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Kamloops, BC V2C 1E2

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F 250 828 5631

2940 Virtual Way  
Vancouver, BC V5M 0A6

T 604 270 0649  
www.bclc.com

VIA EMAIL

March 2, 2020

[applicant information]

Dear

Re: Request for Records: BCLC File 19-098

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British Columbia Lottery Corporation (BCLC) writes further to your December 5, 2019 request under B.C.'s *Freedom of Information and Protection of Privacy Act* (FIPPA) and correspondence between you and BCLC from December 6, 2019 and January 17, 2020.

Your original request was for:

"All correspondence including emails, notes, presentations and reports between Daryl Tottenham or Ross Alderson and the RCMP Jan. 1 2015- Feb. 29 2018."

You clarified this request via email on December 9, 2019 to be for:

"All correspondence with regards to potential criminal matters, including emails, notes, presentations and reports, between Daryl Tottenham or Ross Alderson and the RCMP in British Columbia, from January 1, 2015 to February 29, 2018."

BCLC is providing 28 pages of records in response to your request. Some information has been withheld from disclosure under sections 15, 16, 17, 19 and 22 of FIPPA. An additional 118 pages have been withheld in their entirety under sections 14, 15, 16, 17, 19 and 22 of FIPPA.

Below are the reasons for withholding information under each of the exceptions to disclosure noted.

**Section 14 (legal advice)**

The information withheld under this section consists of specific legal advice that has been sought and provided to BCLC.

**Section 15 (harm to law enforcement)**

The information withheld under this section is harmful to law enforcement because, if disclosed, it would reveal anti-money laundering control processes and investigative techniques and procedures that are currently used in law enforcement. Release of this information would harm the effectiveness of those processes and techniques because this information would be useful to those individuals seeking to evade detection for committing money laundering offences and other crimes.

In addition, some information withheld under this section could harm the security of a system, including BCLC's computer and communication systems, under section 15(1)(l) of FIPPA.

**Section 16 (harm to intergovernmental relations or negotiations)**

The information withheld under this section is harmful to intergovernmental relations because disclosure would reveal information that was received in confidence from a government organization.

**Section 17 (harm to the financial or economic interests of BCLC)**

The information withheld under this section is harmful to BCLC's financial or economic interests. The records contain the private cell phone numbers of several BCLC employees, which, if disclosed, could necessitate changing the numbers with an associated cost to BCLC.

**Section 19 (harm to individual or public safety)**

The information withheld under this section is harmful to individual or public safety because it would reveal the identity of law enforcement personnel. Disclosure of this information could result in the targeting of those individuals.

**Section 22 (harm to personal privacy)**

The information withheld under this section consists of the personal information of third parties which, if disclosed, would be an unreasonable invasion of personal privacy.

The full text of sections 14, 15, 16, 17, 19 and 22 can be found at:  
[http://www.bclaws.ca/Recon/document/ID/freeside/96165\\_00](http://www.bclaws.ca/Recon/document/ID/freeside/96165_00)

These records will be published a minimum of five business days after release at:  
<https://corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html>

If you have any questions or concerns regarding BCLC's processing of your request, please contact me at [ksimcoe@bclc.com](mailto:ksimcoe@bclc.com), via mail or at (250) 852-5228.

Additionally, under section 52 of FIPPA, you may ask the Information and Privacy Commissioner to review this reply to your request for information. You have 30 business days from the receipt of this notice to request a review by writing to:

Office of the Information and Privacy Commissioner for British Columbia  
P.O. Box 9038, Station Provincial Government  
Victoria, BC V8W 9A4

T (250) 387-5629 F (250) 387-1696  
Email [info@oipc.bc.ca](mailto:info@oipc.bc.ca) Online [www.oipc.bc.ca](http://www.oipc.bc.ca)

Sincerely,  
[original signed by]

Kevin Simcoe  
Senior Freedom of Information Analyst

Enclosure

# Economic and Social Consequences of Money Laundering

British Columbia Lottery Corporation  
Anti-Money Laundering Unit

Brad DESMARAIS, VP of CS&C  
Ross ALDERSON, Director of AML  
Daryl TOTTENHAM, AML Specialist

BCLC Corporate Security &  
Compliance

The logo for BCLC (British Columbia Lottery Corporation) consists of the lowercase letters "bclc" in a bold, sans-serif font. The letters are black and positioned in the bottom right corner of the slide.

# Referenced Material

(ACAMS Study Guide pg18-24)

Association of Certified  
Anti-Money Laundering  
Specialists®

**ACAMS®**

The following section contains excerpts from “The consequences of money laundering and financial crime,” by John McDowell and Gary Novis, which appeared in the U.S. State Department publication

“Economic Perspectives” in May 2001, and from the World Bank and International Monetary Fund’s “Reference Guide to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT).”  
issued in January 2007.

# Known Impacts of Money Laundering

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1. Social Costs
2. Increased Crime and Corruption
3. Undermining the Legitimate Private Sector
4. Weakening Financial Institutions
5. Loss of control, or mistakes in, decisions regarding economic policy
6. Economic Distortion and Instability
7. Loss of Tax Revenue
8. Risks to Privatization Efforts
9. Reputation Risk for the Country

## Social Costs

- Significant social costs and risks are associated with money laundering
  - Profitability through money laundering for criminals increases their business opportunities.
  - Increased crime drives up the cost of government expenses and budgets
    - Law enforcement
    - Health care

## Increased Crime and Corruption

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**ACAMS®**

- If money laundering is prevalent, there is likely to be more corruption. Criminals may try to bribe government officials, lawyers and employees of financial or non-financial institutions so that they can continue to run their criminal businesses.

# Undermining the Legitimate Private Sector

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Anti-Money Laundering  
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- ◉ Money launderers are known to use front companies, or businesses that appear legitimate and engage in legitimate business, but are in fact controlled by criminals who commingle the proceeds of illicit activity with legitimate funds.
- ◉ These front companies have access to substantial illicit funds, allowing them to subsidize front company products and services at levels well below market rates.
- ◉ Finally, by using front companies and other investments in legitimate companies, money laundering proceeds can be used to control whole industries or sectors of the economy of certain countries. This increases the potential for monetary and economic instability due to the misallocation of resources from artificial distortions in asset and commodity prices.



# Weakening Financial Institutions

- ◉ Financial institutions that knowingly or unknowingly rely on proceeds of crime have challenges in managing their assets, liabilities and operations. Each having financial consequences such as:
  - Loss of legitimate profitable business
  - Liquidity problems through withdrawal of funds
  - Termination of correspondent banking facilities
  - Investigation costs and fines
  - Asset seizures
  - Loan losses
  - Reduced stock value of financial institutions

## **Loss of control of, or mistakes in, decisions regarding economic policy**

- ◉ Illicit proceeds may dwarf government budgets, resulting in a loss of control of economic policy by governments.
- ◉ Money laundering can adversely affect currencies and interest rates as launderers reinvest funds where their schemes are less likely to be detected, rather than where rates of return are higher.
- ◉ Threat of monetary instability due to the misallocation of resources from artificial distortions in asset and commodity prices.

## **Economic Distortion and Instability**

- ◎ Criminals “invest” their money in activities that are not necessarily economically beneficial to the country where the funds are located.
- ◎ Industries, such as construction and hotels, have been financed not because of actual demand, but because of the short-term interests of money launderers. When these industries no longer suit the needs of the money launderers, they abandon them, causing a collapse of these sectors.



## Loss of Tax Revenue

- ⦿ Tax evasion is, perhaps, the one money laundering impact with the most obvious macroeconomic impact.
- ⦿ Diminished government tax revenue indirectly harms honest tax payers.

## Risks to Privatization Efforts

- Criminal organizations can outbid legitimate purchasers for formerly state-owned enterprises. Furthermore, while privatization initiatives are often economically beneficial, they can also serve as a vehicle to launder funds.
- In the past, criminals have been able to purchase marinas, resorts, casinos and other businesses to hide their illicit proceeds and to further their criminal activities.

## Reputation Risk for the Country

- ⦿ The negative effects for development and economic growth in a country associated with money laundering can not be underestimated.
- ⦿ Money laundering diminishes legitimate global opportunities because foreign financial institutions may decide to limit their transactions with institutions located in a country prevalent with money laundering.

## BCLC's Culture of Compliance

- ◉ Dedicated Specialist AML Department with a mandate to be best in class
- ◉ Certified Anti-Money Laundering Specialists (CAMS) certification for all BCLC Investigators.
- ◉ AML training for all BCLC employees.
- ◉ AML training for all Casino service provider employees based on new FINTRAC regulations.
- ◉ Have established strong relationships with various levels of law enforcement agencies across Canada.

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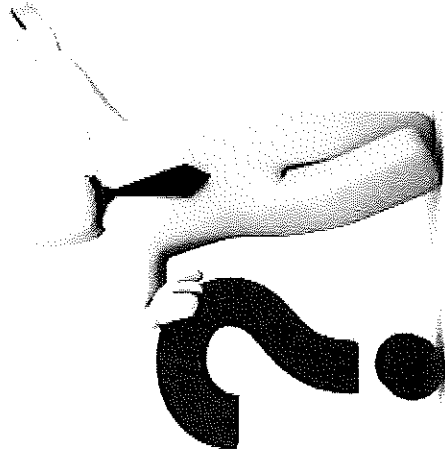
# BCLC Due Diligence Overview

December 13, 2017

**belc**



# Questions



## Kevin Simcoe

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**From:** Daryl Tottenham  
**Sent:** April-05-18 9:20 AM  
**To:** s 15(1), s 16, s 19  
**Subject:** Emailing: CFSEU request  
**Attachments:** CFSEU request.docx

s 15(1), s 16, s 19  
Morning

Have a look at the attached document and let me know if this works for you or if you need further information on any of the points.

Daryl

Your message is ready to be sent with the following file or link attachments:

CFSEU request

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

## CFSEU request

Daryl, as we discussed, some the specific questions that we are seeking answered on are as follows:

- 1) What is the purpose of the BCLC AML unit?
  - BCLC has maintained an AML program since the inception of Fintrac in 2000 to ensure compliance with the PCMLTFA and respond to specific issues raised by Regulators or auditors. In 2013 BCLC created a dedicated AML unit to focus solely on AML issues and create programs to combat any signs of criminality within our casinos. The AML unit has consistently grown over the past 5 years to develop robust AML programs and enhanced due diligence requirements for high risk patrons.
- 2) What does BCLC AML do? - BCLC AML works closely with GPEB, FinTRAC and law enforcement agencies to reduce the possibility of money laundering in gaming facilities. This is accomplished with robust AML programs, the development of sophisticated technology, and dedicated resources that focuses on all elements of criminality that try to infiltrate BCLC gaming facilities. AML Investigators review all UFT files daily including video and tracking sheets to determine source of funds, player associates, player behaviours, and Law Enforcement information. If the investigation concludes the circumstances meet the reporting criteria for Fintrac STR reporting, the file is forwarded to Fintrac and Law Enforcement for further consideration and action.
  -
- 3) What measures are in place by BCLC AML (investigators with ACAMs training, etc)
  - The AML unit consists of motivated individuals with specialized training and experience in investigations, interviewing techniques, business analytics, and AML certification with ACAMS to combat money-laundering and Terrorist Financing activities. The AML unit analysts employ extensive open-source data programs and searches to achieve the highest level of Know Your Customer standards. The AML programs deployed over the past 4 years include Source of Wealth and source of funds programs, VIP player interviews, alternative cash programs, and sourced cash conditions for players using large amounts of un-sourced cash for buy-ins.
- 4) Why was Player Gaming Fund policy implemented?
  - The PGF program was introduced to offer VIP players a safe alternative instead of coming and going with large amounts of cash on a nightly basis and to reduce our reliance on cash. The development of the PGF program allows players to bring in bank drafts for deposit into a players account, then return their winnings and starter money when they have finished gaming. This process also provides enhanced tracking abilities for the AML unit and decreases opportunities for loan-shark activity in BCLC gaming facilities.
- 5) Why did BCLC implement sourced cash condition program? What does this consist of?
  - The sourced cash conditions were created to deal with patrons that were bringing in large amounts of cash from unknown sources that were deemed suspicious. Suspicious sources include underground banking or suspected criminal sources that ultimately could place BCLC at risk. By placing sourced cash and chip conditions on a player, it eliminated any possibility that the funds originated anywhere other than an approved financial institution. The player profile was flagged and any cash buy-ins that were not properly sourced would be rejected by the service provider. This has been one of the most effective programs created by the AML unit and has greatly reduced the risk of criminality within our gaming facilities.
- 6) What are BCLC's concerns about unsourced cash?
  - The use of un-sourced cash by patrons increases the presence of criminal activity in our gaming facilities by providing opportunities for loan sharks to acquire clients. The increased use of cash alternatives makes it very difficult for players to bring in un-sourced cash and forces them to

utilize recognized financial institutions to acquire their funds for gaming. Legitimate players have 24/7 access to funds through ATM's, Global cash and MSB's and in every instance, a receipt is provided when funds are received.

- 7) Why did BCLC implement policy to refuse cash presented under suspicious circumstances? (dropped off cash)
- As a result of our observations, interviews, and Law Enforcement information BCLC determined that in almost all instances where cash was delivered to the casino for a patron, the source of that cash was suspicious and likely a result of criminal activity. Canadian financial institutions do not deliver cash to their patrons in gift bags at 1 am therefore in every instance where a player is observed receiving a cash delivery, that cash was rejected by the service provider. The player profile was also instantly updated to prohibit further play pending an interview by the AML unit to ensure the patron did not leave and attend another un-suspecting casino nearby with the same funds. Upon conclusion of the interview with the AML unit, the patron was placed on sourced cash conditions moving forward and those conditions are not removed. This has resulted in an environment which does not provide opportunities for cash facilitation activity and has all but eliminated cash deliveries to BCLC gaming facilities.
- 8) Why was there a push for cash alternatives (ie: bank drafts?)
- The vast majority of the VIP players at BCLC sites are wealthy business owners who clearly have the wealth to gamble at a very high level. The use of cash by these players was simply the easiest way for them to attend and do what they wanted to do, which is to gamble. The push to cash alternatives was designed to force these players to alter their habits and establish an account with Canadian banks and Casinos and reduce their reliance on cash. Although this process is not preferred by most VIP patrons, the addition of the cash condition program forced them to change their ways. By allowing patrons a viable alternative it eliminates the inherent danger of carrying large amounts of cash and still allows the patron to continue gaming in BCLC sites.

Specific to s 22

s 15(1), s 16, s 22

## Kevin Simcoe

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**Subject:** Orientation (River Rock)  
**Location:** Double-click for details

**Start:** Tue 17/06/2014 10:00 AM  
**End:** Tue 17/06/2014 12:00 PM

**Recurrence:** (none)

**Organizer:** Brad Desmarais

**From:** Brad Desmarais  
**Sent:** May 9, 2014 11:33 AM  
**To:** s 22  
**Cc:** John Karlovcec  
**Subject:** Fw: Orientation

An you please book this in my calendar? Just the opening of the session.  
s 15(1)(l)

**From:** John Karlovcec <[JKarlovcec@BCLC.com](mailto:JKarlovcec@BCLC.com)>  
**Sent:** Friday, May 9, 2014 08:15  
**To:** s 15(1), s 16, s 22  
**Cc:** Brad Desmarais; Daryl Tottenham  
**Subject:** RE: Orientation

Hi s 15(1), s 16, s 22

I just heard back from River Rock management and 10 am works for both June 17 and June 19. I will be in touch with you prior to the orientation dates.

Thanks,

John

**From:** s 15(1), s 16, s 22  
**Sent:** Thursday, May 08, 2014 1:44 PM  
**To:** John Karlovcec  
**Subject:** Re: Orientation

Ok thanks

s 15(1)(l), s 22

**From:** John Karlovcec  
**Sent:** Thursday, May 8, 2014 13:42  
**To:** s 15(1), s 16, s 22  
**Subject:** Re: Orientation

Just waiting to hear back from River Rock management and will get back to you.

John

s 15(1)(l)

**From:** s 15(1), s 16, s 22

**Sent:** Thursday, May 8, 2014 7:42 AM

**To:** John Karlovcec

**Subject:** FW: Orientation

How does 10 am sound for both dates

s 15(1), s 16, s 22

Ankit Batra

---

From: Daryl Tottenham  
Sent: January-05-16 4:26 PM  
To: Ross Alderson  
Subject: FW: Casino file

Daryl Tottenham Ba, CAMS  
AML Specialist  
AML & Operational Analytics Unit  
Corporate Security & Compliance Division, BCLC

2940 Virtual Way, Vancouver, BC V5M 0A6  
C s 17(1)

[dtottenham@bcl.com](mailto:dtottenham@bcl.com)

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

s 15(1), s 16, s 22

Daryl has been kind enough to s 15(1), s 16, s 22  
s 15(1), s 16, s 22

s 15(1), s 16, s 22



## Kevin Simcoe

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**From:** Steve Beeksma  
**Sent:** February-13-19 1:48 PM  
**To:** Daryl Tottenham  
**Subject:** FW: FYI

Steve Beeksma  
Specialist, AML Programs  
Legal, Compliance, Security Division, BCLC  
BCLC, 2940 Virtual Way, Vancouver, BC, V5M 0A6  
T 604 225 6350 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.

**From:** Jim Husler  
**Sent:** June-11-15 6:11 AM  
**To:** Jerome Wakeland ; Steve Beeksma  
**Cc:** Tom Caverly  
**Subject:** FYI

Mornin Guys,

Attached in a good email chain...

Jim HUSLER  
BCLC Casino Investigator  
Corporate Security and Compliance  
BCLC 2940 Virtual Way, Vancouver BC V5M 0A6  
C s 17(1)  
[jhusler@bclc.com](mailto:jhusler@bclc.com)  
[bclc.com](http://bclc.com)

---

**From:** Jim Husler  
**Sent:** June-11-15 6:10 AM  
**To:** Daryl Tottenham  
**Subject:** RE: Hi Daryl,

Hi Daryl,

(I have just had a quick scan of the file and the patron s 15(1), s 22 active I would say since s 15(1)

– side note<sup>s 22</sup> has been very

Jim HUSLER  
BCLC Casino Investigator  
Corporate Security and Compliance  
BCLC 2940 Virtual Way, Vancouver BC V5M 0A6  
C s 17(1)  
[jhusler@bclc.com](mailto:jhusler@bclc.com)  
bclc.com

**From:** Jim Husler  
**Sent:** June-11-15 4:48 AM  
**To:** Daryl Tottenham  
**Subject:** RE: Hi Daryl,

Hi Daryl,

Once I get all of the reports printed off, I will head up to s 15(1) to conduct the review of the noted incident:  
s 15(1)

Wednesday, June 10, 2015 9:49 PM

Unusual Financial Transaction occurred at one of the following properties: River Rock.

s 15(1), s 16, s 22

14200 Green Timbers Way,  
Surrey, BC  
V3T 6P3  
Mailstop #504

s 15(1), s 16, s 22

## Kevin Simcoe

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**From:** Steve Beeksma  
**Sent:** February-13-19 1:50 PM  
**To:** Daryl Tottenham  
**Subject:** FW: Request for BCLC Report - April 16th, 2015

Steve Beeksma

Specialist, AML Programs  
Legal, Compliance, Security Division, BCLC  
BCLC, 2940 Virtual Way, Vancouver, BC, V5M 0A6  
T 604 225 6350 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.

**From:** Ross Alderson  
**Sent:** May-05-16 1:17 PM  
**To:** AML  
**Subject:** FW: Request for BCLC Report - April 16th, 2015

Hi Guys,

s 15(1), s 16, s 22

Many thanks

Ross Alderson CAMS.

Director, AML & Investigations  
Corporate Security and Compliance Division, BCLC  
2940 Virtual Way, Vancouver, BC, V5M 0A6  
T 604 225 6382 C s 22 F 604 225 6488

[ralderson@bclc.com](mailto:ralderson@bclc.com)

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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.

s 15(1), s 16, s 22