

**PROCEEDINGS AT HEARING  
OF  
JANUARY 27, 2021**

**COMMISSIONER AUSTIN F. CULLEN**

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**January 27, 2021**

**(Via Videoconference)**

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

THE REGISTRAR: Good morning. The hearing is now resumed. Mr. Commissioner. Sorry, Mr. Commissioner, you're muted.

THE COMMISSIONER: Some little mouse gets in there and mutes me.

Yes, Mr. McCleery, do you have conduct of this witness?

MR. McCLEERY: I do, Mr. Commissioner. Thank you very much. Good morning. Before we get to Mr. Skrine we do have one preliminary matter to address, which is that commission counsel have four overview reports we're seeking to have marked as exhibits this morning. I understand that Madam Registrar has a list of those four reports.

THE COMMISSIONER: Thank you.

MR. McCLEERY: Which I now see on the screen. So I'll ask those be marked as the next four exhibits. And I'm going to seek a direction with respect to one of these reports, which is the fourth on this list titled "1998 to 2001 BCLC Security Incident Reports Related to Loan

1           Sharking, Money Laundering and Suspicious  
2           Transactions in British Columbia Casinos." For  
3           that report, based on feedback from  
4           participants, we're seeking some comment from  
5           the Vancouver and New Westminster police  
6           departments to ensure that the release of this  
7           report and its appendices do not have an impact  
8           on any ongoing investigations.

9           So we're seeking a direction that the report  
10          not be posted to the commission website or  
11          otherwise made available to the public until  
12          that consultation is complete, at which point  
13          the report may be posted with any redactions  
14          requested by either agency with leave to  
15          commission counsel, any participant or any other  
16          person to bring an application to the  
17          Commissioner with notice to the Vancouver and  
18          New Westminster police departments to contest  
19          any of the proposed redactions.

20          THE COMMISSIONER: All right. Thank you,  
21          Mr. McCleery. I will then make that direction.

22          So the four overview reports will be marked  
23          consecutively 500, 501, 502, 503 -- and 503.  
24          And 503 will be not posted to the website until  
25          further direction.

1 THE REGISTRAR: Yes. Exhibit 500 to 503.

2 THE COMMISSIONER: Thank you.

3 **EXHIBIT 500: Overview Report: Ministry Service**

4 **Plans - Ministries Responsible for Gaming**

5 **EXHIBIT 501: Overview Report: BCLC**

6 **Shareholder's Letters of Expectations and**

7 **Mandate Letters**

8 **EXHIBIT 502: Overview Report: British Columbia**

9 **Lottery Corporation Service Plans**

10 **EXHIBIT 503: Overview Report: 1998-2001 BCLC**

11 **Security Incident Reports Related to Loan**

12 **Sharking, Money Laundering and Suspicious**

13 **Transactions in British Columbia Casinos**

14 MR. McCLEERY: Thank you, Mr. Commissioner. And with

15 that I believe we can proceed to Mr. Skrine's

16 evidence, and I understand that he will affirm.

17 THE COMMISSIONER: Thank you.

18 **CARY SKRINE, a witness**

19 **called for the**

20 **commission, affirmed.**

21 THE REGISTRAR: Please state your full name and spell

22 your first name and last name for the record.

23 THE WITNESS: My name is Cary Skrine. Cary is

24 spelled C-a-r-y, Skrine is spelled S-k-r-i-n-e.

25 THE REGISTRAR: Thank you.

1                   **EXAMINATION BY MR. McCLEERY:**

2                   Q     Good morning, Mr. Skrine. Can you see and hear  
3                            me clearly?

4                   A     Good morning. Yes. And can you hear me?

5                   Q     I can, yes. If at any point that changes,  
6                            please do let me know, and we'll sort it out.

7                            I just want to begin by reviewing your  
8                            professional background and experience to give  
9                            the Commissioner a sense of your background.  
10                          You spent 26 years as a member of the Royal  
11                          Canadian Mounted Police; is that correct?

12                  A     I did, yes.

13                  Q     Can you briefly outline the different roles that  
14                            you held during your policing career.

15                  A     Yes, Mr. Commissioner. I was in the Lower  
16                          Mainland for the first 12 years of my service.  
17                          I started out in uniform in Burnaby and then  
18                          worked several plain-clothes units in that  
19                          location and also in Coquitlam. And then in  
20                          2002 I joined the polygraph section, which moved  
21                          me to the Kelowna area, and I was a polygraph  
22                          examiner for the southeast district of British  
23                          Columbia where I also led the southeast district  
24                          component of the E Division interview team. And  
25                          I did that for seven years, including the last

1                   three years where I ran the polygraph program  
2                   for the province from that location.

3                   And in 2009 I moved over to open a satellite  
4                   office for the Combined Forces Special  
5                   Enforcement Unit in the southeast district, and  
6                   again, that was located in Kelowna. And I was  
7                   the staff sergeant in charge of that office from  
8                   2009 to 2016.

9                   Q    Thank you. And you retired from the RCMP in  
10                   2016?

11                   A    I did, yes.

12                   Q    And after you retired from the RCMP, you joined  
13                   the Gaming Policy Enforcement Branch as an  
14                   investigator based in Kelowna in that same year?

15                   A    That's correct, yes. In August of 2016.

16                   Q    And after about six months in that role, you  
17                   were promoted to regional director of GPEB's  
18                   Kelowna office; is that correct?

19                   A    Correct.

20                   Q    And I understand that in September of 2018, you  
21                   were given a special assignment by Assistant  
22                   Deputy Minister and GPEB General Manager Sam  
23                   MacLeod. Is that correct?

24                   A    Yes, that's correct.

25                   Q    And what was the nature of that assignment?

1           A     Well, ADM MacLeod was fairly new to our branch,  
2                     and in September of that year he asked me to  
3                     look into how we may enhance our enforcement  
4                     response in answer to Dr. German's *Dirty Money*  
5                     report.

6           Q     And in December of 2018 you became the executive  
7                     director of GPEB's new enforcement division?

8           A     Yes. The acting director at that time. And  
9                     then I won the competition for the position in  
10                    March of 2019.

11          Q     And you continue to hold that position today;  
12                    correct?

13          A     That's correct.

14          Q     And, Mr. Skrine, you've sworn an affidavit for  
15                    the purpose of giving evidence to this  
16                    commission; is that correct?

17          A     I have, yes.

18          MR. McCLEERY: Madam Registrar, I wonder if we might  
19                    see Mr. Skrine's affidavit. Thank you.

20          Q     And, Mr. Skrine, this is the affidavit that you  
21                    swore on January 15th, 2021?

22          A     Yes. It looks the same.

23          MR. McCLEERY: Mr. Commissioner, I'd ask that be  
24                    marked the next exhibit, then.

25          THE COMMISSIONER: 504.



1 THE REGISTRAR: Exhibit 504.

2 **EXHIBIT 504: Affidavit #1 of Cary Skrine dated**  
3 **January 15, 2021**

4 MR. McCLEERY:

5 Q And, Mr. Skrine, before we get into the  
6 substance of the affidavit, I understand there  
7 are two minor errors in the affidavit that  
8 you've identified that I'd like to address  
9 before we move further. First, if we look to --  
10 and, Mr. Skrine, do you have a copy of your  
11 affidavit in front of you?

12 A I do, yes. I'm just going through it now.

13 Q Madam Registrar, I think we can probably take  
14 this one down, then, and just work from --  
15 Mr. Skrine can work from his hard copy.

16 Mr. Skrine, if we look to paragraph 70, you  
17 write that the first Project Athena meeting you  
18 attended was on January 23rd, 2019. And I  
19 understand that was not in fact the date of the  
20 first Project Athena meeting that you attended.  
21 Is that correct?

22 A Yes. I reviewed some additional documents after  
23 affirming my affidavit and realized that on  
24 October 24th, 2018, while during my special  
25 assignment I attended a Project Athena meeting.

1                   So this would have been my second Project Athena  
2                   meeting.

3           Q       And the description of the meeting that you give  
4                   in that paragraph, would that apply equally to  
5                   the October meeting as far as you can recall?

6           A       I could not confirm that the same attendees that  
7                   were at the January 23rd, 2019, meeting were at  
8                   the October meeting.

9           Q       Okay. Thank you. We can move on, then, to  
10                  paragraph 101. You refer to exhibit X to your  
11                  affidavit, which you describe as copies of your  
12                  handwritten notes of your communications with  
13                  Ross Alderson, including your interview with  
14                  Ross Alderson. And am I correct that while  
15                  exhibit X does consist of your handwritten  
16                  notes, the investigation described in that  
17                  section of the affidavit, the notes include  
18                  those of communication with individuals other  
19                  than Mr. Alderson with whom you were in contact  
20                  as part of that investigation?

21          A       That's correct.

22          Q       And the content of the notes that you took  
23                  during this investigation is summarized in the  
24                  investigation log that is at exhibit 00 to the  
25                  affidavit; is that correct?

1           A     That's correct, yes.

2           Q     Okay. Thank you very much. With that, then,  
3                    why don't we move into the substance of the  
4                    affidavit. I want to begin by speaking a little  
5                    bit more about the special assignment that  
6                    you've just described a moment ago. And you, in  
7                    your affidavit at paragraph 15, describe the  
8                    three recommendations that resulted from your  
9                    review. And I gather those are addressed -- or  
10                  I understand those are addressed in more detail  
11                  on some of the exhibits to the affidavit. And I  
12                  want to just briefly touch on each of those.  
13                  I'll ask you to give a sense of, sort of in  
14                  practical terms, what each of those means and  
15                  where things stand with their implementation at  
16                  this stage.

17                         So we can -- I understand the first  
18                         recommendation was that GPEB should:

19                                 "Establish a more proactive, real-time  
20                                 role in responding to suspicious  
21                                 transactions."

22                         Is that correct? That was the first  
23                         recommendation?

24           A     Yes, that's correct.

25           Q     And can you give us a sense sort of practically

1 speaking what that would mean for GPEB, sort of  
2 if that was implemented as you envisioned it  
3 when you made the recommendation?

4 A So that recommendation focuses on a decision  
5 that had already been made that we were  
6 deploying investigators into the casinos. It's  
7 been referred to as a 24/7 response although we  
8 take a risk-based approach to the hours that we  
9 actually deploy investigators in the casinos.  
10 And it was my recommendation that in that role  
11 when suspicious transactions were reported or  
12 identified by the gaming service providers or  
13 BCLC that we had an opportunity in engaging in  
14 those transactions at the time that they  
15 occurred.

16 Q And can you tell us how that -- in your view  
17 that would contribute to the fulfillment of  
18 GPEB's mandate?

19 A Well, our mandate is to investigate any conduct,  
20 activity or incident that could negatively  
21 impact or threaten the integrity of gaming. So  
22 in my view the reports of suspicious  
23 transactions, or they're often referred to as  
24 unusual financial transactions, that would  
25 traditionally have come through an 86 and --

1                   Section 86 of the *Gaming Control Act* or  
2                   Section 34(t) of the *Gaming Control Regulations*,  
3                   a report under those two sections that we would  
4                   look into after the act had occurred.

5                   Being that we were present and could be  
6                   called upon in real time, I felt that we could  
7                   respond and provide potential guidance in  
8                   examining that transaction and confirming or  
9                   help confirm whether the transaction was legal  
10                  and legitimate versus illegitimate. And we  
11                  could also at that point assess whether there  
12                  was investigative opportunity or requirement as  
13                  per our regulatory responsibilities or potential  
14                  interests in that particular transaction that  
15                  may relate to police interests and any ongoing  
16                  police investigations that the police may have  
17                  undertaken with relation to the individuals or  
18                  the transaction.

19                  Q     And can you tell -- describe for the  
20                  Commissioner where things stand with respect to  
21                  implementation of that recommendation at this  
22                  point.

23                  A     So, Mr. Commissioner, we spent considerable time  
24                  through 2019 working with the police of  
25                  jurisdiction in the location of the five major

1 Lower Mainland casinos: the Parq, the River  
2 Rock, Hard Rock, Grand Villa Casino and the  
3 Starlight. We worked with the gaming service  
4 provider compliance leads in that -- in those  
5 areas as well as BCLC AML and investigations and  
6 have been working to identify standard operating  
7 procedures, for lack of a term, or casino  
8 response protocols that we all agreed upon could  
9 be, you know, guidance for how we deploy.

10 So in November we did get sidetracked by  
11 COVID and have been deployed into many other  
12 matters during the course of the pandemic, but  
13 we recently met with all those organizations,  
14 representation from those organizations, agreed  
15 upon and delivered on that response protocol and  
16 are in the midst of training our staff as well  
17 as introducing that out to BCLC investigative  
18 staff and gaming service provider compliance.

19 Q Thank you. Let's move ahead now to the second  
20 recommendation arising from your review, which I  
21 understand was to:

22 "Establish a more proactive real-time role  
23 in the investigation of crime in  
24 connection to our regulatory  
25 responsibilities that occur on casino

1                                   property."

2                                   Have I read that correctly?

3                   A     Yes, you have.

4                   Q     Thank you. I wonder if you can tell us sort of  
5                                   practically speaking what that would look like  
6                                   if it was implemented and how that would  
7                                   contribute to GPEB's mandate in your view.

8                   A     Okay. Well, again, in my view, the necessity  
9                                   for this was borne out of the fact that our  
10                                  investigators would now be present in the  
11                                  casinos, and in consideration of matters that  
12                                  are reportable to us under Section 86(2) of the  
13                                  *Gaming Control Act* or Section 34(t) of the  
14                                  *Gaming Control Regulations*, there are matters  
15                                  that are criminal or potentially criminal in  
16                                  nature that have also been identified as matters  
17                                  that would and could threaten the integrity of  
18                                  gaming.

19                                  And so it was my view that given we were  
20                                  present and that these actions could occur at  
21                                  the time we were present in the casino, that we  
22                                  could take a more proactive role in responding  
23                                  to those incidents and ensure that we are  
24                                  properly collaborating with the police in the  
25                                  areas where these incidents occurred in relation

1 to their primary responsibility of investigating  
2 those crimes.

3 Q Thank you. And with respect to the  
4 implementation of this recommendation, where do  
5 things currently stand?

6 A The implementations is at the same stage as an  
7 implementation of the previous recommendation.  
8 They both are really hand in hand for our staff.

9 Q Fair enough. Let's move to the third one, then,  
10 which I gather was to -- that GPEB should "work  
11 with CFSEU-BC and the Joint Illegal Gaming  
12 Investigation Team ... to move to a  
13 collaborative intelligence model with police."

14 Again same question. How does that look  
15 practically speaking if implemented as you  
16 envisioned it?

17 A Yes. Well, that one -- we moved immediately on  
18 that one. I received authority from our ADM to  
19 move our intelligence resources that we had  
20 employed in the early part of February 2019 to  
21 work with police officers at JIGIT, the Joint  
22 Illegal Gaming Investigative Team, to work on  
23 implementing this collaborative intelligence  
24 model.

25 In July of 2019 the model was formalized and



1                   has since been reviewed by the police security  
2                   branch and been approved. And we -- that unit  
3                   has been up and running actively, I would say,  
4                   probably in around September of 2019. Once they  
5                   started to set up on their protocols and  
6                   procedures, they started to deliver on  
7                   intelligence products around that period of  
8                   time.

9                   Q    Thank you. Fair to say that that recommendation  
10                   is fully implemented?

11                   A    Yes, that's fair to say.

12                   Q    Thank you. You've mentioned the -- perhaps I'll  
13                   call it an expanded role for GPEB investigators  
14                   in casinos. And I want to spend a little bit  
15                   more time discussing precisely the type of role  
16                   that investigators might play when present in  
17                   casinos.

18                                At paragraph 30 of your affidavit you refer  
19                   to -- I'll give you a moment to get there.

20                   A    Yes, I have the paragraph.

21                   Q    Thank you. I won't read from it, but I'll just  
22                   paraphrase it. You refer to GPEB investigators  
23                   interviewing casino patrons, and you acknowledge  
24                   some -- it's your understanding that there has  
25                   been some reluctance in the past to take that

1 step. GPEB, I gather, has now determined that  
2 it is appropriate for investigators to interview  
3 patrons in some circumstances; is that correct?

4 A Yeah. So my evidence is that there was  
5 uncertainty around whether it was appropriate or  
6 not appropriate for GPEB investigators to  
7 interview patrons in relation to money  
8 laundering. And in my view, in part due to the  
9 updates and amendments made to the General  
10 Manager's letter, which provides guidance to  
11 gaming service provider and BCLC on what is a  
12 reportable incident, that there is actions or  
13 activities noted within that report under the  
14 category of money laundering that would very  
15 much be -- I see parallel concerns for our  
16 regulatory investigators. And in our regulatory  
17 responsibility we would be looking to  
18 investigate those matters further and  
19 potentially interview patrons relative to those  
20 matters.

21 Q And at least as of the beginning of last year  
22 when casinos were still open, had GPEB  
23 investigators begun to actually conduct  
24 interviews of patrons involved in suspicious  
25 transactions?

1           A     I don't believe in the context of our casino  
2                   deployment we had.  There had been at least a  
3                   handful of situations where our investigators  
4                   that were tied to the gaming intelligence  
5                   investigative unit, the collaborative unit that  
6                   we spoke of earlier, did engage in interviews.

7           Q     And I wonder if you could just speak briefly to  
8                   your perspective on the value of GPEB  
9                   investigators conducting these kind of  
10                  interviews in the case of suspicious  
11                  transactions.  How does that assist GPEB in  
12                  fulfilling its mandate?

13          A     Well, my view is that by conducting these  
14                  interviews, we -- and through the access to the  
15                  databases that we have access to, which includes  
16                  our links to our intelligence collaboration with  
17                  the police, that we are well positioned to  
18                  determine whether the source of funds or source  
19                  of wealth related to these transactions is  
20                  legitimate or illegitimate.  And I think to go  
21                  further, we are also in a position potentially  
22                  through these interviews to -- if found to be  
23                  illegitimate, to attempt to drill down on what  
24                  illicit activity was behind the production of  
25                  these funds so that we can not only confirm, you

1 know, that there is nothing improper to  
2 regulatory responsibility but also we can share  
3 any of that information or relevance with the  
4 police of jurisdiction and/or JIGIT for a  
5 followup investigation.

6 Q Thank you. At paragraph 8 of your affidavit you  
7 refer to -- I'll give you a moment.

8 A Yes. I have that paragraph.

9 Q You refer to some of your own experience  
10 interviewing patrons in casinos as an  
11 investigator or at least connected to casinos  
12 and you refer to some of the safety measures you  
13 took when undertaking that. And I'm wondering  
14 if as GPEB has now confirmed that that is a  
15 proper and appropriate step for investigators to  
16 take, have you implemented or considered what  
17 sort of safety measures or protocols would need  
18 to be in place to conduct these kinds of  
19 interviews?

20 A Yes. Certainly points of discussion with my  
21 management team, with my leadership team and  
22 supervisors and has also been discussed with our  
23 staff who are responsible for deploying into the  
24 field to conduct this work. You know, what I  
25 describe in that paragraph is measures that I

1                   took in a risk assessment and then ultimately  
2                   ways to mitigate what I felt was my risk  
3                   relative to these interviews so that the  
4                   interviews could be conducted safely.

5                   So in my view ultimately my expectation is  
6                   that our staff would conduct similar risk  
7                   assessments, that they would gather all  
8                   information that was available to them to decide  
9                   if it was safe for them to approach these  
10                  interviews and that depending on the risk  
11                  assessment they find ways to mitigate that risk,  
12                  which could include -- and we've received  
13                  support from the police on this, could include  
14                  having a police officer attend and be present  
15                  with us.

16                  Q     Thank you. The Commissioner has heard evidence  
17                      about BCLC investigators conducting interviews  
18                      of patrons involved in suspicious cash  
19                      transactions as well. Do you have an awareness  
20                      of whether those interviews conducted by BCLC  
21                      are still ongoing at least as of when the  
22                      casinos were still open?

23                  A     Actually, very recently myself and Kevin  
24                      deBruyckere, who is the Director of Anti-Money  
25                      Laundering and Investigations for BCLC, agreed

1                   that it would be appropriate for us to strike a  
2                   working group to examine the protocols and  
3                   procedures around investigating patrons.

4                   So I was aware that there was patron  
5                   interviews being conducted by BCLC before the  
6                   casinos were closed and anticipate through this  
7                   working group -- I haven't seen any  
8                   documentation yet from my review -- that there  
9                   will be clarification on when we feel its  
10                  appropriate for BCLC in their AML and business  
11                  responsibilities to conduct interviews when  
12                  there should be deconfliction with us as the  
13                  regulator and/or consideration for us as the  
14                  regulator to take custody of conducting the  
15                  interviews. And then tied to that as well is  
16                  JIGIT is participating in those -- that working  
17                  group as well, and there's discussions around  
18                  when it's most appropriate for both BCLC and  
19                  GPEB to step aside and to allow the police to  
20                  actually conduct an interview depending on what  
21                  they have in their investigative queue.

22                  And, again, there's need, in my view, to  
23                  deconflict at all levels to ensure that we're  
24                  not stepping on each other's toes and that the  
25                  appropriate body is in place to conduct the

1 interview.

2 Q Thank you. You've anticipated my next question  
3 of whether there was collaboration and  
4 coordination between the two organizations in  
5 conducting these interviews. Do you -- and  
6 perhaps you haven't reached this stage in these  
7 conversations. Do you anticipate circumstances  
8 where it may make sense for GPEB and BCLC to  
9 conduct these kinds of interviews together?

10 A I know it has been a topic of consideration. I  
11 don't know what the final recommendations will  
12 be from the working group. And I think, you  
13 know, without being able to provide details, my  
14 first, you know, thought was there are pros and  
15 cons to that approach. So we'll have to  
16 consider once I get the facts from the working  
17 group what's the most appropriate course of  
18 action.

19 Q Thank you. And my next question may also be  
20 premature, but do you anticipate moving forward  
21 that there would be sharing of information about  
22 the -- the sharing of the information came  
23 through these interviews between BCLC and GPEB  
24 moving forward?

25 A Yeah, I think the sharing of information is

1                   critical. There is certainly limitations, I  
2                   guess, or restrictions as to what we may be able  
3                   to share with BCLC versus what we may be able to  
4                   share with law enforcement. I also  
5                   anticipate that -- or the police, sorry. And I  
6                   also anticipate that the police may have  
7                   restrictions and maybe integrity concerns in  
8                   certain circumstances around the investigations  
9                   they're conducting on what they cannot share.

10                   So I think it's critical that there is  
11                   sharing of information at the -- you know, the  
12                   optimal level of sharing to ensure that each  
13                   organization can, you know, effectively and  
14                   efficiently respond to what is their  
15                   responsibility. But I also understand there is  
16                   going to be -- you know, there will be some  
17                   decision points through that work that we'll  
18                   have to be considering and considering the  
19                   privacy law related to the information.

20                   Q    Thank you. Maybe moving more broadly, then, to  
21                   consider what else investigators based in  
22                   casinos might be engaged in. At paragraph 48 of  
23                   your affidavit -- and again I'll give you a  
24                   moment to get there.

25                   A    Yes, I've reviewed the paragraph.



1           Q     So you indicate that:

2                     "The ... Enforcement Division is in the  
3                     process of implementing a number of new  
4                     proactive approaching to enforcement,  
5                     examples which include the following. "

6           And then paragraph 48a:

7                     "GPEB investigators will attend in person  
8                     or provide advice at the time a reportable  
9                     incident occurs, if they are available,  
10                    other than responding after the fact upon  
11                    receipt of a s. 86(2) notification from  
12                    the service provider or BCLC."

13           I'm interested in understanding what actions  
14           investigators might take or advice they might  
15           provide in the case of a suspicious cash  
16           transaction or another suspicious transaction.  
17           In your view would it ever be appropriate for  
18           GPEB investigators to advise service provider  
19           staff to refuse a suspicious transaction?

20           A     Yes, I do believe there could be incidents where  
21           it would be appropriate for us to ask the  
22           service provider to refuse the transaction. I  
23           anticipate that through the gaming intelligence  
24           investigative group -- or sorry, unit, that we  
25           will be aware of background information on

1 patrons or background information on potential  
2 transactions that the gaming service providers  
3 or BCLC may not be aware of. And so if we had  
4 information that was not available to them to  
5 suggest that the transaction was criminal in  
6 nature, then I would anticipate our  
7 investigators would work with the gaming service  
8 providers, if that was seen as an appropriate  
9 investigative step relative to the incident, to  
10 ask them to refuse the transaction.

11 Q And you've used the phrase "ask them to refuse  
12 the transaction." To your understanding did  
13 GPEB investigators have the authority to direct  
14 service provider staff to refuse a transaction?

15 A In my view if our investigators have come to a  
16 determination through their investigation and  
17 knowledge and background of the transaction that  
18 the transaction is criminal, then yes, I would  
19 say we have the authority to advise the gaming  
20 service providers to not -- you know, again, I  
21 guess I want to be careful. I don't know the  
22 specific authorities, I'm not a lawyer, but I  
23 would say it just makes good sense that we as  
24 investigators would not allow for that  
25 transaction to take place if we thought it was

1                   illegal.

2                   Q    Thank you.  Moving ahead now to subparagraph (c)  
3                   of paragraph 48.  You say:

4                               "GPEB investigators will act to detain  
5                               suspects and secure evidence when  
6                               individuals are observed committing a  
7                               criminal offence, the police are unable to  
8                               respond immediately, and it is deemed safe  
9                               to do so."

10                   Again, I want to connect this paragraph to what  
11                   might take place in the event of a suspicious  
12                   transaction.  Would you expect GPEB  
13                   investigators in any circumstances to seize cash  
14                   used in a suspicious transaction?

15                   A    So I think I want to just provide the  
16                   Commissioner with a bit more background here on  
17                   how I see our empowerment first.  We have a  
18                   designated authority to investigate matters, as  
19                   I suggested, either conduct activity or  
20                   incidents, that could threaten the integrity of  
21                   gaming.  And we also have been designated -- not  
22                   designated, but appointed as Special Provincial  
23                   Constables under section 9 of the *BC Police Act*.  
24                   And the way that our appointment reads, as I  
25                   understand it, is that to the extent necessary,

1                   we have the authority to enforce the *Criminal*  
2                   *Code* of Canada and BC statutes as long as that  
3                   activity is connected to our law enforcement  
4                   mandate as a regulatory entity.

5                   So I can envision there would and could be  
6                   situations where we have information, our  
7                   investigators have information that gives them  
8                   reasonable grounds to believe that a criminal  
9                   offence has occurred or that the funds that are  
10                  being -- are involved or the monetary instrument  
11                  that's being involved in the transaction is --  
12                  has been generated from illicit activity or  
13                  criminal activity. And at that point, you know,  
14                  I would suspect in collaboration with the police  
15                  that there may be a need to or an opportunity to  
16                  seize the illicit funds while waiting for the  
17                  police to attend and gathering ourselves to  
18                  discuss and collaborate on the investigation  
19                  moving forward into that criminal matter.

20                  Ultimately it would be the police's  
21                  responsibility to investigate the crime, but  
22                  there would be certain aspects of that that  
23                  occurred in the casino that would overlap with  
24                  our regulatory responsibilities and our  
25                  investigators would be tasked with moving the

1 forward in that role.

2 Q Aside from those we've mentioned, including  
3 interviewing patrons and possibly seizing cash  
4 and contacting law enforcement, are there other  
5 steps that you would anticipate GPEB  
6 investigators might take if present in a casino  
7 during a suspicious transaction?

8 A Well, there is an opportunity here to gather  
9 information and intelligence relative to that  
10 transaction. And so I think, you know, another  
11 role that we would play and could play is  
12 ensuring that the information that is obtained  
13 either by the service provider or by our  
14 investigators directly, if decided it was  
15 appropriate for them to speak directly to the  
16 patron, that that information could then be  
17 brought forward as, you know, intelligence to  
18 the police, and/or information that could be  
19 shared and would be appropriate to share with  
20 BCLC for their consideration in, you know, cast  
21 sanctions or other opportunities that they have  
22 to deal with concerning activity in the casinos.

23 That often does take place currently  
24 through our gaming integrity group, and I would  
25 see that the actions of our staff in the casinos

1                   would only augment the discussions that are  
2                   currently occurring at the gaming integrity  
3                   group meetings.

4                   Q     Thank you.  These changes to the approach of  
5                   GPEB enforcement division and -- excuse me, the  
6                   changes into the actions that GPEB investigators  
7                   might take, including sort of their presence in  
8                   casinos and patron interviews and potentially  
9                   seizing cash, you indicated earlier that these  
10                  came about as a result of some further direction  
11                  and clarification from the Assistant Deputy  
12                  Minister; is that correct?

13                  A     Yeah, so certainly I've been given the  
14                  opportunity with the direction and leadership of  
15                  ADM MacLeod to take, you know, a close look at  
16                  how we can enhance our enforcement response and  
17                  received support for the recommendations that we  
18                  discussed earlier and have been given the  
19                  opportunity to now, you know, work on the  
20                  details in relation to those recommendations and  
21                  collaborate with gaming service providers, the  
22                  police and BCLC and JIGIT, who's a very  
23                  important partner with us, who obviously is  
24                  included with the police, to come up with  
25                  appropriate protocols and procedures for how we

1           respond in these areas. So yeah, it's certainly  
2           the -- if I understand your question correctly,  
3           the support that I've received from the ADM in  
4           allowing me to move forward and examine these  
5           issues and make these decisions has been  
6           critical.

7           Q     And there were no changes to the *Gaming Control*  
8           *Act* or to GPEB's mandate that facilitated  
9           these -- this shift in direction for the  
10          enforcement division; is that correct?

11          A     In relation to these three issues I don't see  
12          any correlation with any act amendments that I'm  
13          aware of and/or policy changes that -- well, I  
14          mean, I should stop and pause for a second on  
15          the policy side. You know, as I -- or, you  
16          know, in the early days after being given the  
17          approval to move forward in these actions, I  
18          certainly then focused on and examined the  
19          designation letters which we received from the  
20          General Manager of gaming that designate us as  
21          investigators and wanted to ensure that those  
22          letters were in line with the vision that I've  
23          shared and the mandate that ultimately we  
24          established in our role as regulatory  
25          investigators.

1                   And I also wanted to ensure and did ensure  
2                   that the wording of our SPC appointments that  
3                   had been in existence were adjusted obviously.  
4                   And that only took the adjustment of naming us  
5                   as a division versus previously referring to the  
6                   compliance division, but ensuring that that also  
7                   was in alignment and ultimately both documents  
8                   referred to a very clear mandated  
9                   responsibility, which I've described.

10                   So those were policy steps, I guess I would  
11                   suggest, or administrative steps taken just to  
12                   ensure that we were working off solid footing,  
13                   in my view, relative to our empowerment and that  
14                   our jurisdiction relative to any event that  
15                   occurred in the casino that had a connection to  
16                   our regulatory mandate and also connected to the  
17                   police responsibility to investigate criminal  
18                   offences was clear.

19                   Q     Thank you. As the work and the nature of the  
20                   work undertaken by GPEB's investigators has  
21                   changed in the ways that we've discussed, I  
22                   understand GPEB has been working on developing a  
23                   training program for investigators. Is that  
24                   correct?

25                   A     Yes, that's correct.



1           Q     And can you speak to how GPEB would go about  
2                    training investigators specifically to take this  
3                    more sort of proactive and immediate role in  
4                    casinos.  What are the processes in place to  
5                    ensure they're ready to take on that type of  
6                    work?

7           A     Well, I've asked and directed the setup of a  
8                    training committee internal to our division to  
9                    examine what would be the standardized training  
10                   model for a gaming investigator.  And so two of  
11                   my investigators, Elizabeth Barry and Jennifer  
12                   Turner, have led that work and produced a work  
13                   plan that we've been following for much of this  
14                   year as well as recently provided me with a  
15                   proposal for what courses or what training would  
16                   be included in a gaming investigator  
17                   certification, for lack of a better term, where  
18                   once a person was onboarded, they receive this  
19                   training and courses relative to the experience  
20                   that they brought forward that we would be  
21                   satisfied they had the -- the knowledge, skills  
22                   and abilities to do the job effectively.

23                                There are a number of courses that are  
24                   associated and outlined in one of the exhibits  
25                   in my affidavit that have been identified as



1                   somewhat potential unpredictable situations so  
2                   that they're safe and to know the limitations  
3                   that they have relative to -- especially the  
4                   police officers. You know, constantly reminding  
5                   them they don't carry the options and tools that  
6                   they used to carry. And I want them to be able  
7                   to articulate themselves, you know, if any  
8                   situation arises where there is any use of  
9                   force, you know, in our connection with the  
10                  police in that role.

11                  Yeah, there's countless other courses that I  
12                  think we've identified as very important, but at  
13                  the end of the day -- sorry, to be long-winded,  
14                  but the model really strikes -- it sets up two  
15                  phases of training over a one-year period. An  
16                  individual would be given a mentor and we're  
17                  working towards establishing and setting that up  
18                  so, like I said, depending on the individual's  
19                  background, they receive the appropriate  
20                  training to meet the regulatory  
21                  responsibilities.

22                  Q    Thank you. You just mentioned the backgrounds  
23                  of the individuals that are staffing the GPEB  
24                  enforcement division and earlier you mentioned  
25                  there was a mix of people with law enforcement

1 backgrounds and other types of backgrounds.

2 The Commissioner has heard evidence earlier  
3 that at times in the past GPEB investigations  
4 division was staffed almost entirely by former  
5 police officers. I'm wondering if the decision  
6 to -- I'll say diversify the backgrounds of the  
7 individuals that are working in the enforcement  
8 division was a deliberate one or are there just  
9 not enough retired police officers to go around  
10 anymore?

11 A I would say a little bit of both. You know,  
12 it's a deliberate one because I definitely,  
13 after being with GPEB for a couple of years,  
14 have come to realize that what I thought would  
15 be a natural transition from my law enforcement  
16 background and my law enforcement experience to  
17 a regulatory experience it is not as linear as I  
18 would have expected, I guess is the term. But  
19 there is differently unique responsibilities  
20 that we carry as a regulatory body and  
21 administrative law is a very important aspect of  
22 our work and what we strive to achieve and what  
23 governs our work. So, you know, I think that it  
24 is very beneficial for us as an investigative  
25 group to have a mix of ex-police officers and

1                   investigators from other fields and other  
2                   backgrounds.

3                   I say a mix of both because certainly  
4                   through the early -- or almost the majority of  
5                   2019, we had to run several investigative -- or  
6                   sorry, competitions for our investigator  
7                   positions before we were able to staff all of  
8                   the positions that we had available relative to  
9                   our casino deployment. So it is a little bit of  
10                  both.

11                 Q    Thank you. You spoke earlier about the -- some  
12                   collaboration and work you're doing with BCLC to  
13                   coordinate and sort out exactly how patron  
14                   interviews should be pursued and perhaps divided  
15                   between the two organizations. The commission  
16                   has heard some evidence previously generally  
17                   about some level of conflict between BCLC and  
18                   GPEB, in particular the GPEB investigations  
19                   division as it once existed. And I want to get  
20                   your views, if I can, a little bit more  
21                   generally about the relationship between GPEB  
22                   and BCLC in your experience.

23                   And I wonder if we can go back to the  
24                   beginning of your tenure in your current  
25                   position. And can you describe the nature of

1                   the relationship between the two organizations  
2                   as you observed and experienced it?

3           A    My experiences have been positive.  You know, I  
4                   have enjoyed a very collaborative relationship  
5                   with my counterparts with BCLC and my  
6                   counterparts in the gaming service provider  
7                   compliance areas.  And my observation is that  
8                   our -- I think our investigators have always  
9                   enjoyed a collaboration with the investigators  
10                  at BCLC.

11          Q    Thank you.  I gather another important  
12                  relationship for GPEB's enforcement division is  
13                  with law enforcement.  Is it fair to say that  
14                  the law enforcement unit that GPEB works most  
15                  closely with at this time is the Joint Illegal  
16                  Gaming Investigation Team?

17          A    Yes, that would be correct.

18          Q    Okay.  Can you briefly describe GPEB's role  
19                  within JIGIT and the nature of that  
20                  relationship.

21          A    Well, our relationship has evolved since I took  
22                  this position as Executive Director of  
23                  enforcement.  It still remains as our secondment  
24                  agreement would state.  But I guess to explain  
25                  that, when our investigators were initially

1                   seconded over there, they worked operationally  
2                   alongside the police officers relative to the  
3                   investigations that JIGIT undertook. But when I  
4                   took the chair, I was advised of gaps in our  
5                   ability to work, you know, in that role and in  
6                   that capacity because we lack use of force tools  
7                   and options and certain police investigative  
8                   tactics and strategies would require those  
9                   options.

10                   So recently decisions were made to take our  
11                   investigative complement and connect them  
12                   closely to the gaming intelligence investigative  
13                   unit so that the intelligence and actionable  
14                   intelligence that that unit creates or develops  
15                   or produces, that they have a group of  
16                   investigators that can take the higher level,  
17                   more, say, high-risk intelligence and  
18                   investigate that further to either obviously  
19                   complement the intelligence probe or the  
20                   intelligence development and/or further develop  
21                   the information so that the police can then  
22                   consider that as a step-off point for an  
23                   investigation at JIGIT. So our investigative  
24                   role has evolved to where we're more closely  
25                   aligned with that intelligence work.

1           Q     And you've mentioned this intelligence function  
2                   a couple of times. Is part of the role or the  
3                   purpose of that intelligence function to  
4                   identify new and emerging threats to the  
5                   integrity of gaming, including risks of money  
6                   laundering?

7           A     That's correct, yes.

8           Q     I wonder if we can move, then, to discussing  
9                   your views, as you may have them, of the sort of  
10                  current threats related to money laundering in  
11                  casino and gaming environments. The  
12                  Commissioner has heard evidence of large cash  
13                  transactions in casinos prior to the  
14                  implementation of the source of funds  
15                  requirements in 2018. I'm wondering if in your  
16                  view with the implementation of those  
17                  requirements how you see the risk of money  
18                  laundering in casinos through large --  
19                  specifically through large cash transactions at  
20                  this stage.

21          A     Well, it's my understanding through briefings  
22                  that there has been a significant reduction in  
23                  large cash transactions. So there has been, you  
24                  know, obviously an effect on those transactions  
25                  through the source of funds declaration and, you



1 know, the policy directives that were related to  
2 Dr. German's interim and final report.

3 Q And to the extent those large cash transactions  
4 continue, are you able to speak to a level --  
5 what level of confidence you have that the  
6 source of funds requirements and the receipting  
7 requirements are sort of a sufficient safeguard  
8 to protect against that risk of money  
9 laundering?

10 A In my view and certainly in discussions with my  
11 staff, I think there is a need to continually  
12 assess and potentially improve on those --  
13 regulations I guess is the wrong term, but those  
14 actions that you've described. So, you know, I  
15 think that there could be a definite improvement  
16 and one of the areas that I'll be interested to  
17 hear from our working group on patron interviews  
18 is whether there is more focused questions that  
19 could and should be asked relative to the  
20 declarations and the inquiries around the source  
21 of wealth and source of funds, that those  
22 questions may generate more information or  
23 relevant and pertinent information that will  
24 help assess the risk of money laundering.

25 Q Thank you. And thinking, then, of transactions

1                   that are not covered by those source of funds  
2                   requirements, those under \$10,000, do you have a  
3                   perspective as to the risk of money laundering  
4                   through transactions at that level?

5           A       Well, currently in collaboration with BCLC and  
6                   our compliance division and our gaming  
7                   intelligence investigative unit, that is a  
8                   matter that's being examined, is to -- you know,  
9                   what are the results of the cash -- or the  
10                  source of funds declaration on activities that  
11                  occurred below the \$10,000 threshold. And I am  
12                  waiting to ultimately see what the final outcome  
13                  is of that work.

14                         There's, you know, audit work and now  
15                         intelligence work that's supporting that work  
16                         that will hopefully give us an idea of what our  
17                         risk is there. So I guess at this point I would  
18                         say it's a bit unknown as to exactly what the  
19                         risk is.

20           Q       Okay. And in your affidavit referring to some  
21                   of your experience with Project Athena, you  
22                   refer to the risk of money laundering using bank  
23                   drafts. And I'm wondering if you can speak to  
24                   the -- your assessment of the extent of that  
25                   risk.

1           A     Well, I might not be entirely up to date with  
2                    what actions the banks have taken relative to  
3                    this issue, but I am still of the impression  
4                    that there is still a potential vulnerability  
5                    with bank drafts.  Again, to be clear, my  
6                    understanding of the issue with bank drafts, as  
7                    I understand it through my participation in  
8                    these meetings, is that the bank drafts lacked  
9                    the informational component on the draft in  
10                  order for, you know, people receiving the draft  
11                  to confirm that the draft was drawn on the same  
12                  account from the same patron or same owner of  
13                  the account as the draft was being deposited  
14                  to -- in a PGF account scenario.

15                         And so because that information wasn't  
16                         available and, what I would say, it wasn't  
17                         certified in any way by the bank so that there  
18                         was a way of validating that the funds came from  
19                         the same individual's account.  There was a risk  
20                         of third-party deposits, which raises risk for  
21                         potential money laundering.

22                         So I was aware when briefed on this back in  
23                         January 2019, for instance, that there was one  
24                         bank, I believe, that had actually made a move  
25                         to change the informational components of their

1 draft and many others were in the midst of -- as  
2 the compliance leads were the ones I was  
3 referring to and talking to, were in the midst  
4 of dealing with their managers on that.

5 Again, the Project Athena has transitioned  
6 to the Counter Illicit Finance Alliance. It's  
7 what it's being referred to now. And the same  
8 representatives at the banks are present and are  
9 involved in continuing discussions around this,  
10 but I don't know -- I can't tell you at this  
11 point what the state of the union is there  
12 relative to all the bank drafts and whether that  
13 vulnerability has been closed or that gap has  
14 been closed

15 Q Thank you. And aside from these -- the risks  
16 of -- related to cash transactions and bank  
17 drafts, has the GPEB enforcement division  
18 identified other risks of money laundering in  
19 casinos that you can speak to?

20 A Probably the best source for that is we  
21 participate in anti-money laundering  
22 vulnerabilities working group, which is being --  
23 it was organized by our strategic policy and  
24 projects division and involves representation  
25 from all of our divisions plus recently brought

1                   in representation from BCLC as part of an AML  
2                   risk working group. And so, you know, there are  
3                   risks that have been identified through that  
4                   group. I can't quote them off the top of my  
5                   head, but certainly they've produced a  
6                   spreadsheet that's maintained that identifies  
7                   those risks that are brought forward by the  
8                   various stakeholders involved in the group. And  
9                   then through our collaboration with BCLC there's  
10                  discussion work on what research is required to  
11                  look into that particular vulnerability or issue  
12                  and what mitigation strategies may be employed  
13                  to respond.

14                         So, again, my experience -- sorry, but my  
15                         experience with organized crime is that the  
16                         threat landscape constantly changes and evolves,  
17                         and so I anticipate that we will constantly need  
18                         to monitor the activities that relate to  
19                         organized criminal behaviour that connect to our  
20                         regulatory mandate so that we can continue to  
21                         mitigate the risk.

22                  Q     And of course GPEB's mandate is not limited  
23                         specifically to casinos. And I'm curious if  
24                         GPEB or the enforcement division has undertaken  
25                         assessment or analysis of money laundering risks

1                   in other areas of gaming, such as e-gaming or  
2                   horse racing?

3           A       Well, in relation to e-gaming and specifically  
4                   around PlayNow, my investigators have been  
5                   conducting some investigations with relation to  
6                   reports of fraud, specifically credit card fraud  
7                   in relation to PlayNow accounts.  Again, I know  
8                   that that has been elevated to me and become an  
9                   issue of discussion between me and Kevin  
10                  deBruyckere so that we can look at whether there  
11                  is areas for improvement in reporting of these  
12                  incidents to us and consistently reporting and  
13                  whether we can, through our collective  
14                  responsibilities, drill down on this -- what's  
15                  occurring here to determine if there is any  
16                  money laundering activity behind the credit card  
17                  fraud.  To date we haven't uncovered anything to  
18                  date that there has been money laundering in  
19                  relation to this fraud, but that would be an  
20                  area, again, that is on my radar for our  
21                  consideration.

22                               I can't think of other areas that my  
23                               investigators through our responsibilities have  
24                               focused on and identified.  There may be other  
25                               things that have flowed through the A ML working

1                   group that I'm not able to recall here now.

2                   Q     Of course. And my final question is the GPEB  
3                   enforcement division is not solely dedicated to  
4                   casinos. It is also not solely dedicated to  
5                   money laundering, as I understand it. Can you  
6                   speak to where you would view the risk of money  
7                   laundering relative to other threats to the  
8                   integrity of gaming. How high on the  
9                   enforcement division's priority list is that  
10                  issue compared to others?

11                  A     I think the best way for me to answer that  
12                  question is it really depends on the incident  
13                  that we have identified that is -- you know, is  
14                  reportable to us and is part of our regulatory  
15                  responsibility that may relate to money  
16                  laundering and what facts exist within that  
17                  incident that would, you know, allow us to  
18                  assess the level of risk.

19                                 In the end of 2019 I asked one of my  
20                                 regional directors, Philip Montgomery, to lead  
21                                 the creation of a standard response policy. And  
22                                 the goal there in connection to what you just  
23                                 described was to look at everything that was  
24                                 reportable to us and fell within our  
25                                 responsibility and try to apply a level of

1           objective risk assessment to those incidents  
2           when they're reported so that we could then  
3           ensure that our investigators were focused  
4           toward that risk and we've really just  
5           classified simply as low, medium or high. And  
6           if there are areas where we're overwhelmed by  
7           the higher risk situations that we would look at  
8           moving the investigations, if possible, to  
9           investigators in other areas that may have  
10          capacity.

11                   And so in that risk assessment I believe  
12           money laundering has two classifications as far  
13           as the types of incidents that would be  
14           reportable to us and the anticipated information  
15           that may be present at the time that we assign  
16           our file. And then, you know, our investigators  
17           are given the flexibility to investigate those  
18           matters and ultimately report back to us as to  
19           whether the threat that they -- was identified  
20           at the time of the report matches the threat  
21           relative or risk relative to what they've  
22           learned through their investigation. And there  
23           is, you know, reporting requirements or  
24           investigative expectations that flow relative to  
25           each level of risk, so ...



1                   I don't know if that answers your question  
2                   as to whether money laundering gets placed  
3                   relative to other matters, but I think there are  
4                   circumstances relative to the incidents that are  
5                   reportable to us that we're responsible for that  
6                   hit a high-risk level in relation to money  
7                   laundering, but there is also other matters that  
8                   are reportable to us that based on our  
9                   assessment of risk would also hit a high level  
10                  of risk.

11                 MR. McCLEERY: Thank you very much.

12                   Mr. Commissioner, those are my questions for  
13                   Mr. Skrine.

14                 THE COMMISSIONER: All right. Thank you,  
15                   Mr. McCleery.

16                   I'll now call on Mr. Simonneaux for Canada,  
17                   who has been allocated 10 minutes.

18                 MR. SIMONNEAUX: Thank you, Mr. Commissioner. Given  
19                   the evidence elicited by commission counsel in  
20                   direct, we have no further questions to ask of  
21                   this witness.

22                 THE COMMISSIONER: All right. Thank you,  
23                   Mr. Simonneaux.

24                   Now Mr. Smart on behalf of the British  
25                   Columbia Lottery Corporation, who has been

1 allocated 20 minutes.

2 MR. SMART: Thank you.

3 **EXAMINATION BY MR. SMART:**

4 Q Mr. Skrine, I gather that your perception is  
5 there's a good working relationship between BCLC  
6 investigators and GPEB investigators, your  
7 group?

8 A Yes, correct.

9 Q And you've -- whatever tensions there were in  
10 the past, they appear to be largely behind the  
11 two organizations from your perspective?

12 A Correct.

13 Q You've come to this from -- after years in  
14 policing. Some of the recommendations you've  
15 described to the Commissioner, are those  
16 recommendations in part that you have envisioned  
17 yourself? There's ideas that just make good  
18 sense to you?

19 A The recommendations that I made certainly  
20 ultimately made good sense to me, but they were  
21 also impacted by input and feedback from all of  
22 our investigators that we're asking to do this  
23 work in the casinos, feedback from BCLC AML and  
24 investigations, feedback from the gaming service  
25 provider compliance leads. I met with police

1 leadership at a very high level in the locations  
2 where the major Lower Mainland casinos exist and  
3 it was feedback from all of those groups that  
4 ultimately impacted my recommendations.

5 Q Do you agree with me that BCLC investigators are  
6 committed to implementation of anti-money  
7 laundering procedures, techniques, changes,  
8 whatever it takes to try to reduce money  
9 laundering in casinos?

10 A Yes.

11 Q One of the steps you've taken is to improve the  
12 training for GPEB investigators?

13 A The step I've taken is to establish a  
14 standardized training model for GPEB  
15 investigators. The standards -- there was no  
16 standard training prior to this. My assessment  
17 is that -- because most investigators were  
18 ex-law enforcement, that there hadn't been any  
19 approach to, you know, a full standardized  
20 training package before I came along.

21 Q One of the steps, for example, is I think fairly  
22 recently you've mentioned in your affidavit is  
23 having your investigators take the  
24 certification, the training. Is it -- I'm  
25 trying to remember the acronym. You probably

1 know it.

2 A CAMLI training, yes. Arranged for all of our  
3 investigators to take an investigator-level  
4 CAMLI training course on money laundering.

5 Q Are you aware that BCLC investigators have been  
6 doing that for years?

7 A It's my understanding that BCLC investigators,  
8 or at least a portion of them in the AML area,  
9 are taking training through ACAMS, which is a  
10 different group that offers money laundering  
11 training. But yes, I am aware they have been  
12 taking money laundering training for some time.

13 Q So I want to ask you some of the -- I want to  
14 ask you a little bit about in your will-say and  
15 in your affidavit. And let me start -- you've  
16 got your affidavit before you?

17 A Yes, I do.

18 Q Okay. I'll direct you to the paragraph 7. And  
19 I just want to -- just to elaborate a little  
20 further. In paragraph 7 your bottom sentence,  
21 you say:

22 "During my time as an investigator --"

23 And this is with GPEB:

24 "-- I was aware of some unusual financial  
25 transactions, but they were small

1                   denomination transactions, below \$10,000  
2                   where there was suspicion of refining."

3                   And refining is -- I think we've heard, trying  
4                   to change the denomination of the bills?

5           A       Yes. You may also have referred to it as  
6                   colouring up.

7           Q       Yes.

8           A       So taking small denomination bills in exchange  
9                   for higher denomination bills.

10          Q       Were those concerns investigated?

11          A       Yes.

12          Q       What was the outcome?

13          A       Well, I can think of one in particular that  
14                   stands out for me where I investigated the  
15                   matter and in consultation with the police  
16                   learned that the subjects involved in the  
17                   transaction were related to an organized crime  
18                   figure that may have been fleeing an arrest  
19                   warrant.

20          Q       In paragraph 8 you discuss conducting  
21                   interviews. You say:

22                   "During my time as an investigator in the  
23                   Kelowna region, I conducted interviews of  
24                   patrons from time to time. I was aware of  
25                   potential safety risk in doing so and took

1                   precautions by asking fellow investigators  
2                   to join me, check in on my status or  
3                   ensure that meetings took place in  
4                   locations such as the courthouse."

5                   Can you give us an example of where you'd have  
6                   another investigator join you? What kind of  
7                   interview would that be?

8                   A    I don't know, Mr. Smart, if that relates to any  
9                   particular interview but rather my risk  
10                  assessment relative to the individual that I'm  
11                  dealing with and meeting with. So the incident  
12                  I'm investigating would be part of that  
13                  equation, but I would also be considering any  
14                  information I had available to me relative to  
15                  their background.

16                 Q    Did you interview people that you knew were  
17                  connected to organized crime?

18                 A    In one particular instance I did, yes. That is  
19                  actually an incident that I used the courthouse  
20                  as a means of mitigating the risk.

21                 Q    Yes.

22                 A    And I knew the organized crime figure previously  
23                  because I had investigated him when I was with  
24                  CFSEU-BC.

25                 Q    You're aware that BCLC investigators have been

1 interviewing patrons for a number of years?

2 A I don't know how long, Mr. Smart, but I was  
3 aware that BCLC was investigating patrons, yes.

4 Q Okay. Were you concerned for BCLC investigators  
5 that they were doing that for -- were you  
6 concerned for safety reasons for them?

7 A I think to answer that I need to reflect on  
8 where I'm currently at in my discussions with  
9 Kevin deBruyckere, and I think that concerns for  
10 safety would be an element in consideration of  
11 the protocols that we hope to put into place as  
12 to when BCLC may conduct the interview versus us  
13 versus the police. I also think, though, that,  
14 you know, just ensuring -- we must ensure that  
15 when those interviews are conducted that the  
16 interviews fall within our responsibilities or  
17 sphere of influence, and I think that is also a  
18 very important area that needs to be resolved  
19 relative to patron interviews.

20 Q But prior to your -- GPEB's decision to begin  
21 the interview -- let me make sure I understand  
22 this. Is GPEB interviewing patrons now?

23 A We have, yes.

24 Q Okay. Prior to that happening, it was left to  
25 BCLC investigators to do -- to fulfill that

1 function, wasn't it?

2 A I don't know if I would frame it up as "left to"  
3 them. I was aware that BCLC had elected to,  
4 through their work, interview patrons. It  
5 wasn't -- when you use the term "left" I just  
6 don't want it to be perceived as somehow that  
7 was a decision that we made and delegated to  
8 BCLC.

9 Q Well, let's put it differently, then. There was  
10 a vacuum. If anybody was going to interview  
11 patrons, it was -- BCLC took on that  
12 responsibility because no one else was doing it.  
13 Is that fair?

14 A I can't answer why or what was behind the  
15 decision for BCLC to conduct interviews. I  
16 wasn't part of that discussion.

17 Q All right. So the plan is to have GPEB  
18 investigators go to casinos and do routine  
19 patrols and interview patrons from -- when it  
20 seems necessary to do so. Is that what the plan  
21 is moving ahead?

22 A I would agree with that, yes. Missing from that  
23 is that that would be also including, you know,  
24 the need to respond to incidents that are  
25 reportable to us. That would somewhat govern



1                   our behaviour in that role.

2           Q       But the plan is actually to be on site or close  
3                   to site so that you can step in in real time and  
4                   conduct investigations?

5           A       Yes, that's the plan, recognizing that there are  
6                   limitations in our resources, you know, as to  
7                   how many resources we have available to deploy  
8                   to those casinos. But yes, that is the plan.

9           Q       And to not just work 9:00 to 5:00, but to be  
10                  available when it's busy times at casinos. Is  
11                  that another step that you plan to implement?

12          A       That has been in effect for some time. Yes, our  
13                  investigators are deployed during peak periods  
14                  in the casinos.

15          Q       Okay. And as you've described, where there's  
16                  suspicious cash transactions to interview  
17                  patrons with respect to the source of funds?

18          A       That is the plan, yes.

19          Q       And if there's sufficient evidence, you may --  
20                  you believe you have the authority as the  
21                  regulator overseeing the integrity of gaming  
22                  that you have the authority to direct service  
23                  providers not to accept cash if there's  
24                  sufficient evidence before you that it's the  
25                  proceeds of crime or may be the proceeds of

1 crime?

2 A I believe, Mr. Smart, that if our investigators  
3 form the opinion on reasonable grounds that the  
4 transaction that's occurring before them is  
5 illegal, that they should step in and direct if  
6 they felt it appropriate in an investigative  
7 step in the -- that the cash not be accepted.

8 Q And that all makes good sense, doesn't it,  
9 Mr. Skrine, give that -- your Special Constable  
10 status, and you have that authority as Special  
11 Constables to investigate criminal offences in  
12 relation to the integrity of gaming?

13 A To the extent necessary, yes, we have that  
14 authority under SPC appointment.

15 Q And the reason I'm asking you the steps that  
16 you're taking, and I'm sure BCLC is supportive  
17 of those steps, but those could have been  
18 implemented years ago by GPEB, couldn't they  
19 have?

20 A I can't answer that because I don't know whether  
21 there was any legislative changes that existed  
22 previous to my coming on board that would have  
23 precluded that or policy changes or even what,  
24 you know, the direction was from the ADM, which  
25 has been an important element of my

1 decision-making and ability. So I can't answer  
2 what they could have done previously.

3 Q Well, the steps that have taken place could  
4 have -- if it's necessary to have policy  
5 changes, legislative changes, that all could  
6 have been done years ago to enhance GPEB's role  
7 in casinos, couldn't it have?

8 A Again I find that difficult to answer. I do not  
9 have all the facts at hand to be able to answer  
10 that question.

11 Q Okay. Did you have any difficulty getting these  
12 new processes that you're bringing in -- going  
13 to bring into place, have any difficulty having  
14 those implemented or plan to have them  
15 implemented?

16 A It depends how you define "difficulty."  
17 Certainly there is complications around, you  
18 know, what I've recommended, and lots of work  
19 has been put into it in a very collaborative way  
20 with BCLC and our other stakeholders in -- you  
21 know, in working out the details. So I have not  
22 ran into any resistance or roadblock so far  
23 relative to the matters that have been described.

24 Q All right. Thank you. I gather with respect to  
25 bank drafts you're not saying that allowing bank

1 drafts is a bad idea; you just simply want to  
2 ensure there's sufficient safeguards or steps in  
3 place to ensure that using bank drafts doesn't  
4 increase the risk of proceeds of crime being  
5 used -- entering casinos and player gaming  
6 accounts through those drafts? You want  
7 sufficient safeguards in place before bank  
8 drafts are allowed?

9 A That's correct.

10 Q It makes sense, doesn't it, if you've got  
11 sufficient safeguards, let's use bank drafts  
12 rather than having cash come in the casino?

13 A In my view if there's proper safeguards in  
14 place -- are in place for bank drafts, then  
15 there is a lower risk to those bank drafts than  
16 bundles of \$20 bills.

17 Q Yeah. With respect to your relationship with  
18 BCLC, in your will-say you describe that you  
19 have what you state is a great relationship with  
20 Kevin deBruyckere, which you describe as  
21 collaborative and respectful?

22 A Correct.

23 Q And that's accurate?

24 A Absolutely.

25 Q And it continues to today?

1           A     Yes, it does.  Yes.

2           Q     And you've had positive relationships with  
3                 others at BCLC, including John Karlovcec, who's  
4                 now retired, but when he was working there, you  
5                 had a good relationship with him?

6           A     Yes, that's correct.

7           Q     And do you -- have you worked with Brad  
8                 Desmarais?

9           A     Not often.  Obviously there's a significant  
10                difference in, I'd say, role and responsibility  
11                on his end to mine, but I have had the odd  
12                occasion to work with Brad Desmarais and had  
13                worked with Brad Desmarais previously in my  
14                policing career.

15          Q     Yes.  Did you know him as a police officer?

16          A     I did, yes.

17          Q     And he was very knowledgeable as a police  
18                officer about proceeds of crime?  Or maybe you  
19                don't know that background.  I don't know.

20          A     That I can't respond to because, yeah, my  
21                involvement with him was not in relation to  
22                proceeds of crime.

23          Q     Is it a fair description for me to say that  
24                GPEB's role in investigating money laundering  
25                and criminal offences in casinos is going to

1                   dramatically change in the years to come given  
2                   the recommendations and processes that you're  
3                   intending on implementing?

4           A        I mean, my hope is that the recommendations I've  
5                   made and the work that we're doing in  
6                   implementing those recommendation and any other  
7                   issues that may serve us, that that will  
8                   absolutely benefit the gaming industry and put  
9                   us as a regulator in the niche that we should be  
10                  in in our responsibilities to augment, you know,  
11                  the police, BCLC's and the gaming service  
12                  providers' response to issues of concern around  
13                  the integrity of gaming.

14           MR. SMART: All right. Thank you, Mr. Skrine.

15           THE COMMISSIONER: Thank you, Mr. Smart.

16                                I'll now call on Ms. Harmer on behalf of  
17                                Great Canadian Gaming Corporation, who has been  
18                                allocated 10 minutes.

19           MS. HARMER: Thank you, Mr. Commissioner.

20           **EXAMINATION BY MS. HARMER:**

21           Q        Mr. Skrine, I had a few questions about the  
22                   affidavit you've sworn in this proceeding.  
23                   Around paragraph 123 of that affidavit -- and  
24                   you can turn that up if it's helpful, but I can  
25                   probably ask these questions without taking you

1                   there, if it's --

2           A        I wouldn't mind just taking a minute to get to  
3                   that paragraph.  So it's paragraph 123?

4           Q        Yes, of course.  Please take your time.  I think  
5                   you'll find that at page 25.  Do you have that  
6                   in front of you?

7           A        Yes, I do.

8           Q        These paragraphs talk about an investigation  
9                   that you did into the ownership of Great  
10                  Canadian; is that right?

11          A        No, that wouldn't be entirely correct.  These  
12                  paragraphs relate to an inquiry that I was asked  
13                  to make by then executive director Anna  
14                  Fitzgerald, who was my supervisor, in relation  
15                  to information that was included in an  
16                  intelligence report created by the -- I believe  
17                  created by the RCMP.

18          Q        Thank you for clarifying.  And I've looked at  
19                  that -- the results of your internal -- or your  
20                  initial review as you describe it in your  
21                  affidavit, and it looks like the allegations  
22                  that were found in that RCMP report related to  
23                  somebody who may have been involved in the  
24                  ownership of Great Canadian back in 1993; is  
25                  that right?

1           A     If I may refer to my interim report, I'd  
2                   probably be in a better place to respond to that  
3                   question.

4           Q     Yes, of course. And you will find that ...

5           A     I have it here.

6           Q     I think it's exhibit QQ.

7           A     If I can just have a moment to read my -- the  
8                   conclusion of my interim report, I'll be in a  
9                   better position to answer your question. All  
10                  right. And, sorry, what was your question?

11          Q     So my question was the individual that you were  
12                  looking into, the allegations regarding this  
13                  individual, his involvement was said to be in  
14                  Great Canadian in 1993; is that right?

15          A     Yeah. Well, I think it's important to clarify  
16                  for the commission a couple of things. First  
17                  off, I wasn't involved in the creation of the  
18                  report that is being referred to here that  
19                  generated the requests for my inquiry. That  
20                  report was generated by the police, as I  
21                  mentioned earlier. And that in my interim  
22                  report I was unable to connect with or contact  
23                  the intelligence analyst that was responsible  
24                  for putting the report together because she had  
25                  retired and so was not able to 100 percent



1 confirm that the source of the information that  
2 I was asked to inquire about. So I just want to  
3 be cautious not to mislead the commission that  
4 any interim finding that I made relative to this  
5 inquiry was related to my personal dealings with  
6 the subject or the investigation into the  
7 subject itself because I was not involved in  
8 that.

9 Q Thank you, Mr. Skrine, for clarifying. You did  
10 an interim report and you didn't pursue this  
11 matter any further?

12 A That's correct. I provided an interim report to  
13 Executive Directive Fitzgerald, and then at that  
14 point was advised I no longer needed to pursue  
15 the matter further.

16 Q And it's fair to say that GPEB would have  
17 pursued the matter had it found any concerns  
18 after your interim report?

19 A Again my purpose was not to investigate the  
20 incident. The purpose of my inquiry was to try  
21 to source the information that related to that  
22 paragraph because it was my understanding that  
23 there had been an FOI request made relative to  
24 that information, and we were attempting to  
25 respond to that FOI request.

1 Q And you were unable to source that information?

2 A That's correct. I was able to get information  
3 that may have related to the information, but I  
4 was not able to speak directly with the  
5 intelligence analyst or confirm 100 percent that  
6 the information I had uncovered related to that  
7 quotation in the report.

8 Q And that was the end of your investigation?

9 A That's correct.

10 Q Thank you, Mr. Skrine. I had one more question  
11 or one more series of questions about your  
12 affidavit, and it has to do with the Paladin  
13 project, also known as Project Icarus. If I  
14 could direct you to paragraph 134 of your  
15 affidavit.

16 A Yes, I see that portion of my affidavit.

17 Q And paragraph 134 speaks to River Rock not  
18 reporting certain events to GPEB; is that right?

19 A That's correct.

20 Q The report that you've attached to your  
21 affidavit, one of the conclusions is that the  
22 number of unreported events was minuscule. Do  
23 you recall that conclusion?

24 A I do, yes.

25 Q And these unreported events, none of them



1                   rather than going to you at this point,  
2                   Mr. McFee, we'll take the morning adjournment  
3                   for 15 minutes, then resume with you after the  
4                   adjournment. All right.

5                   MR. McFEE: Thank you.

6                   THE REGISTRAR: The hearing is now adjourned for a  
7                   15-minute recess until 11:09 a.m.

8                   **(WITNESS STOOD DOWN)**

9                   **(PROCEEDINGS ADJOURNED AT 10:54 A.M.)**

10                  **(PROCEEDINGS RECONVENED AT 11:08 A.M.)**

11   **CARY SKRINE, a witness**  
12   **for the commission,**  
13   **recalled.**

14                  THE REGISTRAR: Thank you for waiting. The hearing  
15                   is resumed. Mr. Commissioner. You're muted,  
16                   Mr. Commissioner.

17                  THE COMMISSIONER: I have to remind myself.

18                                   Yes, Mr. McFee on behalf of James Lightbody,  
19                   who has been allocated 20 minutes. Thank you.

20                  MR. McFEE: Thank you, Mr. Commissioner.

21                  **EXAMINATION BY MR. McFEE:**

22                  Q    Mr. Skrine, I'd just like to focus for a moment  
23                   on the recommendations you made arising from  
24                   your review of GPEB's enforcement practices.  
25                   And I think you indicated in answer to

1                   commission counsel's questions that your first  
2                   two recommendations which were establishing a  
3                   more proactive and real-time role in responding  
4                   to suspicious transactions and then, secondly,  
5                   establishing a more proactive real-time role in  
6                   the investigation of crime in connection with  
7                   regulatory responsibilities that occur in casino  
8                   properties are intertwined?

9                   A    Yes, that's correct.  They both relate to the  
10                   same casino response communication protocol that  
11                   we've been working on with the stakeholders  
12                   involved.

13                   Q    And as I understood your evidence, a key element  
14                   in implementing those recommendations was  
15                   deploying GPEB investigators into casinos; is  
16                   that fair?

17                   A    A key factor in making these recommendations was  
18                   the fact that our investigators had already been  
19                   deployed.  So prior to my coming along those  
20                   decisions had already been made and  
21                   investigators had already been hired and  
22                   deployed in that fashion.

23                   Q    And it may be that I missed it, but it wasn't  
24                   entirely clear to me in your evidence when GPEB  
25                   investigators were actually deployed into the

1 casinos. Can you help me with that?

2 A It's my recollection that the recommendation  
3 from the Dr. German -- interim recommendation by  
4 Dr. German for GPEB to provide a 24/7 response  
5 to casinos came at the end of, I believe, 2017.  
6 And so it was early 2018 in the spring when  
7 decisions were made to hire six investigators in  
8 a temporary role, a temporary assignment, and to  
9 deploy them to the casinos in that response.

10 Q And were there particular casinos that were  
11 targeted for that deployment or was it province-  
12 wide?

13 A I don't recall if Dr. German's recommendation  
14 specified. I do know that in our assessment  
15 of -- when we looked at -- and it started prior  
16 to my taking the executive director role and  
17 then carried on in -- when I took the role is  
18 there was an examination of what would be  
19 considered a peak period of activity within a  
20 24-hour -- a 24/7 response model. And so, you  
21 know, the timing of reports of suspicious cash  
22 transactions -- such a category existed back in  
23 the day, which would be more appropriately  
24 referred to as unusual financial transactions  
25 today -- the timing of PGF account openings and

1           the timing of reported large cash transactions  
2           were first used to identify when would be the  
3           most appropriate time to shift our resources in  
4           the casinos. And then when I came along I asked  
5           that an additional parameter be looked at, which  
6           was the timing of reports under Section 86(2) of  
7           the *Gaming Control Act* and 34(t) of the *Gaming*  
8           *Control Regulations* just to overlap that data as  
9           well, to determine what the peak period of  
10          activity was. It turned out that it made no  
11          change in the timing that was considered to be  
12          peak period.

13          Q     And for those of us that don't know, what are  
14                 the peak periods at a casino? What did your  
15                 examination and analysis show you?

16          A     We identified, you know -- and, again, there's  
17                 differences for each of the -- and I don't think  
18                 I answered fully your question before. The five  
19                 casinos that were identified for this deployment  
20                 were the River Rock, the Grand Villa, the  
21                 Starlight, the Hard Rock Casino and the Parq  
22                 Casino. And so it was those casinos that we  
23                 ultimately focused on.

24                         And, again, when I first joined we did  
25                         examine other Lower Mainland casinos in a

1 similar way and did not identify a frequency of  
2 incidents in those categories I described that  
3 would result in us recommending permanent  
4 deployment in the other casinos. So as far as  
5 those five casinos go, and there is slight  
6 differences, but we identified a 16-hour period  
7 of -- that we would determine was a peak period.  
8 And through the ultimate hiring of additional  
9 resources, we hired 12 resources in total for  
10 this role and as we filled those positions, we  
11 have worked towards providing a shifting model  
12 where there's 14 hours of coverage through those  
13 16 hours a day, seven days a week.

14 And the other factor that we have learned,  
15 and I believe has remained consistent is that  
16 Wednesday turned out to be the busiest day and  
17 that's when there's the greatest overlap for us  
18 of our investigative resources that are deployed  
19 in casinos.

20 Q So there's 14 hours of coverage seven days a  
21 week. What 14 hours are covered?

22 A I believe somewhere around -- hopefully my math  
23 will work out correctly, but somewhere around 10  
24 to 12 o'clock in the morning to midnight to  
25 2 o'clock in the morning, if that makes sense.



1                   So 10 a.m. to 2 a.m.

2           Q       Yeah, that math seems to work.

3           A       Okay.

4           Q       Close. And Wednesday was the busiest day on  
5                   your analysis?

6           A       That's correct. That's correct. Based on the  
7                   four factors that we've identified that we were  
8                   using to identify a peak period.

9           Q       So what we come to is working a -- sort of a  
10                   regular 9:00 to 5:00, five-day work week, Monday  
11                   to Friday, would not have covered these peak  
12                   periods?

13          A       It does not cover those peak periods, no.

14          Q       And I take it that in undertaking this  
15                   examination and analysis of the frequency of  
16                   SCTs, UFTs, timing of Section 86 Reports, you  
17                   were -- you and your group were adopting a  
18                   risk-based analysis when is the risk the  
19                   highest.

20          A       That would be correct.

21          Q       I'd like to turn to a moment -- to the training  
22                   of GPEB investigators. You indicate in your  
23                   answers to commission counsel's question that  
24                   you wanted to ensure that the investigators had  
25                   the knowledge, skills and ability to do the job

1                   effectively; correct?

2           A       That's correct.

3           Q       And it would be ideal for personnel to have all  
4                   of the training available, but that's always  
5                   constrained by budget and costs?

6           A       It can be, yes.

7           Q       And so when you're advocating that the GPEB  
8                   investigators receive increased training, a  
9                   potential constraint, at least, is what's the  
10                  cost of that training going to be?

11          A       Correct.

12          Q       And from your perspective it appears that you  
13                  were of the view that it was beneficial for the  
14                  GPEB investigators to receive certified AML  
15                  training?

16          A       Yes. Correct.

17          Q       And of course that makes perfect sense given  
18                  that integrity of gaming is the mandate of GPEB,  
19                  and there's these concerns about proceeds of  
20                  crime and money laundering in casinos. You'd  
21                  agree with that?

22          A       I would add to that that I'm also aware of  
23                  Dr. German's recommendation that responsibility  
24                  for AML become the responsibility of the  
25                  regulator, being GPEB. So that was another

1 factor and consideration.

2 Q And you did note in answering commission  
3 counsel's questions that you were aware that  
4 BCLC investigators were -- and Mr. Smart's  
5 questions that BCLC investigators were certified  
6 with ACMLS?

7 A I am aware of it as ACAMS. And I'm sorry, it's  
8 not coming to me as to what that acronym means,  
9 but if that is the same thing that you're  
10 referring to, then yes, that's correct.

11 Q Association of Certified Anti-Money Laundering  
12 Specialists?

13 A Correct. That sounds right.

14 Q Were you aware when you undertook your review  
15 that BCLC had previously offered to pay for GPEB  
16 investigators to obtain that ACAMS training?

17 A I don't believe I was aware of that, no.

18 Q And would you agree that if an offer was  
19 extended to pay GPEB -- pay for GPEB  
20 investigators to obtain that training, that it  
21 would be a missed opportunity if they didn't  
22 take advantage of that opportunity?

23 A That's difficult for me to respond to, as I  
24 don't know all the factors that may go into or  
25 had gone into that decision as to whether they

1                   took BCLC up on that opportunity or not.

2                   Q     So let me just turn for a moment to interagency  
3                   information intelligence. I gathered from your  
4                   affidavit that you're strongly of the view that  
5                   information sharing between key participants in  
6                   the gaming industry is both a needed and  
7                   important component in an effective AML regime.  
8                   Do you agree with that?

9                   A     Yes, I agree with that.

10                  Q     And as you put it in your affidavit, maintaining  
11                  effective corroboration between -- collaboration  
12                  between service provider, BCLC and GPEB is  
13                  important to maintain a strong regulatory  
14                  regime. Do you recall that statement you made?

15                  A     Yes. Yes. And I believe that, yes.

16                  Q     And in your special assignment to review GPEB's  
17                  enforcement practices, you noted that there was  
18                  apparently little coordination between GPEB and  
19                  law enforcement in the sharing of information.  
20                  I think, as you put it, the flow of information  
21                  tended to be one way from GPEB to law  
22                  enforcement. Was that your observation?

23                  A     It was my experience and understanding that yes,  
24                  you know, there was no true collaboration  
25                  between GPEB and JIGIT or the police in an

1 intelligence capacity. Certainly, you know, we  
2 had at this point been involved in collaborating  
3 with JIGIT -- sorry, with CFSEU-BC to form  
4 JIGIT. But the sharing of information, the flow  
5 of information back and forth between law  
6 enforcement and JIGIT, I believed, could  
7 improve.

8 Q In the same context did you evaluate whether  
9 there was a similar deficiency in the flow of  
10 information between BCLC and GPEB?

11 A Well, I had -- was involved in the early stages  
12 of assessing the value of what turned out to be  
13 the gaming integrity group, so certainly in that  
14 work I felt that forming -- or supporting  
15 ultimately JIGIT's forming of the gaming  
16 integrity group, which involved JIGIT, BCLC and  
17 GPEB, that that would be an improvement in  
18 information flowing that way, so -- and again  
19 saw that as a very important element of our work  
20 moving forward.

21 Q Right. Did you evaluate or make any  
22 investigation of what the information flow and  
23 exchange had been, if any, before the forming of  
24 that group?

25 A No, I did not. I didn't -- I obviously obtained

1 feedback from BCLC representatives at the time I  
2 made the recommendation for the gaming and  
3 intelligence investigations unit and also had been  
4 involved in the early discussions with JIGIT and  
5 then ultimately BCLC around the formation of the  
6 gaming integrity group. But I had not done any  
7 deep analysis into what the information flow or  
8 sharing was like between GPEB and BCLC prior to  
9 my involvement.

10 Q Okay. But without doing any deep analysis in  
11 the feedback you got, did you -- was a concern  
12 expressed particularly from BCLC that the  
13 information flow prior to the gaming  
14 intelligence unit being formed was that the  
15 information flow was all one way? It was going  
16 from BCLC to GPEB by way of reports and  
17 Section 86 Reports, but there was very little  
18 information coming back the other way from GPEB  
19 to BCLC?

20 A No. The only way that I can answer that is to  
21 state that I am aware and received feedback from  
22 BCLC and my own staff as well as staff with  
23 JIGIT that the collaboration through the gaming  
24 integrity group has never been better. So  
25 everybody is very pleased with the sharing of

1 information through that group and sees value  
2 relative to each area of responsibility and  
3 sharing information through that group.

4 Q Taking a step further in terms of the  
5 collaboration of information sharing, you  
6 describe in your affidavit Project Athena, which  
7 was a public/private partnership focused on  
8 combatting money laundering through the more  
9 effective and efficient information sharing,  
10 which is now involved into this further unit or  
11 working group?

12 A Which has evolved into the responsibility that's  
13 now carried by the Counter Illicit Finance  
14 Alliance of BC, yes, which is also tied to a  
15 national alliance of the same name. So that  
16 aspect that you've described of public and  
17 private sharing of information is -- has been  
18 transitioned from Project Athena to CIFA-BC.

19 Q And as I understood your affidavit, Project  
20 Athena -- so the initiation of this was by the  
21 RCMP?

22 A Yes. By JIGIT, as far as I understand, yes.

23 Q And from your experience at GPEB and previously  
24 as a police officer, had Project Athena or a  
25 similar private/public partnership been in place

1 at an earlier time? Would it have been of  
2 assistance in addressing the concerns about the  
3 increase in large cash buy-ins in BC casinos in  
4 the 2010 to 2017 time frame?

5 A Again, I don't have enough information to really  
6 respond to that question as to whether, you  
7 know, it would have been beneficial for that  
8 time period or not. I can say that I have  
9 formed the opinion through my involvement with  
10 Project Athena, you know, looking forward in the  
11 tasks that I have been given that that  
12 effective, timely information sharing within,  
13 you know, obviously the limitations that are put  
14 on all organizations in the sharing of private  
15 information is extremely important when it comes  
16 to each independent unit's role and  
17 responsibility to look at activity that may  
18 relate to money laundering.

19 Q And in your experience generally, the earlier in  
20 the time frame that that's initiated, the more  
21 beneficial it can be to all the participants in  
22 the process?

23 A I think that's a fair assessment, yes, that the  
24 earlier that, you know, groups are able to share  
25 information that relates to the subject matter,



1           the better off all groups will be in taking  
2           their responsibilities and their regulatory --  
3           in our view our regulatory responsibilities and  
4           mitigating whatever risk may flow from that  
5           information.

6           Q    I'd like to turn for a moment to the topic of  
7           interviewing casino patrons.  In your affidavit  
8           you state that your time as an investigator in  
9           the Kelowna region you did in fact conduct  
10          interviews of casino patrons from time to time;  
11          correct?

12          A    That's correct, yes.

13          Q    At that time or subsequently did you become  
14          aware that there had been periods of time  
15          previously when GPEB's director of casino  
16          investigations discouraged GPEB investigators  
17          from interviewing casino patrons?

18          A    I have become aware of that through review of  
19          documentation that's been disclosed to me in  
20          preparation for my testimony.  I was not aware  
21          of any correspondence or direction from the  
22          Director of Casinos or any previous leadership  
23          position in relation to that fact.

24          Q    And in terms of -- when you say reviewing  
25          documentation in preparation for your testimony,

1           did you review internal GPEB memorandum in the  
2           investigation division from the fall of 2013  
3           where the director of casino investigation was  
4           discouraging the GPEB investigators from  
5           interviewing patrons?

6           A     Would you be able to give me a document  
7           reference that I could refer to to confirm  
8           what -- the document you're referred to is the  
9           same one that I've reviewed?

10          MR. McFEE:  Yes.  Actually, Madam Registrar, if I  
11          could ask you to put up on the screen  
12          exhibit 487, I believe it is.  It's GPEB0186.

13          THE REGISTRAR:  All right.  Mr. McFee, it will just  
14          take a few seconds.

15          MR. McFEE:  No problem.  Thank you.

16          THE WITNESS:  And I have found the document that  
17          you're referring to and would just like a moment  
18          just to review it again before I respond to your  
19          question.

20          MR. McFEE:

21          Q     Absolutely.

22          A     Okay.  Sorry.  And now your question was ...

23          Q     I take it from reviewing that document which  
24          you -- well, let's take it one step at a time.  
25          You reviewed that document in preparation to

1                   give your evidence?

2           A       Yes, I did.

3           Q       And in reviewing that document, do you recognize  
4                   that at least in November of 2013 GPEB's  
5                   Director of Casino Investigation was  
6                   discouraging investigators from interviewing  
7                   casino patrons?

8           A       At that time based on what appears to be an  
9                   assessment of risk, the Director of Casino  
10                  Investigations did -- was of the opinion that  
11                  there was, you know, that the risk ruled out any  
12                  interdiction -- the level of risk ruled out any  
13                  interdiction on the part of GPEB investigators.

14          Q       But I take it your view now is that the risk to  
15                  GPEB casino investigators can be mitigated by  
16                  taking the type of steps you describe in your  
17                  earlier evidence to the Commissioner?

18          A       In responding to that question I do want to  
19                  clarify something I stated earlier, which is my  
20                  knowledge that the threat landscape for  
21                  organized crime changes continually. And so I  
22                  am not aware of all the factors that may have  
23                  been taken into account by the Director of  
24                  Casinos in this memorandum. But my assessment  
25                  based on my experience and our current situation

1           is that if proper risk assessments are in place  
2           and we now enjoy what I feel is a great level of  
3           collaboration and commitment from the police in  
4           support of our role in this area that we can  
5           mitigate our risk in certain circumstances. And  
6           there may be the odd situation, I would  
7           anticipate, where our investigators determine  
8           that it is too risky or unsafe for them to  
9           approach the interview. But I do believe that  
10          there are interviews that we can safely conduct.

11          Q     Right. And while there may be the odd situation  
12          where the risk profile is too great, I take it  
13          that it's your current view that it's  
14          appropriate and beneficial for GPEB  
15          investigators where risk can be mitigated to  
16          interview casino patrons, particularly to  
17          fulfill GPEB's mandate to investigate activities  
18          and conduct that may negatively impact or  
19          threaten the integrity of gaming?

20          A     I agree with that yes, correct.

21          MR. McFEE: Those are my questions. Thank you,  
22          Mr. Skrine.

23          THE COMMISSIONER: Thank you, Mr. McFee.

24                   I'll now call on Ms. Mainville on behalf of  
25          Robert Kroeker, who has been allocated

1                   45 minutes.

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

3                   **EXAMINATION BY MS. MAINVILLE:**

4                   Q     Hi, Mr. Skrine. If I could first start with an  
5                   investigation you conducted in 2019 into a  
6                   complaint made by Mr. Ross Alderson. You recall  
7                   that?

8                   A     To be clear, the compliant that I investigated  
9                   was originally received as an anonymous  
10                  complaint.

11                  Q     Correct.

12                  A     And I'm aware of the complaint you're referring  
13                  to.

14                  Q     Thank you. I was then going to recognize that.  
15                  So initially it came in in February 2019 as an  
16                  anonymous complaint alleging that Mr. Kroeker  
17                  had asked Ms. Bamra, Mr. Tottenham and someone  
18                  who was in that anonymous complaint referred to  
19                  as Mr. Anderson to ease up on cash conditions;  
20                  correct?

21                  A     Sorry, I was just fast forwarding to that  
22                  portion of my affidavit. Yes, that sounds  
23                  correct.

24                  Q     And at that time when you looked into this  
25                  anonymous complaint, the complainant refused to

1 meet with you; correct?

2 A That's correct.

3 Q And ultimately you decided there were no grounds  
4 to commence an investigation; correct? At that  
5 time.

6 A That's correct.

7 Q And you indicate in your affidavit that in  
8 making that decision you were mindful of the  
9 obligation to ensure that GPEB does not initiate  
10 vexatious investigations; correct?

11 A Correct.

12 Q And you also indicate in your affidavit that you  
13 consulted with the ADM Sam MacLeod on this  
14 decision at the time?

15 A Yes, that's correct.

16 Q And I take it that if there had been any  
17 independent concerns about Mr. Kroeker, so  
18 beyond this anonymous complaint at that time,  
19 that GPEB would have initiated an investigation;  
20 is that fair?

21 A Yes, that's fair.

22 Q And I take it, then, that neither you nor  
23 Mr. MacLeod had any such concerns?

24 A Well, I can't speak for ADM MacLeod, but I  
25 didn't have any other concerns, no.

1           Q     Did you know that contrary to the allegation  
2                    made at that time that Mr. Kroeker had  
3                    instructed the AML unit to loosen rules around  
4                    BCLC's cash conditions that Mr. Kroeker had in  
5                    fact worked to enhance those rules? Was that  
6                    known to you?

7           A     I don't know what specifically you may be  
8                    referring to. I don't recall any direct  
9                    knowledge of actions that Mr. Kroeker had taken  
10                  at that time in that regard, no.

11          Q     And of course you were not with GPEB at the  
12                    time, so you may not be aware of the history of  
13                    BCLC's sourced-cash conditions program. Is that  
14                    the case, that you don't have any clear  
15                    knowledge of that?

16          A     I did join GPEB in August of 2016, but my role  
17                    as an investigator and then a regional director  
18                    in Kelowna was really focused on that particular  
19                    area. I was aware of the roll out of  
20                    sourced-cash conditions relative to Dr. German's  
21                    report. But I definitely gained a greater  
22                    understanding and level of knowledge when I took  
23                    the executive director's position in December of  
24                    2018.

25          Q     Okay. So you don't know what predated

1                   Mr. German's recommendation in terms of BCLC's  
2                   actions, including Mr. Kroeker's actions in  
3                   respect of that program?

4           A       Not in detail, no.

5           Q       Okay. And then in June 2019 you ultimately  
6                   commence an investigation into this allegation  
7                   following an FOI request from Sam Cooper and a  
8                   followup email from Mr. Alderson to Doug Scott  
9                   referencing this FOI request; correct?

10          A       I'm just confirming the date of that exchange.

11          Q       Sure. And it's -- to assist you, it's in your  
12                   affidavit around paragraphs 92 and 94.

13          A       Yes, I see that. So that is accurate, yes, in  
14                   June of 2019.

15          Q       And so you subsequently received confirmation  
16                   from Mr. MacLeod that Mr. Alderson was the  
17                   complainant; correct?

18          A       No, that's not accurate. What I received is  
19                   confirmation that Mr. Alderson was in fact the  
20                   Mr. Anderson that was being referred to by the  
21                   anonymous complainant.

22          Q       But if you look at -- let me see which one would  
23                   assist you more. I believe that subsequently  
24                   you were informed that Mr. MacLeod had received  
25                   confirmation from Doug Scott that Mr. Alderson



1                   was the complainant. Was that not the case?

2           A       No, that's not the case. I received  
3                   confirmation that Mr. Alderson was Mr. Anderson  
4                   as far as the initial complaint was concerned.  
5                   He identified himself as that individual.

6           Q       So when did you -- did you ever come to an  
7                   understanding that Mr. Alderson had sent the  
8                   initial complaint, the anonymous complaint?

9           A       No.

10          Q       And he did not admit that to you in his  
11                   interview?

12          A       No, he did not.

13          Q       Okay. So you interviewed him in July of 2019;  
14                   correct? Mr. Alderson.

15          A       Yes, that's correct. I met with him first on  
16                   July 9th, and then I conducted a recorded  
17                   interview with him on July 18th of 2019.

18          Q       And I'm happy to bring you to -- directly to the  
19                   passages in your investigative log, but I'm just  
20                   going to ask you about a few things that  
21                   Mr. Alderson indicated to you in the course of  
22                   his interview.

23                   Am I right that in respect of BCLC you asked  
24                   him -- and this is at page 21 of your report --  
25                   you asked him if he had ever ran into resistance

- 1 from upper management in his intended  
2 implementation of strategies to combat money  
3 laundering, and Mr. Alderson said no?
- 4 A Sorry, I just need a second to get to the log.
- 5 Q Sure.
- 6 A The report you're referring to. And then if you  
7 could bring me back to the area that you're  
8 referring to, I'll be able to respond to your  
9 question.
- 10 Q Would it assist if actually bring it up on  
11 screen too, or ...
- 12 A No. I definitely have that document in my  
13 affidavit.
- 14 Q Okay. So page 21 on the fifth bullet point.
- 15 A Yes. I've got at that bullet point. And your  
16 question?
- 17 Q So I just want to confirm here that you asked  
18 him if he had ever ran into resistance from  
19 upper management at BCLC in his intended  
20 implementation of strategies to combat money  
21 laundering, and he responded no?
- 22 A That's correct.
- 23 Q And he indicated -- and if you go to the sixth  
24 bullet point a bit lower down -- that he  
25 received support from Mr. Kroeker?

1           A     Just give me one moment to read that passage.

2           Q     Yes.  And this is, to be clear, in respect of a  
3                   situation he had uncovered about an illegal  
4                   gaming house.

5           A     I see the passage you're referring to.  Just  
6                   give me a second to read it.  Okay.  I have the  
7                   passage.  And your question?

8           Q     He indicated that in respect of that particular  
9                   incident that he was pursuing, he had received  
10                  support from Mr. Kroeker?

11          A     Yes, that -- yes, he does indicate that and that  
12                  Mr. Kroeker also advised that he didn't want to  
13                  know for fear of being accused of being a leak.

14          Q     He didn't want to know the details of the  
15                  investigative initiative that Mr. Alderson was  
16                  pursuing?

17          A     Correct.

18          Q     And he told you he was treated well by  
19                  Mr. Kroeker?  That's at the last bullet point  
20                  there.

21          A     Yes, that's correct.

22          Q     And if you go up to the second bullet point he  
23                  talks about his relationship with Mr. Kroeker  
24                  being fine, and he says it was professional and  
25                  there were no performance issues or conflicts?

1           A     That's correct.

2           Q     And then if you go to the next page, page 22,  
3                   the third-to-last bullet point indicates that  
4                   Mr. Alderson advised you that he had never heard  
5                   Mr. Kroeker say anything like the comment he  
6                   alleged he made -- he was alleging that  
7                   Mr. Kroeker made. He had never said anything  
8                   like that before?

9           A     That's correct.

10          Q     So in essence, what he told you was this was an  
11                   isolated allegation he was making, this one  
12                   comment?

13          A     That's correct.

14          Q     And if you go to page 20. Mr. Alderson, you'll  
15                   see at the first bullet point, even remarked to  
16                   you that he did not believe Mr. Kroeker had been  
17                   fairly quoted in 2015 when he was alleged to  
18                   have stated there was no money laundering in  
19                   casinos?

20          A     That's what Mr. Alderson shared, yes.

21          Q     Yes. And then at the bottom of this page, this  
22                   very page, 20, he also told you that he -- the  
23                   last line, that he never saw any integrity  
24                   issues with Mr. Kroeker up until this comment  
25                   that he alleged Mr. Kroeker made?



1 question saying that Mr. Alderson admitted that  
2 he had been critical of GPEB and lost confidence  
3 in GPEB, yes.

4 Q Right. And so, for instance, if we go to  
5 page 27, the second-to-last bullet point where  
6 you very fairly asked him if he had had any  
7 negative experiences with GPEB. And I'll let  
8 you read it, but -- I'll just read the entire  
9 point:

10 "Alderson advised that they never tried to  
11 suppress what he was doing but some of the  
12 investigators had an ex-cop arrogance  
13 about them and never really made any real  
14 effort to learn the *Gaming Control Act*.  
15 They cherry picked the files they  
16 investigated and usually selected the easy  
17 ones."

18 Is what Mr. Alderson reported to you?

19 A Yes, that's what Mr. Alderson reported to me.

20 Q And then at the second bullet point from the  
21 top, I think he's recounting a meeting with Paul  
22 Dadwal and Kevin Hackett. I believe they're  
23 from JIGIT; correct? To the best of your  
24 knowledge. The second bullet point.

25 A I can respond that -- yeah, I'm just looking for

1                   the bullet point. I see it now. Paul Dadwal at  
2                   this time would have been the staff sergeant in  
3                   charge of JIGIT, and Kevin Hackett was the chief  
4                   officer of CFSEU-BC at this time.

5           Q       And Mr. Alderson reported to you that he had  
6                   told them, as I understand this bullet point,  
7                   that he thought GPEB brought nothing to the  
8                   industry?

9           A       Yes, in response to a question asked by  
10                   Superintendent Dadwal, that was his response.

11          Q       And then if you could turn with me to page 28.  
12                   You see there the first two bullet points  
13                   Mr. Alderson basically talks about how he  
14                   believed GPEB's annual reports were embellished?

15          A       Sorry, which bullet points are you referring to?

16          Q       Well, the first bullet point about midway  
17                   through he talks about this particular file,  
18                   Sabotich file, and then he says Alderson said  
19                   that GPEB annual reports were embellished.

20          A       Yes, I see that quotation.

21          Q       Right. And I won't read everything he says  
22                   about that, but he talks -- he mentions this to  
23                   you. He details that a bit for you, his views  
24                   on that?

25          A       That was the opinion he shared, yes.

1           Q     And then at the last bullet point at the bottom  
2                   of page 28 he talks about how when he was an  
3                   investigator, he had asked Rob Barber, who we've  
4                   heard from in this commission, in this inquiry,  
5                   who was a GPEB investigator -- what they did  
6                   with all the information that was being reported  
7                   to them in Section 86 Reports, and Mr. Barber  
8                   admitted they just copied the information into  
9                   their own reports and passed it on to the  
10                  police, the same organization that BCLC was  
11                  reporting to?

12           A     That's what Mr. Alderson shared with me, yes.

13           Q     Okay. And just lastly at page 17, the top --  
14                  the first bullet point. Mr. -- you wrote in  
15                  your investigational log that Mr. Alderson  
16                  advised that he had also had multiple  
17                  interactions with the GPEB investigations and  
18                  did not feel they were taking things very  
19                  seriously. He did not know what was going on  
20                  behind the scenes but it seemed like nothing was  
21                  being done was his perspective?

22           A     Yes, that's what he shared with me.

23           Q     And the second-to-last bullet point was that  
24                  Mr. Alderson described referring these matters  
25                  to GPEB investigators. And I believe, and you



1                   tell me, I think he's referencing the suspicious  
2                   cash transactions, but it was advised that there  
3                   was no appetite from the GPEB senior management  
4                   to investigate? This was in 2012?

5           A        Can you just give me a moment to read the  
6                   context of that paragraph, as I believe it  
7                   relates to other paragraphs in my report.

8           Q        Certainly.

9           A        Okay. Sorry. And your question again?

10          Q        Well, do you know what he's referring to that he  
11                   referred these matters to GPEB investigators and  
12                   was advised there was no appetite from GPEB  
13                   senior management to investigate?

14          A        He is detailing his account of experience when  
15                   he was at the River Rock Casino, and advised in  
16                   his view there was a failure to report  
17                   suspicious transactions that were below \$50,000  
18                   in threshold, even if the denominations were  
19                   bundles of 20s, and that when he brought these  
20                   matters to GPEB investigators, he was advised  
21                   there was no appetite by GPEB senior management  
22                   to investigate.

23          Q        Okay.

24          A        So that was in 2012 is the notation, or the time  
25                   period he gave me.

1           Q     And so despite these complaints he made to you,  
2                    am I clear that he did not make any kind of  
3                    formal complaint about GPEB; he only made an  
4                    allegation against Mr. Kroeker for what he  
5                    effectively said was a one-off out of character  
6                    comment; is that accurate?

7           A     I can't say with certainty what allegations or  
8                    previous allegations Mr. Alderson may have made.  
9                    I can speak to the purpose behind my inquiry was  
10                   due to the receipt of this anonymous complaint,  
11                   and then his willingness to participate as an  
12                   interview -- as a witness and provide a  
13                   statement. And so it was with that context that  
14                   I obtained all of the information that you've  
15                   just pointed to.

16          Q     And he didn't make any formal complaint to your  
17                    knowledge against any other BCLC executives,  
18                    only Mr. Kroeker?

19          A     In relation to my investigation, he did not make  
20                    allegations toward any other BCLC employee, no.

21          Q     And Mr. Alderson claimed that Mr. Kroeker made  
22                    this allegation -- sorry, this comment at a  
23                    meeting with the AML unit; correct?

24          A     Yes. It was my understanding there was a  
25                    regular meeting with Mr. Tottenham and Ms. Bamra

1                   and Mr. Alderson.

2           Q       And --

3           A       It was during one of these meetings.

4           Q       And he informed you that he had asked Ms. Bamra  
5                   and Mr. Tottenham to take detailed notes of what  
6                   had occurred?

7           A       Yes. He advised that after the meeting was  
8                   complete that both Mr. Tottenham and Ms. Bamra  
9                   had come to him with concerns over the comment  
10                  and that he had advised them to make detailed  
11                  notes.

12          Q       And Ms. Bamra and Mr. Tottenham, I understand,  
13                  in the course of your investigation produced  
14                  their notes and neither had anything  
15                  substantiating Mr. Alderson's allegation;  
16                  correct?

17          A       They produced meeting minutes that they  
18                  confirmed were their notes for these meetings  
19                  and had no other independent notes and inside  
20                  those notes there were no -- there was no  
21                  corroboration relative to Mr. Alderson's claim.

22          Q       And in fact when they were interviewed, when  
23                  they were each independently interviewed by  
24                  you -- I understand based on what you informed  
25                  commission counsel -- was that he -- they both

1                   vehemently denied the allegation; correct?

2           A       That's correct, yes.

3           Q       And when interviewed, Mr. Tottenham said he had  
4                   never received any pushback on AML matters while  
5                   working for either Mr. Desmarais, Mr. Kroeker or  
6                   Mr. Lightbody; correct?

7           A       Yes, I recall him making that statement.

8           Q       And Ms. Bamra said that the BCLC executive team  
9                   and Mr. Kroeker specifically were always  
10                  supportive of the AML strategies that the AML  
11                  unit wanted to implement; correct?

12          A       That also sounds consistent with what Ms. Bamra  
13                  shared with me, yes.

14          Q       And you reviewed -- perhaps this is what the  
15                  minutes are already referencing, but you  
16                  reviewed all the STR meeting notes in that  
17                  relevant time period, and there was nothing  
18                  supporting or corroborating Mr. Alderson's  
19                  allegation?

20          A       Yes. Those are the notes I was referring to,  
21                  and there was nothing in those notes to  
22                  corroborate Mr. Alderson's statement.

23          Q       And indeed you also obtained Mr. Alderson's  
24                  notes from this time period; correct?

25          A       That's correct.

1           Q     And you did not find anything to substantiate  
2                   his allegation?

3           A     That's correct.

4           Q     And Mr. Alderson had also reported to you that  
5                   he sent an email to Mr. Kevin Sweeney reporting  
6                   what Mr. Kroeker had allegedly said; correct?

7           A     I would need to refer to my log just to confirm  
8                   whether it was an email that he stated he sent  
9                   or whether he communicated with him verbally.

10          Q     Sure. I have page 30 of your investigative log.  
11                He said -- I have here he sent a message to  
12                Mr. Sweeney. This is page 30, the third-to-last  
13                bullet point.

14          A     Yes. I'm just reviewing that bullet point now.  
15                I see the location you're referring to. Yes, he  
16                used the term "message."

17          Q     Right. And -- but ultimately when you spoke  
18                with Mr. Sweeney he said that Mr. Alderson had  
19                never shared this alleged conversation with him?

20          A     That's correct.

21          Q     And he had no notes or email correspondence  
22                that -- at least he informed you, I believe,  
23                that he had no notes or email correspondence  
24                that supported Mr. Alderson's allegation?

25          A     That's correct.

1 Q And so ultimately you concluded that there was  
2 no evidence to support the allegation; correct?

3 A That's correct.

4 Q And you determined -- and I can bring you to  
5 page 66 -- that the claim was unfounded?

6 A Yes, that's correct.

7 Q And more than that, that the information you  
8 gathered suggested that it was entirely  
9 inconsistent with Mr. Kroeker and his approach  
10 to compliance and AML; correct?

11 A I'd say that's accurate, yes.

12 Q But you write in your conclusion:

13 By all accounts, the comments attributed  
14 to Kroeker run contrary to his historical  
15 views and actions on matters of this  
16 nature while employed by BCLC."

17 A Correct.

18 Q Now -- you can put away your investigative log,  
19 if you like. Thank you.

20 In 2018 as part of your special assignment  
21 that you've described today, you consulted with  
22 a number of stakeholders on GPEB's authority  
23 regarding enforcement; correct?

24 A I consulted with stakeholders relative to ideas  
25 on how GPEB may be able to enhance their

1 enforcement response.

2 Q Right. And you indicated, at least in your  
3 affidavit, that all the parties, including BCLC,  
4 were supportive of GPEB taking a more active  
5 role in investigating criminal incidents in  
6 casinos; correct?

7 A That related to our regulatory mandate, yes,  
8 they were supportive.

9 Q And one of the persons you met with in that  
10 context was Mr. Kroeker; correct?

11 A Yes. I had one brief meeting with Mr. Kroeker,  
12 and my primary contact through that period was  
13 with Mr. Karlovcec.

14 Q Okay. And they were supportive as well?

15 A Yes.

16 Q And personally you interacted with Mr. Kroeker a  
17 little bit, I think, in the context of your  
18 earlier Kelowna assignment, so as of the fall of  
19 2018?

20 A During the special assignment, yes, one of --  
21 the meeting that you're referring to was during  
22 that period, and then I interacted with  
23 Mr. Kroeker on a couple of occasions in 2019  
24 when I was the executive director of the  
25 enforcement division.

1           Q     Exactly.  So more so after you became executive  
2                    director of GPEB enforcement?

3           A     Correct.

4           Q     Are you saying you only had a couple of  
5                    interactions or meetings, or ...

6           A     It was a relatively short period of time that we  
7                    would have crossed paths in those roles, and I  
8                    believe it was a handful of times that we met  
9                    over the course of that approximate six months.

10          Q     Right.  And you I believe indicated to  
11                   commission counsel based on our -- what we have  
12                   of your interview with them that you recognize  
13                   that GPEB had lost Mr. Kroeker's trust and lost  
14                   credibility in his eyes and that GPEB -- that  
15                   you believed GPEB was partially to blame for  
16                   that loss of trust.  Do you recall saying that  
17                   to commission counsel?

18          A     I recall during the questioning by commission  
19                   counsel that led to my creation of the affidavit  
20                   that I speculated that those were possible  
21                   reasons for the -- you know, we'll call it  
22                   negative interactions that I had had with  
23                   Mr. Kroeker during that period in 2019.

24          Q     Right.  And I'll get to those.  But am I  
25                   right -- so you say you speculated.  I believe



1                   you also informed commission counsel that you  
2                   believed or recognized that GPEB had previously  
3                   provided a low-level investigative response  
4                   to -- you can tell me if that's generally  
5                   speaking or in respect of the [indiscernible]?

6           A        I don't have my will-say in front of me, and I  
7                   don't recall independent of that exactly what  
8                   was said in that regard, if anything.

9           Q        Do you agree at least as compared to today that  
10                   there was a lower level of investigative  
11                   response by GPEB?

12          A        In reality, I can't make that assessment because  
13                   I never did any sort of detailed analysis on  
14                   what was delivered as an investigative response  
15                   prior to my taking this role.

16          Q        Okay. And do you recall stating that one of the  
17                   past vulnerabilities was a lack of information  
18                   sharing?

19          A        I don't specifically recall stating that.  
20                   However, I do believe that information sharing,  
21                   as I've stated earlier in my evidence, is a very  
22                   important element of our success in each of our  
23                   organizations, responding appropriately in this  
24                   area moving forward.

25          Q        And so when you said you were speculating about

1                   how perhaps Mr. Kroeker had lost some trust or  
2                   GPEB had lost credibility in his eyes, is this  
3                   the kind of thing that you had in mind, or can  
4                   you explain what your thinking was?

5           A       In reality it's probably -- I would say it would  
6                   be my awkward attempt at trying to ensure that I  
7                   was being seen as providing a balanced viewpoint  
8                   on my interactions with Mr. Kroeker. It was not  
9                   my desire to malign his character in any way,  
10                  shape or form, but simply when asked, I had had  
11                  a couple of interactions that stood out for me  
12                  as maybe a little more difficult than they could  
13                  have been in my viewpoint.

14          Q       Okay. And so let's just go briefly to those  
15                  interactions. One of the -- well, one of the  
16                  instances you pointed to was in relation to bank  
17                  drafts; correct?

18          A       Yes.

19          Q       And are you -- were you aware either now or when  
20                  you made that comment of, let's say,  
21                  Mr. Kroeker's history with GPEB in respect of  
22                  bank drafts that predated you?

23          A       Well, Mr. Kroeker in our email exchanges  
24                  provided me insight into some of the historical  
25                  actions that him or his team had taken relative

1 to bank drafts.

2 Q Okay. And you indicated in your affidavit that  
3 Mr. Kroeker did not accept that bank drafts  
4 presented a money laundering vulnerability. Do  
5 you recall stating that?

6 A That is certainly the way I received his emails  
7 and perceived his emails in the exchanges back  
8 and forth over the issue.

9 Q And these -- this back and forth was in 2019;  
10 correct?

11 A That's correct. It was literally days after a  
12 Project Athena meeting that myself and  
13 Mr. Kroeker had both attended.

14 Q And are you aware that -- are you aware of the  
15 various steps that BCLC took in respect of bank  
16 drafts under his watch following concerns raised  
17 by Mr. Meilleur in 2017?

18 A Again, I don't know the specifics of -- you  
19 know, the way you framed that, I don't know what  
20 related to Mr. Meilleur and what specific  
21 actions you may be referring to. I do know  
22 through that exchange, again, that I learned  
23 that through a JIGIT operation that was done in  
24 combination with GPEB and BCLC that there had  
25 been an actual act of money laundering utilizing

1 a bank draft that had been witnessed. And then  
2 also I was aware relative to my preparation for  
3 today's evidence that later in 2017 there is a  
4 policy that appears to have been issued by BCLC  
5 surrounding what I would refer to as cheques and  
6 balances that they expected gaming service  
7 providers to take relative to bank drafts.

8 Q Correct. So just to potentially refresh your  
9 memory, on December 4th, 2017, in response to  
10 those concerns raised about bank drafts BCLC  
11 issued a directive requiring flagged patrons to  
12 present a receipt along with the bank drafts  
13 to -- and the receipt had to show the patron's  
14 name and related account number from which the  
15 bank draft originated. Are you aware of that?

16 A I don't know if those are the specific  
17 requirements, but, you know, I think it's  
18 important to note that my understanding of the  
19 issue at the time and what I was trying to  
20 communicate to Mr. Kroeker was that, you know,  
21 in 2019 we had just received a briefing where  
22 the vulnerability existed in the informational  
23 component that existed in the draft that could  
24 be validated by anybody receiving the draft.

25 And the reason the entire exchange puzzled

1 me and resulted in me feeling like it was  
2 unnecessarily argumentative was that -- the fact  
3 that this information did not exist in the bank  
4 draft that would not -- in most bank drafts, it  
5 wasn't being placed there and available for  
6 validation was an accepted fact by all of the  
7 compliance representatives that represented the  
8 banks at this meeting, the police, who were  
9 articulating without great detail their  
10 experience in the -- you know, in seeing money  
11 laundering with bank drafts in this regard. And  
12 so I was just puzzled as to why Mr. Kroeker was  
13 continuing to seek an opportunity to look at  
14 bank drafts when he had sat beside me and it  
15 appeared like everybody in the room, in my  
16 perception, had accepted that that was a fact.

17 So it wasn't to do with the policy so much  
18 as it was to do with the instrument itself and  
19 the lack of information that was available to  
20 validate.

21 Q Okay. And I'm going to break this down a little  
22 bit. So do you agree that at that point in time  
23 in 2019 what Project Athena effectively was  
24 dealing with were vulnerabilities on the  
25 financial institution side of things; right?

1                   That the banks were not including certain  
2                   information on bank drafts and there was a  
3                   desire to standardize these and include  
4                   information that could be of assistance to  
5                   organizations like BCLC and GPEB. Do you recall  
6                   that?

7                   A    Yeah. I would describe that my understanding of  
8                   Athena's focus at this time was a concern around  
9                   the lack of the informational component that  
10                  I've described that would allow for a receiver  
11                  of the bank draft to confirm that the bank draft  
12                  was withdrawn on the account of the individual  
13                  that was passing the bank draft and that they  
14                  were bringing that forward in the context of the  
15                  casino environment because of experiences that  
16                  they had gained through their investigations of  
17                  where instances had occurred that -- you know,  
18                  of money laundering had occurred in that way.

19                  And so yes, my recollection of the meeting  
20                  and my understanding of the matter to this day  
21                  is that without that information being placed on  
22                  the document in some way certified by the bank  
23                  to be true, that that leaves vulnerability for  
24                  third-party deposits because there's no ability  
25                  to validate that the funds came from the owner

1                   of the account that's now presenting the  
2                   document.

3           Q       Which is why BCLC in December 2017, to the  
4                   extent you know, started requiring receipts at  
5                   least on a risk assessment basis to obtain that  
6                   information?

7           A       I am aware now after reviewing --

8           Q       Yeah.

9           A       -- the policy that that policy existed, but in  
10                   2019 we were still talking about the  
11                   vulnerability that existed because the  
12                   information was not available on the draft  
13                   itself.

14          Q       And do you recall writing that the -- or  
15                   acknowledging there was no option for BCLC to  
16                   pick up the phone to call the financial  
17                   institution to confirm the information provided  
18                   by the customer and the source of funds  
19                   connected to the drafts, and that that's what  
20                   creates the vulnerability; is that fair?

21          A       I can say that one of the resolutions that was  
22                   being brainstormed at this very meeting was that  
23                   potentially consent could be obtained from the  
24                   patron that was passing the bank draft to allow  
25                   for an inquiry directly back to the bank.  And

1                   then there was some general discussion, very,  
2                   very broad discussion about whether there was a  
3                   feasibility around being able to make that check  
4                   at the time of the passing of the document. I'm  
5                   not at all aware of where that went or what the  
6                   ultimate outcome was, but that was one of the  
7                   discussions.

8                   Q    Do you recall that as part of the discussion  
9                   that Project Athena -- in encouraging the banks  
10                  to include more information on the bank drafts,  
11                  I think you state in your affidavit that the  
12                  banks were assessing the business impact of the  
13                  change.

14                 A    Yes, I recall that outside of -- and, again, my  
15                  recollection is one bank, one major bank having  
16                  made the adjustment -- that other compliance  
17                  leads that were present either predicted or  
18                  outlined that they had, you know -- you know,  
19                  they would have to deal with leadership on the  
20                  business side of their organizations in order  
21                  to, you know, enact this change and that there  
22                  would be -- you know, there would be a  
23                  significant change to make for the banks.

24                 Q    Right. And the banks, at least one of their  
25                  concerns was their bottom line?



1           A     Yeah.  I don't recall if anybody brought up  
2                   finances in that discussion.

3           Q     Would you agree that the steps that BCLC took in  
4                   2017 in respect of bank drafts suggests that  
5                   Mr. Kroeker took the risk around bank drafts  
6                   quite seriously from the time it was brought to  
7                   his attention?

8           A     I would say not knowing that policy existed that  
9                   I'm relieved to see that there was policy action  
10                  taken after, you know, what I have previously  
11                  been advised was the incident that JIGIT  
12                  referred to in early 2017.  I can state that.

13          Q     And that it's possible that in 2019, then, when  
14                  you're having this discussion or exchange with  
15                  Mr. Kroeker that he was trying to figure out  
16                  what more BCLC could do given that this bank  
17                  draft issue kept on being put to them by GPEB?

18          A     Well, again, my only issue with that statement  
19                  is that in my interactions with Mr. Kroeker on  
20                  email it -- I was left puzzled whether he truly  
21                  understood that the vulnerability still existed.  
22                  It appeared to me, and I received the  
23                  information as such, that he didn't necessarily  
24                  accept that there was a vulnerability because  
25                  he'd shared information about these countless

1 reviews that have been done where no  
2 abnormalities had been found. And so I was left  
3 puzzled through that communication.

4 Q Did it -- was your perception that his  
5 understanding was that GPEB continued to raise  
6 issues relating to specific bank drafts? I'm  
7 not sure if that's fairly phrased, but ...

8 A Well, I guess I could answer that it was my  
9 understanding that his initial inquiry of me and  
10 Executive Director Fitzgerald was due to a media  
11 release that ultimately was traced back and  
12 related to an FOI request that GPEB had received.

13 Q Did you or to your knowledge anyone else at GPEB  
14 direct him or BCLC or recommend that they take  
15 additional steps in respect of bank drafts in  
16 2019?

17 A I did not provide any direction in that way. I  
18 can respond to that and just say that I was -- I  
19 walked away from the Project Athena meeting  
20 feeling as though BCLC and every other entity  
21 that was involved in the meeting was  
22 collaborating on solutions relative to what I  
23 would refer to as this vulnerability.

24 Q Thank you. And the other example you point to  
25 in terms of your -- what you've characterized as

1 more negative interactions with Mr. Kroeker is  
2 to say that he resisted a GPEB recommendation  
3 that service providers save table cards that did  
4 not result in an LCT or an STR without taking  
5 the time to analyze the viability of that  
6 recommendation; correct?

7 A Yeah.

8 THE COMMISSIONER: I'm concerned we may have a  
9 technological difficulty here.

10 MS. MAINVILLE: Yes.

11 IT SUPPORT: Yes, Mr. Commissioner. Could we please  
12 stand down for a couple of minutes while we  
13 connect.

14 THE COMMISSIONER: Yes. We will stand down for five  
15 minutes and longer if necessary.

16 THE REGISTRAR: There hearing is stood down for five  
17 minutes until 12:20 p.m. Thank you.

18 **(WITNESS STOOD DOWN)**

19 **(PROCEEDINGS ADJOURNED AT 12:15 P.M.)**

20 **(PROCEEDINGS RECONVENED AT 12:20 P.M.)**

21 **CARY SKRINE, a witness**  
22 **for the commission,**  
23 **recalled.**

24 THE REGISTRAR: Thank you for waiting. The hearing  
25 is now resumed. Mr. Commissioner.

1 THE COMMISSIONER: Yes. Thank you. Yes,  
2 Ms. Mainville.

3 MS. MAINVILLE: Thank you.

4 **EXAMINATION BY MS. MAINVILLE (continuing):**

5 Q So, Mr. Skrine, you may have begun answering,  
6 but I don't think we heard your answer at all.  
7 So just to refresh your memory, my question was  
8 that you alleged that Mr. Kroeker resisted a  
9 GPEB recommendation that service providers save  
10 table cards that did not result in an LCT or STR  
11 without taking the time to analyze the viability  
12 of the recommendation. Do you recall that?

13 A Yes. What I began to explain was, you know, I  
14 don't want to overamplify the consequence here.  
15 I was responding to a question that resulted in  
16 my including this in my affidavit. It just for  
17 me stood out that Mr. Kroeker didn't appear to  
18 take, you know, the time in our suggestion to  
19 contemplate, agree to research and then get back  
20 to us. That his response seemed to be just  
21 very, very quick to state that it was  
22 impossible, and that stood out for me.

23 Q Right. So it was essentially that he responded  
24 in the moment; correct?

25 A That's correct, yes. Yep.

1 Q Did you know that Mr. Kroeker has significant  
2 experience in AML in gaming?

3 A That's my understanding, that he has experience  
4 in AML in gaming for sure.

5 Q Well, and indeed that he's extremely  
6 knowledgeable about it and not just from his  
7 time at BCLC but on the industry side as well  
8 with GCGC and work -- some work in government?

9 A I'm aware that Mr. Kroeker worked for GCGC prior  
10 to his role with BCLC and I'm also aware that he  
11 did write a report when he was employed with  
12 government with relation to gaming.

13 Q And am I right that you had no real opportunity  
14 to contend with money laundering in your career  
15 prior to joining GPEB in, I believe, 2018?

16 A That's correct. But to be clear, this issue  
17 wasn't really an issue that required knowledge  
18 of money laundering. This was an issue of  
19 record retention to allow for future audits.

20 Q Yes.

21 A So it didn't, in my view, require any sort of  
22 specific or money laundering knowledge.

23 Q No. But some experience with industry maybe  
24 was -- would be informative on this issue?

25 A I guess I would say I recognize that in the

1                    recommendation that was made that there could  
2                    have been resource impacts and, you know, time  
3                    impacts related to what was being recommended.  
4                    So I did anticipate that there would have to be  
5                    further review and analysis as to whether the  
6                    recommendation was applicable or not.

7                    Q    So at that point had GPEB consulted with service  
8                    providers about this recommendation?

9                    A    So I was delivering this recommendation in  
10                   connection with ED Fitzgerald, so I can only  
11                   respond that I had not consulted with anybody on  
12                   the gaming service provider end of things on  
13                   this.

14                   Q    And you've called it a recommendation. But is  
15                   it fair to say it was more a suggestion made at  
16                   a meeting with Mr. Kroeker in passing?

17                   A    Well, whether you call it a recommendation or a  
18                   suggestion, it was a verbal exchange, yes, that  
19                   we had with Mr. Kroeker in a meeting and both  
20                   myself and ED Fitzgerald, I believe, were in  
21                   agreement this would be a course of action that  
22                   was worth exploring.

23                   Q    So you don't suggest that there was -- it was a  
24                   formal recommendation contained in a report or  
25                   something of the kind following a review of some

1 sort?

2 A I only pause because I know that from time to  
3 time we will actually follow up with an action  
4 log with -- kind of detailing the way that we  
5 want to proceed on a matter. And I, again, was  
6 coming into this late. This whole file that  
7 we're discussing here was during, you know,  
8 really a transition of where ED Fitzgerald had  
9 responsibility for investigations and then I had  
10 come into this role. And so I don't recall for  
11 sure whether ED Fitzgerald carried on with any  
12 sort of action plan that would have formalized  
13 what we discussed. I can only recall the  
14 discussion we had.

15 Q And to be clear, what GPEB was suggesting was  
16 that all -- so to be clear on what we're talking  
17 about, table tracking forms are forms created  
18 manually and retained by the -- well, not  
19 retained, but they're created manually by the  
20 service provider for tracking pretty much any  
21 kind of cash transaction; is that right?

22 A Specific to table buy-ins is what I believe the  
23 tracking cards are used for.

24 Q Right.

25 A And my understanding from that period of time

1           was that if the tracking cards that kept -- you  
2           know, kept track of the buy-ins resulted in a  
3           report, a large cash transaction report. So if  
4           the buy-ins accumulated to \$10,000 within a  
5           24-hour period, then it's my recollection that  
6           the tracking cards were kept. They were also  
7           retained as supporting documents to that FINTRAC  
8           report.

9                     The issue that we were considering was -- I  
10           believe the investigation was initiated because  
11           BCLC had reported that their policies around  
12           what defined a 24-hour period were being handled  
13           or responded to differently by the River Rock in  
14           this example than other casinos. And because of  
15           that different interpretation around the 24-hour  
16           period, there may have been reports that should  
17           have been made to FINTRAC that weren't made to  
18           FINTRAC because of where the cut-off laid.

19                    So our recommendation around retention of  
20           the table tracking cards was due to the fact  
21           that if table tracking cards were retained, in  
22           our view, for a period of time after decisions  
23           were made that they did not relate to an LCT  
24           report, there would be an opportunity to audit  
25           those tracking cards and remedy any particular



1                   situation that may have resulted in a  
2                   misinterpretation of the 24-hour or lack of  
3                   reporting to FINTRAC

4           Q       Right.  And so the bottom line was that GPEB was  
5                   suggesting retaining table tracking forms that  
6                   did not hit -- for transactions that did not hit  
7                   the \$10,000 threshold to become a large cash  
8                   transaction; correct?

9           A       Correct.  Because I was under the impression  
10                   that those that did meet that threshold were  
11                   being retained.

12          Q       Right.  And effectively what may have been  
13                   suggested to you by Mr. Kroeker is, if you  
14                   recall, that there may be tens of thousands,  
15                   maybe hundreds of thousands of these sheets  
16                   annually that perhaps would require off-site  
17                   storage.  Do you recall that?

18          A       I don't recall the specific reasons that  
19                   Mr. Kroeker felt in the moment it was not  
20                   possible, just that he felt it was not possible.

21          Q       And do you recall a discussion about how the  
22                   analysis of these sheets would be very resource  
23                   intensive because it would be a manual -- it  
24                   would have to be a manual exercise or manual  
25                   review?

1           A     Well, I don't recall that.  But we weren't  
2                    suggesting that there be a routine review of all  
3                    of these tracking cards but rather that the  
4                    tracking cards be available for audit if a  
5                    reason surfaced for that audit.

6           Q     Okay.  And, now, despite potentially having  
7                    raised these issues, are you aware that  
8                    Mr. Kroeker had identified and was working on  
9                    implementing a new automated system for these  
10                   sheets before he left BCLC?

11          A     I do recall some --

12          THE COMMISSIONER:  I just didn't -- I didn't hear the  
13                   question completely, Ms. Mainville.  Could you  
14                   repeat it.

15          MS. MAINVILLE:  Yes, certainly.

16          Q     I indicated that despite having potentially  
17                   raised this issue -- and I say "potentially"  
18                   because Mr. Skrine has no clear recollection of  
19                   the issues raised.  But despite that I asked if  
20                   he was aware that Mr. Kroeker had identified and  
21                   was working to implement a new automated system  
22                   that would automate these sheets, and that he  
23                   was working on this before his departure from  
24                   BCLC.

25          A     All I can confirm and recall was my knowledge is

1                   that there was a move towards implementation of  
2                   an automated system. Yes, I was aware of that.

3           Q       And that would allow these sheets to be  
4                   completed electronically and then would permit  
5                   analysis and reports to be run against the  
6                   information entered into the database; correct?

7           A       That was my understanding, yes.

8           Q       So it would have addressed the concerns that  
9                   GPEB was raising at the time?

10          A       If one makes the assumption that the electronic  
11                   records would be kept in the manner in which we  
12                   were recommending, then that would have resolved  
13                   the issue, yes.

14          Q       Okay. I just have one last couple questions on  
15                   an entirely different point.

16                    You made some allusion earlier in your  
17                   evidence to, I believe, GPEB's General Manager's  
18                   2019 mandate letter, I believe, on reporting  
19                   expectations.

20          A       Yeah, it's actually a General Manager's letter  
21                   on reporting, which has been delivered to  
22                   provide guidance to both BCLC and the gaming  
23                   service providers on reporting to us under both  
24                   Section 86(2) of the *Gaming Control Act* and  
25                   Section 34(t) of the *Gaming Control Regulations*.

1           Q     Right.  On what types of incidents to report to  
2                   GPEB?

3           A     Yeah.  That's a portion of the letter.  It  
4                   references the types of incidents that should be  
5                   considered to be reported.  There is a notation  
6                   that there may not be a fulsome list of what  
7                   should be considered for reporting, but  
8                   certainly gives some guidance to BCLC and  
9                   service providers on the types of activities we  
10                  anticipate would occur that should be reported  
11                  to us.

12          Q     And the 2019 letter includes money laundering  
13                  and loan sharking, I believe, as incidences that  
14                  must be reported to GPEB; correct?

15          A     Those topics were also included in previous  
16                  letters, but one area that was important to me  
17                  that I influenced in that letter was to break  
18                  down the activities under those categories you  
19                  just described of activities that we would  
20                  anticipate could occur in the casinos that  
21                  should result in a report to GPEB that would fit  
22                  within our regulatory mandate.

23                         So previously money laundering, for  
24                         instance, I know was noted in previous letters,  
25                         but in this letter we took care to identify

1 activities, specific actions that gaming service  
2 providers and BCLC may come across that we would  
3 say are incidents under that category that may  
4 threaten the integrity of gaming and may relate  
5 to the criminal offence of money laundering.

6 Q Okay. And so to your mind it served to provide  
7 greater clarity, but there was a reference to  
8 money laundering in prior General Manager  
9 letters; correct?

10 A Yes, that's correct.

11 Q Okay. And just to be clear, this is -- this  
12 letter and these indications in the letter is to  
13 your mind -- or this to your mind confirms or  
14 perhaps established GPEB's ability to  
15 investigate money laundering or suspicious  
16 cash -- I might phrase it differently -- and  
17 interview players?

18 A Well, the letter -- again, the purpose behind  
19 the letter is to bring clarity to what should be  
20 reported to us. Certainly my intention and goal  
21 of adding the subcategories to bring clarity to  
22 what should be reported to us was because I felt  
23 that those activities, you know, that we could  
24 anticipate would occur in the casino  
25 environment, and, you know, those activities

1           that may also potentially be evidence of a  
2           criminal offence of money laundering should be  
3           reported to us because I saw them fitting within  
4           our mandated responsibility, so -- again, which,  
5           you know, I stated earlier was to investigate  
6           any conduct, activity or incident that could  
7           threaten the integrity of the gaming industry.

8           Q     Right.

9           A     So certainly -- you know, again, the letter  
10          itself didn't entirely respond to your question,  
11          as I understand it, but the totality of what we  
12          wanted -- included in the letter and how that  
13          related to our mandate, you know, it was my hope  
14          would clarify that those subcategories were  
15          categories that I felt we should be  
16          investigating further in relation to our  
17          regulatory role.

18          MS. MAINVILLE:   Okay.   Thank you very much.   Those  
19          are my questions.

20          THE COMMISSIONER:   Thank you, Ms. Mainville.

21                         I'll now call on Ms. Friesen for the  
22          province, who has been allocated 45 minutes.

23          MS. FRIESEN:   Thank you, Mr. Commissioner.   Many of  
24          the topics that I intended to cover have already  
25          been covered, but I do have a few questions for

1                   Mr. Skrine today.

2                   **EXAMINATION BY MS. FRIESEN:**

3                   Q     Mr. Skrine, you gave evidence in response to  
4                             questions from commission counsel regarding  
5                             whether there is authority for investigators to  
6                             direct service providers to refuse suspicious  
7                             transactions. And in answer to the questions  
8                             from Mr. McCleery, you said that you think  
9                             investigators should ask them to refuse. Do you  
10                            recall giving that evidence?

11                  A     Yes, I do. And I think I had to clarify that at  
12                            some level in further questioning. But yes, I  
13                            recall that.

14                  Q     That's what I'd like to clarify with you,  
15                            Mr. Skrine. Are you or are you not aware of any  
16                            specific authority for GPEB investigators to  
17                            make that direction?

18                  A     Yeah, and I suppose what's not coming to me  
19                            sitting before you now is, you know, when it's  
20                            framed up as did I -- do we have the authority,  
21                            I believe our investigators, you know, with the  
22                            empowerment that we have both in relation to our  
23                            investigation under the *Gaming Control Act* and  
24                            then the supplemental empowerment that comes  
25                            from our SPC appointments, you know, would in my

1 view have an obligation, if we had reasonable  
2 grounds to believe that a criminal offence was  
3 occurring in the transfer of illicit funds to  
4 the casino, that we would stop that offence from  
5 occurring.

6 So in essence I see that we have a  
7 responsibility to direct that that not -- that  
8 not occur. Now, there are also instances where  
9 I anticipate there will be investigations  
10 ongoing that are being handled by police  
11 investigators where they may not want us as the  
12 regulator to interfere or interject ourselves in  
13 that way because of the way their investigation  
14 is unfolding and the strategies they're  
15 employing. So I guess that's why I may be  
16 stumbling a bit over that particular response.

17 Q Okay. And that's not something that you have  
18 done, or is it?

19 A Well, not -- the one example that I can think of  
20 that happened in the not-too-distant past, you  
21 know, did involve GPEB, JIGIT and the police in  
22 Richmond where ultimately the -- it was decided  
23 that there would be a refusal of the transaction  
24 and a seizure of the cash. So that was very  
25 much a collaborative approach and a decision was



1                   made involving all entities, including GPEB.

2           Q       Thank you. And you provided evidence regarding  
3                   initiatives for GPEB investigators to respond in  
4                   real time, and your evidence is that GPEB  
5                   investigators may interview patrons if it's safe  
6                   and appropriate and there's a risk assessment  
7                   conducted?

8           A       Yes.

9           Q       You recall that? And if a GPEB investigator is  
10                  present in the casino and wishes to perform a  
11                  risk assessment in the moment, what access to  
12                  databases or information do they have?

13          A       Well, they definitely have access to our own  
14                  databases as well as iTrak, which would be the  
15                  database that BCLC and gaming service providers  
16                  maintain data on.

17                         One of our goals in our work through the  
18                         collaborative intelligence model, the gaming  
19                         intelligence investigative unit, is to build on  
20                         our intelligence backgrounds on the subjects  
21                         that we may ultimately want to intervene with in  
22                         the casinos. And so that information is being  
23                         shared with investigators and is available for  
24                         their awareness.

25                                 And then, you know, relative to the timing

1           of the incident, if it was during the day, our  
2           investigators could reach out to other  
3           investigators within our branch to gain access  
4           to a CPIC check. A restricted -- like, so it's  
5           a category 2 CPIC cheque. We don't have the  
6           same level of authorization in CPIC as the  
7           police or -- and I think it's also referred to  
8           as a category 2 check into PRIME through what's  
9           referred to as a PSP portal. And so those  
10          inquiries could be made in real time if we had  
11          staff available to make those checks.

12                           One of the areas that I --

13          IT SUPPORT: Excuse me, Ms. Friesen. Could you  
14                           please mute one of the speakers so there's no  
15                           echo. Thank you.

16          MS. FRIESEN: Thank you.

17          THE WITNESS: Okay. Can you still hear me?

18          IT SUPPORT: Yes, perfect.

19          THE WITNESS: Okay. I think where I was going with  
20                           my answer was just that I also -- you know,  
21                           through consultation with our staff, recognized  
22                           that it would be beneficial if we had access to  
23                           checks on CPIC after hours when we would not  
24                           necessarily have staff in our offices to access  
25                           our terminals, but rather, you know access to a

1 CPIC check through some other means.

2 And I have, you know, initiated discussions  
3 with E-Comms, BC E-Comms, and whether or not  
4 they would be available to provide such a  
5 service. Now, like everybody else, COVID has  
6 affected them and so it's going to take a bit of  
7 time to determine what their capability and  
8 capacity will be once the pandemic passes. But  
9 it is a goal of mine to ensure that our  
10 investigators gain some sort of real-time access  
11 to some of that information, again, at our  
12 category 2 level when they are being asked to  
13 approach patrons.

14 MS. FRIESEN: Thank you, Mr. Skrine. Those are my  
15 questions.

16 THE COMMISSIONER: I'm sorry, I was muted. Anything  
17 arising, Ms. Mainville?

18 MS. MAINVILLE: No. Thank you, Mr. Commissioner.

19 THE COMMISSIONER: Mr. McFee?

20 MR. McFEE: Nothing arising. Thank you,  
21 Mr. Commissioner.

22 THE COMMISSIONER: Thank you. Ms. Harmer?

23 MS. HARMER: Nothing arising. Thank you.

24 THE COMMISSIONER: Mr. Smart?

25 MR. SMART: Nothing, thank you.

1 THE COMMISSIONER: And Mr. McCleery?

2 MR. McCLEERY: Just two brief matters, Mr. Commissioner.

3 **EXAMINATION BY MR. McCLEERY (continuing):**

4 Q Mr. Skrine, my friend Ms. Mainville asked you a  
5 number of questions about your investigation  
6 into an allegation about a comment made by her  
7 client, Mr. Kroeker, to Mr. Alderson and others.  
8 Do you recall those questions?

9 A I do, yes.

10 Q And in response to one of the questions from  
11 Ms. Mainville I believe you indicated that you  
12 obtained and reviewed Mr. Alderson's notebooks  
13 as part of that investigation; is that correct?

14 A Yes. For the time period in question, yes.

15 Q And you found that they did not support the  
16 allegation against Mr. Kroeker; is that correct?

17 A There was no notation to support the allegation  
18 that he had presented.

19 Q And you obtained those notebooks from the  
20 British Columbia Lottery Corporation?

21 A Yes.

22 Q And did you at some point learn that there was  
23 one notebook missing from the collection that  
24 you obtained from BCLC?

25 A Yes, I did.

1           Q     And did you assess the possible impact of that  
2                   missing notebook on the results of your  
3                   investigation?

4           A     I did. Based on the information that I had been  
5                   provided and the context in which the comment  
6                   was to allegedly have been made I was confident  
7                   that the missing notebook did not contain notes  
8                   for that same relevant time period.

9           Q     Thank you very much. And the second issue I'd  
10                  like to pick up on is one just raised by  
11                  Ms. Friesen for the province regarding the  
12                  authority of GPEB investigators to direct  
13                  service providers to refuse transactions. I  
14                  want to try to further clarify this issue which  
15                  I think I initially raised and Ms. Friesen  
16                  sought to address further. In doing so, I'll  
17                  acknowledge that I may -- we're dangerously  
18                  close to asking you to give evidence about the  
19                  state of the law, and I accept that you may be  
20                  unable to answer that question, but I do think  
21                  it would be helpful to try to probe a little bit  
22                  more into this issue to gain some clarity.

23                         In the event that a GPEB investigator was to  
24                         direct a service provider to refuse a  
25                         transaction, are you able to say whether -- your

1                    understanding of whether the service provider  
2                    would be permitted to refuse to comply with that  
3                    direction?

4                    A    Well, I think for me the circumstances that I  
5                    consider in which we may do something like that  
6                    would be the result of one of our investigators  
7                    forming the subjective grounds that a criminal  
8                    offence is occurring. And so at that point if  
9                    anybody, you know, tried to intervene or reject  
10                   that course of action, in my view they could be  
11                   obstructing justice, and so I would say no. If  
12                   our investigators in that role, in that scenario  
13                   as I described it, formed reasonable grounds to  
14                   believe that the cash that was being transferred  
15                   was a proceed of crime or part of a money  
16                   laundering scheme, then I would not anticipate  
17                   that there would be any choice on the gaming  
18                   service provider but to comply.

19                   Q    And are you aware of any -- anything under the  
20                   *Gaming Control Act* that would require the  
21                   service provider to comply with that direction  
22                   leaving aside this question of whether it may  
23                   amount to a criminal offence?

24                   A    And that is why I may be stumbling over it.  
25                   From a legal perspective I cannot recall or know

1                   whether there is a specific section in the  
2                   *Gaming Control Act* that would apply to this  
3                   scenario.

4           MR. McCLEERY: Thank you very much. Those are my  
5           questions, Mr. Commissioner.

6           THE COMMISSIONER: All right. Thank you,  
7           Mr. McCleery.

8           MR. SMART: Mr. Commissioner, it's Mr. Smart. Can I  
9           follow up with a question given that  
10          Mr. McCleery just asked?

11          THE COMMISSIONER: Yes, of course. Yes.

12          **EXAMINATION BY MR. SMART:**

13          Q     It's just in relation to the missing notebook,  
14                Mr. Skrine. And you as a police officer would  
15                have completed many notebooks, I expect, over  
16                your career.

17          A     That's correct, yes.

18          Q     I just want to be clear on this. There's no  
19                suggestion, and you're not -- I'm not sure  
20                suggesting this, that BCLC deliberately withheld  
21                a notebook?

22          A     No. I'm suggesting that in the inquiry I made  
23                through Kevin deBruyckere and in his efforts to  
24                locate the notebook, he was unable to locate the  
25                notebook.

1 Q And of course BCLC can only disclose those  
2 notebooks that Mr. Alderson left behind when he  
3 left the corporation. That's a fair statement?

4 A That is a fair statement. It is. But I guess  
5 the reason that we were aware of the missing  
6 notebook is because there was a sheet of paper  
7 that noted that at one point in time there were  
8 nine notebooks in relation to the total number  
9 of notebooks that were recovered, and at the  
10 time that we did our review there were only  
11 eight notebooks available.

12 MR. SMART: Okay. That's all I have. Thank you,  
13 Mr. Commissioner.

14 THE COMMISSIONER: Okay. Thank you, Mr. Smart. And  
15 thank you, Mr. Skrine. I very much appreciate  
16 the time you've taken to share your experience  
17 and expertise with us. You're excused now from  
18 further evidence.

19 **(WITNESS EXCUSED)**

20 THE COMMISSIONER: And we will adjourn until tomorrow  
21 morning at 9:30, unless there's anything else to  
22 deal with, Mr. McCleery.

23 MR. McCLEERY: Nothing further that I'm aware of,  
24 Mr. Commissioner.

25 THE COMMISSIONER: All right. Thank you. Yes, Madam



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Registrar.

THE REGISTRAR: Yes. The hearing is adjourned until  
January 28th, 2021, at 9:30 a.m. Thank you.

**(PROCEEDINGS ADJOURNED AT 12:48 P.M. TO JANUARY 28,  
2021)**