

**PROCEEDINGS AT HEARING  
OF  
APRIL 23, 2021**

**COMMISSIONER AUSTIN F. CULLEN**

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**April 23, 2021**  
**(Via Videoconference)**

**(PROCEEDINGS COMMENCED AT 9:30 A.M.)**

THE REGISTRAR: Good morning. The hearing is now resumed. Mr. Commissioner.

THE COMMISSIONER: Thank you, Madam Registrar.  
Yes, Mr. Martland.

MR. MARTLAND: Yes, Mr. Commissioner. Today's witness is Michael de Jong. And, Madam Registrar, if he might be sworn, please.

**MICHAEL DE JONG, a  
witness called for the  
commission, sworn.**

THE REGISTRAR: Please state your full name and spell your first name and last name for the record.

THE WITNESS: My name is Michael de Jong, d-e J-o-n-g.

THE REGISTRAR: Thank you.

THE COMMISSIONER: Yes, Mr. Martland.

MR. MARTLAND: Thank you.

**EXAMINATION BY MR. MARTLAND:**

Q Mr. de Jong, I'd like to start by asking you to please provide a bit of a biographical sketch. We don't need to get into a huge level of detail, but maybe if you could start by describing your practice as a lawyer before

1 entering elected politics and then you served  
2 for many years as an elected official, about  
3 27 years on my math. If you could help us get  
4 an understanding of the different posts and  
5 positions you've held in that period of time.

6 A Thank you, Mr. Martland and Mr. Commissioner. I  
7 graduated from law school in '88, called to the  
8 bar in British Columbia in '89, practiced in the  
9 Fraser Valley eventually establishing my own law  
10 firm. During that time general litigation. Did  
11 some contract prosecution work for the  
12 Department of Justice federally. In 1993 was  
13 asked to contest a by-election called in what  
14 was then Matsqui, which was held early in 1994,  
15 was elected, spent the first seven years as an  
16 opposition MLA representing the area in 2001.  
17 The party I represent was elected to government,  
18 and between 2001 and 2017 served in a variety of  
19 cabinet positions, beginning with the minister  
20 of -- Ministry of Forests for four years,  
21 minister of -- Minister of Labour, Citizen  
22 Services, Minister of Aboriginal Relations and  
23 Reconciliation, Attorney General in 2009, health  
24 minister and eventually ended up as the Minister  
25 of Finance appointed to that post in September

1 of 2012, where I remained until the government  
2 transitioned to a new government in 2017.

3 Q And then most recently in an opposition capacity  
4 are you the official critic for Attorney  
5 General's office?

6 A I am.

7 Q All right. Could you help us understand,  
8 please, in terms of periods of time when you  
9 carried responsibility for the so-called gaming  
10 portfolio within government, I understand that  
11 that starts following the 2013 election. If you  
12 could help us just -- I may not have that  
13 right -- but the bookends in terms of when you  
14 stepped into that role and then how long you  
15 fulfilled that responsibility.

16 A No, I think you have that correct. I was  
17 appointed finance minister in 2012. There  
18 was -- but for that period of time until the  
19 election in 2013 the *Gaming Control Act*, GPEB,  
20 BC Lottery Corporation was not in the ambit of  
21 my ministerial responsibilities. But that  
22 changed following the election in 2013 and the  
23 swearing in of the new cabinet. I retained the  
24 post of Minister of Finance but assumed  
25 responsibility for that legislation and the

1 Crown agency BC Lottery Corporation and GPEB.

2 And that remained the case until the new

3 government was sworn in in 2017.

4 Q All right. That's very useful. So our bookends  
5 here are basically 2013 through to the change of  
6 government in 2017?

7 A That's correct.

8 Q Okay. Thank you. If you could help us  
9 understand a bit about the process -- maybe I'll  
10 ask it both generally and then specifically for  
11 the gaming portfolio. What's involved when a  
12 cabinet -- when someone such as yourself assumes  
13 conduct of a new area in terms of briefings,  
14 whether that's materials, meetings, other ways  
15 to get someone up to speed in a new area of  
16 policy?

17 A Yes. All of what you have referred to. In this  
18 case of course it would have -- when I say "in  
19 this case," in the 2013 instance, it would have  
20 been slightly altered by the fact that I  
21 retained a significant portion of the portfolio  
22 that I had been charged with taking care of  
23 previous to the election, but then acquired  
24 responsibility for these other areas. And as  
25 you indicated, sitting down with officials,

1           senior staff to become familiar, be briefed on  
2           the legislative parameters and structure  
3           governing those areas, certainly issues, issues  
4           of the day, priorities that had existed prior to  
5           acquiring responsibility, there would be  
6           materials prepared. And of course all of that  
7           would be done in any event in anticipation of  
8           the possibility of not just a new minister but a  
9           new government.

10           Q     And then with respect to the -- your assumption  
11           of responsibility for gaming in 2013, do you  
12           have a recollection of what was involved there  
13           in terms of briefings, materials, and for that  
14           matter meetings with stakeholders or agencies?

15           A     Well, certainly because of the documents I've  
16           had an opportunity to review, and may I say to  
17           the support team that you have assembled,  
18           Mr. Commissioner, they have been very, very  
19           helpful in terms of the logistics of these --  
20           and there's quite a volume of documents. So I  
21           am very much obliged to them for their  
22           assistance.

23                     I certainly recall having initial briefings  
24           with both the Gaming Policy Enforcement Branch  
25           and the BC Lottery Corporation. As I think we

1                   discussed earlier, I can't be certain whether  
2                   those would have occurred at the same time.  
3                   It's possible, but in our collection of  
4                   documents, which we may come to at some point,  
5                   there are slide decks from both of those  
6                   agencies that I have a recollection of having  
7                   been walked through setting out some of the  
8                   matters that I've just referred to.

9                   Q     And I will probably turn to some of those  
10                   materials as we go, but maybe without going to  
11                   the documents first from today's point of view  
12                   and appreciating this is one of many areas of  
13                   responsibilities and dating back some years at  
14                   this point, but do you have a recollection as  
15                   you assumed conduct of gaming what were the hot  
16                   button issues or the main focus in particular  
17                   from on the gaming front?

18                   A     The one that I have an independent recollection  
19                   of that I didn't need to rely on documents to  
20                   jog my memory was the whole question of  
21                   responsible gaming or problem gambling, both I  
22                   think referring to the same thing, people that  
23                   got involved in gambling activities, lawful  
24                   gambling activities, but got in above their  
25                   means or beyond their means, acquired gambling



1                   addictions. And there were certainly other  
2                   issues, and I don't want to suggest that -- but  
3                   at that period of time in June 2013, as the new  
4                   cabinet was being sworn in and I was becoming  
5                   familiar with the material and with the file,  
6                   that stands out in my memory independently as  
7                   something that there was a degree of focus on.

8                   Q     Out of interest, did you have a background or  
9                   knowledge or other exposure to casinos, gaming,  
10                  that whole sector, prior to your assuming  
11                  conduct of that portfolio?

12                 A     None at all.

13                 Q     Okay. At that point in time, so in the sort of  
14                  June 2013 period that we're speaking about right  
15                  now, was money laundering -- do you recall that  
16                  being identified as a topic that arose in  
17                  relation to gaming, or was that not really drawn  
18                  to your attention?

19                 A     No, it did. And, again, not to by any means  
20                  pre-empt, but there is a document in our  
21                  collection of documents, two of them, one from  
22                  the BC Lottery Corporation and one from the  
23                  Gaming Policy Enforcement Branch, and in both  
24                  instances, as I now recall from having read the  
25                  documents more recently, anti -- money

1           laundering and anti-money laundering initiatives  
2           appear in one case at the top of the list, and  
3           in the other instance, I think, number two or  
4           three on the list of identifiable issues.

5           Q     Thank you. And as we go through this, just for  
6           your benefit, at any point if it's useful to you  
7           to refer us or take us to a document, generally  
8           speaking I'll be trying to do that in a few  
9           instances. I know that the -- we provided a  
10          summary list of documents that was around 40  
11          just for commission counsel. You've had  
12          abundantly more from participants. I'm planning  
13          to go to about a dozen of those in questions of  
14          you. But at any point if it's useful for you to  
15          refer to something beyond that, don't be shy to  
16          let us know and we can have that displayed on  
17          the screen to review anything more.

18          A     Thank you very much, Mr. Martland. I understand  
19          that we may be getting to the two documents that  
20          I just referred to, so I'll --

21          Q     All right. Hopefully --

22          A     I'll hold by powder until then.

23          Q     Okay. Good. I wonder with respect to your  
24          awareness of money laundering, you've identified  
25          this as being something that both GPEB and BCLC

1 put as a priority in 2013 as you come into that  
2 role. Did your understanding of money  
3 laundering -- maybe I'll start with this: what  
4 was your understanding of the money laundering  
5 topic in casinos and gaming in particular at  
6 that point?

7 A Well, I'm not going to profess to have had any  
8 specific insight into the gaming dimension, but  
9 of course general issues around proceeds of  
10 crime and the laundering of proceeds of crime  
11 would have been familiar to me in my role as  
12 Attorney General previously. The government  
13 that I was a member of had taken steps around  
14 civil forfeiture geared towards proceeds of  
15 crime or alleged proceeds of crime. So I don't  
16 want to leave the impression that I was  
17 specifically alive to issues involving gaming,  
18 but the general issue around organized crime and  
19 proceeds of crime is something both I suppose as  
20 earlier as a lawyer but more particularly  
21 eventually as Attorney General I would have had  
22 exposure to.

23 Q And was your -- in terms of the topic of money  
24 laundering in the casinos and gaming sector, did  
25 that develop over the years that you held

1                    responsibility for this portfolio? Did it  
2                    increase over time and develop?

3                    A     Yes, I think that's a fair statement.

4                    Q     Was there a particular time in which your  
5                    attention was focused more so on the issue?

6                    A     Well, as I think we will over the course of the  
7                    day hopefully reveal, there was certainly an  
8                    initial awareness identified to me in the  
9                    documents in the initial briefings. That  
10                   awareness maintained itself, but as I think we  
11                   discussed in our earlier meeting, there is a  
12                   point in the fall of 2015 where I would say the  
13                   issue elevated for me. I think the issue  
14                   elevated for many others too, but in my capacity  
15                   as the minister responsible in the fall of 2015,  
16                   it certainly elevated.

17                   Q     All right. And we will make our way there in  
18                   due course. And I appreciate you answering that  
19                   now.

20                                      Again, going back to this period of time as  
21                   you were fairly new to the post, so to speak,  
22                   what was your understanding about the FINTRAC  
23                   reporting regime and the extent to which that  
24                   was a system or regime that required that  
25                   certain transactions be reported and yet didn't

1                   actually stop the transactions from occurring?

2                   A     I certainly would have been, or was, aware of  
3                   the existence of FINTRAC as a federal agency and  
4                   its general responsibility in some of these  
5                   areas. I would not profess to have had an  
6                   independent knowledge upon assuming the  
7                   ministerial portfolio of the specific  
8                   requirements or the operational dimension to how  
9                   FINTRAC and the lottery corporation or --  
10                  they're called service providers; I'll call them  
11                  the casinos -- were obliged to interact with  
12                  FINTRAC. I came to learn about that, but I  
13                  certainly would not have known about that at the  
14                  time I assumed the portfolio.

15                  Q     I have a question that may be so big picture as  
16                  to be a little bit vague. But I'd be interested  
17                  to hear if you ascribe to a particular view or  
18                  even philosophy with respect to whether  
19                  regulators should be going about their work  
20                  in -- and there's different terms that are  
21                  sometimes used -- a prescriptive approach as  
22                  opposed to a risk-based approach or a  
23                  standards-based approach. I suppose the  
24                  question first of all if you have different or  
25                  other terms that you prefer to use, that might

1                   be helpful to hear what your views are, and then  
2                   secondly, I suppose, do you have a particular  
3                   philosophy or approach on that?

4           A       Yes. I can understand the nature of your  
5                   question and maybe the best way for me to answer  
6                   is specifically and then to offer an example.

7                   Both individually and I would say,  
8                   Mr. Martland, this was probably indicative of a  
9                   broader philosophy of the government I served  
10                  in, there was, I think, a bias, if that's the  
11                  word, towards a risk-based or standards-based  
12                  approach to regulation, and maybe the grandest  
13                  example I can offer that goes back even further  
14                  when my colleagues and I formed government for  
15                  the first time in 2001 and I was the forest  
16                  minister, there was a significant rewrite of  
17                  forest legislation with that particular shift in  
18                  mind. The forest [indiscernible] previously had  
19                  been a very prescriptive document, and the  
20                  government opted to move to a more  
21                  standards-based, risk-based approach. So yes, I  
22                  think it is fair to say that both individually  
23                  and as part of the larger government body there  
24                  was a marked preference for a particular  
25                  approach to regulation.

1           Q     That's useful.  And with that as the context,  
2                   then, if we, I suppose, zoom in on gaming GPEB,  
3                   BCLC, et cetera, do you prefer or  
4                   philosophically aim to approach this with a  
5                   risk-based rather than a prescriptive approach  
6                   to regulation?

7           A     I think that's ultimately the case, but I  
8                   wouldn't want to convey, Mr. Commissioner, the  
9                   idea that I had well-developed notions in the  
10                  early days of my time as responsible minister  
11                  for how that translated in the context of  
12                  gaming.  I think I certainly developed that over  
13                  time with the assistance of -- and the guidance  
14                  and the recommendations of staff, and I think  
15                  that reveals itself as we move through the  
16                  chronology, but I wouldn't want to convey to the  
17                  commission that I arrived on the scene with an  
18                  agenda to bring a new regulatory regime to the  
19                  area.

20          Q     About one or two years before you became the  
21                  minister responsible for gaming, the provincial  
22                  AML strategy was being developed.  Could you  
23                  tell us about your understanding of that and  
24                  whether you were briefed on the strategy in  
25                  relation to gaming in particular.

1           A     In reverse order, Mr. Martland, I was certainly  
2                    briefed on it and given a sense of the three  
3                    phases of what was called the anti-money  
4                    laundering strategy. I was certainly made aware  
5                    that this arose in 2011, 2012 as a result of a  
6                    report that had been commissioned looking into  
7                    the matter. I will say that until this  
8                    commission was initiated and I began to receive  
9                    documents in preparation for this moment, I had  
10                  not heard the term "Kroeker Report." It was  
11                  simply the report that had taken place. So I  
12                  just want to make clear that the briefings that  
13                  I received referred to the strategy that had  
14                  arisen out of a study and report, which I have  
15                  now come to know is frequently labelled the  
16                  Kroeker Report.

17           Q     All right. That's useful. That's modern-day  
18                    nomenclature, but at the time that wasn't the  
19                    terminology that you heard or that was being  
20                    used at that point?

21           A     It may have been used -- it may have been used  
22                    widely within the bureaucracy itself, but at my  
23                    level I don't recall ever hearing it referred to  
24                    in those terms.

25           Q     Okay. I will go to a few documents and I'll



1           start with the first. And I may do this a  
2           little out of perfect chronological sequence,  
3           but I do hope to take us there through the  
4           different -- including a number of things, sir,  
5           that you referred to.

6           MR. MARTLAND: Madam Registrar, the first one is  
7           tab 20 from the list of documents. It's  
8           GPEB712. If that could please be displayed and  
9           this can be livestreamed, although I noted that  
10          the last page has some contact information we'll  
11          need to redact, Mr. Commissioner, but I don't  
12          plan to go to that last page on the livestream.

13          Q     Mr. de Jong, do you recognize this? What this  
14          is, is a document, an advice to minister document  
15          relating to GPEB release of Section 86 Reports.  
16          We see on the left side that you're identified  
17          as the minister responsible and bearing a date  
18          of September 30th of 2014. Is this a document  
19          you've reviewed in preparation for testifying  
20          today?

21          A     It is.

22          Q     And is it something that you received in 2014?

23          A     That I can't say for certain. And although much  
24          of the contents I was familiar with, there  
25          are -- in some instances, cases, Mr. Martland,

1           where I can tell you and the commission with  
2           certainty that I have seen a document -- sorry,  
3           that I saw a document at the time or around  
4           about the time it is dated, and there are other  
5           documents whilst I may be familiar with the  
6           subject matter, I cannot say for certain that I  
7           saw the document at the time.

8                         In this case the fact that it's labelled a  
9           draft document suggests to me that this document  
10          did not make its way to the minister's office.  
11          Perhaps a similar document did, but it would be  
12          very unusual for something labelled "draft" to  
13          come into the minister's office.

14          Q         All right. So that's useful for context as we  
15          go over it and it may be that I'm using this  
16          more for the contents as opposed to whether in  
17          fact you saw it in 2014.

18                         Just to have a look here, we see there  
19          identification in the first bullet point about  
20          casinos having an obligation to report within  
21          the FINTRAC regime. The second bullet talks  
22          about the *Gaming Control Act* requiring casinos  
23          to immediately notify GPEB of conduct activity  
24          or incidents that might involve criminal  
25          activity or a contravention of gaming

1                   legislation, including suspicion currency  
2                   transactions. Down a few bullets reference to  
3                   addressing money laundering and ensuring the  
4                   integrity of gaming. Industry remains a  
5                   priority.

6                   If we go over to the second page in the  
7                   middle of the document, just under that heading  
8                   there "Key Facts Regarding the Issue," and I'll  
9                   read it out and then ask a question or two.  
10                  What's written there is:

11                    "In response to a records request from  
12                    media, the Gaming Policy and Enforcement  
13                    Branch is releasing a 516-page records  
14                    package. The package contains reports  
15                    regarding suspicious cash transactions,  
16                    large cash transactions, suspected loan  
17                    sharking and chip passing filed under  
18                    Section 86 of the *Gaming Control Act*,  
19                    between March 20 and June 21, 2014, for  
20                    the following casinos: River Rock,  
21                    Starlight, Edgewater, and the Hard Rock."

22                  Do you have a recollection about this, I guess,  
23                  release into the media about these Section 86  
24                  Reports at the time?

25                  A     I do.

1           Q     How did you -- how did that come to your  
2                   attention? Was it through the reporting, was it  
3                   through briefing, or both?

4           A     It would have been through a briefing. My -- as  
5                   I -- with your permission if -- maybe I'll  
6                   indulge in a bit of speculation about the  
7                   context of the document and how that would  
8                   have -- it would have played a role or a similar  
9                   document played a role. Your reference to  
10                  page 2, I think, is really key because this was  
11                  the kind of document that the minister and the  
12                  Minister of Finance would have received in  
13                  circumstances where there was quite possibly  
14                  going to be public questions or a public issue  
15                  or public reporting of an issue, and so when you  
16                  see advice to minister and government  
17                  communications branch, it's kind of a warning  
18                  note to the minister that this is taking place  
19                  and there may be questions, there may be public  
20                  commentary about it; here's what we know and  
21                  here's what we can inform you.

22                         I don't know if I saw this document. I do  
23                         recall, though, that I would have been alerted  
24                         either through a verbal briefing or a  
25                         combination of verbal briefing and a document

1                   about the general issue.

2           Q       Do you recall what some of the discussion or  
3                   analysis was in relation to this public release  
4                   of information about the Section 86 Reports,  
5                   what kinds of discussions or issues it generated  
6                   from your seat?

7           A       I don't really. I would be -- I would be  
8                   relying really on the document before us to  
9                   suggest what would have been discussed at the  
10                  time.

11          Q       And because -- this may not be the best example  
12                   if it's not necessarily something that made its  
13                   way to you. But the first page and a bit of the  
14                   document has this bold font in a number of  
15                   bullet points. Are those in the nature of,  
16                   really, I suppose, distilled points for you as  
17                   minister to answer questions whether in the  
18                   legislative assembly or reporters or interested  
19                   parties, effectively speaking points?

20          A       Yeah, I think that's a fair -- I think that's a  
21                   fair summary recommended response. I mean, it  
22                   is a recommended response, and as we may come to  
23                   discuss, sometimes those recommended responses  
24                   were -- generated internal discussion. But that  
25                   would -- you have broadly, I think, described

1                   what the intent is here.

2                   MR. MARTLAND: Thank you. Mr. Commissioner, I'd like  
3                   to ask that this please be marked as the next  
4                   exhibit.

5                   THE COMMISSIONER: Yes, very well. I think we're at  
6                   889.

7                   THE REGISTRAR: Yes, exhibit 889.

8                   THE COMMISSIONER: Thank you.

9                   **EXHIBIT 889: Advice to Minister, Draft GCPE-FIN**  
10                  **Issue Note, re GPEB Release of Section 86**  
11                  **Reports - September 30, 2014**

12                  MR. MARTLAND: Thank you. We can take that down,  
13                  that document, Madam Registrar, from the  
14                  display.

15                  Q    Next, Mr. de Jong, I'd like to ask you about a  
16                  number of fairly particular topics or issues in  
17                  relation to what -- I'll maybe try to put some  
18                  boundaries on the question by saying in the  
19                  early part of your time as the minister  
20                  responsible for the gaming portfolio. So let's  
21                  say roughly 2013 and 2014. In that period of  
22                  time did you have an awareness first of all  
23                  about the Malysh report on customer due  
24                  diligence?

25                  A    I don't recall seeing the Malysh report. I

1 believe that I was aware that it had occurred or  
2 a report had occurred and that some of the --  
3 some of the matters addressed made their way to  
4 me in the form of a general briefing, but I  
5 don't think I ever saw the actual report.

6 Q Okay. And do you recall what some of the issues  
7 were or the discussion or briefing might have  
8 been in relation to that work on customer due  
9 diligence?

10 A Yes. It would be helpful for that conversation  
11 to -- for me to go to one of the documents that  
12 refers specifically -- refers specifically to  
13 that. And I'm trying to remember which one.

14 Q You can certainly do that. We always like to  
15 keep our registrar challenged so we can -- you  
16 can throw her the curve ball and she'll catch  
17 it. And if it's something that's not  
18 immediately at hand but you wanted to circle  
19 back to it, I don't have a problem doing that  
20 after the break or something if that's  
21 preferable.

22 A I'll make -- if that will -- I know our time is  
23 precious, so I'll make a note and then perhaps  
24 we'll do that.

25 Q I've done the same and I'll make sure I ask a

1 question a little later on about that.

2 How about again in this period, the early  
3 part of your tenure as the minister responsible  
4 for gaming, the issue of source of funds? Do  
5 you have a recollection about being briefed on  
6 source of funds as an issue in relation to  
7 casinos?

8 A In a general way as part of the general  
9 discussion around money laundering and the  
10 anti-money laundering strategy, the -- for me  
11 much of the advice and the information related  
12 to the three stages, the three phases of that,  
13 the development phase 1 of cash alternatives.  
14 And one of the interesting components of this  
15 whole matter is how I learned that at a time  
16 when efforts were being made to move gaming away  
17 from the use of cash, and those efforts were  
18 very much underway, it derived from a culture  
19 where for many years it had been precisely the  
20 opposite approach. The rules had been that  
21 patrons could only use cash, and there was -- so  
22 I found it somewhat ironic but understood what  
23 the rationale was. But it required a pretty  
24 significant shift in culture on everyone's part.  
25 So developing those alternatives, cash



1 alternatives, making customers aware of them,  
2 and then developing some of the other, in  
3 phase 3, some of the other regulatory tools to  
4 address things like source of -- source of funds  
5 and source of wealth. And one of the things I  
6 do recall eventually, and I can't tell you for  
7 certain at what point this was, but I did come  
8 to appreciate more clearly the difference  
9 between source of funds versus source of wealth.

10 Q I appreciate you may not be able to put a fine  
11 point on exactly when that distinction became  
12 very clear to you or maybe source of funds  
13 became more preeminent as a topic of concern.  
14 Is it fair to say that had occurred by let's say  
15 the middle of 2015?

16 A And certainly -- certainly by the fall of 2015.

17 Q Okay. Would you agree that the AML strategy  
18 you've been talking about, the three different  
19 phases, I suppose that could be conceived of as  
20 sort of overlapping or interrelated phases to  
21 the work, but the first two really have a focus  
22 on the cash alternatives topic, don't they?

23 A Yes, I think it is fair to say that, that they  
24 were certainly overlapping. And I suppose going  
25 back to your previous question, Mr. Martland, if

1                   we were to -- if we were to go to in the  
2                   documents you kindly helped identify for me  
3                   tabs 2 through 5 --

4           Q       Yes.

5           A       -- which are the various mandate letters, and I  
6                   think they probably provide some guidance in the  
7                   evolution of awareness. So, for example, at  
8                   tab 2, which for the commission,  
9                   document 3663 --

10          Q       I'll just slow you down there for a moment  
11                   because I'm now taking Madam Registrar off my  
12                   carefully planned sequence, but she's good at  
13                   this.

14          MR. MARTLAND: So I wonder, Madam Registrar, if you  
15                   could help us, please, I'm going to move to that  
16                   point, tab 2, as the witness just described  
17                   BCLC 3663.

18          Q       Mr. de Jong, that's now on display. If there's  
19                   a date as we see there, "for 2014/2015," it's  
20                   entitled "The Government's Letter of  
21                   Expectations Between the Minister of Finance and  
22                   the Chair of BC Lottery Corporation." The first  
23                   sentence refers to it being an annual direction  
24                   for the Crown corporation and an agreement on  
25                   the party's respective accountabilities, roles

1                   and responsibilities. That's one of these  
2                   so-called mandate letters; is that right?

3           A        It is, and one that annually the minister  
4                   responsible for the BC Lottery Corporation would  
5                   sign and direct to them. I have taken the  
6                   commission to, I believe, the first one of those  
7                   mandate letters that I would have signed, and  
8                   refer now to page 2 and the reference, as I  
9                   said, to developing cash alternatives. And in  
10                  the final bullet on page 2 in the section  
11                  dealing with the corporation's anti-money  
12                  laundering compliance programs, the reference to  
13                  developing and delivering enhanced customer due  
14                  diligence with respect to changes in the federal  
15                  legislation that had taken place.

16                         So by the time, one can say, I think, with  
17                         some measure of certainty, that by the time I  
18                         signed this letter, these were all areas that  
19                         the lottery corporation was being directed to  
20                         provide specific attention to. The -- sorry, I  
21                         will ask -- I don't want to capitalize on the  
22                         commission's time, Mr. Martland, but I --

23           Q        No, this is entirely useful and I was going to  
24                   ask you these questions. I will slow down  
25                   before I forget to do it, Mr. Commissioner, to

1                   ask that this be marked as exhibit 890, please,  
2                   and then, Mr. de Jong, unless you suggest  
3                   otherwise, I'd be inclined to take you to tab 3,  
4                   which is the next year's, unless there is  
5                   something more you wanted to refer to in this.

6           A        I was hoping we would go there.

7           Q        All right.

8           THE COMMISSIONER: This will be 890, then.

9           THE REGISTRAR: Exhibit 890.

10          MR. MARTLAND: Thank you.

11                   **EXHIBIT 890: Letter of expectations between the**  
12                   **Minister of Finance and the Chair of the BCLC**  
13                   **for 2014/15**

14          MR. MARTLAND: We'll go to tab 3, please, BCLC3664,  
15                   Madam Registrar. Thank you.

16          Q        There isn't a date on the front of the letter,  
17                   but we see this is addressed to the board of  
18                   directors of BCLC. It's a letter from you,  
19                   which the date of the letter in fact is on the  
20                   third page of the signature line, February the  
21                   5th of 2015. The format is a little different  
22                   from what we just looked at, but for efficiency  
23                   if I can suggest to you, as it says at the top  
24                   there, this is the 2015/16 mandate letter to  
25                   BCLC. Is that right, sir?



1                   relevant, I suspect, to our discussions, so I'll  
2                   read it out:

3                   "As part of the corporation's continued  
4                   mandate, BCLC will use information  
5                   provided by law enforcement to create  
6                   actions and solutions to prevent money  
7                   laundering in BC gaming facilities. GPEB  
8                   will develop anti-money laundering  
9                   standards, to which BCLC will respond.  
10                  Additionally, BCLC will identify and  
11                  implement strategies to increase the use  
12                  of cash alternatives and measure and  
13                  demonstrate this progress."

14                 A     That is correct.

15                 Q     [Indiscernible] comment on that. Does that  
16                         focus on the cash alternatives in particular  
17                         track those first two phases of the AML  
18                         strategy?

19                 A     Yes, it does.

20                 Q     And I suppose just to underline its absence  
21                         here, we don't see reference, for example, in  
22                         this articulation of it to source of funds; is  
23                         that fair?

24                 A     That is correct.

25                 Q     All right. I propose next to go to tab 4,

1                   please. It's BCLC3665. And we have a date  
2                   stamp. I assume all government offices have the  
3                   same date stamp, that format where the date is  
4                   added after the fact in the letter. That date  
5                   stamped January 29, 2016, a letter to the board  
6                   of directors of BCLC from January 2016. This is  
7                   the mandate letter for the next year; is that  
8                   right?

9                   A     That is correct.

10                  MR. MARTLAND: Mr. Commissioner, I'll ask this please  
11                   be marked as exhibit 892.

12                  THE COMMISSIONER: Very well. 892.

13                  THE REGISTRAR: Exhibit 89 --

14                  THE COMMISSIONER: Are we at 891 now?

15                  THE REGISTRAR: 892 this one.

16                  THE COMMISSIONER: All right. Thank you.

17                                 **EXHIBIT 892: Mandate Letter to BCLC for the**  
18                                 **2016/2017 fiscal year, January 29, 2016**

19                  MR. MARTLAND:

20                  Q     Since we have that on screen, Mr. de Jong, I'll  
21                   just note that the approach is a little  
22                   different in this letter. It starts with, as we  
23                   see in that second paragraph, expressing  
24                   congratulations on the efforts made towards a  
25                   number of achievements and then talks about

1                   exceeding the net income target of 1.193 billion  
2                   by 61.5 million while contributing to the  
3                   integrity of gambling and talks about gambling  
4                   in a socially responsible manner. Secondly:

5                   "Enhancing existing anti-money laundering  
6                   (AML) programs to ensure compliance with  
7                   new federal AML regulations and the focus  
8                   on promoting and enhancing cash  
9                   alternative options in BC's gaming  
10                  facilities."

11                  So that, to some extent, tracks what we saw in  
12                  the previous letter?

13                  A     Yes, it does.

14                  Q     If we then go over to page 3 of the mandate  
15                  letter and point 4 there:

16                  "BCLC will provide a quarterly report to  
17                  the Minister of Finance on the  
18                  implementation of the government's AML  
19                  strategy and mitigation of related illegal  
20                  activities. This will include, but not be  
21                  limited to: a) activities undertaken to  
22                  ensure the corporation's compliance regime  
23                  is focused on preserving the integrity and  
24                  reputation of BC's gaming industry and the  
25                  public interest."



1                   The next point B talks about:

2                   "Participation in the development of, and  
3                   provide funding to support, an enhanced  
4                   coordinated enforcement approach with the  
5                   Gaming Policy Enforcement Branch, the RCMP  
6                   and local police to mitigate the risk of  
7                   criminal activities in the gaming  
8                   industry."

9                   I'll pause there. If you could help us  
10                  understand what's being described in terms of an  
11                  enhanced coordinated enforcement approach in  
12                  this mandate letter from early 2016, please.

13                 A     That would, Mr. Martland, Mr. Commissioner,  
14                  refer to the decision that was taken to create a  
15                  joint illegal investigation team that I suspect  
16                  we're going to discuss in more detail. The  
17                  decisions around that had occurred in the fall,  
18                  late fall of 2015, and this was a re-emphasis of  
19                  the importance that I attached to those  
20                  initiatives.

21                 Q     And that joint team that you just referred to  
22                  goes by the acronym JIGIT. We will come to  
23                  that, but that's what you're referring to there  
24                  that gets captured in this mandate letter?

25                 A     That is correct.



1 point there:

2 "(d) providing input to the Ministry of  
3 Finance in the development of a public  
4 information and education strategy and  
5 action plan."

6 Is the last point referred to there. And for  
7 the sake of completeness, unless there's  
8 something more, sir, that you wanted to draw our  
9 attention to in this mandate letter, I'd like to  
10 go to the last in our group that we've listed.

11 MR. MARTLAND: Madam Registrar, if you could please  
12 display tab 5, which is BCLC3666.

13 Q The letter I was referring to, which was just  
14 marked as exhibit 892 a moment ago had the date  
15 of January 29, 2016. This letter that I've just  
16 had displayed, 3666 is the document number,  
17 bears a date -- and I don't need to turn it  
18 up -- but the date of people signing onto the  
19 letter, so to speak, is in December of 2016. So  
20 really the end of that year. Is this the next  
21 year's -- the next annual mandate letter, so to  
22 speak?

23 A Yes. And that is confirmed in the first two  
24 lines where it refers to the expectations for  
25 2017/18.

1 MR. MARTLAND: Thank you. Mr. Commissioner, I'll ask  
2 this please be marked as exhibit 893.

3 THE COMMISSIONER: Very well.

4 THE REGISTRAR: Exhibit 893.

5 **EXHIBIT 893: Mandate Letter to BCLC, for the**  
6 **2017/2018 fiscal year, December 2016**

7 MR. MARTLAND:

8 Q Within this letter if we look at the second  
9 bullet point on that first page, please, there's  
10 reference to working with government to combat  
11 illegal gaming and advancing government's  
12 anti-money laundering strategy, including  
13 enhancing the customer due diligence and by  
14 providing funding for the Joint Illegal Gaming  
15 Investigation Team, or JIGIT. That's what you  
16 were describing a moment ago looking back to the  
17 start of 2016?

18 A That is correct.

19 Q Dealing with AML in particular, let's go to  
20 page 3, please. And the second point there  
21 refers to:

22 "Continue to support government in the  
23 implementation of its AML strategy and  
24 mitigation of illegal activities."

25 Reference in (a) to the integrity and reputation

1 of the gaming industry. (b), working  
2 collaboratively with GPEB. (c), funding for  
3 JIGIT. (d), collecting and sharing information  
4 and data with GPEB, supporting the measures to  
5 address money laundering in BC gaming  
6 facilities, illegal gaming in the province and  
7 JIGIT operations. (E) -- and here because I  
8 keep stamping my feet about source of funds, E  
9 refers to that.

10 "Enhancing AML best practices with  
11 appropriate consideration of evaluating  
12 source of funds prior to cash acceptance  
13 within a risk-based framework."

14 As I said when I read the earlier iteration of  
15 that same passage, it's a rather dense  
16 formulation here:

17 "Appropriate consideration of evaluating  
18 source of funds prior to cash acceptance  
19 within a risk-based framework."

20 Could you share your perspective on what the  
21 risk-based framework aspect is of that, or is  
22 there some sense that the focus on source of  
23 funds might suggest a prescriptive approach and  
24 you're trying to signal that you're not looking  
25 to go in that direction?

1           A     Well, through the period we are now engaged in  
2                     and actually from my earliest time as minister,  
3                     and not necessarily with respect to this issue  
4                     particularly, but I do recall, I believe, the  
5                     head of GPEB when I became the minister,  
6                     Mr. Scott -- I remember in general terms his  
7                     caution about the minister attempting to  
8                     prescribe operationally how gaming, the offering  
9                     of gaming services.

10                         So there was during this period of time  
11                         discussion -- I have since learned perhaps more  
12                         discussion than I was aware of at the time  
13                         amongst officials, but the advice I consistently  
14                         received from all sources, really, at this point  
15                         was that rather than prescribe a particular  
16                         threshold or formula, there were standards, some  
17                         of them international standards, that could be  
18                         applied and that should be applied and that to  
19                         simply try to create a prescribed approach to  
20                         this was perhaps fraught with difficulty, and in  
21                         addition to that, not perhaps something that the  
22                         minister's office should be trying to direct  
23                         from that level. And in more -- but in more  
24                         general terms, I think you see over the course  
25                         of the documents that we've just reviewed, there

1 is clearly an evolution taking place in here in  
2 terms of the magnitude of the direction being  
3 given, and although you haven't got it to yet,  
4 maybe I'll pre-empt you, subparagraph (f) of  
5 that paragraph then goes on to call for  
6 quarterly reports. So what I said in our  
7 initial conversation about that triggering point  
8 about the end of 2015 and a heightened level of  
9 awareness and engagement, I suppose that is  
10 further evidence of it.

11 MR. MARTLAND: Thank you. Madam Registrar, I don't  
12 think I need that document displayed further.

13 Q We've just spent a little time, though, looking,  
14 sir, at these different mandate letters for  
15 GPEB. I wonder if you could comment on sort of  
16 what your view as the minister responsible for  
17 the gaming portfolio was on the distinct  
18 mandates of BCLC as opposed to GPEB.

19 A Well, yeah, interesting question. Obviously  
20 different in the sense that one is a regulator  
21 and one is working -- one is a commercial Crown.  
22 We use that term, I guess, to distinguish from  
23 Crown corporations that are purely public  
24 service delivery agencies. BC Lottery  
25 Corporation is a commercial Crown in the sense

1                   that it works with service providers, casinos,  
2                   generates income, and then remits that to the  
3                   government, to the Crown for use elsewhere. The  
4                   regulator conversely has statutory  
5                   responsibilities and statutory authority to --  
6                   in terms of ensuring gaming is being provided  
7                   and gaming services are being provided in a way  
8                   that is consistent with the legislation. So the  
9                   regulator and the regulatee, I suppose is a good  
10                  way to describe it.

11                 Q     Did you as you stepped into this role as the  
12                   minister responsible for gaming have -- or  
13                   identify as an issue or have concerns about  
14                   situating BCLC and GPEB within the same  
15                   ministry?

16                 A     No. I don't want to leave the impression that  
17                   one of the first things in my mind upon assuming  
18                   responsibility, and I suppose I should perhaps  
19                   put this on the record, responsibility that I  
20                   did not seek.

21                 Q     You didn't put your hand up for this?

22                 A     No.

23                 Q     Fair enough.

24                 A     But I don't want to convey to the commission  
25                   that I immediately turned my mind to the issue



1           of the regulator and the lottery corporation  
2           being housed within the same ministry.

3           There are different -- there are different  
4           models within government, and if you permit me a  
5           minute I'll try to share a few -- quickly a few  
6           thoughts. When I was the forest minister, there  
7           was the branch that managed the forest and the  
8           branch that dealt with licensees who were  
9           generating income for the Crown. In other  
10          instances there can be a -- there can be a  
11          division or administrative division. What I --  
12          if I brought a bias to this, Mr. Martland and  
13          Commissioner, it was my expectation that despite  
14          the differing roles and the differing statutory  
15          responsibilities, both agencies and the  
16          minister's office are there to serve the public.  
17          And therefore my expectation is that although  
18          there may be tensions from time to time that are  
19          natural between a regulator and a regulatee,  
20          those being regulated, I wanted people working  
21          together. And may I editorialize one -- I was  
22          generally left with the impression that that was  
23          the case, that people were motivated in the case  
24          of this issue by a desire to address the issue  
25          and combat illegal activities. But I did want

1 people all rowing in the same direction to that  
2 end. And some of my -- some of the way I  
3 conducted meetings, I think, hopefully reflected  
4 that.

5 Q And maybe you can expand on that a little bit.  
6 What was your, I suppose, management style or  
7 style of engagement with these two entities,  
8 GPEB and BCLC, in terms of areas where you  
9 wanted them to be working collaboratively and  
10 collectively and not stepping on each other's  
11 toes? What kinds of things would you do to try,  
12 to try and encourage that?

13 A Well, when there were issues that required  
14 decisions or guidance at the ministerial level,  
15 I preferred to meet with them together. And  
16 my -- and this was something I did in a variety  
17 of portfolio. We have this unique political  
18 system where generally the minister is the least  
19 qualified person in the room amongst a group of  
20 experts. So if there are cases where agencies  
21 have differences of opinion about how to  
22 proceed, the minister isn't always the best  
23 person to be probing or challenging those. It  
24 might be the people with the other opinion. I  
25 preferred and encouraged people to, all right,

1           you tell me what you think a proper approach is  
2           here and if someone in the room disagrees, then  
3           let me hear the basis for the disagreement. I  
4           found that, as someone who is generally not an  
5           expert on the topics being discussed, far  
6           preferential than meeting with people  
7           independently and then simply picking the side  
8           that I might think made the most persuasive  
9           argument. So that was an approach I tended to  
10          take and encourage people to speak freely and if  
11          they heard something that they disagreed with or  
12          they read something that they disagreed with  
13          then let me know and let me know why.

14          Q     And was that the approach you took with BCLC and  
15                 GPEB?

16          A     Yes.

17          Q     And what was your -- what is your view on how  
18                 successful or where that didn't live up to your  
19                 expectations?

20          A     Well, I don't -- I was generally satisfied with  
21                 the -- when we had the -- when we had the  
22                 discussions and arrived at a course of action,  
23                 it generally enjoyed support from the regulator,  
24                 from the lottery corporation. I suppose behind  
25                 the scenes away from my view and out of earshot

1                   of me there may have been some healthy  
2                   discussions and disagreements, but I as minister  
3                   felt it was my responsibility to ensure that  
4                   once we had settled on a course of action,  
5                   everyone was on board and working to achieve the  
6                   same objectives.

7           Q       And thinking up on what you just said, we've  
8                   understood there may have been one or maybe a  
9                   few different meetings, for example, in the fall  
10                  of 2016 where there were some stronger views  
11                  expressed in the course of meetings. Do you  
12                  recall any of that in terms of meetings that you  
13                  were in attendance at?

14          A       No, I don't. I mean, I certainly have very  
15                  clear recollections of our meetings in the fall  
16                  of 2015 and into -- and into 2016.

17          Q       And what sort -- were there differences in  
18                  approach or opinion as between BCLC and GPEB  
19                  that stand out for you?

20          A       Both agencies, I think, developed over time a  
21                  better understanding. I'm not sure any of us  
22                  acquired a complete understanding of the issue  
23                  that has given rise to this -- these commission  
24                  hearings, but I think people acquired a better  
25                  understanding and took action -- took action

1                    accordingly. I think the lottery corporation  
2                    was cognizant of its responsibilities at an  
3                    operational level for addressing things like  
4                    source of wealth, source of funds and perhaps  
5                    turned its mind to the -- some of the  
6                    operational challenges around that. I will tell  
7                    you that a crystallizing moment for me occurred  
8                    in the fall of 2015 when all parties spoke  
9                    fairly passionately about how making progress on  
10                   this was going to require a degree of police  
11                   investigative presence that was not -- did not  
12                   exist at the time. And that clearly made a  
13                   significant impression on me at the time.

14                Q     Were you in your role as minister responsible  
15                   for gaming either given or aware about GPEB  
16                   intelligence reports?

17                A     I may eventually have become aware. And this is  
18                   one of those -- I think by the time we were  
19                   talking about JIGIT, I would have been aware of  
20                   the formation of an intelligence unit because I  
21                   think some of our conversations focused on --  
22                   and the action we took was about ensuring that  
23                   they were tied into the operation of JIGIT, but  
24                   I cannot say for certain at what point I would  
25                   have gained an appreciation. I can say for

1                   certain that I would never have -- say that I  
2                   never saw an intelligence report.

3           Q       Do you recall there being discussion or that you  
4                   might have received advice about the drawing or  
5                   not drawing a conclusion that every time there  
6                   was a suspicious transaction report that that  
7                   equated to or established that there was money  
8                   laundering or some nefarious activity? Do you  
9                   recall that in the course of --

10          A       I think it's -- I think you're asking a really  
11                   specific thing, so I'm going to ask you to say  
12                   it again so I make sure I'm answering the right  
13                   question here.

14          Q       Yeah, and it's probably not a very clear kind of  
15                   a question, but I guess the proposition would be  
16                   does a suspicious transaction report equate to  
17                   or mean that there's money laundering going on,  
18                   or are there other explanations that are there?  
19                   In other words, does the STR equal or prove  
20                   money laundering? And my question is just  
21                   whether in your role as the minister  
22                   responsible, do you recall that there was  
23                   discussion of that or that you were given advice  
24                   to follow that line of reasoning or cautioned  
25                   against following that line of reasoning.

1           A     No, I don't recall being given advice to follow  
2                   that approach. I do recall, and perhaps because  
3                   it seemed rightly or wrongly fairly obvious to  
4                   me, that although a suspicious transaction  
5                   report was not in and of itself an indication of  
6                   criminal activity or money laundering, that it  
7                   warranted further review or further action. So  
8                   there may be -- I don't think that is an  
9                   insignificant difference. I think -- but I  
10                  was -- I don't think I received -- I'm certain  
11                  that I didn't receive the advice that you've  
12                  alluded to.

13           MR. MARTLAND: I'd like to -- we are moving around,  
14                   but we're also making headway, so I don't mind  
15                   doing this even if it's a bit out of sequence.  
16                   There's a report, Madam Registrar, or a  
17                   document, rather, I'd like to put to the  
18                   witness, please. It is tab 6 -- I'm sorry.  
19                   Tab 53, on the list of documents GPEB4332, and  
20                   if we could please have that displayed once it's  
21                   available.

22           Q     Mr. de Jong, on the screen I hope you see a  
23                   document from BCLC, "BCLC Briefing June 2013."  
24                   I take it this was a briefing that was given to  
25                   you fairly early in your time as the responsible

1                   minister. Is that accurate?

2                   A     Yes. My recollection is that this would have  
3                   been part of the initial briefing.

4                   MR. MARTLAND: Mr. Commissioner, I'll ask this please  
5                   be marked the next exhibit.

6                   THE COMMISSIONER: Very well.

7                   THE REGISTRAR: Exhibit 894.

8                   **EXHIBIT 894: BCLC Briefing June 2013**

9                   MR. MARTLAND:

10                  Q     And do you recall -- maybe we can flip through  
11                   one or two pages and I'll maybe pause on the  
12                   third page, but -- and this isn't a memory test,  
13                   as they say, but do you have a recollection  
14                   about the context fairly early in the tenure of  
15                   your time as the responsible minister of  
16                   receiving this presentation or having this  
17                   briefing from BCLC, and if so, who was there,  
18                   what the context was?

19                  A     Yes to the first question. What I cannot do  
20                   with certainly is alert the commission to who  
21                   would have been present. Generally speaking,  
22                   the head of the lottery corporation would be  
23                   present, but I can't say for certain that that's  
24                   the case.

25                  Q     All right. And we see that on page -- so as we



1           said earlier, the date of this is June of 2013.  
2           Under the identification of government  
3           expectations that we see there, reference in the  
4           first point to operating gambling in a manner  
5           within social policy framework and reference to  
6           the responsible gambling strategy. Second  
7           bullet point:

8                         "Operation within the legislative  
9                         regulatory and policy framework set out by  
10                        the Minister of Finance or GPEB."

11           The thirds point that's listed there:

12                        "Enhance the corporation's anti-money  
13                        laundering compliance programs including  
14                        measures to move the industry away from  
15                        cash and other strategies in the  
16                        province's anti-money laundering action  
17                        plan."

18           So I'll just pause to say there, is this a  
19           document that tracks with some of our earlier  
20           discussion of the theme that relatively earlier  
21           in the period of time when you were the  
22           responsible minister the emphasis was on, for  
23           example, the movement away -- movement towards  
24           these cash alternatives away from actual cash?

25           A       With respect to the anti-money laundering

1 strategy, yes, I think that's correct.

2 Q Now, just --

3 A I suppose, though, to be fair, Mr. Martland, I  
4 should say that at no point was I left with the  
5 impression that officials believed phases 1 and  
6 2 were going to be sufficient in and of  
7 themselves. At no point did I ever garner the  
8 impression that officials thought there wasn't  
9 ultimately a need to continue on to phase 3 and  
10 that that work was ongoing at the time, but your  
11 statement about the emphasis at the time this  
12 briefing was made is correct.

13 Q I think that's an important point that you just  
14 made. So as I hear you say it phases 1 and 2  
15 focusing on cash alternatives, that's not a  
16 panacea, that's not a solution to all problems;  
17 it's a step, but it's only one of a few. Is  
18 that the essence of what you say?

19 A Correct.

20 Q In these bullets as they appear on this slide,  
21 there's reference to, I suppose, competing  
22 considerations, one way of looking at it. So as  
23 I just read from reference to the responsible  
24 gambling strategy, the social policy framework,  
25 et cetera, the anti-money laundering concerns

1           that are identified there, but then in the next  
2           bullet -- and I have to assume an important  
3           consideration -- optimizing the corporation's  
4           financial performance. Did you view those as  
5           being -- I don't know -- in competition or at  
6           least requiring a balancing?

7           A     Well, to answer your first question -- and I'm  
8           pleased you've put it in very direct terms  
9           because if I may, it has been very frustrating  
10          to candidly hear commentary that the government  
11          was disinterested in the subject of or the  
12          minister responsible was disinterested in the  
13          subject of anti-money laundering because fiscal  
14          considerations took precedence. And that's just  
15          not true.

16                 The expectation was that the corporation  
17          would clearly operate within the bounds of the  
18          law and take every step necessary to ensure that  
19          others were operating within the bounds of the  
20          law. Yes, as part of government and as a  
21          commercial Crown for budgeting purposes it was  
22          important to know from the corporation what the  
23          revenue projections were, and yes, I was -- I  
24          was pretty hard-assed about the expenses.  
25          Sorry. Pardon me for that term. But managing

1           the corporation, managing expenses, but I was  
2           harsh with every branch of government about  
3           managing expenses to the extent possible.

4                     But the idea that the corporation or the  
5           government was disinterested in tackling and  
6           addressing money laundering to facilitate  
7           greater revenue is just wrong.

8           Q     Is it fair to -- is it fair to say, though, that  
9           the revenue-generating side of BCLC was an  
10          important consideration for you as minister  
11          responsible?

12          A     Oh, yes, in terms of -- both in terms -- in  
13          terms of the revenue itself, Mr. Martland, in  
14          excess of a billion dollars that went to all of  
15          the programming, health care, education, so as  
16          part of a 50 billion dollar operation, roughly 2  
17          percent. So important in that sense. And in  
18          many ways as finance minister the other thing  
19          you're trying to establish is predictability. I  
20          never questioned the corporation, the lottery  
21          corporation, about its revenue projections  
22          because I wasn't qualified to do that. I  
23          questioned them a lot about expenses.

24          Q     And I appreciate I may be doing this in a  
25          backwards kind of way because I'm using a BCLC

1 presentation to you when you were relatively new  
2 to the post, but even in this document --

3 MR. MARTLAND: Madam Registrar, if we could go to  
4 page 15, please.

5 Q -- in the BCLC presentation to you, there's talk  
6 here about striking the right balance, the  
7 balance that's being described as balancing  
8 revenue and investment with cost management.

9 A Yes, I have the page.

10 Q Okay. And so I'm just reading from the heading  
11 there on the top of the page, "Striking the  
12 Right Balance," balancing on the one hand  
13 revenue and investment, as I read it, on the  
14 other hand with cost management. Is that when  
15 you say you were hard generally and in  
16 particular or at least also with BCLC in terms  
17 of cost and expenditures, is that some of what's  
18 being described to you here in this talk of  
19 striking the right balance?

20 A It may in part. There are other documents in  
21 this vast collection of documents that I'm not  
22 sure we need to or have time to go to, but the  
23 cost structure of BC Lottery Corporation was  
24 assessed on the basis of a cost ratio. And I'm  
25 really working from memory now, but it was

1                   generally in the neighbourhood of 42 percent.  
2                   And with an operation like the BC Lottery  
3                   Corporation -- like I suppose any business,  
4                   there was frequently an argument that if we're  
5                   allowed to spend more money, we can perhaps  
6                   generate more revenue. But I was pretty -- and  
7                   so from time to time the corporation would in a  
8                   very forthright way make that point and seek to  
9                   have the cost ratio adjusted upwards slightly,  
10                  and I frequently said no. So -- and I'm sure at  
11                  times that that was a bit -- a bit frustrating  
12                  for the corporation, but the one -- one of the  
13                  exceptions I made was the formation of JIGIT  
14                  because of course the corporation provided  
15                  funding to allow JIGIT to be established. And I  
16                  thought it was fair because of the priority, the  
17                  cross-government priority that represented, to  
18                  allow them to adjust their cost ratio  
19                  accordingly.

20                  Q    Was BCLC meeting its revenue targets or goals  
21                      when you first became? Do you recall that  
22                      whether in terms of you being briefed as the new  
23                      minister or early in your time whether they were  
24                      meeting their targets at that point, revenue  
25                      targets?

1           A     I'm sorry, the first part of your question,  
2                     Mr. Martland. Could you say that again.

3           Q     It wasn't very clear. I'm just wondering when  
4                     you step into the role as minister responsible  
5                     for gaming, do you recall whether BCLC was  
6                     meeting its revenue targets?

7           A     I don't recall -- well, the part I recall when I  
8                     assumed conduct responsibility, ministerial  
9                     responsibility for the crown corporation, it was  
10                    on something called credit watch, which is not a  
11                    technical term. It's kind of a term within the  
12                    treasury branch of government where if there are  
13                    concerns about meeting targets -- to be fair to  
14                    the corporation, they had in previous years  
15                    prior to my engagement they had years where they  
16                    had met their projections and some years where  
17                    they hadn't.

18                             And in 2013, to place this in, I suppose,  
19                             fairly some kind of a context, we were not at  
20                             the point we eventually arrived at with fairly  
21                             healthy budgetary surpluses. We were coming out  
22                             of a recession, and so even a swing of 10 or  
23                             \$20 million on a \$5 billion budget was  
24                             significant. So what I was really seeking was a  
25                             measure of -- as much precision as we could from

1           the corporation in terms of applying themselves  
2           to, you know, you guys are responsible for  
3           making the revenue projections and I'm not going  
4           to interfere -- and I'm not going to interfere  
5           in that, but if you make the projection and then  
6           absent some unforeseen circumstance my  
7           expectation is that you'll meet it.

8           MR. MARTLAND: Mr. Commissioner, I'm going to suggest  
9           this might be a useful time for the morning  
10          break, please.

11          THE COMMISSIONER: Very well. We will take  
12          15 minutes.

13          THE REGISTRAR: This hearing is adjourned until  
14          11:00 a.m.

15                           **(WITNESS STOOD DOWN)**

16                           **(PROCEEDINGS ADJOURNED AT 10:46 A.M.)**

17                           **(PROCEEDINGS RECONVENED AT 11:01 A.M.)**

18   **MICHAEL DE JONG, a**  
19   **witness for the**  
20   **commission, recalled.**

21          THE REGISTRAR: Thank you for waiting. The hearing  
22          is resumed, Mr. Commissioner.

23          THE COMMISSIONER: Thank you, yes. Mr. Martland.

24          MR. MARTLAND: Thank you.

25                           **EXAMINATION BY MR. MARTLAND (continuing):**



1           Q     Mr. de Jong, I'd like to move to, refer you,  
2                    please, to a letter.

3           MR. MARTLAND: Madam Registrar, this is document 16  
4                    of the list of documents, GPEB334.

5           Q     Mr. de Jong, like me you've got I think a binder  
6                    and you may be flipping, but this will also be  
7                    displayed on the screen there. So this letter  
8                    is a letter or draft letter from you but  
9                    unsigned addressed to then MLA David Eby. It  
10                  seems to be from 2015 or so, but as I say, it  
11                  doesn't have a date and it wasn't signed.

12                 First, do you know anything about the status of  
13                  this, whether this letter was eventually sent?

14           A     Thank you, Mr. Martland. Following our initial  
15                  conversation, to the best of my knowledge it  
16                  was. This is a letter that I have since learned  
17                  was written in response to a letter that  
18                  Mr. Eby, then MLA Eby, wrote to the then  
19                  Attorney General, Suzanne Anton, and then the  
20                  response emanated from my office, and my  
21                  understanding is that it was sent. And I can't  
22                  offer an explanation for why there isn't a  
23                  signed copy before the commission.

24           Q     Okay. And we see in the first paragraph it  
25                  refers to what you've just described. Maybe to

1 draw from this with one or two more specific  
2 questions, if we go to the third page, please,  
3 Madam Registrar. The third full photograph  
4 says:

5 "Enhanced levels of due diligence may  
6 result in increased notifications to  
7 FINTRAC regarding suspicious currency  
8 transactions but may be more of a  
9 reflection of improved surveillance and  
10 reporting measures than an indication of  
11 increased money laundering."

12 Could you help us understand what that is  
13 referring to or describe them, please.

14 A At the time -- and there are other documents  
15 that commission counsel is in possession of --  
16 there was a school of thought, and this was  
17 communicated to me at the time, that with  
18 respect to the growth in the number of  
19 suspicious cash transactions that in part that  
20 might be explained by greater diligence or a new  
21 methodology for determining when a suspicious  
22 cash transaction report required to be  
23 completed, and the presence of that paragraph in  
24 this letter is a reflection of that advice.

25 MR. MARTLAND: Mr. Commissioner, I'll ask this please

1                   be marked the next exhibit.

2           THE COMMISSIONER: Yes, very well. That will be our  
3           next exhibit.

4           THE REGISTRAR: Exhibit 895, Mr. Commissioner.

5           THE COMMISSIONER: Thank you.

6                   **EXHIBIT 895: Letter from Michael de Jong to**  
7                   **David Eby in response to Eby's letter to Suzanne**  
8                   **Anton, re ML in BC Casinos, undated**

9           MR. MARTLAND: Thank you. Next I'd like to move to  
10           tab 23 in the list of documents, GPEB746.

11          Q     Mr. de Jong, this is entitled "Advice to  
12           Minister, Estimates Note" with the issue that's  
13           identified being money laundering. Do you  
14           recognize this document?

15          A     I recognize the form of the document, and in our  
16           earlier conversation described what I believe it  
17           represented, and I'm happy to quickly repeat  
18           that if you believe that would be helpful.

19          Q     I don't mind you doing so because we now have  
20           that on screen. I think it would situate this  
21           well, yeah.

22          A     Very good. So each year following the  
23           introduction of the budget, and in British  
24           Columbia this year that has just happened, the  
25           legislative assembly, ministers responsible for

1           their portfolios as part of the ultimate  
2           budgeting exercise are obliged to take their  
3           voted appropriation or soon to be voted  
4           appropriation before the house and submit to  
5           questions from MLAs and, generally in our  
6           parliamentary system, opposition MLAs. The  
7           staff -- the officials within the various  
8           ministries as a way for preparing the ministers  
9           for those questions, and they could be questions  
10          on virtually any topic, so the staff spend a lot  
11          of time trying to anticipate what areas may be  
12          canvassed in what is called the estimates  
13          debate, will prepare binders and there can be  
14          one or two or three, 3-inch, 4-inch binders with  
15          every topic under the sun depending on how large  
16          the ministry is or how many areas.

17                   I believe that this is a document from one  
18                   such binder for one such year. The important  
19                   reason for taking time to describe that is it  
20                   would have been part, therefore, of a series of  
21                   binders or at least a couple of binders and  
22                   available to the minister and the deputy or the  
23                   staff in the legislative assembly at the time  
24                   the estimates debate was taking place and  
25                   members were asking questions to consult in the

1 event a question came up on the topic area, and  
2 this was a way to remind the minister and the  
3 senior staff about that topic area and suggest  
4 appropriate responses.

5 Q From your answer I take it, then, as Minister of  
6 Finance, you would have had some dozens, maybe  
7 many dozens of these potential topics that you  
8 might face questions on in the budget season.

9 A My recollection is that the tabs would have run  
10 to between 70 and 100.

11 MR. MARTLAND: Mr. Commissioner, I'll ask that this  
12 please be marked the next exhibit.

13 THE COMMISSIONER: Yes, very well.

14 THE REGISTRAR: Exhibit 896.

15 **EXHIBIT 896: Advice to Minister, Estimates**

16 **Note - April 22, 2015**

17 MR. MARTLAND: And if I could while it's still on  
18 display go to the third page, please.

19 Q Some of the, I suppose, briefing information  
20 that shows up at the top of that page, the first  
21 full paragraph:

22 "Money laundering in casinos is a repeated  
23 topic of media stories and often focuses  
24 on suspicious transactions, security  
25 reports, or other items obtained via

1 freedom and information and protection of  
2 privacy requests. Coverage often makes  
3 the leap that suspicious transactions are  
4 a criminal act and police should be called  
5 or that the transactions involving large  
6 amounts of cash indicate that money  
7 laundering is taking place and criminals  
8 are in casinos."

9 So, again, I'm wondering if you could speak to  
10 that, giving information or advice to you about  
11 some conception or maybe misconception that a  
12 suspicious transaction report indicates, as it  
13 says there, that money laundering is occurring  
14 and the criminals are in casinos.

15 A Right. I think what I can say is that the  
16 author of the document -- and I don't know who  
17 it was -- offered -- although it is attributed  
18 to the then ADM head of GPEB, was offering that  
19 opinion around the context of the issue that  
20 might arise and offered it, I think, as a  
21 statement of fact that to the extent that there  
22 is media coverage, it often makes that leap that  
23 suspicious transactions are merely because they  
24 are deemed suspicious, automatically criminal  
25 acts and cautioned against -- my interpretation

1                   was that the author was cautioning against  
2                   endorsing that view in all cases.

3           MR. MARTLAND: Thank you. Madam Registrar, I don't  
4           need that document displayed further at this  
5           point.

6           Q     Mr. de Jong, I think you picked up earlier in  
7           one of your answers, but did you -- did it come  
8           to pass -- you talked about a crystallizing  
9           moment in 2015. I wonder if you could comment  
10          just generally. Did this -- did your  
11          understanding about there being a possible or  
12          apparent money laundering problem in casinos,  
13          did that increase, did it become a higher  
14          concern as time marched on when you were the  
15          minister responsible?

16          A     Yes. And certainly I've pointed to a particular  
17          point in time where the advice from senior  
18          officials took on or amplified, took on a  
19          greater urgency, and quite frankly took on an  
20          element that despite the steps that we are  
21          taking and have taken, we think this requires  
22          more. And not to, again, pre-empt the  
23          questioning, but the July 2015 examination of  
24          suspicious transactions, which was ultimately I  
25          think reported to me in early September, is, I

1 think, fairly what provided the triggering point  
2 for the officials in that regard as well.

3 Q And I will get to that July 2015 in that period  
4 very shortly. I wonder did you in the course of  
5 dealing with this, did you have any concern that  
6 there was -- that one or either of the agencies  
7 involved, BCLC and GPEB, or for that matter law  
8 enforcement or others, that there was someone  
9 who might have deliberately been turning a blind  
10 eye, or did you have the view that people were  
11 well intentioned and were doing their best to  
12 deal with things?

13 A Thank you for asking the question. Always the  
14 latter. I mean, look. Over -- in over 16 years  
15 there are difficult issues that come along, and  
16 this has ultimately become one of them and for  
17 the previous government and for this government,  
18 the present government. But I never saw,  
19 heard -- and I've been at this a while and have  
20 got some pretty good antenna -- I never heard or  
21 saw anything to suggest that people weren't  
22 interested in addressing this or were trying to  
23 turn a blind eye. And it has -- well, I have  
24 had people on the phone in the last two years in  
25 tears because of the suggestion that that's what



1                   happened or that's what they did. I believe  
2                   everyone was well intentioned. From time to  
3                   time there were differences of opinion about how  
4                   to best proceed, but it has for I think a number  
5                   of people been very difficult to hear some of  
6                   the commentary. And that's not the commission's  
7                   problem, but it is a very human dimension to  
8                   the -- some of the narrative that has been  
9                   developed around this issue.

10                Q    So as I hear you describe that, it's not -- you  
11                   would resist and disagree with any  
12                   characterization that this was a matter of  
13                   wilful blindness or someone being intentional  
14                   about it and if that's the case, is it more the  
15                   case that there simply was a lack of awareness  
16                   or a lack of information to appreciate at the  
17                   point in time that things --

18                A    Well --

19                Q    -- were a problem?

20                A    I think the extent of the awareness and the  
21                   understanding of the problem certainly evolved  
22                   over time, and I hope ultimately,  
23                   Mr. Commissioner, you will be persuaded through  
24                   the volumes and volumes of documents, studies,  
25                   actions that there was an attempt, there was a

1                   serious attempt made to not just understand the  
2                   issue better but to address the issue. And it's  
3                   why I was grateful for the opportunity to come  
4                   before the commission. Because I suppose in  
5                   honesty I should say I am one of those people  
6                   who has felt the sting and the frustration of  
7                   hearing repeatedly that nothing was done and  
8                   there's thousands of pages of evidence that  
9                   suggest quite the contrary in my view,  
10                  respectfully.

11                 Q    To follow up on that, do you have a comment on  
12                   whether this is an issue that has a certain  
13                   character to it or appearance or maybe magnitude  
14                   to it today through modernized looking back at  
15                   it than it did at that point in time? Does it  
16                   look different from today's vantage point than  
17                   it did at the time that you were in the role  
18                   that you were in?

19                 A    Well, hindsight's 20/20, but I think, quite  
20                   frankly, there was, I think, a purposeful  
21                   attempt to paint a certain picture about what  
22                   took place or what didn't take place, and  
23                   there's not much I can do about that except  
24                   celebrate the fact that this commission is in  
25                   place to examine factually the work that was

1                   done. And perhaps criticize further steps that  
2                   could have been taken or -- but at a minimum  
3                   have an opportunity to see the steps, in my view  
4                   fairly extensive steps, that were taken to try  
5                   and understand and address the issue of money  
6                   laundering.

7                   Q    I'll be finally getting to the July 2015 and  
8                   some of those topics in just a moment. I did  
9                   want to ask you for your comments with respect  
10                  to as the minister responsible whether the  
11                  feedback or indications that you had from GPEB  
12                  and BCLC, did they describe that they felt they  
13                  had meaningful engagement from law enforcement,  
14                  in particular police agencies, or did they  
15                  describe a lack of engagement from their  
16                  perspective and did that change over time?

17                  A    Well, I would say this, that with respect to  
18                  views on law enforcement engagement on the  
19                  issue, the BC Lottery Corporation relatively  
20                  early on identified that as an issue they were  
21                  concerned about. I think they were -- they  
22                  indicated a concern around unlawful gaming  
23                  activities that were taking place. GPEB as the  
24                  regulator, I think, shared some of those views  
25                  from a slightly different perspective, but I can

1           say for certain that by the time we got to the  
2           fall of 2015 -- and I think I've indicated this  
3           earlier -- everyone was singing from the same  
4           song sheet with a boisterous voice that in order  
5           to make further progress, we were going to need  
6           to see a level of police investigative presence  
7           that simply wasn't there.

8                     And I -- look, I say that, I'm not  
9           intending to malign. I know something about  
10          public resources being stretched, but your  
11          question was were those agencies articulating  
12          that view, and they were.

13          Q        So let's go to the fall of 2015. You used the  
14          words earlier that it was a crystallizing  
15          moment. So to help us understand from your  
16          perspective what crystallized at that point in  
17          time. What was unfolding leading up to it?  
18          What made it that sort of a defining moment or  
19          turning point?

20          A        Well, as is -- I don't want to overdramatize the  
21          chronology here. Summer 2015, a budget, a  
22          legislative session in August. I went away for  
23          a few weeks. When I came back in August, I was  
24          informed pretty pointedly by my chief of staff  
25          that there was a matter that had arisen via the

1 Associate Deputy Minister that required -- that  
2 she had identified as urgent and that was going  
3 to require immediate engagement on our part. So  
4 we did. We I think the following week scheduled  
5 a meeting and the Assistant Deputy Minister  
6 Ms. Wenezenki-Yolland provided a description of  
7 what was taking place.

8 If memory serves, Mr. Martland and  
9 Mr. Commissioner, at the same time there may  
10 have been a briefing take place around a fairly  
11 significant investigation into one of the  
12 casinos, ironically an investigation involving  
13 the police and allegations of criminality. So I  
14 think that took place around about the same  
15 time, but the issue -- the other issue that I  
16 think was triggering concern was the analysis  
17 of and the growth in suspicious cash  
18 transactions for a period in July that had been  
19 taken place, and it was -- it had showed growth  
20 in the number of transactions, in the value of  
21 the transactions, and all of that information  
22 was conveyed to me in September. We asked right  
23 away for recommendations on a series of actions  
24 that could be taken. There is in the material  
25 that we may or may not get to one of two

1 documents that -- briefing notes that identify,  
2 I think, three or four specific courses of  
3 action that should be taken, one of which was  
4 the formation -- wasn't called JIGIT then, but  
5 the formation of an interdiction team. I never  
6 did understand what that term exactly meant, but  
7 I thought it meant a joint police investigation  
8 team.

9 And so that's really in that period what  
10 got the ball rolling, and I hope I have conveyed  
11 that at that point I became very seized of the  
12 matter. It certainly came to the top of the  
13 priority file for the finance minister of the  
14 day.

15 Q And so there's a few components to what you just  
16 said. Take it to the top of the priority list.  
17 One is the information about the -- I take it  
18 that's information about the volume or the  
19 magnitude of the suspicious cash moving into  
20 casinos that is reported to you. Is that right?

21 A Yes. There is a report, and I'm trying to  
22 remember who -- I don't want to assign  
23 responsibility to the wrong people, but GPEB had  
24 conducted an examination of, I believe, one of  
25 the casinos or it may have been in that case

1 more than one -- I think it was more than one --  
2 and had created a flowchart or a spreadsheet. I  
3 don't know that I ever saw the actual  
4 spreadsheet, but I certainly had the results  
5 summarized and presented to me, and it sparked  
6 concern.

7 Q Was it surprising, those numbers?

8 A Yes.

9 Q The second component you describe is some update  
10 or briefing with respect to a police criminal  
11 investigation; is that right?

12 A Yes.

13 Q Do you recall about how you were briefed,  
14 whether you were given documents and the level  
15 of detail of that briefing about a police  
16 investigation in 2015?

17 A I recalled a briefing, Mr. Martland. I recall  
18 from now having read a document or a summary  
19 that it would have been unusual to get any  
20 documents and the -- I think from someone's  
21 witness statement there is an indication that  
22 there were no documents provided, and that would  
23 be consistent. I will tell you candidly that I  
24 generally -- on matters over which I had no  
25 ability to influence behaviour and quite frankly

1                   could only muck it up, the -- I was not anxious  
2                   to be provided with more information than  
3                   absolutely necessary. And maybe that's a  
4                   holdover from days long ago as counsel, but if  
5                   it was -- these were generally very sensitive  
6                   matters that involved sometimes undercover, you  
7                   know, all of this kind of -- and so being made  
8                   aware that an investigation, and a serious  
9                   investigation, was taking place, I think the  
10                  briefing was unusual because the actual deputy,  
11                  Mr. Milburn was there. He generally was not for  
12                  reasons I think the commission is probably aware  
13                  of in terms of him stepping aside from gaming  
14                  issues during his time as Deputy Minister of  
15                  Finance. And a police -- representatives from  
16                  the police -- I don't think the briefing was  
17                  very long.

18                         And I should say -- or maybe I shouldn't,  
19                         but I in now retrospect believe what we were  
20                         talking, what I was being briefed on became  
21                         known as the E-Pirate investigation. I didn't  
22                         hear that term until I was no longer the finance  
23                         minister.

24                  Q     And in fairness as you answer some of these  
25                         questions, you made reference to a witness



1 statement or summary, I take it in part you've  
2 perhaps to some extent tried to piece things  
3 together a little bit from today's vantage point  
4 by reading over information and documents that  
5 we've provided to you to recreate the record, so  
6 to speak.

7 A Very much so.

8 Q Okay. In terms of involvement in that  
9 investigation, do I take from your answer you  
10 didn't -- you assiduously avoided telling the  
11 police to do or not do anything in particular or  
12 to become involved in the police investigation?

13 A Exactly.

14 Q Thank you. Do you recall receiving a request  
15 from Jim Lightbody at BCLC in August of 2015  
16 that was asking for an increased police presence  
17 in casinos?

18 A I wouldn't have seen the letter in August  
19 because I was out of the country, but I know the  
20 document that you are referring to, and it also  
21 became -- that topic became the subject of  
22 conversation later in September, October.

23 Q Okay. What was the -- if you could sort of  
24 summarize it, the message or the feedback that  
25 you were getting at that point from BCLC in

1 terms of their reaction to some of these  
2 developments you've been describing?

3 A The -- I think the focal point of the reaction  
4 from BCLC on the question of money laundering,  
5 criminal behaviour focused on the need for a  
6 greater police presence. I should say -- and  
7 this will become a -- this is apparent, and I  
8 was reminded in terms of we have a document in  
9 our collection here, a briefing note, a meeting  
10 preparation note. There were other issues,  
11 there were other issues that engaged the  
12 attention of the Minister of Finance, Ministry  
13 of Finance, and the lottery corporation relating  
14 to the host of -- I don't want to call them  
15 secondary issues, but there were other issues.  
16 So in one case I think we have an agenda or a  
17 meeting preparation document that speaks to what  
18 some of those additional issues were. With  
19 respect to the criminality element that we are  
20 discussing now in the focus of this commission,  
21 their feedback very much focused on their belief  
22 that there needed to be an amplified police  
23 presence.

24 MR. MARTLAND: Madam Registrar, could you please  
25 display tab 6, which is already an exhibit.

1                   It's exhibit 539. BCLC16567. Okay. I was not  
2                   expecting that first page. It might be on  
3                   page 2. If we could -- there we go.

4           Q        You referred a moment ago to a briefing note  
5                   from BCLC. The date on this -- it's not very  
6                   clear from the printout, but November of 2015 is  
7                   how we've ascertained the date of it. Is that  
8                   the document you were referring to a moment ago?

9           A        Let me -- I believe it is, but let me --

10          Q        Your tab 6 won't have the email at the first  
11                   page of it, but I hope it has that ...

12          A        It -- I am familiar with the document. It's not  
13                   actually -- it's not actually the one that I was  
14                   referring to --

15          Q        Okay.

16          A        -- a moment ago.

17          Q        Sure. That's fine. I'll leave that be. Maybe  
18                   I'll go to -- I don't pretend I'm going to guess  
19                   right here, but let me try anyways.

20          MR. MARTLAND: Tab 24, please, Madam Registrar,  
21                   GPEB766.

22          Q        This is a confidential information note bearing  
23                   a date of August 24, 2015.

24          A        Yes, I have it.

25          Q        Is that what you might have been referring to,

1 or is this different yet again?

2 A No, I'll -- I apologize. Give me a moment and I  
3 will endeavour to direct -- alert the  
4 commission... yes. Mr. Martland. In the tabbed  
5 documents at tab 66, which is GPEB5215, there is  
6 a document entitled "Meeting - Backgrounder."

7 Q Madam Registrar has just displayed that on the  
8 screenshare. Is that the document you're  
9 referring to?

10 A I believe it was. And it is very similar, in  
11 fact very similar to tab 67, which interestingly  
12 has a different CLIFF number, same date. There  
13 is one notable difference in the document, which  
14 I'm happy to point to, but those collectively, I  
15 think, were the two documents that I was  
16 referring to a moment ago.

17 MR. MARTLAND: Okay. That's very useful. I think  
18 what I would be inclined to do is ask to have  
19 those both marked as exhibits. So Let's deal  
20 with the one that's on display there, GPEB5215,  
21 tab 66, Mr. Commissioner, if that could please  
22 be marked as the next exhibit.

23 THE COMMISSIONER: Yes, very well.

24 THE REGISTRAR: Exhibit 897.

25 THE COMMISSIONER: Thank you.

1                   **EXHIBIT 897: Meeting - Backgrounder - Minister**  
2                   **meeting with BCLC Chair, re BCLC 2016/17**  
3                   **Priorities, September 28, 2015, CLIFF: 345743**

4                   MR. MARTLAND:

5                   Q     Then just to follow along with your answer,  
6                   tab 67, GPEB5216, and you mentioned there was a  
7                   subtle or a small difference that you noted  
8                   between these two.

9                   A     And -- yes, and I did not note them in 2015. I  
10                  noted them when I was reviewing them now. You  
11                  will note that in the document at tab 66 under  
12                  the heading "Anti-Money Laundering," the first  
13                  bullet refers to an RCMP ongoing investigation.

14                 Q     Yes.

15                 A     That's in tab 66. At tab 67 I noted that that  
16                  bullet has disappeared.

17                 MR. MARTLAND: Okay. I forgot to do it. I'll ask  
18                  that tab 67, which is 5216, please be marked as  
19                  the next exhibit.

20                 THE COMMISSIONER: 898.

21                 THE REGISTRAR: Exhibit 898.

22                   **EXHIBIT 898: Meeting - Backgrounder - Minister**  
23                   **meeting with BCLC Chair, re BCLC 2016/17**  
24                   **Priorities, September 28, 2015, CLIFF: 346075**

25                 THE WITNESS: And I don't know, Mr. Martland, which,

1           if either, of these documents I might have been  
2           presented. I suspect I had one of them prior to  
3           meeting with the lottery corporation, but you'll  
4           note that it lays out obviously as the number  
5           one priority for the meeting the anti-money  
6           laundering issue, but then goes on to refer to a  
7           series of other issues that were engaging the  
8           attention of government and the GPEB and the  
9           lottery corporation. And I would point out at  
10          tab 66 in the document at page 3 reference again  
11          to the 2016/17 mandate letter and the second  
12          bullet sub(4) of that second bullet, again,  
13          reference -- and I merely point that out to, I  
14          suppose, highlight that the mandate letters did  
15          not develop out of the ether. There actually  
16          was a degree of engagement that led to their --  
17          they were intended to be formal directives from  
18          government, and that is reflected in the fact  
19          that it was a topic for discussion at the  
20          meeting.

21          MR. MARTLAND: Thank you. I'd like to -- Madam  
22          Registrar, I think I had tab 24, GPEB766, as I  
23          see tabbed on the screen there. If we could  
24          please look at that.

25          Q       And I just referred to this a moment ago,

1                   Mr. de Jong. Go to the bottom of the first page  
2                   and just have a look, please. It refers to --

3           A        Sorry, are we on 24 now?

4           Q        I'm sorry, yeah. I'm keeping you jumping.

5           A        No, that's fine.

6           Q        And you had us jumping and you showed us your  
7                    mastery of the record by getting us to 66 and  
8                    67. So I'm at tab 24. The bottom of that first  
9                    page -- and it's on the screenshare as well --  
10                   refers to an increase in Suspicious Transaction  
11                   Reports to FINTRAC by BCLC. Then it gives an  
12                   explanation:

13                         "This number has increased for two  
14                         reasons; increased play among players and  
15                         due diligence exercised on high-value  
16                         players, as well as continued training  
17                         within gaming facilities to report unusual  
18                         activities."

19           Do you recall those being explanations or advice  
20           given to you about some reasons for increases in  
21           FINTRAC reports?

22           A        And we have touched on this -- on this earlier,  
23                    I recall them -- those explanations or those  
24                    issues being offered up as partial explanations.  
25                    I don't want to suggest that anyone came along

1                   and ever tried to suggest to me that those were  
2                   full and complete explanations. I will say  
3                   this, though, also, Mr. Martland: the  
4                   document -- and this is perhaps very much with  
5                   the benefit of hindsight on my part, and I can't  
6                   say for certain whether I -- well, I know I  
7                   didn't see this document on August the 24th  
8                   because I wasn't -- 2015 because I wasn't in the  
9                   country, but the tone of the document is very  
10                  much out of keeping with the tone of the  
11                  discussions that were taking place upon my  
12                  return in September. The document conveys to me  
13                  today, if I were reading the document today, I  
14                  would say that the document suggests that steps  
15                  are being taken, and it's -- the government  
16                  needs to continue doing that.

17                                The discussion upon my return in September  
18                                was very different.

19                  Q     The discussion signalled some real concern and  
20                                some immediacy?

21                  A     Yes.

22                  MR. MARTLAND: Mr. Commissioner, I'd like to ask that  
23                                this be marked as the next exhibit, please.

24                  THE WITNESS: And my only qualifier again,  
25                                Mr. Martland, is I'm not -- this document may



1                   have never been shown to me at the time.

2           MR. MARTLAND:

3           Q     Fair point.  You don't have a recollection of  
4                   seeing or reading this at that point?

5           A     No, I don't.

6           Q     All right.

7           THE COMMISSIONER:  Madam Registrar, that will be  
8                   exhibit 899.

9           THE REGISTRAR:  Yes, exhibit 899.

10                           **EXHIBIT 899:  Confidential Information Note, re**  
11                           **AML - August 24, 2015**

12           MR. MARTLAND:  Thank you.

13           Q     So you've been describing, sir, a few events in  
14                   2015, and I caution myself about oversimplifying  
15                   or over packaging or overdramatizing this sort  
16                   of confluence of a few things at one point in  
17                   time, but as I hear the evidence, it sounds like  
18                   you're describing first an increased concern and  
19                   an increased number of suspicious cash reports  
20                   that are coming in.  Secondly, some quite  
21                   alarming figures from the summer of 2015 coming  
22                   out of some particular cash moving into casinos  
23                   in the province.  And then third, this police  
24                   investigation briefing.  So the next question is  
25                   what did you do in response to those

1                   developments which you said caused concern?

2                   A     So we obviously began to meet with the senior  
3                   officials with a view to developing a plan to  
4                   address what was taking place, generally  
5                   speaking recommendations around a set of options  
6                   that could be pursued, and that is what engaged  
7                   our time through, I think, the remaining two or  
8                   three weeks of September.  And I would say two  
9                   things emerged from that for which there are  
10                  documents that establish that course of action,  
11                  the first the much discussed creation of JIGIT.  
12                  But the other would be the letter of October the  
13                  1st to the lottery corporation which captures  
14                  some of the other stats that we sought to pursue  
15                  and advance, so I would say that that two- or  
16                  three-week period in September and the fall in  
17                  the early part of October would have been -- we  
18                  would have been engaged in settling upon the  
19                  steps.

20                  In the case of -- in the case of the joint  
21                  investigation, Joint Illegal Gaming  
22                  Investigation Team, I would point out that also  
23                  involved me initiating contact with ministerial  
24                  colleagues, the Attorney General and the  
25                  Solicitor General.  Except for the placement of

1                   the gaming file within the Ministry of Finance,  
2                   it would have been unusual for the finance  
3                   minister to be involved directly at this stage  
4                   in the creation of a new policing agency, but  
5                   that's where we were at. And it would have been  
6                   equally unusual for the finance minister to meet  
7                   with the police, and that happened. Because I  
8                   think early in October -- and there's a document  
9                   in this collection which speaks to that meeting  
10                  with the RCMP that I initiated and attended.  
11                  And I did that very purposefully. Because A, I  
12                  wanted to lend whatever additional sense of  
13                  urgency the presence of the finance minister and  
14                  the government house leader would to such a  
15                  discussion, and also -- I'll be really blunt --  
16                  I realized that the government, if we were going  
17                  to get anywhere, the government was going to  
18                  have to or some branch of government was going  
19                  to have to anti up some money to make this  
20                  happen and I certainly didn't want -- I wanted  
21                  to make sure that the folks at the RCMP  
22                  understood that this money was for a specific  
23                  purpose. And we were going to have to build in  
24                  safeguards to ensure that this was to address  
25                  money laundering and gaming-related crime and

1                   that those proceeds, those additional proceeds  
2                   could not be diverted elsewhere, recognizing  
3                   that there are lots of other areas, priority  
4                   areas within law enforcement, but I was anxious  
5                   to ensure that everyone understood this was  
6                   going to be additional money for a particular  
7                   purpose.

8           Q       And not to be pulled away for other purposes or  
9                   other needs?

10          A       I'm sorry?

11          Q       Sorry, with that the notion is that that money  
12                   you don't want to see it pulled away or soaked  
13                   up for other needs that are there?

14          A       Exactly. And I guess the final thing I should  
15                   say that was in my mind very much at the time  
16                   because I think the commission is aware from the  
17                   documents that ultimately the lottery  
18                   corporation was called upon to provide a  
19                   significant amount of the funding.

20                               But this was one of those moments where in  
21                   my view it was fundamentally important that  
22                   everyone was on board and everyone was working  
23                   together and whatever history of personalities  
24                   might exist between policing agencies and  
25                   investigative units, if this is going to work,

1                   everyone's going to have to be rowing in the  
2                   same direction.

3                   MR. MARTLAND: Madam Registrar, if you could please  
4                   bring up tab 26. And I'm almost at the  
5                   October 1st letter, but I want to do one quick  
6                   touchdown on this. This document,  
7                   Mr. Commissioner, I'll ask for your direction --  
8                   actually, I see that it's got a redaction over  
9                   the contact information. And this should be  
10                  exhibit 552 already marked.

11                  Q    This document -- is this something, Mr. de Jong,  
12                  that you've reviewed and are familiar with?

13                  A    Mr. Martland, I reviewed it and the first  
14                  comment I've written on my -- not to sound like  
15                  a broken record, but I suppose I should for the  
16                  record, again, the fact that it's referred to at  
17                  the top left corner as "draft V2."

18                  Q    Yes.

19                  A    So I'm not certain -- I'm not certain if I would  
20                  have seen it, the document itself, but the  
21                  contents of the document would have been  
22                  conveyed to me, I believe, in one way, shape or  
23                  form in some manner during the month of  
24                  September 2015.

25                  Q    And some -- I don't want to oversimplify it, but

1           some part of the strategy document seems to be  
2           emphasizing the third phase and the -- within  
3           the anti-money laundering strategy focus on  
4           other measures by the regulator?

5           A     Yes.

6           MR. MARTLAND:  Let's go, please, to tab 27, GPEB775,  
7           Madam Registrar.

8           Q     Mr. de Jong, I didn't mean to create suspense by  
9           not going there any sooner.  You've referred to  
10          this a number of times.  This is the letter that  
11          you authored to the board of directors of BCLC,  
12          October 1st, 2015; correct?

13          A     That is correct.

14          MR. MARTLAND:  Mr. Commissioner, if this might be  
15          marked, please, as the next exhibit.

16          THE COMMISSIONER:  I'm sorry, Mr. Martland, has that  
17          not already been marked or am I mistaking  
18          it for --

19          MR. MARTLAND:  I don't believe it has.

20          THE REGISTRAR:  No, this one hasn't been.

21          THE COMMISSIONER:  All right.  That will be the next  
22          exhibit, please.

23          THE REGISTRAR:  Exhibit 900, Mr. Commissioner.

24                   **EXHIBIT 900:  Letter from Michel de Jong,**  
25                   **providing BCLC with direction on phase three of**



1           representative of the shareholder and the Crown  
2           corporation, and it was my intention to do so.  
3           And you'll note that the word "direction" or  
4           "direct" appears twice in the letter. It  
5           appears in the second last line of the first  
6           paragraph, so my intention was to be very clear  
7           that these were directions reflecting of the  
8           government's expectation.

9           Q     And it may seem like a silly question. When you  
10          direct something, what did you expect?

11          A     That the agency be -- being directed would  
12          respond by taking appropriate action in  
13          response.

14          Q     Within the three actions as they're referred to  
15          that are directed here, first ensuring the  
16          BCLC's AML compliance regime is focused on  
17          preserving the integrity and reputation of  
18          British Columbia's gaming industry, and then it  
19          refers to a letter that is appended --

20          MR. MARTLAND: Madam Registrar, if we can just flip  
21          over to page 3 of the PDF.

22          Q     This appends a somewhat earlier letter,  
23          August 7, 2015, to BCLC, which is from  
24          Mr. Mazure, the General Manager of GPEB. Why  
25          did you refer to and append Mr. Mazure's earlier



1 letter?

2 A It was a very purposeful decision and emanates  
3 from this notion I described earlier that the  
4 day to day -- the relationship on a day-to-day  
5 basis that was fundamentally important was  
6 between the BC Lottery Corporation and the  
7 senior official within the ministry, the head of  
8 GPEB, and this was intended to emphasize to the  
9 lottery corporation that the directions, the  
10 direction that they had received from the head  
11 of GPEB via that letter of August the 7th  
12 enjoyed -- August the 7th, 2015, enjoyed the  
13 full support of the minister responsible.

14 Q Thank you. If we go back to page 1 of the PDF,  
15 the original letter. I just referred to that  
16 first numbered point.

17 The second point refers to participating in  
18 the development of a coordinated enforcement  
19 approach with GPEB, RCMP and local police to  
20 mitigate the risks. The third point:

21 "Enhance customer due diligence to  
22 mitigate the risk of money laundering in  
23 British Columbia gaming facilities through  
24 the implementation of AML compliance best  
25 practices including processes for

1                   evaluating the source of wealth and source  
2                   of funds prior to cash acceptance."

3                   What was your -- I suppose it's a bit like the  
4                   English lit profs who try and figure out what  
5                   John Keats meant when he wrote something in a  
6                   poem. But what was your intention in writing  
7                   that third point and expressing that as you did?

8           A       The best way I can probably try to describe it  
9                   initially, Mr. Martland, is I did not mean to  
10                  convey an intention that every single bank  
11                  note -- when I say "bank note," every single bit  
12                  of cash currency that came into a casino needed  
13                  to be scrutinized at a higher level. I did mean  
14                  to convey, though, that we needed to go beyond  
15                  what was taking place presently, that the status  
16                  quo level of scrutiny was not achieving the  
17                  objectives that we were collectively hoping for.  
18                  And you have heard my hesitancy about being more  
19                  prescriptive than that, given the fact that  
20                  others possess more information than I did about  
21                  the proper way to assess risk and judge a  
22                  transaction. But I certainly meant to convey,  
23                  and hoped I did, a belief that the status quo  
24                  wasn't sufficient, and we were expecting  
25                  officials to go beyond that.

1           Q     Were there other measures that you -- other  
2                    approaches to this that you considered but  
3                    decided not to adopt, for example, directing a  
4                    cap on cash that could be taken by the casino or  
5                    mandating that cash over a certain dollar amount  
6                    be sourced prior to acceptance by the casino?  
7                    Were those kinds of measures things that you  
8                    contemplated?

9           A     They were, but I have to say that the advice at  
10                   the time was that trying to set an arbitrary  
11                   threshold -- and when I say "the advice at the  
12                   time," I mean the advice from all sources at  
13                   that time with trying to set an arbitrary  
14                   threshold or even an absolute ban on cash was  
15                   not going to address the issue.

16          Q     May not have addressed the issue, but were those  
17                   not measures that could have been reasonably  
18                   expected to significantly mitigate the risk?

19          A     Well, there were certainly arguments -- when I  
20                   say not address the issue, the advice at the  
21                   time, again, from all sources, was to -- was not  
22                   to provide that level of prescription.

23          Q     And earlier on I asked a very general question  
24                   philosophically about risk-based or  
25                   standards-based as opposed to prescriptive

1                    approaches. How would you characterize the  
2                    approach that's articulated in the third point?

3            A        This would be to my mind a standards-based,  
4                    risk-based approach.

5            Q        Was part of your concern here about avoiding a  
6                    prescriptive approach, part of your thinking?

7            A        Yes.

8            Q        All right. Is it not the case that a ban or a  
9                    cap on cash would factually not have an effect  
10                   to address the issue of suspicious cash?

11          A        I suppose if -- I suppose if there's no cash in  
12                   a facility, there's no suspicious cash in a  
13                   facility.

14          Q        Were you aware, either shortly after sending  
15                   this letter or I suppose at any point since,  
16                   aware about -- I referred to John Keats being  
17                   misinterpreted or interpreted by different  
18                   literary critics. Did you become aware about  
19                   differing interpretations even among those at  
20                   BCLC with respect to what you were doing or  
21                   intending to do with this direction, this  
22                   language?

23          A        No, I don't think I did. Although subsequent  
24                   and upon review of some of the documents that  
25                   the commission has provided, I see that there

1           may have been elements of that. But if your  
2           question was at the time whether I was aware of  
3           any confusion, this coupled with the soon to be  
4           delivered mandate letter, which by the way, was  
5           the subject of conversation, as I pointed out  
6           earlier, at a subsequent meeting with the  
7           lottery, I did not get the impression that there  
8           was any confusion about what the intention was.

9           Q     We've heard about a meeting I gather with Bud  
10           Smith with BCLC in Victoria around October of  
11           2015. Is that the meeting you're describing?  
12           Or do you know? I don't expect you may have a  
13           date for us, but ...

14           A     No. I'm referring to the meeting that would  
15           have been when we spoke to the earlier --  
16           reviewed the earlier document with a host of --  
17           a host of issues including anti-money  
18           laundering, I can't recall where that meeting  
19           would have happened, but that's the meeting I  
20           was referring to.

21           Q     Do you recall giving some indication -- I'll  
22           just keep it a bit general -- in the fall of  
23           2015 but specifically to Bud Smith that you were  
24           not intending to move away from a risk-based  
25           approach with this letter?

1           A     Well, I suppose my short answer is yes, insofar  
2                    as in one of the documents, maybe it's the  
3                    mandate letter, I think I used the term  
4                    "risk-based approach," so I don't -- I think  
5                    rightly or wrongly I was pretty specific about  
6                    the -- and fairly clear about the approach that  
7                    I expected to be taken.

8           Q     Do you recall saying that to Mr. Smith in a  
9                    meeting?

10          A     I don't.

11          Q     All right. And to similar effect, do you recall  
12                    saying something to Mr. Smith in a meeting to  
13                    the effect that your letter and your direction  
14                    didn't require that BCLC implement source of  
15                    funds measures for large cash transactions over  
16                    a certain dollar amount?

17          A     I don't recall seeing [indiscernible].

18          Q     What sort of --

19          THE COMMISSIONER: I'm just going to interrupt for a  
20                    second, Mr. Martland. Could you repeat that  
21                    question. I'm not sure I got it properly.

22          MR. MARTLAND: I'll try. It's always dangerous  
23                    because I may not have my own notes very clear.

24          THE COMMISSIONER: There will be a transcript,  
25                    but ...

1 MR. MARTLAND: I know. That's the problem.

2 Q The question was to the effect of whether you  
3 recalled Mr. Smith, having a discussion with  
4 Mr. Smith and indicating to him that your  
5 direction did not require that BCLC implement  
6 source of fund measures for all large cash  
7 transactions that were over a certain dollar  
8 amount.

9 A And my answer was I don't recall having that  
10 conversation.

11 Q What sort of followup was there with BCLC after  
12 this letter that we see on the screen,  
13 October 1st, 2015, from your point of view, from  
14 your involvement?

15 A Well, as you will be aware from the subsequent  
16 letter of a few months later, we were into a  
17 quarterly reporting scenario at that point, so  
18 given the importance attached to the issue,  
19 my -- and the direct involvement between the  
20 lottery corporation with respect to the creation  
21 of the JIGIT investigative policing unit that  
22 there was regular contact, and we were going to  
23 track progress. Now, to be sure and to be fair,  
24 the impact that JIGIT would have would not be  
25 immediate. It needed to be established and then

1                   begin to operationalize and conduct  
2                   investigations, but with respect to the other  
3                   matters, the other matters and the source of  
4                   wealth, source of funds suspicious cash  
5                   transactions, you'll see that through 2016 I was  
6                   provided with evidence tracking a relatively  
7                   significant downward trend in those suspicious  
8                   transactions.

9                   So I guess a long-winded way of saying I  
10                  think everyone knew this had acquired top spot  
11                  on the hit parade of issues.

12               MR. MARTLAND: Madam Registrar, I don't need that  
13                  document displayed further at this point. I  
14                  would like to turn to JIGIT and --

15               A    Can I say one other thing, Mr. Martland, because  
16                  I'm very cognizant of not wanting to -- number  
17                  one --

18               Q    As we go over this, Mr. de Jong, if you want to  
19                  supplement an answer or raise a point, this is  
20                  the venue to do it and we're not as formal that  
21                  you can't do that. So you go ahead.

22               A    I appreciate that. Because I did say number one  
23                  issue on the hit parade. Certainly the number  
24                  one issue of the hit parade between -- as  
25                  minister responsible for the gaming file, there



1           were other issues in government as finance  
2           minister I was -- were priority issues. But on  
3           the gaming file this certainly -- this certainly  
4           took on the number one priority.

5           Q     I wonder if I could pick up on that to have your  
6           impressions or maybe help us understand how you  
7           would situate this within the numerous  
8           responsibilities you had as the Minister of  
9           Finance for the province. You know, we've  
10          really been drilling into some particular detail  
11          about money laundering in your capacity as the  
12          minister responsible for gaming. But in the  
13          flow of -- I don't know how to ask or measure  
14          that, maybe within the flow of an average week  
15          or month how much of your time was given over to  
16          this versus other important issues that you had  
17          responsibility for?

18          A     Well, as you might imagine there was an ebb and  
19          flow and this quite clearly in September  
20          elevated itself in the course of the week and  
21          the day in measure of importance. I  
22          purposefully of course did not watch the  
23          testimony of former Premier Clark, but when I  
24          get around to reading the transcript I'm hoping  
25          you asked her what possessed her to assign the

1                   gaming file to the finance minister because I've  
2                   never asked her and I'm very curious to know.

3           Q        I'm a little worried we might not have asked  
4                   that. That's maybe a better sidebar  
5                   conversation anyways.

6           A        Perhaps. But there was -- it is a constant  
7                   exercise -- and this is true for any government  
8                   and any minister and the government that's in  
9                   power now -- a constant exercise in determining  
10                  what priorities are for assigning time in the  
11                  day. The one thing we all share is 24 hours.  
12                  And so there's no question that at times it is  
13                  challenging and one does one's best to devote  
14                  attention to the issues that require it. And  
15                  hopefully do so successfully. Undoubtedly often  
16                  do not.

17          Q        Let me turn, then, to JIGIT. You've already  
18                   described the work that was done. But I wonder  
19                   if you could give us an understanding of the  
20                   speed at which the JIGIT was initiated and what  
21                   the process was in terms of the steps that you  
22                   took with that initiative.

23          A        Well, like any -- like any new initiative,  
24                   Mr. Commissioner, it's there is the  
25                   organizational component, but firstly the

1 decision to proceed, and that happened in very  
2 short order, and then breathing life into that  
3 decision involves administrative organization  
4 and funding. We've just had the conversation  
5 about the challenge associated with having the  
6 gaming file in the lap of the finance minister.  
7 In this case it helped because it meant a  
8 relatively short conversation about securing the  
9 funding. I was pretty well placed to make that  
10 happen quickly, and it did. And I would say  
11 that officials within the Solicitor General's  
12 office, particularly, moved very quickly to  
13 liaise with -- and I believe the deputy at the  
14 time in the Solicitor General's office was  
15 Ms. Wanamaker, I believe, but I'm not certain.  
16 But worked very quickly to the point where early  
17 in the -- very early in the spring or late  
18 winter in 2016 we were in a position to initiate  
19 and unveil the new policing agency.

20 So I suppose for people watching might say  
21 well, that's still three or four months. I  
22 would say in the life of government that was I  
23 thought a relatively positive performance for  
24 moving ahead with the initiative quickly.

25 Q I have two documents I'd like to refer to on the

1 JIGIT topic. And I am getting there, by the  
2 way. I'm almost completing my topics in case  
3 you're wondering.

4 MR. MARTLAND: Tab 28, please, Madam Registrar, which  
5 shouldn't be shown on the livestream, GPEB785,  
6 only because it has some contact information on  
7 the first name, which I expect we can redact and  
8 then post on the website if it's marked.

9 Q This is a Ministry of Finance briefing document  
10 addressed to you from Mr. Mazure bearing a date  
11 of October 9, 2015, the purpose identified,  
12 "supplementary information for meeting with RCMP  
13 on October 14, 2015 -- for future decision." If  
14 we flip over to page 2, it has a recommendation  
15 there of option to "introduce" -- there's the  
16 word you referred to earlier --

17 "-- a joint interdiction team between  
18 BCLC, GPEB and the RCMP to strategically  
19 investigate suspicious cash transaction  
20 inside gaming facilities and unlawful  
21 forms of gambling."

22 Is this -- this is a briefing document that  
23 relates to the setup of JIGIT; is that right?

24 A That is correct.

25 MR. MARTLAND: Mr. Commissioner, I'll ask this please

1                   be marked as the next exhibit.

2           THE COMMISSIONER: Yes, very well.

3           THE REGISTRAR: Exhibit 901.

4                   **EXHIBIT 901: Ministry of Finance Briefing**  
5                   **Document, Title: Enhanced Compliance and**  
6                   **Enforcement on Gambling Activities - October 9,**  
7                   **2015**

8           MR. MARTLAND: The next document I'd like to go to is  
9                   a letter at tab 31 of the list, GPEB858.

10                   Mr. de Jong, do you recognize that as a letter  
11                   dated to you from Mr. Morris, who is Minister of  
12                   Public Safety and Solicitor General, March 10,  
13                   2016, that effectively brings JIGIT to life?

14           A       That is correct. And I do recognize it, yes.

15           MR. MARTLAND: Mr. Commissioner, if that might be  
16                   marked as the next exhibit.

17           THE COMMISSIONER: 902.

18           THE REGISTRAR: Exhibit 902.

19                   **EXHIBIT 902: Letter from Mike Morris re JIGIT,**  
20                   **March 10, 2016**

21           MR. MARTLAND:

22           Q       And there's certainly information there about  
23                   what JIGIT is, about its strategic objectives,  
24                   about it operating within the CFSEU arm of the  
25                   police and also about the funding arrangement

1                   that we see at the bottom of the page, that  
2                   those are all described in the letter; is that  
3                   right?

4           A        Correct.

5           Q        And I don't propose to spend time reading from  
6                   them.

7                                When JIGIT was created, what was the plan  
8                   with respect to its permanence or longevity?

9           A        I certainly saw it as a permanent feature on the  
10                   landscape. I think in fairness, the --  
11                   somewhere since then I've read where there may  
12                   have been a five-year funding envelope, but I  
13                   have to say that in my mind at the time I saw  
14                   this I did not see this as anything like a time  
15                   limited exercise. The argument had been made  
16                   very forcefully and very convincingly to me, I  
17                   thought, of the need for this level of joint  
18                   engagement and -- now, I suppose you want to  
19                   study, and if it needed changes, fine, but I saw  
20                   this as a permanent need.

21           Q        To pick up on the five-year point. If we go to  
22                   page 2 of the letter from the Solicitor General,  
23                   the first full photograph there:

24                                "The creation of JIGIT is based on the  
25                   assumption that the team will have a

1                   five-year mandate."

2                   Indeed that appears in this letter, but as  
3                   you've just said in your mind, whatever the  
4                   planning intent was at that point, you saw this  
5                   as being -- expected to be a permanent body?

6                   A     Yes, correct.

7                   MR. MARTLAND:  I don't need that document displayed  
8                   further, thank you, Madam Registrar.

9                   Q     What did you -- what's your view of the work  
10                  that JIGIT has done since its creation and its  
11                  effectiveness?

12                 A     I am obliged to rely mostly on -- except perhaps  
13                  for its first 10 months of operation, I'm not  
14                  well placed to offer an informed view.  I'm not  
15                  provided nor do I seek briefings on their work.  
16                  I am alive to comments that members of the  
17                  present government have made and officials have  
18                  made applauding and speaking very positively of  
19                  the work.  I am pleased that -- I shouldn't call  
20                  it the new government, but the succeeding  
21                  government has chosen to maintain it, and I take  
22                  that as a vote of confidence in the work that  
23                  they are doing.  So the fact that it has  
24                  attracted positive commentary at a time when  
25                  there is very much a focus on this issue pleases

1                   me, and I hope they continue with their good  
2                   work.

3                   Q     Can I have a last -- it's always dangerous to  
4                   say "last question." It might mutate into "just  
5                   a few questions." But at least last topic. And  
6                   I would ask you to do this, please, Mr. de Jong,  
7                   which is to, I suppose, step back from the focus  
8                   on casinos and gaming and more broadly from your  
9                   time in government and in cabinet. You served  
10                  the province and the provincial government for  
11                  many years in a number of senior positions, and  
12                  from your point of view I'd be interested for  
13                  your comments on the government's awareness of  
14                  money laundering generally and including in  
15                  other areas, for example real estate, impact on  
16                  housing prices, other kinds of topics from your  
17                  kind of -- from your time in government were  
18                  those issues part of the discourse or dialogue  
19                  at cabinet?

20                 A     The government generally, I believe,  
21                 Mr. Martland and Mr. Commissioner, was very much  
22                 alive to the presence of organized crime and the  
23                 consequences that flow from organized crime and  
24                 took a number of initiatives with respect to  
25                 that. We've talked about steps around civil



1           forfeiture and other statutory amendments that  
2           were intended to address this.

3           There was also, I think, an awareness, a  
4           general awareness about the consequences, the  
5           negative consequences that flow from criminals  
6           attempting to legitimize the proceeds of their  
7           criminal activity. There was, I think, though,  
8           also a belief that primarily these were --  
9           though not exclusively, but primarily law  
10          enforcement issues. I think over time we came  
11          to understand better some of the outlets that  
12          criminals may be using. I probably should  
13          acknowledge this also, that I -- I don't know  
14          that in the time that I was there, there was ever  
15          a definitive or conclusive understanding of the  
16          magnitude of the issue, and I'm not sure that  
17          exists today and is why the work of the  
18          commission is perhaps so important. There were  
19          lots of theories. I know -- I'm not inviting  
20          too many additional questions, but there were  
21          lots of theories about what propelled housing  
22          prices upwards. In those days it was thought to  
23          be the exclusive result of foreign money. Today  
24          housing prices are still going up and now  
25          there's a different theory.

1                   Maybe if I can say this last thing on that  
2                   point. Somewhere in this conversation,  
3                   Mr. Martland, the two notions, foreign money and  
4                   dirty money, in my view have become conflated,  
5                   and I think there is unfortunately a narrative  
6                   that has developed that if money is foreign it  
7                   is necessarily dirty. I practised criminal law.  
8                   I have some appreciation, prosecuted, but I  
9                   didn't think then and I don't think now that all  
10                  foreign money is dirty. And so we have to be --  
11                  we have to responsibly address this issue, and  
12                  in the time I was government tried to the best  
13                  of our ability to not try to ignore it, did not  
14                  try to pretend it wasn't taking place, and will  
15                  be interested to hear what the commission has to  
16                  say about what else can be done and what should  
17                  have been done and what else can be done to make  
18                  our society more immune from the ill effects of  
19                  criminal behaviour and money laundering.

20                  Q    I had one last point, which is I would be  
21                  grateful -- you have an interesting hat to wear  
22                  in serving as the -- as I understand it; I may  
23                  have an imperfect understanding -- on behalf of  
24                  the former Liberal provincial government with  
25                  respect to cabinet documents and materials that

1           this commission of inquiry has sought access to,  
2           you've had a responsibility for addressing  
3           requests to look at those cabinet document and  
4           have access to them for our purposes and for the  
5           purpose of assisting the work of this  
6           commission. I wanted to make sure I gave you an  
7           opportunity to advise the Commissioner and those  
8           who might be following our proceedings of the  
9           approach that you've taken in relation to the  
10          cabinet documents where you had that role.

11          A    Well, Mr. Martland, it's very kind of you to  
12               offer me that opportunity, and I will do this --  
13               and thank you. It is an opportunity,  
14               Mr. Commissioner. In that capacity, which,  
15               again, I did not seek, but there is a  
16               representative for the foreign -- former  
17               executive counsel and aside from this commission  
18               from time to time litigation requires access or  
19               seeks access to cabinet documents, and I am the  
20               appointed person. When this commission was  
21               struck, I decided at the outset that I wanted  
22               this commission to have access to every bit of  
23               information it required, and I think that was  
24               the -- I don't think I -- any of my former  
25               colleagues disagreed, though I didn't ask them

1 first, and I think they were all pleased that I  
2 took that view. But every single bit of  
3 information, document, the work of the  
4 commission is important. And there is perhaps a  
5 self-serving reason. And you have heard part of  
6 it because the previous government did its best  
7 and did a lot of work and the officials that  
8 worked with the previous government did their  
9 best, and I wanted the commission to have the  
10 benefit of seeing what that work was and to make  
11 an assessment. And you could only do that if  
12 you had all of the information. My instructions  
13 were to provide every document sought without  
14 any redaction. I understand that a couple of  
15 documents were -- had slight redactions, but  
16 those were -- that was contrary to my  
17 instructions and at the behest of the -- I think  
18 the ministry of the Attorney General for reasons  
19 I think they discussed with commission counsel.  
20 But thank you for the opportunity to make it  
21 clear that I, on behalf of the previous  
22 administration, did everything I could to  
23 facilitate the flow of every single document and  
24 piece of information that was available to  
25 assist the commission and its work.

1 Q Thank you, Mr. de Jong.

2 MR. MARTLAND: Mr. Commissioner, that completes my  
3 questions.

4 THE COMMISSIONER: Thank you, Mr. Martland.

5 I'll now call on Mr. Smart on behalf of the  
6 BC Lottery Corporation, who has been allocated  
7 40 minutes. Perhaps before we start,  
8 Mr. de Jong, do you require a break at this  
9 point, or are you content to forge ahead?

10 THE WITNESS: Judges must be able to read minds,  
11 Mr. Commissioner. That would be -- a little  
12 break would be -- a nature break would be great.

13 THE COMMISSIONER: All right. We'll take 10 minutes.  
14 Thank you.

15 THE REGISTRAR: This hearing is adjourned for a  
16 10-minute recess until 12:31 p.m.

17 **(WITNESS STOOD DOWN)**

18 **(PROCEEDINGS ADJOURNED AT 12:21 P.M.)**

19 **(PROCEEDINGS RECONVENED AT 12:30 P.M.)**

20 **MICHAEL DE JONG, a**  
21 **witness for the**  
22 **commission, recalled.**

23 THE REGISTRAR: Thank you for waiting. The hearing  
24 is resumed, Mr. Commissioner.

25 THE COMMISSIONER: Thank you, Madam Registrar.

1                   Yes, I was about to call on Mr. Smart on  
2                   behalf of the BC Lottery Corporation, who has  
3                   been allocated 40 minutes. I think you're  
4                   muted, Mr. Smart.

5                   MR. SMART: Thank you, Mr. Commissioner. I'm going  
6                   to be less than my 40 minutes, Mr. Commissioner.

7                   **EXAMINATION BY MR. SMART:**

8                   Q     Mr. de Jong, you started -- you didn't start,  
9                   but you mentioned some time ago about what we've  
10                  called the Kroeker Report, and you were aware of  
11                  that report or the contents of it at least?

12                 THE COMMISSIONER: Mr. de Jong, I think you are  
13                  muted.

14                 THE WITNESS: I think I'm on now.

15                 THE COMMISSIONER: Yes, you are.

16                 THE WITNESS: I apologize, Mr. Commissioner,  
17                  Mr. Smart.

18                         I was aware that a report had been done. I  
19                         was aware that it had given rise to a specific  
20                         anti-money laundering plan, strategy. What I  
21                         meant to convey to Mr. Martland is until I  
22                         received the documents for this commission I had  
23                         never heard it referred to as the Kroeker  
24                         Report.

25                 Q     Yes. I'm going to ask to have exhibit 141, the

1 report, put on the screen, please, Mr. de Jong.  
2 I'm going to take you to one page, to page 10 of  
3 that report, please. And you'll see this is  
4 dealing with BCLC reporting obligations,  
5 Mr. de Jong, and I am acting for BCLC, so that's  
6 why I'm directing you to this portion of the  
7 report. Can you see that okay? Is it large  
8 enough?

9 A I can, yes. Thank you.

10 Q Okay. So I just want to take you to a few  
11 sentences. What Mr. Kroeker said was:

12 "BCLC's obligation --"

13 Just to go back, this review was commissioned by  
14 your government in large part because of media  
15 reports of large cash transactions, suspicious  
16 cash transactions that were before the public.  
17 And, Mr. Kroeker, as you probably know, he was a  
18 police officer at one time, he was a -- he's a  
19 lawyer, and he was the Executive Director of  
20 Civil Forfeiture at the time he did this review.  
21 Were you aware of his background?

22 A I was not aware of his background until I read  
23 about it as part of the documentation that I  
24 received relating to this commission.

25 Q All right. Thank you. So under BCLC's

1 reporting obligations, he writes:

2 "BCLC's obligation is primarily a duty to  
3 report. These reporting obligations do  
4 not extend to a duty to investigate and  
5 confirm the exact provenance of cash used  
6 to buy in. Detailed inquiries and  
7 investigation into legitimate or  
8 illegitimate sources of cash appropriately  
9 fall to various law enforcement and  
10 regulatory authorities."

11 And I'll just drop down to the third paragraph.  
12 I'll just -- thank you. The second sentence he  
13 writes:

14 "Conclusions and statements as to the  
15 ultimate legitimacy of cash should only be  
16 made where there is detailed, independent  
17 information verifying the source of the  
18 funds and should only be made by the  
19 enforcement agencies with a mandate to  
20 conduct these types of inquiries."

21 Was that your understanding when you became the  
22 minister responsible for gaming that that was  
23 BCLC's reporting obligations and that it was up  
24 to law enforcement to make determinations about  
25 whether cash is legitimate or illegitimate?



1           A     Mr. Smart, Mr. Commissioner, I think it would be  
2                    incorrect for me to suggest that at the time I  
3                    assumed responsibility for what we call the  
4                    gaming file I would have had a detailed  
5                    appreciation of what the obligations for the  
6                    lottery corporation versus a service provider or  
7                    casino were. I came to be more familiar with  
8                    that over time, but I did not have or read what  
9                    we now we refer to as the Kroeker Report upon  
10                  becoming the minister.

11          Q     But you did have an understanding that BCLC,  
12                    GPEB and service providers needed to try to work  
13                    together to ensure information relevant to  
14                    criminal activity was collected and relayed to  
15                    law enforcement?

16          A     Oh, I think that's a fair statement. And as  
17                    time passed, as I hopefully have indicated to  
18                    the commission, came to be aware and be made  
19                    aware that service providers, the corporation  
20                    and GPEB had all identified a fairly significant  
21                    missing link in this, and that was more formal  
22                    police investigative engagement.

23          MR. SMART: All right. We can just take that down  
24                    now. Thanks, Madam Registrar.

25          Q     The commission's heard some evidence,

1                   Mr. de Jong, that BCLC was providing the  
2                   Suspicious Transaction Reports not just to  
3                   FINTRAC but to law enforcement during the period  
4                   2012, 2013, 2014 into 2015, that BCLC  
5                   investigators created or had a memo of  
6                   understanding with the RCMP to try to share  
7                   information or obtain information, that they in  
8                   2014 met with CFSEU, the joint forces, trying to  
9                   engage them to conduct an investigation into the  
10                  suspicious cash transactions and in particular  
11                  Mr. Jin. They actually had CFSEU come to the  
12                  River Rock Casino in 2014 in June to try to  
13                  engage them, conduct an investigation, and then  
14                  ultimately in February of 2015, BCLC  
15                  investigators met with the financial integrity  
16                  serious organized crime unit in February of 2015  
17                  to ask them, to engage them to conduct an  
18                  investigation into Mr. Jin in particular and  
19                  these suspicious cash transactions. Were you  
20                  aware of that? Was that information provided to  
21                  you during your time --

22                  A     I don't believe it was.

23                  Q     All right. But the effect of that was is that  
24                  in April what you now know as E-Pirate was  
25                  commenced. In May we've heard evidence that

1 E-Pirate -- because of what you've talked about,  
2 other priorities -- were considering not  
3 continuing the investigation and BCLC prepared a  
4 PowerPoint presentation focusing on the economic  
5 and social consequences of money laundering. As  
6 a result of that they continued their  
7 investigation, and it ended up with what -- the  
8 results of what E-Pirate disclosed, and you  
9 became aware, at least in a general way, of  
10 the -- this police investigation sometime in, I  
11 guess, September of 2015?

12 A Correct.

13 Q Yes. We've heard some evidence from BCLC  
14 investigators that in July they met with the --  
15 I'll just use the acronym -- FSOC inspector, and  
16 they were told that the investigation had  
17 uncovered that this Mr. Jin appeared to be  
18 linked to illegal activity and they were given  
19 10 players that were linked to receiving cash  
20 from Mr. Jin's organization and so in July they  
21 were put on the sourced-cash conditions as a  
22 result of the investigation. The investigation  
23 was ongoing. And in September, early September,  
24 they put 26 more patrons on sourced-cash  
25 conditions so that by the middle of September,

1                   36 patrons who were apparently receiving cash  
2                   from Mr. Jin's organization were now on  
3                   sourced-cash conditions. They had to  
4                   demonstrate the legitimacy of the cash. Were  
5                   you aware of that when you sent the letter of  
6                   October 1st to Mr. Smith?

7           A        I ultimately became aware of steps the lottery  
8                   corporation had taken in that regard, Mr. Smart.  
9                   What I can't tell you authoritatively today is  
10                  whether I was aware of that at the time I wrote  
11                  the letter or not. But I was certainly aware of  
12                  that and, additionally, steps that had been  
13                  taken to exclude people from casinos and  
14                  participation in gaming in British Columbia.  
15                  I'm afraid I can't tell you authoritatively  
16                  whether I knew that prior to the letter of  
17                  October the 1st.

18          Q        All right. I want to take you to two reports  
19                   that were generated by the -- I think the --  
20                   these are GPEB4984, Madam Registrar. It's a  
21                   report to Mr. Meilleur, the Executive Director  
22                   of GPEB, dated February 15th, 2016. It's  
23                   entitled "Internal Memo," Mr. de Jong?

24          A        I have the hard copy in front of me.

25          MR. SMART: Yes. So you'll see notes -- this one is

1                   February 15th, 2016, Madam Registrar.

2                   THE WITNESS: The document I have identified based on  
3                   the number you gave me is dated August the 9th,  
4                   2017.

5                   MR. SMART: Sorry. I've given the wrong number.

6                   It's PG0472. My apologies. I'm going to come  
7                   to that document next, but if I could go to  
8                   PG0472. Thank you.

9                   Q    So this is February 15th, so just in a matter of  
10                   months after you had been briefed about the --  
11                   what you now know to be the E-Pirate  
12                   investigation, you'll see that under "analysis  
13                   of cash buy-ins conducted at River Rock," the  
14                   total cash buy-ins conducted at the cages for  
15                   the period July 1st, 2015, to December 31st,  
16                   2015, were 102 million.

17                                "This represents a decline of 27 percent  
18                                from the previous six-month period."

19                   And if you go to the bottom there, right down in  
20                   the denomination of bills, Mr. de Jong, that  
21                   you'll see that between six months January to  
22                   the end of June 2015, versus July to December  
23                   2015, the number of \$20 bills had dropped by  
24                   37 percent. And I'll just take you over to  
25                   page 2. This is perhaps even more clear. The

1 graph shows the monthly breakdown of cash  
2 buy-ins conducted at cages. And you'll see that  
3 in July there's 38 million and that it dropped  
4 in August, September, October, November,  
5 December, and by December it was 6.642 million,  
6 almost a sixth of what it had been before. And  
7 I highlight this because it seems that the  
8 results of the police E-Pirate investigation and  
9 the putting of certain patrons on sourced-cash  
10 conditions was having a dramatic effect on the  
11 amount of cash that was coming into casinos.

12 Did you become aware of that? Were you provided  
13 that information by your government officials?

14 A I will be cautious about drawing or endorsing a  
15 direct link between the -- what we now refer to  
16 as the E-Pirate investigation and the data that  
17 you are revealing. I won't -- or pointing to.  
18 I obviously did not see the internal memo that  
19 Mr. Meilleur received from Parminder Basi, but I  
20 will say this, Mr. Smart, that through 2016 the  
21 information and the data that the document  
22 refers to and the trend that it reveals was  
23 communicated to me, that -- and there are in  
24 other documents, I think, a couple of briefing  
25 notes that were prepared for me and were

1                   probably used during oral briefings as well,  
2                   that indicated through 2016 there was a  
3                   significant decline in suspicious cash  
4                   transactions, both the number of transactions  
5                   and the quantum of cash involved. So I didn't  
6                   see this document. I'm not going to draw the  
7                   conclusion about the link, but I will agree with  
8                   you that through that period, that is 2016,  
9                   information was provided to me and briefings  
10                  were provided to me indicating that as relating  
11                  to suspicious cash transactions the volume and  
12                  quantum involved was decreasing significantly.

13                  Q   All right. So you're being cautious, which is  
14                      the appropriate step to take, but you would  
15                      agree with me that if I go back to what BCLC was  
16                      being told and others was leave it to law  
17                      enforcement, determine the source of this cash  
18                      that's coming in. In 2015 law enforcement's  
19                      able to conduct an investigation, provide  
20                      information to you, to GPEB, to BCLC, and we  
21                      thereafter see a steady drop in the amount of  
22                      suspicious cash coming into casinos. That's a  
23                      fair inference to draw, whether it's conclusive  
24                      or not. You agree that's a fair inference to  
25                      draw?

1           A     We are, I think, able to rely on the data that  
2                    indicates a reduction, a significant reduction,  
3                    and I will continue to express caution about the  
4                    linkage with the investigation, but, again,  
5                    emphasize to you and the commission that the  
6                    lottery corporation had repeatedly emphasized to  
7                    me their belief, and I ultimately accepted the  
8                    argument, that an increased police presence was  
9                    an important prerequisite to dealing with this.

10          Q     You've been fair in -- most fair in recognizing  
11                    that law enforcement have lots of priorities.  
12                    And we've heard the expression "guns and drugs"  
13                    or something similar to that. There's IHIT and  
14                    there's many pressing priorities, but it seemed  
15                    to take quite a bit of time before law  
16                    enforcement became focused on these large cash  
17                    transactions coming into casinos. Did you --  
18                    and I'm not being critical -- did you make any  
19                    efforts to try to get law enforcement engaged  
20                    sooner to deal with these -- the increasing  
21                    amount of cash coming into casinos?

22          A     As I indicated, my awareness the moment at which  
23                    I drew the conclusion that -- with the  
24                    assistance of advice from others, that  
25                    additional steps were required, including an



1           increased police presence, occurred in 2015.  
2           Perhaps it should have occurred sooner. It  
3           didn't on the strength of information I was  
4           receiving from GPEB, BC Lottery Corporation.  
5           And at that point I took -- I took the steps  
6           necessary, I thought, and appropriate to provoke  
7           that additional or amplified engagement. And  
8           that is the answer that I can -- have provided  
9           and can provide.

10          Q     The last I want to ask, and you've given some  
11               evidence about this already, but you have --  
12               just to put this into context, you have been  
13               involved in serving the public of this province  
14               for many, many, years in your capacity as an MLA  
15               and a minister. You've told the Commissioner  
16               that.

17          A     Yes.

18          Q     I expect you've always tried to act in what you  
19               think is in the best interests of the public in  
20               the work you do?

21          A     I have.

22          Q     Yes. And you said you've expressed some  
23               frustration about comments that have been made.  
24               What's your response that you turned a blind eye  
25               to proceeds coming into casinos in order to

1                   enhance government revenue?

2                   A     I reject that proposition absolutely and  
3                   entirely.  And if I pretended that I wasn't  
4                   offended by those comments then I would be  
5                   pretending.  And I am grateful for the  
6                   opportunity to present here and the work of the  
7                   commission because I believe it will demonstrate  
8                   and demonstrates through the collection of  
9                   evidence in an examination of the voluminous  
10                  documents just how much work was undertaken by  
11                  the lottery corporation, by GPEB, by policing  
12                  agencies to try and address this issue.  And if  
13                  there were failings, so be it.  Then we will  
14                  learn going forward, but the proposition that I  
15                  purposely ignored or turned a blind eye is  
16                  offensive to me because I know it isn't so and I  
17                  know there is a great body of evidence that  
18                  establishes that that wasn't so.

19                 Q     Do you feel the same about allegations like that  
20                   about your government?

21                 A     Yes.

22                 Q     Yes.  We heard from Mr. Lightbody, from BCLC and  
23                   Mr. Bud Smith about how emotionally upsetting it  
24                   was to people who worked for that organization,  
25                   people literally in tears being told by friends

1                   when they go out that, we know you work for  
2                   BCLC, and you know, look what you're doing,  
3                   you're laundering proceeds of crime. I think  
4                   you indicated earlier that you had similar  
5                   experiences with people that were upset about  
6                   those kinds of allegations being made.

7           A       Very much so. People who because of the  
8                   narrative that has developed and been encouraged  
9                   by some have been made to -- who called in tears  
10                  saying, I'm not a criminal; I was doing my job;  
11                  I was doing my job either as a public servant  
12                  trying to address this or I was doing my job  
13                  working in a casino, and why am I being made to  
14                  feel like I'm a criminal? So yeah, it's -- I've  
15                  been at this a while, as you have said, so I've  
16                  developed a pretty thick hide, but it has been  
17                  frustrating to hear that and, again, gratifying  
18                  to have an opportunity to have a body such as  
19                  this devote itself over a portion of its  
20                  hearings to what actually took place and the  
21                  attempts that were actually made, perhaps  
22                  ultimately some errors, but the genuine attempts  
23                  that were made to address this. And gain a  
24                  better understanding about it.

25           MR. SMART: Thank you, Mr. de Jong. Those are my

1                   questions.

2                   THE WITNESS: Thank you.

3                   THE COMMISSIONER: Thank you, Mr. Smart.

4                               I'll turn now to Mr. McFee on behalf of  
5                   James Lightbody, who had been allocated  
6                   20 minutes.

7                   MR. McFEE: Thank you.

8                   **EXAMINATION BY MR. McFEE:**

9                   Q     Mr. de Jong, I'd like to focus, if I could, at  
10                   the outset on these initial briefings that you  
11                   received when you assumed the gaming portfolio  
12                   after the 2013 election.

13                  A     Yes, that's the June briefings, Mr. McFee.

14                  Q     We don't need to refer to the documents I don't  
15                   think at this juncture, but as I understood your  
16                   evidence, and correct me if I'm wrong, as a  
17                   result of those briefings it was clear to you  
18                   that money laundering and developing a robust  
19                   anti-money laundering regime in the BC gaming  
20                   industry was a priority for both GPEB and BCLC?

21                  A     That is correct.

22                  Q     And then as time progressed and you became more  
23                   knowledgeable with respect to this gaming  
24                   portfolio, did you continue to observe that the  
25                   individuals that you were interacting with

1                   particularly from BCLC and GPEB were well  
2                   intentioned and appeared to you to be trying to  
3                   address the risk of illicit proceeds entering BC  
4                   casinos?

5           A     Yes.

6           Q     Did that viewpoint every change during your  
7                   tenure as minister?

8           A     If the question is did I ever question the  
9                   motives or the desire of officials at GPEB and  
10                  BC Lottery Corporation to address this and  
11                  address it actively and in good faith, no, that  
12                  never changed.

13          Q     And in that context, if I could ask you to refer  
14                  to the estimates note of April 22nd, 2015, the  
15                  advice to minister that Mr. Martland canvassed  
16                  with you. I think it's now exhibit --

17          A     Do you happen to have a tab number for that?

18          Q     I don't. But I'm sure that Mr. Martland could  
19                  help us. It's now marked as exhibit 896. I  
20                  don't have the benefit of your binder, so ...

21          MR. MARTLAND: Tab 23.

22          THE WITNESS: Sorry?

23          MR. MARTLAND: Tab 23, I hope.

24          THE WITNESS: Thank you.

25          MR. McFEE: And if we could have that brought up,

1                   Madam Registrar. It's exhibit 896.

2                   THE WITNESS: I have it now. Thank you.

3                   MR. McFEE:

4                   Q     And if we go to page 5 of that, the last page.

5                   As I read it, it appears -- and tell me if I'm

6                   correct about this, was this prepared for you by

7                   John Mazure, the ADM and General Manager of

8                   GPEB?

9                   A     That's my understanding and would be based on

10                  what appears on page 5.

11                  Q     And as you told the commission, this was

12                  prepared to provide you with information

13                  respecting the status of British Columbia's

14                  anti-money laundering regime for the purposes of

15                  answering questions that would principally be

16                  coming from the opposition members of the budget

17                  debates?

18                  A     Correct.

19                  Q     And you would expect the information to be

20                  accurate that's provided to you?

21                  A     I would hope so.

22                  Q     And if we go back to page 1 on that, please.

23                  You'll see the first bullet is "BC has a robust

24                  anti-money laundering program with significant

25                  investments in technology, training and

1                   certification." And that accorded with your  
2                   understanding at the time?

3           A     It did.

4           Q     And if we go down to the fifth bullet it says:

5                   "While the BC gaming industry is committed  
6                   to best practices in anti-money laundering  
7                   [transactions] most large cash transactions  
8                   in BC occur in other sectors ... 97 percent  
9                   of the large cash transactions were  
10                  submitted by financial entities and less  
11                  than 2 percent were submitted by casinos  
12                  (according to FINTRAC data)."

13                 And that accorded with your understanding at the  
14                 time?

15           A     It probably was the extent of my understanding  
16                 at the time. I should emphasize -- I should  
17                 emphasize, though, Mr. McFee, as I did with  
18                 Mr. Martland, as with many of the documents, but  
19                 particularly in the case of a document for an  
20                 estimates binder, there's no question I would  
21                 have had the binder. That is no guarantee given  
22                 the volume of material -- it would have been  
23                 consulted if a question has arisen, and I don't  
24                 recall a question arising in the estimates  
25                 debate in 2015.

1           Q     But to go to the bullet at the bottom of the  
2                   page just above "secondary messages," do you see  
3                   that?  It says "to date"?

4           A     Yes.

5           Q     It says:

6                    "To date, the BC Lottery Corporation has  
7                    proactively barred 92 people who have  
8                    known criminal ties or may be a threat to  
9                    public safety arising from the information  
10                   sharing agreement with the RCMP."

11           So stopping there, by the string of 2015 had you  
12           learned that BCLC had entered into a formal  
13           information sharing agreement with the RCMP?

14          A     I believe I did, and I think a few moments ago I  
15           indicated to Mr. Smart that I was also aware  
16           that the lottery corporation was taking active  
17           steps to bar people from participating in  
18           gaming.

19          Q     And did that indicate to you as the minister  
20           that BCLC in this time frame up to the spring of  
21           2015 was taking active steps to enhance its AML  
22           regime?

23          A     It indicated to me that there was -- yes, that  
24           there were steps being taken to address money  
25           laundering and to participate actively in the



1 government's overall anti-money laundering  
2 strategy.

3 Q But in your evidence you indicated as time  
4 progressed in your capacity as minister you  
5 learned that everyone it seems within the gaming  
6 industry, including BCLC, was expressing a  
7 concern about the apparent absence of a  
8 meaningful involvement of law enforcement in the  
9 gaming sector. You referred to that as the  
10 missing link. Do you recall that?

11 A I'm not sure I used the term -- maybe I did, but  
12 the crux of your question, yes, by the time we  
13 get to -- we arrived in the fall of 2015, as  
14 I've said I think a number of times now, it was  
15 very clear to me that that was a view shared by  
16 all of those whom I was obtaining advice from.

17 Q And that was where my questions are heading in  
18 part. Did you have any awareness of the absence  
19 of meaningful law enforcement earlier than the  
20 fall of 2015?

21 A I'm going to say no with this qualification: I  
22 think, as I've indicated earlier in my  
23 testimony, the lottery corporation had indicated  
24 earlier on, earlier in 2015, if not 2014, but  
25 certainly earlier on in 2015 a frustration

1           around the absence of more active police  
2           investigation.

3           Q     And just to try and jog your memory, do you  
4           recall in 2014 and two thousand and -- early  
5           2015 BCLC expressing a frustration about the  
6           volume of reporting BCLC was making to FINTRAC  
7           and law enforcement but there was no observable  
8           response from law enforcement?

9           A     I recall in -- and I apologize for not being  
10          able to particularize this with greater  
11          precision in terms of the timing, but I recall  
12          the lottery corporation expressing some  
13          frustration with FINTRAC. As you may know,  
14          there had been -- there had been a review or an  
15          audit of some sort several years earlier that  
16          led to some administrative penalties that the  
17          lottery corporation took great exception to, and  
18          I think, to be fair to the lottery corporation,  
19          ultimately resolved itself in favour of the  
20          lottery corporation, but a number of years down  
21          the road. So the best I can offer you from  
22          memory is that -- is a recollection of the  
23          lottery corporation expressing some frustration  
24          with FINTRAC.

25          MR. McFEE: Madam Registrar, that exhibit can be

1 brought down now. Thank you.

2 Q Now, in your evidence you referred to receiving  
3 an oral briefing respecting the police  
4 investigation that we now refer to as E-Pirate?

5 A Yes.

6 Q And is it your recollection that that oral  
7 briefing occurred in early September 2015?

8 A That's my recollection.

9 Q And do you recall that even before you received  
10 that briefing my client, Mr. Lightbody, had  
11 written to you on August 24th, 2015, asking or  
12 saying that what was required was the  
13 establishment of a dedicated law enforcement  
14 gaming unit?

15 A I recall him writing. I thought the date was  
16 August the 7th, but perhaps I am mistaken. I  
17 think we have the letter somewhere.

18 Q Well, if you would like to refer to it, it's  
19 actually --

20 MR. McFEE: Madam Registrar, if you could bring it  
21 up, it's exhibit 34 to Mr. Lightbody's  
22 affidavit, which is commission exhibit 505, I  
23 believe. Commission exhibit 505, exhibit 34.

24 MR. MARTLAND: It may be tab 12 for the witness's  
25 benefit.

1 THE WITNESS: Thank you very, very much.

2 MR. McFEE:

3 Q Do you have that, Mr. de Jong?

4 A Yes, and you are correct, August the 24th. My  
5 apologies.

6 Q No problem. If I can take you to bottom of the  
7 first page, recommendation number 1:

8 "BCLC would propose that a dedicated law  
9 enforcement gaming unit be established by  
10 the provincial government. The gaming --"

11 A I got that.

12 Q You got that?

13 A Yes, I do.

14 Q Is that to the best of your recollection the  
15 initial proposal that you received to establish  
16 a dedicated law enforcement gaming unit?

17 A Initial proposal from who, Mr. McFee?

18 Q From anyone.

19 A The only reason I'm hesitating is, to be fair to  
20 Mr. Lightbody and the lottery corporation, in  
21 oral discussions the same point may have been  
22 made earlier. This I recall is the first time I  
23 saw a written -- a particular written  
24 recommendation, which then within a month  
25 emerged in a document generated by the minister.

1 Q Okay. Thank you.

2 MR. McFEE: Madam Registrar, that can be taken down.

3 And I wonder if I could now refer you,

4 Mr. de Jong, to what's now exhibit 899, which is

5 GPEB0766. It's the confidential information

6 note of August 24th, 2015.

7 MR. MARTLAND: Tab 24.

8 THE WITNESS: Sorry, which number, Mr. Martland?

9 MR. MARTLAND: 24, I believe.

10 THE WITNESS: Thank you.

11 THE REGISTRAR: Sorry, Mr. McFee, do you need me to

12 bring it up on the screen?

13 MR. McFEE: Yes, if you could, please, Madam

14 Registrar. Exhibit 899.

15 Q And this is the document that Mr. Martland had

16 referred you to and at the bottom he referred

17 you to the reasons that had been provided to you

18 by the author of the document to explain in part

19 the increase in Suspicious Transaction Reports.

20 Do you have that?

21 A I do, correct.

22 Q And it looks to be -- and tell me if -- if you

23 look at page 2, the GPEB contact is Mr. Mazure

24 and the program area contact is Mr. Meilleur.

25 Does that tell you who prepared this information

1 note for you?

2 A Generally, yes, the two names that appear at the  
3 bottom would have indicated to me that was the  
4 source of the document.

5 Q And would you agree with me, then, that at this  
6 point at least, August 24th, 2015, GPEB wasn't  
7 sounding an alarm to government that the  
8 increased Suspicious Transaction Reports were  
9 indicative of increasing volumes of illicit  
10 proceeds of crime coming into BC casinos?

11 A Yes. It's interesting. You would have heard my  
12 exchange with Mr. Martland where I observed just  
13 that, that first of all, I would not have seen  
14 this document at the time having been out of the  
15 country until the first week of September, but  
16 that the tone of this document is very much at  
17 odds with the tone of the conversation that took  
18 place upon my return.

19 Q And in terms of the tone of the conversation  
20 that took place on your return of --

21 MR. McFEE: Madam Registrar, if I could ask you to  
22 bring up for Mr. de Jong GPEB0767, which is a  
23 Ministry of Finance briefing document.

24 Mr. Martland, I suspect it's in the  
25 package, but I'm not sure where.

1 MR. MARTLAND: Try 25.

2 MR. McFEE: Thank you.

3 Q Do you have that, Mr. de Jong?

4 A I do. Thank you.

5 Q And this is dated September 1st, 2015, and it  
6 appears to be prepared by Mr. Mazure for your  
7 consideration. Do I understand that correctly?

8 A Yes.

9 Q And now you'll see that the title is "options  
10 for issuing anti-money laundering directives to  
11 BCLC." And if you go over to page 2, please.  
12 You should have at the top:

13 "Issue: The potential for money  
14 laundering, proceeds of crime and  
15 suspicious financial transactions  
16 continues to be an issue in BC casinos and  
17 gaming facilities."

18 And it goes on to provide background. So seems  
19 that in a span of less than a week the tone has  
20 changed significantly, as you've observed;  
21 correct?

22 THE COMMISSIONER: I'm sorry. I'm just going to  
23 interrupt for a moment, Mr. McFee. I don't know  
24 if anyone else is experiencing it, but I'm  
25 having a great deal of difficulty in hearing you





1 Mr. de Jong?

2 A Yes, I do. Thank you.

3 Q And background is set out. And then if you go  
4 over to page 4 of that document, please. You'll  
5 see various options are set out and we don't  
6 need to go through them all, but the bottom line  
7 is GPEB now appears to be requesting that you  
8 issue a ministerial directive to BCLC. Was that  
9 your understanding?

10 A They were providing -- presenting that as a  
11 possible option. Again, I should emphasize I'm  
12 not certain I saw this particular document, but  
13 the recommendation appeared in another -- in  
14 another document as well that I do recall  
15 seeing, and then acted upon -- your earlier  
16 observation, though, about the change in tone  
17 between August the 24th and August the 31st is  
18 an observation that I would share and observe as  
19 well.

20 Q Precisely. And do you recall in this time frame  
21 was any rationale provided to you by Mr. Mazure  
22 or Mr. Meilleur for the significant change in  
23 GPEB's approach or change in tone in this short  
24 time frame?

25 A Right. Well, again, I may well not have ever

1           seen the earlier document. So I may not have  
2           had the two -- in fact it's unlikely that I  
3           would have had the two to compare. What I can  
4           tell you with certainty is that upon my return,  
5           the Associate Deputy Minister communicated with  
6           my office that she had received information  
7           relating to the July study that caused her  
8           concern and wanted to share that information and  
9           thought it required direct ministerial  
10          involvement. So my understanding at the time  
11          would not have been a -- about a significant  
12          shift in the course of a week. It would have  
13          been that events of earlier in the summer had  
14          been presented in a way to cause -- cause  
15          increased concern.

16          Q     And on this document, if I could ask you to go  
17                 to page 12 of it, please. And here as an  
18                 appendix you're being provided with the  
19                 statutory provisions. Do I understand that  
20                 correctly?

21          A     That's what the appendix is, yes.

22          Q     And I just draw to your attention section 6 of  
23                 the *Gaming Control Act*. As I understood in  
24                 response to Mr. Martland's questions and in the  
25                 context of the October 1st, 2015 letter to

1                   Mr. Smith, you refer to your authority as  
2                   minister to give BCLC directions under the  
3                   *Gaming Control Act* and made reference to  
4                   section 6. Do you recall that evidence?

5           A        I recall that and more particularly that I did  
6                   not turn my mind to whether section 6 or  
7                   section 7 when I signed the letter of October  
8                   the 1st.

9           Q        But you'll see under section 6 of 3 that if a  
10                   ministerial directive is issued under section 6:

11                               "The General Manager must publish the  
12                               directives of the minister in the  
13                               prescribed manner and make them available  
14                               for public inspections at the offices of  
15                               the branch during normal office hours."

16                   Do you see that?

17           A        I see it, yes.

18           Q        To your knowledge did that every occur with  
19                   respect to your October 1st, 2015 letter?

20           A        Not to my knowledge, no.

21           Q        So was the October 1st, 2015 letter a  
22                   ministerial directive under section 6?

23           A        I have heard it described now as a letter of  
24                   direction, Mr. McFee, and I've tried to be  
25                   forthright about what was in my mind at the time

1 I sent it. In the same way that when I signed  
2 the previous and the subsequent letter of  
3 shareholders expectation or mandate letter, that  
4 the sentence that began "I direct" seemed to me  
5 to be pretty clear. Whether others believed it  
6 was issued pursuant to a particular section of  
7 the *Gaming Control Act*, I suppose is an  
8 interesting and relevant question. All I can  
9 tell you is what was in my mind at the time I  
10 signed the letter that very purposely included  
11 two lines about providing direction.

12 MR. McFEE: If we could have that document marked as  
13 the next exhibit, please, Mr. Commissioner.

14 THE COMMISSIONER: Yes, very well.

15 THE REGISTRAR: Exhibit 903.

16 MR. McFEE:

17 Q And then, Mr. de Jong, if we could go to your  
18 October 1st, 2015 letter to Mr. Smith. It's  
19 been marked as exhibit 900 this morning. I'm  
20 not sure what tab it is in your volume.

21 MR. MARTLAND: 27, I believe.

22 THE REGISTRAR: Sorry, Mr. McFee, I just realized we  
23 were on that document earlier on the screen,  
24 right now that is exhibit 553.

25 MR. McFEE: Oh, thank you. It's already been marked.

1                   Thank you very much.

2           THE REGISTRAR:   Sorry about that.

3           MR. MARTLAND:   Just so I'm clear on that, Madam  
4                   Registrar, do we cancel the last notation or  
5                   exhibit number you assigned as a result?

6           THE REGISTRAR:   Yes, so cancel 903.   Sorry about  
7                   that.

8           MR. MARTLAND:   Thank you.

9           MR. McFEE:

10          Q     Do you have your October 1st letter to  
11                   Mr. Smith, Mr. de Jong?

12          A     Yes, I do.   Thank you.

13          Q     Okay.   And in terms of the direction, at item  
14                   number 3 at the bottom, Mr. Martland took you  
15                   through this, and, as he said, there's a fair  
16                   bit in this paragraph, but it says:

17                         "Enhanced customer due diligence to  
18                         mitigate the risk of money laundering in  
19                         British Columbia gaming facilities through  
20                         the implementation of AML best practices  
21                         including processes for evaluating the  
22                         source of wealth and source of funds prior  
23                         to cash acceptance."

24                   And although there's nothing in there that  
25                   actually says the BCLC follow a risk-based

1 approach, I take it from your evidence that was  
2 the intention, continue with the risk based,  
3 standards-based approach.

4 A Continue with the risk-based standards approach,  
5 although you also heard me say to Mr. Martland  
6 the intention was to convey something beyond --  
7 beyond the status quo.

8 Q And in terms of beyond the status quo, as  
9 Mr. Smart canvassed with you, the number and  
10 volume and transaction value of STRs the data  
11 shows dropped significantly from the -- from  
12 July 2015 on; correct?

13 A Through -- in fact through 2016, as we  
14 discovered in 2016, yes.

15 Q Right. And in your contacts with BCLC and GPEB  
16 were you informed that BCLC had implemented in  
17 April of 2015 this cash conditions program  
18 which -- part of which was BCLC investigators  
19 interviewing high-risk patrons to determine the  
20 source of theirs funds?

21 A Yes. In fact that information and others -- and  
22 you will of course be aware that there was then  
23 a study conducted, I think an MNP study  
24 conducted at one of the casinos and so there  
25 was -- through 2016 there was a flow of

1 information back and forth, and the general  
2 impression I was left with at the time was that  
3 good progress was being made.

4 Q Right. So just to wrap that up, in terms of  
5 your understanding as minister, these problems  
6 were brought to your attention, GPEB and BCLC  
7 certainly seemed to be concerned about it and  
8 were willing to address them; is that fair?

9 A Yes.

10 Q And from your observations, they were addressed  
11 in terms of the status quo didn't remain, steps  
12 were taken to reduce the flow of suspicious cash  
13 into BC casinos?

14 A There seemed to be good progress being made.

15 Q And so it seemed to you that BCLC was following  
16 your direction?

17 A I was aware of nothing that would indicate there  
18 was an unwillingness to abide by the direction  
19 in this letter or the subsequent mandate letter.

20 MR. McFEE: Those are my questions for you. Thank  
21 you, Mr. de Jong.

22 THE COMMISSIONER: Thank you, Mr. McFee.

23 Now Ms. Mainville on behalf of Robert  
24 Kroeker, who has been allocated five minutes.

25 MS. MAINVILLE: Thank you, Mr. Commissioner.

1                   **EXAMINATION BY MS. MAINVILLE:**

2                   Q     Just a few questions, Mr. de Jong, to clarify.  
3                             Consistent with the evidence just discussed with  
4                             Mr. McFee about your -- the change of tone, so  
5                             to speak, from GPEB over the course of the  
6                             summer to the fall of 2015, and my understanding  
7                             of your evidence to date that the first time you  
8                             specifically referenced the need to look at  
9                             source of funds was in the fall of 2015, as I  
10                            understood your evidence. Am I correct to say  
11                            that as I believe you informed commission  
12                            counsel prior to your testimony that you do not  
13                            recall the issue of source of funds having been  
14                            brought to your attention prior to the fall  
15                            2015? Is that fair?

16                  A     I will wait just a moment, counsel, while the  
17                            last train to Clarksville goes by here.

18                            Thank you. And by the way, please convey  
19                            to your client my apologies for not identifying  
20                            the Kroeker Report as the Kroeker Report, but I  
21                            did not know it as that in my time in the  
22                            ministry.

23                            To your --

24                  Q     I don't know that he would have characterized it  
25                            as a Kroeker Report either.



1           A     All right.  When that, as you fairly pointed  
2                     out, we canvassed that issue with Mr. Martland.  
3                     It took us on a bit of a journey through the  
4                     mandate letters, which was my way of trying to  
5                     remind myself about the evolution in awareness  
6                     and how that translated into interaction with  
7                     the lottery corporation and GPEB.

8                     I think you're correct, though, that it was  
9                     in 2015 that you begin to see correspondence  
10                    with my name on it specifically referencing  
11                    source of wealth and source of funds.

12           Q     And my question, though, is, to be fair to you,  
13                     am I right that you don't recall the issue of  
14                     source of funds, more specifically, being  
15                     brought and inquiries in respect of source of  
16                     funds being brought to your attention until the  
17                     fall of 2015?

18           A     Yeah, I -- the only reason I'm being cautious is  
19                     some of these terms have acquired a usage now  
20                     that perhaps they didn't have at the time.  And  
21                     we may not -- officials may not have referred to  
22                     source of wealth and source of funds in the --  
23                     using those terms.  I think earlier in 2015 and  
24                     possibly in 2014, you know, general questions  
25                     about the proceeds of crime -- and I suppose you

1           could make the argument that if you are talking  
2           about the proceeds of crime in a sense you are  
3           talking about source of wealth and source of  
4           funds, those terms weren't employed in the same  
5           way, and we were certainly discussing proceeds  
6           of crime and risks around proceeds of crime in  
7           casinos earlier than that.

8           Q       Certainly. But is it fair to say you have no  
9           recollection of GPEB, for instance, recommending  
10          to you that source of funds inquiries be made to  
11          casino patrons -- and it's separate and apart  
12          from source of wealth measures, just to be  
13          clear -- prior to sometime in 2015?

14          A       I'm going to say yes, but qualify it by saying I  
15          should probably check the documents to ensure  
16          that that is correct. Because it is possible  
17          that in one of the briefing documents mention is  
18          made. That's the only reason I'm hesitant.

19          Q       Certainly. And if you would like to do that  
20          that's fine, but also, you know, I'm happy to  
21          take your answer as being conditional on -- you  
22          know, we've seen a lot of documents from that  
23          time period, and so if I'm incorrect and it is  
24          in a letter or document, then I will stand  
25          corrected in terms of my proposition to you.

1                   But okay -- and then I just want to clarify,  
2                   you've made reference to the advice you received  
3                   over time being to prefer a risk-based approach  
4                   or a standards-based approach and you did  
5                   mention specifically, for instance, Mr. Doug  
6                   Scott I believe advising you of this, to not be  
7                   too prescriptive. Is it fair to say that that  
8                   was also Mr. Mazure's recommended approach to  
9                   you?

10            A       Yes. That was a -- and, again, to Mr. Scott's  
11            initial advice, a cautioning -- well, an  
12            endorsement of a risk-based approach. I think  
13            his language was perhaps a little more direct on  
14            a slightly different matter, which is ministers  
15            should be careful about interfering in the  
16            operational side of gaming, and I took that --  
17            took that to heart for a variety of reasons.  
18            But similarly the -- there seemed to me to be an  
19            element of agreement around the notion, an  
20            agreement from GPEB, the lottery corporation,  
21            those that were advising the Assistant Deputy  
22            Minister that trying to prescribe from the  
23            minister's office the procedures that needed to  
24            be followed to address these issues was a recipe  
25            for problems down the road. And that did make

1 an impression on me, yes.

2 Q Right. Which is why, as I believe you've  
3 testified, even in respect of this source of  
4 fund issue you did not purport to prescribe a  
5 threshold amount above which source of fund  
6 inquiries needed to be made; correct?

7 A That's correct.

8 MS. MAINVILLE: Those are all my questions. Thank  
9 you.

10 THE COMMISSIONER: Thank you, Ms. Mainville.

11 I'll turn now to Ms. Chewka on behalf of  
12 the province, who has been allocated 45 minutes.

13 MS. CHEWKA: Thank you.

14 **EXAMINATION BY MS. CHEWKA:**

15 Q Mr. de Jong, can you hear me okay?

16 A I can. Is it Ms. Chewka.

17 Q It is, yes?

18 A Did I pronounce that correctly.

19 Q You did.

20 A Okay. Thank you.

21 Q Thank you. I just have a few questions for you,  
22 Mr. de Jong. This morning you had given  
23 evidence with respect to how you approached  
24 gaming from a risk-based approach as opposed to  
25 a prescriptive approach. Do you recall that?

1           A     I do.

2           Q     And I'm hoping you can explain to the  
3                 Commissioner what a risk-based approach is from  
4                 your perspective.

5           A     So establishing -- the other term, of course,  
6                 that you often hear in this context is a  
7                 standards-based approach. So what are the  
8                 objectives, what are the standards that we are  
9                 trying to achieve, what are the objectives that  
10                we are trying to achieve, and there's likely a  
11                variety of ways to do that depending on the  
12                circumstances. So it does -- I suppose the  
13                critic would say you are relying on people to  
14                develop approaches, novel approaches or their  
15                own approaches. The optimist, I suppose, would  
16                say you are empowering agencies to find the way  
17                that works best in certain circumstances to  
18                achieve those standards. And there are, I  
19                suppose, advocates for both approaches in terms  
20                of that standards-based or prescriptive  
21                approach. Mr. Martland give me an opportunity  
22                to reveal my bias and I think the bias of the  
23                government as it relates to the form of  
24                regulation and I tried to do so. I hope -- is  
25                that helpful.

1           Q     That is helpful. I suppose I'll ask in  
2                   contrast, then, how would you describe a  
3                   prescriptive approach?

4           A     One that says using whatever measurements or  
5                   quantum of measurement at -- I'm trying to think  
6                   of an example -- well, in the context we're  
7                   discussing, if a customer presents X amount of  
8                   money, the following must happen. There,  
9                   that's -- I guess that's a pretty prescriptive  
10                  approach. If someone arrives and uses a credit  
11                  card, the following must happen. If someone  
12                  arrives at a casino and withdraws money from an  
13                  ATM, the following must happen and lays out in  
14                  detail what that must be. I mean, I suppose  
15                  along the continuum between the prescriptive and  
16                  the risk-based or standards-based there are --  
17                  you can find your spot, but there you go.

18          Q     That's quite helpful. I was going to provide  
19                  you an example and perhaps I will just to ground  
20                  this in the evidence that the Commissioner has  
21                  heard thus far. I'm assuming you're aware of  
22                  the German report.

23          A     Yes.

24          Q     And are you aware that one of the  
25                  recommendations by Mr. German was that there

1                   should be a source of funds policy for all  
2                   buy-ins in excess of \$10,000, for example?

3           A        I recall from -- and it's been a while since I  
4                   read it, that Mr. German in his report, A, I  
5                   thought endorsed the idea of a risk-based  
6                   approach to regulation in the gaming sector.  
7                   I'll rely on your information and memory that in  
8                   his view his definition of risk-based was broad  
9                   enough to include the kind of regulation that  
10                  you've described. And it may well be. I'm not  
11                  suggesting that -- it's not a recommendation  
12                  that was made to me in my time as minister. Had  
13                  it been, insofar as I tended to follow -- I  
14                  can't think of an example where I didn't follow  
15                  the recommendations that were made to me -- I  
16                  can't imagine this would have been any  
17                  different.

18          Q        I suppose my question was more simple than that.  
19                   But perhaps poorly articulated. Would you agree  
20                   with me that if there was a recommendation that  
21                   says, if a patron comes into a casino with  
22                   \$10,000 in cash, you must ask them the source of  
23                   their funds, would you agree that is a  
24                   prescriptive approach?

25          A        Yes. I think it is.

1 MS. CHEWKA: Okay. Madam Registrar, if I could have  
2 exhibit 900 back up on the screen. That's the  
3 October 1st letter that we've canvassed a fair  
4 bit already.

5 THE WITNESS: And I have my hard copy in front of me  
6 as well. So thank you.

7 MS. CHEWKA: Excellent. Madam Registrar, if you  
8 could scroll down just to that bullet point 3.  
9 A little bit further so it's in the centre of  
10 the screen. Thank you.

11 Q It's that third bullet point, Mr. de Jong, and  
12 I'll just read it here. It says:

13 "Enhance customer due diligence to  
14 mitigate the risk of money laundering in  
15 British Columbia gaming facilities through  
16 the implementation of AML compliance best  
17 practices including processes for  
18 evaluating the source of wealth and source  
19 of funds prior to cash acceptance."

20 I just had a question about the source of wealth  
21 reference that we have here. Is it my  
22 understanding that -- and please correct me if  
23 I'm wrong, but when you say source of wealth,  
24 are you referring to the idea that there should  
25 be questions asked that does this patron have



1                   the means to buy in for this amount? Is that  
2                   what you're referring to when you say source of  
3                   wealth?

4           A       That, roughly speaking, would have been, is my  
5                   understanding of what that term as opposed to --  
6                   as opposed to source of funds, which is a  
7                   different thing. The source of wealth relates  
8                   to the means of the customer.

9           Q       And on that point, the source of funds in  
10                   contrast, would that focus not on the patron but  
11                   instead, you know, where do these particular  
12                   bundles of cash come from? Is that a fair  
13                   description of the distinction between the two?

14          A       Yes. I'm cautious about editorializing with the  
15                   image you have just conveyed. It is -- but if  
16                   someone comes in with a cash -- yes, I think  
17                   that's the distinction.

18          Q       Okay. In making this direction that's set out  
19                   in your October 1st, 2015 letter, were you  
20                   directing BCLC to implement a policy or take  
21                   steps to source funds where the cash appeared to  
22                   be suspicious? Is that a fair description of  
23                   your direction?

24          A       Yes. And I would, to the extent it's helpful,  
25                   urge that the October 1 letter be read in

1 concert with the mandate letter that was signed  
2 the following month or several months thereafter  
3 for the coming fiscal year.

4 I should also say that what I was urging  
5 upon or attempting to urge upon the lottery  
6 corporation is this notion of working with the  
7 regulator to settle upon -- the regulator being  
8 GPEB -- to settle upon processes. So, for  
9 example, it occurred to me at the time that if  
10 the presentation of cash in a casino was  
11 generating a suspicious cash transaction report,  
12 that that should trigger some additional  
13 investigation or activity. I wasn't purporting  
14 to prescribe precisely what that should be, but  
15 it should be a trigger for additional activity.

16 Q And when you say that this letter should be read  
17 in the context of the mandate letter that  
18 follows would you agree that it should also be  
19 read in the context of the August 7th, 2015  
20 letter by Mr. Mazure as well that was attached  
21 to your letter?

22 A I agree entirely, and that was made explicit.  
23 That was made explicit in the letter of October  
24 the 1st.

25 Q To be clear, you didn't direct BCLC to only

1 source the funds for high-risk patrons, did you?

2 A I'm sorry, I'm not sure I understand.

3 Q My question is whether or not you ever made a  
4 direction to BCLC to only source funds for  
5 high-risk patrons?

6 A The directions that I provided are the ones that  
7 we are -- that we see in the letter of October  
8 the 1st and the -- in the mandate letters. And  
9 I don't -- I don't believe the language in the  
10 mandate letters tracks what you have just said.

11 Q You gave evidence this morning about some  
12 conversations -- or meetings perhaps is a better  
13 way of describing it -- with Mr. Bud Smith  
14 following the October 1st, 2015 direction. Do  
15 you recall that?

16 A Sorry, the October 1st, 2015 direction?

17 Q Yes.

18 A Yes, yes.

19 Q So any meeting after that with Mr. Smith. Do  
20 you recall having that?

21 A Yes, I believe there was a meeting with  
22 Mr. Smith thereafter, yes.

23 MS. CHEWKA: Madam Registrar, if I can have on the  
24 screen GPEB4824, please.

25 Q I recognize that you're not copied on this email

1 exchange, Mr. de Jong, but if Madam Registrar  
2 could please scroll down to the bottom of the  
3 first page. This is an email from an individual  
4 named Brittney Smith [sic] and it says as  
5 follows to Mr. Meilleur:

6 "Hi Len. I would appreciate your input on  
7 the highlighted bullet below. John and I  
8 have met with Cheryl today to discuss the  
9 draft 16/17 mandate letter. In a meeting  
10 with Bud Smith yesterday, Minister  
11 committed to clarify through the mandate  
12 letter that the evaluation of source of  
13 funds prior to cash acceptance does not  
14 imply that they need to check every  
15 \$20 bill that comes in the door. That a  
16 pragmatic risk-based approach should be  
17 taken in appropriate consideration of  
18 evaluating the source of funds. Cheryl  
19 also wanted to confirm of the MNP review  
20 and how it relates to this direction ...  
21 Her understanding was that the MNP review  
22 would result in a framework that will  
23 determine the criteria for what cash would  
24 be evaluated."

25 Madam Registrar, if we could scroll down a

1           little further and there is some of the draft  
2           language from the mandate letter, including a  
3           highlighted portion. Is this email consistent  
4           with your recollection of the conversation you  
5           had with Mr. Smith?

6           A     I think it is. It certainly equates practically  
7           with what I think I had in mind, and though I  
8           don't recall the specific conversation with  
9           Mr. Smith, it's certainly consistent with my --  
10          what I believe my thinking at the time was.

11          MS. CHEWKA: Mr. Commissioner, may I have this marked  
12          as the next exhibit, please.

13          THE COMMISSIONER: Yes, very well. That will be -- I  
14          think we're at 903, are we, Madam Registrar?

15          THE REGISTRAR: Yes, exhibit 903.

16          THE COMMISSIONER: Thank you.

17                   **EXHIBIT 903: Email exchange between Brittney**  
18                   **Speed and Len Meilleur, re AML Strategy**  
19                   **language - draft BCLC mandate letter -**  
20                   **November 19, 2015**

21          MS. CHEWKA: Madam Registrar, I'm finished with this  
22          exhibit now, please. Thank you.

23          Q     Mr. de Jong, in your view did BCLC comply with  
24          the direction that you made on October 1st,  
25          2015?

1           A     I didn't receive any indication, any evidence,  
2                    any advice or information to suggest that the  
3                    intent -- that there was any attempt being made  
4                    to frustrate the intent of what was conveyed  
5                    both in the October 1st letter and the  
6                    subsequent mandate letter. In fact through 2016  
7                    the information I did receive, as I have pointed  
8                    out to some of your colleagues, is that there  
9                    was significant progress being made in reducing  
10                   the number of -- both the number of suspicious  
11                   transactions, cash transactions, and the quantum  
12                   of suspicious transactions.

13           Q     Did you receive -- if you didn't receive any  
14                   confirmation or indication that there was  
15                   non-compliance did you receive any information  
16                   of compliance with the direction?

17           A     I think it may -- this may have been a case of  
18                   the proof is in the pudding. I think it was the  
19                   result -- maybe by definition of a risk-based  
20                   approach, it was the results that we would have  
21                   been most interested in and through 2016 the  
22                   information I was receiving was that the trend  
23                   lines were going in the right direction. By the  
24                   way, I've said that several times now and don't  
25                   want to leave the impression that there was any

1           notion that, you know, the job was complete. I  
2           think it was fully understood that there was  
3           more to be done and more progress needed to be  
4           made, but there had been significant -- there  
5           was significant progress being made through  
6           2016.

7           Q     Do you know if BCLC during your tenure as the  
8           minister responsible for gaming if they  
9           implemented a source of funds policy?

10          A     I'm -- I believe in conversations -- and we have  
11          documents that indicate that steps were taken,  
12          but I would be -- it would be risky for me to  
13          try and pinpoint what they were without the  
14          assistance of some of the documentation that  
15          exists.

16          Q     Of course. In your witness statement that was  
17          drafted, I believe, with commission counsel, you  
18          state that you are not aware of any reticence on  
19          BCLC's part. I'm referring to page 9, if that's  
20          of assistance to you, if you wanted to turn that  
21          up.

22          A     I think I've got my hard copy here.

23          Q     It's paragraph 82, if that assists.

24          A     I have paragraph 82 in front of me.

25          Q     And so you state here that you weren't aware of

1                   any reticence on BCLC's part with respect to  
2                   requiring proof of the source of funds for  
3                   transactions over \$10,000 and that you don't  
4                   recall BCLC expressing any concerns over the  
5                   costs of general proof of source of funds  
6                   requirements. My question is with respect to  
7                   the \$10,000 I understand from your evidence that  
8                   there was never a direction during your tenure  
9                   with respect to this \$10,000 amount. Is that  
10                  correct?

11                 A     That's my recollection, yes.

12                 Q     And so when you're saying that you weren't aware  
13                   of any reticence on BCLC's part with respect to  
14                   requiring the proof of the source of funds, are  
15                   you referring to the general direction to source  
16                   the funds?

17                 A     I think the question that was put to me at the  
18                   time was whether they had ever articulated a  
19                   hesitation around that. I don't think they did.  
20                   Nor do I recall them actively seeking out a  
21                   direction to that effect.

22                 MS. CHEWKA: Madam Registrar, if I could -- I  
23                   apologize. It's document BCLC0004514. It's  
24                   been tendered as an exhibit already to  
25                   Mr. Lightbody's affidavit.



1 THE REGISTRAR: Yes.

2 MS. CHEWKA: If I could have that on the screen. I  
3 was, I believe, exhibit 34 to exhibit 505 if  
4 that exists.

5 THE REGISTRAR: No problem.

6 MS. CHEWKA:

7 Q Mr. de Jong, do you have that in the hard copy  
8 in front of you? I believe Mr. McFee has taken  
9 you to this document already.

10 A He has. Number 12, thank you very much.

11 MR. MARTLAND: I think.

12 THE WITNESS: I have it, thank you.

13 MS. CHEWKA: Thank you.

14 Q So this, as I understand it, is in response to  
15 Mr. Mazure's August 7th, 2015 letter, which was  
16 appended to your October 1st, 2015 letter. Is  
17 that correct? You can see that in the first  
18 paragraph.

19 A Yes, correct.

20 Q And this letter was addressed to you from  
21 Mr. Lightbody; is that correct?

22 A That appears to be the case.

23 Q And I'd like to draw your attention to the  
24 paragraph that begins -- and this is in response  
25 to the source of wealth and funds comment. It

1                   says:

2                   "While it is generally easier to identify  
3                   an individual's source of wealth,  
4                   identifying the actual source of funds for  
5                   a transaction is far more problematic,  
6                   especially when the funds are presented as  
7                   cash. It is financial industry standard  
8                   to ask a customer to declare the source of  
9                   funds for all transactions (including  
10                  cash) over \$10,000. However, little  
11                  follow up investigation is then conducted.  
12                  It's also common practice in the financial  
13                  industry to terminate a business  
14                  relationship with a customer after two or  
15                  three suspicious transaction reports."

16                  And then if you come down to just before the  
17                  recommendations it continues:

18                  "BCLC believe that currently no one agency  
19                  in BC is equipped to identify the actual  
20                  source of funds. To do so would require  
21                  in most cases law enforcement  
22                  intervention. Currently BCLC and GPEB  
23                  lack the legislative authority, and law  
24                  enforcements lack the available budget  
25                  resources and visibility into gaming."

1           Would you agree with me that this represents at  
2           least -- maybe not reticence but some pushback  
3           on the suggestion to source the funds?

4           A     It's not how I necessarily read it.  By the way,  
5           I should say, that the -- and happily you have  
6           pointed to it again in this letter in terms of  
7           the \$10,000 threshold, which if memory serves  
8           also involved a threshold as it relates to  
9           reporting requirements by FINTRAC.  So there  
10          may -- I'm trying to remember all of this.  I  
11          believe there was some magic associated with the  
12          \$10,000 figure as it relates to the federal  
13          regulator as well.

14                 I interpreted this letter generally in the  
15          following way, that look, if we're going to --  
16          if we are going to effectively do these things,  
17          we are missing a piece of the puzzle in terms of  
18          the involvement, the further amplified  
19          involvement of the policing agencies.  So,  
20          minister, if that's -- if that's the direction  
21          we're going, that's fine, but a prerequisite  
22          from the point of view of the BC Lottery  
23          Corporation was going to be the need for further  
24          police investigative involvement.  And that was  
25          a view, as I've said now, I think numerous times,

1 shared by everyone with whom I consulted, GPEB,  
2 ministry officials.

3 Q In fairness, this letter was dated August 24th,  
4 2015, and of course your direction comes  
5 October 1st, 2015. Was there any additional  
6 conversations or concerns expressed about the  
7 ability to comply with that direction on behalf  
8 of BCLC?

9 A I think that the general response was, dare I  
10 say, one of relief that some purposeful steps  
11 were being taken to engage with the policing  
12 services to set up a dedicated agency that was  
13 going to focus in on the issues involved. And  
14 I -- as I said several times over the course of  
15 the day, my sense was whether it was GPEB or the  
16 BC Lottery Corporation, there was an  
17 understanding and a willingness to work to try  
18 to breathe life into the intent of this, but a  
19 fairly passionately expressed view that we had  
20 to -- we had to engage with the policing  
21 agencies to a greater extent than we had.

22 Q During Mr. Lightbody's testimony in this hearing  
23 process, we also heard of a BCLC board meeting  
24 where there was concerns raised that  
25 implementing your October 1st, 2015 direction



1 importance that the government was assigning to  
2 the issue, and especially given the fact that  
3 their expressed desire for an added police  
4 presence, amplified police presence, was being  
5 acted upon expressed their desire to work  
6 cooperatively to achieve the objectives that we  
7 had set out.

8 Q The commission has heard evidence as well that  
9 in 2013 there was an increase in table limits so  
10 that patrons could bet up to \$100,000 in a  
11 single hand. Are you familiar with that 2013  
12 table limit increase?

13 A I am aware of it shortly after assuming  
14 responsibility for the gaming matters,  
15 ministerial responsibility. There were -- there  
16 was a discussion and I think ultimately a  
17 decision arrived at between the lottery  
18 corporation and the regulator on that question.

19 Q The commission also heard evidence from  
20 Mr. Michael Graydon, and he was the former CEO  
21 of BCLC. Did you have interactions with  
22 Mr. Graydon while minister responsible for  
23 gaming?

24 A For a short period because he left -- he left  
25 relatively shortly after I became the minister

1 responsible. And I will say in keeping with  
2 where we sort of started off today with  
3 Mr. Martland, most of -- most of that  
4 interaction, I would say maybe 90 percent of it  
5 related to issues around responsible gaming,  
6 concerns around gambling addiction. Mr. Graydon  
7 had arranged an international conference that I  
8 was asked to speak at. We established a  
9 gambling addictions centre at UBC with funding,  
10 I think, in part from BC Lottery Corporation.  
11 So yes, there was interaction with him,  
12 periodic, but it tended to focus on responsible  
13 gaming.

14 Q The Commissioner will also hear evidence next  
15 week from Ms. Cheryl Wenezenki-Yolland. She was  
16 a former Assistant Deputy Ministry with the  
17 Ministry of Finance; is that correct?

18 A That's correct.

19 Q And you also would have interactions with  
20 Mr. Wenezenki-Yolland?

21 A Frequent. And it would have extended beyond the  
22 gaming file given her position within the --  
23 within the finance ministry.

24 Q The evidence of Mr. Graydon and  
25 Ms. Wenezenki-Yolland is that Mr. Graydon

1                   contacted you directly to seek approval of the  
2                   table limit increase. Do you recall that  
3                   conversation with Mr. Graydon?

4           A        I read that in the -- in one of the witness --  
5                   well, in the witness statement, I think  
6                   Ms. Wenezenki-Yolland's witness statement, if I  
7                   remember correctly. But I don't recall the  
8                   call.

9           Q        Mr. Graydon actually gave evidence that he  
10                   received ministerial approval for the table  
11                   limit increase. Do you recall giving him that  
12                   approval?

13          A        No. And in keeping with the advice I received  
14                   from Mr. Scott and quite frankly the subsequent  
15                   evidence of the fact that it was the lottery  
16                   corporation in consultation with GPEB that  
17                   ultimately made the decision that would suggest  
18                   that was not the case.

19          Q        But you were aware that the table limits were  
20                   increased to allow a patron to bet \$100,000 in a  
21                   single hand; is that correct?

22          A        Yes. I was made aware of that.

23          Q        But you don't know in particular who was the  
24                   decision maker on that issue?

25          A        The -- my understanding and the advice I



1 received was that the decision was arrived at  
2 after -- by the lottery corporation after  
3 discussions with the Gaming Policy Enforcement  
4 Branch.

5 MS. CHEWKA: Madam Registrar, if I could have  
6 exhibit 553 on the screen.

7 MR. MARTLAND: Tab 25 for the witness.

8 THE WITNESS: Thank you.

9 MS. CHEWKA: Thank you, Mr. Martland.

10 Q Mr. McFee has taken you through this document  
11 already. But I ask if Madam Registrar could  
12 just scroll down, please. Yes, that's good  
13 there. Thank you, Madam Registrar.

14 I understand from your evidence, and again,  
15 correct me if I'm wrong, was that you don't  
16 recall if this particular document was put  
17 before you for a decision. Is that correct?

18 A Correct.

19 Q But you are familiar with the general contents  
20 of the letter and the options that were  
21 available to you as minister at the time; is  
22 that correct?

23 A Yes.

24 Q And so you were aware of the authority under the  
25 *Gaming Control Act* to provide direction under

1                   either section 6 or section 7; is that correct?

2           A        I will be more -- I will be very particular  
3                   about this. I was aware of the authority to  
4                   provide direction. I won't pretend to have  
5                   committed to memory the particular section of  
6                   the act.

7           Q        That's fair enough. And ultimately you did make  
8                   a direction on October 1st, 2015, although again  
9                   not pursuant to a particular section, but you  
10                  did make a direction; is that correct?

11          A        Correct.

12          Q        Between 2013 and 2017 when you were minister  
13                   responsible for gaming, did you issue any other  
14                   directions under the *Gaming Control Act*, whether  
15                   6 or 7 or another provision?

16          A        Well, of course the mandate letters themselves  
17                   include that language, "you are directed." So I  
18                   would answer yes. And as we canvassed with  
19                   Mr. Martland much earlier on today, those became  
20                   as it relates to anti-money laundering  
21                   increasingly more specific directions, and I  
22                   won't propose to go through it a second time.  
23                   So I would say yes, there were additional  
24                   directions issued in -- as I say, ever evolving  
25                   detail, particularly around anti-money

1                   laundrying.

2                   Q     Would it be fair to say the extent of your  
3                   directions as minister would have been reflected  
4                   in the October 1st, 2015 letter and the mandate  
5                   letters to BCLC? Is that an accurate summary of  
6                   the directions that you provided?

7                   A     Sorry, the letter of October the 1st, 2015, yes.

8                   Q     And then the mandate letters?

9                   A     Yes. I believe so.

10                  Q     Were there any additional ministerial directions  
11                  that you provided to BCLC?

12                  A     I don't believe so. Those are the ones that I  
13                  am aware of on memory and having reviewed the  
14                  documents that have been provided.

15                  MS. CHEWKA: Thank you. Thank you, Mr. de Jong.

16                  Thank you, Mr. Commissioner. Those are my  
17                  questions.

18                  THE WITNESS: Thank you.

19                  THE COMMISSIONER: Thank you, Ms. Chewka.

20                                 Anything arising, Mr. Mainville?

21                  MS. MAINVILLE: No, thank you, Mr. Commissioner.

22                  THE COMMISSIONER: Mr. McFee?

23                  MR. McFEE: Nothing arising, thank you,

24                                 Mr. Commissioner.

25                  THE COMMISSIONER: Mr. Smart?

1 MR. STEPHENS: It's Mr. Stephens for Mr. Smart, and  
2 no, there are no further questions. Thank you,  
3 Mr. Commissioner.

4 THE COMMISSIONER: Thank you, Mr. Stephens. And  
5 Mr. Martland?

6 MR. MARTLAND: Thank you.

7 THE COMMISSIONER: You said "no, thank you,"  
8 Mr. Martland?

9 MR. MARTLAND: I'm sorry, I said "no, thank you."

10 THE COMMISSIONER: It could be my hearing, not your  
11 enunciation.

12 Well, thank you very much, Mr. de Jong.  
13 You've obviously had to reach into some very  
14 crowded memory banks to furnish us with a very  
15 full and helpful account of your experience with  
16 this file and we very much appreciate your  
17 insights and experience with it. I'm sure  
18 you'll be glad to hear you're excused from any  
19 further testimony now.

20 **(WITNESS EXCUSED)**

21 THE COMMISSIONER: I think, Mr. Martland, we can  
22 adjourn until Monday morning at 9:30.

23 MR. MARTLAND: Yes, thank you.

24 THE COMMISSIONER: Thank you.

25 THE WITNESS: Thank you.

1           THE REGISTRAR: The hearing is now adjourned until  
2                           April 26th, 2021, at 9:30 a.m. Thank you.

3                           **(PROCEEDINGS ADJOURNED AT 2:03 P.M. TO APRIL 26, 2021)**

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