (Canada, 30% of JIGIT's CFSEU-BC cost)		X <sup>1</sup> (BC, 70% of JIGIT's CFSEU-BC cost)	X <sup>4</sup> (for GPEB positions in JIGIT)	X <sup>5</sup>
<b>Flow of funds</b>							
Submit quarterly invoice to Prov.			X <sup>6</sup>				
Submit quarterly invoice to BCLC						X <sup>1</sup>	
Pay quarterly invoice							X <sup>1</sup>
JV funds: Finance to PSSG					X <sup>1</sup>	X <sup>1</sup>	
Pay RCMP quarterly invoice					X <sup>6</sup>		
<b>Financial Oversight and Management</b>				X <sup>1</sup>			
Set annual provincial contribution amount					X <sup>7,8</sup>		
Approve changes to use of fenced funds					X <sup>8</sup>		
Report on finances			X <sup>1,3</sup> (Quarterly)				
Receive financial reports					X <sup>1,8</sup> (Quarterly, from CFSEU-BC)	X <sup>1</sup> (Quarterly, from CFSEU-BC)	X <sup>3</sup> (Quarterly)
Address extraordinary costs			Communicate in advance to PSB & GPEB <sup>5</sup> Seek approval from all interested parties (to enter into extraordinary cost recovery agreements) <sup>1</sup>			TB sub (with funding options to address costs) <sup>5</sup> Communicate & engage with LCLB re how to fund <sup>5</sup> Approve/enter into extraordinary cost recovery agreement <sup>1</sup>	Engage with GPEB re how to fund <sup>5</sup>

	JIGIT	CFSEU-BC Senior Management Team	CFSEU-BC / RCMP	CFSEU-BC Board	PSB / PSSG	GPEB / Ministry of Finance	BCLC
<b>Human Resources</b>							
Contribute staff			X <sup>1</sup>			X <sup>4</sup>	
Provide Human Resources reports			X <sup>8</sup> (Quarterly)				
Receive Human Resources reports					X <sup>8</sup> (Quarterly)		

Note that in 2016 / 2017 GPEB was in the Ministry of Finance. As of July 2017, it is now in the Ministry of Attorney General (GPEB 17/18 Annual Report).

<sup>1</sup> Letter of Understanding between PSSG and GPEB, February 7, 2017 and Letter of Understanding between PSSG and the RCMP, March 2, 2017

<sup>2</sup> CFSEU-BC: Joint Illegal Gaming Investigation Team Business Case, 2016

<sup>3</sup> Letter of Understanding between GPEB and LCLB, February 8, 2017

<sup>4</sup> Secondment Agreement between GPEB and the RCMP, February 20, 2017

<sup>5</sup> Minister of Finance letter to BCLC, January 30, 2017

<sup>6</sup> Province of British Columbia Provincial Police Service Agreement, April 1, 2012

<sup>7</sup> Letter to RCMP from PSSG regarding Fenced Funding for 2018-19 Organized Crime and Opioid Trafficking Response Costs, June 15, 2018

<sup>8</sup> Letter to RCMP from PSSG regarding Fenced Funding Performance Metrics and Reporting Requirements, May 15, 2019