

**Commission of Inquiry into
Money Laundering in British Columbia**

Public Hearing

Commissioner

The Honourable Justice
Austin Cullen

Held at:

Vancouver, British Columbia
via video link

Thursday, June 11, 2020

APPEARANCES

Brock Martland, QC Patrick McGowan	Cullen Commission
Cherisse Friesen Chantelle Rajotte Jacqueline Hughes	B.C. (Ministry of Finance and Gaming Policy and Enforcement Branch)
Dorian Simonneaux Katherine Shelley	Canada
Ludmila Herbst, QC Catherine George	Law Society of B.C.
Ron Usher	Society of Notaries Public of B.C.
William Smart, QC	B.C. Lottery Corporation
Mark Skwarok Melanie Harmer	Great Canadian Gaming Corporation
Christine Mainville	Robert Kroeker
Robin McFee, QC Maya Ollek	James Lightbody
Chris Weafer Patrick Weafer	B.C. Real Estate Association
Jitesh Mistry	B.C. Government and Service Employees' Union
Carina Chiu Morgan Camley	BMW
Emily Lapper	B.C. Civil Liberties Association
Jo-Anne Stark	Canadian Bar Association, B.C. Branch
Kevin Comeau	Transparency International Coalition

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Vancouver, B.C.
June 11, 2020

1
2
3
4 THE REGISTRAR: Good morning. Thank you for waiting.
5 The hearing is resumed.

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

8 MR. MCGOWAN: Yes. Good morning, Mr. Commissioner.
9 Today we have panel of witnesses from the
10 Province of British Columbia. They include Mark
11 Sieben, Dr. Christina Dawkins, and Ms. Megan
12 Harris.

13 Before I commence, I just want to make a
14 brief comment about the Commission's purpose in
15 calling these witnesses at this time.

16 These witnesses are all members of the
17 Province's Anti-Money Laundering Deputy Ministers
18 Committee, and in some cases the secretariat
19 also. They're being called by the Commission at
20 this stage of the inquiry primarily to provide
21 evidence on the Province's current and developing
22 anti-money laundering strategy in order to allow
23 the Commission to understand and evaluate that
24 strategy against evidence, including sector-
25 specific evidence, we anticipate calling in the
26 fall.

27 During the fall hearings, the Commission
28 does plan to lead evidence on the topic of money
29 laundering in specific sectors such as gaming and
30 real estate industries in British Columbia, and
31 we plan to call witnesses to address the
32 government's response to the issue of money
33 laundering in the province, which will include
34 evidence on the issue of whether the acts or
35 omissions of regulatory authorities or
36 individuals contributed to money laundering.

37 I set this out now so that you and others
38 will understand the focus of Commission counsel's
39 examination today and to explain why some lines
40 of inquiry may be deferred until other portions
41 of our hearing.

42 With that said, Mr. Commissioner, I will ask
43 that the witnesses be affirmed. They all prefer
44 to be affirmed.

45 THE COMMISSIONER: Thank you. Madam Registrar.

46 THE REGISTRAR: Yes. Would the witnesses please
47 unmute yourselves.

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 Mr. Sieben, please state your full name and spell
2 our first name and last name for the record.

3 MR. SIEBEN: My full name is Mark Kenneth Sieben.
4 M-a-r-k, S-i-e-b-e-n.

5 THE REGISTRAR: Thank you. Ms. Dawkins, please state
6 your full name and spell your first name and last
7 name for the record.

8 DR. DAWKINS: My name is Christina Dawkins, C-h-r-i-s-
9 t-i-n-a; Dawkins is D-a-w-k-i-n-s.

10 THE REGISTRAR: Thank you. Ms. Harris, please state
11 your full name and spell your first name and last
12 name for the record.

13 MS. HARRIS: Megan Harris. M-e-g-a-n, H-a-r-r-i-s.

14 THE REGISTRAR: Thank you.

15

16 MARK SIEBEN, a witness called
17 for the Commission, affirmed.

18

19 CHRISTINA DAWKINS, a witness
20 called for the Commission,
21 affirmed.

22

23 MEGAN HARRIS, a witness
24 called for the Commission,
25 affirmed.

26

27 THE REGISTRAR: Thank you. Counsel.

28 MR. MCGOWAN: Yes. Mr. Commissioner, I intend to
29 commence by taking these witnesses through their
30 background and experience, and in doing so I plan
31 to introduce their bios or curriculum vitae.

32 I do so not because they are put forward as
33 having a particular subject matter expertise in
34 the way some of the witnesses you've heard over
35 the past couple of weeks do, but to orient you
36 and others to their relevant experience in
37 positions they've held, primarily in government.

38

39 EXAMINATION BY MR. MCGOWAN:

40

41 Q Mr. Sieben, perhaps I'll start with you. You are
42 the current Deputy Solicitor General?

43 MR. SIEBEN: I am.

44 Q I wonder if you might just take --

45 MR. MCGOWAN: Actually, Madam Registrar, can we bring
46 up Mr. Sieben's bio, please.

47 Q That's your bio which sets out some of your

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 relevant experience and background, sir?

2 MR. SIEBEN: Excuse me. I just lost the screen for a
3 moment. Yes. That looks familiar. That's me.

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

6 THE COMMISSIONER: Very well. That will be Exhibit
7 38.

8 THE REGISTRAR: Exhibit 38.

9

10 EXHIBIT 38: Mark Sieben - Biography

11

12 MR. MCGOWAN: Thank you.

13

Q Sir, I wonder if you might just take a moment and
14 take the Commissioner through some of your
15 relevant education and experience.

16

MR. SIEBEN: Good morning, Commissioner. I've been
17 working in the public service for a little over
18 30 years. These past 10 years has been in the
19 role of Deputy Minister. Since June of 2016,
20 I've been the Deputy Minister for Public Safety
21 and Solicitor General. And previous to that I
22 was in the role of Deputy Minister for the
23 Ministry of Children and Family Development. And
24 previous to that role I was the Deputy Minister
25 for the Ministry of Social Development, which is
26 B.C.'s income assistance and disability ministry.

27

Prior to assuming deputy roles, my -- most
28 of my career was in the Ministry of Children and
29 Family Development where I started as a child
30 protection social worker in 1990.

31

Prior to coming into government, I worked as
32 a youth and family councillor for a relatively
33 short period of time, about a year and a half.

34

I have a Bachelor of Arts degree majoring in
35 sociology and a law degree.

36

Q Thank you, sir. You've held your current
37 position since 2016?

38

MR. SIEBEN: June of 2016, yes.

39

Q Thank you. And I wonder if you could just
40 briefly outline for the Commissioner some of the
41 roles and responsibilities that you have as
42 Deputy Solicitor General.

43

MR. SIEBEN: The Ministry of Public Safety and
44 Solicitor General is a relatively diverse and
45 eclectic mix of programs and services in the
46 public service, in the public safety and justice
47 sector. The services range from consumer

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)

Examination by Mr. McGowan, Counsel for the Commission

1 protection to responsibility for office of the
2 coroners, corrections, policing, crime prevention
3 and victim assistance, also cannabis
4 legalization. And I also have responsibility for
5 the Office of Civil Forfeiture.

6 As a deputy minister, my role is to act as
7 the lead public servant for this area, and so I
8 act as a day-to-day operational authority for
9 delivery of services in those program areas. I
10 also have responsibility to provide support to
11 our minister, the Honourable Mike Farnworth,
12 who's the Minister for Public Safety and
13 Solicitor General, and assist him in achieving
14 the goals that are set by -- from himself and his
15 cabinet colleagues and the Premier in our area.

16 Other areas of responsibility of a deputy
17 minister include working on cross-ministry
18 initiatives with my colleague deputy ministers,
19 as well as working with various stakeholders and
20 service delivery entities who may exist as an
21 arm's length away or in a contracting
22 relationship with the ministry.

23 Q Okay, thank you. And one of those cross-ministry
24 responsibilities, at least at present, is the
25 government's anti-money laundering initiatives;
26 is that correct?

27 MR. SIEBEN: That's correct.

28 Q Dr. Dawkins, maybe we could move on to you. You
29 are the Executive Director of
30 Corporate Priorities and Strategic Engagement in
31 the Attorney General's ministry; is that correct?

32 DR. DAWKINS: No, I'm not. Sorry.

33 Q Oh, sorry. I've got you mixed up with Ms. Harris
34 in my notes there, yes. You're the Executive
35 Lead for the Government of British Columbia's
36 Financial, Real Estate and Data Analytics Unit
37 within the Ministry of Finance. Have I got that
38 right?

39 DR. DAWKINS: Correct.

40 Q Thank you. I wonder if you might just take a
41 moment and take the Commissioner through some of
42 your relevant background and experience. Perhaps
43 we can do that with the benefit of your CV which
44 you've provided.

45 MR. MCGOWAN: If that could be displayed and if that
46 could be the next exhibit, please, Mr.
47 Commissioner.

Mark Sieben, Christina Dawkins and Megan Harris (for the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 THE COMMISSIONER: Very well. That will be Exhibit
2 39.

3 THE REGISTRAR: Exhibit 39.

4
5 EXHIBIT 39: Christina Dawkins - Curriculum
6 Vitae
7

8 MR. MCGOWAN: Thank you.

9 Q Yes, Dr. Dawkins.

10 DR. DAWKINS: So I'm currently -- as you just
11 mentioned, currently the Executive Lead in the
12 Financial, Real Estate, and Data Analytics Unit
13 within the Policy and Legislation Division of the
14 Ministry of Finance. I've been in that role
15 since September of 2019. Before that, I was
16 Acting Assistant Deputy Minister for the Policy
17 and Legislation Division in the Ministry of
18 Finance for about six months. And before that I
19 held -- I've held a couple of executive director
20 roles within the Ministry of Finance. Directly
21 before that I was the Executive Director of the
22 Financial and Corporate Sector Policy Branch
23 within the division, and before that I was the
24 Executive Director of the LNG Taxation
25 Development Branch, which no longer exists.

26 I started my career in the public service in
27 December of 20 -- 1999, so I've been with the
28 public service for just over 20 years. I've
29 spent my entire time within the Policy and
30 Legislation Division of the Ministry of Finance.
31 I started as a tax policy analyst and spent about
32 15 years of my career undertaking tax policy
33 analysis in various capacities.

34 And before that I came right out of grad
35 school. I have a Ph.D. in economics and -- I
36 have a Ph.D. in economics and I have a master's
37 and undergraduate degree, also in economics.

38 Q Thank you. And I wonder if you might just
39 explain to the Commissioner some of the roles and
40 responsibilities that you have in your current
41 position.

42 DR. DAWKINS: So the Financial, Real Estate, and Data
43 Analytics Unit, which we refer to colloquially as
44 FREDAs, has two branches within it. It has a
45 Policy Branch, and Policy Branch is responsible
46 for the legislative frameworks around real
47 estate, money laundering initiatives that fall

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the Commission)

Examination by Mr. McGowan, Counsel for the Commission

1 under the statutes that are the responsibility of
2 the Minister of Finance, and -- for example the
3 *Mortgage Brokers Act*. The Data Branch is a
4 branch that is established to try and support the
5 -- provide empirical support to the activities of
6 the Policy and Legislation Division, including
7 the Tax Policy Branch.

8 My role as an executive lead is to - to --
9 identify priorities for the work for these two
10 branches and to communicate -- to bring options
11 through the bureaucracy, so to -- through the
12 deputy minister and to bring options to the
13 Minister of Finance for decision, and then to
14 ensure that those options are reflected in
15 whatever the subsequent legislation may be -- the
16 decisions are reflected in the subsequent
17 legislation or the subsequent activities of the
18 FREDA group.

19 Q Thank you. Ms. Harris, perhaps we'll move on to
20 you.

21 MR. MCGOWAN: If could have Ms. Harris's CV displayed,
22 please.

23 Q That's the CV that you provided through counsel
24 to the Commission, Ms. Harris?

25 MS. HARRIS: Yes, that's correct.

26 MR. MCGOWAN: Thank you. If that could be the next
27 exhibit, please.

28 THE COMMISSIONER: Very well. That will be Exhibit
29 40.

30 THE REGISTRAR: Exhibit 40.

31
32 EXHIBIT 40: Megan Harris - Curriculum Vitae
33

34 MR. MCGOWAN:

35 Q Ms. Harris, if you could please just take a
36 moment and walk the Commissioner through some of
37 your relevant education and experience.

38 MS. HARRIS: Yes. In my most recent position, I am
39 the lead to the Anti-Money Laundering Secretariat
40 for the Province of British Columbia. I'm the
41 Executive Director of the Corporate Priorities
42 and Strategic Engagement in the Ministry of
43 Attorney General. I've been in this role since
44 November 2018. Prior to this role I worked for a
45 short period with Deloitte based in Victoria.
46 Prior to that I was the Communications Director
47 for the Minister of Attorney General from July

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)

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1 2017 to January 2018. And prior to that I was
2 the Communications Director for the Ministry of
3 Community, Sport and Cultural Development, from
4 August 2016 to July 2017. Prior to that I worked
5 for local government and higher education in the
6 province of Ontario.

7 Q Thank you. And maybe just take a moment and tell
8 the Commissioner some of the roles and
9 responsibilities you have in your current
10 positions.

11 MS. HARRIS: As a lead to the Anti-Money Laundering
12 Secretariat, I am responsible for the process and
13 implementation and response to Dr. German's first
14 report from 2018 and reporting through to the
15 Anti-Money Laundering Deputy Ministers Committee.
16 In that role we also support the project
17 management and process for the response to Dr.
18 Maloney's report as well as the review and
19 analysis of Dr. German's 2019 "Dirty Money"
20 report. In addition, we are responsible for the
21 creation and implementation and action of the
22 provincial Anti-Money Laundering Strategy.

23 Q Okay, thank you. I'm going to ask you some
24 questions now, and initially I'll focus my
25 questions to Ms. Harris, but Mr. Sieben or Dr.
26 Dawkins, I would invite you to weigh in if you
27 have an additional comment. Or if you think you
28 may be better placed to answer a question, please
29 weigh in, or, Ms. Harris, please let us know if
30 somebody else is better placed to respond to
31 something.

32 You've mentioned the secretariat, and the
33 secretariat, I gather, the primary function of
34 that is to support the Province's Anti-Money
35 Laundering Deputy Ministers Committee?

36 MS. HARRIS: Yes, that's correct.

37 Q What is the Anti-Money Laundering Deputy
38 Ministers Committee?

39 MS. HARRIS: The Anti-Money Laundering Deputy
40 Ministers Committee is a committee of deputies
41 representative of the Ministry of Finance,
42 Ministry of Public Safety and Solicitor General
43 and the Ministry of Attorney General. And we --
44 they are responsible and oversee the
45 implementation of all three expert reports as
46 well as all anti-money laundering initiatives
47 from the Province.

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the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 Q When was that committee created?

2 MS. HARRIS: The committee was initially created in
3 the summer of 2018 following Dr. German's initial
4 report.

5 Q Was there a similar committee or analogous body
6 in existence prior to that?

7 MS. HARRIS: No, not that I'm aware of.

8 Q And the secretariat, maybe just explain to the
9 Commissioner briefly what the secretariat is and
10 what its role is.

11 MS. HARRIS: The secretariat is the lead body
12 responsible for the implementation of these three
13 expert reports as well as the actions that will
14 be brought forward through the strategy, and the
15 main liaison for the Province on anti-money
16 laundering initiatives.

17 Q When the committee was initially created, it was
18 done so by way of a set of terms -- a document
19 titled "Anti-Money Laundering Deputy Minister
20 Committee Terms of Reference, September 2018"?

21 MS. HARRIS: Yes, that is correct.

22 MR. MCGOWAN: If we could have that document briefly
23 displayed, please.

24 Q This is the initial terms of reference which
25 struck the committee; is that correct?

26 MS. HARRIS: Yes, that is correct.

27 MR. MCGOWAN: If that could be the next exhibit,
28 please.

29 THE COMMISSIONER: Very well. That will be Exhibit
30 41.

31 THE REGISTRAR: Exhibit 41.

32

33 EXHIBIT 41: Anti-Money Laundering Deputy
34 Minister Committee Terms of Reference,
35 September 2018

36

37 MR. MCGOWAN:

38 Q Ms. Harris, I wonder if you could just explain
39 the purpose and scope of the committee to the
40 Commissioner as it was in September 2018.

41 MS. HARRIS: As noted in this document, the deputy
42 ministers committee was responsible to have
43 ownership over the implementation of Dr. German's
44 initial 2018 report.

45 Q And did the role of the committee at that stage
46 go beyond this at all, beyond the implementation
47 of the recommendations from that single report?

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the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 MS. HARRIS: To my knowledge, no. It was strictly to
2 the implementation of the first report.

3 Q And who were the members of the committee at that
4 time?

5 MS. HARRIS: The voting members were the Deputy
6 Minister of Finance, Deputy Minister and
7 Solicitor General -- of Public Safety and
8 Solicitor General, and the Associate Deputy
9 Minister of the Ministry of Attorney General.
10 Non-voting --

11 Q And --

12 MS. HARRIS: Oh, sorry.

13 Q Carry on, yes. I was going to ask you about non-
14 voting members, so carry on.

15 MS. HARRIS: Non-voting members included the CEO of
16 BCLC as well as the support function executive
17 director from BCLC. In addition, there was the
18 Assistant Deputy Minister of Gaming Policy and
19 Enforcement Branch, GPEB, as well as the support
20 function executive director from GPEB as well, as
21 well as the lead to the Anti-Money Laundering
22 Secretariat.

23 Q Thank you. And did the committee have regular
24 meetings?

25 MS. HARRIS: Yes, they met monthly.

26 Q And I presume minutes were produced to those
27 meetings?

28 MS. HARRIS: That's correct.

29 Q Now, you've told the Commissioner the exclusive
30 focus of the committee in September 2018 was the
31 implementation of the initial report by Dr.
32 German. And that report focused pretty much
33 exclusively on the gaming industry, correct?

34 MS. HARRIS: Yes, that is correct. It was in response
35 to Dr. German's first report that looked into
36 Lower Mainland casinos.

37 Q I gather by September of 2018, the issue of money
38 laundering and the awareness of it stretched
39 beyond the gaming industry. There was certainly,
40 I think it's fair to say, concern expressed about
41 the impacts of money laundering in other sectors
42 of society. Can you offer any insight into why,
43 when the committee was initially struck, it
44 focused solely on the gaming industry and did not
45 have its mandate extended to sectors beyond the
46 gaming industry?

47 MS. HARRIS: I was not in the role at this time, so I

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the Commission)

Examination by Mr. McGowan, Counsel for the Commission

1 can't speak to that. Mr. Sieben could speak to
2 that.

3 Q Mr. Sieben, I wonder if you might offer any
4 insight on that question.

5 MR. SIEBEN: Yes, I'd be pleased to. If I might bring
6 the Commissioner's attention to paragraph 1 in
7 the terms of reference. We'll note towards the
8 end of that initial paragraph that there's
9 reference to the work of potentially being
10 expanded to include consideration of other
11 sectors such as real estate, luxury cars/goods,
12 and horse racing. So it was contemplated that
13 the original areas of inquiry as they were
14 limited to casinos and gaming might be expanded
15 dependent on what -- what material and issues
16 were brought forward to the deputy ministers
17 committee. However, the place that we started as
18 the platform for our work, as Ms. Harris has
19 indicated, was the original German report.

20 Q And Mr. Sieben, did the focus of the committee
21 stay on gaming until its terms of reference --
22 the terms of reference were amended -- and
23 amended/expanded in June 2019?

24 MR. SIEBEN: That's correct.

25 Q And I've made reference to the terms of reference
26 expanding. Ms. Harris, there was an alteration
27 to the terms of reference or an amendment to them
28 in June of 2019; is that correct?

29 MS. HARRIS: Yes, that's correct.

30 MR. MCGOWAN: If we could have that document
31 displayed, please. If that could be the next
32 exhibit, Mr. Commissioner.

33 THE COMMISSIONER: Yes, that will be Exhibit 41.

34 THE REGISTRAR: Exhibit 41.

35 MR. MCGOWAN: I believe -- Was the last document --

36 THE REGISTRAR: Oh, I'm sorry. It's 42 -- 42, yes.

37 THE COMMISSIONER: I'm sorry, my mistake.

38

39 EXHIBIT 42: Anti-Money Laundering Deputy
40 Minister Committee Terms of Reference, June
41 2019

42

43 MR. MCGOWAN:

44 Q So Exhibit 42. Ms. Harris, I wonder if you could
45 just explain to the Commissioner how the mandate
46 of the committee was altered by the amendment to
47 the terms of reference.

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)

Examination by Mr. McGowan, Counsel for the Commission

1 MS. HARRIS: Following the receipt of two further
2 executive reports, the second "Dirty Money"
3 report from Dr. German in 2019 as well as the --
4 Dr. Maloney's report, "Combatting Money
5 Laundering in B.C. Real Estate," it was
6 determined that the Anti-Money Laundering Deputy
7 Ministers Committee could look at a broader --
8 have a broader focus and coordinate a more
9 multisectoral approach to anti-money laundering.

10 Q And did the -- I gather from this document that
11 the mandate of the committee now included taking
12 the lead on the development of the Province's
13 multisectoral anti-money laundering strategy; is
14 that correct?

15 MS. HARRIS: That is correct.

16 Q Do you know who was responsible for making the
17 decision to expand the mandate of the committee?

18 MS. HARRIS: That was a decision that was discussed by
19 the deputies at the Deputy Ministers Committee,
20 and I welcome Mr. Sieben to make further comment
21 if you'd like.

22 Q Mr. Sieben, was that a decision of the committee
23 itself or was that a decision that came from one
24 of the ministers or from cabinet?

25 MR. SIEBEN: It a -- Both to some degree. It became
26 apparent during the initial year of the
27 committee's existence that discussion and
28 examination of money laundering, while it was
29 premised on the original German report, couldn't
30 be confined simply to looking at what was
31 happening in gaming and casinos, work engaged
32 both through the secretariat as it was brought to
33 the committee, as well as externally as decisions
34 were made by the Ministry of the Attorney General
35 and the Ministry of Finance, to look beyond the
36 area of gaming at money laundering issues.
37 Consequently, additional external work was done
38 both by Dr. German as well as a panel led by
39 Maureen Maloney. And those reports in due course
40 informed the broader scope of the committee as
41 well as the activity that the committee asked of
42 the secretariat. While this discussion and that
43 decision was very much supported through the
44 DMC/AML, we confirmed that approach, particularly
45 through the Attorney General, given his primary
46 responsibility for the area, but also through
47 myself and the Solicitor General and through the

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)

Examination by Mr. McGowan, Counsel for the Commission

1 Deputy Minister of Finance with the Minister of
2 Finance.

3 Q Okay. And Mr. Sieben, does the committee make
4 decisions and undertake initiatives, or is its
5 role more in the realm of developing information
6 and providing advice to government so government
7 can make decisions about directions to be taken?

8 MR. SIEBEN: It works in both ways. I might note that
9 a deputy ministers committee isn't unique and
10 specific to the area of anti-money laundering.
11 At a point in which an area of business or an
12 issue becomes relevant to government, we often go
13 through a process of identifying where the
14 ministry or area of primary responsibility is.

15 So for example, money laundering is
16 primarily looked at as an area for focus through
17 the Ministry of Attorney General. However, you
18 can't really consider money laundering without
19 looking at other areas such as banking and real
20 estate, as well as policing.

21 So when the issue that comes into focus
22 requires a fair degree of cross-ministry
23 coordination and it is anticipated or directed
24 that options be brought through ministers for
25 decision by government, then a deputy ministers
26 committee is a useful device to make sure that
27 ministries are effectively coordinating that
28 work, sharing information, and bringing options
29 that can be supported collectively by the
30 responsible ministries as opposed to just seeing
31 the single focus of a particular ministry and a
32 particular minister.

33 At the same time, the deputies have a
34 responsibility to provide guidance and to a large
35 degree direction to the day-to-day operations
36 associated with the program or service that's
37 focused on the enterprise.

38 In this instance, that happens through the
39 secretariat, which is the sort of day-to-day
40 entity which takes actions on behalf of
41 government targeted towards money laundering,
42 both in terms of developing information and
43 options to provide to ministers as well as
44 bringing back guidance or decisions and then
45 looking to assist build whatever policy or
46 structures that might be utilized in order to
47 address money laundering.

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)

Examination by Mr. McGowan, Counsel for the Commission

1 So the responsibilities flow both ways.

2 Q So from the perspective of having a body that's
3 designed to coordinate in a cross-ministry way
4 the cross-sectoral anti-money laundering
5 response, that body really came into existence in
6 June of 2019?

7 MR. SIEBEN: On a cross-sectoral basis, yes. While
8 work would have been done in various program
9 areas and also through external regulators, the
10 scope of the deputy ministers committee was
11 revised in September 2019 so that there would be
12 opportunity to more effectively sort of
13 coordinate what a holistic, integrated government
14 response could be.

15 Q Was there a concern prior to this time that there
16 may have been a lack of coordination in the
17 response to money laundering in this province?

18 MR. SIEBEN: That was reflected in the reports that
19 came forward and likely articulated a frustration
20 internally both in terms of law enforcement and
21 the staff in the relevant program areas. It is
22 not uncommon for people who are working in
23 specific roles to identify where more effective
24 information sharing or coordination might --
25 beyond their specific program might facilitate a
26 better outcome. So both internal to government
27 as well as expressed in the external reports,
28 increased coordination became a primary
29 consideration for the deputy ministers committee.

30 Q Ms. Harris, I wonder if you could just take the
31 Commissioner through, in a general way at this
32 stage, what the role of the secretariat is and
33 the types of work that it does to support the
34 committee.

35 MS. HARRIS: Day-to-day responsibility is very much an
36 advisory function as well as a project management
37 role. From a project management perspective, we
38 work with multiple branches and Crowns and
39 stakeholders in determining an approach to
40 implementing suggested recommendations as well as
41 reviewing and analyzing the findings from the
42 other reports. The Anti-Money Laundering
43 Secretariat is directly responsible for the
44 implementation of the first German report, and
45 that is -- for the first report, it is working
46 with, as I mentioned, those groups in analyzing
47 each individual recommendation and how each of

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1 those recommendations will be addressed
2 specifically.

3 For the second report it was the
4 responsibility of the secretariat to review and
5 analyze that second report. And for the -- Dr.
6 Maloney's report it was to support the Ministry
7 of Finance in tracking and more of a project
8 management perspective, supporting the Ministry
9 of Finance.

10 As of late, we've been focusing quite a bit
11 on the development of the provincial anti-money
12 laundering strategy and the approach that
13 government will take to implementing the actions
14 that were identified within that strategy.

15 Q I can only assume the deputy ministers have a
16 broad range of responsibilities that keeps them
17 quite busy. Do I take it that the daily running
18 and development and implementation of the anti-
19 money laundering strategy falls on members of the
20 secretariat?

21 MS. HARRIS: Yes, that's correct. There is -- that's
22 to say, though, that I am in constant
23 communication with deputies and especially the
24 Associate Deputy Minister of the Ministry of
25 Attorney General.

26 MR. MCGOWAN: Thank you. We've been provided a
27 document titled "AML Current Human Resources."
28 I wonder if that could be displayed, please.

29 Q Do you have a copy of that, Ms. Harris, or can
30 you see it on the screen?

31 MS. HARRIS: I can. I'm just flipping to it in my set
32 of documents. Yes, I have it. Thank you. That
33 is correct. That's the one.

34 Q Is this an up to date record of membership on the
35 secretariat?

36 MS. HARRIS: This document was produced in and around
37 the January/February timeframe of this year.

38 Q Okay. And has anything changed since it was
39 created?

40 MS. HARRIS: On this first page, just looking -- just
41 looking at now, yes, nothing has changed from my
42 perspective. I would have to ask Ms. -- Dr.
43 Dawkins if the staff related to Ministry of
44 Finance would be up to date.

45 Q Okay. Well, let's focus on the secretariat for a
46 second. This is the body that's -- am I correct?
47 -- primarily responsible for developing and

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1 implementing the anti-money laundering strategy
2 in the province?

3 MS. HARRIS: That's correct. But it's important to
4 note that the strategy was developed with a group
5 of subject matter experts, a working group. So
6 it wasn't solely created by the staff that's
7 noted on this page.

8 Q Okay. So I've got -- you're the Executive
9 Director and you're at .75. That means three-
10 quarters of your time is devoted to the
11 secretariat?

12 MS. HARRIS: That is correct.

13 Q You have a communications director who's one-
14 tenth?

15 MS. HARRIS: That's correct.

16 Q And it looks like you've got a -- and after your
17 name it says "unfunded permanent staff." What
18 does the unfunded notation mean?

19 MS. HARRIS: That's -- that is just noted that, even
20 though I'm a permanent staff person, the funding
21 for the secretariat is through contingency
22 funding, which is a normal part of a new
23 initiative. This was -- the secretariat was
24 created after the government -- this current
25 government came into power, and after a budget
26 process that was put in place. I welcome Mr.
27 Sieben if he'd like to add anything more to that.

28 MR. SIEBEN: Yeah. It -- From my perspective, whether
29 the position is funded or unfunded doesn't have a
30 whole lot of meaning attached to it. It is often
31 the case, as Ms. Harris has indicated, that new
32 areas of focus come to the attention of
33 government, and if the -- that those areas
34 probably require support, that they perhaps don't
35 have the opportunity to receive attention and
36 support through the original budget process. So
37 deputies and ADMS and their staff find means by
38 which to initially support the work so that might
39 result in hiring additional staff or reallocating
40 current staff to a new role, so that those
41 positions are unfunded in the sense that they
42 don't have a base in the original budget year.
43 Often that can be addressed in contingency. In
44 subsequent years it could very well be that those
45 unfunded positions become funded. The -- My
46 experience over a number of years in deputy and
47 executive roles is if those unfunded positions

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- 1 pertain more directly to service delivery, so
2 services [indiscernible] to the province, they're
3 quickly funded within the next budget cycle.
4 That's often the case.
5 If the nature of the work is more project or
6 program and policy basis, quite often our
7 colleagues in Finance leave deputies the
8 challenge of finding means to continue that work.
9 Regardless whether the position is funded or
10 unfunded, that work is strongly supported and
11 remains a priority.
- 12 Q The secretariat was in existence at the time the
13 last budget was approved?
- 14 MR. SIEBEN: It was.
- 15 Q Ms. Harris or Mr. Sieben, I'll invite either of
16 you to -- well, maybe, Ms. Harris, I'll just ask
17 you. Some of the positions are filled but there
18 appears to be a position for a senior policy
19 analyst and senior project manager which are
20 vacant; is that correct?
- 21 MS. HARRIS: Yes, that is correct. They are currently
22 -- both of those are currently vacant.
- 23 Q How long have they been vacant?
- 24 MS. HARRIS: The senior project manager role has been
25 vacant since the beginning of February, and the
26 senior policy analyst vacant role has not -- we
27 have not had a person in that position. It has
28 not been something that we've currently posted.
- 29 Q So if I'm looking at this correctly, at present
30 over half of the man hours or person hours that
31 are intended to be devoted to the secretariat are
32 vacant at present; is that right?
- 33 MS. HARRIS: Yes.
- 34 Q Okay. Why have you not posted a senior policy
35 analyst full time role to be filled?
- 36 MS. HARRIS: That's a position that would -- we
37 figured would work strictly on more of the
38 enforcement and compliance side of the
39 recommendations and any future enforcement work
40 that was required. So at this time that work is
41 not something that is currently under way. So it
42 is not needed at this time.
- 43 MR. SIEBEN: If I might offer some further comment --
- 44 Q Yes.
- 45 MR. SIEBEN: -- that's desirable.
- 46 Q Certainly
- 47 MR. SIEBEN: The -- While it's very much the case that

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1 the real focus for government's anti-money
2 laundering work on a day-to-day basis occurs
3 through the secretariat, it is not the case that
4 money laundering isn't considered in program
5 areas in respective ministries. So reflective in
6 the secretariat, for example, are a couple of
7 very talented staff from the Ministry of Public
8 Safety and Solicitor General. They in turn, to
9 the degree necessary, would be looking -- working
10 with colleagues in the Police Services Branch,
11 with whom both of these senior staff are based,
12 on relevant matters. And all of that work would
13 contribute to the ongoing work in the
14 secretariat.

15 The model that's, as I understand, as it's
16 been brought forward from the secretariat to the
17 deputy ministers committee is forward looking in
18 that much of the initial work has consisted as -
19 has been described as looking at the original
20 reports. And while the focus isn't specific to
21 those external reports commenting on money
22 laundering, they provide a platform and a basis
23 for government's considerations in this area. As
24 the strategy develops, one might anticipate that
25 as it's picked up and endorsed by government, we
26 would see those positions noted as vacant getting
27 consideration for further support.

28 Q Do you have any plan in terms of timing for
29 posting and filling the senior policy analyst
30 position?

31 MR. SIEBEN: I'm not aware of that. That would occur
32 through -- premised on Ms. Harris's advice and
33 recommendation, and then through the Associate
34 Deputy Minister at the Ministry of Attorney
35 General. Those plans would likely be shared with
36 our deputy ministers council, and I can't say
37 that I've seen a timeline associated with the
38 posting of those positions.

39 Q Ms. Harris, do you -- can you offer any insight
40 into when the secretariat or committee plans to
41 seek to fill the senior analyst position?

42 MS. HARRIS: It will depend. I don't have a plan
43 right now. But I expect that it would come to
44 light as our work begins in actioning the
45 provincial strategy. As Mr. Sieben noted, to
46 date a lot of our -- the work that's done within
47 the secretariat is with subject matter experts in

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1 their areas. We do a significant amount of work
2 with the Gaming Policy and Enforcement Branch and
3 analysts and the investigative team within that
4 branch along with the B.C. Lottery Corporation
5 and the analysts and staff there. So at this
6 time that position has not been needed. I
7 neglected to also note that we work quite a bit
8 with the two representatives from PSSG. That's
9 the noted below the secretariat list. So at this
10 time that position wasn't needed. I do suspect
11 that it will become more and more important for
12 that role as the strategy begins to be actioned,
13 and I expect that to be in the -- within this
14 year.

15 MR. MCGOWAN: Thank you. If that could be the next
16 exhibit, Mr. Commissioner, 43, I believe.

17 THE COMMISSIONER: Yes, Exhibit 43. Thank you.

18 THE REGISTRAR: Exhibit 43.

19
20 EXHIBIT 43: AML Current Human Resources
21

22 MR. MCGOWAN:

23 Q And before I move on, Ms. Harris, maybe I'll just
24 ask you, when the mandate of the deputy ministers
25 committee was amended by way of the June 2019
26 terms of reference, did the membership stay the
27 same?

28 MS. HARRIS: No, the membership did change. The
29 voting membership stayed the same. The deputies
30 and associate deputy minister did not change.
31 However, the non-voting members did. The -- Dr.
32 Dawkins from the Ministry of Finance became a
33 non-voting member of the deputy ministers
34 committee, and Ms. Brenda Butterworth-Carr from
35 the PSSG, who is the ADM and General Manager of
36 Public safety, was added as a non-voting member
37 in support of Mr. Sieben as Deputy Solicitor
38 General.

39 Q And what happened to the representatives from
40 BCLC and GPEB?

41 MS. HARRIS: GPEB and BCLC became guests when needed
42 and called upon as subject matter experts and
43 they attended meetings only when needed.

44 Q I take it that was when the committee was
45 focusing on matters related to the gaming
46 industry?

47 MS. HARRIS: That's correct.

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1 Q You've told us that the mandate of the committee
2 and the secretariat is to guide and direct the
3 development of a provincial multisectoral anti-
4 money laundering strategy. And I gather you have
5 done some work and made some progress in that
6 regard.

7 MS. HARRIS: Yes, that's correct. We do have a
8 strategy that has been developed and a timeline
9 outlined.

10 Q We've been provided with some documents which
11 appear to relate to the committee's work in this
12 regard, and I'd like to take you through some of
13 those.

14 MR. MCGOWAN: Could we please have displayed the
15 Provincial Anti-Money Laundering Strategy, June
16 30th, 2020. If it assists internally, that's at
17 our tab 10.

18 Q Ms. Harris, is this the Anti-Money Laundering
19 Strategy that has been developed by the committee
20 and the secretariat?

21 MS. HARRIS: Yes, that's the one.

22 Q Okay. And is this the most up-to-date version of
23 it?

24 MS. HARRIS: Yes, that is.

25 Q And who authored this document?

26 MS. HARRIS: It was authored by the secretariat, and
27 the contents of it were developed by a working
28 group that was -- that consisted of staff of the
29 secretariat, staff from the Ministry of Finance,
30 staff from Public Safety and Solicitor General,
31 and Legal Services Branch as well as a support
32 team for facilitation from our Justice Services
33 Branch.

34 Q And has this document been approved by
35 government?

36 MS. HARRIS: It has been supported by the Minister of
37 Finance, Solicitor General and Attorney General.

38 Q Okay. Is this -- ? This is the current Anti-
39 Money Laundering Strategy of the Province and the
40 one that they are pursuing; is that fair?

41 MS. HARRIS: Yes. This is the one that we are working
42 towards -- or working from, yes.

43 Q Okay. And what did the secretariat draw upon for
44 background material to [indiscernible] this
45 document? I assume the starting point may have
46 been the reports, the German and Maloney reports.
47 But aside from those, what else did you draw

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1 upon?

2 MS. HARRIS: You are correct. We drew upon the three
3 expert reports along with subject matter
4 expertise from the areas that were represented
5 within the working group as well as stakeholders
6 that we had been working with for the
7 implementation of the first German report. We
8 also had support from a third-party consultant in
9 developing a jurisdictional scan and advisory
10 function and -- advising us on the drafting of
11 the document.

12 Q Okay. And who was that expert?

13 MS. HARRIS: Deloitte.

14 Q And you were working with Sir Robert Wainright
15 through that process as well?

16 MS. HARRIS: That's correct. As well as others.

17 Q I'm going to come back to that document in a
18 moment. I'd like to move on, though, to a slide
19 deck you've provided us, which I think is
20 intended to assist you in going through some of
21 the information that's in that document.

22 MR. MCGOWAN: Could we have the slide deck May 2020,
23 AML Strategy for Cullen Commission.

24 Q Ms. Harris, this is a slide deck that you through
25 counsel have provided to the Commission?

26 MS. HARRIS: Yes, that's correct.

27 Q And is this slide deck intended to assist in
28 providing an overview of what's contained in the
29 strategy?

30 MS. HARRIS: Yes. It's a very high-level overview of
31 the document.

32 Q I'm going to take you through the slide deck in
33 fairly brief fashion to give you an opportunity
34 to orient the Commissioner with the strategy, and
35 then I'm going to go back to the strategy and
36 I'll have a few specific questions about it.
37 If we could start on page 2.

38 MR. MCGOWAN: And I'll ask Madam Registrar to leave
39 that displayed on the screen. Page 2 of the
40 document, please. The number is in the bottom
41 left corner. Yes, thank you. I guess that's
42 perhaps page 3 of the PowerPoint but page 2 of
43 the document.

44 Q The document sets out the following problem
45 statement:

46
47 A thriving criminal economy that has

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1 infiltrated many sectors of the economy and
2 an inadequate ability to identify and deter
3 money laundering in the province.
4

5 Is that the committee's assessment of the current
6 state of affairs and the problem that the
7 strategy is intended to tackle?

8 MS. HARRIS: Yes. And I just want to clarify, when
9 you say committee, I would like to say it's the
10 working group that developed the strategy versus
11 the committee as we've been discussing as the
12 deputy ministers committee. So I just want to
13 clarify it is the working group's statement that
14 we describe as the problem in the province.

15 Q Okay. And is that the working group's assessment
16 of the current state of affairs?

17 MS. HARRIS: Yes, that is correct.

18 Q And that current state of affairs is contributed
19 to, you identify by "a smart and nimble criminal
20 economy, a fractured response to money
21 laundering, and a significant number of
22 stakeholders in multiple sectors"?

23 MS. HARRIS: Yes, that's correct. We see the criminal
24 economy with significant funds and resources
25 available to them. And to date, the response to
26 money laundering in the province has been done in
27 individual siloed function and not as a cohesive
28 unit. There's a number of stakeholders we
29 identified across the province in a number of
30 sectors, and everyone, as we see, would respond
31 in their own individual way.

32 Q Okay. And this strategy is the working group's
33 and ultimately the committee's plan to combat
34 those issues?

35 MS. HARRIS: That's correct.

36 Q If we could flip to page 4, the triangle or the
37 pyramid. So the problem is the base of this
38 pyramid, and I gather the foundational principles
39 and goals and objectives are your analysis of the
40 route forward to an ultimate solution; is that
41 fair?

42 MS. HARRIS: That is fair. And it's outlined later on
43 what those foundational principles are.

44 Q Okay. So I'm going to give you a chance to
45 explain those to the Commissioner.

46 What is the timeframe that the working group
47 or the committee envisions to get to the top of

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1 this pyramid, which I assume is the desired
2 outcome?

3 MS. HARRIS: Yes. So this strategy is a framework
4 that was built in an agile way. It was built as
5 a 10-year outlook with the primary response being
6 in the first four years. It's made up of three
7 goals and eight objectives with a number of those
8 actions taking place beginning in what we call
9 year zero, which was the moment we started
10 working on the strategy. So ultimately we would
11 see the majority of the strategy responded to
12 within the first four years.

13 Q Okay. And what's going to wait for years 5
14 through 10?

15 MS. HARRIS: Ongoing implementation and auditing and
16 education, consultation, and ongoing work
17 required with some of those actions.

18 Q So I wonder if you could take the Commissioner
19 through the founding principles which are set out
20 on page 5 of the PowerPoint.

21 MS. HARRIS: So that's that colorful box. So we
22 identified four main principles which spoke
23 directly to the criminal economy, as you can see,
24 and one that spoke directly to the citizens of
25 British Columbia. We based the strategy off of
26 the four key items that you see under the
27 criminal economy, which is, one, the need to
28 identify money laundering in the province. The
29 expert reports were helpful in identifying the
30 problem within casinos, Lower Mainland casinos,
31 luxury goods, the real estate sector and
32 horseracing. But we aren't familiar or we don't
33 have enough of an understanding of what may be
34 occurring in other sectors. So that is one of
35 our founding principles.

36 We also want to deter and disrupt any
37 activity going on, we -- one of the founding
38 principles being that any action we take should
39 disrupt this illicit behaviour. And when that
40 illicit behaviour does come, we have the ability
41 as a cohesive and collaborative unit to enforce
42 the measures put in place.

43 The fourth item is the ability to measure
44 our success, which needs further work done on
45 that. I think that it's important to note that
46 measuring this is not something that will be done
47 easily, and we still have to determine what that

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1 would look like.

2 The fifth principle related to B.C.
3 citizens. We understand -- as we were going
4 through this, we -- it was very clear that there
5 would be an impact, both positive and negative,
6 to the citizens of British Columbia, the law-
7 abiding citizens of British Columbia, and so our
8 goal is to limit that to be as reasonable as
9 possible -- limit that impact as much as
10 possible.

11 Q Okay. And what sort of impacts are we speaking
12 of there, negative impacts in particular?

13 MS. HARRIS: Well, we've seen through the Dr. Maloney
14 report that there's already been an impact to the
15 real estate sector. We expect that there may
16 possibly be impacts to the real estate sector as
17 we continue going through this, but I'm not an
18 expert and would not be able to speak to that
19 specifically.

20 Q That's an impact of -- potential impact of money
21 laundering on the sector. I gather what this
22 principle focuses on is negative impacts from
23 efforts to combat money laundering; is that
24 correct?

25 MS. HARRIS: Yes, that is correct.

26 MR. MCGOWAN: We'll come back to that in a little bit.
27 I don't see the document displayed on my screen
28 any more. Mr. Commissioner, can you still see
29 it? Or I see it's come back now.

30 THE COMMISSIONER: Yes, I can still see it.

31 MR. MCGOWAN: Thank you.

32 Q You've mentioned that the strategy is guided by a
33 set of goals and objectives, and I wonder if you
34 might just take a moment, starting on page 7 of
35 the PowerPoint, to briefly describe those goals
36 and objectives to the Commissioner.

37 MS. HARRIS: Absolutely. As I mentioned, there are
38 three goals and eight objectives. Beyond those
39 goals and objectives, there's a series of
40 strategies and actions to speak to each of these.
41 And as I mentioned, this was developed in an
42 agile way to respond to any feedback we receive
43 along the way as well as the reports of the
44 Commission that come out, the interim and the
45 final report.

46 So we do see that the three goals and
47 objectives are static. However, the strategies

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1 and actions associated with implementing those
2 objectives would be agile, and may change,
3 removed, or others be added as well. So that's
4 important to note.

5 What you see on page 7 is a representation
6 of the first goal with four objectives, and this
7 speaks to really the first couple of founding
8 principles around the identification and
9 prevention of money laundering. It speaks to the
10 need to understanding the current impact in other
11 sectors outside of those that we already
12 mentioned, understanding if there is -- if money
13 laundering has impacted other sectors and what
14 that may look like, and also understanding what
15 industries are most at risk and putting a
16 framework in place to help prevent that.

17 It also outlines in objective 1.4 the need
18 for coordinated and cohesive response and working
19 with the federal government, a large group of
20 stakeholders, industry partners to be able to do
21 this. It goes into depth around the need for
22 data and data analysis and understanding what
23 data we have access to and what data we do not
24 have access to, and the gaps therein. It speaks
25 to the need for the sharing of data and the
26 sharing of the analysis that comes from that.

27 Q And Goal 2?

28 MS. HARRIS: Goal 2, which is on page 8, speaks to
29 compliance and enforcement response. As I
30 mentioned, the goal is to disrupt the activity
31 that's taking place and making it very hard for
32 the criminal economy to continue and to move to
33 other sectors within the legitimate economy.

34 So Goal 2 is around developing the tools and
35 expertise to be able to effectively enforce anti-
36 money laundering initiatives.

37 Q And is that objective based in part on an
38 assessment that the Province currently doesn't
39 have sufficient tools and expertise to combat the
40 problem?

41 MS. HARRIS: This came from the report that came
42 through from Dr. German and Dr. Maloney that
43 there is a lack of expertise in this area.

44 Q And is that input from those reports -- is that
45 aligned with the working group's assessment of
46 the current situation?

47 MS. HARRIS: Yes, that is correct.

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1 Q And Goal 3?

2 MS. HARRIS: Goal 3 very much speaks to education and
3 partnership with our stakeholders and the need to
4 have those within the province regulators, non-
5 regulators and all parties involved to work
6 together to combat this behaviour. So this is
7 more -- this is -- Goal 3 is around education and
8 communication.

9 MR. MCGOWAN: Okay. If I could just have a moment,
10 Mr. Commissioner. If that could be the next
11 exhibit, please.

12 THE COMMISSIONER: Very well. That will be Exhibit
13 44.

14 THE REGISTRAR: Exhibit 44.

15

16 EXHIBIT 44: The Provincial Anti-Money
17 Laundering Strategy (slide deck)

18

19 MR. MCGOWAN: If could next, Madam Registrar, have
20 displayed a document entitled "Anti-Money
21 Laundering Strategic Timeline: Three Year Plan."
22 It's tab 8 of my materials, if that assists.

23 Q Ms. Harris, what is this document?

24 MS. HARRIS: As I mentioned earlier, the strategy was
25 developed based on a 10-year timeline with very
26 quick action taken within the first four years.
27 So this timeline is a representation of the
28 actions -- the strategies and actions that would
29 be undertaken or are envisioned for the first
30 four years.

31 Q Okay. And what do the different colours
32 represent?

33 MS. HARRIS: As we went through -- as the working
34 group went through the strategies and actions, we
35 identified if they were either a must-do action a
36 should-do action, or a nice-to-do action. And
37 you can see by the template at the bottom -- lost
38 my word there -- that would identify each of
39 those colours.

40 Q Okay. So blues are must-do, greens are should-
41 do, and yellow is nice-to-do?

42 MS. HARRIS: That's correct.

43 Q And I wonder if we might just flip forward to the
44 fourth page of the document, please. I see some
45 red lines have been added. It looks like the
46 same document but with red lines struck through
47 some of the actions. Can you explain to the

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1 Commissioner what this portion of the chart
2 displays.

3 MS. HARRIS: That's correct. So when I envisioned
4 this document, I had in mind what would be like
5 an old overhead projector and would have
6 overlays. And so it would start with the
7 document -- the first couple of pages we were
8 looking at, which is the fulsome response. And
9 then the overlay, which is the crossed-out lines,
10 are identifying all those items that would have a
11 new capital or operating request associated to
12 them. So the red lines are associated to those
13 that would not be undertaken at this time due to
14 a new funding or human resource request.

15 Q So are these -- maybe help me understand. Are
16 these actions which have dropped off because of a
17 lack of funding?

18 MS. HARRIS: I wouldn't say that they've dropped off.
19 They've been put on hold. They've been put on
20 hold for the time being for a number of reasons.
21 One, we wanted to ensure that we were able to
22 tackle some primary items first. In addition,
23 having the Cullen Inquiry announced, we wanted to
24 ensure that we are able to take into
25 consideration the recommendations within the
26 Commission's interim report and final report and
27 be able to adjust this timeline and the actions
28 as needed. We didn't want to jump the gun.

29 And yes, there are also human resource and
30 funding impacts to each of these.
31 Q So for example, the first red line we see is
32 crossed-out: "Develop a recruitment plan to
33 ensure strong future provincial capacity and AML
34 expertise in B.C." I gather that's been, by the
35 red line through it, been put on hold because of
36 some sort of constraints?

37 MS. HARRIS: Yes. I wouldn't necessarily say because
38 of constraints. But the -- it's dependent on
39 action ahead of it, which is 1.1.1a, and the need
40 to analyze for independent body to oversee AML.
41 We determined that that will take a significant
42 amount of time and up to the end of fiscal year
43 2021. So I did not mention that, that year zero,
44 year one, year two, year three -- this based on
45 the government's fiscal year.

46 Q Right.

47 MS. HARRIS: So we determined that that would take

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- 1 enough -- a significant amount of time, and by
2 the end of fiscal 2021, we'll have received
3 feedback and recommendations from external
4 stakeholders as well as the interim reports from
5 the Cullen Commission. So that one action item,
6 1.1.1b, was not required and was put on hold for
7 the time being.
- 8 Q Okay. One of the items that had been in year
9 zero is strategy 1.1.3a: "Provide guidance and
10 training to real estate agents on potential
11 impacts of money laundering."
12 Can you offer any insight into why that's
13 been struck out?
- 14 MS. HARRIS: I can't -- I can't recall at this time.
15 I think it's because we did not have the
16 resources at the time to do that, but I can't
17 recall off the top of my head. I'd have to look
18 back at my notes.
- 19 Q Thank you. Similarly, strategy 1.2.6: "Develop
20 data analytic capabilities to identify money
21 laundering activities in real estate."
22 Can you assist with why that item and a
23 number of items underneath it have been struck?
- 24 MS. HARRIS: That was a conversation we had at the
25 working table -- working group table, and was
26 brought forward by Finance. And I would need to
27 leave that to Dr. Dawkins and the Ministry of
28 Finance to answer. I can't recall the reason why
29 the suggestion came forward from Finance for that
30 to be put on hold at this time.
- 31 Q Yes. Dr. Dawkins, can you assist? You'll have
32 to -- sorry -- yes, there we go.
- 33 DR. DAWKINS: Yeah, sorry. No, I'm just trying to
34 actually follow -- which number is it again?
- 35 Q If you can see the page, it's strategy 1.2.6.
36 It's the last blue line on the far left column
37 under year zero. It's got a red line through it.
- 38 DR. DAWKINS: Okay.
- 39 Q I was just asking Ms. Harris why that item which
40 had originally been in the must-do category for
41 year zero has been struck.
- 42 DR. DAWKINS: I do not know why it has been struck.
43 There are elements of that strategy that are
44 currently being undertaken, so I'm not too sure
45 why it's been struck.
- 46 Q Okay. Moving to the next page, page 3, Goal 2,
47 item number 2.1.1, something that had been in the

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1 must-do category, "Develop dedicated AML
2 compliance and enforcement units." Ms. Harris,
3 can you assist us with why that has been red-
4 lined?

5 MS. HARRIS: Yes. That has significant resources
6 attached to that item, and one that needed
7 further evaluation. And we wanted to ensure that
8 we didn't undertake a large project like that
9 before understanding the recommendations from the
10 Cullen Inquiry. In addition, I want to note that
11 it does not mean that we're not working through
12 compliance and enforcement activities. We
13 continue to do that. We just are not creating a
14 dedicated -- more analysis is required to
15 understand what a dedicated unit would look like.

16 MR. SIEBEN: I might offer a contribution, please, Mr.
17 McGowan.

18 MR. MCGOWAN: Yes. Thank you.

19 MR. SIEBEN: In my view, which I believe is shared by
20 my colleagues on the deputy ministers committee,
21 we're simply not there yet and in order to be
22 able to fulsomely embrace that strategy. We
23 still have more to learn regarding the extent of
24 money laundering in various sectors and the best
25 means by which to interrupt and address that.
26 So, sort of regardless of whether it shows in
27 year one, that we're simply not in a position to
28 be able to have confidence that the model we --
29 that could be built now would be successful in --
30 in meeting that very high challenge. As Ms.
31 Harris has suggested, while there is much that we
32 can do and continue to do on the enforcement side
33 through existing resources and mandates, and
34 facilitate greater coordination and information
35 sharing between them, creating a new structure
36 and unit without having a very clear and cogent
37 vision of what it would consist of, what it would
38 cost, and what it would achieve would not be
39 supported by government. And to that end, and
40 again as Ms. Harris has indicated, we also sort
41 of recognize at the deputy ministers committee
42 that it is within this area that the Commission
43 may well give the Province some advice. So while
44 our intention is to move forward and continue to
45 improve what we have, we're likely a little
46 reticent to create an omnibus structure that
47 would be offered as a fulsome response to money

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1 laundering in this context.

2 Q Thank you, Mr. Sieben. I see also crossed off
3 under that same goal is: "Consider a fenced
4 funding model for policing," and I take it fenced
5 funding refers to funding that is earmarked for
6 and dedicated to a specific project or unit and
7 can't be hived off and used for other activities,
8 thereby diluting the resources available to the
9 intended focus. Maybe I'll ask you first. Is
10 that what your understanding of fenced funding
11 is?

12 MR. SIEBEN: That's a pretty accurate description,
13 yes, Mr. McGowan.

14 Q Does the crossing out of that goal indicate that
15 the government has rejected the concept of fenced
16 funding for some form of dedicated anti-money
17 laundering enforcement unit?

18 MR. SIEBEN: No. I would say that it is not the case
19 that the red line through any of the initiatives
20 should be taken as a rejection of the concept by
21 government. It's more the case that there's
22 either yet to be a decision or there's a decision
23 that the activity is best approached when either
24 more is understood or more resources could be
25 allocated. There already exists some fenced
26 funding specific to AML, although it's not as
27 ambitious as our strategy has in mind. There are
28 some resources, for example, through the Joint
29 Illegal Gaming Investigation Team. That money is
30 fenced. And while its primary objective isn't
31 solely on money laundering, some of its
32 activities have pertained to that.

33 We have a while to go yet before we actually
34 measure up to that activity with what we would
35 see as complete compliance. It's something that
36 we're working at incrementally at this point.

37 Q Okay.

38 MR. SIEBEN: And something that, I might add, probably
39 -- and as Ms. Harris has indicated as she has
40 gone through the chart, would flow through being
41 able to develop the dedicated AML unit and how
42 that [indiscernible] which lined up beneath that
43 strategy.

44 Q Thank you. Ms. Harris, you made reference to the
45 chart relating to the government fiscal year as
46 opposed to calendar year. What is the start and
47 end date of the government fiscal year?

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1 MS. HARRIS: The start is April 1st of each year and
2 end date is March 31st of each year.

3 MR. MCGOWAN: Thank you. Mr. Commissioner, if that
4 timeline could be the next exhibit, please.

5 THE COMMISSIONER: Very well. I think we're now at
6 Exhibit 45.

7 THE REGISTRAR: Exhibit 45.

8

9 EXHIBIT 45: Anti-Money Laundering Strategic
10 Timeline: Three Year Plan

11

12 MR. MCGOWAN: Thank you. Madam Registrar, if we could
13 just have brought up again the Provincial Anti-
14 Money Laundering Strategy dated January 30th,
15 2020. Madam Registrar, can you please remind me
16 whether we've marked this document yet.

17 THE REGISTRAR: No, we haven't.

18 MR. MCGOWAN: Mr. Commissioner, could this be the next
19 exhibit, please.

20 THE COMMISSIONER: Very well. That will be 46.

21 THE REGISTRAR: Exhibit 46.

22

23 EXHIBIT 46: Provincial Anti-Money
24 Laundering Strategy (last updated January
25 30, 2020)

26

27 MR. MCGOWAN: Thank you. If we could just turn to
28 page 3 of the document. That's the one.

29 Q Ms. Harris, this is set out in a slightly
30 different format, but these are the goals and
31 objectives and foundational principles that you
32 took the Commissioner through?

33 MS. HARRIS: Yes, that's correct.

34 Q If we could flip to the next page, please. Now,
35 I gather this page contains some analysis of
36 approaches to and barriers to getting from the
37 bottom of that pyramid we saw to the top of the
38 pyramid; is that fair?

39 MS. HARRIS: Yes, that's correct.

40 Q And in the top left corner there's a box titled
41 "Current State." And from reviewing this, it
42 appears to me that this might be an articulation
43 of some of the challenges that the working group
44 has identified that might impede getting from
45 where we are now to where the committee wants to
46 be. Is that a fair description of this box?

47 MS. HARRIS: Yeah. It's -- I wouldn't -- it

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1 definitely has challenges within that current
2 state. This is -- this box identifies and takes
3 into consideration the current state that was
4 identified by Dr. German and Dr. Maloney as well
5 as others, and that's how the working group saw
6 the Province at the time. That's our starting
7 point essentially. The box to the right, the
8 Future State, is our future dream state. That's
9 where we hope to be.

10 Q So that's the aspirational box.

11 MS. HARRIS: Correct.

12 Q Okay. Well, let's start in the current state box
13 and then I'm going to move and ask you a few
14 questions about some of the other boxes.

15 The first point that's identified is that
16 regulators tend to be siloed and unaligned and
17 haven't always been brought together. Which
18 regulators are you referring to there?

19 MS. HARRIS: That's a very generalized statement.

20 However, you could probably assume that real
21 estate regulators do not speak often to those
22 outside of real estate, regulators outside of
23 real estate. So real estate regulators wouldn't
24 be speaking to gambling regulators, as an
25 example. They work within their own swim lanes.

26 Q You identify that there's multiple databases in
27 different systems that makes sharing and
28 consideration of information difficult. What
29 sort of databases are you speaking of there?

30 MS. HARRIS: Any databases that regulators and non-
31 regulators may use. As an example, gambling
32 regulators need to -- gambling regulators
33 register gambling workers. There's a database
34 there. Land title, as soon as you register your
35 title with the LTSA, there's a database there as
36 well. Everyone uses their own systems and their
37 own formats, and there isn't one consistent or
38 one way that would be able to bring that
39 information together to analyze in a simple or a
40 more simplistic way.

41 Q And what's the plan, if there is one, to address
42 the difficulties of multiple -- presented by
43 multiple databases?

44 MS. HARRIS: I think, as noted in the strategy, one of
45 the first things we need to do is understand what
46 data there is and what data there is not. From
47 there we need to determine how that data is

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1 compiled and if there's analytic capabilities of
2 that data, and understand the challenges if there
3 are not, and then the ability to share and bring
4 that data together to analyze even in an
5 anonymous way, to be able to share the trends and
6 flags that come from that data so that action can
7 be taken.

8 Q The document speaks to a challenge presented by
9 privacy concerns of regulators regarding the
10 sharing of information. I wonder if you can
11 address the Commissioner on what privacy concerns
12 have been expressed and how the government is
13 considering tackling that issue.

14 MS. HARRIS: I think there's general privacy concerns
15 around information sharing and the ability to do
16 that. And this is one area that we specifically
17 have to explore to understand the limitations and
18 the work that can be done and how we can bring
19 information together. I think it's a -- we
20 identified in the strategy as a critical action
21 that needs to be taken. In order for government
22 and stakeholders to work cohesively, we need to
23 be able to have the ability to share information.
24 So we need to understand what those limitations
25 are.

26 Q Next in the list of current state issues is
27 what's described as a misalignment of priorities
28 between the federal government and British
29 Columbia. Where did the working group identify
30 that the priorities between the two levels of
31 government were misaligned and how does that
32 represent a challenge?

33 MS. HARRIS: This was something that was identified
34 through Dr. German's report, and it was taken
35 from Dr. German's report. I can't speak
36 specifically to the misalignment of priorities
37 myself.

38 Q Mr. Sieben, can you assist us on that issue? I
39 was asking Ms. Harris about the notation under
40 current state speaking to the misalignment of
41 priorities between the federal government and
42 British Columbia.

43 MR. SIEBEN: I might allow myself to speculate
44 slightly, Mr. McGowan, in this area. My
45 recollection from Dr. German's discussion was the
46 lack of federal priority to the extent of
47 actually allocating resources specific to money

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1 laundering, particularly as they are present here
2 in British Columbia, keeping in mind that some of
3 this turf jurisdictionally is federal turf.

4 Q Ms. Harris, you speak to some of these coming
5 from the German and Maloney reports, some of
6 these concerns. But do I take it that having
7 made their way into the Province's Anti-Money
8 Laundering Strategy, the working group and the
9 committee have assessed that these are an
10 accurate assessment of the current state?

11 MS. HARRIS: I wouldn't say an accurate assessment.
12 It's a concern.

13 Q Well, let's move on to couple of bullet points
14 down: "No dedicated federal AML enforcement
15 resources." Does that continue to be a concern
16 and a challenge?

17 MS. HARRIS: It's definitely a concern. It was a
18 concern when this was originally drafted, which
19 was September of 2019. I do know that much work
20 has been done since then. But it does remain a
21 concern.

22 Q Are you aware of any dedicated federal anti-money
23 laundering enforcement resources that are
24 available and in place in British Columbia at
25 present?

26 MS. HARRIS: No, I can't speak to anything dedicated.
27 I just -- I know that the federal government did
28 announce in their 2019 budget the federal ACE
29 teams.

30 Q We'll be hearing a little bit more about that
31 later in the inquiry. Maybe I'll ask you about
32 the next bullet point then, and that is an
33 assessment that it's difficult to prosecute money
34 laundering. And Mr. Sieben, I don't know if this
35 might be better directed to you, or you, Ms.
36 Harris. I'll invite either of you to maybe just
37 address what that conclusion is based on.

38 MR. SIEBEN: I might offer a financial perspective and
39 perhaps Ms. Harris might add to that.

40 My understanding from having spoken with
41 enforcement officials is the nature of money
42 laundering investigations is very complex. They
43 often take a great deal of time, and they are
44 very complicated and the number of -- the amount
45 of information that has to be brought together.
46 And by bringing together all that information to
47 the point where it's likely to sustain a view

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- 1 from Crown that there's a likelihood of
2 prosecution can be a challenge. And that's
3 reflected in the bullet statement, that it's
4 difficult to prosecute.
- 5 MS. HARRIS: I think it's important to note that it
6 was stated in Dr. German's report also the
7 difficulty in prosecuting money laundering and
8 that the reliance on -- or not reliance, but the
9 -- it's easier to prosecute the predicate
10 offence.
- 11 Q Did the committee look at how many attempted
12 prosecutions of money laundering offences there
13 have been in the province in recent years?
- 14 MS. HARRIS: No, not for writing the strategy. I
15 would assume that that is something that we would
16 do as we start to work through that strategy and
17 action specifically.
- 18 Q Whether in furtherance of writing the strategy or
19 not, have you looked to -- has the working group
20 looked to the number of attempted prosecutions of
21 money laundering offences in the province in
22 recent years?
- 23 MS. HARRIS: Not our working group, no.
- 24 Q The committee or the secretariat?
- 25 MS. HARRIS: No.
- 26 Q One of the bullet points identified is a reliance
27 on civil forfeiture instead of criminal
28 prosecution. What does that -- what concern does
29 that reflect in terms of combating money
30 laundering?
- 31 MS. HARRIS: That was a topic that was discussed in
32 depth in Dr. German's 2019 report, and the -- I
33 think I would leave it to Mr. Sieben to say more
34 around civil forfeiture.
- 35 Q Yes, Mr. Sieben.
- 36 MR. SIEBEN: Yes. As Ms. Harris had indicated, quite
37 often in these complex investigations that the
38 enforcing body might choose the sort of
39 prerequisite sort of crimes as opposed to
40 compiling all of the elements that are
41 constituted with being able to sustain a money
42 laundering type of charge. Similarly, through
43 that process, the investigating body might come
44 upon assets that have been identified as arising
45 from criminal activities, and there is
46 opportunity then for consideration for referral
47 to the Office of Civil Forfeiture. That office

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1 has a statutory mandate then to consider whether
2 or not it may be sort of feasible to seize those
3 assets and sort of take them out of and away from
4 the criminal enterprise.

5 While reliance is a bit of a strong word
6 perhaps, certainly civil forfeiture is available
7 as a tool for law enforcement to consider in
8 order to achieve to some degree what may not be
9 available within a criminal context.

10 Q Ideally would the deputy ministers committee like
11 law enforcement to prioritize enforcement over
12 asset forfeiture? Is that what this bullet
13 speaks to?

14 MR. SIEBEN: I think our preference would be not
15 having to make that choice, that both might be
16 available to us.

17 Q Thank you. Ms. Harris, the final bullet point
18 under current state is money laundering may be
19 viewed by the public as a victimless crime.
20 What's the secretariat or deputy minister
21 committee's position on whether it is in fact a
22 victimless crime?

23 MS. HARRIS: I'll let Mark -- Mr. Sieben speak to the
24 perspective of the deputy ministers committee.
25 But I think it's important to note that it's not
26 -- we don't see it as a victimless crime. It's
27 connected to the drug trade and money that is
28 used within money laundering often comes from the
29 drug trade, which is connected to the opioid
30 crisis. Opinion of the deputy ministers
31 committee would have to come from Mr. Sieben.

32 Q Yes, Mr. Sieben, I'll give you a chance to
33 address that.

34 MR. SIEBEN: Yes. I would offer that often -- not
35 always but often there isn't a visible offence.
36 There isn't a broken window or a stolen car or a
37 harm that an individual suffers physically. And
38 therefore, from a public perspective, it may not
39 appear that there is an identifiable victim that
40 is harmed through the criminal enterprise.

41 Q Moving over to the future state, and one of the
42 aspirations articulated in this document, about
43 halfway down that box is: "AML actions are
44 measurable and evaluated to assess value for
45 money." And I gather -- maybe I'll ask you, Mr.
46 Sieben -- what this speaks to is the ability to
47 assess whether you're getting bang for your buck

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1 and having a real impact on the measures that are
2 undertaken. Is that fair?

3 MR. SIEBEN: Yeah, that's a fair summary, Mr. McGowan.

4 Q Okay. How does government plan to measure its
5 success and evaluate the return on investment of
6 the measures it undertakes to tackle money
7 laundering?

8 MR. SIEBEN: I'll defer that question to Ms. Harris to
9 being with and perhaps may be able to add
10 something on to her statement.

11 Q All right, Ms. Harris.

12 MS. HARRIS: Mr. McGowan, I think it's important to
13 note that this is -- this was one of our founding
14 principles was to be able to measure the work
15 that comes out of these actions or the success of
16 these actions. I think it's work that the
17 working group still needs to do to understand how
18 we are going to measure success, and we don't
19 know what that looks like yet. It's something
20 that's difficult to do. We don't know -- we know
21 that there will be successes, but how to measure
22 that is something that still needs to be
23 undertaken and is difficult, not just for our
24 group but I know for many.

25 MR. SIEBEN: I might offer a little bit of comment
26 further to add to that. A few minutes ago we
27 brought the Commissioner's attention to the
28 multiyear sort of plan, sort of layout, and it
29 was identified that a number of the items that
30 comprise the strategy are activities that are yet
31 to be funded although they're within the scope of
32 the overall strategy, not specific to money
33 laundering, but it's my experience that the
34 likelihood of being able to convince government
35 to allocate appropriate funding to support an
36 activity is often commensurate with our ability
37 to demonstrate with confidence or to give --
38 provide evidence that the activities are going to
39 result in the desired outcome. And so that is --
40 I understand that bullet basically to represent
41 that challenge, as Ms. Harris has indicated.
42 That's not to say that's necessarily easy, but
43 from the deputy ministers committee we would be
44 looking for the secretariat and our staff in
45 various capacities to be able to bring us plans
46 that will allow us to connect the dots between
47 funding to activity to a solution, so that we

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CHRISTINA DAWKINS, a witness,
recalled.

MEGAN HARRIS, a witness,
recalled.

THE REGISTRAR: Thank you for waiting. The hearing is
now resumed.

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

MR. MCGOWAN: Yes. Madam Registrar, if we could
please have page 4 of Exhibit 46 displayed again.
That's the January 30th AML strategy.

EXAMINATION BY MR. MCGOWAN, continuing:

Q I'd like to ask you some questions, Ms. Harris,
about some of the items noted in the bottom box,
Threats and Challenges to Achieving Future State.

Do I take it this this box sets out some of
the challenges or barriers that exist and may
cause difficulty getting from the bottom of that
pyramid to the top of it?

MS. HARRIS: Yes, that's correct.

Q And the first one, which is bolded -- do I take
that that's some indication of particular
importance or particular difficulty that arises
from this?

MS. HARRIS: When we developed this, we noted that
those three would probably be the largest
challenges. It's important to note that we wrote
quite a lot within a small box, and so we wanted
to bring attention to that.

Q Okay. So one of the items that received the bold
designation is: "Money laundering is not a
priority for all provincial ministries." What
ministries has it not been a priority for such
that it's caused a challenge to tackling money
laundering?

MS. HARRIS: So I should clarify. Like I mentioned,
this is a large amount that was written to a very
small line.

Q Okay.

MS. HARRIS: So really that should read: Money
laundering is not a top priority for all

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1 provincial ministries. It is a priority for
2 government and it -- as noted by the request for
3 an inquiry. To take as an example, the Ministry
4 of Health. Money laundering would not be a top
5 priority for the Ministry of Health, as an
6 example.

7 Q How would money laundering not being a priority
8 for the Ministry of Health be one of your
9 greatest challenges in achieving your desired
10 future state?

11 MS. HARRIS: Our objective is to ensure that we bring
12 all those within government that it's relative,
13 as needed, together. The Ministry of Health may
14 at some point be one of those stakeholders that
15 need to be brought within the conversations, and
16 especially in the time period we're in, as an
17 example. The Ministry of Health has other larger
18 priorities, and so there would be a challenge in
19 timing and resources to bring folks together.
20 That's one example.

21 Q Right. It's absolutely understandable that in
22 the current state, the Ministry of Health has
23 other priorities. But this document was drafted
24 long before the current state, and the first
25 bullet has identified as one of the three most
26 significant challenges in achieving future state,
27 and that is money laundering is not a priority
28 for all provincial ministries. Does this not
29 relate to a ministry that's got a more
30 significant stake in the money laundering
31 response?

32 MR. SIEBEN: Perhaps I'll offer a perspective, Mr.
33 McGowan.

34 Q Please.

35 MR. SIEBEN: It is not my view, nor do I believe it is
36 the deputy minister committee's view, that money
37 laundering is not regarded as a high enough
38 priority within the ministries with a particular
39 sort of interest and relevance and impact. It is
40 the case that, even within my own ministry
41 simultaneously, we must balance a number of
42 competing priorities. So if you'll allow me,
43 I'll note that it is often the case that we have
44 a number of number one priorities at the same
45 time, and that is the challenge associated with
46 government, is how best to address each of them
47 to the degree that it's necessary in order to

1 effect positive change.

2 What I took from the statement that is
3 bolded here, when it was brought to the
4 committee, is, as Ms. Harris indicated, that
5 money laundering isn't necessarily a consistent
6 or a high priority amongst all ministries. That
7 is relevant to the extent that all ministries are
8 bringing for our government's consideration all
9 of their priorities. So therefore, when the
10 Ministry of Attorney General supported by the
11 Ministry of Finance and Public Safety and
12 Solicitor General brings a strategy or an
13 activity associated with combating money
14 laundering, the central government is also
15 considering priorities that are brought to it
16 from -- whether it's the Ministry of Health,
17 Education, or otherwise. And then government is
18 going to have to choose to a certain extent about
19 how best to apportion its finite resources in
20 order to address those all very valid and to some
21 degree competing priorities. That was my take on
22 the bullet that's provided there.

23 Q Thank you. Down a couple of bullets, one of the
24 challenges identified is the "inability to
25 influence or leverage certain sectors, agencies,
26 or organizations." What does that speak to, Ms.
27 Harris?

28 MS. HARRIS: That's a challenge that we feel that we
29 may face, the possibility of not having a
30 relationship with or an already pre-established
31 relationship with some of those agencies or
32 organizations. So the challenge would be the
33 education and introduction of the topic to them,
34 and educating them for how they would come on and
35 join and come on board to support us with this
36 endeavour.

37 Q Okay. Can you give me an example of some of the
38 agencies or organizations that bullet speaks to?

39 MS. HARRIS: As an example, an industry that's not
40 regulated is the art dealership -- art dealers.
41 That would be one area that we'd have to explore
42 further.

43 Q Okay. The next bullet: "Access to capital is
44 not readily available for tools and training
45 needed to identify, prevent and enforce AML
46 efforts." Is this speaking to insufficient funds
47 being allocated by government to address these

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1 issues?

2 MS. HARRIS: I think Mr. Sieben might be best to
3 answer that question.

4 MR. SIEBEN: I think that could be a valid point, that
5 more could be done with more resources. I would
6 also interpret this bullet to reference that the
7 criminal economy is extremely nimble and it can
8 move quickly and it can reprofile revenues
9 relatively quickly in comparison to how
10 government allocates funds. So I would see it as
11 both a desire through the strategy for us to be
12 able to access increased resources in order to
13 pursue the strategy's objectives, while at the
14 same time recognizing that the criminal activity
15 that's generating revenue, and the revenue
16 itself, changes fluently and it is to some degree
17 a game of catch-up in order to have the right
18 money and the right strategy at the right time in
19 order to successfully interrupt that.

20 Q Okay. The next bullet speaks to one of the
21 challenges being a burden on British Columbians
22 and the economy. What does that speak to?

23 MS. HARRIS: That is very much representative of that
24 fifth principle that I spoke to earlier and the
25 challenge in ensuring that the impact is as
26 reasonable as possible on both British Columbians
27 and the legitimate economy.

28 Q And what sort of -- can you give us an example of
29 a burden on the economy that would be created by
30 the enforcement or introduction of AML measures?

31 MS. HARRIS: Absolutely. I'm going to actually --
32 I'll pass that to Dr. Dawkins to answer.

33 Q Thank you.

34 DR. DAWKINS: So I could envision a situation in which
35 we had a very extensive registration and
36 reporting requirements made of all members in the
37 economy that would create quite a burden for the
38 regular business. It might allow us to see
39 better where there may be money laundering. But
40 that would be an example where there would be a
41 considerable burden placed on the economy of
42 British Columbians, and so there's a need to
43 recognize that balance.

44 Q Thank you. Ms. Harris, the bottom bullet in that
45 column: Current approach within government is
46 fragmented. Siloed regulatory/agency approach to
47 AML. I know we've spoken about silos a bit, but

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1 I wonder if you could maybe just take a moment
2 and address the concern that is articulated by
3 this bullet. I'll invite both you and Mr. Sieben
4 to weigh in on this issue.

5 MS. HARRIS: From a working group's perspective, this
6 very much spoke to each regulator and each
7 ministry approaching actions for anti-money
8 laundering in their own individual way and in
9 their own capacity, and we needed to ensure that
10 we brought a cohesive plan together. So the
11 challenge of all groups currently undertaking
12 their own work and transitioning to one that was
13 more collaborative and cohesive is a big step.
14 And I recognize it's under threats and challenges
15 and it seems quite negative. But it's just a
16 challenge. It's a change -- almost like a change
17 management way of thinking and bringing it
18 together and working on something together.

19 Q Okay. And the next -- oh, sorry. Mr. Sieben.

20 MR. SIEBEN: Yeah. I agree with Ms. Harris's
21 description. I would go further and say that, to
22 a large degree, all of these threats and
23 challenges and specifically the one that we're
24 speaking to now can also be reprofiled as
25 opportunities for improvement. I would also note
26 that the statement is -- I would not regard as
27 true in the absolute. I would take it as a
28 general statement reflective of the past and, to
29 a large degree, still where we currently are.
30 That is not to say that there are not existing
31 examples of integration and information sharing
32 and best practices. However, it is the
33 strategy's vision and our desire to facilitate
34 increased integration and a more holistic
35 response amongst all of the interested regulators
36 and government to combat money laundering.

37 Q Great, thank you. Ms. Harris, halfway down the
38 next column, bullet point: "Changing tech and
39 markets (e.g. Cryptocurrency)." What has the
40 working group identified as the challenge there
41 and what's been undertaken to investigate and
42 address that, the challenge posed by
43 cryptocurrencies and the like?

44 MS. HARRIS: This challenge very much speaks to the
45 unknown and everything -- the technology that we
46 are not familiar with and quickly -- quickly
47 emerging -- new and emerging technology and what

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1 is to come in the future. And it is the
2 challenge of keeping up and understanding how
3 that would impact and how it would be
4 incorporated into something like the criminal
5 economy. It is noted in one of the strategies
6 specifically. If you give me a moment, I could
7 actually point out to you where it's actually
8 located. In strategy or action 1.2.1b, we note
9 that we need to undertake an analysis of
10 cryptocurrency activities and the potential
11 vulnerabilities in this emerging area. So
12 cryptocurrency specifically was one area
13 identified, but it really needs to speak to all
14 future and emerging technology.

15 Q Great, thank you. Top of the next column: an
16 inability to influence federal AML priorities.
17 Does that speak to a perception on the part of
18 the working group that AML was not a high enough
19 priority on the part of the federal government?

20 MS. HARRIS: I don't think -- I wouldn't say that
21 that's a perspective of the working group. The
22 challenge is working with any stakeholder and
23 influencing their priorities. And each of the
24 individual organizations sets their own
25 priorities. It is a matter of -- or an action
26 that would be undertaken within the strategy to
27 work with groups like the federal government in
28 coming together and encouraging this to continue
29 as a priority, or to be made as a priority. And
30 so it's a fear, I guess you could say, of the
31 inability. But it's a challenge, and like Mr.
32 Sieben said, it's definitely an opportunity to
33 have ongoing conversations.

34 MR. SIEBEN: May I offer further comment there, Mr.
35 McGowan.

36 MR. MCGOWAN: Certainly.

37 MR. SIEBEN: I would go a little bit further than Ms.
38 Harris. I would reflect, again, that it is
39 consistent with Dr. German's findings. However,
40 not unique to this area, that there is perhaps
41 not a surprising ongoing dialogue between the
42 provincial government and the federal government
43 in areas of shared responsibility, particularly
44 relating to law enforcement. And there are
45 specific law enforcement resources in the
46 province that are intended to be focused on
47 provincial activity and provincial priorities,

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1 and then there is a mandate and jurisdiction
2 that's almost exclusively federal, and then some
3 that are shared. And it is a point of
4 conversation between the levels of government as
5 to how the provinces and our province in
6 particular might see a stronger presence of
7 federal resources that might be allocated
8 specific to an area such as money laundering, and
9 particularly here in British Columbia. So I
10 think that's fair enough from a provincial
11 context for us to state.

12 MS. HARRIS: Mr. McGowan, it's also important to note,
13 again, this was created in September of last
14 year, and since then we've -- at a staff level
15 I've had several conversations and have been
16 involved in a number of conversations with
17 federal counterparts and provincial counterparts
18 on the areas and concentration of anti-money
19 laundering. So this one challenge has created a
20 great opportunity that's already been under way.

21 Q Mr. Sieben, has the provincial government made
22 approaches to the federal government in an effort
23 to move AML measures and the addressing of the
24 issues that flow from money laundering up their
25 priority list and to encourage an allocation of
26 increased resources in this province to that
27 issue?

28 MR. SIEBEN: I believe there's been public statements
29 from the Attorney General directed towards his
30 federal counterparts that more federal resources
31 in this area would be welcome.

32 Q And Ms. Harris, just moving to the bottom of the
33 far right column, one of the challenges
34 identified is insufficient funding and tight
35 timelines to deliver. Does that challenge
36 persist presently?

37 MS. HARRIS: There is always funding challenges as
38 priorities need to be balanced across government
39 as a whole and timelines to deliver. We've set a
40 challenging timeline of the majority of this
41 being within four years. So that is a challenge
42 but one that we seek to be successful in. But
43 insufficient funding is always a threat for
44 government. Like I mentioned, priorities need to
45 be based across all priorities of government.

46 Q Right. Do you at present have -- has sufficient
47 funding been allocated for you to put in place

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1 the measures that have been identified in the AML
2 strategy?

3 MS. HARRIS: The strategy is just starting and is just
4 getting under way. And all actions within the
5 strategy that would require additional funding,
6 we would need to seek appropriate approvals to do
7 that. Those would be taking place in the future.

8 Q Thank you. Mr. Sieben, I just want to ask you
9 about one statement that's made a little bit
10 later in the document. We discussed this when we
11 met before, so I'll just read it to you to bring
12 you back to it.

13 The document says:

14
15 We believe that our greatest opportunity to
16 disrupt money laundering activities,
17 including returns on investment derived from
18 those activities, is through the detection,
19 deterrence, and prevention of the illicit
20 behaviour.

21
22 Does the illicit behaviour in that statement
23 refer to the predicate offences? Is that what's
24 being discussed as the greatest opportunity is
25 disruption of those?

26 MR. SIEBEN: I would agree with your suggestion, Mr.
27 McGowan, yes.

28 Q Okay. I can sort of appreciate the logic of that
29 if we're dealing with proceeds generated from,
30 for example, drug dealing in the Downtown East
31 Side or some other community within British
32 Columbia. But how does disruption of predicate
33 offences as the strategy work if we're dealing
34 with proceeds that have been injected into the
35 provincial economy from offences committed
36 outside our jurisdiction?

37 MR. SIEBEN: You are -- I would agree with your
38 somewhat rhetorical question, perhaps, Mr.
39 McGowan. Even if we were to have complete
40 confidence that within the provincial sort of
41 boundaries, we had increasing success in
42 disrupting sort of precedent offences -- drug
43 trade as a primary example -- it wouldn't
44 eliminate money laundering. B.C. would likely
45 continue to be a desirable place for those with
46 proceeds from crime to come and sort of realize
47 those proceeds in a way that would be less

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1 traceable.

2 Q Ms. Harris, you told us that the AML Deputy
3 Ministers Committee, minutes are created of those
4 meetings, and I understand that there's also
5 agendas created for the purpose of planning for
6 those meetings?

7 MS. HARRIS: Yes, that is correct.

8 Q Those are prepared by the secretariat?

9 MS. HARRIS: Yes.

10 MR. MCGOWAN: Mr. Commissioner, I'm going to
11 propose -- I have a -- and we're provided our
12 document management staff with a collection of
13 agendas and a collection of minutes. And what
14 I'm going to do is propose that the agendas and
15 the minutes each be marked collectively as two
16 separate exhibits. And speaking first to the
17 agendas, we've provided the document management
18 staff and participants with 18 agendas for the
19 monthly meetings commencing on September 18th
20 2018, and concluding on February 11th, 2020. And
21 I'm going to suggest that those 18 agendas be
22 marked collectively as the next exhibit, if
23 that's agreeable.

24 THE COMMISSIONER: All right. Those 18 agendas will
25 be marked collectively as Exhibit 47.

26 THE REGISTRAR: Exhibit 47.

27

28 EXHIBIT 47: Agendas for the meetings of
29 Deputy Ministers Committee on Anti-Money
30 Laundering

31

32 MR. MCGOWAN: Thank you. And we've been to date not
33 provided with a complete set of minutes but we
34 have been provided with minutes for a number of
35 meetings, 11 of them. And we'll just read out
36 the dates quickly: September 18th, 2018; October
37 16th, 2018; October 25th, 2019; November 20th,
38 2018; December 13th, 2018; January 14th, 2019;
39 February 20th, 2019; March 19th, 2019; May 2nd,
40 2019; June 18th, 2019; and August 20th, 2019.
41 And I'm going to suggest that that collection of
42 11 sets of minutes be marked collectively as the
43 next exhibit. Madam Registrar, which exhibit
44 would that be?

45 THE REGISTRAR: Exhibit 48.

46 MR. MCGOWAN: Is that agreeable, Mr. Commissioner?

47 THE COMMISSIONER: It is.

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1 MR. MCGOWAN: Thank you.

2

3

EXHIBIT 48: Minutes of meetings of Deputy
Ministers Committee on Anti-Money Laundering

4

5

6

MR. MCGOWAN: I may come back to some of those later
on, but I don't require any of them to be
displayed at this point.

7

8

9

Q Ms. Harris, you've told us about working with
Deloitte and Sir Robert Wainwright to obtain some
advice which informed the drafting of the
strategy; is that right?

10

11

12

MS. HARRIS: Yes, that is correct.

13

14

Q And one of the things that Deloitte's did for
your group was to prepare a document titled
"Government of British Columbia AML
Jurisdictional Scan"; is that correct?

15

16

17

MS. HARRIS: Yes.

18

MR. MCGOWAN: Dated September 16th, 2019. I wonder if
we might have that document displayed, please.

19

20

Q This is the document we've been speaking of, Ms.
Harris?

21

22

MS. HARRIS: Yes, that's correct. That's the right
one.

23

24

MR. MCGOWAN: If that could be the next exhibit,
please.

25

26

THE COMMISSIONER: Very well. That will be Exhibit
49.

27

28

THE REGISTRAR: Exhibit 49.

29

30

31

EXHIBIT 49: Deloitte, Government of British
Columbia Anti-Money Laundering
Jurisdictional Scan

32

33

34

MR. MCGOWAN: Thank you.

35

Q Ms. Harris, I gather what this document did was
look at the British Columbia and Canadian
landscape as against certain other jurisdictions
with a view to identifying barriers and
opportunities, a bit of a comparative piece; is
that right?

36

37

38

39

40

41

MS. HARRIS: It was an opportunity for -- the request
was for Deloitte to look at other jurisdictions
with similar constitutions as our own, to
understand the activities undertaken in those
jurisdictions and if they'd been in existence,
the results and impact that the actions taken

42

43

44

45

46

47

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1 have had to date.

2 Q I'm going to ask you about a couple of points
3 identified in this document.

4 MR. MCGOWAN: And if we could have page 3 of the
5 document -- I'm looking at the number in the
6 bottom left corner on the page, not the PDF
7 number.

8 Q So this is the executive summary. And Mr.
9 Sieben, maybe I'll ask you first about point 6 in
10 the executive summary. The author has identified
11 that:

12
13 In certain countries (e.g. U.S.) law
14 enforcement can access information from the
15 FIU, whereas in other jurisdictions (e.g.
16 Canada) law enforcement does not have direct
17 access.

18
19 Is it your understanding that that continues to
20 be the case, that for law enforcement in British
21 Columbia investigating proceeds or AML cases,
22 they do not have direct access to financial
23 intelligence gathered, for example, by FINTRAC?

24 MR. SIEBEN: That's my general understanding -- this
25 document -- I don't know whether you have any
26 comment to add there.

27 DR. DAWKINS: The Province has introduced legislation
28 to create a registry of beneficial owners of land
29 in British Columbia, and the intention is that
30 law enforcement will have access to that
31 database. But I would not characterize that as a
32 financial intelligence unit.

33 Q Mr. Sieben, has the Province made an approach to
34 the federal government with a view to exploring
35 the possibility of law enforcement in British
36 Columbia obtaining direct access to financial
37 intelligence information?

38 MR. SIEBEN: Yeah. I would think Ms. Harris is
39 probably best positioned to provide more up-to-
40 date comment on where those discussions are at.

41 Q Thank you.

42 MS. HARRIS: Mr. McGowan, there have been
43 conversations -- federal/provincial level
44 conversations around real estate, and there is
45 working group comprised of staff from a number of
46 organizations, and it is chaired by Dr. Dawkins.
47 She can speak more specifically to that. But

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1 there are ongoing conversations at those meetings
2 that speak to information sharing and both the
3 challenges and opportunities we have to that
4 regard.

5 Q But I'm speaking specifically to whether there
6 have been discussions about the prospect of law
7 enforcement in British Columbia obtaining direct
8 access to information -- financial intelligence
9 information gathered -- collected, pardon me, by,
10 for example, FINTRAC.

11 MS. HARRIS: I can't speak specifically to the
12 conversations that law enforcement has had with
13 FINTRAC. I can state that those groups are
14 around the table and at the staff level. I don't
15 know the specifics of conversations, though, that
16 they've had between them.

17 Q Okay.

18 MS. HARRIS: I'm not necessarily part of the
19 conversations that are sub-groups within that
20 federal-provincial group. I have not been
21 involved in those conversations.

22 Q Thank you.

23 MR. SIEBEN: I am not able to confirm that for you
24 either, Mr. McGowan.

25 Q Thank you, Mr. Sieben. Point 7:

26
27 Access to information and privacy
28 considerations often limit the ability for
29 supervisory authorities and law enforcement
30 to share information with each other both
31 within and across jurisdictions.

32
33 Has the working group or the committee undertaken
34 any analysis of how they might respond to this
35 concern?

36 MS. HARRIS: The working group has spoken, as I
37 mentioned, in great length about the privacy
38 concerns and actions that are required to
39 understand what limitations there are. That is
40 within the strategy as an action that needs to be
41 undertaken, and that has not occurred as we're
42 just starting.

43 Q Okay, thank you. The next point 8:

44
45 A review of various sub-national
46 jurisdictions, in particular the province of
47 Quebec and the states/territories in both

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1 Australia and United States show that some
2 have developed their state legislation to
3 include money laundering offences.
4

5 Has the Province given consideration to
6 introducing legislation that would create
7 provincial offences centred around money
8 laundering or proceeds of crime?

9 MS. HARRIS: From my perspective, I can't -- I have
10 not been involved in those conversations. If any
11 have taken place, I'm not aware. I'd have to
12 pass that to Mr. Sieben.

13 Q Mr. Sieben.

14 MR. SIEBEN: Yeah. I would -- thank you. I would
15 offer -- my response to this point would be, not
16 at this time. Again, while money laundering has
17 been a challenge in British Columbia for a long
18 period of time, our sort of focused effort, as
19 articulated through the strategy, is relatively
20 young and is looking to mature. And to some
21 degree, there would be discussion relating to
22 what would be an appropriate sort of federal
23 presence as opposed to provincial and the extent
24 to which provincial legislation could be
25 effective. So while there have been some
26 discussions pertaining to those central issues,
27 there has not been a decision at this point to
28 develop money laundering specific to a provincial
29 context. But I would think our committee would
30 look forward to advice that might be offered in
31 order to assist this conversation to continue to
32 grow.

33 Q Thank you.

34 MS. HARRIS: Mr. McGowan -- sorry, Mr. McGowan. It's
35 important to note that within this jurisdictional
36 scan, it's clear that much of the action taken in
37 other jurisdictions is at a federal level. And
38 even when it comes to Australia at the state
39 level, it's still very much governed federally.
40 So provincial -- it's difficult to have
41 comparisons at a provincial -- for a provincial
42 response. It has not been done in many places,
43 and I'm not familiar with where that is. But it
44 would be -- action like this would be very
45 unique.

46 DR. DAWKINS: If I could offer a comment, Mr.
47 McGowan. Q Please, Dr. Dawkins.

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1 DR. DAWKINS: Paragraph 8 makes references to
2 unexplained wealth order legislation in
3 Australia, and the introduction of unexplained
4 wealth orders was one the recommendations that
5 came from the Maloney report, the recommendation
6 that British Columbia introduce legislation
7 related to unexplained wealth orders. I should
8 point out that, as with all the recommendations
9 of the Maloney report, staff in the Ministry of
10 Finance are looking at this option. It's in a
11 very early stage and I would not characterize
12 this as saying government is introducing
13 legislation. I would say that simply it is on
14 the radar of staff in the Ministry of Finance to
15 look at as an option.

16 Q Thank you, Dr. Dawkins. I do intend to come back
17 and ask you a few questions about the prospect of
18 unexplained wealth orders and the work that's
19 been undertaken to consider that. So thank you
20 for raising that.

21 Flipping over to the next page in point 20
22 at the bottom of the page:

23
24 Additionally the UK continues to push the
25 envelope through national and initiatives
26 such as the JMLIT (agreement between law
27 enforcement, the regulator, and over 30 UK
28 and international financial institutions to
29 exchange and analyze information and
30 intelligence).

31
32 We heard a little bit from an earlier witness
33 about this undertaking whereby law enforcement
34 and financial institutions and others are sharing
35 information in a way that would have been offside
36 until recently, and having some success in
37 identifying and combating money laundering with
38 this sharing of information.

39 Ms. Harris, is the committee familiar with
40 the JMLIT and have you considered the benefits
41 that might be gained in British Columbia by
42 increased information sharing between industry
43 stakeholders and law enforcement?

44 MS. HARRIS: I'm not familiar with JMLIT beyond what
45 is in this document. But I know that it is the
46 perspective of the working group that information
47 sharing and the ability to do so successfully is

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1 critical for the success of any anti-money
2 laundering strategy for the province.

3 Q Ok -- Moving forward to page 7 of the document,
4 paragraph 36, the Deloitte authors had the
5 following to say:
6

7 Canada has become perceived as a
8 jurisdiction which provides offshore
9 benefits (i.e. less effective [money
10 laundering/terrorist financing] controls to
11 deter the integration of dirty money into
12 its markets) without traditional offshore
13 drawbacks (e.g. volatile financial systems.
14 A key driver of this problem is inadequate
15 legislation, regulation, and oversight of
16 legal entities, which allows criminals to
17 take advantage of non-existent disclosure
18 requirements relating to the beneficial
19 owners of corporations and trusts. This
20 allows companies to abuse the corporate veil
21 and shield the true controlling interest
22 behind the entity. These reportedly lax
23 corporate laws have made Canada a popular
24 destination for the establishment of shell
25 companies with figurehead directors for the
26 purpose of tax evasion.
27

28 Maybe, Dr. Dawkins, I'll ask you what, if
29 anything, the Province has undertaken to address
30 the issue of opaque corporate ownership.

31 DR. DAWKINS: So I can speak to two measures. We have
32 the issue of corporate ownership of land, and the
33 Province has made considerable strides in that
34 regard. Last spring, in spring 2019, the
35 government introduced the *Land Owner Transparency*
36 *Act*, which will require the corporations and
37 trusts and partnerships, the reporting entities,
38 to disclose who the beneficial owners of land are
39 in British Columbia. That legislation has not
40 yet come into effect. The registry is expected
41 to launch later in 2020. And that will give
42 government a good picture of who owns land in
43 British Columbia.

44 The other initiative relates to both a
45 recommendation of the Maloney report that
46 government -- I forget the exact number of the
47 recommendation, the phrasing of it, but that

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1 government consider developing a publicly
2 accessible registry of beneficial owners of
3 corporations. And that recommendation is
4 consistent with the federal/provincial initiative
5 to look at creating such registries across the
6 country. So earlier this year in -- I think it
7 was maybe in February of 2020, the provincial
8 government released a public consultation
9 document on the possibility of creating such a
10 registry in British Columbia. The public
11 comments period for that public consultation
12 ended on April 30th. And I understand or I know
13 that the federal government also released a
14 consultation paper dealing with many of the same
15 issues, and that paper had its consultation
16 period close on April 30th.

17 So we are now in the process of -- the
18 provincial government and my team are now in the
19 process of consolidating the feedback from that
20 consultation process and identifying and
21 analyzing some of the options that came out of
22 that process, so that we can then later make
23 recommendations to the DMC and to the Minister of
24 Finance and to the government ultimately around
25 the creation of such a publicly accessible
26 registry.

27 Q Thank you, Dr. Dawkins. I'll come to that
28 consultation paper in a few questions about it
29 later. But thank you for introducing those two
30 initiatives. And they may relate to the next
31 paragraph I'd like to highlight as well,
32 paragraph 41 on the next page. If we could move
33 forward one page, please. Yes.

34
35 As the gateway to the Pacific, British
36 Columbia is a prime geographic location to
37 benefit from commerce, banking, and tourism
38 emanating from Asia. With a significant
39 volume of trade of foreign capital and
40 assets, and a robust underground economy,
41 Greater Vancouver has a high risk of being
42 used to launder the proceeds of crime. This
43 is evident in the fact that unfinanced or
44 cash purchases, comprise 17 to 21 percent of
45 residential transactions in B.C. The
46 discord between legal and beneficial owners
47 means that the identification of properties

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1 by foreign owners is highly underestimated.
2

3 Dr. Dawkins, maybe I'll just ask you, you've
4 spoken about the beneficial ownership registry
5 that is being introduced with respect to land
6 ownership, corporate ownership of land in British
7 Columbia. Has the provincial government
8 undertaken any other initiatives to gain insight
9 into the degree to which property in British
10 Columbia is owned through corporations by foreign
11 owners?

12 DR. DAWKINS: To my knowledge, the government has
13 introduced some reporting requirements on the
14 property transfer tax form. But that is an area
15 that is not my area of specialty right now. That
16 would be something that would be better addressed
17 to staff in the Tax Policy Branch. But my
18 understanding is that those measures also are
19 getting to beneficial owners of land.

20 Q Okay. Ms. Harris, do you have anything you can
21 add to that?

22 MS. HARRIS: No, unfortunately I don't have expertise.

23 Q All right. Well, let me ask you about the next
24 portion of that paragraph:
25

26 Another unregulated aspect of financial
27 flows in British Columbia derives from a
28 lack of external reporting of the source of
29 funds that flow into lawyers' trust
30 accounts.
31

32 Is that an issue that the working group or the
33 committee has considered, and are there any
34 options under consideration for addressing the
35 gaps that exist because of the lack of reporting,
36 the intelligence gaps?

37 MS. HARRIS: The working group did see this as an area
38 that needed further analysis, and it is
39 identified in the strategy as an item to engage
40 with the Law Society and have -- open those
41 conversations with the Law Society. And again,
42 ongoing recommendation that Dr. German suggested
43 was also consideration of new reporting entities
44 under the federal act.

45 Q Okay.

46 DR. DAWKINS: Mr. McGowan, could I just return to a
47 previous answer that I gave in respect of

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1 paragraph 36?

2 Q Please.

3 DR. DAWKINS: One of the other measures that the
4 Province has undertaken is the requirement that
5 companies keep within their own records offices a
6 register of beneficial owners of their
7 corporations. This was legislation that was
8 passed in the spring of 2019 and was initially
9 expected to come into force on May 1st of 2020,
10 but because of the COVID pandemic has now been
11 delayed to October 1st of 2020. So I just wanted
12 to complete my answer to that earlier question.

13 Q Yes. Thank you for that. Now, those records are
14 held at the company's records office, but are
15 they available in any searchable way either for
16 law enforcement or the public?

17 DR. DAWKINS: The public does not have access to those
18 records but law enforcement will have access to
19 the records.

20 Q Thank you. Ms. Harris, I just wanted to return
21 to the issue that we were just speaking of, and
22 that is the lack of reporting with respect to
23 source of funds that flow into a lawyer's trust
24 account. Many real estate and other transactions
25 in this province involve the use of a lawyer.
26 And I'm sure you're aware of criticisms that we
27 in this province and this country have faced
28 relating to solicitor-client privilege standing
29 in the way of lawyers reporting suspicious
30 transactions. Can you assist with whether the
31 provincial government has engaged with the
32 federal government to a view to introducing
33 legislation that might try to revisit that
34 legislation that didn't make its way through the
35 Federation of Law Societies case in an attempt to
36 require reporting?

37 MS. HARRIS: I'm not familiar with the conversation.
38 That's not to say that it hasn't happened. I'm
39 just not familiar with that.

40 Q Mr. Sieben, can you offer any insight into that
41 issue?

42 MR. SIEBEN: No. I would anticipate that we would
43 need to inquire through appropriate staff at the
44 Ministry of Attorney General.

45 Q Paragraph 47 notes that:

46
47

Québec has also taken steps to improve their

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1 AML framework by requiring the registration
2 of Money-Services Business...

3
4 And I wanted to ask Ms. Harris whether the
5 Province has undertaken any work with respect to
6 the registration or otherwise in respect of money
7 services businesses and the risk that they may
8 present.

9 MS. HARRIS: This was also a recommendation from Dr.
10 German's 2018 report, and I know that it also was
11 discussed in the later two expert reports. I
12 will pass it over to Dr. Dawkins to explain the
13 work that has been undertaken to date.

14 Q All right, thank you.

15 DR. DAWKINS: Again, earlier this year -- and I
16 forget. I apologize. I forget the date -- the
17 provincial government released a public
18 consultation paper around the possibility of
19 regulating money services businesses, and that
20 consultation -- the public consultation ended,
21 again, also on April 30th. And again, the staff
22 in my area are in the process of collecting that
23 information and analyzing it and reaching out to
24 other stakeholders to obtain a more fulsome view
25 of some of the issues and considerations around
26 the possibility of introducing a regulatory
27 framework for money services businesses in
28 British Columbia.

29 Q Thank you. I want to turn now, Dr. Dawkins to --
30 you have introduced the topic of a beneficial
31 ownership registry for land in the province. I
32 would like to ask you a few questions about that
33 and some of the documents we've been provided
34 that relate to it.

35 I gather this registry arises out of a piece
36 of legislation, the *Land Ownership Transparency*
37 *Act* ?

38 DR. DAWKINS: Correct.

39 Q Sometimes it's referred to as *LOTA*?

40 DR. DAWKINS: Correct.

41 Q I wonder if you might just in very brief form
42 introduce to the Commissioner what that piece of
43 legislation seeks to accomplish.

44 DR. DAWKINS: So that piece of legislation attempts to
45 give a more complete picture to government and to
46 the public of who owns the land in British
47 Columbia, who the real owners of the land are,

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1 not just the legal owners of land. That is what
2 it is intended to accomplish.

3 Q And what's the status of that legislation?

4 DR. DAWKINS: So the legislation has received Royal
5 Assent. The legislation will be administered by
6 the Land Title and Survey Authority. The Land
7 Title and Survey Authority is in the process of
8 developing the systems to implement the registry.
9 The legislation will be brought into force by
10 regulation. But before it will be brought into
11 force by regulation, there are some technical
12 amendments to the legislation that have been
13 introduced into the legislature and that have
14 received second reading. They have not yet gone
15 to committee. And those are simply technical
16 amendments that have arisen throughout the
17 process of the Land Title and Survey Authority
18 developing the systems to administer the LOTA.
19 And these were simply technical amendments that
20 allow that process to be completed.

21 Q Will any of the amendments impact on what has to
22 be reported in respect of beneficial ownership or
23 who will have access to that information?

24 DR. DAWKINS: I don't believe it does. I don't
25 believe they do. However, I would have to look
26 again closely at the wording of the amendments,
27 and from there see if there's any way I could
28 draw a link to how it might affect who has to
29 report or who can -- or what information is in
30 the registry.

31 Q Okay. Just speaking generally, who has to report
32 beneficial ownership of land?

33 DR. DAWKINS: So there are -- the legislation defines
34 reporting entities, and those are -- those are
35 corporations, trusts, certain trusts, and
36 partnerships, and those entities have to report
37 their beneficial owners under three
38 circumstances. The first circumstance is when
39 there is transfer of legal title. At the time
40 that legal title is transferred, they must --
41 those reporting entities must file a transparency
42 report that sets out who the beneficial owners
43 are -- who their beneficial owners are. The
44 second instance is the instance in which the
45 beneficial owners of the reporting entity change,
46 when there's a significant change to the
47 beneficial owners of the reporting entity. And

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1 the third instance is that all existing reporting
2 entities who currently own land, will also have
3 to file who their beneficial owners are.

4 I should point out there are some exceptions
5 to who the reporting entities are. It's not all
6 corporations and it's not -- it's not all
7 corporations, but generally speaking it is
8 private corporations. And I would refer you to
9 the legislation to point out who the exceptions
10 are.

11 Q If I were to buy a house through a nominee, an
12 individual, a friend or a relative, but maintain
13 the beneficial ownership, would that have to be
14 disclosed pursuant to the legislation?

15 DR. DAWKINS: My understanding is that yes, it would.
16 However, my area in government is responsible for
17 drafting the legislation. The administration of
18 the legislation and the interpretation of the
19 legislation is given over to the administrators
20 of the statute, and that would in this case be
21 the Land Title and Survey Authority.

22 MR. MCGOWAN: Madam Registrar, I wonder if we could
23 have a briefing document brought up, please,
24 titled "Threshold for reporting beneficial
25 ownership through companies under the proposed
26 *Land Ownership Transparency Act*." It's 15A in my
27 materials, if that assists.

28 Q Yes, Dr. Dawkins, maybe I'll just ask you in very
29 brief to explain what a briefing document does
30 and what the purpose of it is.

31 DR. DAWKINS: A briefing document can have a number of
32 purposes. It can be for information or it can be
33 for decision. And it's a document that's
34 provided to usually the minister for his or her
35 decision. So the document sets out an issue. It
36 sets out a discussion around some of the policy
37 issues related to the issue. It provides options
38 and some evaluation of those options, and usually
39 a recommendation. And it goes to the minister or
40 to the decision-making authority for decision.
41 Most briefing notes are prepared for the
42 minister, but there are instances in which we
43 might prepare a briefing note for the deputy
44 minister. Some of the notes are for information
45 rather than for decision. But it is a mechanism
46 for providing a fairly succinct framework for
47 senior officials -- for the politicians and the

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1 senior officials of government to make a decision
2 -- canvass the issue and make a decision.

3 Q Thank you. And this particular briefing note
4 relates to the issue of what the threshold for
5 disclosure of ownership should be, correct?

6 DR. DAWKINS: Correct.

7 Q And what that relates to is how much of a company
8 does somebody have to own before the company is
9 required to disclose their beneficial
10 ownership --

11 DR. DAWKINS: Correct.

12 Q -- under the *Land Ownership Transparency Act*?

13 DR. DAWKINS: Correct.

14 Q And there were several options set forth in this.
15 But am I correct that the option that was
16 recommended and the option that was ultimately
17 approved was that the threshold would be set at
18 10 percent?

19 DR. DAWKINS: Correct.

20 Q And that's ultimately the threshold that was
21 introduced through the legislation?

22 DR. DAWKINS: Yes.

23 Q So if there was a corporation or a company that
24 had 11 equal owners, each owning 1/11th,
25 purchasing property -- 11 foreign owners
26 purchasing property through a British Columbia
27 company, the company would not be required to
28 disclose the beneficial owners; is that correct?

29 DR. DAWKINS: It is essentially correct. However, my
30 understanding is that the threshold does not
31 relate simply to proportion of ownership. It
32 also has some measure of control. So if, say,
33 two of those owners were somehow able to control
34 in such a way that their proportion was greater
35 than 10 percent, then they would be required to
36 disclose. However, as I say, I'm not the
37 technical expert in the interpretation of this
38 legislation. That would be -- there would be
39 technical experts who could explain more
40 technically how that would work.

41 Q Okay. Well, maybe I'll invite Ms. Harris to
42 weigh in on my next question, and that is, Ms.
43 Harris, either your strategy identifies that one
44 of the challenges is that there's a smart and
45 nimble criminal economy. Is there not a concern
46 that with a threshold at 10 percent, those
47 seeking to obscure their ownership of property

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1 will not simply adopt ownership structures with
2 enough people involved that they own less than 10
3 percent on the records of the corporation in
4 order to obscure their ownership?

5 MS. HARRIS: The way you describe it, yes, that would
6 be a concern. I would hope that within the
7 actions taken within the strategy, we would --
8 the working group and the Province would be able
9 to determine a process that would disrupt that
10 type of behaviour.

11 MR. MCGOWAN: If that could be the next exhibit,
12 please.

13 THE COMMISSIONER: I think we're at Exhibit 49 now.

14 THE REGISTRAR: Exhibit 50.

15 THE COMMISSIONER: All right. Thank you. We'll make
16 it Exhibit 50 then.

17
18 EXHIBIT 50: Briefing Document - February
19 25, 2018 - Threshold for reporting
20 beneficial ownership through companies under
21 the proposed *Land Ownership Transparency Act*
22

23 MR. MCGOWAN: If we could next have, Madam Registrar,
24 a briefing document entitled "Final Structure of
25 the *Land Ownership Transparency Act*."

26 Q Yes, and this is another briefing document, Dr.
27 Dawkins, that speaks to the structure and seeks
28 approval of a proposed structure; is that
29 correct?

30 DR. DAWKINS: Yes, it is.

31 Q And the structure proposed in this document was
32 ultimately adopted in large part?

33 DR. DAWKINS: Correct.

34 MR. MCGOWAN: If we could go to page 4 of the
35 document, please.

36 Q I don't see it displayed any more, but I'm not
37 sure that's important. I'll just read out under
38 the decision, which is approved. It states: "A
39 launch date of Fall 2020 for the registry." I
40 wanted to ask you, Dr. Dawkins, is that still the
41 intended launch date or has that been pushed
42 back?

43 DR. DAWKINS: The launch date will -- the registry
44 will be brought into force by -- the legislation
45 will be brought into force by regulation, and
46 that regulation has not yet been passed. So what
47 I can speak to is what my understanding of what

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1 the process will be.

2 So the registry will be launched in two
3 phases. So the first phase would allow for
4 beneficial owners -- information about beneficial
5 owners to be entered into the registry, and then
6 the second phase, the final phase would allow for
7 search provisions. It would not be sensible to
8 have search provisions come into force at the
9 same point that information is collected in the
10 database because until there is information in
11 the database, there's nothing to search.
12 So at the time this note was prepared, I believe
13 the launch date for the fall of 2020 made
14 reference to the full launch of the *LOTA*
15 registry, so that would include both the filing
16 and the search provisions, where the filing
17 provisions were expected to come into force in
18 spring of 2020. However, with the COVID crisis,
19 the expectation now is that the filing provisions
20 of the registry will come into effect in fall of
21 2020 and then the search provisions will follow a
22 few months later. But that's my expectation.

23 MR. MCGOWAN: Yes. Mr. Commissioner, I'm going to ask
24 that this document be the next exhibit. But just
25 before I do, I'll note that this document and the
26 previous one I entered appear to have a phone
27 number and an email address on the cover, and I'm
28 going to suggest that we enter them as exhibits
29 but with the direction from you that prior to
30 those being posted on the website, the email
31 address and phone numbers be redacted.

32 THE COMMISSIONER: Yes, all right. It will be marked
33 as Exhibit 50 and I will make that direction,
34 that the phone number and the email be redacted.

35 THE REGISTRAR: Mr. Commissioner, it will be Exhibit
36 51.

37 THE COMMISSIONER: I think that's what I said, isn't
38 it? Or -- I'm sorry. 51, and the email and the
39 telephone number will be redacted. Thank you.

40
41 EXHIBIT 51: Briefing document - February
42 26, 2019 - Final Structure of the *Land Owner*
43 *Transparency Act (LOTA)*
44

45 MR. MCGOWAN: Thank you. If we could next have the
46 document "*Summary of Land Ownership Transparency*
47 *Act* legislation and registry."

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the Commission)
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1 Q Dr. Dawkins, this was a document created for the
2 purpose of briefing the premier's office on the
3 legislation, providing them with an overview?

4 DR. DAWKINS: Correct.

5 MR. MCGOWAN: If that could be the next exhibit,
6 please.

7 THE COMMISSIONER: Exhibit 52.

8 THE REGISTRAR: Exhibit 52.

9

10 EXHIBIT 52: Briefing document- March 13,
11 2019 - Summary of *Land Owner Transparency*
12 Act (LOTA) legislation and registry
13

14 MR. MCGOWAN: And the next document I'd like
15 displayed, please, is a briefing. And Mr.
16 Commissioner, maybe we could just -- all of these
17 briefing notes have telephone numbers and email
18 addresses. If you could just indicate that those
19 ought to be redacted before they're posted.

20 THE COMMISSIONER: Yes. I so order.

21 MR. MCGOWAN: Thank you.

22 Q This document put forward options and
23 recommendations with respect to the effective
24 date of the beneficial ownership register. And
25 ultimately, the option that was approved was
26 implement the transparency register legislation
27 six months after indirect control definition is
28 established in the regulation. Is that correct?

29 DR. DAWKINS: That is correct.

30 Q I wonder if you could just explain to the
31 Commissioner what that means.

32 DR. DAWKINS: So the regulation -- the regulation to
33 the Act brings into effect a number of provisions
34 that are allowed for -- that are allowed to be
35 introduced by regulation within the Act. And one
36 of the features is something called the indirect
37 control rules, which set out how -- how that
38 25-percent threshold that is the threshold for
39 requiring the record of beneficial owners -- how
40 that is calculated in the case where one of the
41 beneficial owners -- or one of the owners is a
42 corporation and then that corporation owns other
43 corporations, and there's a cascading effect
44 where the actual control of the final corporation
45 is -- is unclear and there's a cascading effect.
46 So it's quite a complicated area and there are
47 some very complicated rules for how that

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1 25-percent threshold should be met, and this
2 regulation sets out those rules.

3 Because the rules are quite complicated, the
4 recommendation was made that those rules be made
5 public by virtue of the regulation being
6 published, and that corporations would then have
7 some time to understand what those rules were
8 before they had to comply with those rules. And
9 that is why there was a delay of six months
10 recommended between the passing of the regulation
11 and the effective date of this requirement.

12 MR. MCGOWAN: Thank you. If that could be the next
13 exhibit, please.

14 THE COMMISSIONER: Exhibit 53.

15 THE REGISTRAR: Exhibit 53.

16
17 EXHIBIT 53: Briefing Document - May 31,
18 2019 - Effective Date of Beneficial Owner
19 Transparency Register
20

21 MR. MCGOWAN: Thank you. If we could next have the
22 briefing document, "Proposed Changes to the *Land*
23 *Ownership Transparency Act (LOTA)*. It's 15I in
24 my materials.

25 Q This is a briefing document, Dr. Dawkins, I
26 gather, that was seeking direction from the
27 responsible minister, the Honourable Carole
28 James, on issues including public access to
29 certain information and enforcement compliance
30 measures?

31 DR. DAWKINS: Correct.

32 Q And one of the things I understand from the
33 legislation is that the public will have access
34 to some information but not all of the
35 information that's gathered not all of the
36 information that law enforcement has access to.
37 Is that a fair --

38 DR. DAWKINS: Correct.

39 Q -- understanding?

40 DR. DAWKINS: Yes.

41 Q So the public will have access to the names of
42 the beneficial owners, correct?

43 DR. DAWKINS: Correct.

44 Q But there will be certain identifying information
45 which they don't have access to; is that also
46 correct?

47 DR. DAWKINS: Correct.

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the Commission)

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1 Q And am I also correct that the legislation does
2 not create for each individual a unique
3 identifying number or other means of
4 identification?

5 DR. DAWKINS: I -- some of the information that is
6 required to be submitted to the registry would be
7 things like social insurance numbers and, I
8 believe, business numbers, and those would be
9 unique identifiers for those beneficial owners.
10 However -- however -- yes. But however, that
11 would only be accessible by law enforcement and
12 other competent...

13 Q Okay. So the unique identifying information such
14 as social insurance numbers is only accessible by
15 law enforcement. How is the public or, for
16 example, a financial institution that's doing due
17 diligence to distinguish between individuals with
18 similar or the same names?

19 DR. DAWKINS: I do not have an answer to that
20 question. I think that question would be better
21 directed to technical experts.

22 Q To your knowledge from being involved in the
23 drafting of the legislation, does it provide for
24 any unique identifying information to be
25 accessible by the public or other institutions
26 who are not law enforcement?

27 DR. DAWKINS: I'm sorry, I don't know the answer to
28 that question.

29 Q Thank you. And I'm just going to ask you about
30 one other aspect, and that is compliance
31 verification and enforcement because it strikes
32 me that there will be those that will not be keen
33 to comply with the disclosure of their beneficial
34 ownership and may be tempted to falsify the
35 records or be less than forthright in their
36 disclosure. What resources have been identified
37 or allocated for the purpose of verifying
38 disclosures and enforcing against non-disclosure
39 or fraudulent disclosure?

40 DR. DAWKINS: I can say that the legislation allows
41 for something called an enforcement officer, who
42 will have responsibility for enforcing the Act --
43 for enforcing elements of the Act. The
44 enforcement officer will also have the ability to
45 impose penalties. The Act provides for penalties
46 for offences as well. But these questions -- the
47 precise mechanism and how it will be funded --

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1 those are questions that would go to the
2 administrator. My area has responsibility for
3 creating the legislation and does not -- is not
4 part of the administration of the Act.

5 Q Thank you. And the decision that was taken by
6 way of this briefing note with respect to
7 penalties or verification or enforcement measures
8 was to have the Act provide for the requirement
9 for affidavits, financial penalties, and the
10 imposition of a lien against the property, but to
11 not provide for the potential for imprisonment as
12 a penalty for non- or misleading disclosure. Is
13 that fair?

14 DR. DAWKINS: Correct.

15 MR. MCGOWAN: If this document could be the next
16 exhibit, please, Mr. Commissioner.

17 THE COMMISSIONER: Exhibit 54.

18 THE REGISTRAR: Exhibit 54.

19
20 EXHIBIT 54: Briefing Document- November 27,
21 2018 - Proposed Changes to the Land Owner
22 Transparency Act (LOTA)
23

24 MR. MCGOWAN: Thank you. Mr. Commissioner, I wonder
25 if this might be a convenient time for a 10-
26 minute break.

27 THE COMMISSIONER: Yes. Thank you, Mr. McGowan.
28 We'll take 10 minutes.

29 THE REGISTRAR: The hearing is adjourned for 10-minute
30 recess until 12:43 p.m. Please mute your mic and
31 turn off your video. Thank you.

32
33 (WITNESSES STOOD DOWN)

34
35 (PROCEEDINGS ADJOURNED)
36 (PROCEEDINGS RECONVENED)

37
38 MARK SIEBEN, a witness,
39 recalled.

40
41 CHRISTINA DAWKINS, a witness,
42 recalled.

43
44 MEGAN HARRIS, a witness,
45 recalled.

46
47 THE REGISTRAR: Thank you for waiting. The hearing is

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the Commission)

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1 now resumed.

2 THE COMMISSIONER: Thank you, Madam Registrar. Yes,
3 Mr. McGowan.

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

5

6

7 EXAMINATION BY MR. MCGOWAN, continuing:

8

9 Q Dr. Dawkins, I'm just going to stay with you for
10 a few more questions about something you'd raised
11 earlier. One of the initiatives you indicated
12 was being investigated was the possibility of a
13 public beneficial ownership registry for
14 corporate ownership. I gather that's something
15 that the government is investigating and taking
16 public feedback on?

17 DR. DAWKINS: Correct. We issued a -- the government
18 issued a public consultation paper and the
19 consultation period ended April 30th.

20 MR. MCGOWAN: If we could have that consultation paper
21 displayed, please. It's the January 20th "B.C.
22 Consultation on a Public Beneficial Ownership
23 Registry." There it is.

24 Q This is the paper you've spoken of?

25 DR. DAWKINS: Correct.

26 MR. MCGOWAN: If that could be the next exhibit,
27 please, Mr. Commissioner. 55, I think.

28 THE COMMISSIONER: Yes, 55. Thank you.

29 THE REGISTRAR: Exhibit 55.

30

31 EXHIBIT 55: B.C. Consultation on a Public
32 Beneficial Ownership Registry

33

34 MR. MCGOWAN: Thank you.

35 Q And if we could just, please, go to page 11 of
36 that document. I'm looking at the page number in
37 the bottom right corner. And this document sets
38 out the five items that have been identified in,
39 I believe, the Maloney report as best practices
40 for a beneficial ownership registry. Is that
41 your understanding from looking at the chart?

42 DR. DAWKINS: I'm sorry. Could you please repeat the
43 question.

44 Q Yes. This chart at the top of page 11 sets out
45 five items that were identified, I believe, in
46 the Maloney report as best practices for a
47 beneficial ownership registry.

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the Commission)
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- 1 DR. DAWKINS: I believe so. That's what the footnote
2 alludes to.
- 3 Q Okay. And the first is that information should
4 be maintained about both the beneficial and the
5 legal owner. I gather that's something that's
6 contemplated with the new registry if one is
7 adopted?
- 8 DR. DAWKINS: Correct. If it's adopted, that would be
9 something that would be contemplated, yes.
- 10 Q And is the thinking currently that the threshold
11 would be set at the same level as set in the *Land*
12 *? Ownership Transparency Act*
- 13 DR. DAWKINS: The thinking on this particular measure
14 is at its very early stages. And so the
15 ownership threshold is one of those policy issues
16 that would be considered as we move through the
17 process of developing options and recommendations
18 for the Minister on this.
- 19 Q Okay so has the government landed on its approach
20 to -- aside from number 5, which it has addressed
21 to some extent, has it landed on its a decision
22 or an intended approach on items 2, 3, or 4 in
23 that chart?
- 24 DR. DAWKINS: As I've mentioned, this is in a very
25 early stages and right now we are canvassing the
26 issues. We have not yet come to government with
27 a request or a recommendation about whether or
28 not government should even adopt such a registry.
29 We're undertaking the preliminary work that would
30 get us to that stage.
- 31 Q And the feedback that was received in response to
32 this paper, is it intended that that will be
33 reduced into some form of document?
- 34 DR. DAWKINS: Yes. The intention is that the comments
35 received will be collated into a document and
36 have been collated into a document to be brought
37 to the DMCAML for their information.
- 38 Q Okay. Has that --
- 39 DR. DAWKINS: That has not occurred yet.
- 40 Q Okay. The document does not yet exist?
- 41 DR. DAWKINS: The document does exist, as of
42 yesterday, I believe, and it is scheduled for the
43 next DMCAML meeting.
- 44 Q Okay thank you. Ms. Harris, I want to ask a
45 little bit of - a few more questions about the
46 deputy minister and secretariat's approach to
47 money laundering concerns in the real estate

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1 industry. What is the -- and there's been a
2 number of initiatives undertaken, and we'll hear
3 about some further ones that have been
4 undertaken. But what is the overall objective
5 the committee or the secretariat is hoping to
6 obtain in the real estate industry with the
7 measures they're undertaking -- the AML measures
8 they're undertaking in that sector?
9 MS. HARRIS: From a working group's perspective --
10 high-level perspective is to eliminate illicit
11 funds from the real estate sector.
12 Q Is that goal driven by a recognition or an
13 acceptance that in recent years the British
14 Columbia real estate has to a significant degree
15 become a repository for illicit funds that are
16 illicit in origin?
17 MS. HARRIS: It comes from a response, an analysis
18 from Dr. Maloney's expert report as well as Dr.
19 German's report. I can't -- that's their
20 evaluation. I can't -- I haven't done the
21 research myself so I can't validate that.
22 Q No. But the secretariat is proposing a path
23 forward. Is that path premised on an acceptance
24 that significant quantities of illicit funds have
25 been parked in British Columbia real estate?
26 MS. HARRIS: Yes. It's based on the Maloney report,
27 yes.
28 Q Okay. Which I gather the secretariat accepts?
29 MS. HARRIS: Correct.
30 MR. MCGOWAN: I'd like to, please, have brought up a
31 briefing document, "Federal/Provincial
32 Implications of Expert Panel on Money Laundering
33 in Real Estate."
34 THE COMMISSIONER: Do you want the earlier document
35 marked, Mr. McGowan?
36 MR. MCGOWAN: Yes. I'm sorry. Which -- did I --
37 THE REGISTRAR: I believe we have marked that Exhibit
38 55.
39 THE COMMISSIONER: All right.
40 MR. MCGOWAN: Sorry, we were talking over each other.
41 Mr. Commissioner, I believe the "B.C.
42 Consultation on Public Beneficial Ownership
43 Registry" paper, January 2020, is Exhibit 55.
44 THE COMMISSIONER: All right. So that's the most
45 recent document referred to, is it?
46 MR. MCGOWAN: Yes.
47 THE COMMISSIONER: All right. Thank you.

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the Commission)

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1 MR. MCGOWAN: And I'm now seeking to go the briefing
2 note I just mentioned, which is -- our internal
3 location is 15E, if that assists.

4 Q Maybe I'll ask you, Dr. Dawkins, about this
5 because you are - appear you're noted on the
6 document as the person that initiated it. This
7 is a briefing note for the Honourable Carole
8 James designed to draw to her and government's
9 attention recommendations that require or would
10 benefit from consultation with other provincial
11 governments or the federal government. Is that a
12 fair overview?

13 DR. DAWKINS: Correct.

14 Q And what this document does is identify areas
15 where those recommendations would benefit from
16 consultation or cooperation and recommends a
17 course of action in respect of some of those?

18 DR. DAWKINS: Correct.

19 Q I'm not going to go through all of them, but I do
20 want to ask you about a couple of them. And I
21 don't know whether you're best placed to tell us
22 whether these recommendations have been adopted
23 and followed up on or not. But I'll ask you, and
24 if you don't know, maybe Ms. Harris or Mr. Sieben
25 can weigh in.

26 The first is on page 3, Recommendation 13:

27
28 The BC Minister of Finance should recommend
29 to her federal counterpart that the *Proceeds*
30 *of Crime (Money Laundering) and Terrorist*
31 *Financing Act* be amended to add mortgage
32 lenders and mortgage intermediaries to the
33 list of reporting entities...

34
35 Q Do you know whether that request or
36 recommendation has been forwarded to the B.C.
37 minister's federal counterpart?

38 DR. DAWKINS: I do not know for certain, but I expect
39 that it has not. I should point out that this
40 briefing note was prepared in anticipation of a
41 federal/provincial/territorial meeting in June of
42 2019 and was intended to give the Minister of
43 Finance sort of background information about
44 those issues that would have FPT implications in
45 advance of that meeting.

46 Q And did that meeting take place?

47 DR. DAWKINS: Yes.

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1 Q And did you have a report back whether the
2 recommended communications took place or did not
3 take place?

4 DR. DAWKINS: I attended the meeting. I do not know
5 that the recommendations were -- the
6 recommendations were put forward at that time,
7 no.

8 Q Sorry. Is that to say they were not put forward?

9 DR. DAWKINS: I do not recall that they were expressly
10 put forward in this way.

11 Q And does that speak generally to each of the
12 recommendations that spoke to federal/provincial
13 communication?

14 DR. DAWKINS: I'm sorry. I don't know the answer to
15 that question.

16 Q Okay. Well let me ask you just one more then.
17

18 Recommendation 21:

19 The BC Minister of Finance should recommend
20 to her federal counterpart that FINTRAC
21 collect information in suspicious
22 transaction reports sufficient to analyze
23 the geographic location of those
24 transactions, including both the location
25 within Canada where the transaction occurred
26 and, where suspicious transactions have a
27 foreign component, the countries involved.
28

29 And the notation is:
30

31 Currently, FINTRAC does not track any
32 information about the geographic location of
33 suspicious activity. If this information
34 were collected, it could be used for
35 statistical analysis that may be useful in
36 identifying geographical trends in
37 suspicious activity.
38

39 Do you know if Minister James put forward this
40 recommendation to her federal counterpart at that
41 meeting or otherwise?

42 DR. DAWKINS: To my knowledge, she did not.

43 Q Do you have any insight into why the recommended
44 communications were not proceeded with?

45 DR. DAWKINS: My understanding of the process was the
46 Maloney report was -- there were something like
47 29 recommendations, and there was a process of

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1 prioritizing which ones would be sort of
2 addressed first. And many of these
3 recommendations are simply -- this briefing note
4 simply restates the recommendations to refresh
5 the Minister's -- to refresh the Minister's
6 memory on them. However, before we would want to
7 -- before we -- my area would recommend to the
8 Minister that she put forward these
9 recommendations to the federal minister of
10 finance, my area would want to look at them a
11 little bit more closely and understand --
12 undertake the policy analysis, the due diligence
13 to understand what the recommendations -- what
14 their implications are and to understand what
15 some of the -- yeah, what some of the
16 implications are.

17 So we have not -- my branch has not
18 undertaken that analysis and nor has it made
19 those recommendations to the minister.

20 Q If we could go to the last page of the document,
21 then please. We have a heading here:
22 Conclusion: Key messages for the FPT meeting."
23 Are these recommendations to the minister of key
24 messages she should be delivering or might want
25 to consider delivering?

26 DR. DAWKINS: That is correct.

27 Q Okay. So the third bullet point is:

28
29 The federal Minister should initiate a
30 review of the PCMLTFA to improve the sharing
31 of FINTRAC information. Additionally, it is
32 important for FINTRAC and the federal
33 government to improve education and feedback
34 for FINTRAC reporting entities.
35

36 Was that message delivered by Minister James to her
37 federal counterpart at the June 2019 meeting? DR.

38 DAWKINS: I -- I do not recollect whether it was.
39 I do not recollect it being delivered in such a
40 way. However, I was not privy to all of the
41 private conversations the minister may have had
42 with her federal and provincial counterparts.

43 MR. SIEBEN: May I offer a comment, Mr. McGowan?

44 Q Yes, please.

45 MR. SIEBEN: It's mostly within the context of
46 attendance and participation in FPT meetings. I
47 did not attend that meeting obviously, given that

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1 I don't have a role in the Ministry of Finance.
2 But based on my experience attending similar
3 meetings in the past, the document that is under
4 review right now would be prepared for an
5 attending minister. In the event that either a
6 specific topic was on the agenda and one might
7 anticipate there would either be opportunity or
8 an expectation for the attending minister to
9 speak to the item.

10 Or ministers often have a time protected
11 where they speak amongst themselves, and these
12 documents then are more useful than in the
13 structured meeting setting in that they give
14 ministers the background and reminders necessary
15 to be able to participate in more unstructured
16 dialogue with their cross-jurisdictional set of
17 counterparts. So it is often -- often such
18 discussions occur at a threshold that is not as
19 established as when a minister or a jurisdiction
20 might commit an opinion or a point of view in a
21 letter or other form of communication to their
22 federal colleague. So I'm surmising from what my
23 colleague Dr. Dawkins is saying is that this
24 document has been prepared purely for what had
25 been Minister James's background and
26 participation in the event that these topics came
27 up at that FPT meeting. If the topics hadn't come
28 up at the FPT meeting, then there likely wouldn't
29 have been an opportunity for Minister James to
30 express those points of view.

31 MS. HARRIS: Mr. McGowan, if I could add.

32 Q Certainly, Ms. Harris, go ahead.

33 MS. HARRIS: I also wanted to note that it was
34 Recommendation 48 in Dr. German's first report
35 that identified the need for ongoing
36 communication with the federal government around
37 the PCMLTFA and the addition of other entity --
38 reporting entities, recognizing that it was
39 identified within the 2018 report along with his
40 second report and Dr. Maloney's report, and the
41 need for those conversations to be ongoing. It
42 is also a strategy within -- or an action within
43 the strategy to ensure that those types of
44 conversations are ongoing between both the
45 Minister of Finance and the Attorney General and
46 their federal counterparts. So those are
47 conversations that we would expect to have

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1 continue -- or would continue in the future.

2 Q Okay, thank you. Mr. Sieben, you say that
3 documents like this are prepared for the purpose
4 of briefing a minister in case a topic comes up.
5 Is it not also incumbent on a minister attending
6 meetings such as this one to push at least the
7 key messages, whether they happen to come up
8 otherwise or not?

9 MR. SIEBEN: My view, based on my experience, is the
10 answer to that question is sometimes. It depends
11 very much on the -- on what the agenda of that --
12 what the agenda items are and what the
13 opportunity is, and then sometimes it makes sense
14 to hold your fire for another day if you think
15 another day is going to provide you greater
16 leverage and more success at -- my experience
17 over 10 years of attending such -- longer than
18 that actually -- attending such meetings is
19 ministers do their very best to make sure that
20 the Province's strongest points are articulated,
21 first, if there's a commonality amongst their
22 provincial counterparts, and then secondly, if
23 there's opportunity to facilitate change at a
24 federal level.

25 MR. MCGOWAN: Thank you. If that could be the next
26 exhibit, please, Mr. Commissioner.

27 THE COMMISSIONER: Very well. That will be Exhibit
28 56.

29 THE REGISTRAR: Exhibit 56.

30

31 EXHIBIT 56: Briefing Document - June 3,
32 2019 - Federal/Provincial Implications of
33 Expert Panel on Money Laundering in Real
34 Estate recommendations

35

36 MR. MCGOWAN: Thank you. If we could next have -- I'm
37 going to in succession bring up two briefing
38 notes -- they're our internal 15F and G -- the
39 first of which is a briefing document for
40 Minister James initiated by Dr. Dawkins titled
41 "Single Regulator for Real Estate." Yes, that's
42 it there on the screen. Thank you.

43 Q Under background it notes:

44

45 In September 2018, government released the
46 Real Estate Regulatory Review (Perrin
47 Report) that recommended that the Office of

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1 the Superintendent of Real Estate and the
2 British Columbia Real Estate Council be
3 merged into a single regulator within what
4 is now the British Columbia Financial
5 Services Authority.
6

7 And Dr. Dawkins, this briefing note sets out two
8 options, one of which is to include the
9 regulation of real estate in that authority, and
10 the other is to create a new Crown to be the
11 regulatory agency. And ultimately, am I correct,
12 the recommendation is accepted and the decision
13 is made to amalgamate those two organizations
14 under the umbrella of the B.C. Financial Services
15 Authority?

16 DR. DAWKINS: That is correct.

17 Q Okay. Okay and what stage is that at presently?

18 DR. DAWKINS: We are -- sorry. The government has
19 created a working group of deputy ministers and
20 staff to work on -- to oversee a number of work
21 streams to bring this commitment to fruition.
22 There are a number of work streams -- a number of
23 very operational measures related to you know
24 combining information technology systems and to
25 human resources, for example. And then there is
26 one work stream that is related to developing the
27 legislation that would allow for this
28 amalgamation -- I don't think it's technically an
29 amalgamation -- but to allow for this decision to
30 be realized. And the work stream relating to the
31 legislation is a work stream that I chair, and
32 the legislation is being developed now.

33 Q And what benefits does this new structure -- is
34 it intended to provide from an AML perspective?

35 DR. DAWKINS: My understanding that one of the reasons
36 underlying the recommendation in the Perrin
37 report is that there are some synergies between
38 the regulation of real estate licensees and the
39 regulation of mortgage brokers, which -- mortgage
40 brokers are currently regulated under the -- by
41 the BCFSA. And you know there's sort of a
42 synergy between those two activities. There's
43 also sort of a limited synergy with respective
44 financial institutions because when people buy
45 houses, they get mortgages. They get the
46 mortgages with credit unions in some cases. And
47 so the opportunity for the sharing of information

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1 within one organization would be beneficial in
2 terms of allowing for an understanding of what's
3 going on in the financial services sector,
4 including real estate, broadly within British
5 Columbia. Also with a focus to reducing money
6 laundering.

7 MR. MCGOWAN: Thank you. If that could be the next
8 exhibit, please, Mr. Commissioner.

9 THE COMMISSIONER: Very well. That will be 57.

10 THE REGISTRAR: Exhibit 57.

11
12 EXHIBIT 57: Briefing Document - September
13 17, 2019 - Single Regulator for Real Estate
14

15 MR. MCGOWAN: Thank you. And if we could just have
16 the next single regulator briefing note brought
17 up, please.

18 Q Dr. Dawkins, this was a briefing note and
19 decision that respected the rule-making
20 procedures subject to the regulations; is that
21 correct?

22 DR. DAWKINS: Correct.

23 MR. MCGOWAN: If that could be the next exhibit, Mr.
24 Commissioner.

25 DR. DAWKINS: I should clarify. This is the rule-
26 making procedure for the integrated regulator in
27 respect of real estate.

28 Q Yes. Thank you.

29 THE COMMISSIONER: All right. That will be Exhibit 58
30 then.

31 THE REGISTRAR: Exhibit 58.

32
33 EXHIBIT 58: Briefing Document - October 16,
34 2019 - Single Regulator for Real Estate -
35 Rule-making procedures
36

37 MR. MCGOWAN: Thank you. I'm going to move to a new
38 topic area now.

39 Q Ms. Harris, maybe I'll start with you on this.
40 One of the major aspects of the mandate of the
41 secretariat and initially the sole mandate and, I
42 gather, still a significant mandate is overseeing
43 what might be described as a bit of an overhaul
44 to the AML regime in the gaming industry in
45 British Columbia; is that fair?

46 MS. HARRIS: Sorry, can you repeat that.

47 Q Maybe I'll rephrase it. One of the major aspects

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1 of the secretariat's role and undertaking is
2 addressing the issue of money laundering in
3 British Columbia casinos and specifically Lower
4 Mainland casinos.

5 MS. HARRIS: Yes, that is correct.

6 Q And one of the focuses of that undertaking is
7 addressing issues related to the source of funds
8 and specifically the source of cash that has been
9 coming into and continues to come into casinos.

10 MS. HARRIS: Yes, and that's relative to
11 recommendations set out by Dr. German.

12 Q Yes. And let me ask you. There has been a
13 suggestion and reports in the media that there
14 has - that B.C. casinos -- Lower Mainland casinos
15 for a time became a repository for very
16 significant quantities of cash that were illicit
17 in origin. I'm sure you're familiar with those
18 suggestions.

19 MS. HARRIS: Yes.

20 Q And the secretariat and various bodies have taken
21 actions to respond to those suggestions,
22 including the implementation of source of cash
23 requirements.

24 MS. HARRIS: Yes, that's one action that was taken.
25 Yes.

26 Q We'll come to that and some of the other actions
27 just in a brief moment. But do I take it, given
28 that these responses have been put in place, that
29 the deputy ministers committee takes as a
30 starting point an acceptance of the conclusion
31 that for a period of time B.C. casinos did become
32 the repository of significant quantities of cash
33 that was illicit in origin?

34 MS. HARRIS: I can't speak for the deputy ministers
35 committee. I'll leave that to Mr. Sieben. I can
36 say that for the -- oh, sorry. Go ahead.

37 Q I was just going to say, from the secretariat's
38 perspective then?

39 MS. HARRIS: From the secretariat's perspective, we
40 accept Dr. German's notes in principle and looked
41 into those -- the recommendations, and based on
42 that, we took action.

43 Q Okay. Maybe I'll ask you, Mr. Sieben, to offer
44 any response you have to the question.

45 MR. SIEBEN: Sure. On behalf of the committee, I
46 would -- I would agree with Ms. Harris's
47 description as it applies to the secretariat.

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1 That's fairly consistent with the views of the
2 committee. Certainly the suggestions, as you'd
3 put it, Mr. McGowan. And the findings as they
4 came out through Dr. German's report more than
5 suggest that there has been some degree of
6 proceeds of crime money finding their ways into a
7 casino. Being able to accurately and with
8 confidence quantify that is a challenge, but it
9 is enough for us as a committee on behalf of
10 government to want to focus our attention to
11 ensure that gaming in B.C. can continue and
12 proceed with a greater level of confidence that
13 proceeds of crime money is less likely to find
14 its way into casinos on a go-forward basis.

15 Q Okay. I'm going to ask you about a decision that
16 was made at a November 20th deputy ministers
17 committee meeting, and I don't require the
18 minutes to be brought up unless you want to look
19 at them. If you do, say so, please.

20 But a decision was taken that the regulator
21 will be the regulator of BCLC. And I take it the
22 regulator, at least at that time, was the Gaming
23 Policy and Enforcement Branch?

24 MS. HARRIS: Yes, that is correct.

25 Q Was there some issue or uncertainty prior to this
26 time as to whether GPEB was the regulator of
27 BCLC?

28 MS. HARRIS: I can't speak to the past or perceptions
29 of the past. I would like to take a moment to
30 look at the minutes if that's okay with you, Mr.
31 McGowan.

32 Q Absolutely. Do you have a copy with you? If we
33 could just pull up the November 20th, 2018
34 minutes. And the decision -- the note I'm
35 looking at is under "3. Standards-based model:
36 The regulator will be the regulator of BCLC and a
37 standards-based model will be implemented." And
38 it's the first part of that decision that I'm
39 interested in. I'm wondering whether there was
40 some uncertainty and why a decision as to whether
41 GPEB regulated BCLC was required.

42 MS. HARRIS: Specifics to the past around uncertainty
43 around the regulator being the regulator of B.C.,
44 the Gaming Policy and Enforcement Branch is there
45 to protect the integrity of gambling in British
46 Columbia. I don't know -- I'm not an expert at
47 the *Gaming Control Act* and I'm not sure of the

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1 language around -- how it's stated around the
2 regulator being a regulator of B.C. I know that
3 there was uncertainty and there was clarity
4 needed around the roles and responsibilities
5 between the gambling regulator and the operator,
6 which is B.C. Lottery Corporation, BCLC, and that
7 clarity was required within the legislation.

8 So the recommendation set forth in this
9 discussion, which is Recommendation 24, which is
10 a transition to the standards-based model as well
11 as Recommendations 1 and 2 that speak to the
12 clarity in the legislation. This number -- this
13 item in the minutes, number 3, was the decision
14 that that clarity should be made.

15 Q Thank you. One of the recommendations that
16 flowed out of the German report was that gaming
17 service providers report directly to FINTRAC. Am
18 I correct that that -- a decision has been made,
19 perhaps after some consultation, not to adopt
20 that recommendation?

21 MS. HARRIS: Yeah, that is Recommendation 5 in Dr.
22 German's first report, and there is related
23 Recommendations 6, 7, 8, 9 and 11 that are
24 related to reporting to FINTRAC. Under -- after
25 much review and analysis, we did come to the --
26 "we" being the secretariat along with the experts
27 at the Gaming Policy and Enforcement Branch,
28 along with BCLC, and in consultation with service
29 providers, it was noted that there was concern
30 with having service providers report directly to
31 FINTRAC. That being said, the concerns that Dr.
32 German laid out in his report were addressed, and
33 other actions were put in place to mitigate those
34 concerns.

35 Q Okay. Did some of the concerns about service
36 providers reporting directly come from FINTRAC?

37 MS. HARRIS: I'm not aware where Dr. German's concerns
38 came from.

39 Q No, I'm sorry. Were concerns that having service
40 providers report to FINTRAC was not a viable
41 option -- maybe let me put it this way. Did you
42 consult FINTRAC and did FINTRAC oppose the
43 adoption of that recommendation?

44 MS. HARRIS: The secretariat did not speak to FINTRAC.
45 This was a conversation that took place between
46 BCLC and FINTRAC as well as the Gaming Policy and
47 Enforcement Branch and FINTRAC. However, I am

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1 privy to the conversation through the letters
2 that were received. I can state that FINTRAC was
3 not opposed -- in my interpretation of the letter
4 from FINTRAC, FINTRAC was not opposed to service
5 providers reporting directly to FINTRAC.
6 However, there were concerns from FINTRAC in the
7 way and the process that was being suggested and
8 how that would take place. Clarity was also
9 given by FINTRAC that even though service
10 providers were -- if they were to report directly
11 to FINTRAC, the responsibility and accountability
12 would still rest with BCLC.

13 Q Thank you. I'd like to move on to the issue of
14 enforcement, and one of the things that's
15 identified in the documents that had been
16 prepared outlining the province's approach is
17 challenges that have arisen combating money
18 laundering from an enforcement perspective.

19 Am I correct that at present the JIGIT team,
20 which has a gaming focus, is the only police unit
21 in British Columbia currently with an AML -- with
22 a specific AML mandate?

23 MS. HARRIS: I'll let Mark speak specifically to the
24 mandate of JIGIT.

25 Q Mr. Sieben.

26 MR. SIEBEN: Yeah. Yeah, there are -- I would say
27 that's very close to being completely correct.
28 There are likely aspects of investigation
29 pertaining to money laundering that may be
30 addressed through other forms of integrated teams
31 through CFSEU here in British Columbia or other
32 entities. But in terms of a primary focus on
33 taking activities in order to specifically
34 address money laundering, JIGIT is the best --
35 the best example that we have currently, yes.

36 MR. MCGOWAN: Okay. I wonder if we could just bring
37 up, please, Madam Registrar, a slide deck titled
38 "Designated Policing Unit Discussion," February
39 2019.

40 Q Mr. Sieben, you're familiar with this slide deck?

41 MR. SIEBEN: My apologies. I lost my screen there for
42 a moment. Yes, I am. Not as familiar as Ms.
43 Harris, but I'm familiar with the deck.

44 Q Okay. Well, maybe -- Ms. Harris, I'll ask you,
45 then. Why was this document created? For what
46 purpose?

47 MS. HARRIS: This presentation, I should note, is

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- 1 representation for another document that you
2 have. I'm just looking up the title of it here.
- 3 Q Is that the Anti-Money Laundering Financial
4 Intelligence and Investigation Unit draft
5 proposal?
- 6 MS. HARRIS: Yes, that's correct.
- 7 Q I'll come to that next. I just wanted to ask
8 you --
- 9 MS. HARRIS: Okay. So this presentation is the
10 document that was a high overview to present that
11 larger document.
- 12 Q And this is a document -- who was the
13 presentation made to with this --
- 14 MS. HARRIS: This presentation was presented to the
15 AML Deputy Ministers committee. It was thought
16 of to move forward to cabinet but it did not
17 proceed.
- 18 Q Okay. And am I correct that this presentation
19 and the paper that we're going to come to in a
20 moment were in response to Mr. German -- the
21 recommendation from Mr. German's -- Dr. German's
22 Recommendation 37, which recommended creating a
23 dedicated police unit specialized in criminal and
24 regulatory investigations within the legal gaming
25 industry?
- 26 MS. HARRIS: Yes. It's relative to, if I recall this
27 correctly, Recommendations 37, 38, 39, 40, as
28 well as 42 and 43.
- 29 Q Right. The primary recommendation relating to a
30 dedicated police unit being Recommendation 37?
- 31 MS. HARRIS: Correct.
- 32 Q And two options are presented and discussed on
33 this slide deck, the first one being -- maybe
34 I'll talk about the second one, the second being
35 a dedicated police unit as envisioned by Dr.
36 German, and the first being sort of a multi-
37 pronged approach that goes beyond gaming but
38 doesn't create a sort of separate dedicated
39 police unit. Is that a fair overview?
- 40 MS. HARRIS: Yes, that's correct. But I also -- I
41 would like to go back to further my previous
42 comment.
- 43 Q Yes, please.
- 44 MS. HARRIS: I stated that this presentation was an
45 overview of that larger document, and I was not
46 correct. So this is the presentation that came
47 first. This was the high-level thinking behind

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1 what we would like to propose. The Anti-Money
2 Laundering Deputy Ministers Committee provided us
3 feedback and asked us to do further work and do a
4 bit more, and more consultation on this with some
5 of our partners. At that time we returned with
6 that greater business case.

7 Q Okay.

8 MS. HARRIS: So the material in this presentation is
9 outdated compared to that broader document.

10 Q Okay. Well, let's move to the broader document
11 then and I'll ask you some questions about that.
12 And that is a document that appears to come into
13 existence a few months after the slide deck we
14 were looking at. This is a May 7th, 2019,
15 document titled "Anti-Money Laundering Financial
16 Intelligence and Investigations Unit."

17 MR. MCGOWAN: And Mr. Commissioner, just before we go
18 there, if I could mark the slide deck as the next
19 exhibit, please.

20 THE COMMISSIONER: The slide deck will then be marked
21 as Exhibit 59.

22 THE REGISTRAR: Exhibit 59.

23

24 EXHIBIT 59: Anti-Money Laundering Policing
25 Unit Discussion (Slide Deck)

26

27 MR. MCGOWAN: And if we could pull up the paper I just
28 referenced, please. If that could be the next
29 exhibit, Mr. Commissioner.

30 THE COMMISSIONER: Very well. That will be Exhibit
31 60.

32 THE REGISTRAR: Exhibit 60.

33

34 EXHIBIT 60: Anti-Money Laundering Financial
35 Intelligence and Investigations Unit Draft
36 Proposal

37

38 MR. MCGOWAN:

39 Q And I gather this paper is a more detailed
40 exploration of Option 1 from the slide deck; is
41 that a fair assessment?

42 MS. HARRIS: Yes, that's fair.

43 Q This was drafted by the secretariat?

44 MS. HARRIS: No. This is a document that was drafted
45 by the Police Services Branch. The secretariat
46 was involved. So many items such as this, we
47 would place the responsibility of the action on

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1 the experts. So in this case we -- we asked the
2 Police Services Branch to take the lead on this
3 document. So in this case they drafted the
4 document. I was involved in the meetings
5 surrounding the document, the discussions that
6 were held with our partners' jurisdiction, and I
7 also was involved in the editing and preparation
8 once it was initially drafted, and involved in
9 the presentation of this to the AMLDMC.

10 Q Okay. And just in brief, can you give the
11 Commissioner an overview of what is being
12 proposed in this document.

13 MS. HARRIS: This document speaks to -- actually two
14 new units, one financial intelligence and
15 investigative unit that speaks more to the
16 criminal enforcement side. That's the primary
17 function of this document. It outlines the need
18 for a larger multisectoral approach to
19 intelligence and investigating crimes of money
20 laundering. It brings together both federal
21 policing, provincial policing as well as
22 regulators as needed. In this case we used the
23 example of the Gaming Policy and Enforcement
24 Branch. If you look at the diagrams at the end
25 and the org chart that we had envisioned, you can
26 see how we envisioned the enforcement regulator
27 being involved in such a team.

28 Q Right.

29 MS. HARRIS: The second unit that was thought of that
30 came to light was the need for regulatory
31 information sharing. That is the one area after
32 doing consultation that we discovered was a gap
33 in knowledge, and this document, if I recall
34 correctly, briefly outlines what we termed -- and
35 is not, I want to clarify is not the formal name
36 in any way, it was just our internal naming --
37 but the concept of what we called a fusion
38 centre, which was a regulatory information
39 sharing centre.

40 Q And was the Financial Intelligence Unit that is
41 envisioned being created by this paper, is it
42 proposed that they would be the recipients of
43 something akin to suspicious transaction reports
44 from various sectors?

45 MS. HARRIS: Yes, correct. So right now, if I use the
46 gambling sector as an example, service providers
47 would create what's called an unusual financial

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- 1 transaction alert. Those unusual financial
2 transaction alerts are provided to BCLC and the
3 ultimate creation of a suspicious transaction
4 reports that would go to FINTRAC. And when those
5 UFTs, unusual financial transactions, go to BCLC,
6 they also go to the Gaming Policy and Enforcement
7 Branch as well as JIGIT. They also are analyzed
8 on a weekly basis by the gaming intelligence
9 group that was created about a year or so ago.
10 And JIGIT has the opportunity to review all those
11 UFTs and ultimately the STRs that are submitted.
- 12 Q Right. And does it envision this Financial
13 Intelligence Unit would also take suspicious
14 financial transaction reports from other sectors
15 such as the real estate industry?
- 16 MS. HARRIS: That would be our hope.
- 17 Q Well, is it --
- 18 MS. HARRIS: That --
- 19 Q Sorry, go ahead.
- 20 MS. HARRIS: No, I was just going to say that is --
21 that was the thinking behind -- behind this. We
22 were using the example of how it operates with
23 JIGIT to operate within the broader team.
- 24 Q And is -- so is essentially what's envisioned
25 here sort of a B.C.-based FINTRAC?
- 26 MS. HARRIS: Yes and no. Yes, because it is -- it
27 would be an intelligence unit that would be able
28 to look into suspicious activity. No, from the
29 standpoint that this would be more on the
30 criminal enforcement and intelligence side. And
31 action could be taken.
- 32 Q Okay. And would the -- is it envisioned that
33 this - the information collected by this unit
34 would be available to law enforcement and
35 regulators?
- 36 MS. HARRIS: It would, if I recall correctly -- and
37 I'd have to refresh my memory. But the
38 information that would be obtained by this group
39 and created by this group would be available to
40 law enforcement unless there was a specific
41 regulatory enforcement team involved. And if
42 that was the case, it would be available to them
43 under certain circumstances.
- 44 MR. MCGOWAN: Mr. Commissioner, I just have a couple
45 more questions about this document. I wonder if
46 I might just carry on and finish those before we
47 conclude today.

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 THE COMMISSIONER: Yes, that's fine, Mr. McGowan.

2 MR. MCGOWAN: Thank you.

3 Q I'm on page 6 of the document. I'm looking at
4 the page numbers in the bottom right corner. In
5 the middle of the page, second sentence of the
6 third paragraph:

7
8 As detailed above with the federal RCMP,
9 police at the provincial and municipal level
10 have also suffered from competing
11 enforcement priorities (i.e. violent crime),
12 resulting in an inability to invest in
13 intelligence resources and investigative
14 expertise to respond to money laundering and
15 proceeds of crime cases.

16
17 So I guess that raises the question of what is
18 proposed in terms of funding and the need to
19 ensure that funding is not diverted elsewhere if
20 a unit like this is to be sustainable.

21 MS. HARRIS: In regard to the cost to fund a unit such
22 as this, based on -- I can bring into
23 consideration the previous presentation we were
24 looking at. And in Dr. German's report, he
25 referred to the B.C. Transit dedicated policing
26 unit.

27 Q Right.

28 MS. HARRIS: When we first undertook this work, "we"
29 being the secretariat along with our experts in
30 public safety and others, we first examined the
31 cost and the resources required for something
32 like that dedicated policing unit. We then
33 worked with our working group for the FIIU, the
34 Financial Intelligence and Investigative Unit, to
35 cost out what it would approximately take to fund
36 a unit such as this as well as scalable options
37 from starting -- start to a fully engaged team.
38 It's not something that we completely fleshed
39 out, and much work would have been needed if this
40 business case was approved to move forward at the
41 time. Right now I can say it was put on hold so
42 further work on the costing was not completed.

43 Q Were you seeking fenced funding?

44 MS. HARRIS: That wasn't something that we discussed.

45 Q Has the proposal been approved or rejected or
46 something else?

47 MS. HARRIS: This was brought forward to the AML

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the Commission)

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1 Deputy Ministers Committee in May of 2019. This
2 was -- and I can let Mr. Sieben speak to it more,
3 but this was put on hold since -- I think it was
4 -- what was the date on this document? A couple
5 of days later or a week later the Cullen Inquiry
6 was announced. And there we found that there was
7 a need to look at this at the broader -- in a
8 broader perspective against all priorities. So
9 it was put on hold. It was not approved nor
10 rejected. I can pass it to Mr. Sieben.

11 MR. SIEBEN: Yeah, I'm pleased to offer comments, Mr.
12 McGowan, on behalf of the committee.

13 The proposal is, in our view, certainly in
14 mine given the Police Services Branch reports up
15 to me, is a really great piece of work from our
16 team with the assistance of the secretariat, and
17 the proposal definitely has merit. And, as Ms.
18 Harris has indicated, the development of sort of
19 more of this business case was the outcome of the
20 discussion that we had on the earlier deck.

21 With that being said, and going back to a
22 question you'd asked Ms. Harris a moment ago, the
23 unit still continues to strike the deputy
24 ministers committee as potentially a very sort of
25 police sort of heavy. That's not necessarily a
26 bad thing. That might just be what is required.
27 However, work also continues with the other
28 aspects of the money laundering strategy within
29 the broader sector. There are many regulators.
30 All of them are eager to up their game, to
31 improve their response to money laundering. And
32 it is -- it was our view then, a little over a
33 year ago, and it is our view now that any
34 solution that we bring forward as a substantial -
35 - likely the substantial response to money
36 laundering necessarily has to be integrated and
37 holistic and commensurate with the level of
38 criminal activity that we're seeing.

39 As we've discussed a little bit in today's
40 conversation of, the criminal economy is nimble,
41 and where there is strong enforcement action, the
42 money tends to move to a new sector. So our
43 responses then necessarily need to be nimble as
44 well.

45 The initial thinking pertaining to sort of
46 costing had the ballpark figures between 15 and
47 20 million dollars a year. That's not a small

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the Commission)

Examination by Mr. McGowan, Counsel for the Commission

1 amount of money for a government to consider.
2 And as Ms. Harris has indicated, it was around
3 the same time that government made the decision
4 that an inquiry would be the best model to
5 facilitate further fact-finding and advice
6 pertaining to -- addressing money laundering here
7 in the province.

8 So while continued work goes on relating to
9 integration and support amongst the regulators,
10 we have not brought this model forward for
11 government's consideration. Our view is our
12 government is likely to think that is
13 presumptive, given the price tag and given my
14 comments a moment ago, until it might receive the
15 benefit of the Commissioner's advice.

16 Q All right. Just one final question, then,
17 arising from this report. On page 7 at the top,
18 the report states:

19
20 Currently there is no dedicated, funded
21 criminal or regulatory agency, team or
22 department in place within B.C. to organize
23 or lead a coordinated and collaborative
24 effort around prevention, disruption and
25 enforcement to address current priority
26 areas, such as real estate and luxury goods.
27

28 And I gather it refers to money laundering in
29 those areas.

30 And I juxtapose that with the opening
31 sentence of the report that says:

32
33 Contemporary money laundering issues have
34 been rising in B.C. since 2015 when an
35 auditor report from a Lower Mainland casino
36 revealed matters of significant concern.
37

38 I think it's fair to say there has been
39 significant concern expressed about the issue of
40 money laundering at least that far back in a
41 number of sectors. Yet we're some five years
42 later without a funded criminal regulatory
43 agency, team or department in the province. And
44 I guess I'm just wondering why do we have that
45 five-year gap with what appears to be not much of
46 a law enforcement response to a problem that was
47 identified at least back in 2015?

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the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 MR. SIEBEN: Yeah. I'll offer [indiscernible] of the
2 discussion and I certainly can pick the
3 conversation up perhaps with our next session.
4 It is incumbent upon those of us working in
5 this area that, as I've noted before, to make
6 sure that we're providing government with the
7 right solution and that there is confidence in
8 that. So for example, if we make a particular
9 focus to address enforcement of money laundering
10 in casinos and gaming, we're likely to find and
11 perhaps some might argue that those proceeds of
12 crime will find another sector in order to do
13 their business. So while I accept that 2015 to
14 2020 would strike many as a long period of time,
15 much has happened and much has been learnt
16 through both the external reporters as well as
17 within government about how best to approach
18 these issues. So we have a much stronger sense
19 now of what we think is going to be effective as
20 opposed to what is going to move money to an area
21 where we are less likely to have success and do
22 it all over again.

23 There is also the issue that we've touched
24 on a couple of times regarding of provincial
25 responsibility and resources in comparison to
26 what one[indiscernible] might see from the
27 federal government in terms of jurisdiction and
28 responsibility and resources that might be
29 offered. Those discussions continue. There has
30 been increased activity within the limited JIGIT
31 model and within policing generally here within
32 B.C., while at the same time that we've seen the
33 regulators in the other sectors looking to take
34 on their sense of responsibility in this area
35 with a fair degree of vigour. The challenge now
36 is just to make sure that we make sure that it's
37 going to be focused as a holistic and consistent
38 framework for effective enforcement, rather than
39 make the mistake of seeing great effort result in
40 continued sort of siloed attempts that don't
41 produce results that everyone is looking for.

42 MR. MCGOWAN: Thank you, Mr. Sieben. Mr.
43 Commissioner, thank you for those few extra
44 minutes to conclude my questions about that
45 report.

46 I'm going to suggest that we adjourn for the
47 day at this point to recommence tomorrow morning

Mark Sieben, Christina Dawkins and Megan Harris (for
the Commission)
Examination by Mr. McGowan, Counsel for the Commission

1 at 9:30.

2 THE COMMISSIONER: All right. Thank you. I will
3 accept your suggestion and we will adjourn to
4 tomorrow at 9:30.

5
6 (WITNESSES STOOD DOWN)

7
8 (PROCEEDINGS ADJOURNED TO JUNE 12, 2020, AT
9 9:30 A.M.)

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