

**PROCEEDINGS AT HEARING
OF
DECEMBER 2, 2020**

COMMISSIONER AUSTIN F. CULLEN

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December 2, 2020

(Via Videoconference)

(PROCEEDINGS COMMENCED AT 9:29 A.M.)

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

THE COMMISSIONER: Thank you. Thank you, Madam Registrar.

Mr. Isaac, you may have received a somewhat enigmatic chat message from me, the intent of which to was to ask you whether you were leading the evidence of Mr. Barrow or not.

MR. ISAAC: I am leading the evidence Mr. Barrow this morning, Mr. Commissioner.

THE COMMISSIONER: Thank you.

MR. ISAAC: And, Madam Registrar, the next witness is Graham Barrow, and he will be affirming.

GRAHAM BARROW, a witness called for the commission, affirmed.

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

THE WITNESS: My full name is Graham Philip Barrow. It's Graham, G-r-a-h-a-m, and Barrow, B-a-r-r-o-w.

THE COMMISSIONER: Mr. Isaac.

1 MR. ISAAC: Madam Registrar, could we bring up the
2 document at tab 1, please.

3 **EXAMINATION BY MR. ISAAC:**

4 Q Mr. Barrow, do you recognize that as a copy of
5 your CV?

6 A I do.

7 MR. ISAAC: If we could mark that please as the next
8 exhibit. I believe it's exhibit 312.

9 THE COMMISSIONER: Yes, that's correct. We will mark
10 that as exhibit 312.

11 THE REGISTRAR: Exhibit 312.

12 **EXHIBIT 312: Graham Barrow's curriculum vitae**

13 MR. ISAAC: Madam Registrar, we don't need to display
14 that document anymore.

15 Q Mr. Barrow, I'm just going to begin by reviewing
16 some of your background and experience. You
17 have 25 years of experience in financial
18 services and control and have held senior roles
19 across global banking markets, corporate,
20 private retail and wealth management. Is that
21 all correct?

22 A That's all quite correct, yes.

23 Q And that includes serving as the Assistant
24 Director of global compliance training for
25 Deutsche Bank, External Auditor for Zurich Life,

1 global training lead for Coutts, global training
2 execution manager for HSBC global banking, head
3 of high risk and complex financial crime
4 investigations for The Co-operative Bank. Is
5 that all correct?

6 A That's all quite correct, yes.

7 Q And at The Co-operative Bank the developed the
8 high risk and complex case investigations unit;
9 is that right?

10 A I did.

11 Q You've also delivered and provided anti-money
12 laundering consultancy and training to a wide
13 range of financial and other institutions; is
14 that right?

15 A A very wide range, yes.

16 Q You also worked for the UK Financial Conduct
17 Authority; correct?

18 A I did, although at the time I worked there it
19 was still the Financial Services Authority. But
20 yes, it's what became the FCA today.

21 Q And you were invited and have advised the Danish
22 government on how to improve the effectiveness
23 of its anti-money laundering and financial crime
24 regime; is that right?

25 A That's right. As a consequence of the Danske

1 Bank story, I was invited to put forward some
2 recommendations to a government committee. Yes.

3 Q You're also the director and co-host of The Dark
4 Money Files, which is a podcast that produces
5 regular podcast episodes as well as articles on
6 topics of -- relating to money laundering and
7 global financial crime; is that right?

8 A I am indeed, yes.

9 Q Mr. Barrow, would you explain how you first
10 became interested and involved in issues
11 relating to money laundering and global
12 financial crime.

13 A Yes. I'm very happy to. It is one of those
14 pieces of serendipity. I've worked myself most
15 of my life, and I was invited to take part in a
16 contract for PEPs. And at the time here in the
17 UK we had an investment plan call a personal
18 equity plan, and in my ignorance I said I'd be
19 very happy to do that, but it turned out they
20 were referring to politically exposed persons.
21 By that time I'd accepted the contract and
22 needed the work, so I started doing deep
23 investigations into what these people were. And
24 as a consequence of that, I started becoming
25 very involved in financial crime, in training

1 and in understanding financial crime matters.

2 So it wasn't a career plan. It was very
3 much accidental. But from the time I started
4 that, which is now I guess 10, 12 years ago, I
5 have deeply immersed myself into specifics of
6 financial crime and anti-money laundering.

7 Q And you have conducted several investigations
8 into complex money laundering schemes using open
9 company registry data. Would you please explain
10 how that first came about.

11 A Yes. And again it was slightly serendipitous.
12 I was working at Deutsche Bank at the time, and
13 I'll probably make clear that my role at
14 Deutsche Bank was very strongly as an
15 intermediary between Deutsche Bank and the
16 Financial Conduct Authority where they were
17 going through what's become known as the mirror
18 trading scandal. A lot of that is still
19 confidential. But I was intrigued by part of
20 that because I saw the use of UK companies
21 involved in this mirror-trading story, and I
22 really couldn't understand at that point why
23 these UK companies were involved in what was
24 essentially a Russian operation.

25 So that started me down the road of

1 accessing Company House data. And I should say
2 at the outset because it's probably relevant, I
3 have a highly obsessive nature. So once I start
4 looking at something, if it triggers that
5 obsessiveness, it becomes deeply obsessive. So
6 I then -- I noticed some strange connections
7 between these two companies which shouldn't have
8 been connected but really were, and that led me
9 down a road of becoming utterly fascinated by
10 what was going on that apparently nobody else
11 had noticed to a degree that I could find on the
12 internet.

13 So as a private piece of work -- it was
14 nothing to do with my professional life -- I
15 went down the rabbit hole that is Companies
16 House and global laundromats, and I still
17 haven't yet come out.

18 Q And did you do this entirely on your own
19 initiative or were you contacted by journalists
20 or others that were looking at the -- you've
21 described the Danske Bank scandal?

22 A Initially it was entirely on my own initiative,
23 and I was so intrigued by what I'd found that I
24 wrote an article about it. And I have -- I had
25 then a very small following on LinkedIn and

1 published this article and was quite surprised
2 to see significantly more interest in the
3 article than I could have possibly imagined, a
4 lot of which was from journalists. And
5 inadvertently I had included in that article
6 information that was very relevant to the Danske
7 Bank story, although at that point I didn't know
8 that. And that caused the journalists to then
9 get in touch with me and say, you clearly know
10 more about this than you're saying.

11 I'm going to be very honest. I didn't know
12 more about this than I was saying, but I was
13 very happy to kind of knowingly say oh, yes.
14 And they started working with me because they
15 recognized I had some expertise that would be
16 very useful. At this point of course the Danske
17 Bank story was not public domain, it was still
18 not published, but they wanted that level of
19 expertise to help them formulate the story that
20 eventually became the Danske Bank story.

21 Q And I'd like to -- we will look turn to look at
22 what you actually did and how you got to that
23 [indiscernible]. Before we go further into
24 that, would you just briefly explain what -- you
25 mentioned mirror trading or what the nature of

1 the Danske Bank scandal was.

2 A Yeah, and there are actually many threads to
3 this. Mirror trading is one of them and mirror
4 trading is complex, but in essence it's a
5 function that allows money to effectively
6 disappear out of existence in Russia in this
7 particular case and reappear in western banks
8 without ever physically moving through the
9 financial system. It's a very clever process.
10 And mirror trading was part of what happened at
11 Danske Bank. There was also a very, very
12 significant amount of just transactional
13 activity through -- what I'm sure we are going
14 to talk about at some point today -- shell
15 entities.

16 So there was a combination of activities
17 going through Danske Bank in Estonia, all of
18 which were inherently suspicious, all of which
19 were very difficult to identify where those
20 funds came from and were using quite
21 sophisticated methods to move money about.

22 Q Okay. Well, let's look at -- if you could
23 describe, please, what you did. What was your
24 approach and what threads did you follow and
25 tools did you use in investigating the Danske

1 Bank scandal?

2 A Initially having -- the article I wrote -- and
3 it's probably worth just spending a minute or
4 two explaining the undercurrent, the narrative
5 that underpinned that article.

6 I had identified this gentleman -- I've
7 written about him extensively; his name is Ali
8 Moulaye -- who had signed what turned out to be
9 many thousands of sets of accounts of companies
10 who filed accounts at Companies House. And
11 having identified him, I found a number of other
12 companies on whose behalf he had signed
13 accounts, one of which was, coincidentally from
14 my point of view, the specific company that had
15 caused the whistleblower at Danske Bank to
16 eventually blow the whistle. And he blew the
17 whistle because this company ultimately had
18 connections to, shall we say senior -- very
19 senior politicians in Russia, which was very
20 concerning.

21 So when I wrote that article and the
22 journalists got in touch, they shared with me
23 bank statements from a small number of the
24 companies who banked at Danske Bank in Estonia.
25 And I then did an analysis of those companies

1 using open corporate data from various
2 registries and identified very strong
3 connections between these companies that should
4 ostensibly have been completely independent of
5 each other to a degree that couldn't possibly
6 have been coincidental. And that formed the
7 basis of the analysis that went back to the
8 journalists to demonstrate that this was not the
9 behaviour of entirely commercial, innocent
10 entities but is actually a coordinated and
11 organized network of suspicious activity.

12 Q How were you able to use the data on the open
13 corporate registries to identify these
14 connections and what sorts of connections were
15 you identifying?

16 A Well, very helpfully -- I mean, I use a
17 combination of open source databases.
18 OpenCorporates is a very central one. Companies
19 House itself is also exceptionally useful. And
20 there's a third one, which I know we'll talk
21 about, called Open Ownership. And they all do
22 slightly different things.

23 But fundamentally the role of an
24 investigator like me is to make connections.
25 The point of a laundromat, which, again, I'm

1 sure we are going to talk about, is it's a
2 network, a coordinated and highly sophisticated
3 network and a network has to have connections.
4 So using OpenCorporates particularly, you're
5 able to search by things like a registered
6 address and that will bring up all the companies
7 at one particular address. There are addresses
8 here in the UK which are home to 50- or 60- or
9 70,000 companies. That tells you something
10 quite important about that address. They
11 clearly don't all operate out of that address.

12 So the role of those databases and the role
13 that I take is to look for those connections. I
14 happen to be very good at identifying
15 connections, but these frankly weren't difficult
16 to identify. There are entities we'll talk
17 about that have created 3- or 4- or 5,000
18 companies all registered to the same address.
19 So it's fairly straightforward to do that piece
20 of work.

21 But obviously -- and, again, I'm sure we'll
22 talk about this. I went on to connect these
23 with other companies in other jurisdictions
24 globally, and something like OpenCorporates
25 becomes exceptionally important for doing that.

1 Q You mentioned the term "laundromat."

2 A Yes.

3 Q Would you briefly explain what a laundromat
4 theme is, please.

5 A I'm very happy to. It's a very apt description.
6 I suspect in Canada, much like here in the UK, a
7 laundromat is a place that is home to many,
8 many, many commercial washing machines where
9 people go to take their dirty washing, put it in
10 one of these washing machines and it gets
11 cleaned. And a laundromat is effectively a
12 collection of entities that are utilized to
13 clean money.

14 A laundromat rather than just an ordinary
15 money laundering operation utilizes potentially
16 thousands of these entities in networks that are
17 highly multi-jurisdictional that are operated
18 normally by the same people or very few number
19 of persons to enable the obfuscation of the
20 sources of these money so that when eventually
21 it emerges back into the real economy, it is
22 impossible to connect that money to its origins.

23 And the reason why it's a laundromat and not
24 just one entity is that part of that process is
25 what I would know as commingling. It is the

1 mixing together of funds from lots of different
2 sources so it's impossible to tell where each
3 individual element came from through that
4 process. So that when it comes out the other
5 side, there is no direct line of sight back to
6 its source.

7 Q And we will unpack some of the tools and
8 specific types of data that you use in this
9 investigation, but by the end of the analysis
10 that you had conducted, what did that
11 investigation reveal about what had occurred
12 using the Estonian branches of Danske Bank and
13 what were you able to determine as a result of
14 that?

15 A Well, I could show very clearly because -- just
16 to step back a bit. One of the things that's
17 inherent in a lot of these laundromats are UK
18 companies and therefore very helpfully having an
19 open register in the UK enables that initial
20 investigation to happen. So I could show that
21 across these six banks accounts a very
22 significant number of the entities were UK; they
23 all banked at Danske Bank in Estonia, all of
24 them; and that the nature of the transactions
25 between these limited liability partnerships,

1 which they were by and large, was substantially
2 different from the nature of other transactions.

3 So we could identify within the bank
4 statements actually different phases of the
5 money laundering process simply by looking at
6 the size and the nature of the transactions
7 between these linked entities prior to that
8 money leaving Danske Bank in Estonia and being
9 diffused across the system to its ultimate
10 destination. So it was a very powerful tool to
11 confirm that this activity was highly suspicious
12 and warranting of the deep investigation that
13 followed.

14 Q Thank you. At the end of the Danske Bank
15 scandal when everything was unearthed, what were
16 the total amount of funds that were ultimately
17 suspected to have been laundered through the
18 Danske Bank laundromats?

19 A The total flow identified -- and actually this
20 was identified through a firm of Danish lawyers
21 called Bruun & Hjejle with help from others who
22 did a deep analysis, but -- they've never
23 published the entirety of that, but of those
24 that they analyzed, which was the bulk, they
25 identified, I think, \$235 billion US of

1 suspicious flows. That equates to about
2 200 billion Euros. I have one set of bank
3 accounts which only cover 13 months which have a
4 total flow through them of \$1.2 billion in that
5 13 months. So it's eye-watering amounts of
6 money.

7 Q And have you investigated using similar methods
8 other laundromats schemes?

9 A I have. Some of them I simply can't talk about
10 because they haven't been made public yet,
11 but -- still working with journalists. But I've
12 look at small scale. I looked at another
13 small-scale laundromat in Denmark. I've
14 certainly done a deep analysis of the Russian
15 and Azerbaijani laundromats because they are
16 linked to Danske Bank. And recently I was
17 involved very strongly with the -- what have now
18 been known of as the FinCEN files, and I
19 provided expertise to the International
20 Consortium of Investigative Journalist for about
21 15 months prior to that story becoming public.

22 So across most of the now kind of public
23 laundromats, I've had some either in realtime or
24 retrospective involvement of analysis.

25 Q And you mentioned -- before we move on from the

1 Danske Bank scandal, you indicated that you used
2 corporate registry data from other registries.

3 Would you please describe that.

4 A Yes. There are, I think -- OpenCorporates, and
5 I think you've heard evidence from them already,
6 provide a portal to about 170 registries
7 globally, some of which the data is fairly
8 basic, like in Panama, but it's still available.
9 Some basic data. But after those --
10 specifically New Zealand, they have -- also have
11 a very open register. I don't think it's
12 coincidence that New Zealand sits alongside the
13 UK as being a major provider or has been a major
14 provider of corporate entities to laundromats in
15 the past, not necessarily because it's got an
16 open register but because there is a view of
17 probity about using the companies that helps the
18 launderers.

19 The fantastic thing about OpenCorporates is
20 because of the way it processes the data, it
21 will tell me where there are perceived
22 connections between potentially UK directors or
23 controllers or beneficial owners and those in
24 other jurisdictions. So it's an exceptionally
25 powerful tool to connect the dots between

1 different jurisdictions.

2 Q And stepping away just momentarily from the
3 issue of the misuse of corporate entities, which
4 we will discuss further. Are there other
5 broader systemic issues within the financial
6 institutions that were involved in these
7 laundromats such as Danske Bank or in the AML
8 system more broadly that enabled this laundromat
9 or other similar schemes that you have examined
10 to occur, and what key lessons do you draw from
11 that?

12 A Absolutely there are. And most of these are
13 systemic across the piece. Danske Bank was
14 almost the perfect storm for a couple of
15 reasons. It was purchased by Danske Bank in
16 2007/08 at the time when the world was embroiled
17 in the what's become known as the credit crunch.
18 Danske Bank, like most financial institutions,
19 was pretty cash strapped, having completed that
20 purchase, and never connected Danske Bank
21 Estonia to its main systems. So Danske Bank in
22 Estonia remained a rather -- an island of data
23 within the ecosystem that was Danske Bank. And
24 that meant there was no easy access to a lot of
25 the data that would have identified issues.

1 I think the other thing -- and this has
2 become much more clear. Alongside the FinCEN
3 leaks that happened a couple of months ago,
4 there was also a leak from the Estonian police
5 files which indicated a great deal of
6 information about at least ten of the staff at
7 Danske Bank in Estonia who were themselves
8 operating as a business within the business who
9 were creating companies on behalf of the
10 non-resident portfolio, mainly central and
11 eastern European operatives, and doing so in way
12 that clearly -- while not prejudging the outcome
13 of any trial, clearly causes significant concern
14 because it would be in conflict with their role
15 within the bank in a controlled environment.

16 So I think we have a systems issue. We have
17 a people issue, which is that -- you know, that
18 criminals will do whatever they can to corrupt
19 bank staff to their own ends. And then finally
20 we have a very specific Danish issue because
21 Denmark, along with much of Scandinavia, has
22 luxuriated in the role of being one of the most
23 transparent and honest environments in the world
24 and that's actually proved something to their
25 detriment because they were very slow to react

1 to what was happening in their Estonia branch.

2 There is an extraordinary quote that's
3 published in the report by Bruun & Hjejle. When
4 it was recognized that Danske Bank Estonia were
5 filing 30 percent of the entire suspicious
6 activity reports filed within Estonia, just this
7 one branch of one bank, the response from Danske
8 Bank was that's because our standards are much
9 higher than everyone else, and it's an example
10 of confirmation bias. If you think you are
11 above reproach, you will interpret data
12 accordingly. And sadly they continued to do
13 that for some years until, you know, the full
14 story emerged, and then it was clear that that
15 was not a consequence of their extraordinary
16 standards; it was something rather more
17 problematic.

18 Q And are there specific recommendations that
19 emerge from the lessons of the Danske Bank
20 scandal that you think might be applicable more
21 broadly?

22 A I would think there's a whole panoply of them,
23 if I'm honest. But I think fundamentally the
24 more transparent corporate information is, the
25 easier it is to identify potential wrongdoing.

1 which is that it doesn't matter if you were
2 ticking the boxes, look at the account
3 transaction activity and it's clear that that's
4 not sustainable by any sort of rational
5 explanation. So we need to -- we genuinely need
6 to avoid compliance to complete forms and have
7 compliance to achieve outcomes.

8 Q Turning back to the question of corporate
9 entities.

10 A Yes.

11 Q Based on your experience in conducting these
12 investigations, Mr. Barrow, what sort of data
13 needs to be in -- present and accessible in a
14 corporate registry in order to be able to
15 conduct effective open source investigations?

16 A Let's start at the basics. The company clearly
17 has to have a properly registered address. It
18 needs to be available to be viewed. Its offices
19 of the company, be they directors, be they
20 designated members, be they partners, have to
21 disclose their full identity.

22 I fully understand that the public -- that
23 the ability for the public to see their personal
24 addresses is not at all desirable, so -- but a
25 correspondence address. That address should be

1 held and available for proper authorities to
2 access, their personal address. Verified dates
3 of birth. It's one of the things we see on the
4 UK registry that disqualified directors often go
5 back on the register but by just changing their
6 date of birth so they don't get matched. Often
7 in a crass way they'll just reverse the months
8 and year or whatever, and it's sometimes very
9 obvious.

10 So those basic identifying details for the
11 legal officers for the company itself and for
12 the beneficial owners. We call them PSC,
13 persons with significant control, here in the
14 UK. But it's really important that that process
15 should happen. It's not foolproof and there are
16 still ways around it, but it is, I think, a
17 reasonable expectation, if we are affording
18 people the privilege of limited liability and
19 the tax advantages that come with a company, to
20 require them to disclose certain levels of
21 personal information which is publicly
22 accessible and validatable.

23 Q You mentioned the term "designated member."

24 A Yes.

25 Q Is that the equivalent of a director?

1 A It is. In the UK we have a thing called a
2 limited liability partnership, which is a kind
3 of hybrid of a limited company and a general
4 partnership. So it has the limited liability of
5 a company but the tax advantages of a general
6 partnership. And they have members who are just
7 allowed to participate in the profits, but they
8 are required by law to have a minimum of two
9 designated members, and they are accountable in
10 law for the company filings and the
11 administration of the company. So they are very
12 equivalent to a director of a limited company,
13 yes.

14 Q I'd like to ask you -- you were talking about
15 what sort of data needs to be in a registry to
16 be able to conduct effective open source
17 investigations. What about the format of the
18 data? Are there important things that make the
19 data more useable and effective from your
20 perspective?

21 A Well, there are. And in fact we have just
22 highlighted exactly one of those, which is
23 different countries in the world have different
24 designations for what are effectively the
25 controllers, the legal officers of companies.

1 And it's extremely important that we have a
2 common and uniform approach to what constitutes
3 the controller of a company and equally what
4 constitutes the PSC or beneficial owner of a
5 company and what constitutes the registered
6 address of a company because the
7 interoperability of that data, the ability to
8 aggregate data from different jurisdictions, is
9 an absolute essential of open source
10 investigations.

11 It is the nature of the criminals that they
12 will wish to obfuscate the ability to
13 investigate by having a highly
14 multi-jurisdictional network. I know we're
15 going to talk about this because it's absolutely
16 inherent in why I'm here today because obviously
17 I'm talking about Canada as much as anything
18 today. They will utilize any discrepancies
19 between jurisdictions to make the job of
20 laundering money easier and our job harder. So
21 having data in a consistent and organized format
22 is an absolute essential.

23 I'm sure Chris Taggart, who you talked to,
24 you know, would talk at length about the
25 problems that he goes through with

1 OpenCorporates to aggregate that data. Having a
2 consistent global standard would just make a
3 massive difference to the ability to investigate
4 suspicious company activity.

5 Q So that -- you were addressing the need for
6 interoperability. What about the ability to
7 download data in an API format? We've heard
8 about that. Is that an important feature, and
9 is the absence of that ability something that
10 would affect the ability to conduct open source
11 investigations?

12 A Yeah, absolutely. I myself, I don't have the
13 technical ability to use the APIs. I go the old
14 fashioned way of actually having to search
15 through web check forms and manual searches.
16 I'm very lucky because my son also works with me
17 and is exceptionally adept at this, so between
18 us we work manually. But I now work with four
19 or five high-tech artificial intelligence
20 companies effectively to help them to do in an
21 automated way what I do manually and clearly
22 they can do it at scale.

23 Now, there's limits to that because
24 Companies House has a public interest
25 requirement which -- and that stops them from

1 allowing full API access because it could cause
2 significant slow down of ordinary people trying
3 to access Companies House. But nevertheless, I
4 think you could still make 600 queries a minute,
5 which takes me a day.

6 So the use of the API is absolute
7 fundamental to operating at scale, which is of
8 course what the criminals do. They operate at
9 scale. So our inability to operate at the same
10 scales as the criminals would be a significant
11 handicap. And an API -- I mean, you know, we
12 have to recognize we're in a very technological
13 world now. We're seeing the emergence of
14 artificial intelligence, machine learning.
15 Companies House in UK has 4.5 million active
16 entities, I think 60 billion or more filings.
17 The only reasonable way to access and
18 interrogate that data is through APIs.

19 Q What -- I understand that the Companies House
20 data is accessible for free. What would the
21 impact be if there was a paywall to be able to
22 access and make use of that data or the New
23 Zealand data, and would that have impacted your
24 ability and the ability of others in civil
25 society to conduct these types of

1 investigations?

2 A Completely. As I said at the outset, I do this
3 as a side project completely for my own -- I
4 suppose for my own benefit, hopefully for the
5 benefit of others. I've conservatively -- the
6 UK used to have a paywall up until 2016 or so,
7 and I think it was a pound per document. And
8 even at that very modest price I calculate I
9 would have spent something between 25- and
10 £50,000 on -- well, I wouldn't have done because
11 I don't have that money, but that's the
12 difference. I would not have been able to do
13 anything of what I've done if there had been a
14 paywall because it simply would -- because the
15 nature of what I do is scale.

16 So 2- or 3,000 companies -- one of the
17 things we've created is a database of accounts
18 signed by this one person, this guy called Ali
19 Moulaye. I think it's about 7,000 sets of
20 accounts we now have accessed. That's £7,000 on
21 a paywall. I just -- a piece of work I wouldn't
22 have done. And yet that information was a
23 critical piece of evidence in a court case that
24 actually didn't come to court because we stopped
25 it, where somebody was trying to sue the

1 Organized Crime and Corruption Reporting
2 Project. And my ability to gather that evidence
3 at scale was I think a significant contributor
4 to the defence that we were able to mount. So
5 it's incredibly important.

6 Q When you are examining and interrogating the
7 data in a corporate registry, you mentioned
8 [indiscernible] the red flags, what are the --
9 you've described connections as being important.
10 But what are the patterns or features that you
11 are looking for, and what can you tell the
12 Commissioner about what the rationale is for
13 those [indiscernible]?

14 A Yes. In fact it's probably easier to do the
15 rationale first because that will then better
16 explain what I look for. There is a fundamental
17 thing about laundromats, particularly
18 laundromats. The one that I've identified I
19 believe has constituted probably -- I think
20 about 50,000 individual corporate entities
21 probably located in 15 or 20 countries before we
22 even look at the ownership and control
23 structures.

24 Now, those entities, if you are going to
25 create that many entities, you do that because

1 you want complexity. Complexity is the friend
2 of the money launderer and the enemy of the
3 investigator. But there are certain thing that
4 are inherent in that complexity, which is you
5 have to be able to control every one of those
6 entities. If you're moving money around the
7 system, it is explicitly required that you must
8 be able to control each one of the bank accounts
9 through which you move that money. And that
10 means that those entities have to have some sort
11 of connection.

12 Now, the role of the money launderer is to
13 try and make that hard to notice, but there are
14 certain things that you simply can't get away
15 from. Here in the UK that -- the registered
16 address is one of the -- the fundamental legal
17 requirement. It is the legal home of the
18 company and it is the address to which all
19 correspondence from Companies House will be
20 sent.

21 Now, failure to do your annual filings, for
22 example, at Companies House causes you to be
23 struck off. So it's absolutely essential that
24 certain -- that post is received by the people
25 who ultimately operate these companies and

1 therefore concentration of addresses is
2 unavoidable. You can't have this spread across
3 a thousand different addresses because there
4 probably aren't a thousand different addresses
5 where you would be confident that that post
6 would be -- would reach you.

7 So it concentrates -- it tends to
8 concentrate in firms who offer post box
9 facilities, so they are brass plaque addresses.
10 We have a number of commercial operations here
11 in the UK who have high street locations where
12 you can have a post box. So they do tend to
13 be -- so you see those concentration of address.

14 And the other thing you see concentrations
15 of is controllers. It's absolute essential that
16 your controllers are trustworthy. And you can't
17 just have anybody as a controller because they
18 are the legal officers of a company. It's
19 actually different with PSCs who have no direct
20 link to Companies House. You can have anybody
21 as a PSC. It doesn't matter.

22 But the controllers are exceptionally
23 important because they are the legal
24 representatives of the company. So we see
25 concentration of directors and concentration of

1 registered addresses, and it's one of the single
2 most important elements that I look for when I'm
3 doing an investigation.

4 Q One of the positions that has been articulated
5 by some stakeholders in British Columbia that
6 have expressed opposition to a publicly
7 accessible registry -- beneficial ownership
8 registry here is that only government is
9 sophisticated enough to be able to properly
10 analyze the data in a beneficial ownership
11 registry. Is that something that you would
12 agree with, and what are your thoughts on that?

13 A I need to phrase this quite carefully because I
14 certainly mean no offence to any member of a
15 government. They are actually the last people I
16 would trust with that piece of work for a number
17 of reasons.

18 Across the world, and I mean this
19 genuinely -- generally, governments have -- some
20 governments have a vested interest in that data
21 not seeing the light of day. And that's because
22 there are member of that government who would be
23 as a minimum embarrassed and possibly put into
24 legal jeopardy by full publication of corporate
25 data. There are people -- and we've seen this

1 through the Panama Papers leak. There are many
2 government officials who have ostensibly railed
3 against tax havens only to have it discovered
4 that they make use of tax havens themselves. So
5 that for me is problematic.

6 But the other thing is this question of
7 understanding and agility. There are thousands
8 of ways that people will misuse corporates and
9 therefore there are a huge number of ways that
10 that data can be interrogated. There are
11 clearly more networks than there are data points
12 because you can connect them in so many
13 different ways, and that means a huge difference
14 in how that data can be interrogated and
15 connected. And that requires people with very
16 different approaches and different
17 understandings to be able to have access to it.

18 I've just mentioned I'm working with half a
19 dozen technology companies and all of them are
20 doing something rather different. I think all
21 of them are attracting the attention of
22 government agencies because they are agile and
23 they have access to funding and resources that
24 are not easy to dispense from government
25 coffers. Particularly at the moment with the

1 focus on coronavirus, the government does not
2 have a lot of money to throw at this problem,
3 whereas private companies -- albeit with one eye
4 to the commercials of these will also be useful
5 tools for financial institutions -- do.

6 And therefore -- and I'm not always a great
7 proponent of private funds but I think in this
8 case the agility and the expertise available
9 privately absolutely make it the right approach
10 and in a way dispense with the potential for
11 government bias because these will be operating
12 for all sorts of different reasons across a
13 spectrum of different viewpoints and therefore
14 you'd hope that they would even themselves out
15 ultimately to become a useful resource across
16 the piece.

17 Q Is there, in your view, a potential relationship
18 between open source investigations such as those
19 you conducted or ones that may be initiated
20 through other actors of civil society and
21 potential law enforcement and regulatory action,
22 or are these two separate worlds? And are there
23 any examples of that you're able to describe for
24 the commission?

25 A I think there are. Hugely. I mean, one of the

1 things -- I think we can probably trace that
2 again to the Panama Papers where, I mean, this
3 was a huge leak of data, which was at the time
4 probably beyond law enforcement or regulators to
5 interrogate themselves. But clearly journalists
6 particularly were very interested in this and
7 worked very hard to unearth stories which were
8 then published and it's pretty clear that we
9 have seen prosecutions off the back of those
10 stories.

11 So, you know, in the UK we have a thing
12 called the unexplained wealth order, which is a
13 kind of -- it's a civil forfeiture order which
14 is -- reverses, if you like, natural justice
15 because it's an order that requires somebody to
16 demonstrate where they got that money from, and
17 if they can't, that money can be forfeit. So
18 you are held guilty unless you can prove
19 innocent. And I think it's clear that some of
20 the -- the unexplained wealth orders have been,
21 at least in part, prompted by public source
22 investigations highlighting the behaviour of
23 high net worth, often foreign politically
24 exposed persons who have wealth that can't
25 easily be explained.

1 I think the other thing that just comes
2 through from the FinCEN files. The FinCEN files
3 was a leak of about 2,000 SARs, and we can
4 debate the ethics of that probably another time.
5 Those 2,000 SARs represent a tiniest fraction of
6 the 2 million SARs that are filed every year in
7 the US. And they were worked on by 400
8 journalists for a year and they are now
9 publishing stories from those SARs. Here in the
10 UK we have 500,000 SARs filed every year and
11 about 120 people to work on them. So there is a
12 massive mismatch between the resources available
13 in government to do these investigations, and
14 those through either corporate investigators or
15 investigative journalists.

16 So it would be folly to block off that
17 source of, you know, potential identification of
18 wrongdoing by not having this ability to do open
19 source investigation.

20 Q And when you refer to SARs, Mr. Barrow, those
21 are suspicious activities reports?

22 A My apologies. Yes. They're also sometimes
23 called suspicious transaction reports. But SARs
24 or STRs across the world are the format by which
25 financial institutions and others alert their

1 in-country financial intelligence units to
2 activity which can't be easily explained by
3 rational behaviour.

4 Q One of the issues our commission has heard that
5 beneficial ownership transparency registries,
6 particularly early adopters, are grappling with
7 now in particular is how to better verify and
8 ensure the accuracy of the information that's
9 contained in their registries. Can you describe
10 from your perspective what are the principal
11 issues and challenges around ensuring data
12 accuracy in a public registry?

13 A Yes. And this is one of those issues that I
14 constantly need to step back and remind myself
15 that the world I occupy is a very small fraction
16 of the overall economic activity of the country,
17 albeit an important one. And therefore I
18 fundamentally understand that a corporate
19 registry has to balance the needs of a very good
20 quality verification with putting in place
21 obstacles to entrepreneurial activity,
22 et cetera.

23 Here in the UK where we're about, I believe,
24 to embark on a reform, that is very much focused
25 on electronic identification. Now, clearly

1 there are limits to what you can do
2 electronically in-country because we don't have
3 the ability to do that cross-jurisdictionally
4 very easily. And that is an issue because far
5 and away the issues that we face in the UK with
6 entities is this multi-jurisdictional approach.
7 So what can you do? And the UK have adopted to
8 require filers, that is the person who creates
9 the company, to be themselves registered and
10 also to be regulated by an equivalent regulator
11 too here in the UK. So there is a certain
12 amount of reliance so that the filers are
13 required to do that due diligence when it's an
14 extraterritorial incorporation.

15 And therefore we are now going to place
16 reliance on those filers in their regulatory
17 environment to be as robust as we might be here
18 in the UK. But I don't want that to seem like
19 it's kind of -- I'm not trying to trash what
20 Companies House is trying to do. I think
21 it's -- an important step along the road is to
22 require largely electronic verification because
23 otherwise the process becomes quite slow if we
24 want paper. And to recognize that there are
25 occasions when they may need to intervene if

1 that process seems to be being usurped by the
2 criminal element because we know that the
3 criminal spends the whole of their time looking
4 for loopholes in systems to leverage or to make
5 use of.

6 So -- but I'm still a huge proponent of the
7 idea that there should always be natural person
8 beneficial owners identified and that they
9 should be subject to proper verification, albeit
10 electronic.

11 Q And you mentioned that the Companies House in
12 the UK may be undertaking some reform.

13 MR. ISAAC: And that may be an opportunity moment.
14 Madam Registrar. If you could bring up the
15 document at tab 3.

16 Q Just pausing there, Mr. Barrow, this is
17 Department For Business Energy and Industrial
18 Strategy report dated September 18th, 2020,
19 saying it's the government response to the
20 consultation on options to enhance the role of
21 Companies House and increase the transparency of
22 UK corporate entities. Do you recognize this
23 document?

24 A I do very much, yes.

25 MR. ISAAC: Okay. If we could mark that, please,

1 Mr. Commissioner, as next exhibit, exhibit 313.

2 THE COMMISSIONER: Thank you. 313.

3 THE REGISTRAR: Exhibit 313.

4 **EXHIBIT 313: UK Department for Business, Energy**
5 **and Industry Strategy, Corporate Transparency**
6 and Register Reform - 18 September 2020

7 MR. ISAAC:

8 Q Mr. Barrow, I don't propose -- this is a
9 97-page report.

10 A It is.

11 Q Time is precious.

12 MR. ISAAC: But perhaps if you would like to turn to
13 page 8, please of the PDF, Madam Registrar.

14 And this is this page ...

15 THE REGISTRAR: Sorry, Mr. Isaac. Can you repeat the
16 page number again.

17 MR. ISAAC: Yeah, sorry. Page 8.

18 THE REGISTRAR: Thank you.

19 MR. ISAAC:

20 Q So this is a one-page summary of the reforms
21 that the UK has undertaken to implement as a
22 result of this consultation. And I -- perhaps
23 just stepping back, are there key aspects of
24 those reforms in this report that you think you
25 should -- you would highlight and that if

1 British Columbia were to consider implementing a
2 beneficial ownership registry here that you
3 think would be wise for us to consider as well?

4 A Yes. Just to start off. The underpinning ethos
5 of these reforms, and it wasn't well understood
6 at the time. Companies House was simply a
7 register. It wasn't a regulated body; it was
8 under legal constraint. Whatever people wrote
9 on the forms was what was put on the register.

10 And people lived, I think, for some time
11 with the belief that somehow it was already
12 validated information, and it absolutely wasn't.
13 We have examples of 200-year-old directors and
14 directors who haven't actually been born yet who
15 were on the register. So clearly that's not a
16 satisfactory outcome.

17 So it was a surprise to some that the very
18 first proposal in the consultation was that they
19 should verify the identities of the legal
20 officers and beneficial owners, PSCs of
21 companies because I think a lot of people
22 thought that was what currently happened. I
23 think that's absolutely vital. If you have a
24 system that allows people to write -- and we
25 genuinely have -- I mean, Elvis Presley is still

1 the director of a company in the UK. Beyoncé
2 Knowles is owner of a company in the UK. I'm
3 sure Elvis doesn't know that and I am fairly
4 sure that Beyoncé doesn't either.

5 So it is very clear you can't have a
6 situation where completely manufactured
7 identities are allowed on the register. So the
8 ability to verify directors because they are the
9 legal officers of a company seems to be
10 absolutely essential. And if a person with
11 significant control is going to have -- an
12 ownership register is going to have any teeth,
13 it clearly -- we have to be certain that the
14 people who are put on that register are
15 themselves verified.

16 It is not the answer to everything because
17 there are plenty of people in the world who will
18 allow their names to be put forward with
19 verification and have no connection to that
20 company. I have a great many examples of that.
21 But that is an absolute essential.

22 The problem becomes a problem when, as we do
23 in the UK, we allow company incorporations from
24 people have who no connection to the UK
25 whatsoever. They don't trade in the UK; they

1 don't live in the UK; the only connection to the
2 UK is a registered address. And that does
3 concern me because if you are going to allow
4 that to happen, even with this verification
5 process, it still seems to me there are
6 opportunities to misuse it.

7 And it's also -- if we are going to verify
8 directors of companies, controllers, that we
9 allow legal entities to take that role, if we
10 have a legal entity that's based, for example,
11 in somewhere like Dominica, which there are a
12 very large number of those in the UK, simply
13 verifying an entity that's registered in
14 Dominica, I'm not convinced it takes you very
15 further because you still have no idea who
16 operates that entity.

17 So I think these are absolutely vital.
18 There is not a single recommendation there I do
19 not agree with, but I think this is a path upon
20 the road to a better place and not the
21 destination.

22 Q So the comment that you made about possibly
23 going further than even these reforms, the
24 comment about the issue of those whose only
25 connection to the jurisdiction is an address for

1 service, is that something that -- are you
2 suggesting something in the nature of a
3 residency requirement for some or all directors
4 of UK companies?

5 A I certainly think there should be an accountable
6 person in the UK who is legally responsible for
7 the administration of the company. It's
8 something that they introduced in New Zealand
9 actually to a very good effect, and now New
10 Zealand is no longer considered a source of
11 suspicious entities. There is still a lot in
12 the system that were created previously, but
13 that's a separate issue.

14 It seems to me, Mr. Isaac, that if we are to
15 allow people to have access to our corporate
16 structures and we allow that access even though
17 there is no obvious economic benefit to the UK
18 because the activity occurs outside the UK, the
19 owners are outside the UK and the controllers
20 are outside the UK, I do struggle to see --
21 other than the £12 that we currently get paid
22 for the creation of one of these companies,
23 which I suspect is not that many more Canadian
24 dollars, I struggle to understand the benefit to
25 the UK of having that happen.

1 If we are to maintain that ability -- and
2 I'm not suggesting we stop it. I do think it
3 would be a disincentive if we required at least
4 one legally accountable officer to be resident
5 here in the UK and therefore accountable to the
6 courts. Because if every single owner and
7 controller of the company lives in, as I see,
8 you know, some places like currently the
9 disputed regions of Crimea, what are we going to
10 do if we discover an issue with that company if
11 we have no access to recourse in the courts
12 because we have no access to the people who
13 control it? So that -- it does seem a very
14 significant weakness to me.

15 Q What is your view on the role that public access
16 to registry data can play in potentially
17 improving the quality of that [indiscernible]?
18 Do you have examples of that relationship
19 occurring?

20 A Yes. And actually there's a little group of
21 people of which I'm one on Twitter who regularly
22 share the rather more eccentric filings that we
23 spot in Companies House. So there's actually --
24 there's two strands to this. One is people like
25 me. I discovered a lady who quite inadvertently

1 had entered the data which she completed the
2 forms as her date of birth, and it just went
3 straight through and this married lady became
4 the controller of a company at the age of
5 3 months. Well, that's patently ridiculous. So
6 there is just this -- an ability to clean up
7 what are honest mistakes through that.

8 But here in the UK and within the European
9 Union we've actually introduced a new
10 requirement placed on banks that when they are
11 doing their onboarding of corporate entities who
12 are registered at Companies House, they are now
13 required to check the beneficial ownership data
14 and will shortly be required to collect all --
15 collect and check all of that data and report
16 discrepancies to Companies House.

17 So I think there is a very clear -- at the
18 moment the level of registrations near in the UK
19 are running at about 600,000 entities a year.
20 So that's more -- that's about 12,000 entities
21 every single week. It's incredibly difficult to
22 monitor all of that data accurately, so the many
23 eyes approach is a hugely useful tool to help to
24 maintain the accuracy or validity of the data.

25 MR. ISAAC: Thank you. Madam Registrar, we can put

1 this document down, please.

2 Q Mr. Barrow, in your opinion and experience what
3 are some of the key features that can make
4 corporate entities of a particular jurisdiction
5 attractive to money launderers?

6 A Well, let's start with the UK because that's
7 where I know. And fundamentally -- and again
8 going back to the FinCEN files that were
9 published recently. Alongside some of the
10 suspicious activity reports actually there was a
11 report by FinCEN, which is the US Financial
12 Crimes Enforcement Network, that actually
13 investigated the Deutsche Bank mirror trade
14 scandal. One of the lines in there was that
15 most entities that have been identified were UK
16 ones, and they actually referred to the UK as a
17 high-risk jurisdiction for shell companies. And
18 actually one of the addresses in the UK was the
19 top 10 addresses identified within laundromats.

20 So the UK is -- fundamentally there were
21 more UK companies in the FinCEN SARs than any
22 other jurisdiction in the world. Now, there has
23 to be a reason for that, and there are a number.
24 First of all is that the UK entities do have a
25 reputation for probity and transparency, after

1 all the UK has the most transparent register in
2 the world. So that's actually seen as -- at the
3 moment as something of an advantage to those
4 with criminal intent because it brings with it
5 this veneer of transparency.

6 It's very easy to incorporate companies in
7 the UK. You can do it from anywhere in the
8 world remotely for, as I say, £12. Within a
9 matter of minutes you can download those
10 incorporation documents and you can go along to
11 a bank, wherever you wish to open that account,
12 with those incorporation documents and open a
13 bank account in the name of that legal entity.

14 So we have facility of access, we have
15 the -- I'm going to call it the veneer of
16 transparency and probity and the ability to use
17 foreign entities and natural persons as officers
18 and owners that in a way create the perfect
19 storm for us here in the UK.

20 That's extremely similar to what happened in
21 New Zealand because of the nature of easy access
22 and the view that these countries are rather
23 beyond reproach. It is also true, not to quite
24 the same degree, of Denmark which also now has
25 an open register. One of the reasons we're

1 finding this out is because they've got an open
2 register. Prior to the open register, we
3 probably wouldn't know any of these things
4 because it would be hidden from view.

5 Q If certain jurisdictions -- I mean, I'm again
6 actually, sorry, asking have you observed any
7 effects of the introduction of transparency
8 requirements in the UK or in other jurisdictions
9 that have implemented those sorts of measures on
10 the attractiveness of corporate entities either
11 in those jurisdictions or the types of entities
12 that are used?

13 A Yes. A number of different changes, some
14 because of the transparency and some because of
15 the reporting. So particularly Scottish limited
16 partnerships, when there was a significant
17 amount of reporting, fell from favour. So --
18 but actually to be honest they're starting to
19 come back again as they realize that nothing has
20 changed.

21 But the really noticeable thing was that
22 prior to 2016 when the UK introduced the person
23 with significant control framework, it was most
24 common to see suspicious entities have a single
25 shareholder that would be located in a secrecy

1 jurisdiction, be that the Marshall Islands or
2 Seychelles or a whole bunch of secrecy
3 jurisdictions.

4 Post-2016 it's extremely clear to see a
5 migration from single shareholders to four or
6 more shareholders who are also still pretty much
7 in those locations but now, because their
8 shareholding is below 25 percent, they are not
9 declarable as persons with significant control.

10 But actually even our ability to see that is
11 helpful because we can see that behaviour and it
12 clearly has a suspicious intent behind it. So
13 while it's slightly discouraging that as soon as
14 a new rule comes in that they work out ways of
15 circumventing it, in the act of circumventing
16 the rule they also provide us with a trail to
17 follow.

18 Q That dovetails with what was to be my next
19 question, Mr. Barrow, which is that is there a
20 risk in introducing transparency that all we're
21 doing is moving the problem from one
22 jurisdiction to another, and/or is there a
23 tangible benefit to introducing corporate
24 transparency requirements. Perhaps you've
25 answered that, but if there's more --

1 A Yeah, and I'm very happy to be kind of this
2 slightly old idealist here, but I think -- you
3 know, I do believe in dominoes. I believe in
4 doing the right thing. If you ask my children,
5 they would say they got fed up with me when they
6 were growing up saying to them doing what is
7 right isn't always easy, but doing what's easy
8 isn't always right.

9 It would be easy to do nothing but actually
10 doing what's right is actually pushing this
11 transparency agenda and it will have a couple of
12 effects. We're already seeing the momentum that
13 that requirement to transparency is building
14 with more and more countries acceding to
15 transparency. We have an EU directive actually
16 that requires it now here in the European Union,
17 which we're no longer a member, but never mind.

18 But the other thing is it absolutely allows
19 you to follow a trail because as those
20 registries open up, if people have criminal
21 intent, they are not going to stay there. And
22 the ability just to track the movement of those
23 companies is in itself valuable evidence. So
24 clearly I live in a universe that says that one
25 day all corporate registries will be transparent

1 and there will be nowhere left to hide, but I
2 completely understand that's -- we're going
3 through a transition and that's not going to
4 happen straight away, but it certainly in my
5 view is not a reason not to do it.

6 Q I would like to turn now to consider the
7 question of the extent to which and how you may
8 have observed Canadian corporate entities in the
9 course of your investigations, Mr. Barrow.

10 MR. ISAAC: And if we could bring up, Madam
11 Registrar, the document at tab 2, please.

12 Q Mr. Barrow, this is a document -- a
13 nine-page document entitled "Canadian Entities
14 Involved in Global Laundromat Style Company
15 Formations." Do you recognize that document?

16 A I certainly do.

17 Q Is it a document that you prepared?

18 A It is one I prepared.

19 Q Thank you.

20 MR. ISAAC: If we could please park that as the next
21 exhibit, exhibit 314.

22 THE REGISTRAR: Exhibit 314.

23 **EXHIBIT 314: Canadian Entities Involved in**
24 **Global Laundromat Style Company Formations**

25 MR. ISAAC: Thank you.

1 Q Mr. Barrow, without asking you to read the
2 document, it would it be helpful perhaps to walk
3 through using the headings as a bit of a roadmap
4 what this document is describing. And perhaps
5 just begin by treating the document as a whole,
6 if you could explain what this document will
7 take the commission through.

8 A Yeah, shall I very briefly explain -- because I
9 actually wrote this a little while ago, so is it
10 worth me just explaining genesis because it
11 actually -- the genesis was prior to the
12 commission.

13 I'd actually had a conversation with a
14 senior international reporter from The Globe and
15 Mail in Toronto, a gentleman called Mark
16 MacKinnon. Because I had noticed this emergence
17 of Canadian entities which he was interested in,
18 but he also put me in touch with James Cohen,
19 who I believe actually gave evidence to the
20 commission earlier this week. He's the head of
21 Transparency International in Canada. And James
22 asked me to prepare a more detailed document,
23 which is where this started.

24 So this was my attempt to explain not just
25 the incursion of Canadian entities into global

1 laundromats or the appearance of them, but to
2 give some sort of framework or context as to why
3 it happened. So the intent of this document is
4 to contextualize this appearance of Canadian
5 entities and then to provide significantly more
6 detail as to how they are being used.

7 Q Okay. If you could -- that's helpful as
8 background to the paper, Mr. Barrow. Could you
9 walk us through, then, what each of these
10 sections of the paper refer to.

11 A Yeah. I have a copy with me. Hopefully that's
12 okay if I work through my copy here.

13 So I start off -- it's really important to
14 understand -- we already touched on it -- the
15 fact that laundromats are highly
16 multi-jurisdictional. And therefore it is
17 fundamental, when you're looking at a
18 laundromat, that every entity that you look at
19 will itself have multiple jurisdictions. So as
20 an example, one of the companies that I looked
21 at, Danske Bank, was operating out of Moscow
22 using a UK entity, banking in Estonia and its
23 designated members or controllers were two legal
24 entities in the Marshall Islands. So you've
25 already got four jurisdictions, which makes it

1 from a law enforcement investigative point of
2 view exceptionally difficult to take any further
3 because the UK only has a company registration.

4 Estonia has a bank account. Russia of
5 course has the people who are generating this
6 money but I don't think they are going to
7 cooperate with a UK inquiry at the moment. And
8 the controllers are in this case the Marshall
9 Islands, who are notoriously secretive about how
10 they operate entities. So that becomes
11 fundamentally, exceptionally impossible to
12 progress as law enforcement.

13 So I wanted to -- so the beginning, the
14 background, is to explain the role of
15 specifically two different types of legal entity
16 here in the UK, the limited liability
17 partnership and the Scottish limited
18 partnership, and why the UK was seen as so
19 attractive.

20 And I then go on to talk about some things
21 we've already addressed, which is some of the
22 inherent requirements of those entities in terms
23 of its registered address, the use of corporate
24 designated members and some of the other filing
25 activity that for me indicates potential

1 involvement in suspicious activity. Scottish
2 limited partnerships particularly are a very
3 obscure and almost unique entity, so they needed
4 some explaining.

5 Q And if we look on the bottom of page 1 and
6 continuing to the top of page 2, you describe
7 three types of corporate entities: limited
8 liability partnerships, Scottish limited
9 partnerships and private limited companies. Are
10 all three of those companies that you're
11 summarizing there, are those UK entities?

12 A Yes. Yes, they are.

13 Q And then you describe in bullet points some of
14 the features of those entities that may make
15 them attractive to money launderers; is that
16 right?

17 A That's absolutely right. And because they are
18 intrinsically slightly different in how they
19 operate, then the interrogation of their filings
20 requires a slightly different approach because
21 what I would regard as red flags or warning
22 signs will vary between the entity type and
23 therefore understanding the nature of the entity
24 and how it is constituted is really important in
25 identifying anomalies in the filings to indicate

1 further investigation is required.

2 Q Then on page 2 there's a heading that says "Case
3 Study."

4 A Yes.

5 Q Can you explain -- you speak about some
6 entities, international overseas services --

7 A Yes.

8 Q -- and other designated members. Can you just
9 explain what you're summarizing there under that
10 heading of "Case Study."

11 A Yes. International -- sorry. Ireland &
12 Overseas Acquisitions and Milltown Corporate
13 Services were two -- initially based in British
14 Virgin Islands but then reincorporated in
15 Belize. Two entities that were themselves the
16 designated members, controllers, of in excess of
17 3,000 UK limited liability partnerships. And
18 it's probably worth me just spending a minute
19 just to explain why would that be. And in a way
20 it's -- well, it's two things.

21 One is a cost issue. To incorporate a
22 company in Belize is about £1,000 per company
23 and there are significant overheads in
24 maintaining those companies. And as I've
25 already said, it's about £12 in the UK. But you

1 could create a thousand UK companies for
2 £12,000, roughly, and have them controlled by
3 your two Belizean companies in this case and you
4 have achieved two things. One, you've saved an
5 awful lot of money by not incorporating them all
6 in Belize, but effectively they are all
7 controlled out of Belize. So although they're
8 registered in the UK, they are offshore
9 companies with a veneer of UK ownership. And
10 that is a win-win if your goal is to obfuscate
11 the ability to understand who and how these
12 companies are being controlled, and that's
13 intrinsic to these networks.

14 So these two, there's a massive amount of
15 publicly available information about these two
16 companies. They've been investigated very
17 regularly. To be fair, the organization that
18 incorporated them says, we simply incorporate
19 these companies and we can't control what
20 happens after them. Which is fine, but
21 unfortunately there's companies -- incorporated
22 companies here in the UK and in New Zealand and
23 in Panama and other places that regularly appear
24 connected in laundromats, so it's a difficult
25 stance to maintain. So that's the genesis of

1 those particular companies.

2 Q And you write in this under the same heading --
3 and I'm looking at the second-to-last paragraph
4 in the heading:

5 "Over time, and with the advent of adverse
6 publicity, Irish & Overseas and
7 Milltown --"

8 [Indiscernible] sort of mega incorporating -- or
9 designated members you referred to.

10 "-- ceased to act as [designated members]
11 and a new raft of entities started to
12 replace them, based in a variety of
13 overseas locations."

14 And you go on to say:

15 "The same modus operandi is true of
16 [Scottish limited partnerships] which
17 started to emerge a few years after LLPs."

18 Can you explain that a little bit further in
19 terms of what -- the fading out of significance
20 of these two entities and what emerged in their
21 place.

22 A So what we see, and we've done a huge amount of
23 background research into this, was the emergence
24 of probably about six or eight pairs of new
25 companies located in places like Nevis, Dominica

1 and the Marshall Islands and the Seychelles who,
2 over a relatively short period of time Ireland
3 Overseas and Milltown resigned and these pairs
4 of companies took over. And actually there's a
5 strong correlation between the registered
6 address of the companies and the pair which took
7 over and you see that these different pairs of
8 companies tend to be associated with specific
9 addresses here in the UK. So we saw this
10 migration of control.

11 And again it's an indication to me that
12 there is a single actor behind this because the
13 idea that all these different companies all at
14 the at the same time or similar times all
15 decided to dispense with one set of designated
16 members and appoint an identical set as hundreds
17 of other companies seems remote. It indicated a
18 concerted hand at work diversifying this control
19 network to a number of others but not a huge
20 number and across a number of different
21 jurisdictions.

22 Slightly harder with Scottish limited
23 partnerships because they are still paper
24 filings and their partners are not a data point
25 that is collected by Companies House. So the

1 only way of finding those out is to actually
2 call up the PDFs of the filings and read them,
3 which is significantly more effort than
4 searching through data in a database. But
5 nevertheless we see the same activity happening.

6 Q The next heading is "The Emergence of Canadian
7 Limited Partnerships."

8 A Yes.

9 Q Would you please explain -- and this appears to
10 be addressed sort of in the balance of this
11 paper, but can you describe this portion of this
12 paper [indiscernible] how you began to see
13 Canadian corporations emerge in your
14 investigations into open corporate data?

15 A Yes. The first sighting as it were was a notice
16 that both Scottish limited partnerships and
17 certain limited companies were diversing their
18 control frameworks away from a single controller
19 to a number of controllers, very specifically
20 five. Not only were they five but they were
21 five each of which was located in a different
22 country.

23 So typically you would see that shareholding
24 move from one of the secrecy locations to five
25 different countries. And actually, predictably

1 often the same five countries. One of which was
2 the UK, was England and Northern Ireland, one
3 was South Africa. One was usually a secrecy
4 location like Nevis and one was Canada. And we
5 saw this consistently. And actually at the same
6 addresses in this those locations. So it wasn't
7 just the same location; it was same address in
8 those locations.

9 Q Is there a significance to the number five
10 that --

11 A Yes.

12 Q -- has value to -- potential value to those
13 seeking to maintain corporate secrecy?

14 A I mean, actually it could have been four, but I
15 think they went for a comfort level. The
16 requirement to register a person with
17 significant control is that anyone who owns or
18 controls more than 25 percent of the company.
19 So clearly five people with equal ownership or
20 more than -- you know, more or less equal
21 ownership will have -- be below that amount. So
22 by moving that ownership or control structure to
23 five, you're then obviating the need to file a
24 person with significant control statement. So
25 it becomes a dead end, if you like.

1 Q And if we go to page 4, please, of this report.

2 A Yeah.

3 Q There's a diagram here and an explanation of
4 particular corporate formation. And can you
5 please describe what this illustrates and what
6 its significance is, please.

7 A I can. Should I start -- this is a Scottish
8 limited partnership. Should I start with a very
9 brief explanation of why a Scottish limited
10 partnership always has that "Scottish" at the
11 beginning because it is very relevant?

12 Q Yes, please.

13 A As I'm sure many of the participants will know,
14 a limited partnership doesn't normally have
15 legal personality. A limited partnership is a
16 partnership. It is always formed of general and
17 limited partners, but it doesn't have legal
18 personality.

19 For reasons which go back to an act of
20 parliament here in the UK in the late 1800s, a
21 sentence in that act of parliament said in
22 Scotland a partnership will be a distinct legal
23 entity from its partners. And that created a
24 legal precedent that exists to this day that a
25 Scottish limited partnership itself has legal

1 personality. And clearly that means that it may
2 open a bank account in the name of the
3 partnership. It can enter into contractual
4 arrangements in the name of the partnership
5 whereas a limited partnership would normally be
6 the partners trading as the partnership.

7 And that gives it a unique existence because
8 to my knowledge it's the only limited
9 partnership that has its own separate legal
10 personality. And at some point in the early
11 2000s people outside of the UK came to realize
12 this and thought, that's jolly, jolly helpful
13 because it has virtually no filing requirements.
14 It doesn't have to file accounts. It doesn't
15 have to disclose the addresses or the nature of
16 the partners; it just needs to name them.
17 That's it. You don't have to say where in the
18 world they come from. Nothing.

19 So what we're seeing is a Scottish limited
20 partnership. This is called Luxborg. We could
21 probably spend half an hour over that name. I'm
22 not going to it is an indicator of an issue that
23 names have no particular meaning; it's just a
24 name. An we can see that originally it had two
25 partners, Eurointer AG and Bridgepoint AG. And

1 notwithstanding the AG at the end of their
2 names, they are not German companies. They are
3 in the Marshall Islands. And it appointed a
4 person with significant control, which is a
5 requirement for all Scottish limited
6 partnerships because they have legal
7 personality. And this person with significant
8 control, this beneficial owner, is another
9 Scottish limited partnership called Hookson
10 Projects LP.

11 Now, because it's a Scottish limited
12 partnership it also has a requirement to publish
13 a person with significant control, but when you
14 look at their filings it says, we haven't got
15 one. And on interrogating those filings you
16 find the reason it hasn't got one is because it
17 has diversified its partnership across five
18 different entities, which actually you can see
19 in this case are in Dominica, in Northern
20 Ireland, South Africa, the Seychelles and in
21 Calgary in Alberta. If you trace the ownership
22 from Luxborg through Hookson to its partners,
23 you end up in a situation where you are none the
24 wiser because although it looks like they've met
25 the requirements of UK law, you still arrive at

1 a dead end.

2 One, you'll see the Northern Ireland one
3 because that's also governed by the UK rule,
4 so therefore it also has to declare a person
5 with significant control. We find that it's
6 declared that it's owned and operated by two
7 partners -- actually no, that's not true. In
8 Northern Ireland the partnership doesn't have
9 legal personality. It is a general partnership
10 and therefore it's nominated two partners, one
11 Tallberg and one Uniwell, and they are in Nevis.
12 And incidentally all of these are companies that
13 were created by the same people who created
14 Ireland & Overseas and Milltown Corporate
15 Services.

16 Q And you mention in the preamble to this diagram
17 that Luxborg LP, which is at the top of your --
18 the web, if you will, was identified as an
19 entity time appearing in the Azerbaijani
20 laundromat. And we haven't discussed the
21 Azerbaijani laundromat, but just very briefly if
22 you could just explain how -- what the
23 Azerbaijani laundromat involved and what
24 Luxborg's connection was to that.

25 A Yes. So I guess there have been three or four

1 major laundromat stories. Danske Bank clearly
2 one, Azerbaijan, one Russian laundromat and one
3 called the Troika. You need to be careful.
4 They're not entirely distinct entities. There's
5 a significant overlap between all four, but the
6 Azerbaijani laundromat mainly was used as a sort
7 of slush fund for bribing.

8 There were a number of European Union
9 parliamentarians who subsequently resigned
10 because they received significant payments
11 through this route. It amounted to about \$3
12 billion in total. And it was a very significant
13 money flow through -- mainly through Latvia and
14 Latvian bank accounts but also Moldova that
15 dissipated into Europe and was used for all
16 sorts of nefarious means, one of which was
17 bribery and corruption.

18 Q So is it the UK transparency, the PSC registry,
19 that permits you to identify this structure that
20 we're looking at here? Is that correct?

21 A Absolutely. All of this is through using the
22 open nature of Companies House generally and in
23 this case, because Hookson Projects is a PSC,
24 it's specifically the PSC register that allows
25 me to do this.

1 Q When we get down to the bottom level, the almost
2 bottom level, the dark blue, general
3 [indiscernible].

4 A Yeah.

5 Q Are you able to look behind the ownership of
6 those entities, and if not, why not?

7 A No. So -- and that's exactly what I mean by the
8 veneer of transparency because I like the veneer
9 because this is a veneer that is almost like a
10 locked chest that has a veneer that makes it
11 look it's ever so easy to open it. So you look
12 through the UK and you -- each of these five
13 locations other than Northern Ireland, which is
14 another layer of veneer through to Nevis, but
15 what you end up with is a dead end in every one
16 of those locations.

17 So although it looks like this company has
18 fully met the transparency requirements in the
19 UK, actually driving through to its ultimate or
20 as far as you can get, you come in every
21 situation to a dead end because I cannot look at
22 the Calgary information, I cannot look at the
23 Seychelles. None of these are obtainable and
24 therefore I do not know -- I could hazard a
25 guess, but I do not know who is operating these

1 different companies. And in fact I still can't
2 work out why would five limited partnerships in
3 these five rather disparate locations suddenly
4 decide they wanted to operate a Scottish limited
5 partnership here in the UK? It makes no sense.
6 But I can't go any further because I've now
7 arrived at a dead end.

8 Q If we -- do you draw any significance or
9 connection between the various jurisdictions
10 that are identified here of Alberta, the
11 Seychelles, South Africa, Dominica, the Marshall
12 Islands? Are these jurisdictions that you
13 frequently see and is there any similarity
14 between them that [indiscernible]?

15 A I think the only similarity is what I probably
16 just explained, which is they afford a dead end
17 to this structure because all of them in some
18 way or the other make it exceptionally
19 difficult, if not impossible, to inquire any
20 further. I suspect if we did inquire further we
21 would find other jurisdictions that are equally
22 impenetrable, but that's simply my -- you know,
23 I'm hazarding a guess there and I probably
24 shouldn't do that, but -- because I can't go any
25 further.

1 So the commonalities here are the opaque
2 nature of their corporate registries. They also
3 happen to be homes to the same organization that
4 created Luxborg in the first place. So there is
5 also a commonality that there were operations.
6 I don't know if they were based inside these
7 countries that, but they certainly had postal
8 address in each of those countries to help
9 facility creation of companies.

10 Q And I believe you indicated that there were
11 other Canadian entities. Was this an isolated
12 example, the president of Cliffmount Properties
13 LP, or are there other similar structures that
14 have involved [indiscernible] corporate entities
15 that you've observed through your
16 investigations?

17 A I'm sorry to say quite a considerable number.
18 They all do a lot of heavy lifting because lots
19 of these Canadian entities are partners to
20 multiple UK companies, so they won't appear on
21 just one or two, they will appear regularly on a
22 lot -- particularly Scottish limited
23 partnerships, but also as shareholders in
24 limited companies. And that again is
25 problematic because that's not a searchable data

1 point in the UK Companies House either. While
2 we can search for beneficial owners, if you
3 record more than three shareholders, that
4 information is only ascertainable from looking
5 at the company's filings and reading it from the
6 filing itself.

7 Q What do you draw from the emergence of Canadian
8 corporate entities in these structures?

9 A Well, it's an indication to me that Canada, like
10 the UK, affords some respectability. It's a
11 highly respected country with exceptional levels
12 of democracy and it scores highly with
13 Transparency International, for example, for its
14 openness and fight against corruption. So it's
15 a very good home for incorporating a company
16 which gives this -- again this veneer of honesty
17 and probity and transparency. But because you
18 do not have open registers, we just genuinely do
19 not know who sits behind that company, and so it
20 achieves a number of outcomes for those with
21 criminal intent.

22 Q If we could go to page 5 of this document. Can
23 you briefly describe what's shown on this page.

24 A Yes, these are transactions, which -- I was very
25 kindly given access to the transactional data

1 for the Azerbaijani laundromats. It's not
2 generally available, but I was allowed to use
3 this data. So this is just mapping transactions
4 that flowed through this one particular company
5 of Luxborg LP. It came via three of the four
6 main entities that were involved in the
7 Azerbaijani laundromat, all of which were again
8 UK companies, over a relatively short period of
9 time.

10 Q And the total amount shown there of some
11 \$65 million, that was an amount that was -- that
12 flowed through during that period?

13 A Yes.

14 Q And if we go, please, to the next page, page 6.
15 Can you just briefly describe what's shown on
16 this page and what its significant is.

17 A Yes. So that transactional activity happened in
18 2013 and it became sort of public 2014, 2015,
19 2016. And you would've thought that would've
20 been quite terminal for some of these, but it's
21 quite clear this information is published on the
22 State Oil Company of Azerbaijan's website in
23 terms of its contracting -- tendering for
24 contracts. And it's clear that Luxborg LP,
25 despite its appearance in the laundromat and

1 that quite extraordinary level of activity, is
2 still itself winning contracts in Azerbaijan in
3 2016, 2017.

4 So this is a company that is still appears
5 to be operating. It has no web presence. It
6 has no website. It has no obvious personnel.
7 It doesn't operate, as far as I can see,
8 anywhere in the world in any sort of public way,
9 but it is nevertheless still doing business
10 in -- or was still doing business in Azerbaijan
11 in 2016 and 2017. So --

12 Q And it's still -- this is the company that has
13 at the bottom of its corporate structure a
14 Canadian corporate entity as its partner; is
15 that right?

16 A It does. Yes.

17 Q If we go to the next page, page 7, please. If
18 you could just briefly explain for the
19 Commissioner what's shown on this page.

20 A So this is the filing from Companies House for
21 Luxborg LP. It shows that it is still active.
22 Its last filing was in March of this year. It
23 is -- because the filing requirements for
24 Scottish partnerships are very minimal, the only
25 thing it has to do is file an annual

1 confirmation statement, which very often is just
2 says "no change."

3 There is no policing of this. So there is
4 no ability within Companies House to chase up or
5 whatever. And also just as a by-product,
6 Scottish limited partnerships are incapable of
7 being struck off the register. They can be
8 dissolved, but they can also be brought back to
9 the life again for the price of the form. So
10 they are a very strange beast.

11 And effectively all it shows you is that
12 Hookson Projects LP, limited partnership, was
13 appointed as a PSC in October 2017, and also
14 2017 -- because SLPs were a year behind all
15 other UK entities being brought into this new
16 requirement. So it's appointing Hookson Project
17 and that is all you're going to know about this
18 company because that about the only filing
19 requirement it has.

20 Q Right. And if we go to page 9, please, the last
21 page on this document, can you just briefly
22 explain what this illustrates.

23 A Yeah. So this is taken from another website
24 called OpenOwnership. One of the things you
25 can't do at Companies House is do a search for

1 PSCs. You can search for directors and you can
2 search for companies, but for some reason I
3 don't fully understand you cannot do a PSC
4 search. OpenOwnership, however, aggregates
5 Companies House data and does facilitate the
6 search for beneficial owners.

7 So it's one of the tools that I use is when
8 I see a corporate -- or actually any PSC, I will
9 go to OpenOwnership and put that PSC in and see,
10 does this company own any other companies. And
11 as you'll see for Hookson Projects, those that
12 are involved are still active. Those that are
13 greyed are not now active or they no longer act
14 for. But as you can see Hookson Projects is the
15 beneficial owner of a large number of -- I think
16 almost exclusively Scottish limited
17 partnerships.

18 Q And you mentioned here below the -- this diagram
19 that Hookson is only one of dozens of Scottish
20 limited partnerships, along with UK limited
21 liability partnerships and UK limited companies
22 which have utilized limited partnerships to
23 their ownership chain.

24 A Yes.

25 Q And I just ask, is that -- that's something that

1 you personally have observed through your --

2 A Absolutely. So, I mean, by extension having
3 just shown you that ownership structure of
4 Hookson, every one of those companies you can
5 see on your screen for which it's still active
6 is ultimately, at least partly, owned or
7 controlled by that Canadian limited partnership.
8 And actually that point is slightly moot because
9 a Canadian limited partnership I don't believe
10 has legal personality and therefore I'm not sure
11 where we stand legally in its ability to own or
12 control a company anyway because it is ought to
13 be the underlying partners.

14 Q All of this that we've looked at was made
15 possible, the examination, the identification of
16 these structures --

17 A Yes.

18 Q -- both the veneer but also the locked doors, if
19 you will, was all made possibly your use of open
20 corporate -- the UK register?

21 A Absolutely. And, you know, it's probably worth
22 adding that it was actually some surprise to me
23 that, you know, Canada didn't feature in any of
24 the reporting of laundromats -- and in a way,
25 why should it -- until you start doing this

1 level of analysis and then you see actually it
2 is involved, it is -- and I'm not trying to
3 point a finger here. I'm just saying absolutely
4 definitely Canadian entities contribute towards
5 the ability of companies to hide their
6 beneficial ownership by being part of this
7 ownership chain and it being okay for them to do
8 so.

9 Q Mr. Barrow, we've covered a lot of ground, and I
10 appreciate you bearing with me as we've gone
11 through and covered the ground. But are
12 there -- aside from some of the measures we've
13 discussed or if you would like to summarize
14 them, are there specific recommendations that
15 you think that this commission should consider
16 to make corporate vehicles in British Columbia
17 and in Canada less vulnerable and less useful to
18 money launderers?

19 A Yes. And, you know, I will you know caveat this
20 with I absolutely understand these measures need
21 to be proportionate because -- you know, because
22 corporate entities contribute strongly to, you
23 know, your provincial and country-wide economy.
24 But I don't think they are overly onerous.

25 I do think having a free-to-access corporate

1 register, including beneficial ownership, is
2 vital. People ask me, but surely we should
3 leave this to the police. But the problem is
4 the police can only investigate when they have a
5 suspicion of a crime, and very often the
6 suspicion comes from the interrogation of the
7 register. I liken it to, if we could only ever
8 allow the police to investigate a break-in, it
9 wouldn't happen very often because very often
10 it's the public who report the break-in which
11 the police then go and investigate. And
12 allowing a public to identify a metaphorical
13 break-in is an absolutely essential part of this
14 because of the level of incorporation activity
15 that we see.

16 And, you know, often the register will be
17 the genesis of an investigation and not a
18 contributor to an ongoing one. So that's my
19 first thing is I think an open register is
20 absolutely vital and it has to be free to
21 access. I think the UK have found that hugely
22 beneficial because that is now helping us to
23 understand how better to operate the register in
24 a more effective way, and I'm not convinced that
25 would have happened had to not been open and

1 free to access in the first place.

2 I think it's absolutely vital that that
3 register is organized in a way where it has got
4 interoperable data so that that data can be used
5 in an open data format. It will easily
6 synthesize with data from other registers so
7 that these sorts of connections I've identified
8 today can be found with much greater facility
9 than I can find them because, believe me, it is
10 quite hard work what I do.

11 And the verification regime has to go hand
12 in hand with the open nature of the register,
13 and that's one of the things we have singly
14 found out here in the UK is that opening the
15 register exposed the poor quality of the data in
16 the register, but ultimately I think that's a
17 really good thing because it's create the
18 impetus and the motivation to improve the
19 quality of the register through the reforms that
20 we've talked about today.

21 MR. ISAAC: Thank you. Mr. Commissioner, those are
22 all of my questions.

23 THE COMMISSIONER: Thank you, Mr. Isaac. We have two
24 participants who wish to examine Mr. Barrow, and
25 I'm just going to check in with them. I know we

1 have another witness coming up and we'll need a
2 break between witnesses, so if we can get -- if
3 Mr. Barrow is okay to carry on for a few
4 more minutes, then --

5 THE WITNESS: Absolutely.

6 THE COMMISSIONER: Thank you. Ms. Herbst, you've
7 been allocated 10 minutes for the Law Society of
8 British Columbia.

9 MS. HERBST: Thank you, Mr. Commissioner. And with
10 thanks to Mr. Barrow and Mr. Isaac for having
11 reviewed everything in such detail and with such
12 care, I have no questions to ask. Thank you.

13 THE COMMISSIONER: Thank you, Ms. Herbst. And,
14 Mr. Gratl, for the Transparency International
15 Coalition. You have been allocated ten minutes.

16 MR. RAUCH-DAVIS: Pardon me, Mr. Commissioner.
17 Mr. Gratl apologizes, but I will be appearing
18 for the Transparency International Coalition
19 today.

20 THE COMMISSIONER: Thank you, Mr. Rauch-Davis.

21 **EXAMINATION BY MR. RAUCH-DAVIS:**

22 Q Mr. Barrow, I take it you would agree me that a
23 key feature of any anti-money laundering regime
24 is the quality of the data on beneficial
25 ownership?

1 A Absolutely. It is a foundational aspect of the
2 anti-money laundering regime.

3 Q And the poorer the quality of the data, the
4 weaker the overall system will operate and the
5 more problems that will arise; correct?

6 A That is absolutely correct, yes.

7 Q So you mentioned in your evidence this morning
8 that in the UK banks and, I take it, other
9 financial institutions, when they are onboarding
10 corporate entities, they are required to check
11 beneficial ownership data?

12 A They are, yes.

13 Q And are they required to verify that data as
14 well?

15 A They are absolutely required to verify that
16 data. On a risk-based approach, to be fair.
17 But on a risk based approach, i.e., the higher
18 the risk, the greater of level of verification
19 required, they would verify where there isn't
20 publicly available sources to do so.

21 Q And are there sanctions if they fail to verify
22 the data?

23 A Yes, there are significant sanctions.

24 Q Okay. Including significant jail time and heavy
25 financial fines?

- 1 A Yes. Technically no one has ever been jailed,
2 but I was in the public domain that I was at
3 Deutsche Bank when they had the £163 million
4 fine and part of that was for the inadequacy of
5 their know your customer information, including
6 beneficial ownership. So absolutely.
- 7 Q And are you aware if there's an obligation on
8 the individual submitting the client ID, the
9 client, is there an obligation or -- actually
10 I'll put it this way. Is there an offence if
11 they falsely represent their own identification?
- 12 A Yes. It's fraud.
- 13 Q Does that offence carry significant jail time
14 and fines as well?
- 15 A It certainly can do, yes.
- 16 Q Now, are you familiar with the Canadian Proceeds
17 of Crime and Terrorist Financing Act?
- 18 A I'm not, I'm afraid. No.
- 19 Q No. Okay. And I take it -- but I take it you'd
20 agree with me that in the UK and EU it's a
21 significant part of the regime is that the
22 offence applies to both the financial
23 institution and the client or consumer
24 submitting their information; correct?
- 25 A Yes. Let's be careful here because the

1 requirement to gather know your customer
2 information is a regulatory requirement. The
3 legal requirement is around in the UK the
4 Proceeds of Crime Act 2002 and the Terrorism Act
5 2000, and that is slightly different. That is
6 knowingly or having reasonable suspicion that an
7 arrangement is being put together for -- to
8 disguise, to process or to further financial
9 crime.

10 Now, part of that may well be the
11 identification of a falsified beneficial
12 ownership and that would then place a
13 criminal -- a burden on failure to report that.
14 But that is separate to the regulatory
15 requirement of gathering know your customer
16 information, which -- it can possibly require
17 jail time because we have a rule here in the UK
18 that reckless disregard now renders you
19 criminally accountable. But it is separate
20 issue from the Proceeds of Crime Act which is
21 very much about failing to report suspicions of
22 potential money laundering.

23 Q I take it you'd agree there is a shared burden
24 between the financial institution on the one
25 hand and the consumer client on the other hand

1 to accurately report the information that is
2 being provided?

3 A Yes, it's -- the burden on the consumer is to
4 provide that information and the burden on the
5 bank is to properly interrogate the information
6 to ensure it is sensible and, to the best of
7 their ability, accurate and honest. Yes.

8 Q And the sanctions on the consumer for false
9 reporting, that in effect contributes to the
10 overall effectiveness of the anti-money
11 laundering regime. Would you agree?

12 A I would agree, yes.

13 Q And the possibility of jail time, that is meant
14 to ensure that money launderers or would-be
15 money launderers don't just consider fines a
16 cost of doing business. Would you agree with
17 that?

18 A I would, but I would caveat that with the -- a
19 significant number that I deal with are
20 extraterritorial, so therefore the reach of our
21 law enforcement is far less because you'd be
22 onboarding clients who don't live within the
23 jurisdiction of UK law enforcement. And that
24 clearly adds an additional burden and it's why
25 banks have risk rating methodologies and risk

1 appetites because that increases the risks of
2 doing business with people.

3 Q And on that topic this morning you mentioned the
4 availability of information open to the public.
5 Wouldn't you agree that country of origin or
6 past citizenships is vital because of the
7 international aspects of money laundering?

8 A Completely. It is one of the most important
9 identifiers of suspicion is the location of
10 entities or natural persons when you're looking
11 at company formations.

12 Q And the ability for the public or whistleblower
13 groups or any stakeholder to search by country
14 of origin or by current or past citizenship,
15 that would greatly increase the effectiveness of
16 a public registry; right?

17 A It's something I do all the time. I filter by
18 countries of origin as a way of highlighting
19 specifically high risk entities.

20 MR. RAUCH-DAVIS: Thank you, Mr. Barrow.

21 Those are my questions, Mr. Commissioner.

22 THE COMMISSIONER: Thank you, Mr. Rauch-Davis.

23 I understand that, Ms. Hughes, that I didn't
24 indicate your to desire to examine Mr. Barrow,
25 and so I invite you to do so on behalf of the

1 province of British Columbia.

2 MS. HUGHES: Thank you, Mr. Commissioner.

3 **EXAMINATION BY MS. HUGHES:**

4 Q Mr. Barrow, I take it you can hear me?

5 A I can hear you fine. Thank you.

6 Q Excellent. Thank you. In your evidence you
7 stated that having a consistent standard for
8 data on corporate registries is -- and I think
9 your words were absolutely essential. Do you
10 recall giving that evidence?

11 A I do indeed, yes.

12 Q And so in light of that, I think you'll agree
13 with me, then, that for British Columbia in
14 looking to set up beneficial ownership
15 transparency mechanisms, this suggests that we
16 should be working with other provinces and with
17 our federal government to adopt a consistent
18 approach?

19 A I think that would be exceptionally helpful.
20 Because I am so passionate about this, I would
21 hate to think it would hold back that -- the
22 transparency, but it clearly -- if other
23 provinces or Canada generally decides to go down
24 the route of transparency, having
25 interoperability between those different

1 registers is an exceptionally -- I would use
2 that word again -- helpful ability for
3 investigators to be able to join dots together,
4 which they wouldn't any other way. Yes.

5 Q Right. And so then as well at the national
6 level Canada should be coordinating with other
7 jurisdictions? You'll agree that that's an
8 important goal?

9 A I think that's, again, a very important goal.
10 And, you know, one of the outcomes of that is
11 potentially identification of hitherto unknown
12 networks simply by being able to connect those
13 dots efficiently and effectively. Yes.

14 Q Right. But I didn't hear in your evidence you
15 speaking to any particular international norm or
16 standard. There isn't one developed yet, is
17 there?

18 A There's no -- no, there's no ISO for data
19 standards. It's one that organizations such as,
20 I think, Transparency International, Global
21 Witness and others have been pushing for very
22 hard. I'm sure Chris Taggart would've said in
23 his evidence that it's something that
24 OpenCorporates currently does through the
25 intercession of software to convert data into a

1 standard that they can then use on their
2 register.

3 So it's not an insuperable problem because,
4 you know, we have now artificial intelligence
5 that can rapidly convert data into a
6 standardized format, but it would be much better
7 if we started with a standardized format.

8 Q And looking not just at the format of the data,
9 Mr. Barrow, but also at the substance of what's
10 being collected, it's important that we're all
11 collecting the same data as well; right?

12 A It's very, very, very helpful.

13 Q Yes.

14 A I think -- I would think it's -- I don't think
15 it's a large data set; I think it's -- you know,
16 for corporate entities there is -- it's a
17 relatively straightforward piece but it is
18 important that ultimately the different
19 registers around the world speak the same kind
20 of, you know, language.

21 Q And one of the sources we may look to
22 internationally for recommendations on which
23 data and how we ought to collect the data would
24 be the Financial Action Task Force
25 recommendations; is that right?

1 A It would certainly be one of the bodies that
2 would have a interest in how that should happen
3 because they're fundamentally the wellspring of
4 our beneficial ownership requirements through
5 the recommendations. Yes.

6 Q Yes. And stepping back just one minute as well,
7 I think you'll agree that one of the other
8 benefits of adopting consistent standards across
9 both provinces within our own country and
10 different countries will be to help minimize the
11 issue that you spoke of with the problem being
12 transferred from one jurisdiction to another?

13 A Possibly, although I think the transfer will
14 happen to those jurisdictions that don't
15 currently have open registers. And I would say
16 that it's not clear to me that the UK register,
17 which has been exceptionally helpful, you
18 know -- I mean, it went ahead and did what it
19 did without necessarily thinking about that open
20 data format, and without a shadow of a doubt
21 it's contributed to -- you know, hugely to our
22 understanding of laundromats. So I do think
23 it's important, but I don't think -- I don't
24 believe it's necessarily a show stopper to
25 opening up the register in the first place.

1 Q No, but where -- to the extent that we can have
2 more jurisdictions buy in, for lack of a better
3 way of putting it, to transparency through
4 common standards, has a benefit?

5 A Absolutely. And the goal should be that we have
6 one global universal, common standard for
7 beneficial ownership and corporate data. I
8 completely agree. I'd say my reluctance is that
9 I don't -- I would hate that to be a blocker to
10 the continued push for transparency. That's
11 all.

12 Q Fair enough. Now, in your evidence you also
13 made a passing reference to -- this is when you
14 were talking about your ability to access data.
15 You talked about the UK Companies House having a
16 public interest standard. Could you explain
17 what that is?

18 A Sorry, would you mind repeating that again.

19 Q You were speaking about your ability to access
20 or conduct searches in the UK Companies House
21 register.

22 A Yes.

23 Q And you mentioned -- you made a passing
24 reference to there being a public interest
25 standard that somehow impacted your ability to

1 access the data.

2 A If I said that, I'm not sure I meant it. That
3 there is a public interest in me accessing the
4 data, i.e., that the outcome of my
5 investigations are, you know, to serve the
6 public interest, but I'm not sure that's
7 necessarily -- you know, I mean, OpenCorporates
8 have a public interest standard, which is that
9 they will make their data available to public
10 interest free of charge. But I think it's in
11 the public interest for that data to be
12 available to the public, yes.

13 Q I see. Okay. Thank you. And then dealing also
14 with access to data. I think it's fair to say
15 that you possess a significant amount of
16 expertise, and I think you'll agree with me that
17 there's only a small segment of the general
18 public who do the type of work and analysis that
19 you do using corporate data. Is that right?

20 A I think has probably correct, yes.

21 Q Yeah. The number of people who would seek to
22 access corporate data at the scope or the scale
23 that you do would be the exception, not the
24 norm; is that right?

25 A Absolutely, yes.

1 Q Yeah. And fairly you don't use corporate data
2 in the same way as the average member of the
3 general public would?

4 A No.

5 Q No. And your access needs are different than
6 those of the general public; right?

7 A Yes.

8 Q Yes. And I think when we look at whether or not
9 there should be fees imposed for accessing data,
10 you'll agree with me that the imposition of a
11 fee can provide a barrier or impose a barrier to
12 people who might seek to access corporate data
13 for ulterior purposes, i.e., for solicitation
14 reasons or reasons such as that?

15 A I don't -- I'm not sure that that's true because
16 I'm not sure that there's been significant
17 incidence of that happening in the UK where it
18 is free to access. So I can't say I'm aware of
19 an increase in the misuse of data in the UK by
20 making that data free to access.

21 We do have certain laws in the UK where
22 people can have either some or all of their data
23 withheld if they can show good cause for that to
24 happen. But I -- genuinely I am not aware of an
25 increase in misuse of data through access to

1 Companies House data. No, I'm not.

2 Q That's not an issue that you've studied?

3 A It's certainly nothing that I've ever been aware
4 of, no.

5 Q And it's not something you've investigated with
6 a particular focus?

7 A No, not particularly. No.

8 Q Okay. And then I think you'll also agree with
9 me, you spoke repeatedly on the need for the
10 data in the registry to be accurate and
11 verified?

12 A Yes.

13 Q Yes. And that comes at a cost; right?

14 A Yes.

15 Q And I think you'll agree it's more important to
16 have verified data than free data?

17 A Yes. But I don't -- I mean, I think the cost
18 should be borne by those who apply to have
19 corporate entities. I think it costs in the UK
20 £50 to register a car and £12 to register a
21 company, so I firmly believe that the cost of
22 that verification should be borne by those
23 people who want to take advantage of the limited
24 liability and tax advantages of a corporate
25 entity. So I don't think there should be a cost

1 to the general public; it should be part of the
2 cost of incorporating a company.

3 Q Fair enough. So the cost should be borne by
4 those who seek to benefit from having the
5 corporate structure?

6 A Absolutely. And that seems a very reasonable
7 quid pro quo to me yes.

8 Q Right. And then also just looking at, again,
9 access to data, the beneficial ownership
10 transparency, the goals that it seeks to
11 achieve, those goals don't require free access
12 to all data for all people and all purposes.
13 What's important is that people seeking to
14 access the data such as yourself for legitimate
15 purposes have a means of accessing what they
16 need at low or no cost. Would you agree with
17 that?

18 A Yes, providing there were no hurdles put in
19 place to have that access. Yes.

20 MS. HUGHES: Right. Okay. Thank you very much.

21 Those are all my questions.

22 THE WITNESS: Thank you.

23 THE COMMISSIONER: Thank you, Ms. Hughes.

24 MR. ISAAC: Mr. -- sorry, Mr. Commissioner. It's

25 Mr. Isaac. We did receive a recent request from

1 Ms. Tweedie of the BC Civil Liberties
2 Association and to ask a question, and we
3 would -- are fine with that from our
4 perspective.

5 THE COMMISSIONER: All right. Thank you.

6 Ms. Tweedie.

7 MS. TWEEDIE: Thank you, Mr. Commissioner.

8 **EXAMINATION BY MS. TWEEDIE:**

9 Q Mr. Barrow, I just have one or two questions for
10 you. I believe I know the answer given your
11 background, but would you confirm that you have
12 no particular knowledge or expertise of the law
13 surrounding the Canadian Charter of Rights and
14 Freedoms?

15 A That's completely correct.

16 Q Yes. And specifically, section 7, the right to
17 life, liberty and security and, section 8,
18 against search and seizure, you have no
19 familiarity with these?

20 A None whatever, no.

21 MS. TWEEDIE: Okay. Thank you. Those are my
22 questions.

23 THE WITNESS: You're welcome.

24 THE COMMISSIONER: Thank you, Ms. Tweedie. All
25 right. Thank you.

1 Mr. Rauch-Davis, do you have anything
2 arising in re-examination?

3 MR. RAUCH-DAVIS: I do not, Mr. Commissioner. Thank
4 you.

5 THE COMMISSIONER: All right. Thank you. Mr. Isaac,
6 do you?

7 MR. ISAAC: No questions arising, Commissioner.

8 THE COMMISSIONER: All right. Thank you. All right.
9 Thank you very much, Mr. Barrow. I recognize
10 this is fairly late in the evening for you, and
11 we very much appreciate your involvement with
12 our commission. It has been of great benefit.
13 I will now excuse you from further testimony.

14 THE WITNESS: Thank you, Commissioner.

15 THE COMMISSIONER: And we will take -- I think a
16 15-minute adjournment, Mr. Isaac, before we move
17 on to our next witness.

18 MR. ISAAC: Thank you. And, Mr. Commissioner, it
19 will be -- Mr. McGowan will have conduct of the
20 next witness.

21 THE COMMISSIONER: Thank you. All right. 15 minutes
22 then.

23 THE REGISTRAR: This hearing is adjourned for a
24 15-minute recess until 11:39 a.m. Please mute
25 your mic and turn off your video. Thank you.

1 **(WITNESS EXCUSED)**

2 **(PROCEEDINGS ADJOURNED AT 11:24 A.M.)**

3 **(PROCEEDINGS ADJOURNED AT 11:39 A.M.)**

4 THE REGISTRAR: Thank you for waiting. The hearing
5 is now resumed. Mr. Commissioner.

6 THE COMMISSIONER: Thank you, Madam Registrar. Yes,
7 Mr. McGowan.

8 MR. MCGOWAN: Yes, Mr. Commissioner. The next
9 witness will be Mr. Wayne Holland. He is
10 present on the screen with his counsel,
11 Mr. Hira.

12 THE COMMISSIONER: Thank you.

13 **WAYNE HOLLAND, a witness**
14 **called for the**
15 **commission, sworn.**

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

18 THE WITNESS: My name is Wayne Douglas Holland,
19 W-a-y-n-e H-o-l-l-a-n-d.

20 THE REGISTRAR: Thank you.

21 THE COMMISSIONER: Yes, Mr. McGowan.

22 MR. MCGOWAN: Thank you, Mr. Commissioner.

23 **EXAMINATION BY MR. MCGOWAN:**

24 Q Mr. Holland, thank you for taking the time to
25 assist with our process today. You were a

- 1 member of the Vancouver Police Department for
2 29 years?
- 3 A Yes.
- 4 Q And after retiring in 2010 you took charge as
5 the officer-in-charge of the Nelson Police
6 Department?
- 7 A That's correct.
- 8 Q You were the chief of that department until
9 2016?
- 10 A January 2016, yes.
- 11 Q Following which you retired from policing?
- 12 A I did.
- 13 Q And while you were with the Vancouver Police
14 Department, starting in approximately 2002 you
15 were involved in working with a number of
16 integrated units?
- 17 A Yes. As well as in the late 1980s in the
18 coordinate the law enforcement unit.
- 19 Q Okay. And these integrated units were joint
20 undertakings of the RCMP and municipal police
21 forces?
- 22 A Yes.
- 23 Q Including the Vancouver Police Department?
- 24 A Yes.
- 25 Q You ultimately became the officer-in-charge of

1 IIGET?

2 A IIGET, yes.

3 Q And that was in 2007?

4 A It was.

5 Q Immediately prior to that you were the
6 officer-in-charge of IMPACT, which was the bait
7 car program?

8 A Yes.

9 Q And did you carry on with your tenure as the
10 officer-in-charge of the bait car program while
11 you were the officer-in-charge of IIGET?

12 A Yes.

13 Q What led to you taking over command of IIGET in
14 2007? Was there a competition or were you
15 approached?

16 A No, it was an opportunity that arose as a result
17 of my superiors, Superintendent Russ Ash and
18 Chief Superintendent Dick Bent, who I also
19 worked for as regards to the impact bait car
20 program, approaching me and asking me to take on
21 both programs because there was a recognition
22 that some of the strategies within the IMPACT
23 bait car program could be used within the IIGET
24 program and they wanted to take advantage of
25 that.

1 Q Okay. And what strategies were those?

2 A There were a number of strategies. Certainly
3 there was -- can you hear me all right?

4 Q Yes.

5 MR. MCGOWAN: I will say, Madam Registrar, the
6 witness seems to be sort of cutting in and out
7 just a little bit for me. I wonder if moving
8 closer to the microphone might assist.

9 MR. HIRA: Let's move this mic there. Does that
10 improve at all?

11 MR. MCGOWAN: Well, I'll wait until I hear
12 Mr. Holland speak, but I --

13 THE WITNESS: How is this?

14 MR. MCGOWAN: Yeah, that's better.

15 THE WITNESS: My apologies.

16 Within the bait car program, the IMPACT
17 program, there were similar functions that we
18 found in IIGET which included surveillance,
19 public education, innovative partnerships and
20 certainly strategies that revolve around the --
21 met the full enforcement and which gave
22 criminals a heightened sense of risk and
23 allegedly deterred them from undertaking certain
24 criminal activities.

25 Q And you talk about strategic partnerships

1 insofar as your work with IIGET was concerned.
2 Was that a significant piece of what you tried
3 to accomplish when you were with IIGET?

4 A Absolutely. Not only our co-located partners,
5 the Gaming Policy Enforcement Branch, but a
6 variety of other stakeholders and support
7 personnel with specific expertise not limited to
8 but including Canada Revenue Agency,
9 British Columbia Liquor Commission, IPOC,
10 Integrated Proceeds of Crime. I could go on and
11 on, but there were innumerable specialized
12 agencies that we would work for and rely on for
13 their expertise and support.

14 Q Did you have any specific involvement in gaming
15 investigations prior to taking over control of
16 IIGET?

17 A None at all.

18 Q Okay. Were you given any background material to
19 orient yourself with those types of
20 investigations or the unit specifically?

21 A I had attended major crime section -- RCMP major
22 crime section meetings since January of 2007 and
23 as a result of that, the incumbent
24 officer-in-charge had spoken of activities of
25 IIGET. So I became aware generally that way,

1 and in August of 2007 I was provided with
2 documents by Superintendent Nash, which allowed
3 me to further familiarize myself with the past
4 practices and the direction that the consultive
5 board wished me to go to when I was eventually
6 selected as the officer-in-charge.

7 Q And just speaking generally, can you give the
8 Commissioner some sense of what those documents
9 were that you were provided?

10 A As I recall, I believe that Ms. Catherine Tait
11 who had been hired by the provincial government
12 to enact a -- undertake an effectiveness review
13 of the team, I believe that I received a draft
14 of that copy. Certainly the final version came
15 in November of that year as I recall, but I
16 received minutes of past consultative meetings.
17 I believe there was at least one business case
18 that I received, maybe two, from the previous
19 NCOs in charge of the team. A copy of the
20 Gaming Control Act. All manner of paperwork
21 that I could review to educate myself because I
22 was a novice.

23 Q As the officer-in-charge of IIGET, who did you
24 report to?

25 A Administratively I reported to Superintendent

1 Russ Nash, who was officer in charge of the
2 major crime section. Overall I reported to Russ
3 as well as Chief Superintendent Dick Bent and
4 the members of the consultative board for IIGET,
5 which was co-chaired by two ABMs, Kevin Begg and
6 Derek Sturko. There were other stakeholders
7 there from BC Lotteries on occasion, depending
8 on the nature of the meeting. And that was
9 specifically who I reported to globally as well
10 as on a day-to-day basis.

11 Q Okay. During your tenure who had primary
12 responsibility for determining the direction and
13 priorities of the unit?

14 A The direction and priorities would have rested
15 solely with the consultative board. I would
16 report to them what I envisioned should be the
17 direction for the team to take, and they would
18 support or amend my recommendations.

19 Q When you took over conduct of the unit, what
20 were you advised that the priorities and
21 direction of the unit ought to be?

22 A The priorities were to embrace really the
23 mandate, and that was simply, I thought, to
24 pursue illegal gaming investigations so as to
25 stabilize and protect the integrity of the legal

1 gaming system, and we were to do that through
2 partnerships. We were to do that through
3 investigations and receipt of information which
4 we would turn into intelligence, that is
5 confirmed intelligence on characters. And we
6 were to educate our partners in policing as well
7 as the public with respect to proper policies
8 with which they may engage in illegal gaming.

9 And we were to take down criminal
10 enterprises as they came to us as we saw fit
11 outside of the regular casinos certainly and as
12 opportunity allowed or as we were requested
13 within legal casinos, and that was probably in
14 consultation with GPEB and the BC Lottery
15 Commission.

16 Q What did you understand with respect to whether
17 money laundering, loan-sharking and proceeds as
18 associated with legal casinos was within your
19 mandate or outside your mandate?

20 A Well, I certainly became aware of it when I
21 arrived there more anecdotally and as well as
22 from information within reports that I had been
23 left by my predecessors. But more specifically
24 and exactly I became aware on a higher level of
25 that as a result of the accomplishment of the

1 threat assessment, which took mere information,
2 put it through an analytical process and then we
3 came up with solid probes and projects that had
4 been accomplished which confirmed to me that
5 there was an issue within venues.

6 That's not to say that the members of GPEB
7 prior to my arrival weren't aware of that. They
8 most certainly were. I think it just surprised
9 me the confirmation of the scope and extent to
10 which money laundering and/or those other
11 activities were taking place.

12 Q We'll come to the threat assessment. When you
13 started with IIGET were you led to understand
14 that investigating money laundering in legal
15 casinos was within your mandate or outside your
16 mandate?

17 A I think I was always of the mind it would be
18 within our mandate, a different question as to
19 our ability to undertake that.

20 Q Yes, that's my next question. Regardless of
21 whether it was within your mandate, what
22 direction were you given with respect to whether
23 those types of investigations ought to be the
24 focus of your unit?

25 A I don't recall any specific direction. I was

1 always of the mind and certainly the personnel
2 that I worked with who had experience there and
3 my supervisors had always indicated to me that I
4 was to envision, as we developed the business
5 case to increase the size of the unit, that
6 those person -- persons would be used in
7 furtherance of such investigations. I fully
8 expected down the road to have worked with other
9 agencies, GPEB, BC Lotteries, et cetera, and/or
10 the police of jurisdiction to undertake any
11 illegal activity or criminal activity that was
12 found within legal venues.

13 Q How many members did the IIGET team have when
14 you took over command?

15 A We were supposed to have 12 members and one
16 admin support. The best that I ever realized as
17 far as an authorized strength was eight members
18 out of that 12, and that was towards the end of
19 my tenure there, which was approximately just
20 under two years.

21 I should also mention -- sorry,
22 Mr. McGowan -- that of those eight people, at
23 times four to six of them were in satellite
24 bureaus in Prince George, Kelowna and Victoria.

25 Q Did you come to gain an understanding as to why

1 it was the positions were not fully staffed?

2 A From what I saw in real life and as well as the
3 documents that I had variable to me, it was for
4 a variety of reasons: sickness, vacation,
5 maternity leave, promotions, unanticipated
6 promotions. There were a number of issues, but
7 all not unexpected, certainly that every team or
8 section in policing goes through almost on a
9 monthly basis throughout this province.

10 Q Did you have the resources available to you to
11 staff those positions if you could find the
12 people within the RCMP or municipal forces?

13 A By late 2008 I had written assurance from my
14 supervisors right up on through the chain of
15 command that RCMP staffing was to give priority
16 to staffing of the IIGET as the threat
17 assessment had been accomplished, a business
18 case as well and that notwithstanding any other
19 distractions, the RCMP was going to staff IIGET
20 and hopefully with the support of municipal
21 agencies the 11 municipal agencies in
22 British Columbia.

23 Q Was attrition an issue that you encountered in
24 IIGET in -- sort of to a greater extent than
25 with some other units you'd been with?

1 A Not during my tenure. I would say that in
2 fairness anybody that was working for me, there
3 were very few that had been there for more than
4 one or two years and anybody who came in was
5 fairly untrained. Very capable police officers,
6 but new to -- as was I, to illegal gaming
7 investigations. I never really had anybody in
8 sufficient numbers to undertake as much as I
9 wanted to, certainly.

10 Q Okay. At the time you took over control of the
11 unit over the past year or two, what did you
12 understand the focus of the unit had been in
13 terms of investigative targets?

14 A From reviewing minutes, from listening to the
15 individuals, the personnel that had been there
16 before me. I was aware that the unit had
17 started out in early -- well, 2004 when it was
18 created and that there were three tiers of
19 investigations that they were to undertake,
20 either of their own volition or in partnership
21 with GPEB or police in jurisdiction.

22 I understood they had done that, but it's a
23 steep learning curve to start a team -- an
24 integrated team with new people and look after
25 training them, conduct somewhat of an assessment

1 as to the scope and extent of the problem that's
2 facing you, determine whether you should be
3 centralized or decentralized, et cetera. It
4 probably took them the first two years to just
5 gear up. They had some success, I understand,
6 given the Tait report, in pursuing common gaming
7 houses, pyramid schemes and middle level illegal
8 activities. And then I also was aware that they
9 had undertaken one singular high-level
10 investigation with the support of the
11 consultative board and that that wasn't the best
12 set of circumstances for them to undertake such
13 a serious investigation as well as trying to
14 accomplish the other three -- the other two
15 levels of illegal gaming.

16 So they had a lot on their plate and they
17 were suffering, as you said, from attrition and
18 other issues.

19 Q And what was the nature of that high-level
20 investigation that was undertaken?

21 A As best as I recall and as best as I was told,
22 it was an internet investigation, which of the
23 three levels of illegal gaming is at the highest
24 level. It's a specialized entity. Obviously
25 internet, if there's criminal activity, that

1 could reach into other countries, other
2 provinces, around the world, and so it's a
3 specialized type of investigation.

4 I'm not really aware of how well that went.
5 I just know they undertook it for approximately
6 one year before I came there.

7 Q And how much of the -- of IIGET's resources were
8 dedicated to that investigation during that
9 year?

10 A I was led to believe that almost all of their
11 resources.

12 Q And around the time you took over IIGET, I
13 gather there was a direction from the
14 consultative board to adjust priorities and
15 focus; is that fair?

16 A Oh, absolutely, and I certainly agreed with
17 them. Until we could -- my background is threat
18 assessments. Until we could do a proper threat
19 assessment, I certainly agreed with their
20 direction. And not to criticize the internet
21 investigation, I thought given what we had as
22 far as new people coming in and the necessity to
23 train them and as far as the fact went that we
24 were 400 files behind that were backlogged that
25 had not been taken care of due to the internet

1 project, that we had enough to occupy us along
2 with the accomplishment of the Tait
3 recommendations to keep us busy.

4 So yes, I think that our service delivery to
5 British Columbians, our fellow agencies, and
6 through no fault of anyone probably, was set
7 back a few degrees.

8 MR. MCGOWAN: Madam Registrar, could we please have
9 Canada 000059 displayed for the witness.

10 MR. HIRA: I will turn to that document in this
11 binder.

12 MR. MCGOWAN: Thank you.

13 MR. HIRA: Which is, as I see it, the -- an IIGET
14 status report July 25, 2007.

15 MR. MCGOWAN: Yes, that's correct.

16 MR. HIRA: So it has -- right. Okay. We have it.

17 MR. MCGOWAN:

18 Q Mr. Holland, this is a status report generated
19 for the IIGET consultative board meeting of
20 July 25th, 2007?

21 A Yes, I believe it was completed by
22 Superintendent Nash.

23 Q Yes. And if you could just turn to the second
24 page of that document.

25 A I'm on page 2.

1 Q Yes. And you'll see that it says "IIGET Status
2 Report"?

3 A Yes.

4 Q And it says:

5 "- IIGET will maintain its commitment --"

6 I'm reading from the second -- the first bullet:

7 "- IIGET will maintain its commitment to
8 an ongoing international investigation
9 targeting at the high level.

10 - IIGET will focus the bulk of its
11 resources upon the enforcement of
12 identifying mid level targets. Mid
13 level illegal gaming activity consists
14 of:

15 a) position of video gaming
16 machines.

17 b) common gaming.

18 c) animal fighting.

19 d) pyramid schemes.

20 - IIGET will not take on additional high
21 level targets in the short to medium
22 term, subject to further review about
23 the Board."

24 And does that sort of accurately summarize the
25 direction you were given from the board when you

1 took over as the officer-in-charge?

2 A Perfectly.

3 Q Okay. And investigating money laundering within
4 legal casinos, would that fall into the high
5 level target investigation category?

6 A Within casinos, not necessarily. I mean, there
7 could be unlawful activity within legal casinos,
8 certainly. Loan-sharking. A whole manner of
9 activities within casinos that we may have
10 opportunity through our own investigations or be
11 asked to become involved in.

12 Q Did that happen during your tenure?

13 A No, it did not. We were occupied with the
14 accomplishment of the Tait report, development
15 of business cases and catching up on the
16 400-file backlog and trying to reinvigorate our
17 previous partnerships and undertake education of
18 the public and police agencies.

19 Q Okay. During your time as the officer in charge
20 even prior to the threat assessment did you have
21 some sense that there was a concern on the part
22 of GPEB and some police agencies about the
23 extent to which organized crime might be
24 associated with casinos and concerns about the
25 source of large quantities of cash that were

1 common gaming houses."

2 Did you agree with that assessment of the state
3 of your resources and what that meant for your
4 ability to tackle certain types of
5 investigations?

6 A Absolutely.

7 Q And I think we'll come to see, but am I correct
8 that the state of the resources in terms of
9 manpower did not change during your tenure up
10 until the unit was disbanded?

11 A That's correct.

12 Q When you arrived at the unit as the officer in
13 charge, what was your assessment of the degree
14 of coordination and cooperation between the
15 IIGET's RCMP members and the GPEB officers with
16 whom you were co-housed?

17 A At eye level I found it to be collegial. I
18 found -- especially given that most, if not all,
19 of the GPEB personnel were retired police
20 officers whom all of us either knew or my
21 personnel knew from their past lifetimes as
22 police on the beat so to speak. But things were
23 going quite well. Again, my experience was a
24 very good one for the under two years I was
25 there, the approximately two years. I was

1 immediately welcomed into the fold as regards
2 the consultative board. GPEB made themselves
3 available to me. It was Larry Vander Graaf, Joe
4 Schalk, any number of their investigators. Were
5 there any questions I had as a novice in their
6 industry, so to speak.

7 I thought the communication -- issues always
8 arise. For example, during consultative board
9 meetings we would discuss how media releases or
10 information to the public would be structured, a
11 simultaneous for release of media, enforcement
12 announcements, et cetera. I knew that I could
13 pick up the phone and phone any of our partners
14 and get them in an instant and get their
15 unequivocal support. I had a very positive
16 experience.

17 I thought that -- given that most of my
18 personnel, those that were there, were fairly
19 new to their investigative portfolios that
20 probably -- we weren't a fine-honed machine that
21 we wanted to be had the MOU been extended,
22 et cetera, but all in all, I felt that there was
23 communication. There was support for each
24 other.

25 MR. MCGOWAN: Thank you. Mr. Commissioner, if the

1 document that was being displayed could be
2 marked as the next exhibit, please.

3 THE COMMISSIONER: Yes, very well. I think I've lost
4 track, Madam Registrar. But are we at 3 ...

5 THE REGISTRAR: 315, Mr. Commissioner.

6 THE COMMISSIONER: 315. Thank you.

7 **EXHIBIT 315: IIGET Status Report - IIGET**
8 **Consultative Board Meeting - July 25, 2007**

9 MR. MCGOWAN: And I don't need that displayed any
10 longer.

11 Q To what extent did the IIGET police members and
12 GPEB coordinate on joint investigations during
13 your time?

14 A During my time that probably would have been
15 minimal. I know that they would have been able
16 to work together as in past at the drop of a
17 hat, I just cannot from memory recall that that
18 happened very often. Again, I had finite
19 personnel; they were scattered amongst the
20 province. They are very busy on the Tait
21 recommendations, on the data collection plan and
22 on responding to calls for service within their
23 various jurisdictions. So we were very few that
24 were very distant from one another.

25 Q Fair enough. You've mentioned the Tait review

1 or the Tait report a couple of times. That was
2 an effectiveness review?

3 A It was.

4 Q It was directed by Catherine Tait or authored by
5 Catherine Tait?

6 A That's correct.

7 Q And was it specifically reviewing the
8 effectiveness of IIGET?

9 A Yes, it was.

10 MR. MCGOWAN: Okay. Mr. Commissioner, I don't intend
11 to go to the document but just for your
12 reference, it is before you as appendix C to
13 exhibit 77.

14 THE COMMISSIONER: Thank you.

15 MR. MCGOWAN: I am going to ask that from exhibit 77,
16 appendix U be displayed, and that is PDF
17 page 336. And if you could just go down one
18 page. You can see the title page.

19 MR. HIRA: Can I just have a moment.

20 THE WITNESS: We're trying to find it in the binder,
21 but while that occurs I do have a vision of it
22 on the --

23 MR. MCGOWAN:

24 Q I don't think we're going to go into it in very
25 much detail, but this is -- is this a document

1 be prepared."

2 And under "action" you state:

3 "A business case was completed in
4 January of 2008 and submitted to the
5 police. That report is of necessity,
6 somewhat lacking in content given that
7 required data collection and resultant
8 threat assessment, which would be complete
9 in the business case, is pending."

10 I can maybe just ask you to confirm that you did
11 in fact create a business case and submit that.

12 A Absolutely. With the ultimate goal of
13 submitting a business plan down the road which
14 was more elaborate and included risk management,
15 full budgetary issues, deliverables, a means to
16 review our performance in the years to come,
17 those things that are -- that would provide a
18 more fulsome document. But in my humble opinion
19 the business case was in furtherance of the
20 consultive board being reassured that had we
21 gotten an MOU extension, which we, did, that
22 we'd be using that time in the best way possible
23 and then as the time permitted and unfolded and
24 the results of a threat assessment were able to
25 inform them as to the scope and extent of the

1 problems that they had facing them, then we
2 would develop the greater business plan more
3 elaborately.

4 Q So that greater business plan you hoped would be
5 informed by the threat assessment that I gather
6 was already underway?

7 A Absolutely.

8 Q Recommendation 3 was that:

9 "The term of the current MOU is to be
10 renewed for a period of one year."

11 And did you in response to that recommendation
12 seek an extension of the MOU?

13 A I did.

14 Q Maybe if you could just take a moment and just
15 briefly describe what that memorandum of
16 understanding was and what it was intended to
17 accomplish?

18 A From memory and not reviewing the document
19 visually, it was a statement of a little of the
20 history of IIGET to date, a little of its
21 accomplishments, a little bit with respect to
22 the challenges that had faced it in the past and
23 that we envisioned confronting in the future as
24 the one year was to roll out. And it gave an
25 overview of where we would probably want to go

1 as a team with respect to the interdiction of
2 illegal gaming.

3 But then as I created it I backed off a bit
4 and realized that a year is fleeting. We had a
5 lot to do. The first thing we needed to do, and
6 my personnel agreed, was reassure the board that
7 we would undertake and accomplish those Tait
8 recommendations, that we would catch up on the
9 backlog of files that was facing us, that we
10 would reinvigorate and renew partnerships and
11 build on those. So it was to be a modest year,
12 but there was a lot to be done. Just to
13 centralize from a decentralized model was going
14 to take a lot of time and money. People's lives
15 would be affected. Some would stay within the
16 satellite area, some would come to central
17 Burnaby. So a lot to have been done in a very
18 short time period from my perspective. I
19 thought it was a modest document and apparently
20 it worked because we did get the extension.

21 Q The extension of funding for IIGET for one
22 additional year?

23 A That's correct.

24 MR. MCGOWAN: Mr. Commissioner, just for your
25 reference the request for the extension which

1 the witness has been speaking of is exhibit --
2 or pardon me, appendix T to exhibit 77. I'm not
3 going to ask that that be called up.

4 Q I am going to ask that we turn to PDF page 300
5 in exhibit 77.

6 MR. HIRA: Could you identify that by exhibit because
7 the --

8 MR. MCGOWAN: Appendix S.

9 MR. HIRA: Thank you.

10 Q Mr. Holland, you've identified that Ms. Tait
11 recommended that a business case be developed
12 and that you did in turn develop that business
13 case. Is this the document where you reduced
14 that business case to writing?

15 A It is.

16 Q I wonder if you can just in an overview fashion
17 outline for the Commissioner what you were
18 proposing in this business case and why.

19 A As far as I can recall without reading it
20 specifically, it was -- as just previously
21 stated in your previous question, Mr. McGowan,
22 was that in that finite amount of time we would
23 use an extension to accomplish those things, and
24 that was in furtherance of really what the
25 objectives were behind this business case in

1 that we would try to build capacity by practical
2 means, getting people in and trained, as well as
3 through partnerships and enforcement. We would
4 deter legal activities, we would attack the
5 backlog of files, we would continue to educate
6 the public, et cetera.

7 So I tried to give them a snapshot of what
8 certainly in the next one to three years IIGET
9 would look like and how we could begin to make
10 an impact and contribute.

11 I'm not sure if that answers your question.

12 Q No, it does. Thank you. Can we turn to page 10
13 of the document, please, looking at the bottom
14 right corner for page numbers.

15 A I'm there. I'm there, Mr. McGowan.

16 Q Thank you. I'm just waiting for Madam Registrar
17 to catch up with the one displayed so the other
18 counsel can follow along.

19 One of the things you did in this document
20 was recommend that the capacity of IIGET be
21 essentially doubled in terms of manpower. Is
22 that fair?

23 A Yes.

24 Q And in doing that you laid out four options for
25 the board and provided them with your assessment

1 of what the impact of each of those options
2 would be. Is that a fair assessment of what
3 you're doing here under "options"?

4 A That's fair.

5 Q Okay. And the first option you lay out is --
6 for the consultative board was that they could
7 collapse IIGET. And under that you say:

8 "Should such an eventuality occur --"
9 I'm reading from the last bullet there.

10 "-- mid and high level targets would
11 conduct their illicit operation with
12 impunity given the fact that GPEB is
13 prohibited by virtue of their provincial
14 Special Constable status to take full and
15 enforcement action against them."

16 What did you mean by that?

17 A Simply what you stated, that there were finite
18 powers afforded to the GPEB investigators. But
19 also what I meant by that is we would fall back
20 to the pre-Gaming Control Act enactment and the
21 activity, which was often cross-border and
22 certainly within the entire province, not just
23 in one location, that activity would continue
24 because the police of jurisdiction -- I mean,
25 this was the reason IIGET was created and it was

1 a really good decision by whoever made that. It
2 was to take something off the plates of the
3 local police of jurisdiction that had neither
4 the infrastructure, the equipment, the training
5 or the time to interdict illegal gaming in
6 venues that were legal or outside of those
7 venues. That's why IIGET was created.

8 And I simply thought that there's only
9 IIGET, which I never envisioned at the time I
10 wrote this. To collapse it would put us back a
11 decade or more and that, as anyone knows who's
12 been in policing as several decades, as I had by
13 then, you give a criminal entity an open door, a
14 foothold, they will entrench. And they're like
15 moss on a rock; they will grow; they will
16 proper. That's as simple as I can put it.

17 Q And when you said that the collapse of IIGET
18 would result in high-level targets operating
19 their illegal operations with impunity, did
20 those operations include loan-sharking and money
21 laundering?

22 A Absolutely. Most especially because the
23 specialized teams within the RCMP and the
24 municipal police departments were already
25 working pretty hard in furtherance of existing

1 projects. It was hard for me to envision what
2 we had accumulated as far as a knowledge of what
3 was going on would be immediately and simply and
4 easily assumed by any other entity. GPEB was
5 probably eager to do anything, but they had
6 limited powers.

7 Q The second option you proposed was the status
8 quo remaining with your 12 officers?

9 A Yes.

10 Q You proposed an intermediate increase, option 3,
11 of a 50 percent increase to the authorized
12 strength of IIGET.

13 A Yes, I did.

14 Q And even at that level you identified that
15 targeting higher level groups would not be
16 easily or competently undertaken with a
17 50 percent increase. That was your assessment?

18 A We would probably at status quo, yes, and we
19 could feel the sand slipping from our fingers at
20 that time, especially as the threat assessment
21 data collection went along. And we were all,
22 even seasoned police officers, surprised at what
23 was coming in the door as far as intelligence.

24 Q Okay. When you talk about what was coming in
25 the door in terms of intelligence, what are you

1 referring to?

2 A Well, we had -- thanks to the services and the
3 support of the RCMP "E" Division criminal
4 analysis section we had a very senior analyst,
5 Val Taggart, assigned to us, for which we were
6 very appreciative. And she accessed as many
7 computer databases of the RCMP that she could
8 nationally and provincially and internationally
9 as well as what she could from the municipal
10 police departments. But I remember her saying
11 to me on more than one occasion there were
12 hundreds and hundreds of files that she would
13 never get the time to go through or to analyze
14 or put through an intelligence process.
15 Hundreds. And on the face of it, I remember
16 saying to her, what you're showing me in drafts
17 as the weeks and months go by should be
18 sufficiently persuasive for the consultative
19 board.

20 So down the road with the second threat
21 assessment, which usually occurs annually or
22 biannually, she would've moved into those other
23 files. I believe Vancouver Police alone had
24 800 files, and we knew there were hundreds more
25 because most of the police officers didn't know

1 of the existence of IIGET necessarily, and
2 didn't know the proper coding for the various
3 illegal gaming. So going -- even doing an
4 analysis or a search in the computer, PRIME or
5 any of the systems, would not yield the
6 information that was probably in there but
7 wasn't coded properly.

8 Q Okay. So was -- the information you are
9 receiving about files that may be within your
10 jurisdiction, was it primarily by looking
11 through databases for files that were properly
12 coded to alert you to them?

13 A Yes.

14 Q Were you also provided information directly from
15 law enforcement agencies identifying leads or
16 files you might want to follow up on?

17 A On occasion, yes.

18 Q Did you during your tenure receive disclosures
19 from FINTRAC about files that or matters that
20 may warrant investigation by your team?

21 A I can't recall. I certainly have
22 [indiscernible] were we received FINTRAC
23 product. At this time I'm not sure that we were
24 getting that specific information. I'm
25 absolutely confident GPEB was. We probably were

1 especially, with the EDCAS analyst working with
2 us. I just can't say for certain. I'm
3 certainly aware of their contribution, which was
4 excellent.

5 Q Okay. Did any disclosures you received from
6 FINTRAC, disclosures from law enforcement
7 agencies or files that you came across because
8 of coding identify for you incidents related to
9 suspicious cash making its way into legal
10 casinos and associated loan-sharking or money
11 laundering concerns?

12 A I can't specifically because I wouldn't have
13 handled those documents. Another person in my
14 office would have. I didn't see it with my eyes
15 on the documents. I certainly heard it
16 anecdotally from GPEB and my investigators that
17 there were -- oh and the open source media too.
18 As recall there were media articles detailing
19 some of the concerns that FINTRAC had and some
20 of the reporting that it was doing to various
21 agencies. So I can say anecdotally and through
22 open source means and from my specialized
23 personnel that were trained that this was
24 occurring.

25 Q Okay. If we could flip to the next page in the

1 document, please. And this ultimately, sir,
2 brings us to option 4. And option 4 was the
3 option you were recommending to the board; is
4 that correct?

5 A Yes.

6 Q And that was a hundred percent increase in the
7 authorized strength of IIGET?

8 A It was.

9 Q And according to this document your assessment
10 was that with this hundred percent increase, the
11 targeting of higher level illegal gaming
12 entities would be undertaken?

13 A Yes.

14 Q With that -- if you had received the increase
15 that you requested, would you have had the
16 capacity to dedicate investigative resources to
17 investigating loan-sharking and money laundering
18 as it might be occurring in legal casinos?

19 A Yes, but may I add to my previous answer?

20 Q Yes.

21 A This wasn't Wayne Holland coming up with
22 something that, you know, hadn't occurred to
23 someone before. This was me -- before I even
24 took the chair at IIGET I was certainly advised
25 by Superintendent Nash and Chief Superintendent

1 Bent. I knew that the Assistant Commissioner
2 Macintyre and Deputy Commissioner Gary Bass had
3 all been consulted, knew what the state of
4 affairs were and it was they through Russ and
5 Dick Bent that told me that they were
6 envisioning a doubling of the IIGET, and that
7 had been subsequent to consultation with the
8 consultive board.

9 So, again, I certainly embraced it. As I
10 worked through the process of a threat
11 assessment, I became more convinced their
12 estimation of a doubling in size was absolutely
13 appropriate.

14 Q And what option was ultimately accepted by the
15 board when you -- in response to this business
16 case?

17 A As I recall, the extension of the MOU, as we
18 discussed before. And then as opportunity
19 arose, an increase of personnel that would meet
20 our authorized strength that by that time was
21 five years having been lacking, so that I would
22 have had a 12-person unit, one administrative
23 support and the continued services of the
24 analyst for as long as EDCAS could afford her to
25 be away from their workplace.

1 Then there was going to be a reaching out
2 with the BC chiefs of police, which we did a few
3 months later just before 2009, asking for
4 secondments from their organizations as well as
5 other RCMP officers that the staffing branch had
6 been directed to seek on a priority basis. What
7 numbers we would have realized, we would have
8 taken any number. Certainly anything in excess
9 of 12 would have been delightful.

10 MR. MCGOWAN: Thank you. I'm done with that document
11 for a moment, Madam Registrar.

12 Q Sir, you've made reference a couple of times to
13 a threat assessment, and I've asked you a couple
14 of questions about it. When did you direct that
15 a threat assessment be commenced with respect to
16 IIGET?

17 A I reviewed their written documents on occasion
18 wherein I reached out to Dr. Allan Castle and
19 analyst Kelly Rangle, the senior analyst there,
20 telling them what we wanted to do. I believe
21 that I would have no later than January or
22 February of 2008 formally approached them, but
23 because I had been the bureau director there in
24 a past life, 2003 to 2006, I had certainly been
25 trained by them to know that we could not move a

1 step forward to persuade a consultive board that
2 had already acknowledged that perhaps the team
3 wasn't performing in accordance with their
4 historical wishes or best wishes. We weren't
5 going to get anywhere unless we could show them
6 in black and white concrete proof that there was
7 exigent circumstances out there in the public
8 and that they needed to increase the authorized
9 strength of IIGET.

10 So to tell you truth, my mind turned to it
11 mid summer to fall of 2007. I began preparing
12 the -- we already had the data collection model
13 preparing things that at our end so that when we
14 did get an analyst, we could move out on it.

15 Q Okay. Just in very general terms, what is a
16 threat assessment?

17 A A threat assessment is the -- it involves all
18 partners. All municipal police departments, all
19 the RCMP departments nationwide and as of 2003
20 it was determined by the RCMP with the support
21 of municipal chiefs across the land that there
22 would be an annual provincial threat assessment
23 which would be put together with the ten other
24 bureaus and be produced and developed into a
25 national threat assessment that showed the scope

1 and extent of criminal -- organized criminal and
2 serious crime across the nation. That's because
3 criminals travel, enterprises are often
4 international in scope.

5 So our threat assessment would have been
6 simply that a data collection plan instrument in
7 writing, electronic, would have been sent out to
8 every police agency and criminal intelligence
9 service throughout the RCMP and the municipal
10 police agencies. They would collect information
11 over a certain period. In this case it would be
12 2005 to 2008. They would send in their
13 submissions to EDCAS, who would produce the
14 provincial threat assessment annually.

15 Our end of things would be to accumulate all
16 information relating to illegal gaming, putting
17 it into a document that would go into the
18 provincial report and then subsequently into the
19 national report. It really dealt with any
20 individual or group who was engaged in illegal
21 activity. And let's call illegal gaming a
22 commodity. That commodity would be broken down
23 into various activities, everything from
24 book-making to pyramid schemes to common gaming
25 houses, internet gaming, video game machine

1 distributions, et cetera, in possession, illegal
2 raffles. All those things would have gone in
3 and a professional analyst would have put that
4 into a succinct report and a proper report.

5 I hope that answers your question. It's
6 getting all your information and putting it
7 through an analytical process, coming up with
8 hard confirmed facts as opposed to speculation.

9 Q Okay. And what did this threat assessment yield
10 in terms of information that you felt was
11 important to guiding the direction and future of
12 the unit?

13 A Most importantly it persuaded me that what
14 was -- had been suspected, spoken of and had
15 been previously attempted to confirm was indeed
16 happening out there. It was very reassuring to
17 see that specialized units such as IPOC, the
18 RCMP Integrated Proceeds of Crime, commercial
19 crime sections and other specialized entities
20 had already done probes, had already done
21 projects, had already produced reports. That
22 was really reassuring because our document would
23 have contained those. That would've added more
24 credibility to what we were proposing to the
25 consultative board. That was probably the most

1 impressive thing.

2 As my personnel went around the province and
3 did their own individual collection from their
4 colleagues, they were able to encourage those
5 people to go from mere informant or anecdotal
6 information, have them confirm something in an
7 intelligence mode so that we would be eventually
8 able to say to the consultative board, here's
9 what's out here, here's how much of it is taking
10 place, here's who's doing it and here are the
11 specialized sections that can assist us down the
12 road should a major investigation have to occur.

13 Q Okay. And what did the threat assessment tell
14 you to with respect to the prevalence of
15 loan-sharking or money laundering as associated
16 with casinos?

17 A It was persuasive. I forget the number. It
18 might've been -- it was certainly more than a
19 few loan sharks that were identified just in a
20 short time period of our data collection plan.
21 It certainly confirmed, thanks to the excellent
22 efforts of specialized RCMP sections, that money
23 laundering was occur and had been investigated
24 and had been confirmed in written detail. And
25 frankly the contents I can't speak of here, but

1 certainly one has only to turn to open source
2 media over the past years to be aware -- made
3 aware of the volume of currency that was being
4 allegedly laundered through legal casinos.

5 Not to blame anyone, but it was occurring.
6 And frankly I'd seen a lot and heard a lot. As
7 a police officer, I was absolutely amazed, as
8 I'm sure the general public was subsequently
9 when it came out, of the extent of this illegal
10 activity. Our colleagues in GPEB had been
11 telling for all my tenure there, it's just now
12 it was confirmed it was solid evidence to move
13 forward.

14 Q Okay. You'd mentioned a number.

15 MR. MCGOWAN: If we could just pull up, please, Madam
16 Registrar, exhibit 77, appendix Y at page 422.

17 MR. HIRA: If you could say the number in the threat
18 assessment document because we don't have it
19 by --

20 MR. MCGOWAN: Yeah.

21 MR. HIRA: The first page is what you want. There we
22 are.

23 MR. MCGOWAN: Mr. Hira, do you have it, or do you
24 need some further --

25 MR. HIRA: Yeah, we've got it.

1 MR. MCGOWAN: Okay. Good.

2 Q Sir, it this threat assessment we've been
3 discussing?

4 A One second. Yes, it is. I'm sorry. Yes, it
5 is.

6 Q And if we could -- if you could flip forward to
7 page 29 of the document, I'm looking at the
8 page number in the bottom centre of each page.

9 A I'm there.

10 Q You'd indicated that in a short period of time a
11 number of loan sharks had been identified. And
12 I wonder if you'd read that first sentence, if
13 you'll agree that the number was 47 that were
14 identified in this review.

15 A Yes, that's exactly what that first sentence --
16 thank you for allowing me to refresh my memory.

17 Q Thank you. And if we could --

18 A [Indiscernible] were identified.

19 Q If we could flip forward to page 32, please.

20 A I'm there.

21 Q There's a discussion of a 2008 RCMP criminal
22 intelligence directorate, criminal analysis
23 branch report titled "Project Street Money
24 Laundering and Casinos - a Canadian Perspective"
25 and one of the conclusions that appears that was

1 drawn in that analysis at point 1:

2 "Canadian casinos are extremely vulnerable
3 to money laundering because they deal in
4 cash and handle tens of millions of
5 dollars every day."

6 Was that conclusion something that was, on your
7 reading, supported by the information in this
8 report and the other information you were
9 receiving at the time?

10 A Yes, that fact resulted in abundant opportunity
11 for criminal enterprises to take advantage of
12 that fact.

13 MR. MCGOWAN: Mr. Commissioner, I don't propose to
14 have that marked. That document is already
15 before you in the overview report, exhibit 77,
16 was appendix Y.

17 THE COMMISSIONER: Thank you, Mr. McGowan.

18 MR. MCGOWAN:

19 Q I want to step back to the business plan for a
20 second, sir. I gather from your evidence that
21 it was provided to the consultative board. Was
22 it provided to anyone else to your knowledge?

23 A Other than the members of the board, my general
24 personnel and management team and the various
25 analysts that work for police services and/or

1 administrative support, minute takers,
2 et cetera. Off the top of my mind that's who
3 would have seen it, yes.

4 Q Okay. And when the business case was submitted,
5 who were the members of the consultative board?

6 A I went to very few meetings myself because they
7 only occurred twice a year. However, from
8 memory the members would have been two assistant
9 deputy ministers, Kevin Sturko and Kevin Begg.
10 There would have been Chief Superintendent Bent,
11 Superintendent Nash. Chief Constable Brad
12 Parker at Port Moody police was my BCACP
13 representative. Myself. My staff sergeant,
14 Andrew Martin. Various representatives from the
15 BC Lotteries. Ms. Hayden [phonetic].
16 Mr. Poleschuk -- Vic Poleschuk. Terry Towns.
17 Oh, almost forgot Larry Vander Graaf and the
18 general manager of GPEB and his two IC, Joe
19 Schalk -- Mr. Joe Schalk. The is generally who
20 was at the consultative board meetings.
21 Kimberly McLean [phonetic] -- I'm sorry --
22 and/or the specialist analysts as required as
23 well.

24 Q Thank you. Was the threat assessment provided
25 to the consultative board?

1 A It was.

2 Q Would the membership have essentially been the
3 same when that was submitted to the board?

4 A Yes.

5 Q Was the threat assessment prior to the
6 disbanding of IIGET provided to anyone else to
7 your knowledge?

8 A Yes, but it would have been embargoed. And by
9 that I mean that because EDCAS, the "E" Division
10 criminal analysis division, had lent us
11 Ms. Taggart and they had a timeline for the
12 production of the provincial threat assessment,
13 Chief Bent gave permission for us to forward the
14 threat assessment so that it could be used in
15 the provincial and national threat assessments
16 later that year, which would have been the
17 following July at the CACP meeting.

18 And so the contents went there but would not
19 have been disseminated in any way, shape or form
20 until the consultative board had signed off in
21 our threat assessment in-house.

22 Q Okay. What -- which superior to you RCMP
23 officers were provided copies of the business
24 case and the threat assessment?

25 A Specifically I'm absolutely confident from

1 recollection that Chief Superintendent Dick Bent
2 and Superintendent Russ Nash actually discussed
3 it with me, received it and read it very
4 carefully.

5 Above that through the chain of command I
6 certainly had every expectation and certainly
7 verbal affirmation from at least Assistant
8 Commissioner Macintyre and Deputy Bass over an
9 impromptu coffee discussion that I had with them
10 and Dick Bent that they were aware of the
11 contents of the report. They had to be. It was
12 their own division that had produced it, much to
13 their credit.

14 Q Okay. And what was the feedback you received in
15 terms of support for your recommendation in the
16 business case and in terms of potential response
17 to the threat assessment that you received from
18 superior RCMP officers speaking specifically of
19 those you've identified, officers Bent, Nash,
20 Macintyre and Bass?

21 A Well, I think we all agreed, all of my personnel
22 and all of my superiors, including the municipal
23 chief constable, that the document was a very
24 sobering one. The document was more revealing
25 and more substantial than we even had ever

1 anticipated it being. That's my recollection.

2 Q Okay. Did they support or express concerns
3 about your proposal to increase the size of the
4 unit and the capacity to target higher level
5 targets?

6 A As I previously stated, they supported it. They
7 supported it throughout my tenure and subsequent
8 to me leaving IIGET after the decision that was
9 eventually made. In fact it was them telling me
10 before I even came there or as I came there, you
11 will be -- we will be deal doubling the size of
12 the unit. So they were supportive from the
13 start to the finish.

14 Q During your tenure and in the time leading up to
15 the ultimate disbanding of IIGET, were there
16 indications that suggested to you that there was
17 a continuing intention to expand the unit?

18 A Absolutely.

19 Q Can you recall what any of those might have
20 been?

21 A Although there were few consultive board
22 meetings and there were various discussions
23 during those meetings about the necessity to
24 increase the size of the unit and enact a plan,
25 a strategic plan, a business case to pursue

1 whatever aspects of the threat assessment we
2 felt IIGET could pursue and/or other specialized
3 agencies could pursue down the road, up until
4 late the December meetings of 2009 was the very
5 first time -- I mean, we were two weeks away
6 from the full dissemination of the threat
7 assessment and I fully expected that in early
8 2009 we would've gotten the extension and
9 personnel would have started arriving at my
10 front door.

11 Q Was there any -- were renovations occurring in
12 your office, and did that give you any
13 indication about what might be intended?

14 A Most definitely. Because we expected up to
15 23 bodies, administrative and police, in our
16 office which was immediately adjacent to GPEB,
17 co-located, and we had confirmation from
18 staffing that people were coming on a priority
19 basis, we purchased new furniture. We
20 re-oriented the office to be in accordance with
21 RCMP security standards. And that may be not
22 generally -- I don't want to give away too many
23 secrets, but there's -- specific things have to
24 be done to a structure and office and edifice to
25 protect the computer indices within that office

1 and that's structural and that involves a lot of
2 money. I think for the office alone it was
3 \$60,000, just for the outer shell to the office.
4 So yes, there was a lot of money being spent.

5 Mr. McGowan, I may have forgot all that
6 question. Were you specifically talking about
7 just the infrastructure? We're talking desks,
8 computer drop lines, security upgrades, moving
9 people, you know, from their decentralized
10 positions and moving them into places or over to
11 the Burnaby area. So significant efforts and
12 money were expended.

13 And, again, we had an action plan. The
14 action plan was given verbally -- at least
15 verbally to the consultative board at every one
16 of its sessions. And every time we gave a
17 presentation we made sure we had the head nods
18 from the consultative board to continue to
19 expend those moneys and continue to centralize,
20 et cetera. Yes.

21 Q And these -- were these renovations and
22 infrastructure expansions being done in
23 anticipation of expanding the size of the unit?

24 A Yes.

25 MR. MCGOWAN: Madam Registrar, I don't need that

1 document any longer.

2 Q And I gather in the time period we're discussing
3 with the 2010 Olympics approaching, there was
4 discussion across the RCMP the watering down of
5 capacity because of the movement of resources
6 towards Olympics-related activity. Did you have
7 discussions about the status of your unit in
8 that context of the approaching Olympics?

9 A Absolutely. It could be because the
10 happenstance that ADM Kevin Begg used to chair
11 the impact policy board, which I was also a
12 member of, that he had already listened to my
13 recommendation for that team to allow them to
14 remain at their present duties during the
15 Olympic period. That's because we had done our
16 research and we found out that during that
17 period because of the tourists, et cetera,
18 vehicle crime, theft of and from, was very
19 significant.

20 We worked with ICBC and our partner agencies
21 and as a result, because we were allowed to stay
22 on our duties through the Olympic period, we had
23 five incidents of vehicle theft from or of
24 vehicles. There were two vehicles stolen and
25 those -- the perpetrators were caught

1 within minutes of stealing them. So a really
2 good decision in that case.

3 We were also able to persuade, myself and
4 Andrew Martin, the consultative board that
5 because the threat assessment had a section on
6 it of the possible consequences and potential
7 consequences of gaming -- illegal gaming and
8 betting during Olympics events, that we'd be
9 better on our toes -- we'd better be available
10 for anything that might arise. And we did get
11 the approval, as I recall, of the consultative
12 board to remain within our duties and not be
13 deployed for Olympics.

14 Q What did that -- what impact did that have on
15 your expectation as to whether the unit would
16 continue into the future?

17 A As you said, I remember Assistant Commissioner
18 Bud Mercer screaming for bodies. I think he
19 would have taken anybody he possibly could. He
20 had a need for a lot of bodies. It was very
21 reassuring to me that the powers that be were
22 allowing me to keep those two teams, my two
23 teams, for a specialized purpose. And yes, I
24 mean, why do that if you're going to
25 subsequently collapse the team before the

1 Olympics even get here?

2 Q When did you first learn that the team was going
3 to be collapsed?

4 A We had a premonition by means of the
5 consultative board of December 16th, 2008. It
6 wasn't until approximately March of 2009 that I
7 was advised by my superiors that the decision
8 had been made and that the collapse of the team
9 was inevitable. So in fairness to everyone
10 concerned, we had the foreshadowing on
11 December 16th, which we were shocked to hear.
12 My superiors and myself and my personnel. But
13 we really thought that given sober reflection
14 and the assurance I had by RCMP senior
15 management that the decision would be appealed
16 and there was potential for the decision to be
17 revisited. We had faint hope that we would
18 still be continuing our duties. So it wasn't
19 until officially, I think, March of 2009.

20 Q You mentioned the December 16th, 2009
21 consultative board meeting.

22 MR. MCGOWAN: And, Madam Registrar, I wonder if you
23 could pull up Canada 00048.

24 Q For your benefit, Mr. Holland, this is what I
25 understand to be the agenda from that meeting.

1 Is this the agenda or is -- from the meeting you
2 were speaking of where you indicated you had
3 some foreshadowing?

4 A Yes. Yes, that's right.

5 MR. MCGOWAN: If this could be the next
6 exhibit please, Mr. Commissioner.

7 THE COMMISSIONER: Very well. We're at, I think,
8 316.

9 THE REGISTRAR: That's correct, Mr. Commissioner.
10 Exhibit 316.

11 THE COMMISSIONER: Thank you.

12 **EXHIBIT 316: IIGET Consultative Board Meeting**
13 **Agenda - December 16, 2008**

14 MR. MCGOWAN:

15 Q I see that amongst the issues to be discussed at
16 this meeting were IIGET RCMP staffing levels,
17 centralization of IIGET RCMP satellite offices
18 and an update on the threat assessment?

19 A That's correct.

20 Q And also a discussion of budget and the renewal
21 of MOU for 2009/2010?

22 A Yes.

23 Q And was it in the context of discussing those
24 matters that you came to get a sense that the
25 unit may not be continuing into 2010?

1 And there was a bit of a discussion about
2 the previous agenda item that if this is to
3 happen, everything that is within that threat
4 assessment, who's going to handle that. And we
5 all know that we didn't want to step back a
6 decade and have police of jurisdiction have this
7 dumped on their plates again.

8 MR. MCGOWAN: Madam Registrar you can pull that
9 document down.

10 Q You made reference to asking whether the
11 ministers were aware. Which ministers did you
12 ask about?

13 A Well, I'd have previous interaction certainly in
14 another life when I was at the Vancouver Police
15 Department. I was in Chief Constable Terry
16 Blythe's office at the time, and I was Commander
17 of forfeit services. And every month or so we'd
18 meet with Minister Coleman, who was then sol
19 gen, and various of his aides, and we would talk
20 about policing issues. And I remember him
21 recalling very specifically as being a vigorous
22 supporter of policing in British Columbia.
23 Absolutely supportive. I remember attending
24 with him to mess dinners and other functions,
25 et cetera. You'd have to look far afield to

1 find someone not more supportive -- or who was
2 more supportive of policing. In fact he used to
3 walk in police boots himself.

4 And that's why I was prompted -- because I
5 knew he would have the final say on this, not
6 necessarily the sol gen. I said, is Minister
7 Coleman aware of this? I was incredulous at
8 that time to be honest. And I was told that he
9 was. By Kevin Begg.

10 Q Did you ask Mr. Begg whether the business case
11 or the threat assessment had been provided to
12 Minister Coleman?

13 A Not within the minutes. But my recollection is
14 that it would have been -- that question would
15 have been asked in the form of a sentence that
16 would have been, and he's aware -- something
17 like this: and he and others are aware of the
18 contents generally of the threat assessment and
19 what we found and that the consultative board to
20 date -- and it's still appeared to be that they
21 were still supportive of a doubling in the size.
22 So it would've been a bit of a fractured
23 statement, but I do -- I'm very confident that I
24 would've followed up that initial question with
25 some confirmation that whoever made this

1 decision did it with sober reflection and was
2 properly and fully informed.

3 Q You gave me an answer a few minutes ago. You
4 said that you asked if the ministers, plural,
5 were aware of the decision. Which other
6 minister in addition to Mr. Coleman were you
7 speaking of?

8 A The ministers of the day. Was it John Les at
9 the time? Actually my memory -- I stand to be
10 corrected, unless I'm mumbling. I think I said
11 -- I asked if the minister -- in my memory and
12 my intention was to confirm that Minister
13 Coleman was aware because he was the specific
14 individual who would have had final say. I'm
15 not -- it could've been John Les who was --
16 whoever the current sol gen was. Forgive me.

17 Q No, no, that's fine. I was just trying to
18 understand which ministries you understood had
19 potential involvement in this decision.

20 A That's correct. And in my mind and what I knew
21 then, it would've been Mr. Coleman.

22 Q I wonder if you can just elaborate for the
23 Commissioner on what was said to you that gave
24 you the foreshadowing that the unit's end was
25 imminent?

1 A Very simply we had gone through those first
2 agenda item that I've gone over. I won't again.
3 Again step-by-step progress that, you know, we
4 felt we were ready to really make -- we were
5 poised to really move forward and we had nothing
6 but unequivocal support from everybody at that
7 table. And so that was the simple
8 foreshadowing. I mean, this was -- in his
9 defence ADM Begg, I don't know when he became
10 aware of that knowledge that this might be an
11 eventuality, but in fairness to him I
12 certainly -- I appreciated him saying what he
13 did as opposed to not having said anything, and
14 then without even another consultive board
15 meeting subsequently to hear in March of 2009
16 that we were being shut down.

17 So while it was a Shock, it was good that we
18 did have that foreshadowing. But it was not an
19 absolutely confirmation. He did not say it was
20 confirmed.

21 Q What was the response of Mr. Sturko to this news
22 at the meeting?

23 A I have no specific recollection of Mr. Sturko's
24 response.

25 Q Were Mr. Vander Graaf and Mr. Schalk present?

1 A They were.

2 Q Did they have any reaction either at the meeting
3 or subsequently to you?

4 A From my recollection they were -- I can't
5 remember specifically what they said. They were
6 quite silent that meeting, unusual so, given
7 than they had such vast experience in legal and
8 illegal gaming investigations, certainly, and
9 certainly had tenure in comparison with the rest
10 of us there. But I do have a recollection that
11 they were unusually quiet.

12 I certainly don't recall smiles on faces or
13 can't even imagine that those individuals would
14 have welcomed or been impressed with the news
15 that the only police entity that was co-located
16 with them was potentially to be removed from
17 their access. And certainly they'd been both
18 supportive our mission at GPEB. They were aware
19 of where we wanted to go. That could only have
20 reaped benefits for them. So as far as I can
21 recall, the meeting was pretty silent after that
22 announcement.

23 Q I gather from the evidence you've given so far
24 that you were displeased and concerned about the
25 information that you'd received about the

1 potential demise of the unit?

2 A I was concerned. I was hopeful. Displeasure
3 came later.

4 Q Okay. What steps did you take in response to
5 this foreshadowing to try to save the unit, if
6 any?

7 A No secret is ever kept too long within the
8 policing circles, generally. I certainly, along
9 with Chief Parker, Mr. Bent and Nash and Andrew
10 Martin closeted ourselves after the meeting and
11 had a general discussion with them. We felt
12 that it would probably be appropriate to at
13 least advise our personnel. I don't know what
14 Larry Vander Graaf or Joe Schalk did with theirs
15 of the potential for IIGET to be shut done and
16 that an extension would not be approved of the
17 MOU.

18 So we tried to do that and I remember too
19 feeling quite sorry for Russ Nash because just a
20 few weeks before after duty hours he had come
21 out to IIGET in Burnaby after his day at major
22 crime and spent a few hours with our personnel,
23 a lot of whom were new, explaining the threat
24 assessment, the business case and how we're
25 going to double in size and pumped him up a bit

1 reassured that there would be an appeal
2 attempted.

3 Q Did you come to learn whether there were any of
4 your superior officers in the RCMP that
5 supported disbanding the unit?

6 A Not a one. No.

7 Q During the time period that in and around the
8 disbanding of the unit, did Peter German have
9 any role -- oversight role with respect to the
10 IIGET unit to your knowledge?

11 A I know Mr. German and I did interact with him on
12 a few occasions. As I recollect he became or
13 was at that time Assistant Commissioner of the
14 Lower Mainland district. He subsequently became
15 Deputy Commissioner of the western provinces. I
16 believe at the time that this was going on that
17 he would have been the Assistant Commissioner
18 and certainly would have been one of the key
19 individuals that would consider options for the
20 RCMP to appeal this, yes.

21 Q Okay. Did you have any interaction with him
22 with respect to the decision to disband the
23 unit?

24 A No personal interaction, no.

25 Q Okay. Were you advised as to whether he was

1 made aware of the potential decision or the
2 ultimate decision and concerns on the part of
3 you and other officers about the decision?

4 A I seem to have a recollection that certainly --
5 11 years have gone by -- that certainly we were
6 all aware without having to ask that he would've
7 been one of the persons consulted. I may be
8 wrong there, but that would astonish me to think
9 that the commander of the Lower Mainland who
10 relied on our specialized services wouldn't have
11 been taken into confidence or consulted. I may
12 be wrong.

13 Q And were you advised of any steps that either
14 Mr. German or Mr. Bent or Mr. Nash or Macintyre
15 or Bass, those officers or any other senior RCMP
16 officers made to attempt to have the decision
17 revisited either in advance of it being
18 finalized or subsequently?

19 A I was advised by Superintendent Nash and Chief
20 Superintendent Bent that an appeal would be
21 launched. Can I say that happened? I wasn't in
22 the room when it happened. They were never
23 disingenuous to me before that, and I worked
24 with them both for years. I have every
25 confidence that an appeal was launched.

1 It was subsequently, several weeks later,
2 that I was told -- I believe it was Russ Nash
3 that said to me things did not look good and it
4 was almost an absolute certainty that IIGET
5 would be collapsed. In fact he issued
6 directions, being the efficient person he is,
7 with respect to collapsing the unit and that
8 included structural renovations again to the
9 recent renovations, et cetera, redeployment. By
10 then I had eight human beings and they were
11 redeployed through staffing to professional
12 standards, to general duties, et cetera,
13 et cetera. So by then once those dominoes
14 started falling, I knew that probably the
15 decision had been made.

16 Q Who communicated to you the final decision, or
17 how was it communicated to you?

18 A It would have been face-to-face verbally,
19 Superintendent Nash, and it would have been with
20 finality by Chief Superintendent Bent because he
21 instructed me to produce a briefing note to
22 advise all of "E" Division in the province.

23 Q Did Officer Bent or Officer Nash tell you who
24 had made the decision?

25 A He left me with the impression that it was not

1 an RCMP decision. I've held that belief for
2 11 years, and that's not to focus on anybody
3 that wasn't RCMP. I was led to believe that it
4 was appealed. Someone made the decision and I
5 really -- Mr. McGowan, I never heard a name. I
6 believe -- remember a lot of this was happening
7 while there was media being conducted. I
8 remember hearing at the consultative board that
9 it was a financial decision therefore Treasury
10 Board would have been a suspect.

11 Q So you've indicated that you were told that
12 there was financial considerations that came
13 into play at the decision at the consultative
14 board. Were you provided any other information
15 about the reason for the disbanding of IIGET at
16 any point from anybody?

17 A Oh, what a great question. Yes. And this is
18 part of the frustration. I'm sure everybody
19 who's listening knows. You're the officer in
20 charge of something, you have people that work
21 so hard, and then they come to you and they're
22 hearing things in the media and they're asking
23 well, what was the reason? Because they're all
24 big boys and girls. This wasn't to be the --
25 not going to the first or the last surprise in

1 their careers. They were told a number of
2 things. And not to criticize anybody, it was
3 the delivery of the message that did not impress
4 me.

5 We were told that it was a financial
6 decision, but we're all well aware, as any
7 citizen is, that legal gaming has a very healthy
8 income stream annually. And we could not have
9 envisioned that the cost for arguing it and the
10 potential good it could do would have outweighed
11 a capacity for the sponsoring agency to continue
12 funding us.

13 We were told also through the media that it
14 was because of a lack of performance. But that
15 puzzled us too because we were mostly all new
16 human beings in that team. We had embraced the
17 Tait report. We had accomplished all the
18 recommendations. We were producing. We were
19 working on things. We were being productive.
20 We knew what we continued -- what we would
21 continue to do. So that didn't make sense. We
22 were not non-productive. Everybody worked very,
23 very hard the two years I was there.

24 We were told that we'd be redundant with
25 respect to -- again through the media and

1 spokespersons from the government that we'd be
2 redundant to police entities and the police of
3 jurisdiction. Well, that didn't make sense to
4 us because that's why IIGET was formed after the
5 Gaming Control Act. It was because the police
6 of jurisdiction didn't have the specialized
7 knowledge, the infrastructure, the equipment or
8 time to pursue these activities.

9 We were told then that no, the government
10 was refocusing its energy and resources, finite
11 resources admittedly, on organized crime and
12 gangs and drugs. Well, we knew because of our
13 threat assessment that organized crime,
14 criminals, gangs, drugs, et cetera, extortion,
15 loan-sharking, kidnapping, et cetera, were
16 occurring within legal venues and outside of
17 legal venues. So why would you collapse IIGET
18 after all the time, expense, et cetera, and not
19 allow them to continue to pursue the very thing
20 that you're saying are now of the highest
21 importance.

22 There were several other reasons given. So
23 I never ever to my satisfaction received a
24 concrete answer. I remain to this day uncertain
25 as to why IIGET was collapsed, but now perhaps

1 not -- in an attempt not to be an armchair
2 quarterback, perhaps the time that has passed
3 has confirmed that that decision wasn't the best
4 for IIGET or for the public. So, again, not to
5 criticize anybody, decisions are made sometimes
6 in error, but I know that this decision was an
7 informed decision as a result of our works.

8 Q Thank you.

9 MR. MCGOWAN: Madam Registrar, if we could have
10 Canada 000122.

11 Q This email that's coming up, sir. You say this
12 decision was an informed decision. Do you -- by
13 that do you mean that you had confirmed that the
14 business case and threat assessment had been
15 communicated or at least their contents had been
16 communicated to those who were making the
17 decision?

18 A Yes, absolutely. And the package of information
19 that Mr. Commissioner's office has provided to
20 us harkens me back to emails going right up --
21 back to ADM Begg wherein there was direction
22 down through Dick Bent, Russ Nash and then
23 ultimately to myself for the preparation of
24 those documents and the submission of them to
25 police services for dissemination.

1 So I know I believe that they were -- I know
2 they were sent over. I know that there was some
3 discussion on occasion as to whether each and
4 every document was thoroughly disseminated to
5 members of the consultative board but that was
6 just a discussion wherein we made sure generally
7 that -- has everybody seen this report or this
8 -- the emails or the short reports that we're
9 using, relying upon at this meeting now; is
10 everybody fully informed? These were busy
11 people, so we always used to say -- ask. And
12 the emails are in here: did you get the report?
13 And I remember acknowledgement from ADM Begg,
14 who I had great confidence in, that he at least
15 would have been fully informed and taken the
16 time to be up to snuff, so to speak.

17 Q Okay. We've got on the screen here what is
18 ultimately an email exchange between Kevin Begg
19 and Craig Callens?

20 A Yes, sir.

21 Q Who is Craig Callens?

22 A Craig Callens at the time would either -- have
23 been, I believe, the Assistant Commission. He
24 was my Chief Superintendent, took over for Dick
25 Bent. He had oversight of IMPACT and IIGET.

1 Subsequently he became Assistant and then
2 ultimately Deputy Commissioner for the province,
3 "E" Division.

4 Q Okay. Al Macintyre is copied on this. Who was
5 he at the time?

6 A Assistant Commissioner. I believe he was
7 certainly in place at this time, as I recollect.
8 It was a short time thereafter that he retired.
9 Perhaps 2010, 2012. 2010 anyway.

10 Q Okay. And Officer Callens is forwarding what
11 appears to be some text written by you to
12 Mr. Begg. I wonder if you can provide the
13 Commissioner some context for this email, what
14 the background is that led to you drafting this
15 and forwarding it, I assume, to Officer Callens.

16 A Certainly. Mr. Commissioner, I had left IIGET
17 but on occasion there were media inquiries and I
18 would be called by RCMP communications and
19 media, or in this case by Chief Constable Brad
20 Parker, who was our representative on the
21 consultative board, and he was being approached
22 by media in furtherance of obtaining a comment
23 from him with respect to the dissolution of the
24 IIGET as well as confirmation from him that a
25 threat assessment had been introduced,

1 et cetera, et cetera.

2 And so when Chief Parker phoned me, it was
3 agreed that perhaps by means of a briefing
4 note -- and because, as I've previously
5 indicated, innumerable reasons for the
6 dissolution of IIGET were being given to the
7 media that maybe we'd better get our collective
8 heads together, produce something in writing
9 that we could all rely on because the media
10 wasn't going away on this issue.

11 And so I'm just simply saying whoever should
12 be doing this should have some sort of agreed
13 upon document to disseminate to the media that
14 says with finality who made the decision for the
15 IIGET to collapse and why that decision was
16 made. That's what this email was.

17 Q Okay. And under "background" you say:

18 "The decision to dissolve the Team was not
19 made by the RCMP, who were first made
20 aware of the possibility of a dissolution
21 of the Team at an IIGET Board meeting on
22 December 16, 2008."

23 Do you still believe that to be accurate?

24 A I believe that to that time of this briefing
25 note, yes. Any of these senior RCMP executive

1 given my past interaction would have had the
2 professionalism and the courage to tell me
3 otherwise. But no, I do not believe to this day
4 that it was RCMP that made that decision.
5 Perhaps they eventually acceded to a request or
6 a decision from government, but again I stand to
7 be corrected.

8 I have never believed that the RCMP made
9 that decision. I certainly can tell you that
10 Chief Brad Parker, the municipal chief who I've
11 known for 30 plus years, was not the one that
12 was in support of that decision.

13 Q Okay. And the indications that were provided to
14 you from your superior officers, was it that the
15 support for the unit went to the highest levels
16 in the RCMP, or did you not have a lens into the
17 higher levels?

18 A I would say that on an ongoing basis every
19 reassurance from the day I got there to the day
20 I left till the day of that meeting that right
21 up to the Deputy Commissioner ranks they were
22 supportive of IIGET and they would be supportive
23 of appealing the decision and/or the continuance
24 of IIGET and its activities.

25 Q Okay. You say about halfway down:

1 "On that issue, RCMP media relations
2 personnel have advised Mr. Holman that
3 'the decision was due to funding pressures
4 and other operational investigative
5 priorities' and have always referred him
6 to the proper Ministry for further
7 information."

8 Mr. Holman was a member of the media?

9 A Yes. Online Public Eye blog.

10 Q And was the information that had been provided
11 to him about the reason for the decision from
12 the RCMP consistent with what had been
13 communicated to you through official channels?

14 A As I said before, the decision kept changing,
15 and so -- and the reason I -- the impetus for
16 this email was to say because the media is being
17 given different reasons, and I really don't know
18 who made the decision, that perhaps someone at
19 some level could tell the media with finality
20 who made the decision and why. And that was
21 really my only purpose -- and at the request or
22 direction of Chief Parker that's why I did the
23 email. I thought it was time, as did he, that
24 there was some consensus.

25 Q Over the page to the top of the second page of

1 this document. You say:

2 "On October 28th 2009, Minister Rich
3 Colman [sic] told Sean Holland that the
4 reason for the dissolution 'had nothing to
5 do with funding pressures, because if
6 there had been something said that this
7 was being effective and we had received a
8 business plan and those sort of things, it
9 would have been a total different
10 discussion.'"

11 How did you -- why did you believe Minister
12 Coleman had told Mr. Holman that? And I see --
13 you see you've put it in quotation marks, so I
14 guess I'm also wondering if that's a quote from
15 something.

16 A I believe it's a quote from my recollection, and
17 having reviewed the media articles that are
18 still online out there, this would have been
19 something that also I heard Minister Coleman
20 say. And again one of the many reasons -- and
21 that was one of the ones I didn't mention so as
22 not to be too long-winded here was that there
23 was no business plan. Well, we know in fact
24 that my predecessor produced one. So there were
25 at least two business plans/business cases that

1 were forwarded.

2 So yet again almost a year later to have
3 this being stated was frustrating the media or
4 encouraging them to continue the investigation
5 and to make allegations perhaps, so we wanted it
6 settled.

7 Q Okay. Under "strategic considerations" at
8 point 2 you say:

9 "A consolidated position should be arrived
10 at with regard to our response, if any to
11 any future articles Mr. Holman may
12 disseminate, recognizing that the decision
13 was not fundamentally supported or
14 expected by the RCMP prior to 2008-12-16
15 and that Mr. Coleman's Ministry should be
16 aware of what well may have been
17 inadvertent and/or uniformed statements
18 made by the Minister."

19 What inadvertent or ill-informed statements are
20 you referring to there?

21 A First off, the reason I proposed the email -- I
22 can confess now many years later and being
23 retired -- this was a litmus test for me that I
24 sent it out and if at any point Deputy Callens
25 had been in support of the IIGET dissolution or

1 had been part of that decision, this was the
2 opportunity for him to fire it right back down
3 at me and say okay, Holland, it was the RCMP
4 that made that decision. The fact he forwarded
5 it to ADM Begg saying, please read my comments,
6 and for your information there's been an A-TIP,
7 led me to conclude that Craig Callens was still
8 the person that I remember as -- him as, and
9 that was a person totally supportive of what we
10 were attempting to do.

11 But as far as your question, I apologize for
12 not answering immediately. By that statement
13 I'm simply referring to the ever-changing, and
14 I'm not saying a specific minister did this. It
15 was media communication persons from the
16 ministry or ministries of the government who
17 were giving out these several reasons for the
18 dissolution of IIGET. And so take any one of
19 those reasons that was given, if it wasn't the
20 real reason, it was ill-advised and
21 ill-informed. And that's what I meant by that.
22 Someone after a year, almost a year, should have
23 come up with an answer for the media, which is
24 insatiable until you actually hammer the issue
25 down for them. They won't stop. I had

1 oversight of communications for three years in
2 the Vancouver Police Department.

3 MR. MCGOWAN: If that could be the next exhibit,
4 please, Mr. Commissioner.

5 THE COMMISSIONER: Yes. Very well. That will be --
6 317 are we at, Madam Registrar?

7 THE REGISTRAR: Yes, exhibit 317.

8 THE COMMISSIONER: Thank you.

9 **EXHIBIT 317: Email from Kevin Begg, re Media**
10 **ATIP - IIGET - December 17, 2009**

11 THE COMMISSIONER: Thank you.

12 MR. MCGOWAN:

13 Q The threat assessment, subsequent to the
14 disbanding of the unit did you forward that
15 document to anyone else to inform them of the
16 existence of the threat in hopes that some unit
17 would take up the charge in addressing these
18 issues?

19 A Yes. When the decision was made with finality
20 and because -- well, I didn't know him
21 personally very well, only by reputation, I sent
22 it to Inspector Barry Baxter with the
23 concurrence of Chief Superintendent Bent and he
24 was the officer-in-charge of Integrated Proceeds
25 of Crime, and it was well-received and

1 appreciated. After that I don't know what Barry
2 did with it, but I would have been surprised if
3 he didn't put it to use or didn't follow up on
4 the information within that document. Certainly
5 some of the information came from his section.

6 Q Were you ever told -- I gather from your
7 evidence that you were led to understand that an
8 appeal was going to be taken up of the decision
9 to disband the unit. Were you ever given
10 confirmation that that appeal occurred and, if
11 so, who the appeal was made to?

12 A No confirmation in writing. Twice from Chief
13 Bent and Superintendent Nash I was advised
14 that -- of the inevitably and that an appeal
15 would be launched. And subsequently Russ Nash
16 told me verbally face to face that things
17 weren't looking good and that we should accept
18 that the dissolution would occur. So that was
19 the confirmation. I had every confidence that
20 if they told me that there was going to be an
21 appeal, that that was to be undertaken.

22 Reciprocally, if the appeal was not
23 forthcoming, I have every expectation and
24 confidence that either of them would have told
25 of me of that fact too so I could pass it on to

1 my personnel.

2 Q Did either of those officers tell you who
3 ultimately made the decision to disband IIGET?

4 A They did not.

5 Q Were you ever advised from any source who made
6 the ultimate decision?

7 A I was not.

8 MR. MCGOWAN: Mr. Commissioner, those are my
9 questions.

10 THE COMMISSIONER: Thank you, Mr. McGowan.

11 MR. MCGOWAN: And I'll just note we have requests for
12 time and allotments that have been made that
13 will take us beyond 1:30. I understand your
14 schedule can accommodate that, so I'm going to
15 suggest we persevere and finish with the
16 witness, if that's agreeable.

17 THE COMMISSIONER: Yes. I think we ought to do that,
18 if we can. So we'll start with Ms. Friesen on
19 behalf of the province, who's been allocated
20 20 minutes.

21 MS. FRIESEN: Thank you, Mr. Commissioner. And I can
22 confirm that I likely will not require the full
23 20 minutes today.

24 THE COMMISSIONER: Thank you.

25 MS. FRIESEN: Thank you.

1 **EXAMINATION BY MS. FRIESEN:**

2 Q Mr. Holland, can you hear me?

3 A Yes, I can.

4 Q Thank you very much. My name is Cherisse
5 Friesen, and I'm counsel for the Gaming Policy
6 and Enforcement Branch. I just have a few
7 questions for you today. Mr. McGowan asked you
8 a number of questions about the business case
9 that you drafted, and in particular he asked you
10 about the four options that you presented in the
11 business case. Do you recall that evidence?

12 A I recall.

13 Q And you identified -- well, you spoke in your
14 evidence about the risks of option 1. Now,
15 option 1 in that business case was for the
16 consultative board to collapse or disband IIGET;
17 correct?

18 A Yes.

19 Q And you recall giving some evidence with respect
20 to the risks of option 1, for example, criminals
21 acting with impunity?

22 A Absolutely.

23 Q Okay. And -- but IIGET had been around for
24 four years at this point; correct?

25 A It had.

1 Q And it was chronically understaffed, as you
2 observed?

3 A Yes.

4 Q And it had a backlog of about 400 files at that
5 time?

6 A At the time of my arrival just before the
7 consultative board of December we had that -- we
8 had the majorities of that concluded, those
9 files. In other words, we made up the backlog.

10 Q But at the time of the business case, which
11 was -- that was approximately January 2008;
12 correct?

13 A I'm sorry, I misunderstood. You're right.

14 Q Okay. And so at that time when you drafted that
15 business case there was still that backlog of
16 files?

17 A Yes.

18 Q And the IIGET also at that time did not have the
19 resources to adequately investigate high level
20 targets?

21 A They did not.

22 Q And in fact when it did so with the internet
23 investigation, for example, that consumed all of
24 IIGET's resources; correct?

25 A I was informed of that fact. I didn't observe

1 that, but yes, I believe you're correct.

2 Q Okay. And to your knowledge that investigation
3 did not result in any arrests or charges?

4 A The only thing I was of advised was that the
5 investigation was passed on to the United States
6 authorities.

7 Q Okay.

8 A And that subsequently they took some action.

9 Q Okay. So IIGET investigators, RCMP
10 investigators, did not execute any arrests as a
11 result of that investigation?

12 A I am unaware of that. I believe they did not,
13 to be specific.

14 Q Thank you. And the consultive board directed
15 you to redirect focus away from high level
16 investigations during your tenure; correct?

17 A They did.

18 Q And you'll agree with me, then, at that time
19 when it came time to assess the various options
20 proposed, IIGET did not have an established
21 track record of effectively addressing illegal
22 gaming and legal gaming venues?

23 A It had an effective track record when you do a
24 value-for-the-money assessment and given the
25 paucity of resources, human and otherwise. What

1 they did reach out and do before the internet
2 project was quite admirable. That included
3 partnership in public education, a significant
4 number of common gaming houses were taken down.
5 A significant amount of video gaming machines
6 and terminals were taken in and destroyed and
7 all of this in conjunction with GPEB. So it
8 was -- it wasn't just IIGET doing this. So
9 while I was there, in fact there were also some
10 very significant animal fighting investigations.

11 So what they did with the amount of people
12 they did and given they were decentralized, it
13 was more than admirable and I think good value
14 for the money. Ms. Tait did make observations
15 that were similar to what you've just stated;
16 however, she did recognize the good efforts on
17 occasion, given their resourcing, that they
18 undertook.

19 So I wouldn't say that everything they did
20 was not without success.

21 Q And pardon me, I may not have been completely
22 clear in my question to you, but I was speaking
23 of the established track record in effectively
24 addressing illegal activity in legal gaming
25 venues. There was no established track record

1 in that respect?

2 A I recall hearing anecdotally that there was an
3 occasion or two or several where the police of
4 jurisdiction called IIGET in to assist for
5 investigation. I think it was a loan-sharking
6 in Richmond, for example, on one occasion. And
7 then GPEB came into the picture too and
8 assisted.

9 But no, I think it was a rarity before I got
10 there for them to be within a legal venue for
11 unlawful acts or criminal investigations. But,
12 again, that could have been because there was no
13 information given to them or they were occupied
14 on other things. I wasn't there, so ...

15 Q Right. Okay. So it was a rarity but not a
16 regular and established occurrence?

17 MR. HIRA: Sorry, was that a question or a statement?

18 MS. FRIESEN:

19 Q Yeah, it is.

20 A Up to that point I imagine -- I'm not giving an
21 answer with great confidence here. I really
22 have no idea how often they were in the legal
23 venues. I know that certainly they were
24 expected to be in them as opportunity or
25 information came up or as requested. Was it --

1 were there numerous instances? I don't believe
2 so from my recollection, but I was not there.

3 Q Okay. And I believe it's fairly -- you've
4 touched on this in your evidence this morning in
5 answering questions with Mr. McGowan. But just
6 to confirm, you weren't privy to any briefings
7 or discussions that might've been had at higher
8 levels of government about the decisions to
9 disband IIGET; correct?

10 A I was not.

11 MS. FRIESEN: Thank you. Those are my questions,
12 Mr. Commissioner.

13 THE COMMISSIONER: Thank you, Ms. Friesen.

14 Now on behalf of Canada, Ms. Gardner, who's
15 been allocated 15 minutes.

16 MR. RAUCH-DAVIS: Thank you, Mr. Commissioner. In
17 light of the evidence covered during
18 Mr. Holland's direct examination, we have no
19 questions at this time.

20 THE COMMISSIONER: Thank you, Ms. Gardner.

21 On behalf of the British Columbia Lottery
22 Corporation, Mr. Smart, who has been allocated
23 ten minutes.

24 MR. SMART: Thank you, Mr. Commissioner.

25 **EXAMINATION BY MR. SMART:**

1 Q Mr. Holland, I'm going to direct your attention
2 to exhibit 77, which is a very thick document,
3 and there's some attachments to it. And I'm
4 going to direct your attention to page 4.
5 There's a sort of a summary of various documents
6 at the beginning of this overview report.

7 MR. HIRA: This is, Mr. Smart -- yes, the overview
8 report. Thank you.

9 MR. SMART: Yes. Thank you.

10 Q At paragraph 12 there's an RCMP backgrounder
11 dated May of 2003, identifying the mandate of
12 IIGET and the roles and responsibilities of the
13 RCMP and GPEB under the IIGET memorandum of
14 understanding. And it states:

15 "The Integrated Illegal Gaming Enforcement
16 Team's mandate is to ensure the integrity
17 of public legalized gaming in
18 British Columbia through an integrated
19 approach that includes the RCMP and the
20 provincial Gaming Policy and Enforcement
21 Branch, GPEB. IIGET is in place to
22 preserve the integrity of legalized gaming
23 in the province of British Columbia
24 through the enforcement of the Criminal
25 Code of Canada and other statutes."

1 Is that consistent with your understanding of
2 the mandate of the organization IIGET that you
3 became the officer-in-charge of?

4 A Yes.

5 Q And I'll just drop down two paragraphs where it
6 says:

7 "The roles and responsibilities of the
8 RCMP enforce the Criminal Code,
9 investigate unlawful activities in legal
10 venues, investigate illegal gambling,
11 collect and produce intelligence,
12 recommend charges to Crown counsel,
13 produce Report to Crown Counsel,
14 participate in prosecutions."

15 Again, that is consistent with your
16 understanding of IIGET's mandate?

17 A Those were my marching orders when I came there.

18 Q Yes. And as I understand it, your intention,
19 your hope was to double the size of IIGET so
20 that you could fulfill some of those
21 responsibilities more effectively?

22 A Absolutely.

23 Q Yes. And as I understand your evidence, I think
24 you've made this clear, that really there was no
25 other law enforcement organization that had the

1 resources and skills to investigate, for
2 example, money laundering and loan-sharking in
3 casinos that was in existence at the time. And
4 if I can just -- this is a long question, but
5 local police jurisdictions didn't have the
6 resources and expertise to do that, did they?

7 A They did not.

8 Q GPEB didn't have the resources to do that?

9 A Resources or authority.

10 Q Yes. What about the Integrated Proceeds of
11 Crime Unit? Did they have the resources to be
12 able to do that?

13 A I believe they would have. It certainly would
14 have been the recommendation as it went forward
15 with the ultimate business plan that such
16 investigations would go to those best equipped
17 and most knowledgeable.

18 Q Yes. Were they participating with IIGET at the
19 point that you were the officer-in-charge?

20 A I know that my personnel told me that they would
21 consult with IPOC. I can recall at least one
22 specific instance, I believe, at least a couple
23 of instances where IPOC was consulted, and it
24 was always amenable to provide advice,
25 et cetera. Not to the point of commencing

1 projects of course, from my knowledge, because
2 they had a lot on their plate, they are very
3 busy. But yes, they were available for their
4 expertise but probably not much more unless they
5 were given specific direction.

6 Q Okay. I mean, to do an effective law
7 enforcement investigation and deter money
8 laundering in casinos, IIGET was the
9 organization best suited to do that?

10 A Properly resourced and trained, yes.

11 Q Yes. And you've been taken to the -- and I'll
12 just refer to this briefly, attachment Y.
13 Mr. McGowan took you to that, to exhibit 77,
14 "The Extent and Scope of Illegal Gaming in
15 British Columbia"?

16 A Yes.

17 Q And I'm just going to direct you to a couple of
18 passages. At page 5 under the summary you'll
19 see in the second paragraph -- sorry, the -- let
20 me take to you the bottom, second paragraph from
21 the bottom:

22 "Historic information included in the
23 organized crime portion of this report
24 emphasizes the potential for serious
25 problems regarding legal and illegal

1 gaming in British Columbia. Specifically
2 illegal gaming can be a source of income
3 for criminal organizations and through the
4 infiltration of legitimate gaming venues,
5 it can also launder and transfer money
6 easily."

7 That was consistent with your understanding at
8 the time of organized crimes actions?

9 A Yes, that was substantiated -- [indiscernible]
10 was substantiated as a result of probes and/or
11 efforts by RCMP specialized sections and/or
12 municipal entities.

13 Q So there was no misunderstanding at this point
14 in time of the potential risks from organized
15 crime to cause serious problems regarding legal
16 and illegal gaming in British Columbia, was
17 there?

18 A [Indiscernible] every expectation that they
19 would have continued and escalated their
20 efforts.

21 Q Yes. And I'll take you to page 32 of this
22 document. Mr. McGowan took you to a portion of
23 it. Under the heading "Money Laundering." Do
24 you see that?

25 A I do.

1 Q Yes.

2 "In June 2008 the RCMP Police Criminal
3 Intelligence Directorate, Criminal
4 Analysis Branch produced a comprehensive
5 report called 'Project Streak: Money
6 Laundering in Casinos - a Canadian
7 Perspective.'"

8 And it points out, it says:

9 "This document was very informative and
10 had many points relative to the
11 British Columbia situation. Particular
12 points of interest were --"

13 And Mr. McGowan read this to you:

14 "-- Canadian casinos are extremely
15 vulnerable to money laundering because
16 they deal in cash and handle tens
17 of millions of dollars every day.

18 Organized crime is present in casinos
19 at several levels. Members of organized
20 members of organized crime regularly visit
21 Canadian casino to gamble. Many
22 investigations have shown that members of
23 organized crime also use casinos for
24 criminal purposes, loan-sharking and money
25 laundering."

1 I'll stop there. And the third bullet:

2 "In 2003 FINTRAC has sent several
3 disclosure reports to the RCMP on
4 suspicious transactions involving casinos
5 throughout Canada with amounts totalling
6 over \$40 million."

7 That's all knowledge that you had on reading
8 this document?

9 A Yes, Mr. Smart. We appreciated the confirmation
10 of what previously had been our suspicion.

11 Q Yes.

12 A And we also especially appreciated the recency
13 of that report given than it was just several
14 months prior to the December 2008 consultative
15 board meeting. So is it was very persuasive in
16 both its contents and there was an independent
17 arbiter confirming for us to tell the board that
18 hey, what you suspected is in fact happening.

19 Q And if I take you over to page 34 of the report,
20 the -- about a third of the way down it says:

21 "From a BC point of view we can
22 corroborate that known gang members are
23 often checked in casinos. Some gang
24 members and associates have also been
25 known to participate in legitimate poker

1 tournaments."

2 And then it goes down:

3 "And FINTRAC reports received here support
4 the statement about large amounts of cash
5 being processed through casinos."

6 It then identifies a number of individuals. Do
7 you see that?

8 A I do.

9 Q And I'll just use the initials NS:

10 "NS's children are known associates of the
11 UN gang. FINTRAC reports the following
12 suspicious transactions: From 2002
13 July to September 2002, S brought in a
14 total of \$1.89 million in cash and left
15 with 1.5 million in cash or cheques."

16 A I see, that.

17 Q Over the page, I'll use again the initials:

18 "BG, a resident of Langley, purchased
19 casino chips with cash from March 2003 to
20 April 2008 worth almost \$4.8 million.

21 MB --"

22 Below that.

23 "-- purchased casino chips for a total of
24 3.1 million over a five-year period, and
25 in January to May of 2008 she made a total

1 of over a million in cash purchases of
2 casino chips. And NA, a professional
3 market lending specialist employed by --"
4 And I'll use -- summarize this -- one of the
5 major banks in the Vancouver area.

6 "Financial transaction reports found in
7 the FINTRAC database revealed that NA
8 purchased casino chips with cash at four
9 separate casinos in Vancouver area in less
10 than one year from February 2007 to
11 January 2008 for almost \$5 million
12 Canadian. In June of 2007 NA purchased
13 casino chips worth 3.2 million."

14 And then there is another couple:

15 "PC and WC made casino chip purchases for
16 a total of 2.6 million in a three-month
17 period."

18 And I've highlighted those because they
19 indicate -- and you must've -- I am sure you
20 obviously paid attention to this, that organized
21 crime during this period of time 2002 to 2006,
22 '-7, '-8, they were laundering directly millions
23 of dollars of proceeds of crime. That appeared
24 to be what the FINTRAC reports were indicating?

25 A Absolutely. And even with the passage of time

1 those numbers are still staggering even today.

2 I mean, imagine what we were saying when we

3 first heard this 11 years ago.

4 Q Yes. And what we've heard some evidence,

5 Mr. Holland, is that there seemed to be an

6 increasingly -- number of large suspicious cash

7 transactions occurring at legal casinos

8 beginning -- I don't know -- 2009 and then

9 escalating from there. Was that occurring when

10 you -- occurring -- to your knowledge these

11 large suspicious cash transactions occurring in

12 your latter time at IIGET?

13 A I don't recall hearing that. I left officially

14 in early -- or midway through 2009, only

15 assisted on meetings. So I wouldn't have had

16 realtime intelligence, just what was in the

17 threat assessment that you just read out and

18 other -- I know you could've kept on reading.

19 That was what I knew then.

20 Q Yes.

21 A I didn't keep -- I was fully engaged with my new

22 job in Nelson.

23 Q Do you -- to your knowledge was gaming

24 expanding -- that is legalized gaming expanding

25 during this period of time?

1 A Oh, absolutely. Yes. The number of casinos,
2 the size, yes.

3 Q Yes. So the potential for money laundering and
4 loan-sharking was increasing?

5 A Absolutely.

6 Q Yes. You were asked some questions by counsel
7 for the province about the disbanding of IIGET.
8 Did anyone of suggest to you that it was being
9 disbanded because it wasn't effective or it
10 didn't play an important role and didn't have an
11 important role to play in trying to deter money
12 laundering and other criminal activities in
13 casinos? Was that ever communicated to you?

14 A No one in authority ever said that to me. In
15 fact it was pats on the back for my personnel
16 for what they had accomplished after the Tait
17 report. We did hear things of that nature from
18 the media via their various and sundry sources.
19 Not from a person in authority that I ever
20 reported to, no.

21 Q From your perspective -- you know, this inquiry
22 is focused on money laundering and gaming is one
23 of the sectors. What was the impact, in your
24 view, on money laundering that occurred at legal
25 casinos after the disbanding of IIGET? What do

1 you say the impact of that was, if any?

2 MR. HIRA: Are you in a position to answer that?

3 THE WITNESS: Given the abundance of open source
4 media reports that I've availed myself of over
5 the last 11 years I can speak anecdotally, but I
6 also have friends and family within the RCMP and
7 municipal forces and I have every expectation
8 that once we were collapsed, to what degree I
9 can't say with finality, that I believe that
10 illegal activities continued to prosper and in
11 fact expand subsequent to the shutdown of IIGET.
12 How much of a difference IIGET might have made,
13 left to speculation. And I realize I have the
14 benefit of being an armchair quarterback here,
15 but how do you possibly justify after that time
16 and effort collapsing the one entity that you
17 should've had faith in to move forward and
18 become more proficient and more engaged and to
19 make a difference?

20 MR. SMART: All right. Thank you, Mr. Holland.

21 Those are my questions.

22 THE WITNESS: Thank you.

23 THE COMMISSIONER: Thank you, Mr. Smart. Now on
24 behalf the Great Canadian Gaming Corporation,
25 Mr. Skwarok, who has been allocated ten minutes.

1 MR. SKWAROK: Thank you, Mr. Commissioner.

2 **EXAMINATION BY MR. SKWAROK:**

3 Q Sir, my name's Mark Skwarok, as the Commissioner
4 pointed out, and I'm counsel for Great Canadian.
5 I just have a few questions of you.

6 I take it that over the years of existence
7 there were a number of meetings that you dealt
8 with potential money laundering issues in
9 casinos; is that right?

10 A A number of meetings wherein I was personally
11 involved or was aware of?

12 Q Aware of or personally involved, both.

13 A I would say yes, that's a very fair statement.
14 Yes.

15 Q Did BCLC, to your knowledge, attend such
16 meetings?

17 A The ones that I attend they were in attendance
18 always, yes.

19 Q In these meetings, were there discussions about
20 strategies to combat money laundering?

21 A My recollection is that they were but because
22 the minutes of those meetings were succinct, to
23 say the least, with all the passing of time I
24 would -- I can't remember specifics. I do know
25 that such discussions, which I believe occurred,

1 could have been limited simply because while a
2 number of the BC Lottery Corporation executives
3 were former police officers, et cetera, at the
4 time in giving their present portfolios they may
5 not always have been made privy to strategies or
6 operational deployments or projects and they
7 understood that.

8 So were they consulted? Absolutely. Did
9 they have an opportunity to say what they
10 thought should be done? I'm sure that in those
11 meetings that were in addition to the consultive
12 board meetings, there would have been those
13 discussions, certainly they'd have been
14 consulted.

15 Q Sorry, the discussions were between who?

16 A You mentioned meetings that were both the
17 consultative boards and/or any other ancillary
18 meeting that I may not have been present at but
19 heard of. My recollection is that they would
20 have been consulted and they would've had/did
21 have, good ideas about what they could or do not
22 do.

23 Q All right. In these meetings, to your
24 knowledge, were there discussions about threat
25 assessment?

1 A I have no recollection of that. Certainly the
2 representatives on the consultative board were
3 privy to the existence of and the completion of
4 the threat assessment, not necessarily all of
5 the content.

6 Q Okay. Were service providers invited to
7 participate in any of these meetings?

8 A Not the ones that I attended.

9 Q Are you aware of any such meetings in which a
10 service provider was invited to attend?

11 A I'm not intimately aware of that, Mr. Skwarok,
12 no.

13 Q Thank you. Do you have any explanation for
14 that? Why wouldn't they be involved?

15 A Well, for the same reason I can't give
16 assurances that they weren't involved. They may
17 have -- I would've had every expectation from my
18 personnel they would consult with anybody who
19 was a subject matter expert. I can't imagine
20 why they wouldn't be, but I have no personal
21 knowledge.

22 Q Were the substances of these meetings, the
23 conclusions or the worries addressed in these
24 meetings communicated to service providers, to
25 your knowledge?

1 A I have no knowledge of that.

2 Q All right. Would it be fair to say, sir, that
3 in your opinion it was IIGET's job to do
4 investigations, not the service providers,
5 relating to money laundering? Do you agree with
6 that?

7 A Depending on the nature of the investigation it
8 would've been either GPEB's or IIGET's,
9 absolutely, or the police of jurisdiction. And,
10 again, is it an exigent emergency? Police of
11 jurisdiction. Is it something that GPEB could
12 handle on their own? They would have that. If
13 they needed us, we would have been there also.

14 Now, I'm not that aware of the individual,
15 given all these years, past setups that each
16 service provider may have as far as
17 investigative abilities or security, so I can't
18 answer that. But I know that a lot of those
19 positions were staffed with retired police
20 officers and that probably would have rendered
21 them capable to do some limited investigation
22 and draw some conclusions and prepare reports,
23 et cetera, to inform the proper agency, be that
24 IIGET or GPEB.

25 Q But you're not intimate with the obligations

1 imposed by BCLC or GPEB with respect to service
2 providers' duties on anti-money laundering?

3 A Not at this time, no.

4 MR. SKWAROK: Thank you, sir. Those are my
5 questions.

6 THE WITNESS: Thank you.

7 THE COMMISSIONER: Thank you, Mr. Skwarok. And now
8 on behalf of Mr. Kroeker, Ms. Peddle, who has
9 been allocated five minutes.

10 MS. PEDDLE: Thank you, Mr. Commissioner. Given the
11 evidence canvassed by commission counsel, I have
12 no questions.

13 THE COMMISSIONER: Thank you, Ms. Peddle.

14 Now, I had an indication that Mr. Senkpiel
15 on behalf of Mr. Heed was contemplating seeking
16 leave to cross-examine Mr. Holland, and I just
17 wanted to check in with him whether or not that
18 is or is not the case.

19 MR. MCGOWAN: Mr. Commissioner, I did a few minutes
20 ago receive an email from Mr. Senkpiel
21 indicating that he did have some questions.

22 You'll recall that he sought and was granted
23 -- his client sought and was granted limited
24 participant status for the limited purpose of
25 cross-examining Mr. Pinnock, although the ruling

1 also, on my reading of it, grants him the
2 ability to seek to vary that grant of
3 participant status should issues arise. And I
4 understand that he plans to seek to do so to ask
5 this witness some questions, although I'm not
6 seeing him. Yes, I do see him on the call, so
7 perhaps if he could turn his video on and
8 unmute, I'll allow him to address -- or invite
9 him to address you.

10 THE COMMISSIONER: All right. Yes, Mr. Senkpiel.

11 MR. SENKPIEL: Yes. Thank you Mr. McGowan.

12 Mr. Commissioner, I have indicated to commission
13 counsel that a brief bit of time to address some
14 issues with Mr. Holland as a result of the
15 recent release of the transcripts which do
16 contain references to Mr. Holland. So there's
17 just a few questions I wish to put to him just
18 so we can provide some context and clarity on a
19 few issues.

20 THE COMMISSIONER: All right. Thank you.

21 Mr. McGowan, do you take any position on that?

22 MR. MCGOWAN: No, Mr. Commissioner. I don't oppose
23 that.

24 THE COMMISSIONER: Thank you. Yes, all right. You
25 may proceed, Mr. Senkpiel.

1 MR. SENKPIEL: Thank you, Mr. Commissioner.

2 **EXAMINATION BY MR. SENKPIEL:**

3 Q Mr. Holland, I'm counsel for Mr. Kash Heed. The
4 first question I have is just to seek
5 clarification on a point. And it arises because
6 of your will-say statement which makes this
7 reference, and I think it's one that you
8 referred to again in your evidence and so I just
9 want some clarity on it.

10 You talked about the renovations and
11 preparations being made to expand IIGET and then
12 at paragraph 40 of your will say you state:

13 "This work came to a grinding halt on
14 December 16, 2009."

15 Now, I'm going to suggest to you that's a typo
16 and what you meant to say is 2008. Will you
17 agree with that?

18 A Absolutely. I corrected it last night myself at
19 home.

20 Q Wonderful. I don't think it's at all
21 contentious, but it's important that we have
22 clarity on that. I think earlier you said that
23 you have no realtime knowledge essentially after
24 you left IIGET and went to Nelson; is that
25 correct?

1 A Other than as a member the BC chiefs, no.

2 Q Right. You have essentially been, to use your
3 words, an armchair quarterback for everything
4 post-IIGET in relation to these issues?

5 A That's fair to say.

6 Q All right. And IIGET was disbanded on March 13,
7 2009?

8 A I've read documentation provided to me recently,
9 April 1st. Also the March 13th. It was on or
10 around that time. I am sorry, I just don't
11 remember with finality.

12 Q I've seen both references. The point I'm trying
13 to make is you'll agree with me that it was
14 disbanded formally before Mr. Heed was ever
15 elected to office?

16 A Most definitely.

17 Q Mr. Heed was elected in May 2009?

18 A As per my recollection, yes. If you say so,
19 yes.

20 Q And will you agree with me that all of the
21 evidence you were giving about discussions about
22 disbanding IIGET, expanding IIGET, all of that
23 stuff, none of it included Mr. Heed?

24 A No, not at all. No.

25 Q Of course. He had no role or participation in

1 any of those discussions?

2 A He did not.

3 Q All right. Now, you will have heard about -- I
4 suspect you will have heard about three tape
5 recordings made by Mr. Pinnock of conversations
6 with Mr. Heed. Are you familiar with those?

7 A Recently made aware by Mr. Hira and commission
8 counsel.

9 Q All right. You were mentioned in a couple of
10 those recordings, and so I want to ask you a few
11 questions about them because of a risk that the
12 snippets can be pulled and taken out of context
13 and because I think you said that the media can
14 be insatiable and won't stop until you hammer
15 the issues down. So I want to hammer -- try to
16 hammer a couple of issues down with you and deal
17 with some context.

18 Are you aware of Mr. Heed's position about
19 those transcripts is that they're entirely or
20 largely personal opinions expressed by him in
21 2018 when he was long since retired from
22 political life and they weren't based on
23 firsthand knowledge? Were you aware of that
24 position?

25 A Absolutely.

1 Q Sorry, I didn't hear you.

2 A Absolutely, I was aware of that. As you said,
3 this was subsequent to him retiring from any
4 position he had with government and they were
5 strictly his own personal opinions.

6 Q Yes.

7 A I reviewed the transcripts, and yes, in reading
8 them it seemed like two friends and colleagues
9 talking generally about issues, politics, the
10 state of law enforcement, et cetera.

11 Q Right. You're aware that Mr. Heed's position,
12 to paraphrase it poorly, is essentially that it
13 was a rambling discussion between two friends,
14 he didn't know he was being recorded, it was a
15 surreptitious recording and the tone and the
16 language and the nature of the discussions sort
17 of reflects that? You're aware that's his
18 position?

19 A Yes, sir.

20 Q You may have seen in the transcript that
21 Mr. Pinnock referred to you as a "really
22 principled dude." Did you do you recall seeing
23 that?

24 A Yes, I do. Thank you.

25 Q And would you agree with that characterization,

1 you are a principled dude?

2 A I try to be.

3 MR. HIRA: Is that a fair question in the
4 circumstances?

5 MS. TWEEDIE:

6 Q Would you agree that you are principled
7 individual?

8 A It's always my intention to be such an
9 individual. Yes, sir.

10 Q All right. And you gave evidence today that you
11 don't know who made the decision to disband
12 IIGET and you don't know why the decision was
13 made to disband IIGET; you thought someone
14 should come out and explain that, but you didn't
15 have that level of detail firsthand?

16 A Absolutely.

17 Q Sorry, you cut out there.

18 A Absolutely. You've stated it correctly.

19 Q All right. So is it fair to say that in any
20 discussions you may have had with Mr. Heed, you
21 did not tell him anything firsthand that would
22 support the conclusion or the opinion that you
23 knew everything that was going on and that you
24 knew about manipulation and interference back in
25 the day?

1 A I read that. And to the best of my
2 recollection, absolutely not. When I retired in
3 2016 I ceased to take daily notes of my
4 activities. I would remember making such
5 comments. I have no recollection of making any
6 such statement.

7 Q If those comments were said about you, is it
8 your evidence that you would not have said
9 anything to Mr. Pinnock or Mr. Heed that would
10 provide a foundation for them?

11 A I think it's safe to say that given my
12 background in internal investigations over the
13 decades, both as an investigator and being an
14 officer charge and this not being my first rodeo
15 as regards contentious issues, public issues
16 that come to the attention of a voracious media,
17 that I've always been trained and instructed to
18 keep my mouth shut and report to the appropriate
19 boards or superiors. I have always done so.
20 That has held me in good stead over the decades.

21 Even after retirement, I have always
22 endeavoured to consistently speak of what I
23 know, usually in a realtime situation and only
24 to the appropriate entities. Such as today.

25 Q Would you agree with me that you had a

1 conversation with Mr. Heed in 2007 and then one
2 in 2018?

3 A I probably had at least one in 2007. And I
4 remember bumping into Kash specifically, perhaps
5 mess dinner or ceremonial occasions or bumping
6 into him, but I do not recall a conversation in
7 2018. I stand to be corrected. I just really
8 can't remember.

9 Q The point I'm getting at -- and I want to deal
10 with each of those conversations very quickly
11 and then a little bit more detail, but I'm told
12 that you had a drink with him at an Association
13 of BC Police Chiefs meeting in 2007 long before
14 these issues with IIGET arose?

15 A Oh, likely. I can remember at least one
16 occasion at a BC Chiefs meeting outside of the
17 Lower Mainland. A number of colleagues gathered
18 together. I believe he was there.

19 Q All right. And to the extent you may have
20 spoken to him after that, I'm going to suggest
21 to you that it wasn't until 2018 that you spoke
22 with him briefly an additional time. Would you
23 agree with that?

24 A If I did in 2018, I agree with that, yes.

25 Q All right. And I'm going to suggest to you that

1 the brief conversation actually took place on a
2 pew at a funeral for an unexpected funeral for
3 someone who has died in the force?

4 A In consulting with my attorneys here that was my
5 best guess as to when it probably did occur,
6 although given the nature of the occasion,
7 et cetera, I have to admit that I was focusing
8 on the funeral and that and our conversation was
9 anecdotal and brief.

10 Q And I'm going to suggest to the extent you
11 spoke; it was brief; it was at best chitchat; it
12 was whispered on a pew at a funeral; you had
13 other thing you were attending to?

14 A Well put.

15 Q You would not have disclosed things that would
16 found an opinion that you knew everything that
17 was going on back at your time at IIGET?

18 A To be fair, because I can't recall having that
19 conversation and the content, it would be
20 disingenuous of me to be able to assure you of
21 that fact. But given your previous questions
22 and if I am that person with integrity and
23 professionalism, I can't see the occasion of a
24 funeral being the singular occasion where I
25 would make that a departure of my past practice

1 and divulge anything of consequence.

2 Q Quit so. Very well put. Is it fair to say you
3 haven't had any other discussions with
4 Mr. Heed -- you haven't had any discussions with
5 Mr. Heed at any other points in time relating it
6 the issues to do with IIGET?

7 A Absolutely.

8 MR. SENKPIEL: Mr. Commissioner, those are my
9 questions.

10 THE COMMISSIONER: Thank you, Mr. Senkpiel.
11 Mr. Skwarok, anything arising.

12 MR. SKWAROK: No sir.

13 THE COMMISSIONER: Mr. Smart?

14 MR. SMART: Nothing, thank you.

15 THE COMMISSIONER: Ms. Friesen?

16 MS. FRIESEN: No, thank you, Mr. Commissioner.

17 THE COMMISSIONER: And Mr. McGowan?

18 MR. MCGOWAN: No, thank you, Mr. Commissioner. All
19 right. Thank you.

20 Thank you, Mr. Holland. We're grateful for
21 your time, and you are now excused from further
22 testimony.

23 THE WITNESS: Thank you, Mr. Commissioner.

24 **(WITNESS EXCUSED)**

25 THE COMMISSIONER: All right. I think that brings us

1 to the end of the witnesses for today,
2 Mr. McGowan, and so we will adjourn until
3 tomorrow at 9:30.

4 MR. MCGOWAN: Thank you.

5 THE REGISTRAR: The hearing is now adjourned until
6 December 3rd, 2020, at 9:30 a.m. Thank you.

7 **(PROCEEDINGS ADJOURNED AT 1:58 P.M. TO DECEMBER 3,**
8 **2020)**

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