

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

**The Honourable Mr. Austin F. Cullen, Commissioner**

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**SUBMISSIONS ON BEHALF OF RETIRED GAMING POLICY ENFORCEMENT  
BRANCH (GPEB) EXECUTIVE DIRECTOR OF COMPLIANCE LEONARD  
MEILLEUR DURING THE PERIOD OF DECEMBER 2014 TO NOVEMBER 2017**

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**BOLTON LAW**

335 – 1122 Mainland Street

Vancouver, B.C. V6B 5L1

Tel: 604 687-7078

Fax: 604 687-3022

**MICHAEL BOLTON, Q.C.  
SUMRA MAHMOOD**

**COUNSEL FOR LEONARD MEILLEUR**

## **Introduction**

1. Mr. Meilleur, in his affidavit and in his evidence, described his experience with the regulator GPEB in working in various capacities including as Director of Registration and Certification, and, beginning in December 2015, Executive Director or Compliance, when then branch was reformed after the exit of Mr. Larry Vander Graaf.
2. Mr. Meilleur as a police officer with the RCMP had no direct experience with money laundering cases. When he was at GPEB in the role as Executive Director of Registration and Certification, an anti-money laundering cross-divisional working group (“AML – X-DWG”) was led by Bill McCrea, at the time the Executive Director of Internal Compliance and Risk Management. Mr. Meilleur was a member of that cross-divisional working group by virtue of his position as one of the Executive Directors. He developed some familiarity with the issue of money laundering in casinos through contact with that committee’s work, and in particular with his experience of Mr. Vander Graaf expressing various frustrations with the ongoing money laundering problem that he saw, including the failure of BCLC, police, the ADM and the Minister responsible to take meaningful steps.<sup>1</sup>
3. The Commissioner has heard a massive amount of evidence outlining the issue of money laundering in British Columbia casinos, including the reports of suspicious and large cash transactions to FINTRAC by BCLC, based on reports of the service providers; the efforts of BCLC to address the issue based on BCLC’s approach which is risk-based, depending on its assessment of the risk; issues with respect to whether BCLC or GPEB investigators could intervene at casinos by interviewing patrons; whether there could be any effective AML enforcement without an active police unit dedicated to gaming; and hurdles in cooperation between BCLC and GPEB.
4. The AML issue has been front and centre for GPEB during Mr. Meilleur’s tenure as Executive Director of Compliance. It has been the fundamental issue on his agenda and

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<sup>1</sup> Examination of Larry Vander Graff November 12, 2020 at pages 86 to 88 and 104-134.

many important and lasting strides were made towards addressing AML on a long-term basis. These steps include advocating that BCLC implement a threshold for a source of funds inquiry<sup>2</sup>, creating an intelligence unit with GPEB; conducting audits and reviews to support police investigations including E-Pirate and E-Nationalize; advancing the concept of a dedicated police unit which resulted in the creation of Joint Illegal Gaming Investigation Team (JIGIT); and consistently informing and pressing the Assistant Deputy Minister and Associate Deputy Minister to generate more progress on the AML issue.

5. With the benefit of hindsight, the Commissioner will be evaluating the work done by Mr. Meilleur and others to address the AML issue. There are contextual features which will need to be considered in this process.

### **Contextual and Jurisdictional Issues Limiting GPEB's Investigative Activities**

6. One of the critical matters for the Commissioner to appreciate is the unusual legal context of GPEB in relation to criminal investigations. In particular, for a period of some 20 years, the gaming regulator, originally the Gaming Audit Investigation Office (GAIO), and subsequently GPEB, had been advised by the Government via the Legal Services Branch (LSB) that it did not have the capacity, ability, or the jurisdiction, to investigate *Criminal Code* matters, including money laundering offences. The third affidavit of Mr. Meilleur, sworn September 17, 2021, contains the legal advice that was originally provided to GAIO which was reaffirmed in writing and on other occasions many times to GPEB and, in particular, to Mr. Meilleur. Although GPEB investigators can be designated as Special Constables, they have no authority and ability to investigate money laundering offences. They were specifically advised not to investigate money laundering offences. The advice was quite clear: the role of GPEB was to assist in gathering information and intelligence, and to provide same to the police as needed, and to liaise with BCLC to the extent that BCLC could utilize its exclusive powers to conduct and

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<sup>2</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at para 136.

manage gaming to control the actions of its contracted gaming and casino service providers.

7. The primary role of GPEB Investigators was to investigate provincial gaming offences, collect information and assist law enforcement agencies. Under Mr. Meilleur's tenure a summary of incident of reports investigations and enforcement actions which were handled by GPEB Investigators is documented in GPEB's Annual Reports.<sup>3</sup>
8. Throughout the evidence heard by this commission, there has been a tendency on the part of numerous parties, particularly witnesses from BCLC, to suggest that GPEB did not do anything about investigating money laundering, and this was exemplified by repeated assertions that GPEB investigators had failed to interview patrons regarding possible money laundering offences. This has been adequately answered in Mr. Meilleur's respectful submission by the evidence given by numerous current and former GPEB employees, and supplemented by the legal opinions in evidence.
9. A number of reasons were advanced for why the GPEB Investigators could not investigate money laundering offences. Some of these, and some additional ones which arise by inference from the legal opinions, include the following:
  - a. Inadequate staff to monitor the casinos at all times. There were six (6) GPEB investigators for Casino Investigations working under Mr. Meilleur when he was Executive Director of Compliance for the casinos based in the Lower Mainland.<sup>4</sup> Casinos are open during the day, night and on weekends. GPEB's limited number of investigators did not permit a presence at a casino at all times, and in particular, at critical times when large cash transactions or suspicious cash transactions were

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<sup>3</sup> Exhibit 71 of the Cullen Commission – GPEB Annual Reports – Appendix K Table 7 at page 26; Appendix L Table 13 at pages 44-45; Appendix M Table 12 at page 49; Appendix N Table 5 at page 29;

<sup>4</sup> Exhibit 710 of the Cullen Commission – GPEB Organization Chart dated January 26, 2015; Examination of Leonard Meilleur on March 1, 2021 at pages 146-148.

being undertaken by patrons. To some extent, as outlined below, this deficiency is in the process of being remedied.

- b. The GPEB investigators were not set up to be police investigators. They were not police officers with up-to date use of force abilities, they drove their own personal vehicles, they had no capacity to conduct surveillance, they were not armed, they had no ability to seize and maintain exhibits or any of the other similar investigative or police functions.
  - c. It goes without saying that they had no ability to mount undercover operations, or to utilize informers, or various other police techniques. They had no ability to develop affidavits to seek wiretap orders or various other types of surveillance measures from the courts.
  - d. There are safety concerns for investigators and the public in conducting a complex investigation such as money laundering.
10. Evidence was given to the Commission indicating that Mr. Desmarais' predecessor took the position that BCLC investigators should not be confronting patrons regarding suspicious cash transactions due to the disruption it caused in the casino operations. At the same time, GPEB investigators were given the consistent advice from the LSB that they could not investigate money laundering. This meant, that without an RCMP presence, in terms of investigating casino money laundering, no one was really engaged in the active investigation of money laundering in casinos.
11. The February 2011 report by Robert Kroeker, then of BC Civil Forfeiture Office, titled *Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities* stated that "GPEB's authority and mandate to investigate criminal offences is more limited than that of police agencies. For instance, GPEB does not have the authorities required to conduct investigations that necessitate the carrying of firearms, require surveillance to be

conducted, or call for the interception of private communications. Investigations involving these requirements and techniques must be led by police agencies.”<sup>5</sup>

12. In the absence of a dedicated gaming police unit running the investigations, it is naïve and foolhardy to suggest that GPEB investigators should have been investigating money laundering offences. Their inability in this regard was certainly recognized by the LSB. If, Mr. Meilleur had decided to step out of line and ignore the government’s legal advice, presumably this sort of conduct would have resulted in discipline and/or dismissal. It was reasonable for Mr. Meilleur to follow the government lawyers’ legal advice.

13. Peter German also has told the Commissioner that the answer to whether GPEB investigators had the authority to investigate the sources of cash coming into casinos is complicated because the issue of whether or not they had the authority to investigate money laundering offences. Mr. German said that it was not clear to GPEB that they had the authority to investigate money laundering as they had been told by various people that they did not.<sup>6</sup> These various people presumably include the LSB Legal opinions. Mr. German also stated that the complaint he heard from GPEB most often was that “they do not have the authority to undertake money laundering investigations, and I believe that was also the BCLC view, is that it just was not part of their remit under the statute.”<sup>7</sup>

14. Mr. German further stated that if GPEB Investigators in the future were to interview patrons and perhaps even seize funds on the basis that they believe it to be proceeds of crime, then their role to investigate money laundering should be specified in the statute so it is very clear, as it is not in the statute.<sup>8</sup> This authority was not specified or clarified during Mr. Meilleur’s time as Executive Director of Compliance.

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<sup>5</sup> Exhibit 141 of the Cullen Commission – Mr. Kroeker’s Report at page 14.

<sup>6</sup> Examination of Peter German on April 12, 2021 at page 121.

<sup>7</sup> Examination of Peter German on April 13, 2021 at pages 117, 142 to 147.

<sup>8</sup> Examination of Peter German on April 12, 2021 at page 122.

15. Based on the LSB legal opinions, Mr. Meilleur understood that GPEB had no authority to interview patrons around proceeds of crime or money laundering issues as that was the responsibility of the police.<sup>9</sup> Nor did GPEB have the authority to impose conditions on the acceptance of cash without a directive from the Minister,<sup>10</sup> as during Mr. Meilleur's tenure all directives from the General Manager had to be approved by the Minister.
16. Neither BCLC nor GPEB were constituted as a police force that could investigate crimes related to money laundering, including the predicate offences that might be implicated in such investigations. The function of a police investigation of money laundering was a function that had to be undertaken by the RCMP, Canada's national police force.
17. With the creation of JIGIT, Mr. Meilleur proposed the initiative of implementing a Transaction Assessment Team which contemplated that that GPEB along with JIGIT will "set up operations at the casino to collect intelligence and conduct investigations related to the proceeds of crime (The casino location, time and day of the week will be selected based on intelligence to afford investigators the highest probability of collecting intelligence and investigating occurrences involving the proceeds of crime)." <sup>11</sup> There was a contemplation that under the supervision of the police, GPEB would be involved with interviewing and intelligence gathering. The Transaction Assessment Team ultimately became the Gaming Intelligence Group (GIG), a sub-unit in JIGIT.

### **Absence of a Police Investigative Unit Dedicated to Casino Based Crimes**

18. The work of GPEB was capable of being very effective, particularly with support from BCLC, which was charged with the duty to conduct and manage gaming in casinos, with an available police presence. However, since the dismantling IIGET in 2009 to midway through Mr. Meilleur's term as Executive Director of Compliance in 2016, there was little to no federal support, or any other dedicated police support, in casinos. Interestingly, the

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<sup>9</sup> Examination of Leonard Meilleur on February 12, 2021 at pages 34-35.

<sup>10</sup> Examination of Leonard Meilleur on February 12, 2021 at page 36.

<sup>11</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit JJJ at page 6.

very able submissions to this Commission on behalf of the Government of Canada, in the case of the casino and lottery industry, does an excellent job of documenting the non-existent or insufficient and inconsistent support for the investigation of money laundering in casinos, and the absence at all material times until the creation of JIGIT, of a police unit dedicated to working with the regulator GPEB to combat money laundering in the gaming sector. The federal submission traces the limited involvement of IPOC and IIGET in terms of their limited resources and limited time frames to address AML in casinos. In the case of IIGET, it had six (6) RCMP members attached to it, GPEB provided an office space and the General Manager of GPEB was on the consultative board. The Government of Canada brief makes clear that the role of GPEB investigators was to investigate “minor” alleged gaming offences, which is consistent entirely with the approach provided by provincial LSB in advising Mr. Meilleur and his predecessors and successors at GPEB that they could not investigate money laundering offences.

19. From the disbanding of IIGET to the creation of JIGIT, in March of 2016, there was really no federal cadre of police officers to investigate money laundering in the casino environment. Once JIGIT was formed, GPEB and in particular Mr. Meilleur, who at the material time was the Executive Director of Compliance, immediately devoted full attention and resources to assisting this valuable resource. This included four or five GPEB investigators being assigned specifically to the JIGIT unit at all material times.

20. In terms of IPOC<sup>12</sup>; the federal presentation documents that the operational plan of IPOC was ultimately not approved by RCMP senior management due to federal “reengineering process.”<sup>13</sup> JIGIT was formed in April of 2016, for an initial 5 year mandate and housed within CFSEU-BC, consisting of 22 law enforcement personnel, 2 criminal analysts and 4 to 5 GPEB investigators.<sup>14</sup>

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<sup>12</sup> See Para 153 of the closing submission of the Government of Canada regarding the role of IPOC.

<sup>13</sup> See Para 157 of the closing submission of the Government of Canada.

<sup>14</sup> See Para 159 of the closing submission of the Government of Canada *et seq.*



21. As Mr. Meilleur has stated in his affidavit and testimony, a key difference in the former IIGET and JIGIT, is that JIGIT is focused on gaming and casinos and has a mandate to conduct investigations inside those establishments, whereas IIGET did not.<sup>15</sup> The significant advantage to GPEB is that its investigators were now embedded in the JIGIT team under the leadership of the Commission witness Ken Ackles. Mr. Meilleur did everything he could to advance the JIGIT team and to ensure continued support for the agreement between the RCMP and the Provincial Government so that the mandate was being fulfilled and that this more effective law enforcement initiative would continue.
22. The embedding of the GPEB investigators into the JIGIT unit to a large extent, overcame the legal issues raised by the LSB with regard to the ability of GPEB investigators to interview patrons of casinos on money laundering issues. Apart from potential evidence inadmissibility issues down the road, perhaps arising from alleged misuse of administrative investigative powers for criminal investigations, GPEB Special Constables working under the direction of the RCMP JIGIT personnel could contribute their expertise in the gaming sector and participate actively in money laundering investigations, including patron interviews. The evidence given to the Commission by the current General Manager Scott Macleod, and by Mr. Skrine GPEB Executive Director of Enforcement, speaks to the ability to interview patrons as part of police investigations. The context of a police investigation was missing at the outset of Mr. Meilleur's time as Executive Director of Compliance, but once JIGIT was up and running, GPEB investigators and auditors contributed fully to the police investigations.
23. Indeed, this started earlier, when Mr. Meilleur became informed by Superintendent Cal Chrustie of the RCMP Federal Serious Organized Crime (FSOC) unit of the E-Pirate investigation. This investigation was fully embraced by GPEB and significant GPEB resources were deployed to support it.

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<sup>15</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at para 152; Examination of Fred Pinnock November 5, 2020 at pages 58-59.

24. Mr. Alderson in his testimony also agreed that the E-Pirate investigation was a pivotal moment in the combined GPEB and BCLC AML campaign and agreed that it was a significant development for Mr. Meilleur and GPEB as well, and that since 2015 BCLC and GPEB drove and created change under extremely trying circumstances.<sup>16</sup> In Mr. Alderson's response dated March 31, 2018 to Mr. German's Dirty Money Report, he stated that he made a personal pledge to eliminate criminal proceeds entering casinos to the RCMP in July 2015 that and GPEB Executive Director of Compliance, then Mr. Meilleur, shared this same goal.<sup>17</sup>

### **The Dimension of the Money Laundering Problem in 2015**

25. At the time Mr. Meilleur was appointed as the Executive Director of Compliance for GPEB, the problem of money laundering at the casinos was at its apex. There had been substantial increase in the flow of suspicious cash transactions, resulting in greater numbers of reports to FINTRAC and considerable media attention with regard to the use of casinos as a medium for laundering proceeds of crime.

26. The issue with respect to the major suspects was that they were believed to be representatives of organized crime groups within the casinos. Much of the evidence heard by the Commission tends to bear out the possibility that organized crime groups had become very active in gaming, both in the casinos and illegal gaming operations, and in both cases, with respect to laundering and loan sharking activities.

### **Roles, Responsibilities, and Dysfunctionality between GPEB and BCLC**

27. The inherent problems included the difficulties with the legislation defining the roles of GPEB and BCLC. BCLC was able to enter into contracts to licence service providers to operate casinos so that the conduct and management of casino operations resided in BCLC but the daily operations were in the hands of the revenue-sharing service

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<sup>16</sup> Examination of Ross Alderson September 10, 2021 at pages 28, 155-156.

<sup>17</sup> Exhibit 835 of the Cullen Commission at page 5.

providers. However, GBEB as the regulator was unable to undertake any activity related to conduct, management, or operation of gaming.

28. Mr. Meilleur, together with Mr. Alderson, put together the summit meeting of June 4, 2015, bringing together with facilitators, police agencies, primarily the RCMP, FINTRAC, BCLC executives and compliance personnel, and GPEB personnel, to look at ways and means of identifying and solving problems that were besetting the casinos, in particular, the number of FINTRAC Suspicious Transaction Reports that had arisen to an alarming level.
29. At this meeting, the agenda and minutes of which are attached to Mr. Meilleur's Affidavit #1, the participants included many of the main witnesses before the Commission, on the AML issue, as well as Superintendent Cal Chrustie who ultimately began the E-Pirate investigation, which to some extent contributed to the creation of JIGIT, and the continued presence of police investigators in the gaming industry.
30. There was a discussion at the summit about a gap in BCLC's AML framework with respect to source of funds.<sup>18</sup> The suggestion from the Summit was an inquiry into the source of funds at the time of transaction, an evaluation of source of funds prior to cash acceptance.<sup>19</sup> The four recommendations from the Summit are enumerated in Mr. Mazure's letter to Mr. Lightbody dated August 7, 2015.<sup>20</sup>
31. There was a shared understanding at the summit between BCLC and GPEB that police needed to get involved, and to this end Mr. Desmarais took steps to get the police involved which ultimately resulted in E-Pirate.

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<sup>18</sup> Examination of Leonard Meilleur on March 1, 2021 at pages 155-156.

<sup>19</sup> Examination of Leonard Meilleur on March 1, 2021 at page 158.

<sup>20</sup> Examination of Leonard Meilleur on March 1, 2021 at page 160; Exhibit 505 of the Cullen Commission – Affidavit No. 1 of Mr. Lightbody at Exhibit 48.

32. In terms of Mr. Meilleur’s mandate, he of course was continuing to implement the work that had been commenced by Mr. McCrea and others based on the February 2011 report by Robert Kroeker, then of BC Civil Forfeiture Office, titled “Summary Review: Anti-Money Laundering Measures at BC Gaming Facilities.”<sup>21</sup> Stage 3 of that plan was regulator intervention regarding the enforcement of and compliance with AML measures in casinos. The focus was in part on the earlier emphasis of using cash alternatives rather than having these suspicious and large cash transactions that Mr. Vander Graaf and others had been complaining about.
33. A serious continuing problem was the legislation itself which seemed to permit a confusion regarding enforcement matters. BCLC was able to investigate, and impose bans on suspected launderers, without necessarily consulting with GPEB. Section 92 of the *Gaming Control Act* was amended in November of 2018 to allow GBEP to now also have the power to refuse entry to a patron to a gambling facility. Previously only BCLC had this authority.
34. Another amendment in November 2018 to the *Gaming Control Act* is that now the General Manager can issue directives to BCLC without Ministerial Approval.<sup>22</sup> This was a source of frustration during Mr. Meilleur’s tenure as Executive Director of Compliance because Mr. Mazure, the General Manager and Assistant Deputy Minister had to obtain Ministerial Approval which was often not forthcoming.

### **Examples of Resistance to Any Regulator Role Taken by GPEB**

35. There was some resistance to section 86 reports being available to the regulator.<sup>23</sup> To the extent this was an issue, the GPEB and BCLC, during Mr. Meilleur’s time as Executive Director, jointly obtained a report from Peter German dated December 4, 2016, which

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<sup>21</sup> Exhibit 141 of the Cullen Commission – Mr. Kroeker’s Report.

<sup>22</sup> Section 28(2) of the *Gaming Control Act*

<sup>23</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at para 104.

identified many of the problems which persist to this date. Mr. German made it clear that GPEB was entitled to receive section 86 reports.<sup>24</sup>

36. There was some usurpation of the investigative role in the vacuum created by the absence of police presence in the casino industry. There was a certain amount of jurisdictional creep by BCLC, for example, they undertook undercover operations with regard to money services businesses, and they sometimes failed to report suspected criminal activity to GPEB. Evidence was heard of an example where a civil forfeiture action was commenced where there had been no section 86 report made to GPEB.<sup>25</sup>
37. There was some initial reluctance to acknowledge the likelihood of money laundering in the casinos and some discussion that Pan-Asian practices such as Hawala money services, or the Chinese cash culture explained the multitude of large cash transactions, i.e., that there was not necessarily criminal activity. Mr. Alderson also recommended that BCLC accept that underground banking involving money and Chinese Nationals is suspicious and is not likely legal regardless of the original source of funds.<sup>26</sup>
38. When arrests from the E-Nationalize investigation were announced by JIGIT and GPEB, but no names were published, BCLC officials were upset that they were not advised of the matter and that they had not been given the names, so they could ban the alleged perpetrators. Of course, BCLC had the ability to directly approach the RCMP pursuant to its Information Sharing Agreement. In the case of active police investigations in which GPEB is assisting the police, it cannot be expected BCLC or any service provider would be kept informed of all developments in the police investigation. Divulging such sensitive information may have resulted in premature banning and interviewing of such patrons which may have impeded the investigation.

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<sup>24</sup> GPEB-P0104 at page 14.

<sup>25</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at para 176 and Exhibit SSS.

<sup>26</sup> Exhibit 493 – Corporate Security and Compliance AML Document written by Mr. Alderson for Mr. Kroeker at page 7.

39. Interestingly, the repeated evidence heard by the Commission from the key executives at BCLC has been that the GPEB investigators did not do anything to investigate money laundering, such as interviewing patrons. We have explained above the basis for the GPEB conclusion that it could not investigate money laundering offences. To our knowledge there is no documented record at the material time of BCLC ever requesting GPEB to interview patrons suspected of money laundering in the casinos.
40. Mr. Meilleur undertook the position of Executive Director of Compliance in December 2014. Within a very short period of time the crisis of money laundering believed to be occurring in casinos was looming large. GPEB investigators prepared a spreadsheet of transactions occurring in the month of July 2015 in the River Rock casino. This report in spreadsheet form was presented to Mr. Meilleur on August 13, 2015 by investigators Rob Barber and Ken Ackles.<sup>27</sup> Although it did not contain “new” information *qua se*, what it did do, was collate in a single document information from all of the section 86 reports concerning suspicious or unusual transactions at River Rock casino for the month of July 2015. The spreadsheet was a new document in that it combined all this material together and revealed a most unsettling picture of the vast amounts of the suspected money laundering occurring at the casino during that single month. As Mr. Meilleur said in his affidavit, “the spreadsheets showed vast amounts of cash, \$20 bills used to buy in at casinos in what appeared to be drop-offs.”<sup>28</sup> Mr. Meilleur immediately took action with regard to this information and learned that it was available to FINTRAC and the BCLC, and had been available to GPEB in form of section 86 and FINTRAC reports. The Commission has heard evidence that the S.86(2) reports provided by gaming services providers were substantially in the same form and contained the same material as the suspicious cash transaction reports and large cash transaction reports ultimately reported by BCLC to FINTRAC.

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<sup>27</sup> Exhibit 493 – Corporate Security and Compliance AML Document written by Mr. Alderson for Mr. Kroeker at page 4.

<sup>28</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at para 87.

41. This spreadsheet caused Mr. Meilleur to brief upwards to the Associate Deputy Minister (OADM) Ms. Wenezenki-Yolland. At the material time the General Manager Mr. John Mazure was on vacation and Mr. Meilleur concluded the matter could not wait and needed to be reported to the government. The spreadsheet was obviously equally as troubling to Ms. Wenezenki-Yolland and upon Mr. Mazure returning from vacation, she asked him to provide options to deal with the matter. One of the options was to have an outside audit firm, Myer Norris Penny LLP (“MNP”), conduct a review of the practices of casino operators with regard to dealing with cash and other suspicious transactions.
42. In part, Mr. Meilleur wanted the MNP report to be done because there was stress in the relationship between BCLC and GPEB and he felt there needed to be an independent body involved in auditing the performance of the service providers on the money laundering issue.
43. The engagement of the audit firm MNP was undertaken with the usual procurement safeguards and was about to commence in the fall of 2015. However, objections were raised by BCLC’s Mr. Robert Kroeker on the basis that BCLC information could not properly be shared with a third party auditor. This led to some delay of the project. Ultimately those concerns were dealt with, and the Privacy Commissioner concluded that GPEB could engage MNP to conduct the audit. MNP issued a report identifying continuing problems in the manner in which service providers were dealing with unsourced cash. A number of proposals were made by MNP including proposals with regard to a possible threshold on the amount of cash that could be accepted, requirements to do more to identify the source of funds as part of the know your client process, and various other matters, including asking foreign nationals whether they had a bank account in Canada. BCLC was critical of the MNP report, and were not willing to accept the implication of criticism of their management of the gaming service providers.
44. Recommendation 4.2 of the MNP report stated that a policy requirement should be implemented that “service -providers should refuse unsourced cash deposits exceeding an established dollar threshold or refuse frequent unsourced cash deposits exceeding an

established threshold until the source of the cash can be determined and validated.”<sup>29</sup> BCLC response to this recommendation was “Subsections 9.6(1) and (2) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, as well as FinTRAC Guideline 4, section 6 and FinTRAC's Guidance on the Risk-Based Approach to Combatting Money Laundering and Terrorist Financing, require BCLC to implement a risk-based compliance regime. A directive issued under the provincial Gaming Control Act to BCLC or service providers requiring a prescriptive compliance approach in the form recommended here may give rise to a direct conflict of laws as between federal and provincial requirements. A directive of this nature could result in confusion for service provider staff as between provincial and federal requirements. In addition, a direction of this nature may have dramatic adverse fiscal impacts to gaming service providers in the province. If this risk were to materialize, service providers may see the action as frustrating its service contract with BCLC and may look to government to compensate them for any resulting losses. GPEB to consider the recommendation.”<sup>30</sup>

45. One of the first AML recommendations as a result of the 2015 spreadsheet was the implementation of a \$10,000 threshold at casinos,<sup>31</sup> however despite this recommendation being elevated to Mr. Mazure and Ms. Wenezenki-Yolland, no Ministerial directive was provided to put a source of funds or a cap in terms of cash going into casinos.<sup>32</sup>

46. One of the matters identified in the MNP report was the threshold of \$50,000.00 as being the trigger value to consider a transaction as being suspicious at the service provider level. This was immediately addressed by BCLC, but not without some initial accusations made against GPEB’s then Director of Casino Investigations Derek Dickson. Ultimately, the allegation was cleared up and Mr. Meilleur made a report to FINTRAC regarding the

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<sup>29</sup> Exhibit 73 of the Cullen Commission at Appendix J page 9.

<sup>30</sup> Exhibit 711 of the Cullen Commission at page 1; Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit DDD.

<sup>31</sup> Exhibit 592 of the Cullen Commission.

<sup>32</sup> Examination of Leonard Meilleur on February 12, 2021 at pages 90-91.



matter, advising that Mr. Dickson had nothing to do with the \$50,000.00 threshold for reporting being in place.<sup>33</sup>

47. On July 28, 2015, when it was revealed that the FSOC had commenced an investigation in respect of suspected organized crime involvement in cash drop-offs at casinos, under the leadership of Superintendent Cal Chrustie, Mr. Meilleur spoke to Supt. Chrustie after learning about the investigation from Ross Alderson and then directed GPEB staff to support the police investigation whenever requested, and as he noted in his affidavit, "...this investigation began to consume much of their (GPEB investigators) work time. I viewed this as a positive use of our work time".<sup>34</sup> The fact of this investigation was made known to Mr. Meilleur's supervisor John Mazure and ultimately reported to OADM Wenezeki-Yolland and also to Minister De Jong.

48. Mr. Meilleur briefed OADM Wenezeki-Yolland on the MNP report regarding the anti-money laundering practices in gaming facilities on September 14, 2016. At that time, Minister De Jong did not formally receive the report and indicated that if he did receive it, he would need to make it public. There was continued contact between GPEB and FINTRAC with regard to at least one of the recommendations. At the same time, the Strategic Policy and Planning Division at GPEB, under the direction of Michelle Jaggi-Smith, began working on a review of policy options including a potential General Manager's directive respecting source of funds or a threshold. Work also continued around the review of cash alternatives.

### **Audits and Reviews Done Internally Within GPEB**

49. Part of the combined directorship that Mr. Meilleur took over as Executive Director of Compliance in December 2014 was the inclusion of the audit and review section within compliance. Mr. Meilleur had not previously supervised auditors, but was aware that

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<sup>33</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at paras 142 and 143 and Exhibit EEE.

<sup>34</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at para 83.

there were very skilled auditors within the GPEB with particular knowledge and expertise in gaming matters.

50. Some significant reviews were undertaken during Mr. Meilleur's tenure as Executive Director of Compliance.
51. These audits and reviews were undertaken to provide situational awareness to police, monitor AML compliance measures and to help inform AML decisions made by the Assistant Deputy Minister (ADM) or OADM. Much of the work conducted by the audit unit in Phase 3 were reviews in support of the ongoing police investigation that were shared with GPEB investigators, Mr. Ken Ackles, Manager of Investigations for GPEB with JIGIT, and with GPEB Intelligence Unit members. A GPEB Intelligence Unit member Scott McGregor was also embedded in one of the relevant RCMP intelligence units as a member of GPEB.
52. The audits included:
  - a. Review of the Player Gaming Fund Program dated April 20, 2015;<sup>35</sup>
  - b. Cash Flow Review of River Rock Casino High Limit Rooms dated December 12, 2015;<sup>36</sup>
  - c. Cash Buy-ins at River Rock dated February 15, 2016;<sup>37</sup>
  - d. River Rock Casino Cash Transfer Analysis between high-limit cages and vault review for the period of July 1, 2015 to December 2015 dated April 27, 2016;<sup>38</sup>
  - e. Unusual Financial Transaction/ Suspicious Transaction Verification Review, Phase Two dated April 27, 2016;<sup>39</sup>
  - f. Review of Provincially Banned Cash Facilitators dated April 29, 2016.<sup>40</sup> This was a critically important review because it identified evidence of banned cash

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<sup>35</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit N.

<sup>36</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit O.

<sup>37</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit P.

<sup>38</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit Q.

<sup>39</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit R.

<sup>40</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit S.

facilitators continuing to operate at the casinos. According to Ms. Anna Fitzgerald, current GPEB Executive Director of Compliance, this report was not initially provided to BCLC.<sup>41</sup> Ultimately, this came to the knowledge of Mr. Kroeker, who was very concerned about the suggestion that service providers were “knowingly” permitting banned cash facilitators to attend at or near casinos, effectively allowing them to continue their illicit activities. The main finding of the Cash Facilitators Review was that provincially banned cash facilitators continued to operate around gaming facilities;<sup>42</sup>

- g. A Review of Compliance with a BCLC Directive Related to Unsourced Cash and Cheques dated June 21, 2016;<sup>43</sup>
- h. River Rock “High Roller” Occupational Analysis dated August 16, 2016;<sup>44</sup>
- i. Memorandum regarding High Volume Slot Play Analysis dated December 19, 2017.<sup>45</sup> This was shared with BCLC,<sup>46</sup>
- j. Analysis of Patron Gaming Fund Deposits.<sup>47</sup> This report dealt, in part, with the issue of “unsourced” bank drafts used for deposits into patron gaming funds. Although patron gaming funds were a significant cash alternative, there was a difficulty identified by GPEB compliance with the bank drafts since the bank drafts were “anonymous” in the sense that they did not deal with the source of funds. So although the patron was identified, in most cases, the source of funds remained unknown.

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<sup>41</sup> Exhibit 781 of the Cullen Commission, Affidavit No. 1 of Anna Fitzgerald at paras 55 to 57.

<sup>42</sup> Exhibit 781 of the Cullen Commission, Affidavit No. 1 of Anna Fitzgerald at paras 59.

<sup>43</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit U.

<sup>44</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit V.

<sup>45</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit W.

<sup>46</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit X.

<sup>47</sup> Exhibit 587 of the Cullen Commission, Affidavit No 1 of Mr. Meilleur at Exhibit Y.

## **GPEB Intelligence Units**

53. Mr. Meilleur took significant strides towards creating an intelligence unit at GPEB. In late 2015, he proposed an intelligence unit to the OADM and in mid 2016, it was formed under the Compliance Division.
54. The unit was comprised of two employees, Bob Stewart as Manager, and Scott McGregor. They reported to the Senior Director of Compliance, which was Anna Fitzgerald, who reported to Mr. Meilleur. Information developed by the GPEB intelligence unit was shared with the OADM, ADM Mazure, and also with RCMP investigators. In addition, Mr. McGregor was also embedded into the RCMP gaming intelligence unit as a member of GPEB.
55. The latter unit became known as the Gaming Intelligence Group (GIG), which was one of the subunits of JIGIT and had been born from the Transaction Assessment Team proposal made by Mr. Meilleur. The intelligence unit was able to focus on more macrocosmic issues including the need for situational awareness of trends in transnational organized crime in the gaming sector.

## **Education, Experience and Training**

56. The Commissioner has heard testimony from numerous current and former GPEB investigators regarding their training.
57. Mr. Meilleur as Executive Director of Compliance encouraged and recommended training for GPEB Compliance staff, including GPEB investigators. Mr. Meilleur, however, did not have the authority to approve budget and spending for training. For any expenditure by government for training or professional membership or dues, a request was submitted to the Assistant Deputy Minister, John Mazure, for approval.<sup>48</sup>

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<sup>48</sup> Exhibit 1057 at paras 3 to 19.

58. Obtaining funding for training and attendance to gaming related conferences or workshops was a constant challenge for Mr. Meilleur as the Ministry of Finance did not increase GPEB's budget or amend it for the purpose of training during Mr. Meilleur's tenure as Executive Director of Compliance.
59. Yearly budget proposals for training were sent for approval to the Assistant Deputy Minister.<sup>49</sup> However, not all training was approved, including Canadian Anti-Money Laundering Institute (CAMLI) certification for GPEB investigators. The CAMLI certification was the Canadian equivalent of ACAMS certification.
60. Mr. Ken Ackles, Manager of Investigations for GPEB with JIGIT, also gave evidence that there was previously no budget for CAMLI certification, however now there is a requirement that every investigator complete the certification.<sup>50</sup> Mr. Meilleur, when he was the temporary acting ADM, did provide approval for attendances at CAMLI courses and conferences.<sup>51</sup>
61. Mr. Meilleur had a membership to ACAMS during his tenure as Executive Director of Compliance through BCLC's corporate membership. It provided him access to the website and free webinars. He regularly forwarded any training materials, including webinars to compliance staff.
62. Mr. Meilleur is aware that some GBEB staff completed ACAMS training offered by BCLC. Mr. Ken Ackles, also gave evidence that BCLC provided training for a limited number of people who accepted the offer.<sup>52</sup>

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<sup>49</sup> Exhibit 1057 of the Cullen Commission at Exhibits D to I.

<sup>50</sup> Examination of Kenneth Ackles on November 2, 2020 at pages 67-68.

<sup>51</sup> Exhibit 1057 of the Cullen Commission at paras 16-17 and at Exhibits J-K.

<sup>52</sup> Examination of Kenneth Ackles on November 2, 2020 at page 162.

63. GPEB Auditors and Investigators attended several seminars, conferences, workshops, intelligence meetings, in which the topic of money laundering was advanced. Examples of these include:
- a. Attending annual Canadian Gaming Regulators Association (CAGRA) conferences which provided a venue for Regulators in Canada to address money laundering concerns. GPEB made presentations at CAGRA about money laundering issues and concerns in their in person jurisdictional update;
  - b. BCLC's New Horizons in Responsible Gambling conference, which brought together responsible gambling researchers, policy makers, regulators and industry representatives from around the world to discuss developments in prevention, response and best practices. GPEB worked with BCLC to organize components for this conference;
  - c. Attending the Protecting the Game course offered to gaming investigator by the University of Nevada located in Las Vegas;
  - d. Attending annual conferences hosted by North American Gaming Regulators Association (NAGRA), which is an international version of CAGRA;
  - e. Joining the Association of Law Enforcement Intelligence Units (LEIU) and the National Gaming Information Sharing Group (NGISG) and attending webinars and conferences they hosted; and
  - f. Attending the Canadian Gaming Summit which was an annual summit that had a regulatory component which addressed AML through workshops and panels.

### **Summary of Mr. Meilleur's execution of his mandate as Executive Director of Compliance**

64. The issue of combatting suspected money laundering in the province's casinos was foremost in the mind and on the agenda of Mr. Meilleur and his staff throughout his nearly three years in the position of Executive Director of Compliance.
65. He commenced the position in December 2014, at the height of the problems of money laundering and cash transactions in casinos, and at the height of the dysfunctionality of the relationship between the regulator and the corporation.

66. With LSB opinions clearly stating that Mr. Meilleur had no power to investigate offences of money laundering and or any Criminal Code offences, and with no police presence at the time in the casinos, Mr. Meilleur was left with regulatory challenges. He addressed the issue in a most constructive manner, working initially with BCLC's Ross Alderson, to coordinate the efforts of BCLC and GPEB and bring the police awareness and presence into casinos to fight the money laundering problem.
67. This initiative had limited success, initially, because there was no immediate follow up by police. Inspector Chrustie, who had been part of the summit meeting on AML strategy, undertook the E-Pirate investigation. GPEB responded by supporting the police any way it could. In the course of these efforts GPEB carried out its own investigations and took significant steps toward identifying the dimension of the money laundering problem and potential solutions when it obtained the spreadsheet, and reported to the Minister at the time, and then undertook the MNP report to obtain greater understanding and develop coherent strategy to deal with the source of funds being utilized in casinos, and look at other alternatives to control the operations of service providers in such a way that they were not facilitating money laundering.
68. Up to that time, and until JIGIT was created, the response of the service providers had been to provide S.86(2) reports to GPEB, which BCLC reviewed and then turned into STRs and LCTRs to be filed with FINTRAC. BCLC was taking steps to address the money laundering problems, but Mr. Meilleur was of the view that more needed to be done in the public interest. Cash conditions and banning players by BCLC was certainly helpful, but they did not stop the flow of suspect monies. Bank drafts and the use of PGFs were also useful as cash alternatives, but there was nothing foolproof about these methods. In addition to the problem that GPEB reviews found that banned patrons were continuing to operate, there was a ready supply of new patrons to replace the banned ones. In the absence of further AML measures – cash thresholds, for example, and most critically, a meaningful source of funds determination by service providers at the time of transaction, with a requirement to decline the business in appropriate circumstances – Mr.

Meilleur believed that the money laundering problem, although reduced, would continue to exist at a level beyond reasonable risk tolerance for government. Similarly, bank drafts do not convey any guarantee of legitimate source of funds. While BCLC could point to the various measures it was taking, and they were good efforts in the right direction, nevertheless there remained serious gaps in the AML prevention strategy.

69. Mr. Meilleur directed Ms. Fitzgerald and Mr. Stewart in late 2016 or early 2017 that GPEB investigators needed to have a greater presence in casinos. Due to limited resources, GPEB investigators had a presence in Lower Mainland casinos Monday to Friday between the hours of 9AM to 5PM and they regularly collected information to provide the police around suspicious transactions.<sup>53</sup> Mr. Meilleur requested that GPEB investigators be present during the evenings and weekends as well, however it took months to obtain approval to fill new or vacant positions, and the initiative came to fruition only after his departure.<sup>54</sup>
70. Mr. Meilleur succeeded in bringing attention to these gaps to government, the police and BCLC. At the time Mr. Meilleur retired, much had been achieved and much remained to be done. GPEB's work has been carried on by Mr. Skrine and others at GPEB.
71. Unlike during Mr. Meilleur's tenure as Executive Director of Compliance, the investigations unit is no longer housed in the Compliance division. It has moved to the Enforcement Division, an independent unit within GPEB.<sup>55</sup>
72. According to the evidence the Commissioner heard from Mr. Skrine, with an active police presence and direction from General Manager Mr. MacLeod, and apparently unburdened to the same extent by the restrictive LSB opinions which circumscribed the investigatory process of GPEB Investigators under Mr. Meilleur, GPEB investigators are

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<sup>53</sup> Examination of Derek Dickson on January 22, 2021 at pages 79-80.

<sup>54</sup> Exhibit 1057 at paras 20 and 21 and Exhibit 1059 at para 4.

<sup>55</sup> Exhibit 504 – Affidavit No. 1 of Cary Skrine at para 19.



in the process of taking a greater role in the interviewing process. With the addition of 12 new GPEB investigators, GPEB is now able to staff casinos up to 14 hours a day in the Lower Mainland to cover critical periods.<sup>56</sup>

73. Mr. Skrine testified that there was uncertainty around whether it was appropriate or not for GPEB investigators to interview patrons in relation to money laundering, however since Mr. Meilleur's time there have been updates and amendments made to the General Manager's direction.<sup>57</sup>

74. It is Mr. Skrine's evidence that before GPEB investigators conduct any interviews they conduct risk assessments by gathering all the information that is available to them to decide if it was safe for them to approach these interviews and that depending on the risk assessment they find ways to mitigate that risk, which could include support, including having a police officer attend and be present.<sup>58</sup> There is now a working group to examine the protocols and procedures around investigating patrons, and the results of the working group are being awaited before GPEB investigators start interviewing.<sup>59</sup>

75. It is because of the support of GM MacLeod that Mr. Skrine is able to take a different approach to GPEB enforcement to potentially include interviewing patrons and possibly seizing suspected cash.<sup>60</sup>

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<sup>56</sup> Examination of Cary Skrine on January 27, 2021 at page 70.

<sup>57</sup> Examination of Cary Skrine on January 27, 2021 at page 16.

<sup>58</sup> Examination of Cary Skrine on January 27, 2021 at page 19.

<sup>59</sup> Examination of Cary Skrine on January 27, 2021 at pages 19-21.

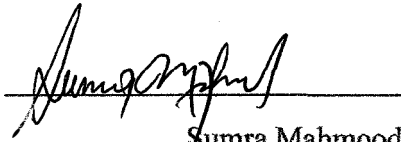
<sup>60</sup> Examination of Cary Skrine on January 27, 2021 at pages 28-29.

76. Mr. MacLeod however does not see GPEB Investigators taking the role of police officer. His view is that criminal investigations around money laundering are the responsibility of the police. GPEB does not have the resources nor the safeguards in place to be conducting criminal investigations.<sup>61</sup> It is envisioned the GPEB would do the regulatory interviews and the police would do the criminal interviews.<sup>62</sup>

ALL OF WHICH IS RESPECTFULLY SUBMITTED, this 28<sup>th</sup> day of September, 2021.



Michael Bolton, Q.C.



Sumra Mahmood

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<sup>61</sup> Examination of Sam MacLeod on April 19, 2021 at pages 48-49.

<sup>62</sup> Examination of Sam MacLeod on April 19, 2021 at pages 49.