

Kevin Simcoe

From: Rob Kroeker
Sent: January-14-19 11:40 AM
To: Monica Bohm; Laura Piva-Babcock; Jim D. Lightbody; Jamie Callahan
Subject: RE: Potential media story

Who is setting up the call?

From: Monica Bohm
Sent: January-14-19 11:35 AM
To: Rob Kroeker ; Laura Piva-Babcock ; Jim D. Lightbody ; Jamie Callahan
Subject: RE: Potential media story

Sounds good. Let's see what we can do with this!

Also, is there any chance this is an issue re: s 22
m

?

Monica Bohm
Vice President, Digital & Enterprise Services
BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3024 M s 17(1)

From: Rob Kroeker <RKroeker@bclc.com>
Sent: Monday, January 14, 2019 11:05 AM
To: Laura Piva-Babcock <LPiva-Babcock@bclc.com>; Jim D. Lightbody <JDLightbody@bclc.com>; Monica Bohm <MBohm@BCLC.com>
Subject: RE: Potential media story

s 13(1)

From: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Sent: January-14-19 11:02 AM
To: Rob Kroeker <RKroeker@bclc.com>; Jim D. Lightbody <JDLightbody@bclc.com>; Monica Bohm <MBohm@BCLC.com>
Subject: RE: Potential media story

Agreed. No sense of timing on this one?

From: Rob Kroeker <RKroeker@bclc.com>
Sent: January 14, 2019 10:57 AM
To: Laura Piva-Babcock <LPiva-Babcock@bclc.com>; Jim D. Lightbody <JDLightbody@bclc.com>; Monica Bohm <MBohm@BCLC.com>
Subject: RE: Potential media story

s 13(1)

From: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Sent: January-14-19 10:55 AM
To: Jim D. Lightbody <JDLightbody@bclc.com>; Monica Bohm <MBohm@BCLC.com>
Cc: Rob Kroeker <RKroeker@bclc.com>
Subject: RE: Potential media story

s 13(1)

From: Jim D. Lightbody <JDLightbody@bclc.com>
Sent: January 14, 2019 10:48 AM
To: Laura Piva-Babcock <LPiva-Babcock@bclc.com>; Monica Bohm <MBohm@BCLC.com>
Cc: Rob Kroeker <RKroeker@bclc.com>
Subject: Potential media story
Importance: High

There is a potential media story developing. We have heard a rumour that Ross Alderson is working with Kevin Newman at W5 to do a story on AML and BCLC. We should talk to National about how we might address this.

Please keep confidential.

Thanks,

Jim

Jim Lightbody
President & CEO

BCLC Head Office
74 West Seymour Street, Kamloops BC V2C 1E2
T s 17(1)

BCLC Marketing & Sales Office
2940 Virtual Way, Vancouver BC V5M 0A6
T s 17(1)

jdlightbody@bclc.com
bclc.com

Kevin Simcoe

From: Laura Piva-Babcock
Sent: February-05-19 9:42 AM
To: Jim D. Lightbody; Monica Bohm; ALL- Senior Executive
Cc: Suzanne Rowley
Subject: RE: W5

Neither us nor the service providers or BCGIA.

From: Jim D. Lightbody
Sent: February 5, 2019 9:41 AM
To: Monica Bohm ; ALL- Senior Executive
Cc: Suzanne Rowley ; Laura Piva-Babcock
Subject: Re: W5

Did they ever contact us?

From: Monica Bohm <MBohm@BCLC.com>
Date: February 5, 2019 at 10:27:37 AM GMT-7
To: ALL- Senior Executive <ALL-SeniorExecutive@BCLC.com>
Cc: Suzanne Rowley <SRowley@bclc.com>, Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Subject: FW: W5

Wanting to advise you that this is coming on Saturday. We are preparing plans to address with National PR. Will keep you informed. Monica

Monica Bohm
Vice President, Digital & Enterprise Services
BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3024 M s 17(1)

From: Lara Gerrits <LGerrits@bclc.com>
Sent: Tuesday, February 05, 2019 9:04 AM
To: Monica Bohm <MBohm@BCLC.com>
Cc: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Subject: W5
Importance: High

<https://twitter.com/BradWestPoCo/status/1092820969108910080>

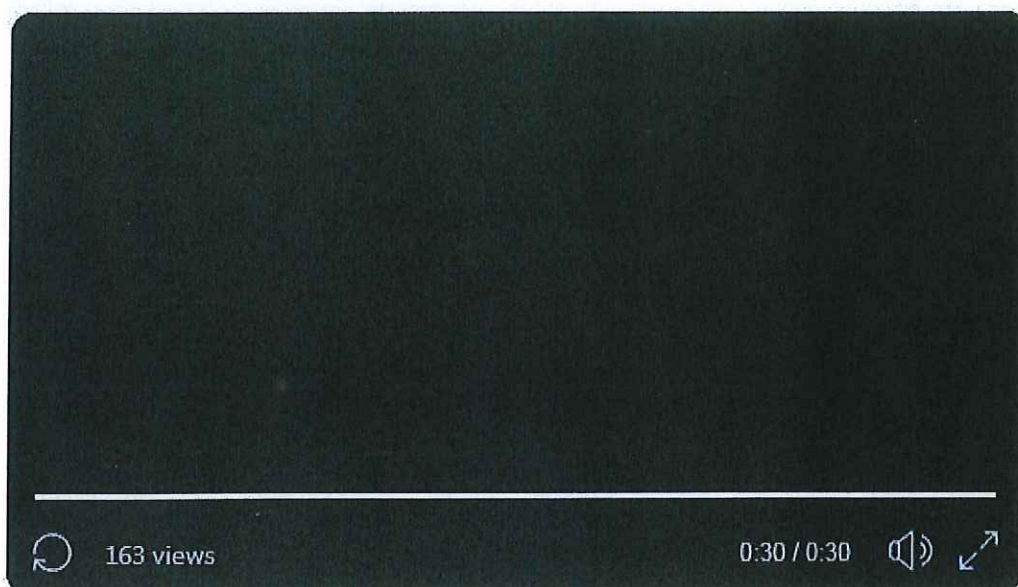


Brad West
@BradWestPoCo

Following



Tune In/Set your PVR This Saturday at 7pm @CTVW5 focuses on #vanRE #moneylaundering #bcpoli and speaks w/ a whistleblower. Thanks to @KevinNewmanCTV for your attn to this. We sat down for an extensive intvw as part of the program. Thank you for including me.



8:23 AM - 5 Feb 2019

8 Retweets 18 Likes



1 8 18



Tweet your reply



Brenda Webster @1963bbjj · 9m

Replying to @BradWestPoCo @CTVW5 @KevinNewmanCTV

Thank YOU, too, Brad!!

Lara Gerrits
Manager, Media & Issues Management
BCLC, 2940 Virtual Way, Vancouver, B.C., V5M 0A6

T 604 228 3066 C s 17(1)

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

Kevin Simcoe

From: Jim D. Lightbody
Sent: February-05-19 3:52 PM
To: Monica Bohm
Subject: RE: W5

I just texted you back. Let me know if you need to talk.
This is brutal.

From: Monica Bohm
Date: February 5, 2019 at 10:43:24 AM GMT-7
To: Jim D. Lightbody
Subject: RE: W5

No they didn't.

We are reaching out to government because Eby is featured to get some info.

We are concerned Cooper is now racing to beat W5 with the story.

We are working with National. Would be good to connect with you later today. s 22
m

Monica Bohm

Vice President, Digital & Enterprise Services

BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6

T 604 228 3024 M s 17(1)

From: Jim D. Lightbody
Sent: Tuesday, February 05, 2019 9:41 AM
To: Monica Bohm ; ALL- Senior Executive
Cc: Suzanne Rowley ; Laura Piva-Babcock
Subject: Re: W5
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Date: February 5, 2019 at 10:27:37 AM GMT-7
To: ALL- Senior Executive <ALL-SeniorExecutive@BCLC.com>
Cc: Suzanne Rowley <SRowley@bclc.com>, Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Subject: FW: W5

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Monica Bohm

Vice President, Digital & Enterprise Services

BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6

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Sent: Tuesday, February 05, 2019 9:04 AM
To: Monica Bohm <MBohm@BCLC.com>
Cc: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Subject: W5
Importance: High

<https://twitter.com/BradWestPoCo/status/1092820969108910080>

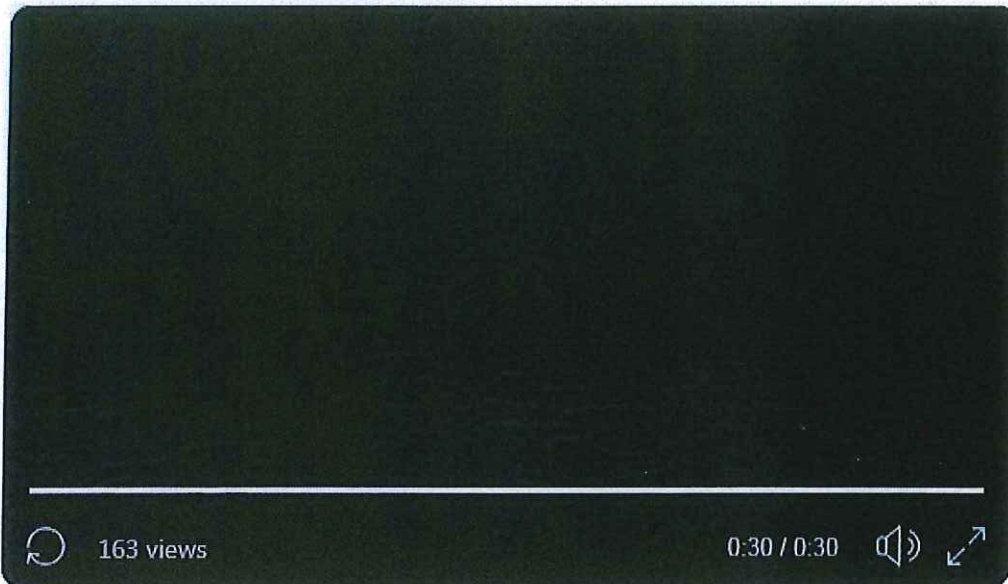


Brad West
@BradWestPoCo

Following



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8:23 AM - 5 Feb 2019

8 Retweets 18 Likes



1 8 18



Tweet your reply



Brenda Webster @1963bbjj · 9m

Replying to @BradWestPoCo @CTVW5 @KevinNewmanCTV
Thank YOU, too, Brad!!

BCLC, 2940 Virtual Way, Vancouver, B.C., V5M 0A6

T 604 228 3066 C s 17(1)

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

Kevin Simcoe

From: Greg Moore
Sent: February-06-19 8:01 AM
To: Jim D. Lightbody
Cc: Peter Kupiak
Subject: Re: BCLC - Information Notes regarding recent Media Story

Hi Jim,

s 13(1)

Greg

From: Jim D. Lightbody
Sent: Wednesday, January 30, 2019 5:37 PM
To: Greg Moore
Subject: RE: BCLC - Information Notes regarding recent Media Story
Greg;
Yes, it's very frustrating. It's like a feeding frenzy. s 13(1)

Thanks,
Jim

From: Greg Moore
Sent: Wednesday, January 30, 2019 5:28 PM
To: Jim D. Lightbody
Subject: Re: BCLC - Information Notes regarding recent Media Story
Jim,
s 13(1)

Greg

From: Suzanne Rowley on behalf of Jim D. Lightbody

Sent: Wednesday, January 30, 2019 4:33:41 PM

To: Coro Strandberg; Dusty Kelly; Fiona Chan s 22

; Greg Moore; Hilary Cassady; Joan Axford; Lisa Ethans;

Mario Lee; Peter Kappel

Cc: Jim D. Lightbody; Suzanne Rowley

Subject: BCLC - Information Notes regarding recent Media Story

Hello Everyone,

BCLC has provided the attached two Information Notes to the Minister and Ministry staff regarding recent reporting by Global National's Sam Cooper <https://globalnews.ca/news/4897032/bc-casinos-money-laundering/>

One attached Information Note explains Patron Gaming Fund (PGF) accounts and the processes around bank drafts. It also refutes the notion that \$1.7B was laundered through PGF accounts. The other attached Information Note provides further BCLC background in specific response to allegations in Sam Cooper's coverage.

It has been our practice to develop Information Notes on media stories done by Sam Cooper who has been the main reporter on the topic of money laundering in casinos for nearly two years. As discussed the last time we met with the Board, we are compiling all of the Information Notes on his stories that we provided to government over that timeframe and will provide this compilation to you for reference shortly.

If you have further questions, please contact me.

Jim Lightbody

President & CEO

BCLC Head Office

74 West Seymour Street, Kamloops BC V2C 1E2

Ts 17(1)

BCLC Marketing & Sales Office

2940 Virtual Way, Vancouver BC V5M 0A6

Ts 17(1)

jdlightbody@bclc.com

bclc.com

Kevin Simcoe

From: Rob Kroeker
Sent: February-06-19 8:39 AM
To: Monica Bohm; Jamie Callahan; Laura Piva-Babcock; John Karlovcec
Cc: Jim D. Lightbody; Brad Desmarais
Subject: Request from Board Chair - Briefing materials

Importance: High

Good morning everyone

Another hectic day shaping up. I very much appreciate everyone's efforts over the last few days.

The Board chair spoke with me this morning. He has asked for a draft briefing note or similar documents covering the following:

1. The Global news (Cooper) requests – we should attach the actual request and our proposed responses we are trying to get through government as an appendix.
2. The W5 story – what we know to date, which is limited, and plan for a response.
3. Outline of what of our obligation is to our employees who have been named by a former employee in interviews with Global news, and even if there is no legal obligation to them, what options are available in regards to reports that are based on mischaracterization, innuendo or assertions not supported by fact and that could be unfair and damaging to them.

We have been asked to provide drafts by end of business.

s 13(1), s 14

Is this approach agreeable to all?

Please let me know as soon as you can as we will need to get the work underway very shortly.

Thanks,

Rob

Kevin Simcoe

From: Jim D. Lightbody
Sent: February-07-19 7:49 AM
To: Monica Bohm; Lara Gerrits; Laura Piva-Babcock
Subject: RE: Board Briefing Note

s 22

Laura and Lara, thank you very much for creating this. It is very well done!
Jim

From: Monica Bohm
Date: February 7, 2019 at 8:44:43 AM GMT-7
To: Jim D. Lightbody
Subject: RE: Board Briefing Note

I need to give credit to Laura and Lara. s 22

Monica Bohm

Vice President, Digital & Enterprise Services

BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6

T 604 228 3024 M s 17(1)

From: Jim D. Lightbody
Sent: Thursday, February 07, 2019 7:42 AM
To: Monica Bohm
Subject: Re: Board Briefing Note


Thanks for doing this, Monica, it's very comprehensive and well done.

I assume Suzanne sent it to all the Board too? I saw you sent to Peter.

Jim

From: Monica Bohm <MBohm@BCLC.com>
Date: February 7, 2019 at 8:21:17 AM GMT-7
To: ALL- Senior Executive <ALL-SeniorExecutive@BCLC.com>
Subject: FW: Board Briefing Note
Importance: High

Bringing you up to speed in advance of our conference call later today. The anticipated media article from Cooper referenced here is in this link and was posted today.


gambling money laundering
As-it-happens update · February 7, 2019

NEWS

'BCLC could have stopped this': Former casino investigators question whether officials unwilling to ...

Globalnews.ca

Joe Schalk, former senior director of investigations for B.C.'s Gaming Policy Enforcement Branch (GPEB), says he was fired without cause in December ... WATCH: Were B.C. casino staff connected to money-laundering suspects?



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Monica Bohm

Vice President, Digital & Enterprise Services

BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6

T 604 228 3024 M 17(1)

From: Rob Kroeker <RKroeker@bclc.com>

Sent: Wednesday, February 06, 2019 4:42 PM

To: Peter Kappels 22

Cc: Jim D. Lightbody <JDLightbody@bclc.com>; Monica Bohm <MBohm@BCLC.com>; Brad Desmarais <BDesmarais@bclc.com>; Jamie Callahan <JCallahan@bclc.com>

Subject: FW: Board Briefing Note

Importance: High

Peter

Further to our phone conversation please find attached a BN intended to provide the Board with an overview of the Global and W5 matters. Included with this email are two supporting documents. These are internal BCLC documents and while names have been redacted the contents remain sensitive and are not intended for any further distribution, s 13(1)

document is not yet complete and I will forward it to you as soon as

it is received.

Kevin Simcoe

From: Monica Bohm
Sent: February-07-19 7:50 AM
To: Jim D. Lightbody
Subject: RE: Board Briefing Note

Done

Monica Bohm
Vice President, Digital & Enterprise Services
BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3024 M s 17(1)

From: Jim D. Lightbody
Sent: Thursday, February 07, 2019 7:46 AM
To: Monica Bohm
Subject: RE: Board Briefing Note

I don't know if Peter would have all their email addresses. Get Suzanne to send.
Thanks

From: Monica Bohm <MBohm@BCLC.com>
Date: February 7, 2019 at 8:44:21 AM GMT-7
To: Jim D. Lightbody <JDLightbody@bclc.com>
Cc: Suzanne Rowley <SRowley@bclc.com>
Subject: RE: Board Briefing Note

I think we hoped Peter would but let me get Suzanne doing it anyways. m

Monica Bohm
Vice President, Digital & Enterprise Services
BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3024 M s 17(1)

From: Jim D. Lightbody <JDLightbody@bclc.com>
Sent: Thursday, February 07, 2019 7:42 AM
To: Monica Bohm <MBohm@BCLC.com>
Subject: Re: Board Briefing Note

Thanks for doing this, Monica, it's very comprehensive and well done.
I assume Suzanne sent it to all the Board too? I saw you sent to Peter.
Jim

From: Monica Bohm <MBohm@BCLC.com>
Date: February 7, 2019 at 8:21:17 AM GMT-7
To: ALL- Senior Executive <ALL-SeniorExecutive@BCLC.com>
Subject: FW: Board Briefing Note
Importance: High

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gambling money laundering

As-it-happens update · February 7, 2019

NEWS

'BCLC could have stopped this': Former casino investigators question whether officials unwilling to ...

Globalnews.ca

Joe Schalk, former senior director of investigations for B.C.'s Gaming Policy Enforcement Branch (GPEB), says he was fired without cause in December ... WATCH: Were B.C. casino staff connected to money-laundering suspects?



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Monica Bohm

Vice President, Digital & Enterprise Services
BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3024 Ms 17(1)

From: Rob Kroeker <RKroeker@bclc.com>
Sent: Wednesday, February 06, 2019 4:42 PM
To: Peter Kappels 22
Cc: Jim D. Lightbody <JDLightbody@bclc.com>; Monica Bohm <MBohm@BCLC.com>; Brad Desmarais <BDesmarais@bclc.com>; Jamie Callahan <JCallahan@bclc.com>
Subject: FW: Board Briefing Note
Importance: High

Peter

Further to our phone conversation please find attached a BN intended to provide the Board with an overview of the Global and W5 matters. Included with this email are two supporting documents. These are internal BCLC documents and while names have been redacted the contents remain sensitive and are not intended for any further distribution, s 13(1)

It is received.

That document is not yet complete and I will forward it to you as soon as

Kevin Simcoe

From: Jim D. Lightbody
Sent: February-07-19 10:05 AM
To: Monica Bohm
Subject: RE: Exec Update: AML Issue/W5

Thanks

From: Monica Bohm
Date: February 7, 2019 at 10:56:39 AM GMT-7
To: Jim D. Lightbody
Subject: RE: Exec Update: AML Issue/W5

Jim,

We can give you a break on this. I think we can handle it. m

-----Original Appointment-----

From: Suzanne Rowley On Behalf Of Jim D. Lightbody

Sent: February 7, 2019 9:48 AM

To: Monica Bohm

Subject: Tentative: Exec Update: AML Issue/W5

When: February 7, 2019 10:30 AM-11:00 AM (UTC-08:00) Pacific Time (US & Canada).

Where: teleconference^{s 15(1)(l)} details to follow

Kevin Simcoe

From: Suzanne Rowley
Sent: February-07-19 10:23 AM
To: 'Coro Strandberg'; Dusty Kelly; 'Fiona Chan s 22'; Greg Moore; Hilary Cassady; Joan Axford; Lisa Ethans; Mario Lee; Peter Kappel
Cc: Jim D. Lightbody; Monica Bohm; Laura Piva-Babcock; Lara Gerrits; Rob Kroeker
Subject: RE: BCLC - Briefing Note & Background Info
Attachments: bclc-former-casino-investiga.pdf

Hello Everyone,

In addition to the materials sent a few moments ago, please find attached the downloaded article in case anyone is having trouble with the link below.

Kind regards,
Suzanne.

From: Suzanne Rowley
Sent: Thursday, February 07, 2019 10:16 AM
To: Coro Strandberg; 'Dusty Kelly (DKelly@bclc.com)'; Fiona Chan s 22; Greg Moore (GMoore@bclc.com); Hilary Cassady (HCassady@bclc.com); Joan Axford (JAxford@bclc.com); Lisa Ethans (LEthans@bclc.com); Mario Lee (MarioLee@bclc.com); Peter Kappel (pkappel@bclc.com)
Cc: Jim D. Lightbody; Monica Bohm; Laura Piva-Babcock; Lara Gerrits; Rob Kroeker
Subject: BCLC - Briefing Note & Background Info
Importance: High

Hello Everyone,

On behalf of Jim Lightbody, please see attached Board Briefing Note, intended to provide you with some background information regarding today's [Global National story](#) and a W5 story airing Saturday. Also included are two internal documents, which provide further context. While the names have been redacted, the contents remain sensitive and are **not intended for further distribution**.

Kind regards,
Suzanne.

Suzanne Rowley
Assistant Corporate Secretary/EA
President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
T 604 225 6399
srowley@bclc.com
bclc.com

Investigations February 7, 2019 6:03 am

'BCLC could have stopped this': Former casino investigators question whether officials unwilling to stop criminal activity

By Sam Cooper National Online Journalist, Investigative Global News

B.C. union calls for casino money-laundering public inquiry in B.C.

Several former investigators who say they lost jobs in B.C.'s casino industry for whistle-blowing are questioning whether some B.C. officials deliberately allowed government-regulated casinos to be used as hubs for money laundering.

In an exclusive investigation, Global News has conducted extensive interviews with the casino industry sources, and also reviewed documents and court testimony from several of the sources.

The sources pointed to allegations of "willful blindness" of dirty cash transactions in B.C. casinos. And some questioned whether a "conspiracy" or corruption has occurred, that would allow dirty funds estimated by Global News at up to \$2 billion, to flow through Lottery Corp. casinos.

All indicated they believe a public inquiry into the scandal should occur, and they would testify.

READ MORE: Secret police study finds crime networks could have laundered over \$1B through Vancouver homes in 2016

Joe Schalk, former senior director of investigations for B.C.'s Gaming Policy Enforcement Branch (GPEB), says he was fired without cause in December 2014.

Schalk said from 2008 until his dismissal, he and colleagues were escalating money-laundering warnings within B.C.'s government and that after crunching GPEB data, he estimated "well over" \$1 billion was laundered through B.C. casinos.

He also suspects he was fired for blowing the whistle on massive money laundering.

"It is my belief and my knowledge that this was allowed to happen," Schalk said.

"BCLC could have stopped this. The service providers could have stopped this. And if an inquiry were called, that is the evidence I would give."

Schalk, a former RCMP officer, said his GPEB colleagues "could not believe it" when they read the conclusion in former Mountie Peter German's independent review of B.C. casino money laundering, that casino operators were "unwitting" victims of money laundering.

"What I'm saying is, there is no question in my mind. This was not unwitting. So if you look at it with an investigative mind, there is complicity," he said. "And if it is deliberately allowed, the next question is where does the conspiracy start and end? And what different groups could be involved?"

WATCH: Money laundering flowing through back-door channels in B.C. casinos

"Willful blindness"

An internal report filed in September 2015 by Ross Alderson, the Lottery Corp.'s then-director of anti-money laundering, highlights the heightened distrust and suspicion GPEB and some senior police officers in B.C. held about BCLC.

The report outlined how Lottery Corp. investigators had linked about 40 Chinese VIP gamblers at Richmond's River Rock Casino to massive cash deliveries from an alleged organized crime network suspected of "transnational" drug trafficking and money laundering.

In his September 2015 report, Alderson wrote he had "received information that senior police had directed their operational staff to deal with GPEB rather than BCLC. Comments were made that there had been unwillingness by BCLC leadership to address, what was in the police's eyes, clear acceptance of huge volumes of cash which 'one could reasonably suspect were likely proceeds of crime.'"

Alderson feared that BCLC and casino managers could also be accused of "willful blindness."

"There should be concern that BCLC and Service Provider management will be accused of 'willful blindness.' Sources have told me that law enforcement and government (GPEB) 'are distancing themselves from BCLC' for this reason."

But BCLC was under suspicion, Alderson wrote, despite the fact they had asked RCMP to investigate.

Alderson also concluded in the September report that investigations had shown loan sharks and Chinese VIP gamblers were likely involved in "transnational money laundering," and "there are likely people involved in the regulated B.C. Gaming Industry that are involved in facilitating proceeds of crime for players."

WATCH: Were B.C. casino staff connected to money-laundering suspects?

In response to these and other allegations in this story, Great Canadian, the operator of River Rock, stated: "As we have consistently stated, we take our compliance responsibilities extremely seriously in this heavily regulated gaming industry. Great Canadian operates in strict compliance with all laws and regulations that apply to our industry, and comprehensively follows all policies and procedures that are required of us by BCLC and our regulators."

And in a legal letter from Great Canadian regarding Global News reports, the company's counsel stated: "...the proactive efforts of River Rock Casino staff and their coordination with both law enforcement and regulators to combat crime and exclude nefarious elements from the casino was commended by former RCMP Commissioner Peter German in his report."

Alderson also noted in the 2015 report it was possible reports of suspicious activity in casinos, for some reason, were not making it up to the senior government officials responsible for BCLC casinos.

"GPEB have been recipients of complete suspicious transaction report (STR) information for a number of years however ... (STRs) had not filtered up to the right people in government."

Alderson did not comment for this story. He left his position in December 2017. In previous statements to Global News, Alderson has questioned German's findings, saying that German had missed interviewing some key people in the gaming industry.

In a response referring to the September 2015 report filed by Alderson, BCLC stated: "a senior official of the RCMP advised that while BCLC should continue to share information with the RCMP and complete suspicious transaction reports, that official also cautioned BCLC not to take any other action without first discussing it with the RCMP's Federal Serious and Organized Crime, 'so as not to impede any ongoing criminal investigation.'"

Tax dirty money

With massive cash transactions flowing in Lottery Corp. casinos, some executives would not agree the cash should be questioned, according to Schalk. He said that one executive with experience in policing maintained the ridiculous belief that Chinese VIP gamblers were flying into Canada carrying hundreds of pounds worth of Canadian dollars.

According to another whistle-blower source, another executive allegedly repeatedly stated the theory that crime and money laundering would occur anyway in B.C., so government-regulated casinos could be used to recycle the dirty money into productive uses.

In a response to this story, the Lottery Corp. asked for direct evidence such as recordings, in order to respond to allegations.

“Without copies of the statements Global National indicates it is quoting from, or the names of the individuals to whom Global News is attributing these statements, and because Global is accusing individuals of engaging in wrongdoing, it would be irresponsible for BCLC to comment without first receiving the factual basis to the Global story,” a response from the Lottery Corp. stated.

READ MORE: B.C.’s former illegal gaming enforcement commander makes startling claim about what he could not investigate

In an interview, Schalk said that at various times, he heard people in B.C.’s casino industry state that dirty money should be taxed, but he never heard a Lottery Corp. executive state that view.

However, as amounts of suspected dirty cash flooding BCLC casinos escalated “exponentially, month to month and year to year” — several high-level GPEB investigators “started to fear that was the mindset,” at BCLC, according to Schalk.

The situation became so ridiculous, Schalk said, that they sarcastically complained to “upper echelons” in B.C.’s government about the perceived BCLC mindset, like this:

“We are 99 per cent sure this is street drug money. Is it wrong to publicly tax some of that money, and make good use of it for education, hospitals and social welfare? Well if that’s OK, let’s just put a sign up at the Mexico border too, saying, ‘B.C. casinos open for dirty money.’ Because we know the cartels have truckloads of cash they really want to get rid of.”

Schalk acknowledged that GPEB also made mistakes, and police in B.C. did too.

It was long known by the RCMP that organized crime and money laundering had become rooted in B.C. casinos, Schalk and another whistle-blower, former RCMP illegal gaming unit leader Fred Pinnock said. But the RCMP didn’t launch its major investigation of casino money laundering, E-Pirate, until 2015.

"Did this give the aura to some people and groups that, it was OK? The police were not going to step in?" Schalk asked. "It may have."

The RCMP says that it is conducting a full review to discover reasons why its E-Pirate Investigation, which resulted in stayed charges, failed.

READ MORE: Crown mistakenly exposed police informant, killing massive B.C. money laundering probe

In response to questions about whether River Rock casino staff should have rejected cash transactions of over \$500,000 per "buy-in" in some instances, allegedly involving Chinese VIPs and the alleged loan sharks targeted in the E-Pirate Investigation, Great Canadian has responded with explanations in a legal letter.

"Great Canadian advises that any individual who buys in with \$10,000 cash or more (no matter the denomination of the bank notes) is required to provide his or her identity and other personal information to Great Canadian who in turn files a large cash transaction report with BCLC," the legal statement says. "Once BCLC reviews these reports and conducts their own independent review, they will ascertain whether the individual has sufficient assets to support their level of play. Based on the outcome of BCLC's review, Great Canadian has no reason to believe that these individuals are knowing participants in a money laundering scheme."

WATCH: What Is the 'Vancouver Model'?

Allegations of corruption

Proka Avramovic is one of the former security managers for Great Canadian Gaming that have alleged staff in the company's Lower Mainland casinos were advised to turn a blind eye to the loan sharks bringing cash deliveries to gamblers.

Avramovic and his boss Boki Sikimic made the allegations in a Texas court deposition, in a case that pitted Great Canadian against U.S. investors that had partnered with Great Canadian in a gambling venture in China. The allegations were never proven and the case was settled out of court. Great Canadian has repeatedly denied the allegations of Avramovic and Sikimic.

But Avramovic says that he was "set on fire" by the findings of German's report, which he believes gave a pass to casino managers and public officials including a "boy's club" of retired police officers that Avramovic says are responsible for B.C.'s casino money-laundering scandal.

So he wants to come forward with detailed allegations in a public inquiry. And he hopes former and current Great Canadian Gaming employees will be subpoenaed to testify.

"Those people are afraid to come up and talk," Avramovic said. "I mean, look at me, I'm hiding."

"Great Canadian's current focus is supporting the significant work being dedicated by casino service providers, BCLC, GPEB, and the Ministry of the Attorney General, on the implementation of the Recommendations from the German Report to effectively enhance measures to prevent money laundering," the company said, in response to Avramovic's allegations.

"In terms of your questions, we would caution you that relying on the comments of former Great Canadian employee(s) or innuendo, significantly risks doing a disservice to your readers/viewers, and potentially defaming our company and/or slandering our staff," a response from Great Canadian says.

Great Canadian added that any claims made by its former employees that management had directed staff to ignore the biggest loan sharks are not factual but based on "hearsay, conjecture, or hyperbole."

But Avramovic repeated his claims, that his whistle-blowing efforts to B.C.'s government in the early 2000s were ignored because B.C.'s casino industry was rapidly expanding.

"BCLC and GPEB knew precisely what was going on, and now they start playing the blame games," Avramovic said.

sam.cooper@globalnews.ca

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Kevin Simcoe

From: Monica Bohm
Sent: February-08-19 12:12 PM
To: Brad Desmarais; ALL- Senior Executive; Peter Kappel
Subject: RE: Google Alert - gambling money laundering

Ensuring you have all seen this interview with Minister Eby as well. Thanks, m
<https://globalnews.ca/news/4937536/bc-money-laundering-inquiry-support-poll/>

Monica Bohm

Vice President, Digital & Enterprise Services
BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3024 M s 17(1)


From: Brad Desmarais
Sent: Friday, February 08, 2019 6:53 AM
To: ALL- Senior Executive ; Peter Kappel
Subject: Fwd: Google Alert - gambling money laundering

Here we go again....

s 15(1)(l)

Begin forwarded message:

From: Google Alerts <googlealerts-noreply@google.com>
Date: February 8, 2019 at 14:37:36 GMT
To: bdesmarais@bclbc.com
Subject: Google Alert - gambling money laundering



gambling money laundering

As-it-happens update · February 8, 2019

NEWS

W5 investigates massive money laundering that has BC awash in illegal cash

CTV News

W5 Investigates massive money laundering that has B.C. awash in illegal cash ... and political leaders stonewalled in multiple attempts to inform the public of the magnitude of British Columbia's problem with illegal gambling. Not that ...





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USA bans online interstate gambling

European Gaming Industry News (press release) (blog)

The U.S. Government has banned all forms of online gambling involving such as fake credit cards, money laundering and stolen identification.



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Kevin Simcoe

From: Monica Bohm
Sent: February-08-19 3:57 PM
To: ALL- Senior Executive
Cc: Laura Piva-Babcock
Subject: Update: BCLC Action Plan - AML Media Relations
Attachments: Board_BN_AML Media Relations_final_February 6, 2019.pdf; screen4.JPG; BCLC Anti-Money
ommitment to Protecting Casinos from Money
Laundering.png
Importance: High

I would like to provide an update on BCLC's Action plan included in the attached report. s 13(1)

Jim or Rob, I will let you update Peter on this if you feel that's appropriate.
Laura and Rob's teams have done a great job getting this ready.
Monica

BCLC ACTION PLAN:

s 13(1), s 17(1)

Monica Bohm
Vice President, Digital & Enterprise Services
BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6

T 604 228 3024 M s 17(1)

From: Rob Kroeker
Sent: Wednesday, February 06, 2019 4:42 PM
To: Peter Kappel
Cc: Jim D. Lightbody ; Monica Bohm ; Brad Desmarais ; Jamie Callahan
Subject: FW: Board Briefing Note
Importance: High

Peter

Further to our phone conversation please find attached a BN intended to provide the Board with an overview of the Global and W5 matters. Included with this email are two supporting documents. These are internal BCLC documents and while names have been redacted the contents remain sensitive and are not intended for any further distribution. s 13(1)

. That document is not yet complete and I will forward it to you as soon as it is received.

**BCLC BOARD OF DIRECTORS
BRIEFING BDOCUMENT**

Date Prepared: February 6, 2019

Prepared By: Monica Bohm

Phone Number: 604-228-3024

Contact: Monica Bohm
Vice President
Digital & Enterprise Services

Email: MBohm@BCLC.com

TITLE: Anti-Money Laundering (AML) Media Relations & Strategy

PURPOSE:

☒ (X) FOR INFORMATION

TITLE: Anti-Money Laundering (AML) Media Relations & Strategy

SITUATIONAL ANALYSIS:

Global National

Reporter Sam Cooper has been reporting on allegations of money laundering in B.C. casinos since September 2017, first with The Vancouver Sun and now with Global National. BCLC Media Relations has fielded dozens of requests from Cooper throughout his reporting, coordinating response points with Government Communications & Public Engagement to ensure alignment.

On February 1, 2019, BCLC Media Relations received a request from Cooper asking BCLC to confirm or deny three alleged statements made by BCLC Executive(s) regarding allegations of money laundering in B.C. casinos.

BCLC Media Relations responded on February 1, 2019, asking Cooper to: provide the name(s) of the executive(s) alleged to have made these remarks; the context of how the alleged remarks were made – including when and how the alleged statements were made; and the alleged document(s) and/or recording(s) from which the alleged remarks are derived.

On February 4, 2019, BCLC Media Relations received a subsequent and lengthy follow-up request from Cooper, regarding the alleged Executive(s) statements in relation to a "document" and a Section 86 report. (See Appendix A).

On February 5, 2019, BCLC Media Relations responded to Cooper that: *"without copies of the statements Global National indicates it is quoting from, or the names of the individuals to whom Global news is attributing these statements, and because Global is accusing individuals of engaging in wrongdoing, it would be irresponsible for BCLC to comment without first receiving the factual basis to the Global story."*

Subsequently, BCLC identified two reports from which it believes the reporter is citing in his request (attached), using specific excerpts from the reports. In isolation, the excerpts lack overall context of the reports, which demonstrate BCLC's actions in response to the money-laundering risk to B.C. casinos.

BCLC is unaware of how Cooper obtained the documents, one of which is a BCLC internal report and one of which is a Section 86 report prepared by BCLC at the request of Len Meilleur, who was the Executive Director of Compliance at the Gaming Policy and Enforcement Branch at the time.

On February 6, 2019, BCLC Media Relations responded to Cooper, also sending copies to his editors, with:

"While you have not shared the documents from which you derived specific excerpts in your email request from February 4, we believe you are referencing a BCLC internal "Corporate Security & Compliance AML Document" (AML Document) prepared by a former Anti-Money Laundering (AML) Director on September 8, 2015, as well as a Section 86 report from July 24, 2015, also prepared by the same former AML Director.

"BCLC cannot comment on the alleged remarks from BCLC Executive(s) without first receiving the factual basis from which you obtained the alleged comments. However, we would like to provide you additional information related to the above-noted documents and your first two questions.

"Regarding your first question, BCLC and its employees recognized the risk that money-laundering poses to casinos, took action and continue to take action to increase controls as new threats emerge – as evidenced with the actions that are outlined in the AML Document.

"The AML Document notes that a senior official of the RCMP advised that while BCLC should continue to share information with the RCMP and complete suspicious transaction reports, that official also cautioned BCLC not to take any other action without first discussing it with the RCMP's Federal Serious and Organized Crime (FSOC) "so as not to impede any ongoing criminal investigation."

"While you reference select excerpts from the AML Document, additional content in that document reiterates that BCLC reported to the RCMP its concerns regarding apparent links from proceeds of crime to B.C. casinos, and BCLC's immediate action in response to information from police.

"This action includes that BCLC interviewed individuals believed to be associated to an organized-crime network and placed 10 players on conditions prohibiting them from buying in with unsourced cash. The author of the report also noted that "BCLC was committed to doing the right thing and that was eliminating 'dirty money' from the gaming industry" and that "BCLC were the original complainant in the whole [E-Pirate] investigation, have driven all the AML programs and have had successful AML audits."

"Following BCLC's ongoing actions and commitment to improving its AML controls, suspicious transactions in B.C. casinos reduced significantly since 2015, as outlined in the data previously provided to Global National.

"Regarding your second question – BCLC cannot comment on the alleged remarks from BCLC Executive(s) without first receiving the factual basis from which you obtained the alleged comments.

"However, you cite from the Section 86 report that a former AML Director briefed other employees regarding apparent links from proceeds of crime to B.C. casinos. That document also indicates that on February 12, 2015, BCLC requested that the RCMP's FSOC consider initiating an investigation based on information that BCLC had collected related to cash drops at casinos by an individual believed to be associated to organized crime. As you know and as we have provided to you previously, shortly thereafter, the RCMP advised BCLC of the start of its E-Pirate multinational money-laundering investigation.

"BCLC had reached out to various agencies with similar requests prior to the February 2015 meeting with FSOC, which was the first agency that agreed to look into BCLC's concerns.

"The Section 86 report also indicates that during a June 29, 2015 meeting, FSOC advised BCLC's former AML Director that, while it suspected there were organized crime links to casinos, there was "no confirmed evidence at this time other than 1 suspected drop off to an un-named player in a parking lot."

"Regarding your questions under section B and C of your email, we reiterate that BCLC and its employees recognized the risk that money-laundering poses to casinos, took action and continue to take action to increase controls as new threats emerge."

As of February 6, 2019, Cooper has not responded to BCLC regarding the factual basis from his he obtained the alleged BCLC Executive(s) comments.

GCGC has also issued a response to Cooper on this request. **(See Appendix B).**

CTV W5

On February 5, 2019, Port Coquitlam Mayor Brad West posted to Twitter a W5 video promoting its investigation into money laundering allegations in British Columbia, which is set to air on CTV on Saturday, February 9 at 7 p.m.

W5 did not approach BCLC for an interview or involvement in its report; however, based on the social-media promotions, BCLC understands that W5 interviewed the Minister of the Attorney General, David Eby; Dr. Peter German; Port Coquitlam Mayor Brad West, a vocal critic regarding money-laundering concerns; and an unnamed "whistleblower" which BCLC believes to be its former Director of AML.

BCLC has confirmed with the Minister's Office that in his interview the Minister reiterated the need to work in cooperation with the federal government; the disappointing outcome of the ePirate investigation; the outcome of the German review; and the need for greater resources in federal law enforcement. The Minister's office notes that these are messages the Minister has been sharing for a number of weeks in other media.

BCLC also understands that W5 interviewed Cal Chrustie, retired head of major projects for the BC RCMP's Federal Serious and Organized Crime (FSOC) section; however, W5 did not include him in its promotional video.

BCLC ACTION PLAN:

s 13(1), s 17(1)

Appendix A:

From: Sam Cooper
Sent: February-04-19 2:32 PM
To: BCLC Media Relations
Subject: Response please

Hello, could I get a response please from BCLC, regarding in part, documents filed by former BCLC AML staff Ross Alderson, in Sept. 2015, and the other questions in this email.

I need a response by 3 p.m. EST on Tuesday, please.

The documents make these statements below, therefore would BCLC respond to 1. *whether its management were willfully blind, and accepting of suspicious cash, that "one could reasonably suspect were likely proceeds of crime."* ?

Document quotes.

"ALDERSON received information that senior Police had directed their operational staff to deal with GPEB rather than BCLC. Comments were made that there had been unwillingness by BCLC leadership to address in, what was in the Police eyes, clear acceptance of huge volumes of cash which "one could reasonably suspect were likely proceeds of crime."

There should be concern that BCLC and Service Provider management will be accused of "willful blindness."
Sources have told me that law enforcement and Government (GPEB) 'are distancing themselves from BCLC' for this reason, and in the result of any political back lash BCLC may be heavily criticized for not doing more over a number of years."

There are likely people involved in the regulated BC Gaming Industry that are involved in facilitating proceeds of crime for players."

2. A Section 86 report that stemmed from revelations of the E Pirate investigation in July 2015, that stated that police now say they had evidence connecting proceeds of crime, to bulk cash at RRCR, said quote.

"On July 22, 2015 at approx. 1515 hrs BCLC Director AML Ross ALDERSON briefed CEO Jim LIGHTBODY, Brad DESMARAIS and VP Social Responsibility and Communications Susan DOLINSKI.

Kevin SWEENEY, Daryl TOTTENHAM and Kris GADE were also advised by ALDERSON that there appeared to be direct links from proceeds of crime to BC Casinos specifically RRCR and that further player sanctions were being considered."

It is reported, that following the reported briefing, a BCLC executive stated "*I guess we should have known this was criminal proceeds.*"

Can BCLC comment?

3. Also, the view paraphrased below, is attributed to a BCLC executive who repeated this view.

Money laundering is going to occur in BC, it is generally better in practical terms that the government takes in suspect money through BCLC regulated casinos and recycles it, then let it go to other avenues.

Can BCLC comment?

B)

Please see the following comments from a former GPEB investigation staff, as it relates to the above reported statements and views. The source alleges BCLC was showing willful blindness with regards to suspect bulk cash, and that GPEB staff feared that BCLC and BC's gov't had adopted the view that taking in suspected criminal proceeds and turning that money to productive use was acceptable. The source is also raising questions of whether there should be investigations into whether any 'conspiracy' occurred between service providers, BCLC, and others, in connection to what occurred in BCLC casinos.

1. "This is a criminal organization, we are 99 per cent sure this is street drug money ... is it wrong to publicly tax some of that money and make good use of it for education, hospitals and social welfare? Well if that is OK, let's just put the sign up at the Mexico and US border, and let them bring it in by the truckload ... because we know the cartels have buildings filled with cash they really want to get rid of. We started to fear that was the mindset, especially in the last several years, and we expressed that fear right up to the top of our organization.
2. "What I'm saying is, there is no question in my mind. This was not unwitting. So if you look at it with an investigative mind, there is complicity. And if it is deliberately allowed, the next question is where does the conspiracy start and end? And what different groups could be involved?"

"If you are trying to put the pieces together, would you say at some point, if you want to prove a link between organized crime, the service providers, and if BCLC were part of it? Could you ever make a case, is there a criminal conspiracy?"

C) Finally, please see these comments made in an interview this week, by former GCG security manager Proka Avramovic. Please respond to these statements as they relate to allegations about BCLC.

Avramovic said based on his experiences and reports he made to BCLC investigators, he believed there were connections between the big loan sharks and casino service provider.

He said, in paraphrase, we constantly reported loan sharks, and we were advised to turn a blind eye to loan sharking, and the small ones were removed and the big ones allowed to remain ...

"We've been advised who we are going to (remove) and who is going to stay ... so yeah, we reported to our superiors who was who, on the hierarchy list, so, when those barring took effect, to my surprise and my colleagues, they were just posting the small timers, and for some reason the biggest loan sharks were allowed to stay."

I contacted BCLC casino investigators ... behind the back of my employer ... in the very beginning they were very interested But my employer found out I was going behind their back and reporting to bclc ... I was forced to resign ...

In BCLC, GPEB, and casino executives, this was a boys club of ex police officers, and they all knew what was going on.

"The people that caused the problems are still running the industry ... You can't let the same people do the same things. We know why they did it. It was greed, big salaries, bonuses, and a boy's club."

"We had a meeting involving surveillance managers, where the ex-GPEB employee actually tried to coach the casino staff how not to see, and how not to report ... We were also advised not to stick our noses in other people's business, but to simply make sure the games are not cheated."

"It is true. I witnessed, that meeting was about 10 to 12 people, so if we do a Public Inquiry and subpoena those 12 people from that meeting, they will tell you exactly what happened ... I want people to know exactly what happened ... Those people are afraid to come up and talk. I mean look at me, I'm hiding."

Can BCLC comment, thanks

Sam

Appendix B:

Attributable to Terrance Doyle, COO, Great Canadian Gaming

s 21

Kevin Simcoe

From: Monica Bohm
Sent: February-09-19 7:24 PM
To: Jim D. Lightbody
Subject: Re: W5 Regroup

s 22

From: Jim D. Lightbody
Date: February 9, 2019 at 6:59:26 PM PST
To: Monica Bohm
Subject: Re: W5 Regroup

How was it?

From: Monica Bohm
Date: February 9, 2019 at 7:23:31 PM GMT-7
To: Jim D. Lightbody , Rob Kroeker , Brad Desmarais , Laura Piva-Babcock , Jamie Callahan
Subject: W5 Regroup

Jim, If this doesn't work, we will figure out how to call you separately to add you in. Let us know.

.....
s 15(1)(l)

Join by phone

s 17(1) (Dial-in Number) English (United States)

[Find a local number](#)

Conference ID: s 17(1)

[Forgot your dial-in PIN?](#) | [Help](#)



Kevin Simcoe

From: Monica Bohm
Sent: February-09-19 7:24 PM
To: Jim D. Lightbody
Subject: Re: W5 Regroup

I will figure it out

From: Jim D. Lightbody
Date: February 9, 2019 at 6:57:00 PM PST
To: Monica Bohm
Subject: Re: W5 Regroup

I can do that time, but you'll have to call me. I can't access teleconference from here.

From: Monica Bohm
Date: February 9, 2019 at 7:23:31 PM GMT-7
To: Jim D. Lightbody , Rob Kroeker , Brad Desmarais , Laura Piva-Babcock , Jamie Callahan
Subject: W5 Regroup

Jim, if this doesn't work, we will figure out how to call you separately to add you in. Let us know.

.....
s 15(1)(l)

Join by phone

s 17(1) (Dial-In Number) English (United States)

[Find a local number](#)

Conference ID: s 17(1)

[Forgot your dial-in PIN?](#) | [Help](#)



Kevin Simcoe

From: Laura Piva-Babcock
Sent: February-09-19 8:58 AM
To: Jim D. Lightbody
Cc: Monica Bohm
Subject: Re: BCLC web material - re AML actions

I will see how I could make that work. Can you access the CTV website? I don't know how soon they post their show. I might be able to share an audio recording from my phone for a first round. L

From: Jim D. Lightbody
Date: February 9, 2019 at 8:49:49 AM PST
To: Laura Piva-Babcock
Cc: Monica Bohm
Subject: Re: BCLC web material - re AML actions

Thanks Laura, I'll be flexible on Sunday, don't worry.
Is there a way you can send me a link to the show so I can watch it?

From: Laura Piva-Babcock
Date: February 9, 2019 at 9:41:19 AM GMT-7
To: Jim D. Lightbody
Cc: Monica Bohm
Subject: Re: BCLC web material - re AML actions

Ok Jim. We will ensure that's clear. I am watching w5 at 4. And will also record. We can also make further changes if the program warrants.

BTW We will send you your weekly email to review early Sunday afternoon. If there is a more preferable time on Sunday, let me know as we want to work around your schedule. L

From: Jim D. Lightbody
Date: February 9, 2019 at 5:48:06 AM PST
To: Laura Piva-Babcock
Cc: Monica Bohm
Subject: Re: BCLC web material - re AML actions

Laura,
s 13(1)

Any thoughts you and Monica have are welcomed.

Thanks

Jim

From: Laura Piva-Babcock

Date: February 8, 2019 at 5:24:35 PM GMT-7

To: Harder, Derrick AG:EX

Cc: Jim D. Lightbody , Monica Bohm

Subject: BCLC web material - re AML actions

Hello,

As mentioned yesterday, we plan to add some information to our corporate website that speaks to BCLC's commitment to AML.

We have leveraged the recent information and messages from media responses, which GCPE approved. Media have incorporated some, but not all of our information in their stories.

Our goal is to provide our customers and the public with information about what BCLC has done and continues to do to prevent money laundering in our casinos. I have attached screen grabs so that you can see how the information will appear on our website. You can use the magnifying glass tool to zoom in and scroll down the screen grabs. We expect it will go live on Sunday.

If you have any questions, let me know.

Thanks,

Laura Piva-Babcock

Director, Communications

74 West Seymour Street, Kamloops, B.C. V2C 1E2

T 250 828 5576 Cs 17(1)

Connect with us:

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Last year more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

Kevin Simcoe

From: Monica Bohm
Sent: February-09-19 1:53 PM
To: Laura Piva-Babcock; Lara Gerrits; Rob Kroeker; Jim D. Lightbody; Brad Desmarais
Subject: W5

I was just on CTV website and they have a 5 minute pre show interview running. M

Kevin Simcoe

From: Dusty Kelly
Sent: February-10-19 8:36 AM
To: Suzanne Rowley; Coro Strandberg; Fiona Chan s 22); Greg Moore; Hilary Cassady; Joan Axford; Lisa Ethans; Mario Lee; Peter Kappel
Cc: ALL- Senior Executive
Subject: Re: BCLC - Media Coverage Summary: February 2 - 8, 2019

https://twitter.com/mario_canseco/status/1093563542836408320?s=12

The above tweet links to a poll done for BCGEU which indicates a majority of British Columbians blame BCLC for money laundering in the province.

From: Suzanne Rowley
Sent: Friday, February 8, 2019 3:13:32 PM
To: Coro Strandberg; Dusty Kelly; Fiona Chan s 22 ; Greg Moore; Hilary Cassady; Joan Axford; Lisa Ethans; Mario Lee; Peter Kappel
Cc: ALL- Senior Executive
Subject: BCLC - Media Coverage Summary: February 2 - 8, 2019
Hello Everyone,

On behalf of our Communications Department, please find below a summary of relevant BCLC media coverage from February 2 – 8, 2019.

Also attached for your information is a Board Memo regarding s 16, s 17(1)

BCLC Corporate

Radio NL, February 7, 2019: [Kamloops MLAs want tours of the two B.C. Lottery Corporation office buildings](#)

Anti-Money Laundering

CTV W5 Preview (airs Saturday, February 9, 2019): [W5 investigates massive money laundering that has BC awash in illegal cash](#)

Vancouver Courier, February 8, 2019: [Finance Minister says feds focused on money laundering fight in B.C., globally](#)

Global News, February 8, 2019: [B.C. Attorney General says huge interest exists for money laundering public inquiry](#)

Global News, February 8, 2019: [A B.C. money laundering public inquiry is backed by every demographic that was asked in this Ipsos poll](#)

Vancouver Sun, February 8, 2019: [Investigation: Only 10 convictions for money laundering in B.C. since 2002](#)

Global News, February 7, 2019: [Justin Trudeau looking for answers but doesn't commit to B.C. casino public inquiry](#)

Global News, February 7, 2019: [BCLC could have stopped this: Former casino investigators questions whether official unwilling to stop criminal activity](#)

- Please see attached confidential BCLC Information Note **not for distribution**

Lottery

Alaska Highway News, February 5, 2019: [Fort Nelson resident celebrates \\$500,000 lottery win](#)

Surrey Now Leader, February 2, 2019: [Surrey retirees plan to fix home after \\$500k lotto win](#)

Victoria Times Colonist, February 2, 2019: [Victoria man wins \\$502,000 in lotto max](#)

eGaming

News1130, February 3, 2019: [Weird and wacky Super Bowl prop bets](#)

Kind Regards,

Suzanne Rowley
Assistant Corporate Secretary/EA
President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
T 604 225 6399
srowley@bclc.com
bclc.com

<p style="text-align: center;">INFORMATION NOTE</p> <p>British Columbia Lottery Corporation</p> <p>Date: February 8, 2019</p>	<p>Cooper Story Re: Alleged Casino Industry Complicity in AML</p>
--	--

KEY FACTS:

On February 7, 2019, Global News published an [online story](#) as part of reporter Sam Cooper's series on allegations of money laundering and related illegal activities in B.C. casinos. Entitled "*BCLC could have stopped this: Former casino investigators question whether officials unwilling to stop criminal activity*," the article shares accounts by three former staff from the gambling industry and their speculations of complicity by BCLC, the Gaming Policy and Enforcement Branch (GPEB) and Great Canadian Gaming Corporation (GCGC) Executives in alleged money laundering at B.C. casinos.

Cooper based this article on a past interview with former BCLC Anti-Money Laundering (AML) Director Ross Alderson, as well as interviews with former GCGC Security Manager Proka Avramovic and former GPEB Senior Investigator Joe Schalk. Cooper labels all three individuals as "whistleblowers." Alderson did not provide comment for this particular story.

Additionally, Cooper cites from a September 2015 BCLC AML Document, drafted by Alderson, and a July 2015 Section 86 Report, also drafted by Alderson. BCLC is unaware of how Cooper obtained the reports. While Cooper references select excerpts from the two reports, additional content in both reports reiterate that BCLC reported to the RCMP its concerns regarding apparent links from proceeds of crime to B.C. casinos, BCLC's immediate action in response to information from police and BCLC's request for RCMP to investigate.

The article also relies on records obtained by Global through Freedom of Information (FOI) requests since 2017, several of which media have reported on in [previous coverage](#).

The article outlines details in Alderson's AML Document:

"An internal report filed in September 2015 by Ross Alderson, the Lottery Corp.'s then-director of anti-money laundering, highlights the heightened distrust and suspicion GPEB and some senior police officers in B.C. held about BCLC.

"The report outlined how Lottery Corp. investigators had linked about 40 Chinese VIP gamblers at Richmond's River Rock Casino to massive cash deliveries from an alleged organized crime network suspected of 'transnational' drug trafficking and money laundering.

"In his September 2015 report, Alderson wrote he had 'received information that senior police had directed their operational staff to deal with GPEB rather than BCLC. Comments were made that there had been unwillingness by BCLC leadership to address, what was in the police's eyes, clear acceptance of huge volumes of cash which 'one could reasonably suspect were likely proceeds of crime.'

"Alderson feared that BCLC and casino managers could also be accused of 'willful blindness.'"

BCLC Background:

- Additional content in the AML Document reiterates that BCLC reported to the RCMP its concerns regarding apparent links from proceeds of crime to B.C. casinos, BCLC's immediate action in response to information from police and BCLC's request for RCMP to investigate.
- Alderson notes in his AML Document that "BCLC was committed to doing the right thing and that was eliminating 'dirty money' from the gaming industry" and that "BCLC were the original complainant in the whole [E-Pirate] investigation, have driven all the AML programs and have had successful AML audits."

- Starting in June 2015, BCLC began interviewing individuals believed to be associated to an organized-crime network and from June to September 2015, BCLC placed over 40 players on conditions that prohibited them from buying in with unsourced cash. Since 2015, BCLC has placed 480 players on restrictions from using unsourced cash.
- Following BCLC's ongoing actions and commitment to improving AML controls, namely prohibiting certain patrons from buying-in with cash that is unsourced or suspected to be from illegal sources, suspicious transactions in B.C. casinos have declined significantly since July 2015. BCLC has provided detailed data to Global News, showing how its actions correlated to the decline.
- BCLC also proactively bars suspected members of organized crime and those associated with criminal activities from all B.C. gambling facilities. To date, BCLC has barred 425 individuals from entering B.C. casinos.

The article puts forth several suppositions by the "whistleblowers" that BCLC intentionally ignored what was occurring at its casinos because of ensuing record profits:

"With massive cash transactions flowing in Lottery Corp. casinos, some executives would not agree the cash should be questioned, according to Schalk. He said that one executive with experience in policing maintained the ridiculous belief that Chinese VIP gamblers were flying into Canada carrying hundreds of pounds worth of Canadian dollars.

"According to another whistle-blower source, another executive allegedly repeatedly stated the theory that crime and money laundering would occur anyway in B.C., so government-regulated casinos could be used to recycle the dirty money into productive uses."

BCLC Background:

- BCLC recognized the risk that money-laundering poses to casinos, took action and continue to take action to increase controls as new threats emerge – as evidenced with the actions the AML Document outlines.
- The AML Document that Global used to inform its article notes that a senior official of the RCMP advised that while BCLC should continue to share information with the RCMP and complete suspicious transaction reports, that official also cautioned BCLC to postpone actions planned (chip swap) and discuss any other action with the RCMP's Federal Serious and Organized Crime (FSOC) first, "so as not to impede any ongoing criminal investigation" [E-Pirate].
- The Section 86 report which Global also used to inform its article indicates that on February 12, 2015, BCLC requested that the RCMP's FSOC consider initiating an investigation based on information that BCLC had collected related to cash drops at casinos by an individual believed to be associated to organized crime. Shortly thereafter, the RCMP advised BCLC of the start of its E-Pirate multinational money-laundering investigation. The AML Document states that, "BCLC were the original complainant" behind the E-Pirate investigation.
- BCLC reached out to other law enforcement agencies with similar requests prior to the February 2015 meeting with FSOC but had little success in having its concerns investigated.
- The Section 86 report also indicates that during a June 29, 2015 meeting, FSOC advised BCLC's former AML Director that, while it suspected there were organized crime links to casinos, there was "no confirmed evidence at this time other than one suspected drop off to an un-named player in a parking lot."
- BCLC is unaware of the alleged Executive statements referenced in the article, and has asked Global National for copies of the statements it indicates it is quoting from, or the names of the individuals to whom Global News is attributing these statements.
- Global National has not provided to BCLC the factual basis from which it obtained the alleged comments.

Program Area Contact:	Laura Piva-Babcock	T: 250-828-5576
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Kevin Simcoe

From: Laura Piva-Babcock
Sent: February-10-19 12:02 PM
To: Amanda Hobson; Brad Desmarais; Jamie Callahan; Jim D. Lightbody; Kevin Gass; Monica Bohm; Pat Davis; Rob Kroeker; Jennifer Keim; Jennifer Gallaway
Subject: FW: CIVT: Alderson/Eby/German - BCLC money laundering 📧

Hi,

Here is the transcript from yesterday's broadcast. L

From: tno@gov.bc.ca
Sent: February 10, 2019 11:16 AM
Subject: CIVT: Alderson/Eby/German - BCLC money laundering 📧

s 21

8 pages withheld under s 21

TNO...

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Kevin Simcoe

From: Rob Kroeker
Sent: February-10-19 1:11 PM
To: Monica Bohm
Cc: Laura Piva-Babcock
Subject: Re: Minister comment to consider:

How soon can we get a transcript of the show

R Kroeker

On Feb 10, 2019, at 12:24 PM, Monica Bohm <MBohm@BCLC.com> wrote:

We need to proceed with this as is. Thanks Rob

From: Monica Bohm <MBohm@BCLC.com>
Date: February 10, 2019 at 10:44:44 AM PST
To: Rob Kroeker <RKroeker@bclc.com>
Cc: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Subject: RE: Minister comment to consider:

Can we assume you are fine with the narrative?

From: Rob Kroeker <RKroeker@bclc.com>
Date: February 10, 2019 at 10:12:22 AM PST
To: Monica Bohm <MBohm@BCLC.com>, Jim D. Lightbody <JDLightbody@bclc.com>, Brad Desmarais <BDesmarais@bclc.com>, Jamie Callahan <JCallahan@bclc.com>
Cc: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Subject: RE: Minister comment to consider:

See attached

From: Monica Bohm <MBohm@BCLC.com>
Sent: February-09-19 7:26 PM
To: Jim D. Lightbody <JDLightbody@bclc.com>; Brad Desmarais <BDesmarais@bclc.com>; Rob Kroeker <RKroeker@bclc.com>; Jamie Callahan <JCallahan@bclc.com>
Cc: Laura Piva-Babcock <LPiva-Babcock@bclc.com>
Subject: Fwd: Minister comment to consider:

Sharing from lara. Both emails

From: Lara Gerrits <LGerrits@bclc.com>
Date: February 9, 2019 at 6:18:02 PM PST
To: Laura Piva-Babcock <LPiva-Babcock@bclc.com>, Monica Bohm <MBohm@BCLC.com>
Subject: Minister comment to consider:

"The issue was that everyone was willfully blind to where the money was coming from."

Lara Gerrits

Manager, Media & Issues Management
BCLC, 2940 Virtual Way, Vancouver, B.C., V5M 0A6
T 604 228 3066 C s 17(1)

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.