

**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

Tuesday, June 9, 2020

## APPEARANCES

Brock Martland, QC Patrick McGowan Kyle McCleery	Cullen Commission
Cherisse Friesen Chantelle Rajotte Jacqueline Hughes	B.C. (Ministry of Finance and Gaming Policy and Enforcement Branch)
Judith Hoffmann Ashley Gardner	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
Latoya Farrell	B.C. Civil Liberties Association
Jo-Anne Stark Kevin Westell	Canadian Bar Association, B.C. Branch

**APPEARANCES, continued**

Kevin Westell Criminal Defence Advocacy Society

Kevin Comeau Transparency International Coalition

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Vancouver, B.C.  
June 9, 2020

1  
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3  
4 THE REGISTRAR: Good morning, everyone. The hearing  
5 is resumed.

6 THE COMMISSIONER: Thank you, Madam Registrar. Mr.  
7 Martland, just before we get started with Mr.  
8 McCleery and his panel of witnesses, there is one  
9 issue I just wanted to raise, it's by way of  
10 housekeeping, and that is that yesterday Ms.  
11 Latimer referred to a consultation paper  
12 concerning the beneficial ownership registry. I  
13 don't think it was marked as an exhibit, and as  
14 far as I recall, it was only referred to by Mr.  
15 Comeau in passing in his cross-examination of Dr.  
16 Levi and Dr. --

17 MR. MARTLAND: Reuter.

18 THE COMMISSIONER: -- Reuter. Thank you. And I don't  
19 know whether it was Ms. Latimer's intention to  
20 have it marked or not, or whether your view is  
21 that it should be marked at this stage.

22 MR. MARTLAND: Sure, and I -- I hesitate to guess at  
23 the answer out of concern Ms. Latimer says I get  
24 it wrong. I'll make a note and follow up.  
25 Perhaps we could leave it on this footing. We  
26 can assume it's not being led as an exhibit  
27 unless -- unless there's some different view of  
28 it, and then we can revisit it. So I'll follow  
29 up, but I think we could probably leave it that  
30 we expect it not to be marked as an exhibit,  
31 unless I raise it perhaps at a break or  
32 something.

33 THE COMMISSIONER: Thank you.

34 MR. MARTLAND: Thank you.

35 THE COMMISSIONER: Yes, Mr. McCleery.

36 MR. McCLEERY: Thank you, Mr. Commissioner. Today we  
37 have a panel of three witnesses, including Chief  
38 Superintendent Rob Gilchrist, of the Criminal  
39 Intelligence Service Canada, and Inspector Leslie  
40 Stevens and Mr. Ryland Wellwood, both of the  
41 Criminal Intelligence Service British  
42 Columbia/Yukon Territory. The panel is scheduled  
43 to give evidence today and tomorrow, and I expect  
44 we'll have sufficient time to complete their  
45 evidence over those two days. And I'll do my  
46 best to give you an estimate of how much time we  
47 are likely to need tomorrow, at the end of

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1           today's proceedings.

2       THE COMMISSIONER: All right. Thank you, Mr. McCleery.

3           McCleery.  
4       MR. McCLEERY: And I understand the witnesses prefer  
5           to affirm.

6       THE REGISTRAR: Thank you. May I ask the witnesses to  
7           unmute yourselves. Thank you. Chief  
8           Superintendent Gilchrist, please state your full  
9           name and spell your first name and last name for  
10          the record.

11       MR. GILCHRIST: Yes, my name is Chief Superintendent  
12          Robert Gilchrist. My first name is spelled R-o-  
13          b-e-r-t, and my family name is spelled G-i-l-c-h-  
14          r-i-s-t.

15       THE REGISTRAR: Thank you. Inspector Stevens, please  
16          state your full name and spell your first name  
17          and last name for the record.

18       MS. STEVENS: My full name is Leslie Ann Stevens, L-e-  
19          s-l-i-e, middle name is A-n-n, last name is S-t-  
20          e-v-e-n-s.

21       THE REGISTRAR: Thank you. Mr. Wellwood, please state  
22          your full name and spell your first name and last  
23          name for the record.

24       MR. WELLWOOD: My name is Ryland John Wellwood, first  
25          name R-y-l-a-n-d, surname W-e-l-l-w-o-o-d.

26       THE REGISTRAR: Thank you.

27  
28                       ROBERT GILCHRIST, a witness  
29                       called for the Commission,  
30                       affirmed.

31  
32                       LESLIE STEVENS, a witness  
33                       called for the Commission,  
34                       affirmed.

35  
36                       RYLAND WELLWOOD, witnesses  
37                       called for the Commission,  
38                       affirmed.

39  
40       THE REGISTRAR: Thank you.

41  
42       EXAMINATION BY MR. McCLEERY:

43  
44       Q     Thank you, and good morning, Chief Superintendent  
45           Gilchrist, Inspector Stevens and Mr. Wellwood. I  
46           could hear all of you just fine in the  
47           affirmation. Can you hear me, as well?

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1 MR. GILCHRIST: Yes, I can. Thank you.

2 Q I'd like to begin by asking each of you to speak  
3 a little bit about your current roles and your  
4 professional backgrounds. Chief Superintendent  
5 Gilchrist, I'll begin with you. Can you please  
6 tell us what your current position is and  
7 describe your responsibilities?

8 MR. GILCHRIST: Yes, my current position, I'm the  
9 Director General of the Criminal Intelligence  
10 Service Canada, or CISC is the abbreviation.  
11 And, as well, I'm a regular member with the Royal  
12 Canadian Mounted Police, at the rank of Chief  
13 Superintendent. In my current role, I've been  
14 the Director General of CISC since September of  
15 2018, and as the Director General, I provide  
16 executive level leadership to a multi-  
17 disciplinary team responsible for assessing the  
18 threat of serious and organized crime impacting  
19 Canada. I lead in the implementation of projects  
20 at the national level involving Canada's 10  
21 Provincial Intelligence Bureaus and the CISC  
22 network, comprised of approximately 400 member  
23 agencies. I participate in national level  
24 committees with regards to operationalizing  
25 intelligence, and inform our member agencies, as  
26 well as government and the public in relation to  
27 serious and organized crime.

28 Q Thank you. And can you tell us a little bit  
29 about your career trajectory prior to taking on  
30 this current role?

31 MR. GILCHRIST: Yes. I joined the RCMP in 1989,  
32 following which I did approximately three years  
33 of uniform what I would refer to as frontline  
34 policing. Since that time, the majority of my  
35 career has been in relation to organized crime in  
36 a variety of federal policing roles within the  
37 RCMP.

38 In general, I've spent a little over a  
39 decade in various criminal intelligence roles  
40 within policing. I've spent approximately seven  
41 years in international policing, and the  
42 remainder of my career was in other positions.

43 Prior to becoming the Director General of  
44 CISC, I worked as a director responsible for the  
45 international operations and policing  
46 development, within the RCMP, for a period of  
47 approximately two years, from August of 2016 till

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1 August of 2018. And in that role, I was  
2 responsible for our liaison officers who were  
3 posted in strategic locations around the globe,  
4 as well as other international policing  
5 initiatives with the RCMP.

6 From approximately February 2015 till July  
7 of 2016, I was the Director of Interpol Ottawa,  
8 Europol Ottawa, which is the Canadian offices  
9 responsible for liaising with those two  
10 multilateral organizations.

11 From December of 2011 to January of 2015, I  
12 worked as a senior liaison officer, a  
13 departmental liaison officer, between the RCMP  
14 and Global Affairs Canada. And from January of  
15 2009 till approximately November of 2011, I had a  
16 previous position at the Criminal Intelligence  
17 Service Canada. I was an inspector at the time  
18 and I performed the role of Director of National  
19 Intelligence Officers, who are responsible for  
20 collecting intelligence from member agencies  
21 across the country.

22 And that would, in essence, summarize the  
23 positions that I - the majority of positions that  
24 I've held at the executive level, and prior to  
25 that, I was involved in a number of, as I  
26 mentioned earlier, investigative and intelligence  
27 positions throughout my career.

28 Q Thank you very much. Inspector Stevens, I'll  
29 turn to you next. Can you tell us a little bit  
30 about your current position and responsibilities?

31 MS. STEVENS: I'm currently the Bureau Director at  
32 CISBC/Yukon. I've been in this role since  
33 November of 2017. My main role here is to  
34 oversee the day to day activities of the Bureau.  
35 It's a mainly administrative function. A staff  
36 of 18, which includes two analyst supervisors,  
37 which I consider to be my subject matter experts,  
38 one of which is also on the panel today with us.

39 Prior to coming to the Bureau -- well,  
40 actually I'm in my 28th year of policing. I'm an  
41 inspector with the Vancouver Police Department,  
42 as the Bureau is an integrated unit, and I'm  
43 seconded from the VPD. And I report  
44 administratively up to -- through the RCMP.

45 Prior to coming here, I was the District  
46 Commander for Southeast Vancouver for three  
47 years, and prior to that, I was in charge of



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1 Professional Standards for three years after my  
2 promotion to inspector in 2012.

3 My former experience as a sergeant was  
4 mainly running the business, which was HR,  
5 Planning and Research, and financial crime before  
6 that, as an investigator, and 10 years on the  
7 road as a police constable.

8 Q Thank you. Mr. Wellwood, same questions to you.  
9 Can you tell us a little bit about your current  
10 position and responsibilities and what you did in  
11 your career prior to taking on your current role?

12 MR. WELLWOOD: Certainly. I'm currently, the  
13 Analytics Manager at Criminal Intelligence  
14 Service B.C./Yukon, CISBC/Yukon, responsible for  
15 strategic partnerships, special projects and  
16 collection and collation of information for  
17 CISBC/Yukon. I'm also a civilian member with the  
18 Royal Canadian Mounted Police.

19 I came to CISBC in February of 2015, I've  
20 held a variety of roles at the Bureau since the  
21 time that I arrived, including oversight of the  
22 team responsible for analysis and intelligence,  
23 in addition to the roles that I just previously  
24 described.

25 I joined the RCMP in 2009 as a criminal  
26 intelligence analyst. I have participated in  
27 both contract policing environments, as well as  
28 criminal intelligence. Previously, within  
29 contract policing, responsibilities included  
30 crime analysis, business intelligence and  
31 criminal intelligence. And I have worked in a  
32 variety of roles, including supporting  
33 investigative teams, strategic planning and  
34 advice as part of a senior management team for a  
35 detachment prior to joining CISBC/Yukon.

36 Q Thank you. I'm going to ask some questions now  
37 about the agencies the three of you work for.  
38 And Chief Superintendent Gilchrist, I'll begin  
39 with you. Can you please tell us a little bit  
40 more about the Criminal Intelligence Service  
41 Canada, including its mandate, structure,  
42 activities?

43 MR. GILCHRIST: Yes, my pleasure. Prior to moving to  
44 that point, though, there was one aspect, Mr.  
45 McCleery, if I may, with regards to my last  
46 response that I think is helpful for the  
47 Commission. I just wanted to underline that

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1 throughout my career, which I've spoken about  
2 having significant experience in relation to  
3 organized crime, however, I did want to underline  
4 that my specific career trajectory is not  
5 including expert specialization in money  
6 laundering. My exposure to money laundering has  
7 been as one of many attributes or aspects that  
8 are generally relevant to organized crime groups.

9 Q Thank you for that clarification.

10 MR. GILCHRIST: Thank you. With regards to the  
11 Criminal Intelligence Service Canada. As I  
12 mentioned earlier, I've had the privilege of  
13 working as the Director General of that  
14 organization. CISC was founded in 1970, and it's  
15 in order to unite Canada's criminal intelligence  
16 community at the municipal, provincial and  
17 federal levels, to effectively and efficiently  
18 combat organized crime and serious crimes  
19 relating to or affecting Canada.

20 The interesting thing about CISC is that  
21 it's an umbrella organization that brings  
22 together those three levels of law enforcement  
23 agencies, as I've mentioned, at the municipal,  
24 provincial and federal levels. And we have  
25 approximately 400 member agencies. CISC supports  
26 the effort to reduce the harm caused by serious  
27 and organized crime through the delivery of  
28 criminal intelligence products and services.

29 The mandate of CISC is outlined in its  
30 constitution, and it's to lead the strategic and  
31 operational intelligence initiatives to combat  
32 organized crime and serious crimes related to it,  
33 in Canada, and to help ensure the timely  
34 production and exchange of criminal information  
35 and intelligence among the law enforcement  
36 community, in support of the Canadian law  
37 enforcement strategy on organized crime.

38 The strategy that I've just referenced, that  
39 was adopted in 2011 by the National Executive  
40 Committee of CISC, and the strategy is a  
41 collaborative effort of both intelligence and  
42 operation -- operation sectors to detect, reduce,  
43 disrupt and prevent organized and serious crimes  
44 in Canada through the timely sharing of  
45 information and intelligence.

46 With regards to structure of CISC. CISC  
47 consists of a central bureau working in

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1 partnership, in close partnership with 10  
2 provincial bureaus. Central Bureau reports to  
3 CISC's National Executive Committee and is  
4 administrative stewarded by National Police  
5 Services, which is a business lying within the  
6 Royal Canadian Mounted Police. CISC Central  
7 Bureau is located in Ottawa, and is staffed  
8 primarily by RCMP personnel, and selects  
9 secondments from other member agencies.

10 The Bureau is comprised of criminal  
11 intelligence analysts within the Strategic  
12 Intelligence Analysis section, and as well, has  
13 personnel that are responsible for the CISC  
14 intelligence database, which is referred to as  
15 the Automated Criminal Intelligence Information  
16 System, or the abbreviation of ACIIS.

17 With regards to structure moving beyond  
18 Central Bureau, each province has a provincial  
19 intelligence bureau. For example, the Criminal  
20 Intelligence Service British Columbia/Yukon  
21 Territory. Each provincial bureau is overseen by  
22 a provincial executive committee which provides  
23 its governance, leadership, advice, strategic and  
24 operational direction to the provincial bureau,  
25 and as well, to a provincial entity referred to  
26 as the provincial CIROC, which is the Canadian  
27 Integrated Response to Organized Crime.

28 My position as Director General of CISC is  
29 the Chief Executive Officer of CISC, appointed by  
30 the National Executive Committee. Each of the  
31 provincial bureaus is led by a provincial bureau  
32 director, who is the senior official responsible  
33 for the operations of a provincial bureau. For  
34 example, joining me on the panel today, Inspector  
35 Leslie Stevens, as introduced, is the Provincial  
36 Bureau Director for CISBC/Yukon Territory.

37 The relationship with regards to provincial  
38 bureaus and the central bureau, it truly is a  
39 partnership that, from my perspective, is very  
40 productive and professional. And I'm speaking  
41 there with regards to provincial bureaus in  
42 general, and as well, specifically with regards  
43 to CISBC. And we enjoy regular and ongoing  
44 interaction between the Provincial Bureau in B.C.  
45 and Central Bureau.

46 With regard to the products that we produce,  
47 specifically with regards to intelligence

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1 assessments, CISC produces assessments that are  
2 focused nationally, including international  
3 implications of organized crime impacting Canada.  
4 Provincial bureaus are generally typically more  
5 focused on specific -- on a specific province or  
6 provinces in a region that the bureau represents,  
7 and the serious and organized crime threats that  
8 are impacting it.

9 The -- I've spoken a little bit about the  
10 National Executive Committee, and Mr. McCleery, I  
11 can further provide a bit of detail there, given  
12 that it is the governance body for CISC. The  
13 National Executive Committee is a committee that  
14 represents the three levels of law enforcement  
15 that I have referred to earlier. It is chaired  
16 by the Commissioner of the Royal Canadian Mounted  
17 Police. Its Vice Chair is the Commissioner of  
18 the Ontario Provincial Police. And it represents  
19 a number of police services, major police  
20 services, from across Canada are representatives  
21 on the National Executive Committee. In total,  
22 there's approximately 26 senior policing  
23 executives that participate in that committee.

24 In addition to designated major police  
25 services that are members of that committee, I've  
26 mentioned earlier how governance at the  
27 provincial level is derived from provincial  
28 executive committees, and so each of those  
29 provincial executive committees has a chairperson  
30 and they, as well, sit as part of the National  
31 Executive Committee at the national level.

32 That's a brief overview of our governance  
33 with regards to the National Executive Committee.

34 Q Thank you. You mentioned a little bit about the  
35 staffing of the Central Bureau, including that  
36 it, you know, consists primarily of RCMP  
37 personnel. Can you give us a rough idea of how  
38 many personnel or how many staff members are in  
39 the Central Bureau?

40 MR. GILCHRIST: I don't typically disclose exact staff  
41 numbers, simply because for reasons of  
42 operational security, in that if I disclose, or  
43 when I disclose exact numbers, that may provide  
44 benefit to organized crime groups who are then  
45 able to use that piece of information with other  
46 pieces of available information, which could lead  
47 them to have an awareness of areas of which we

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1 focus on, and more importantly, it may allow them  
2 to have information as to areas that we do not  
3 focus on, which would present an operational  
4 security risk.

5 I will say, however, though, that Central  
6 Bureau, it's what I would consider a small to  
7 medium-size bureau. I will indicate that as far  
8 as intelligence analysts, we have less than 20,  
9 and I think that broad parameter provides some  
10 insight into the size of the analytical area.  
11 And as I've mentioned earlier, we have other  
12 resources that relate to the administration of  
13 our national intelligence database in addition to  
14 the analytical component.

15 Q Thank you, that's -- that's helpful. Inspector  
16 Stevens, Chief Superintendent Gilchrist has  
17 described the provincial bureaus in general. Can  
18 you tell us a little bit more about the British  
19 Columbia provincial bureau specifically, and its  
20 activities and structure?

21 MS. STEVENS: If you don't mind, I'll read the mandate  
22 right from our Constitution --

23 Q Sure.

24 MS. STEVENS: -- to ensure that I don't miss anything.

25 Q Certainly.

26 MS. STEVENS: It's very similar to what Chief  
27 Superintendent Gilchrist gave you. So, Article 2  
28 of our Constitution:

29  
30 The mandate of CISBC/YT is to be a  
31 strategically focused organization which  
32 ensures the timely production and exchange  
33 of criminal information and intelligence  
34 among CISBC/YT member agencies through  
35 analytical investigation. It shall provide  
36 facilities for the collection, analysis and  
37 dissemination of significant criminal  
38 intelligence to aid in combatting the spread  
39 of organized and serious crime in British  
40 Columbia and the Yukon Territory in Canada.

41  
42 So very -- very similar to what Chief  
43 Superintendent Rob Gilchrist gave. In terms of  
44 our bureau and reporting, we report up to the  
45 Provincial Executive Committee. Our Provincial  
46 Executive Committee is made up of up to 16  
47 committee members, 12 of which represent the

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1 municipal police departments in British Columbia,  
2 and that includes the Transit Police, and then  
3 four positions for the RCMP one is "M" Division,  
4 which is Yukon Division. That's the Commanding  
5 Officer. The Commanding Officer of CFSEU,  
6 Combined Forces Special Enforcement Unit, and two  
7 here at "E" Division, the Commanding Officer of  
8 the Assistant -- or the Commissioner, the  
9 Assistant Commissioner, and also the -- the head  
10 of the Specialized Intelligence Operations  
11 Section. So we [indiscernible - break in  
12 recording] a committee of up to 16 people.

13 Our current PEC Chair, or Provincial  
14 Executive Committee Chair, is Assistant  
15 Commissioner Dwayne McDonald. He's just taken on  
16 the role a couple of weeks ago, and they're to  
17 give us strategic direction in terms of what we  
18 spend our energy and focus on. And our product  
19 is mainly for their eyes and also for the eyes of  
20 CISC.

21 Q Thank you, and can you tell us, from the  
22 perspective of the Provincial Bureau, how the  
23 relationship between the Provincial Bureau and  
24 Central Bureau works?

25 MS. STEVENS: We have a fantastic relationship with  
26 the Central Bureau. I'm certain that pretty much  
27 every day someone within our office is in contact  
28 with someone within their office. I have  
29 frequent interaction with Chief Superintendent  
30 Gilchrist as well. We have a very collegial  
31 relationship and we assist each other and support  
32 each other in any way that we can. He's been  
33 very, very supportive of the B.C. bureau since  
34 I've been here, or since he's -- he's been in  
35 charge of CISC.

36 We -- our product, our main product, is our  
37 provincial threat assessments, and our main  
38 deliverable to CISC is this product. However,  
39 they also do a lot of other research and they  
40 produce other documents which we support here in  
41 B.C., so we are often part of working groups or  
42 they will reach out to us for us to provide -- to  
43 do some research and provide information and  
44 intelligence that we have.

45 So it's a sharing that goes both ways, and  
46 they are always very inclusive and ensure that  
47 we're aware of what they're doing and ask us for

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1 input along the way.

2 Q Thank you. And does the Provincial Bureau have a  
3 direct relationship with other provincial  
4 bureaus, or is that interaction primarily through  
5 the Central Bureau?

6 MS. STEVENS: No, we have interaction with other  
7 bureaus. Usually it's all the bureau directors  
8 reaching out to each other to get some  
9 generalized administrative -- most of their  
10 directors are very much bogged down with  
11 administration of their bureaus, but sometimes  
12 there are specific instances where, on different  
13 topics, they need -- people are researching for  
14 different areas of criminal markets. Usually it  
15 is through CISC who is the umbrella who's leading  
16 those discussions, but we will reach out to each  
17 other directly, but generally as a group, but if  
18 necessary, especially western provinces, if  
19 necessary, we will just reach out to who we need  
20 to. But we do get together twice a year  
21 physically. Who knows what that's going to look  
22 like in the future. And we are in contact and  
23 very supportive of each other, as well.

24 Q Thank you. Mr. Wellwood, I'm going to ask you  
25 now some questions about the membership in the  
26 Provincial Bureau.

27 MR. McCLEERY: Madam Registrar, to assist, then, I  
28 wonder if you might pull up the first document  
29 for this panel, which I believe is number 37 on  
30 your list. Thank you, and I wonder if you might  
31 scroll down just a little bit, the heading  
32 "Category 1 Agencies" so we can see what's below  
33 that. Thank you.

34 Q Mr. Wellwood, have you seen this document before?

35 MR. WELLWOOD: I have.

36 Q And to the best of your knowledge, is this a  
37 current list of the member agencies in the  
38 Criminal Intelligence Service British  
39 Columbia/Yukon Territory?

40 MR. WELLWOOD: It does appear to be, yes.

41 MR. McCLEERY: And maybe, Madam Registrar, you can  
42 scroll down to the second page just so we can get  
43 a look at that, as well. Thank you. Mr.  
44 Commissioner, I'd ask that this be marked as the  
45 next exhibit.

46 THE COMMISSIONER: Very well. That will be Exhibit  
47 37.

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1 THE REGISTRAR: Exhibit 37.

2

3 EXHIBIT 37: CISC Request from Cullen Commission  
4 Member Agencies

5

6 MR. McCLEERY: Thank you. And, Madam Registrar, you  
7 can safely take that down now. Thank you.

8 Q

9 Mr. Wellwood, this list of member agencies is  
10 divided into two groups, Category 1 and Category  
11 2 agencies. Can you please explain what these  
12 different categories of membership mean?

12 MR.

13 WELLWOOD: Certainly. Mr. McCleery, I just wanted  
14 to firstly apologize. I had received a timeout  
15 notice from the Zoom and was kicked off of the  
16 videoconference for about 60 seconds a few  
17 minutes ago. I managed to join back in. So, in  
18 case anything happens, or I cut out, that's most  
19 likely what is taking place.

19 Q

20 Well --

20 MR.

21 WELLWOOD: Previously --  
22 Q -- I'm trying to -- I'll just maybe make a note  
23 that we can check on that during the break and  
24 make sure that we're good to go the rest of the  
25 way. Carry on.

25 MR.

26 WELLWOOD: Thank you. As Chief Superintendent  
27 Gilchrist noted, I, too, want to just make  
28 mention that I am not an expert with respect to  
29 money laundering in general or any particular  
30 avenues within money laundering, and that my  
31 involvement within criminal intelligence and  
32 money laundering stems from the work done at  
33 CISBC/Yukon as part of our look at organized  
34 crime.

34

35 With respect to Category 1/Category 2  
36 agencies. A Category 1 agency is a law  
37 enforcement agency with powers under a *Police*  
38 *Act*, either federally or provincially. And, yes,  
39 the lists that appeared on the document did  
40 appear to be all of our Category 1 member  
41 agencies.

41

42 Category 2 agency is an agency that has some  
43 specific law enforcement responsibilities under  
44 either federal or provincial legislation. And  
45 the list provided for member agencies within  
46 Category 2 on the document did also appear to  
47 match what we have as partner agencies for  
48 Category 2.



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1 Q Thank you, and can you tell us a little bit about  
2 the role Category 1 and Category 2 agencies would  
3 play in the work of the Provincial Bureau in  
4 terms of the information they might provide or  
5 the information they might receive from the  
6 Provincial Bureau?

7 MR. WELLWOOD: Category 1 agencies are,  
8 understandably, our closest partners within the  
9 Bureau, outside of other provincial bureaus or  
10 CISC, as Central Bureau. Category 1 agencies, we  
11 rely upon for information sharing and situational  
12 awareness regarding organized crime, as well as  
13 criminal markets. Without those relationships  
14 with our Category 1 agencies, the work that we do  
15 at CISBC/Yukon would be incredibly difficult and  
16 probably not feasible.

17 Category 2 agencies, the relationship isn't  
18 -- isn't as close in general. However, we do  
19 rely on Category 2 agencies, as well, for  
20 information sharing, usually more specific  
21 regarding projects that we've undertaken, or  
22 reports or topics that we are examining or  
23 assessing.

24 As far as information sharing out from the  
25 Bureau, with respect to Category 1 agencies, we  
26 provide access to our products that are produced  
27 at CISBC/Yukon to Category 1 agencies. Category  
28 2 agencies may or may not receive any products in  
29 a given year from CISBC/Yukon, depending on the  
30 nature of the product, the sensitivity and the  
31 dissemination that has been indicated.

32 Q Thank you. And I understand there is a third  
33 category of membership; is that correct?

34 MR. WELLWOOD: You are correct. There is a Category 3  
35 member, as well.

36 Q And are there currently any Category 3 members in  
37 CISBC/Yukon?

38 MR. WELLWOOD: Currently, no, there are not any  
39 Category 3 members for CISBC/Yukon.

40 Q Okay. Could you give us a sense of what the  
41 third category of membership would -- would  
42 entail, or what type of organizations might be  
43 Category 3 members, were there any?

44 MR. WELLWOOD: Sure. As defined in our Constitution,  
45 a Category 3 agency has no law enforcement  
46 specific function, but is -- has some form of  
47 benefits mutually with the Bureau. An example,

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1           within the work that we do at a strategic level  
2           for criminal intelligence, we may look to a  
3           Category 3 agency to bring an agency onboard, for  
4           the purpose of looking at emerging trends and/or  
5           concerns, or also for the purpose of examining  
6           the developing indicators regarding different  
7           types of criminality within organized crime.  
8           From the perspective to provide an example, we  
9           may be looking at a if-- if we undertook a  
10          project regarding fraud, we may be looking to a  
11          private institution or agency regarding  
12          statistical information and/or the exchange of  
13          information regarding indicators that are used  
14          within their own organization, to help identify,  
15          prevent and/or classify fraud. And in an example  
16          like this, I would look to an agency that meets  
17          that Category 3 definition to be something like a  
18          financial institution or bank.

19          Q     Thank you very much.

20          MR. McCLEERY: I'd like to turn now to a report  
21          produced by the CISC. Madam Registrar, can you  
22          please display document number 38 on your list?  
23          Thank you very much.

24          Q     And, Chief Superintendent Gilchrist, I'll ask you  
25          a few questions about this document, if I may.  
26          First, do you see the document on the screen  
27          before you?

28          MR. GILCHRIST: Yes, I do.

29          Q     And you're familiar with this document?

30          MR. GILCHRIST: Yes, I am.

31          Q     And this was published by the CISC in 2019 during  
32          your tenure as Director General; is that correct?

33          MR. GILCHRIST: That's correct. And, Mr. McCleery,  
34          with regards to membership, which was just  
35          discussed, I would have a couple of points to  
36          add, if it pleases the Commission, specifically  
37          with regards to access to national products,  
38          specifically with regards to our intelligence  
39          database.

40          Q     Certainly. I'll just, maybe for the benefit of  
41          the Commissioner and the participants, I'll note  
42          that this report has already been filed as  
43          Appendix E to Exhibit 4, so we won't ask that it  
44          be marked again, and maybe we can just take that  
45          down and take a step backwards and hear your  
46          comments on membership. Please go ahead.

47          MR. GILCHRIST: So, Mr. McCleery, a few brief comments

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1 with regards to membership. The membership in  
2 CISC, it is intended to reflect a broad and  
3 diverse composition of the law enforcement  
4 community, in order to facilitate a united  
5 approach to addressing organized and serious  
6 crime, with -- and serious crime with a nexus to  
7 organized crime, at the three levels that I've  
8 referred to earlier. And as has been described  
9 by Mr. Wellwood, access membership is allocated  
10 by the Provincial Executive Committee at the  
11 provincial level.

12 However, the point that I wanted to expand  
13 upon is that access to the CISC national  
14 products, as well as to our national intelligence  
15 database, is not contingent on membership.  
16 Rather, it's done in accordance with our policies  
17 which have been approved by our National  
18 Executive Committee.

19 With regards to accessing our products, as  
20 well as our intelligence database, it's  
21 specifically controlled in that way, to ensure  
22 compliance with regards to information sharing,  
23 to ensure compliance with applicable federal and  
24 provincial legislation and policies with regards  
25 to privacy and balancing those against the need  
26 to share. And the National Executive Committee  
27 determines who shall have access to national CISC  
28 products and that are produced and distributed by  
29 Central Bureau. And the Provincial Executive  
30 Committees provide that authority and governance  
31 to provincial products that are produced.

32 With regards to accessing the CISC national  
33 products, and in particular, the intelligence  
34 system, our intelligence database, we use the  
35 same categorization system that's been discussed  
36 with regards to Category 1, which is our police  
37 agencies, and they have access to our ACIIS  
38 database. However, within that, it's only full-  
39 time or designated intelligence officers and  
40 support staff and full-time organized crime  
41 investigators who can have access to our ACIIS  
42 database. So there's a fairly well-defined  
43 subset within -- within law enforcement.

44 With regards to Category 2, which was  
45 previously described as an agency with a specific  
46 law enforcement function, they can contribute  
47 information to national products or to ACIIS.

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1           However, that's done through the provincial  
2           bureaus. And they do not have direct access to  
3           our products or to our ACIIS database. Subject  
4           to statutory, security and third party  
5           considerations, they may have access to this  
6           information by submitting a written request  
7           through their provincial bureau.

8           We have a category at the national level  
9           referred to as Category 2A, which is, once again,  
10          this is agencies who have -- with a specific law  
11          enforcement rule -- role, excuse me -- but  
12          they're not a policing agency. And this Category  
13          2A is a subset which is approved by our National  
14          Executive Committee, and they -- it's essentially  
15          an exemption to the normal access roles based on  
16          Category 2, and it can provide enhanced access  
17          based specifically on which agency it is and the  
18          type of information that's required to be  
19          accessed.

20          Category 3 is described agency with a role  
21          complimentary to law enforcement with regards to  
22          the national information in our database. They  
23          may contribute data to ACIIS through the  
24          Provincial Bureau, however, they have no access  
25          to ACIIS data.

26          I just wanted to provide that clarification  
27          because I do think it's important when we're  
28          speaking about information sharing, because that  
29          structure is specifically set up to balance the  
30          need to have this united organization with a  
31          broad range of stakeholders, but to balance that  
32          against the legislative requirements of privacy  
33          and the relevant policies with regards to sharing  
34          of information.

35          Q       Thank you for that, and I'll maybe take this  
36          opportunity to encourage all three of the  
37          witnesses, if at any point I've posed a question  
38          to somebody else and you have something you'd  
39          like to add or contribute, please don't hesitate  
40          to let me know or jump in to add your comments.

41          So if we can then -- I'd like to turn back  
42          to this report that we introduced a moment ago  
43          and -- sorry, I'm just receiving a correction. I  
44          think I may have misidentified where the report  
45          had been filed. It's actually Appendix E to  
46          Exhibit 3, not Exhibit 4, so if anyone's having  
47          difficulty finding it, that's where it is.

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Commission

1 Chief Superintendent Gilchrist, if we can  
2 turn back to this 2019 Public Report on Organized  
3 Crime. Can you tell us what the purpose of this  
4 report was and why it was produced?

5 MR. GILCHRIST: Yes, thank you. The Public Report on  
6 Organized Crime was released in December 18th of  
7 2019, and it's a strategic assessment that  
8 provides an overview of the Canadian criminal  
9 landscape and the activities of organized crime  
10 groups that operate within it. The Public Report  
11 on Organized Crime was produced subsequent to a  
12 previous document, which is the National Criminal  
13 Intelligence Estimate on the Canadian Criminal  
14 Marketplace, which was specific to the drug  
15 markets. And so the distinction I'm drawing  
16 there is that the Public Report on Organized  
17 Crime was a wider scope in the topics that it  
18 covered, as opposed to the previous public report  
19 on the drug markets.

20 The Public Report on Organized Crime that  
21 you've noted as an exhibit, it combines federal,  
22 provincial and municipal law enforcement  
23 reporting, open source reporting, and as well,  
24 intelligence from other domestic and  
25 international government agencies to assess the  
26 significant organized crime threats in Canada.

27 I would note that most criminal intelligence  
28 produced by CISC is shared only with law  
29 enforcement agencies. However, CISC is  
30 increasingly releasing information to the public  
31 in order to raise awareness about the nature and  
32 extent of organized crime in Canada.

33 Our National Executive Committee, which I  
34 referred to earlier in my testimony, has  
35 requested that CISC increasingly make national  
36 intelligence reporting available in a public  
37 version so that assessments -- so therefore  
38 assessments such as the ones that I've referred  
39 to, the one on the illicit drug markets, and as  
40 well, this report on organized crime, is moving  
41 CISC in that direction. In essence, the  
42 rationale is to promote informed awareness of the  
43 threats that organized crime poses to Canadians.

44 Canadian law enforcement has the long-  
45 standing benefit of knowing the various risks  
46 presented by organized crime, however, there's  
47 certainly an appetite amongst non-police

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1 stakeholders, and as well, a need for that  
2 information by non-police stakeholders. And it's  
3 recognized that if we're going to have  
4 discussions around organized crime threats and  
5 how to combat those, it's thought to be helpful  
6 for stakeholders to be informed of this type of  
7 information.

8 A national -- the national perspective  
9 that's offered by the Public Report on Organized  
10 Crime helps ensure that law enforcement,  
11 government agencies, and the general Canadian  
12 public have a consistent view on organized crime,  
13 and reports such as this contribute to building  
14 and maintaining partnerships that are  
15 instrumental in our ability to combat these  
16 threats.

17 Essentially, publishing the Public Report on  
18 Organized Crime ensures that the public and other  
19 stakeholders have ready access to a national  
20 assessment on organized crime. Consumers of the  
21 Public Report on Organized Crime, and public  
22 reporting in general that's produced by CISC  
23 typically includes members of the general public,  
24 media representatives, academic researchers and  
25 other non-police government departments.

26 CISC looks at a variety of criminal markets  
27 that organized crime is involved in. And I would  
28 say that the scope of organized crime involvement  
29 is quite wide and, as well, is constantly  
30 changing, and we try to assess, as widely as  
31 possible, however, simply because of resources  
32 and multiple demands, we do prioritize our  
33 collection and assessment towards those higher  
34 level threats. For example, the criminal markets  
35 that are the most prolific or pose the greatest  
36 risk to Canadians. And therefore, when you look  
37 at the Public Report on Organized Crime, it is  
38 focused towards those higher level threats as  
39 opposed to a broad all-encompassing assessments  
40 of the landscape.

41 Then the Public Report on Organized Crime  
42 was published by placing a summary on the public-  
43 facing CISC webpage with a link through which  
44 members of the public could request a copy of the  
45 full report. In addition, it was disseminated  
46 through our CISC membership, including the  
47 provincial bureaus, for all of our members to use

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1 as a public information document. And I would  
2 indicate that the Public Report on Organized  
3 Crime, it did generate some media attention,  
4 mostly from Quebec-based media outlets.

5 Q Thank you for that. I wonder if we might turn --  
6 I don't know if it's necessary to go there  
7 yourself, but page 1 of the report, there's a  
8 section titled "Integrated Threat Assessment  
9 Process." Can you please tell us what the  
10 Integrated Threat Assessment Process is and how  
11 it's used by the CISC?

12 MR. GILCHRIST: Absolutely. It's an important  
13 discussion to have, so thank you for asking the  
14 question, because in essence, the Integrated  
15 Threat Assessment Process guides much of the  
16 intelligence collection that we do in relation to  
17 our national products.

18 The Integrated Threat Assessment Process is  
19 a process that reflects CISC's ability to work  
20 with our Canadian law enforcement partners at the  
21 three levels that I've mentioned, federal,  
22 municipal and provincial, across the country, and  
23 specifically to collect information in a  
24 consistent manner. It's a collaborative approach  
25 that was negotiated and supported by all  
26 provincial bureaus. As one can appreciate, given  
27 the number of the provincial bureaus and the  
28 number and variety of police services across  
29 Canada, the Integrated Threat Assessment Process  
30 is truly key to collecting and reporting in a  
31 standardized manner.

32 The Integrated Threat Assessment Process  
33 involves collecting from all sources of  
34 information, including both open and protected.  
35 However, it includes information that is foremost  
36 from police investigation files, and also  
37 includes information from other relevant  
38 government departments, such as Statistics  
39 Canada, Health Canada, Canada Border Services  
40 Agency, and FINTRAC, who all produce reporting  
41 that relates to the various criminal markets in  
42 one manner or another. And those departments  
43 that I've noted are simply examples. It would  
44 extend to other departments, both federal and  
45 provincial, that would produce -- and, as well,  
46 municipal -- that would produce any reporting  
47 that relates to serious and organized crime.

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1           As well, the Integrated Threat Assessment  
2 Process, it draws upon academic research or NGOs  
3 who conduct research in the serious and organized  
4 crime issues. And information that's included in  
5 the Integrated Threat Assessment Process is  
6 sourced back to the originating information  
7 source, to ensure that the reporting is based on  
8 actual reporting of one variety or another as  
9 opposed to simply rumours or innuendo.

10           Using the Integrated Threat Assessment  
11 Process in a cooperative and collaborative manner  
12 enables consistent data collection and reporting,  
13 and thereafter, the ability to compare and assess  
14 across provincial boundaries, which is very  
15 important, given CISC's mandate. The common  
16 processes are very helpful to CISC's ability to  
17 produce reporting that spans nationally.

18           Back in 2012, CISC's National Executive  
19 Committee, supported by the entity that I  
20 referred earlier, as the Canadian Integrated  
21 Response to Organized Crime, approved the  
22 establishment of a working group, an Integrated  
23 Threat Assessment Working Group, to develop and  
24 define a common threat measurement tool to assess  
25 organized crime groups across Canada. Subsequent  
26 to that, Central Bureau and each provincial  
27 bureau has adopted a common set of business rules  
28 for the application of the Integrated Threat  
29 Assessment Process that facilitates the scoring  
30 of the threat posed by the organized crime groups  
31 operating in their region.

32           I would note that while the scoring criteria  
33 and definitions are common in order to ensure  
34 that the criteria address regional distinctions,  
35 the weight applied to each criteria may differ as  
36 per regional priorities. For example, a province  
37 may score a particular group a high-level  
38 regional threat, for example, such as a street  
39 gang, whereas nationally that same group may rank  
40 as a moderate one, using the same criteria, but  
41 weighting them differently. And that's simply to  
42 ensure that we have the ability to provide  
43 assessments at not only at a national level, but  
44 at a provincial level, given the realities and  
45 the threats and issues that are faced in various  
46 -- various forms across the country.

47           The threat scoring within the Integrated



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1 Threat Assessment Process is based on information  
2 and intelligence within the last two years ranked  
3 against eight standard threat measurement  
4 criteria, and these threat measurement criteria  
5 are identified in the Public Report on Organized  
6 Crime.

7 I would note that although older information  
8 and intelligence can provide a general context  
9 into a group's capabilities, it's not used to  
10 assess the current threat level.

11 The eight criteria, as noted in the Public  
12 Report on Organized Crime, is -- the first one is  
13 involvement in corruption or infiltration of law  
14 enforcement, security or government agencies.

15 The second criteria is the use of violence.  
16 The third criteria is involvement in the private  
17 sector. The fourth criteria is the geographical  
18 scope, or the criminal reach. The fifth criteria  
19 is the associations to other organized crime  
20 groups. The next criteria is involvement in  
21 criminal enterprise, multiple criminal  
22 enterprises, such as illicit drugs, financial  
23 crime and/or other illicit goods and services.  
24 The seventh criteria is technological capability,  
25 and the eighth criteria is specialized skills.

26 I would note that police agencies are not  
27 restricted to only collect and assess and report  
28 on those eight criteria, and indeed, some police  
29 services have additional assessment tools that  
30 they would use individually. However, the  
31 integrated threat assessment criteria are the  
32 standard criteria that have been agreed upon  
33 nationally and that enable assessments to be made  
34 at the national level.

35 I've listed in my testimony the eight  
36 criteria that are laid out in the Public Report  
37 on Organized Crime. At this point I would just  
38 like to make a connection between some of those  
39 criteria and how they relate specifically to the  
40 topic that we're discussing here today of money  
41 laundering.

42 There are a few existing criteria that do  
43 relate. For example, when I refer to involvement  
44 in the private sector, information may --  
45 collecting against that threat criteria may  
46 surface information relating to businesses that  
47 are used by organized crime for money laundering.

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the Commission)

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Commission

1 Another threat criteria is involvement in  
2 criminal enterprise, and that may yield  
3 information relating to organized crime  
4 involvement in multiple criminal markets and  
5 roles within, for example, financial crime  
6 criminal market, illegal gaming criminal market,  
7 et cetera.

8 Another threat criteria referred to as  
9 specialized skills, that may include reporting of  
10 skills that align with money laundering  
11 typologies. And so, for example, there may be  
12 information that surfaces relating to accounting  
13 and business experience, legal expertise, real  
14 estate expertise, and investment expertise, all  
15 the examples of the types of information that may  
16 surface through that specialized skills  
17 requirement. Or, sorry, specialized skills  
18 threat -- threat measurement criteria.

19 And lastly, with regards to technological  
20 capability. That's another threat criteria that  
21 may service information relative to money  
22 laundering. For example, the use of the dark web  
23 or the use of encryption technologies.

24 MR. McCLEERY: Thank you. Mr. Commissioner, I note  
25 that -- I think Mr. Wellwood dropped off the call  
26 again briefly. I wonder if this might be an  
27 opportune time for a break and we can try to sort  
28 out some of those technical issues before we  
29 proceed.

30 THE COMMISSIONER: Yes, I think that sounds like a  
31 good idea. We will take 15 minutes.

32

33

(WITNESSES STOOD DOWN)

34

35 THE REGISTRAR: The hearing is adjourned for a 15-  
36 minute recess until 10:38 a.m. Please mute your  
37 mic and turn off your video. Thank you.

38

39 (PROCEEDINGS ADJOURNED)

40 (PROCEEDINGS RECONVENED)

41

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

44

45

ROBERT GILCHRIST, a witness,  
46 recalled.

47

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LESLIE STEVENS, a witness,  
recalled.

RYLAND WELLWOOD, witness,  
recalled.

THE COMMISSIONER: Yes, Mr. McCleery.

MR. McCLEERY: Thank you. Mr. Wellwood, I'm pleased to see you're back with us. I hope we've sorted out the issues, and I apologize for those difficulties, and I'll be sure to keep an eye on your screen to make sure that you're with us moving forward.

MR. WELLWOOD: Thank you, Mr. McCleery, and my apologies for being on the phone during the hearing earlier. I was talking to IT Support, but a huge thank you to them, they seem to have sorted it out.

MR. McCLEERY: Excellent. I assumed that's who you were speaking with, so no trouble at all.

EXAMINATION BY MR. McCLEERY, continuing:

Q Chief Superintendent Gilchrist, when we left off, you had just given us a very helpful description of the Integrated Threat Assessment Process and some of the connections between the threat scoring criteria and the issue of money laundering. I'm wondering now if you might be able to comment on the manner and frequency with which this threat assessment methodology is updated, to what degree it's a static tool, and to what degree it's sort of subject to ongoing improvement?

MR. GILCHRIST: Yes. As I mentioned earlier, the National Executive Committee put in place, in 2012, the working group for the Integrated Threat Assessment Process. However, it is a process that continues to be evergreen on a regular basis. The Integrated Threat Assessment Process is one that's updated and refined, as I mentioned, on an ongoing basis. With regards to that, the actual working group, it generally meets two times a year by way of an in-person meeting, and several times per year by way of

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1 teleconference. And this working group makes  
2 recommendations of any changes that are necessary  
3 to refine and improve the processes.

4 The -- It has been, over the years, I would  
5 describe as an iterative process in that as new  
6 ideas have come to the forefront on how to best  
7 gather, collect and assess and report on  
8 organized crime, then efforts are made through  
9 that working group to actually operationalize  
10 those ideas into the Integrated Threat Assessment  
11 Process.

12 For example, CISC is currently working on  
13 the Integrated Threat Assessment Process to  
14 enhance our ability to identify organized crime  
15 groups involved in money laundering. We're  
16 working closely with subject matter experts from  
17 across intelligence, from across the country,  
18 that are familiar with intelligence reporting  
19 and, as well, that are familiar with money  
20 laundering investigations. We're drawing upon  
21 that collective expertise from police agencies  
22 across the country to determine if there are any  
23 additional ways to ensure that money laundering  
24 is appropriately reflected in the Integrated  
25 Threat Assessment Process and by extension in the  
26 national intelligence products that are produced.

27 In this regard, we've established a national  
28 anti-money laundering working group, with the  
29 support of the provincial intelligence bureaus  
30 and, as well, the entity referred to earlier as  
31 CIROC, Canadian Integrated Response to Organized  
32 Crime, and representation from major police  
33 services from across the country, such as  
34 Vancouver Police Department, the RCMP, the OPP,  
35 the Provincial Police in Quebec, as well as  
36 partner agencies such as CRA, Canada Revenue  
37 Agency, Canada Border Services Agency, and  
38 FINTRAC.

39 Together, that collective expertise,  
40 together, to take a look at our existing criteria  
41 which, in our initial consultations with our  
42 membership, feedback that we received was that  
43 the existing criteria do provide opportunities  
44 for reporting on organized crime groups involved  
45 in money laundering. However, feedback from  
46 other member agencies was that there could  
47 potentially be an enhancement to that process in

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1 order to make it increasingly explicitly clear  
2 with regards to the criteria specific to money  
3 laundering. And so those efforts are ongoing in  
4 the discussions and research to see if there's a  
5 way to evolve the Integrated Threat Assessment  
6 Process specific to money laundering and how it's  
7 being collected and assessed and reported on.

8 Other examples of the ongoing research and  
9 ongoing evergreening of the process is in the  
10 Public Report on Organized Crime. It refers to  
11 how a definition for key facilitators -- so if I  
12 could refer to page 2 of the Public Report on  
13 Organized Crime, it explains in that report that:

14  
15 In November of 2018, CISC developed a common  
16 definition to identify potential Key  
17 Facilitators.  
18

19 And that's another example of how the law  
20 enforcement community, pre-November 2018, had  
21 this Integrated Threat Assessment Process in  
22 place. However, it was recognized in -- you  
23 know, bringing the collective expertise from  
24 across the country, that we needed a standardized  
25 definition for key facilitators. So, very  
26 similar to what we're doing on money laundering  
27 at this point, it's a matter of bringing those --  
28 the right expertise together, a very broad  
29 consultation and discussion, and coming up with  
30 what I would refer to as very practical and  
31 achievable ways of implementing that into the  
32 Integrated Threat Assessment Process.

33 Given that we represent a broad number of  
34 stakeholders, it's important that any refinements  
35 to the Integrated Threat Assessment Process  
36 reflect our collective needs and our collective  
37 abilities to actually implement those changes to  
38 the threat assessment process.

39 Q Thank you. And I'll just ask, Chief  
40 Superintendent Gilchrist -- I appreciate, this is  
41 very detailed material -- it appears you're  
42 referring to some materials as you give evidence.  
43 Do you have notes that you're referring to?

44 MR. GILCHRIST: Yes. Yes, Mr. McCleery, I do have  
45 notes. I have two things in front of me. One is  
46 my notes and the other is copies of the reports  
47 that we're going to be discussing today, the

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1 Public Report on Organized Crime and the National  
2 Criminal Intelligence Estimate. The notes  
3 provide me the ability to relay additional detail  
4 to the Commission, purely given the scope of the  
5 topics that we're discussing over the course of  
6 the two days of testimony.

7 Q Thank you. You mentioned that one of the areas  
8 in which the integrated threat assessment  
9 methodology is being reviewed and potentially  
10 updated in around -- or better enhancing -- or,  
11 excuse me -- around the issue of money  
12 laundering. Are you able to tell us what led to  
13 this renewed or greater focus on the issue of  
14 money laundering?

15 MR. GILCHRIST: It's -- there's a continuous appetite  
16 to improve our products. And, you know, it's  
17 very clear that over the last number of years  
18 there's been increasingly discussions around  
19 money laundering and its impacts to Canadians and  
20 involvement of organized crime. It certainly is  
21 not the only topic that is -- is of interest or  
22 concern to Canadian law enforcement, but it is a  
23 significant topic. And so as a result of that,  
24 that tends to generate interest in seeing, first  
25 of all, what are we producing, and is it feeding  
26 into that need of the Canadian law enforcement  
27 community. And secondly, are there ways to  
28 improve, are their different ways of doing  
29 business?

30 One of the things that I've noted at my time  
31 at CISC, and in fact, in my over 30 years of  
32 experience in policing, is that this is a very  
33 standard approach to the way that we do business.  
34 Constantly looking at what are we doing, re-  
35 evaluating that. Are there shortcomings, are  
36 their strengths, how can we leverage the  
37 strengths and how can we close any intelligence  
38 gaps, and I refer specifically to this process.

39 Q Thank you. You've spoken a little bit about the  
40 nature of the sources relied upon in -- in  
41 applying the Integrated Threat Assessment  
42 Process. Given those -- the nature of those  
43 sources, have the CISC identified any limitations  
44 or biases in a non-pejorative sense that might  
45 affect the intelligence products produced by the  
46 CISC?

47 MR. GILCHRIST: It's a good question, because I guess

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1 at the forefront the process is comprehensive and  
2 it is one that has taken significant discussion  
3 and negotiation to make sure that we have an  
4 approved upon standard for reporting, and so as a  
5 result, the reports that we're able to produce  
6 nationally, we are very proud of, given that it  
7 is our ability to draw upon that expertise of the  
8 three levels of law enforcement.

9 But having said that, with regards to  
10 limitations, what I would refer to there is that  
11 we're limited to the information that is detected  
12 or collected through the current process. While  
13 the intention is certainly to report on all  
14 organized crime groups that meet the definition  
15 of "criminal organization," which is defined in  
16 the *Criminal Code*, the reality is, is that  
17 resource levels and limitations result in efforts  
18 being prioritized at multiple levels. So whether  
19 that is at the central bureau level or the  
20 provincial bureau level or with our individual  
21 member services across the country.

22 Given limited analytical capacity, the  
23 criminal markets that we focus on in the national  
24 assessments are prioritized accordingly towards  
25 what are seen as the greatest threats. The  
26 process is limited to the information that is  
27 reported by originating agencies. For example,  
28 police services, our individual member police  
29 services, they must prioritize the use of their  
30 limited resources, and therefore not all  
31 organized crime groups are reported on. And  
32 that's reflected in the statistics which we can  
33 discuss perhaps in a moment in the Public Report  
34 on Organized Crime as to the number of organized  
35 crime groups that are assessed versus the overall  
36 number of organized crime groups.

37 The other point with regards to limitations  
38 that I would indicate is that resources dedicated  
39 to pure intelligence collection as opposed to  
40 being part of an investigative unit are generally  
41 limited, and therefore much of the information  
42 that surfaces through the Integrated Threat  
43 Assessment Process has originated from police  
44 investigations.

45 I would also take the Commission back to  
46 what I referenced earlier, the two-year rule  
47 around including information in the Integrated

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1 Threat Assessment Process. There are some  
2 organized crime groups that lack sufficient  
3 current reporting to be properly assessed, and  
4 therefore may drop off in the national reporting,  
5 despite still being criminally active. However,  
6 the groups are identified as being excluded  
7 within PTAs, and before being removed,  
8 consultation takes place between the original law  
9 enforcement agency that reported on the group and  
10 the provincial bureaus, in order to assess the  
11 impact of removing the groups from the provincial  
12 threat assessment, and by extension from the  
13 national threat assessments.

14 That is in effort to find the right balance  
15 between including information that still is  
16 relevant and timely in the assessments and  
17 avoiding a situation where the intelligence has  
18 become so stale-dated that it's no longer either  
19 perhaps accurate or timely. So the two-year rule  
20 is our best effort at balancing out those  
21 competing interests.

22 I would, as well, reference that much of  
23 organized crime is transnational in nature, and  
24 so a challenge is to ensure the sufficient  
25 information from foreign law enforcement is  
26 included in our assessment processes. And I  
27 would mention that improvements over the years  
28 have been made in this regard, in particular,  
29 through leveraging the RCMP's international  
30 policing program.

31 The last point I would have in relation to  
32 limitations to reference with regards to our  
33 Integrated Threat Assessment Process would be  
34 with regards to technology. While our criminal  
35 intelligence analysts do use available  
36 technologies to assist in automating the data  
37 collation and analysis -- for example, IBASE is a  
38 common technology that's used. However, it's  
39 simply to note that there are other modern robust  
40 tools, and in the absence of such tools, there  
41 may be linkages between the organized crime  
42 groups that go undetected. And so certainly our  
43 assessments are limited by the extent that the  
44 technology in the systems that we regularly use  
45 for analysis is updated.

46 Q Thank you for that. I'd like to turn now to the  
47 provincial bureau's use of the Integrated Threat



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1 Assessment Process. Mr. Wellwood, are you able  
2 to -- does the Provincial Bureau use the  
3 Integrated Threat Assessment Process as described  
4 by Chief Superintendent Gilchrist?

5 MR. WELLWOOD: We do.

6 Q And Chief Superintendent Gilchrist mentioned that  
7 provincial bureaus are permitted to change  
8 weightings or maybe consider additional criteria  
9 not included in the Central Bureau's analysis.  
10 Has the Provincial Bureau adapted that analysis  
11 in a significant way to meet the local conditions  
12 or needs of British Columbia?

13 MR. WELLWOOD: We follow the ITA process and provide  
14 that data and information to CISC to ensure that  
15 we're compliant in assisting with as uniform as  
16 possible look at organized crime across the  
17 country from a national perspective. We have not  
18 changed our weightings for the threat measurement  
19 criteria. I believe, to the best of my  
20 knowledge, we are still using the same weightings  
21 that CISC applies themselves. I can say that in  
22 the past we have applied additional criteria to  
23 look to try and differentiate between the highest  
24 threat groups in British Columbia, in an attempt  
25 to better inform our Executive Committee decision  
26 makers in CISC.

27 Q Thank you. And can you speak to the sources of  
28 information used by the Provincial Bureau in  
29 applying the Integrated Threat Assessment  
30 Process?

31 MR. WELLWOOD: My comments will be very similar to  
32 Chief Superintendent Gilchrist's feedback and  
33 responses. We rely heavily on our Category 1 law  
34 enforcement partners. We also, where possible  
35 and available, work with our Category 2 agencies  
36 at a provincial or federal level for information.  
37 Again, sometimes more specific to criminal market  
38 surveys or assessments, compared to a provincial  
39 threat assessment that would feed into a national  
40 threat assessment.

41 Q Thank you. And aside from the limitations  
42 discussed by Chief Superintendent Gilchrist on  
43 those sources of information, do you have any  
44 further thoughts or comments on the ways in which  
45 the information relied on by the Provincial  
46 Bureau may be limited or have an impact on some  
47 of the outcomes of the process?

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1 MR. WELLWOOD: No, I do not. I think Chief  
2 Superintendent Gilchrist summed it up very  
3 nicely.

4 Q Thank you very much. Chief Superintendent  
5 Gilchrist, I'll come back to you now. We've  
6 spoken a little bit about the limits of the  
7 information coming into the CISC. I'd like to  
8 talk now a little bit about the limits that are  
9 placed on the information coming out at the other  
10 end of the process. I understand that there are  
11 certain limitations on the manner in which the  
12 CISC can use information and disseminate  
13 information. Can you tell us a little bit about  
14 what those limits are and what the rationale for  
15 them is?

16 MR. GILCHRIST: Yes, I can. This is a very important  
17 consideration for CISC, and in many ways, it can  
18 be considered one of the cornerstones of how we  
19 operate, given that we are an umbrella  
20 organization that draws information and  
21 intelligence from such a wide membership of law  
22 enforcement across the country. And we operate  
23 strictly according to third party principles in  
24 that what I have referred to by way of third  
25 party rule principles is the ownership of  
26 specific information and intelligence rests with  
27 the originating agency who provided the  
28 information and cannot be used for any other  
29 purpose without the express permission of the  
30 originators.

31 As a result of that, CISC must be extremely  
32 careful with the information of its partner  
33 agencies, given that the inadvertent disclosure  
34 could impact ongoing court cases and/or current  
35 or future police investigations. If third party  
36 rule obligations were to be breached by CISC, it  
37 would have a lasting adverse impact on our  
38 ability to obtain the required information from  
39 our member agencies.

40 As I've mentioned briefly, ensuring the  
41 third party rule is respected is the cornerstone  
42 of proactive information sharing and is the  
43 cornerstone of how CISC operates, at all levels.  
44 Whether it's an individual analyst or whether it  
45 is at the executive level, third party rule is a  
46 rule that we apply each and every day of our --  
47 of our work.

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1 I'd note, as well, that because in some  
2 instances criminal intelligence assessments are  
3 generated at the early phases of police  
4 investigations, CISC -- we may not even be aware  
5 or up to date on the current status of  
6 operational investigations. Our role is to  
7 inform and advise the operational components of  
8 the law enforcement community, and any  
9 operational police investigations are separate  
10 and distinct from the work that we do. And as a  
11 result of that, as I've referenced, we have to be  
12 extremely careful in our day to day handling of  
13 our partners' information, as if we were to  
14 breach that third party rule principle, and given  
15 the importance of that to our capability to  
16 collect nationally, I do not think that I'd be  
17 overstating that it would have a devastating  
18 impact on our ability to produce the assessments  
19 that we do produce.

20 It's for this reason that my comments during  
21 the testimony that I provide to the Commission  
22 will be kept at a strategic level, so as to not  
23 to delve into specific organized crime groups or  
24 individual criminals.

25 I think it's helpful, as well, to note that  
26 intelligence is not evidence. Intelligence is  
27 helpful for informing, advising and assisting a  
28 priority setting, however, by itself, it is not  
29 evidence for a criminal investigation. Evidence  
30 to support a judicial process would be gathered  
31 through a separate police investigation.

32 Q Thank you. And Inspector Stevens, I'll ask you,  
33 the limitations that Chief Superintendent  
34 Gilchrist has described, those would apply to the  
35 Provincial Bureau and to your evidence and the  
36 evidence of Mr. Wellwood here today, as well?

37 MS. STEVENS: Yes, agreed.

38 Q Chief Superintendent Gilchrist, I'd like to take  
39 a bit of a step back now and talk about the types  
40 of reports and products that the CISC produces  
41 aside from the one that we've already looked at  
42 and obviously taking into account the comments  
43 you've just made on the extent to which you're  
44 able to discuss those. But can you tell us in a  
45 general sense the nature of the products and  
46 reports that the CISC produces using the  
47 Integrated Threat Assessment Process?

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1 MR. GILCHRIST: Yes, I can, sir. The CISC produces an  
2 annual national threat assessment on serious and  
3 organized crime in Canada. These annual reports  
4 detail specific assessed organized crime groups  
5 and their criminal networks. The national threat  
6 assessments are not specific to money laundering.  
7 However, in instances where the Integrated Threat  
8 Assessment Process has identified money  
9 laundering as one of the criminal activities in  
10 which the organized crime group or network is  
11 involved, then information relating to those  
12 activities is included.

13 The national threat assessments are  
14 protected documents that contain information in  
15 relation to ongoing and future police  
16 investigations, and as a result, the reports are  
17 very limited in their distribution. The full  
18 national threat assessment is shared only with  
19 the National Executive Committee and the  
20 Provincial Executive Committees, and the entity  
21 that I referred to earlier as the Canadian  
22 Integrated Response to Organized Crime, and as  
23 well, with our provincial bureaus. And a  
24 redacted version is available to our accredited  
25 intelligence database users in which some  
26 particularly sensitive information is removed.

27 The other product that's produced by CISC,  
28 or principle product, is what's referred to as  
29 national criminal intelligence estimates, which  
30 are estimates that are focused on specific  
31 criminal markets. Although information obtained  
32 through the Integrated Threat Assessment Process  
33 forms the cornerstone of these estimates, subject  
34 matter experts from across government, as I've  
35 referred to earlier, contribute extensively to  
36 the documents, depending on the focus of the  
37 report. And so that, you'll recall in my  
38 testimony, I was referring to other agencies such  
39 as Health Canada, Statistics Canada, Canada  
40 Boarder Services Agency and FINTRAC, who all  
41 produce reporting that in one way or another  
42 intersects with organized crime criminal markets,  
43 and so we will draw upon their products as part  
44 of the national criminal intelligence estimates.

45 These estimates are generally produced on an  
46 annual basis, with a few exceptions. In the  
47 national criminal intelligence estimates, money

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1           laundering is typically viewed by CISC as an  
2           enabler, and therefore is referenced in a variety  
3           of criminal markets. The national criminal  
4           intelligence estimates are protected reports, as  
5           reference is made to specific organized crime  
6           groups, and therefore relates to ongoing and  
7           future police investigations.

8           The audience for the national criminal  
9           intelligence estimate aligns with the security  
10          classification under which it is protected. For  
11          example, Protected B versions are typically only  
12          shared with Canadian police services, and  
13          Protected A versions, if produced, would be  
14          shared with other relevant government  
15          departments. And as I described earlier in my  
16          testimony, CISC has now begun publishing an  
17          unclassified or a public version for public  
18          dissemination, in order to enhance public  
19          transparency and inform discussions relating to  
20          organized crime and the criminal markets.

21          The national threat assessment and the  
22          national criminal intelligence estimates, those  
23          are what I would categorize as our main products  
24          that are produced at a national level. There's  
25          other reports, such as intelligence bulletins,  
26          that we would produce on an ad hoc basis on a  
27          variety of topics.

28          Looking back, specifically with regards to  
29          money laundering, in 2010, we produced an early  
30          warning assessment in relation to money  
31          laundering in virtual worlds. That protected  
32          document assessed if organized crime groups,  
33          notably, cybercriminals, could use the commercial  
34          activities in virtual social worlds to transfer  
35          illicit funds or conceal the origins of their  
36          criminal proceeds.

37          In 2012, we did an early warning assessment  
38          on the mobile wallet, and this protected  
39          assessment analyzed criminal implications for the  
40          implementation of mobile payments in Canada. And  
41          then more recently, in 2020, March of 2020, we  
42          produced an intelligence bulletin on the impact  
43          of COVID-19 on money laundering, and this was  
44          produced in the early phases of the COVID-19  
45          pandemic and was very much based on preliminary  
46          indicators and forecasting potential developments  
47          in relation to money laundering, given the COVID-

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1 19 pandemic.

2 And then in May of 2020, we produced a  
3 national intelligence estimate on money  
4 laundering and fraud. It's a Protected B  
5 strategic assessment that provides an overview of  
6 the scope and magnitude of money laundering and  
7 important fraud criminal markets in Canada and  
8 the role that serious and organized crime plays  
9 within those criminal markets. That protected  
10 version report was shared with Canadian police,  
11 including through our provincial bureaus, and  
12 CISC is currently working on a public version of  
13 that report, anticipated to be released in the  
14 summer.

15 That would summarize the -- that would  
16 summarize two things. One, the reporting that  
17 generally flows from the Integrated Threat  
18 Assessment Process, and then more specifically,  
19 reports that focus down onto the topic of money  
20 laundering.

21 Q Thank you very much for that. I note you've  
22 indicated several previous reports, with some  
23 level of focus on money laundering. Just for the  
24 benefit of the record and the participants, for  
25 the reasons that you've discussed earlier, those  
26 are the reports that the CISC was not able to  
27 disclose to the Commission; is that correct?

28 MR. GILCHRIST: That's correct. With the exception  
29 being that we are currently working on the public  
30 version of the last assessment that I spoke  
31 about, you are correct, we cannot release the  
32 protected version. However, we are in the  
33 process of reviewing that document in order to  
34 create a publicly accessible document which will  
35 be posted on our website.

36 Q Thank you. And while those -- while those  
37 reports have not been disclosed, I understand --  
38 it's correct that you're familiar with the  
39 analysis conducted and able to share some of  
40 those conclusions from those reports, within the  
41 limits that we've already talked about; is that  
42 correct?

43 MR. GILCHRIST: I would -- I would frame that in the  
44 context of the more recent reporting, yes,  
45 however, the reporting that -- the two reports  
46 that go back to 2010 and 2012, because of the  
47 dated nature of those reports, I did not review

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1 those in significant detail and would not  
2 envision that that would necessarily be  
3 incorporated in my comments before the  
4 Commission, simply because of the dated nature of  
5 those reports.

6 Q That's fair. Thank you very much. Mr. Wellwood,  
7 I'd like to ask you now about some of the reports  
8 and analysis conducted by the -- prepared and  
9 conducted by the Provincial Bureau. Can you tell  
10 us, in a general sense, about the nature of the  
11 reports and other products produced by the  
12 Provincial Bureau?

13 MR. WELLWOOD: Certainly. Similar to Chief  
14 Superintendent Gilchrist's response regarding  
15 CISC, CISBC/Yukon is responsible and mandated to  
16 produce a provincial threat assessment on an  
17 annual basis, and we do so. Additionally,  
18 depending on capacity and interest level with  
19 respect to threat, we may produce other reports  
20 on criminal markets, similar to what Chief  
21 Superintendent Gilchrist mentioned, and we do  
22 produce other ad hoc type of reporting, whether  
23 it be in the form of bulletins or notifications,  
24 to promote quick and timely information sharing,  
25 intelligence sharing, from more of a strategic  
26 level.

27 Our provincial threat assessment itself,  
28 produced annually, is similar in nature and  
29 structure as the national threat assessment that  
30 Chief Superintendent Gilchrist spoke of. We  
31 review and assess to create a uniform product as  
32 part of our ITA process. Previously, we have  
33 included criminal market information in those  
34 provincial threat assessments in past years.  
35 Those documents themselves, again, when there's  
36 capacity and interest or requirement for threat,  
37 are produced as separate reports.

38 Q And can you tell us generally who the audience  
39 for provincial bureau reports is?

40 MR. WELLWOOD: The primary audience for provincial  
41 bureau reports are going to be our Executive  
42 Committee within B.C./Yukon. They would receive  
43 a full copy of the reports that we generate. A  
44 redacted version is released to the general law  
45 enforcement community in B.C./Yukon and shared  
46 amongst law enforcement in Canada on the systems  
47 noted that CISC is a steward of.

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1 Criminal market portfolio reports or  
2 assessments are shared similarly. Full versions  
3 available to our Executive Committee, redacted  
4 versions available to law enforcement in  
5 B.C./Yukon and across Canada.

6 Q Thank you, and has the Provincial Bureau produced  
7 any public reports like the one that we looked at  
8 earlier?

9 MR. WELLWOOD: Not during my tenure at the bureau, and  
10 I'm not aware of any public reports prior to my  
11 tenure.

12 Q And can you talk a little bit about the extent to  
13 which the Provincial Bureau has produced reports  
14 or conducted analysis related to money  
15 laundering?

16 MR. WELLWOOD: Yeah, money laundering reports, to the  
17 best of my knowledge, date back to prior to my  
18 tenure at the bureau, to around 2009, as a part  
19 of the provincial threat assessment. That  
20 content within the assessment itself consisted of  
21 more of a survey of money laundering as a  
22 criminal market, and then became very specific  
23 with respect to the threats that organized crime  
24 groups and/or individual criminal actors may play  
25 within money laundering, based on the information  
26 and intelligence and indicators that were  
27 available.

28 Moving forward in time, between 2016 and  
29 2018, CISBC/Yukon produced a number of summaries  
30 for money laundering as a part of the provincial  
31 threat assessment documents themselves, and in  
32 2018 specifically, additional reports relevant to  
33 what the bureau considered to be higher threat  
34 topics were produced regarding money laundering,  
35 in addition to a scan of the money laundering  
36 portfolio to assess threat across all topic  
37 areas.

38 Q Thank you, and as was the case with Chief  
39 Superintendent Gilchrist, while the Provincial  
40 Bureau has been unable to provide those reports  
41 to the Commission for the reasons we've  
42 discussed, you have a general familiarity with  
43 the analysis in those reports and are able to  
44 discuss it here today within the limits we talked  
45 about?

46 MR. WELLWOOD: Yes, I can. Exact same constraints as  
47 Chief Superintendent Gilchrist, but I can provide



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1 a general context for the reports regarding the  
2 topic.

3 Q Great, thank you very much. I'd like to now move  
4 more into the content of the 2019 public report  
5 and begin to talk a little bit about the  
6 organized crime groups present in Canada and  
7 British Columbia. Chief Superintendent  
8 Gilchrist, at page 3 of the report, there's an  
9 indication that there are 1,850 organized crime  
10 groups believed to be operating in Canada, and  
11 that 680 of those groups have been assessed by  
12 the CISC using the Integrated Threat Assessment  
13 Process that we've discussed. Can you talk a  
14 little bit about how the CISC decides to assess  
15 some groups and not others and sort of why there  
16 are assessed and non-assessed groups?

17 MR. GILCHRIST: Yes, I can. And prior to responding  
18 to that question, I just have one additional  
19 thought to the last question that you posed to me  
20 with regards to previous CISC reporting and my  
21 ability to pull that information forward and  
22 share that with the Commission during my  
23 testimony. I just wanted to note there that  
24 although the public version of the National  
25 Criminal Intelligence Assessment on Money  
26 Laundering and Fraud, although that is still a  
27 work in progress, much of the analysis that has  
28 gone into the protected version, I'm able to pull  
29 from that and will be referring to that analysis  
30 when we have an opportunity to discuss some of  
31 the typologies and generally our understanding of  
32 money laundering. Much of it will be as a result  
33 of the analytical work that has been devoted to  
34 those -- most of those 2020 products.

35 This approach of -- keeping in mind that  
36 those are national reports, but knowing the  
37 Commission interests and knowing our desire to be  
38 as helpful and as -- and share in a wholesome  
39 manner with the Commission, we have pulled a lot  
40 of -- put, invested a lot of analysis around what  
41 is our understanding of money laundering in  
42 relation to the Integrated Threat Assessment  
43 Process and what that looks like nationally, and  
44 then to the extent possible, any provincial  
45 observations. So, I just wanted to provide that  
46 clarification so as not to leave the Commission  
47 with the -- with the thought that the -- that the

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1 work invested, the analytical work invested in  
2 2020 national products would not be of benefit to  
3 our discussion over today and tomorrow.

4 Q Thank you, I appreciate that.

5 MR. GILCHRIST: Going to your question with regards to  
6 page 3, Figure 1 of the Public Report on  
7 Organized Crime. As is mentioned in the first  
8 paragraph on that page:

9

10 More than 1850 OCGs are believed to be  
11 operating in Canada. Of these, 680 have  
12 been assessed in 2019 as part of the ITA  
13 process. Limited recent reporting on the  
14 remaining... OCGs prevents an in-depth  
15 assessment on their capabilities at this  
16 time.

17

18 And so what that's referring to is that we have  
19 knowledge of the other approximately 1200  
20 organized crime groups, however, the information  
21 is not sufficiently timely, not within the two-  
22 year rule, or it's not sufficiently comprehensive  
23 to allow a full assessment, and as a result, 680  
24 of those groups were the ones that met the  
25 criteria for being assessed in the 2019  
26 Integrated Threat Assessment Process.

27

28 Figure 1 in the Public Report on Organized  
29 Crime shows the number of assessed groups per  
30 province or territory, and -- and distinguishes  
31 by according to their assessed threat levels,  
32 using three levels, high, medium and low. As the  
33 paragraph below the Figure 1 refers to, the --  
34 although the numbers of organized crime groups  
35 are relatively consistent with those reported the  
36 previous year, it represented only a slight  
37 increase from the number of organized crime  
38 groups assessed in 2018. Having said that,  
39 almost 30 percent of the assessed organized crime  
40 groups in 2019 are newly reported organized crime  
41 groups.

42

43 This trend can be attributed to different  
44 factors, including changes in targeting to  
45 focus on newly-identified priorities, on  
46 previous investigations being concluded, and  
47 on limited law enforcement resources  
available to continue reporting on

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1                   previously-identified groups. Increased  
2                   reporting of OCGs that have been assessed  
3                   over multiple years through the ITA process  
4                   has also led to the identification of new  
5                   groups that interact with previously-  
6                   reported ones. Moreover, as law enforcement  
7                   gains a better understanding of the ways  
8                   that criminal actors work together, moving  
9                   away from reporting based on hierarchical  
10                   and cultural structures to more fluid and  
11                   interchangeable memberships, the  
12                   identification of new groups has increased.

13  
14                   The increase of almost 39 percent in the  
15                   identification of all groups believed to be  
16                   operating in Canada... can be attributed in large  
17                   part to enhanced sharing among law enforcement  
18                   partners. For example, more than 375 street  
19                   gangs were identified through the ITA process in  
20                   2018-2019...

21  
22                   -- which represented an increase from previous  
23                   reporting of 68 percent.

24                   Q    Thank you. Of those 680 assessed groups, has the  
25                   CISC conducted any analysis that would indicate  
26                   the number or percentage believed to be involved  
27                   in money laundering activities?

28                   MR. GILCHRIST: Yes. With the assistance of the 10  
29                   provincial bureaus and law enforcement partners  
30                   across the country, through the Integrated Threat  
31                   Assessment Process, we assessed that 25 percent  
32                   of the organized crime groups that were assessed  
33                   between 2014 and 2018 were identified as being  
34                   involved in money laundering activities. And  
35                   this trend continued into 2019, when  
36                   approximately 26 percent, representing 176  
37                   groups, of the 680 assessed crime groups, are  
38                   believed or suspected of this activity.

39                   Q    Thank you. And we have spoken a little bit about  
40                   the limitations on the nature of the information  
41                   the CISC works with, and obviously organized  
42                   crime groups have an interest in hiding their  
43                   activities. Can you comment on the level of  
44                   certainty the CISC would have in a number like  
45                   this one?

46                   MR. GILCHRIST: As I've described the process, it is a  
47                   comprehensive process, but having said that,

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1 specific to money laundering, we do believe that  
2 it's under-reported in the reporting that comes  
3 forward. Part of that is due to the nature of  
4 money laundering and the very secretive nature of  
5 money laundering, and part of it is due to the  
6 complexity of the -- of the money laundering  
7 that's done. And so in general, when I refer to  
8 25 percent of the groups, or for 2019, when I  
9 refer to 26 percent or 176 groups of the 680  
10 assessed crime groups, it is acknowledged that  
11 that number is likely under-representing the  
12 actual involvement of organized crime in money  
13 laundering for the -- for the reasons that I've  
14 mentioned.

15 Q Thank you. And aside from these efforts to  
16 identify the number of -- or percentage of groups  
17 involved, has the CISC ever attempted to quantify  
18 the amount of money laundered in Canada, or  
19 perhaps one region of Canada?

20 MR. GILCHRIST: Quantification is -- has proven to be  
21 extremely difficult. There's a number of  
22 estimates that are out there, provided by other  
23 organizations. However, in general, CISC has not  
24 undertaken a study to try to quantify the exact  
25 amount of money laundering in dollar terms. We  
26 do follow the estimates that are provided by  
27 others. We follow that very closely. And we  
28 rely upon it for contextual background. But  
29 having said that, the estimates vary  
30 significantly, depending on who has taken a look  
31 at this subject and researched it, that beyond  
32 servicing as a general contextual background  
33 point, it's limited to that use by CISC.

34 Q Thank you very much. Remaining on that same page  
35 of the report, page 3, there's a bar graph that  
36 indicates the number of assessed organized crime  
37 groups by threat level and by province. I say  
38 "number" but it doesn't actually provide exact  
39 numbers. I wonder if you might fill in that gap  
40 for us and tell us how many known or suspected  
41 groups -- how many -- excuse me -- how many  
42 organized crime groups at each threat level are  
43 known or suspected to be operating in British  
44 Columbia?

45 MR. GILCHRIST: I'm just referring to my notes to see  
46 if I have those exact numbers. I don't seem to  
47 have those readily available. If I do -- if it

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1 comes to me, I will certainly bring us back to  
2 that -- to that question.

3 Q Certainly, I appreciate that. Maybe to help us  
4 understand this graph, there's some discussion  
5 later in the report about the degree to which  
6 organized crime groups have international and  
7 interprovincial connections. For a graph like  
8 this one that assigns groups to a particular  
9 province, can you give us an idea of how a group  
10 would be -- why or how a group would be assigned  
11 to British Columbia if it may have activities in  
12 other provinces, as well?

13 MR. GILCHRIST: That's a good question, because the  
14 assessed organized crime groups, when they're  
15 articulated by province, it -- that indicates  
16 that they're operating in that province. It does  
17 not necessarily mean that they are exclusive to  
18 that province and it does not mean that they are  
19 necessarily always physically located in that  
20 province. It reflects that it is an organized  
21 crime group that's operating in the province and  
22 may be extended -- its operations may extend well  
23 beyond the provincial boundaries. However, it  
24 operates sufficiently within the province to have  
25 resulted in it being assessed -- being, first of  
26 all, reported on by the Provincial Bureau, and  
27 being assessed through the Integrated Threat  
28 Assessment Process.

29 It's an interesting question that you pose,  
30 specific to B.C., because as we discuss a number  
31 of the criminal markets, one of the comments,  
32 particularly with regards to the illicit drug  
33 markets, when we discuss that, one of my comments  
34 will be in relation to how British Columbia --  
35 organized crime groups operating out of British  
36 Columbia are often operating and supplying,  
37 trafficking illicit drugs into the other  
38 provinces, particularly the western provinces.  
39 So, in many ways, is a gateway to the other  
40 western provinces for the illicit drug markets.

41 Q Thank you. My next questions are for Mr.  
42 Wellwood. Perhaps, given that we've sort of  
43 delved into the situation in British Columbia,  
44 perhaps I'll maybe first ask if you have any  
45 comment to add to what Chief Superintendent  
46 Gilchrist has said about the numbers of organized  
47 crime groups in British Columbia at different

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1 threat levels and how they're assigned to the  
2 province.

3 MR. WELLWOOD: With respect to how an organized crime  
4 group may be assigned to a province, I agree with  
5 Chief Superintendent Gilchrist's comments. We  
6 tend to see operation within the province, it  
7 isn't limited to something as simple as, say,  
8 residence, where they spend the bulk of their  
9 time, either formally or informally, but criminal  
10 operations within the province itself. There is  
11 definitely overlap with other provinces in the  
12 work the provincial bureaus do for their own  
13 threat assessments with respect to the organized  
14 crime groups, and by the nature of that overlap,  
15 helps to inform CISC themselves in looking at  
16 things from that national perspective or that  
17 interprovincial perspective.

18 So I think definitely at times we see, you  
19 know, higher or lower degrees of overlap,  
20 depending on the extent of the criminal  
21 operations within the province, and the threat  
22 level overall of the group, the organized crime  
23 group itself. But typically, if they are  
24 criminally active in British Columbia, or Yukon,  
25 for instance, then we would make sure to include  
26 that as a part of our provincial threat  
27 assessment work at CISBC/Yukon.

28 Q Thank you very much. We've just referred to the  
29 graph on page 3. Do you have that handy there,  
30 Mr. Wellwood?

31 MR. WELLWOOD: I do. I will bring it up here in front  
32 of me.

33 Q Looking at that graph, it -- maybe I won't  
34 suggest this to you, but I'll ask you -- would  
35 you agree that it appears from that graph that  
36 there are more high-threat level groups in  
37 British Columbia than in any other province?

38 MR. WELLWOOD: It does appear that the graph shows  
39 that we have more high-threat level groups in  
40 British Columbia as compared to other provinces,  
41 yes.

42 Q And has the Provincial Bureau conducted any  
43 analysis or produced any reports that might give  
44 any insight into why there seems to be a  
45 concentration of high-threat level groups in this  
46 province relative to others?

47 MR. WELLWOOD: If I can defer to Chief Superintendent

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1           Gilchrist, I think he was just starting to touch  
2           on some information regarding illicit drugs and  
3           maybe more general -- organized crime in general  
4           regarding high-threat groups, and that may tie  
5           into this directly.

6           Q       Certainly. Chief Superintendent Gilchrist if you  
7           have comments, please go ahead.

8           MR. GILCHRIST: Yes, sir. The -- when we look at  
9           Figure 1 on page 3, and specifically with regards  
10          to the observation that you've pointed out, that  
11          the groups identified in red as being the high-  
12          level organized crime groups, by the figure, at  
13          first glance, it would appear as if British  
14          Columbia is showing more than other provinces.  
15          However, I think that it's important to note that  
16          although the number of B.C. high-level threat  
17          groups appears to be disproportionate to other  
18          provinces, it is important, as I referenced  
19          earlier, to keep in mind the geographic proximity  
20          of B.C. to smuggling networks from Mexico through  
21          to Los Angeles to B.C. corridor, into source  
22          countries like China. With its extensive  
23          international flights, marine ports, commercial  
24          ports, all of that means that British Columbia,  
25          as I referenced earlier, in -- in one sense, is a  
26          gateway for organized crime groups providing  
27          illicit products into western Canada. And, as  
28          well, central Canada, to a certain extent. B.C.  
29          groups, as reflected on Figure 1, operate in  
30          these provinces, not only in British Columbia.  
31          As a consequence, considering these groups purely  
32          as B.C. groups may be misleading, as they do  
33          operate within other provinces, and in that  
34          context, should be considered more like regional  
35          threats.

36          The other aspect that's important to keep in  
37          mind is that although the 2019 data indicates a  
38          greater number of assessed high-threat level  
39          organized crime groups in B.C., it's important to  
40          note that this may be a reflection of increased  
41          intelligence reporting from B.C. law enforcement  
42          compared to other jurisdictions.

43          B.C. law enforcement agencies produce  
44          significant intelligence reporting from  
45          individual police services, from the Provincial  
46          Bureau, and as well, from very mature joint  
47          forces operations, such as the Combined Forces

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1 Special Investigation Unit in British Columbia.

2 British Columbia has the provincial threat  
3 assessment process and additionally has a well-  
4 developed provincial tactical enforcement  
5 process, and as a result of those processes, that  
6 increases both the quantity of information and  
7 the reporting that's available to CISC.

8 Similar to that, compared to some other  
9 provinces, there's considerable international  
10 reporting in relation to organized crime groups  
11 in British Columbia. And by extension, that  
12 increases the levels of information available to  
13 CISC for assessment.

14 Some provinces, in general, are more focused  
15 in their reporting on individuals versus groups,  
16 whereas other provinces focus primarily on group  
17 level. So, admittedly, that can have an impact  
18 when you're looking purely at statistics as well.

19 The other factor that I would point to is,  
20 on page 3 of the Public Report on Organized  
21 Crime, it refers to 14 organized crime groups  
22 having been assessed as national high-level  
23 threats in 2019. I'm just looking for -- oh,  
24 yes, so that's the -- referring the Commission to  
25 the final paragraph on page 3.

26  
27 These national high-level threats have  
28 interprovincial networks if not always  
29 international connections. They engage in  
30 multiple criminal markets and they use violence  
31 to further their criminal businesses, and have a  
32 large number of criminal organized crime group  
33 association links.

34 Given that many organized crime groups in  
35 B.C. are involved in methamphetamine, fentanyl  
36 and money laundering, in addition to other  
37 criminal markets, the general high-level threat  
38 attributes that I've just described align well  
39 with the criminal landscape in British Columbia.

40 When looking at Figure 1 on page 3, a  
41 general observation would be that the four  
42 provinces that are showing the highest level of  
43 assessed organized crime groups -- so, in order  
44 of levels, being Ontario, British Columbia,  
45 Quebec and Alberta -- generally, that aligns with  
46 our long-standing view of key organized crime  
47 hubs across Canada.



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1           As noted on page 3 of the Public Report on  
2 Organized Crime, 14 organized crime groups were  
3 assessed as national high-level threats in 2019.  
4 I can indicate that of those 14 high-level threat  
5 groups, 10 are linked in one way or another to  
6 British Columbia.

7           On page 5 of the Public Report on Organized  
8 Crime, there's a description of key facilitators,  
9 and -- and it notes that seven key facilitators  
10 were assessed in 2019. And of those seven key  
11 facilitators, I can indicate that five of them  
12 have links to British Columbia.

13           On page 4 of the Public Report on Organized  
14 Crime, the second-last paragraph, it notes that  
15 at least four high-level threat groups in 2019  
16 were assessed as being linked to money  
17 launderers, from large international organized  
18 crime networks providing laundering services for  
19 domestic and international drug traffickers. And  
20 of those four high-level threat assessed groups  
21 -- sorry, excuse me, just for clarity -- of the  
22 four high-level threat groups that were assessed  
23 as being linked to money laundering service  
24 provision, three of those groups are linked to  
25 British Columbia. And I can indicate that while  
26 the majority of our statistics are based  
27 nationally, with regards to British Columbia  
28 during the 2019 assessment process, there were 37  
29 groups as being involved in -- assessed as being  
30 involved in money laundering.

31           So, going back to Figure 1. What I hope my  
32 testimony provides is that Figure 1 is a -- is a  
33 graphical bar chart illustration intended to  
34 communicate very basic representation of the  
35 provincial locations of -- that organized crime  
36 groups are operating out of by level. However,  
37 based on the description and the points that I've  
38 raised, there is more to the story than what is  
39 illustrated in one single graphical illustration,  
40 and I hope that I've been able to provide that  
41 extra context.

42           Q   Yes, I think you have. That's very, very  
43 helpful. Thank you. If we can now, I'd like to  
44 jump ahead a little bit in the report. Pages 9  
45 to 13 focus on different types of criminal  
46 organizations and describe different categories  
47 of criminal organizations. Page 11 refers to a

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1 type of organized crime group called a money  
2 laundering service provision network. I'm  
3 wondering, Chief Superintendent Gilchrist, if you  
4 could explain to the Commission what -- what that  
5 means as used by the CISC in this report?

6 MR. GILCHRIST: As noted on page 11 of the Public  
7 Report on Organized Crime, money laundering is a  
8 key activity for organized crime groups. And the  
9 practice -- I'm referring to the second-last  
10 paragraph on page 11 -- and the practice is  
11 persuasive -- pervasive throughout all scopes of  
12 criminal enterprise.

13 CISC has identified and analyzed  
14 professional money launderers or called money  
15 laundering service providers operating in Canada.  
16 These professional money laundering groups, or  
17 their key facilitators, enable other organized  
18 crime groups and its members a means to disguise  
19 and transform their illicit funds from proceeds  
20 of crime into the legitimate economy. Money  
21 laundering service providers coordinate and move  
22 large sums of money to legitimize criminal  
23 proceeds on behalf of Canadian and international  
24 organized crime groups. Money laundering service  
25 providers can span across several highly  
26 interconnected organized crime groups and  
27 therefore are generally viewed as networks in the  
28 sense of money laundering service provision  
29 networks.

30 I'll refer, as well, to page 11 of the  
31 Public Report on Organized Crime, second-last  
32 paragraph. In 2019, CISC identified a high-level  
33 network of professional money launderers based in  
34 British Columbia and Ontario. This network  
35 represents several service providers nationally  
36 and internationally that conduct self-laundering  
37 and provide third party money laundering services  
38 to organized crime groups. It uses complex money  
39 laundering operations through casinos,  
40 underground banking systems, nominees, shell  
41 companies, trade-based money laundering and real  
42 estate.

43 As noted on page 11, as well, this network  
44 of professional money launderers identified in  
45 2019 consists of career criminals that are highly  
46 interconnected to organized crime groups, and  
47 it's believed that it laundered proceeds of crime

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1 totaling upwards to hundreds of millions of  
2 Canadian dollars.

3 Professional money launderers, they  
4 typically possess very specialized skills,  
5 resources, assets and connections or networks  
6 which enable them to successfully launder  
7 significant amounts of money from multiple  
8 organized crime groups. Clients of professional  
9 money launderers would be high-level threat  
10 organized crime groups that are involved in  
11 criminal markets that generate large amounts of  
12 proceeds of crime and require a diverse set of  
13 money laundering activities to avoid detection  
14 and disruption, and organized crime groups that  
15 simply do not have the resources or expertise to  
16 successfully launder a larger quantity of  
17 proceeds of crime themselves.

18 Those would be my comments in relation to  
19 money laundering service provision networks  
20 referred to on page 11.

21 Q Okay, thank you very much. And this -- the  
22 description on page 11 refers to some different  
23 examples of techniques and methods of money  
24 laundering, as you mentioned, in relation in  
25 particular to this one group operating in British  
26 Columbia and Ontario. The description doesn't  
27 offer any indication of the prevalence of those  
28 different methods. Are you able to advise, based  
29 on CISC intelligence analysis, the frequency or  
30 prevalence of different money laundering  
31 techniques or the involvement of different  
32 economic sectors in money laundering in Canada?

33 MR. GILCHRIST: Yes. As I mentioned earlier, so if we  
34 start off with the basic statistic of 680, of the  
35 680 assessed organized crime groups identified in  
36 2019, 176 of those organized crime groups were  
37 identified as being involved in money laundering  
38 activities. Further analysis shows the  
39 typologies being used by organized crime groups  
40 thought to be involved in money laundering in  
41 Canada. The most prevalent typologies are,  
42 private sector businesses -- and that was  
43 assessed at approximately 28 percent of the  
44 groups nationally. Money service businesses, or  
45 informal value transfer systems, approximately  
46 nine percent nationally. Casinos and gambling,  
47 approximately 10 percent nationally.

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1 I would offer a clarification, or a further  
2 clarification with regards to the term  
3 "gambling." The term "gambling" refers to both  
4 illegal and legal gambling, as the Integrated  
5 Threat Assessment Process does not make a  
6 distinction between involvement in illegal  
7 gambling or the abuse or exploitation of legal  
8 gambling by organized crime.

9 The next typology is real estate,  
10 approximately seven percent of the assessed  
11 organized crime groups. Seven percent of the 176  
12 groups use real estate as a typology. And  
13 cryptocurrency is approximately three percent of  
14 the 176 organized crime groups.

15 Now, it's very important to note, because  
16 I've given those statistics in somewhat of a list  
17 in a very linear manner, but it's important to  
18 note, when analyzing the methods of money  
19 laundering used by organized crime groups, many  
20 organized crime groups may use more than one type  
21 of money laundering activity. This means that  
22 some appear in more than one typology with  
23 regards to purely crunching the numbers. It's  
24 important to underline that, that it's often  
25 several typologies that would be used by an  
26 organized crime group.

27 Despite not knowing how all of the 680  
28 organized crime groups identified in the 2019  
29 assessment, how all of them are laundering their  
30 illicit funds, it's believed that groups and  
31 their members want to conceal or disguise their  
32 illicit illegal funds from detection and  
33 confiscation, and therefore to launder their  
34 money.

35 It's difficult to determine the actual  
36 number of organized crime groups or the  
37 percentage of groups that use each of these  
38 typologies. This can be, as I briefly explained,  
39 part of the challenge is that groups may use more  
40 than one typology to facilitate money laundering  
41 at any given time. As well, depending on the  
42 volume of illicit funds that need to be cleaned,  
43 and as well, their access to different  
44 methodologies, all of those criteria, in general,  
45 contribute to the difficulty in determining the  
46 actual number of organized crime groups using any  
47 specific typology.

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1           It's important to note, as well, that not  
2 all organized crime groups and criminals generate  
3 significant amounts of proceeds of crime, and  
4 therefore not all crime groups need complex money  
5 laundering. However, all organized crime groups  
6 who do generate significant wealth through their  
7 criminal endeavours require some form of money  
8 laundering to legitimize their illegally gained  
9 profits.

10       Q     Thank you. The Commission has heard evidence  
11 previously about other economic sectors or  
12 techniques of money laundering, including money  
13 laundering through financial institutions or  
14 trade-based money laundering. Should we  
15 understand from your evidence that the CISC has  
16 not been able to identify the number or  
17 percentage of groups involved in money laundering  
18 in sectors aside from those that you listed?

19       MR. GILCHRIST: These are the primary areas that we  
20 have focused on. There's other areas, such as,  
21 as you've mentioned, trade-based money  
22 laundering, where we're aware of certain elements  
23 of that. But as far as with the Integrated  
24 Threat Assessment Process and looking at the  
25 groups that have been formally assessed, these  
26 are the sectors that are the most prevalent  
27 typologies. As well, when we refer to these  
28 being the most prevalent, it's acknowledging that  
29 some of the other typologies haven't provided  
30 stats to them simply because prevalence is not at  
31 the level of some of these, or at least as we  
32 understand exactly.

33       Q     Thank you. I wonder if we might narrow our focus  
34 a little bit to the Province of British Columbia.  
35 Mr. Wellwood, are you able to tell us whether the  
36 Provincial Bureau has conducted any analysis that  
37 would help us to identify the economic sectors or  
38 industries or typologies of money laundering used  
39 by organized crime in this province?

40       MR. WELLWOOD: Yes, I can. If you don't mind, Mr.  
41 McCleery, I just wanted to quickly jump back to  
42 the number of high-threat groups in B.C.

43       Q     Go ahead.

44       MR. WELLWOOD: And potential reasons or contributing  
45 factors for that. I completely agree with Chief  
46 Superintendent Gilchrist's response regarding  
47 that that graphic, there's more to the story than

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1           what you see in the picture with respect to high-  
2           threat groups and how this is complex. I also  
3           agree with some of the contributing factors that  
4           were mentioned, including transportation and/or  
5           smuggling and the volume of that that does exist,  
6           or the potential for it in British Columbia,  
7           given the infrastructure and it being a gateway.

8           You know, I think there are other  
9           contributing factors, you know, simple things  
10          such as B.C. being a bit of a technological  
11          centre or hotbed for innovation. You know, in  
12          addition to, as with -- with much of Canada,  
13          having more developed financial systems and  
14          access. I think all of these things start to  
15          paint a bit of a picture as to why the prevalence  
16          of high-threat groups, or at least the presence  
17          of those high-threat groups exist within B.C.,  
18          whether they're based here or not. The fact  
19          that, in general, B.C. ticks off a large number  
20          of those boxes is a big factor as to why we may  
21          see again, I believe, a presence or actual  
22          regular appearance of high-threat organized crime  
23          in British Columbia.

24          Q     Thank you for that. That's helpful. We'll turn  
25          now, I guess, to the question I posed, which is  
26          are you able to provide us with any insight based  
27          on provincial bureau intelligence analysis as to  
28          the economic sectors or industries or money  
29          laundering typologies used by organized crime  
30          groups in this province?

31          MR. WELLWOOD: The first comment that I wanted to pass  
32          along was that when CISBC/Yukon examines money  
33          laundering in general, we are looking at  
34          indicators. As Chief Superintendent Gilchrist  
35          mentioned before, rather aptly, we don't work  
36          with evidence necessarily, we work with a lot of  
37          information, some of which is quite incomplete,  
38          and we typically are looking -- making use of  
39          indicators on a frequent basis for the work that  
40          we do in the assessments we produce.

41          The other factor I think to consider here,  
42          as well, is that we -- we appreciate that money  
43          laundering can be incredibly complex and that  
44          there can be many, many layers, phases, stages,  
45          however one would like to frame it, within money  
46          laundering. So my comments that I'll now provide  
47          regarding typologies and money laundering --

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1 regarding organized crime in B.C., it just --  
2 it's provided in the context of the fact that  
3 we're again working with indicators, and also  
4 that of course we're looking at different  
5 components, phases or portions of the process of  
6 money laundering with respect to organized crime.

7 Of the 37 groups who are identified in  
8 British Columbia for involvement with money  
9 laundering, approximately 25 percent, or nine of  
10 those groups, were considered to have higher  
11 capacity or higher capability for money  
12 laundering, and that simply defines as ability to  
13 conduct money laundering activity on behalf of  
14 another group or groups, or on behalf of a  
15 criminal network or multiple criminal networks.

16 I don't have any explicit details to share  
17 regarding the nine groups that have that higher  
18 capacity and/or capability. Again, given the  
19 constraints of which we can discuss and share  
20 information here today and the sensitivity of it,  
21 but safe to say that those -- those nine groups  
22 have a presence in British Columbia and are  
23 conducting money laundering at a higher level in  
24 British Columbia.

25 MR. McCLEERY: Thank you. Mr. Commissioner, I suggest  
26 this might be an appropriate time for our second  
27 break, if that's agreeable.

28 THE COMMISSIONER: All right. Thank you, Mr.  
29 McCleery. We'll take 15 minutes.  
30  
31

32 (WITNESSES STOOD DOWN)  
33

34 THE REGISTRAR: The hearing is adjourned for a 15-  
35 minute recess until 12:10 p.m. Thank you.  
36

37 (PROCEEDINGS ADJOURNED)  
38 (PROCEEDINGS RECONVENED)  
39

40 THE REGISTRAR: Thank you for waiting. The hearing is  
41 resumed.  
42

43 ROBERT GILCHRIST, a witness,  
44 recalled.  
45

46 LESLIE STEVENS, a witness,  
47 recalled.

Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Mr. McCleery, Counsel for the Commission

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RYLAND WELLWOOD, witness,  
recalled.

THE COMMISSIONER: Yes, Mr. McCleery.

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

MR. McCLEERY: Thank you very much.

EXAMINATION BY MR. McCLEERY, continuing:

Q Before the break, we were talking about the prevalence of money laundering in different economic sectors and industries. Mr. Wellwood, you've spoken about the prevalence of high-capability money laundering groups in British Columbia. I was wondering if you might have any comment on the industries or economic sectors or typologies we typically see in this province?

MR. WELLWOOD: Certainly. Of the organized crime groups active and associated to money laundering in B.C., there are four main typologies that are most -- most prevalent or most frequent in our work in completing the assessments on organized crime. In no particular order, and unfortunately, I do not have a breakdown regarding percentages, we see activity or involvement regarding money service businesses. We see real estate. We see casinos and gaming, with a note as to a definition that is consistent with Chief Superintendent Gilchrist's definition, with no differentiation between legal or illegal gaming. As well as -- I apologize for just quickly referring to my notes -- privately owned businesses and corporations.

Q Thank you for that. What I'd like to do now is delve into these different sectors we've identified in a little bit more detail and gain a better understanding of what the CISC and provincial bureau's intelligence analysis tell us about how money is being laundered in these different sectors. Chief Superintendent Gilchrist, I wonder if I might start with you, and beginning with the most prevalent method on your list, which was private sector businesses.



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Examination by Mr. McCleery, Counsel for the Commission

1 Can you tell us, you know, what types of private  
2 sector businesses the CISC most commonly sees  
3 used in money laundering?

4 MR. GILCHRIST: Yes, Mr. McCleery. Prior to answering  
5 that question, if I could just go back to the  
6 previous question with regards to provincial  
7 trends, because I think there is one more  
8 statistic that would be of interest to the  
9 Commission.

10 Q Yes, please do.

11 MR. GILCHRIST: Once again, it's looking at the 2019  
12 data through the Integrated Threat Assessment  
13 Process. And the highest number of organized  
14 crime groups thought to be involved in money  
15 laundering, it's simply to note that they are  
16 reported primarily in three provinces. Ontario,  
17 followed by British Columbia, and then followed  
18 by Quebec, with all three of those provinces  
19 collectively representing more than 76 percent of  
20 the groups, or assessed 76 percent of the  
21 assessed organized crime groups involved in money  
22 laundering. And this statistic is not surprising  
23 in general, given that the majority of the  
24 organized crime groups that are reported upon and  
25 assessed are based in these provinces.

26 Then moving to -- moving to private sector  
27 businesses. As I mentioned earlier, of the 176  
28 organized crime groups that were identified as  
29 being involved in money laundering, approximately  
30 28 percent of those are suspected of using  
31 private sector businesses in order to facilitate  
32 the laundering or hiding of their proceeds of  
33 crime. Based on that 176 organized crime groups,  
34 the top three most common private sector  
35 businesses that are suspected of facilitating  
36 money laundering activities -- once again, at a  
37 national level -- would be restaurant, food and  
38 beverage services, followed by automotive,  
39 followed by construction.

40 Similar to my comments earlier, some groups  
41 can access and use more than one type of private  
42 business or use nominees to hide business  
43 ownership, which can make it difficult to track  
44 the proceeds of crime. Private sector businesses  
45 are used for money laundering purposes in  
46 numerous ways, including the comingling of  
47 proceeds of crime with legitimate business cash

Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

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1           inflow, falsifying receipts and invoices, paying  
2           employees in cash, the use of corporate accounts  
3           to purchase assets -- for example, real estate  
4           assets and other high-valued goods -- to further  
5           obscure the origin in ownership. As well as the  
6           use of nominees and shell companies to distance  
7           transactions from beneficial owners and provide  
8           financing or loan services using proceeds of  
9           crime.

10           One point of further clarification would be  
11           with regards to trade-based money laundering.  
12           And organized crime groups that are reported to  
13           be involved in trade-based money laundering are  
14           not captured in this statistic of 28 percent of  
15           the 176 assessed organized crime groups involved  
16           in money laundering. In the 28 percent, they use  
17           private sector businesses. That statistic is  
18           related to a breakdown of money laundering  
19           typologies. And although Canadian import and  
20           export companies are indeed private businesses,  
21           because of the specific nature of the schemes,  
22           trade-based money laundering was considered a  
23           separate typology and was not included in that  
24           figure. It's possible that some of the  
25           businesses categorized in that 28 percent could  
26           be used for trade-based money laundering,  
27           however, this was not reported nor explored  
28           further.

29           Examples of the types of Canadian companies  
30           that are involved in the 28 percent involvement  
31           with private sector business, as I've mentioned,  
32           include retail, food and beverage, construction,  
33           financial fitness, manufacturing, real estate,  
34           and waste management.

35           Around two percent of the 176 assessed  
36           organized crime groups involved in money  
37           laundering were reported as engaged in trade-  
38           based money laundering. The percentage of group  
39           involvement is comparatively low compared to  
40           other reported money laundering typologies, and  
41           this is likely due to the fact that trade-based  
42           money laundering schemes are more complex,  
43           usually more sophisticated, and therefore harder  
44           to detect than some other money laundering  
45           methods. Additionally, because the schemes are  
46           particularly difficult to identify and separate  
47           from legitimate trade commerce, it is likely that

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1 further activity using this typology exists in  
2 Canada, but has not yet been detected.

3 CISC continues to work closely with its  
4 membership, including, but certainly not limited  
5 to, with the Canada Border Services Agency in  
6 order to increasingly understand the scope and  
7 severity of trade-based money laundering use in  
8 Canada.

9 Q Thank you. And, Mr. Wellwood, privately owned  
10 businesses was also an economic sector type of  
11 industry that you referred to as being prevalent  
12 in British Columbia. Do you have anything to add  
13 from the provincial perspective to what Chief  
14 Superintendent Gilchrist has just told us?

15 MR. WELLWOOD: I don't have anything specific to add  
16 in addition to Chief Superintendent Gilchrist's  
17 comments. Two quick pieces, though, one specific  
18 to private businesses. CISBC/Yukon has not  
19 produced any -- any reporting or assessments on  
20 these private businesses within money laundering.  
21 Our involvement crossing over into this typology  
22 is again related to our work regarding provincial  
23 threat assessment and examination of organized  
24 crime groups or networks.

25 The second piece that I would have to add  
26 that would apply both to -- or in general, I  
27 think, across a number of typologies, including  
28 private businesses, would be the threat that  
29 CISBC has considered and assessed regarding the  
30 infiltration and corruption, knowingly or  
31 unknowingly, of professional services. And  
32 again, the complexity of money laundering, the  
33 wide breadth of it, you know, there is a  
34 significant legitimate side of services in the  
35 economy required, and I just wanted to make sure  
36 that there was a note of that [indiscernible]  
37 when we're considering or talking about these  
38 typologies.

39 Q All right, thank you. Chief Superintendent  
40 Gilchrist, you spoke a little bit about trade-  
41 based money laundering and some of the  
42 difficulties in examining that phenomenon. Does  
43 the CISC have sort of a working definition of  
44 what trade-based money laundering is?

45 MR. GILCHRIST: Trade-based money laundering, as we  
46 understand it, it's a process of disguising and  
47 moving criminal proceeds through the use of trade

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1 transactions. Methods include the trade of goods  
2 purchased with proceeds of crime. Trade fraud,  
3 for example, fraudulent invoices and customs  
4 declarations, as well as underground value  
5 transfers through unregulated currency exchanges.  
6 That's -- that's our general understanding of how  
7 to describe the issue. I can't say at this point  
8 whether that's an agreed upon definition, but  
9 that's our -- that's our working understanding of  
10 what we're describing.

11 Q Thank you. And Mr. Wellwood, you talked about  
12 the infiltration of professional services. Can  
13 you provide any further insight into how that  
14 furthers efforts to launder money or how that  
15 typology works?

16 MR. WELLWOOD: Maybe just for clarification, that was  
17 -- infiltration and corruption of professional  
18 services is brought up with respect to maybe as a  
19 cross-cutting theme for a number of different  
20 typologies, not necessarily as a typology itself.  
21 But just the fact that there is a need for  
22 legitimate service providers and the services  
23 obviously they provide in carrying out money  
24 laundering activity, you know, with -- with  
25 respect to additional information, we have not  
26 made any specific assessments or reporting on  
27 infiltration and corruption of professional  
28 services. It is, again, something that we have  
29 encountered as part of our work for the  
30 provincial threat assessments and the reporting  
31 regarding money laundering itself, but again, no  
32 specific assessments regarding that topic.

33 Q All right, thank you. In that case, I'd like to  
34 move forward into the next area identified by  
35 Chief Superintendent Gilchrist earlier, the use  
36 of money services businesses and informal value  
37 transfer systems. Maybe before we get into  
38 exactly how money laundering works in that  
39 context, Chief Superintendent Gilchrist, can you  
40 tell us what informal value transfer system is,  
41 at least as understood by the CISC for the  
42 purpose of this analysis?

43 MR. GILCHRIST: Informal value transfer systems are  
44 considered money service businesses that are  
45 unregulated under FINTRAC, commonly referred to  
46 as hawalas or fei ch'ien. They are used around  
47 the world and allow clients to informally

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1 transfer value outside of the traditional banking  
2 system without the requirement for the funds to  
3 be physically transferred from one country to  
4 another. They mainly deal with transfers to  
5 countries that lack formal banking systems. And  
6 once again, I'll just underline the fact that  
7 that's a working understanding of the definition,  
8 not necessarily a prescribed definition.

9 Q Thank you, and moving forward from there, what  
10 can you tell us, based on CISC intelligence and  
11 analysis, about how money laundering occurs  
12 through these types of businesses and systems?

13 MR. GILCHRIST: A few comments to offer. First would  
14 be that the precise number of organized crime  
15 groups involved in money service businesses  
16 remains unknown. Using the groups identified as  
17 being involved in money laundering, only seven  
18 were thought to be using money service  
19 businesses. However, it's believed that this  
20 number may be under-reported.

21 The most concerning aspect is money service  
22 businesses that are owned, controlled or  
23 influenced by organized crime group members, as  
24 they can launder significant amounts of funds and  
25 they can facilitate illegal transactions on  
26 behalf of criminals seeking to make international  
27 payments for such things as paying for drug  
28 imports into Canada. As money service businesses  
29 are cash-intensive, they can easily facilitate  
30 the placement of illicit funds into the  
31 legitimate financial system and economy.

32 Organized crime can exploit legitimate money  
33 service businesses for money laundering purposes  
34 through infiltration, including corruption or  
35 owning an MSB, or by complicit businesses and  
36 employees who ignore indications of criminality  
37 and accept transactions using suspected proceeds  
38 of crime.

39 CISC has not undertaken an extensive review  
40 of money service business ownership in Canada, so  
41 the exact number of businesses under the  
42 influence of organized crime groups or  
43 professional money launderers is currently  
44 unknown.

45 Going back to informal value transfer  
46 systems, which I gave a working definition of how  
47 it's understood by CISC. I would note that while

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1 informal value transfer systems are required to  
2 register with FINTRAC and operate legally in  
3 Canada, some informal value transfer systems are  
4 illegal. And even the registered ones can be  
5 exploited by organized crime and professional  
6 money launderers in an effort to evade sanctions,  
7 state currency controls, and to facilitate money  
8 laundering.

9 In general, there's two types of money  
10 service businesses in Canada. One would be  
11 national, with numerous agents that have access  
12 to hundreds of thousands -- hundreds or thousands  
13 of locations worldwide, and conduct large amounts  
14 of transactions and services, and local, which  
15 would be typically family-owned, that provide  
16 transactions to specific geographic regions and  
17 are relatively small.

18 Those would be the comments that I would  
19 have to offer in relation to money service  
20 businesses and informal value transfer systems.

21 Q Thank you very much for that. Mr. Wellwood, I  
22 note that they were also on your list of  
23 typologies or sectors used in money laundering in  
24 this province. Do you have anything to add to  
25 what Chief Superintendent Gilchrist has told us?

26 MR. WELLWOOD: CISBC/Yukon, in addition to our work  
27 for the provincial threat assessments and our  
28 look at organized crime in B.C. and Yukon, and  
29 again, stumbling across some of the money service  
30 business activity that organized crime is  
31 involved in, we had also produced, in 2018, a  
32 report specific to money service businesses.  
33 This is one of the two reports that I referred to  
34 earlier in the day. I'll just provide some quick  
35 context. The report itself was an examination of  
36 money service businesses, considering  
37 professional money launderers, so fitting the  
38 description of service provision networks that  
39 Chief Superintendent Gilchrist covered off  
40 earlier.

41 I had a look at and examined specific  
42 organized crime groups and criminal actors from  
43 the perspective of course of assessing threat and  
44 communicating that to our audience, our  
45 stakeholders.

46 With respect to money service businesses, in  
47 addition to Chief Superintendent Gilchrist's

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1           comments, I don't have anything of substance to  
2           add moving forward regarding, you know, organized  
3           crime in B.C., no additional intelligence I am  
4           able to share at this time.

5           Q     Thank you very much. Let's forge ahead then to  
6           casinos and gambling. Chief Superintendent  
7           Gilchrist, what can you tell us, based on CISC  
8           analysis and intelligence, about money laundering  
9           through casinos and gaming?

10          MR. GILCHRIST: In 2019, there were 18 organized crime  
11          groups reported as using casinos or gambling to  
12          launder their proceeds of crime. I'll repeat my  
13          comment provided earlier that the term "gambling"  
14          refers to both illegal and legal gambling, as the  
15          Integrated Threat Assessment Process did not make  
16          a distinction between involvement in illegal  
17          gambling or the abuse or exploitation of legal  
18          gambling by organized crime.

19                 While some casinos in Canada are privately  
20          owned businesses and therefore could technically  
21          be considered private sector businesses, because  
22          they're required to report large currency and  
23          suspicious transactions to the Financial  
24          Transactions and Reports Analysis Centre of  
25          Canada, and based on the sheer volume of cash-  
26          based transactions and currency that goes through  
27          them, they lend themselves to be considered their  
28          own money laundering typology within the context  
29          of the Integrated Threat Assessment Process.

30                 It's been suggested that with the public  
31          scrutiny and focus on casinos in British Columbia  
32          within the last couple of years that the methods  
33          of money laundering is potentially evolved or is  
34          being used in casinos in other Canadian provinces  
35          where similar regulations do not exist. However,  
36          comprehensive criminal intelligence on those  
37          developments has yet to be fully developed.

38                 A recent example of the use of casinos by  
39          organized crime is actually an example out of the  
40          Province of Ontario. It's a York Regional Police  
41          investigation that has been publicly reported on  
42          and therefore I can comment. It's an  
43          investigation into an organized crime group based  
44          in Ontario. During that investigation, group  
45          members collectively gambled in Ontario casinos  
46          and are believed to have laundered over \$70  
47          million Canadian inside legal casinos. It's

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1 reported members of their group went to casinos  
2 nightly with 30 to 50,000 Canadian funds, lost a  
3 fraction of their cash, and allegedly pocketed  
4 the rest as legitimate wins. In July of 2018,  
5 this investigation resulted in numerous arrests  
6 in Canada and Italy, and approximately 35 million  
7 in seizures, including homes and luxury vehicles.

8 With respect to the casinos in B.C. and the  
9 regulatory changes that occurred in 2018  
10 regarding the source of fund declarations for  
11 anything over \$10,000 Canadian for a 24-hour  
12 period, CISC analysts have anecdotally heard from  
13 individual subject matter experts that the source  
14 of fund rules in British Columbia may have  
15 resulted in a decrease of bulk cash being used in  
16 B.C. casinos. However, I want to underline that  
17 CISC has not done an assessment, a comprehensive  
18 assessment on this issue to look at other  
19 vulnerabilities for cash businesses like casinos.  
20 Therefore at this point it's purely individual --  
21 individual input that's been received.

22 Given that -- and I raise this in the  
23 context of it's likely that there's other subject  
24 matter experts better positioned to advise the  
25 Commission on recent developments arising since  
26 those source of fund rules were implemented,  
27 given that we have not done a comprehensive  
28 assessment specifically on that.

29 Q Thank you.

30 MR. GILCHRIST: In relation to casinos and gambling.

31 Q Thank you. The typology that you refer to as  
32 having been publicly reported in Ontario  
33 involving bulk cash and players cashing out with,  
34 I suppose, laundered funds, are you able to  
35 comment on whether that typology had been  
36 observed in British Columbia, let's say, prior to  
37 the regulatory changes in 2018?

38 MR. GILCHRIST: My sense is, given that we look at  
39 things through the national level, to drill down  
40 on a specific typology in British Columbia, my  
41 sense is that there are other law enforcement  
42 representatives and other representatives in  
43 general that are in better position to be able to  
44 provide you that information factually.

45 Q Thank you. Mr. Wellwood, has the CISBC/Yukon  
46 conducted any analysis of money laundering in  
47 casinos, or through casinos and gambling in



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1 British Columbia?

2 MR. WELLWOOD: We have not produced any specific  
3 assessments or reporting regarding money  
4 laundering in casinos and gambling in B.C.

5 Q Okay. Do you have nothing to add, then, to what  
6 Chief Superintendent Gilchrist has described?

7 MR. WELLWOOD: No, I have nothing to add, and I would  
8 echo his comments regarding other subject matter  
9 experts that may be better positioned to comment  
10 on those specific details.

11 Q Thank you very much. Chief Superintendent  
12 Gilchrist, the next sector on your list was real  
13 estate. What can you tell us about money  
14 laundering through real estate, based on CISC  
15 analysis?

16 MR. GILCHRIST: Based once again on the 2019 data,  
17 there were 12 organized crime groups identified  
18 as using real estate as a means to launder their  
19 proceeds of crime. And once again, that's a  
20 national statistic. Criminals exploit the  
21 Canadian real estate market for money laundering  
22 purposes by using proceeds of crime to purchase  
23 real estate, often after the illicit funds have  
24 transited through the money laundering stages of  
25 placement and layering, to obscure their criminal  
26 source. Real estate is an attractive investment  
27 for illicit funds as it can provide a home to  
28 live in, a relatively secure high-value  
29 investment, and/or a place to conduct further  
30 criminal endeavours, including outlaw motorcycle  
31 gang clubhouses, underground casinos, brothels  
32 and drug production and/or trafficking locations.

33 Not all professionals involved in real  
34 estate transactions have obligations under the  
35 proceeds of crime legislation, PCMLTFA. As  
36 mortgage brokers, private lenders, lawyers, and  
37 Quebec notaries are not subject to the  
38 legislation, they are not required to report  
39 suspicious activities or large cash transactions  
40 to the Financial Transactions and Reports  
41 Analysis Centre of Canada. This gap in that  
42 legislation creates opportunities for  
43 exploitation of these entities by criminals and  
44 -- and complicit professionals for money  
45 laundering purposes and contributes to the  
46 opaqueness of their actions.

47 Inadequate beneficial ownership transparency

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1 in Canada is a significant enabler for money  
2 laundering through real estate as the legal  
3 ownership of property, like companies,  
4 partnerships, trusts and nominees, allows the  
5 individuals with the ultimate real world control  
6 of the property to be concealed.

7 Money laundering through real estate uses  
8 various mortgage and loan schemes resulting in  
9 proceeds of crime being used to purchase  
10 properties. Methods include purchasing  
11 properties or paying down mortgages, refinancing  
12 or other loans through proceeds of crime, and  
13 manipulating property values, also considered  
14 fraud, and obtaining loans against the over-  
15 valued real estate, which are paid using proceeds  
16 of crime. That, in general, would be our  
17 understanding of the -- of the real estate  
18 typology.

19 Q Thank you. And, Mr. Wellwood, has the Provincial  
20 Bureau conducted any analysis of money laundering  
21 through real estate that might shed some  
22 additional light on the subject?

23 MR. WELLWOOD: We have not conducted any specific  
24 analysis or assessments regarding real estate and  
25 money laundering.

26 Q Then I believe we can move forward to the last of  
27 the sectors listed by Chief Superintendent  
28 Gilchrist, which was cryptocurrency. What are  
29 you able to tell us about money laundering using  
30 cryptocurrency?

31 MR. GILCHRIST: First, with regards to cryptocurrency,  
32 more than 25 percent of the organized crime  
33 groups that were assessed as high-level threats  
34 in the 2019 national threat assessment were  
35 reported to use cryptocurrencies in some element  
36 of their activities. Cryptocurrencies are  
37 popular as payment methods for mass marketing  
38 fraud in illicit transactions of drugs and  
39 contraband conducted on dark web marketplaces.  
40 It can also be used as a mechanism for money  
41 laundering. As a money laundering tool,  
42 cryptocurrencies facilitate the transfer of large  
43 volumes of funds outside of the oversight found  
44 in the traditional financial sector, and are  
45 particularly useful for moving funds  
46 internationally. Cryptocurrency exchanges are  
47 businesses that buy or cash out bitcoin or other

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1 currencies. They have physical locations as well  
2 as online. The conversion of bitcoin to cash and  
3 vice versa is a focal point during law  
4 enforcement investigations to identify subjects  
5 associated to cryptocurrency. Cryptocurrency,  
6 such as bitcoins, are decentralized digital  
7 assets that can be exchanged for government-  
8 issued currency transferred from person to person  
9 or exchanged for other virtual currencies.

10 Those would be my comments in relation to  
11 cryptocurrency.

12 Q Thank you. And, Mr. Wellwood, same question for  
13 you. Has the Provincial Bureau conducted any  
14 analysis that would shed light on this -- on this  
15 subject?

16 MR. WELLWOOD: No, CISBC/Yukon has not produced any  
17 specific assessments regarding money laundering  
18 and cryptocurrency.

19 Q Okay. You've indicated that for several of these  
20 -- maybe this is -- I'm not sure if this question  
21 is best placed to Mr. Wellwood or Inspector  
22 Stevens. Can you comment a little bit on sort of  
23 the decision making that would go around why an  
24 analysis on some of these sectors may or may not  
25 happen or sort of what the constraints are that  
26 would prevent the Provincial Bureau from doing  
27 that?

28 MS. STEVENS: Well, one word, "capacity." We are  
29 actually fully staffed at the moment, but haven't  
30 been -- we've been acutely short in the past  
31 couple of years, and we have a severe shortage of  
32 analytical resources, so we have casual data  
33 entry employees, we've got some researchers, but  
34 we don't have a compliment of trained analysts.  
35 We always have it on our list. We've got tons of  
36 ideas of what we would like to produce, but  
37 unfortunately, our main product, which is the  
38 provincial threat assessment, is -- is the one  
39 thing we have to get out the door, and after  
40 that, it's all bonus, and unfortunately, it's  
41 always on the back burner because of our resource  
42 shortages.

43 Q Thank you for that. So would you -- would it be  
44 fair to say that these are areas that are -- the  
45 Provincial Bureau is alive to and you would like  
46 to do some work in, but because of the resource  
47 constraints, it's just not been possible to this

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1 point?

2 MS. STEVENS: Absolutely, and our umbrella is -- you  
3 know, money laundering is just one part of what  
4 we do. There are so many different projects.

5 There are so many different research ideas that  
6 we have that we would love to jump into.

7 Unfortunately, we just don't have the ability.

8 Q Thank you, that's very helpful.

9 MR. WELLWOOD: Mr. McCleery?

10 Q Yes.

11 MR. WELLWOOD: Just to compliment what Inspector  
12 Stevens just said, I think it speaks to her  
13 comments that the last time the scan of the money  
14 laundering portfolio was completed was  
15 approximately two years ago, in early 2018. And  
16 at that time, two of the three highest threat  
17 assessed topic areas was trade-based money  
18 laundering and money service businesses were both  
19 areas that CISBC/Yukon did produce specific  
20 assessments for. Should -- should that capacity  
21 not be an issue, I think we would have seen an  
22 update scan of that portfolio, as well as  
23 prioritized threats for topics to be reported on.

24 Q Thank you very much. That's very helpful. So I  
25 think we've now reviewed the various sectors and  
26 industries that Chief Superintendent Gilchrist  
27 you mentioned previously. Just to ensure we're  
28 not unduly constraining ourselves to that list,  
29 are there other industries or sectors or methods  
30 of money laundering that even though you haven't  
31 been able to attach numbers to them, that you  
32 have some - can share some insight into how they  
33 operate?

34 MR. GILCHRIST: We've spoken briefly about trade-based  
35 money laundering, and although it wasn't one of  
36 the -- of the ones that was on that previous list  
37 -- and I've shared with you that about two  
38 percent of that 176 assessed organized crime  
39 groups were reported as engaged in trade-based  
40 money laundering. So I won't cover that again.  
41 I believe that that would -- that would provide a  
42 solid overview of the various typologies, once  
43 again focusing on those that are the most  
44 prevalent, but there are -- there are not other  
45 typologies that I have comments to further  
46 explore.

47 Q Thank you. And perhaps, Mr. Wellwood, or

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1 Inspector Stevens, I'll ask the same question to  
2 you. Are there other typologies or sectors in  
3 which money laundering is known to occur that  
4 you're able to provide some additional insight  
5 into, or have we covered off there?

6 MR. WELLWOOD: I have nothing further to add at this  
7 point, Mr. McCleery.

8 Q Okay, thank you very much. In that case, I think  
9 it's -- I'd like to now turn to a second report  
10 produced by the CISC.

11 MR. McCLEERY: Madam Registrar, I wonder if you might  
12 display document 39 on your list. Thank you.

13 Q Again, Chief Superintendent Gilchrist, I'll pose  
14 a few basic questions to you to introduce this  
15 report before we delve into some of its contents.  
16 You see the report on the screen before you?

17 MR. GILCHRIST: Yes, I do.

18 Q And you're familiar with this report?

19 MR. GILCHRIST: Yes, I am.

20 Q And it was also produced by the CISC during your  
21 tenure as Director General?

22 MR. GILCHRIST: Yes, that's correct.

23 MR. McCLEERY: Mr. Commissioner, as with the previous  
24 report, this one has also been filed as, I  
25 believe, Appendix F to Exhibit 3, so I won't ask  
26 that it be marked again, but it is part of the  
27 record. And, Madam Registrar, I'll suggest we  
28 leave this report up for the time being. There  
29 are a few figures in the report I'd like to take  
30 the witnesses to, so it might be helpful to  
31 display them on the screen.

32 Q Before we do that, though, Chief Superintendent  
33 Gilchrist, can you describe to us the purpose of  
34 this report and how it came to be?

35 MR. GILCHRIST: Yes. To generally describe the  
36 report, first of all, as seen on the screen, it's  
37 titled the "2018-19 National Criminal  
38 Intelligence Estimate on the Canadian Criminal  
39 Marketplace," and specifically highlights illicit  
40 drugs. This estimate was released on April 29th,  
41 2019, and similar to the Public Report on  
42 Organized Crime, it was made available via the  
43 public facing website for CISC in which the  
44 members of the public could request a full copy  
45 of the report. And additionally, distribution  
46 was done within CISC membership, including  
47 provincial bureaus.

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1           The National Criminal Intelligence Estimate  
2           is similar in some ways to the Public Report on  
3           Organized Crime, however, it focuses specifically  
4           on the illicit drug markets. The estimate goes  
5           into more detail about five of the most prolific  
6           drug markets, and specifically methamphetamine,  
7           fentanyl and its analogues, cocaine, heroin and  
8           the illicit cannabis market. It provides summary  
9           information in relation to other illicit drug  
10          markets, however, is largely focused on the five  
11          that I've mentioned. It's a strategic assessment  
12          that provides an overview of the Canadian illicit  
13          drug landscape and the activities of organized  
14          crime that operate within it. The estimate,  
15          similar to when we discussed the Public Report on  
16          Organized Crime, it combines federal, provincial  
17          and municipal law enforcement reporting, open  
18          source reporting and intelligence from other  
19          domestic and international government agencies to  
20          assess these illicit drug markets.

21          It is another example of the testimony I  
22          provided earlier whereas most intelligence  
23          produced by CISC is intended for policing  
24          services. However, we are endeavouring to  
25          increasingly release information to the public,  
26          and this is a report that aligns with that --  
27          with that goal. And it was actually, as I  
28          mentioned earlier in my testimony, this was  
29          actually -- this report predated the release of  
30          the Public Report on Organized Crime. The  
31          Intelligence Estimate on Illicit Drugs was raised  
32          in April of 2019, followed by the public report  
33          in December of 2019. As I mentioned, we have a  
34          National Criminal Intelligence on Money  
35          Laundering and Financial Crime that we're  
36          anticipating a public version to be available in  
37          the next few weeks, and further forecasting into  
38          the fall/winter, of a National Criminal  
39          Intelligence Estimate on other criminal markets  
40          or an update on the illicit drug markets.

41          So I described that because, when we go back  
42          to the principal goal of wanting to inform non-  
43          police stakeholders on the threats posed by  
44          serious and organized crime in Canada, it's  
45          really looking at all of those publicly available  
46          reports in their entirety that gives a national  
47          perspective and quite comprehensive perspective.

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1 Similar to the Public Report on Organized  
2 Crime, the purpose behind releasing it was  
3 essentially so that law enforcement, government  
4 and the general Canadian public can have a  
5 consistent view of organized crime, specifically  
6 with regards to the illicit drug markets, and  
7 this contributes to building and maintaining  
8 partnerships that are instrumental in our ability  
9 to combat this threat. Publishing this illicit  
10 drug estimate ensures that the public and other  
11 stakeholders have ready access to a national  
12 assessment of the key illicit drug markets.

13 Similar to the Public Report on Organized  
14 Crime, consumers of the illicit drug market  
15 report include the general public, media,  
16 academic researchers and other non-police  
17 government departments.

18 CISC, as I mentioned earlier in my  
19 testimony, we do look at a variety of criminal  
20 markets that organized crime is involved in. The  
21 scope of organized crime involvement is quite  
22 wide and is constantly changing. And as I  
23 referenced earlier, on an ongoing basis, we  
24 assess what are seen as the higher level threats,  
25 and in this specific case here, the criminal  
26 markets that are the most prolific or pose the  
27 greatest risk to Canadians, and accordingly,  
28 direct our analytical efforts towards those.

29 And with regards to the estimate on illicit  
30 drugs, some media coverage did result from the  
31 release of that publication, mostly from Ontario  
32 and Quebec-based media outlets.

33 Those would be my general comments in  
34 relation to the National Criminal Intelligence  
35 Estimate.

36 Q Thank you very much. There are a number of  
37 figures in this report that provide an indication  
38 of the level of involvement of criminal  
39 organizations and different illicit drug markets  
40 in different provinces. I wonder if we might  
41 briefly review a few of those, and Chief  
42 Superintendent Gilchrist, have you discuss them  
43 in brief at least.

44 MR. McCLEERY: Madam Registrar, I wonder if we might  
45 jump ahead to page 6 of the report, Figure -- or  
46 Table 8. There it is.

47 Q Sorry, before we get into the figures detailing

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1 the differences between provinces, Chief  
2 Superintendent Gilchrist, this table identifies  
3 the risk level associated with different illicit  
4 drug markets. I wonder if you might briefly  
5 describe what would -- what factors would make an  
6 illicit drug market a higher or lower risk, for  
7 the purpose of this report?

8 MR. GILCHRIST: Yes. And so, in general, Table 1 on  
9 page 6, there's a column for rationale, and it  
10 essentially provides the description of why  
11 specific markets were attributed towards a  
12 specific threat level. For example,  
13 methamphetamine, why was it classified as a high-  
14 threat market? The rationale behind that in  
15 general is the high potential for abuse and  
16 dependence with reported increases in the  
17 availability, demand and harms in most regions of  
18 Canada, and growing organized crime group  
19 involvement at all levels of production,  
20 importation and distribution. And this table is  
21 intended to be a summary. However, I'll, just by  
22 way of example, refer back to page 1, the last  
23 paragraph, where it further explains:

24  
25 Methamphetamine is assessed as one of the  
26 most important illicit drug threats in  
27 Canada, with substantial increases in  
28 trafficking and use and a 28 percent  
29 increase in organized crime involvement over  
30 three years.

31  
32 And so that, amongst other reasons, as summarized  
33 in the rationale, is why it was seen as a high  
34 threat within the context of the illicit drug  
35 markets. Similar to fentanyl and it's analogues,  
36 you'll see in the rationale table, it refers to  
37 intelligence indicating that over 4,000 opioid-  
38 related deaths in Canada can be expected in 2019  
39 as a result of increasing availability across  
40 Canada, including new and more potent opioids and  
41 fentanyl analogues. Profitability and relative  
42 ease of entry will continue to entice organized  
43 crime groups into this market and law enforcement  
44 capability will continue to be challenged by the  
45 importation and trafficking by interdependent  
46 cyber-enabled operators. And so when looking at  
47 that in its entirety, compared to the other



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1 illicit markets, it resulted in a classification  
2 of high, as well.

3 One other market was classified as high,  
4 being cocaine. And this here is -- the rationale  
5 behind that is the market remains profitable and  
6 consistently attracts more organized crime groups  
7 than any other criminal market in Canada.  
8 Resurgence in domestic and international use and  
9 trafficking against a backdrop of signs of rising  
10 coke cultivation and cocaine production in Latin  
11 America.

12 And so once again, if I can, I will take you  
13 back to page 2 of the same report, second-last  
14 bullet point at the bottom of the page:

15  
16 The cocaine market has more organized crime  
17 groups involved (75 percent) than any other  
18 market. This trend is expected to  
19 continue...

20  
21 So what I would encourage is that readers of the  
22 estimate, that the rationale that's provided  
23 within the Table 1 provides a snapshot of how and  
24 why it became those markets and the  
25 classifications that were attributed to them.

26 Q Thank you very much for that.

27 MR. McCLEERY: Mr. Commissioner, I've just received a  
28 note suggesting perhaps a brief break would be of  
29 some assistance. Can we --

30 THE COMMISSIONER: Yes, that's fine, Mr. McCleery. We  
31 will take -- shall we take 10 minutes? Is that  
32 sufficient?

33 MR. McCLEERY: That sounds fine, yes. Thank you.

34 THE COMMISSIONER: Thank you.

35 THE REGISTRAR: The hearing is adjourned for a 10-  
36 minute recess until 1:05 p.m. Please turn off  
37 your video and mute yourself. Thank you.

38  
39 (WITNESSES STOOD DOWN)

40  
41 (PROCEEDINGS ADJOURNED)

42 (PROCEEDINGS RECONVENED)

43  
44 THE REGISTRAR: Thank you for waiting. The hearing is  
45 resumed.

46  
47 ROBERT GILCHRIST, a witness,

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1 recalled.

2

3

LESLIE STEVENS, a witness,  
recalled.

4

5

RYLAND WELLWOOD, witness,  
recalled.

6

7

8

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

9

10 MR. McCLEERY: Thank you, Mr. Commissioner. Prior to  
11 the break, we had been discussing a table that  
12 appears on page 6 of the report. Madam  
13 Registrar, I wonder if we might move ahead to  
14 page 9. There's a figure there labelled Figure  
15 1. Thank you.

16

17

EXAMINATION BY MR. McCLEERY, continuing:

18

19

Q Chief Superintendent Gilchrist, you see Figure 1 on the screen in front of you?

20

21

MR. GILCHRIST: Yes, I do.

22

23

Q Can you give us an idea of what that figure is intended to communicate, what its purpose is?

24

25

MR. GILCHRIST: So Figure 1 is a graphical illustration of organized crime group involvement in the methamphetamine criminal market, and the data within that illustration is provided according to province, and as well, the specific roles within the criminal market. The -- with regard to roles, the Figure 1 provides the data according to the role of distribution, exportation, importation and manufacturing. With regards to exportation, this role would refer to the exportation of finished methamphetamine product, and with regards to importation, this role would refer to the importation of both finished methamphetamine product and, as well, precursor materials necessary for the production of methamphetamine. And it's important to note, as noted by an asterisks on Figure 1, that some organized crime groups are involved in multiple roles.

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Q Thank you. And to your viewing of this figure, what does it tell us about the involvement of organized crime groups in British Columbia in the methamphetamine market compared to those of other provinces?

44

45

46

47

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1 MR. GILCHRIST: So, to start with, the figure notes  
2 that there are 41 organized crime groups involved  
3 in distribution, and as you will see by looking  
4 at the chart, it's the highest number in Canada.  
5 That's consistent with organized crime groups in  
6 B.C. supplying other provinces with  
7 methamphetamine, such as the western provinces,  
8 and as well, into Ontario. Many of the organized  
9 crime groups noted as linked to B.C. play a  
10 regional role and not simply a provincial role.  
11 The figure, as well, denotes a significant number  
12 of organized crime groups that are involved in  
13 manufacturing. Once again, this is consistent  
14 with the geographic location of British Columbia  
15 and its vast incoming international traffic, both  
16 human and cargo, and that many precursor  
17 substances originate from outside the country.  
18 And the same can be said in relation to the  
19 increased number of organized crime groups that  
20 are involved in importation, which is listed as 7  
21 for British Columbia.

22 Those would be the comments that -- that I  
23 share in relation to what this Figure 1 provide  
24 as a context for organized crime involvement in  
25 the meth market, methamphetamine market, specific  
26 to B.C.

27 Q Thank you for that. And perhaps before we move  
28 to the next figure, I'll pause and ask if  
29 Inspector Stevens or Mr. Wellwood have anything  
30 to add about the involvement of British Columbia  
31 organized crime groups in the methamphetamine  
32 market.

33 MS. STEVENS: I don't.

34 MR. WELLWOOD: I don't have anything to add either,  
35 Mr. McCleery.

36 Q As we go through these, perhaps I'll just offer a  
37 general invitation to chime in once Chief  
38 Superintendent Gilchrist has concluded his  
39 comments, if there are any.

40 MR. McCLEERY: Madam Registrar, I wonder if we might  
41 move ahead then to page 17 of the report, see  
42 Figure 6. Thank you very much.

43 Q Chief Superintendent Gilchrist, perhaps you can  
44 tell us what this figure is intended to  
45 communicate and what it tells us in your view  
46 about the involvement of British Columbia  
47 organized crime groups in the cocaine market?

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1 MR. GILCHRIST: So, Figure 6, once again, it's a  
2 graphical illustration or bar chart denoting the  
3 organized crime group involvement in the  
4 importation of cocaine, so it's specific to that,  
5 and it provides the data according to province.  
6 With regards to what does it tell about the level  
7 of organized crime groups in B.C. and their  
8 involvement in this -- in the cocaine market, the  
9 number, first of all, denotes that there are 28  
10 organized crime groups involved in the  
11 importation of cocaine that are linked to British  
12 Columbia. So that indicates that organized crime  
13 groups in B.C. are significant importers of  
14 cocaine, only exceeded by Quebec and Ontario.  
15 This is consistent with much of the cocaine  
16 imported into B.C., having originated in Mexico  
17 and having been transported via well-developed  
18 transportation lines up the west coast of the  
19 United States and into Canada.

20 As well, when looking at that number, it's  
21 consistent with the role that organized crime  
22 groups in B.C. play in relation to supplying  
23 cocaine for the western provinces. And when  
24 looking at the locations, the provinces where the  
25 higher numbers of organized crime groups involved  
26 in the importation, in general, that's reflective  
27 of the provinces in which the main organized  
28 criminal hubs are located in Canada. So when we  
29 -- when you see on Figure 6 high numbers for  
30 B.C., Ontario and Quebec, that aligns with --  
31 with a general long-standing view of the main  
32 organized crime hubs in Canada.

33 Those would be my comments, Mr. McCleery.

34 Q Thank you for that.

35 MR. McCLEERY: Perhaps, Madam Registrar, we could move  
36 forward now to page 22 of the report and see  
37 Figure 10.

38 Q Chief Superintendent Gilchrist, can you tell us a  
39 little bit about what -- what this figure is  
40 intended to communicate?

41 A So Figure 10 is, once again, a graphical  
42 illustration of the heroin market in Canada, and  
43 specifically denotes it by both adulteration  
44 rates and organized crime involvement. So, with  
45 regards to adulteration rates, this reflects the  
46 percentage of heroin samples seized containing  
47 fentanyl or analogues, by province, as per 2017

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1 statistics from Health Canada analysis.

2 As you can see in the figure, it notes that  
3 B.C. -- with regards to B.C., that the  
4 aforementioned adulteration rate is in the range  
5 of 80 to a hundred percent compared to other  
6 provinces. Compared to other -- several other  
7 provinces, this is a high level of adulteration.  
8 This adulteration rate indicates that while  
9 heroin is generally imported mostly pure, it's  
10 most often adulterated with fentanyl or analogues  
11 prior to being trafficked. This is consistent  
12 with CISC's understanding that some organized  
13 crime groups in B.C. are involved in both heroin  
14 and fentanyl criminal markets, meaning that they  
15 are polydrug in their focus.

16 The Figure 10 also notes the number of  
17 organized crime groups involved in the roles of  
18 distribution and importation. Once again,  
19 keeping in mind, as noted by the asterisks on the  
20 figure, that some organized crime groups are  
21 involved in multiple roles.

22 British Columbia has the highest number of  
23 organized crime groups, denoting 55, once again,  
24 according to the data when the report was  
25 published, involved in the distribution role,  
26 with this being reflective of the organized crime  
27 groups in B.C. playing a regional or multi-  
28 province supply role.

29 And the figure additionally relates that  
30 B.C. has the highest number of organized crime  
31 groups, with the number 12, involved in  
32 importation, once again, of heroin, which is  
33 consistent with the geographic location, as well  
34 as the vast international -- international travel  
35 of both persons and cargo.

36 Those would be the comments with regards to  
37 Figure 10, Mr. McCleery.

38 Q Thank you.

39 MR. McCLEERY: Madam Registrar, can we move forward  
40 now to page 25?

41 Q And Chief Superintendent Gilchrist, you'll see on  
42 the screen before you a figure labelled Figure  
43 11. I wonder if you might comment on what this  
44 figure is intended to communicate and what it  
45 tells us about the level of involvement of B.C.  
46 organized crime groups in the cannabis market,  
47 relative to other provinces?

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1 MR. GILCHRIST: Yes, so Figure 11 is a graphical  
2 illustration, once again, a bar chart that shows  
3 the number of organized crime groups involved in  
4 the illicit cannabis market, and it provides that  
5 data according to province. In looking at the  
6 numbers, and of course, the figure shows that  
7 B.C. has a high number of organized crime group  
8 involved in the illicit cannabis market, with 78  
9 organized crime groups having been assessed for  
10 this report.

11 There is significant overlap between the  
12 illicit cannabis market and other illicit drug  
13 markets. Organized crime groups are very  
14 polydrug in their criminal market approach. For  
15 example, if I can take you to page 3 of the same  
16 report, as noted on page 3:

17  
18 Approximately 44 percent of assessed  
19 organized crime groups were involved in the  
20 [illicit] cannabis market leading up to the  
21 implementation of the *Cannabis Act*. Almost  
22 all of these groups are also involved in at  
23 least one other illicit drug market...  
24 expected to decrease incrementally over the  
25 long term (3+ years), as the licit market  
26 supply increases.

27  
28 So speaking to the polydrug focus. And Figure  
29 11, once again, back on page 25, as well, it's  
30 indicative of the role played by British Columbia  
31 organized crime groups in trafficking illicit  
32 cannabis into other provinces. In particular,  
33 but not limited to the western provinces.

34 Q Thank you.

35 MR. McCLEERY: Madam Registrar, I think we can take  
36 that report down now. Thank you.

37 Q Chief Superintendent Gilchrist, there's one other  
38 market I'd like to ask you about. The market for  
39 fentanyl and its analogues is identified in the  
40 report as a high-risk market, but doesn't include  
41 the kind of data or figures that we've reviewed.  
42 Are you able to comment on the sort of level of  
43 involvement of British Columbia organized crime  
44 groups in the fentanyl market?

45 MR. GILCHRIST: I have a few comments, yes. I would  
46 take you to page 1 on the estimate. And one of  
47 the highlights you'll notice is that the heroin

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1 market, assessed as a medium threat, is being  
2 displaced by fentanyl and its analogues in  
3 provinces such as British Columbia. So, meaning  
4 that the prevalence of fentanyl is to the extent  
5 where it's actually displacing other illicit drug  
6 markets.

7 I would take you to page 2, middle of the  
8 page, one of the findings of the report:  
9

10 Organized crime involvement in fentanyl has  
11 increased by 1500 percent since 2015, and  
12 entrenched organized crime groups, such as  
13 outlaw motorcycle gangs, are becoming more  
14 involved.

15  
16 Followed by:

17  
18 Independent criminal entrepreneurs...  
19 continue to be involved in the online  
20 procurement and trafficking of fentanyl from  
21 China via dark web marketplaces using  
22 virtual and cryptocurrencies.  
23

24 China will remain the primary supplier for  
25 illicit fentanyl, its analogues and  
26 precursor chemicals to Canada, although  
27 increasing amounts will likely originate  
28 from Mexico, as Mexican cartels shift from  
29 heroin production to fentanyl production.  
30

31 And:

32  
33 Canada is increasingly used as a  
34 transshipment country for fentanyl due to a  
35 rising international demand.  
36

37 So those were all findings, you know, high-level  
38 findings coming out of the drug estimate at the  
39 time that it was produced. Once again, because  
40 it's a national assessment, it doesn't  
41 specifically delve into, you know, providing a  
42 detailed assessment specific to British Columbia.  
43 However, those findings align with our general  
44 understanding of the fentanyl criminal market and  
45 -- across Canada. And certainly it's -- it's  
46 well-known by CISC, the evolution of the fentanyl  
47 market and how it has -- you know, British

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1 Columbia was the early phases of it and then  
2 watching its migration into -- into other  
3 provinces.

4 Q Thank you.

5 MR. GILCHRIST: The other comment I would have is in  
6 relation to the close association, or when we  
7 look at it through the lens of polydrug  
8 involvement, many of the organized crime groups  
9 that are involved in fentanyl are also involved  
10 in methamphetamine, and so once again, through a  
11 British Columbia lens, the -- the statistics,  
12 which I believe we've covered in relation to  
13 methamphetamine, can somewhat be taken into  
14 consideration in relation to fentanyl.

15 Those would be -- I don't have hard  
16 statistics to point to British Columbia, simply  
17 because the report was national in nature.

18 Q Thank you for that. The statistics that we've  
19 reviewed in these different figures all seem to  
20 suggest a particularly high level of involvement  
21 by British Columbia organized crime groups in  
22 these various drug markets. As we said, the  
23 methamphetamine market seemed to be more British  
24 Columbia groups in each sector of the market  
25 relative to other provinces and similar trends in  
26 the other markets. Has the CISC conducted any  
27 analysis that would provide any insight into why  
28 there seems to be such a high level of  
29 involvement in drug markets by organized crime  
30 groups in this province in particular?

31 MR. GILCHRIST: A couple of comments, or a few  
32 comments to offer in relation to -- to organized  
33 crime groups in B.C. and their involvement  
34 compared to other provinces. As we've discussed  
35 today, the various drug markets that we've  
36 covered, in general, organized crime groups in  
37 British Columbia play a very significant role in  
38 these illicit drug markets.

39 In addition to drug distribution, B.C.  
40 organized crime group roles typically extend into  
41 more sophisticated criminal roles, involving  
42 importation, exportation and manufacturing. In  
43 general, there's a high level of linkages between  
44 B.C. organized crime groups and international  
45 organized crime groups.

46 I've spoken briefly about it, however, once  
47 again in this same context, I think it's



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1 important to recall that B.C.'s organized crime  
2 group level of involvement in the illicit drug  
3 markets is consistent with CISC's long-standing  
4 viewpoint of the overall organized crime  
5 landscape in Canada, with key criminal hubs being  
6 in the B.C. Lower Mainland, the Greater Toronto  
7 area in Ontario, the Greater Montreal area in  
8 Quebec, and increasingly within the Province of  
9 Alberta.

10 Q Thank you. And based on CISC intelligence and  
11 analysis or perhaps your previous experience,  
12 would you expect this elevated level of  
13 involvement in illicit drug markets to result in  
14 an elevated level of proceeds of crime generated  
15 in this province? In other words, given this --  
16 the number of organized crime groups we have  
17 involved in illicit drug markets, is there going  
18 to be more money to be laundered in this province  
19 than elsewhere?

20 MR. GILCHRIST: I think that's -- your last comment  
21 there I think essentially responds to that  
22 question in that, you know, the illicit drug  
23 markets are largely cash-based criminal markets,  
24 and so as a result, when you have significant  
25 particularly higher-level threat, well-organized  
26 crime groups that are playing, you know, key  
27 roles in the illicit drug markets, that  
28 translates into significant amounts of cash being  
29 accumulated as a result of the illicit drug  
30 activities. And as we've discussed earlier  
31 today, those groups that are generating  
32 significant quantities of cash through criminal  
33 activities do have a need to launder those funds  
34 in order to move them into their legitimate --  
35 into legitimate funds.

36 Q Maybe now, just before we break for the day, I'll  
37 turn to Mr. Wellwood to see if the Provincial  
38 Bureau can offer any insight into those  
39 questions. Does the Provincial Bureau's analysis  
40 or intelligence have anything to offer to help  
41 explain why we see this elevated level of  
42 involvement in illicit drug markets by British  
43 Columbia organized crime groups?

44 MR. WELLWOOD: I don't have anything in particular to  
45 add outside of Chief Superintendent Gilchrist's  
46 comments as to the contributing factors as to why  
47 we have an elevated or higher level of

Robert Gilchrist, Leslie Stevens, Ryland Wellwood (for the Commission)

Examination by Mr. McCleery, Counsel for the Commission

1 involvement in illicit drug-generated proceeds.  
2 I would echo the sentiment regarding the  
3 international context notably from the  
4 perspective of illicit drugs, but then any  
5 potential associated money laundering, we're  
6 looking at the figure regarding methamphetamine  
7 -- I think it was on page 9 of the report --  
8 there was note of exportation. That, you know,  
9 again, another -- another component requiring an  
10 international context to the criminal activity  
11 predicate offence or money laundering activity,  
12 proceeds of crime itself.

13 Q Thank you. And has the Provincial Bureau  
14 conducted any analysis that would help us to  
15 understand the connections between groups  
16 involved in drug crime and groups involved in  
17 money laundering, the overlap perhaps between  
18 those groups?

19 MR. WELLWOOD: We have examined overlap between money  
20 laundering and illicit drug market activity. So  
21 in addition to polydrug activity, the money  
22 laundering aspect, as well. I would -- I can  
23 provide some comments with some basic stats. 17  
24 of the groups involved in money laundering are  
25 also known to be involved in the cocaine illicit  
26 drug market. 10 of the organized crime groups  
27 involved in money laundering are known to be  
28 involved in the methamphetamine market. Again,  
29 in various capacities for both cocaine and  
30 methamphetamine. And a total of eight organized  
31 crime groups are known to be involved polydrug in  
32 both the cocaine and methamphetamine markets, as  
33 well as money laundering.

34 MR. McCLEERY: Thank you. Mr. Commissioner, I'm going  
35 to launch into a new topic area. I note that  
36 it's very nearly 1:30.

37 THE COMMISSIONER: All right. Thank you, Mr.  
38 McCleery. I think what we'll do then is adjourn  
39 until tomorrow at 9:30. Thank you.

40 THE REGISTRAR: The hearing is adjourned for the day  
41 and we will commence at 9:30 a.m. on June 10th,  
42 2020. Thank you.

43  
44 (PROCEEDINGS ADJOURNED TO JUNE 10, 2020, AT 9:30  
45 A.M.)  
46  
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