Anti-Money Laundering Designated Policing Unit Discussion
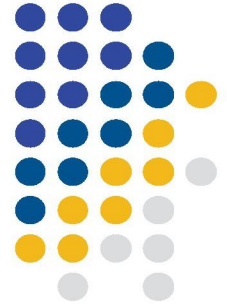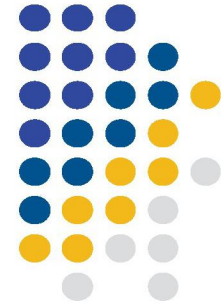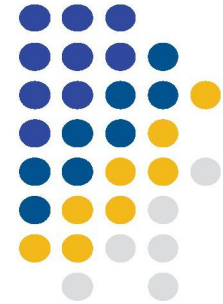
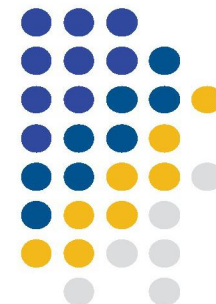FEBRUARY 20, 2019

BRITISH COLUMBIA

Agenda

1. The Enforcement Gap | 5 Minutes

2. The Bigger Picture - The Criminal Economy | 20 Minutes

3. Designated Policing Unit - Findings and Discussions | 30 Minutes

4. Roundtable Discussion / Questions | 10 Minutes

BRITISH COLUMBIA

The Enforcement Gap

BRITISH
COLUMBIA

The Enforcement Gap

GPEB

JIGIT

RCMP

BCLC

GSP's

- *Conflicting mandates*
- *Unclear roles*
- *Lack of resources*
- *Slow response time*
- *Limited experts*
- *Limited investigations*
- *Limited oversight*
- *Intelligence gaps*

Casino Money Laundering & Cheat –at-Play

Anti-Money Laundering Secretariat
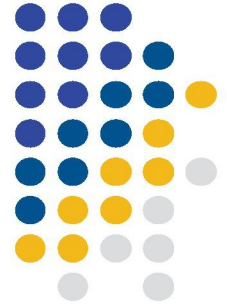
BRITISH COLUMBIA

The Bigger Picture

THE CRIMINAL ECONOMY

BRITISH COLUMBIA
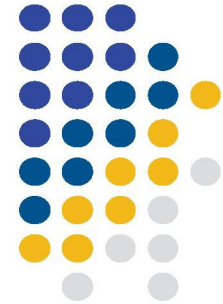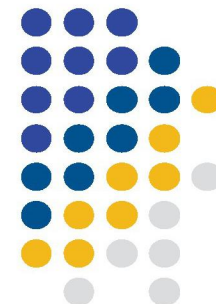
The Bigger Picture

*"Organized crime is involved with cash. It's all about cash, and money laundering's about cash. It could really go to any cash-based business. **So, maybe what we should be looking at is more holistically. If we have the right enforcement in place, if we have the right regulations in place, the right laws in place, that we enforce our laws, both criminal and regulatory, then you don't have to follow this money to each sector and, you know, essentially chase it around.** And I think that's where we're falling down as maybe Canadians, as well as to a certain extent BC'ers [sic], is that we don't have those necessary enforcement regulatory mechanisms in place to deal with this."*

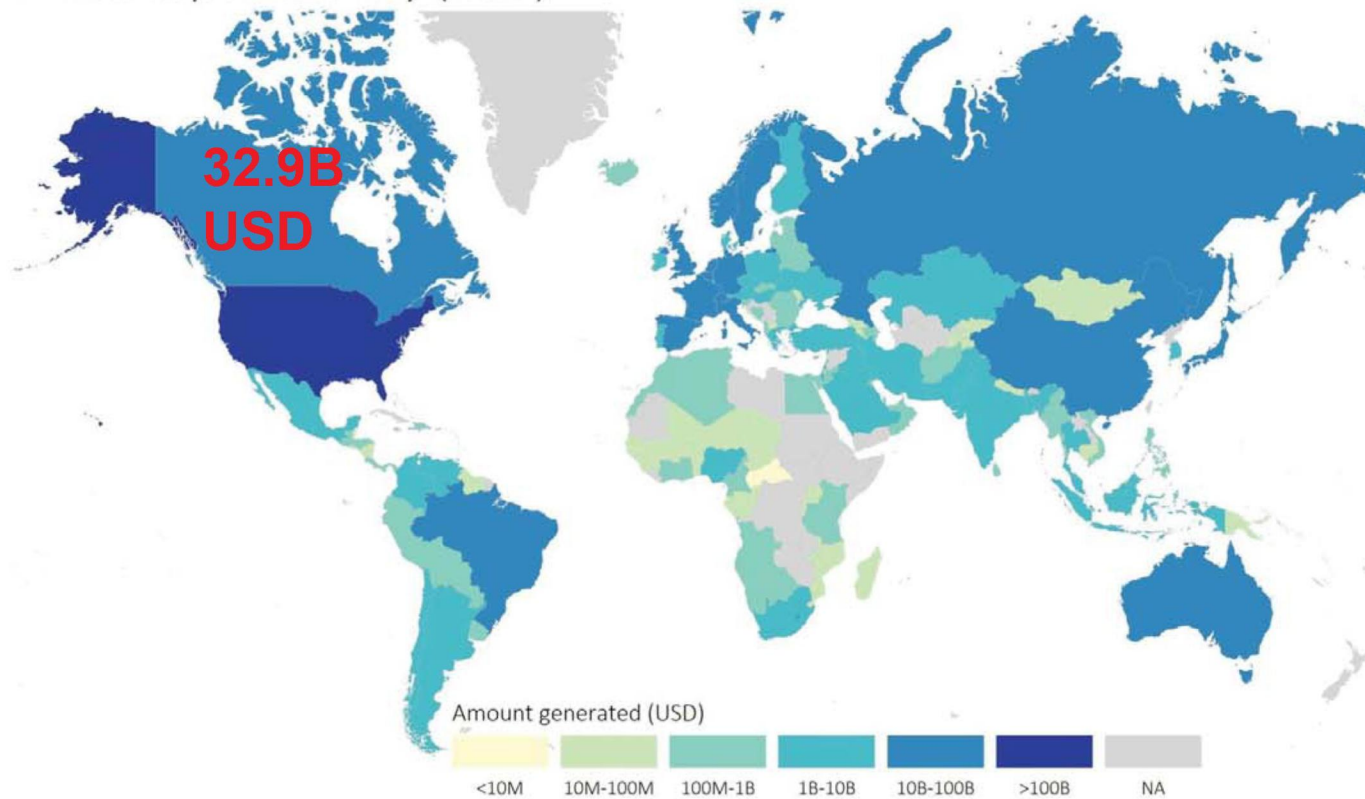*-Dr. Peter German, Feb 9, 2019*

The casinos are just one part of a larger money laundering structure that takes place in BC, and we have profound concerns about real estate, about luxury cars, and we're currently looking at the horse racing industry in BC as well.

- Hon. David Eby, QC , Feb 9 2019

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The Bigger Picture

Money Generated for Laundering (2014)
Amount per country (USD)

32.9B USD

Amount generated (USD)

| <10M | 10M-100M | 100M-1B | 1B-10B | 10B-100B | >100B | NA |

Source: Unger et al. (2018)

BRITISH COLUMBIA

The Bigger Picture
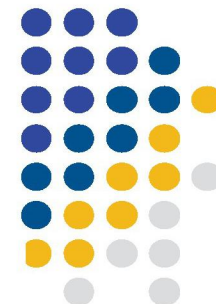
Money laundering in Canada over time

Criminal Intelligence Service CISC estimate (50 B CAD)

Royal Canadian Mountain Police estimate (5-15 B CAD)
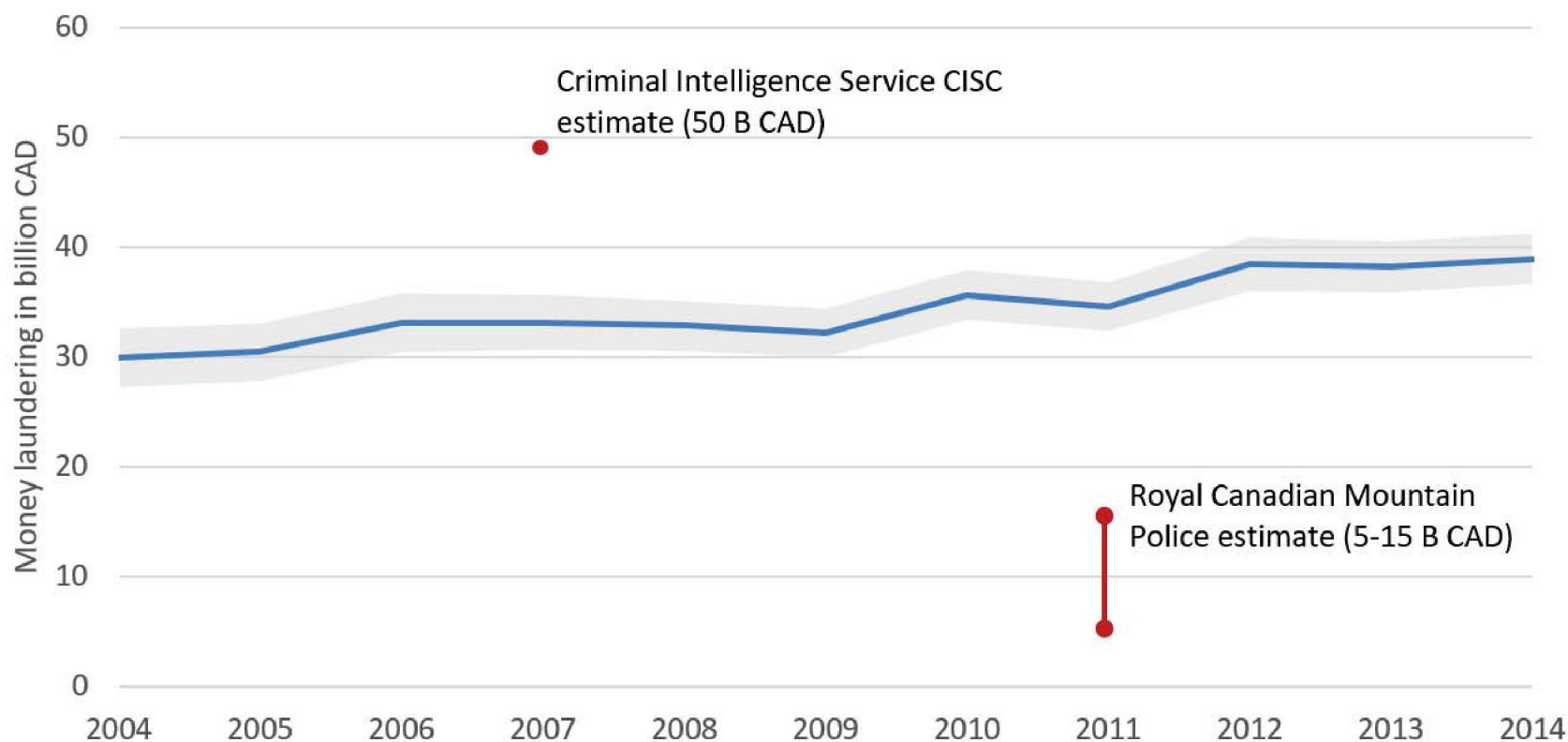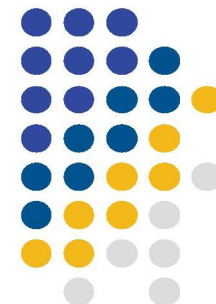
Sources: Unger et al. (2018), FATF (2016), RCMP (2007)

BRITISH COLUMBIA

Designated Policing Unit Discussion

FINDINGS AND OPTIONS

BRITISH
COLUMBIA

Option 1 (Recommended): Multiple Initiatives

POJ Liaison
(1 per Department)

GPEB Enforcement
(Existing)

JIGIT
(Existing)

Police of Jurisdiction
(Existing)

Police-Based Financial Investigations Unit
All Sector Focus Phase 2

Financial Intelligence Unit
All Sector Focus Phase 1

Gaming Intelligence Unit (GIU)
Casino Focus Phase 1

Casino Investigations Team (CIT)
Casino Focus Phase 2

All Sector Focus
Initiative C

Casino Focus
Initiatives A/B

BRITISH COLUMBIA

Option 1: Initiative A – Liaison

Initiative A: Maintain current roles and responsibilities, and add Police of Jurisdiction department liaison, and require Police of Jurisdiction to provide 24/7 presence in casinos
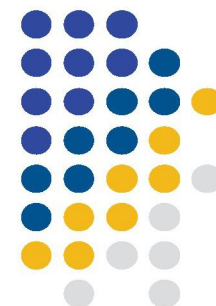
POJ Liaison
(1 per Department)

GPEB Enforcement (Existing)

JIGIT (Existing)

Police of Jurisdiction (Existing)

Casino Focus Initiative A

BRITISH COLUMBIA
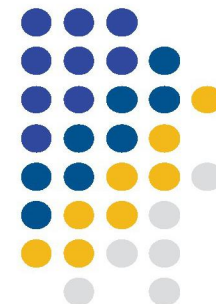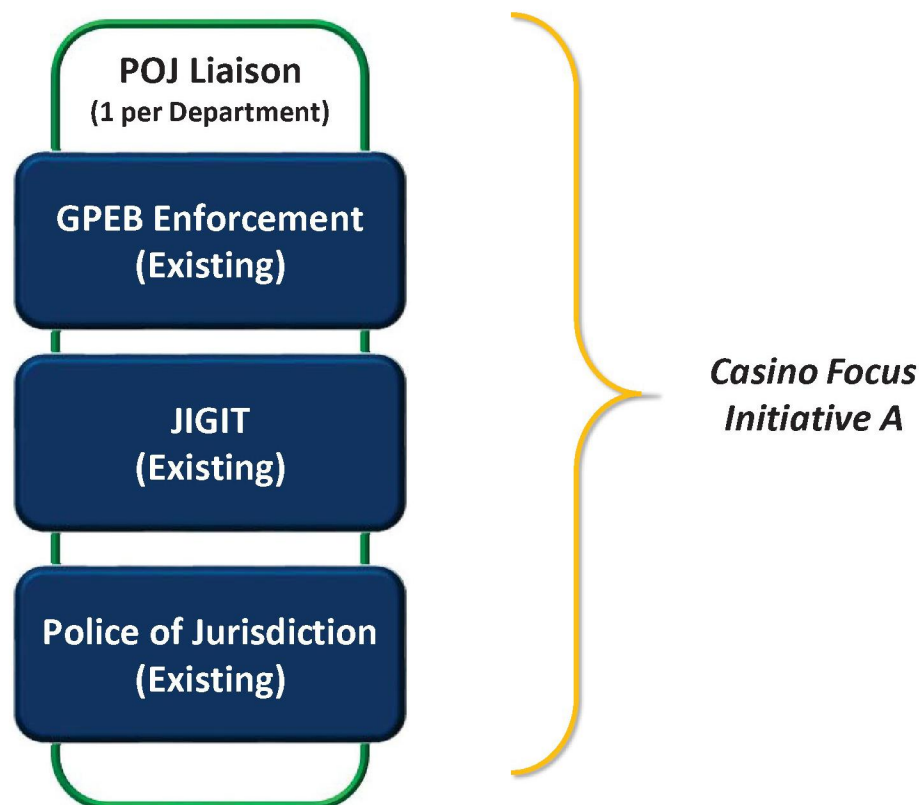
Option 1: Initiative A – Liaison

Pros	Risk
Easy to implement, no funding required	Lack of expertise in money laundering / economic crimes
Public presence/perception of enforcement	Responds to one sector when money laundering is across many sectors
No cost for government	Lack of effective capacity, reactive response instead of proactive
Meets Policing Recommendations: 39, 41 (part), 42, 43 *(4/10)*	Lack of intelligence capacity
IMPLEMENTATION TIME: Currently Underway	

BRITISH COLUMBIA
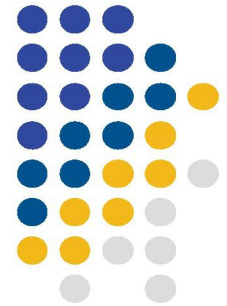
Option 1: Initiative B – Gaming Units

Initiative B: Creation of a joint JIGIT/GPEB Gaming Intelligence Unit (GIU).

Casino Focus Initiative A/B

POJ Liaison
(1 per Department)

GPEB Enforcement (Existing)

Gaming Intelligence Unit (GIU)
Casino Focus Phase 1

JIGIT (Existing)
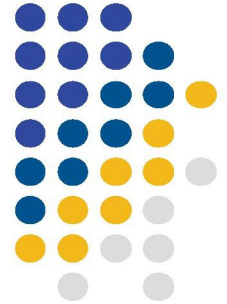
Police of Jurisdiction (Existing)

BRITISH COLUMBIA
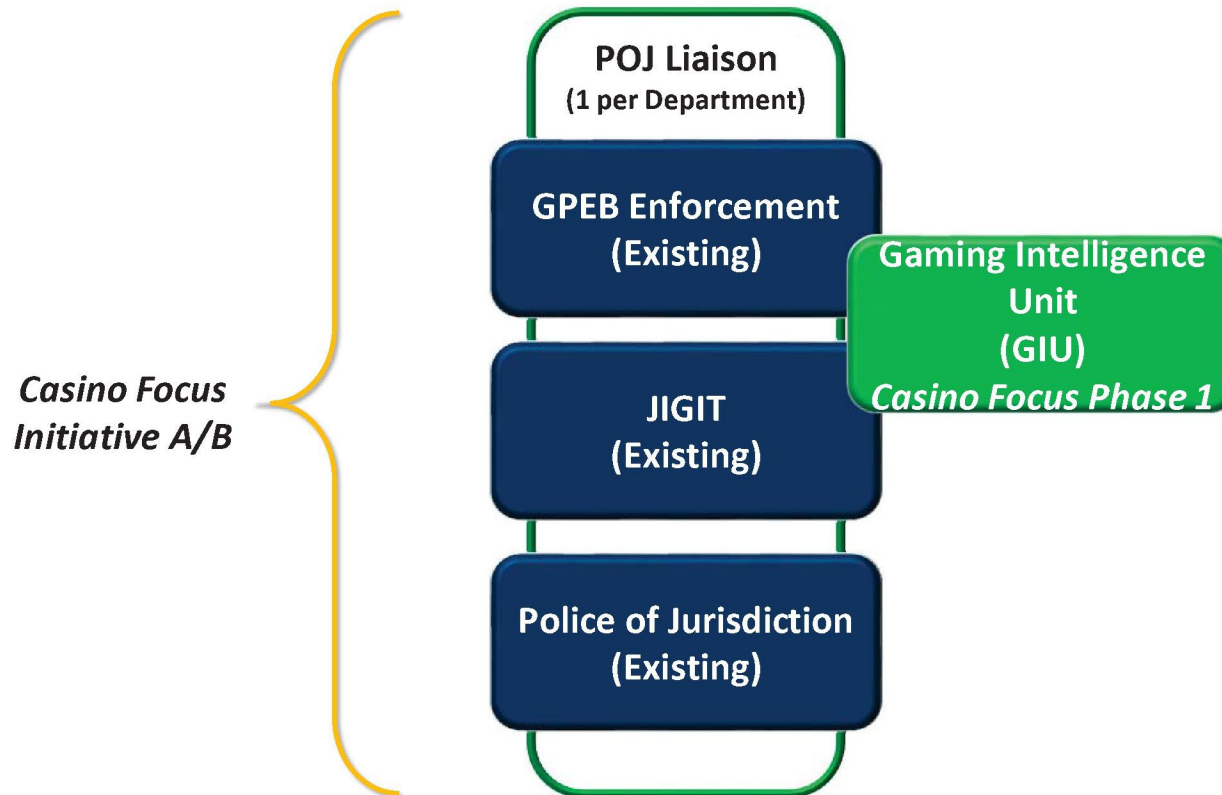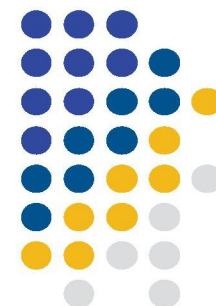
Option 1: Initiative B – Gaming Units

Initiative B: following the creation of a GIU, the establishment of a Casino Investigation Team (CIT).

Casino Focus Initiative A/B

POJ Liaison
(1 per Department)

GPEB Enforcement
(Existing)

JIGIT
(Existing)

Police of Jurisdiction
(Existing)

Gaming Intelligence Unit
(GIU)
Casino Focus Phase 1

Casino Investigations Team
(CIT)
Casino Focus Phase 2

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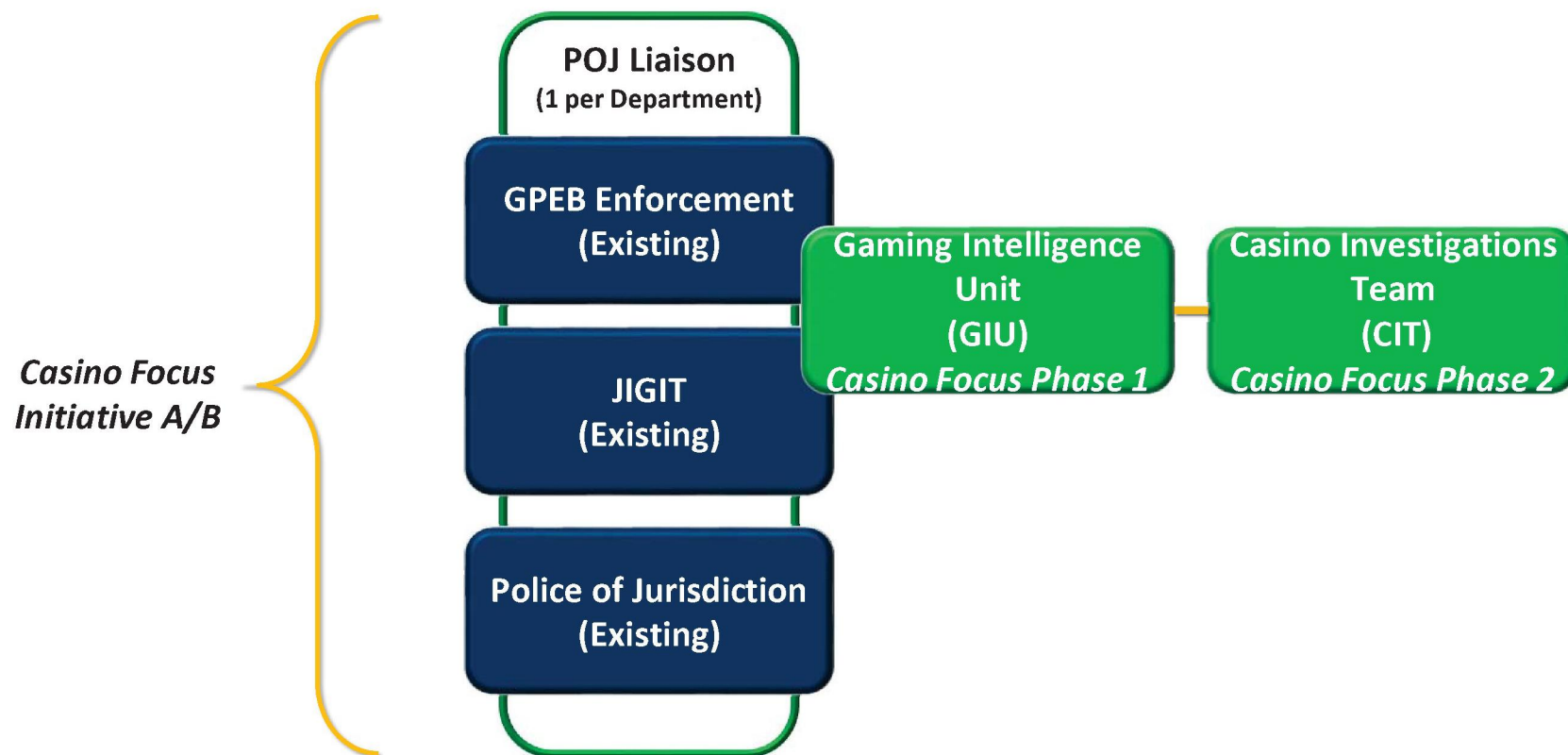
Option 1: Initiative A/B – Gaming Units

Pros	Risk
Leverages JIGIT	Concerns around funding
Public presence/perception of enforcement	Resource requirements underdeveloped
Efficient investigations	24/7 on call basis/best effort
Determines scope of money laundering	-
Phased: Scaled to the problem	-
Meets Policing Recommendation: 28, 40, 41 (part) 42, 43 (*5/10*)	-
IMPLEMENTATION TIME: 24-36 months total **GIU : 18-24 months** **CIT : 12 months**	

BRITISH
COLUMBIA

Option 1: Initiative C - Provincial Units

Initiative C: Creation of Provincial Financial Intelligence Unit.
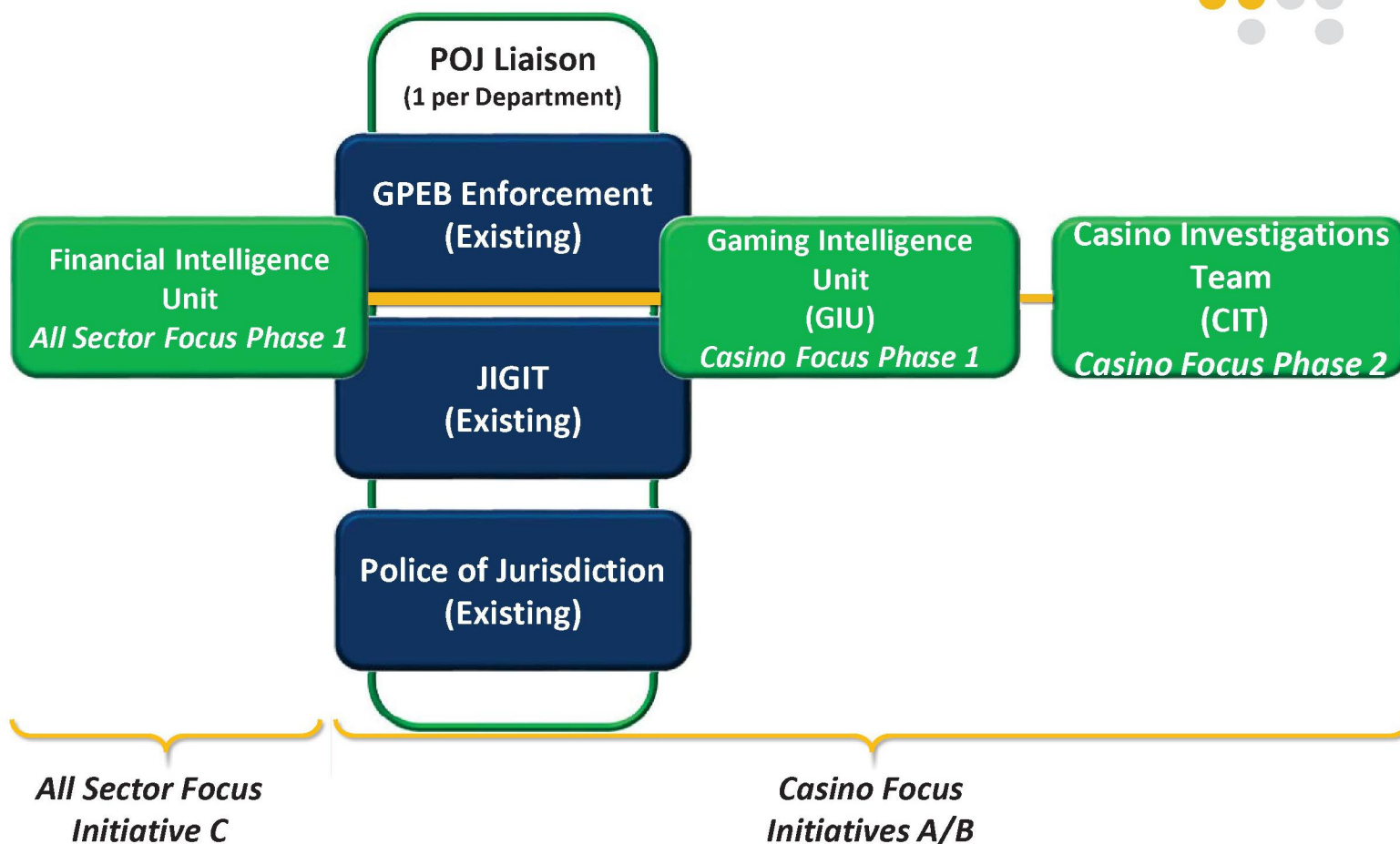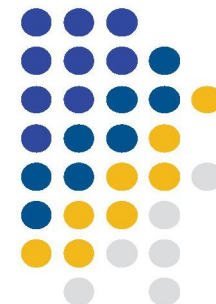
Option 1: Initiative C - Provincial Units

Initiative C: Creation of Financial Investigations Unit.
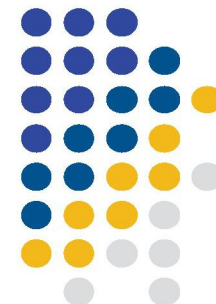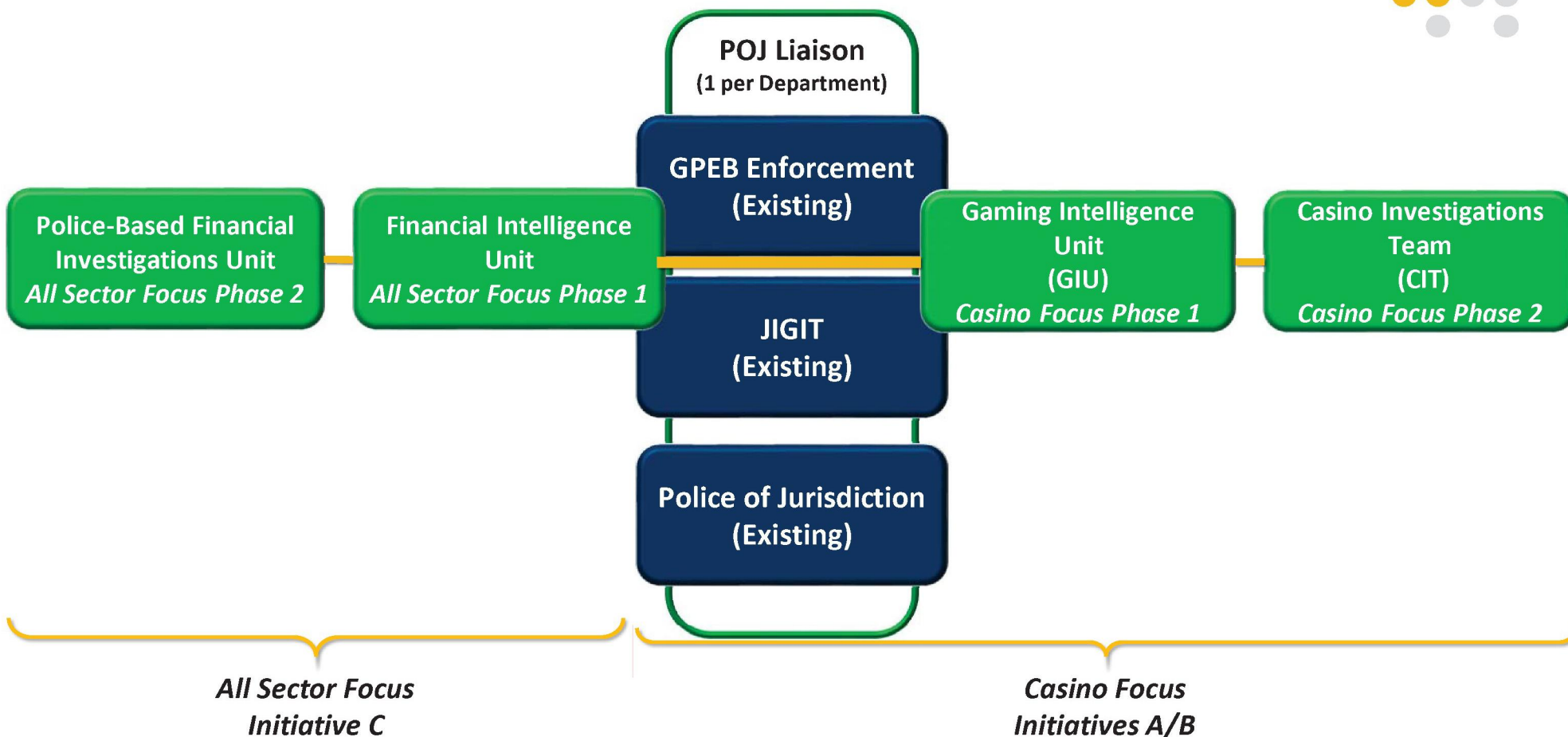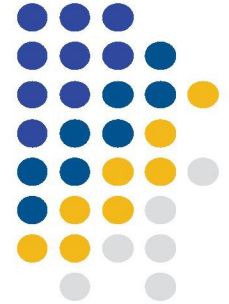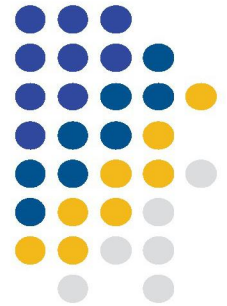
Option 1: Initiative C– Provincial Units

Pros	Risk
Leverages JIGIT	Concerns around funding
Public presence/perception of enforcement	Resource requirements underdeveloped
Provides a broader scope which extends beyond casinos into multiple sectors.	-
Efficient investigations and enforcement	-
Phased: Scaled to the problem	-
Responds to economic crime in BC	-
Meets spirit of DPU Recommendation	-
Meets Policing Recommendation: 28, 37 (part), 40, 41 (part) 42, 43 (*6/10*)	-
IMPLEMENTATION TIME: 24-36 months total **Intelligence Unit : 18 -24 months** **Investigations Unit: 12 months**	

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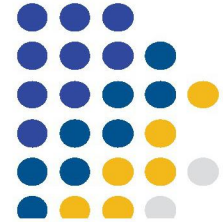
BRITISH COLUMBIA

Option 2: Casino Dedicated Policing Unit

'*Dirty Money*' **Recommendation 37**: That a Designated Policing Unit [police force] be created to specialize in criminal and regulatory investigations arising from the legal gaming industry, with an emphasis on Lower Mainland casinos.

'*Dirty Money*' **Recommendation 41**: That the duties of the Ontario Provincial Casino Bureau and the Nevada Gaming Control Branch Enforcement Division be reviewed in order to determine an appropriate role for the DPU.
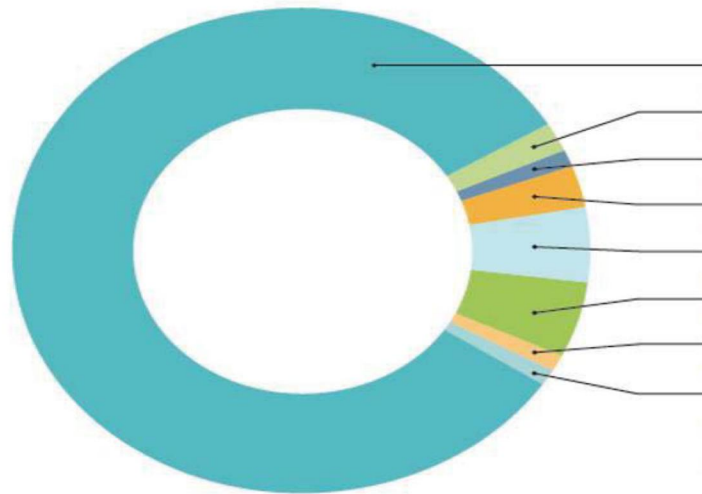
- Cant leverage a Provincial Police force (Ontario model)

- Need to establish independent police force structure, similar to Metro Vancouver Transit Police

BRITISH COLUMBIA
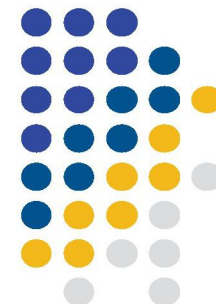
Metro Vancouver Transit Police Model

2017

Civilian Staff 72
↑4.3%

Sworn Members 175
↑4.8%

Total 247
% change ↑4.7%

Financial Summary

2017 Transit Police Budget

	%	2017 Actual	2017 Budget
Salaries	82	$29,659,715	$30,416,712
Uniform/Equipment	2	570,635	472,429
Vehicles	1	417,600	407,402
E Comm/PRIME	3	1,004,623	1,023,776
Facilities	5	1,930,760	2,062,848
Administration/IT	5	1,692,026	1,598,809
Training/Education	1	412,853	443,013
Legal & Professional Fees	1	472,643	496,258
Recoveries*		948,735	448,001
Net Expenditures	100%	**$36,160,855**	**$36,473,246**

The Transit Police budget for 2017 was $36,473,246. Total actual expenditures were $36,160,855. The expenditures include TransLink allocated costs of $3,661,657 for centralized services (premises rent and information technology services).

Source: Metro Vancouver Transit Police 2017 Report to the Community - Metro Vancouver Transit Police

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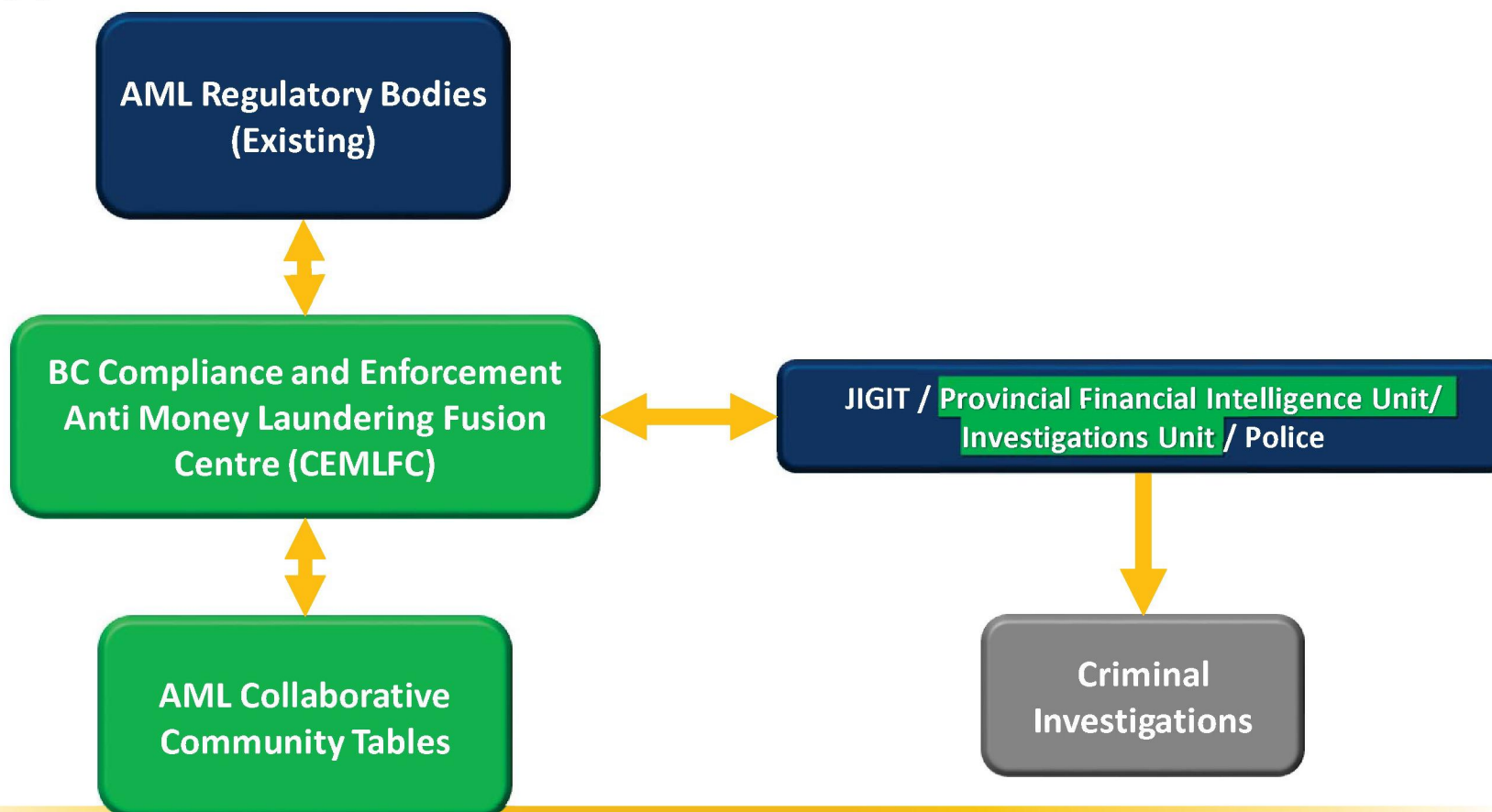# Option 2: Casino Dedicated Policing Unit

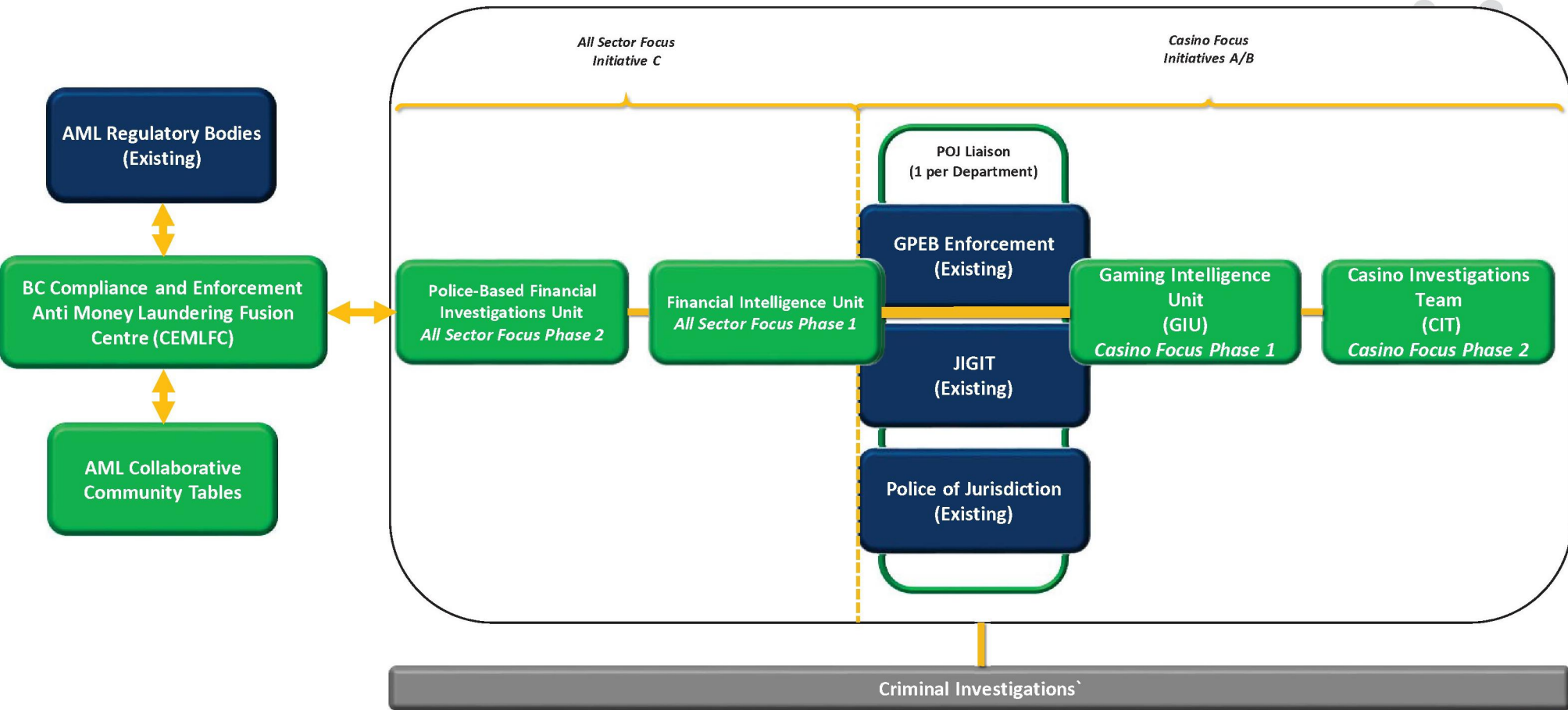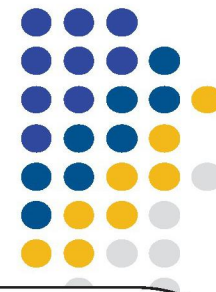| Pros	Risk
Immediate response to lower level crime (loan sharking, cheat at play)	Not enough evidence to support the scale of response
Public presence/perception of enforcement	Limited in scope (limited focus on BC criminal economy)
24/7 presence	Costly implementation ($7 million +)
Investigation and enforcement	No leverage of existing provincial resources
Meets Policing Recommendations: 37, 38, 39, 40, 42, 43 *(6/10)*	-
IMPLEMENTATION TIME: 24-36 months	

BRITISH COLUMBIA
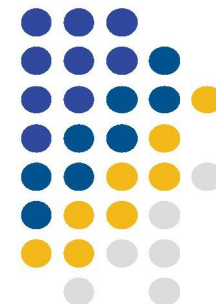
Additional Recommendation/Opportunity:

BC Compliance and Enforcement Anti-Money Laundering Fusion Centre

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┌─────────────────────────┐
│  AML Regulatory Bodies   │
│      (Existing)          │
└─────────────────────────┘
            ⬍
┌─────────────────────────┐        ┌──────────────────────────────────────┐
│ BC Compliance and        │        │ JIGIT / Provincial Financial           │
│ Enforcement              │  ⬌     │ Intelligence Unit/ Investigations Unit │
│ Anti Money Laundering    │        │ / Police                               │
│ Fusion Centre (CEMLFC)   │        └──────────────────────────────────────┘
└─────────────────────────┘                           ⬇
            ⬍                                 ┌──────────────────┐
┌─────────────────────────┐                   │    Criminal       │
│  AML Collaborative       │                   │  Investigations   │
│  Community Tables        │                   └──────────────────┘
└─────────────────────────┘
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BRITISH COLUMBIA

BC Compliance and Enforcement Anti-Money Laundering Fusion Centre

Roundtable Discussions | Questions

BRITISH
COLUMBIA

APPENDIX

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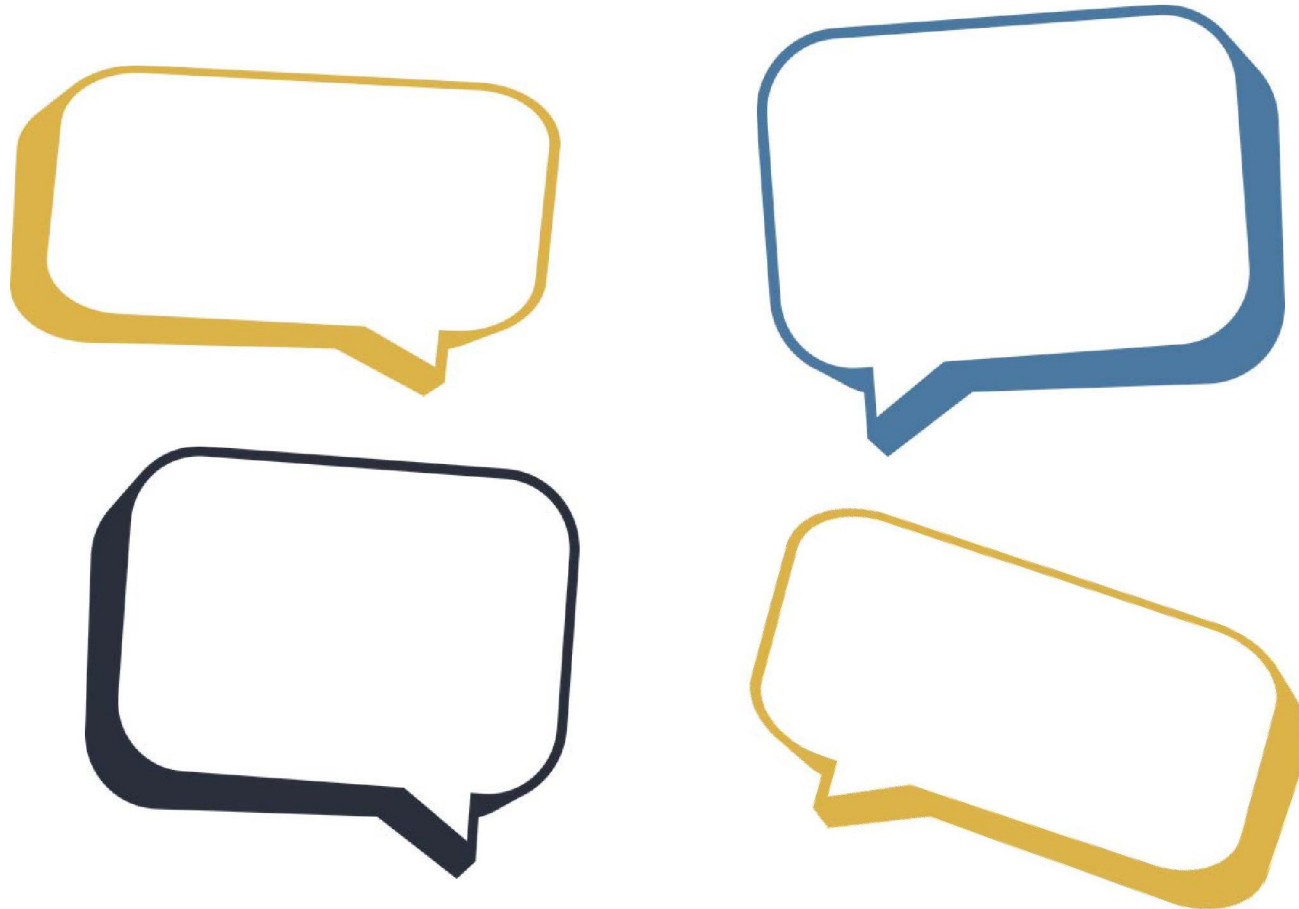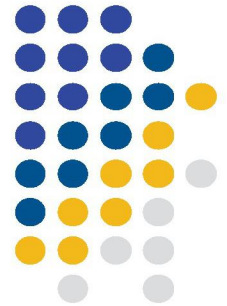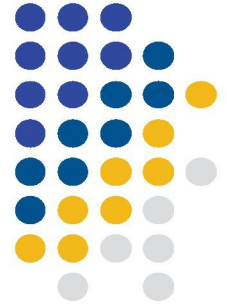
The Recommendations – Gaming Police

R37 That a Designated Policing Unit [police force] be created to specialize in criminal and regulatory investigations arising from the legal gaming industry, with an emphasis on Lower Mainland casinos.

R38 That the DPU be an integral part of the Regulator.

R39 That the DPU not be responsible for investigating illegal gaming outside casinos.
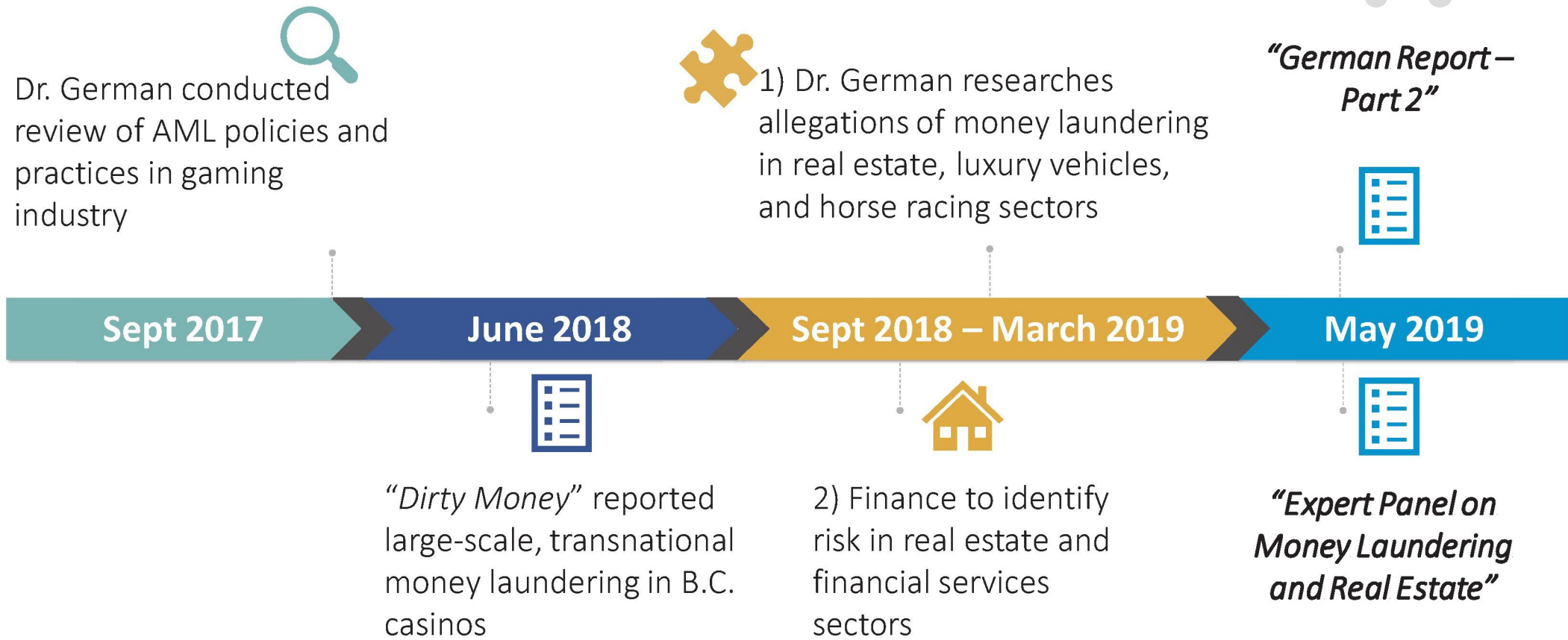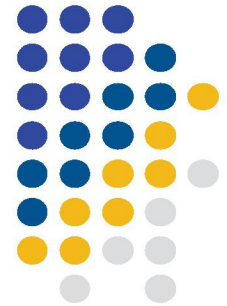
R40 That the DPU contain an Intelligence Unit

R41 That the duties of the Ontario Provincial Casino Bureau and the Nevada Gaming Control Branch Enforcement Division be reviewed in order to determine an appropriate role for the DPU.

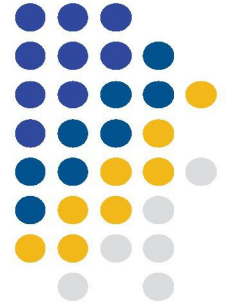**R42** That anti-money laundering be a specific responsibility of the DPU.

R43 That funding of the DPU be from gaming revenue.

BRITISH COLUMBIA

'Dirty Money' Report Timeline

Dr. German conducted review of AML policies and practices in gaming industry

1) Dr. German researches allegations of money laundering in real estate, luxury vehicles, and horse racing sectors

"German Report – Part 2"

| Sept 2017 | June 2018 | Sept 2018 – March 2019 | May 2019 |

"Dirty Money" reported large-scale, transnational money laundering in B.C. casinos

2) Finance to identify risk in real estate and financial services sectors

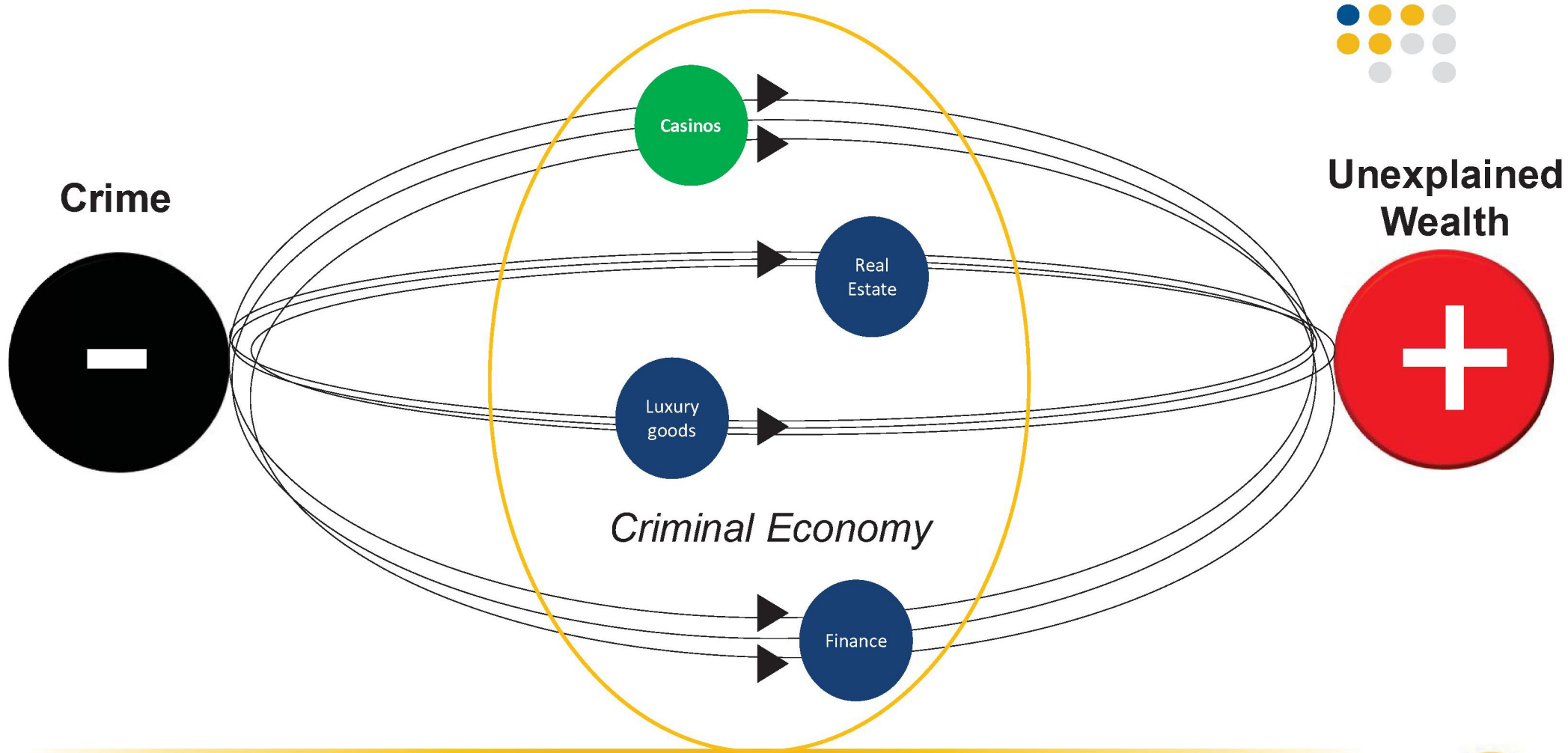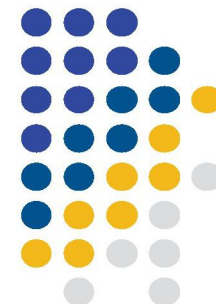*"Expert Panel on Money Laundering and Real Estate"*

BRITISH COLUMBIA
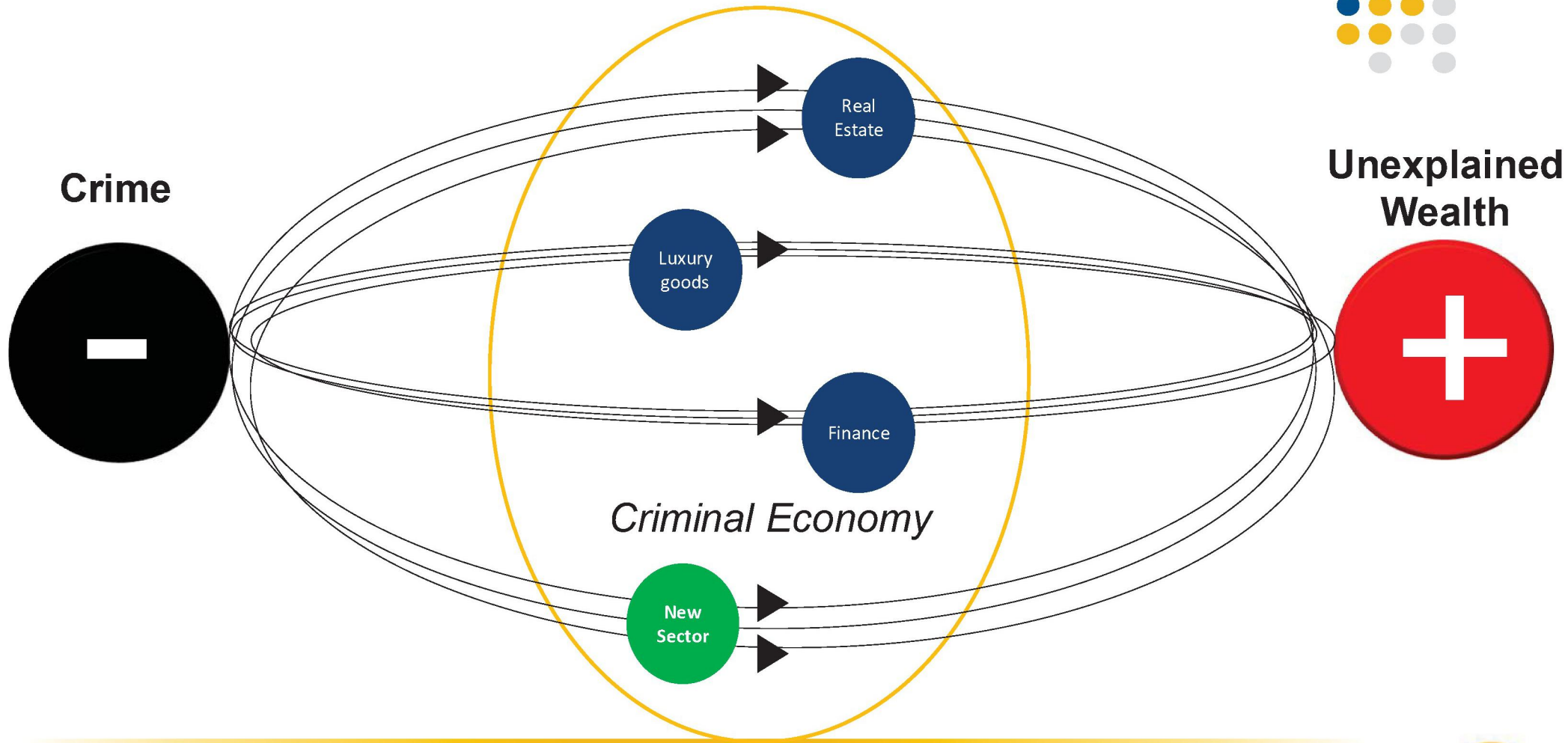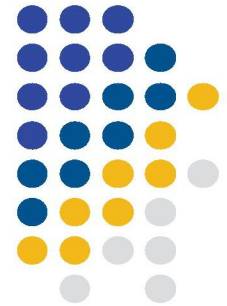
The '*Dirty Money*' Report

The Attorney General appointed Peter German to investigate the issue of money laundering and organized crime and provide advice on:

1. What connection, if any, the issue has with other areas of B.C.'s economy, laws or policies that require government, law enforcement, statutory or regulatory attention.

2. What connection, if any, the issue has with other crimes.

3. What steps, within existing laws, or what new laws, are required to address the issue.

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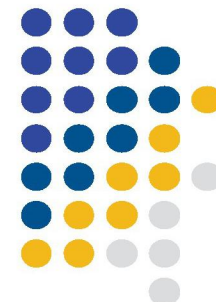
BRITISH COLUMBIA

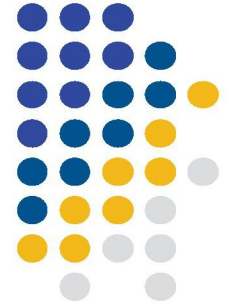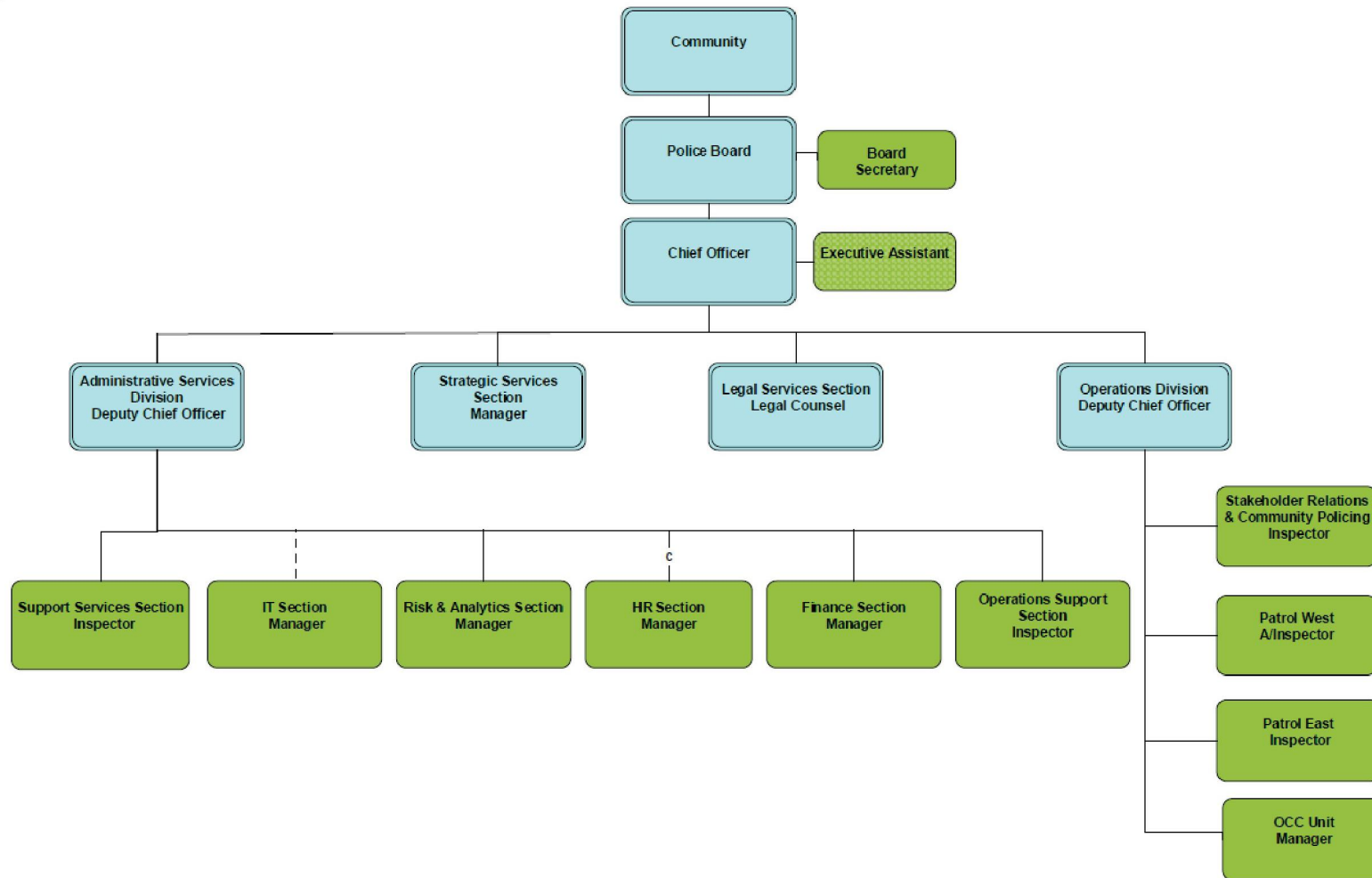# Magnetic Model of Money Laundering

Magnetic Model of Money Laundering

Transit Police Organization Chart – Office of the Chief

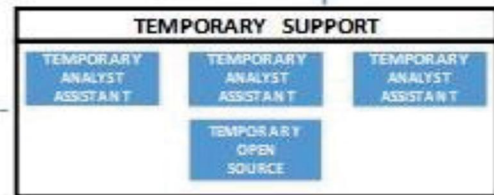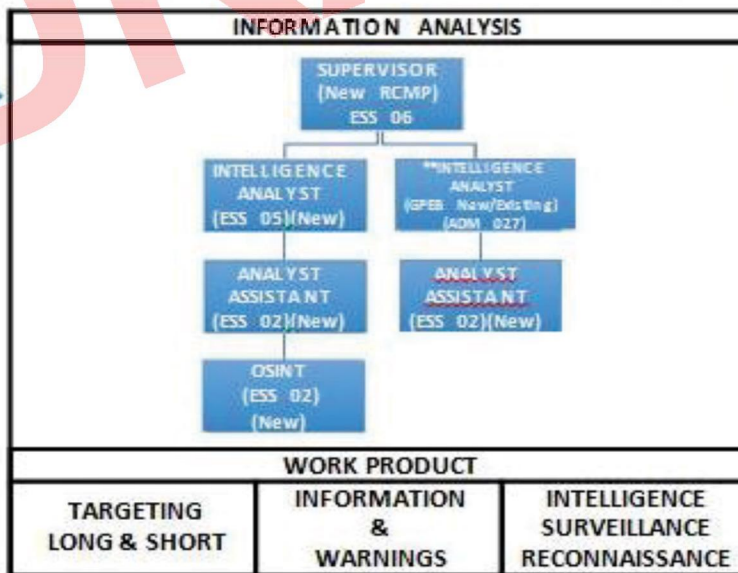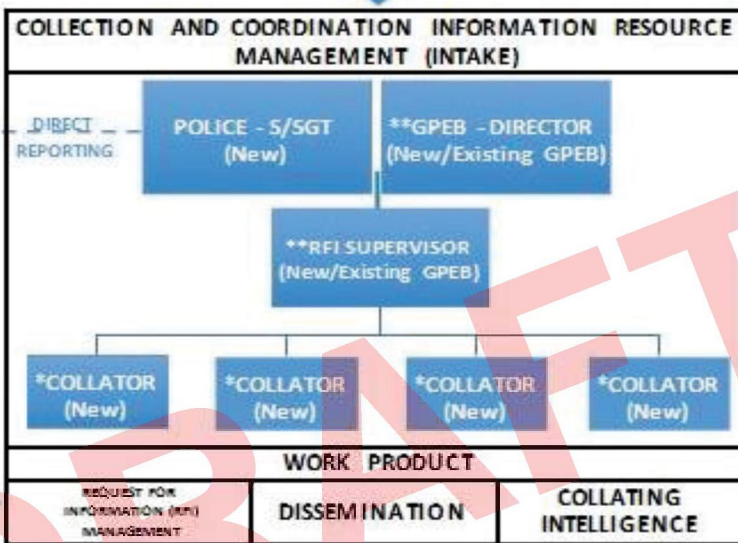**Cabinet Confidential – NOT for distribution without Anti Money Laundering Secretariat approval**
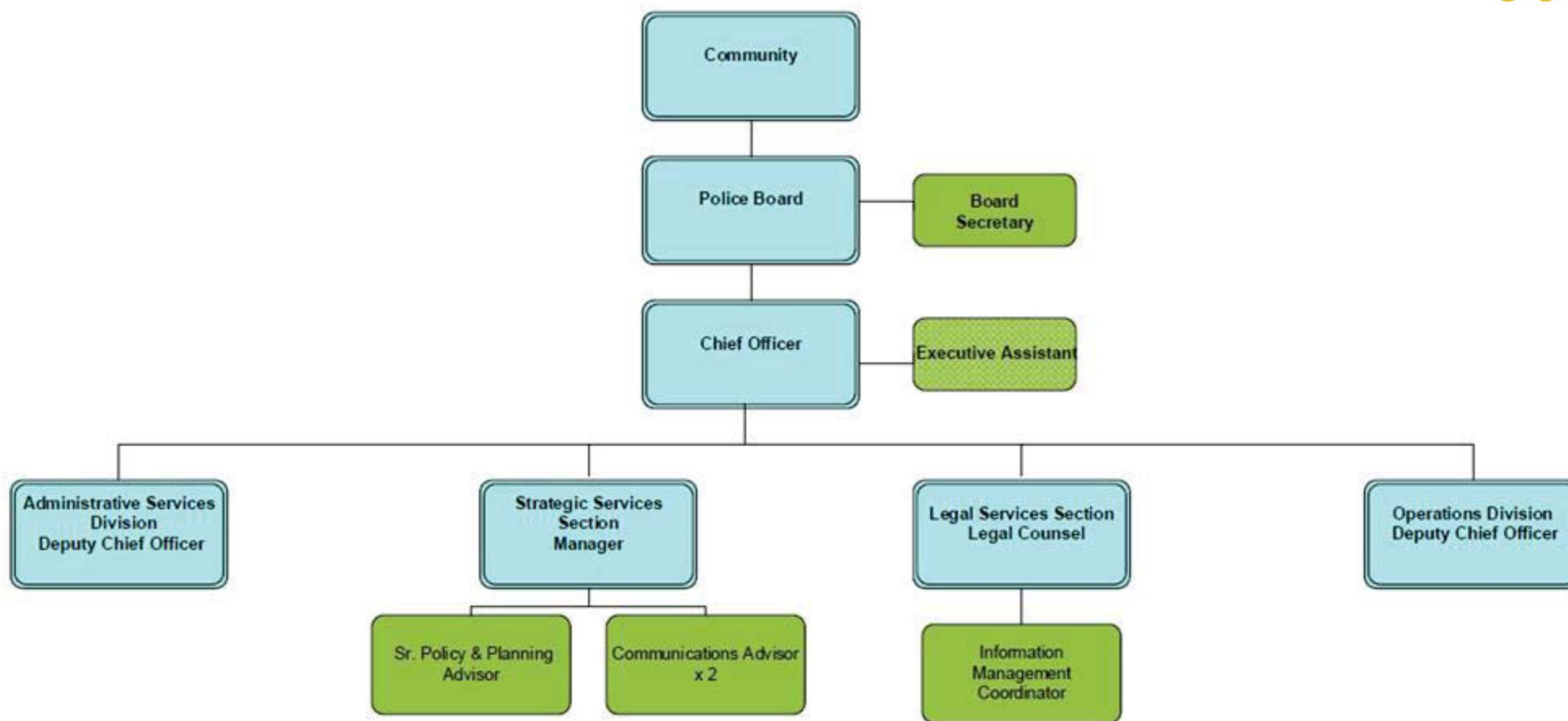
Metro Vancouver Transit Police – Organization Chart

GAMING INTELLIGENCE UNIT

INCOMING DATA & INCOMING INFO
INTERNAL AND EXTERNAL

COLLECTION AND COORDINATION INFORMATION RESOURCE MANAGEMENT (INTAKE)

CONFIDENTIAL INFORMER DEVELOPMENT & MANAGEMENT

RCMP CPL. (New) | RCMP CST. (New)

DIRECT REPORTING

POLICE - S/SGT (New)

**GPEB – DIRECTOR (New/Existing GPEB)

**RFI SUPERVISOR (New/Existing GPEB)

*COLLATOR (New) | *COLLATOR (New) | *COLLATOR (New) | *COLLATOR (New)

WORK PRODUCT

REQUEST FOR INFORMATION (RFI) MANAGEMENT | DISSEMINATION | COLLATING INTELLIGENCE

INFORMATION ANALYSIS

GPEB SUPPORT INVESTIGATOR (New)

POLICE SUPPORT INVESTIGATOR (New)

SUPERVISOR (New RCMP) ESS 06

INTELLIGENCE ANALYST (ESS 05)(New) | **INTELLIGENCE ANALYST (GPEB New/Existing)(ADM 027)

ANALYST ASSISTANT (ESS 02)(New) | ANALYST ASSISTANT (ESS 02)(New)

OSINT (ESS 02) (New)

ONGOING INTEL DEVELOPMENT, SHARING & MANAGEMENT

*ANALYST ASSISTANT (ESS02 EQUIVALENT)

**DEPENDENT ON ADM-GPEB PROPOSAL)

TEMPORARY SUPPORT

TEMPORARY ANALYST ASSISTANT | TEMPORARY ANALYST ASSISTANT | TEMPORARY ANALYST ASSISTANT

TEMPORARY OPEN SOURCE

WORK PRODUCT

TARGETING LONG & SHORT | INFORMATION & WARNINGS | INTELLIGENCE SURVEILLANCE RECONNAISSANCE