

Commission of Inquiry into Money Laundering in British Columbia
The Honourable Mr. Justice Austin F. Cullen, Commissioner

Opening Statement on Behalf
of James (Jim) Lightbody, President & CEO British Columbia Lottery Corporation

Introduction

1. Mr. Lightbody welcomes and supports this public Commission of Inquiry into Money Laundering in British Columbia (the “Commission”) as a means of investigating and furthering enforcement efforts into anti-money laundering in the Province. Mr. Lightbody looks forward to assisting Commissioner Austin Cullen and Commission counsel throughout the entirety of the process.
2. More broadly, Mr. Lightbody looks forward to the opportunity to work with the Commission to help British Columbians to better understand the role of the British Columbia Lottery Corporation (“BCLC”) and the actions that the organization has taken to improve anti-money laundering controls as part of its ongoing efforts to safeguard British Columbia casinos from illegal activity.
3. Mr. Lightbody has been in a leadership position with BCLC since 2001, when he joined the organization as Vice President for Lottery Gaming. He has been in a leadership position in the casino industry since 2011. From 2011 until January 2014, Mr. Lightbody was BCLC’s Vice President for Casinos and Community Gaming. In February 2014, Mr. Lightbody became President and CEO of BCLC. Mr. Lightbody is presently on medical leave.
4. As the Commission has heard, BCLC is the organization that conducts and manages commercial gaming on behalf of the Province of British Columbia, including casino, lottery, bingo and sports betting, through multiple channels of distribution.
5. As President and CEO of BCLC, Mr. Lightbody has a broad mandate within the organization. Mr. Lightbody has provided leadership and direction in strategy, marketing,

and product development, as well as operational responsibility for the provision of products, services and support for patrons and business partners. Mr. Lightbody has duties and responsibilities in a range of areas, including in the areas of Leadership, Corporate Strategy, Planning and Reporting, Policies and Controls, Risk Management, Human Resources, and External Relationships. Broadly speaking, Mr. Lightbody's responsibilities include:

- a. leading and managing the operations of BCLC on a day-to-day basis in accordance with the parameters established by the Board of Directors of BCLC;
 - b. providing overall leadership and vision in developing the strategy and plans necessary to realize the organization's objectives and manage risks; and
 - c. ensuring strategic and annual plans are effectively implemented, the results are monitored and reported to the Board, and financial and operational objectives are attained.
6. Importantly, Mr. Lightbody as President and CEO of BCLC works with the Board of Directors and Executive to develop and implement the Vision, Mission and Values for the organization.
 7. As President and CEO of BCLC, Mr. Lightbody has been working within the organization and with a range of external organizations, enforcement and regulatory agencies to respond to the extent, growth and evolution of money laundering in the gaming sector and to implement measures to complete BCLC's responsibilities to combat money laundering.
 8. Mr. Lightbody is also Chair of the BC Horse Racing Industry Management Committee, a position that he has held for approximately five years. Mr. Lightbody holds this position as part of his mandate as CEO of BCLC. The Committee was formed to support and direct the horse racing industry. It is a collaboration between owners of Thoroughbreds, owners of Standardbreds, and operators of race tracks (that is, the Great Canadian Gaming Corporation), and includes the Gaming Policy and Enforcement Branch ("GPEB") as a non-voting member. The Committee is responsible for the direction of the industry,

revenue distribution, and marketing and business development investments. Mr. Lightbody is presently on medical leave from this position.

9. As discussed by BCLC, BCLC is mandated by the Province of British Columbia to conduct and manage the commercial gambling business in British Columbia in a socially responsible manner for the benefit of all British Columbians, that is, in a positive economic, social and environmental way.
10. To that end, as President and CEO, Mr. Lightbody's responsibilities include:
 - a. responsibility for fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility; and
 - b. ensuring that all operations and activities of BCLC are conducted in accordance with laws and regulations, and BCLC's policies and practices, including its Board-approved Standards of Ethical Business Conduct.
11. Mr. Lightbody takes pride in BCLC's social responsibility mandate, and has worked diligently to help the organization to fulfill this mandate. BCLC's social responsibility mandate, coupled with Mr. Lightbody's personal commitment to social responsibility, underpins and guides his leadership approach and management of the organization, including in the area of anti-money laundering.
12. Like everyone here today, Mr. Lightbody shares the public concern about money laundering in British Columbia. During Mr. Lightbody's time in various leadership roles at BCLC, BCLC as an organization and Mr. Lightbody personally recognized the threat of money laundering in the gaming sector.
13. As the President and CEO of the organization entrusted to conduct and manage commercial gambling in British Columbia, Mr. Lightbody is committed to protecting the gaming industry and maintaining the trust of the people and communities of British Columbia, through the ongoing commitment to anti-money laundering initiatives. Mr.

Lightbody takes his role within the anti-money laundering system very seriously, and is personally committed to ensuring that BCLC takes appropriate action when potential criminal activity takes place in and around casinos.

14. Consequently, BCLC's and Mr. Lightbody's commitment to managing gaming in a socially responsible manner has meant ensuring that the organization did not ignore the possibility of money laundering in the gaming sector. For BCLC and for Mr. Lightbody, there has never been a question of prioritizing revenue growth for BCLC over combatting money laundering: to do so would have been wholly inconsistent with BCLC's mandate.
15. There have previously been suggestions in the media and allegations by some anonymous sources interviewed by Dr. Peter German in preparation of his 2018 gaming industry report, "*Dirty Money: An Independent Review of Money Laundering in the Lower Mainland Casinos conducted for the Attorney General of British Columbia*," that BCLC's senior management was aware of large amounts of money that were proceeds of crime being transacted in casinos, and that the BCLC senior management turned a blind eye to this, opting to do nothing in response in order to maximize profits. Mr. Lightbody anticipates that the evidence that will be adduced before this Commission will establish that this is an inaccurate narrative during the time that Mr. Lightbody was in a leadership position as President and CEO of BCLC.
16. Contrary to turning a blind eye to the possibility of money laundering, Mr. Lightbody made active efforts to be responsive to money laundering concerns in the gaming sector. These efforts included efforts towards greater coordination with organizations, enforcement and regulatory agencies across the industry and with law enforcement, as well as working within BCLC to address money laundering concerns.
17. BCLC is one of many working to combat money laundering in the gaming sector. These organizations, enforcement and regulatory agencies also include service providers, GPEB, the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"), and law enforcement, each of which play distinct and important roles.

18. BCLC collaborates with this network of organizations, enforcement and regulatory agencies to help protect casinos in British Columbia by detecting, reporting and supporting regulatory or law enforcement investigations against anyone involved in money laundering. BCLC's role includes, among other things, providing information on suspicious activity to authorities and, where necessary, refusing such transactions.
19. Mr. Lightbody, together with BCLC, has worked to draw attention to money laundering issues and to press for more collaboration and coordination across these different organizations, enforcement and regulatory agencies involved in anti-money laundering work in the casino industry in British Columbia. This has included engaging regularly with law enforcement and pressing for more resources and enforcement. These efforts included the following initiatives:
 - a. BCLC led an industry anti-money laundering task force with service providers and GPEB starting in 2011. This was a cross-functional team of security, compliance, regulator, policy and operation representatives.
 - b. BCLC saw the benefit of and initiated an Information Sharing Agreement with the RCMP and other law enforcement agencies starting in 2014. This was the first such initiative in Canada.
 - c. BCLC pressed for greater law enforcement support from the RCMP and government in 2015, which precipitated the formation of the Joint Illegal Gaming Investigation Team ("JIGIT"), that BCLC supported and funded.
20. Under Mr. Lightbody's leadership, BCLC has taken steps in the context of the information available at the time and the existing systems to respond to money laundering concerns within the gaming sector as these emerged and evolved.
21. As President and CEO, BCLC, Mr. Lightbody prioritized anti-money laundering initiatives and made his support for such initiatives clearly known. Within BCLC, Mr. Lightbody saw to it that BCLC committed resources to anti-money laundering initiatives within the

organization, and to continuously improving such initiatives, to position BCLC to respond with a flexible and risk-based approach to money laundering issues.

22. One example of BCLC's anti-money laundering initiatives that occurred during Mr. Lightbody's time as President and CEO of BCLC is the expansion of the organization's anti-money laundering investigation unit (the "AML Unit"), created in late 2013. This AML Unit is staffed by certified AML investigators and certified intelligence analysts. It has authority to act independently, including barring certain patrons, advising casino service providers not to accept cash from certain patrons, and working closely with regulatory and law enforcement agencies, including weekly meetings to discuss high value customers and transactions. During Mr. Lightbody's tenure as President and CEO of BCLC, the AML Unit's size and resources expanded, and the leader of the AML Unit was elevated within the organization from a Manager position to a Director position, to reflect the priority being given to anti-money-laundering initiatives.

23. Under Mr. Lightbody's direction, BCLC has also worked to be responsive to and investigate reports of money laundering occurring within the gaming sector, including reports in the media. For example, in September 2017, BCLC commissioned Ernst and Young LLP Canada ("EY") to perform an analysis of cheque and patterns of play pertaining to a set of defined money-laundering typologies at River Rock Casino Resort during a three-year period from January 1, 2014 to December 31, 2016. BCLC commissioned this independent report following allegations in the media that patrons were coming into the River Rock Casino with "dirty money", buying casino chips, playing notionally, and then cashing chips in and receiving a cheque in return. BCLC wanted to know if there were instances where anti-money laundering controls had been compromised. Based on EY's analysis, BCLC was satisfied that there was no systemic pattern of money-laundering activity related to cheques being issued by River Rock Casino during the three-year period of 2014 to 2016. BCLC released EY's analysis publicly and it is available on BCLC's website. Since the timeframe of EY's analysis, BCLC continued to enhance its anti-money laundering program to safeguard the industry from the ever-evolving risks of criminal activity.


24. In his capacity as President and CEO of BCLC, Mr. Lightbody received and reviewed Dr. German's 2018 gaming industry report with interest. Mr. Lightbody has been instrumental in directing BCLC's response to Dr. German's report. However, Mr. Lightbody has identified a number of inaccuracies in the report and frailties in its underlying methodology, including, notably, as the Commission has heard, obtaining only minimal input from key people at BCLC. Mr. Lightbody welcomes the opportunity to address his concerns with Dr. German's report through the Commission process.
25. Money laundering is a complex and constantly evolving phenomenon. It demands, by its nature, a collaborative and coordinated approach to anti-money laundering initiatives across various organizations and sectors. Mr. Lightbody agrees wholeheartedly with the need for a greater collaborative and coordinated approach between those that work to eliminate money laundering, within the gaming sector and across sectors. This means working towards greater clarity of roles and responsibilities, and a greater focus on enforcement efforts, among other things. It is critical to take a broad, multi-sectoral approach to the issue, rather than approaching it in a siloed fashion.
26. Continually striving to enhance the level and quality of communication, cooperation, and enforcement initiatives by the various entities involved in anti-money laundering is critical to ensuring the overall integrity of casino gaming and to public trust in this area.
27. Mr. Lightbody has been and is committed to being a part of the solution to address concerns about money laundering in British Columbia and to helping BCLC to continue to meet its own responsibilities, to meet its responsibilities to regulators, law enforcement, and the public, and to working collaboratively with and in support of all agencies to combat money laundering.
28. Mr. Lightbody welcomes the work of the Commission as a means for investigating and furthering enforcement efforts into anti-money laundering in British Columbia. Mr. Lightbody looks forward to the opportunity to actively work with the Commission and to

share information about the work that has been and continues to be done in the gaming sector and by BCLC in particular to actively respond to and address money laundering concerns as these arise and evolve. Similarly, Mr. Lightbody looks forward to the opportunity to share information about his role as Chair of the British Columbia Horse Racing Industry Management Committee and that organization's work in supporting anti-money laundering initiatives.

29. Mr. Lightbody encourages the Commission to take a broad, holistic approach to understanding and making findings of fact about money laundering in British Columbia. This holistic approach must also underpin and inform recommendations by the Commission for anti-money laundering initiatives going forward that span all potential industries that may be targeted by criminals. It is critical to support a risk-based, or standards-based, approach that is flexible and able to readily respond to the changing nature of money laundering as it continues to evolve.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated at Vancouver, British Columbia this 24th day of February 2020.


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