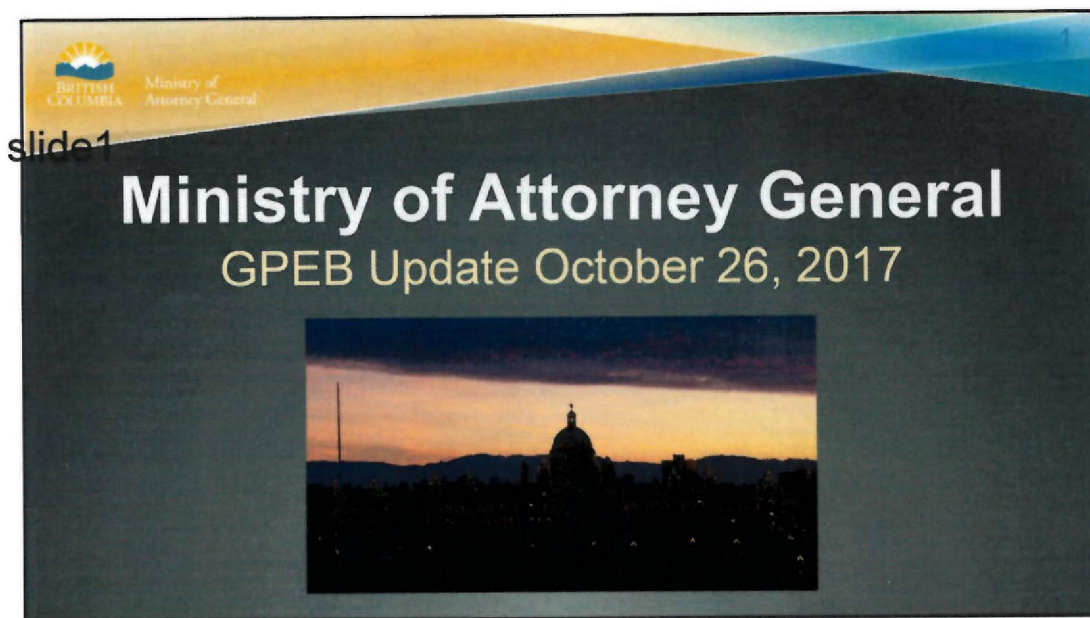

From: Vear, Maureen FIN:EX
Sent: Monday, October 30, 2017 11:55 AM
To: 'German, Peter'
Subject: PowerPoing - MAG Briefing Oct 26, 2017
Attachments: Scan_20171030.pdf

Mr. German:

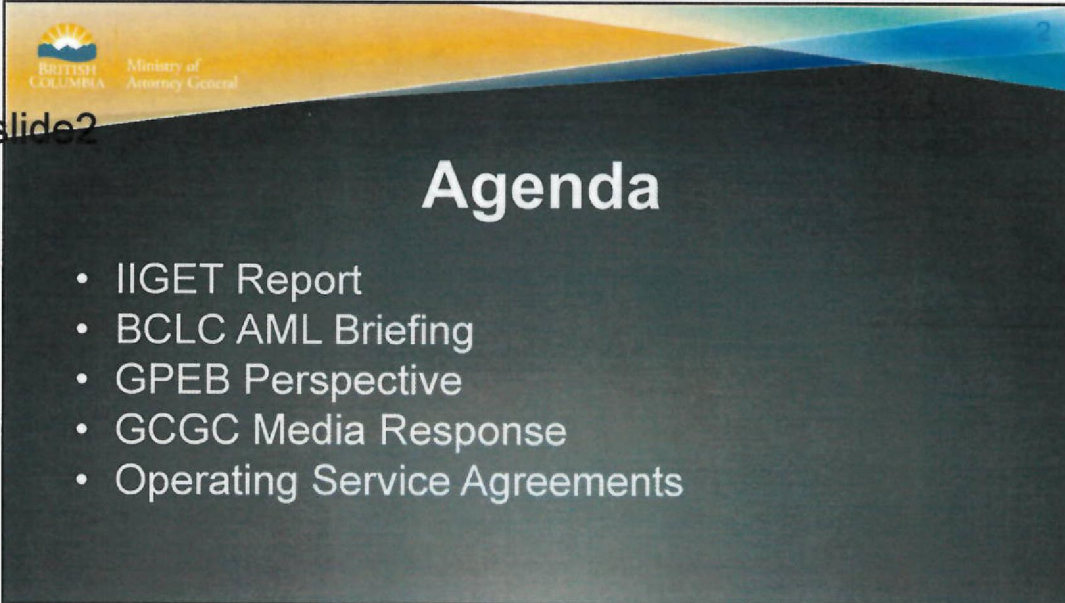
As requested by Len, I have attached the PowerPoint deck related to AG Minister briefing on October 26th.

Maureen K. Vear
Executive Administrative Assistant to
John Mazure - ADM
Gaming Policy and Enforcement Branch
Ph: [REDACTED]





Opening Slide



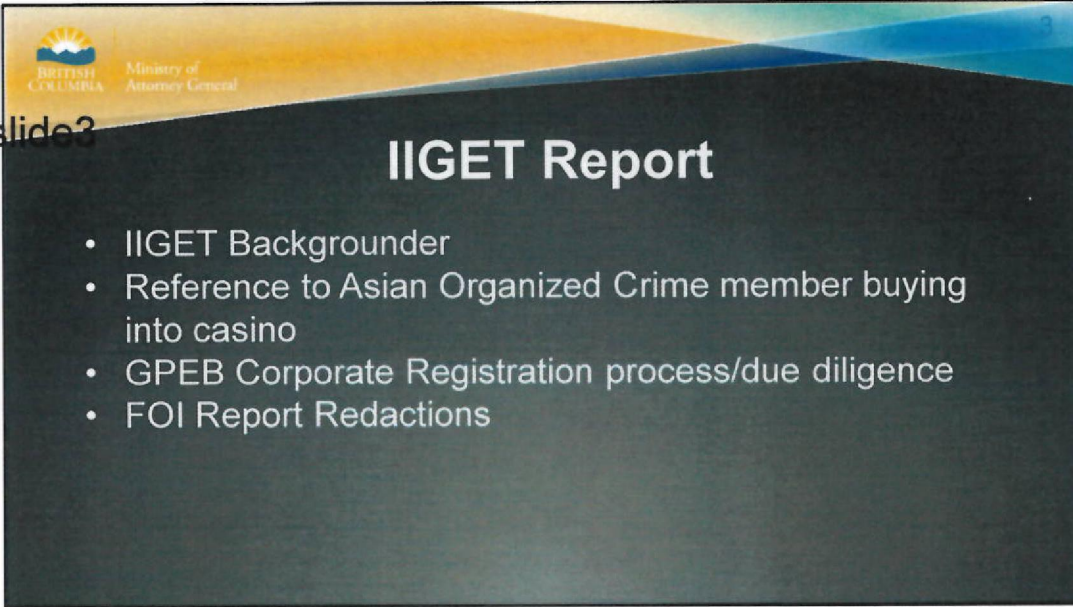
slide 2

BRITISH COLUMBIA Ministry of Attorney General

Agenda

- IIGET Report
- BCLC AML Briefing
- GPEB Perspective
- GCGC Media Response
- Operating Service Agreements

John to open: Talking Points for today. Opening Comments by John that various members of the executive will provide information on these discussion points.

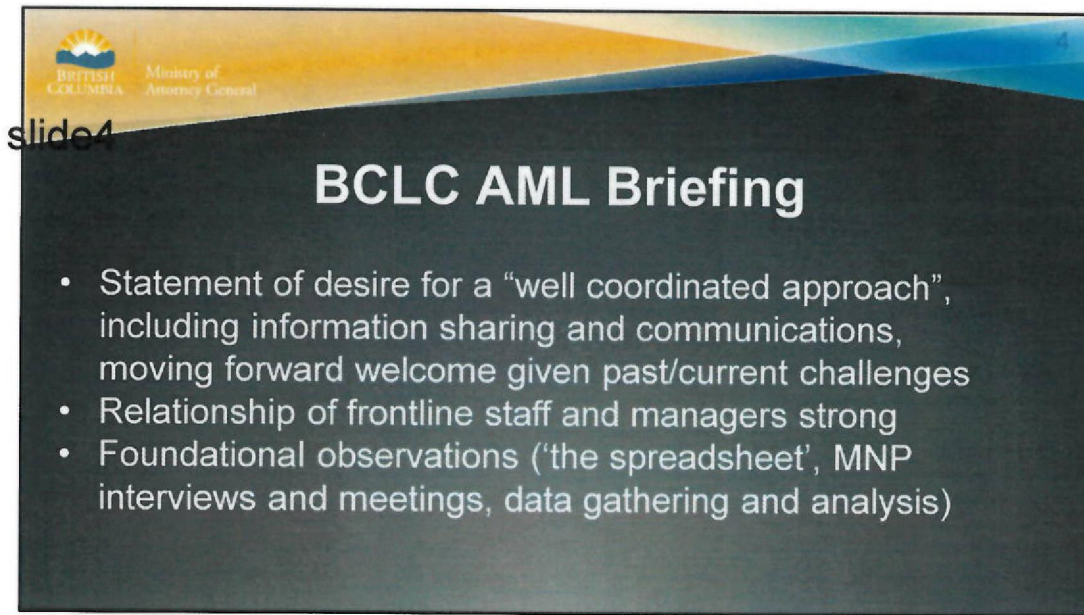


slide 3

IIGET Report

- IIGET Backgrounder
- Reference to Asian Organized Crime member buying into casino
- GPEB Corporate Registration process/due diligence
- FOI Report Redactions

Kim/Dave: Integrated Illegal Gaming Enforcement Team (Reported comments in media)



slide4

BCLC AML Briefing

- Statement of desire for a “well coordinated approach”, including information sharing and communications, moving forward welcome given past/current challenges
- Relationship of frontline staff and managers strong
- Foundational observations (‘the spreadsheet’, MNP interviews and meetings, data gathering and analysis)

John/Anna: Past and current challenges (MNP report process, requests for UFT audit records, cyber security audit, we would be unable to perform several of analyses about SCTs etc if we needed to perform them today)



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slide 5

BCLC AML Briefing (cont)

- Concerns about reduced revenue not stated previously when formal expectations about AML communicated
- Insular focus as opposed to provincial
- Eliminating HLP a dramatic solution
- Other proposals could be part of the bigger solution
- Observed change in stance on banning since 2016

John/Anna

slide 6

GPEB Perspective

- Unauthorized Communications with Post Media
- Sharing of Names with BCLC
- Roles (scope creep)
- IIGET
- Legal Opinions
- Separation of duties - reform
- “Waiting for direction from GPEB”

- LEN: What occurred here was unfortunate, as it harmed the reputation of government, BLCL, Gaming Services Providers and police. My question to BCLC and GPEB has been, why? The individual was closely linked to AML, so what caused them to go to the media, if their intent was, as is suggested by their response through lawyers, stating there has been years of inaction by regulators and police then it is contradictory. Does BCLC not own any of this responsibility? To date, in my opinion, it appears not. My concerns of accountability will be a wash if the leaked information by BCLC employee is resolved by paying out the employee and a non-disclosure agreement signed versus a dismissal with cause. This is my opinion on the issue but this leak has harmed me personally, as there was doubt casted on both my staff and I about who would have leaked information. GPEB is not a saint-hood but I have confidence in my team of Directors. Assertion in letter that MAG supports whistle-blowing, should have been clarified to say ONLY if some within the law and honours the code of conduct.
- What about the names? When in time appropriate police or GPEB would/will share names with BCLC. That would be immediate if harm was to come to someone, or in the public interest. However to use the intelligence, police databanks for the purpose of banning clients for accessing unsourced cash would be inappropriate. If those providing the cash are criminals or a threat then BCLC will be at the appropriate time informed, absolutely. But BCLC keeps holding out this notion that “we asked for the names and were never provided them.” What is absent in GPEB’s submission is that an assessment of STR’s and a more aggressive action plan on transactions at the time they occur would have had and will have an impact and reduce the risks to a significant degree. My recommendation slide titled, If It Was Up To Me, will help to clarify how that can occur, from our perspective.
- Roles, scope creep. In a recent presentation to the Minister and Deputy BCLC identified that they have what I heard described as **criminal open source analysts** in their AML unit. Again I am of the view that BCLC needs to focus on their role of conduct and manage and that AML (outside of reporting to FINTRAC) and their guidelines/audits of service providers) needs to be clearly defined as belonging to

GPEB, if that is governments wish. Our Intelligence unit has been designed to be a better fit for that type of work. BCLC expanded their AML role for what ~~slide~~ ^{slide} case. If the problem is not as defined by the police then why expand? [Speak to 2011 White Paper and AML Strategy of 2011) that was the cross-road that has led us to today.

- IIGET. Re-state what Anna will speak to about the role of IIGET, defined as outside of Casinos, worked in GPEB offices, different role, different time.

Solicitor Client Privilege

about. This portfolio has clearly demonstrated the gaps and in my opinion the separation of duties, particularly when it comes to Corporate Security at BCLC versus regulatory compliance at GPEB which needs to be reformed. Which leads me to the comment in the press from CEO Jim Lightbody about we are awaiting direction from GPEB!! What does Gaming Policy and Enforcement the name mean to the public, common sense would say provides advice on all gaming policy and does enforcement. Mr. German will need to shed some light on this.

- How is that possible in the current legal framework? And if that is to be the case then the recommendations I am to speak of should be considered without a back-lash. But MNP, Mancini, 50,000 non-reporting accusations, CFO non-reporting etc, and the requests for GPEB defining their authority to audit have demonstrated that is not the case and that needs to be addressed. [next slide]

Prov. CR. } AGREEMENT.
 IIGET: }
 FSOC } difference
 DOJ. }

slide 7

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GPEB AML Next Steps

- Identify the casinos of most risk;
- Implement a rigorous and measured front-line AML training program at those sites.
- Determine a threshold that activates next step;
- On-duty trained service provider AML Manager Specialist to make assessment and determination of all "suspicious" cash transactions exceeding threshold

- LEN: GPEB and Police would establish a fluid risk matrix identifying the casinos of greatest risk. As some casinos grow in business (i.e. PARQ) this may require resources to move their focus. Not a province-wide issue. Local issue therefore use intelligence unit and information gathered to inform what locations need to be a part of the risk strategy.
- Consult police/FINTRAC/ACAMS on content of the training, ensure the training is delivered in languages understood by staff, i.e. English, Mandarin. Ensure there is an exam and that the training is audited annually by GPEB.
- Determine a threshold amount (again fluid in nature) but start at an assessed amount which activates a AML specialist to attend to the transaction to make an assessment on the acceptance of cash. This will be documented and audited by GPEB. [next slide]

- COMPLIANCE OFFICER!
 - MORE ROBUST AML PROCESS - IN CASINOS GPEB
 - SOLUTION AML EXPERT HIRED
 - MORE GPEB PRESENCE IN RISK CASINOS
 - MORE AML AUDITING OF SERVICE PROVIDER/BELC POLICY WITH AML EXPERT ADVICE
 - IS A COMMISSION APPROACH AN ASSET?
- debates TO

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slide 8

GPEB AML Next Steps cont


- Primary source of funds questionnaire (includes location of bank, where cash/financial instrument was sourced);
- First two transactions reported to FINTRAC and GPEB for establishing business relationship and intelligence;
- Third transaction - patron is immediately moved to other alternatives; and
- Implement a transaction assessment team

- LEN: Upon any cash transaction or PGF account transaction a primary (basic) source of funds questionnaire is completed by the service provider if under the Threshold. If over Threshold the AML Specialist will need to file a more in-depth questionnaire (secondary) level.
- Allow those under threshold transactions to occur without any further assessment until the third transaction at which time a secondary source of funds questionnaire is completed by the AML Specialist at the time of transaction and a documented decision is made.
- All secondary questionnaires will be reviewed by GPEB JIGIT and an inquiry/assessment made to determine if the banking information/location, risk has been mitigated on the individual. If so then subject should be moved off of STR reporting unless the transaction again becomes unusual.
- After two suspicious transactions the patron is interviewed if under threshold and if over threshold to obtain detailed information about the customer and the sourcing of their funds. This can also be used as an education piece to client and a movement of their sourcing of funds to other alternatives.
- Key to this risk program is the notion of the on-site Transaction Assessment Team (TAT) involving JIGIT. OPP models is working in casinos. why would it be any different here. TAT would be the experts who support the on-site AML specialists in providing direction and information sharing. It will need to be determined if BCLC wishes to be a part of the initiative.
- Peter German has been advised of most of these recommendations. These two updates slides will be provided to him post-briefing, after today.

SYSTEM
* INTEGRITY
* TAKING BY
GERMAN
ADVICE!

* Mention Credit if not
mentioned!

→ Authority ^{GPEB} lacking
last 3 weeks.
→ Ownership By
BCLC of issue
(admission)



slide 9


GCGC AML Statement

- GCGC statement (Oct 23/17) responds to what it considered inaccurate media reports of money laundering at River Rock.
- GCGC's statement – follow all BCLC AML requirements and meet or exceed regulatory obligations
- GPEB Perspective - Statement generally accurate re their role in AML and the issuance of casino cheques. However, does not accurately capture scenario in which a casino patron, who is a PGF account holder, may receive a de-limited casino cheque after buying-in with cash.

Michele/Len

[Faint handwritten notes at the bottom of the page, including phrases like "GPEB Perspective", "Statement generally accurate", and "scenario in which a casino patron..."]

slide 10



Operating Services Agreements

GPEB Perspective:

- No concerns with respect to the integrity of gambling.
- Provides some improved tools to manage service provider contracts (e.g. enforcement of capital reinvestment)
- Implications to foregone provincial revenue:
 - Maximum impact of \$109.8 million over 4 years
 - Maximum single year impact of \$29.6 million
- Mixed response from service providers

MICHELE/DAVE:

- Some service providers support the proposed OSAs while other do not
- Under section 7 the Gaming Control Act, BCLC is responsible for the conduct and management of commercial gambling in British Columbia
- This mandate specifically includes entering into agreements for services required in the conduct, management or operation of provincial gaming



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slide11

Questions/Comments Discussion