



June 27, 2018

Mr. Richard Fyfe, QC
Deputy Attorney General
Ministry of Attorney General
PO Box 9290 Stn Prov Govt
Victoria BC V8W 9J7

Mr. Douglas Scott
Associate Deputy Minister
Ministry of Attorney General
PO Box 9290 Stn Prov Govt
Victoria BC V8W 9J7

Dear Mr. Fyfe and Mr. Scott:

I have reviewed Dr. Peter German's March 31, 2018 report, *Dirty Money – An Independent Review of Money Laundering in Lower Mainland Casinos conducted for the Attorney General of British Columbia*. Dr. German's report has provided us with a strong foundation to make effective decisions to address money laundering in British Columbia's gambling facilities. Government has approved all of Dr. German's recommendations in principle.

To that end, I direct the following recommendations be implemented immediately:

- R3 That BCLC, in conjunction with the Regulator and Service Providers, review the present Source of Funds Declaration on at least an annual basis to determine if refinements are required.
- R4 That BCLC re-enforce the importance of Service Providers not accepting cash or other reportable instruments if they are not satisfied with a source of funds declaration.
- R12 That a Transaction Analysis Team be developed to review all STRs and that the team be composed of a representative of the Regulator / DPU, JIGIT, and BCLC. (Not DPU in first instance).
- R13 That the Transaction Analysis Team meet on at least a weekly basis to review all STRs and develop strategies to deal with each.

.../2

Mr. Richard Fyfe, QC
Mr. Douglas Scott
Page 2

R16 That BCLC not engage in further undercover operations, except in conjunction with the Regulator and/or the police.

R17 That no further expense be incurred by BCLC with respect to the SAS AML software system.

I recognize that the remaining recommendations vary in their complexity and requirement for analysis. Some recommendations require a significant undertaking across government. To ensure effective and timely implementation of the remaining recommendations, I direct that a committee be established to oversee the cross-government implementation.

This committee should be comprised of senior officials from the ministries of Attorney General, Public Safety and Solicitor General and Finance, including officials from the Gaming Policy and Enforcement Branch and the British Columbia Lottery Corporation. This committee should engage with stakeholders and interested parties as appropriate, including police and federal agencies. Terms of reference for the committee should be prepared for my approval.

I expect that the committee will develop performance measures for successful implementation of these recommendations and, as substantive progress is made, the chair of the committee should provide my office with regular status reports.

Thank you for your efforts regarding this important work.

Yours truly,

David Eby, QC
Attorney General

CLIFF: 550912