

**CULLEN COMMISSION OF INQUIRY INTO
MONEY LAUNDERING IN BRITISH COLUMBIA**

CLOSING SUBMISSIONS

**GREAT CANADIAN GAMING CORPORATION
and its subsidiaries**

**Mark L. Skwarok
Melanie J. Harmer
McMillan LLP, Counsel for Great Canadian Gaming Corporation**

1500 – 1055 West Georgia Street
Vancouver, BC V6E 4N7

Telephone: 604-689-9111
Email: mark.skwarok@mcmillan.ca
melanie.harmer@mcmillan.ca

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I. Introduction

1. Great Canadian Gaming Corporation (“**Great Canadian**”) does not know whether money laundering occurred at any of its casinos, including the River Rock Casino Resort (“**RRCR**”). Nor does it know whether proceeds of crime were brought into any of its casinos. There have been no judicial findings that those offences ever occurred, or even trials relating to them. There is significant evidence that suspicious transactions occurred both inside RRCR and outside, but observations of suspicious circumstances are not proof of money laundering.

2. Great Canadian’s anti-money laundering (“**AML**”) responsibility was to report large and suspicious transactions, not to investigate them. Nor was it Great Canadian’s role to refuse large or suspicious transactions unless directed to do so by either the British Columbia Lottery Corporation (“**BCLC**”) or the Gaming Policy Enforcement Branch (“**GPEB**”). It was the responsibility of BCLC, GPEB, the Financial Transactions and Reports Analysis Centre of Canada (“**FINTRAC**”), the RCMP, police of jurisdiction, and various other integrated police task forces to investigate and take action in response to the reporting done by Great Canadian. Great Canadian relied on these bodies to provide direction and conduct appropriate investigations.

3. Great Canadian generally fulfilled its obligations very well, and any mistakes that may have occurred were the result of human error, rather than the company turning a blind eye to AML policies and procedures. The standard for reporting is not perfection.

4. As Dr. Peter German, Q.C. found, Great Canadian (like all service providers) is subject to a “dizzying array” of regulations and policies.¹ Robert Kroeker testified that, during his time at Great Canadian, he could not recall a month where Great Canadian was not under audit by either FINTRAC, BCLC, private sector audit firms, or GPEB.² These audits generally confirmed that Great Canadian met, or exceeded, its AML

¹ Peter M. German, Q.C., [Dirty Money: An Independent Review of Money Laundering in Lower Mainland Casinos Conducted for the Attorney General of British Columbia](#) (March 31, 2018) at para. 26 [*German Report #1*].

² [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 113 (line 16) – 114 (line 3).

obligations.³ This is not to say that Great Canadian has not made administrative and other errors, but to the extent that these audits have identified mistakes in AML procedures, they have been quickly corrected and have never been significant enough that any outside body has imposed conditions on Great Canadian's operation of casinos or its registration as a gaming service provider.

5. Great Canadian not only complied with the AML directions, policies, and procedures recommended by BCLC and GPEB, but it took the initiative on various occasions to encourage investigations of suspicious transactions. The company had, and continues to have, excellent compliance staff and other professionals who have taken its AML reporting obligations extremely seriously. Great Canadian compliance leaders since 2012 – including Robert Kroeker, Patrick Ennis, and Terrance Doyle – enjoy unblemished and highly esteemed reputations for integrity and diligence in complying with their AML responsibilities.

6. The evidence has shown that the company acted above and beyond its reporting obligations in a number of ways to proactively address potential money laundering issues. It trusted, as it was obliged to, that others would do their parts to combat money laundering and the use of proceeds of crime in casinos.

7. Compliance was, and is, always placed ahead of revenue by Great Canadian. The company denies any suggestions to the contrary.

II. The Regulatory Regime and Great Canadian

8. Great Canadian is a British Columbia corporation with operating subsidiaries in British Columbia, Ontario, Nova Scotia, and New Brunswick. Great Canadian was for many years a publicly traded company, trading on the Toronto Stock Exchange. It very recently finalized a corporate transaction on September 22, 2021 whereby it was acquired by Apollo Global Management, Inc. and became a private company. When not impacted by the COVID-19 pandemic, Great Canadian operates twenty-five gaming, entertainment, and hospitality facilities across those four provinces. The largest casino

³ [Exhibit 490](#), Affidavit #1 of R. Kroeker made Jan. 15, 2021 at para. 33 [*Kroeker Affidavit #1*]; [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 108 (line 2) – 110 (line 22).

operated by Great Canadian in British Columbia is RRRC located in Richmond.⁴

9. Great Canadian has a duty to its shareholders and the British Columbia provincial government (through its operating agreements with BCLC) to maximize revenue, but it must do so, and has done so, only within guidelines and rules set out by BCLC, GPEB, FINTRAC, securities regulators, and others. Compliance was, and is, a top priority for the company, its management, and all of its team members.

A. The Role of BCLC

10. BCLC conducts and manages lottery schemes, including casinos, in British Columbia.⁵ It is the entity that is primarily responsible for establishing and supervising how casinos operate. Service providers are contractors for BCLC and provide premises to serve as casinos, hire employees, and perform other operational duties pursuant to contracts with BCLC (referred to currently as Operational Services Agreements or “OSAs”, and previously referred to as Casino Operational Services Agreements or “COSAs”).⁶ These agreements set out the obligations that service providers must comply with in all areas of their gaming operations. In addition, BCLC implements very detailed standards, policies, and procedures that service providers must follow.⁷ These rules include policies and procedures relating to AML. BCLC is responsible for oversight of service providers to ensure that they comply with all applicable gaming laws and rules, and conducts numerous audits to ensure compliance.⁸

11. At Great Canadian’s RRRC, and at other large casinos, BCLC has investigators stationed on-site. They have unfettered and uncompromised access to Great Canadian surveillance (including a direct video feed of the casino surveillance system in the BCLC

⁴ [Exhibit 560](#), Affidavit #1 of T. Doyle made on Feb. 2, 2021 at paras. 2-5 [*Doyle Affidavit #1*].

⁵ [Gaming Control Act, s. 7](#).

⁶ [Exhibit 76](#), Overview Report: BCLC Standards, Policies, Procedures and Operational Services Agreements, Appendix B; [Exhibit 572](#).

⁷ [Exhibit 76](#), Overview Report: BCLC Standards, Policies, Procedures and Operational Services Agreements, Appendixes A, B, G.

⁸ [Gaming Control Act, s. 7](#); [Exhibit 76](#), Overview Report: BCLC Standards, Policies, Procedures and Operational Services Agreements, Appendix B; [Transcript, J. Karlovcec, Oct. 30, 2020](#) at pp. 84 (line 15) – 85 (line 10); [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 67 (line 14) – 68 (line 2) and p. 69 (lines 1-12).

investigators' office), employees, and information.⁹ Great Canadian recognizes the benefit of their on-site presence and has consistently worked in a cooperative, collaborative fashion with BCLC's investigators. Numerous BCLC investigators and members of BCLC management testified to this very good, strong working relationship. To the extent that there was any initial hesitation when BCLC investigators were first stationed on-site at RRCR, that attitude quickly changed. The evidence presented in this inquiry confirmed that whenever BCLC requested information related to AML, Great Canadian staff and management provided the assistance requested in a prompt and efficient manner.¹⁰

12. Another area of BCLC responsibility is AML training. In addition to Great Canadian's own internal AML training, BCLC trains Great Canadian employees on AML rules and policies.¹¹ BCLC investigators review Great Canadian's iTrak reporting and surveillance videos daily, so they become aware of any problems in reporting almost immediately. This allows them to do additional training to address perceived problems.¹²

B. The Role of GPEB

13. GPEB is the provincial regulator, charged with insuring that gaming in British Columbia is conducted with integrity.¹³ It is responsible for registering service providers and employees. It had, and has, the legal power to investigate any conduct at any casino to determine whether it is contrary to the integrity of gaming.¹⁴

14. During the years that this inquiry focused on, GPEB did little to investigate potential money laundering in casinos. GPEB representatives repeatedly testified that they did not have the resources or authority to investigate money laundering. However,

⁹ [Exhibit 78](#), Affidavit #1 of S. Beeksma made on Oct. 22, 2020 at paras. 38, 43-44, 51 [*Beeksma Affidavit #1*]; [Exhibit 76](#), Overview Report: BCLC Standards, Policies, Procedures and Operational Services Agreements, Appendix A (Article 5-1.1(18)), Appendix I.

¹⁰ [Transcript, G. Friesen, Oct. 28, 2020](#) at p. 43 (lines 5-19); [Transcript, S. Beeksma, Oct. 26, 2020](#) at pp. 124 (line 15) - 125 (line 14) and p. 164 (lines 1-11); [Transcript, D. Tottenham, Nov. 10, 2020](#) at p. 74 (lines 2-18); [Transcript, J. Karlovcec, Oct. 29, 2020](#) at p. 82 (lines 13-21); [Transcript, J. Karlovcec, Oct. 30, 2020](#) at p. 116 (lines 2-20).

¹¹ [Exhibit 530](#), Affidavit #1 of P. Ennis made on Jan. 22, 2021 at paras. 25-26, Ex. A, B [*Ennis Affidavit #1*].

¹² [Transcript, G. Friesen, Oct. 28, 2020](#) at pp. 155 (line 12) – 156 (line 15).

¹³ [Gaming Control Act, s. 23.](#)

¹⁴ [Gaming Control Act, s. 27.](#)

at no stage did GPEB tell Great Canadian about these limits. Larry Vander Graaf, former GPEB Executive Director of Investigations, testified that he believed that GPEB failed in its legal and moral obligations to deter and eliminate money laundering activities in casinos.¹⁵ Great Canadian takes no position on whether that assessment is accurate.

15. GPEB has historically had a minor presence inside casinos and its investigators were usually present only during regular business hours. They were generally not located on-site when large cash buy-ins took place and they were not “on call” for immediate contact by service providers when suspicious cash buy-ins occurred outside of their business hours.¹⁶ However, this has very recently changed. Cary Skrine confirmed that, going forward, GPEB investigators will carry out interviews with casino patrons and provide advice to service providers at the time a reportable incident occurs.¹⁷

16. GPEB had, and has, the power to direct Great Canadian to do whatever it considers necessary to protect the integrity of gaming, and has significant discretion to determine what the phrase “integrity of gaming” encompasses. If a service provider’s conduct, or that of its employees, is contrary to the integrity of gaming, GPEB has the authority to issue penalties forthwith. This could include imposing conditions on, suspending, or cancelling the company’s registration as a gaming service provider. No restrictions or penalties were ever imposed by GPEB on Great Canadian.¹⁸

17. GPEB investigators and management testified that Great Canadian has been invariably cooperative with it in its reviews of incidents at its casino and requests for information, and, as has been the case with BCLC, has had a very good working relationship with Great Canadian. GPEB witnesses testified that they never experienced

¹⁵ [Transcript, L. Vander Graaf, Nov. 12, 2020](#) at p. 221 (lines 2-25).

¹⁶ [Transcript, D. Dickson, Jan. 22, 2021](#) at pp. 103 (line 5) – 104 (line 10).

¹⁷ [Transcript, C. Skrine, Jan. 27, 2021](#) at pp. 15 (line 21) – 18 (line 5) and pp. 23 (line 1) – 25 (line 1).

¹⁸ *Gaming Control Act*, ss. [23](#), [65](#), [68](#) and [69](#); [Transcript, L. Vander Graaf, Nov. 12, 2020](#) at pp. 20 (line 7) – 21 (line 14); [Transcript, L. Vander Graaf, Nov. 13, 2020](#) at pp. 51 (line 22) – 52 (line 20), p. 53 (lines 19-24), and pp. 178 (line 10) – 179 (line 11).

a time when Great Canadian failed to follow any direction that they issued.¹⁹

C. Law Enforcement

18. Criminal investigations of activities in or around RRRCR have been the responsibility of the local Richmond RCMP and the various integrated policing units that consider issues relating to money laundering. Great Canadian has had an excellent working relationship with them.

19. Great Canadian has consistently received positive feedback from the Richmond RCMP regarding their efforts to assist them. On two occasions, the efforts of the RRRCR surveillance team were specifically recognized with awards for exemplary assistance provided to the RCMP.²⁰

20. In April 2014, Inspector Eric Hall sent a congratulatory email to Great Canadian. Inspector Hall described himself as having worked on the Integrated Proceeds of Crime (“IPOC”) team for over a decade and having an in-depth understanding of money laundering. In that email, Inspector Hall confirmed “[w]e do not have a concern about money laundering at the River Rock”. His email goes on to explain:

The solution of a police officer on the floor or surveillance room will not likely stop any sophisticated money laundering operation, anywhere, and I don't believe the casinos in BC can even be a participant in a sophisticated organized money laundering process with the existing reporting regimes to [sic] designed to prevent the activity. I know that "proceeds of crime" could potentially be gambled, however, without a extensive investigation by police, the casinos would never be able to determine the source of all funds spent in their facilities.

21. Inspector Hall's email concludes “[l]et me reiterate, on behalf of Renny and the Richmond detachment, we are very comfortable with the River Rock's ability not to facility [sic] money laundering.”²¹ These affirmations from the RCMP confirmed Great Canadian's assessment that they were doing everything they needed to do regarding

¹⁹ [Transcript, L. Vander Graaf, Nov. 12, 2020](#) at pp. 92 (line 22) – 93 (line 3); [Transcript, R. Barber, Nov. 3, 2020](#) at pp. 82 (line 1) – 83 (line 6).

²⁰ [Exhibit 560](#), Doyle Affidavit #1, Ex. A and B.

²¹ [Exhibit 560](#), Doyle Affidavit #1, Ex. C; [Exhibit 490](#), Kroecker Affidavit #1, Ex. 13.

AML controls.²²

22. The Commission heard evidence from one law enforcement officer that, around the time RRRCR first opened in 2004, Great Canadian expressed some concerns with uniformed officers patrolling inside RRRCR because it was felt that their presence could make patrons uncomfortable or nervous. The concerns were limited to uniformed officers, rather than plainclothes officers.²³ However, this apprehension changed over time, and the company came to the view that a uniformed police presence in the casino was a positive thing to enhance public safety.²⁴

III. The Quality of Great Canadian Compliance Personnel

23. This inquiry heard evidence that the senior managers and other professionals at Great Canadian who have had responsibility for compliance were top tier experts in compliance generally, and AML procedures specifically. Since 2012, Great Canadian's senior compliance management consisted of Mssrs. Kroeker, Ennis, and Doyle, all of whom testified before this inquiry. Their skills and devotion to ensuring compliance was a top priority for Great Canadian were recognized by every witness who testified about them. Witnesses acknowledged their uncompromising integrity, knowledge, experience, and intelligence.

A. Robert Kroeker

24. Great Canadian hired Mr. Kroeker in late-2012 as Vice President, Compliance and Legal. Prior to joining Great Canadian, Mr. Kroeker's experience included work as a member of the RCMP and the Saanich municipal police force, as a lawyer, and as executive director of British Columbia's civil forfeiture office. In 2011, the provincial government had enlisted Mr. Kroeker to do a review of AML practices and procedures.²⁵ His background made him a superb candidate for overseeing compliance at Great

²² [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 114 (line 4) – 117 (line 15).

²³ [Transcript, W. Clapham, Oct. 27, 2020](#) at pp. 137 (line 7) – 139 (line 22); [Transcript, W. Clapham, Oct. 28, 2020](#) at p. 26 (lines 17-24).

²⁴ [Transcript, P. Ennis, Feb. 3, 2021](#) at pp. 121 (line 13) – 124 (line 5).

²⁵ [Exhibit 490](#), Kroeker Affidavit #1 at paras. 3-7.

Canadian.²⁶

25. Mr. Kroeker was widely perceived to be a leading expert in Canada on money laundering.²⁷ Brad Desmarais of BCLC described him as “hypervigilant” about compliance and AML during his time at Great Canadian.²⁸ Mr. Kroeker testified that his marching orders were to establish and maintain the best compliance department that was possible. He was given all the staff he asked for to fulfill his mandate, and testified that management never refused a request for funds or resources to operate the department in as professional manner as possible.²⁹

26. Mr. Kroeker confirmed in his testimony that at no stage did he ever direct any staff members at Great Canadian to “ease up” on reporting conduct by VIPs, or to hide or cover up any breaches they may have made of AML rules. He further testified that at no stage did Great Canadian management or its Board of Directors tell him, directly or indirectly, to turn a blind eye to improper conduct by VIP patrons, or any other patrons. He never put revenue ahead of compliance nor did management encourage him to do so.³⁰

B. Patrick Ennis

27. Mr. Ennis took over from Mr. Kroeker after Mr. Kroeker departed Great Canadian to join BCLC in September 2015.³¹ Every single witness who testified about Mr. Ennis, whether from Great Canadian, BCLC, or GPEB, praised his uncompromising integrity and skills at addressing AML issues.³²

28. Like Mr. Kroeker, Mr. Ennis testified that management never denied him the ability to hire staff members when needed, and he was given a virtual carte blanche to spend whatever funds were necessary to expand on compliance’s capabilities. He

²⁶ [Transcript, T. Doyle, Feb. 9, 2021](#) at pp. 139 (line 23) – 140 (line 5); [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 93 (line 9) – 95 (line 14).

²⁷ [Transcript, K. deBruyckere, Jan. 21, 2021](#) at p. 85 (lines 16-23).

²⁸ [Transcript, B. Desmarais, Feb. 2, 2021](#) at p. 93 (lines 15-19) and pp. 121 (line 9) – 122 (line 10).

²⁹ [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 109 (line 18) – 111 (line 17).

³⁰ [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 109 (line 18) – 111 (line 17).

³¹ [Exhibit 530](#), Ennis Affidavit #1 at para. 9.

³² [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 111 (line 18) – 112 (line 8); [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 70 (line 25) – 71 (line 5); [Transcript, R. Barber, Nov. 3, 2020](#) at pp. 88 (line 25) – 89 (line 25).

never directed any staff member to turn a blind eye to misconduct at Great Canadian casinos, and was never encouraged to do so by his superiors. His evidence was unchallenged that the security and surveillance staff that worked for him were hard working and committed to addressing AML issues. He instructed them that they could and should report anything that compliance rules required them to report, regardless of who was involved, and he believes that his instructions were followed.³³

29. Mr. Ennis was an extremely competent individual supervising a prescriptive compliance regime. As Great Canadian expanded its operations in Ontario, where compliance operates under a more risk-based model, the company determined that a different skill set than the one held by Mr. Ennis was going to be required to operate in that environment. Mr. Ennis was let go without cause from Great Canadian in mid-2019, although he remained highly regarded by Great Canadian and in the gaming industry.³⁴

C. Terrance Doyle

30. Mr. Doyle has been with Great Canadian for over 20 years and worked his way up through nearly every area of the business. He became the number two executive in the company and worked closely with the then-President and CEO, Rod Baker. In 2015, Mr. Doyle was appointed Great Canadian's Chief Operating Officer and in 2019, he was promoted to President, Strategic Growth and Chief Compliance Officer. He became the Interim Chief Executive Officer of Great Canadian in January 2021, following Mr. Baker's resignation on January 24, 2021, and shortly before he testified in this inquiry.³⁵

31. From 2015 onwards, Mr. Doyle had direct responsibilities for overseeing the operations of Great Canadian, including compliance at RRCR. Mr. Doyle took a hands-on, granular, and careful approach in overseeing compliance. Great Canadian's Board of Directors made it clear to Mr. Doyle that his responsibility was to foster a high level of regulatory compliance throughout the company. The message that he consistently received from the Board of Directors was to always run Great Canadian's business in a

³³ [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 6 (line 1) – 8 (line 16); [Transcript, P. Ennis, Feb. 3, 2021](#) at p. 87 (lines 1-9); [Exhibit 530](#), Ennis Affidavit #1 at para. 38.

³⁴ [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 70 (line 20) – 73 (line 18); [Exhibit 530](#), Ennis Affidavit #1 at para. 110.

³⁵ [Exhibit 560](#), Doyle Affidavit #1 at paras. 6-10.

compliant and appropriate manner. The Board of Directors have always directed him to hire the most qualified people and to make effective compliance a top priority for the company.³⁶ As Mr. Doyle testified, if compliance is not conducted rigorously, the company would run afoul of the rules and regulations and be forced to cease operations.³⁷

32. Mr. Doyle enjoys an excellent reputation with senior management of BCLC, including the current Chief Operating Officer of BCLC, Mr. Desmarais, as well as the current General Manager of GPEB, Sam MacLeod. These senior officials testified that Mr. Doyle is very cooperative and collaborative and always supported AML initiatives.³⁸

IV. Great Canadian's AML Obligations Were to Report, Not to Investigate

33. Great Canadian's duties in AML have always been to file reports. Reporting by service providers is the "first line of attack on suspicious activities".³⁹

34. Amongst other things, Great Canadian files large cash transaction reports ("LCTs") and unusual financial transaction reports ("UFTs") with BCLC (which, in turn, files reports with FINTRAC). It also files section 86 reports with GPEB about suspicious transactions (described below). Its obligation is to follow the reporting directives and policies of BCLC and GPEB. In the context of AML procedures, the company was essentially to do what it was told. It is a "policy taker".⁴⁰

35. The evidence has been consistent that Great Canadian's duties were not to investigate potential money laundering activities. Rather, its AML obligations were limited to reporting on large and suspicious transactions so that trained professionals

³⁶ [Exhibit 560](#), Doyle Affidavit #1 at para. 12; [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 101 (line 5) – 107 (line 22) and pp. 116 (line 5) – 117 (line 9).

³⁷ [Transcript, T. Doyle, Feb. 9, 2021](#) at pp. 118 (line 14) – 119 (line 10).

³⁸ [Transcript, B. Desmarais, Feb. 2, 2021](#) at pp. 87 (line 5) – 88 (line 16) and pp. 92 (line 3) – 93 (line 10); [Transcript, S. MacLeod, April 19, 2021](#) at pp. 97 (line 3) – 98 (line 19).

³⁹ [Transcript, D. Tottenham, Nov. 10, 2020](#) at p. 71 (lines 19-21).

⁴⁰ [Transcript, R. Kroeker, Jan. 25, 2021](#) at pp. 108 (line 18) – 109 (line 4); [Transcript, R. Kroeker, Jan. 26, 2021](#) at p. 118 (lines 13-16).

(including BCLC, GPEB, FINTRAC, and the RCMP) could investigate them.⁴¹

36. The reporting obligations are substantial. Great Canadian files LCT reports whenever a patron brings in 10 000 dollars or more in cash to buy chips at the cash cage over a 24-hour period.⁴² These documents provide an audit trail for subsequent review by BCLC, GPEB, FINTRAC, or law enforcement. These reports contain the information necessary to identify the patron, as well as the sums of money brought into the casino.

37. Starting in 2014, service providers were also required by BCLC rules to obtain and report source of funds information from certain patrons. The number of patrons subject to source of funds requirements grew until, in early 2018, following the recommendations of Dr. German, all patrons bringing in 10 000 dollars or more in cash were obliged to provide a receipt showing that the funds used for their buy-ins were withdrawn from recognized financial institutions within the previous 24-hours. Rules are also in place for bank drafts or certified cheques that may be used by patrons to buy chips. These instruments must be from recognized financial institutions, which can be expected to conduct their own source of funds due diligence.⁴³

38. Great Canadian also files UFT reports with BCLC based on criteria for identifying suspicious transactions that have been specified by BCLC and FINTRAC.⁴⁴ In completing these UFT reports, Great Canadian relies on, amongst other things, its sophisticated camera system to facilitate a comprehensive review of financial transactions in and around its casinos. The videos of suspicious cash transactions displayed at this inquiry, and in media reports over the years, originated with Great Canadian and were contemporaneously provided to BCLC, GPEB, and law enforcement.

⁴¹ For example, [Transcript, S. Beeksmas, Oct. 26, 2020](#) at pp. 113 (line 20) – 114 (line 4); [Transcript, R. Barber, Nov. 3, 2020](#) at p. 80 (lines 15-23); [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 69 (line 13) – 70 (line 3); [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 14 (line 19) – 15 (line 8).

⁴² [Exhibit 560](#), Doyle Affidavit #1 at para. 19.

⁴³ [Exhibit 148](#), Affidavit #1 of D. Tottenham made on Oct. 30, 2020, Ex. 90 [*Tottenham Affidavit #1*]; [Exhibit 76](#), Overview Report: BCLC Standards, Policies, Procedures and Operational Services Agreements, Appendix A (Article 6-1.21).

⁴⁴ [Exhibit 560](#), Doyle Affidavit #1 at para. 20.

39. When a customer arrives at the casino cage cash with a large amount of cash, casino surveillance is contacted and monitors the buy-in to ensure it is processed correctly. Beginning in 2016, BCLC directed service providers to begin reviewing video surveillance *prior to* accepting suspicious cash buy-ins in small denominations.⁴⁵ This review is initiated by surveillance to determine where the patron came from and where the cash originated from. If the cash came from a parking lot, hotel room, a shopping bag passed to a patron, or appeared after the patron visited a washroom, that information suggests a suspicious transaction and is documented by Great Canadian surveillance in a report in BCLC's iTrak system.⁴⁶ The video surveillance of unusual transactions is saved to the iTrak file and maintained for seven years. In addition, surveillance employees include in the iTrak system their observations of such things as the timing of vehicles being driven into the parkade, the timing of buy-ins conducted at the cage, denominations used for buy-ins, when patrons placed bets, the timing of cash-outs, and any suspicious intermingling of patrons.⁴⁷ Great Canadian's reporting of unusual transactions is then reviewed by BCLC, and Great Canadian surveillance employees routinely assist with further follow up at the request of BCLC.⁴⁸

40. The UFT reports prepared by Great Canadian surveillance personnel and filed in iTrak are reviewed by BCLC. BCLC then makes a determination as to whether they will be filed with FINTRAC as suspicious transaction reports ("**STRs**"). The rationale behind this two-stage procedure is that BCLC has access to more intelligence about patrons than any single service provider has. It obtains this information from other service providers and law enforcement, and thus can make a better determination of whether an STR should be filed with FINTRAC.⁴⁹

41. In addition to Great Canadian's reporting to BCLC, the company is also required

⁴⁵ [Exhibit 148](#), Tottenham Affidavit #1 at paras. 40-41.

⁴⁶ [Exhibit 530](#), Ennis Affidavit #1 at paras. 32-33.

⁴⁷ [Transcript, J. Karlovcec, Oct. 30, 2020](#) at pp. 120 (line 19) – 121 (line 25); Examples of iTrak reports completed by Great Canadian employees are found in [Exhibit 79](#), Affidavit #2 of S. Beeksma made on Oct. 22, 2020, Ex. 1-85.

⁴⁸ [Transcript, P. Ennis, Feb. 3, 2021](#) at pp. 77 (line 11) – 78 (line 25).

⁴⁹ [Exhibit 560](#), Doyle Affidavit #1 at paras. 20-21; [Transcript, D. Tottenham, Nov. 10, 2020](#) at p. 71 (lines 4-21).

to “immediately” file section 86 reports with GPEB about unusual transactions.⁵⁰ These reports are initially less detailed than the UFT reports submitted to BCLC because of their immediacy. However, based on the initial section 86 report, GPEB’s investigators are able to request a more detailed report from Great Canadian that contains all of the information, documents, and surveillance footage that Great Canadian subsequently assembled.⁵¹

V. The Quality of Reporting Done by Great Canadian

42. All witnesses from BCLC and GPEB, as well as Dr. German, testified that Great Canadian generally did a very good job at preparing and filing reports.⁵² This was borne out in the various FINTRAC and other audits conducted by BCLC and GPEB.⁵³

43. There were isolated instances where reports were not properly completed. This is not surprising given the extraordinarily large numbers of reports filed by Great Canadian.⁵⁴ The affidavit filed by Mr. Doyle shows that, between 2010 and 2019, Great Canadian filed more than 284 000 LCT reports, 12 000 UFT reports and 53 000 section 86 reports across all of its British Columbia casinos. At RRRC alone, Great Canadian filed over 183 000 LCT reports, 10 000 UFT reports, and 30 000 section 86 reports.⁵⁵ The vast majority of reports were properly filed and were of good quality.⁵⁶ It would be unreasonable to expect that there would be no reporting errors whatsoever. The standard cannot be, and is not, perfection under any gaming regulations or rules.

44. Importantly, there was no testimony or documentary evidence tendered at this inquiry that showed Great Canadian intentionally or willfully breaching any of its AML

⁵⁰ [Gaming Control Act, S.B.C. 2002, c. 14, s. 86](#) [*Gaming Control Act*]; [Exhibit 144](#), Affidavit #3 of K. Ackles made Oct. 28, 2020, Ex. A; [Exhibit 560](#), Doyle Affidavit #1 at para. 22.

⁵¹ [Transcript, K. Ackles, Nov. 2, 2020](#) at pp. 12 (line 15) – 13 (line 24) and pp. 109 (line 22) – 112 (line 25) and pp. 114 (line 24) – 116 (line 4); [Transcript, R. Barber, Nov. 3, 2020](#) at pp. 80 (line 24) – 82 (line 6).

⁵² [Transcript, P. German, April 12, 2021](#) at pp. 144 (line 11) – 145 (line 10). See further references at footnote 56 below.

⁵³ [Exhibit 490](#), Kroeker Affidavit #1 at paras. 33, 44, 88, 189-190, 246-249.

⁵⁴ [Exhibit 560](#), Doyle Affidavit #1 at paras. 23-24.

⁵⁵ [Exhibit 560](#), Doyle Affidavit #1 at paras. 23-24.

⁵⁶ [Transcript, S. Beeksma, Oct. 26, 2020](#) at pp. 118 (line 17) – 121 (line 13); [Transcript, S. Lee, Oct. 27, 2020](#) at pp. 70 (line 20) – 72 (line 18); [Transcript, J. Karlovcec, Oct. 30, 2020](#) at pp. 118 (line 11) – 119 (line 8); [Transcript, K. Ackles, Nov. 2, 2020](#) at pp. 115 (line 17) – 117 (line 12); [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 70 (line 22) – 71 (line 3) and p. 72 (lines 1-11); [Transcript, P. Ennis, Feb. 4, 2021](#) at p. 14 (lines 2-18); [Exhibit 490](#), Kroeker Affidavit #1 at para. 33.

reporting obligations. At most, there was the occasional unintentional human errors or administrative oversights, and these problems were immediately corrected.⁵⁷ With the exceptions of the 50 000 dollar threshold and large denomination bills issues, there was no evidence of continuing or systemic failures by Great Canadian to comply with reporting obligations. The suggestion that Great Canadian ever broke AML reporting rules to please or cater to VIP patrons in particular, or to increase revenue, has simply not been substantiated.

45. It must be emphasized that even if there were AML reporting errors made by Great Canadian employees, this cannot lead to a finding that Great Canadian was aware of, or knowingly involved with, money laundering or accepting proceeds of crime. Mistakes regarding AML reporting cannot be equated with allowing or abetting money laundering. Failure to fully report a suspicious transaction as a UFT is a breach of AML rules. It is not proof of money laundering.

VI. Great Canadian's Response to The Rise in Large Cash Transactions

46. Much of the evidence at this inquiry related to whether or not money laundering occurred at RRRCR and, if it did, when various gaming participants should have been alerted to that fact. It has also been a theme of Commission counsels' questioning to probe whether sufficient AML procedures were adopted by all participants in the gaming sector.

47. BCLC and GPEB witnesses were unequivocal that it was not Great Canadian's obligation or responsibility to ascertain whether or not its casinos were vehicles to launder money, or whether cash buy-ins were made with proceeds of crime.⁵⁸ The company has neither the expertise nor the resources to investigate potential money laundering transactions. Nor did service providers have sufficient information to determine whether the source of cash was illicit.⁵⁹ It was the job of some or all of the

⁵⁷ [Transcript, P. Ennis, Feb. 4, 2021](#) at p. 21 (lines 18-25); [Transcript, L. Vander Graaf, Nov. 12, 2020](#) at pp. 17 (line 7) – 18 (line 25); [Transcript, L. Vander Graaf, Nov. 13, 2020](#) at p. 64 (lines 1-5) and p. 70 (lines 1-15).

⁵⁸ For example, [Transcript, S. Beeksmma, Oct. 26, 2020](#) at pp. 113 (line 20) – 114 (line 4); [Transcript, R. Barber, Nov. 3, 2020](#) at p. 80 (lines 15-23); [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 69 (line 13) – 70 (line 3); [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 14 (line 19) – 15 (line 8).

⁵⁹ [Transcript, G. Friesen, Oct. 28, 2020](#) at p. 158 (lines 16-23).

police, GPEB and BCLC to investigate potential money laundering and whether proceeds of crime were entering casinos.

48. Despite this, large cash transactions were almost invariably looked at with scrutiny by Great Canadian's surveillance and compliance staff and were reported to both BCLC and GPEB. While the company's obligation was only to report, it was not blind to the fact that cash could come from illicit sources. Great Canadian did question the origins of cash buy-ins with both BCLC and law enforcement. Great Canadian believed that the large cash transactions were suspicious, and reported them as such, but no one told them not to accept the cash.⁶⁰

49. It also took the initiative to thwart potential money laundering activities, even though it was not Great Canadian's duty to do so. For example, Mr. Doyle and Mr. Ennis issued a directive in May 2016 to ban buy-ins at RRRCR by patrons where there was suspicion that the cash was delivered by Paul Jin or his associates. This Great Canadian directive was not required by BCLC or GPEB, and was issued prior to the laying of any charges, much less any convictions, for money laundering or proceeds of crime offences associated with legal casinos in British Columbia.⁶¹

A. The Historical Presence of Cash Facilitators

50. Great Canadian accepts the evidence that there were cash facilitators (colloquially referred to by many witnesses as "loan sharks") present in or around the historical Richmond Casino, and in the early days of RRRCR. However, the fact that Great Canadian may have been aware that patrons were using cash facilitators in no way establishes that Great Canadian was aware of money laundering or even that proceeds of crime may be entering casinos. As submitted in more detail below, all participants in the gaming sector believed there were potentially legitimate sources of

⁶⁰ [Exhibit 490](#), Kroeker Affidavit #1 at paras. 47-49, 53-54, 59-68; [Exhibit 530](#), Ennis Affidavit #1 at paras. 34-37.

⁶¹ [Exhibit 530](#), Ennis Affidavit #1 at paras. 61-66, Ex. R; [Transcript, P. Ennis, Feb. 3, 2021](#) at p. 147 (line 12) – 149 (line 4); [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 18 (line 2) – 19 (line 25); [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 14 (line 18) – 16 (line 12); [Clayton Pecknold and Wayne Rideout, Transcript, April 6, 2021](#) at pp. 87 (line 24) – 90 (line 3); [Joel Hussey and Stephen Cocks, Transcript, April 7, 2021](#) at pp. 38 (line 14) – 39 (line 16).

the cash brought into casinos.

51. Muriel Labine, a pre-2000 employee of Great Canadian at the old Richmond Casino, testified that beginning in 1997, she regularly saw persons she believed were loan sharks or gang members in the casino, despite there being no evidence of criminal rates of interest being charged. Ms. Labine had no knowledge of any alleged loan sharking activities after she left in 2000.⁶²

52. Stone Lee, who began working at the old Richmond casino as a dealer in 1997, testified that he recalled one incident where a manager at RRCR was upset about the eviction of a suspected loan shark. However, he believed that RRCR generally evicted such persons, even in the early days of RRCR's operations.⁶³ Mr. Ennis, whose work with Great Canadian security began in 1990, was definitive that there has never been a tolerance for loan sharks. They were consistently viewed as being bad for business and were evicted.⁶⁴ Starting in around 2007, BCLC commenced a blitz against suspected loan sharks and banned a number of them. This may have caused cash facilitators to operate off-site.⁶⁵

B. There Was an Evolution in Thinking About Large Cash Transactions

53. At first blush, a casino patron buying in with a very large quantity of cash appears suspicious. However, those in the casino industry knew that it was inevitable that patrons would attend the casino with large amounts of money when they were permitted to bet up to 100 000 dollars on a single hand.

54. The growth in large cash buy-ins was not initially viewed as concerning. Gambling in British Columbia has historically been only cash-based, so patrons bringing in large sums of cash were not, in and of themselves, suspicious.⁶⁶ From 2010

⁶² [Exhibit 147](#), Affidavit #1 of M. Labine made Oct. 23, 2020 at paras. 2, 6-7; [Transcript, M. Labine, Nov. 3, 2020](#) at p. 190 (lines 2-19).

⁶³ [Transcript, S. Lee, Oct. 27, 2020](#) at p. 14 (lines 1-10) and pp. 15 (line 1) – 16 (line 20).

⁶⁴ [Transcript, P. Ennis, Feb. 3, 2021](#) at pp. 69 (line 12) – 70 (line 6); [Exhibit 530](#), Ennis Affidavit #1 at paras. 11-14.

⁶⁵ [Transcript, L. Vander Graaf, Nov. 12, 2020](#) at p. 48 (lines 5-19); [Transcript, L. Vander Graaf, Nov. 13, 2020](#) at pp. 155 (line 5) – 156 (line 10); [Transcript, T. Towns, Jan. 29, 2021](#) at pp. 141 (line 13) – 143 (line 8).

⁶⁶ [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 175 (line 22) – 176 (line 4).

onwards, large cash transactions did increase in size and frequency, particularly at RRCR. However, it was not just large cash transactions that were increasing at RRCR – all levels of play were growing. RRCR has a very strong foundation of mid-level play that drove the business and caused it to expand. RRCR saw significant increases in gambling on the main gaming floor at the same time that the very large cash transactions for high limit table games were also increasing. During this time, even slot revenue (which does not rely on large cash buy-ins) was increasing exponentially.⁶⁷

55. One incident raised repeatedly during this inquiry was a 460 000 dollar buy-in in 2010 that Great Canadian failed to report as a suspicious transaction. The explanation given by RRCR employees at the time was that the incident was not suspicious because the VIP patron often played at a high level and there was no evidence of cash delivery or facilitation. This incident was described in Steve Beeksma's testimony as the beginning of significant amounts of cash entering RRCR.⁶⁸ Subsequent suspicious transactions were generally all reported.

56. Despite the concern expressed by BCLC regarding the above transaction, BCLC did not take any enforcement action against patrons bringing in large volumes of cash in this timeframe. BCLC may have had suspicions, but investigations conducted by BCLC revealed that the majority of such patrons were very wealthy business people. BCLC had reviewed the patrons' source of wealth, determined that the patrons were not the subjects of adverse media, and that they did not have criminal records. While the source of the cash was a concern, BCLC did not at that time have any evidence to prove or even allege wrongdoing.⁶⁹ BCLC did not generally direct Great Canadian to refuse cash transactions, or direct it to do anything more than it was already doing with respect to AML.⁷⁰

57. In the years following 2010, both Great Canadian and BCLC did repeatedly raise

⁶⁷ [Transcript, P. Ennis, Feb. 3, 2021](#) at pp. 118 (line 24) – 119 (line 21).

⁶⁸ [Transcript, S. Beeksma, Oct. 26, 2020](#) at pp. 138 (line 24) – 139 (line 9) and pp. 41 (line 13) – 43 (line 25); [Transcript, M. Hiller, Nov. 9, 2020](#) at p. 12 (lines 3-5).

⁶⁹ [Transcript, D. Tottenham, Nov. 4, 2020](#) at pp. 63 (line 3) – 64 (line 4); [Transcript, M. Hiller, Nov. 9, 2020](#) at pp. 106 (line 17) – 107 (line 2); [Transcript, T. Towns, Jan. 29, 2021](#) at pp. 167 (line 12) – 168 (line 19).

⁷⁰ [Exhibit 490](#), Kroeker Affidavit #1 at para. 50.

concerns about the potential illegitimacy of some of the large cash buy-ins. Initially, the primary suspicion about illegitimacy was not that any of the funds were proceeds of crime or that they were being laundered. Rather, it was that some of these funds may have been provided by cash facilitators or loan sharks to patrons.⁷¹ All of the circumstances of these buy-ins were duly reported by Great Canadian. However, at no stage prior to late-2015 or 2016 did Great Canadian receive cogent, credible evidence that some of the buy-ins may be related to proceeds of crime.⁷²

58. Between 2010 and 2015, while participants in the gaming industry were alive to the possibility that some of the funds might have been illicit, it was generally believed that the more likely explanation was that they came from completely legal activities. Witnesses testified that they understood that some members of the Asian community of gamblers had a cultural preference for cash and maintained substantial sums of cash in their homes.⁷³ Theories were also advanced about cash being imported into the country through Vancouver's ports and airports.⁷⁴ Mr. Ennis testified that during this time period he was told by BCLC that cash could be coming from underground banking systems, hawalas, or coming in through borders – he heard a number of explanations.⁷⁵ Many witnesses suggested that they believed a likely source of cash was legal money service businesses or cash intensive businesses, and that they did not assume that the funds were the proceeds of crime.⁷⁶

59. Mr. Kroeker testified that during his employment with Great Canadian he thought that some large cash transactions were suspicious and some were not. He did not think that large cash transactions were clearly the proceeds of crime, though he had concerns that some might have been. He recognized that there were also legitimate

⁷¹ [Exhibit 530](#), Ennis Affidavit #1 at para. 56; [Transcript, D. Tottenham, Nov. 4, 2020](#) at pp. 9 (line 1) – 10 (line 20); [Transcript, G. Friesen, Oct. 28, 2020](#) at p. 39 (lines 15-16).

⁷² [Transcript, T. Doyle, Feb. 9, 2021](#) at pp. 99 (line 15) – 101 (line 19) and pp. 154 (line 22) – 157 (line 9); [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 81 (line 13) – 82 (line 21);

⁷³ [Transcript, M. Hiller, Nov. 9, 2020](#) at p. 28 (lines 14-25) and pp. 121 (line 11) – 123 (line 12); [Transcript, S. Beeksmas, Oct. 26, 2020](#) at pp. 45 (lines 4-10); [Transcript, B. Desmarais, Feb. 2, 2021](#) at pp. 30 (line 17) – 31 (line 1).

⁷⁴ [Exhibit 522](#), Affidavit #1 of B. Desmarais made Jan. 28, 2021 at paras. 30-34 [*Desmarais Affidavit #1*].

⁷⁵ [Transcript, P. Ennis, Feb. 3, 2021](#) at p. 91 (lines 1-12).

⁷⁶ [Transcript, S. Beeksmas, Oct. 26, 2020](#) at pp. 159 (line 19) – 160 (line 17); [Transcript, G. Friesen, Oct. 28, 2020](#) at pp. 92 (line 24) – 93 (line 2); [Transcript, T. Towns, Jan. 29, 2021](#) at pp. 147 (line 2) – 148 (line 5); [Transcript, B. Desmarais, Feb. 2, 2021](#) at pp. 89 (line 16) – 90 (line 14).

sources around large amounts of cash such as “Global Cash” machines, located on RRCCR premises, but not inside the casino. These machines are similar to ATMs and dispensed only 20 dollar bills at the time. There was no cash limit on Global Cash cards so a high wealth patron could take out 50 000 dollars or more in cash and use it to buy-in at the casinos. Mr. Kroeker also pointed out that patrons could be paid out their winnings in cash, and they would also receive cash for the original buy-ins when they cashed out. This meant patrons would leave the casino with a large amount of cash and buy-in with the same large amount of cash a few days later.⁷⁷

60. As late as the June 4, 2015 summit meeting between service providers, BCLC, GPEB, and law enforcement, no one really knew where the money was coming from.⁷⁸ While GPEB investigators did have a theory from early days that the source of cash coming into casinos was proceeds of crime, key witnesses from GPEB conceded that they themselves did not have sufficient information to prove even on a balance of probabilities that proceeds of crime were entering British Columbia casinos.⁷⁹

61. Mr. Kroeker told this inquiry that approximately seven to eight billion dollars flow in and out of British Columbia casinos each year, all in cash. This alone made it very difficult for anyone to try to identify what was legitimate cash.⁸⁰ As described by BCLC’s John Karlovcec, “all we had was cash. We had no idea the source of the cash or where it was coming from”. There was no basis to start accusing patrons without any level of proof or evidence provided by a policing authority.⁸¹

62. The crystallizing event that changed BCLC’s views of the origins of some of the cash occurred in July 2015, when Superintendent Calvin Chrustie advised BCLC about the RCMP’s criminal investigation of Mr. Jin and his associates. This constituted the first concrete link between Mr. Jin and organized crime. It was also the first solid evidence that proceeds of crime may have been entering British Columbia casinos. However,

⁷⁷ [Transcript, R. Kroeker, Jan. 25, 2021](#) at pp. 186 (line 13) – 189 (line 4).

⁷⁸ [Transcript, B. Desmarais, Feb. 2, 2021](#) at pp. 9 (line 14) – 10 (line 6); [Transcript, D. Tottenham, Nov. 10, 2020](#) at p. 82 (lines 2-21); [Exhibit 148](#), Tottenham Affidavit #1, Ex. 43 p. 407.

⁷⁹ [Transcript, L. Vander Graaf, Nov. 13, 2020](#) at pp. 32 (line 12) – 33 (line 11); [Transcript, J. Schalk, Jan. 22, 2021](#) at p. 164 (lines 2-24); [Transcript, J. Mazure, Feb. 5, 2021](#) at pp. 23 (line 13) – 26 (line 2).

⁸⁰ [Transcript, R. Kroeker, Jan. 25, 2021](#) at p. 189 (lines 5-9).

⁸¹ [Transcript, J. Karlovcec, Oct. 29, 2020](#) at pp. 108 (lines 13) – 109 (line 8).

Great Canadian was not made aware of these facts for at least several more months. The evidence of Mr. Kroeker, then head of compliance at Great Canadian, is that he only became aware of the police investigation on September 8, 2015, which was after he departed Great Canadian and on his first day as an employee of BCLC.⁸²

C. Actions Taken by Great Canadian Before the Summer of 2015

63. One of the avenues pursued by Great Canadian, in conjunction with BCLC and GPEB, to respond to the increase in large cash transactions was the introduction of cash alternatives. The first initiative, patron gaming fund (“PGF”) accounts, was first introduced at the end of 2009 as a pilot project in a handful of casinos (which included RRRCR). Many witnesses testified about the initial low uptake caused by the strict rules and paperwork required for opening PGF accounts. Further, there was the challenge of changing patron habits in a business that has always been cash-based.⁸³ BCLC’s Bud Smith described this challenge as “herculean”.⁸⁴ However, marketing efforts and improvements to the accounts in 2012 led to greater use of them. For the first time, service providers could encourage patrons to do something other than bring very large amounts of cash into the casino. However, some patrons remained resistant to the PGF concept.⁸⁵

64. While Great Canadian’s AML obligations extended only to reporting, the company also worked hard at engaging law enforcement to investigate what it was reporting. These efforts occurred well before BCLC’s “crystallizing event” described above.

65. Great Canadian had identified Mr. Jin as early as 2012 as a potential cash

⁸² [Exhibit 148](#), Tottenham Affidavit #1, Ex. 43 p. 405; [Transcript, D. Tottenham, Nov. 4, 2020](#) at p. 175 (lines 5-22); [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 81 (line 13) – 82 (line 1) and p. 143 (lines 4-22); [Transcript, B. Desmarais, Feb. 1, 2021](#) at pp. 120 (line 16) – 123 (line 4); [Transcript, R. Kroeker, Jan. 25, 2021](#) at p. 111 (lines 17-25) and pp. 119 (line 6) – 120 (line 10).

⁸³ [Transcript, G. Friesen, Oct. 28, 2020](#) at p. 110 (lines 6-17); [Transcript, J. Karlovcec, Oct. 29, 2020](#) at p. 114 (lines 4-15); [Transcript, D. Tottenham, Nov. 4, 2020](#) at pp. 14 (line 13) – 15 (line 7); [Transcript, R. Duff, Jan. 25, 2021](#) at pp. 28 (line 9) – 29 (line 22); [Transcript, T. Towns, Jan. 29, 2021](#) at pp. 154 (line 3) – 157 (line 7).

⁸⁴ [Transcript, B. Smith, Feb. 4, 2021](#) at pp. 146 (line 10) – 148 (line 17).

⁸⁵ [Transcript, T. Towns, Jan. 29, 2021](#) at pp. 154 (line 3) – 157 (line 7); [Exhibit 490](#), Kroeker Affidavit #1 at paras. 30, 93, 138.

facilitator or loan shark and played a pivotal role in gathering evidence of his activities.⁸⁶ During his time with Great Canadian, Mr. Kroeker was instrumental in working with BCLC to try to bring the issue of large cash transactions and potential loan sharking to the attention of the police. Great Canadian invited the Combined Forces Special Enforcement Unit (“**CFSEU**”) in June 2014 to attend a site orientation at RRCR as support for BCLC’s efforts to engage police in an investigation of Mr. Jin’s activities. In this meeting, Mr. Kroeker laid out what he perceived was a significant risk around proceeds of crime coming into casinos.⁸⁷ Later in 2014, senior Great Canadian employees met with BCLC and had a lengthy discussion about perceived problems with Mr. Jin’s activities and cash deliveries. At this meeting, Great Canadian expressed its concern over a lack of police involvement.⁸⁸

66. In the absence of any apparent police activity, Mr. Kroeker and Mr. Ennis initiated other meetings with the Richmond RCMP detachment, beginning in January 2015. In these meetings, they again expressed Great Canadian’s concerns that the police were not investigating issues surrounding large cash buy-ins at RRCR.⁸⁹

67. GPEB witnesses testified that in July 2015 they created a spreadsheet documenting large cash buy-ins and that that spurred GPEB to take action. However, both Great Canadian and BCLC had been trying to draw attention and take action in regards to large cash buy-ins at RRCR long before the creation of the spreadsheet.⁹⁰

D. Further Actions Taken by Great Canadian After the Summer of 2015

68. Great Canadian was not immediately made aware of the investigative information received by BCLC and GPEB from Inspector Chrustie in the summer of 2015. Even so, the company was aware that patrons were continuing to receive large quantities of cash

⁸⁶ [Exhibit 530](#), Ennis Affidavit #1 at paras. 55-60, Ex. N, O, P, Q; [Transcript, P. Ennis, Feb. 4, 2021](#) at p. 17 (lines 10-25); [Transcript, S. Beeksma, Oct. 26, 2020](#) at p. 166 (lines 10-21); [Transcript, K. Ackles, Nov. 2, 2020](#) at p. 117 (lines 3-12).

⁸⁷ [Transcript, R. Kroeker, Jan. 25, 2021](#) at pp. 101 (line 2) – 102 (line 14); [Transcript, J. Karlovcec, Oct. 30, 2020](#) at pp. 19 (line 4) – 20 (line 11) and p. 152 (lines 3-8); [Transcript, D. Tottenham, Nov. 4, 2020](#) at pp. 73 (lines 5-14).

⁸⁸ [Exhibit 148](#), Tottenham Affidavit #1, Ex. 43 p. 404; [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 80 (line 11) – 81 (line 7).

⁸⁹ [Transcript, R. Kroeker, Jan. 25, 2021](#) at pp. 106 (line 7) – 108 (line 13).

⁹⁰ [Transcript, K. Ackles, Nov. 2, 2020](#) at pp. 153 (line 15) – 154 (line 15).

from cash facilitators associated with Mr. Jin.

69. From Great Canadian's perspective, it did not appear that cash facilitators were being adequately dealt with by law enforcement. As a result, in May 2016, Mr. Ennis issued a directive that no buy-ins would be permitted if a patron was seen to receive funds from Mr. Jin or any of his associates. Mr. Doyle, who was then the Chief Operating Officer, supported Mr. Ennis's direction notwithstanding the potential to impact revenue. This internal Great Canadian prescription was made before GPEB or BCLC made any similar order. Mr. Ennis felt it was incumbent upon Great Canadian to take action because nobody else was. By this time, Great Canadian had been told that Mr. Jin was associated with possible criminal activity and the cash drop-offs could possibly be proceeds of crime. Great Canadian kept reporting, and although there had been some progress with the police investigations, it still seemed to the company that not enough was being done.⁹¹ It took until October 2016 for BCLC to introduce a similar rule for other casinos in British Columbia.⁹²

70. Great Canadian's efforts to encourage police investigations of cash facilitators, and to prevent them from lending significant sums of money to wealthy VIP patrons, had the potential to negatively impact revenue. The company still put compliance and corporate responsibility ahead of profit.

E. Great Canadian Faced Unique Challenges in Responding to the Rise in Large Cash Transactions

71. Many witnesses from BCLC, GPEB, and law enforcement testified that Great Canadian was not privy to investigative information gathered in regards to the origins of large cash transactions. It was simply not appropriate for a service provider to receive information regarding investigative steps or information shared by law enforcement.⁹³

⁹¹ [Transcript, P. Ennis, Feb. 3, 2021](#) at pp. 147 (line 12) – 149 (line 4); [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 18 (line 1) – 19 (line 3); [Exhibit 530](#), Ennis Affidavit #1 at paras. 61-66, Ex. R; [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 14 (line 18) – 16 (line 12).

⁹² [Transcript, P. Ennis, Feb. 4, 2021](#) at p. 19 (lines 8-25); [Exhibit 78](#), Beeksma Affidavit #1, Ex. M.

⁹³ [Transcript, M. Hiller, Nov. 9, 2020](#) at pp. 107 (line 16) – 108 (line 10); [Transcript, L. Vander Graaf, Nov. 13, 2020](#) at pp. 60 (line 1) – 62 (line 10) and pp. 79 (line 22) – 80 (line 25); [Transcript, G. Friesen, Oct. 28, 2020](#) at pp. 51 (line 6) – 54 (line 12); [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 11 (line 13) – 12 (line 15); [Transcript, B. Baxter, April 8, 2021](#) at p. 139 (lines 10-17).

Great Canadian knew that the authority to deal with issues relating to money laundering was with BCLC, GPEB, and the police and looked to those organizations for direction.⁹⁴

72. It was reasonable for Great Canadian to await advice from BCLC, GPEB, and law enforcement regarding what should be done about large cash buy-ins. As Mr. Vander Graaf explained, service providers thought they were on “solid ground” as they had two agencies – one to conduct and manage and one to provide regulatory oversight – not saying a whole lot to them, so they kept doing what they were doing.⁹⁵

F. Great Canadian Could Not Impose Cash Limits

73. A great deal of evidence has been tendered in this inquiry about the increase in the size of cash buy-ins and the volume of 20 dollar bills at RRRCR. The underlying theme behind much of Commission counsel’s questioning was “why was the cash accepted?”

74. For Great Canadian, the response comes from how gaming is structured in British Columbia. Great Canadian has no power to institute policies that limit the size of cash buy-ins or the number of 20 dollar bills coming into the casino. The relationship between Great Canadian and BCLC is contractual, and the contractual arrangements do not authorize service providers to create general policies or restrictions on accepting cash. As Mr. Kroeker testified, such policies could only be implemented by BCLC or GPEB.⁹⁶ His evidence on this point was unchallenged.

75. As part of its responsibility to conduct and manage gaming in British Columbia and pursuant to its contractual arrangements with service providers, BCLC could have directed service providers to refuse suspicious transactions. It also has the authority to impose limits on the size of cash buy-ins, or the number of 20 dollar bills used for cash buy-ins.⁹⁷ The evidence is BCLC decided not to impose these limits. This is not a

⁹⁴ [Transcript, L. Vander Graaf, Nov. 13, 2020](#) at p. 64 (lines 10-19).

⁹⁵ [Transcript, L. Vander Graaf, Nov. 12, 2020](#) at pp. 91 (line 24) – 92 (line 1).

⁹⁶ [Transcript, R. Kroeker, Jan. 25, 2021](#) at pp. 108 (line 18) – 109 (line 4); [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 119 (line 1) – 120 (line 23); [Transcript, T. Doyle, Feb. 9, 2021](#) at pp. 103 (line 3) – 105 (line 4); [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 80 (line 18) – 84 (line 6).

⁹⁷ [Gaming Control Act, ss. 7-8](#); [Exhibit 76](#), Overview Report: BCLC Standards, Policies, Procedures and Operational Services Agreements, Appendix B (Articles 3.1, 5.1, 8.1, 8.2; [Exhibit 572](#) (Articles 2.02, 2.03, 3.01, 4.01, 5.01, 6.01(g), 6.01(i), 14.04; [Exhibit 76](#), Overview Report: BCLC Standards, Policies,

criticism of BCLC, merely a recognition of what they could have done.

76. Further, Great Canadian submits that the broad range of authority given to GPEB under the legislation would have allowed GPEB to: require that Great Canadian refuse large cash buy-ins; limit the number of 20 dollar bills that were used for buy-ins; direct the casino to ban certain patrons; refuse suspicious transactions from occurring; and impose source of funds conditions on all buy-ins. Mr. Vander Graaf agreed that GPEB had that authority. However, GPEB did not exercise that authority. If GPEB did not consider it appropriate or necessary to impose such directives, there is no basis for suggesting that Great Canadian should have created policies on such matters (even if it did have the authority to do so).⁹⁸

VII. VIP Patrons Were Not Permitted to Violate AML Rules

77. Throughout the course of the gaming sector hearings, many witnesses were questioned regarding very large cash transactions conducted by a small number of high limit patrons. The behaviour of these patrons, and how Great Canadian treated them, was scrutinized throughout this inquiry.

78. There is nothing untoward about a business strategy of providing amenities and comforts to VIP patrons, provided that such special treatment does not extend to interfering with compliance obligations. As a service provider to BCLC, Great Canadian is in the business of customer service and it is hardly unusual for businesses to provide special treatment to wealthy clients or customers. This inquiry was told of many instances where VIP patrons received a higher level of customer service from Great Canadian's operational employees. This included superior food and beverage service, surroundings, and ambience. However, the only issue that matters for the purpose of this inquiry is whether Great Canadian gave VIP patrons greater latitude with respect to

Procedures and Operational Services Agreements, Appendix A (Articles 4-1.1, 5-1.2, 5-1.3); [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 118 (line 17) – 120 (line 23); [Transcript, G. Friesen, Oct. 29, 2020](#) at p. 70 (lines 12-15).

⁹⁸ *Gaming Control Act*, s. 56, s. 91; [Transcript, J. Mazure, Feb. 5, 2021](#) at pp. 53 (line 7) – 55 (line 17); [Transcript, L. Vander Graaf, Nov. 12, 2020](#) at pp. 20 (line 7) – 21 (line 14) and p. 221 (lines 2-25); [Transcript, L. Vander Graaf, Nov. 13, 2020](#) at p. 49 (lines 9-21) and pp. 51 (line 22) – 52 (line 20) and pp. 56 (line 13) – 57 (line 1) and pp. 58 (line 1) – 59 (line 4) and pp. 178 (line 10) – 179 (line 11); [Transcript, R. Kroeker, Jan. 26, 2021](#) at pp. 117 (line 16) – 118 (line 16) and pp. 170 (line 14) – 172 (line 22).

compliance with AML rules. It did not.⁹⁹

79. This is unsurprising since the VIP business at RRCR, while important, has relatively small profit margins for service providers because of the high overhead expenses, and because of the commission structure in British Columbia between BCLC and service providers. Mr. Doyle explained that, even if one hundred percent of the VIP business at RRCR was lost, it would equate to only a 10 to 15 percent reduction in net profits for Great Canadian at RRCR. In the context of Great Canadian's overall business, the percentage reduction in net profits would drop to the single digits.¹⁰⁰ On the other hand, a compliance failure in one jurisdiction would have a cascading effect on registration in all of the jurisdictions where Great Canadian operates. In Mr. Doyle's words, "jeopardizing the whole company's revenue off of single digit percentages is just really bad business".¹⁰¹

VIII. There Were No International Junkets

80. Evidence was tendered at the inquiry that certain employees recommended that Great Canadian pursue attracting international gamblers from Asia to RRCR.¹⁰² Senior Great Canadian officials rejected all of these proposals. Mr. Doyle was adamant in his testimony that Great Canadian could not, and did not, attempt to compete with larger gaming centres like Macau, Australia, Las Vegas, or elsewhere.¹⁰³ Mr. Doyle was likewise unequivocal that Great Canadian did not pursue international customers on the basis of either lax regulations in other jurisdictions, or strengthened anti-money laundering efforts elsewhere.¹⁰⁴ While many VIP patrons who played at RRCR had connections to China, they generally also had homes and families resident in British

⁹⁹ [Transcript, P. Ennis, Feb. 3, 2021](#) at p. 109 (lines 10-12); [Transcript, P. Ennis, Feb. 4, 2021](#) at p. 8 (lines 6-16).

¹⁰⁰ [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 97 (line 7) – 98 (line 10) and pp. 120 (line 4) – 123 (line 11).

¹⁰¹ [Transcript, T. Doyle, Feb. 10, 2021](#) at p. 121 (lines 14-18).

¹⁰² [Exhibit 559](#), Affidavit #1 of W. Soo made Feb. 1, 2021 at paras. 98-109 [*Soo Affidavit #1*]; [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 75 (line 24) – 76 (line 17) and pp. 131 (line 10) – 133 (line 4)

¹⁰³ [Transcript, T. Doyle, Feb. 9, 2021](#) at pp. 122 (line 3) – 128 (line 11) and p. 164 (line 3-10); [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 104 (line 12) – 107 (line 22) and pp. 131 (line 10) – 133 (line 4).

¹⁰⁴ [Transcript, T. Doyle, Feb. 9, 2021](#) at pp. 127 (line 4) – 128 (line 11).

Columbia. Great Canadian's business was based on its local customers.¹⁰⁵

IX. There Were No Cheques for Cash

81. It has been suggested that patrons were laundering money through British Columbia casinos by bringing in large amounts of cash for buy-ins, playing just a few hands or none at all, and cashing out and getting a cheque from the casino. The evidence at this inquiry was definitive that this did not occur. Senior investigators with BCLC, with over 10 years' experience, testified that they had never seen this happen.¹⁰⁶

82. Ernst and Young confirmed this after conducting an audit of every single cheque issued by RRCR over a three-year period from January 1, 2014 to December 31, 2016: 2031 cheques in all. The purpose of the review was to identify instances of cheques issued to patrons that were not supported by the patron's gaming activity. Ernst and Young's report concluded 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". The number of cheques improperly issued was inconsequential.¹⁰⁷

83. The evidence is that cheques were only issued by service providers to patrons in three instances: as "verified winnings" (only for gaming winnings); as "convenience cheques" (which may include winnings and/or buy-in cash, but were limited to no more than 10 000 dollars weekly per patron); and as "return of funds" (when a patron gambled using sourced funds from the patron's PGF account and withdraws funds from the PGF account).¹⁰⁸ When patrons bought in with large amounts of cash and did not sufficiently play and put their money at risk, the patron was paid out in cash in the same denominations that the patron bought in with. In all circumstances other than convenience cheques or sourced funds in a PGF account, patrons received their

¹⁰⁵ [Transcript, R. Duff, Jan. 25, 2021](#) at p. 34 (lines 8-13); [Transcript, T. Doyle, Feb. 9, 2021](#) at pp. 128 (lines 2-11).

¹⁰⁶ [Transcript, S. Beeksma, Oct. 26, 2020](#) at pp. 145 (line 16) – 146 (line 18); [Transcript, M. Hiller, Nov. 9, 2020](#) at pp. 53 (line 12) – 54 (line 5).

¹⁰⁷ [Transcript, J. Lightbody, Jan. 29, 2021](#) at pp. 124 (line 4) – 125 (line 6); [Transcript, R. Kroeker, Jan. 25, 2021](#) at pp. 150 (line 20) – 151 (line 23); [Exhibit 490](#), Kroeker Affidavit #1, Ex. 97, 103, 105.

¹⁰⁸ [Exhibit 148](#), Tottenham Affidavit #1 at paras. 13-15.

original cash buy-ins back in cash, not cheques.¹⁰⁹

X. Great Canadian Went Above and Beyond

84. Although the decision to implement AML controls does not rest on service providers, Great Canadian has nevertheless pursued additional AML measures on its own initiative. It spends millions of dollars annually on compliance activities and has dedicated compliance departments and compliance programs in each jurisdiction where it operates.¹¹⁰

85. One of the ways in which Great Canadian has gone beyond what is required is with its investments in surveillance technology. In 2014, Great Canadian upgraded to new state of the art surveillance systems at RRCR.¹¹¹ Although BCLC mandates surveillance cameras, the system installed at RRCR exceeds BCLC standards. As Mr. Ennis testified, Great Canadian went to an “extreme” to ensure its patrons were safe.¹¹² Great Canadian is able to live-monitor a much greater area than is required by BCLC, including the entire parking lot at RRCR, public areas of its hotel such as hallways, elevators, and lobby areas, and its theatre. Not only does the surveillance system allow for greater detection of potential misconduct, it also serves as a deterrent for misconduct. The 1400 cameras and 15 surveillance operator stations that comprise RRCR’s surveillance system have further been used by Great Canadian, in conjunction with BCLC, to identify cash drop-offs from suspected cash facilitators in its parking lots and hotel and then track the associated patrons to the casino.¹¹³ Great Canadian’s voluntary expenditure on its surveillance systems exemplifies its attitude of placing compliance ahead of revenue.

86. In recent years, Great Canadian has enhanced its management structure so that there is an Executive Vice-President of Compliance, Vice-Presidents of Compliance in

¹⁰⁹ [Transcript, J. Karlovcec, Oct. 29, 2020](#) at p. 106 (lines 2-10); [Transcript, J. Karlovcec, Oct. 30, 2020](#) at p. 113 (lines 1-19); [Transcript, R. Kroeker, Jan. 25, 2021](#) at p. 104 (lines 4-25).

¹¹⁰ [Exhibit 560](#), Doyle Affidavit #1 at para. 34.

¹¹¹ [Exhibit 560](#), Doyle Affidavit #1 at para. 37.

¹¹² [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 9 (lines 5-22).

¹¹³ [Transcript, P. Ennis, Feb. 3, 2021](#) at p. 114 (lines 1-10) and pp. 79 (line 13) – 80 (line 10); [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 8 (line 17) – 11 (line 12); [Exhibit 530](#), Ennis Affidavit #1 at para. 39; [Transcript, D. Tottenham, Nov. 10, 2020](#) at pp. 98 (line 1) – 99 (line 16).

each of British Columbia, Ontario, and the Atlantic Regions, and an Executive Director of AML, who has responsibility for ensuring AML compliance at all Great Canadian properties. Other roles developed to support AML compliance include an AML Analyst, an AML Reporting Coordinator, and additional LCT clerks. In addition, all of these programs and roles are supported by Great Canadian's General Counsel and Chief Privacy Officer.¹¹⁴

87. One of the initiatives that Mr. Doyle personally led since 2018 has been the creation of an AML Steering Committee. This Committee is comprised of key executives from Great Canadian's operations, legal, compliance, and privacy departments. The AML Steering Committee is complemented by an AML Champions Committee (comprised of subject matter experts for each region), and a national AML Operations Management Committee.¹¹⁵

88. BCLC has primary responsibility for AML training and gaming employees must attend its annual training courses. Great Canadian supplements that training with semi-annual AML refresher instruction for employees on source of funds declarations and reasonable measures forms.¹¹⁶

89. When Great Canadian experienced issues regarding the rollout of the source of funds requirements in 2018, Great Canadian, on its own initiative, hired PricewaterhouseCoopers to monitor and assist in getting things on track as quickly as possible. This monitoring was in addition to audits conducted by Deloitte on behalf of BCLC.¹¹⁷

90. In 2019, Great Canadian expanded its AML compliance program to include an additional AML policy for its non-gaming operations. Great Canadian's hospitality and food and beverage operations would not normally be required by law to report suspicious transactions to FINTRAC. The policy introduced by Great Canadian requires

¹¹⁴ [Exhibit 560](#), Doyle Affidavit #1 at para. 34.

¹¹⁵ [Exhibit 560](#), Doyle Affidavit #1 at paras. 39-40, Ex. D.

¹¹⁶ [Exhibit 560](#), Doyle Affidavit #1 at para. 42; [Exhibit 530](#), Ennis Affidavit #1 at paras. 25-29; [Transcript, P. Ennis, Feb. 4, 2021](#) at pp. 17 (line 21) – 18 (line 9).

¹¹⁷ [Transcript, P. Ennis, Feb. 3, 2021](#) at pp. 156 (line 9) – 157 (line 2); [Transcript, T. Doyle, Feb. 10, 2021](#) at pp. 108 (line 12) – 110 (line 22).

employees to submit a voluntary information form to FINTRAC whenever there are reasonable grounds to suspect that a non-gaming transaction may be associated with a money laundering offence. Failure to comply with this policy can result in discipline, up to and including termination.¹¹⁸

91. Finally, Great Canadian has implemented its own background searches using an open-source search system that now allows it to conduct its own searches on unknown customers producing 10 000 dollars or more in cash in real time prior to accepting buy-ins.¹¹⁹

XI. Conclusion

92. Great Canadian does not dispute that proceeds of crime may have been used for cash buy-ins at its casinos. But it does not know that they were. Although there have been assertions by various parties that the very large cash buy-ins “obviously” had to have been made with the proceeds of crime, there have not been any judicial findings that there was any money laundering in any casino in British Columbia. Various legitimate explanations for the source of cash were considered by BCLC and, to a lesser extent, GPEB. BCLC worked hard to determine whether such explanations were viable, and over time, discarded explanations that were unsupported. The evidence heard by this inquiry suggests that, if there was any money laundering, it likely occurred outside of casinos.

93. No authority, whether BCLC, GPEB, RCMP, or FINTRAC, has suggested that Great Canadian should have investigated whether proceeds of crime were entering its casinos. Great Canadian had no obligation, duty, power, or ability to conduct any investigations. The company’s obligation was simply to report large and suspicious transactions so that competent authorities could make the appropriate investigations into the source of funds being brought into its casinos. It did this very well, largely because it hired top echelon people to run its compliance activities and because of the overarching importance that Great Canadian placed on compliance. Any mistakes were

¹¹⁸ [Exhibit 560](#), Doyle Affidavit #1 at paras. 43-44, Ex. E.

¹¹⁹ [Exhibit 560](#), Doyle Affidavit #1 at para. 38.

the product of innocent human errors or administrative oversights. No evidence has been tendered to prove that the company willfully or deceitfully ignored its reporting obligations, even with VIP patrons.

94. Great Canadian has undertaken, and continues to undertake, proactive steps to combat potential money laundering. The interests of the company are best served by ensuring that its properties are not associated in any way with illegal activities. The company would lose its ability to operate if BCLC or GPEB concluded that the company was not doing all that was necessary to combat the risk of money laundering in its casinos.

95. Looking to the future, Great Canadian supports a more risk-based and standards-based approach to regulatory compliance. This approach to compliance gives service providers more latitude in how they run their business, as well as more responsibility and accountability for AML controls. Great Canadian has previously provided its response to the Commission on the recommendations made in Dr. German's reports, including a standards-based model, and adopts its earlier response.¹²⁰ Great Canadian will fully support any recommendation by this Commission to move further towards a standards-based compliance model in British Columbia.

96. All of which is respectfully submitted.

Dated at the City of Vancouver, Province of British Columbia, this September 28, 2021.



Mark L. Skwarok



Melanie J. Harmer
Counsel for Great Canadian Gaming
Corporation

¹²⁰ See Great Canadian Response to Report Recommendations submitted to the Commission on December 13, 2019.