

Overview Report: Integrated Illegal Gaming Enforcement Team

A. Scope of Overview Report

1. This overview report sets out information and attaches documents related to the Integrated Illegal Gaming Enforcement Team. Its purpose is to provide background and contextual information to support *viva voce* evidence to be called during Commission hearings.

B. Creation of the Integrated Illegal Gaming Enforcement Team

2. The Integrated Illegal Gaming Enforcement Team (“**IIGET**”) was established in 2003 pursuant to a memorandum of understanding bearing a date of April 1, 2003 (the “**IIGET MOU**”). The IIGET MOU was signed in March 2004.¹ The IIGET MOU is attached as Appendix “A.”² A business case for the “Integrated Illegal Gaming Enforcement Unit” dated June 2003 is attached as Appendix “B”.

3. The IIGET MOU required the RCMP to provide “a maximum of six members and one Support Staff to form” IIGET in the fiscal year beginning April 1, 2003. This commitment of personnel increased to “a maximum of twelve members and one support staff” in the fiscal year beginning April 1, 2004. Under the IIGET MOU, the provincial Police Services Division (“**PSD**”) was required to provide financial support for IIGET, while the Gaming Policy and Enforcement Branch (“**GPEB**”) provided “office space and administrative support” to IIGET at no cost to the Royal Canadian Mounted Police (the “**RCMP**”). The IIGET MOU provided that IIGET was to be co-located with GPEB throughout British Columbia.

¹ Catherine Tait Consulting, “Effectiveness Review of the Integrated Illegal Gaming Enforcement Team”, January 14, 2008 at 7 (Attached as Appendix “C”).

² In 1997, a separate proposal to establish an “Illegal Gaming Enforcement Unit” was submitted to the Treasury Board of the Government of British Columbia by the Attorney General and the Minister of Employment and Investment. The mandate of the proposed unit was “The enforcement, detection and prevention of illegal gambling and criminal offences directly relating to destination casino and other legal gaming venues in the Province of British Columbia.” The proposal also included the establishment of “a dedicated crown counsel for gambling enforcement.” A letter dated January 22, 1998 from Assistant Deputy Minister R.C. McCandless indicated that the proposal was withdrawn “due to the recent Supreme Court ruling” but does not identify the ruling. This proposal and related documents are attached as Appendix “D”.

4. The IIGET MOU provided for the creation of a consultative board chaired by the Director of the PSD or his or her designate. Membership of the consultative board consisted of:

- a. The Director of the PSD;
- b. The General Manager of the Gaming, Policy & Enforcement Branch;
- c. The Commanding Officer of RCMP “E” Division;
- d. Executive of the British Columbia Association of Chiefs of Police; and
- e. The President & CEO of BCLC.³

5. The role of the consultative board is set out in paragraph 4.3 of the IIGET MOU. It included:

- a. Subject to limitations and caveats as outlined in sections 2.2 and 5.1 of [the IIGET MOU] determine global objectives, priorities and goals for the IIGET that are not inconsistent with those of the Province or the RCMP;
- b. Determine the form and frequency of reports and reviews concerning the operations of the IIGET;
- c. After two years of operation arrange an effectiveness review of IIGET;
- d. Determine recommendations to be made to the Solicitor General regarding the continued operation, funding and success of the IIGET; and
- e. Determine such other matters as are for attention of the Consultative Board specified elsewhere in [the IIGET MOU].

6. The IIGET consultative board terms of reference are attached as Appendix ‘E’.

7. Also on April 1, 2003, the Government of British Columbia (the “**Province**”) and the British Columbia Lottery Corporation (“**BCLC**”) entered into a sponsoring agreement (the “**Sponsoring Agreement**”) to “ensure sufficient, continuing funding for the successful development and operation of” IIGET. The Sponsoring Agreement assigned to the Province responsibility “for paying the costs set out in the IIGET MOU” but provided for financial contributions by BCLC. The Sponsoring Agreement is attached as Appendix “F”. A January 14, 2004 letter from the Solicitor General to the President and CEO of

³ The President & CEO of BCLC was a limited voting member. The other four members were full-voting members.

BCLC identified the amount of BCLC's contribution annually for fiscal years 2003/04-2007/08. This letter is attached as Appendix 'G'.

8. Staffing for IIGET's RCMP positions began in 2004. Of the 12 RCMP positions, six were located in Burnaby, two in Victoria, two in Prince George and two in Kelowna. All members were co-located with GPEB members in existing GPEB offices. By December 2004, nearly all of the RCMP positions had been filled and most of the members had completed a course on illegal gaming investigations delivered by the Ontario Provincial Police.⁴

C. The Mandate and Responsibilities of IIGET

9. In addition to the IIGET MOU and Sponsoring Agreement, several documents produced in 2003 and 2004 addressed the mandate and responsibilities of IIGET.

April 1, 2003 Five Year Strategic Projection: Provincial Policing

10. The RCMP 'E' Division Corporate Management Branch Corporate Planning & Client Services Section produced a document titled *Five Year Strategic Projection: Provincial Policing (Fiscal Years 2004/05 through 2008/09)* dated April 1, 2003. This document described IIGET as follows:

The gaming industry in BC generates approximately \$2 billion in revenue each year. This is considered moderate when compared with other provinces. Legal gaming in BC includes lotteries, community & destination casinos, bingo halls, and race tracks. It does not include video lottery terminals, slot machines (except at approved casinos), internet gaming, or customer clubs. Illegal gaming is operated by traditional and non-traditional organized crime. It includes bookmaking, sports wagering, and unlicensed games. This unit will address criminal involvement in the lottery and gaming facilities in the province.

11. This document is attached as Appendix 'H'.

⁴ Catherine Tait Consulting, "Effectiveness Review of the Integrated Illegal Gaming Enforcement Team", January 14, 2008 at 7 (Attached as Appendix 'C').

May 2003 RCMP Backgrounder

12. An RCMP Backgrounder dated May 2003 (the “**RCMP Backgrounder**”) identified the mandate of IIGET and the roles and responsibilities of the RCMP and GPEB under the IIGET MOU:

The Integrated Illegal Gaming Enforcement Team’s mandate is to ensure the integrity of public legalized gaming in British Columbia through an integrated approach that includes the RCMP, and the Provincial Gaming Policy and Enforcement Branch (GPEB). IIGET is in place to preserve the integrity of legalized gaming in the province of British Columbia through the enforcement of the [C]riminal Code of Canada and other statutes.

A Memorandum of Understanding between the team’s integrated members was signed in 2003 outlining the unit’s mandate, roles and responsibilities, and governance.

Roles and responsibilities of RCMP: enforce Criminal Code; investigate unlawful activities in legal venues; investigate illegal gambling; collect and produce intelligence; recommend charges to Crown Counsel; produce “Report to Crown Counsel”; participate in prosecutions.

Roles and responsibilities of the Gaming Policy and Enforcement Branch (GPEB): enforce the “Gaming Control Act”; enforce terms and conditions of registration and certification; receive complaints; investigate regulatory violations; produce “Report to Crown Counsel” on regulatory offences; in conjunction with police; impose sanctions; assist police in the investigation and prosecution of unlawful activity in legal venues, and illegal gaming; collect and produce intelligence; participate in prosecutions.

13. The RCMP Backgrounder is attached as Appendix ‘I’.

June 23, 2004 RCMP Talking Points

14. An RCMP “Talking Points” document dated June 23, 2004 described the role of IIGET as follows:

The Integrated Illegal Gaming Enforcement Team (IIGET) is in place to prevent, detect, investigate, and prosecute criminal offences in connection with illegal gaming activities in BC.

...

The Integrated Illegal Gaming Enforcement Team is in place to combat the illegal gaming activities of organized crime. Illegal gaming activities include video gambling machines, gaming houses, bookmaking, lotteries, internet gambling and carnival industry gaming.

15. The “Talking Points” document is attached as Appendix “J”.

June 24, 2004 IIGET Implementation Plan of Operations

16. The IIGET Implementation Plan of Operations, dated June 24, 2004 described the composition, goals, responsibilities and priorities of IIGET at length. This document described IIGET’s mandate as follows:

Investigators with the IIGET unit are responsible, as with all members of the RCMP, with enforcement of all aspects of the Criminal Code. The specific mandate of the unit is the enforcement of Part VII of the Criminal Code as it relates to Illegal Gaming. IIGET members will investigate unlawful activity in legal venues, such as loan sharking, threatening, intimidation and money laundering. Investigating illegal gambling in common gaming houses where among things poker games or video gambling machines are being played.

17. The IIGET Implementation Plan of Operations is attached as Appendix “K”.

November 2004 Memorandum and Division Broadcast

18. On November 10, 2004, Staff Sergeant Tom Robertson, then the NCO in charge of IIGET issued a memorandum to all members of RCMP ‘E’ Division detachments and operational units (the “**November 2004 Memorandum**”). The November 2004 Memorandum described the roles of GPEB and IIGET as follows:

...the investigators of GPEB are Special Constables, who investigate incidents which occur primarily within the licenced gaming venues throughout the Province, ie. Casinos, Bingo Halls, Racetracks and Teletheatre Sites and they enforce the Provincial Gaming Enforcement Act. Members assigned to IIGET are primarily mandated to prevent, detect, collect intelligence and investigate offences of illegal gaming throughout the Province, ie. Common Gaming Houses and Bookmaking as defined in Part VII of the Criminal Code.

While each of these units has its own responsibilities, it is believed their integration will provide a greater intelligence network of organized crime within all gaming venues and enforcement of gaming offences and other criminal offences often related to gaming, ie: loan sharking and money laundering.

19. The November 2004 Memorandum is attached as Appendix "L".
20. Identical text is found in a Division Broadcast from the RCMP Criminal Operations Branch to all members of 'E' Division dated November 18, 2004 (the "**Division Broadcast**"). The November 18, 2004 Division Broadcast is attached as Appendix "M".

D. The Objectives of IIGET and Enforcement Levels

21. A document titled IIGET Mandate/Objectives was presented to the IIGET consultative board by Staff Sergeant Robertson at its November 29, 2004 meeting ("**IIGET Mandate and Objectives Document**"). This document identified IIGET's mandate to be:

Maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming.

22. The IIGET Mandate and Objectives Document also identified three objectives for IIGET:
 - a. Gathering of intelligence with respect to illegal gaming activity in the Province;
 - b. Prevention of illegal gaming through education and partnerships; and
 - c. Investigation and enforcement of *Gaming Control Act* and regulations and *Criminal Code* related offences. Three levels of enforcement will be initiated.
23. Further detail about each objective, and measures for success were also provided in the document, discussed below:

Objective 1: Intelligence

24. The IIGET Mandate and Objectives Document described IIGET's intelligence function as follows:

IIGET will be the central depository of intelligence received from all sources in relation to illegal gaming on illegal gaming activity. IIGET has been advertised to all RCMP officers within the Province via email as the Unit responsible for illegal gaming intelligence and enforcement. IIGET plan to continue to market throughout the police population in an effort to have Officers report all incidents of illegal gaming to them. In addition it is anticipated that by educating these Officers through personal visits to their unit meetings and briefings, they will be encouraged to be more observant in these areas... Intelligence related to internet gaming, illegal VLT's, common gaming houses, illegal lotteries, ticket reselling, money laundering and proceeds of crime will be the main targeted offences.

25. Two measures of success were identified for the intelligence objective:

As a result of these initiatives, by April 2006, IIGET will be able to;

- Give a more informed estimate and a more accurate picture as to the extent of illegal gaming within the Province.
- Give an 18-month overview on the number of intelligence reports received or initiated by IIGET.

Objective 2: Education and Partnerships

26. The Education and Partnerships objective was described as follows:

IIGET plan to educate not only the police but also the general public and businesses who become aware during everyday life activity of illegal gaming activity at various locations. It is believed that they are either unaware that the activity is illegal or believe there is little, or no action that can or would be taken. An example of this would be IIGET investigators partnering with inspectors from the Liquor Control and Licensing Branch. Their inspectors routinely enter licensed establishments throughout the Province and have observed what they believe are illegal video lottery machines. They now have an enforcement agency who are prepared to react to their information and future consideration is being given for them to distribute an awareness bulletin educating

establishments that there is an onus and responsibility on their part to ensure that illegal gaming activities (i.e: gaming machines, poker nights, illegal lottery schemes etc) does not occur within their business

It is the strategy of IIGET management that enforcement in this area of illegal gaming would primarily continue to be done by investigators from the GPEB side Team.

27. IIGET's measure of success with respect to this objective is described as follows:

As a result of these initiatives, by April 2006, the General Public, other Organizations, Law Enforcement and other Regulatory Enforcement Agencies will have a greater understanding of the illegal gaming activities and have a willingness to report them.

The measure of this will be IIGET's reporting on the number of reports received from the General Public, other Organizations, Law Enforcement and other Regulatory Enforcement Agencies.

Objective 3: Enforcement

28. The description of IIGET's "Enforcement" objective in the IIGET Mandate and Objectives Document included the following:

IIGET will be primarily responsible for major illegal gaming activity operated by organized crime groups and those in the 'business' of illegal gaming. These offences would include; Internet Gaming, Bookmaking, Possession of unlicensed Video Lottery Terminals (VLTs), Distribution of VLTs, Common Gaming Houses, Resale of Lottery tickets, Money Laundering and Proceeds of Crimes investigations. The RCMP investigators are equipped to lead the more complex investigations and have access to various support units frequently utilized in these types of investigations. As with the partnerships with LCLB inspectors, IIGET plan to combine their efforts to diminish the financial attraction of illegal gaming profits by partnering with investigators from the Canada Customs Revenue Agency. It is also hoped that a relationship between the IIGET investigators and a Provincial Crown Prosecutor can be modeled after the OPP's Illegal Gambling Units relationship with their Crown...

The strategy has been agreed upon by the NCO i/c, RCMP and the Deputy Director GPEB, Investigation Division. While they are aware of their own responsibilities, it is recognized by both that assistance between the integrated

agencies is necessary to accomplish the overall objectives. It is further agreed that the priority given to the investigation of the complaints and information received on IIGET files will be the responsibility of the NCO i/c in conjunction with the Deputy Director, GPEB, Investigation Division....

29. The three levels of enforcement referred to in the enforcement objective were also identified in this document:

- a. Investigation resulting in verbal or written warnings, which will be appropriate in instances where the offence is minor, the violator may be given the benefit of the doubt that he or she will not repeat, and/or it is not in the public interest to pursue other sanctions in this instance;
- b. Investigation and ticketing process for minor violations,
 - i. After a verbal or written warning, if appropriate, or
 - ii. For minor offences, including where regulatory sanctions are not appropriate or insufficient.
- c. Investigations with a view of criminal prosecution for matters under the *Criminal Code*, and some activities under the *Gaming Control Act* for which warnings, regulatory sanctions and ticketing are not deemed appropriate. This level of enforcement includes investigation, evidence seizure and recommending to crown counsel that charges be laid.

30. The measure of success for this objective was described as follows:

As a result of these initiatives, over the next 18 months, there will be a measurable increase of gaming license requests received by GPEB. There will also be a measurable increase of gaming license requests received by GPEB. There will also be a measurable increase as to the number of seizures and enforcement actions with regards to illegal gaming in the Province. It is the current philosophy that IIGET will, during this time period, concentrate their enforcement efforts in the areas of; the Possession of Video Lottery Terminals (VLTs), the Distribution of VLTs and Common Gaming Houses... While it is recognized that the investigations of Internet Gaming, the Resale of Lottery tickets, Money Laundering and Proceeds of Crimes investigations is [sic] important to this overall objective, these offences tend to be a greater drain on resources and require investigators to have a greater skill set and more experience. It is anticipated and can be expected that IIGET investigators will gain this skill set over this 18 month period from their experience and training.

31. The IIGET Mandate and Objectives Document is attached as Appendix "N."

E. 2007 Performance Report and Proposals for Reform

32. In September 2005, Staff Sergeant Fred Pinnock replaced Staff Sergeant Tom Robertson as NCO-in-Charge of IIGET. In July 2007, Staff Sergeant Pinnock completed three documents that evaluated IIGET and identified avenues for its improvement.

July 20, 2007 Business Case for the Expansion of IIGET

33. Staff Sergeant Pinnock prepared a Business Case for the Expansion of IIGET dated July 20, 2007 (the "**First Business Case**"). In the First Business Case, Staff Sergeant Pinnock recommended that "to satisfy the terms of the MOU and deliver a comprehensive level of service to British Columbians, IIGET must receive an establishment increase upon renewal of its mandate" in April 2008.

34. In the First Business Case, Staff Sergeant Pinnock wrote that IIGET was unable to effectively fulfill its mandate to target both mid-level and high-level enforcement targets without additional resources:

Operationally, the IIGET Consultative Board has received consistent reporting from a succession of unit commanders. This integrated unit, while founded upon the three tenets of enforcement, intelligence and education, is expected to deliver measurable enforcement results impacting low, medium and high level targets. At current resource levels, IIGET is capable of addressing two of these, while unable to target at the high level. It is unlikely that high level gaming targets will be among those selected for targeting by CFSEU or any other similarly mandated unit. As a result, it naturally falls to IIGET to target at this level. At current resource levels, however, IIGET is positioned to target at the medium or high enforcement levels, but not both. [Emphasis in original.]

35. Staff Sergeant Pinnock recommended that 12 full-time equivalent staff members be added to IIGET's existing complement of 13 members. This recommendation would have resulted in an expanded IIGET comprised of:

Unit Commander – Staff Sergeant
Team A: 1 Sergeant / 1 Corporal / 4 Constables
Team B: 1 Sergeant / 1 Corporal / 4 Constables

1 Criminal Intelligence Analyst
2 Clerical Staff
3 Outlying District Offices each composed of: 1 Corporal / 2 Constables

36. The First Business Case estimated the cost of the expansion to be \$3 846 274.
37. The First Business Case is attached as Appendix "O".

July 23, 2007 IIGET Performance Report

38. Staff Sergeant Fred Pinnock completed a performance report for IIGET dated July 23, 2007 (the "**Performance Report**"). The Performance Report provides a "chronological account of the key enforcement initiatives undertaken by IIGET since its formation" as well as an analysis of IIGET statistical reports. The report identifies a substantial reduction in charges, warnings and opened files between fiscal year 2005/06 and 2006/07. The Performance Report indicates that in fiscal year 2005/06, 14 *Criminal Code* charges were laid, 268 verbal and written warnings administered and 492 illegal gaming files opened. In 2006/07, no *Criminal Code* charges were laid, 147 warnings were administered and 349 files were opened. The Performance Report attributes the reduction in charges, warnings and opened files to IIGET's pursuit of "a complex internet gaming investigation with direct ties to the province of British Columbia." It suggests that statistics for the first quarter of 2007/08 indicate "an unprecedented level of activity" including 65 charges recommended and 100 warnings administered.⁵
39. The Performance Report concluded by identifying a need for greater resources for IIGET:

As identified within the business case referred to above, IIGET is responsible for three tiers of enforcement. At the present time, this unit is unable to satisfactorily respond to all categories due to resource limitations. The primary enforcement efforts of this unit are set out above. The degree to which identifiable criminal organizations rely upon illegal gaming as a source of revenue is far greater than expected. It is considered crucial that IIGET

⁵ No indication of the number of charges approved or the number of files opened are provided.

acquires the resource capacity to address this level of threat within the next MOU effective 2008APR01.

40. The Performance Report is attached as Appendix "P".

July 27, 2007 Business Case for the Formation of a Provincial Casino Enforcement/Intelligence Unit

41. Staff Sergeant Pinnock also prepared a document titled *Business Case for the Formation of a Provincial Casino Enforcement/Intelligence Unit* dated July 27, 2007 (the "**Casino Enforcement Business Case**"). The Casino Enforcement Business Case identified organized criminal activity as a significant problem in legal casinos and racetracks:

Legal gaming venues within British Columbia exist primarily in the form of licensed casinos and horse racing tracks. There is a significant organized crime presence already firmly entrenched within several of these venues. This is manifested in many forms, specifically loansharking, money laundering, counterfeiting, drug trafficking, institutional corruption and frequent acts of violence and intimidation. A major part of the problem lies in the fact that there is little, if any, enforcement effort being initiated by the police at these locations. Police agencies of jurisdiction do respond to calls for service at these locations. These agencies do not, however, operate at resource and training levels which are sufficient to target the criminal element which thrives in these environments.

42. The Casino Enforcement Business Case recommended the expansion of IIGET's mandate to include legal gaming venues, or alternatively a separate unit focused on legal gaming venues:

IIGET does not currently possess the mandate to target criminal activity within legal gaming venues. It would seem appropriate to broaden the mandate to permit this to happen or, alternatively, to create a casino/racetrack unit to report to NCO i/c IIGET under OIC Major Crime Section (outside of the IIGET structure). As the majority of targets operate freely between legal and illegal gaming environments, it would be unwise to create an artificial firewall between separate units. For optimal effectiveness, constant communication must be fostered under one central command.

IIGET with a broadened mandate is the recommended vehicle to ensure this occurs.

43. The Casino Enforcement Business Case is attached as Appendix "Q".

F. November 16, 2007 Effectiveness Review of IIGET

44. Paragraph 4.3 of the IIGET MOU required the consultative board to arrange for an effectiveness review of IIGET two years after it commenced operations.

45. The PSD contracted with Catherine Tait Consulting to conduct an effectiveness review, resulting in a report submitted on November 16th, 2007 (the "**Effectiveness Review Report**"). The Effectiveness Review Report is attached as Appendix "C". The purpose of the Effectiveness Review Report, as identified in the report, was to "assist the [consultative] board in its deliberations regarding the future of IIGET once the current MOU expires in March 2008." The report identified the consultative board as having three options: disband IIGET, continue IIGET in its current form, or expand IIGET's operation. It advised against disbanding IIGET warning of the disadvantages of doing so as follows:

Based on the information compiled for this review, a decision to discontinue IIGET at this point does not seem appropriate. Such a decision would likely see enforcement by GPEB staff continue (as they are not funded through the IIGET MOU), but an end to the RCMP investigation of mid-level and (potentially) high-level targets. There is a backlog of outstanding cases, largely at the mid-level of investigation, an area where IIGET has demonstrated its ability to succeed. In addition, it appears that no other police agency is likely to fill the void left by the RCMP component if IIGET were to disband. Mid-level targets could, in theory, be taken on by local police departments and detachments as was done prior to the establishment of IIGET. Most staff feel however, that local police lack the time and specialised knowledge to undertake these types of investigations. IIGET now has trained and experienced staff who have demonstrated their ability to handle mid level targets.

46. With respect to whether IIGET should be expanded or continued in its current form, the Effectiveness Review Report concluded that the consultative board lacked sufficient information to make this decision. It recommended that the IIGET MOU be extended one year to allow it to gather the information required to make this determination:

The Board needs additional information in order to make a sound decision regarding the resource level for IIGET. Therefore, it is recommended that the term of the current MOU be extended for a year to allow IIGET operations to continue at current levels until the additional information is available. During this year, it is recommended that IIGET focus its efforts on mid level targets, improve its reporting to the Consultative Board... and develop a comprehensive business plan for the continuation and potential expansion of IIGET.

If the Consultative Board ultimately decides to maintain the current level of resources for IIGET, it is recommended that the Board direct IIGET to pursue only one of mid level or high level targets, and that the mandate and objectives of IIGET clearly state which level is to be the investigative focus. In addition, the Board should attempt to find another means to target the level that cannot be addressed by IIGET. This would likely require the development of a strategy to involve other police agencies in these responsibilities.

47. Chapter six of the Effectiveness Review Report makes additional recommendations related to staff turnover and vacancies; integration or co-ordination with GPEB; the involvement of municipal police departments; data collection and analysis; first nations gaming; the role of BCLC and the operation of the consultative board.

48. The Effectiveness Review Report was discussed by the IIGET Consultative Board in November of 2007. The minutes of that meeting included discussion of the steps to be taken in response to the report, including the development of a business case to justify the continued existence of IIGET, and a decision to extend the IIGET MOU for one year:

49. The minutes of the meeting of the IIGET consultative board of November 26, 2007 are attached as Appendix "R".

G. December 19, 2007 "Building Capacity" Business Case

50. Inspector Holland and Staff Sergeant Martin prepared a second business case for the expansion of IIGET dated December 19, 2007. The Business Case, titled "Building Capacity" ("Second Business Case") proposed a substantial increase in the size of IIGET:

It is proposed that there be a doubling of IIGET's existing authorized strength, which currently consists of twelve (12) regular RCMP members, one (1) temporary civilian employee and one (1) public service employee.

Specifically, the proposal stipulated the need for additional police officers of varying ranks as well as additional administrative support and a full-time person who is capable of conducting strategic as well as tactical analysis. The additional resources will be allocated within the existing satellite IIGET offices in Victoria, Kelowna, Prince George and Burnaby.

The resources are required in order to address a significant backlog of files that remain in the "still under investigation" status due to a lack of investigative, analytical and clerical personnel.

The IIGET budget for fiscal 2007-2008 is projected to \$2,013,295. The cost for a doubling of establishment, provided in detail within the "budget" component of this document, will be an additional \$2,372,105 annually, exclusive of any and all start up and/or infrastructure costs in fiscal 2008-2009.

An annual budget of \$4,210,600 will therefore be required.

51. The Second Business Case is attached as Appendix "S".

H. Renewal of IIGET MOU and Responses to Effectiveness Review Report

52. As recommended in the Effectiveness Review Report, Inspector Wayne Holland, then the Officer-in-Charge of IIGET, and Staff Sergeant Andrew Martin, the NCO in Charge of IIGET, requested a one-year renewal of the IIGET MOU. This request was made in a document titled "Request for Renewal of the Memorandum of Understanding" dated January 15, 2008 ("IIGET MOU Renewal Request").

53. The IIGET MOU Renewal Request indicated that a one-year renewal of the MOU would permit achievement of the following three objectives:

- a. The Team's personnel would be able to address a significant backlog of historical illegal gaming files that, due to a past reprioritization of investigative efforts, are in the "still under investigation" (SUI) status.
- b. A renewal will permit the accomplishment of a strategic assessment and data collection probe on the scope and extent of illegal gaming in British

Columbia's lower mainland, as well as in the RCMP's "North", "South-East" and "Island" Districts.

- c. A long-term strategic plan could be produced, which would provide a vision for the Team and a more focused and defined mandate, driven by achievable objectives and key deliverables.
54. The IIGET MOU was renewed for one year. The IIGET MOU Renewal Request is attached as Appendix "T".
55. In response to the Effectiveness Review Report, Inspector Holland also produced a document titled Recommendations of the IIGET Effectiveness Review dated March 10, 2008 (**"Response to the Effectiveness Review"**).
56. The Response to the Effectiveness Review reviewed the recommendations made in the Effectiveness Review Report, confirmed the intention of IIGET management "to accomplish all of the suggested enhancements" to IIGET and identifies actions planned or already taken to implement the recommendations.
57. The Response to the Effectiveness Review is attached as Appendix "U".
58. The GPEB Investigation Division also provided feedback on the Effectiveness Review Report. This feedback is attached as Appendix "V".

I. 2008 Centralization of IIGET Personnel

59. In 2008, IIGET began relocating personnel located in the IIGET Victoria, Prince George and Kelowna offices to the Burnaby office.
60. A collection of records related to the relocation of personnel to the IIGET Burnaby office is attached as Appendix "W".

I. 2009 Threat Assessment

61. As noted above, the IIGET MOU renewal request referred to a planned "strategic assessment and data collection probe on the scope and extent of illegal gaming in British Columbia's lower mainland, as well as in the RCMP's "North", "South-East" and "Island"

Districts.” This initiative resulted in a report dated January 5, 2009 (the “**IIGET Threat Assessment**”).

62. The IIGET Threat Assessment discussed types of illegal gaming in British Columbia, other types of gaming-related offences, illegal gaming operators, the cost to society and made recommendations. The report’s Executive Summary drew a link between illegal gaming and illicit activity connected to legal gaming:

Illegal and legal gaming share some of the same issues, such as loan sharking and its associated crimes of extortions, assaults, kidnappings, and murders...

Besides sharing some of the same criminal activity issues, illegal and legal gaming have been interlinked when, in some cases, casino staff have directed patrons to loan sharks or to common gaming houses. Some casino staff have also been known to act as card dealers in common gaming houses.

Other issues, more specific to legalized forms of gambling, include:

- Attempted infiltration by Organized Crime figures
- Counterfeit money passed through casinos and race tracks
- Counterfeit pull-tabs
- Counterfeit casino chips
- Money laundering through casinos and race tracks.

63. Later, the report addressed the risk of money laundering in legal casinos in more detail, referring to a 2008 RCMP report titled *Project Streak – Money Laundering in Casinos: A Canadian Perspective*, which is attached as Appendix “X”.

In June 2008 the RCM Police Criminal Intelligence Directorate, Criminal Analysis Branch produced a comprehensive report called Project Streak – Money Laundering in Casinos: A Canadian Perspective. The purpose of this report was to determine the vulnerability of Canadian casinos to money laundering and illicit organized crime activities. This document was very informative and had many points relative to the British Columbia situation...

...

From a BC point of view we can corroborate that known gang members are often checked in casinos. Some gang members and associates have also been known to participate in legitimate poker tournaments. Their purposes for

these activities may be just for entertainment but they could also be laundering money.

FINTRAC reports received here support the statement about large amounts of cash being processed through casinos.

64. The IIGET Threat Assessment included 15 recommendations, including:

Recommendation #5 – That IIGET be the central repository for all gaming related criminal information. At the present time gaming related criminal activities are investigated by the police of jurisdiction. This serves to fragment operational knowledge and is not in the best interest of intelligence led policing.

Recommendation #10 – IIGET will receive an increase of resources, to include 25 investigators and a full time tactical/strategic analyst.

Recommendation #12 – A designated Crown Counsel for IIGET will be identified.

65. The IIGET Threat Assessment is attached as Appendix "Y".

J. Dissolution of IIGET

66. IIGET ceased operations in 2009 on April 1, 2019. An RCMP 'E' Division Broadcast announcing the dissolution of IIGET is attached as Appendix "Z"

67. The events leading to the dissolution of IIGET were described as follows by Insp. Wayne Holland in correspondence dated December 17, 2009:

[T]he decision to dissolve the Team was not made by the RCMP, who were first made aware of the possibility of a dissolution of the Team at an IIGET Board meeting on December 16, 2008. At that time we were advised the decision to close the Team, if it came, may be coming as a result of direction from Treasury Board (perhaps as a budget reduction measure). A few weeks later, the decision was indeed made by the Ministry of Housing and Social Development, who is responsible for gaming enforcement. [Journalist Sean] Holman has made renewed efforts to clarify the reason(s) for their decision. On that issue, RCMP media relations personnel have advised Mr. Holman that "the decision was due to funding pressures and other operational investigative priorities". and have always referred him to the proper Ministry for further

information. The Ministry of Housing subsequently told Holman on July 22nd 2009 that the reason for the dissolution was that "IIGET's investigations overlapped with local police investigations. As a result, it was decided it would be more efficient for the ministry's gaming inspectors to work directly with those local forces rather than with the integrated team."

In short, they made no mention of budget considerations having been a driver for the Ministry's decision to terminate the Team.

On October 28th 2009, Minister Rich Colman told Sean Holman that the reason for the dissolution "had nothing to do with funding pressures, because if there had been something said that this was being effective and we had received a business plan and those sort of things it would have been a total different discussion."

68. A copy of this correspondence is contained within the document attached as Appendix "AA".

69. Following the decision to dissolve IIGET, GPEB produced a document titled "Overview of the Report on the Integrated Illegal Gaming Enforcement Team (IIGET) Effectiveness Review by Consultant Catherine Tait" dated March 31, 2009. This document identified key issues raised in the Effectiveness Review Report and provided information about IIGET's activities over the course of its existence. A copy of this report is attached as Appendix "BB".

70. In a March 24, 2010 Ministry of Housing and Social Development "Advice to Minister" document, the decision not to renew the IIGET MOU was described as follows:

We found that many of the matters IIGET investigated overlapped with matters investigated by local police

In February 2009, given funding pressures and other operational and investigative priorities, a decision was made not to seek a renewal of the IIGET Memorandum of Understanding. On April 1, 2009, IIGET ceased its operations.

71. A copy of this document is attached as Appendix "CC".

Appendix A

2003 Integrated Illegal Gaming Enforcement Team Memorandum of Understanding

BRITISH COLUMBIA

**2003 Integrated Illegal Gaming Enforcement Team
MEMORANDUM OF UNDERSTANDING**

Dated as of April 1, 2003

2003 Integrated Illegal Gaming Enforcement Team

MEMORANDUM OF UNDERSTANDING

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SCHEDULE B	2003 Integrated Illegal Gaming Enforcement Team Sponsoring Agreement

2003 Integrated Illegal Gaming Enforcement Team

MEMORANDUM OF UNDERSTANDING

This Memorandum dated as of April 1, 2003

AMONG:

THE ROYAL CANADIAN MOUNTED POLICE as represented by the Commanding Officer, "E" Division (herein called the "RCMP").

AND:

THE MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL (herein called the "Solicitor General"), as represented by the Director of Police Services Division (hereinafter referred to as the "Director PSD").

AND:

THE MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL as represented by the General Manager of Gaming Policy and Enforcement Branch (hereinafter referred to as the "General Manager GPEB")

WHEREAS:

- A. The parties wish to enter this Memorandum of Understanding to:
 - (a) Ensure the integrity of public gaming in British Columbia by the creation of an Integrated Illegal Gaming Enforcement Team (IIGET);
 - (b) Clarify the roles and responsibilities of the signatories hereto with respect to the design, implementation and management of the IIGET; and
 - (c) Clarify the financial procedures each of the signatories hereto will adhere to in order to ensure the effective funding of the IIGET.

The parties hereto agree as follows:

SECTION 1.0 INTERPRETATION

- 1.1 In this Memorandum of Understanding each of the following terms shall, unless the context otherwise requires, have the meaning set out beside it:
- (a) "BCLC" means the British Columbia Lottery Corporation;
 - (b) "Commanding Officer" means the Commanding Officer of the Royal Canadian Mounted Police, "E" Division;
 - (c) "Director of PSD" means the Director of Police Services Division pursuant to the *Police Act*, R.S.B.C., 1996, c. 367;
 - (d) "Fiscal Year" means the period beginning on April 1 in any year and ending on March 31 in the next year;
 - (e) "General Manager GPEB" means General Manager of Gaming Policy and Enforcement Branch, Ministry of Public Safety and Solicitor General, Province of British Columbia;
 - (f) "GPEB" means Gaming Policy and Enforcement Branch, Ministry of Public Safety and Solicitor General, Province of British Columbia;
 - (g) "Illegal Gaming" means illegal gaming activity which occurs outside of legal gaming venues;
 - (h) "IIGET" means Integrated Illegal Gaming Enforcement Team comprised of a Royal Canadian Mounted Police Unit working in conjunction with the Gaming Policy Enforcement Branch, Investigation Division.
 - (i) "GPEB, Investigation Division" means Gaming Policy and Enforcement Branch, Investigation Division, Ministry of Public Safety and Solicitor General, Province of British Columbia;
 - (j) "Member" means any person who has been appointed pursuant to the Royal Canadian Mounted Police Act, R.S.C. 1985, and any Regulations made pursuant thereto;
 - (k) "MOU" means Memorandum Of Understanding;
 - (l) "NCO in Charge" means the police officers designated as such pursuant to Article 5.1 hereof;

- (m) "Provincial Police Services Agreement" means the Memorandum of Agreement entitled the *Provincial Police Services Agreement* made between the Government of Canada and the Government of the Province of British Columbia, dated April 1, 1992;
 - (n) "PSD" means Police Services Division, Ministry of Public Safety and Solicitor General, Province of British Columbia;
 - (o) "PSE" means a Government of Canada, RCMP, Public Service Employee;
 - (p) "RCMP" means the Royal Canadian Mounted Police, Government of Canada;
 - (q) "Support Staff" has the meaning assigned to it by Article 1.1(y) of the Provincial Police Services Agreement, as applicable, and includes all Support Staff assigned to the IIGET by the RCMP;
 - (r) "Unit" has the meaning assigned to it by Article 1.1(z) of the Provincial Police Services Agreement dated April 1, 1992;
- 1.2 The singular number includes the plural and the plural number includes the singular where such is consistent with the context.

SECTION 2.0 APPLICATION OF GOVERNING AGREEMENTS AND LEGISLATION

- 2.1 Nothing in this MOU shall be interpreted as limiting in any way the jurisdiction, authority and responsibilities of the Attorney General, the Ministry of Attorney General's Criminal Justice Branch, the Solicitor General or the Ministry of Public Safety and Solicitor General, in respect to the administration of justice, policing and law enforcement in the Province, under the British Columbia *Police Act*, R.S.B.C., 1996, c. 367 and Regulations thereto (the "*Police Act*"), the *Crown Counsel Act*, R.S.B.C., 1996, c. 87 and Regulations thereto, the *Gaming Control Act* or any other applicable federal or provincial statutes, or at common law.
- 2.2 Nothing in this MOU shall be interpreted as limiting in any way the jurisdiction, authority and responsibilities of the RCMP in accordance with the principle of police independence or any applicable federal or provincial statute, or at common law. Internal management of the RCMP component of IIGET, established pursuant to this MOU, including its operations, administration, the determination and application of professional police procedures, and all investigative decisions with respect to evidence, shall remain under the control of the NCO In Charge.
- 2.3 Nothing in this MOU shall be interpreted as limiting in any way the rights and obligations of a municipality or council of a municipality in the Province of British Columbia to provide policing in that municipality pursuant to the *Police Act* and the *Municipal Act*, R.S.B.C. 1996, c. 323, and Regulations thereto, as amended from time to time.

- 2.4 Nothing in this MOU shall be interpreted as limiting in any way authorities and obligations of any party to this Memorandum who is a party to a master agreement or collective agreement entered into with a bargaining unit.
- 2.5 Nothing in this MOU shall be interpreted as limiting in any way the terms and conditions of the Provincial Police Services Agreement regarding the obligations of the RCMP, as the Provincial Police Service, pursuant thereto, including without limiting the generality of the foregoing, the employment of RCMP Members and RCMP Support Staff assigned to the IIGET.
- 2.6 Nothing in this MOU is intended, or shall be interpreted, as conferring on BCLC policing or law enforcement authority, or the authority to direct police or the Investigation Division, GPEB, in operational matters relating to the IIGET.
- 2.7 This MOU is entered into by the Commanding Officer under the authority of s.5 and s.20 of the Royal Canadian Mounted Police Act in aiding the administration of justice in the province and carrying into effect the applicable legislation.
- 2.8 This MOU is entered into by the Minister of Public Safety and Solicitor General for the Province of British Columbia to authorize the Provincial Police Services of the RCMP to provide an increased level of policing by working in conjunction with and being co-located with GPEB, Investigation Division.

SECTION 3.0 SUBJECT MATTER

- 3.1 The IIGET is established pursuant to this MOU.
- 3.2 In the Fiscal Year beginning April 1, 2003, the RCMP will provide a maximum of six members and one Support Staff (PSE) to form the IIGET. During the Fiscal Year beginning April 1, 2004, IIGET's RCMP establishment will be increased to a maximum of twelve members and one support staff.
- 3.3 GPEB will provide at no cost to the RCMP office space and basic administrative support. These costs are to come from the GPEB's general budget and not from funding specified within this MOU.
- 3.4 Employees of GPEB, Investigation Division, may drive RCMP vehicles allocated to IIGET if appropriate insurance has been obtained by GPEB and each employee must be designated in writing by the General Manager GPEB and approved by the OIC Administrative Services, "E" Division.
- 3.5 The IIGET shall be co-located with GPEB, Investigation Division, throughout the province.

- 3.6 BCLC has agreed, pursuant to the Sponsoring Agreement, to fund the IIGET, through the PSD, based on the terms and conditions and in the amounts set out in the Sponsoring Agreement as follows:
- (a) an amount not to exceed \$1,500,000 in the Fiscal Year April 1, 2003 to March 31, 2004;
 - (b) an amount not to exceed \$1,530,000 in the Fiscal Year April 1, 2004 to March 31, 2005;
 - (c) an amount not to exceed \$1,580,000 in the Fiscal Year April 1, 2005 to March 31, 2006;
 - (d) an amount not to exceed \$1,620,000 in the Fiscal Year April 1, 2006 to March 31, 2007; and
 - (e) an amount not to exceed \$1,660,000 in the Fiscal Year April 1, 2007 to March 31, 2008.
- 3.7 In the Fiscal Year beginning April 1, 2003 to March 31, 2004, PSD will increase the RCMP Provincial Police Force budget delegation for the Fiscal Year beginning April 1, 2003 to March 31, 2004 by \$625,000.
- 3.8 In the Fiscal Year beginning April 1, 2004 to March 31, 2005 and in subsequent Fiscal Years:
- (a) PSD will pay to GPEB \$250,000 and to the RCMP an amount for costs incurred not to exceed the remaining balance as outlined in Article 3.6 in accordance with the budget approved by the Consultative Board for each Fiscal Year, and
 - (b) any of such amount not expended by GPEB, as determined by the Consultative Board, will be refunded by GPEB to the PSD.
- 3.9 The IIGET will prepare and submit budget estimates to the Consultative Board for its approval for each Fiscal Year beginning April 1, 2003 and subsequent Fiscal Years.

SECTION 4.0 CONSULTATIVE BOARD

- 4.1 The Director of PSD, or in the Director's absence his or her designate, shall convene and chair a Consultative Board comprised of the persons or designates set out in Schedule A attached hereto.
- 4.2 A quorum of the Consultative Board shall be three persons present, or represented by a designate, and being voting members of the Consultative Board.

- 4.3 The Consultative Board will:
- (a) subject to limitations and caveats as outlined in sections 2.2 and 5.1 of this MOU, determine global objectives, priorities and goals for the IIGET that are not inconsistent with those of the Province or the RCMP;
 - (b) determine the form and frequency of reports and reviews concerning the operations of the IIGET;
 - (c) after two years of operation arrange an effectiveness review of IIGET;
 - (d) determine recommendations to be made to the Solicitor General regarding the continued operation, funding and success of the IIGET; and
 - (e) determine such other matters as are for attention of the Consultative Board specified elsewhere in this MOU.
- 4.4 In recognition of the importance of, and need to preserve and maintain police independence in the Province of British Columbia, BCSC shall be entitled to representation on the Consultative Board by one member who shall be a limited-voting member, entitled to vote only with respect to:
- (a) the Consultative Board's approval of the budgets as contemplated by section 3.9;
 - (b) matters relating to the effectiveness review contemplated by section 4.3 (c); and
 - (c) the determination of recommendations to be made to the Solicitor General contemplated by section 4.3 (d).
- 4.5 Matters of mutual interest or concern arising from terms and conditions of this MOU may be tabled for resolution at any meeting of the Consultative Board and, amendments to this MOU can be recommended to the parties.

SECTION 5.0 MANAGEMENT OF THE INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM

- 5.1 The RCMP will designate a Member as the "NCO in Charge" of the RCMP portion of the IIGET. The internal management including its administration, personnel functions, the determination and application of professional police procedures, and procurement and maintenance of equipment shall remain under the control and direction of the NCO in Charge.
- 5.2 The NCO in Charge and a designate from GPEB, Investigation Division shall report as reasonably required to the Consultative Board on the matter of activities of the IIGET and on the implementation of objectives, priorities and goals for the IIGET.

SECTION 6.0 SECURITY AND CONFIDENTIALITY

- 6.1 All information and documentation provided to, collected by, delivered to or compiled by or on behalf of the RCMP and IIGET in the performance of his/her duties and responsibilities shall be dealt with subject to and in accordance with all applicable provisions of the Federal and Provincial Statutes, particularly the *Privacy Act*, R.S.C. 1985, c. P-21, and the *Access to Information Act*, R.S.C. 1985, c. A-1 and the *Freedom of Information and Protection of Privacy Act*, R.S.B.C. 1996, c. 165 as the case may be.
- 6.2 The RCMP will review work-sites to ensure overall suitability and appropriate security of designated/classified information.

SECTION 7.0 PAYMENT

- 7.1 The Province of British Columbia and the RCMP agree the terms and conditions as outlined in the Provincial Police Services Agreement, including method of payment, apply to this MOU.
- 7.2 In the Fiscal Year beginning April 1, 2003 to March 31, 2004, PSD will increase the RCMP Provincial Police Force budget delegation for the Fiscal Year beginning April 1, 2003 to March 31, 2004 by \$625,000 once this MOU and Sponsoring Agreement have been signed.
- 7.3 In the Fiscal Year beginning April 1, 2004 to March 31, 2005 and in subsequent Fiscal Years, PSD will provide a one time yearly payment to GPEB as outlined in Article 3.8, and will increase the RCMP Provincial Police Force budget delegation to include the budget amount approved by the Consultative Board for the RCMP Unit of the IIGET for each Fiscal Year.

SECTION 8.0 DISPUTE RESOLUTION

- 8.1 Any new issue, matter of general concern or dispute arising from this MOU shall be first directed to the Consultative Board, for resolution and if not then resolved it shall be referred to the Solicitor General for resolution after consultation with the Commanding Officer, Director of PSD and the General Manager of GPEB.

SECTION 9.0 NOTICE

- 9.1 All notices or communications provided for in this MOU will be in writing and will be mailed or delivered. For the purposes of delivery of Notice, the addresses for delivery are:

- (a) to the Director of Police Services Division, (by registered mail, courier or delivered), addressed to the Ministry of Public Safety and Solicitor General, Police Services Division, PO Box 9285 Stn Prov Gov't, 8th Floor, 1001 Douglas St., Victoria BC, V8W 9J7;
 - (b) to the General Manager of Gaming Policy & Enforcement Branch, (by registered mail, courier or delivered), addressed to the Ministry of Public Safety and Solicitor General, PO Box 9311 Stn Prov Gov't, Victoria BC, V8W 1X3;
 - (c) to the RCMP, (by registered mail, courier or delivered), addressed to the Commanding Officer, "E" Division, 5255 Heather Street, Vancouver, BC, V5Z 1K6;
- 9.2 Or at such address as a participant has advised in writing.
- 9.3 Any such notice or communication given by mail will be deemed to have been delivered 72 hours after having been deposited in the mail service with first class postage prepaid. If given by personal delivery, then such notice or communication will be deemed effective when delivered.

SECTION 10.0 TERM OF AGREEMENT

- 10.1 This MOU will be effective as of April 1, 2003, and terminate March 31, 2008.
- 10.2 This MOU may be amended by mutual written agreement duly executed by parties to this MOU.
- 10.3 Prior to the termination of this MOU, it may be renewed by the parties giving written notice to each other, in accordance with Article 9.0, for an additional period of at least one year.
- 10.4 This MOU will remain in full force and effect until replaced by another MOU or terminated in accordance with this MOU.
- 10.5 Any of the parties to this MOU may terminate participation in this MOU upon provision of 60 days written notice to the other parties of their intention to terminate this MOU.

SECTION 11.0 LIABILITY

- 11.1 If one Participant receives notice of a claim by a third party for damage of any kind, caused by one of the Participant's personnel or agents arising out of, or in connection with, the implementation of this MOU, the receiving Participant will notify the other Participant as soon as is practicable.

- 11.2 In the event of a notice of claim, the Participants will consult and attempt to resolve the claim. If required, the Participants will divide financial responsibility between themselves to satisfy the claim. If such liability results from reckless acts or reckless omissions, wilful misconduct or gross negligence of a Participant, its personnel or agents, the liability for any costs will be the responsibility of that Participant alone.
- 11.3 The provisions of Articles 11.1 and 11.2 will survive the termination of this MOU for any reason whatsoever.

SECTION 12.0 SAVING PROVISION

- 12.1 Nothing in this MOU is in any way intended to replace or amend any obligation that any party is bound to or required to perform by operation of law.

SECTION 13.0 SIGNATORIES

- 13.1 This Memorandum of Understanding reflects the good faith and spirit of cooperation of the parties but is not legally binding on any of the parties.

Signed on behalf of Ministry of Public Safety and Solicitor General by:



Derek Sturko, General Manager
Gaming Policy and Enforcement Branch

04/03/26

Date

Signed on behalf of Ministry of Public Safety and Solicitor General by:



Kevin Begg, Director
Police Services Division

2004/03/24

Date

Signed on behalf of the Royal Canadian Mounted Police by;



Beverley A. Busson, Deputy Commissioner,
Commanding Officer "E" Division

Date
2004/03/23

SCHEDULE A
2003 IIGET MOU
CONSULTATIVE BOARD MEMBERSHIP

<u>NUMBER OF MEMBERS</u>	<u>REPRESENTING</u>
One	Director of Police Services Division Chair of Consultative Board (Full-Voting Member)
One	General Manager, Gaming Policy & Enforcement Branch (Full-Voting Member)
One	Commanding Officer, "E" Division Royal Canadian Mounted Police (Provincial Police Force) (Full-Voting Member)
One	Executive of the British Columbia Association of Chiefs of Police (Full-Voting Member)
One	British Columbia Lottery Corporation President and CEO (Limited-Voting Member)

SCHEDULE B

Sponsoring Agreement

**(WITHOUT DUPLICATION OF THE 2003 INTEGRATED ILLEGAL GAMING
ENFORCEMENT TEAM MEMORANDUM OF UNDERSTANDING)**

BRITISH COLUMBIA

2003 Integrated Illegal Gaming Enforcement Team
SPONSORING AGREEMENT

Dated as of April 1, 2003

2003 INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
SPONSORING AGREEMENT

This Agreement dated as of April 1, 2003

BETWEEN:

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA as represented by the Minister of Public Safety and Solicitor General (herein called the "Province"),

AND:

BRITISH COLUMBIA LOTTERY CORPORATION, a Corporation continued under the *Gaming Control Act*, SBC 2002 Chapter 14 (herein called "BCLC").

WHEREAS:

- A. The Minister of Public Safety and Solicitor General is responsible for ensuring that adequate and effective policing is maintained throughout British Columbia;
- B. BCLC is a Crown Corporation responsible for the conduct and management of provincial gaming on behalf of the Province;
- C. The Province and BCLC jointly wish to ensure sufficient, continuing funding for the successful development and operation of the Integrated Illegal Gaming Enforcement Team (hereinafter referred to as the "IIGET") established under the 2003 Integrated Illegal Gaming Enforcement Team Memorandum of Understanding (the "IIGET MOU").
- D. The Province and BCLC wish to enter into this Agreement to clarify their respective responsibilities regarding IIGET funding provided by BCLC.

IN CONSIDERATION of the covenants and agreements herein contained and subject to the terms and conditions set out in this Agreement, the parties hereto agree as follows:

1.0 INTERPRETATION

- 1.1 In this Agreement each of the following terms shall, unless the context otherwise requires, have the meaning set out beside it:
 - (a) "Consultative Board" means the Consultative Board pursuant to the 2003 IIGET MOU attached hereto in Schedule A;

- (b) "Fiscal Year" means the period beginning on April 1 in any year and ending on March 31 in the next year;
 - (c) "IIGET" means the Integrated Illegal Gaming Enforcement Team pursuant to the 2003 IIGET MOU attached hereto as Schedule A;
 - (d) "GPEB, Investigation Division" means the Investigation Division of the Gaming Policy and Enforcement Branch, Ministry of Public Safety and Solicitor General, Province of British Columbia;
 - (e) "Officer in Charge" means the police officer designated as the officer in charge of the RCMP Unit which forms part of the IIGET;
 - (f) "Provincial Police Services Agreement" means the Memorandum of Agreement entitled the *Provincial Police Services Agreement* made between the Government of Canada and the Government of the Province of British Columbia, dated April 1, 1992;
 - (g) "RCMP" means the Royal Canadian Mounted Police in the Province of British Columbia, as represented by the Commanding Officer, "E" Division, resident in the Province, appointed by the Commissioner to command the Division;
 - (h) "RCMP Officer" means any sworn police officer in the permanent employ of the RCMP;
 - (i) "Unit" has the meaning assigned to it by Article 1.1(z) of the Provincial Police Service Agreement dated April 1, 1992, and includes:
 - (i) RCMP Officers assigned to the IIGET;
 - (ii) "Support Staff" of the RCMP, as defined by Article 1.1(y) of the Provincial Police Services Agreement;
- 1.2 The singular number includes the plural and the plural number includes the singular where such is consistent with the context.
- 1.3 The Schedule to this Agreement is:

SCHEDULE A 2003 Integrated Illegal Gaming Enforcement Team Memorandum of Understanding.

2.0 APPLICATION OF GOVERNING AGREEMENTS AND LEGISLATION

- 2.1 Nothing in this Agreement shall be interpreted as limiting in any way the jurisdiction, authority and responsibilities of the Attorney General and Minister Responsible for Treaty Negotiations, the Ministry of Attorney General and Minister Responsible for Treaty Negotiations' Criminal Justice Branch, the Solicitor General or the Ministry of Public Safety and Solicitor General in respect to the administration of justice, policing and law enforcement in the Province of British Columbia, under the *British Columbia Police Act R.S.B.C., 1996, c. 367* and Regulations thereto, the *Crown Counsel Act, R.S.B.C. 1996, c. 87* and Regulations thereto, the *Gaming Control Act*, or any other applicable federal or provincial statutes, or at common law.
- 2.2 The RCMP in the Province of British Columbia is an independent police agency that provides policing and law enforcement services to the Province of British Columbia and its municipalities. The GPEB Investigation Division is an independent enforcement body operating in the Province of British Columbia. Nothing in this Agreement shall be interpreted as limiting in any way the jurisdiction, authority and responsibilities of police in accordance with the principle of police independence or any applicable federal or provincial statute, or at common law. Internal management of the RCMP Unit which forms part of the IIGET, including its operations, administration, the determination and application of professional police procedures, and investigative decisions with respect to evidence, shall remain under the control of the Officer In Charge.
- 2.3 Nothing in this Agreement is intended, or shall be interpreted, as conferring on BCLC policing or law enforcement authority, or the authority to direct police or the GPEB Investigation Division in operational matters relating to the IIGET.

3.0 RESPONSIBILITIES OF THE PROVINCE

- 3.1 Concurrent with the execution of this Agreement, the Province will enter into the IIGET MOU with the RCMP for the purpose of establishing the IIGET.
- 3.2 The Province is responsible for paying the costs set out in the IIGET MOU.
- 3.3 In the Fiscal Year beginning April 1, 2003 to March 31, 2004:
 - (a) BCLC will pay the Province \$625,000 once the MOU and Sponsoring Agreement have been signed; and
 - (b) any amounts not expended by the RCMP, as determined by the Consultative Board, will be refunded by PSD to the BCLC.

3.4 In the Fiscal Year beginning April 1, 2004 to March 31, 2005 and in subsequent Fiscal Years:

- (a) the Province will invoice BCLC on a quarterly basis during each Fiscal Year for the costs of the IIGET MOU referred to in Article 3.8, which amounts will not exceed BCLC's maximum liability set out in Article 4.1, and
- (b) any amounts refunded by GPEB to the PSD under Article 3.8(b) of the IIGET MOU will be paid by PSD to BCLC.

4.0 RESPONSIBILITIES OF BCLC

4.1 BCLC agrees to pay to the Province in respect of the IIGET the following:

- (a) an amount not to exceed \$1,500,000 in the Fiscal Year April 1, 2003 to March 31, 2004;
- (b) an amount not to exceed \$1,530,000 in the Fiscal Year April 1, 2004 to March 31, 2005;
- (c) an amount not to exceed \$1,580,000 in the Fiscal Year April 1, 2005 to March 31, 2006;
- (d) an amount not to exceed \$1,620,000 in the Fiscal Year April 1, 2006 to March 31, 2007; and
- (e) an amount not to exceed \$1,660,000 in the Fiscal Year April 1, 2007 to March 31, 2008.

The amount agreed to be paid under this Article may be amended only by an agreement in writing signed by the Province and BCLC and no other agreement will be effective to bind BCLC.

4.2 Without limiting the generality of Article 4.1, BCLC will be responsible for all of the costs of the IIGET, up to the maximum amount each year set out in Article 4.1.

4.3 BCLC agrees to pay the Province the amount of all invoices rendered in accordance with this Agreement within 30 days of receipt of same invoices.

4.4 BCLC agrees to participate as a limited-voting member of the Consultative Board pursuant to section 4.4 of the IIGET MOU, provided that section 4.4 of the IIGET MOU regarding BCLC's participation as a limited-voting member of the Consultative Board will not be amended without the Province first obtaining the consent of BCLC, which consent will not be unreasonably withheld.

5.0 TERM OF AGREEMENT AND RENEWAL

5.1 Subject to Article 6 of this Agreement and notwithstanding the date or dates on which this Agreement is executed by the parties hereto, the term of this Agreement will commence on April 1, 2003 and terminate on March 31, 2008 (the "Term").

6.0 TERMINATION

- 6.1 In the event that the Province wishes to terminate the IIGET during the term of this Agreement, the Province will consult with the Consultative Board and BCLC to determine BCLC's liability to pay IIGET funding to the Province under this Agreement.
- 6.2 This Agreement will terminate on the expiration or earlier termination of the IIGET MOU; provided always, that the provisions concerning payment and reimbursement of money for matters which occurred during the term of the IIGET MOU will continue until all payments and reimbursements have been made.

7.0 NOTICE

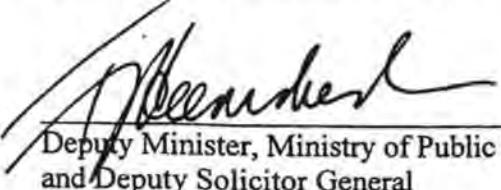
- 7.1 Any notice that is required or permitted to be given under this Agreement shall be given in writing and shall be communicated as follows:
 - (a) to the Province, by courier or registered mail, addressed to the Solicitor General at the Parliament Building, Victoria, BC;
 - (b) to BCLC, by courier or registered mail, addressed to BCLC Headquarters, Attention to the President, 74 West Seymour Street, Kamloops, BC, V2C 1E2.

8.0 AMENDMENTS

- 8.1 This Agreement may be amended at any time and from time to time, provided that all such amendments will be in writing and duly executed by the parties.

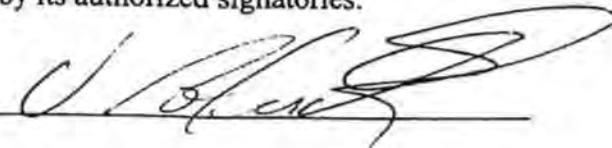
IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed and delivered by their duly authorized representatives as of the day and year first above written.

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA



Deputy Minister, Ministry of Public Safety
and Deputy Solicitor General

**BRITISH COLUMBIA
LOTTERY CORPORATION**
by its authorized signatories:



SCHEDULE A

**2003 INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
MEMORANDUM OF UNDERSTANDING**

**(WITHOUT DUPLICATION OF THE 2003 INTEGRATED ILLEGAL GAMING
ENFORCEMENT TEAM SPONSORING AGREEMENT)**

Appendix B

2003 Integrated Illegal Gaming Enforcement Unit Business Case

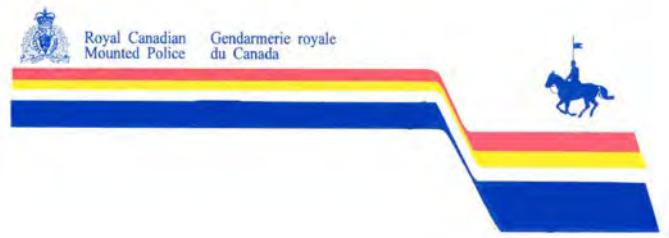


INTEGRATED ILLEGAL GAMING ENFORCEMENT UNIT (IIGEU)

RCMP, "E" Division:
Business Case for APPROVED Initiative.



Ministry of
Public Safety
and Solicitor General
Gaming Policy and
Enforcement Branch



June, 2003

Prepared By:
Insp. Gord Ford
Special Projects, CMB
Personal
Information

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Executive Summary

In April of 2002, a paper containing recommendations regarding public gaming and the enforcement roles/responsibilities was sent to the Honourable R.T. (Rich) Coleman, Minister of Public Safety and Solicitor General, Province of British Columbia. The document was a joint proposal by: Ministry of Public Safety and Solicitor General - Gaming Policy and Enforcement Branch (GPEB); British Columbia Lottery Corporation; and the Royal Canadian Mounted Police(RCMP). Beverly Busson, Deputy Commissioner Pacific Region and Commanding Officer “E” Division signed off the recommendations on behalf of the RCMP. A copy of the document is attached as Appendix “A”.

The objective of the paper was to ensure the integrity of public gaming in British Columbia, by the creation of an Integrated Illegal Gaming Enforcement Unit (IIGEU). The paper recommended the creation of 12 RCMP member positions to work within the Ministry of Public Safety and Solicitor General, Gaming Policy and Enforcement Branch offices. Six members were to work at the Lower Mainland Regional Office (Burnaby), two members at the Vancouver Island Regional Office (Victoria), two members at the Interior Regional Office (Kelowna) and two members at the Northern Regional Office (Prince George).

The cost of the twelve additional FTEs to the province was estimated at approximately \$1.25 Million per annum. An additional \$250,000 was proposed to be allocated to Gaming Policy and Enforcement Branch to assist in the operational costs.

Recommendations:

- #1 That we proceed with Option #3 (That a Job Description be completed for the NCO i/c IIGEU and the position staffed as soon as possible. The NCO i/c would then complete the required tasks to get IIGEU up and running).**
- #2 That a formal request be made as part of the current ARLU process for one PSE-FTE to work out of the Gaming Policy and Enforcement Branch, Lower Mainland Regional Office, Burnaby, and the proposed MOU reflect this thirteenth position.**
- #3 That the RCMP renegotiate the financial requirements of the Integrated Illegal Gaming Enforcement Unit to fully fund the 12 member positions and the one PSE support position. That the MOU contain the appropriate funding for Fiscal years 2003/2004 and 2004/2005 plus a methodology to establish future year funding (increases/decreases).**

Introduction

Purpose

To ensure the integrity of public gaming in British Columbia, by the creation of an Integrated Illegal Gaming Enforcement Unit (IIGEU).

Current Situation and Strategic Considerations

“The legal gaming industry in British Columbia generates approximately \$2 billion in revenue each year. A large percentage of gaming revenue flows back into British Columbia communities.”¹ Intelligence and recent investigations tell us that organized crime is active in illegal gaming activities. These illegal gaming activities include: video gambling machines, gaming houses, bookmaking, lotteries, pyramid schemes, internet gambling, and carnival industry gaming.

Background

In April of 2002, a paper containing recommendations regarding public gaming and the enforcement roles/responsibilities was sent to the Honourable R.T. (Rich) Coleman, Minister of Public Safety and Solicitor General, Province of British Columbia. The document was a joint proposal by: Ministry of Public Safety and Solicitor General - Gaming Policy and Enforcement Branch (GPEB); British Columbia Lottery Corporation; and the Royal Canadian Mounted Police(RCMP). Beverly Busson, Deputy Commissioner Pacific Region and Commanding Officer “E” Division signed off the recommendations on behalf of the RCMP. A copy of the document is attached as Appendix “A”. Following are key points contained within the document:

- ⇒ Recommended RCMP (“E” Division) roles and responsibilities related to gambling include:
 - ➔ Enforce Criminal Code
 - ➔ Investigate unlawful activities in legal venues
 - ➔ Investigate illegal gambling
 - ➔ Recommend changes to Crown Counsel
 - ➔ Collect and produce intelligence

¹ Ministry of Public Safety and Solicitor General, Gaming in BC: an overview, (December 5 2001)

- ➔ Produce “Report to Crown Counsel” (CJB proves charges)
- ➔ Participate in prosecutions
- ⇒ At this point, there does not appear to be a need to become involved in the horse racing portion of gaming activity.
- ⇒ RCMP Gaming Enforcement Unit would work in conjunction with GPEB investigators, as per:
 - ➔ Two (2) RCMP members (investigators) attached to / co-located with each GPEB office proposed for Victoria, Kelowna and Prince George - total of six (6) members;
 - ➔ Four (4) RCMP members (investigators) co-located with the GPEB office proposed for the Lower Mainland.
 - ➔ Two (2) RCMP members to be attached to the GPEB Vancouver office for the purpose of intelligence coordination, policy development and trend analysis.
- ⇒ *“Cost of the twelve addition FTEs to the province would be approximately \$1.25 M per annum...Funding in the amount of \$1.5 M (including \$.25 M in operating costs), or any other amount determined by the Solicitor General, will come from BCLC.”*

On April 3rd, 2003 the Minister of Public Safety and Solicitor General (British Columbia) sent correspondence to the Solicitor General of Canada requesting an increase in FTEs to the Provincial Policing Agreement for the Illegal Gaming Enforcement Unit [six (6) positions/FTEs effective April 1, 2003 and six (6) positions/FTEs effective April 1, 2004]. A copy of the correspondence is attached as Appendix “B”.

In an e-mail to Larry Vander Graaf - Director Investigation Division - Gaming Policy and Enforcement Branch, Judy Reykdal - Public Safety Division, states: *“Financial resources to support the provincial portion of the costs for the Unit will be provided by, and recovered from, the British Columbia Lottery Corporation. Once implementation is complete, this will amount to \$1.5 million annually. Of this amount, \$1.25 million will be allotted to the RCMP in salaries and other operation costs. The actual amount incurred, up to that amount, will be recovered by the Police Services Division. The remaining \$0.25 million will be allocated directly to the Gaming Policy and Enforcement Branch for operational expenses related to the collective activities of the RCMP and the Branch. These funds will be utilized for operational purposes to be determined jointly by the RCMP and the Branch (through the Director, Investigations Division). The actual amount incurred, up to that amount, will be recovered by the Branch (directly or through the Police Services Division).”*

Responsibility Centre

Within “E” Division, RCMP, the Integrated Illegal Gaming Enforcement Unit will be ultimately accountable to Chief Superintendent Al Macintyre, Deputy Criminal Operations Officer (Contract). The proposed organizational structure has the RCMP member, i/c IIGEU reporting directly to Inspector Leon Van De Walle, Operations Officer, Major Crimes Section. Appendix “C” contains proposed organizational structure.

Alliances/Partnerships

To date there has been four organizational identities involved in this initiative:

1. Ministry of Public Safety and Solicitor General
Gaming Policy and Enforcement Branch
Contacts: Derek Sturko, A/General Manager

Larry Vander Graff
Director Investigation Division, Personal Information

2. Ministry of Public Safety and Solicitor General
Public Safety Division

Contact: Judy Reykdal
Deputy Director Police Services Division, Personal Information

3. British Columbia Lottery Corporation
Contacts: Vic Poleschuk, CEO

Terry Towns
Director, Corporate Security, Personal Information

4. Royal Canadian Mounted Police

Contacts: Beverly Busson, Deputy Commissioner Pacific Region and Commanding Officer “E” Division

Al Macintyre
Deputy Criminal Operations Officer (Contract), Personal Information

Larry Killaly
OIC Major Crime, Personal Information

Leon Van De Walle
Operations Officer, Major Crime Section, Personal Information

Location of Offices (GPEB)

Lower Mainland Regional Office
#408 4603 Kingsway Ave.
Burnaby, BC
V5H 4M4

- Office space & desks for 6 members are available immediately
- Secure reception area, exhibit room and parking is available
- CPIC on-site

Northern Regional Office
#211 1577 7th Ave
Prince George, BC
V2L 3P5

- Office space & desks for 2 members available immediately
- Secure reception area & exhibit room

Interior Regional Office
#200 1517 Water Street
Kelowna, BC
V1Y 1J8

- Office space & desks for 2 members available immediately
- Secure reception area & exhibit room

Vancouver Island Regional Office
910 Government Street
Victoria, BC
V8W 1X3

- Office space & desks for 2 members available immediately
- Secure reception area & exhibit room

Main Challenges to RCMP

Team Leader

There is an immediate need to appoint an RCMP Team Leader to facilitate the implementation of the IIGEU. Major tasks to be accomplished by the Team Leader would include:

- ⇒ Work with the Ministry of Public Safety and Solicitor General - Gaming Policy and Enforcement Branch, British Columbia Lottery Corporation, and appropriate RCMP policy centres to refine:
 - ➔ duties and requirements expected of the RCMP;
 - ➔ expertise or training needs of RCMP members;
 - ➔ suitability (including security) of proposed accommodations including parking;
 - ➔ office equipment, phones and support staff;
 - ➔ timing of implementation at various locations; and
 - ➔ development of Memorandum Of Understanding/Agreement (MOU/MOA).
- ⇒ Work with RCMP Major Crimes, and other Police Departments (OPP- Ontario Illegal Gaming Enforcement Unit) to refine operational needs.
- ⇒ Work with Organizational Design & Classification to create job descriptions, classification and organizational structure required to meet client/partners expectations.
- ⇒ Work with Staffing & Personnel to ensure “the right persons are selected” based on expertise/experience identified within job descriptions in a timely manner.
- ⇒ Work with Training Branch to ensure appropriate training is scheduled as members are transferred into IIGEU
- ⇒ Work with Corporate Management Branch to ensure:
 - ➔ appropriate Budget is established;
 - ➔ accommodations/office space/office equipment meet Federal Government Standards including security issues;
 - ➔ appropriately equipped vehicles arrive on schedule (radio & emergency equipment); (one vehicle per member?)

- ➔ Departmental Security to conduct Treat Risk Analysis (TRA) and an on-site Security Review to ensure Information Management/Technology, Physical, and Personnel security issues have all been addressed.
- ⇒ Work with Informatics Branch to:
 - ➔ identify information systems IIGEU members will need access to and security levels (designation/classification) of information
 - ➔ purchase appropriate computer equipment and software (laptops with office port)
 - ➔ ensure communications issues are identified and resolved (vehicle radios, portable radios, cell phones, pagers, computer-ROSS connection at various offices, security needs)
 - ➔ create a records management procedure/system.

Option #1: That the Special Projects (Provincial) position within the Major Crimes Unit be temporarily used to facilitate the IIGEU implementation.

Option #2: That a collator code be generated for IIGEU, and a member assigned STE to facilitate the IIGEU implementation.

Option #3: That a Job Description be completed for the NCO i/c IIGEU and the position staffed as soon as possible. The NCO i/c would then complete the required tasks to get IIGEU up and running.

Recommendation #1:

That we proceed with Option #3 (That a Job Description be completed for the NCO i/c IIGEU and the position staffed as soon as possible. The NCO i/c would then complete the required tasks to get IIGEU up and running).

By proceeding with this option:

- ⇒ ensure a member with a vested interest is assigned to work full-time on the project as soon as possible (September, 2003 target date);
- ⇒ starts tracking of IIGEU costs as soon as possible;
- ⇒ Corporate Management Branch (Special Projects) can continue to coordinate set-up until NCO i/c is in place;
- ⇒ the Provincial Minister of Public Safety & Solicitor General and our partners in this initiative have the expectation that the RCMP will implement the IIGEU as soon as possible.

Organizational Structure (See Organizational Chart - Appendix “C”)

Six positions have been approved effective April 1st, 2003 and these would all be located in Vancouver:

- ⇒ NCO i/c IIGEU, suggested rank is Staff Sergeant, Collator Code E0751
- ⇒ Three Investigators, suggested rank one Corporal and two Constables (E0751)
- ⇒ One Criminal Intelligence Investigator, suggested rank Constable (E0751)
- ⇒ One Intelligence Analyst, suggested rank is C/M - ADM-05, (E0751).
 - ➔ formal reporting relationship to i/c Criminal Intell. Analyst Program, position # 8880 (E2311)
 - ➔ co-located with and dedicated to IIGEU (Lower Mainland Regional Office) with informal reporting to NCO i/c IIGEU.
 - ➔ this position has formal reporting to Criminal Intell. Analyst Program as only members within the Criminal Intell. Analyst Program have level 3 access to NCDB and this would ensure a coordinated/consistent Criminal Analysis function.

Six positions have been approved effective April 1st, 2004 and these would all be located in:

- ⇒ Prince George, two Investigators, suggested rank one Corporal and one Constable, new Collator Code required, reporting to NCO i/c IIGEU (S/Sgt).
- ⇒ Kelowna, two Investigators, suggested rank one Corporal and one Constable, new Collator Code required reporting to NCO i/c IIGEU (S/Sgt).
- ⇒ Victoria, two Investigators, suggested rank one Corporal and one Constable, new Collator Code required reporting to NCO i/c IIGEU (S/Sgt).

No documentation refers to Support Staff at the four locations. GPEB has Support Staff at the co-located offices. Larry Vander Graff indicates that the Support Staff at three of the offices is sufficient to support the additional two members per office, but additional Support Staff would be required in Vancouver. He suggests that one additional PSE FTE be requested to support the 6 FTEs to be located in Vancouver or one FTE be converted to a PSE-FTE (he suggested possibly one of the two FTEs allocated to Prince George as the demands for service is least in the Northern Region). Primary functions would be administrative support for the RCMP members, preparing search warrants, court briefs, disclosure documentation, etc.

Recommendation #2:

That a formal request be made as part of the current ARLU process for one PSE-FTE to work out of the Gaming Policy and Enforcement Branch, Lower Mainland Regional Office, Burnaby, and the proposed MOU reflect this thirteenth position.

The rational for this recommendation is:

- ➔ Support Staff is required (administrative support for the RCMP members, preparing search warrants, court briefs, disclosure documentation, etc.)
- ➔ Although reducing the number of members to 11 and using the financial savings to create a term PSE position is an option, we would still be require to proceed through the ARLU process to create a new PSE-FTE. Reducing the number of IIGEU RCMP members to one at any location may result in no RCMP members being available due to leave (ODS, Annual), training, and gaps between staffing actions, etc.

Financial Implications

There are a number of financial questions that need to be clarified prior to the creation of a Memorandum of Understanding/Agreement or the complete implementation of IIGEU. Some of these questions include:

- ⇒ Is \$1.25 Million (at 70% or \$1,785,700.00 at 100%) sufficient funds to staff 12 positions including O&M? This would have to include ever greening / life cycle costs of vehicles, computer equipment and other capital items. Initial budget estimates indicate that at 70% dollars the RCMP IIGEU requires \$860,000.00 in fiscal year 2003/2004 and \$1,394,000.00 in fiscal year 2004/2005.
- ⇒ Most start-up costs are included in fiscal year 2003/2004.
- ⇒ The cost for the co-located office space would be the responsibility of Gaming Policy and Enforcement Branch. The current vision is that the GPEB Regional Managers and the RCMP NCO i/c IIGEU would prioritize projects and allocation the \$0.25 million paid to Gaming Policy and Enforcement Branch “*for operational expenses related to the collective activities of the RCMP and the Branch*”.

Financial Estimates

To forecast initial budget requirements: 2003 budget based on 6 Member FTEs and one PSE-FTE, 2004 budget based on 13 FTEs. Most start-up costs are included in fiscal year 2003/2004. Assumptions made:

- ⇒ The twelve (12) FTEs, for costing purposes only, would be one (1) Staff Sargent, four (4) Corporals, five (5) senior Constables and one (1) ADM-05. The six positions for 2003 would include the Staff Sargent, one (1) Corporal, three (3) Constables and one ADM-05. The salaries for 2003/2004 would be based on ½ year occupancy and salary for all FTEs for the entire year will be included in the 2004/2005 forecasts.
- ⇒ Need to add the cost of one PSE-FTE (CR-4).
- ⇒ The cost for accommodations (to RCMP standards), office equipment, office supplies, and office/clerical support(at the 3 non-Lower Mainland locations)will be paid by Gaming Policy and Enforcement Branch.
- ⇒ Each regular member (11) will require at RCMP costs: emergency equipped unmarked vehicle (replaced every 5 years), laptop computer with dock for office (replaced every four years), portable radio, cell phone, and pager.

Start-up Costs

- ⇒ 11 unmarked police vehicles (4 door sedans) at \$23,000 per vehicle, (Fleet Management indicates they should have the five required in fall of 2003 and could order the six required for April 2004 in October 2003. The full \$253,000 would be required this fiscal year.)
- ⇒ radio for each vehicle and portable radios (\$10,000 per year for each of the five vehicles in the Lower Mainland Region [fiscal year 2003/2004] and \$10,000 one time per each of the six vehicles in the three other Regions [fiscal year 2004/2005].)
- ⇒ Mobile Work Station (MWS) in each vehicle.
- ⇒ Computer equipment:
 - ➔ Laptop Computers with docking station (Software, licence fees, monitor & keyboard) at \$5,500 per member (6 fiscal year 2003/2004 & 6 fiscal year 2004/2005)
 - ➔ Network printers at each of the four locations (Lower Mainland Regional Office \$2,500 [fiscal year 2003/2004], a smaller printer at each of the

- other 3 locations \$1,800 [\$600 per site in fiscal year 2004/2005])
- Lower Mainland Regional Office has CPIC and a National Police Services Network (NPSN) access. The estimated cost to add six computers to the site is \$1,500 (\$250 per computer) [fiscal year 2003/2004]. The other three locations would most likely use laptops with remote-dial-up to the Secure Remote Access System giving them access to GROUPWISE, INFOWEB, etc.
- Informatics advises that Major Crime Section is already short of computer support people and have expressed concern over who is going to support these twelve members at four sites.

Note: Judy Reykdal has indicated that 50% or \$750,000.00 (\$625,000 for RCMP [at 70 % or \$928,500 at 100%] & \$125,000 operating costs) has been estimated for fiscal year 2003/2004 to help with the set-up costs.

Required RCMP IIGEU budget for fiscal years 2003/2004 and 2004/2005 as calculated by the RCMP’s Financial Management & Accounting Operations Section is attached as Appendix “D”. As the financial requirements to maintain the Integrated Illegal Gaming Enforcement Unit is greater than the estimates contained in the initial proposal “Recommendations dated March/April, 2002” there are two options:

Option #1:

Renegotiate the funding to be allocated to the RCMP for this initiative.

Option #2:

Reduce the number of resources (both FTEs & equipment) allocated to this initiative.

The preferred option is Option #1 because:

- ⇒ For this initiative to produce the desired results, the appropriate resources must be allocated to it (Should not start initiative knowing it will be underfunded).
- ⇒ Based on the current allocations the RCMP could only afford to staff, equip and support 10 FTEs.

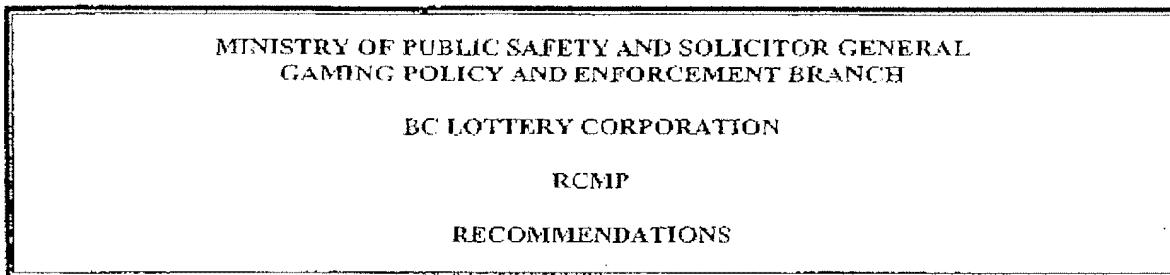
Recommendation # 3:

That the RCMP renegotiate the financial requirements of the Integrated Illegal Gaming Enforcement Unit to fully fund the 12 member positions and the one PSE support position. That the MOU contain the appropriate funding for Fiscal years 2003/2004 and 2004/2005 plus a methodology to establish future year funding (increases/decreases).

"E" Division RCMP

Integrated Illegal Gaming Enforcement Unit (IIGEU)
Business Case for APPROVED Initiative

Appendix "A" - 2002 Agreement



ISSUE: Public Gaming Enforcement Roles and Responsibilities

STATEMENT OF PURPOSE:

To recommend, to the Solicitor General, the regulatory and law enforcement model to ensure the integrity of public gaming in British Columbia.

This document includes:

- Glossary
- RCMP Analysis of the Ontario Provincial Police (OPP) Model and its Applicability to BC
- Recommended Roles and Responsibilities for BC Agencies Regarding Enforcement
- Recommended RCMP Capacity in Response to Illegal Gaming
- Funding Sources
- Implementation Plan

GLOSSARY:

- Unlawful Activity - criminal or regulatory violations occurring in legal gaming venues
- Illegal Gaming - illegal gaming activity which occurs outside of legal gaming venues
- Regulatory Enforcement - enforcement of the proposed comprehensive gaming legislation and government gaming policy
- Corporate Security – ensuring the operational security and integrity of gaming activities in a gaming facility, and of the assets.

RCMP ANALYSIS OF THE OPP MODEL AND ITS APPLICABILITY TO BC:

Ontario Provincial Police (OPP) - ONT Illegal Gaming Enforcement Unit (OIGEU)

Overview:

The OIGEU is a partnership of select Ontario police services that have dedicated resources to counter organized crime as it relates to gambling. The Unit's mandate is to conduct province-wide investigations on illegal gaming (for example, video gambling machines, gaming houses, bookmaking, lotteries, pyramid schemes, internet gambling, carnival industry gaming) in partnership with a variety of police agencies. OIGEU investigates all illegal gaming pertaining to Part VII of the *Criminal Code* within the

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Province of Ontario, with an emphasis on organized crime. The Unit also assists any police organization (Canadian or otherwise) that needs help with targeting illegal gambling and related issues (e.g. organized crime, criminal organizations) in their jurisdiction. The Unit may also:

- enter all pertinent data obtained from reports in a centralized provincial tracking system;
- upon request, assist with police investigations, court case preparation, undercover operations, and training;
- provide information on types of court dispositions;
- offer technical advice on illegal gaming investigations;
- act as expert witness; and
- assist with police and public education programs.

IIGEU Organization:

The Unit has:

- 41 FTEs (police officers and civilian administrative support);
- OPP members staffing 50 percent of the police positions, with the remainder staffed by their regional police department counterparts, under contract to the OPP;
- several satellite offices strategically located throughout the province, with the Unit's head office in Orillia, Ontario;
- 1 Detective Sergeant, 4-5 Detective Constables, and a Proceeds of Crime investigator attached to each of the satellite offices;
- specific units that concentrate on:
 - the province's 90 tele-theater sites and 17 racetracks (5 OPP investigators and 3 civilians);
 - Internet gambling; and
 - training and administration;
- a dedicated Crown counsel representative attached to the Unit that deals solely with illegal gambling in the province;
- a vehicle, cellular telephone, pager, and computer for each member of the Unit;
- calls for service originating from police departments, government agencies, crime stoppers, and the general public; and
- some overlap with the Alcohol and Gaming Commission of Ontario (AGCO) with respect to intelligence gathering and investigations.

Alcohol And Gaming Commission Of Ontario (AGCO)

The Alcohol and Gaming Commission of Ontario (AGCO) is a Provincial agency, established February 23, 1998 under the *Alcohol and Gaming Regulation and Public Protection Act*, 1996. The *Act* gave the AGCO responsibility for the administration of the *Liquor Licence Act* and the *Gaming Control Act*, 1992. Complementary legislative amendments eliminated the Gaming Control Commission and the Liquor Licence Board of Ontario.

The AGCO is a quasi-judicial regulatory agency that reports to the Ministry of Consumer and Business Services, and is responsible for the administration of the following:

- *Liquor Licence Act*
- *Gaming Control Act*, 1992
- *Wine Content and Labelling Act*, 2000
- Charity Lottery Licensing Order-in-Council 2688/93

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AGCO Investigation and Enforcement Bureau

Overview:

The Investigation and Enforcement Bureau is comprised of seconded members from the Ontario Provincial Police and Liquor Inspectors designated as Provincial Offences Officers for the purposes of the *Liquor Licence Act* and the *Gaming Control Act*.

The Bureau provides strategic enforcement that is targeted, proactive, and designed for maximum impact. Emphasis is placed on deterrence as a component of prevention, and is intended to ensure that the gaming is conducted honestly and is free from criminal activity. The Bureau is divided into two sections: Gaming and Liquor.

AGCO Gaming Section:

The Gaming Section works independently and in partnership with police and local enforcement agencies in monitoring individuals and organizations that manage, conduct or provide services to lottery schemes related to break open tickets for compliance with the *Gaming Control Act*, and responds to and investigates complaints of breaches of either the *Gaming Control Act* and regulations.

OPP Investigators:

- conduct criminal investigations related to gaming at casinos, charity casinos, slot machine facilities, and licensed gaming events, including investigations into alleged breaches of the *Gaming Control Act* and regulations;
- conduct background investigations on individuals and companies seeking registration under the *Gaming Control Act*;
- liaise with other law enforcement agencies to exchange intelligence information;
- provide specialized support to local law enforcement agencies for gaming related investigations;
- seconded to AGCO have been specially trained on the rules of play of games of chance, and in the ways those games can be compromised; and
- provide round-the-clock policing presence at commercial casinos and charity casinos.

The Gaming Section is overseen by an OPP Detective Superintendent, and is divided into five units:

1. *Casino Enforcement Unit*
 - Provides round-the-clock police services to 3 commercial casinos and 6 charity casinos.
 - Each commercial casino is staffed by 1 Detective Sergeant and 11 Detective Constables.
 - Each charity casino is staffed by 1 Detective Sergeant and 5 Detective Constables.
2. *Corporate Investigations Unit*
 - Conducts background/due diligence investigations into key persons who supply gaming or gaming related supplies to the casinos or racetracks.
 - The unit is staffed by 1 Detective Sergeant and 12 Sergeants (2 teams of 6).
 - The unit members' salary and expenses are paid by the companies seeking registration.
3. *Regional Registration and Enforcement Units*
 - These Units work out of 10 regional AGCO offices across Ontario.
 - The units are made up of 1 Detective Sergeant plus 1 or more Detective Constables.
 - Each unit is responsible for:
 - registration of gaming employees and conducting background checks;
 - conducting charitable gaming investigations relating to the *Gaming Control Act* or *Criminal Code* (e.g. fraud); and
 - conducting slot machine enforcement duties at the racetracks.

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4. Toronto Unit

- Sixteen constables conduct charitable gaming investigations and racetrack enforcement duties in the Greater Toronto Area.
- The Unit also provides investigational and provincial support to the other units.

5. Training Unit

- A Staff Sergeant and Sergeant make up this unit.
- Both are gaming specialists that teach investigators how to conduct gaming investigations, explain how the games are played/have been changed and how people cheat.

Analysis of Applicability to BC

It is the view of "E" Division, RCMP that aspects of the OPP model can be adapted to suit the BC gaming environment. However, that environment is distinct and the history of enforcement is distinct.

It is the view of the RCMP that a unit similar to the AGCO Gaming Section, comprised of police personnel is not required in BC. Firstly, those functions are currently fulfilled by BCLC personnel and by Gaming Policy and Enforcement Branch staff in an entirely satisfactory manner. They do so in a much more cost-effective manner than could be provided by members of the RCMP. Secondly, it is the view of the RCMP that the services provided with respect to on-site casino enforcement, corporate investigations and registration investigations are not properly the bailiwick of the public police and are best left with corporate security and regulatory agencies. One aspect of the AGCO mandate must be preserved in any BC model; namely, the need to share information and intelligence with all related enforcement agencies.

RECOMMENDED ROLES AND RESPONSIBILITIES FOR BC AGENCIES REGARDING ENFORCEMENT:

Following are the recommended roles and responsibilities relating to enforcement for each of the three agencies. The roles outlined for the Gaming Policy and Enforcement Branch and BC Lottery Corporation are essentially status quo. The role outline for the RCMP represents a substantial increase in law enforcement activity regarding illegal gaming.

Gaming Policy and Enforcement Branch (GPEB)

- Enforce "Gaming Control Act"
- Enforce terms and conditions of registration and certification
- Receive complaints
- Investigate regulatory violations
- Produce "Report to Crown Counsel" on regulatory offences, in conjunction with police
- Impose sanctions
- Assist police in the investigation and prosecution of unlawful activity in legal venues, and illegal gaming
- Collect and produce intelligence
- Participate in prosecutions

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British Columbia Lottery Corporation (BCLC)

- Responsible for conduct, management and operation of provincial gaming
- Audit, inspection, compliance and enforcement of gaming service provider contracts
- Protect the assets of the Corporation
- Manage public inquiries surrounding operational integrity and security issues
- Establishment and enforcement of surveillance operational standards
- Report large cash transactions to FINTRAC
- Report suspicious cash transactions to FINTRAC/ RCMP/GPEB
- Report all allegations of unlawful activity to GPEB and RCMP/Police
- Provide evidence to GPEB/RCMP/Police, when required, in support of investigation of unlawful activity in legal gaming venues
- Collect and report intelligence to GPEB and RCMP/Police

RCMP

- Enforce *Criminal Code*
- Investigate unlawful activities in legal venues
- Investigate illegal gaming
- Recommend charges to Crown Counsel
- Collect and produce intelligence
- Produce "Report to Crown Counsel" (CJB approves charges)
- Participate in prosecutions

RECOMMENDED RCMP CAPACITY IN RESPONSE TO ILLEGAL GAMING:

With respect to the services supplied by the OIGEU, it is the view of the RCMP that there is currently a significant enforcement gap in BC regarding illegal gaming enforcement. There is a considerable history to that situation, however, there is now an opportunity to ameliorate the problem, in conjunction with GPEB and BCLC.

It is the proposal of the RCMP, that the Province fund an increase to the establishment of “E” Division sufficient to provide a solid basis to undertake effective enforcement of the *Criminal Code* and provincial statutes as they relate to gaming. The mandate of that unit would mirror that of the OIGEU including its focus on intelligence sharing and assistance to other police agencies. The sole change would be that, at this point, there does not appear to be a need to become involved in the horse racing portion of gaming activity. Should subsequent experience supply information to the contrary, further resources can be sought consistent with the size of the problem.

The proposed Gaming Enforcement Unit would work in conjunction with GPEB investigators, and would be composed of the following:

- Two (2) RCMP members attached to each GPEB office proposed for Victoria, Kelowna and Prince George, for a total of six (6) officers
- Four (4) RCMP members co-located with the GPEB office proposed for the Lower Mainland.
- The ten members defined above would be investigators.
- Two (2) RCMP members to be attached to the GPEB Vancouver office for the purpose of intelligence coordination, policy development and trend analysis.

The cost of twelve additional FTEs to the province would be approximately \$1.25 M per annum.

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"E" Division RCMP

Integrated Illegal Gaming Enforcement Unit (IIGEU)
Business Case for APPROVED Initiative

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Upon adoption of the model, a complete business case, including budget and implementation plan, will be provided.

FUNDING SOURCES:

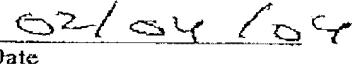
Funding in the amount of \$1.5 M (including \$.25 M in operating costs), or any other amount determined by the Solicitor General, will come from BCSC.

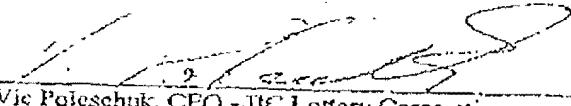
IMPLEMENTATION PLAN:

To be developed after adoption of the proposed model.

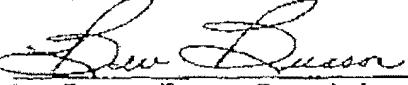
RECOMMENDED:

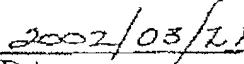

Derek Sturko, A/General Manager - Gaming Policy
and Enforcement Branch


Date


Vic Poleschuk, CEO - BC Lottery Corporation


Date


Ben Busson, Deputy Commissioner (Pacific Region) - RCMP


Date

NOTE: Signature blocks are copied from three identical documents.

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Appendix "B" - FTE Approval



29 APR 2003

The Honourable R.T. (Rich) Coleman
Minister of Public Safety and
Solicitor General of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Mr. Coleman:

Thank you for your letter of April 3, 2003, concerning your request for an increase of 12 Royal Canadian Mounted Police (RCMP) regular members to the Provincial Police Service. As you note in your letter, you require six positions effective April 1, 2003, and an additional six positions effective April 1, 2004, for your province's new Illegal Gaming Enforcement Unit.

The request for the initial six positions was included in the Annual Reference Level Update (ARLU) which was submitted by the RCMP in October 2002 for fiscal year 2003/2004. The remainder of your request will be included in the ARLU which will be submitted in October 2003 for fiscal year 2004/2005.

Once approval of the necessary funding is received, the Commanding Officer of the RCMP in British Columbia will advise you accordingly.

I trust that this action is satisfactory.

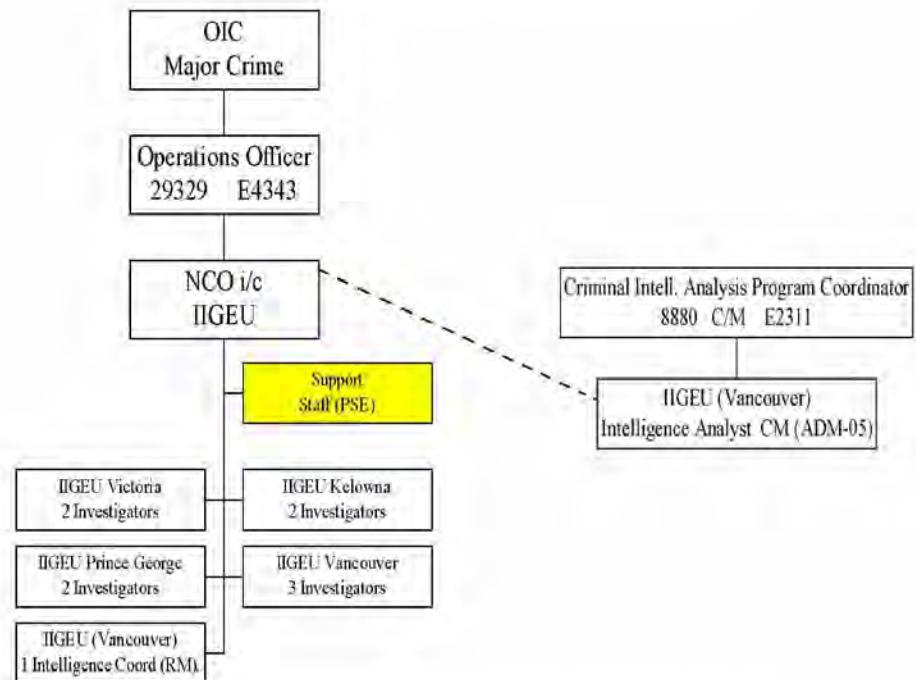
Sincerely,

Original signed by Hon. Wayne Easter
Original signé par Hon. Wayne Easter

Wayne Easter, P.C., M.P.

Appendix “C” - Organizational Chart

Integrated Illegal Gaming Enforcement Unit (IIGEU)



NOTE: Support Staff (PSE) position has not been approved

Appendix “D” - Budget

		RCMP E DIVISION INTEGRATED ILLEGAL GAMING ENFORCEMENT UNIT (IIGEU)		
As of 2003-06-26		BUDGET (\$ 000's)		
DETAILS			YEAR 1	YEAR 2
SALARY		PS PAY	\$20	\$40
		OT	\$1	\$2
	MEMBERS			
	SALARY AND ALLOWANCES		\$217	\$892
	OT		\$30	\$60
TRAVEL		REGULAR	\$30	\$60
	TRAINING		\$30	\$30
RELOCATION			\$90	\$90
TRAINING COURSE			\$30	\$30
TELEPHONE			\$50	\$100
COMMUNICATION COSTS			\$12	\$25
OTHER				
E COMM			\$25	\$110
VEHICLE FIT UP COSTS			\$22	\$0
FUEL COSTS			\$8	\$55
LAPTOP COMPUTERS AND PRINTERS			\$70	\$5
MAJOR CRIME FUND			\$100	\$200
	TOTAL SALARIES AND O & M		\$735	\$1,699
CAPITAL		RADIOS	\$50	\$0
		MWS	\$99	\$0
	VEHICLES UNMARKED		\$253	\$0
	TOTAL CAPITAL		\$402	\$0
	TOTAL DIRECT COTS		\$1,137	\$1,699
INDIRECT COSTS		RM PENSIONS	\$18	\$72
		PS PAENSION	\$3	\$6
	EMPLOYER COSTS E.I. RM		\$6	\$24
	EMPLOYER COSTS E.I. PS		\$1	\$2
	RECRUITS TRAINING		\$21	\$21
	DIV ADMIN		\$39	\$162
	ERC/PCC		\$2	\$4
	PIRS		\$1	\$2
	TOTAL INDIRECT COSTS		\$91	\$293
	TOTAL OPERATING COST		\$1,228	\$1,992
	PROVINCIAL SHARE @ 70%		\$860	\$1,394

Appendix C

Effectiveness Review of the Integrated Illegal Gaming Enforcement Team

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**EFFECTIVENESS REVIEW OF THE
INTEGRATED ILLEGAL GAMING
ENFORCEMENT TEAM**

Prepared for:

Police Services Division
Ministry of Solicitor General and Public Safety

Prepared by:


Catherine Tait
CONSULTING

Confidential Draft Report
Submitted on
November 16, 2007

Confidential Draft**TABLE OF CONTENTS**

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CHAPTER ONE

INTRODUCTION

The Integrated Illegal Gaming Enforcement Team (IIGET) was established in 2004 under the terms of a Memorandum of Understanding between the Gaming Policy and Enforcement Branch (GPEB), Police Services Division and the RCMP. The BC Lottery Corporation is a signatory to a schedule to the MOU, as it provides most of the funding for IIGET operations. The MOU outlines the contributions of each agency, the funding arrangements, the role of a governing Consultative Board and the term of the agreement.

According to the MOU, IIGET was created to preserve the integrity of legal gaming in BC. IIGET targets illegal gaming activity that occurs outside and away from legal gaming venues. This scope encompasses illegal lotteries, common gaming houses, the operation and distribution of illegal video lottery terminals, animal fights, bookmaking, and internet gaming. Activities of the team include education of partner agencies, recording intelligence and reports of illegal gaming, investigation of such reports leading to potential enforcement actions and criminal charges, and preparation of materials for court proceedings.

IIGET was created in response to growing concern about the enforcement response to illegal gaming in BC. A new regulatory framework for legal gaming in BC was created with the enactment of the *Gaming Control Act* in April 2002. At the same time the Investigation Division was established within GPEB to investigate complaints and allegations of criminal or regulatory wrongdoing in gaming. Prior to the establishment of IIGET, GPEB staff worked on illegal gaming issues outside legal gaming venues with local police detachments and departments. However, these law enforcement agencies often had more pressing priorities than illegal gaming, and there was a sense that these issues were being addressed only in a sporadic fashion. At the same time there was growing concern that organized crime was expanding its range of activity into illegal gaming. For these reasons the decision was taken to create a dedicated team of police officers to work in conjunction with GPEB investigators, to investigate illegal gaming activity.

In 2002 the Police Services Division and GPEB entered into discussions with the RCMP about the creation of a specialised police unit dedicated to investigations of illegal gaming. The BC Lotteries Corporation was identified by the Solicitor General as a funder, and the four agencies worked together to develop the MOU to establish IIGET. The agreement was signed in March 2004; it terminates on March 31, 2008.

The IIGET team consists of 12 RCMP members with additional support provided by GPEB staff, located in Victoria, Burnaby, Prince George and Kelowna. While the RCMP staff are dedicated to IIGET, the GPEB staff have responsibilities in addition to

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the work they perform for IIGET. Specifically, GPEB staff are responsible for investigating illegal activities that occur within legal gaming venues. The latter includes investigation of counterfeiting, loansharking, money laundering, cheating at play, threats and assaults, and other illegal activities that occur in venues such as licensed casinos.

In accordance with the MOU a Consultative Board was established to oversee IIGET. One of responsibilities of the Consultative Board is to arrange for a review of IIGET. To fulfil this responsibility Police Services Division has contracted with my firm, Catherine Tait Consulting, to conduct an effectiveness review of IIGET and this report presents the review results. It provides an assessment of the extent to which IIGET has achieved its objectives to date, as well as recommendations to improve the operation and performance of IIGET.

To complete the review, I reviewed a number of documents including the MOU, the program Mandate and Objectives, minutes of the Consultative Board meetings, status reports prepared for the Consultative board, a draft business plan for the expansion of IIGET and financial reports. I also reviewed educational material prepared by IIGET, and statistics maintained by the RCMP and GPEB, and by Statistics Canada. In addition, I reviewed the *Gaming Control Act*, and relevant sections of the Criminal Code of Canada. I conducted interviews with the members of the Consultative Board¹, the NCO in Charge of IIGET, eight other RCMP members working for IIGET, the Director and Deputy Director of GPEB and ten investigative staff of GPEB.

The next chapter outlines the key features of the MOU that established IIGET, followed by a description of the mandate and objectives for the program. Chapter Three provides an overview of key events that have occurred since IIGET began operations, as well as an overview of program spending. Chapter Four presents an assessment of the extent to which IIGET has met its stated objectives to date. Chapter Five considers the basic options that the Consultative Board has regarding the next phase for IIGET, and the final chapter reviews a number of specific issues raised during the review and provides recommendations for improvement.

I would like to thank all those who assisted me with this review by making themselves available for interviews. Those interviewed helped me to understand the history of IIGET and provided valuable insights into its past and current operations. I would also like to thank those who assisted by compiling data and other information and for helping me to understand its implications. I would like to thank, in particular, both Staff Sgt. Fred Pinnock and Deputy Director Joe Schalk both of whom were of great assistance throughout this process.

¹ All members were interviewed except for the representative for municipal police forces. That position on the Consultative Board was vacant during the review.

Confidential Draft***CHAPTER TWO***
MOU AND MANDATE AND OBJECTIVES

To provide background for the coming chapters this chapter presents a summary of the key features of two foundational documents for the IIGET program, the MOU signed in March 2004, and the Mandate and Objectives statement approved by the Consultative Board in November 2004. These documents set out the expectations for the establishment, resourcing, and management of IIGET, as well as its planned activities, and intended results.

MEMORANDUM OF UNDERSTANDING

The MOU to establish IIGET was drawn up in 2003 and signed in late March 2004. As a founding document, the MOU establishes the roles of the parties, the resources and funding arrangements for IIGET and its governance structure. The key features of the MOU are:

- **Purpose:** The purpose of the MOU is to establish IIGET, to clarify the roles and responsibilities of the parties regarding the design, implementation and management of IIGET, and to clarify the financial procedures to be followed to ensure the funding of IIGET.
- **Parties:** The parties to the main agreement are the RCMP, Police Services Division and GPEB. The BC Lotteries Commission is a party to the Sponsoring Agreement (Schedule B to the MOU), as is the Ministry of Public Safety and Solicitor General.
- **Staffing:** IIGET is to be staffed by up to 12 RCMP members and one civilian staff member.
- **Co-location:** RCMP staff are to be co-located with GPEB Investigations Division throughout the province, and GPEB will provide the space needed, and basic administrative support, to the RCMP at no cost.
- **Funding:** BC Lotteries Corporation is to fund IIGET by providing up to \$1.5 million in the first year, increasing to \$1.66 million in the final year. The funding is to be split, with \$250,000 allocated to GPEB each year and the remainder of the annual amount allocated to the RCMP.
- **Flow of funds:** BC Lotteries will provide the funds to Police Services Division, which will reimburse the amounts to GPEB and the RCMP for expenses incurred.

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- **Governance:** The MOU establishes a governing Consultative Board for IIGET, chaired by the Director of Police Service Division. The Board has four members in addition to the Chair: the General Manager of GPEB, the Commanding Officer of E Division of the RCMP, a representative of the BC Association of Police Chiefs and the President and CEO of the BC Lottery Corporation. All members are full voting members except the BC Lottery Corporation CEO, who may vote only on the approval of budgets, matters related to the effectiveness review and on recommendations to the Solicitor General regarding IIGET.
- **Role of the Consultative Board:** Responsibilities of the Consultative Board include determining the global objectives, priorities and goals for IIGET; determining the requirements for reporting on IIGET operations; arranging for an effectiveness review of IIGET; and making recommendations to the Solicitor General regarding the continued operation, funding and success of IIGET.
- **Management of IIGET:** The internal management of RCMP component of IIGET will be the responsibility of the RCMP NCO in Charge.
- **Reporting:** The NCO in Charge of the RCMP and a designate from GPEB are to report to the Consultative Board on the activities, objectives, priorities and goals of IIGET.

While the MOU is silent on the number of GPEB investigators that would work with the RCMP on IIGET files, it was clearly the intent that these two bodies, the RCMP and GPEB, would be co-located and work together as an integrated unit.

MANDATE, OBJECTIVES AND ACTIVITIES OF THE PROGRAM

In November 2004 the Consultative Board was presented with a document prepared by the RCMP NCO in Charge which sets out the mandate and objectives of the team. According to this document, the mandate of IIGET is to:

“Maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming”.

The meet the mandate, IIGET proposed to accomplish three objectives:

- **Education and partnerships:** Educate other agencies about illegal gaming and form partnerships with them.

To meet this objective IIGET planned to educate police and law enforcement agencies about illegal gaming. It also planned to develop partnerships with agencies such as Liquor Control and Licensing Branch (which often encounters illegal gaming activity in its work), and Canada Revenue Agency,

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which can take its own enforcement action against those who have profited from illegal gaming.

- **Intelligence:** Become the central depository of intelligence reports on illegal gaming activity in the province.

To meet this objective, IIGET planned to solicit and record intelligence reports from police detachments and departments and interview / interrogate persons involved in illegal gaming to gain a better understanding of the extent of the activity in BC.

- **Enforcement:** Investigate and enforce *Gaming Control Act* and Regulations and *Criminal Code* offences related to illegal gaming.

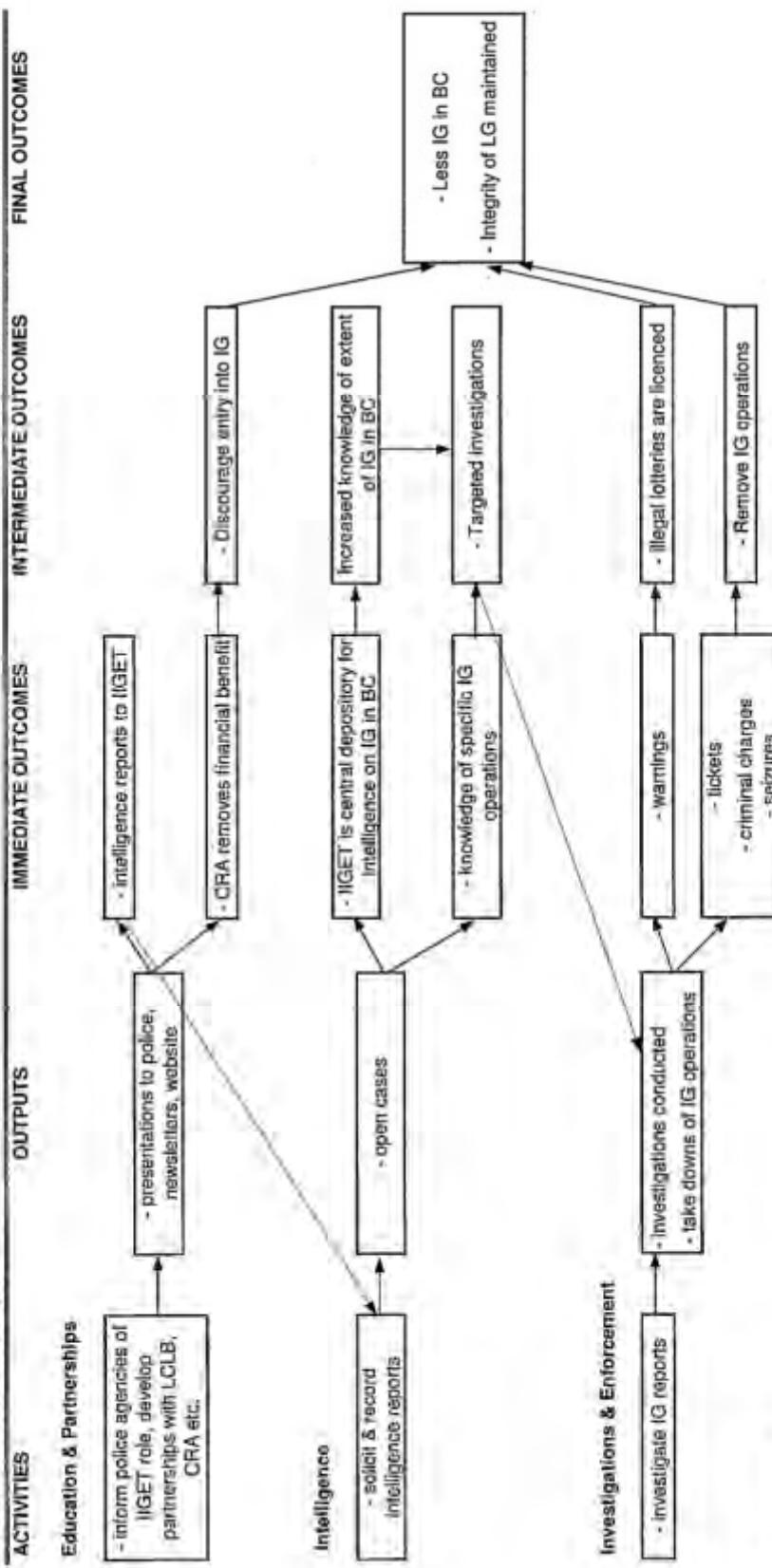
To meet this objective IIGET planned to undertake investigations of illegal gaming at all levels, develop of a relationship with a Provincial Crown prosecutor, and use of a variety of enforcement tools (verbal warning, tickets and criminal charges).

The three objectives link together in a logical fashion: education of police allows their members to recognise, and therefore to report, illegal gaming activity to IIGET. IIGET then investigates these reports, and where warranted undertakes enforcement action. Other agencies such as CRA and Liquor Control and Licensing, once educated, will also take action against illegal gaming operations. Enforcement action discourages entry into illegal gaming, results in the conversion of some illegal activities (such as illegal raffles) to legal (i.e. licensed) activities, and removes illegal gaming enterprises from operation. Taken together, these outcomes lead to a reduction of illegal gaming in the province, which in turn enhances the integrity of the public (legal) gaming sector.

Based on the MOU, the Mandate and Objectives document and interviews with Board and staff members, a logic model has been developed to illustrate the relationship between IIGET's activities, objectives and its overall mandate. See Exhibit One.

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EXHIBIT ONE IIGET LOGIC MODEL



Abbreviations:

IG - illegal gaming

LG - legal gaming

LCLB - Liquor Control and Licensing Branch

CRA - Canada Revenue Agency

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CHAPTER THREE

OVERVIEW OF KEY EVENTS AND PROGRAM SPENDING

This chapter outlines at a high level the key events that have occurred since IIGET was established and the resources that have been allocated to and expended on its operation. These descriptions are meant to provide background and context for the discussion of achievement of objectives and issues facing IIGET in coming chapters; more in depth descriptions of many aspects follow in remainder of the report.

IIGET CHRONOLOGY

This section presents an overview of the implementation of IIGET and the major investigation and enforcement activities undertaken by the RCMP and GPEB components.

- **2003:** During 2003 the MOU to establish IIGET was in development. GPEB investigators had been in their positions prior to the creation of IIGET, and had investigated of a limited number illegal gaming reports in 2002/03. In June 2003 GPEB staff, working with police of local jurisdiction, seized several illegal VGMs at locations throughout the interior and north of the province.
- **2004:** Staffing for the RCMP positions began in early 2004. Six RCMP positions were assigned to Burnaby, and 2 positions were assigned to each of Victoria, Prince George, and Kelowna. A civilian position was also allocated to Burnaby. All RCMP staff were co-located with GPEB staff in existing GPEB offices. An NCO began in February 2004² and staff were gradually added to the Burnaby complement over the remainder of the year. Staffing of the regional RCMP positions began in October 2004.

The MOU was signed by all parties in March 2004. The document setting out the mandate and objectives of IIGET was developed by the RCMP and approved by the Consultative Board in late November 2004. The document stated that the intent was to focus investigations on possession of illegal video gaming machines (VGMs) and common gaming houses for the first 18 months of operation. By concentrating on these "mid level" targets it was expected that the team would gain experience needed to take on higher level targets at a later date.

By the end of December 2004, nearly all of RCMP positions had been filled, and most of the staff had taken a two week course on Illegal Gaming Investigations delivered by the Ontario Provincial Police. During 2004 GPEB investigators

² A Staff Sergeant was appointed in September 2003 as the NCO in Charge of IIGET; however, he remained in the position for only 3 weeks.

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increased their educational efforts regarding illegal lotteries and investigated over 160 reports of illegal gaming, primarily related to lotteries.

- **2005:** During 2005 IIGET executed take downs of several illegal gaming operations in the province. These take downs were led by the RCMP staff and GPEB provided assistance. Four common gaming houses in different communities were taken down, video gaming machines were seized from several locations and one distributor of the machines was charged. In addition, a loanshark was apprehended outside a casino and a pyramid scheme to re-sell lottery tickets was investigated and shutdown. GPEB staff continued their work to enforce the *Gaming Control Act*, investigating over 400 reports. They also assisted the RCMP with the take downs.

There was considerable RCMP staff turnover in Burnaby during 2005, with four staff out of six leaving their positions. Staff in the regional offices remained stable with all positions fully staffed for the year.

-

Solicitor Client Privilege

Solicitor Client Privilege

This decision resulted in a division of labour between GPEB and the RCMP as follows:

- Low level targets (poker tournaments in bars, bingos, raffles, illegal lotteries) would be handled by GPEB staff;
- Mid level targets (VGM possession of illegal poker rooms, animal fights) would be handled by the RCMP with assistance from GPEB to the extent that their authority allowed;
- High level targets (VGM distribution, internet gaming and bookmaking) would be handled by the RCMP alone.

In June 2006, the decision was taken to rent additional office space in Burnaby to accommodate the RCMP team. This meant that the RCMP and GPEB staff in this location would no longer sharing the same office space, but would be located in adjacent offices. GPEB and the RCMP staff remain co-located in Prince George, Victoria and Kelowna.

For most of 2006 the RCMP component of IIGET focussed on a single, major, high level investigation of an international illegal gaming operation based in BC. Nearly all RCMP staff were involved -- full time for those in Burnaby and part of the year for regional staff. As a result of this focussed effort, there were no take downs of illegal gaming operations in 2006; the responsibility for the high level investigation was largely transferred to an American enforcement agency at the

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end of the year. In December the Consultative Board directed IIGET to re-focus its resources on mid-level targets, and not take on any new, high level targets in the short to medium term.

By 2006 capacity at legal gaming venues in BC had increased substantially³, and GPEB was experiencing increasing demands related to their non-IIGET responsibilities in these venues. As a result, GPEB was able to investigate fewer illegal lotteries in 2006 than it the previous year.

- **2007:** At the most recent meeting of the Consultative Board in July 2007, IIGET reported that it had successfully taken down several mid-level gaming targets and that most staff vacancies had been filled.

PROGRAM SPENDING

The MOU sets out that the major financial support for IIGET will be contributed by the BC Lottery Corporation (BCLC). The annual maximum funding for IIGET to be supported by BCLC ranges from \$1.5 million to \$1.66 million. The annual amount is divided into two allocations, one to support the RCMP costs (\$1.25 million to \$1.41 million per year) and the other to support GPEB expenditures (\$250,000 per year). Exhibit Two sets out the annual maximum amounts to be provided by BCLC, and the allocations to RCMP and GPEB.

EXHIBIT TWO MAXIMUM BCLC CONTRIBUTIONS

	2003/04	2004/05	2005/06	2006/07	2007/08
RCMP allocation	\$625,000	\$1,280,000	\$1,330,000	\$1,370,000	\$1,410,000
GPEB allocation		250,000	250,000	250,000	250,000
Maximum BCLC contribution	\$625,000	\$1,530,000	\$1,580,000	\$1,620,000	\$1,660,000

In addition to contributions made by BCLC, IIGET is supported by contributions from the federal government (Public Safety Canada), and in-kind contributions made by GPEB. **The RCMP is reimbursed** by Police Services Division for a portion of its IIGET costs in accordance with the terms of the Provincial Police Services Agreement, a form of contract between the RCMP and the province for the provision of the Provincial Force police services. According to this agreement, the province contributes 70% of direct and indirect costs for provincial force police while the federal government contributes 30%.

³ The number of slot machines in particular have increased dramatically, and there have also been increases in the number of tables at casinos.

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This cost sharing arrangement applies to RCMP expenditures under the IIGET. Thus, the federal government contributes 30% of its direct and indirect costs for IIGET. Since 2004/05, total RCMP expenditures for IIGET have ranged from \$0.6 million to \$1.6 million per year, with BCCLC funds supporting 70% of these expenditures and federal government supporting 30%⁴. See Exhibit Three.

EXHIBIT THREE
IIGET EXPENDITURES AND SUPPORTING CONTRIBUTIONS

	2003/04	2004/05	2005/06	2006/07	Total
Expenditures					
RCMP	\$644,740	\$904,135	\$1,637,248	\$1,501,578	\$4,687,701
GPEB (estimated)	240,000	307,797	430,803	407,091	1,385,691
	\$884,740	\$1,211,932	\$2,068,051	\$1,908,669	\$6,073,392

Contributions

RCMP Expenditures supported by:					
BCCLC	\$644,740	\$632,895	\$1,146,073	\$1,051,105	\$3,474,813
Federal gov't	-	271,240	491,175	450,473	1,212,888
GPEB Expenditures supported by:					
BCCLC	-	17,797	137,803	110,091	265,691
GPEB (estimated)	240,000	290,000	293,000	297,000	1,120,000
	\$884,740	\$1,211,932	\$2,068,051	\$1,908,669	\$6,073,392

Exhibit Three also presents information on GPEB's IIGET expenditures and how they are supported. GPEB has made direct expenditures for IIGET from its MOU allocation, and has provided in-kind contributions related to the space occupied by RCMP staff, and the time of GPEB investigators who work on IIGET files as part of their duties.

GPEB expenditures from its MOU allocation of \$250,000 per year, have supported one-time costs such as vehicle and equipment purchases and training. GPEB's in-kind contribution of office space for RCMP personnel has an approximate value of \$42,000 to \$44,000 per year. Since 2006 when the RCMP staff in Burnaby moved out of the GPEB office space, the rent for the new RCMP space (adjacent to GPEB) has been supported not as an in-kind contribution, but as an expenditure from GPEB's MOU allocation.

During interviews conducted for this review GPEB staff were asked to estimate the proportion of their time that they devote to IIGET matters. Estimates averaged to 16%. Based on these reports, and the fact that GPEB has 19 staff who spend time on IIGET matters, a rough estimate of GPEB's in-kind staff contribution is three FTEs. A

⁴ There is one exception to this cost sharing arrangement. Under the terms of the MOU, no costs were borne by the federal government in the first year.

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very approximate estimate of the salary and benefits for GPEB staff is included in Exhibit Three. GPEB's overall staffing allocation is increasing in 2007 and the stated intent is to devote two new staff positions full time to IIGET matters.

Exhibit Four presents a summary of the BCLC funded amounts available under the MOU and amounts expended. It does not reflect amounts contributed directly by the federal government (the 30% share) nor the in-kind contributions for GPEB, as these are not supported by BCLC through the MOU.

EXHIBIT FOUR
MOU AMOUNTS SUPPORTED BY BCLC: ALLOCATIONS vs. ACTUAL SPENDING

	2003/04	2004/05	2005/06	2006/07	Total
RCMP Supported Spending					
Allocation	625,000	1,280,000	1,330,000	1,370,000	4,605,000
Actual	644,740	632,895	1,146,073	1,051,105	3,474,813
GPEB Supported Spending					
Allocation	-	250,000	250,000	250,000	750,000
Actual	-	17,797	137,803	110,091	265,691
Total BCLC Supported Amounts					
Allocations	625,000	1,530,000	1,580,000	1,620,000	5,355,000
Actual	644,740	650,692	1,283,876	1,161,196	3,740,504

The following are the key conclusions regarding the use of resources for IIGET:

- Taken together, total direct and in-kind expenditures for IIGET have totalled \$6 million between 2003/04 and 2006/07.
- BCLC has contributed a total of \$3.7 million, the federal government \$1.2 million, and GPEB approximately \$1.1 million (through in-kind contributions) to support IIGET.
- With the exception of a \$20,000 over expenditure in 2003/04, the BCLC amounts to support IIGET provided for in the MOU have not been fully expended in any year for either the RCMP or GPEB allocations. The MOU provided for BCLC contributions of \$5.4 million for 2003/04 to 2006/07, and actual BCLC supported expenditures during that period totalled \$3.7 million. In 2006/07, the RCMP allocation was under spent by 23% and the GPEB by 53%.

CHAPTER FOUR ***ACHIEVEMENT OF OBJECTIVES***

This chapter considers the question of the extent to which IIGET has achieved its stated objectives. The objectives of the program are generally known and accepted: the Mandate and Objectives document approved by the Consultative Board sets out objectives for IIGET in the areas of education, intelligence and enforcement (see Chapter Two). The document also provides one or two “measures of success” for each objective. The measures themselves are reasonable – they link well to the objectives and are stated in measurable terms. With one exception, they relate to the intended *outcomes* of the proposed activities, not simply to the activities themselves. If data existed for these measures they would provide a good indication of the program’s achievement of each objective. However, in several instances the data required do not exist or are not complete.

Because data is incomplete, an attempt has been made to obtain qualitative information (from interviews) to provide some assessment of the level of achievement for each objective. However, for some objectives, the level of achievement cannot be described with precision at this time.

The remainder of this chapter reviews each objective and the activities that have been undertaken by IIGET in support of the objective. The stated success measures and any data that are available are presented, along with a summary of the views expressed by those interviewed. The chapter ends with a statement of conclusions about IIGET’s overall level of achievement to date.

EDUCATION AND PARTNERSHIPS

Objective

The Mandate and Objectives document states this objective to be: “Prevention of illegal gaming through education and partnerships”,⁵

Summary of Planned Activities

The Mandate and Objectives document indicates that IIGET planned to educate police detachments and departments to recognise illegal gaming and report incidents to IIGET. IIGET also planned to partner with agencies as Liquor Control and Licensing, so licensed establishments would be informed of their responsibilities to ensure that illegal gaming does not occur within their premises.

⁵ IIGET Mandate/Objectives, p. 2

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IIGET planned to work with charitable organisations to educate them regarding the need to licence their lotteries and raffles. While the education of the public is also referred to, there was no mention of planned activities intended to target this audience.

Activities Undertaken

Interviews with GPEB and RCMP staff confirm that educational activities were undertaken, particularly in the early years. During 2004 and 2005 a PowerPoint presentation was developed for use with police detachments, and over 60 presentations were made by GPEB and RCMP members of IIGET. Presentations were also made to liquor inspectors, and GPEB issued a directive regarding sports pool betting and VLTs in licensed establishments.

Four newsletters on specific topics (e.g. VGMs, poker rooms) were developed by the Northern regional office and distributed by email to RCMP detachments. These newsletter describe how to identify illegal gaming, how to investigate it and how to report it to IIGET. GPEB investigators talked to non-profit organisations that were in the practice of hosting raffles about the need to licence their events.

During 2006 and early 2007 there was less emphasis on educational activities, though team members report that they have made presentations to agencies and police detachments when requested to do so. Two regional offices also participate in local inter-agency workshops to network with other agencies on a regular (annual) basis.

There has been an increased emphasis on educational activity this year. Two DVDs have been developed for use at police training sessions and illegal gaming has been added to the curriculum for RCMP block training that all RCMP members are required to attend once every three years. Awareness has also been promoted through the creation of an IIGET page on the BC RCMP website that explains the role of IIGET and highlights recent successful cases. Reports to the Consultative Board have also cited the development of relationships with a many external agencies in the law enforcement and regulatory world.

It appears that there have not been any educational campaigns aimed at the general public.

Measure of Success

According to the Mandate and Objectives success in achieving the education and partnerships objective was to be measured by the number of reports of illegal gaming received from the public, other organisations, law enforcement and other regulatory enforcement agencies.

Confidential Draft**Achievement of Objective**

Because of the limited number of staff assigned to IIGET, education plays a critical role in broadening the base of individuals who are able to identify and report illegal gaming activity. Education also benefits other police agencies and enforcement agencies who do not have the specialised knowledge to conduct gaming investigations themselves –they can refer these cases to IIGET.

Staff indicate that IIGET receives reports of illegal gaming activity from a variety of sources including police members, staff in casinos, non-profit organisations who run licensed gaming events, newspaper clippings, members of the public and informants. Some reports appear to be the result of educational activities (i.e. reports from police sources and non-profit groups) while other do not (media and informants). GPEB staff report that media clippings are an important source of information regarding illegal lotteries. RCMP staff, particularly outside of Burnaby, report that their GPEB colleagues are an important source of information as they pass on information about illegal gaming that they obtain in their work with casinos and legal gaming operations.

The stated measure of success for this objective (number of reports of illegal gaming received) does not suggest a comparison to a baseline of reports made prior to the existence of IIGET. In fact it has not been possible to obtain Ministry data prior to 2004 as a new computer system was implemented in late 2003 and older information is no longer accessible. Ministry data on reports of illegal gaming recorded by GPEB is available from 2004 with the RCMP contributing data from April 2005 onwards. While some data was kept initially regarding the source of reports (public, other agencies, police etc.) the practice of keeping this level of detail ended early in 2005.

Although the Ministry does not have baseline data for the period prior to the start of IIGET, data from Statistics Canada's Uniform Crime Reporting (UCR) Survey⁶ on reports of gaming offences is available for the years before and after the creation of IIGET. This data pertains to offences under the categories of "gaming houses" "betting houses" and "other betting and gaming offences"⁷.

UCR data indicate a sharp increase in the number of illegal gaming and betting reports in BC since the start of IIGET. With the exception of 1999⁸, the number of reports between 1994 and 2003 averaged 46 per year; from 2000 through 2003, reports declined steadily to a low of 20 in 2003. In 2004 when IIGET began, reports jumped to 76, and then to 185 in 2005. This evidence supports the conclusion that the educational

⁶ The UCR Survey collects information on crimes that are reported to police. The survey respondents are police detachments and departments. Statistics Canada reports that participation by police detachments and departments in the survey is virtually 100%.

⁷ "Other gaming and betting" includes bookmaking, placing bets for consideration, lotteries, cheating at play and illegal pari-mutuel systems.

⁸ In 1999 operators of the StarNet internet gambling site were charged. This year also saw an effort to crack down on common gaming houses ("social clubs"), and on illegal video gaming machines. The UCR survey indicated an unusually high number of incidents reports that year (114).

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activities undertaken by IIGET have resulted in an increased level of reports of illegal gaming. (See Exhibit Five).

The Ministry data available from 2004 onwards provides information on reports of both *Gaming Control Act* and *Criminal Code* offences. These data indicate that there was a peak in reports of illegal lotteries in the first half of 2005, and for common gaming houses in the spring of 2006. Reports of illegal VGMs have been relatively constant through the period, with a slight increase in reports during 2005 and 2006. The impact of the renewed push on education which began in the fall of this year is not reflected in the reports data, which is available only to June 2007 (See Exhibit Six).

Comment

The education objective is one that must be supported by regular activity. The educational efforts undertaken at the start of IIGET clearly did result in an increased level of reporting of illegal gaming. The current renewed educational effort is warranted as data suggest that reporting has dropped off in most categories. Staff in police detachments and departments do turnover and the new efforts will reach a new audience.

Recording the source of reports would also be of benefit to those managing the program because it would provide information about where educational efforts are having an impact and where more efforts are required.

INTELLIGENCE**Objective**

The Mandate and Objectives document states this objective as: "Gathering of intelligence with respect to illegal gaming activity in the Province."⁹

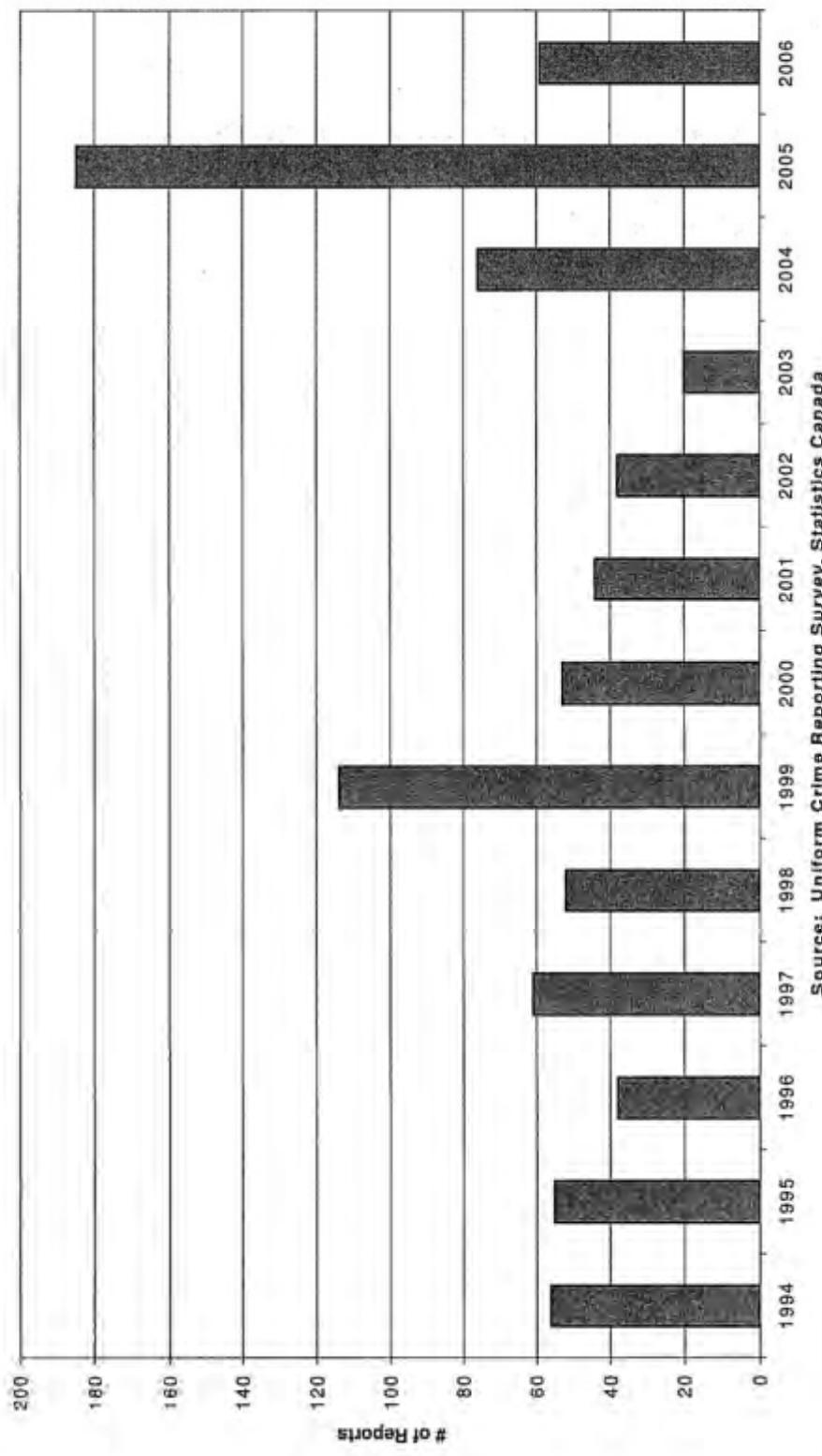
Summary of Planned Activities

The Mandate and Objectives document indicates that IIGET planned to generate intelligence by marketing itself to police detachments and departments, and other organizations (see above) who would report illegal gaming activity to IIGET. Intelligence would also be obtained from informants, through interrogations of, and covert interviews with, those involved in illegal gaming in BC. By drawing on intelligence from all these sources IIGET would become a central depository of intelligence on illegal gaming in BC, leading to a greater understanding of how widespread illegal gaming is in the province.

⁹ Mandate and Objectives, p. 2

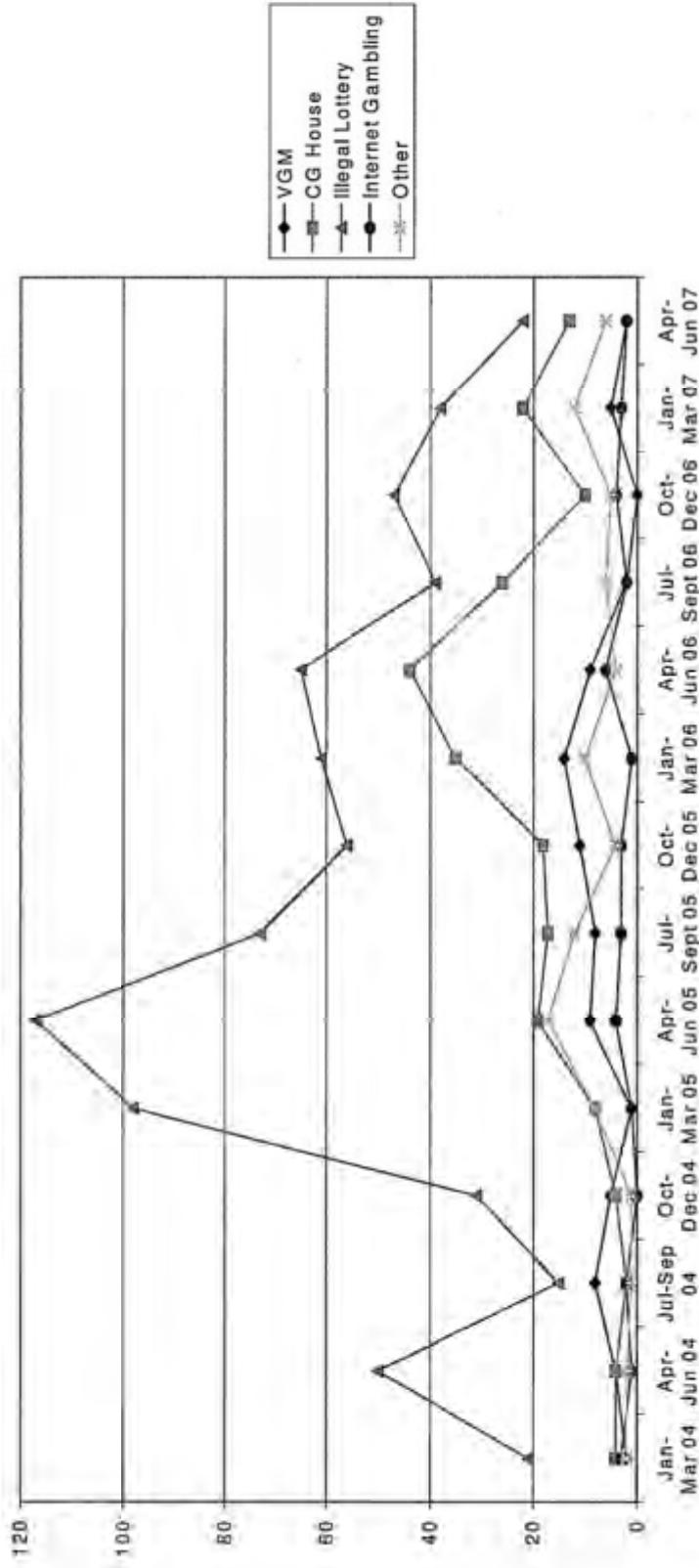
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EXHIBIT FIVE
REPORTS OF BETTING AND GAMING OFFENCES IN BRITISH COLUMBIA



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EXHIBIT SIX
IGET REPORTS OF ILLEGAL GAMING BY TYPE AND QUARTER



Source: IGET Combined Statistics

Confidential Draft**Activities Undertaken**

In addition to the educational activities described above, status reports presented to the Consultative Board since 2005 have referred to the recruitment and development of human informants; by April 2006, ten informants had been developed. As well, a wide variety of reports of illegal gaming from police and other sources have been received by both GPEB and IIGET (see previous section). In April 2006, IIGET presented a "snapshot report" on illegal gaming activity in BC to the Consultative Board.

As the body of intelligence accumulates, the potential to mine this data to uncover linkages between illegal gaming operations and individuals increases. The NCO in Charge of IIGET recently hired an analyst to delve into the intelligence for this purpose. Unfortunately, the person hired did not prove to have the required skill set and was recently released from their position. The analyst position itself is not one that is currently part of the RCMP IIGET FTE complement.

Measure of Success

According the Mandate and Objectives document, achievement of the intelligence objective was to be indicated by IIGET's ability to give a more informed estimate and a more accurate picture of the extent of illegal gaming within BC, and to give an 18 month overview of the number of intelligence reports received or initiated by IIGET.

Achievement of this Objective

Knowledge of the extent and nature of illegal gaming in BC is important to the success of IIGET at two levels. First, at a high level, the Consultative Board needs to have an understanding of the broad picture of illegal gaming in the province so that it can identify the relative scale of particular problems and direct IIGET to address concerns that the Board identifies as priorities. From an operational perspective, understanding the nature and extent of illegal gaming is necessary for the development of an operational enforcement plan.

IIGET has not yet fully achieved this objective. IIGET did produce a report on the status of illegal gaming in BC in April 2006 which outlined the types of illegal gaming known to be active in BC. These included the operation and distribution of VGMs, common gaming houses (including poker in pubs), illegal lotteries, internet gaming, and other activities such as bookmaking, loansharking, and cockfights. The report also commented on who is involved in illegal gaming (First Nations, Organised Crime).

However, some Board members interviewed for this review indicated that while they understand the types of illegal gaming present in BC, they continue to be uncertain about the full extent of these activities. Most of the reports to the Consultative Board present information on the status of individual investigations that are underway rather than the accumulation of intelligence reports that are both under and pending

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investigation. It is not easy to extrapolate from the information presented regarding individual investigations to a broader picture of the extent of illegal gaming in the province.

Reports to the Consultative Board always provide an overview of investigations that are underway. However, information regarding backlogged cases are not presented. Specifically for this review, information on the status of all RCMP files – including those currently under investigation and those where investigation has not yet occurred – was compiled. This entailed a review of files by the RCMP civilian staff member with staff at the regional offices. Results indicate that:

- There are 18 investigations underway (11 common gaming houses, two internet / computer gaming, three VGMs, one illegal pull-tab and one animal fighting cases). One other case is awaiting approval for undercover operations (common gaming house).
- Four cases are either preparing disclosure materials or are in the court process (all common gaming house files).
- There are 38 files with the status of “backlogged” (20 VGMs, 1 VGM distributor, 15 common gaming houses, 1 bingo and 1 bookmaking). All of the VGM cases and most of the common gaming house backlogged reports are from the Okanagan and Kootenays. Most of the VGM cases were reported in 2004 or 2005, while the common gaming houses date from all years.

Staff interviewed for this review commented on the highly visible forms of illegal gaming prevalent in their respective regions. In the North District, gaming on First Nations reserves is common; in the lower mainland, VGMs are very prevalent. In all areas, internet gaming is widely and easily accessible. While the involvement of Organized Crime (such as criminal motorcycle gangs) in illegal gaming is suspected by some staff, none indicated that they have knowledge of a direct link.

Comment

It is without a doubt difficult to document the extent of an activity that is by its very nature, covert. Nonetheless, a body of intelligence reports has now been accumulated by IIGET, and while the recent attempts to analyze these reports did not prove successful, analysis is necessary to understand the implications of the information that is available. If the recent increased efforts to educate police and other agencies are successful, IIGET can expect to receive an increased number of reports in the coming months, providing more recent intelligence for analysis.

To some extent, IIGET and the Consultative Board accept that they will have to work with imperfect knowledge of illegal gaming when they make decisions. However, routine reporting of information regarding both investigations that are underway, and the backlog of reports where investigations have not begun, would improve the Consultative Board's understanding of the extent of illegal gaming in the province.

Confidential Draft**ENFORCEMENT****Objective**

The Mandate and Objectives document states this objective as: "Investigation and enforcement of *Gaming Control Act* and Regulations and *Criminal Code* related offences. Three levels of enforcement will be initiated."¹⁰

Summary of Planned Activities

The Mandate and Objectives document outlines the broad range of targets for IIGET enforcement activity (internet gaming, bookmaking, possession and distribution of illegal VGMs, common gaming houses, resale of lottery tickets, money laundering and the proceeds of crime). It also set out that during the first 18 months of operation IIGET would focus its enforcement efforts on the "mid-level" targets of possession and distribution of illegal VGMs and common gaming houses. Investigation and enforcement against higher level targets, such as internet gaming, would require a greater level of resources and training and experience than IIGET investigators had at the outset. It was expected that the focus on mid-level enforcement for 18 months would allow the IIGET investigators to gain the experience and skills needed to pursue higher level targets.

The document laid out three levels of investigation and enforcement action that could be undertaken, differentiated by the seriousness of the offence:

- Minor offences where verbal or written warnings are appropriate;
- Minor offences where tickets are warranted (after a warning, or where regulatory sanctions are not appropriate or sufficient);
- Matters under the *Criminal Code* and some activities under the *Gaming Control Act*, where criminal prosecutions are appropriate.

The document proposed a division of responsibilities between the GPEB and RCMP investigators, with the RCMP to lead more complex investigations and GPEB to enforce minor illegal gaming offences and support the RCMP with its investigations. Enforcement would be enhanced through partnerships with CRA investigators whose investigations would reduce the financial incentive of illegal gaming. It also suggested that the identification of a Crown Counsel to specialise in the prosecution of gaming offences, would benefit the program.

¹⁰ Mandate and Objectives, p. 2.

Confidential Draft**Activities undertaken**

Between January 2004 and June 2007, IIGET statistics indicate that staff have opened nearly 1,200 investigation files.

EXHIBIT SEVEN
IIGET FILES OPENED, BY TYPE

	2003/04*	2004/05	2005/06	2006/07	2007/08**	Total
VGM	2	18	42	16	2	80
CG House	4	15	89	102	13	223
Illegal Lottery	21	194	307	189	22	733
Internet Gaming	3	4	11	15	2	35
Other	2	11	43	27	6	89
Total	32	242	492	349	45	1,160

* January – March 2004 only

** April – June 2007 only

While this IIGET is an integrated unit, the GPEB and RCMP components focus on different areas of enforcement¹¹. This division of responsibilities has evolved somewhat over time. Enforcement activities undertaken by each component are described below.

GPEB Activities

In June 2003 GPEB staff, working with police of local jurisdiction¹², conducted searches and seized illegal VGMs from several locations in the interior of the province. While the seizures were successful, some questions arose as a result of the raids. Seizures at a couple of venues had been confrontational, leading GPEB to reconsider the limitations of its enforcement role. GPEB staff are designated as Special Provincial Constables under the *Police Act* but they do not have full police powers and are not equipped to handle dangerous individuals or situations. When RCMP joined IIGET GPEB was able to refer cases requiring undercover work, mobile surveillance and arrests, and seizures to their police officer colleagues.

Solicitor Client Privilege**Solicitor Client Privilege**

From the time when the RCMP component in IIGET became operational, GPEB has undertaken the investigation of and enforcement against low level illegal gaming activities on its own, and assisted the RCMP with investigations and take down of mid level targets when requested to do so.

¹¹ This division is not absolute, as there is some joint activity with respect to mid level targets.

¹² These raids occurred before the RCMP component of IIGET was staffed.

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Since January 2004 GPEB has opened a total of 975 IIGET investigation files. GPEB's IIGET files are predominated by illegal lotteries. These investigations are typically triggered by a report from the public or by an advertisement of a raffle sponsored by a local charity or non-profit organization such as sports teams¹³. Between January 2004 and June 2007, GPEB opened 724 illegal lottery investigation files. All regions except the lower mainland saw a peak in this activity in 2005/06 (almost 300 investigations that year), followed by a decrease in 2006/07 (fewer than 200 investigations). GPEB staff report that they have experienced an increased workload in their non-IIGET duties at legal gaming venues which has reduced the time they have available to investigate illegal lotteries.

Texas Hold'Em events in bars fall under the category of "common gaming house" when there is rake for the house; GPEB investigates reports of these events for IIGET. Since January 2004, GPEB has opened 129 common gaming investigations, mostly in the lower mainland and Vancouver Island. The number of investigations has remained constant at about 53 per year since 2005/06.

GPEB also receives reports that fall into other categories of illegal gaming, but they represent a small proportion of the total number of investigations. These include internet gaming (24 reports), VGMs (35 reports) and others (63 reports).

The majority of GPEB's IIGET investigations have been concluded by way of either a verbal or a written warning (57%). Another 24% of investigations led to the conclusion that the originating report was unfounded, 10% resulted in a record of intelligence for future use and 9% were recorded as "administrative" or "other".

RCMP Activity

The RCMP has undertaken the investigation of and enforcement against mid and high level illegal gaming activities with some assistance from GPEB.

Investigations of common gaming houses and video gaming machines, and particularly their distribution, take considerable time and resources which ultimately lead (where successful) to a "take down" of the operations. Take downs result in the closure of the illegal gaming operation, and potentially a seizure of equipment and cash and charges against those involved. If charges are not laid, tickets, written or verbal warnings may be issued. In some cases, the cases are referred to the Canadian Revenue Agency for potential income tax investigation. *Criminal Code* charges must be approved by a prosecutor for the Crown. After a take down occurs staff prepare court disclosure documents for Crown review prior to charge approval.

¹³ GPEB staff review media clippings for these advertisements.

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Between April 2005 and June 2007, the RCMP component of IIGET opened a total of 184 illegal gaming investigations¹⁴. Common gaming houses account for 51% of the investigations, with video gaming machines accounting for another 24%¹⁵. Unlike the common gaming house investigations undertaken by GPEB (Texas Hold'Em in bars and pubs) the common gaming houses that the RCMP investigates are illegal poker rooms. Only 10 internet gaming investigations have been opened, but during 2006, one major internet gaming investigation consumed a substantial portion of the team's time for the year.

Status reports prepared for the Consultative Board indicate that since January 2005, there have been take downs of 16 illegal gaming operations, eight during 2005 and eight in June of 2007 (See Exhibit Eight).

Two investigations that did not result in take downs were also reported to the Consultative Board. One was an investigation of illegal gaming on First Nations land and the other was the internet gaming investigation of 2006. Because of the intense focus on the internet investigation, no take downs of other illegal gaming operations occurred during 2006.

EXHIBIT EIGHT **IIGET TAKE DOWNS**

	2005/06	2006/07	2007/08
Common gaming houses	4	0	8
Video gaming machines	2	0	0
Loanshark	1	0	0
Pyramid scheme	1	0	0
Total	8	0	8

One of the activities planned for Enforcement was the identification of a prosecutor who would become a specialist in illegal gaming cases. While the Legal Services Branch of the Ministry of Attorney General was approached on this subject in November of 2004, they have been unwilling to identify a crown counsel who would be dedicated to gaming cases. Initially they did consider an alternative of appointing a referral or charge approval counsel in each region to handle gaming cases but by March 2006 had concluded that their own resources limitations precluded this option. Their Director indicated that all IIGET reports to Crown Counsel would be reviewed for charge assessment in the ordinary course; direct liaison was recommended if IIGET wished to see a file given higher priority. In recent cases, IIGET has prepared the required

¹⁴ Data on RCMP investigations under IIGET are available only from April 2005 onward.

¹⁵ Internet gaming accounted for 5%, illegal lotteries for another 5% and "other", 14%. Other may include items such as human sources or general intelligence.

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disclosure documents for Crown to consider and has largely succeeded in having charges approved. In some cases persons “found in” common gaming houses have been approved for a diversion process rather than a criminal charge.

Measure of Success

According the Mandate and Objectives document, achievement of the enforcement objective was to be indicated by:

- A measurable increase in gaming licence requests received by GPEB, and
- A measurable increase in the number of seizures and enforcement actions.

These indicators of success for the enforcement objective require comparison to baseline data regarding both licensing and enforcement actions.

Achievement of this Objective

Enforcement action is the culmination of the education, intelligence gathering and investigation activities of IIGET, and is centrally important to IIGET’s ability to fulfil its mandate. Enforcement against serious illegal gaming operations reduces the level of this activity directly through seizures and charges against those involved. Active and visible enforcement can also deter others from entering the field. Some enforcement activity – verbal and written warnings — serves an educational function, and promotes the conversion of illegal activity that can be operated legally (i.e. lotteries) to licensed events.

The enforcement objective for IIGET speaks only to investigation and enforcement activity, not to an actual reduction the incidence of illegal gaming in BC¹⁶. The first measure of success for this objective, however, does refer to the impact of enforcement activity – an increase in the number of licensed lotteries is the expected result of enforcement against illegal lotteries. Since its inception GPEB has investigated illegal lotteries and warned operators about the need to be licensed. However, with the creation of IIGET GPEB stepped up its activities in this regard. Unfortunately, data on the number of reports of illegal lotteries and the licensing of legal lotteries does not pre-date IIGET, so baseline data for this measure does not exist.

GPEB investigation and enforcement activity in this area peaked in 2005/06 (see Exhibit Seven). The total number of licenses issued for Class A and B¹⁷ gaming events increased by 13% between 2003/04 and 2004/05 and then has decreased somewhat. While the initial investigation and enforcement against illegal lotteries likely has

¹⁶ The object is: “Investigation and enforcement of *Gaming Control Act* and *Regulations* and *Criminal Code* related offences. Three levels of enforcement will be initiated.”

¹⁷ Licenses are issued for charity gaming events such as raffles, bingos, wheels of fortune and social occasion casinos. Class A are issued for events over \$20,000, and Class B for events under \$20,000

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influenced the number of organisations obtaining licenses, a continuing impact of this particular enforcement activity is not evident from the licensing data that is available.

However, this does not in itself mean that GPEB's activities have not had an impact. One difficulty with this measure of success is that the number of licensed events (average of about 6,600 per year) far outnumbers the number of illegal lottery investigations undertaken (average of 175 per year). Year to year fluctuations in licensing data due to other factors could well mask the impacts of the enforcement activity. Therefore, licensing data is a weak and indirect indicator of the success of enforcement against illegal lotteries.

A more relevant indicator might be the change in the number of advertisements and reports from the public regarding illegal lotteries. Unfortunately, there are two difficulties with this potential measure as well. First, separate data on reports from each of these sources is not kept. Second, the number of reports resulting from advertisements is, in part, a reflection of the time that GPEB staff have to review media clippings to identify potential illegal lotteries. Staff report that increasing demands associated with the expansion of legal gaming facilities have resulted in less time for this activity. Thus, while IIGET data indicates a reduced number of reports of illegal lotteries in 2006/07, this cannot be taken as an indication that illegal lotteries have decreased.

The second measure of success for the enforcement objective is a measure of activity: an increased number of seizures and enforcement actions. Again, baseline data that would illustrate the impact of IIGET are limited -- Ministry data does not pre-date 2005. Statistics Canada UCR Survey data is available for the years before and after the inception of IIGET, and does report on "clearances by charge" for betting and gaming offences:

- The average number of incidents cleared by charge between 1994 and 2003 (excluding 1999¹⁸) was 10 per year;
- 2002 and 2003 were the lowest years with 4 and 6 clearances by charge respectively;
- In 2004 only 2 incidents were cleared by charge;
- In 2005 this figure jumped to 27; it decreased to 2 for 2006.

The increase in 2005 corresponds to timing of take downs of common gaming houses and VGM operations by IIGET in that year; therefore the data do indicate that IIGET has had an impact on the enforcement action against illegal gaming.

The UCR survey data does not capture other enforcement outcomes such as seizures, warnings, and the number of operations closed down. Information available from both the statistical data reported by IIGET, and from the status reports prepared for the Consultative Board indicate the following:

¹⁸ As described above, 1999 saw significant enforcement activity related to VGMs, common gaming houses and the StarNet internet gaming operation. In 1999, 114 gaming offence incidents were reported and there were 66 clearances by charge.

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- In 2005 and in 2007 16 illegal gaming operations were closed down, including 12 common gaming houses and an illegal VGM distributor.
- Criminal charges were laid against 9 keepers of common gaming houses in 2005. Several persons “found in” these common gaming houses were given written warnings or charged.
- The take downs of four common gaming houses in 2007 resulted in recommendations for charges against 11 keepers and 53 persons found in a common gaming house. Four additional operations were closed down without recommendations for charges.
- Seizures of cash and illegal VGMs occurred in conjunction with four take downs in 2005. The take down of an illegal VGM distribution ring also resulted in the seizure of two vehicles.
- Referrals were made to the CRA for income tax investigations in five cases.
- The loansharking case resulted in a \$200,000 forfeiture to the Crown.
- The pyramid scheme take down resulted in the recovery of monies which have subsequently been distributed back to victims. This case also resulted in fraud charges against two people, one of whom was convicted and fined.

There is also some anecdotal evidence that IIGET's activity has resulted in an actual decrease of specific illegal gaming activity. Staff indicated that they see few illegal VGMs in the north¹⁹ of the province where there have been seizures of these machines in the past. However, they report that VGMs are more evident in the Okanagan, and very evident in the lower mainland where take downs to date have tended to focus on common gaming houses.

Comment

The current enforcement objective simply states that enforcement action against illegal gaming operations should occur. It is clear that this has happened, for both GPEB and RCMP investigations under IIGET.

A more meaningful objective would be to reduce the level of illegal gaming through enforcement action. For such an objective to work however, a clear understanding of the current level of illegal activity would be needed. As discussed with respect to the intelligence objective, this is an inherently difficult thing to know with certainty.

Even if an objective to reduce illegal gaming is too difficult measure, the current enforcement objective could be re-framed in more concrete terms. For example, an

¹⁹ Not including First Nations reserves.

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objective could be to initiate investigation of high priority²⁰ illegal gaming occurrences within a given time period. In recognition that some investigations will likely take several months to conclude, reporting for this objective could include the status of investigations (e.g. concluded, still underway, not yet begun) for all reports received each month or quarter, with a focus on high priority areas. Information of this nature would provide an indication of workload, the progress of investigations in priority areas and the extent of problems not yet addressed.

SUMMARY OF PROGRAM SUCCESSES

In terms of its stated objectives, IIGET has had some successes. The educational efforts of the early period did result in an increase in reports of illegal gaming activity, indicating increased awareness, likely among law enforcement agencies and non-profit organizations. In 2005 and 2007, take downs conducted by IIGET have shut down several mid-level illegal gaming operations. Hundreds of organisations operating illegal lotteries have been warned that their activity must be licensed.

In addition to the results of the program, staff report that they feel well supported and have the equipment and training that they need to do their work. Almost everyone in GPEB has worked for the RCMP in the past and they feel comfortable with, and understand the RCMP working environment of their colleagues. Staff on both the GPEB and the RCMP side report that the two components get along well and there is a good atmosphere of open communication and co-operation between themselves. While the division of responsibilities between GPEB and the RCMP staff has evolved over time, most staff now have a clear understanding of, and accept, their respective roles.

The next chapter considers some of the challenges that have faced IIGET and presents recommendations for the future.

²⁰ Priority areas for enforcement as determined by the Consultative Board.

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CHAPTER FIVE

FUTURE DIRECTION FOR IIGET

The Consultative Board has a responsibility to make recommendations to the Solicitor General regarding the continued operation, funding and success of IIGET. This review is intended to assist the Board in its deliberations regarding the future of IIGET once the current MOU expires in March 2008. The Board has three basic options for its recommendation to the Solicitor General: it could recommend that IIGET be disbanded, continue in its current form, or expand its operation. This Chapter considers these options and concludes with a recommendation. The following chapter addresses a number of specific issues regarding the operation of IIGET and presents recommendations for each.

Based on the information compiled for this review²¹, a decision to discontinue IIGET at this point does not seem appropriate. Such a decision would likely see enforcement by GPEB staff continue (as they are not funded through the IIGET MOU), but an end to the RCMP investigation of mid-level and (potentially) high level targets. There is a backlog of outstanding cases, largely at the mid-level of investigation, an area where IIGET has demonstrated its ability to succeed. In addition, it appears that no other police agency is likely to fill the void left by the RCMP component if IIGET were to disband. Mid-level targets could, in theory, be taken on by local police departments and detachments as was done prior to the establishment of IIGET. Most staff feel however, that local police lack the time and specialised knowledge to undertake these types of investigations. IIGET now has trained and experienced staff who have demonstrated their ability to handle mid level targets.

To the extent that organised crime is involved in high level illegal gaming, it is possible that the Co-ordinated Special Forces Enforcement Unit may target some of the same individuals that IIGET would target in high level investigations. However, the focus of that unit is on particular organisations and individuals rather than on a particular type of activity such as illegal gaming. E-Division RCMP have indicated that it is very unlikely that CFSEU would take on major illegal gaming investigations as such.

If IIGET is to continue, it could do so at its current resource level or could be expanded to take on more investigative work. The question of expansion arises because IIGET is currently focussed only on low and mid level illegal gaming activity. The RCMP has developed a draft business case for a staffing increase to allow for all levels of illegal gaming – including high level – to be targeted by IIGET.

Since its inception IIGET has shifted its investigative focus from mid to high and back to mid level investigations (GPEB has worked on low level target, and assisted with

²¹ Senior decision makers may consider factors not examined for this review, for example, the demand for police resources to address areas of criminal activity outside of illegal gaming.

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mid level work, throughout). During 2004 and 2005, the RCMP focussed its efforts on mid level targets such as common gaming houses and illegal VGMs, with a number of successful take downs occurring in 2005. This was in keeping with the Mandate and Objectives document which had proposed that IIGET keep to such targets for the first 18 months of operation in order to gain experience before taking on higher level targets.

In 2006, the RCMP did shift to focus on one single high level target. At the April 2006 Consultative Board meeting, the RCMP proposed that IIGET move away from street level enforcement to target high level illegal gaming. The Board discussed the pressures that such a move would put on the existing mandate and resources and requested that the RCMP prepare a written proposal regarding the long term strategy for IIGET, but did endorse in principle, IIGET's shift towards more high level illegal gaming targets. However, the Board also asked for a more formal presentation at the following meeting regarding the impact of such a shift on mid and low level illegal gaming investigations. The Board also reserved the right to revisit its decision.

The following meeting was held in December 2006. By this point the RCMP IIGET staff had been working on an investigation of a high level internet gaming operation for almost a year to the near exclusion of mid level investigations. In addition, to fund significant equipment purchases and specialised assistance from other sections of the RCMP needed for this investigation, three vacant positions in the RCMP complement of IIGET had not been filled. The Board directed IIGET to re-focus its resources on mid-level targets, and not take on any new, high level targets in the short to medium term. The Board directed IIGET to continue its work on its high level investigation to the extent required to meet current obligations; by this point, most of this particular investigation had been taken on by a major US enforcement agency. At present, IIGET is focussing on mid-level targets and once again has been able to take down several illegal operations in 2007.

One consequence of the shift to the high level target in 2006 was that investigation of mid level targets had come to a virtual halt. However, the unit continued to receive reports of mid level illegal gaming, as the initial educational work to inform police and other agencies of IIGET's mandate continued to generate reports of illegal activity at that level.

Some staff interviewed for this review commented that even with all of the IIGET RCMP resources dedicated to the high level investigation they were barely able to keep up with its demands. The target continually restructured its business entities and conducted much of its activity outside Canada which required constant monitoring; in addition, the investigative techniques used were very resource intensive.

There is a general consensus that with its current level of resources IIGET is not able to successfully take on both mid and high level targets that are within its mandate. Some suggest that the resources devoted to IIGET should be increased so that both aspects of the mandate can be tackled. However, others are of the opinion that high level investigations would require a very substantial increase in resources in order to be

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successful and that such targets are in reality, far beyond the capacity of IIGET to tackle. Unfortunately, the investigation in 2006 was not completed by IIGET and therefore does not provide a good example of the resources needed to conclude a high level investigation.

A full analysis of the staffing levels and other resources required for IIGET to take on high level targets is beyond the scope of this review. The draft Business Case for the expansion of IIGET staffing prepared by the RCMP needs to be strengthened before the Consultative Board can reasonably make a sound decision to expand IIGET, or not. A comprehensive business case would identify:

- The extent of both mid level and high level targets that are known to be operating in BC – essentially, both the *scope and scale* of the problem need to be described.
- A direct linkage between scope and scale of targets and the level the investigative resources needed to tackle them.
- An explanation of the expected accomplishments (and what could not be accomplished) at different levels of expansion.
- A breakdown of expected costs for each expansion and status quo option, stating separate amounts for one-time start up costs (and how they would be used) and on-going expenditure (with detail regarding amounts for salaries, equipment and other operating costs).
- A breakdown of total RCMP costs into the 70% and 30% amounts that would be supported by MOU funding and the federal government respectively.
- An explanation (linked to the pattern of known targets) for the geographic distribution proposed for additional staff positions.
- An indication of the timeframe needed to recruit and train additional staff, obtain additional equipment, refit office space and complete other start up activities for expansion.
- Approximate timeframes for investigations and disclosure work for the additional targets that could be addressed with increased resources.
- Objectives for the expanded unit and the benchmarks against which its success would be measured. The IIGET NCO in Charge would be held accountable for meeting these objectives.
- An assessment of the risks that could result in additional costs, delays and/or failure to successfully conclude the investigations to be undertaken; strategies to mitigate risks, and/or take alternative actions should the risks materialize.
- The information that would be routinely reported to demonstrate progress towards the achievement of the objectives and to monitor the scope and scale of illegal gaming targets in BC, plus plans to collect and track any new data sources for this purpose.

With the information outlined above the Consultative Board would be in a much better position to make a recommendation to the Solicitor General. However the Board needs to consider additional factors beyond those that would be covered by a business case. In particular, a decision to expand to high level targets needs to be considered

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within the context of IIGET's mandate to protect the integrity of legal gaming in BC. The Board needs to consider questions such as: to what extent do high level targets such as bookmaking and internet gaming impact legal gaming operations in BC? Are mid level activities such as illegal poker rooms and illegal VGMs a greater or lesser threat to the integrity of legal gaming than internet gaming and bookmaking? Answers to these questions depend in part on an assessment of the severity of these problems which a comprehensive business case could address, but also require input from those responsible for legal gaming in BC.

Recommendation:

The Board needs additional information in order to make a sound decision regarding the resource level for IIGET. Therefore, it is recommended that the term of the current MOU be extended for a year to allow IIGET operations to continue at current levels until the additional information is available. During this year, it is recommended that IIGET focus its efforts on mid level targets, improve its reporting to the Consultative Board (see next Chapter), and develop a comprehensive business plan for the continuation and potential expansion of IIGET.

If the Consultative Board ultimately decides to maintain the current level of resources for IIGET, it is recommended that the Board direct IIGET to pursue only one of mid level or high level targets, and that the mandate and objectives of IIGET clearly state which level is to be the investigative focus. In addition, the Board should attempt to find another means to target the level that cannot be addressed by IIGET. This would likely require the development of a strategy to involve other police agencies in these responsibilities.

CHAPTER SIX

ISSUES AND RECOMMENDATIONS

When asked to give their view on the extent to which IIGET is achieving its objectives, many of those interviewed indicated that IIGET has made progress but is not yet reaching its full potential. Several people indicated that IIGET has experienced a number of challenges at both the operational level and with respect to its overall direction. This chapter reviews these challenges, the impacts that they have had, and where they remain unresolved, presents recommendations for improved performance. These issues were identified largely through interviews with staff and Broad members. Recommendations are based on the assumption that IIGET operations will continue.

Staff Turnover and Vacancies

Several of those interviewed commented on the high level of staff turnover in the RCMP positions since the start of IIGET. Staffing records illustrate that the unit has been less than fully staffed for most of the period it has been in operation. Some of the vacancies are attributable to turnover, but some vacancies were deliberately held open to free up resources to fund other aspects of the major internet gaming investigation that took place in 2006. In many cases turnover has been the result of staff seeking promotions with the ranks of the RCMP. The following illustrates the extent of turnover and sustained vacancies that have affected IIGET:

- The total RCMP staff complement for IIGET is 12 RCMP members plus one civilian employee. Since the unit was first fully staffed in February 2005 there has been a full complement of RCMP members for only three months (February through April 2005).
- Only two individuals have been with IIGET RCMP since October 2004²².
- There have been periods of sustained vacancies in all offices. In both Prince George and Kelowna one out of two positions were vacant for 10 to 11 months consecutively. In Victoria one position was vacant for 5 months (now filled), but the other position is now currently vacant.
- The greatest turnover has occurred in Burnaby. Since January 2005 this office has had a full complement in only 5 months, and has on occasion been down to only three staff out of six positions. The Burnaby office is fully staffed as of October 1, 2007 for the first time since April of 2005.
- The greatest turnover has been in the Staff Sergeant position, which is the NCO in Charge of the unit -- there have been four incumbents and one person acting in

²² Todd Parker (Cst, then Cpl., PG) and Rob Cormier (Kelowna)

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this position. The greatest turnover occurred early in the program and the current incumbent has been in the position since September 2005.

- Currently the unit is fully staffed except for one position in Victoria (incumbent is on leave and will retire in January 2008).

This level of turnover and vacancy would create difficulty for any program, but is especially problematic for one that is just getting started. The following problems resulting from turnover and vacancies were cited by staff:

- Turnover results in many positions being filled with staff who are new to illegal gaming investigation. Most RCMP staff reported that they knew very little about illegal gaming before they joined the unit. Training for new staff is offered in Ontario only once per year, so this means that new recruits to the unit can go several months before they receive any formal training in illegal gaming issues.
- When staff leave to take new positions, the investment in training that has occurred, and knowledge and experience gained on the job, is lost to the unit.
- Sustained vacancies in two person offices make it very difficult to conduct the full range of operational duties required for gaming investigations (particularly as GPEB staff are limited in the type of assistance that they can provide).
- The turnover in the NCO position during 2004 and 2005 contributed to a delayed implementation of IIGET.

While the RCMP have experienced considerable turnover, GPEB staff have not. In fact, several people indicated that the consistency provided by GPEB employees was of great benefit to the RCMP employees who relied on their GPEB colleagues for information and guidance when they were new in their positions.

The RCMP has responded to these concerns with the comment that the force in general has gone through a period of tremendous turnover, but that the situation is more stable now. The growth in positions elsewhere in the country has created vacancies which have drawn people from their existing positions. However, the overall vacancy level in the force has now been reduced and strategies to reduce turnover, such as keeping cadets in one location for five years, are being initiated. The NCO in Charge of IIGET recognises the impacts of turnover, and has worked internally to stress the importance of finding staff who are willing to stay with the unit.

Recommendation:

The demographics of the population in general can be expected to affect the RCMP, and GPEB as well, in the coming years. It is reasonable to expect that there will continue to be some staff attrition due to factors such as retirements that are beyond the unit's control and it is expected that both the RCMP and the province will implement

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strategies, at the corporate level, to recruit and retain staff. However, the following are recommendations to mitigate the impact of turnover in IIGET specifically:

- Contract for the development of a procedures manual and background materials that new recruits can refer to when they start in a position. Such material will help to increase continuity as staff change, and help new staff to gain some knowledge until they are able to participate in training.
- Approach the trainers in Ontario about the possibility of offering training more frequently than once per year and/or delivering their course in BC. The cost for additional training could be supported within IIGET's budget from GPEB's allocation (which has been used for training costs in the past).
- Consider filling some vacancies on a secondment basis with members from municipal police departments (see below).

Integration or Co-ordination

At present there is a clear division of responsibilities within IIGET between the GPEB and RCMP components. Only on mid-level investigations do the two components actually work together on the same investigation, and in these instances, GPEB's involvement is quite limited. Some staff have questioned whether IIGET is truly an "integrated" unit, or whether it is more co-ordinated than integrated.

The actual degree of integration differs from place to place. Staff in the regional offices all report that they have daily contact with their counterparts with whom they are co-located, and the operations "feel" integrated to them. Staff in Burnaby do not have as frequent contact with their counterparts and there is a greater independence of the two operations, no doubt in part due to the separation of office space. Some RCMP staff have commented that co-location with GPEB has resulted in reduced contact with their local detachment. In one location, it has also created difficulties with access to RCMP's PRIME system because of problems obtaining and installing the necessary secure lines at the provincial government office. Nonetheless, most staff support the co-location model as one that provides benefits to both organisations.

With respect to specific investigations, RCMP staff commented that they often receive information and reports of illegal gaming activities from their GPEB counterparts. GPEB staff report that when requested, they can and do assist with take downs and other aspects of RCMP led investigation and in these circumstances the RCMP direct the GPEB staff. No one interviewed for this review disagreed with this approach – all feel that the police need to take the lead in these situations. The RCMP do not direct GPEB staff with respect to investigations of illegal lotteries and poker tournaments that GPEB undertakes on its own.

The current MOU indicates that the RCMP component of the unit is to be directed by the RCMP NCO in Charge and that the NCO and a designate from GPEB report to the

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Consultative Board on IIGET activities. Management staff indicate that they communicate with each other on a regular basis.

Recommendation:

Over the past three years the respective roles of GPEB and the RCMP have evolved and become clearer to all involved. The degree and form of integration that is seen in IIGET today is perhaps not exactly as it had been envisioned at the outset, but remains a valuable aspect of the IIGET model. The RCMP in particular is able to do a better job of investigation and enforcement because of the close connection with GPEB.

If another MOU is developed, the respective roles of GPEB and the RCMP could be more accurately described, particularly for investigations where GPEB assists the RCMP. Co-location of staff is clearly a benefit. While it may not be practical to have complete co-location in Burnaby, consideration could given to housing some GPEB staff within the RCMP offices. This would be particularly worthwhile if GPEB is able to increase its staff and dedicate one or two positions to IIGET activities.

Municipal Police Department Members

Most of the illegal gaming problems that the Burnaby office deals with are within the City of Vancouver. A number of staff commented that it would be beneficial to have one or two members from the Vancouver Police Department (VPD) working for IIGET on a secondment basis. An arrangement such as this would provide better access to contacts within VPD, better local knowledge and better ability to co-ordinate with the related investigations in VPD.

Recommendation:

The Consultative Board should approach VPD to see if they have the interest and capacity for one or two members to work on secondment with IIGET.

Data Collection and Analysis

The work for this review entailed analysis of available data to assess the impacts that IIGET has had. The statistical data routinely prepared for IIGET at present are limited to the number of reports of illegal gaming (by quarter, type of gaming, region and GPEB vs. RCMP), and clearance data (by quarter, and type of clearance.) There is no linkage of the type of reports received and the clearance data – the data does not show, for example, the number of reports of common gaming houses that were unfounded or cleared by charge.

Nor is there a clear linkage between reports received and clearances over time; clearances for a given period do not necessarily relate to the investigations resulting from reports received in the same period. It is therefore difficult to determine from these data

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the “open caseload” of investigations currently underway, and the degree to which a backlog of uninvestigated reports exists. The NCO in Charge receives updates regarding the investigative projects²³ that his staff are pursuing, which are tracked internally on a spreadsheet. The information on the backlog of cases not yet under investigation that is presented in this report was compiled for this review by the unit administrative assistant, a process that required calling individual unit heads to obtain information regarding the status of their files.

Understanding the characteristics of the current caseload and of any backlog is key to the identification of current and emerging concerns. Without this information it is difficult for the Consultative Board to make decisions regarding enforcement priorities and the appropriate level and allocation of resources to address those priorities.

Once a take down has occurred, a number of other events and outcomes may follow, including: arrests, recommendations for charges, charges approved by Crown, and the ultimate disposition of the case by the courts. While these activities and outcomes are reported in narrative form to the Consultative Board, a numerical summary would allow the Board to see more easily the ultimate outcomes of IIGET's activities.

Recommendation:

Statistical reports prepared for the Consultative Board should be re-designed to include information about the number and type of investigations underway and any backlog of reports where investigations have not yet begun. Clearance data should be presented by case type. This may necessitate additional data capture. Additional standard reports regarding the outcome of cases post take down should also be developed and provided to the Consultative Board.

First Nations Gaming

One very visible area of gaming activity is on First Nations reserves. Some First Nations maintain that they have the legal right to conduct commercial gaming activities, while IIGET is of the view that the Gaming Control Act and Criminal Code apply on reserve and that First Nations gaming activities are illegal. Past attempts to enforce against First Nations gaming have proven to be difficult and an operational decision had been taken to allow First Nations Constables to handle these issues. There has been one recent take down of a common gaming house on reserve, but charges were not sought due to the sensitivities regarding this issue.

IIGET staff report that First Nations gaming continues unabated and is highly visible. Take downs without charges are unlikely to be a successful long term strategy to address this concern. Both legal advice and a political decision are required regarding the long term role of IIGET in enforcing gaming laws on First Nations lands.

²³ Smaller investigations that do not have the status of a Project are not recorded on this spreadsheet.

Confidential Draft**Recommendation:**

Members of the Consultative Board should undertake to obtain direction on this issue, to provide clarity to IIGET.

Role of BCLC

The mandate of BCLC is to administer legal gaming on behalf of the province. Some interviewed for this review question its role in funding IIGET, which focuses on illegal gaming that occurs away from legal gaming venues. The current funding arrangement was put in place when IIGET was created; the then Solicitor General instructed BC Lottery Corporation to provide funds for IIGET. Discussions with Treasury Board staff conducted at that time indicated that there was not support for earmarking a portion of the annual BCLC distribution to government for particular purposes, such as supporting illegal gaming investigations. Therefore, BCLC funding of IIGET was structured within the MOU.

Some people also raised a concern about the appropriateness of BCLC presence at Consultative Board meetings where confidential information regarding investigations is presented. Under the MOU, the CEO of BCLC is a member of the Consultative Board, but has a limited vote, restricted to matters related to budget, the effectiveness review and recommendations to the Solicitor General. Given the fact that BCLC has a vote related to budget matters, its representative needs to understand the scale of the issues that IIGET is taking on in order to make appropriate budgetary decisions.

Recommendation:

If the Consultative Board recommends the continuation of IIGET to the Solicitor General, it should also recommend restructured funding arrangements. BCLC does not have an enforcement function and should not directly fund an enforcement unit that has a mandate to address illegal activity that occurs away from legal gaming venues. Therefore, it is recommended that a submission be made to Treasury Board to earmark funds for IIGET within the Consolidated Revenue Fund (CRF). Funds flowing to the CRF from BCLC (as part of its annual distribution to government) would increase by the amount that it currently provides for IIGET. The same amount would be earmarked within the CRF for IIGET funding. Therefore, the impact on the CRF would be neutral.

If BCLC remains as a funder of IIGET, the CEO should remain as a member of the Consultative Board with a limited vote. The Consultative Board should consider structuring its meeting agendas so that confidential information is presented at the beginning or end of the meeting, when the CEO may excuse herself. The CEO does need to be present for general discussions regarding the number and type of cases not yet under investigation and progress towards achievement of objectives, also presented at a general level.

Confidential Draft**Board Operation**

Some board members interviewed for this review commented that the number of people attending meetings of the Consultative Board has increased significantly impacting effective decision making. The Consultative Board itself has five members, and the MOU requires that two others report to the Board (the NCO in Charge for the RCMP and a GPEB designate). With a minute taker, the attendance should be in the order of eight people. For the first number of meetings, there were usually between 7 and 10 people in attendance but recently several staff members have attended as well. At the most recent meeting, there were 13 in attendance.

Recommendation:

The Board should consider limiting attendance at the meetings and /or structuring its agenda to conduct a portion of the meeting in camera.

Appendix D

October 1997 Treasury Board Submission: Illegal Gambling Enforcement Unit

TBS #: 9900294

Date Received: OCT 16/97

Ministry #: 27/98

Analyst: USA MALLETT



RECEIVED

OCT 16 1997

FINANCE & CORP. RELATIONS
TREASURY BOARD SECRETARIAT

TREASURY BOARD SUBMISSION

The Honourable Andrew Petter
Chair
Treasury Board
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Request No.: 27/98

Vote No.: 17

Date: October 14, 1997

Amount: \$0.31 million and 1.3 FTEs (97/98)
\$1.02 million and 5.0 FTEs (annual)

REQUEST:

Approval of the establishment and funding for an Illegal Gambling Enforcement Unit at Coordinated Law Enforcement Unit (CLEU) and a dedicated Crown Counsel to deal with gambling enforcement in British Columbia.

JUSTIFICATION:

Over the last several years, British Columbians have raised and expressed concerns regarding gambling in Las Vegas-style casinos and the use of video lottery terminals. In response, the Provincial Government undertook a major review of gaming policies. This review identified a number of alternatives, including analysis of the economic and social issues accompanying each option.

On March 13, 1997, the Government announced its new gaming policy. As a result of this policy, Las Vegas style casinos and video lottery terminals will not be permitted anywhere in the Province.

Province of
British Columbia

Attorney General

Parliament Buildings
Victoria, British Columbia
V8V 1X4

Appendix D



Since the Government's March 13, 1997, gaming announcements a number of regulatory measures have been introduced. Implementation of these new measures is divided between several ministries: the Ministry for Children and Families (MCF) being responsible for the Problem Gambling Program; the Ministry of Employment and Investment (MEI) coordinates all gaming initiatives, including enhancements to charitable gaming and a process for new gaming facilities, and the Gaming Commission; and the Ministry of Attorney General (MAG) overlooking the integrity of public gaming in the Province through the Gaming Audit and Investigation Office.

As a result of the expansion of gaming activities in the Province, and after initial consultations with the police community, this request addresses policing measures required to implement Government's decisions to provide dedicated police and prosecution resources to address illegal gaming.

This proposal will:

1. establish a multi-agency Illegal Gambling Enforcement Unit at CLEU. The Unit will be staffed by seconded police officers (from RCMP and municipal forces) while support will be provided by regular employees. The Unit's mandate will be to detect, investigate and prevent illegal gambling and associated criminal activities;
2. establish a dedicated Crown Counsel for gambling enforcement. The duties of the Crown Counsel would include; prosecuting illegal gambling, developing expertise in gambling related laws, providing training to other Crown Counsels involved in illegal gambling prosecutions, and offering legal advice to the Illegal Gambling Unit at CLEU; and
3. establish a committee to coordinate sharing and timely flow of information as well as consistent and high quality advice to Government.

The resource requirements needed for the Illegal Gambling Enforcement Unit and dedicated Crown Counsel are summarized in the tables below. The 1997/98 fiscal year impact assumes a January 1, 1998, implementation date.

A consultation paper on illegal gambling in British Columbia is attached for your review and information.

Illegal Gambling Unit	1997/98		Annual	
	FTEs	\$	FTEs	\$
Regular staff	0.8	44,426	3.0	177,705
Seconded police officers (7)	--	121,145	--	484,580
General operating costs	--	45,071	--	180,285
One-time costs (assets)	--	43,200	--	----
Total	0.8	253,842	3.0	842,570

Dedicated Crown Counsel	1997/98		Annual	
	FTEs	\$	FTEs	\$
Regular staff	0.5	33,750	2.0	135,000
General operating costs	--	10,500	--	42,000
One-time start up costs (assets)	--	10,000	--	----
Total	0.5	54,250	2.0	177,000

The policing measures and resource requirements described above were identified in the Cabinet submission on gaming policies (estimated at \$0.8 million).

R.C. McCandless
Ministry Contact

387-5258
Telephone Number

Mark MacKinnon
Ministry Contact

953-4482
Telephone Number

M.A.M.
N Attorney General
A. Miller
Minister of Employment
and Investment

Approved/Not Approved

Date: _____

Chair, Treasury Board



Ministry of Attorney General
Office of the
Assistant Deputy Minister
Management Services Branch

MEMORANDUM

5th Floor, 910 Government Street, Victoria, British Columbia, V8W 9J4
Telephone: (250) 387-5258 Fax (250) 387-0081

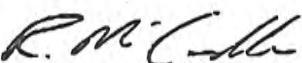
January 22, 1998

c to Sta
98/01/22 SGB
- James /
info file
TB 27/98

Tom Vincent
Director
Social Policy Branch
Treasury Board

Re: Treasury Board Submission 27/98

The Ministry is withdrawing this request due to the recent Supreme Court ruling.


R.C. McCandless
Assistant Deputy Minister

cc: Barbara Kaiway

Author: Lisa S Ransom at F1 .C05

Date: 1/22/98 10:32

Priority: Normal

Receipt Requested

TO: Edith N Chapman

CC: Rob A Fraser

CC: Balicki(Stan) AG:CE at FINSMTP1

Subject: MAG Treasury Board Submission No. 27/98

----- Message Contents -----

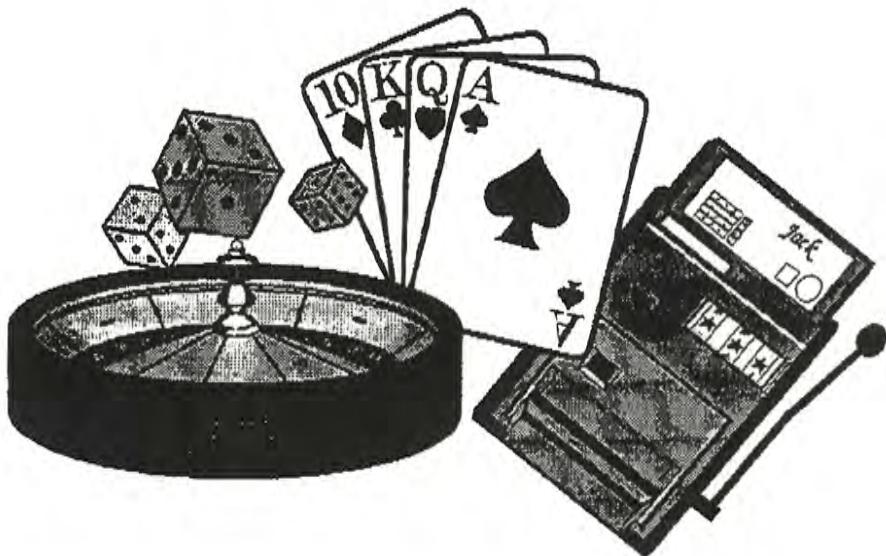
Hi Edith:

The Ministry of Attorney General has just withdrawn its Treasury Board Submission No. 27/98 (CLEU - Illegal Gambling Enforcement Unit). We should be receiving a memo from MAG in the next few days to confirm this.

Thanks

Lisa

A Consultation Paper on Measures to Combat Illegal Gambling in British Columbia



August, 1997



BRITISH
COLUMBIA

Ministry of Attorney General

(X)

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* Components of this proposal were prepared by Gaming Audit and Investigation Office, Lotteries Advisory Committee, Legal Services Branch, Criminal Justice Branch and CLEU, which provided coordination and production of the report itself.

INTRODUCTION

This is a proposal to combat illegal gambling in British Columbia.

It is being advanced as one of a series of interrelated policing, regulatory and health measures being put in place in association with the implementation of government gaming policy.

Consultation with the police community is being undertaken with a view to developing a proposal for review by Cabinet and Treasury Board.

Outlined below is:

- an overview of the measures being taken by government pursuant to the March 13, 1997 announcements,
- a brief description of the problem of illegal gambling in BC,

and proposals for:

- the establishment of a Gambling Unit at CLEU,
- the creation of a dedicated Crown Counsel for gambling in BC, and
- the establishment of a committee of affected police, Crown and regulatory officials to ensure operational coordination and the provision of timely briefings and policy advice to the Attorney General and government.

IMPLEMENTATION OF BC'S GAMING POLICY

- Responsibility for overseeing the implementation of government's March 13th gaming announcements lies with the newly created Lotteries Advisory Committee (Ministry of Employment and Investment).

LOTTERIES ADVISORY COMMITTEE

- The *Lottery Act* empowers the Cabinet to establish a committee called the Lotteries Advisory Committee (LAC) and select the number and term of appointments (Section 3).
- The LAC has now been established to implement the government's new gaming policy through discussions with police agencies, local government, charities, commercial gaming operators, and First Nations.

- The LAC will make site selection recommendations to Cabinet for new destination and additional new charitable facilities (casinos and bingo halls).
- The LAC will ensure that the British Columbia Gaming Commission, the Gaming Audit and Investigation Office in the Ministry of the Attorney General, the British Columbia Lottery Corporation, and the Racing Commission are fully involved and apprised of their respective roles and responsibilities regarding implementation matters.
- Peter Clark, a senior civil servant who has worked on gaming policy for three years, chairs the Lotteries Advisory Committee. The vice-chair is Guy Simonis, president of the BC Lotteries Corporation. Other members include Jane Henderson, Q.C. the vice-chair of the BC Racing Commission, George DesBrisay, the chair of the BC Gaming Commission, and Steve Letts, Director of the Gaming Audit and Investigation Office (exofficio).

PROGRAM COMPONENTS

Problem Gambling Program (Ministry of Children and Families: MCF)

Research on problem gambling suggests that there are considerable social costs associated with those individuals whose gambling behaviour interferes with their (and their families) functioning as a productive individual. However, research on the effectiveness of the treatment and prevention of gambling addictions is inconclusive. Despite this lack of conclusive empirical evidence, most jurisdictions have some form of prevention or treatment services.

Given the potential social costs attributable to problem gambling, the burden of prudence has outweighed the burden of proof when considering treatment and prevention initiatives in this area. In the approach being taken by government:

- resources are targeted to known areas of problem gambling, and
- non-residential services are proposed as opposed to the more costly, and apparently no more effective residential-type treatment programs.

BC Gaming Commission (Ministry of Employment and Investment: MEI)

The expansion of gaming activities will affect BCGC in two significant ways:

- increasing the number of applications by charities, which are reviewed by the Commission's licensing staff, and

- by increasing the requirement for inspections due to new games, more facilities, higher bet limits, and longer operating hours.

Gaming Audit and Investigation Office (Ministry of Attorney General: MAG)

GAIO preserves the integrity of public gaming by:

- monitoring BC Gaming Commission and BC Lottery Corporation,
- auditing, along with the Gaming Commission, the use of gaming funds, and
- performing background checks on individuals and companies operating lottery schemes.

GAIO's monitoring of BCGC and BCLC involves providing investigation services for lengthy or complex cases, or wherever there is a perception of conflict (i.e. where BCGC or BCLC would investigate their own decisions/actions).

Destination Casinos/Infrastructure (Ministry of Employment and Investment: MEI)

Another aspect of police, public, and government concern is the so-called ambient crime, public order, traffic, and related problems which may arise in areas with destination casinos.

In this connection, a portion of the revenue from destination gaming facilities will be made available to affected host municipalities to assist in the provision of infrastructure necessary to accommodate the development as a whole or other purpose generally beneficial to the community. An examination of infrastructure requirements will include policing.

The portion of revenue being made available will be equivalent to one-sixth of net gaming income from the destination gaming facility. This is equivalent to approximately ten percent of win.

Host local governments will be required to report the use of this revenue on an annual basis to the regulatory authority. These reports will also be subject to fiscal and compliance audit by the regulatory authority.

In the event that irregularities are identified through a fiscal and compliance audit, the regulatory authority may redirect or withhold funds at its sole discretion.

Illegal gambling

This is the program component now being addressed. It is the only component which has not yet been considered by Cabinet and Treasury Board.

The Lottery Advisory Committee initiated consultations with the police community in March, 1997. This is the first specific proposal introduced into this consultation process. As noted in the introduction, consultations with respect to this proposal will inform the Attorney General's recommendations to government in this area.

TABLE 1.

SUMMARY: PROGRAM COMPONENTS, RESPONSIBLE MINISTRIES AND THE RESOURCES ALLOCATED TO DATE:

Program Area	Ministry	Resources			
		New		Total	
		97/98	Ongoing	97/98	Ongoing
Problem Gambling	Children and Families	\$1.7 M 0 FTE	\$2.0 M 0 FTE	\$1.7 M 0 FTE	\$2.0 M 0 FTE
Gaming Commission	Employment/ Investment	\$.788 M 8.5 FTE	\$1.0 M 14 FTE	\$4.788 M 62.5 FTE	\$5.0 M 68 FTE
Gaming Audit & Investigation Office	Attorney General	\$0.628 M 5.5 FTE	\$0.767 M 8 FTE	\$1.589 M 16.5 FTE	\$1.728 M 19 FTE
Destination Casinos Infra-structure	Employment/ Investment	Host municipalities to receive 1/6 of net gaming income from destination casinos (approximately 10% of win).			
Illegal Gambling	Attorney General	To be determined. See Tables 2 & 3.			
TOTAL APPROVED TO DATE		3.12 M 14 FTE	3.77 M 22 FTE	8.08 M 79 FTE	8.73 M 87 FTE

ILLEGAL GAMBLING IN BC: THE NATURE AND EXTENT OF THE PROBLEM

Video Gambling Machines (VGMs)

There are between 5,000 and 10,000 illegal video gambling machines scattered throughout store fronts and businesses in BC. There is also at least one manufacturer and several distributors.

These illegal machines are set to pay off at about 60 percent versus the 87 to 95 percent found in legal slots and VLTs. Hundreds of thousands of dollars flow into the hands of organized crime through video gambling machines.

Poker Clubs

There are two main and several smaller clubs in the lower mainland and a club in Victoria. There are probably also clubs in the interior.

Investigations will include intelligence workups followed by strict enforcement, coupled with proceeds investigations.

Midnight Casinos

Outlaw motorcycle and Asian gangs are known to operate clandestine casinos that move frequently to avoid enforcement. The atmosphere is "party-like" with drugs and alcohol readily available. They solicit customers and employees from the charitable casinos and operate through the night. The games lack integrity and customers are vulnerable to extortion and violence.

In Vancouver, several recent investigations involving homicide, kidnapping, extortion, violent assault, and robbery were directly related to the collection of gambling debts associated with midnight casino operations.

Strict enforcement and proceeds investigations are warranted.

Bookmaking

There are at least six bookmaking parlours in the Vancouver area that broadcast illegally intercepted simulcast signals to their customers and take bets on horse races and major sporting events. Most are linked to traditional organized crime or outlaw motorcycle gangs.

It has been estimated that these parlours are siphoning off about 65 percent of the Pacific Racing Association's simulcast revenue and about 50 percent of their customer base. In addition, they provide a conduit for clandestine betting by horse owners and race track employees.

The betting records from one of the numerous sports bet bookmakers revealed a substantial net income of \$87,000 over a one-week period. Moreover, because most bookmaking is conducted on credit, loansharking and extortion are common.

Strict enforcement and proceeds investigations are warranted.

Foreign Lottery Ticket Resellers

In BC there are approximately 100 companies reselling lottery tickets to American and European customers. Many of these companies employ fraudulent, deceptive or high pressure sales tactics and many victims have been duped out of their life's savings.

This matter has proven so troublesome to police, Crown and governments, that a Canada-US working group has been established by Prime Minister Chrétien and President Clinton.

There has been vigorous enforcement in the US directed at BC companies and their principals. Investigations will involve many jurisdictions.

Native Gambling

While there are no major problems with native gaming at this time, there is a possibility problems may arise in the future. Not all bands will be successful in their quest for casinos and even those which are may not be satisfied with the revenue sharing formula. This might open the door to illegal activities. Two bands already have strong associations with the illegal poker clubs.

Internet Gambling

There are presently 15 or 20 companies offering Internet gambling and many more looking to start up. This industry must be monitored with the view to control and enforcement with respect to offences occurring in BC.

PROPOSAL: CREATE A MULTI-AGENCY, MULTI-DISCIPLINARY ILLEGAL GAMBLING ENFORCEMENT UNIT COMPRISED OF SECONDED POLICE AND PROVINCIAL GOVERNMENT SUPPORT PERSONNEL

Proposed Mandate

"The enforcement, detection and prevention of illegal gambling and criminal offenses directly relating to destination casino and other legal gaming venues in the Province of British Columbia."

Specifically, the Unit would build on the nucleus and infrastructure already in place at CLEU, providing a focal point for province wide investigation and prosecution of illegal gambling by:

- Investigating, in cooperation with police of local jurisdiction and GAIO, criminal offences related to legal gaming venues.
 - a) Charitable casinos (17)
 - b) Destination casinos (3)
 - c) Bingo halls (44)
 - d) Race Tracks (2)
 - e) Carnivals and Fairs (?)
- Carrying out investigations to:
 - a) identify illegal gambling and associated criminal activity,
 - b) support casino liaison and intelligence,
 - c) assist GAIO with their background investigations,
 - d) respond to outside requests for assistance by other gambling regulators.
- Providing gambling experts for court purposes.
- Providing gambling experts for training purposes and to assist municipal police forces with investigations.
- Providing analytical support for :
 - a) the collection and correlation of intelligence from all police services, GAIO, BC Gaming Commission, casinos, Crime Stoppers, and other sources,
 - b) intelligence and enforcement teams,
 - c) advice to government on regulatory strategies.
- Reporting

Providing up-to-date information to assist the Attorney General in advising the provincial government on the nature and scope of illegal gambling and enforcement action.

TABLE 2.**CLEU: ILLEGAL GAMBLING ENFORCEMENT UNIT COSTS**

ANNUAL EXPENDITURE	ONE TIME COSTS	ANNUAL COSTS
1 Sergeant		\$ 83,822.00
6 Constables @ \$66,793 each		\$ 400,758.00
1 Special Constable		\$ 55,812.00
1 Analyst		\$ 54,500.00
1 Clerk 3		\$ 32,774.00
Overtime		\$ 5,000.00
Travel		\$ 20,000.00
6 Leased cars @ \$650. per month		\$ 46,800.00
2 Cell phones @ \$132. per month		\$ 3,168.00
6 Pagers @ \$156. each annum		\$ 936.00
9 Telephones @ \$1,000. each annum		\$ 9,000.00
Training Expenses		\$ 50,000.00
Additional operational expenses		\$ 80,000.00
9 Computers @ \$3,000. each	\$ 27,000.00	
2 Printers	\$ 6,000.00	
Software	\$ 10,200.00	
TOTAL COSTS PER ANNUM		\$ 842,570.00
ONE TIME COSTS	\$43,200.00	
TOTAL COSTS FIRST YEAR		\$885,770.00

PROPOSAL: ESTABLISH A DEDICATED CROWN COUNSEL FOR GAMBLING ENFORCEMENT

The duties of the Crown Counsel would include:

- provide legal advice to the gambling unit,
- develop and maintain special expertise in gambling related laws,
- act as a province-wide resource to Crown Counsel conducting illegal gambling prosecutions,
- conduct illegal gambling prosecutions as required by the Criminal Justice Branch, and
- provide training to Crown Counsel engaged in illegal gambling prosecutions.

The dedicated Crown Counsel would at all times remain a member of the Criminal Justice Branch, and would report to the Director, Legal Services, Criminal Justice Branch.

TABLE 3.

DEDICATED CROWN COSTS

ANNUAL EXPENDITURE	TOTAL COSTS
1 LO2 Crown and 1 CS4	\$ 135,000.00
Other	\$ 42,000.00
TOTAL COSTS (PER ANNUM)	\$ 177,000.00

PROPOSAL: ESTABLISH A COMMITTEE OF OFFICIALS TO ENSURE OPERATIONAL COORDINATION AND TIMELY, HIGH QUALITY ADVICE TO GOVERNMENT

With responsibility for various aspects of gaming/gambling enforcement shared among GAIO (regulatory) RCMP and independent municipal police of local jurisdiction (criminal law); CLEU (organized crime and major, multi-jurisdictional cases and assistance to other agencies) and dedicated Crown Counsel, there is a need for close cooperation, coordination and sharing of information in accordance with accepted intelligence/enforcement standards.

From government's perspective, particularly that of the Attorney General, there is also a need for coordination of clear consistent, and cogent briefings and policy advice.

To meet these concerns, it is proposed that an Illegal Gambling Coordinating Committee be established comprised of the Director, Legal Services, Criminal Justice Branch, the Gambling Advisor from Attorney General Legal Services, the chair of the BCACP Gambling Committee, the Director, GAIO, the OiC CLEU Operations in Vancouver and the Director, CLEU: PA would serve as member and secretary to the committee.

ADVANTAGES OF THIS APPROACH

This is the only approach which meets the following prerequisites for effective enforcement.

- The provision of a focal point for gambling intelligence and enforcement action.
- The provision of assistance to both RCMP and independent municipal police.
- The provision of police gambling specialists and related enforcement resources.
- Provides assurance that both police and Crown Counsel attach high priority to gambling investigations and prosecutions.
- Where convictions are obtained for repeat offenders, very severe sentences will be sought, as well as forfeiture of proceeds.
- The Unit's mandate cuts across jurisdictions in order to ensure crimes are not simply displaced to adjacent communities.
- Combats the further incursion of organized crime into BC and into gambling in particular.
- Balances the sound management and rigorous regulation of lawful gaming with equally rigorous investigation and prosecution of illegal gambling.
- Provides operational coordination and the provision of timely information and policy advice to government is assured.
- Protects the interests of charities, pari-mutual wagering, the Lottery Corporation, casinos, and other authorized gaming as well as the overriding interest of BC taxpayers.

ANNEX I

THE EXTENT OF POLICE AND REGULATORY RESOURCES DEDICATED TO GAMING ENFORCEMENT IN OTHER PROVINCES/STATES

BRITISH COLUMBIA

Gross Gaming Revenue: 1.4 Billion

Current:

GAIO investigative staff 18 FTE	1.7 Million
BCGC licensing and inspection staff 60 FTE	4.25 Million
Total enforcement budget	6.75 Million

% of Gross revenue allocated for enforcement: .42%

ONTARIO

Gross Gaming Revenue 5.3 Billion

Current:

Opp Costs 70 officers	7.0 Million
Non-police 48 FTE	3.0 Million
Opp Illegal Gaming Unit 39 FTE	4.0 Million
Total Enforcement	14.0 Million

% of Gross revenue allocated for enforcement: .26%

ALBERTA

Gross Gaming Revenue: 4.0 Billion

Current:

Investigators and Inspectors 42 FTE	3.5 Million
--	-------------

% of Gross revenue allocated for enforcement: .08%

NOVA SCOTIA

Gross Gaming Revenue: 800 Million

Current:

Compliance officers 25 FTE

RCMP officers 12 FTE

Total enforcement budget 6.0 Million

% of Gross revenue allocated for enforcement: .75%

MONTANA

Gross Gaming Revenue: 500 Million

Current:

Investigative Spl. Agents 18 FTE

Total enforcement budget 2.0 Million

% of Gross revenue allocated for enforcement: .4%

WASHINGTON STATE

Gross Gaming Revenue: 750 Million

Current:

Investigation staff 80

Total staff 140

Total enforcement budget 7.5 Million

% of Gross revenue allocated for enforcement: 1%

MINISTRY OF EMPLOYMENT
and INVESTMENT
R E C E I V E D

OCT 10 1997

LOTTERIES ADVISORY COMMITTEE

Appendix E

IIGET Consultative Board Terms of Reference

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM (IIGET)

Consultative Board

Terms of Reference

Membership

Director of Police Services Division
Ministry of Public Safety and Solicitor General
Chair of Consultative Board
(Full-Voting Member)

General Manager, Gaming Policy & Enforcement Branch
Ministry of Public Safety and Solicitor General
(Full-Voting Member)

Commanding Officer, "E" Division
Royal Canadian Mounted Police
(Full-Voting Member)

Executive of the British Columbia Association of Municipal Chiefs of Police
(Full-Voting Member)

British Columbia Lottery Corporation
President and CEO
(Limited-Voting Member)

Mandate

As outlined in Section 4 of the MOU, the Consultative Board will:

- Determine global objectives, priorities and goals for IIGET that are not inconsistent with those of the Province or the RCMP;
- Determine the form and frequency of reports and reviews concerning the operations of IIGET;
- After two years of operation, arrange an effectiveness review of IIGET;
- Determine recommendations to be made to the Solicitor General regarding the continued operation, funding and success of IIGET; and
- Determine such other matters for attention of the Consultative Board specified elsewhere in this MOU.

Matters of mutual interest or concern arising from terms and conditions of the MOU may be tabled for resolution at any meeting of the Consultative Board and amendments to the MOU can be recommended to the parties.

GET Consultative Board
Draft Terms of Reference
Page 2

In recognition of the importance of, and need to preserve and maintain police independence, BCCLC shall be entitled to vote only with respect to the Consultative Board's approval of the budgets; matters relating to the effectiveness review; and the determination of recommendations to be made to the Solicitor General.

Meetings

- Meetings will be held at the call of the chair.
- Agendas will be set by PSD in conjunction with Consultative Board members.
- Minutes will be taken by PSD.

Appendix F

2003 Integrated Illegal Gaming Enforcement Team Sponsoring Agreement

BRITISH COLUMBIA

2003 Integrated Illegal Gaming Enforcement Team SPONSORING AGREEMENT

Dated as of April 1, 2003

2003 INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM SPONSORING AGREEMENT

This Agreement dated as of April 1, 2003

BETWEEN:

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA as represented by the Minister of Public Safety and Solicitor General (herein called the "Province"),

AND:

BRITISH COLUMBIA LOTTERY CORPORATION, a Corporation continued under the *Gaming Control Act*, SBC 2002 Chapter 14 (herein called "BCLC").

WHEREAS:

- A. The Minister of Public Safety and Solicitor General is responsible for ensuring that adequate and effective policing is maintained throughout British Columbia;
- B. BCLC is a Crown Corporation responsible for the conduct and management of provincial gaming on behalf of the Province;
- C. The Province and BCLC jointly wish to ensure sufficient, continuing funding for the successful development and operation of the Integrated Illegal Gaming Enforcement Team (hereinafter referred to as the “IIGET”) established under the 2003 Integrated Illegal Gaming Enforcement Team Memorandum of Understanding (the “IIGET MOU”).
- D. The Province and BCLC wish to enter into this Agreement to clarify their respective responsibilities regarding IIGET funding provided by BCLC.

IN CONSIDERATION of the covenants and agreements herein contained and subject to the terms and conditions set out in this Agreement, the parties hereto agree as follows:

1.0 INTERPRETATION

- 1.1 In this Agreement each of the following terms shall, unless the context otherwise requires, have the meaning set out beside it:
 - (a) “Consultative Board” means the Consultative Board pursuant to the 2003 IIGET MOU attached hereto in Schedule A;
 - (b) “Fiscal Year” means the period beginning on April 1 in any year and ending on March 31 in the next year;
 - (c) “IIGET” means the Integrated Illegal Gaming Enforcement Team pursuant to the 2003 IIGET MOU attached hereto as Schedule A;
 - (d) “GPEB, Investigation Division” means the Investigation Division of the Gaming Policy and Enforcement Branch, Ministry of Public Safety and Solicitor General, Province of British Columbia;
 - (e) “Officer in Charge” means the police officer designated as the officer in charge of the RCMP Unit which forms part of the IIGET;
 - (f) “Provincial Police Services Agreement” means the Memorandum of Agreement entitled the *Provincial Police Services Agreement* made between the Government of Canada and the Government of the Province of British Columbia, dated April 1, 1992;

- (g) "RCMP" means the Royal Canadian Mounted Police in the Province of British Columbia, as represented by the Commanding Officer, "E" Division, resident in the Province, appointed by the Commissioner to command the Division;
 - (h) "RCMP Officer" means any sworn police officer in the permanent employ of the RCMP;
 - (i) "Unit" has the meaning assigned to it by Article 1.1(z) of the Provincial Police Service Agreement dated April 1, 1992, and includes:
 - (i) RCMP Officers assigned to the IIGET;
 - (ii) "Support Staff" of the RCMP, as defined by Article 1.1(y) of the Provincial Police Services Agreement;
- 1.2 The singular number includes the plural and the plural number includes the singular where such is consistent with the context.
- 1.3 The Schedule to this Agreement is:

SCHEDULE A 2003 Integrated Illegal Gaming Enforcement Team
Memorandum of Understanding.

2.0 APPLICATION OF GOVERNING AGREEMENTS AND LEGISLATION

- 2.1 Nothing in this Agreement shall be interpreted as limiting in any way the jurisdiction, authority and responsibilities of the Attorney General and Minister Responsible for Treaty Negotiations, the Ministry of Attorney General and Minister Responsible for Treaty Negotiations' Criminal Justice Branch, the Solicitor General or the Ministry of Public Safety and Solicitor General in respect to the administration of justice, policing and law enforcement in the Province of British Columbia, under the British Columbia *Police Act* R.S.B.C., 1996, c. 367 and Regulations thereto, the *Crown Counsel Act*, R.S.B.C. 1996, c. 87 and Regulations thereto, the *Gaming Control Act*, or any other applicable federal or provincial statutes, or at common law.
- 2.2 The RCMP in the Province of British Columbia is an independent police agency that provides policing and law enforcement services to the Province of British Columbia and its municipalities. The GPEB Investigation Division is an independent enforcement body operating in the Province of British Columbia. Nothing in this Agreement shall be interpreted as limiting in any way the jurisdiction, authority and responsibilities of police in accordance with the principle of police independence or any applicable federal or provincial statute, or at common law. Internal management of the RCMP Unit which forms part of the IIGET, including its operations, administration, the determination and application of professional police procedures, and investigative decisions with respect to

evidence, shall remain under the control of the Officer In Charge.

- 2.3 Nothing in this Agreement is intended, or shall be interpreted, as conferring on BCLC policing or law enforcement authority, or the authority to direct police or the GPEB Investigation Division in operational matters relating to the IIGET.

3.0 RESPONSIBILITIES OF THE PROVINCE

- 3.1 Concurrent with the execution of this Agreement, the Province will enter into the IIGET MOU with the RCMP for the purpose of establishing the IIGET.

- 3.2 The Province is responsible for paying the costs set out in the IIGET MOU.

- 3.3 In the Fiscal Year beginning April 1, 2003 to March 31, 2004:

- (a) BCLC will pay the Province \$750,000 once the MOU and Sponsoring Agreement have been signed; and
- (b) any amounts not expended by GPEB or the RCMP, as determined by the Consultative Board, will be refunded by PSD to the BCLC.

- 3.4 In the Fiscal Year beginning April 1, 2004 to March 31, 2005 and in subsequent Fiscal Years:

- (a) the Province will invoice BCLC on a quarterly basis during each Fiscal Year for the costs of the IIGET MOU referred to in Article 3.8, which amounts will not exceed BCLC's maximum liability set out in Article 4.1, and
- (b) any amounts refunded by GPEB to the PSD under Article 3.8(b) of the IIGET MOU will be paid by PSD to BCLC.

4.0 RESPONSIBILITIES OF BCLC

- 4.1 BCLC agrees to pay to the Province in respect of the IIGET the following:

- (a) an amount not to exceed \$1,500,000 in the Fiscal Year April 1, 2003 to March 31, 2004;
- (b) an amount not to exceed \$1,530,000 in the Fiscal Year April 1, 2004 to March 31, 2005;
- (c) an amount not to exceed \$1,580,000 in the Fiscal Year April 1, 2005 to March 31, 2006;
- (d) an amount not to exceed \$1,620,000 in the Fiscal Year April 1, 2006 to March 31, 2007; and
- (e) an amount not to exceed \$1,660,000 in the Fiscal Year April 1,

2007 to March 31, 2008.

The amount agreed to be paid under this Article may be amended only by an agreement in writing signed by the Province and BCLC and no other agreement will be effective to bind BCLC.

- 4.2 Without limiting the generality of Article 4.1, BCLC will be responsible for all of the costs of the IIGET, up to the maximum amount each year set out in Article 4.1.
- 4.3 BCLC agrees to pay the Province the amount of all invoices rendered in accordance with this Agreement within 30 days of receipt of same invoices.

5.0 TERM OF AGREEMENT AND RENEWAL

- 5.1 Subject to Article 6 of this Agreement and notwithstanding the date or dates on which this Agreement is executed by the parties hereto, the term of this Agreement will commence on April 1, 2003 and terminate on March 31, 2008 (the "Term").

6.0 TERMINATION

- 6.1 In the event that the Province wishes to terminate the IIGET during the term of this Agreement, the Province will consult with the Consultative Board and BCLC to determine BCLC's liability to pay IIGET funding to the Province under this Agreement.
- 6.2 This Agreement will terminate on the expiration or earlier termination of the IIGET MOU; provided always, that the provisions concerning payment and reimbursement of money for matters which occurred during the term of the IIGET MOU will continue until all payments and reimbursements have been made.

7.0 NOTICE

- 7.1 Any notice that is required or permitted to be given under this Agreement shall be given in writing and shall be communicated as follows:
 - (a) to the Province, by courier or registered mail, addressed to the Solicitor General at the Parliament Building, Victoria, BC;
 - (b) to BCLC, by courier or registered mail, addressed to BCLC Headquarters, Attention to the President, 74 West Seymour Street, Kamloops, BC, V2C 1E2.

8.0 AMENDMENTS

8.1 This Agreement may be amended at any time and from time to time, provided that all such amendments will be in writing and duly executed by the parties.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed and delivered by their duly authorized representatives as of the day and year first above written.

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

Deputy Minister, Ministry of Public Safety
and Deputy Solicitor General

**BRITISH COLUMBIA
LOTTERY CORPORATION**
by its authorized signatories:

SCHEDULE A

**2003 INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
MEMORANDUM OF UNDERSTANDING**

BRITISH COLUMBIA

2003 Integrated Illegal Gaming Enforcement Team SPONSORING AGREEMENT

Dated as of April 1, 2003

2003 INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM SPONSORING AGREEMENT

This Agreement dated as of April 1, 2003

BETWEEN:

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 - (d) “GPEB, Investigation Division” means the Investigation Division of the Gaming Policy and Enforcement Branch, Ministry of Public Safety and Solicitor General, Province of British Columbia;
 - (e) “Officer in Charge” means the police officer designated as the officer in charge of the RCMP Unit which forms part of the IIGET;
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- (g) "RCMP" means the Royal Canadian Mounted Police in the Province of British Columbia, as represented by the Commanding Officer, "E" Division, resident in the Province, appointed by the Commissioner to command the Division;
 - (h) "RCMP Officer" means any sworn police officer in the permanent employ of the RCMP;
 - (i) "Unit" has the meaning assigned to it by Article 1.1(z) of the Provincial Police Service Agreement dated April 1, 1992, and includes:
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- 2.2 The RCMP in the Province of British Columbia is an independent police agency that provides policing and law enforcement services to the Province of British Columbia and its municipalities. The GPEB Investigation Division is an independent enforcement body operating in the Province of British Columbia. Nothing in this Agreement shall be interpreted as limiting in any way the jurisdiction, authority and responsibilities of police in accordance with the principle of police independence or any applicable federal or provincial statute, or at common law. Internal management of the RCMP Unit which forms part of the IIGET, including its operations, administration, the determination and application of professional police procedures, and investigative decisions with respect to

evidence, shall remain under the control of the Officer In Charge.

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- (a) the Province will invoice BCLC on a quarterly basis during each Fiscal Year for the costs of the IIGET MOU referred to in Article 3.8, which amounts will not exceed BCLC's maximum liability set out in Article 4.1, and
- (b) any amounts refunded by GPEB to the PSD under Article 3.8(b) of the IIGET MOU will be paid by PSD to BCLC.

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- (c) an amount not to exceed \$1,580,000 in the Fiscal Year April 1, 2005 to March 31, 2006;
- (d) an amount not to exceed \$1,620,000 in the Fiscal Year April 1, 2006 to March 31, 2007; and
- (e) an amount not to exceed \$1,660,000 in the Fiscal Year April 1,

2007 to March 31, 2008.

The amount agreed to be paid under this Article may be amended only by an agreement in writing signed by the Province and BCLC and no other agreement will be effective to bind BCLC.

4.2 Without limiting the generality of Article 4.1, BCLC will be responsible for all of the costs of the IIGET, up to the maximum amount each year set out in Article 4.1.

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6.2 This Agreement will terminate on the expiration or earlier termination of the IIGET MOU; provided always, that the provisions concerning payment and reimbursement of money for matters which occurred during the term of the IIGET MOU will continue until all payments and reimbursements have been made.

7.0 NOTICE

7.1 Any notice that is required or permitted to be given under this Agreement shall be given in writing and shall be communicated as follows:

- (a) to the Province, by courier or registered mail, addressed to the Solicitor General at the Parliament Building, Victoria, BC;
- (b) to BCLC, by courier or registered mail, addressed to BCLC Headquarters, Attention to the President, 74 West Seymour Street, Kamloops, BC, V2C 1E2.

8.0 AMENDMENTS

8.1 This Agreement may be amended at any time and from time to time, provided that all such amendments will be in writing and duly executed by the parties.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed and delivered by their duly authorized representatives as of the day and year first above written.

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

Deputy Minister, Ministry of Public Safety
and Deputy Solicitor General

**BRITISH COLUMBIA
LOTTERY CORPORATION**
by its authorized signatories:

SCHEDULE A

**2003 INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
MEMORANDUM OF UNDERSTANDING**

Appendix G

January 14, 2004 Letter from Solicitor General to President and CEO of BCSC



COPY

**BRITISH
COLUMBIA**

January 14, 2004

Mr. Vic Poleschuk
President and CEO
British Columbia Lottery Corporation
74 West Seymour Street
Kamloops BC V2C 1E2

[Handwritten signature]

Dear Mr. Poleschuk:

Re: Operating Costs - Integrated Illegal Gaming Enforcement Team

I am writing further to my February 21, 2003 letter regarding the Integrated Illegal Gaming Enforcement Team.

That letter confirmed our agreement that the British Columbia Lottery Corporation (BCLC) will provide financial resources from its operating budget to support the Team. The long-term annual costs were set at \$1.5 million, including \$0.25 million in operating funds.

The revised costs for the Team have now been finalized, and the BCLC will be responsible for up to:

- \$1.50 million in fiscal year 2003/04;
- \$1.53 million in fiscal year 2004/05;
- \$1.58 million in fiscal year 2005/06;
- \$1.62 million in fiscal year 2006/07; and
- \$1.66 million in fiscal year 2007/08.

Funding amounts beyond fiscal year 2007/08 will be established at a later time.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely yours,

[Handwritten signature]
R.T. (Rich Coleman)
Solicitor General

cc:
Alison MacPhail
Derek Sturko
Bev Busson
Kevin Begg
Rick Turner

Appendix H

RCMP 'E' Division Five Year Strategic Projection: Provincial Policing (Fiscal Years
2004/05 through 2008/09)

Five Year Strategic Projection: Provincial Policing

**(Fiscal
2004/05
2008/09)**

**Years
through**



Presented to:

The Province of British Columbia

Prepared by:

**Royal Canadian Mounted Police
Corporate Planning & Client Services Section
Corporate Management Branch
"E" Division**

April 1st, 2003

Confidential: Not to be disseminated without prior consent from the originator.

18 - Illegal Gaming Enforcement Unit

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18. Illegal Gaming Enforcement Unit

Mandate and Current Resources:

The gaming industry in BC generates approximately \$2 billion in revenue each year. This is considered moderate when compared with other provinces. Legal gaming in BC includes lotteries, community & destination casinos, bingo halls, and race tracks. It does not include video lottery terminals, slot machines (except at approved casinos), internet gaming, or customer clubs. Illegal gaming is operated by traditional and non-traditional organized crime. It includes bookmaking, sports wagering, and unlicensed games. This unit will address

**Five Year Strategic Projection: Provincial Policing
Fiscal Years 2004/05 through 2008/09**

April 1st, 2003

criminal involvement in the lottery and gaming facilities in the province. There is an agreement to staff up to six RM positions in the unit for 2003/04 with the first year's funding entirely from the BC Lottery Corporation.

Strategic Direction and Resource Requirements:

In 2004/05, it is anticipated that the unit will be fully staff with an additional 6 RM positions dispersed into four regional offices. Funding for the 12 RCMP RM positions in 2004/05 and beyond will become a provincial responsibility.

Appendix I

2003-05 RCMP Backgrounder



Royal Canadian
Mounted Police

Gendarmerie royale
du Canada



~~Backgrounder~~

FOR IMMEDIATE DISTRIBUTION

File Number:

Integrated Illegal Gaming Enforcement Team

- Business case was approved in 2003 to full implementation and staffing to be completed by end of Fiscal Year 2004/2005. (March 31, 2005).
- The Integrated Illegal Gaming Enforcement Team's mandate is to ensure the integrity of public legalized gaming in British Columbia through an integrated approach that includes the RCMP, and the Provincial Gaming Policy and Enforcement Branch (GPEB). IIGET is in place to preserve the integrity of legalized gaming in the province of British Columbia through the enforcement of the criminal Code of Canada and other statutes
- A Memorandum of Understanding between the team's integrated members was signed in 2003 outlining the units mandate, roles and responsibilities, and governance.
- Roles and responsibilities of RCMP: enforce Criminal Code; investigate unlawful activities in legal venues; investigate illegal gambling; collect and produce intelligence; recommend charges to Crown Counsel; produce "Report to Crown Counsel"; participate in prosecutions.
- Roles and responsibilities of the Gaming Policy and Enforcement Branch (GPEB): enforce the "Gaming Control Act"; enforce terms and conditions of registration and certification; receive complaints; investigate regulatory violations; produce "Report to Crown Counsel" on regulatory offences; in conjunction with police; impose sanctions; assist police in the investigation and prosecution of unlawful activity in legal venues, and illegal gaming; collect and produce intelligence; participate in prosecutions.
- Roles and responsibilities of BC Lotteries Corporation (BCLC): conduct, management and operation of provincial gaming and provide intelligence as requested by the IIGET with respect to illegal gaming.
- The RCMP part of the team consists of 12 members and one support staff (S/Sgt. NCO i/c, Sgt, Cpl (4), Cst.(6) RCMP) who are co-located with Gaming Policy and Enforcement investigators in the Lower Mainland, Prince George, Victoria and Kelowna.

- Funding for the team (approximately \$1.5 million annually) is being provided by the BC Lottery Corporation. Funding has been secured until 2008.
- The unit is accountable (operational) to "E" Division RCMP Chief Superintendent Al Macintyre, Deputy Criminal Operations Officer (Contract) and governed (directional advice) by a Consultative Board of Directors. (members include Gaming Policy and Enforcement Branch, Police Services, RCMP, and BC Lottery Corporation (BCLC have a limited role in respect to funding only).

Appendix J

2004 RCMP Talking Points Document



Royal
Canadian
Mounted
Police

Gendarmerie
royale
du
Canada

TALKING POINTS POINTS À DISCUTER

Security Classification/Designation
Classification/désignation sécuritaire
Unclassified

June 23, 2004

Issue:

Creation of the new Provincial Integrated Illegal Gaming Enforcement Team.

Background:

A business case was sent to the Ministry of Public Safety and Solicitor General and approved in 2003 with full implementation and staffing to be completed by end of Fiscal Year 2004/2005. (March 31, 2005). The team is comprised of members of the RCMP, and investigators from the Provincial Gaming Policy and Enforcement Branch. The Ministry of Public Safety and Solicitor General, through the sponsorship of the BC Lottery Corporation, are supplying the funding (until 2008) for the team. The RCMP part of the team consists of 12 members and one support staff (S/Sgt. NCO i/c, Sgt, Cpl (4), Cst.(6) RCMP) who are co-located with Gaming Policy and Enforcement investigators in the Lower Mainland, Prince George, Victoria and Kelowna.

Talk Lines:

- The RCMP is committed to preserving the integrity of legalized gaming in British Columbia.
- The Integrated Illegal Gaming Enforcement Team (IIGET) is in place to prevent, detect, investigate, and prosecute criminal offences in connection with illegal gaming activities in BC.
- The legal gaming industry in British Columbia generates approximately \$2 billion dollars in revenue each year and the mandate of the Integrated Illegal Gaming Enforcement Team is in place to protect the integrity of the industry.
- The Integrated Illegal Gaming Enforcement Team is in place to combat the illegal gaming activities of organized crime. Illegal gaming activities include video gambling machines, gaming houses, bookmaking, lotteries, internet gambling and carnival industry gaming.
- Organized crime illegally targets any opportunity to make money to support criminal activities and the gaming industry is not immune to organized crime. In order to effectively deter organized crime from the gaming industry, there must be a genuine threat of being discovered, prosecuted and incarcerated and the Integrated Gaming Enforcement Team is tasked with that mandate.
- The Integrated Illegal Gaming Enforcement Team will allow the RCMP to work closer with the provincial Gaming Policy and Enforcement Branch, BC Lottery Corporation and Provincial and National law enforcement partners in the collection and sharing of vital intelligence at an earlier stage.



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TALKING POINTS POINTS À DISCUTER

Security Classification/Designation
Classification/désignation sécuritaire
Unclassified

- IIGET will apply Canada's laws, acts, legislation and regulations to assist in the early detection and disruption of any illegal gaming activities.
- The integrated approach between provincial enforcement groups has proven to be a highly effective model for disrupting the illegal activities of organized crime.

Questions and Answers:

Q: Why was the Integrated Illegal Gaming Enforcement Team created?

R: In 2002 a review was conducted for the Solicitor General of British Columbia to determine what the best regulatory and law enforcement model should be to ensure the integrity of public gaming in BC. The recommendation was to create the Integrated Illegal Gaming Enforcement Team.

Q: How big of a problem is illegal gaming activities in BC?

R: Any type of criminal activity that targets BC's gaming industry impacts the overall integrity of legalized public gaming in BC. For example, criminal activities like illegal slot machines poses a number of issues like a breach of the integrity of legal slot machines, violations of BC and Federal gaming laws, lost revenue, and victimization of consumers as the odds of winning are greatly reduced.

Q: What percentage of the illegal gaming in BC is done by Organized Crime?

R: A significant component of illegal gaming is controlled by organized crime. Organized crime touches many aspects of life including gambling addiction, drug addiction, illegal activities involving children, and defrauding seniors of life savings. Organized crime is a major economic drain on many aspects of the BC economy including insurance costs, policing, the justice system, and even natural resource utility costs.

Q: What was in place to deal with illegal gaming prior to the creation of IIGET?

R: The Provincial Gaming Policy and Enforcement branch enforced the "Gaming Control Act" and still does under IIGET. Gaming violations under the Criminal Code were handled by the police forces of jurisdiction (RCMP Detachments or Municipal Police Services) on a case by case scenario. IIGET will be able to support law enforcement in BC and take on the larger cases that fall within their mandate.

Q: Do the officers involved require any additional training?

R: All RCMP members of the Integrated Illegal Gaming Enforcement Team will undergo supplementary training that will deal with the specific sections of the Criminal Code pertaining to gambling, recent trends and methods of illegal gaming, and overall background on the gaming industry. The goal is to familiarize the members with all areas of the industry so they are better prepared to detect and investigate illegal gaming activities.

Q: What type of cases will this team investigate?



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TALKING POINTS POINTS À DISCUTER

Security Classification/Designation
Classification/désignation sécuritaire
Unclassified

- R: Any allegations that primarily fall under Part VII of the Criminal Code - Disorderly Houses, Gaming and Betting. The RCMP will also work in conjunction with the Gaming Policy and Enforcement branch who deal with allegations under the “Gaming Control Act”.
-
- Q: Will this team look at casino applications?
- R: Casino applications investigations remain under the jurisdiction of the provincial Gaming Policy and Enforcement branch. Background investigations and any wrong doing in legalized gaming will continue to be conducted by GPEB investigators.
- Q: How does this unit differ from Commercial crime, major crime, or IPOC?
- R: The Integrated Illegal Gaming Enforcement Team will primarily deal with allegations that fall under Part VII of the Criminal Code and the Gaming Control Act. Commercial crime deals with other sections like fraud and IPOC’s mandate deals with proceeds of crime. If IIGET investigations extend into those areas the unit will liaise with those other specialized sections. If allegations arise of another type of crime, within a licenced gaming facility, that is not within the mandate of IIGET will be handled by the police force of jurisdiction.
- Q: Why does IIGET have a consultative board of directors and what influence do they have?
- R: It is not uncommon for provincial units like IMPACT (Auto Theft) and the Provincial Prostitution Unit to have a consultative board of directors. The Board has no impact on the day-to-day operations or investigative direction, instead the board is a form of governance that will look at the overall effectiveness of the team and dispute resolution of issues within the Memorandum of Understanding.
- Q: Why is the funding coming from the BC Lottery Corporation?
- R: The Integrated Illegal Gaming Enforcement Team is an initiative of the Ministry of the Solicitor General and is sponsored by the British Columbia Lottery Corporation.
- Q: Is there enough illegal gaming going on to need 12 members spread throughout BC?
- R: The determination of resources was based on the extensive review conducted for the Solicitor General and was based on similar provincial units across the country. IIGET is confident the team numbers will be able to full it’s mandate and like all specialized sections the teams resources and mandated will be reviewed and assessed over the years.

Prepared by: Dawn Roberts, E-Division Strategic Communications

Approved by: Acting S/Sgt. Bruce Hulan - NCO i/c Integrated Gaming Enforcement Team

Appendix K

Integrated Illegal Gaming Enforcement Team Implementation Plan of Operations



Integrated Illegal Gaming

Appendix K



Enforcement Team (IIGET)

Appendix K



Implementation Plan of Operations



RCMP 'E' Division



June 24, 2004

Appendix K



Prepared by:

Appendix K



Sgt. Bruce Hulan



NCO i/c IIGET

Appendix K



Personal
Information

Background

The Integrated Illegal Gaming Enforcement Team (IIGET) is a joint initiative between the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Public Safety, the Solicitor General and the Royal Canadian Mounted Police (RCMP). The team is made up of twelve members of the RCMP and one Public Service Employee. Of these, six will work out of the Burnaby GPEB office. The remaining six will work out of the GPEB offices in Kelowna, Prince George and Victoria. The rank structure for the RCMP members will be one Staff Sergeant, one Sergeant, one Corporal and three Constables, all working out of the Burnaby office. The three satellite offices will each be staffed with one Corporal and one Constable. It is anticipated all the personnel will be identified by September 2004. The GPEB component of IIGET is comprised of one Deputy Director / Manager, five investigators, one Complaint Co-ordinator and one Administrative Assistant at the Burnaby office; one Regional Manager, two investigators and one Administrative Assistant at the Kelowna office; one Regional Manager, one investigator and one Administrative Assistant at the Prince George office; one Regional Manager, two investigators and one Administrative Assistant at the Victoria office.

Goals

The Integrated Illegal Gaming Enforcement Team is in place to prevent, detect, investigate and prosecute Criminal Offences in connection with illegal gaming activities in the Province of British Columbia.

Responsibilities

The RCMP component of IIGET is responsible for:

- Enforcement of the Criminal Code
- Investigation of Criminal Activity in Illegal venues
- Investigating Illegal Gambling
- Recommending charges to Crown Counsel
- Collecting and disseminating intelligence
- Liaising with RCMP Detachments, Municipal Police Agencies, Federal and Provincial Government organizations

Investigators with the IIGET unit are responsible, as with all members of the RCMP, with enforcement of all aspects of the Criminal Code. The specific mandate of the unit is the enforcement of Part VII of the Criminal Code as it relates to Illegal Gaming. IIGET members will investigate unlawful activity in legal venues, such as loan sharking, threatening, intimidation and money laundering. Investigating illegal gambling in common gaming houses where among other things poker games or video gambling machines are being played.

IIGET members will prepare reports to Crown Counsel in relation to Illegal Gaming. They will work with Crown Counsel throughout the court process to ensure a successful prosecution.

IIGET members are tasked with the collection and distribution of intelligence. This role will fulfil several functions:

- f) It will provide members with current knowledge of criminal activity in legal and illegal venues
- b) It will assist IIGET members in determining the scope of illegal gaming activity in the province of British Columbia

IIGET members will develop working relationships with RCMP and Municipal Police Departments to enhance the sharing of information and further criminal investigations. A working partnership will be developed with Federal and Provincial Government Agencies, (IE: Revenue Canada, Liquor Control and Licensing Branch and Consumer Taxation), to conduct joint investigations where circumstances dictate.

Roles and Responsibilities of Gaming Policy and Enforcement Branch (GPEB) are

- Enforce the Province of British Columbia Gaming Control Act
- Enforce terms and conditions of Registration and Certification
- Receive complaints
- Investigate regulatory violations
- Produce reports to Crown Counsel on regulatory offences in conjunction with police
- Impose sanctions
- Assist police in the investigation and prosecution of unlawful activity in legal venues and illegal gaming.
- Collect and produce intelligence
- Participate in prosecutions

Priorities for the IIGET unit are

TRAINING

RCMP members assigned to the unit have a diversity of experience in conducting criminal investigations, but limited experience in illegal gaming activities. To develop the unit members knowledge, ten positions have been secured on the 2004 Gaming Investigator Course held at the Ontario Provincial Police Training Facility. The remaining members of the unit will receive the training in 2005.

Records Management

GPEB members will continue to fulfil their investigational requirements and will maintain their current reporting systems. When a GPEB file is identified as an IIGET file it will fall under RCMP Policy.

IIGET members will utilize the services of the 'E' Division Headquarters records facility situated at the Surrey Satellite Complex, for the drawing of all files. RCMP and GPEB members will operate under RCMP Policy with regard to records management, reporting requirements, and confidentiality requirements.

INVESTIGATIONAL PRIORITIES (Long Term)

- Illegal video gambling machines
- Common gaming houses
- Internet gaming
- Illegal lotteries
- Proceeds of Crime
- Bookmaking
- Loan Sharking

PRIORITIES (Short Term)

- Illegal video gambling machines
- Common gaming houses
- Development of Intelligence
- Development of working relationships with RCMP Detachments and Municipal Police Forces

IIGET members will, in the short term, focus on two specific areas of illegal gaming. Illegal video gambling machines and common gaming houses. The reasoning for this is two fold, it is the most visible form of illegal gaming. Secondly, it will provide IIGET members hands on experience in the investigations of illegal gaming prior to all members having received formal training at the Gaming Investigators Course. Traditional methods of developing intelligence and enhancing working relationships with other police jurisdictions will be utilized.

Appendix L

November 2004 Memorandum



Royal
Canadian
Mounted
Police

Gendarmerie
royale
du
Canada

MEMORANDUM NOTE DE SERVICE

Security Classification - Classification de sécurité

To À
All Members
"E" Division Detachments and Operational Units

Our File - Notre référence

From S/Sgt. Tom Robertson, NCO i/c
De Integrated Illegal Gaming Enforcement Team
"E" Division - Major Crime Unit

Date
Nov. 10th, 2004

Diary Date - Date d'agenda

Your File - Votre référence

Subject
Objet **Re: Introduction and Mandate of the RCMP's Integrated Illegal Gaming Enforcement Team**

This memorandum is to advise that the Integrated Illegal Gaming Enforcement Team (I.I.G.E.T.) is now operational within the Division. Our unit falls under the umbrella of Supt. Larry Killaly within the "E" Division, Major Crime Unit. Twelve members and one support staff are assigned to IIGET with offices located in Burnaby, Victoria, Prince George and Kelowna. These offices are co-located with the investigators of the Provincial Gaming Policy and Enforcement Branch (GPEB). For clarification, the investigators of GPEB are Special Constables, who investigate incidents which occur primarily within the licenced gaming venues throughout the Province, ie: Casinos, Bingo Halls, Racetracks and Teletheatre Sites and they enforce the Provincial Gaming Enforcement Act. Members assigned to IIGET are primarily mandated to prevent, detect, collect intelligence and investigate offences of illegal gaming throughout the Province, ie: Common Gaming Houses and Bookmaking as defined in Part VII of the Criminal Code. While each of these units has its own responsibilities, it is believed their integration will provide a greater intelligence network of organized crime within all gaming venues and enforcement of gaming offences and other criminal offences often related to gaming, ie: loan sharking and money laundering.

It is believed that a significant component of illegal gaming is controlled by organized crime and thus impacts the overall integrity of legalized public gaming in British Columbia. During the spring of 2005, we hope to visit the majority of larger Detachments and Support Units throughout the Province and provide some information on the illegal gaming activity that is occurring.

It is hoped that IIGET will be thought of when complaints, files or information is received by your members of illegal gaming and when disseminating source debriefings with related intelligence. Should you wish to contact any of our offices please feel free to call myself or any of the investigators currently assigned to your Integrated Illegal Gaming Enforcement Team.

Original signed by

T.J. (Tom) Robertson, S/Sgt.
NCO i/c IIGET
E Division - Major Crime Unit

attachment: IIGET Phone list

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM (IIGET)

Comment [COMMENT1]: Type your subject here then TAB before your start typing your text.
Inscrivez votre sujet ici et TABBEZ avant d'insérer votre texte.

"E" Division - Major Crime Unit

LMD - IIGET Office

#408 - 4603 Kingsway Ave. Burnaby, BC V5H 4M4

**Personal
Information**

S/Sgt. Tom ROBERTSON
Sgt. Chuck McDONALD
Cpl. Ted VANOVERBEEK
Cst. Al PERUZZO
Cst. Kirby ADAMS
Cst. Gary RODRICKS

Personal Information

P/S Lisa CHERALLEY

Personal Information

Southeast District - IIGET

#200 - 1517 Water St. Kelowna, BC V1Y 1J8

Personal Information

Cpl. Dean FILIPCHUK
Cst. Rob CORMIER

Personal Information

North District - IIGET

#211 - 1577 7th Ave. Prince George, BC V2L 3P5

Personal Information

Cpl. Geoff PARKS
Cst. Todd PARKER

Personal Information

Island District - IIGET

3rd Floor, 910 Government St. Victoria, BC V8W 1X3

Personal Information

Cpl. Mike DORRAN
Cst. (POSITION CURRENTLY VACANT / TO BE ANNOUNCED)

Appendix M

November 18, 2004 Division Broadcast



To: All Members "E" Division
From: Criminal Operations Branch
DIVISION BROADCAST

November 18, 2004

Re: Introduction and Mandate of the RCMP's Integrated Illegal Gaming Enforcement Team.

The Integrated Illegal Gaming Enforcement Team (I.I.G.E.T.) is now operational within the Division. The unit falls under the umbrella of Supt. Larry Killaly within the "E" Division, Major Crime Unit. Twelve members and one support staff are assigned to IIGET with offices located in Burnaby, Victoria, Prince George and Kelowna. These offices are co-located with the investigators of the Provincial Gaming Policy and Enforcement Branch (GPEB). For clarification, the investigators of GPEB are Special Constables, who investigate incidents which occur primarily within the licenced gaming venues throughout the Province, ie: Casinos, Bingo Halls, Racetracks and Teletheatre Sites and they enforce the Provincial Gaming Enforcement Act. Members assigned to IIGET are primarily mandated to prevent, detect, collect intelligence and investigate offences of illegal gaming throughout the Province, ie: Common Gaming Houses and Bookmaking as defined in Part VII of the Criminal Code. While each of these units has its own responsibilities, it is believed their integration will provide a greater intelligence network of organized crime within all gaming venues and enforcement of gaming offences and other criminal offences often related to gaming, ie: loan sharking and money laundering.

It is believed that a significant component of illegal gaming is controlled by organized crime and thus impacts the overall integrity of legalized public gaming in British Columbia. During the spring of 2005, the unit hopes to visit the majority of larger Detachments and Support Units throughout the Province and provide some information on the illegal gaming activity that is occurring.

It is hoped that IIGET will be thought of when complaints, files or information is received by your members of illegal gaming and when disseminating source debriefings with related intelligence. Should you wish to contact any of the IIGET offices please feel free to call S/Sgt. Tom Robertson or any of the investigators currently assigned to your Integrated Illegal Gaming Enforcement Team.

**INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM (IIGET)
"E" Division - Major Crime Unit**

Appendix N

IIGET Mandate/Objectives

IIGET

Integrated Illegal Gaming Enforcement Team



Royal Canadian Mounted Police



Gaming Policy and Enforcement Branch
Investigation Division

CONFIDENTIAL

This document is the property of Integrated Illegal Gaming Enforcement Team (IIGET), is confidential and shall not be disclosed or divulged, in whole or in part without prior consent of the writer.

Appendix N

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM

ROYAL CANADIAN MOUNTED POLICE

AND THE

**GAMING POLICY AND ENFORCEMENT BRANCH
INVESTIGATION DIVISION**

**Consultative Board Meeting
November 29, 2004**

CONFIDENTIAL

This document is the property of Integrated Illegal Gaming Enforcement Team (IIGET), is confidential and shall not be disclosed or divulged, in whole or in part without prior consent of the writer.

**Document prepared by;
T.J. (Tom) Robertson, S/Sgt.
NCO i/c IIGET**

IIGET MANDATE / OBJECTIVES

MANDATE:

“MAINTAIN THE INTEGRITY OF PUBLIC GAMING IN BRITISH COLUMBIA BY ENHANCING THE LEVEL OF ENFORCEMENT SPECIFICALLY TARGETING ILLEGAL GAMING”

OBJECTIVES

To meet this mandate IIGET purposes to accomplish the following objectives through our integrated responsibilities of;

OBJECTIVE 1:

Gathering of INTELLIGENCE with respect to ILLEGAL GAMING ACTIVITY in the Province.

OBJECTIVE 2:

PREVENTION of Illegal Gaming through EDUCATION AND PARTNERSHIPS.

OBJECTIVE 3:

INVESTIGATION AND ENFORCEMENT of GAMING CONTROL ACT and REGULATIONS AND CRIMINAL CODE related offences. Three levels of enforcement will be initiated.

HISTORY:

There is minimal current intelligence with respect to the scope of illegal gaming within the Province of British Columbia. Prior to the existence of IIGET there was no central repository for information and intelligence that was received on illegal gaming activity. Information that was received on illegal gaming activity from police officers during related or unrelated investigations or information from confidential sources was usually disseminated to the local plainclothes / major crime unit for that respective jurisdiction for investigation. In recent years, British Columbia has never had an enforcement dedicated to illegal gaming enforcement. IIGET will now fill that void.

Discussions with Ontario Illegal Gambling Unit (OIGU) within the Organized Crime Section of the Ontario Provincial Police reveals that within the Province of Ontario, illegal gambling is flourishing. That unit was established in 1997 and it was estimated that Ontario had 20,000 illegal video lottery terminals. Those estimates were extremely high as their unit has to

date seized only a total of 2,238 machines and they, over the past 7 years of operation, believe they have thoroughly scoured their Province. While they do not have specific numbers related to Common Gaming Houses they do have some financial estimates on the profits being made at such establishments. They estimate that the average figure profited by the "house" on a Texas Hold'em game is 5%. Taking a lower stakes game of \$2.00 - \$4.00 where the conservative average pot is \$100.00 equates to a "rake" or profit of \$5.00 per hand or \$200.00 per hour based on an efficient "casino quality" dealer who averages 40 hands per hour. The majority of their common gaming house searches usually reveal 1 - 3 tables being played for various hours per day.

OBJECTIVE 1: INTELLIGENCE

IIGET will be the central depository of intelligence received from all sources in relation to illegal gaming on illegal gaming activity. IIGET has been advertised to all RCMP officers within the Province via email as the Unit responsible for illegal gaming intelligence and enforcement. IIGET plan to continue to market throughout the police population in an effort to have Officers report all incidents of illegal gaming to them. In addition it is anticipated that by educating these Officers through personal visits to their unit meetings and briefings, they will be encouraged to be more observant in these areas

V2: Police Investigative Technique
Intelligence related to internet gaming, illegal VLT's, common gaming houses, illegal lotteries, ticket reselling, money laundering and proceeds of crime will be the main targeted offences.

V2: Police Investigative Technique

Measure of Success: As a result of these initiatives, by April 2006, IIGET will be able to;

- give a more informed estimate and a more accurate picture as to the extent of illegal gaming within the Province.
- Give an 18-month overview on the number of intelligence reports received or initiated by IIGET.

OBJECTIVE 2: EDUCATION and PARTNERSHIPS

IIGET plan to educate not only the police but also the general public and businesses who become aware during everyday life activity of illegal gaming activity at various locations. It is believed that they are either unaware that the activity is illegal or believe there is little, or no action that can or would be taken. An example of this would be IIGET investigators partnering with inspectors from the Liquor Control and Licensing Branch. Their inspectors routinely enter

licensed establishments throughout the Province and have observed what they believe are illegal video lottery machines. They now have an enforcement agency who are prepared to react to their information and future consideration is being given for them to distribute an awareness bulletin educating establishments that there is an onus and responsibility on their part to ensure that illegal gaming activities (ie: gaming machines, poker nights, illegal lottery schemes etc) does not occur within their businesses.

It is the strategy of IIGET management that enforcement in this area of illegal gaming would primarily continue to be done by investigators from the GPEB side Team.

Measure of Success: As a result of these initiatives, by April 2006, the General Public, other Organizations, Law Enforcement and other Regulatory Enforcement Agencies will have a greater understanding of the illegal gaming activities and have a willingness to report them.

The measure of this will be IIGET's reporting on the number of reports received from the General Public, other Organizations, Law Enforcement and other Regulatory Enforcement Agencies.

OBJECTIVE 3: ENFORCEMENT

IIGET will be primarily responsible for major illegal gaming activity operated by organized crime groups and those in the 'business' of illegal gaming. These offences would include; Internet Gaming, Bookmaking, Possession of unlicensed Video Lottery Terminals (VLTs), Distribution of VLTs, Common Gaming Houses, Resale of Lottery tickets, Money Laundering and Proceeds of Crimes investigations. The RCMP investigators are equipped to lead the more complex investigations and have access to various support units frequently utilized in these types of investigations. As with the partnerships with LCLB inspectors, IIGET plan to combine their efforts to diminish the financial attraction of illegal gaming profits by partnering with investigators from the Canada Customs Revenue Agency. It is also hoped that a relationship between the IIGET investigators and a Provincial Crown Prosecutor can be modeled after the OPP's Illegal Gambling Units relationship with their Crown. The various gaming offences are foreign to the majority of prosecutors and having one with an interest in this field for investigators and prosecuting crowns of the jurisdiction to liaise and consult with would be beneficial. If such a Crown is identified it is the intention of IIGET to fund his or her related training at the OPP's related course that is geared for prosecutors. GPEB Investigators will continue to enforce minor illegal gaming offences and will support major investigations within the IIGET mandate.

The strategy has been agreed upon by the NCO i/c, RCMP and the Deputy Director GPEB, Investigation Division. While they are aware of their own responsibilities, it is recognized by both that assistance between the integrated agencies is necessary to accomplish the overall objectives. It is further agreed that the priority given to the investigation of the complaints and information received on IIGET files will be the responsibility of the NCO i/c in conjunction with the Deputy Director, GPEB, Investigation Division. While these discussions

occur informally on a daily basis, these managers formally meet on a bi weekly basis to review the information, complaints and ongoing investigations which IIGET is receiving and conducting to ensure resources are being used correctly and to consult with one another on the priorities being given to these files.

The NCO i/c RCMP is also responsible for the completion of a bi weekly written report for the Officer in Charge of the E Division - Major Crime Unit and his Officer in Charge of Special Projects, the NCO's immediate supervisor. These reports provide updates on the status of all active IIGET investigations.

The investigation and enforcement of Illegal Gaming activity should not be mistaken as the sole responsibility of IIGET but includes the police of jurisdiction. While IIGET will likely be the lead on the majority of these files, it is our intention to include when available, officers, both uniformed and plainclothes in our investigations.

LEVELS OF ENFORCEMENT – Discretionary Power of Investigators

It is proposed that three levels of investigation and enforcement will be undertaken,

- 1) Investigation resulting in verbal or written warning, which will be appropriate in instances where the offence is minor, the violator may be given the benefit of the doubt he or she will not repeat, and /or it is not in the public interest to pursue other sanctions in this instance.
- 2) Investigation and ticketing process for minor violations,
 - a) After a verbal or written warning, if appropriate, or
 - b) For minor offences, including where regulatory sanctions are not appropriate or insufficient.
- Tickets will be issued by GPEB Investigation Division, Investigators who are Special Provincial Constables.
- The issuing of tickets will not eliminate nor substitute from the targeting and prosecution of more serious and problematic offences, but can be an additional tool
- Province will be seen to be taking an appropriate action to prevent the illegal activity without additional burden on the court system.
- Evidence must be obtained in accordance with appropriate legal authority
- Investigators of GPEB, Investigation Division (IIGET) will generally prosecute disputed tickets.
- 3) Investigations with a view of criminal prosecution for matters under the Criminal Code, and some activities under the Gaming Control Act for which warnings, regulatory sanctions and ticketing are not deemed appropriate. This level of enforcement includes investigation, evidence seizure and recommending to crown counsel that charges be laid.

Measure of Success: As a result of these initiatives, over the next 18 months, there will be a measurable increase of gaming license requests received by GPEB. There will also be a measurable increase as to the number of seizures and enforcement actions with regards to illegal gaming in the Province. It is the current philosophy that IIGET will, during this time period, concentrate their enforcement efforts in the areas of; the Possession of Video Lottery Terminals (VLTs), the Distribution of VLTs and Common Gaming Houses. To ensure the success of Objectives 1 and 2, it is important that IIGET be visible and available to calls and complaints from the Public, Law Enforcement Agencies and our Regulatory Enforcement Partners. While it is recognized that the investigations of Internet Gaming, the Resale of Lottery tickets, Money Laundering and Proceeds of Crimes investigations is important to this overall objective, these offences tend to be a greater drain on resources and require investigators to have a greater skill set and more experience. It is anticipated and can be expected that IIGET investigators will gain this skill set over this 18 month period from their experience and training.

Current Status

RCMP Staffing

As of this date, ten of the twelve RCMP members assigned to IIGET have been transferred into the Unit which is now fully operational in all four IIGET offices around the Province. Nine of these ten members have received the OPP two week course on Illegal Gaming Investigations **V2: Police Investigative Technique**. The eleventh member, the Sgt who will work out of the Burnaby office is scheduled to start on the Unit on Dec. 15th, 2004 and the twelfth position, a Cst. who will work out of the Victoria office has been identified and is currently being worked on with Staffing Branch with an anticipated implementation date in late January. Joining the current GPEB investigators at their offices are the following RCMP officers,

Lower Mainland

#408 - 4603 Kingsway Ave. Burnaby, BC V5H 4M4

S/Sgt. Tom ROBERTSON NCO i/c
P/S Lisa CHERALLEY Support Staff

Sgt. Chuck McDONALD
Cpl. Ted VANOVERBEEK
Cst. Al PERUZZO
Cst. Kirby ADAMS
Cst. Gary RODRICKS

Southeast District
#200 - 1517 Water St., Kelowna, BC V1Y 1J8

Cpl. Dean FILIPCHUK
Cst. Rob CORMIER

North District
#211 - 1577 7th Ave. Prince George, BC V2L 3P5

Cpl. Geoff PARKS
Cst. Todd PARKER

Island District
3rd Floor, 910 Government St. Victoria, BC V8W 1X3

Cpl. Mike DORRAN
Cst. (TO BE NAMED / PID :05-01-24)

Equipment

It is believed that the majority of equipment needed by investigators to conduct their investigations has been purchased. There have been some delays in the connection of computer lines at the Kelowna, Prince George and Victoria offices however these seem to have been rectified or will be in the near future.

Caseload

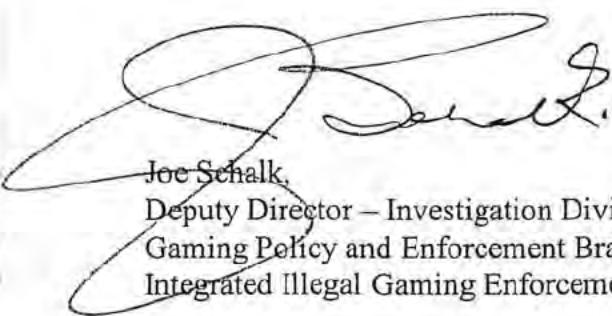
IIGET currently has 38 files opened for investigation and to date has seized 5 video lottery terminals and participated in the search and preparation of charges on one common gaming house. **V2: Police Investigative Technique**

Within five days of the initial email advertising IIGET to all RCMP members (mentioned previously in Objective #1), a call was received from a school liaison officer requesting information concerning the age restriction related to gaming. The officer had learned of IIGET through the email and turned to us for information. After further discussion it was learned that the mother of a 17 year old student had posed this question following her son's loss of \$150.00 on a VLT at a local business. Neither the officer nor the mother was aware that the age restriction was irrelevant and the machine was likely illegal. A report is subsequently being received from the officer and follow up action will be taken by IIGET.

BUDGET

It is forecast that just over \$900,000.00 of the IIGET (RCMP portion) budget will be spent during this fiscal year.

The \$250,000 allotted to GPEB for their operational commitment to IIGET initiatives will be spent for ~~V2: Police Investigative~~ ^Thi, GPEB investigators travel, investigation and rental costs associated with their involvement in IIGET investigations. The decision making on the allotment and spending of monies from this budget will be made by the Deputy Director in conjunction with the NCO i/c IIGET (RCMP). Although expenses have been incurred which should have gone against this budget, these monies have not yet been accessible although it is believed that will be amended in the next week or two. Accounting for expenditures against this budget to the Consultative Board is the responsibility of the Deputy Director GPEB, Investigation Division.



Joe Schalk,
Deputy Director – Investigation Division
Gaming Policy and Enforcement Branch
Integrated Illegal Gaming Enforcement Team



Tom Robertson,
S/Sgt. - NCO i/c - RCMP
Integrated Illegal Gaming Enforcement Team

Appendix O

Business Case for the Expansion of Integrated Illegal Gaming Enforcement Team

Business Case for the expansion of

**INTEGRATED ILLEGAL GAMING
ENFORCEMENT TEAM
(IIGET)**

**Submitted By: S/Sgt Fred Pinnock
NCO i/c IIGET
“E” Division**

2007-07-20

EXECUTIVE SUMMARY

With the IIGET MOU scheduled for renewal effective 08APR01, consideration must be given to the current resourcing levels allotted to this integrated unit. IIGET was created in 2003 with an establishment of twelve regular members of the RCMP and one public servant.

An increase in police resources with a proportional increase in support staff will permit a more complete range of service delivery from IIGET. This will ensure that all three levels of illegal gaming enforcement are addressed. IIGET will then be positioned to comply with the terms and conditions of the MOU.

It is proposed that a substantial increase in the establishment of IIGET will produce a corresponding increase in enforcement results at all levels of illegal gaming throughout British Columbia. This will result in an increase in safety and security for the citizens of this province whose lives are affected by the gaming industry.

Two alternative resource packages in addition to the existing model are itemized within this document, with accompanying rationale. It is strongly felt that Option "A" will best meet the expectations and needs of our client agencies and the citizens of British Columbia.

ISSUE:

The IIGET MOU is scheduled for renewal in eight (8) months. To satisfy the terms of the MOU and deliver a comprehensive level of service to British Columbians, IIGET must receive an establishment increase upon renewal of its mandate.

HISTORY OF THIS ISSUE

IIGET was created in 2003 on the basis of three founding principles:

- i) Enforcement
- ii) Intelligence
- iii) Education

The expectations for service delivery for IIGET are considerable and justified. In conjunction with Gaming Policy Enforcement Branch (GPEB), the RCMP component within IIGET is responsible for three tiers of enforcement. As reported to the IIGET Consultative Board, these tiers are represented as follows:

- a) Street Level - Texas Hold 'Em in licenced premises, raffles, bingos, etc. (IIGET - GPEB responsibility)
- b) Mid Level - Common Gaming Houses, VGM clusters, Pyramid Schemes and animal fights (IIGET - RCMP responsibility)
- c) High Level - Internet Gaming, VGM Distribution., Bookmaking (IIGET - RCMP responsibility)

These various levels are based upon three criteria:

- a) public risk
- b) investigative complexity
- c) resources required to interdict

The most recent direction received from the IIGET Consultative Board has been to place emphasis upon the more visible mid level enforcement targets throughout the province. This has resulted in an enforcement campaign which has targeted Common Gaming Houses throughout British Columbia. At this writing, IIGET has collapsed eight (8) Common Gaming Houses since this direction was received in December of 2006, four (4) of them prosecutorially. Criminal Code convictions (including Fraud) were recently rendered in BC Supreme Court as a result of a pyramid scheme taken down by IIGET. Other mid level targets remain the subject of ongoing investigations by this unit. Street level enforcement efforts continue to be maintained by partner agency GPEB.

Compliance with this directive from the Consultative Board is not without consequence. Current resourcing levels will permit a concentration upon mid level initiatives, however, IIGET is

unable to also satisfy the mandate with respect to high level enforcement targets as set out within the MOU. IIGET has the expertise, experience and will to successfully target criminal groups which are active in bookmaking, internet gaming and VGM distribution. We just don't have the people.

An increase in police resources will permit a more complete range of service delivery from IIGET, to ensure that all three levels of illegal gaming enforcement are addressed. In this way, the terms of the IIGET MOU will be satisfied.

Operationally, the IIGET Consultative Board has received consistent reporting from a succession of unit commanders. This integrated unit, while founded upon the three tenets of enforcement, intelligence and education, is expected to deliver measurable enforcement results impacting low, medium and high level targets. At current resource levels, IIGET is capable of addressing two of these, while unable to target at the high level. It is unlikely that high level gaming targets will be among those selected for targeting by CFSEU or any other similarly mandated unit. As a result, it naturally falls to IIGET to target at this level. At current resource levels, however, IIGET is positioned to target at the medium or high enforcement levels, but not both.

DESCRIPTION OF CURRENT POLICING RESPONSE

With the exception of the IIGET unit, very little attention is paid to illegal gaming activity by police agencies in British Columbia.. While this is traditionally viewed as a "vice" offence other, more visible forms of criminal activity tend to be the priority of units which might be mandated to look after this broad category of offences.

IIGET's thirteen full time employees are positioned as follows:

LMD:	7 in Burnaby Metrotown (including 1 CR 04).
North District:	2 in Prince George
South East District:	2 in Kelowna
Island District:	2 in Victoria

All personnel are familiar with the founding principles of enforcement, intelligence and education. They are deployed accordingly by the unit commander. Intelligence gathering remains a priority for this unit, **V2: Police Investigative Technique**

A criminal intelligence analyst has been retained on contract until 08MAR31 to collate and coordinate the volumes of information gathered. **V2: Police Investigative Technique** IIGET

has a number of open investigations which are focused upon locations within these jurisdictions. In light of this, it is felt that an integrated model incorporating municipal police resources merits serious consideration.

IIGET operates on a project basis, with eight ongoing projects in progress throughout the province at the present time. The NCO in charge is the Team Commander for all of these investigations, which operate under the Major Case Management model. V2:

To achieve successful results, mid level projects consume significant resources. Within the current funding model, IIGET is impeded less by financial restriction than by manpower limitations.

The IIGET unit commander has approximately 24,000 hours available each year to achieve the objectives established within the IIGET MOU. To take each major case through to conviction, at least half of the hours invested are spent subsequent to arrest.

In an effort to demonstrate in numerical terms how much time is necessary to allot to various categories of illegal gaming investigation, examples are set out below:

Mid level - Pyramid Schemes:	4000 - 5000 hours
- Common Gaming House	1500 - 2000 hours
- VGM clusters	500 hours
- Animal Fights	2000 hours
High level - Bookmaking	> 20,000 hours
- Internet Gaming	> 20,000 hours
- VGM Distribution	> 20,000 hours

V2: Police Investigative Technique

this unit with its illegal gaming mandate is a low priority relative to units which are responsible for the investigation of violent crime. V2: Police Investigative Technique

This directive is respected, with the knowledge that this will directly impact our investigative capacity. V2: Police Investigative Technique

IIGET is absolutely capable of succeeding against these targets, but not at current levels of resourcing.

PROJECTED OUTCOME IF CURRENT SITUATION CONTINUES

The principle consequence of the resourcing level which currently applies to IIGET is that the delivery of police services is limited to the point where this unit is unable to target at both the medium and high levels simultaneously. While attacking visible mid range targets such as

pyramid schemes or common gaming houses is newsworthy, this results in IIGET being less able to focus upon the senior organized crime level. Conversely, if IIGET at current resourcing levels were to concentrate on a high level target, other meaningful mid level targets could receive inadequate attention for extended periods. As these mid level targets are often visible to the public and the media, confidence in government and its policing institutions could be negatively impacted. With a reasonable increase in resources, IIGET is well positioned to address all levels of illegal gaming within the province of British Columbia. Should such an increase go unsupported, it may be necessary to reconsider the breadth and scope of the mandate.

While it is recognized that a criminal intelligence analyst position had been created within the initial IIGET model, the decision to convert this to an RM position at that time was justified. This unit has evolved to the point where an indeterminate intelligence analyst position is compulsory. The volume and complexity of criminal intelligence being gathered by IIGET personnel justifies this position. Illegal gaming is recognized by a number of senior organized crime groups as a preferred strategic direction. This is demonstrated primarily by Traditional (Italian) Organized Crime, Asian Organized Crime, Eastern European Organized Crime and, most recently, Outlaw Motorcycle Gangs. The benefit to the delivery of professional police services by "E" Division requires that this be achieved. The OPP experience must be considered in considering the intelligence benefits of a committed illegal gaming section. Senior OPP officials have remarked upon the value of criminal intelligence gathered as a result of gaming investigations, dealing with a broad spectrum of criminal activity. This criminal genre is populated by many of the top criminal entrepreneurs identified within the Provincial Threat Assessment on Organized Crime - 2007 edition. Recent discussions with senior DCAS managers have resulted in a commitment to include the contractually-retained analyst from IIGET in a provincial initiative to explore the links involving loansharking, kidnappings, extortions and other forms of violent crime within a gaming context. The linkages are irrefutable. The creation of a permanent criminal intelligence analyst position is a component which is crucial to this submission.

Option A: **(An increase of 12 FTEs)**

LMD: Unit Commander - S/Sgt.
Team A: Sgt / Cpl / 4 Csts
Team B: Sgt / Cpl / 4 Csts
. 1 Criminal Intelligence Analyst
2 Clerical Staff (CR 04s)

All 3 Outlying District offices: 1 Cpl & 2 Csts

Total Cost (including Direct, Indirect & one time Start Up costs): \$3,846,274

Option B: **(An increase of 10 FTEs)**

LMD: Unit Commander - S/Sgt.
Team A: Sgt / Cpl / 3 Csts
Team B: Sgt / Cpl / 3 Csts
1 Criminal Intelligence Analyst
2 Clerical staff (2 CR 04s)

All 3 Outlying District offices: 1 Cpl & 2 Csts for each.

Total Cost (including Direct, Indirect & one time Start Up costs): \$3,481,260

Option C: Status quo. 12 RMs and one CR 04

Total Cost (including Direct & Indirect, but no Start Up costs): \$1,770,388

NOTE: Space requirements in the LMD office are sufficient to absorb these new personnel. Outlying District offices in Kelowna and Prince George are able to accommodate with minor fit ups. The Victoria office has space limitations, however, something will be worked out by positioning the two constables in one large office.

RECOMMENDATIONS:

Option A: **\$3,846,274**

Option B: **\$3,481,260** Less Desirable.

Option C: **\$1,770,388** Status Quo.

Recommendation of Submitting Member:

Option A

Appendix P

Integrated Illegal Gaming Enforcement Team Performance Report for IIGET
Consultative Board

**INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
PERFORMANCE REPORT**

FOR

IIGET CONSULTATIVE BOARD

**Submitted By: S/Sgt Fred Pinnock
NCO i/c IIGET
“E” Division**

2007-07-23

In anticipation of the IIGET MOU expiring on 08MAR31, it is critical that resource levels be examined relative to priorities and goals for this unit which will be established in the coming months. This submission should be viewed as an addendum to the business case submitted to the Deputy Criminal Operations Officer (Contract) dated 2007-07-20.

It is worth reviewing the mandate and objectives established for IIGET to establish a context for this report:

MANDATE: “To maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming.”

- OBJECTIVES:**
- a) Gathering of intelligence with respect to illegal gaming activity in the province of British Columbia.
 - b) Prevention of illegal gaming through education and partnerships.
 - c) Investigation and enforcement of Gaming Control Act and Criminal Code offences. Three levels of enforcement have been identified, determined by the following criteria:
 - i) public risk
 - ii) investigative complexity
 - iii) resources required to interdict

Combined IIGET (RCMP and GPEB) Statistical Reports have been relied upon for this analysis, which captures data from fiscal years 2005/06 and 2006/07, as well as the first quarter of 2007/08 which has just concluded. As the RCMP component within IIGET was assembled in large part in October of 2004, an analysis of the statistical production for the latter half of fiscal year 2004/05 is not submitted. This period was primarily spent on administrative tasks which went into the foundation of this new integrated model.

In addition to the statistical overview, please find hereunder a chronological account of the key enforcement initiatives undertaken by IIGET since its formation. As identified within foundation documents leading to the creation of IIGET, the first eighteen months were focused upon the more visible categories of illegal gaming, specifically common gaming houses and video gaming machines (VGMs). As expected, these first eighteen months were instructive.

When considering the statistical production of IIGET, a pronounced deviation is evident when noting the lack of criminal charges sworn by this unit in 2006. This is explained by a commitment to pursue Project “E-PEDIGREE”, a complex internet gaming investigation with direct ties to the province of British Columbia. This high level international investigation was led by IIGET until the US IRS took the lead in mid 2006. The likelihood of appropriate legal sanctions against this company is enhanced by virtue of US involvement.

NOTE: There have been numerous cases where enforcement has occurred outside the ambit of projects. These are reflected within the statistical reports, but will not be commented upon within the compilation set out below.

1. April 2005 - Project E-PLANT (Island District IIGET)

This common gaming house investigation was in conjunction with Victoria Police Department. One keeper was charged criminally and he departed the area before trial. A warrant was issued and executed one year later. AGBC entered a stay of proceedings.

2. June 2005 - Project E-PLAID (LMD IIGET)

This common gaming house investigation was focused upon a private residence in Richmond, and resulted in criminal charges being laid against one keeper. Seven "found-ins" were offered diversion. In addition to seizures, the keeper was assessed \$40,000 for unpaid income taxes by CRA.

3. June 2005 - Project E-PEDIGREE (LMD IIGET)

This internet gaming investigation has focused upon a hugely successful and high profile criminal enterprise based in Vancouver. Attempts were unsuccessful in having CFSEU and IPOC join forces with IIGET in targeting this company. A considerable inventory of evidence was gathered in support of a prosecution, which is now the responsibility of the Internal Revenue Service. An MLAT request remains in the draft stage, and is being reviewed. A US prosecution is viewed very positively by this office. Support to our US counterparts continues, however, resource demands have been minimal of late. This investigation consumed most of 2006 for the majority of IIGET personnel.

4. August 2005 - LIANG Forfeiture / Loansharking (LMD IIGET)

This loanshark was apprehended entering River Rock Casino. Due to IIGET familiarity with Offence Related Property investigations, support was provided to GPEB investigators. Admissions were made relative to his loansharking activity. Consent provided by the suspect led to a \$200,000 forfeiture to the Provincial Crown.

5. September 2005 - Morris MacDonald et al (Island District IIGET)

This VGM case resulted in guilty pleas to Gaming Control Act offences for three accused. Eight VGMs were seized and five were subject to relinquishments of claim.

6. October 2005 - Project E-PLACE (North District IIGET)

This common gaming house investigation led to a takedown at a Prince George premise, resulting in two keepers being criminally charged. Six "found-ins" received diversion. A

referral was made to CRA.

7. October 2005 - Project E-POKERISH (South East District IIGET)

This common gaming house investigation focused upon a commercial premise in Rutland, B.C. Three keepers were criminally charged, along with fourteen “found-ins” who received warning letters. On the eve of trial, the main keeper plead guilty, while the less dominant keepers plead guilty to “found-in” charges. In addition to the usual seizures of cash and paraphernalia, a referral was made to CRA.

8. October 2005 -Ragman Billiards et al (South East District IIGET)

This smaller scale VGM distributor was among several persons and companies faced with a variety of criminal and LCLA charges. Thirty VGMs were seized, liquor licences suspended and two vehicles were forfeited as Offence Related Property. This matter is still before the courts.

9. November 2005 - Project E-PATTERN (Island District IIGET)

This pyramid scheme case victimized over 3700 investors, primarily on Vancouver Island. Two people were charged, and one was convicted in June of Fraud, Managing a Scheme and Advertising a Scheme. All money was recovered and is in the process of being returned. The principal accused received fines totaling \$40,000.

10. June 2006 - Project E-PROTON (North District IIGET)

This intelligence probe into illegal gaming activity on aboriginal lands resulted in the conclusion that enforcement and attention to this activity (primarily consisting of unlicenced bingo) in the north is best left to FN constables. These FN communities are all dependent upon bingo as a key part of their social fabric in addition to fundraising. Disturbing this pattern could prove unwise. Consultation with and education of FN leaders with respect to gaming law is an option to be examined.

11. June 2007 - Project E-PARRY (South East District IIGET)

This common gaming house investigation focused upon a long term commercial operation in Kamloops. Three keepers and ten “found ins” will be recommended for charges upon submission to Crown Counsel. CRA has received a referral from this office.

12. June 2007 - Project E-PICTURE (Island District IIGET)

This common gaming house investigation targeted a high security location in Victoria [REDACTED] This longstanding commercial operation was the most important location targeted by this unit of late. Four keepers and fifteen “found-ins” will be recommended for charges in submissions to Crown Counsel. CRA has received a referral from this office.

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13. June 2007 - Project E-PYRONE (Island District IIGET)

This common gaming house investigation focused upon a commercial establishment in Campbell River. Criminal charges will be recommended against two keepers and seventeen “found-ins”.

14. June 2007 - Project E-PLIMSOLL (Island District IIGET)

This common gaming house in Nanaimo focused upon a location across the parking lot from the Nanaimo Casino. Criminal charges will be recommended against two keepers and eleven “found-ins”.

15. June 2007- Non-prosecutional cases

Four additional common gaming houses have recently been targeted by this unit, and have been shut down without charges. These locations in Kamloops, Kelowna, Campbell River and Williams Lake had been thriving criminal enterprises for some time. They are now out of the illegal gaming business.

16. June 2007 - Ongoing Projects

a & b) Two mid range projects are underway in LMD District which, if interdiction occurs, will attract considerable media attention due to the profile of the targets.

c) A province-wide initiative, in concert with Vancouver Police Department, is underway through the use of educational DVDs targeting patrol officers throughout the province, both RCMP and municipal. The intent is three-fold: through *educating* the thousands of street officers throughout British Columbia on what to look for with regard to VGMs and common gaming houses, IIGET expects to receive a significant volume of reports and *intelligence* on locations throughout the province. North District IIGET personnel are spearheading this endeavour, and will act as the repository for this information in its totality. The IIGET Criminal Intelligence Analyst will assist in plotting these locations and an *enforcement* plan will be developed. The production quality of these DVDs is quite remarkable, and we expect that this will generate a volume of valuable mid level information for IIGET. The key will be to ensure broad circulation and viewership.

STATISTICAL OVERVIEW

An examination of IIGET enforcement statistics for fiscal year 2005/06 reveals fourteen Criminal Code charges laid, with two hundred sixty-eight warnings administered (verbal and written). A total of four hundred ninety-two illegal gaming files were opened during this period.

For fiscal year 2006/07, no criminal code charges were laid. The number of warnings (one hundred forty-seven) and opened files (three hundred forty-nine) also plummeted.

The first quarter of 2007/08 indicates an unprecedented level of production, with sixty-five Criminal Code charges being recommended, and one hundred warnings administered as of this writing. Combined statistics on opened files are still being compiled for this first quarter.

OBJECTIVES IN SUPPORT OF IIGET'S MANDATE

Intelligence: V2: Police Investigative Technique

A particular increase in awareness of the illegal gaming landscape in jurisdictions policed by municipal departments has occurred. This intelligence crosses all categories of illegal gaming, including high level activity.

Relationships continue to be formed with agencies such as IRS, Washington State Gambling Commission, CRA, US DOJ, OPP, Surete de Quebec and provincial regulatory bodies. Information relating to enforcement targets within British Columbia has increased dramatically as a result. IIGET enjoys excellent working relationships with investigative personnel from these agencies, whose cooperation has proven invaluable.

Education: All IIGET personnel understand that marketing of this unit goes with the territory. Numerous presentations continue to be provided on police training courses. In addition, an external and an internal website has been developed for IIGET, identifying the nature of the services which this unit can offer. The two DVDs referred to above will promote awareness of this unit and the legal / policing terrain associated with illegal gaming. Although this may also qualify as an enforcement tool, NCO i/c IIGET distributed 2200 letters to liquor licencees earlier this year, setting out the parameters within which they must operate if they wish to comply with the law. Legal jeopardy for violators was also explained. Warning letters utilized as an alternative to charges are also instructive, and are in regular use by this office.

Enforcement: The mainstay of IIGET. As identified within the business case referred to above, IIGET is responsible for three tiers of enforcement. At the present time, this unit is unable to satisfactorily respond to all categories due to resource limitations. The primary enforcement efforts of this unit are set out above. The degree to which identifiable criminal organizations rely upon illegal gaming as a source of revenue is far greater than expected. It is considered crucial that IIGET acquires the resource capacity to address this level of threat within the next MOU effective 2008APR01.

S/Sgt Fred Pinnock
NCO i/c IIGET
“E” Division

Integrated Illegal Gaming Enfc. Document File Stat Collection 2005-2006

	Apr05-Jun05	Jul05-Sept05	Oct05-Dec05	Jan06-Mar06	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
LOWER MAINLAND					
VGM	2	1			3
CG House	6	4	11	21	42
Illegal Lottery	8	10	10	14	42
Internet Gambling	4	2	3	1	10
Other		3	2	2	7
TOTAL	20	20	26	38	104
INTERIOR REGION					
VGM	4	4	5	6	19
CG House	4	5	4	4	17
Illegal Lottery	48	25	19	21	113
Internet Gambling					0
Other				3	3
TOTAL	56	34	28	34	152
NORTHERN REGION					
VGM	2	3	6	3	14
CG House	4	2	1	8	15
Illegal Lottery	23	12	13	4	52
Internet Gambling					0
Other	6	5		2	13
TOTAL	35	22	20	17	94
ISLAND REGION					
VGM	1			5	6
CG House	5	6	2	2	15
Illegal Lottery	38	26	14	22	100
Internet Gambling		1			1
Other	11	4	2	3	20
TOTAL	55	37	18	32	142
Grand Total	166	113	92	121	492
CLEARED					
Charge CC	4	3	5	2	14
Charge GCA		1			1
Warning: Verbal	29	44	30	50	153
Warning: Written	45	23	15	32	115
Administrative		3	1		4
TVN	1	4	1	2	8
Intelligence	17	15	16	10	58
Unfounded	53	17	12	16	98
OTHER	21	7	9	5	42
TOTAL	170	117	89	117	493

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COMBINED I.I.G.E.T. File Stats for Fiscal Year 2006-2007

	<i>Apr06-Jun30,06</i> Quarter 1	<i>Jul06-Sept30,06</i> Quarter 2	<i>Oct06-Dec31,06</i> Quarter 3	<i>Jan07-Mar31,07</i> Quarter 4	TOTAL
LOWER MAINLAND					0
VGM	2	2		2	6
CG House	18	10	4	6	38
Illegal Lottery	8	3	16	5	32
Internet Gambling	5	1	3	2	11
Other	3	2	2	3	10
TOTAL	36	18	25	18	97
INTERIOR REGION					
VGM	3			1	4
CG House		3	1	4	8
Illegal Lottery	17	12	10	15	54
Internet Gambling				1	1
Other		1	1	1	3
TOTAL	20	16	12	22	70
NORTHERN REGION					
VGM				2	2
CG House	3	7	1	3	14
Illegal Lottery	19	7	10	9	45
Internet Gambling		1	1		2
Other		1	2	6	9
TOTAL	22	16	14	20	72
ISLAND REGION					
VGM	4				4
CG House	23	6	4	9	42
Illegal Lottery	21	17	11	9	58
Internet Gambling	1				1
Other	1	2		2	5
TOTAL	50	25	15	20	110
ALL TOTALS	128	75	66	80	349
CLEARED					0
Charge CC					0
Charge GCA					0
Warning: Verbal	34	18	21	15	88
Warning: Written	21	13	15	10	59
Administrative					0
TVN					0
Intelligence	20	14	8	8	50
Unfounded	15	16	13	8	52
OTHER	15	4	5	6	30
TOTAL	105	65	62	47	279

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COMBINED I.I.G.E.T. File Stats for Fiscal Year :2007-2008

	<i>Apr07-Jun30,07</i>	<i>Jul07-Sept30,07</i>	<i>Oct07-Dec31,07</i>	<i>Jan08-Mar31,08</i>	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
LOWER MAINLAND					0
VGM	1				1
CG House	3				3
Illegal Lottery					0
Internet Gambling	1				1
Other	2				2
TOTAL	7	0	0	0	7
INTERIOR REGION					
VGM					0
CG House	2				2
Illegal Lottery	10				10
Internet Gambling					0
Other					0
TOTAL	12	0	0	0	12
NORTHERN REGION					
VGM	1				1
CG House	1				1
Illegal Lottery	8				8
Internet Gambling					0
Other	4				4
TOTAL	14	0	0	0	14
ISLAND REGION					
VGM					0
CG House	7				7
Illegal Lottery	4				4
Internet Gambling	1				1
Other					0
TOTAL	12	0	0	0	12
Total	45	0	0	0	45
CLEARED					0
Charge CC	65				65
Charge GCA					0
Warning: Verbal	10				10
Warning: Written	90				90
Administrative					0
TVN					0
Intelligence	3				3
Unfounded	5				5
OTHER	1				1
TOTAL	174	0	0	0	174

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Appendix Q

Business Case for the formation of a Provincial Casino Enforcement/Intelligence Unit

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM (IIGET)

Business Case for the formation of

**A PROVINCIAL CASINO
ENFORCEMENT / INTELLIGENCE UNIT**

**Submitted by: S/Sgt Fred Pinnock
NCO i/c IIGET
“E” Division**

2007-06-27

EXECUTIVE SUMMARY

With the arrival and increased popularity of large casinos within British Columbia over the past few years, law enforcement must adapt to the changes created by this business phenomenon. With annual revenues increasing dramatically, this industry has attracted the predicted unsavoury elements. As with other provinces and states which host casinos and racetracks, organized criminal activity is very much part of the fabric at these venues. The increased profile of this criminal activity has attracted considerable media attention of late, causing law enforcement and government to examine what needs to be done to address this trend.

The RCMP Integrated Illegal Gaming Enforcement Team (IIGET) has examined law enforcement approaches to casino and horse racing locations taken by a number of police agencies throughout North America. A number of these agencies have much more experience in the policing of these environments, and it would appear that a variation of the approach taken by the OPP is the most practical solution.

Three resourcing packages have been identified within this document, for the review of the Deputy Criminal Operations Officer (Contract). It is recommended that one of these identified options will be accepted as a model for implementation in the near future, with a view to deployment in 2008.

The attached funding models are based upon current salary levels.

IIGET is currently mandated to investigate illegal gaming activity only. The criminal element operates and moves freely between illegal and legal gaming venues. It is critical that an enforcement / intelligence unit is created in response to criminal activity which occurs in and around legal gaming venues throughout British Columbia. It is recommended that the mandate of IIGET be broadened to include a targeting presence for legal gaming venues as well. IIGET is well positioned to assume responsibility for this initiative upon renewal of the MOU on 08APR01.

1. THE ISSUE.

A significant enforcement gap in our policing operations has been identified, resulting from the absence of an operational targeting / intelligence unit focusing upon legal gaming venues throughout British Columbia.

2. HISTORY OF THIS ISSUE.

Legal gaming venues within British Columbia exist primarily in the form of licenced casinos and horse racing tracks. There is a significant organized crime presence already firmly entrenched within several of these venues. This is manifested in many forms, specifically loansharking, money laundering, counterfeiting, drug trafficking, institutional corruption and frequent acts of violence and intimidation. A major part of the problem lies in the fact that there is little, if any, enforcement effort being initiated by the police at these locations. Police agencies of jurisdiction do respond to calls for service at these locations. These agencies do not, however, operate at resource and training levels which are sufficient to target the criminal element which thrives in these environments.

BC Lottery Corporation operates all legal gaming venues on behalf of the provincial government. There are two main contractors which operate these facilities, *Great Canadian Casinos Ltd* and *Gateway Casinos Ltd*. These companies employ their own on-site security and surveillance departments. The provincial *Gaming Control Act* requires that these casino and racetrack operators report all verifiable or suspected criminal activity to a provincial government enforcement body, Gaming Policy Enforcement Branch (GPEB). GPEB is mandated under a directive from the Solicitor General to act in an enforcement role within casinos and racetracks. There are in excess of twenty GPEB investigators positioned throughout the province. While a few of these investigators will continue to be mandated to look after these legal venues, the majority must respond to other investigative priorities such as the recent lottery retailer scandal. These retired police officers do not possess traditional policing authority. Upon receiving a paper report from a casino employee, the GPEB member reviews the document, disseminates where appropriate, and files it in his office. Typically, when a complaint is received by the police in relation to a serious incident originating in a casino or racetrack, a major crime investigator from the police agency of jurisdiction meets with the GPEB investigator to examine any relevant materials which may be archived in the GPEB office. There is no electronic retention of this information, and no tactical or strategic analysis is conducted due to limited resources. The enforcement resulting from this existing protocol has been quite limited.

The Integrated Illegal Gaming Enforcement Team (IIGET) was officially formed in 2003 to address illegal gaming activity in the province of British Columbia. The RCMP and GPEB are partner agencies within this model. No provision is made within the existing MOU for actual

enforcement or targeting within legal venues, other than the police agencies of jurisdiction responding to calls for service. The current IIGET MOU expires on 08MAR31.

This existing reality does not meet the expectations or the needs of our citizens.

3. DESCRIPTION OF CURRENT POLICING RESPONSE

The experience of other North American jurisdictions is relied upon when concluding that casinos and racetracks attract the criminal element - both organized and otherwise.

There are currently twenty-four licenced casinos (including community gaming centres) and two licenced racetracks throughout the province of British Columbia. While GPEB investigators are mandated to monitor low level criminal activity within these environments, no proactive law enforcement presence exists. The lone exception to this will be Richmond Detachment, which has recently had funding for two positions approved by their municipal government. Two additional positions from within the detachment will be reassigned with a view to the formation of an investigative unit consisting of four police officers. This unit will investigate both illegal gaming activity and criminal activity stemming from legal gaming venues within the City of Richmond. The targeting capability of this unit will be extremely limited, unless it is aligned with a provincial targeting unit as identified within this proposal..

Generally, however, Police agencies of jurisdiction respond to calls for service when they are received. The bulk of the criminal activity occurring in casinos and racetracks goes unreported, simply due to the nature of these activities. As a result of this, current statistical analyses are unreliable. The police of jurisdiction are made aware of activities such as kidnapping, extortion, counterfeiting and various forms of violent crime when a complaint is received. Anecdotal accounts from Administrative Crown Counsel(s) in the Vancouver and Fraser Regions identify an increase in robberies as a result of casino patrons being followed home from these venues. There is currently no police targeting presence focused upon these venues within British Columbia. The absence of a proactive enforcement / intelligence unit to be responsible for this category of criminal activity throughout the province represents a disturbing gap in our delivery of police services.

IIGET does not currently possess the mandate to target criminal activity within legal gaming venues. It would seem appropriate to broaden the mandate to permit this to happen or, alternatively, to create a casino / racetrack unit to report to NCO i/c IIGET under OIC Major Crime Section (outside of the IIGET structure). As the majority of targets operate freely between legal and illegal gaming environments, it would be unwise to create an artificial firewall between separate units. For optimal effectiveness, constant communication must be fostered under one central command. IIGET with a broadened mandate is the recommended vehicle to ensure that this occurs.

4. PROJECTED OUTCOME IF CURRENT SITUATION CONTINUES

If this enforcement / intelligence gap in legal gaming venues continues to exist, the cycle of organized criminal activity will continue to escalate. A number of human sources and industry insiders have come forward, identifying that institutional corruption has penetrated these environments, and that some security and surveillance employees have been corrupted so as to turn a blind eye at strategic times. Notwithstanding their considerable efforts, it is a certainty that the GPEB presence is not an adequate law enforcement response to these pressures. In the absence of a properly resourced enforcement / intelligence body focusing upon this industry, the criminal element will continue to acquire a stronger foothold, making these environments less safe for law abiding citizens and honest employees. This said, it is intended to have the proposed unit work closely with police agencies of jurisdiction, GPEB, BCLC and security personnel at these locations, to ensure that appropriate communication between departments is maintained.

Media scrutiny of this issue has intensified as of late, focusing upon a recent homicide in Richmond, B.C. It has been widely reported that not one loansharking (*Criminal Interest Rate - Section 347 C.C.C.*) charge has been laid in response to the obvious increase in this criminal activity created specifically by the arrival of casinos in British Columbia. Casino operators, obviously driven by the bottom line, have expressed displeasure with this recent wave of publicity, citing a reduction in Asian customers at the River Rock Casino in Richmond that has resulted from this unfavourable news coverage.

It is reasonable to assume that, upon completion of the RAV Line to Richmond's River Rock Casino Station in 2009, the volume and intensity of criminal activity will escalate dramatically at that location. This anticipated increase has resulted in Translink committing to build a substantial policing facility to house its officers adjacent to the casino. It will be necessary for a portion of that facility to be dedicated to office space for this proposed unit, along with GPEB personnel assigned to this location..

Discussions have been held before the IIGET Consultative Board pertaining to this gap in policing services. There is a consensus that the pressures are almost exclusively based out of the Lower Mainland at this time. Accepting this current perception as accurate, it is recommended that this proposed unit be based completely out of Burnaby, to be housed in the same building where IIGET is currently located. As with the current IIGET office space, workstations for a number of GPEB investigators will also be provided. As with IIGET, this proposed unit will be extremely mobile, and able to deploy anywhere in the province without difficulty. There are numerous casinos and one racetrack outside the Lower Mainland. The possibility exists that a need will be identified for permanent positions in all Districts within British Columbia in future, however, this does not reflect the current reality.

As identified above, OIC Richmond Detachment has succeeded in the formation of a unit mandated to address gaming related pressures within his jurisdiction. It is not realistic, however, to expect this detachment unit to operate at a strategic and tactical level which is necessary to disrupt the organized criminal activity which occurs at River Rock Casino. The unit proposed within this submission will work closely with, and in support of this Richmond Detachment unit.

5. INTEGRATED MODEL - INCORPORATION OF MUNICIPAL COMPONENT

Three major casinos (Edgewater in Vancouver, Queensborough in New Westminster and GCC in Greater Victoria) and one major horse racing facility (Hastings Park in Vancouver) are located in municipal policing jurisdictions. If a targeting / intelligence unit mandated to focus upon legal gaming environments is supported by the Solicitor General, it would seem appropriate to including a municipal component when developing such a unit.

A minimum of two municipal police officers at the constable rank, directly integrated into the fabric of this proposed unit, will be necessary to achieve this. This will ensure that these legal gaming venues referred to above are given the appropriate amount of attention by this proposed unit. A municipal policing presence will also ensure greater effectiveness in accessing a myriad of municipal resources when required.

It is proposed that these two positions be staffed by way of secondments, with the contributing municipalities to be reimbursed by the provincial government..

6. FUNDING OPTIONS TO ADDRESS GAP IN SERVICE DELIVERY

- a) Consult with IIGET Consultative Board to identify funding alternatives.
- b) Approach Police Services Division directly for increased funding.
- c) Through a prior agreement between the provincial government and the municipalities hosting casinos and racetracks throughout the province, a percentage of revenues generated at these legal gaming venues is redistributed back to the municipal governments where these venues are situated. \$65,013,695 was returned to the municipalities from legal gaming revenues in 2005. \$76,112,473 was returned in 2006. If the same 17% increase were to occur in 2007, it is reasonable to expect that over 87 million dollars will be returned next year. These redistributed funds had been intended in part to address increased policing pressures created in municipalities which host casinos and racetracks. Very little of this funding has been utilized for the purpose for which it was intended. The most costly option identified within this business case is 6.5% of the amount projected to be returned to the municipal governments from profits accrued in 2007.
- d) Status Quo - not an option

The most practical option to consider is (c) to request that the provincial government approach the municipalities which receive this funding for a small percentage of the redistributed money to fund the creation of a proactive policing unit to address the organized criminal activity within casinos and racetracks. It is appropriate to communicate with the IIGET Consultative Board and Police Services Division as part of this process. A variety of resourcing models have been examined. As with other proposals which endorse an integrated policing response, this unit must not be staffed exclusively by RCMP personnel. An integrated unit consisting of both municipal and RCMP officers will be the optimal arrangement.

Six principles are paramount.

- i) As recently articulated by the Commanding Officer, "E" Division, one of the most common mistakes in Major Case Management is to approach large operational policing initiatives with inadequate resources, including admin support.. This will invariably be reflected in the outcome.
- ii) An intelligence probe team must form a significant component of such a unit. With the sophistication and complexity of many of the criminal organizations to be targeted, a well supervised and managed intelligence component is mandatory if we are to be effective. This intelligence component must be imbedded within this unit with strong analytical support..
- iii) An imbedded Offence Related Property component. Notwithstanding an infusion of new provincial positions expected for IPOC, an effective interdiction of casino / racetrack targets will require an ORP dimension for each file investigated. Rather than plead for resources from IPOC on a file by file basis, permanent, on site ORP resources are crucial to a successful initiative. This ORP component would, in all likelihood, be cost neutral as a result of forfeitures to the provincial government.
- iv) One imbedded ITCU position. (See attached Business Case provided by NCO i/c ITCU). The broad range of investigative services offered by ITCU is necessary to properly target the sophisticated criminal element which will be encountered in these environments.
- v) Adequate supervisory positions for these high risk duties, within both the enforcement and intelligence components, with proper attention paid to officer safety at all times.
- vi) A failure to adhere to direction from the Solicitor General to integrate the delivery of policing services wherever possible is ill-advised. There are no municipal police departments within the province of British Columbia which have units dedicated to legal gaming environments. Given the number of target locations within municipal jurisdictions throughout the province, it is appropriate to incorporate a municipal police component within this model.

The model employed by the Ontario Provincial Police is recognized as the national Best Practice in dealing with both illegal gaming investigations and the policing of legal gaming venues. This model was developed after exhaustive research and analysis of other North American jurisdictions where legal gaming venues have operated for decades, most specifically Las Vegas and Atlantic City.

The OPP has created full detachments within each commercial and charitable casino in Ontario. Racetracks are similarly resourced. Each has an off-site intelligence unit. They also utilize a centralized registration arm, responsible for the background checks and licencing of all industry employees. They research all companies who conduct business with the casinos and racetracks, to minimize the likelihood of organized crime becoming associated. Financial investigations and interviews are conducted in each case. Finally, each municipality which hosts a casino has an outside unit resourced by the police agency of jurisdiction, responsible for patrolling the exterior for a 4-5 block radius. This serves to reduce the incidence of street crimes associated to these

locations, and to provide the message to residents and patrons that they can feel safe. To apply this model to British Columbia makes considerable long term sense, however, this approach would cost between \$20-\$25 million to implement. It is strongly recommended that this model be adopted in the longer term, however, examples of more immediate options are set out below.

These resourcing models are identified as Options A - C, in descending order of cost and scope of service delivery. The applicable spreadsheets are appended to this document.

Option A:

Casino Enforcement Team: Sgt i/c, with a total of 12 RMs (4 Cpls / 7 Csts for the Division (incl 1 ITCU RM). One working level Disclosure Analyst. One Information Analyst.

Casino Intel Probe Team: Sgt i/c, with a total of 12 RMs (4 Cpls / 7 Csts for the Division. (+ 1 CM Analyst).

Horse Racing Team: Cpl i/c with 1 Cst. 1 Cpl for Intel

ORP: Cpl i/c with 2 Csts

Admin NCO (Sgt) and Clerical Support (Four CR 04s)

Total Cost (including Direct, Indirect and one time Start up): \$5,851,352

Option B:

As Above, minus Horse Racing Unit.

Total Cost (including Direct, Indirect and one time Start Up): \$5,371,010

Option C:

Casino Enforcement Team: Sgt i/c with a total of 12 RMs for the Division (incl 1 ITCU RM)

Casino Intel Probe Team: Sgt i/c, with a total of 8 RMs for the Division. (+ 1 CM Analyst)

ORP: Cpl i/c with 1 Cst

Admin NCO (Sgt) and Clerical Support (Three CR 04s)

Total Cost (including Direct, Indirect and one time Start Up): \$4,505,829

7. IMPLEMENTATION FRAMEWORK

- If this Business Case is supported, seek the concurrence of the Director of Police Services Division to address the gap in policing services which clearly exists.
- Discuss the various approaches to resourcing an enforcement / intelligence unit to meet these challenges. Select one of Options A, B or C.
- Confirm that the appropriate unit to oversee such an initiative is IIGET, notwithstanding the fact that the present IIGET MOU makes no provision for this.
- Present the proposal to the IIGET Consultative Board once a corporate position is taken. Seek the endorsement of the Consultative Board. Consider the matter of the present mandate and examine options for broadening same. Consider a name change which more accurately reflects the scope of service delivery.
- Through PSD, notify membership of BCACP of the proposal. Seek BCACP concurrence. A presentation may be necessary at next meeting.
- Communicate with and secure cooperation of key stakeholders (BCLC, GPEB, casino licencees, and relevant Chiefs of Police) Identify concerns and discuss solutions.
- Ensure proper drafting of Sponsoring Agreement and MOU, with assistance from PSD Analysts and Ops Secretariat.
- Have documents reviewed by Legal Services Unit and Civil Litigation Unit.
- Upon ratification, obtain signatures of the Commanding Officer and officials from the Ministry of Public Safety and Solicitor General.
- Confirm fund transfer.
- Secure office space at 4603 Kingsway, Burnaby, B.C., proximate to the existing IIGET office.
- Secure space for a sub office at the planned Translink police facility adjacent to River Rock Casino.
- Confirm with internal and external clients that this unit has been officially created.
- Make announcement division-wide pertaining to the formation of this unit.
- With assistance from Strategic Communications Unit, prepare media release.
- Liaise with Career Development & Resourcing Services to assist with HR considerations.

8. RECOMMENDATIONS

Option A: \$5,851,352

Most desirable, and most costly. Optimal model if horse racing venues are to be included. Closest to OPP model of any of these proposed approaches.

Option B: \$5,371,010

Appropriate level of policing response, with the exception of addressing horse racing concerns. Adheres to fundamental principles set out within paragraph five.

Option C \$4,505,829 **Not Recommended.**

Appropriate enforcement response. Weakened resourcing of intelligence unit is problematic, given the rapid growth in this industry and the volume of targets at each venue. Reduced resourcing of ORP unit is also a considerable concern.

Recommendation of Submitting Member:

If horse racing venues are viewed as justifying this level of policing response, select Option "A".

If horse racing venues are not viewed as justifying this level of policing response, select Option "B".

Estimate Cost for Casino/Racetrack Unit of IIGET
For the period from April 1, 2007 to March 31, 2008

		OPTION A	OPTION B	OPTION C
		<u>April 1 to March 31</u>	<u>April 1 to March 31</u>	<u>April 1 to March 31</u>
RM		34	31	26
PS		4	4	3
		38	35	29
Salary - Pay				
- RMs		2,747,988	2,511,911	2,121,602
- PS		175,838	175,838	131,879
Pay Total		2,923,827	2,687,749	2,253,480
Operating				
Other operating (dependant on operational need)		340,000	310,000	260,000
Overtime		748,000	682,000	572,000
O & M Total		1,088,000	992,000	832,000
Capital **	Vehicles			
Vehicles (Grand Am, Chevy Malibu, Buick Allure)		15	14	12
Capital Total		390,000	364,000	312,000
DIRECT COSTS		390,000	364,000	312,000
Indirect Costs				
Members & TCE Pensions		222,672	202,204	168,364
Public Service Pensions		22,033	22,033	16,524
Employers E.I. contributions				
`-- RM		30,571	27,875	23,380
`-- PS		4,677	4,677	3,508
Divisional Administration		561,136	511,636	429,136
Recruit Training		119,029	108,529	91,029
E.R.C./P.C.C.		13,603	12,403	10,403
Block Training		17,004	15,504	13,004
INDIRECT COSTS		990,725	904,860	755,348
DIRECT & INDIRECT COSTS		5,392,552	4,948,610	4,152,829
One time Start Up				
Laptop		102,000	93,000	78,000
Desktop for PS		8,000	8,000	6,000
Lan drop		7,600	7,000	5,800
Telephone		6,800	6,200	5,200
Telephone line		7,600	7,000	5,800
Cell phone		6,800	6,200	5,200
Printer		10,000	8,000	6,000
Workstation (furniture & installation)		190,000	175,000	145,000
Fit up cost for vehicle		120,000	112,000	96,000
ONE TIME START UP COSTS		458,800	422,400	353,000
GRAND TOTAL (Direct, Indirect & One time Start Up)		5,851,352	5,371,010	4,505,829

Integrated Illegal Gaming Enforcement Team
Estimate Cost for Casino/Racetrack Unit of IIGET - Option A
For the period from April 1, 2007 to March 31, 2008

	Starting Date	End Date	Position Number	FTE	06/07 Base Salary (inc raise)	Pay Pro-Rated	Service Pay	Service Pay Pro-Rated	Plain Clothes Allowance	Plain Clothes Allowance Pro-Rated	Sr Cst Allowance	Sr Cst Allowed Pro-Rated	06/07 Salary Forecast	Salary Prorated		
				(a)	(b)	(c) = (b-a)/655	(d)	(e) = (d) * (c)	(f)	(g) = (f) * (c)	(h)	(i) = (h) * (c)	(j)	(k) = (i) * (c)	(l) = (k) * (e) + (j) * (x)	(m) = (l) * (c)
Casino Enforcement Team:	Sgt	ADM-NCO	04/01/2007 12/31/2007	0.75	0.75	86,084	64,858	2,152	1,621	2,042	1,508	-	-	90,279	66,016	OK
	Sgt	ADM-NCO	01/01/2008 03/31/2008	0.25	0.25	89,097	21,069	2,152	549	2,042	503	-	-	93,360	23,026	OK
	Sgt		04/01/2007 12/31/2007	0.75	0.75	86,084	64,858	2,152	1,621	2,042	1,508	-	-	90,278	66,018	OK
	Sgt		01/01/2008 03/31/2008	0.25	0.25	89,097	21,069	2,152	549	2,042	503	-	-	93,360	23,028	OK
	Cpl - 1		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 1		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 2		04/01/2007 12/31/2007	0.75	0.75	86,980	69,605	790	595	2,042	1,508	-	-	81,812	61,639	OK
	Cpl - 2		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	790	595	2,042	503	-	-	84,603	20,661	OK
	Cpl - 3		04/01/2007 12/31/2007	0.75	0.75	86,980	69,605	790	595	2,042	1,508	-	-	81,812	61,639	OK
	Cpl - 3		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	790	595	2,042	503	-	-	84,603	20,661	OK
	Cpl - 4		04/01/2007 12/31/2007	0.75	0.75	86,980	69,605	790	595	2,042	1,508	-	-	81,812	61,639	OK
	Cpl - 4		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	790	595	2,042	1,508	-	-	84,603	20,661	OK
	Cpl - 5		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 5		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 6		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 6		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 7		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 7		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 8		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 8		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 9		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 9		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 10		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 10		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 11		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 11		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 12		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 12		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 13		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 13		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 14		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 14		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 15		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 15		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 16		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 16		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 17		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 17		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 18		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 18		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 19		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 19		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 20		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 20		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 21		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 21		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 22		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 22		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 23		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 23		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 24		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 24		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 25		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 25		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 26		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 26		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 27		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 27		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 28		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 28		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 29		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042	503	-	-	83,419	23,000	OK
	Cpl - 29		01/01/2008 03/31/2008	0.25	0.25	81,744	20,156	2,227	849	2,042	503	-	-	84,603	20,661	OK
	Cpl - 30		04/01/2007 12/31/2007	0.75	0.75	76,980	59,505	2,227	849	2,042</td						

Integrated Illegal Gaming Enforcement Team
Estimate Cost for Casino/Racetrack Unit of IIGET - Option B
For the period from April 1, 2007 to March 31, 2008

	Starting Date	End Date	Position Number	FTE	06/07 Base Salary (Incl raised)	Pay Pro-Rated	Service Pay	Service Pay Pro-Rated	Plain Clothes Allowance	Plain Clothes Allowance Pro-Rated	Sr Cst Allowance	Sr Cst Allowance Pro-Rated	06/07 Salary Forecast	Salary Prorated
Casino Enforcement Team 1a	Sgt	Adm NCO	04/01/2007 12/31/2007	0.75	86,084	64,858	2,152	1,621	2,042	1,538	-	-	90,278	68,018 OK
	Sgt	Adm NCO	01/01/2008 03/31/2008	0.25	21,969	21,969	2,227	549	2,042	503	-	-	93,396	23,022 OK
Casino Intelligence Probe Team 1a	Sgt	04/01/2007 12/31/2007	0.75	86,084	64,858	2,152	1,621	2,042	1,538	-	-	-	90,278	68,018 OK
	Sgt	01/01/2008 03/31/2008	0.25	21,969	21,969	2,227	549	2,042	503	-	-	-	93,396	23,022 OK
Cst - 1	04/01/2007 12/31/2007	0.75	76,950	59,505	790	595	2,042	1,538	-	-	-	-	81,812	61,639 OK
Cst - 2	04/01/2007 12/31/2007	0.75	81,744	20,156	817	202	2,042	503	-	-	-	-	84,602	20,661 OK
Cst - 3	04/01/2007 12/31/2007	0.75	81,744	20,156	817	202	2,042	503	-	-	-	-	84,602	20,661 OK
Cst - 4	04/01/2007 12/31/2007	0.75	76,950	59,505	790	595	2,042	1,538	-	-	-	-	81,812	61,639 OK
Cst - 5	04/01/2007 12/31/2007	0.75	81,744	20,156	817	202	2,042	503	-	-	-	-	84,602	20,661 OK
Cst - 6	04/01/2007 12/31/2007	0.75	76,950	59,505	790	595	2,042	1,538	-	-	-	-	81,812	61,639 OK
Cst - 7	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 8	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 9	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 10	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 11	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 12	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 13	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 14	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 15	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 16	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 17	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 18	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 19	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 20	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 21	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 22	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 23	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 24	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 25	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 26	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 27	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 28	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 29	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 30	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 31	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 32	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 33	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 34	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 35	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 36	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 37	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 38	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 39	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 40	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 41	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 42	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 43	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 44	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 45	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 46	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 47	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 48	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 49	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 50	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 51	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 52	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 53	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 54	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 55	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 56	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 57	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 58	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 59	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 60	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 61	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 62	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174	77,411	-	58,324 OK	
Cst - 63	04/01/2007 12/31/2007	0.75	74,648	18,406	373	92	2,042	503	2,986	736	80,049	-	19,738 OK	
Cst - 64	04/01/2007 12/31/2007	0.75	72,124	54,340	361	272	2,042	1,538	2,885	2,174				

Integrated Illegal Gaming Enforcement Team
Estimate Cost for Casino/Racetrack Unit of IIGET -Option C
For the period from April 1, 2007 to March 31, 2008

	Starting Date	End Date	Position Number	FTE	06/07 Base Salary (incl raise)	Pay Pro-Rated	Service Pay	Service Pay Pro-Rated	Plain Clothes Allowance	Plain Clothes Allowance Pro-Rated	Sr Cst Allowance	Sr Cst Allowance Pro-Rated	06/07 Salary Forecast	Salary Prorated		
Casino Enforcement Team 14	Sgt.	Adm - NCO	04/01/2007 12/31/2007	0.75	66,084	64,955	2,152	1,621	2,042	1,538	-	-	90,278	68,018	OK	
	Sgt.	Adm - NCO	01/01/2008 03/31/2008	0.25	25	89,097	21,099	2,227	549	2,042	503	-	-	93,369	23,022	OK
	Sgt.		04/01/2007 12/31/2007	0.75	66,084	64,955	2,152	1,621	2,042	1,538	-	-	90,278	68,018	OK	
	Cpl - 1		01/01/2008 03/31/2008	0.25	25	89,097	21,099	2,227	549	2,042	503	-	-	93,369	23,022	OK
	Cpl - 1		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 2		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cpl - 2		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 2		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cpl - 3		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 3		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cpl - 4		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 4		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cst - 1		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 1		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 2		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 2		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 3		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 3		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 4		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 4		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 5		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 5		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 6 (Municipal member)		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 6 (Municipal member)		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 7 (Municipal member)		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 7 (Municipal member)		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Disclosure Analyst	ADM-05	04/01/2007 12/31/2007	0.75	74,377	56,037	-	-	-	-	-	-	74,377	56,037	OK	
	Disclosure Analyst	ADM-05	01/01/2008 03/31/2008	0.25	25	74,377	56,037	-	-	-	-	-	74,377	56,037	OK	
	Information Analyst	ADM-05	04/01/2007 12/31/2007	0.75	74,377	56,037	-	-	-	-	-	-	74,377	56,037	OK	
	Information Analyst	ADM-05	01/01/2008 03/31/2008	0.25	25	74,377	56,037	-	-	-	-	-	74,377	56,037	OK	
Casino Intelligence Probe Team 9	Sgt.		04/01/2007 12/31/2007	0.75	66,084	64,955	2,152	1,621	2,042	1,538	-	-	90,278	68,018	OK	
	Sgt.		01/01/2008 03/31/2008	0.25	25	89,097	21,099	2,227	549	2,042	503	-	-	93,369	23,022	OK
	Cpl - 1		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 1		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cpl - 2		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 2		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cpl - 3		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 3		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cpl - 4		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cpl - 4		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cst - 1		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 1		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 2		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 2		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Cst - 3		04/01/2007 12/31/2007	0.75	66,084	59,505	790	595	2,042	1,538	-	-	81,812	61,539	OK	
	Cst - 3		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Intelligence Analyst	ADM-05	04/01/2007 12/31/2007	0.75	74,377	56,037	-	-	-	-	-	-	74,377	56,037	OK	
	Intelligence Analyst	ADM-05	01/01/2008 03/31/2008	0.25	25	74,377	56,037	-	-	-	-	-	74,377	56,037	OK	
Defense-Related Property (DRP) Team 9	Cpl - POC		04/01/2007 12/31/2007	0.75	78,980	59,505	790	595	2,042	1,536	-	-	91,912	61,639	OK	
	Cpl - POC		01/01/2008 03/31/2008	0.25	25	81,744	20,156	817	202	2,042	503	-	-	84,603	20,561	OK
	Cst - POC - 1		04/01/2007 12/31/2007	0.75	78,980	64,340	361	372	2,042	1,536	2,885	2,174	77,411	56,324	OK	
	Cst - POC - 1		01/01/2008 03/31/2008	0.25	25	74,648	18,406	373	92	2,042	503	2,986	736	80,049	19,738	OK
	Subtotal - RM			26.01	26.01		2,001,387			16,955		42,880	60,379	8,274,602	2,121,602	OK
	Casino Enforcement Team	CR04	04/01/2007 06/20/2007	0.22	0.22	43,286	9,606								9,606	
	CR04		05/21/2007 03/31/2008	0.78	0.78	44,152	34,354								34,354	
	CR04		04/01/2007 06/20/2007	0.22	0.22	43,286	9,606								9,606	
	CR04		06/21/2007 03/31/2008	0.78	0.78	44,152	34,354								34,354	
	Casino Intelligence Probe Team	CR04	04/01/2007 06/20/2007	0.22	0.22	43,286	9,606								9,606	
	CR04		06/21/2007 03/31/2008	0.78	0.78	44,152	34,354								34,354	
	Subtotal - PS			3.00	3.00		131,879								131,879	
	Total			29.01	29.01										2,253,480	
																2,253,480
	Variance															(3,008,529)
Indirect Costs	07/08 Per Capita Rate	07/08 Indirect														
	PS - Pension	12.53%	16,524													
	RM - Pension	8.67%	16,364													
	PS - EI	2.66%	3,508													
	RM - EI	.89%	23,380													
	Div Admin	16,500	429,136													
	Cost of Recruit Training	3,500	91,029													

Estimate Cost for Casino/Racetrack Unit of IIGET
For the period from April 1, 2007 to March 31, 2008

	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Assumption</u>
RM	34	31	26	
PS	4	4	3	
	38	35	29	
Salary - Pay				
- RMs	2,747,988	2,511,911	2,121,602	(Annual Pay included 2.5% or budgeted 2% p
- PS	175,838	175,838	131,879	@top of increment
Pay Total	2,923,827	2,687,749	2,253,480	Top level ranking
Operating				
Other operating (dependant on operational need)	340,000	310,000	260,000	10,000 Per Member
Overtime	748,000	682,000	572,000	22,000 Per Member
O & M Total	1,088,000	992,000	832,000	
Capital **	Vehicles	15	14	12
Vehicles (Grand Am, Chevy Malibu, Buick Allure)		390,000	364,000	312,000
Capital Total		390,000	364,000	312,000
** Types of Vehicle dependant on operation need				
For your information only				
Average Van \$21,500				
SUVS \$34,000				
Pickup Trucks \$28000 - \$35000				
DIRECT COSTS	4,401,827	4,043,749	3,397,480	
INDIRECT COSTS				
Members & TCE Pensions	222,672	202,204	168,364	8.67%
Public Service Pensions	22,033	22,033	16,524	12.53%
Employers E.I. contributions				
- RM	30,571	27,875	23,380	927
- PS	4,677	4,677	3,508	2.70%
Divisional Administration	561,136	511,636	429,136	17,220 Per Member
Recruit Training	119,029	108,529	91,029	3,500 Per Member
E.R.C./P.C.C.	13,603	12,403	10,403	400 Per Member
Block Training	17,004	15,504	13,004	228 Per Member
	990,725	904,860	755,348	
DIRECT & INDIRECT COSTS	5,392,552	4,948,610	4,152,829	
One time Start Up				
Laptop	102,000	93,000	78,000	3000 Per Member
Desktop for PS	8,000	8,000	6,000	2000 Per Member
Lan drop	7,600	7,000	5,800	200 Per FTE
Telephone	6,800	6,200	5,200	200 Per Member
Telephone line	7,600	7,000	5,800	200 Per FTE
Cell phone	6,800	6,200	5,200	200 Per Member
Printer	10,000	8,000	6,000	2000 Ratio 1:8
Workstation (furniture & installation)	190,000	175,000	145,000	5000 Per FTE
Fit up cost for vehicle	120,000	112,000	96,000	8000 Per Vehicle
ONE TIME START UP COSTS	458,800	422,400	353,000	
GRAND TOTAL (Direct, Indirect & One time Start Up)	5,851,352	5,371,010	4,505,829	

Appendix R

November 26, 2007 Minutes of the Meeting of the Integrated Illegal Gaming
Enforcement Team Consultative Board

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM (IIGET)
Consultative Board Meeting

Monday, November 26, 2007, 1 - 3pm
Police Services Division, 405 – 815 Hornby Street, Vancouver

DRAFT

Meeting Minutes

Attending:	Kevin Begg, Chair Curt Albertson Lisa Godenzie Sheri Landles Derek Sturko (by video) Joe Schalk Dana Hayden Russ Nash Fred Pinnock Andrew Martin	Police Services Division Police Services Division Police Services Division Police Services Division Gaming Policy and Enforcement Branch Gaming Policy and Enforcement Branch BC Lottery Corporation RCMP RCMP, IIGET RCMP, IIGET
Absent:	Larry Vander Graaf Terry Towns	Gaming Policy and Enforcement Branch BC Lottery Corporation

1. **Adoption of Minutes/Agenda**
 - The minutes and agenda were adopted.
2. **IIGET Status Report (Fred Pinnock)**
 - Fred provided a summary of the IIGET status report.
 - IIGET has continued to focus on mid-level targets.
 - As part of its education blitz, IIGET set a target of 100 'in person' presentations for the fall of 2008 and have completed 86 presentations to date (target audience primarily law enforcement and partner agencies such as LCLB and CRA).
 - DVDs produced by IIGET have been added to the regular curriculum of a number of investigative training courses held at Pacific Regional Training Centre.

- IIGET's external website has been linked with that of GPEB.
- As a result of the enforcement blitz conducted in June 2007, 57 people have been brought before the courts and 8 common gaming houses have been shut down by IIGET. Charges have been approved with consistency and disclosure is nearly complete in all cases. IIGET is expecting to forward between 60 and 80 additional mid-level criminal charges for charge approval between December 2007 and February 2008 as a result of current projects.
- IIGET is pleased with the support they have received from the Ministry of Attorney General.
- IIGET expects to have a small budget surplus at the end of fiscal year 2007/08.
- GPEB continues to provide excellent service during mid level takedowns however they have resource limitations and are restricted from assisting the RCMP in some forms of law enforcement activity because they do not carry firearms.
- Discussion ensued around possible increased role of GPEB. Kevin asked for a written document describing the changes the RCMP would like in terms of GPEB's involvement. Derek agreed a document was needed to clearly articulate the challenges and possible solutions.
- Discussion around IIGET's inability to target all levels (as set out in MOU) with current staffing levels.

3. IIGET Effectiveness Review (in camera: Consultative Board members only)

The remainder of the meeting was conducted in camera with Derek Sturko (by video), Kevin Begg, Russ Nash, Dana Hayden, Lisa Godenzie and Sheri Landles (taking minutes) in attendance.

- It was established that the in camera meeting could go ahead as a quorum was present.
- Discussion around filling Board vacancy resulting from Jamie Graham's retirement.

Action: Kevin will follow-up with the Vancouver Police Department to identify Jamie's replacement.

- Cathy Tait was hired to conduct the effectiveness review required by the MOU. Her report was discussed.
- Report supports IIGET continuing. Discussion around whether scope should be expanded, mandate changed and staff increased on GPEB side to provide stability to IIGET (GPEB doesn't have high turnover RCMP does).
- Dana indicated that BCLC supports IIGET but funding the team does not fit within BCLC's mandate. BCLC will continue to support IIGET by supplying information for investigations.
- It was agreed that a business case needs to be developed to justify IIGET's continued existence. Lisa indicated that Fred had previously drafted a business case outlining the reasons IIGET should be expanded.
- It was agreed that Kevin and Derek will meet with Cathy to discuss expanding her report into an action plan.

Action: Lisa will set up meeting.

- It was agreed that IIGET should be extended for a year and should be funded directly by the province. Kevin and Derek will meet with the ADM to discuss.

Action: Derek will schedule meeting for end of week beginning December 10.

- Discussion around possibility of Cathy assisting RCMP with the development of a business case.

Action: Lisa will check if there is money left in contract and speak to Cathy about providing assistance.

Appendix S

“Building Capacity”: Expansion of the Integrated Illegal Gaming Enforcement Team
(IIGET)



BUSINESS CASE

“Building Capacity”

Expansion of the:

Integrated Illegal Gaming Enforcement Team (IIGET)

Date: 2007-12-19

Prepared for: Chief Superintendent Richard (Dick) Bent
Deputy Criminal Operations Officer (Contract)

Submitted by: Superintendent Russ Nash
Officer in Charge – RCMP Major Crime Section

Prepared by: Inspector Wayne Holland
OIC – IMPACT/IIGET
A/S/Sergeant Andrew Martin - IIGET

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
Three Years Budget Plan at Establishment of 25.5 FTEs
2008/09 to 2011/2012

Prepared: December 18, 2007

		Forecast				
		2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
IIGET						
Established FTEs		12.00	25.50	25.50	25.50	25.50
FTE for RM		11.26	23.00	23.00	23.00	23.00
FTE for Independent		-	0.50	0.50	0.50	0.50
FTE for PSE/TCEs		2.03	2.00	2.00	2.00	2.00
Total IIGET FTEs		13.29	25.50	25.50	25.50	25.50
Ongoing Budget						
PAY - RCMP	App A	raise 3.50% \$ 1,101,300	\$ 2,028,200	\$ 2,099,200	\$ 2,172,700	\$ 2,248,700
PAY - Independent Police Dept.	App A	4.00% \$ 33,000	\$ 83,100	\$ 86,400	\$ 89,900	\$ 93,500
O & M	App B	3.00% \$ 493,795	\$ 1,006,200	\$ 1,037,400	\$ 1,070,300	\$ 1,104,100
Capital costs	App B	- \$ 150,000	-	-	-	-
One time Start Up Costs	App B	- \$ 156,000	-	-	-	-
Indirect costs (on RCMP RM/CM)	App C	385,200	\$ 787,100	\$ 824,400	\$ 862,900	\$ 926,800
Total Ongoing Budget		\$ 2,013,295	\$ 4,210,600	\$ 4,047,400	\$ 4,195,800	\$ 4,373,100
TOTAL IIGET		\$ 2,013,295	\$ 4,210,600	\$ 4,047,400	\$ 4,195,800	\$ 4,373,100
Costs at 70% to Province		\$ 1,409,306	\$ 2,947,420	\$ 2,833,180	\$ 2,937,060	\$ 3,061,170

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
Three Years Budget Plan at Establishment of 25.5 FTEs
APPENDIX A - Salary Costs

	# of FTE	2007/2008 Base salary	Benefit per FTE	Allowances per FTE	Total	Salary Costs			Remark
						Indep. PD	RCMP	Total	
IIGET									
Inspector S/Sergeant	Municipal RCMP	0.5 1	117,300 93,835	27,565 -	15,739 4,857	160,604 98,692	83,112	102,146	Note 1 Note 2
Sergeant	RCMP	2	86,084	-	4,624	90,708		187,766	Note 2
Corporal	RCMP	7	78,980	-	4,411	83,391		604,169	Note 2
Constable	RCMP	12	72,124	-	5,686	77,811		966,408	Note 3
CM - ADM-05	RCMP	1	72,919	-	-	72,919		75,471	
CR-04 PSE	RCMP	2	45,000	-	-	45,000		92,250	
TOTAL SALARY COSTS FOR IIGET		25.5				83,112	2,028,210	2,111,322	

Note:

1. Per contract agreement payout of in-lieu time for Insp.; Half of salary cost shared by IMPACT
2. RCMP allowances includes Service Pay & Plain Clothes Allowances.
3. RCMP allowances includes Service Pay, Senior Cst Allowances & Plain Clothes Allowances.

Assumptions:

Current strength is 11 RM, 1 PSE.

The current workforce will be doubled in the fiscal year 2008/2009 and add one more CM at ADM -05.

Additional 11 RMs are 1 Sergeant, 4 Corporal & 6 Constable & 1 PSE at CR-04 level.

Insp. Wayne HOLLAND salary cost - a cost sharing arrangement of 50/50 for subsequent fiscal years.

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
Three Years Budget Plan at Establishment of 25.5 FTEs
APPENDIX B - Operating and Maintenance

Cost of living increase	3.00%	3.00%	3.00%	3.00%	3.00%
Fiscal Year					
IIGET	Forecast				
FTE for RM/CM	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
FTE for New RM/CM	11.26	12.00	23.00	23.00	23.00
FTE for PSE		11.00	-	-	-
FTE for New PSE	1.12	1.00	2.00	2.00	2.00
FTE for TCE		1.00	-	-	-
FTE for Independent	0.91	-	-	-	-
FTE	13.29	25.50	25.50	25.50	25.50
O & M					
Overtime - RCMP	\$ 165,195	324,200	314,900	325,900	337,300 15% per Salary Cost
Overtime - Independent PD members		12,500	13,000	13,500	14,000 15% per Salary Cost
Travel & Training (meals, courses, travel, etc)	Note 1	117,428	252,100	279,700	288,100 296,700
Phones (Cell, pager & Office)		10,704	21,200	21,800	22,500 23,200
Radios		40,000	79,100	81,500	83,900 86,400
Lease Vehicles		3,100	6,100	6,300	6,500 6,700
Vehicles Repairs		8,506	16,800	17,300	17,800 18,300
Fuel		34,000	67,200	69,200	71,300 73,400
Computers		9,030	17,800	18,300	18,800 19,400
Investigational Aids & Equipment		4,600	9,100	9,400	9,700 10,000
Furniture & Fixtures		15,627	30,900	31,800	32,800 33,800
Rental (Building & Others)	Note 2	33,623	66,400	68,400	70,500 72,600
Office supplies & Miscellaneous expenses		23,922	47,300	48,700	50,200 51,700
Other Professional Services		19,059	37,700	38,800	40,000 41,200
RO580		9,000	17,800	18,300	18,800 19,400
Total O&M	Note 3	\$ 493,795	\$ 1,006,200	\$ 1,037,400	\$ 1,070,300
					\$ 1,104,100

Note 1: Includes \$600/member for RCMP mandatory training

Note 2. Currently, lease costs of IIGET was paid by GPEB IIGET contingency. There should have enough space for the

Note 3. Based on full established FTEs

Capital **	Vehicles	6	0	0	0	25,000 (based on unmarked car)
Vehicles (Grand Am, Chevy Malibu, Buick Allure)		150,000	-	-	-	2 Members = 1 Vechicle
Capital Total		150,000	-	-	-	Over 20 members then its 3 Members = 1 Vechicle

One time Start Up						
Laptop		33,000	-	-	-	3000 Per New Member
Desktop for PS		2,000	-	-	-	2000 Per New Member
Lan drop		2,400	-	-	-	200 Per New FTE
Telephone line		2,400	-	-	-	200 Per New FTE
Cell phone		2,200	-	-	-	200 Per New Member
Network Printer		6,000	-	-	-	2000 Ratio 1:8 Per Employee
Workstation (furniture & installation)		60,000	-	-	-	5000 Per New FTE
Fit up cost for vehicle		48,000	-	-	-	8000 Per New Vehicle
One Time Start Up Costs Total		156,000	-	-	-	20600

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM
Three Years Budget Plan at Establishment of 25.5 FTEs
Appendix C - Indirect Costs

IIGET	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>
i) Cost RM Pensions	\$ 126,171	\$ 232,122	\$ 240,246	\$ 248,654	\$ 257,357
Cost of PS/TCE/Reservists Pensions	13,656	11,319	11,715	12,125	12,550
ii) Cost of RMs' EI contribution	10,439	21,322	21,322	21,322	21,322
Cost of PS Employer's EI contribution	3,161	2,491	2,553	2,617	2,682
iii) Cost of Division Administration..	181,286	418,606	447,346	476,933	531,688
iv) Cost of Recruit Training	39,410	80,500	80,500	80,500	80,500
v) Cost of ERC/PCC as a Per Capita	4,504	9,200	9,200	9,200	9,200
vi) Cost of PRIME as a Per Capita	6,575	11,500	11,500	11,500	11,500
Total IIGET indirect costs	\$ 385,200	\$ 787,100	\$ 824,400	\$ 862,900	\$ 926,800

Rate per FTE					
i) Cost RM Pensions		11.99%	11.99%	11.99%	11.99%
Cost of PS/TCE/Reservists Pensions		12.27%	12.27%	12.27%	12.27%
ii) Cost of Employer's Contr. to E.I...	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927
Cost of PS Employer's EI contribution		2.70%	2.70%	2.70%	2.70%
iii) Cost of Division Administration..	\$ 16,100	\$ 17,813	\$ 19,036	\$ 20,295	\$ 22,625
iv) Cost of Recruit Training	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
v) Cost of ERC/PCC as a Per Capita	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400
vi) Cost of PRIME as a Per Capita	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM

Executive Summary:

This document addresses critical human resource and infrastructure needs that will guide and facilitate the Integrated Illegal Gaming Enforcement Team (IIGET) in the accomplishment of its mandate over the next three-year period.

The submission of this proposal is timely, given that the current memorandum of understanding for the Team is scheduled for renewal on 2008-04-01.

A recent effectiveness review of IIGET was undertaken by Ms. Catherine Tait, on behalf of Police Services Division, Ministry of Solicitor General and Public Safety. The resultant report has been referred to in several portions of this document and was, in large part, the impetus for the recommendation to increase the authorized strength of the Team.

It is proposed that there be a doubling of IIGET's existing authorized strength, which currently consists of twelve (12) regular RCMP members, one (1) temporary civilian employee and one (1) public service employee.

Specifically, the proposal stipulates the need for additional police officers of varying ranks as well as additional administrative support and a full-time person who is capable of conducting strategic as well as tactical analysis. The additional resources will be allocated within the existing satellite IIGET offices in Victoria, Kelowna, Prince George and Burnaby.

The resources are required in order to address a significant backlog of files that remain in the “still under investigation” status due to a lack of investigative, analytical and clerical personnel.

The IIGET budget for fiscal 2007-2008 is projected at \$2,013,295. The cost for a doubling of establishment, provided in detail within the “budget” component of this document, will be an additional \$2,372,105 annually, exclusive of any and all start-up and/or infrastructure costs in fiscal 2008-2009.

An annual budget of \$4,210,600 will therefore be required.

An enhanced, more integrated response to illegal gaming in the province of British Columbia will build on an existing solid foundation and will ensure the Team's long-term success in its role as this province's enforcement, educational and best practices illegal gaming entity.

This required additional capacity would render IIGET as this province's true “voice” for law enforcement as regards this burgeoning criminal enterprise.

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

This business case was assembled in consultation with stakeholder and practitioner representatives from the Solicitor and Attorney General’s Ministries, the IIGET Consultative Board, federal and municipal police agencies, and the men and women of IIGET.

Since its inception in 2004, IIGET’s law enforcement professionals have worked closely with their municipal, provincial and federal counterparts in an attempt to achieve a reduction in illegal gaming in this province. It is their intention to continue to work closely with those criminal justice colleagues to further reduce the harmful societal effects of this criminal enterprise.

In its capacity as the integrated provincial illegal gaming unit for British Columbia, IIGET will continue, under the guidance and support of the Consultative Board, to identify and implement cutting edge strategies in furtherance of a continued reduction in illegal gaming.

The men and women of IIGET wish to be regarded by their public, criminal justice and gaming enforcement partners as individuals who are “making a difference” with respect to the reduction of this illicit activity in British Columbia.

IIGET’s accomplishments and track record over the past four years have prompted the IIGET Consultative Board to conclude that the achievement of such a laudable goal is currently compromised by less than optimal staffing for the unit.

In addition to a more robust enforcement capability, the Consultative Board envisions a more integrated composition of the Team’s police officer cadre (one that is truly inclusive of the multi-jurisdictional communities that IIGET serves) and a detailed strategic assessment of the true scope, nature and extent of illegal gaming in British Columbia.

By means of an enhancement of IIGET’s potentially multi-organizational composition, and by the implementation of several analytical and intelligence-led investigative, crime prevention and interdiction “best practice” programs, IIGET will become the standard by which illegal gaming is successfully prevented, investigated, prosecuted and reduced.

Acceptance of this proposal will reinvigorate the men and women of IIGET and will inspire them to excel in their service delivery to the Team’s law enforcement partners and the citizens of this province.

This document is an expression of IIGET’s renewed determination to prevent and reduce illegal gaming in our province and to offer, as required or requested, any and all of their expertise and services to the jurisdictions served.

The proposed additional capacity will yield tangible positive results for all of the law enforcement, criminal justice and legitimate gaming entities involved in this partnership as well as, most importantly, for the citizens of British Columbia.

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

Background:

The Integrated Illegal Gaming Enforcement Team (IIGET) was established in 2004 under the terms of a Memorandum of Understanding (MOU) between the Gaming Policy and Enforcement Branch (GPEB), Police Services Division (PSD) and the Royal Canadian Mounted Police (RCMP).

The BC Lottery Corporation (BCLC) is a signatory to a schedule in the MOU, as it provides funding for IIGET's operation. Governance of the Team is by means of a Consultative Board.

IIGET was created due to a growing concern about the enforcement response to illegal gaming in BC. The Team acts within the regulatory framework of the Gaming Control Act. Prior to the creation of IIGET, law enforcement agencies often had more pressing priorities than illegal gaming, and there was a realization that such crime was being addressed in a sporadic fashion.

At the same time there was growing concern that organized crime may be expanding its range of activity into illegal gaming.

IIGET is dedicated to preserving the integrity of legal gaming in this province. IIGET targets illegal gaming activity that occurs outside of legal gaming venues and its scope of enforcement encompasses illegal lotteries, common gaming houses, the distribution of illegal video lottery terminals, animal fights, bookmaking, and internet gaming.

Other activities of the Team include the education of partner agencies, gathering and recording intelligence and reporting on the scope and extent of illegal gaming provincially. The investigation of reports of suspected illegal gaming activity can lead to potential enforcement actions and criminal charges.

IIGET's colleagues at GPEB are often co-located with Team personnel. GPEB is charged with the investigation of complaints and allegations of criminal or regulatory wrongdoing within the confines of legal gaming venues and services. On occasion, GPEB and IIGET personnel work together on the targeting of low to mid-level offenders.

An illegal activity is evaluated on a “case-by-case” basis and such an enterprise is placed within one of three levels, using the following parameters:

- Risk to the public
- Investigative complexity
- Level of resources required to investigate and satisfactorily conclude the file

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

Level	Illegal Activity Investigated
Level One – “Street Level”	Texas Hold-Em in licensed premises Raffles Bingos
IIGET-GPEB Responsibility	Common Gaming Houses Video Game Machine (VGM) Clusters Pyramid Schemes Animal Fights
Level Two – “Mid-Level”	Common Gaming Houses Video Game Machine (VGM) Clusters Pyramid Schemes Animal Fights
IIGET Responsibility – some GPEB assistance is given	Internet Gaming Video Game Machine (VGM) Distribution Bookmaking
Level Three – “High Level”	Internet Gaming Video Game Machine (VGM) Distribution Bookmaking
IIGET Responsibility	Internet Gaming Video Game Machine (VGM) Distribution Bookmaking

IIGET has been in operation for almost four years. The current MOU is set to expire on 2008-04-01 and there is an appetite by the Consultative Board to use this circumstance as leverage, in furtherance of their commitment to equip law enforcement with sufficient resources to interdict and suppress illegal gaming in BC.

One strategy by which this may be accomplished is an increase in the staffing of the Team, which is currently inadequate as far as IIGET’s ability to provide service delivery that includes the components of investigation and enforcement, public and police education and strategic and/or tactical intelligence products.

Vision, Mandate, Activities and Desired Outcomes of the IIGET Program:

The **Vision** of IIGET is as follows:

“As a truly integrated Team, we will be the centre of excellence in British Columbia, in the pursuit of innovative, educational and enforcement strategies that prevent, investigate, prosecute and reduce illegal gaming.”

The **Mandate** of IIGET is to:

“Maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming.”

There are three primary **Activities** undertaken by IIGET:

- Education and partnerships: To educate personnel at other agencies, such as the Liquor Control and Licensing Branch (LCLB) and the Canada Revenue Agency (CRA) about illegal gaming and form mutually supportive partnerships with them.
- Intelligence: To become the central repository of intelligence reports on illegal gaming activity in the province. To meet this objective, IIGET solicits and records intelligence reports from various police departments, and interviews or interrogates persons involved in illegal gaming to gain a better understanding of the extent of the activity in BC.

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

- Enforcement: To investigate and enforce the Gaming Control Act and Regulations and all Criminal Code offences related to illegal gaming. To meet this objective IIGET undertakes investigations of illegal gaming at all levels, in partnership with a provincial Crown prosecutor, and utilizes a variety of enforcement tools (verbal warning, tickets and criminal charges) to curtail illegal gaming activity.

The activities link together in a logical fashion, with the following **Desired Outcomes**:

- Police officers are trained to recognize and report illegal gaming.
- IIGET then investigates these reports and undertakes enforcement.
- Enforcement removes illegal gaming enterprises from operation.
- Enforcement discourages entry into illegal gaming (myth of full enforcement).
- Further, enforcement motivates the public to conduct gaming activities in a legal (licensed) fashion.
- These circumstances lead to a reduction of illegal gaming in the province.
- That reduction enhances the integrity of the public (legal) gaming sector.

Existing Circumstances: (Strengths – Weaknesses – Opportunities – Threats)

Issues and Challenges:

IIGET is accountable for providing specialized illegal gaming investigative, practitioner education, strategic intelligence and interdiction assistance to all police forces in British Columbia. IIGET personnel are presently all RCMP employees, located at satellite offices in Burnaby, Victoria, Kelowna and Prince George.

With an authorized strength of fourteen (14) sworn and civilian personnel, the Team focuses significant amounts of their resources and effort on the Greater Vancouver area, historically the region most impacted by illegal gaming.

Legalized gaming is a thriving industry that represents a significant source of income for the province as well as for licensed gaming operators and entities.

Academic research, historical experience and the anecdotal information from front-line police officers has determined that there is an ever increasing likelihood for organized crime and opportunistic criminals to encroach on legalized gaming operations.

Activities such as loan sharking, unlicensed common gaming houses, raffles and bingos, pyramid schemes, animal fights, Internet gaming, video game machine gambling and bookmaking are all highly profitable, illicit vehicles for personal, non-taxable gain.

In addition, a variety of criminal code offences associated to both legitimate and illegal gaming activity are often present and include extortion, kidnapping, threatening and serious assaults. Of note is the fact that, unlike the legitimate gaming system, there is no social support or “safety net” available to habitual/problem gamblers who are firmly

"Building Capacity" - Expansion of the Integrated Illegal Gaming Enforcement Team

ensconced in the illegal gaming realm and wish desperately to receive treatment or other assistance.

The challenge assumed by the Consultative Board is to provide law enforcement with the requisite levels of human and other resources to *mitigate* the potential for illegal gaming to escalate in this province and to *enhance* the prospect for significant reductions of this criminal enterprise in British Columbia.

Strengths: (High)

1. Since its inception, this Team has engaged in educational and enforcement programs in an effort to reduce illegal gaming in British Columbia.
2. A comprehensive review of the cumulative investigative and enforcement activity accomplished by IIGET and/or GPEB over the past four years is documented in an effectiveness review prepared for Police Services Division by Ms. Catherine Tait.

Quantitatively, since its inception, IIGET has opened nearly twelve hundred (1200) files.

This total includes cases brought forward through GPEB and is comprised of allegations of very low level illegal gaming and/or marginally substantiated or unfounded "suspicions" of such criminal activity.

Offence	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Total
VGM	2	18	42	16	2	80
CG House	4	15	89	102	13	223
Illegal Lottery	21	194	307	189	22	733
Internet Gaming	3	4	11	15	2	35
Other	2	11	43	27	6	89
Total	32	242	492	349	45	1,160

* January -March 2004 only

** April - June 2007 only

*** Source - Effectiveness Review _ Catherine Tait Consulting – November 2007

A significant number of the lower and mid-level matters were dealt with primarily by GPEB and/or a combination of personnel from both units.

IIGET has acted in a more comprehensive and focused manner on a total of two hundred and twenty two (222) illegal gaming investigation files that were adduced to be more credible or serious in nature.

In summary, that number consisted of the following types of enforcement action:

- "Keepers of" and persons "found in" common gaming houses
- Illegal Video Game Machine (VGM) distributors

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

- Seizures of cash and vehicles associated with the previous two types of enterprises
- Revenue Canada Agency referrals for tax investigations
- Loan sharking
- Pyramid schemes

Qualitatively, law enforcement, criminal justice and provincial gaming oversight partners have credited IIGET with having played a role in combating, deterring and reducing the levels of illegal gaming in this province.

By virtue of its existence, IIGET activities have instilled a belief in lawful citizens and the criminal element alike, that the Team’s enforcement programs are active and singularly dedicated and that engaging in criminal activity of this nature is an unwise decision.

3. IIGET’s Consultative Board, their in-house management, operational, administrative and program personnel are passionate about taking ownership of, and responsibility for reducing illegal gaming in British Columbia.

4. The men and women of IIGET enjoy productive relationships with various primary oversight and/or support entities, including but not limited to:

- Police Services Division, Ministry of Public Safety and Solicitor General
- The Gaming Policy Enforcement Branch (GPEB)
- The British Columbia Lottery Corporation (BCLC)
- The British Columbia Association of Chiefs of Police (BCACP)
- The Regional Operational Police Managers Committee (ROPMC)
- Provincial Crown Counsel
- Liquor Control and Licensing Branch (LCLB)
- Canada Revenue Agency (CRA)

IIGET’s personnel will make it their mission to maintain and strengthen those valued relationships.

5. With regard to the educational component of IIGET’s core services, over the past four years a number of PowerPoint presentations and inter-agency workshops have been given to front line police general duty and investigative personnel, and to liquor inspectors.

Two training DVDs have been developed for various police training curriculums. As well, four newsletters on specific illegal gaming topics were prepared and disseminated to law enforcement and the IIGET page of the BC RCMP website explains the role of the Team and highlights successful illegal gaming investigations.

Presentations have been made to non-profit agencies on the requirement of licensing raffles and/or events held for charity.

"Building Capacity" - Expansion of the Integrated Illegal Gaming Enforcement Team

6. Status reports to the Consultative Board have documented

V2: Police

Investigative

Technique

Weaknesses: (Medium)

1. IIGET has been sufficiently staffed and resourced for an extended period of four years; during which time the Board has had opportunity to evaluate this Team's utility to the province's anti illegal gaming efforts.

The Team has provided a number of programs and limited enforcement focused on the interdiction of illegal gaming. Those efforts have confirmed to some extent the best practices by which this criminal activity may be mitigated, managed and/or reduced.

The results of those efforts, however, have been modest and illegal gaming is still present in this province. Further, these criminal enterprises are taking place throughout the province as opposed to merely within the proximity of the Team's lower mainland location where the majority of the staffing complement is located.

It is logical to presume that additional personnel within IIGET could result in further reductions of illegal gaming. Having "more people" housed at IIGET's Burnaby facility alone, however, is not a viable solution for the rest of the province. A staffing remedy for areas outside IIGET's lower mainland sphere of influence has been deemed to be justified and prudent.

2. Shortages of police personnel in a majority of municipal RCMP police services is a reality, and it will be difficult to readily acquire and retain police officers for assignment to IIGET from RCMP troops alone. The option of involving the eleven municipal police departments in BC may be considered and/or required.

3. Of IIGET's two hundred and twenty two (222) investigative files opened since 2004, and previously referred to in "*Strengths #2*", only one hundred and twenty six (126) or 56% of the files have been concluded. Ninety six (96) files or 44% of the cases remain open. The potential for the overseers of those illicit enterprises to continue to operate with impunity, due to a lack of enforcement is very real. The following table summarizes file status (2004-01-12 to 2007-10-09) on a regional basis:

Region	Number Reported	Number Concluded	Still Under Investigation
Lower Mainland	89	54	35
South East District	57	20	37
North District	45	30	15
Vancouver Island	31	22	09
Total	222 (100%)	126 (56%)	96 (44%)

* Source – A/Sgt. Andrew Martin – IIGET PIRS & PRIME records from 2004-01-12 to 2007-10-09.

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

Opportunities: (High)

1. Municipal police departments could second personnel to IIGET. Illegal gaming exists, in varying degrees, throughout BC. This is an opportunity for those police services to be “part of the solution” to the problem of illegal gaming and to contribute to the goal of building a highly skilled and truly *integrated* enforcement Team.
2. IIGET’s expertise and proven enforcement techniques should be “transplanted” throughout the province. Policing communities could be encouraged and trained to be more autonomous with regard to eradicating illegal gaming within their jurisdiction.
3. From a budgetary perspective, cost-neutral community volunteers could assist in the monitoring of criminal enterprises in their own communities. Citizens could be educated to recognize and report illegal gaming to authorities.
4. With an enhanced staffing complement, efforts could be made to acquire real-time illegal gaming *information* and analyze that information to produce reliable *intelligence* on individuals and/or groups. As well, the interaction of one individual or group with another and the specifics of their illicit activity would be confirmed.

A crime analyst would provide intelligence on crime patterns and trends and submit reliable statistics to the Consultative Board so that they can measure and evaluate IIGET’s efforts.

Real-time information and intelligence-led deployment practices facilitate tactically sound operations and ensure an effective allocation of scarce resources.

The Consultative Board would also receive an informed estimate of the geographical distribution of illegal gaming in the province as well as the scope and linkages between activities and individuals and the specific typology of the illegal gaming enterprises deemed most harmful.

5. Any additional revenue realized through proper licensing and operation of gaming activity could provide funding for more educational and interdiction efforts throughout the province, in order to eventually eradicate illegal gaming in BC.
6. Media and marketing efforts, similar to those employed by the Integrated Municipal Provincial Auto Crime Team (IMPACT) could be undertaken to educate the public on illegal gaming and to build support for legitimate gaming options.

Threats: (Medium)

1. At present, this Team does not have the requisite strategic-tactical analytical capability or investigative expertise for long-term probes and/or extended organized crime projects.

"Building Capacity" - Expansion of the Integrated Illegal Gaming Enforcement Team

Should the Consultative Board elect to not increase the Team's capacity, organized crime activity surrounding illegal gaming in British Columbia could escalate.

2. The backlog of investigative files will worsen, due to an excessive workload of historical as well as newly arriving information and obligations.

Options:

Option #1 - The Consultative Board could collapse and disband IIGET.

Should such an eventuality occur:

- Illegal gaming enforcement would be the responsibility of each municipal jurisdiction.
- The likelihood of effective and collaborative integrated intelligence and enforcement action would be diminished.
- There are presently no other trained, competent police personnel to fill the void left should IIGET cease to exist.
- Mid and high level targets would conduct their illicit operations with impunity, given the fact that GPEB is prohibited by virtue of their provincial special constable status to take full enforcement action against them.

Option #2 - Status quo – IIGET could be permitted to remain in its present configuration and authorized strength. It is anticipated that under such circumstances:

- The Team would continue to fall behind in their backlogged file and project work.
- The highly desirous educational – marketing component of the unit would not be accomplished.
- The targeting of higher level individuals and/or groups would not be easily or competently undertaken.
- The strategic examination of the nature, scope and extent of illegal gaming in this province would be less than reliable.

Option #3 – A fifty (50) percent increase in authorized strength of IIGET could be approved. It is anticipated that should that occur:

- The forty four (44) percent of backlogged files could be addressed.
- The educational-marketing components of the service delivery by IIGET would still be done sporadically, given that new, more exigent duties in the form of files, reports and investigations would take precedence.
- The targeting of higher levels and/or groups would still not be easily or competently undertaken.
- The strategic examination of the nature, scope and extent of illegal gaming in this province would be less than reliable.

“Building Capacity” - Expansion of the Integrated Illegal Gaming Enforcement Team

Option #4 – A one hundred (100) percent increase in the authorized strength of IIGET could be approved. It is anticipated that should that occur:

- The backlogged files would be addressed.
- The educational-marketing components of IIGET’s mandate would be accomplished.
- New files, reports and investigations would be dealt with readily.
- The targeting of higher level illegal gaming entities would be undertaken.
- A true estimate of the state of illegal gaming in British Columbia would be provided to the Consultative Board on an annual basis.

Recommendations and Rationale:

Recommendation #1

“That the IIGET Consultative Board approves Option #4 – a one hundred (100) percent increase in the authorized strength of IIGET as their most prudent course of action.”

Rationale: The work of IIGET to date has demonstrated a capability to locate, confirm and interdict illegal gaming. During its initial and formative years, IIGET personnel were establishing a network of contacts, gaining expertise in gaming, **V2: Police Investigative Techniques** garnering the necessary knowledge, skills and **Technique** that will serve them well in the years to come.

The decision to create an integrated illegal gaming enforcement team was a sound one, and has produced results to the extent that crime prevention, education and enforcement action has occurred.

As a result of the past four year’s activities, there is now a solid foundation of expertise and commitment, as well as an organizational and networking structure for the men and women of IIGET to operate effectively within.

Whereas a collective will has been demonstrated by all concerned, there has also been a lack of human resources to address the workload thrust upon IIGET. It is fair to say that the Consultative Board could not have been in a position to have predicted the various issues that have frustrated IIGET personnel in their efforts to combat all three levels of illegal gaming.

At this juncture of the Team’s development, however there is an excellent opportunity, by means of the recommended expansion, to truly integrate the unit, and to build capacity for our personnel to accomplish a more comprehensive range of service delivery on behalf of the Consultative Board.

The effectiveness of this enhancement initiative will be assessed and measured on an annual basis by means of the follow expected outcomes:

"Building Capacity" - Expansion of the Integrated Illegal Gaming Enforcement Team

- Through education, media and marketing strategies, a measurable increase in public awareness of illegal gaming.
- A solid increase in the number of gaming license requests received by GPEB from the general public.
- A quantifiable increase in the number of seizures, file conclusions and enforcement actions by IIGET.
- An annual "illegal gaming" provincial threat assessment process, compiled by means of an annual data collection initiative and the production and submission of a strategic assessment report to the Consultative Board.

Recommendation #2

"That IIGET's organizational and reporting structure is to be repositioned within the RCMP Major Crime Section and aligned with the Integrated Municipal Provincial Auto Crime team (IMPACT), for the purposes of managerial oversight and for the possible duplication of one or more of IMPACT's programs and services.

Rationale: IMPACT is a Team of professionals whose history of growth and experience is not dissimilar to that of IIGET. IMPACT is about to embark on the new five-year strategic plan and has had remarkable success over the past five years.

It is anticipated that several of the educational, media-marketing, partnership and enforcement programs and techniques currently employed by IMPACT personnel could be adopted for use by IIGET personnel.

The officer in charge of IMPACT could oversee both integrated programs and, in doing so, facilitate and encourage the exchange of expertise and experience between the two Teams.

Given the fact that the Insurance Corporation of British Columbia (ICBC) provides funding for IMPACT, in a manner similar to the BC Lottery Corporation, the wages and benefits for the officer in charge could be cost shared on a fifty-fifty basis.

Budget:

Broken down, total costs for the funding of IIGET since it's inception are as follows:

- Taken together, total direct and in-kind expenditures for IIGET have totaled \$6 million between 2003/04 and 2006/07, specifically:
 - BCCLC has contributed a total of \$3.7 million,
 - The federal government \$1.2 million
 - GPEB approximately \$1.1 million (through in-kind contributions)

"Building Capacity" - Expansion of the Integrated Illegal Gaming Enforcement Team

- With the exception of a \$20,000 over expenditure in 2003/04, the BCLC amounts to support IIGET provided for in the MOU have not been fully expended in any year for either the RCMP or GPEB allocations.
- The MOU provided for BCLC contributions of \$5.4 million for 2003/04 to 2006/07, and the actual BCLC supported expenditures during that period totaled \$3.7 million.
- In 2006/07, the RCMP allocation was under spent by 23% and the GPEB by 53%.

RCMP financial services have forecast the following start-up and on-going costs that are to be incurred with the Team's expansion:

The following table shows the expenditures and supporting contributions for IIGET between 2003 and 2007:

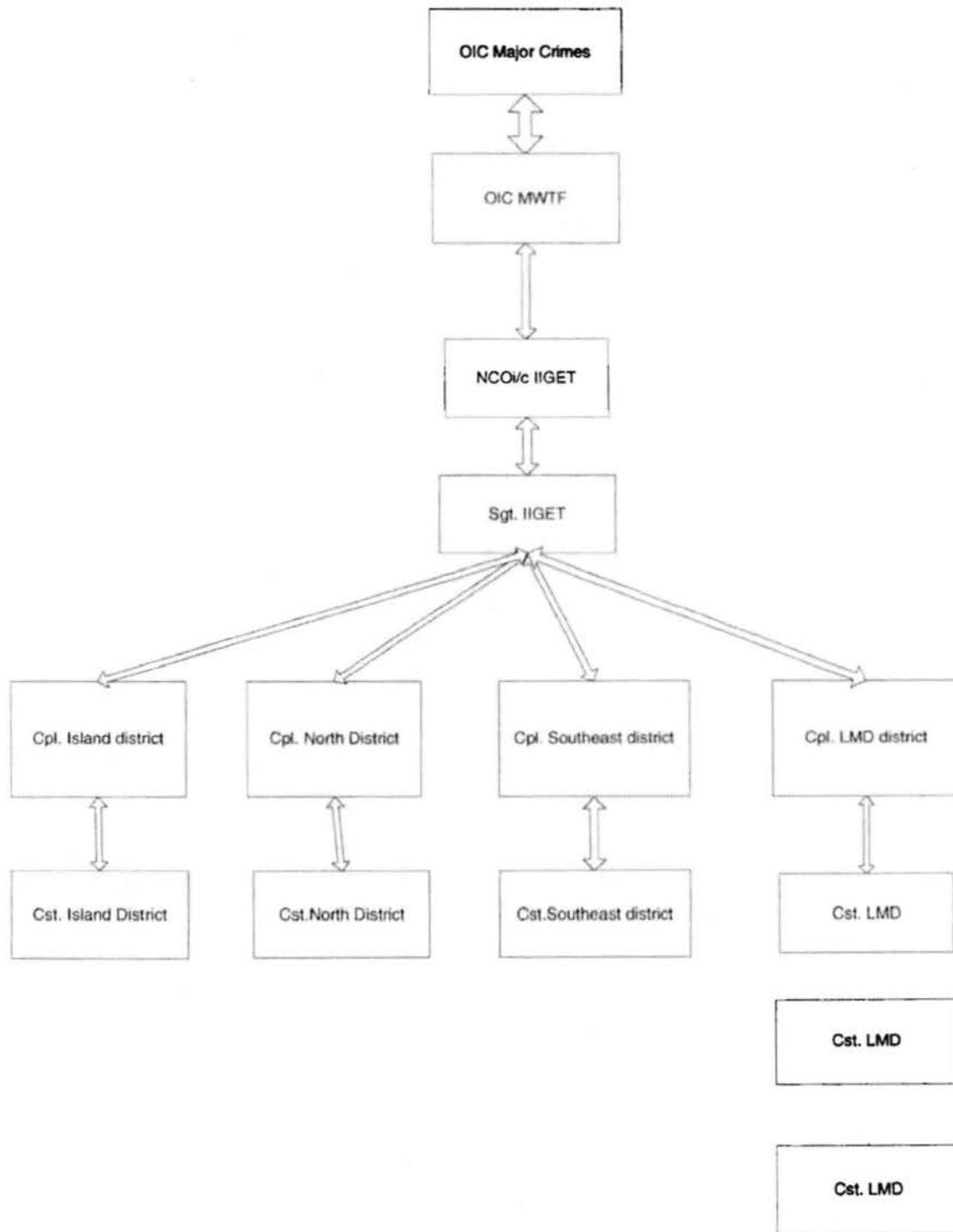
Expenditures	2003-2004	2004-2005	2005-2006	2006-2007	Total
RCMP	\$644,740	\$904,135	\$1,637,248	\$1,501,578	\$4,687,701
GPEB	240,000	307,797	430,803	407,091	1,385,691
Total	\$884,740	\$1,211,932	\$2,068,051	\$1,908,669	\$6,073,392
Contributions (to RCMP)					
BCLC	\$644,740	\$632,895	\$1,146,073	\$1,051,105	\$3,474,813
Fed. Gov't	Nil	271,240	491,175	450,473	1,212,888
(to GPEB)					
BCLC	Nil	17,797	137,803	110,091	265,691
GPEB	240,000	290,000	293,000	297,000	1,120,000
Total	\$884,740	\$1,211,932	\$2,068,051	\$1,908,669	\$6,073,392

* Source – Effectiveness Review – Catherine Tait Consulting – November 2007

An increase of one hundred (100) percent staffing would require an annual budget allocation for fiscal 2008-2009 of approximately \$4,200,000.

For a complete breakdown of the budget, the reader may refer to the attached spreadsheets and organization chart.

Integrated Illegal Gaming Enforcement Team
Organizational Chart



Appendix T

Request for Renewal of the Memorandum of Understanding

Integrated Illegal Gaming Enforcement Team (IIGET)

Mandate:

“To maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming”.

Vision:

“To be a truly integrated Team that is the centre of excellence in British Columbia, in the pursuit of innovative, educational and enforcement strategies that prevent, investigate, prosecute and reduce illegal gaming.”

Request for Renewal of the Memorandum of Understanding

Date: 2008-01-15

Prepared for: Chief Superintendent Richard (Dick) Bent
Deputy Criminal Operations Officer (Contract)

Submitted by: Superintendent Russ Nash
Officer in Charge – RCMP Major Crime Section

Prepared by: Inspector Wayne Holland
OIC – IMPACT/IIGET
A/Sergeant Andrew Martin
NCO in Charge-IIGET

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

Executive Summary:

The Integrated Illegal Gaming Enforcement Team (IIGET) is the singular cadre of police officers currently tasked with the full-time interdiction of illegal gaming in British Columbia (BC).

The Team was established in 2004, under the terms of a Memorandum of Understanding (MOU) between the Gaming Policy and Enforcement Branch (GPEB), Police Services Division (PSD) and the Royal Canadian Mounted Police (RCMP).

IIGET was created due to a growing concern about the enforcement response to illegal gaming in BC and the potential for organized crime to encroach upon the legitimate gaming industry.

This document is in support of a request to renew the current MOU, scheduled to expire on March 31st 2008. Section 10.3 of the agreement allows for consideration to be given by the parties for a renewal period of at least one year.

In 2007, as required by Section 4.3(c) of the MOU, the Consultative Board directed that an effectiveness review of IIGET be undertaken on behalf of Police Services Division, Ministry of Solicitor General and Public Safety. The review was undertaken by a private consultant, Ms. Catherine Tait.

The consultant's confidential draft report, produced in November of 2007, has been referred to, and/or excerpted from, in several portions of this document. The conclusions arrived at during Ms. Tait's detailed and thorough assessment, were in large part, the impetus for this renewal request.

The Consultative Board has reviewed Ms. Tait's report. It is not the intention of the submitting members to duplicate the contents of the effectiveness review within this business case, other than to emphasize the salient points deemed to be most persuasive of the utility of a renewal.

A one-year renewal, if granted, would facilitate the achievement of the following objectives:

- (a) The Team's personnel would be able to address a significant backlog of historical illegal gaming files that, due to a past reprioritization of investigative efforts, are in the "still under investigation" (SUI) status.

In summary, a long-term project targeting a significantly higher level of illegal gaming than would be reasonably attempted by a team of IIGET's size, expertise and overall capacity was attempted. Such targets continue to be beyond the ability of IIGET for the foreseeable future.

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

Though commendable, the higher level initiative prevented the team from targeting low and/or middle levels of illegal gaming in the province. A backlog of incoming files ensued.

(b) A renewal will permit the accomplishment of a strategic assessment and data collection probe on the scope and extent of illegal gaming in British Columbia's lower mainland area, as well as in the RCMP's "North", "South-East" and "Island" Districts.

The data collection would take place in a parallel fashion, by means of investigative efforts focused on the historical (SUI) files as well as through enforcement action on "real-time" reports received on a regular basis by GPEB and IIGET.

Information would be obtained by means of organized deployment into geographical "grids" within the various areas being probed. During those sojourns, IIGET members would educate the public, collect information on illegal gaming through observations and/or informants and take enforcement action against overt illegal gaming.

The resultant strategic assessment could allow, in future, for a more robust, intelligence-led enforcement capability for the Team. Deployment of law enforcement personnel would be to jurisdictions where they are most needed and where their efforts would be dedicated against high-value targets that are most vulnerable to enforcement efforts.

Data derived from the data collection process would be put through the analytical process. Intelligence that could be relied upon with certainty would be the result of that analysis and would likely assist in determining the amount and geographical allocation of human and other resources required for future interdiction efforts within the province.

(c) A long-term strategic plan could be produced, which would provide a vision for the Team and a more focused and defined mandate, driven by achievable objectives and key deliverables.

IIGET's current authorized strength of twelve regular members, one support and one casual public service individual, is adequate for the proposed year. The budget for fiscal 2008-2009, is projected to be \$2,066,800, with seventy percent costs to the province of \$1,446,760.

The intelligence, enforcement and educational yields of the coming year will facilitate a more focused response to illegal gaming in the province of British Columbia and will build on an existing solid foundation. As well, the likelihood of the Team's long-term success in its role as this province's enforcement, educational and best practices illegal gaming entity will be enhanced.

On or before March 31st, 2009, the Consultative Board could consider a further extension of the MOU and/or an increase in the authorized strength, with "A" based funding , of IIGET, the latter being one method that could ensure that both higher and lower level individuals and/or organizations are effectively suppressed.

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

Background:

The Integrated Illegal Gaming Enforcement Team (IIGET) was established in 2004, under the terms of a Memorandum of Understanding (MOU) between the Gaming Policy and Enforcement Branch (GPEB), Police Services Division (PSD) and the Royal Canadian Mounted Police (RCMP).

The BC Lottery Corporation (BCLC) was a signatory to a schedule in the MOU, as it provided funding for IIGET's operation. Governance of the Team is by means of a Consultative Board. The Team acts within the regulatory framework of the Gaming Control Act.

IIGET targets illegal gaming activity that occurs outside of legal gaming venues and its 'scope of enforcement' encompasses three key activities:

1. *Education and partnerships:* To educate police and personnel at other agencies, such as the Liquor Control and Licensing Branch (LCLB) and the Canada Revenue Agency (CRA) about illegal gaming and form mutually supportive partnerships with them.
2. *Intelligence:* To become the central repository of intelligence on illegal gaming activity in the province. To meet this objective, IIGET solicits and records intelligence reports from various police departments, and interviews or interrogates persons involved in illegal gaming, to gain a better understanding of the extent of the activity in BC.
3. *Enforcement:* To investigate and enforce the Gaming Control Act and Regulations and all Criminal Code offences related to illegal gaming, including illegal lotteries, common gaming houses, the distribution of illegal video lottery terminals, animal fights, bookmaking, and internet gaming.

To meet this objective IIGET undertakes investigations of illegal gaming at all levels, in partnership with a provincial Crown prosecutor, and utilizes a variety of enforcement tools (verbal warning, tickets and criminal charges) to curtail illegal gaming activity.

The activities link together in a logical fashion, with the following "desired outcomes":

- Police officers are trained to recognize and report illegal gaming.
- IIGET then investigates these reports and undertakes enforcement.
- Enforcement removes illegal gaming enterprises from operation.
- Enforcement discourages entry into illegal gaming (myth of full enforcement).
- Further, enforcement motivates the public to conduct gaming activities in a legal (licensed) fashion.
- These circumstances lead to a reduction of illegal gaming in the province.
- That reduction enhances the integrity of the public (legal) gaming sector.

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

IIGET's colleagues at GPEB are often co-located with Team personnel. GPEB is charged with the investigation of complaints and allegations of criminal or regulatory wrongdoing within the confines of legal gaming venues and services.

On occasion, GPEB and IIGET personnel work together on the targeting of low to mid-level offenders.

An illegal activity is evaluated on a "case-by-case" basis and such an enterprise is placed within one of three levels, based on their risk to the public, their investigative complexity and the amount of resources required to investigate and satisfactorily conclude such files.

Level	Illegal Activity Investigated
Level One – "Street Level"	Texas Hold-Em in licensed premises Raffles Bingos
IIGET-GPEB Responsibility	
Level Two – "Mid-Level"	Common Gaming Houses Video Game Machine (VGM) Clusters Pyramid Schemes Animal Fights
IIGET Responsibility – some GPEB assistance is given	
Level Three – "High Level"	Internet Gaming Video Game Machine (VGM) Distribution Bookmaking
IIGET Responsibility	

IIGET has been in operation for nearly four years. The current MOU is set to expire on 2008-04-01.

There is a need to examine the criminal enterprise of illegal gaming in a focused and academically defendable manner in furtherance of the Consultative Board's commitment to equip law enforcement with sufficient resources to interdict and suppress illegal gaming in BC.

The past four years have also confirmed that the existing authorized strength for IIGET was insufficient to allow IIGET to effectively target all levels of illegal gaming in this province.

A one-year renewal of the current MOU will permit the incumbent staff to deal with a backlog of files and to accomplish the requisite strategic assessment.

The proposed activities of the next year would yield intelligence results that may assist the Consultative Board in determining the size, composition and geographical deployment of IIGET personnel for the future. The ultimate goal is to identify and achieve a more effective and efficient model of enforcement and deployment.

A competent service delivery should consist of the sustainable deliverables of investigation and enforcement, public and police educational products and regular strategic and/or tactical intelligence products.

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

Past Performance and Existing Circumstances:

Issues and Challenges:

IIGET is accountable for providing specialized illegal gaming investigative, practitioner education, strategic intelligence and interdiction assistance to all police forces in British Columbia. IIGET personnel are presently all RCMP employees, located at satellite offices in Burnaby, Victoria, Kelowna and Prince George.

With an authorized strength of thirteen (13) sworn and civilian personnel, the Team focuses significant amounts of their resources and effort on the Greater Vancouver area, historically the region most impacted by illegal gaming.

Legalized gaming is a thriving industry that represents a significant source of income for the province as well as for licensed gaming operators and entities.

Academic research, historical experience and the anecdotal information from front-line police officers has determined that there is an ever increasing likelihood for organized crime and opportunistic criminals to further encroach on legalized gaming operations.

Activities such as loan sharking, unlicensed common gaming houses, raffles and bingos, pyramid schemes, animal fights, Internet gaming, video game machine gambling and bookmaking are all highly profitable, illicit vehicles for personal, non-taxable gain.

In addition, a variety of criminal code offences associated to both legitimate and illegal gaming activity are often present and include extortion, kidnapping, threatening and serious assaults.

Of note is the fact that, unlike the legitimate gaming system, there is no social support or “safety net” available to habitual/problem gamblers who are firmly ensconced in the illegal gaming realm and wish desperately to receive treatment or other assistance.

The challenge assumed by the Consultative Board is to provide law enforcement with the requisite levels of human and other resources to *mitigate* the potential for illegal gaming to escalate in this province and to *enhance* the prospect for significant reductions of this criminal enterprise in British Columbia.

Strengths of the IIGET: (High)

1. Since its inception, this Team has engaged in educational and enforcement programs in an effort to reduce illegal gaming in British Columbia.
2. A comprehensive review of the cumulative investigative and enforcement activity accomplished by IIGET and/or GPEB over the past four years is documented in the “effectiveness” review prepared for Police Services Division by Ms. Catherine Tait.

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

Since its inception, IIGET has dealt with over eleven hundred (1100) illegal gaming files.

This total includes cases brought forward through GPEB and is comprised of allegations of very low level illegal gaming and/or marginally substantiated or unfounded "suspicions" of such criminal activity.

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* January – March 2004 only

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A significant number of the lower and mid-level matters were dealt with primarily by GPEB and/or a combination of personnel from both units.

IIGET has acted in a more comprehensive and focused manner on a total of two hundred and thirty-three (233) illegal gaming investigation files that were adduced to be more credible and/or serious in nature.

In summary, that number was comprised of the following investigative categories:

- "Keepers of" and persons "found in" common gaming houses
- Illegal Video Game Machine (VGM) distributors
- Seizures of cash and vehicles associated with the previous two types of enterprises
- Revenue Canada Agency referrals for tax investigations
- Loan sharking
- Pyramid schemes

Of the two hundred and thirty-three files, eighteen became projects. On a "year by year" basis, the number of criminal files examined and the number of projects were as follows:

YEAR	CRIMINAL CODE FILES	PROJECTS INITIATED
2004-04-01 – 2005-03-31	73	V3
2005-04-01 – 2006-03-31	84	Op er ati on al Fil e -

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2006-04-01 – 2007-03-31	48	V3: Operational File - Current Status Unknown
2007-04-01 – Present	28	V3: Operational File - Current Status Unknown

Qualitatively, law enforcement, criminal justice and provincial gaming oversight partners have credited IIGET with having played a role in combating, deterring and reducing the levels of illegal gaming in this province.

By virtue of its existence, IIGET activities have instilled a belief in lawful citizens and the criminal element alike, that the Team's enforcement programs are active and singularly dedicated and that engaging in criminal activity of this nature is an unwise decision.

3. IIGET's Consultative Board, in-house management, and operational, administrative and program personnel have taken responsibility for reducing illegal gaming in British Columbia.

4. The men and women of IIGET enjoy productive relationships with various primary oversight and/or support entities, including but not limited to:

- The Police Services Division, Ministry of Public Safety and Solicitor General
- The Gaming Policy Enforcement Branch (GPEB)
- The British Columbia Lottery Corporation (BCLC)
- The British Columbia Association of Chiefs of Police (BCACP)
- The Regional Operational Police Managers Committee (ROPMC)
- BC Provincial Crown Counsel
- The Liquor Control and Licensing Branch (LCLB)
- The Canada Revenue Agency (CRA)

5. With regard to the educational component of IIGET's core services, over the past four years a number of PowerPoint presentations and inter-agency workshops have been given to hundreds of front-line, general duty or investigative police personnel and to liquor inspectors.

Two training DVDs have been developed for various police training curriculums. As well, four newsletters on specific illegal gaming topics were prepared and disseminated to law enforcement. The IIGET page of the BC RCMP website explains the role of the Team and highlights successful illegal gaming investigations. Presentations have also

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been made to non-profit agencies on the requirement of licensing raffles and/or events held for charity.

6. Status reports to the Consultative Board have documented the recruitment and development of human sources by IIGET personnel. This activity assisted the Team in the production of a report to the Board in 2006 on the scope of illegal gaming activity in BC.

Weaknesses of the IIGET: (Medium)

1. IIGET has been staffed and resourced for four years with a fixed level of personnel, during which time the Board has had opportunity to evaluate this Team's utility to the province's anti illegal gaming efforts.

IIGET's personnel are separated geographically, with fifty percent of their police personnel deployed to three other cities; Victoria, Kelowna and Prince George. Although levels of communication have been maintained, the opportunity to work collaboratively on projects is lessened to a significant degree.

Collaboration with the Gaming Policy Enforcement Branch (GPEB) was established at all four provincial worksites and has been consistently productive. Due to exigent demands of their own, however, GPEB was unable to provide two full-time personnel to work on a daily basis with the IIGET staff in the Burnaby worksite.

The first eighteen months of the Team's existence was spent in acquiring personnel for the Team, setting up work sites and contact networks, and providing training for the incumbent staff.

Almost two years of the Team's activity was focused on a high level Internet investigation, which ultimately proved to be beyond the capacity of the Team. As a result, only eighteen months of investigation efforts were focused on the lower and middle levels of illegal gaming.

With the additional mandate of providing education to the public, police and other law enforcement personnel, the Team struggled to allocate adequate and/or equal levels of effort on all three levels of illegal gaming in the province.

The Team has provided a number of programs and limited enforcement focused on the interdiction of illegal gaming. Those efforts have confirmed, to some extent, the best practices by which this criminal activity may be mitigated, managed and/or reduced.

The results of those efforts, however, have been modest and illegal gaming is still present in this province. Further, these criminal enterprises are taking place throughout the province as opposed to merely within the proximity of the Team's lower mainland location where the majority of the staffing complement is located.

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There is currently no clear understanding of the scope and extent of illegal gaming in this province. While it is logical to presume that additional personnel within IIGET could result in further reductions of illegal gaming, it would be advantageous for the Board to be competently and more fully informed with regard to exactly where and in what numbers such personnel may be situated, so that the best results may be achieved.

2. Shortages of police personnel in a majority of municipal RCMP police services are a reality, and it would be difficult to readily acquire and retain police officers for assignment to IIGET from RCMP troops alone. An immediate increase in the number of police personnel at IIGET is not a reasonable expectation in the immediate future.

The assignment of municipal police department members, on a short-term (project) or long-term basis (secondment) to IIGET may be an eventual consideration.

3. Of IIGET's two hundred and thirty three (233) investigative files opened since 2004, and previously referred to in "*Strengths #2*", only one hundred and twenty six (126) or 54% of the files were concluded. One hundred and eight (108) files or 46% of the cases remain open. The potential for the overseers of those illicit enterprises to continue to operate with impunity, due to a lack of enforcement is very real.

The following table summarizes file statuses for the period 2004-01-12 to 2008-01-15, on a regional basis:

Region	Number Reported	Number Concluded	Still Under Investigation
Lower Mainland	98	54	45
South East District	59	20	39
North District	45	30	15
Vancouver Island	31	22	09
Total	233 (100%)	126 (54%)	108 (46%)

* Source – A/S/Sgt. Andrew Martin – IIGET PIRS & PRIME records from 2004-01-12 to 2008-01-15.

Opportunities for the IIGET: (High)

1. Efforts could be made, by means of the proposed enforcement-based data collection and the resultant strategic assessment, to acquire real-time illegal gaming *information* and analyze that information to produce reliable *intelligence* on individuals and/or groups. As well, the interaction of one individual or group with another and the specifics of their illicit activity could be confirmed.

It is likely, given the existing levels of staffing for IIGET and the predominance of illegal gaming in the lower mainland portion of the province, that the assessment would be focused mostly in that area. The RCMP North, South-East and Island Districts would be addressed as well however those collection and assessment processes would likely require the deployment of other District and/or Burnaby personnel to assist as required.

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Optimally, the Consultative Board would receive, annually, an informed estimate of the geographical distribution of illegal gaming throughout the entire province. The linkages and the nature of illicit activity between criminal entities would be confirmed as well as the individuals/groups most involved and the specific typology of the illegal gaming enterprises deemed most harmful to society and/or most vulnerable to enforcement action.

5. Media, marketing and public education efforts, similar to those employed by the Integrated Municipal Provincial Auto Crime Team (IMPACT), could be undertaken in the renewal period, to educate the public on illegal gaming, to create and enforce the “myth of full enforcement” and to build support for legitimate gaming options.

Threats to the IIGET: (Medium)

1. The past four years have confirmed that, at present, this Team does not have the requisite strategic, tactical or analytical capability and investigative expertise for the higher, “third-level” investigations and/or long-term projects.

Opportunistic and/or organized crime activity surrounding illegal gaming in British Columbia could, therefore, escalate or become further entrenched within, or on the periphery of, the legitimate gaming industry.

2. The backlog of investigative files will not likely be addressed, should the MOU not be renewed for at least a one-year period.

3. Newly received information on illegal gaming would be unaddressed, given that IIGET is the only full-time police agency dedicated to such investigations. Given a lack of capacity and training, as well as other priority matters, other police agencies would likely be unable to assume the illegal gaming portfolios within their jurisdictions.

It should be noted that the provincial threat assessment on organized and serious crime in British Columbia has determined that, given existing shortages of personnel, capacity and expertise, that more than seventy-eight percent of known criminal groups and/or individuals are conducting their criminal efforts with impunity.

It is, therefore, uncertain whether other police jurisdictions would be motivated or justified in diverting scarce resources in furtherance of illegal gaming investigations.

Discussion:

IIGET could be permitted to remain in its present configuration and authorized strength, and to engage in the proposed activities. It is anticipated that under such circumstances:

- The Team would address the backlogged file and project work.
- The highly desirous educational – marketing component of the unit could be continued.

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- The strategic examination of the nature, scope and extent of illegal gaming in this province would be undertaken, so that the Board could better decide on the future deployment and mandate for IIGET.
- A long-term strategic plan could be prepared, if the Consultative Board desired one, to guide any or all future efforts of the Team.
- NOTE: The targeting of higher level individuals and/or groups still would not be easily or competently undertaken.

Recommendation and Rationale:

Recommendation

"That the IIGET Consultative Board renew the current Memorandum of Understanding for a period of one year, so that the accomplishment of a strategic assessment of illegal gaming in British Columbia, along with a long-term strategic plan, the investigation of backlogged files, and educational and intelligence collection efforts may be achieved."

Rationale: The work of IIGET to date has demonstrated a capability to locate, confirm and interdict illegal gaming. During its initial and formative years, IIGET personnel were establishing a network of contacts, gaining expertise in gaming, securing and developing human sources and garnering the necessary knowledge, skills and abilities that will serve them well in the years to come.

The decision to create an integrated illegal gaming enforcement team was a sound one, and has produced results to the extent that crime prevention, education and enforcement action has occurred.

As a result of the past four year's activities, there is now a solid foundation of expertise and commitment, as well as an organizational and networking structure for the men and women of IIGET to operate effectively within.

Whereas a collective will has been demonstrated by all concerned, there has likely been a lack of human resources to effectively address all three levels of investigation entrusted to IIGET.

It is fair to say that the Consultative Board could not have been in a position to have predicted the various issues that have frustrated IIGET personnel in their efforts to combat all three levels of illegal gaming, while at the same time educating themselves as well as citizens and law enforcement personnel on illegal gaming and building a network of informants that would provide a realistic picture of illegal gaming in this province..

At this juncture of the Team's development, however there is an excellent opportunity, by means of the recommended one-year MOU renewal, to provide the Consultative Board with sufficient information to determine an optimum size for IIGET's future as well as the geographical deployment of the Team.

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The effectiveness of the proposed renewal initiative will be assessed and measured by means of the follow expected outcomes:

- Through education, media and marketing strategies, a measurable increase in public awareness of illegal gaming, confirmed by means of a survey.
- An appreciable increase in the number of gaming license requests received by GPEB from the general public.
- A quantifiable increase in the number of seizures, file conclusions and enforcement actions by IIGET.
- A provincial or lower mainland strategic threat assessment will be produced, compiled by means of a data collection initiative and proper analysis, which will be utilized by the Consultative Board to determine the future objectives and deployment of IIGET.
- A long-term strategic plan would be compiled and submitted to the Consultative Board for consideration.

Budget:

Broken down, total costs for the funding of IIGET since it's inception are as follows:

- Taken together, total direct and in-kind expenditures for IIGET have totaled \$6 million between 2003/04 and 2006/07, specifically:
 - BCLC has contributed a total of \$3.7 million,
 - The federal government \$1.2 million
 - GPEB approximately \$1.1 million (through in-kind contributions)
- With the exception of a \$20,000 over expenditure in 2003/04, the BCLC amounts to support IIGET provided for in the MOU have not been fully expended in any year for either the RCMP or GPEB allocations.
- The MOU provided for BCLC contributions of \$5.4 million for 2003/04 to 2006/07, and the actual BCLC supported expenditures during that period totaled \$3.7 million.
- In 2006/07, the RCMP allocation was under spent by 23% and the GPEB by 53%.

The following table shows the expenditures and supporting contributions for IIGET between 2003 and 2007:

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

Expenditures	2003-2004	2004-2005	2005-2006	2006-2007	Total
RCMP	\$644,740	\$904,135	\$1,637,248	\$1,501,578	\$4,687,701
GPEB	240,000	307,797	430,803	407,091	1,385,691
Total	\$884,740	\$1,211,932	\$2,068,051	\$1,908,669	\$6,073,392
Contributions					
(to RCMP)					
BCLC	\$644,740	\$632,895	\$1,146,073	\$1,051,105	\$3,474,813
Fed. Gov't	Nil	271,240	491,175	450,473	1,212,888
(to GPEB)					
BCLC	Nil	17,797	137,803	110,091	265,691
GPEB	240,000	290,000	293,000	297,000	1,120,000
Total	\$884,740	\$1,211,932	\$2,068,051	\$1,908,669	\$6,073,392

* Source – Effectiveness Review – Catherine Tait Consulting – November 2007

Should the renewal be approved, the anticipated budget for the Team is depicted in the table below:

Budget Item			2007-2008	2008-2009
Established FTEs			12	13.30
FTE for RM			11.26	12.00
FTE for Independent			-----	0.30
FTE for PSE/TCEs			2.03	1.00
Total IIGET FTEs			13.29	13.30
Ongoing Budget				
Pay – RCMP	App A	3.50 % raise	1,101,300	1,059,800
Pay – Independent P.D.	App A	4.00 % raise	33,000	49,900
O&M	App B	3.00 % more	493,795	535,000
Capital costs	App B		-----	-----
One time start up costs	App B		-----	10,600
Indirect costs (on RCMP RM/CM)	App C		385,200	411,500
Total Ongoing Budget			\$2,013,295	\$2,066,800
Total IIGET			\$2,013,295	\$2,066,800
Costs @ 70% to Province			\$1,409,306	\$1,446,760

* Source – RCMP Financial Management

* 2008-2009 = 1 ADM05 analyst added

* 2008-2009 = 30% cost share (IIGET-IMPACT) of OIC salary

Memorandum of Understanding - Integrated Illegal Gaming Enforcement Team

Conclusion:

Since its inception in 2004, IIGET's law enforcement professionals have worked closely with their municipal, provincial and federal counterparts. It is their intention to continue to work even more collaboratively with those criminal justice colleagues, to further reduce the harmful societal effects of this criminal enterprise.

In its capacity as the integrated provincial illegal gaming unit for British Columbia, IIGET will continue, under the guidance and support of the Consultative Board, to identify and implement cutting edge strategies in furtherance of a continued reduction in illegal gaming. The men and women of IIGET wish to be regarded by their public, criminal justice and gaming enforcement partners as individuals who are "making a difference" in combating this illicit activity.

This document is an expression of IIGET's on-going and renewed determination to offer, in their role as the illegal gaming intelligence and enforcement "hub" for the province, any and all expertise and/or services to the jurisdictions served. The proposed renewal will yield tangible, positive results for all of the law enforcement, criminal justice and legitimate gaming entities involved in this partnership as well as, most importantly, for the citizens of British Columbia.

Appendix U

Recommendations of the IIGET Effectiveness Review

Integrated Illegal Gaming Enforcement Team (IIGET)

Mandate:

“To maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming”.

Vision:

“To be a truly integrated Team that is the centre of excellence in British Columbia, in the pursuit of innovative, educational and enforcement strategies that prevent, investigate, prosecute and reduce illegal gaming.”

Recommendations of the IIGET Effectiveness Review

Date: 2008-03-10

Prepared for: Chief Superintendent Richard (Dick) Bent
Deputy Criminal Operations Officer (Contract)

Submitted to: Superintendent Russ Nash
Officer in Charge – RCMP Major Crime Section

Prepared by: Inspector Wayne Holland
OIC – IMPACT/IIGET
A/Sergeant Andrew Martin
NCO in Charge-IIGET

PREAMBLE:

In the fall of 2007, an effectiveness review was undertaken by a private consultant, Ms. Catherine Tait.

On November 26th 2007, Ms. Tait submitted her review, along with ten recommendations for improving the Team's effectiveness and overall performance to the IIGET Consultative Board.

This report summarizes the recommendations and confirms the intention of IIGET's management cadre to accomplish all of the suggested enhancements to the program.

RECOMMENDATIONS AND ACTIONS TO BE UNDERTAKEN:

Recommendation #1.

(a) *"Reduce illegal gaming through enforcement action and re-frame the objective in concrete terms, such as 'the investigation of high priority illegal gaming occurrences within a given time period'."*

(b) *"Report monthly or quarterly on the files for all reports received, on a "concluded", "still underway", and/or a "not yet begun" basis. This would provide an indication of workload, the progress of investigations in priority areas and the extent of problems not yet addressed."*

Action: (a) the enforcement objective for IIGET was originally re-framed by the Consultative Board on December 1st 2006. The Team had spent most of 2006 engaged in a high level Internet investigation, to the detriment of mid level targeting. At that time the Team was directed to conclude the high level investigation and focus on mid level targets such as video gaming machines, common gaming houses and animal fights.

That decision was reaffirmed by the Consultative Board on July 25th 2007 and on November 26th 2007.

The Team remains focused on mid level targets to this date.

(b) IIGET personnel supported this recommendation and immediately revised their forms, in accordance with the Board's wishes, for the receipt as well as the collation and subsequent conclusion of reports and/or information or intelligence received.

From the perspective of IIGET management, quarterly reporting to the Board would be adequate.

As of April 1st 2008, the NCO in charge of IIGET and the Deputy Director of GPEB will meet on a monthly, or 'as required' basis. At that time all information received from the public and/or law enforcement will be reviewed and categorized and will receive both

IIGET and GPEB file numbers for future referral and cross-referencing.

Finally, a decision will be made by those individuals with regard to what office will investigate the complaint and/or follow-up on the information received.

Recommendation #2.

“A Business Case for the continuation and possible expansion of IIGET needs to be prepared.”

Action: A business case was completed in January of 2008 and submitted to Police Services.

That report is, of necessity, somewhat lacking in content, given that a required data collection and the resultant threat assessment, which would complete the business case, is pending.

The recommended content in Ms. Tait's report will be installed in the incumbent report after those processes are completed.

In summary, the final business case will be supplemented with the following information, once the “scope and extent of illegal gaming” in this province is clarified:

- The extent of low, mid level and high level targets in the province.
- The linkages between the individuals and/or groups engaged in this criminal enterprise.
- An explanation based on the interaction of known targets with one another, of the geographical distribution of this illicit activity and the most prudent geographical allocation of law enforcement resources to interdict those offenders.
- Timeframes for the recruitment and training of additional staff and the infrastructure required to support them, including one-time start up costs.
- Short and long term objectives for IIGET, with benchmarks for the measurement of success. The objectives would be based on the analysis of the information and intelligence gleaned from the pending data collection.
- New data sources for illegal gaming, as well as suggested refinements to existing reporting procedures, in order to better monitor the scope and scale of illegal gaming targets in the province.

Recommendation #3.

(a) ***“That the term of the current MOU is to be renewed for a period of one year.”***

(b) ***“That the Board is to allow IIGET operations to continue at current levels of staffing, and those personnel will focus on mid level targets until the threat assessment is done.”***

- (c) *"That better reporting to the Consultative Board is required."*
- (d) *"That the Board direct IIGET to pursue only one of the mid level or high level target categories, and that the mandate and objectives of IIGET clearly state which level is to be the investigative focus."*
- (e) *"That the Board should attempt to find another means to target the level of illegal gaming that cannot be addressed by IIGET. This would likely require the development of a strategy to involve other police agencies in these responsibilities."*

Action: (a) The term of IIGET's MOU has been renewed for one year and is set to expire on March 31st, 2009.

(b) IIGET's current authorized strength of twelve (12) RCMP members and one administrative support person (PSE CR-04) has been maintained and will continue to direct their enforcement efforts on mid level targets.

(c) Report forms have been amended and enhanced. In addition, all reports and project information handled by IIGET-GPEB personnel since the Team's inception in 2004 is being reviewed by RCMP records section personnel for final conclusion, scoring and uploading to PIRS.

Quarterly reports to the Consultative Board will occur over the next one-year period, or as directed by the Board.

(d) As previously stated, the Team will focus on mid level targets. The mandate and objectives for IIGET could ultimately be amended, however it is our intention to codify the mandate, along with supporting long-term priorities and key initiatives, within a five-year strategic plan for IIGET, once the data collection and threat assessment is completed.

The Plan will provide the Board with intelligence-led, best practices content to guide their strategic and tactical policy.

(e) Other enforcement sources *should* be sought. This is so that any illegal gaming activity that may be identified as "taking place with impunity", given IIGET's present and/or future inability to address it, is eventually addressed by a law enforcement entity with the capacity to do such investigations.

It is practical to assume however, that such an effort should only be made at a time when the Consultative Board is fully informed with regard to the scope and extent of such activity in the province.

Recommendation #4.

"The following are recommendations to mitigate the impact of turnover in IIGET, specifically:"

- (a) *"A procedures manual and background materials that new recruits can refer to when they start in a position."*
- (b) *"Training courses offered more frequently than once per year."*
- (c) *"Seconding members from municipal police departments into IIGET."*

Action: (a) This is an excellent suggestion and an orientation package, a regulations and procedures manual and a "best practices illegal gaming investigation" CD ROM will be developed over the next year.

(b) The annual OPP training course will not be available until some time in 2009. In the interim, IIGET is attempting to identify alternative sources for such vital training.

(c) Seconded members would be most welcome within the Team, and would further justify the term "integrated" being associated with the Unit. IIGET personnel are prepared at any time to assist in the lobbying of the BCAMCP in furtherance of this objective.

Recommendation #5.

(a) *"Roles of GPEB and the RCMP could be more accurately described, particularly for investigations where GPEB assists the RCMP."*

(b) *"Consideration could be given to housing selected GPEB staff within the RCMP offices."*

Action: (a) This is a significant issue and is being somewhat addressed with the new protocol for receiving, classifying and assigning information, reports, inquiries and complaints submitted to the offices of IIGET-GPEB.

Once the strategic threat assessment on illegal gambling is completed, the roles may be even more clearly defined and/or amended.

(b) Co-location of personnel is to be encouraged and undertaken at every opportunity. The collaborative efforts of GPEB and IIGET personnel will be vital to the accomplishment of the respective mandates of both the regulatory as well as the enforcement entities.

GPEB management is presently seeking an increase in staffing of two persons for full-time assignment to IIGET.

Recommendation #6.

"The Consultative Board should approach the VPD to see if they have an interest in, and the capacity for, two members to work on secondment with IIGET."

Action: This would be a reasonable request for the Board to make of the Vancouver Police Department, given their size and the fact that a significant portion of the illegal gaming activity in the lower mainland has traditionally taken place within their jurisdiction.

IIGET management and/or operational personnel will assist the Board in this matter as directed and/or required.

Recommendation #7.

(a) *"Redesign statistical reports to include information about the number and type of investigations underway and any backlog of reports where investigations have not yet begun."*

(b) *"Clearance data should be presented by "case type" and "post take down" reports should be used."*

Action: (a) This recommendation has the full support of IIGET management and efforts taken to date in this regard have been addressed in a previous portion of this report.

(b) RCMP records management personnel are assisting IIGET personnel at this time to clear and/or conclude our historical reports (circa 2004) in a "case type" format.

In addition, it is an excellent practice to implement the practice of investigators submitting "post take down" reports subsequent to projects and/or investigations being completed.

Reports of this type greatly assist in the development of best practices for future investigations and provide tombstone data that allows for IIGET management and the Consultative Board to evaluate the work of IIGET personnel.

These reports are to become the norm for IIGET personnel as of April 1st, 2008.

Recommendation #8.

"First Nations gaming - Members of the Consultative Board should undertake to obtain direction on this issue, to provide clarity to IIGET."

Action: A recent announcement by the federal government indicated that it is considering new measures to stamp out approximately four hundred Internet illegal gaming sites based on the Kahnawake native reserve in Quebec. Prior to this, neither the federal nor

the Quebec provincial governments had attempted to enforce the law.

Enforcement efforts on aboriginal land by IIGET and GPEB personnel have traditionally met with indications of potential physical resistance by aborigines and have placed law enforcement personnel in threatening situations. As a result, illegal gaming is taking place in varying amounts on First Nation's land in British Columbia and the perpetrators, in effect, conduct their illicit efforts with impunity.

While the federal announcement is encouraging, it underlines the necessity for the Consultative Board to decide the level of involvement it wishes for IIGET personnel to have in any or all provincial negotiations with aboriginal representatives and/or the amount of investigative probity IIGET should exert on similar and/or other illegal gaming activity on First Nation's land in this province.

In the interim, IIGET will involve, and closely interact with, the RCMP "E" Division OIC- Aboriginal Policing Services, to identify educational and/or community partnership solutions to the problem, as an option to a "zero tolerance" enforcement policy.

Recommendation #9.

- (a) *"The BCLC CEO should remain as a member of the Consultative Board with a limited vote."*
- (b) *"Meetings should have "in camera" portions to address operational issues, wherein the BCLC CEO may excuse him/herself."*

Action: (a) IIGET personnel are supportive of the CEO of the BCLC being a member of the Consultative Board and, as such, having a limited vote on matters relating to budget and policy matters for the Team.

(b) IIGET personnel are in strong support of the adoption, by the Consultative Board, of the policy of having "in camera" components to its meetings. Such a practice is common at most venues wherein covert and/or privileged operational matters are discussed.

The "in camera" segments could be scheduled to occur at such a point in the meetings, so that the incumbent BCLC Board member and/or other attendees are not embarrassed or made to feel unwelcome.

Recommendation #10.

"The current number of people attending the Consultative Board meetings is impacting effective decision making. The Board itself has five members. The MOU requires that the IIGET NCO in Charge and a GPEB designate reports to the Board. With a minute taker, the attendance should be in the order of eight people."

Action: The number of delegates for Consultative Board meetings should be restricted to

those persons with oversight of and/or first-hand knowledge of the work of the Team. If properly managed, Board meetings should be productive, notwithstanding the number of persons in attendance.

IIGET management recommends that, at the very least, meetings of the Consultative Board should be comprised of the following individuals:

- Five Board members.
- OIC – RCMP Major Crime Section.
- The IIGET OIC and/or NCO in charge.
- The GPEB Director and/or Deputy Director.
- Police Services senior program managers and/or policy analysts as required.
- Scribe.

Appendix V

GPEB Investigations Division, Feedback on the Effectiveness Review of the Integrated
Illegal Gaming Enforcement Team – Report of November 16, 2007 prepared and
submitted by Catherine Tait

CONFIDENTIAL**Feedback on the Effectiveness Review of the Integrated Illegal
Gaming Enforcement Team – Report of November 16, 2007
prepared and submitted by Catherine Tait**

Deputy Director Joe Schalk and I have reviewed the Draft and concur that the report is well written and documented. However, we would like to offer some comments, clarifications and corrections to some of the observations and data in the report.

Page #1, second paragraph - “According to the MOU, IIGET was created to preserve the integrity of legal gaming.”

We could not find this statement in the MOU. We believe that from the enforcement body standpoint, the mandate of IIGET is outlined to the Board on page #4 of the MOU which states **“Maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming.”** We do not know how the **integrity of legal gaming** is enhanced by enforcing illegal gaming, except that legal gaming is regulated and illegal gaming is not regulated. There may well be a financial advantage to eliminate illegal gaming, but we do not see an “integrity” connection. Certainly involvement in legalized gaming is not connected to the mandate of IIGET.

Page #1, third paragraph, third sentence – “At the same time the Investigation Division was established with GPEB to investigate complaints.....etc”

This statement is incorrect. GPEB was in fact formed in 2002, but the Investigation Division had already been formed in 1999 under the auspices of the Gaming Audit and Investigation Office. This unit was established to investigate wrongdoing in existing legal gaming venues and to support Police of Jurisdiction in the enforcement of illegal gaming. In 2002, with the introduction of the Gaming Control Act and with the formation of a new Gaming Policy and Enforcement Branch under the Sol. Gen. Ministry, the Investigation Division was enhanced

with an increase in FTEs in all regions with proper regulatory authority, as opposed to functioning through policy or directives. The Investigation Division had the same mandate, to wit: the investigation of allegations of wrong doing in legal gaming and to assist the police with enforcement of illegal gaming activities. We want to insure that there is no misconception about the previous existence of an enforcement body active in both the legal and illegal gaming environments. An Investigation Division had already been formed with a priority towards legal gaming.

Page #1, third paragraph, last sentence. -

We want to insure it is clear that with the formation of IIGET, GPEB Investigations was designated to work in conjunction with the RCMP, not vice versa. GPEB would be assisting a dedicated team of Police officers to investigate illegal gaming activity. It was originally envisioned that IIGET would be managed under a joint and equal management approach. It was later realized that the RCMP must have the final say on any management or priority setting issue. Further, it was completely understood and mandated by the Consultation Board that the RCMPPolice would be the lead relative to any illegal gaming investigations which would be conducted with GPEB's assistance. GPEB's primary responsibility continued to be directed towards legal gaming wrongdoing.

Page #7, first bullet, 4th sentence – “....seized several illegal VGM’s.” This, we believe, should state “....seized a **large number** of illegal VGM’s...” (approx 100). The seizures were certainly more than “several”.

Page #8, second last paragraph. –

For clarity, it should read “In June 2006, **the Consultative Board** made the decision to rent additional office space.....”

Page # 10, Exhibit Three – IIGET Expenditures and Supporting Contributions -

We have no idea how these figures were derived at and what the GPEB “expenditures” and “contribution” figures include or are intended to show.

Page #11, top of the page. -

We would like to insure there is clarity in regards to possible GPEB allocation of 2 FTE's towards IIGET. In early 2004, GPEB Investigation Division requested additional FTEs be hired to) provide, what we believed, was an absolute minimum of person resources to be able to fulfill our mandate on legal gaming enforcement. This included additional FTE's for staffing positions for enforcement in Casinos, in Lottery products AND to fulfill our IIGET commitment. (one for Lottery products, two for Casino Investigations and two for IIGET) We did not receive those FTEs. In late Spring of 2007 (3 years after the original request) and after we were already become totally involved with large numbers of investigations relative to serious lottery issues, this Division received an increase of 10 FTE's, which included the 4 requested in 2004. Casino and Lottery investigations have fully consumed those 10 FTE's. GPEB Investigations never have been able to have, and at present still cannot dedicate any fulltime FTE's for IIGET in the Lower Mainland. Because of the continuing and ongoing need to insure proper staffing for legal gaming enforcement, this Division cannot move FTE's from our legal gaming mandate to IIGET at this time. This is due in most part to the significant increases in Casino and Lottery investigations. The risk is too great to not devote our manpower to those needs. We had hoped that we had properly addressed those concerns during our meetings with you and we had also hoped this report would comment on the obvious lack of GPEB FTE contribution to IIGET, with possibly even a recommendation for 2 additional full time new FTE's to be fully dedicated to IIGET in the LMD.

Page #13, top of page. -

We believe that in identifying education of "the public", clearly "the public" is, in fact, mostly the charitable gaming groups. Charitable Gaming groups in fact encompass a large segment of the public that require and or request education. Minor hockey associations, soccer and baseball associations, Royal Canadian Legions, pubs, etc. all fall into those categories of "the public". IIGET has clearly touched those public groups and they continue to be one of the main groups focused on for ongoing education.

Page #13, last paragraph. - Under "Activities Undertaken" - "It appears that there have not been any educational campaigns aimed at the general public"

As noted above, we do not agree with this statement and our comments as noted above apply. We however believe and have always believed that IIGET should have a media blitz on things such as illegal VGM's, Gaming Houses or similar type issues as they present themselves through enforcement measures. The public should become/be aware that they are being ripped off in payouts because of their ignorance and simply not knowing. We believe this kind of "public reporting" would warn the public and enhance the image of legalized gaming and make the public more aware about illegal gaming issues. We believe that this education should be undertaken at the same time as an enforcement initiative, which must be headed by the RCMP with input provided by GPEB.

Page #14, last paragraph, second sentence.

We believe that it should be noted that in 1999, the Investigation Division of the Gaming Audit and Investigation Office, under the Ministry of the Attorney General, did assist police of jurisdiction on illegal gaming matters and did provide some funding to assist in enforcement actions. It is agreed that while the "Starnet" case was in the forefront, legal gaming had a minimal presence in British Columbia and there was still no Gaming Control Act. GAIO functioned under the authority of policies and directives, as well as enforcing provisions of the Criminal Code. GAIO Investigation Division was certainly part of illegal gaming enforcement in assisting police and did have some limited success. At that time, in various locations in the Province, Police of jurisdiction were still interested in pursuing or working with GAIO in illegal gaming enforcement actions. Due to major and significant expansion of legalized gaming, coupled with the lenient attitude the Courts were expressing relative to illegal gaming conviction sentencing , there suddenly was a lack of will on the part of the Police to continue to be involved in illegal gaming enforcement. GPEB no longer had the resource capability to undertake any illegal gaming enforcement action.

Page #19, last paragraph on the page. -

We do not disagree with your comments but believe that an estimate on the extent of illegal gambling is necessary. This must not only be based on intelligence, but must include enforcement action. We believe that an estimate on illegal gaming activities must be approached by targeting specific areas to exhaustion. i.e.: VGM's. Get a measurement of the number of illegal VGM's through intelligence and enforcement. Tackle one area at a time.....otherwise meaningful estimates will be extremely difficult to make and the degree of reliability will be minimal.

Page #20, middle of page. - "The document laid out three levels of *investigation* and enforcement action....."

We believe that the word *investigation* should be removed. It should only read ".....three levels of enforcement".

Page #24, second paragraph under "Achievement of this Objective". - You can not possibly assess a reduction of the incidence of illegal gaming until you know, if it is possible, what the extent of illegal gaming is in the first place. I still believe that the increase in the number of licenses issued from GPEB's Licensing Division does have some correlation to enforcement on illegal lotteries. Enforcement and education, however, must be continuous and must work hand in hand.

Page #25, second paragraph. -

You are correct to some degree, but most illegal lotteries are either conducted in the liquor primary establishments or are associated with sporting events (50-50 draws, pools etc. run through/by minor or adult sporting activities and groups). We do not normally receive a lot of reports on those activities as they are generally accepted by the public. The only time we receive reports are when the lotteries seem unfair to an individual or when the Investigation Division has taken some enforcement action against a particular pub or licensee and not the other. It then often becomes a cascading effect of the liquor establishments reporting on each other to maintain fair or equal marketing. Thus a report by the public on lottery issues is usually precipitated by some type of enforcement action at another location or jealousy/perception of unfairness by a licensee.

Page #26, bottom of the page. -

We do not disagree totally with your thoughts in this area. The Consultative Board should give overall broad objectives to IIGET. We do not, however, believe that it is the role of the Consultative Board to **direct** the Police. We do believe that the Board can suggest to IIGET to pick one or two specific areas for measurement. (e.g.: VGMs and/or Illegal Lotteries) and give a time frame (i.e.: 1 year) to attempt to establish a base line through both intelligence and enforcement initiatives. These actions would then generate a report back to the Board.

We also believe (and the Consultative Board have stated as much) that the **RCMP should be responsible for all IIGET statistics, not GPEB**. This is also required for FOI purposes and for independence related issues. GPEB Investigation Division would continue keep its own statistics on work it does on its own without RCMP assistance within IIGET.

Page #28,top of page, 2nd sentence - "Unfortunately, the investigation in 2006 was not completed by IIGET and therefore does not provide a good example of the resources needed to conclude a high level investigation."

We disagree. The magnitude of the investigation **overpowered** IIGET. Starnet, a previous similar type investigation, very much demonstrated the number of resources and the time frame required to even come close to a successful conclusion. Many more than 12 FTE's would be necessary to conduct a proper and full investigation of the magnitude of what was attempted by IIGET and or was done in Starnet. You are correct in stating that a business case for more FTE's would be required and that specific direction from the Consultative Board would be necessary for IIGET to ever consider high level targeting of any kind. They would go hand and hand.

Page #31, top of page. –

The mandate of IIGET, as indicated by your review report, "to protect the **integrity of legal gaming**" is, to say the least, confusing. Illegal gaming deals with offences and wrongdoing under the Criminal Code and of GCA. How illegal gaming enforcement could affect legal gaming, other than possibly from a revenue standpoint in legal gaming, can not be envisioned. Only people participating in illegal gaming, not knowing that in fact it was illegal gaming, could suggest

that illegal gaming affects the integrity of legal gaming. This kind of leap would be very unlikely. Again, we believe we should follow the mandate as stated on page 4 where it states that the mandate of IIGET is to: **“Maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming.”** Protecting the assets or revenue in legal gaming by eliminating competition in illegal gaming is not an integrity issue. We do not believe that legal gaming has a place in the illegal gaming enforcement arena. We believe that may even be perceived as a conflict.

Page #34, “Integration or Co-ordination.” –

We believe it must be a **coordinated** approach, not an integrated one. We have long acknowledged that GPEB Investigation Division investigators, although having Peace Officer status, **ARE NOT** the real Police, nor do we have the necessary authority, legal powers, equipment, wages, overtime availability or vehicles to be considered equal in illegal gaming enforcement. Illegal gaming enforcement must continue to be kept completely independent of legal gaming enforcement and should not be integrated. Should, however, the Solicitor General wish to have an independent Gaming Police Unit, he could do so under Sec 4 or Sec 18 of the Police Act. At this time, we feel, that the coordinated approach has the most merit, is the most workable and the best “fit” for the type of enforcement IIGET is mandated to carry out.

Page #35, 2nd paragraph. -

Whether IIGET continues or not, we believe that GPEB Investigation Division should increase by at least 2 additional FTE's, solely involved with illegal gaming investigations and duties. Obviously it would not be at the high or mid level enforcement levels. These positions could be proactive, useful and efficient in investigating illegal lotteries and other illegal gaming activity enforcement that would not require firearms, undercover work, mobile surveillance or involvement with organized crime.

Page #35, “Data Collection and Analysis” –

We do not have a problem with statistics being prepared for the Consultative Board but it must be the RCMP who collects and reports **ALL** IIGET files and statistics. FOI for IIGET is Federal in nature.

Legal opinions have stated that IIGET files or RCMP IIGET files should be kept separate from GPEB. Based on that opinion, we are of the opinion that all IIGET files should be kept under the control of and overseen by the RCMP, who are the lead agency in IIGET and who are subject of Federal FOI.

Page #37 , "Role of BCLC". –

We have indicated from the onset and start of putting together the MOU in question, that the presence of BCLC on the Consultative Board leaves a perception of a possible conflict. In Court cases that have arisen over the past four years relative to GPEB involvement in illegal gaming enforcement, our investigators, as witnesses giving evidence on the stand, have been accused of being a government enforcement body set up solely to eliminate competition for Government controlled legalized gaming venues. We believe that the conduct and management of legal gaming, a role reserved for and appointed to BCLC, should be at arms length from any criminal enforcement. Just like any other enforcement initiative, an ancillary benefit may be achieved, but certainly enforcement initiatives should not be conducted solely with that goal as the objective.

Cathy: We're sorry for the lengthy review and maybe a little pickiness on our part. We cannot resist providing the noted insight, based on a combined expertise of over 15 years of being involved in gaming within the Province.

Please do not hesitate to call us should you wish any further information or clarification.

Thanks again for allowing us some further input into your review of the effectiveness of IIGET.

Larry Vander Graaf, Director
GPEB Investigation Division

Appendix W

2008 Records Related to the Centralization of IIGET Personnel in the IIGET Burnaby Office



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MEMORANDUM

Know your limit, play within it.

MAY 26, 2008

**TO: DEREK STURKO
FROM: LARRY VANDER GRAAF**

Please find the following documents that relate to IIGET attached:

1. March 10, 2008 IIGET Action Plan for the Accomplishment of the Recommendations of the IIGET Effectiveness Review.
2. May 16, 2008 Dick Bent Memo on Centralization of IIGET Positions.
3. May 16, 2008 Wayne Holland Memo on Centralization of IIGET Positions.
4. March 27, 2008 Memo on Follow-up to the Memo of Supt. Nash March 12, 2008.
5. May 2008 IIGET Operations report.



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MEMORANDUM NOTE DE SERVICE

Page 1 of/de 1

Integrated Illegal Gaming Enforcement Team Consultative Board

Chief Superintendent Richard (Dick) Bent - RCMP "E" Division
Deputy Criminal Operations Officer - Contract

FROM
DE

SUBJECT
OBJET Centralization of Integrated Illegal Gaming Enforcement Team Positions

SECURITY - CLASSIFICATION - DE SÉCURITÉ
Nonsensitive
OUR FILE - NOTRE RÉFÉRENCE
YOUR FILE - VOTRE RÉFÉRENCE
DATE
2008-05-16

Two items of correspondence from Superintendent Russ Nash (March 12th 2008) and Inspector Wayne Holland (March 27th 2008) advised the Consultative Board of the necessity to transfer the two Victoria IIGET positions to the Burnaby office.

In addition, those documents advised of a consultative process that had been commenced with regard to the utility of maintaining the two Prince George IIGET positions.

At the time of the issuance of the memorandums, no date was set for a meeting of the IIGET Consultative Board, hence the reliance on written correspondence to inform the Board of the proposed restructuring.

Consultation with RCMP North District stakeholders resulted in a consensus amongst RCMP management to begin the administrative processes for repositioning the two Prince George IIGET positions within the Burnaby office.

Consideration is also being given, pending input from the Consultative Board, to transfer the two IIGET positions in Kelowna to IIGET's Burnaby office. This proposed restructuring would centralize IIGET's personnel within the lower mainland work site.

Attached are two documents which summarize the rationale for the centralization of IIGET personnel within the lower mainland.

I look forward to having a discussion with you all on this matter at the IIGET Consultative Board meeting on Thursday May 22nd 2008.

Regards,

Richard (Dick) Bent, Chief Superintendent
Deputy Criminal Operations Officer - Contract

CENTRALIZATION OF IIGET POSITIONS

Please be advised that due to operational needs the "E" Division Major Crime Unit of which IIGET is a part of has seen the need to centralize the IIGET positions. When created the unit was allocated 12 positions to be located in four offices throughout the Province. As you are aware in March, 2008 the two Victoria IGET positions were moved to the Burnaby office and the Staffing process of these positions has begun. The same compelling issues that surrounded the Victoria office also have a bearing in Prince George and Kelowna which I will reiterate.

I have had the opportunity to review the existing MOU and discuss the history with Larry Vander Graaf and Joe Schalk both managers of GPEB. At that time it was learned that it was GPEB wish's and understanding that all the RCMP IIGET positions would be located in the BBY office as it was felt that the majority of the workload would be in the LMD. It was also believed that when required members from the LMD would be able to travel to other areas of the Province to carry out any required investigations assisted by GPEB members stationed in the outlying areas. Once the positions were staffed GPEB was surprised to see that two positions were placed in Victoria, Prince George & Kelowna. GPEB saw this was an RCMP decision and as such was an RCMP decision.

At present RCMP IIGET in the out lying offices are experiencing the frustration with PRIME as they do not have full capacity within any office and Victoria had the added frustration in that it's RCMP computer system is limited due to it's dial up requirements. These issues have been looked into and to fully overcome, would require a significant amount of funds to upgrade building security to meet standards in order to improve LAN requirements.

The overall effectiveness of a two member office is limited to vacation time, courses, sick time, etc, all of which drops the staffing level to a 1 member location which is of little to no value. This situation has been on going in the outlying offices for sometime now and is apparent in the level/number of investigations conducted at these locations. It is also noteworthy that recent investigations / takedowns in the LMD have resulted in bringing members from the outlying offices to the LMD so that an effective team could be put together here as well as giving those other members experience.

With the direction RCMP IIGET is moving and the analytical assessment into illegal gaming that is being undertaken by the unit, these positions would be best utilized within the BBY office to work on the review and other gaming investigations. While it is anticipate that investigations will be conducted throughout the Province they can be done with the assistance of GPEB members already in position and the deployment of RCMP IIGET from the BBY office.

After a review of the Prince George RCMP IIGET positions which included the file load of the two RCMP members and the number of complaints directed to them as well as consulting with a number of stake holders in the North District it has been decided to move these positions to the Burnaby office as well. Simply put the calls for service do not warrant two RCMP members dedicated solely to gaming issues within the North District. Although there has been a limited concern with reference to gaming on First Nations lands, mainly bingo, it is felt that this issue would be best addressed first by the local RCMP detachment of jurisdiction and education rather than full enforcement.

It is now proposed that the two RCMP IIGET positions in Kelowna also be moved to the Burnaby office for a complete centralization. Kelowna as mentioned has the same challenges in that it is a two person office with PRIME issues and does not have the calls for service to warrant two RCMP members dedicated solely to gaming issues.

As a result it is strongly recommended that the twelve (12) RCMP IIGET positions be staffed out of the Burnaby office which is capable of housing this number as well as being fully supported by PRIME. It is evident that the majority of investigations and complaints are within the LMD and any gaming investigations in other areas can be undertaken by deploying resources from the Burnaby office. This proposal if accepted would among other things also negate the cost of upgrading the outlying offices to support PRIME.

For your consideration.

Sgt Andrew MARTIN
OPS NCO
Integrated Illegal Gaming Enforcement Team (IIGET)
"E" Division
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V5H 4M4
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Page 1 of de 3

Chief Superintendent Richard (Dick) Bent
Deputy Criminal Operations Officer - Contract

A
Superintendent Russ Nash
OIC - Major Crime Section

Inspector Wayne Holland
OIC - IIGET-IMPACT

FROM
DESUBJECT
OBJET Centralization of IIGET Positions

SECURITY - CLASSIFICATION - DE SÉCURITÉ
Nonsensitive
OUR FILE - NOTRE RÉFÉRENCE
YOUR FILE - VOTRE RÉFÉRENCE
DATE
2008-05-16

This memorandum provides the rationale for a recent reallocation of two (2) Victoria and two (2) Prince George IIGET positions to the Burnaby work site, as well as the rationale for a further redeployment of two Kelowna IIGET personnel to the Burnaby venue.

A comprehensive reallocation initiative could eventually result in a centralized, twelve (12) person IIGET capacity for the province, housed within the Burnaby IIGET office.

In summary:

Re Victoria:

1. The reallocation of the two Island District personnel was undertaken due to exigent circumstances. The corporal position was vacant, due to the unanticipated retirement of the incumbent. In addition, the recently arrived constable had little or no illegal gaming training and had no one to mentor and/or train her. As well, the workflow and statistical data confirmed that there was not enough work to justify the retention of either or both positions.
2. Burnaby IIGET personnel are available to attend to any matters on Vancouver Island, within a few hours of a request being received.
3. GPEB management and Chief Superintendent Rick Betker have been consulted and have supported the proposed reallocation of human resources.

Re Prince George:

1. The incumbent personnel have advised that, in their opinion, there is insufficient work to occupy either or both of them on a full or even part-time basis. If returned to General Investigation or General Duty assignments, both members could serve as "liaisons" on behalf of IIGET, given their expertise in illegal gaming matters. As well, IIGET personnel from the lower mainland would be available to deploy to North District as required.
2. A thorough consultative process with the District Officer and his advisory NCO Team was undertaken by Superintendent Nash and Acting Staff Sergeant Martin. As a result, GPEB management and Chief Superintendent Barry Clark have agreed to the proposed reallocation.

As the "police of jurisdiction" the Prince George RCMP are prepared to act on preliminary illegal gaming matters arising and would contact the lower mainland IIGET office should a need arise for specialized resources.

Re Kelowna:

1. The corporal position is presently vacant due to the promotion of the incumbent. The constable position is occupied by a member who has exceeded his tenure within IIGET and is also actively seeking promotional and/or transfer opportunities.
2. Superintendent Nash is presently involved in discussions with the District Officer, Chief Superintendent Don Harrison, as regards the realignment of the two Kelowna IIGET positions within the lower mainland office.
3. Burnaby IIGET personnel are available to attend to any illegal gaming matters in the South East District, within a few hours of a request being received.

Re "Centralization":

1. With regard to the existing "partnership with GPEB" - Centralization has not been opposed by Gaming Policy Enforcement Branch (GPEB) management. Co-location of GPEB and IIGET has always been a "preferred" option, however such a deployment may not be, under present circumstances, either the best use of scarce human resources or a best practice based on caseload and/or statistical data available to IIGET management at this time.

Under a centralized model, lower mainland GPEB personnel would still interact and work with IIGET personnel on a daily basis. Our GPEB colleagues in Prince George, Kelowna and Victoria would remain in their present locations and could be in contact with IIGET personnel as required. In effect, they would be our "eyes and ears" in the various Districts and we could deploy any or all IIGET personnel to assist them if and as required.

2. Given past and pending transfers and promotions within IIGET, there is a lack of expertise and experience within the global IIGET cadre. Due to training, sickness or annual leave necessities, the satellite offices have historically been understaffed and were, as a result, often rendered ineffective. It is our opinion that, for the foreseeable future, it may be prudent to house the relatively new and inexperienced IIGET personnel within one central facility. This would allow the finite personnel who do have expertise to train incoming investigators on an on-going basis.
3. Should centralization occur, this would not preclude IIGET investigators from training liaison officers within the various districts to be self-sufficient, to a certain extent, as regards illegal gaming activity in their jurisdictions.
4. Aside from reasons of practicality as well efficiency of deployment, there could well be some financial savings achieved with the centralization of IIGET personnel. For example, it is estimated that costs for PRIME installation in North and South East Districts could approach \$400,000 collectively. As well, future costs associated with work sites in the three districts would be eliminated or mitigated, as the lower mainland IIGET offices are fully capable of accommodating all of the twelve (12) sworn personnel presently assigned to illegal gaming investigations provincially.
5. Centralization would not relieve IIGET of any of the existing duties and/or responsibilities presently assumed by the Team. All educational, provincial liaison, enforcement and crime prevention obligations would continue to be met by the centralized unit.
6. The authorized strength of IIGET is twelve (12) sworn members. At present, only seven (7) of those positions are filled, with the possibility of a further retirement and promotion in the next few months. It is arguable that staffing for the existing and/or future vacancies for IIGET could be best achieved by means of the larger availability "pool" of personnel currently assigned to the lower mainland.

Current anecdotal, demographic and statistical data suggests, logically, that the majority of the illegal gaming phenomenon is contained within the lower mainland district. Illegal gaming is indeed in existence in other areas of the province, but the scope, nature and extent of such illicit activity is less significant in the outer regions than in the most populous region of the province.

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The report arising from the "Tait Effectiveness Review" pointed this fact out and commented that it would be advisable to maintain a constant, expert cadre of illegal gaming investigators to monitor, interdict and manage illegal gaming in the province, optimally in areas containing the highest concentration of criminal activity.

The results of the pending illegal gaming threat assessment could justify an increase in the authorized strength of IIGET and/or a re-deployment of the human resources outside of the lower mainland district. If that were to occur, and should there be a recommendation to re-staff one or all of the three District satellite offices, it could be done at that time, as opposed to staffing existing vacancies with personnel that would not, apparently, be fully occupied with worthwhile and/or relevant investigations at this time.

7. A centralized group of investigators could undertake the pending threat assessment data collection plan in a more efficient manner, were they to be housed under "one roof", engaging in such activity collectively, and on a daily basis.

8. It is arguable that, given staffing pressures associated with the 2010 Olympics, it would be a challenge to fully staff IIGET with even twelve (12) personnel, in accordance with our authorized strength. Therefore, it would be logical to place the existing seven (7) IIGET resources within the Burnaby office, where they would be best able, in a unified fashion, to apply education, enforcement and crime prevention strategies in the geographical area most impacted by such a criminal enterprise.

9. Should there be an appetite to invite municipal police agencies to second member to IIGET for specialized training within an integrated team, it would be most likely that the lower mainland agencies would be of sufficient size to participate in an on-going fashion. This would justify and facilitate our maintaining a twelve-person unit within the Burnaby office.

10. The Integrated Municipal Provincial Auto Crime Team (IMPACT) program operates and functions in a centralized fashion, similar to that proposed for IIGET. The success of that program could be taken into consideration when the IIGET Consultative Board discusses the proposed centralization strategy.



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MEMORANDUM NOTE DE SERVICE

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Consultative Board
Integrated Illegal Gaming Enforcement Team (IIGET)

A

Officer in Charge
Integrated Illegal Gaming Enforcement Team (IIGET)

FROM
DE

SECURITY - CLASSIFICATION - DE SÉCURITÉ
Nonsensitive
OUR FILE - NOTRE RÉFÉRENCE
YOUR FILE - VOTRE RÉFÉRENCE
DATE
March 27, 2008

SUBJECT
OBJET

Follow-up to the memorandum of Superintendent R. Nash dated March 12, 2008

This memorandum is disseminated to advise of the results of our canvassing for IIGET Consultative Board member input on the proposed redeployment of two Victoria (RCMP Island District) and two Prince George (RCMP North District) IIGET personnel to our Lower Mainland office.

Superintendent Nash's summary report to you clearly and succinctly stated our reasons for this intended repositioning.

The justification for re-situating the personnel from both District's is identical, with the primary driver for this deployment tactic being the accomplishment of the recommendations contained in the 2007 IIGET effectiveness review. To date, the Island District Officer, Chief Superintendent Rick Betker, has confirmed his support of this restructuring, as have the GPEB management team and the impacted IIGET personnel themselves.

Discussions are on-going with RCMP North District Officer, Chief Superintendent Barry Clark, as regards the two Prince George IIGET positions.

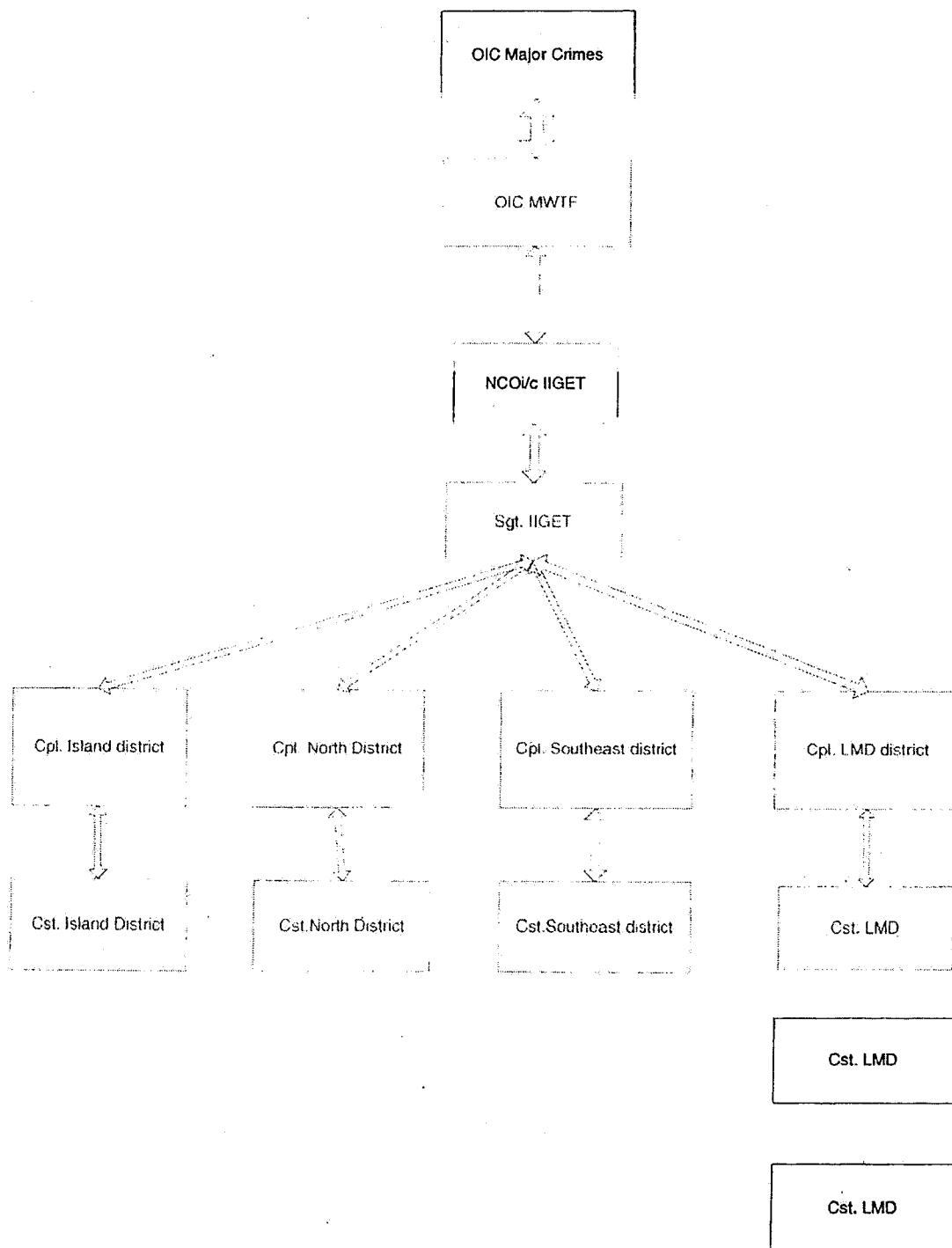
Given the timeline required to accomplish the administrative as well as the human resource processes required to make this enhanced, more centralized staffing proposal a reality, I am desirous of confirming the Board's knowledge of, and continued support for, the proposed reorganization. To date, I have not received any comments or feedback from the Board that would indicate opposition to this streamlining of our investigative efforts. I continue to be available at any time to respond to any questions you may have of me.

As there is no pending date for an IIGET Consultative Board meeting, this memorandum will serve as notice of our intention to move ahead, as regards the two Island positions, and to conclude discussions with Chief Superintendent Clark within the next two weeks. In the event that those secondary discussions are successful, the Board will be so advised by means of a subsequent memorandum.

I thank you for your time and consideration of this matter and I look forward to meeting all of you in the near future, in my new role as OIC of IIGET.

Wayne Holland, OIC - IIGET
604-598-4454

Integrated Illegal Gaming Enforcement Team
Organizational Chart



Appendix X

Strategic Intelligence Assessment – Project Streak
Money Laundering in Casinos: A Canadian Perspective

PROTECTED "A"



Strategic Intelligence Assessment (SIA)
Project STREAK
Money Laundering in Casinos:
A Canadian Perspective

December 5, 2007

Criminal Intelligence

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EXECUTIVE SUMMARY

- The goal of this project is to determine the vulnerability of Canadian casinos to money laundering and illicit organized crime activities. (A)
- There are currently 64 casinos in Canada. In 2006, they generated \$5.3 billion in revenues and \$1.9 billion in profits. There are three types of permanent casinos in Canada: commercial casinos, charity casinos and casinos owned and operated by First Nations. (U)
- Organized crime is present in casinos at several levels. Members of organized crime regularly visit Canadian casinos to gamble. Many investigations have shown that members of organized crime also use casinos for criminal purposes (e.g. loan-sharking and money laundering) and that some of these criminal elements have successfully infiltrated the industry. Other intelligence indicates that organized crime has been implicated in the casino licence allocation process in several provinces. (A)
- Since 2003, FINTRAC has sent several disclosure reports to the RCMP on suspicious transactions involving casinos, with amounts totalling over \$40 million. (A)
- Casinos are used as financial intermediaries (e.g. currency exchange and refining). They are also used to legitimize proceeds of crime. (A)
- Casino staff appear to care little about money laundering or the source of funds wagered by patrons, as the main objective of casinos is to maximize profits. Those in charge of security usually have limited knowledge of money-laundering operations. Some staff even deny that their establishments are being used to launder dirty money. (A)
- Willful blindness seems to be the norm among casino security officials when it comes to where clients get their cash and what type of crimes are being committed on the premises. For instance, loan sharks known to security services roam freely in casinos, especially in high-roller sections. (A)
- Security officials are well aware of good clients and criminal elements in their casinos. In police investigations, security officials are rarely the first to denounce

PROTECTED “A”

a customer. Security managers are, for the most part, former police officers who are familiar with the legal and judicial systems. (A)

- Self-service kiosks where patrons can cash in winning tickets or exchange currency, machines with bill acceptors, etc., are now available at many casinos. These new modes of operation make it easier for launderers to carry out refining operations, obtain cheques and exchange currencies. (A)
- When clients request a cheque at the time of cashing in chips or winning tickets from slot machines, no verification of any kind takes place. Casinos do not have the necessary resources to determine whether ticket amounts represent legitimate winnings. (A)
- It can cost less than 5% to launder money at slot machines. Poker is another alternative for converting large sums of tainted cash. (A)
- While casinos have the obligation to report large suspicious transactions and large cash transactions involving slot machines, most casinos indicated that they do not report these transactions as it is extremely difficult to monitor. Furthermore, some casinos indicated that slot machines are not used for money laundering, however, various police investigations contradict this assertion. (A)
- All provinces have implemented mechanisms to ensure the integrity of the casino industry, but provincial governments essentially monitor themselves. Regulators usually report to the same minister as does the Crown corporation in charge of managing casinos, which limits the autonomy of regulators and hinders the application of their recommendations. (A)
- Compliance by members of the industry as a whole is a problem. Based on FINTRAC data, casinos report on average less than one suspicious transaction per month. Some casino compliance regime officials admitted sending no suspicious transaction reports to FINTRAC last year, claiming they lack the necessary resources to prepare such reports or that money is simply not being laundered in their establishment. (A)

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INTRODUCTION

According to the various stakeholders involved in the fight against money laundering, investigations often point to a connection between members of organized crime (OC) and casinos. Project STREAK was launched in an effort to learn more about the use of casinos by criminal organizations. (A)

To facilitate comprehension, the term “casino” will refer to establishments and managers/employees of such establishments. Specific groups will be identified as required. (A)

This report is based on data obtained in the field through interviews, open source research, analysis of RCMP database information and analysis of recent RCMP investigations. Interviews were conducted with employees in the casino industry and police officers tasked with combating money laundering activities. Analysis of interview results served primarily to corroborate the issues which surfaced during the course of the research. (A)

PURPOSE

The purpose of Project STREAK is to determine the vulnerability of Canadian casinos to money laundering and OC activities. (U)

OBJECTIVES

- Identify Canadian casinos, their administrative structures, and revenues generated in the different provinces (U)
- Identify the *modus operandi* used by criminals to launder money in casinos (U)
- Collect data across Canada through interviews with police officers specializing in the fight against money laundering, provincial regulators, and casino employees (U)

TERMINOLOGY

There are different types of casinos, namely permanent, temporary, illegal or online. For the purposes of this report, the definition of “casino” as set forth in Bill C-25 will be used: (U)

- an establishment authorized to do business in Canada (does not include online casinos or casinos illegally established on some Aboriginal reserves); (U)
- an establishment held out to be a casino; (U)
- a permanent establishment (does not include temporary casinos established for not more than two consecutive days for charitable purposes); (U)
- an establishment in which roulette or card games are carried on and where there is at least one slot machine (does not exclude establishments with machines connected to video lottery terminals). (U)

MONEY LAUNDERING: AN INTERNATIONAL PROBLEM

Money laundering is a major global concern. Recent figures released by the International Monetary Fund (IMF) put it at over \$2 trillion USD worldwide, based on 2006 economic data. The estimate for Canada alone, based on the same data, is anywhere from \$25 billion USD to \$63 billion USD. (U)

Much of the dirty money being laundered in Canada comes from drug trafficking operations. Other sources include, but are not limited to, prostitution rings, contraband smuggling, illegal weapons sales, trafficking in persons and white-collar crime such as stock market, real estate, credit card and telemarketing fraud. (U)

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OVERVIEW OF CASINO INDUSTRY

This section briefly reviews the history of casinos in Canada. Casinos have always been and will always be a target of choice used by criminals as financial intermediaries and a means to legitimize proceeds of crime. (U)

As previously noted, this study focuses primarily on permanent casinos. There are three types of permanent casinos in Canada: commercial casinos, charity casinos, and casinos owned and operated by First Nations. Canada is currently home to 29 commercial casinos, 26 charity casinos and 9 First Nations casinos. Casino profits are either returned to the provincial government (commercial casinos), distributed to charitable organizations or handed over to band councils. In some provinces, profits are shared by all three parties. (U)

HISTORY

Section 207 of the *Criminal Code* authorizes provinces to make legislation relating to lottery schemes and gaming facilities, including games available in casinos. (U)

Permanent government-run casinos are a relatively new phenomenon in Canada, and the industry is rapidly expanding. There are currently 64 casinos in Canada, located in eight different provinces/territories. Except for the Yukon casino, which dates back to 1973, most Canadian casinos opened for business in the 1990s. The federal government does not own or operate any casinos, having opted instead to delegate this right to provinces. In this regard, provinces have created regulators and companies called Crown corporations to regulate and manage the gaming industry. (U)

According to a study prepared by the National Council of Welfare (*Gambling in Canada, Winter 1996*), legal forms of gambling in Canada added up to between \$20 billion and \$27 billion a year. In 1995, legalized gambling's gross revenue was estimated at \$5.2 billion for lottery tickets, \$5 billion for bingos, casino nights, raffles and other forms of charitable gaming, and \$1.9 billion for off-track betting on horse races. (U)

In 2002, Statistics Canada reported that revenues from government-run lotteries, video lottery terminals and casinos had soared from \$2.7 billion in 1992 to \$10 billion in 2000. In 2006, revenues from Canadian casinos reached \$5.279 billion,

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up 7.7% from 2005 (\$4.901 billion). Profits totaled \$1.862 billion in 2006, down 0.7% from 2005 (\$1.875 billion). (U)

TRENDS

As aforementioned, the trend in the casino industry towards a full gamut of self-service kiosks is cause for celebration among money launderers. Ever-more-popular poker rooms and the cross-border movement of chips are two other fast-growing phenomena. (A)

Use of Chips as Currency

Based on case studies carried out in several countries, casino chips are being used as currency to purchase goods and services such as drugs and high-value items and/or to pay off debts. (A)

The RCMP believes that casino chips are perhaps also being used to facilitate the cross-border movement of proceeds of crime. In recent years, inspectors with the Canada Border Services Agency have discovered quantities of chips concealed on persons entering Canada. But it is not illegal to enter the country or cross the border into the United States in possession of casino chips, since the latter are not considered monetary instruments targeted by reporting requirements set forth in Part 2 of the PCMLTFA. (A)

According to some officials interviewed, it is fairly uncommon for clients to seek redemption of chips belonging to another establishment. But if they did try to cash in chips from another casino, said chips would be accepted and exchanged for cash or local chips if the chips came from a casino belonging to the same company. The face value of chips can range from \$1 to \$5000. The Casino de Montréal, for instance, also has numbered plaques worth \$25,000 to \$100,000. The face value of chips and plaques used in casinos depends on the market. In the smaller markets, the maximum value of chips available for purchase was \$500 or \$1000. (A)

The exact value of chips in circulation outside casinos is a mystery, but it is estimated to be several millions of dollars. Casino officials are tight-lipped about this phenomenon, but some establishments have apparently lost track of over three million dollars' worth of chips. (A)

This is a staggering amount, but chips go missing for a variety of reasons: tourists keep them as souvenirs or clients sometimes hold on to them for return

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trips to the casino. It is estimated that an average of 350,000 to 525,000 patrons visit the three casinos in Quebec alone every week, so the amount of chips can add up quickly. (A)

An intelligence gap exists regarding the number of chips of \$1000 or more that have gone missing. This information could shed some light on the actual purchasing power of chips. With the growing likelihood of eventual parity between the Canadian and American dollar, the use of casino chips as currency may become a more common practice in years to come. (A)

Poker Rooms

The Casino de Montréal recently announced the opening of the largest poker room in Canada. Texas Hold'em is a type of poker in which players play against one another instead of the house or a terminal. This game, which has become extremely popular in North America, will be added to the Casino de Montréal by the end of 2007. (A)

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CASINOS AND MONEY-LAUNDERING TECHNIQUES

Based on interviews and recent police investigations, casinos are being used not only to legitimize proceeds of crime, but also as financial intermediaries. (A)

USE OF CASINOS AS FINANCIAL INTERMEDIARIES

As indicated in several investigation reports, individuals are using casinos as financial intermediaries to exchange American currency for Canadian dollars or trade in small denominations for larger ones (refining). Casinos are indeed the ideal place for such transactions since they deal in cash and welcome tens of thousands of clients every day, making it difficult, if not impossible, to analyze every single financial transaction. According to one recent report, it is extremely difficult to keep tabs on funds in casinos because clients use cash, buy chips as they play, pass off chips among themselves and use newly-available stored value cards. (A)

Casinos offer clients an array of services and machines, which can facilitate criminal activity. Currency exchange machines, ATMs, coinless slot machines and self-redemption kiosks are but a few of the options available to clients, who are able to conduct financial transactions with no human contact whatsoever. (A)

Large Canadian casinos also offer various financial services to clients, such as casino accounts (similar to bank accounts) and the opportunity to make or receive electronic funds transfers (EFT). A recent FINTRAC report indicated that American casinos already had EFT facilities and that a Nevada-based hotel had wired money to a Canadian bank account for one of its clients. (A)

Currency Exchanges and Exchange Machines

In general, casino patrons arrive with cash and currency exchanges are rare at most establishments (a few thousand dollars per day). However, several RCMP investigations revealed that currency exchange services in some casinos are used by individuals involved in drug-trafficking activities. In some cities, casinos are apparently becoming venues of choice to exchange foreign currencies (US dollar, euro, yen, or pound). Since most casinos are located in large cities, it must be acknowledged that some of those foreign funds come from tourists. In one investigation, it was revealed that several individuals involved in a marihuana grow and trafficking operation used casinos to convert their US cash into

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Canadian dollars. In another case, a dealer involved in the distribution of chemical drugs visited out-of-province casinos to convert his illicitly-gained assets (US funds) into legal Canadian tender. In another *modus operandi* identified by investigators, criminal organizations divvy up large sums of US dollars among individual members of the group for conversion into Canadian dollars to avoid the reporting threshold. These individual members usually use several casinos to launder the money. (A)

Some casinos also have currency exchange machines. These machines are very popular, especially in southern Ontario, likely due to the proximity of casinos in this area to the US border. It is thus easy to exchange American dollars for Canadian currency, once again with no human contact. Through interviews, it was suggested that “these machines are always empty”.

ATMs

All of the casinos visited had several private automatic teller machines (ATMs) on the premises. These ATMs usually belong to the casino and rack up significant bank fees. Casinos generally own several strategically-placed ATMs. Unlike those in the bank network, some of the casino ATMs have no withdrawal limits. (A)

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Cash Advance Terminals

Casino patrons may receive cash advances with their credit card through Cash Call or Comerica. The Comerica authorization system accepts Visa, MasterCard, Diners Club, American Express and Discover cards. With Comerica, it is possible to verify and cash cheques. The Casino de Montréal and Casino du Lac-Leamy accept only money orders and bank drafts issued by banks, no personal cheques. Money orders and bank drafts are verified and approved by the casino's central cashier. Comerica is able to offer the same service, as well as verify and guarantee funds on personal cheques. All casinos accept traveller's cheques. Some casinos have point-of-sale terminals where clients can access their bank accounts via Interac. (A)

Self-Redemption Kiosks and Refining Operations

Refining often precedes the actual laundering of tainted money. A lot of criminal organizations have colossal amounts of cash, mostly small bills, in their possession. The purpose of refining is to decrease the bulk of large quantities of cash by exchanging small denominations (usually drug money) for larger ones in order to more easily introduce the illegally-gained funds into the financial system. This preliminary step also serves to distance the dirty money from its illicit source by trading in bills that are often filthy, torn and sometimes contaminated for crisp new ones. (A)

Based on information gathered in the course of investigations, refining operations are commonplace in casinos. Some criminal organizations spread their dirty money among several individual members to trade \$5, \$10 and \$20 bills in for \$50 and \$100 denominations. Once the exchange is made, they reconvene outside the casino to repool the organization's assets. (A)

In recent years, machines that cash out winning tickets issued by slot machines have made their way into several casinos. In some casinos, players can bypass cashier staff altogether and cash in their winning ticket at self-redemption kiosks, which look like bank machines. This is an ideal way to exchange small bills for \$100 denominations (refining). For instance, it is possible to feed hundreds of \$5, \$10 or \$20 bills into a slot machine or video poker terminal, have the machine print out a winning ticket without playing, then cash in the “winnings” for \$100 denominations. (A)

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As part of the fight against money laundering and OC activity, the Bank of Canada stopped issuing \$1000 bank notes on May 12, 2000. These denominations were prized by criminal organizations for their use in refining operations. Existing notes remain legal tender and will remain in circulation until they are withdrawn from the financial system. (A)

The \$1000 bank note was highly coveted by money launderers because it radically reduced both the bulk and weight of the cash being carried around. One million Canadian dollars weighs approximately 220 pounds in \$10 bills, 110 pounds in \$20 bills, 44 pounds in \$50 bills and 22 pounds in \$100 bills, compared to only 2.2 pounds in \$1000 bills. Although the \$1000 bank note is fast becoming a luxury of the past, by trading \$5, \$10 and \$20 bills in for \$50 or, better yet, \$100 denominations, money launderers are still able to slash the volume and weight of the money to be transported and introduced into the financial system. (A)

On-Site Banks

Although clients usually come ready to play with cash, most casinos agree to exchange bank drafts, traveller's cheques and foreign currency (US dollar, euro). Casinos in western Canada also accept Asian currencies. (A)

The casino isolates itself by having the NBC carry out specific financial transactions, including foreign currency exchanges and the sale of bank drafts, and in so doing avoids having to report various suspicious transactions or large cash transactions to FINTRAC. The onus is instead on the NBC to submit such reports to FINTRAC. This sort of set-up is such that the number of suspicious transactions or large cash transactions reported by the casino to FINTRAC is misleading, since the bank on site at the casino also submits reports to FINTRAC. (A)

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USE OF CASINOS TO LEGITIMIZE PROCEEDS OF CRIME

As reported in the *2006 Canada / US Organized Crime Threat Assessment*, OC has been using casinos in the United States to launder proceeds of crime for over 50 years. Casinos were used extensively in the United States to disguise assets obtained by crime, especially in the 1960s and 1970s, because several of the casinos were under the control of OC. In its report dated February 16, 2006, the Utrecht School of Economics indicated that 80% of wagers made in Dutch casinos are derived from criminal activities. (A)

Although the casino industry in Canada is relatively young compared to that in the United States, RCMP databases contain many investigation reports which mention the use of casinos by OC. (A)

Since 2003, FINTRAC has sent the RCMP several disclosure reports on suspicious transactions involving casinos, with amounts totaling over \$40 million. (A)

Casinos are cash businesses and therefore have been and will continue to be targets of choice for criminals looking to legitimize large quantities of cash. Almost all money wagered in casinos is cash, which means that casinos handle hundreds of millions of dollars in cash every week. Cash-carrying patrons at the Casino de Montréal, for instance, gamble anywhere from \$8 million to \$16 million per day. As several of those interviewed across Canada indicated, it is “*normal*” for clients to show up with \$10,000, \$20,000, \$30,000 or even \$50,000 in cash. (A)

Money Laundering Using Slot Machines

As mentioned previously, slot machines have been and continue to be widely used in refining operations. Money launderers are applauding the introduction of self-redemption kiosks, where they need merely insert a ticket obtained from a slot machine to receive payment for the ticket’s dollar value in \$50 or \$100 bills. (A)

Slot machines in several casinos no longer accept coins. Players instead insert denominations of \$5 or higher into the bill acceptor, and the coinless slot machine displays credits. A \$5 bill translates into 20 credits at a 25-cent machine or five credits at a \$1 machine, and so on. If any credits remain when clients are

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done playing, the slot machine pays out a ticket showing the dollar value of their winnings. Clients then proceed to the counter to cash in their winning ticket(s) for either cash or a casino cheque. (A)

Payout Percentage

The payout percentage for slot machines is highly regulated and varies from province to province. For instance, the payout percentage is 86% in Nova Scotia, 91.5% in Ontario and 92.5% in Alberta. This percentage represents a minimum payout of winnings and is sometimes higher for specific machines, especially high-denomination slot machines. According to one well-placed industry insider, the payout percentage is calculated based on approximately 10,000 spins (this can vary from casino to casino and province to province), which means that it can take anywhere from three hours (one second per spin) to nine hours (three seconds per spin) to complete a full cycle. So if a client feeds a total of \$10,000 into the same slot machine over a 3 to 9 hour period, without replaying any of his/her winnings during that period, he/she should walk away with approximately \$9,150 (based on Ontario’s 91.5% payout percentage). And if the client then replays his/her \$9,150 in winnings, he/she will end up with a payout of \$8,372 after the second cycle. The more winnings are replayed, the more the initial wager dwindles. The trick for money launderers is therefore to play only one cycle in order to reach the regulated payout percentage, then cash in the winnings for a cheque. (A)

Payout by Cheque

In most provinces, jackpot winners receive a cheque. In Alberta, for instance, any jackpot over \$25,000 must be verified by the Alberta Gaming and Liquor Commission. In addition, progressive jackpots are automatically paid out via cheques. Winners may receive up to \$5,000 of their winnings in cash, and the casino must issue a cheque for the remaining amount. (A)

Although some security officials reluctantly admit that credits that are not casino winnings are perhaps on occasion redeemed for cheques. Under the current system it is impossible for casinos, unless video footage is analyzed, to distinguish between credits that are won and credits that are purchased. (A)

According to a well-placed industry insider, all credit tickets produced by slot machines are considered as winnings since there is no way to check winnings for specific machines. As for issuing cheques only for legitimate winnings, this same

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insider said that “we would constantly be calling security if we had to check every single slot machine ticket... if a client presents a winning ticket from a slot machine or casino chips and asks for a cheque, we write a cheque”. The industry insider added that since tickets are considered winnings, there is virtually no verification of identification upon issuing the cheque, which can therefore be made out in any name. (A)

Project Example 1

This project was a joint investigation involving the RCMP, the Waterloo Regional Police Service, the Stratford Police Service, the Guelph Police Service and the Toronto Police Service. The goal of the investigation was to identify a drug-trafficking network (cocaine, ecstasy, hashish and methamphetamine) operating in the Waterloo area. The Integrated Proceeds of Crime Unit in London also participated in order to determine the laundering methods and assets of the project’s main target. The investigation revealed that a sizeable amount of illegally-gained money was being laundered in casinos, primarily at slot machines. (A)

The subject of investigation (Sol) used his mother and father to launder his drug money. Between 1999 and 2005, the suspect’s parents wagered approximately \$22.5 million at several casinos and racetracks (Casino Niagara, Casino Rama and Mohawk Racetrack), where they played table games but spent most of their time at slot machines. They wagered their son’s drug money and lost a total of \$346,359. It should be noted that \$22.5 million is how much money they wagered, not how much money the main subject took in from his drug operation. In November and December 2004, the Sol’s mother poured a total of \$936,000 into the slot machines at the Mohawk Racetrack. She won a \$156,922 jackpot and lost only \$18,000. She pocketed the remaining amount (\$761,111) at slot machines (winnings and payouts). It is fairly difficult to pinpoint the actual amount wagered due to the simplistic internal management systems of slot machines. She most likely rewagered the money several times. Considering that some slot machines offer a 95% payout percentage (high denomination machines), that one of the minimum payout limits in Ontario is 85% and that the couple lost a total of \$346,359, the actual amount wagered could range anywhere from \$2,309,060 to \$6,927,180. (A)

The investigation revealed that casino and racetrack cheques were deposited into bank accounts. The money was then used to purchase goods or assets like real estate, investment accounts and a Mercedes vehicle (lease). Total assets

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identified by investigators exceeded \$1.6 million. RO pled guilty to six charges, including conspiracy to traffic in narcotics (cocaine and ecstasy) and possession of proceeds of crime. He was sentenced to 12 years in prison. (A)

Purchase and Subsequent Redemption of Chips

Purchasing more chips than necessary and then cashing them in for a casino cheque is a well-known and widely-used laundering technique, very popular with groups looking to convert large sums of money. The fact that casinos prefer to deal in cash makes the process that much easier. All of the casino security officials interviewed, without exception, said it was “normal” for clients to arrive with cash amounts of \$10,000, \$20,000 or even \$50,000. (A)

One *modus operandi* involves having one group of individuals purchase casino chips then sending others to cash them in. Chips are usually handed off to accomplices outside the casino, which makes it difficult to connect the two groups. The money trail ends there, and it becomes difficult for law enforcement to make a connection between the money and any form of criminal activity. Some casinos noted that there are significant differences between purchases and payouts for specific clients, and that some clients seem to buy but never redeem chips. (A)

Most casinos indicated that they issue cheques only for winnings that are verified or winnings which exceed initial purchase amounts. One casino representative said that no money is laundered in his establishment, claiming that if it is determined a client requesting a cheque has not played at all or only very little, said client will receive cash in exchange for his/her chips, not a cheque. A representative from another casino even challenged the researchers to prove that money was being laundered in “his” casino. He did however admit that proceeds of crime were wagered in the casino, but that gambling is a “voluntary tax” and government “cash cow” and that the casino was under no obligation to determine the source of funds. Later in the conversation, this same representative added that he wanted laxer cheque issuance rules given the many cases of theft and competitive pressures. (A)

In the face of these competitive pressures, some casinos admitted they issue cheques at the request of clients. The amount of cheques is for all chips in the player’s possession, not just “verified winnings”. It was pointed out that some professional gamblers can significantly lower the casino advantage. Players who make large wagers over an extended period of time will have no difficulty

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obtaining a cheque because they are “playing” the amounts in question, not simply purchasing chips and shortly thereafter cashing them in for a cheque. (A)

Some casinos said it was the responsibility of the pit boss to report large cash transactions. That said, the pit boss often has to oversee four, six and sometimes eight gaming tables—up to 64 players—at the same time. It was also indicated that amounts recorded at tables are based on an “average”, not actual amounts wagered. (A)

According to one individual who once worked security in one of the big casinos in Las Vegas, one of the casino’s main goals was to protect its revenues. So his job was not only to watch players to make sure they did not cheat, but more importantly to keep an eye on employees for any possible cases of internal corruption. He indicated that “money laundering was never a priority for us”. He added that checking the winnings of clients who request cheques would monopolize the time of security staff, who are too few to keep watch over so many cameras and clients. Despite the many cameras, casinos cannot see everything in “real time”. (A)

Casinos also cite the safety of clients and competitive pressures as justification for their laxness in issuing cheques to winners. Heavy client traffic, the vastness of establishments and the high number of gaming tables (sometimes on several floors) represent a daunting challenge for services tasked with verifying winnings. (A)

Launderers who use the casino industry to convert their illicit earnings usually visit more than one casino in the same area. Establishments of choice in Ontario include Casino Niagara, Casino Rama and Windsor Casino Limited. In British Columbia, the River Rock Casino Resort and Gateway Casino Burnaby are the preferred venues. Even though the RCMP has received various FINTRAC disclosures concerning the Casino de Montréal—the largest casino in Canada in terms of revenue—the number of suspicious transaction reports is minimal compared to establishments located in Ontario and British Columbia. (A)

Project Example 2

One of the main targets in this Project was of interest to this report given his many trips to the Casino de Montréal. Investigators were able to determine that the Sol was involved in OC, drug trafficking and smuggling activities, money

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laundering, gambling and bookmaking operations. Information obtained in the course of the investigation indicates that the Sol laundered sizeable sums of money at the Casino de Montréal. (A)

Between October 27, 1996 and April 2, 2004, the Sol purchased \$8,615,750 in chips. During approximately the same period (January 17, 1997 to April 5, 2004), the Casino de Montréal issued him cheques totaling \$2.53 million. These cheques were for the most part deposited into the personal bank account of his wife. It is not known at this time how much exactly the Sol lost at the casino because records are still being analyzed. Net losses cannot be calculated simply by subtracting purchases from cheque amounts because the same money can be re-wagered several times. (A)

Forensic accountants have identified several laundering schemes used by the Sol. The first step was always the same: the client would walk into the Casino de Montréal with proceeds of crime and walk out with a cashier's cheque. The first scheme was simply an attempt to obscure the money trail (dispersal process). A cheque in the amount of \$200,000 was obtained from the Casino de Montréal in the name of the Sol and deposited into the Sol's wife's bank account at the Caisse Populaire Desjardins. The latter then wrote a cheque in the amount of \$100,000 to an associate of the Sol, who in turn wrote a \$100,000 cheque to the Sol, who deposited that cheque into her own account at TD Canada Trust. Finally, the wife wrote a \$50,000 cheque to the Sol and another \$50,000 cheque to a relative, who then deposited the amounts into their respective bank accounts at TD Canada Trust. (A)

A second scheme involves purchasing mutual funds in an alias used by the Sol in the amount of \$98,000 using a cheque from the Casino de Montréal issued in the name of the Sol's alias. The third ploy, similar to the second, was to purchase an array of investments with casino cheques. The Sol deposited \$455,000 (in casino cheques) into his bank account at the National Bank of Canada between January 28 and November 17, 2003. These funds were used to buy mutual funds (\$25,000), guaranteed investment certificates (\$320,000) and other unspecified types of investments. (A)

A final laundering scheme involved purchasing real estate with cheques obtained from the Casino de Montréal. Slightly less than half of the amount received from the Casino de Montréal (\$40,000) was used to make a down payment on the property. (A)

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Comparison of the information contained in the restraint order and FINTRAC disclosure report reveals a series of discrepancies. First, there was a major difference between chip purchase and payout amounts. In its report, the Casino de Montréal identified purchases of chips totaling \$4,961,745 for 2002, 2003 and part of 2004. The amount in the disclosure report, however, is only \$144,800. (A)

Regarding payout of chips or issuance of cheques, the Casino de Montréal reported a total of \$1,754,000 in cheques for 2002, 2003 and part of 2004, whereas the payout amount drops to \$184,900 in the FINTRAC report. (A)

As well, the FINTRAC disclosure makes no mention of three suspicious transaction reports prepared and submitted by the Casino de Montréal. It appears that the Casino de Montréal failed to submit all large cash transaction reports and possibly some of the suspicious transaction reports for **Personal Information** (A)

Investigators explain that since **Personal Information** often used third parties to make wagers or purchase chips, most of his transactions were below the \$10,000 reporting threshold, despite the large amounts being played. On the other hand, security at the Casino de Montréal knew something was amiss, submitting seven suspicious transaction reports between 2003 and 2005. The number of reports seems meager considering the large amounts being wagered by **Personal Information** and the latter's use of the same scam for several years. (A)

Intentional Losses

Intentionally losing money usually involves collusion with one (e.g. roulette) or several (e.g. poker) other individuals. Roulette lends itself well to this laundering technique. Two accomplices simply agree to bet on red/black or even/odd numbers. Both players lose money during the game, but walk away essentially unscathed. With odds of 47.37% for each colour and even/odd number, this technique costs launderers only 5.26%. A lone player can use this technique as well, considering the two-to-one payout ratio. After an extended period of time at the roulette table, it will cost the same as if two were in on the scheme. Consider a scenario in which the wheel is spun a total of 100 times. If the player wins 42% of the time and puts \$100 down on red every time, he/she will end up with \$8,400 at the end of the game. That puts the cost for laundering at 16%. This percentage can drop to as little as 6%, for instance, if it is presupposed that the ball falls into the “0” pocket six times during the game and the first player’s accomplice bets on black. In this case, the second player ends up with \$10,400.

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The two associates started out with \$10,000 each and will walk away with a combined total of \$18,800 at the end of the game. Casino authorities rationalize by explaining that the client simply likes to “wager big”. Although the casino will report cash transactions to FINTRAC, as required by law, it is for the client to get a cheque from the casino because he/she played for a sufficiently long period of time, raising no red flags in the eyes of casino officials. (A)

Some casinos issued cheques for verified winnings only. Other casinos (in the same jurisdiction) admitted that if customers play for an extended period of time, they will issue a cheque. (A)

Some launderers are even able to recycle large amounts of money by playing various card games, like blackjack, since they are able to significantly lower the casino advantage. In blackjack, for instance, the casino advantage is usually somewhere around 8%. This percentage can drop to as little as 0.5% in some circumstances. “Professional gamblers”, given their ability to lower the casino advantage to almost nil, could theoretically be approached by criminal organizations to assist with laundering operations. (A)

Launderers also like the ever-more-popular game of Texas Hold’em. In this scenario, a specific player is pre-selected to win and receives a cheque for his/her total winnings. According to information received from an American law enforcement agency, some criminal organizations play on-line poker to pay for drugs. For instance, if a drug shipment is sent from Montreal to New York, the supplier and buyer play a game of on-line poker, with winnings subsequently redirected to the supplier as payment for the illicit shipment. (A)

Loan-Sharking

Loan-sharking is the practice of lending money at exorbitant rates above those established by law. As defined in section 347 of the *Criminal Code*, a criminal interest rate “means an effective annual rate of interest calculated in accordance with generally accepted actuarial practices and principles that exceeds sixty per cent on the credit advanced under an agreement of arrangement”. (U)

Loan-sharking constitutes a criminal offence under the *Criminal Code* and is therefore not included in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA). Some casinos regularly send suspicious transaction reports concerning loan-sharking activities to their respective Crown

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corporations (who are responsible for sending said reports to FINTRAC), but that the latter do not forward said reports to FINTRAC because loan-sharking is a *Criminal Code* offence, not a PCMLTFA offence. As rationalized by one Crown corporation, it is not illegal to lend money, there is no way to determine the interest rate being charged, there is very little evidence to support criminal activity and no complaints are filed with authorities (including police departments). (A)

Casino authorities do not consider loan-sharking to be a money-laundering activity. The profits generated by this practice, however, constitute proceeds of crime, as are the actual loans, and some repayment methods make it possible to launder large amounts of money. (A)

According to some sources of information, loan-sharking is a huge money-making business. Loans can range anywhere from \$2,000 to \$10,000 with interest rates of approximately 10% for a three-day period. Based on other information gathered in the course of investigations, loan sharks lend amounts ranging from \$10,000 to \$20,000 and charge 5% interest per week. This illegal money-lending business is very lucrative for casinos and some casinos even admitted losing revenue when they decided to do something about loan sharks on their premises. In an article published in the *Montreal Gazette* (June 2003), police sources indicate that OC had lent between \$8 million and \$10 million to some gamblers. These same sources added that the loan-sharking “market” has flourished with the advent of casinos. The article claims that in some Montreal neighbourhoods loan sharks are available in most bars and cafés. (U)

Greed-driven loan sharks keep “representatives” in casinos 24 hours a day, seven days a week. Some casinos even have several groups operating on the premises. If authorities deny entry to one loan shark, the group simply sends in someone else. If loan sharks are identified by a given casino, they simply take their business elsewhere. It should also be noted that since all casinos accept only cash for gaming activities, loan sharks are useful for players who run out of funds. Some loan sharks even had VIP parking spots since they brought in so much money for the casino. (A)

Loan sharks identify players who have lost a lot of money and give them the funds they need to keep playing. When the game is over, these targeted players are introduced to the loan shark’s boss, to whom they must provide personal information and information on possible collateral to ensure repayment of the loan. (A)

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Repayment of Loans

One of the first steps in money laundering is to introduce proceeds of crime into the financial system. Repayment of illegal loans is one way to get the job done. Based on information obtained in Project COLISÉE, loans are paid off not only with cash or chips, but also with personal cheques, money orders, second mortgages or the transferring of titles of ownership (e.g. private residence) to loan sharks. (A)

Instead of making large cash deposits at financial institutions, which are required to report said transactions to FINTRAC, loan sharks lend their dirty money to needy casino patrons and accept only cheques as repayment, allowing them to stay under the radar. Even if loan sharks are reimbursed with casino chips, at least they will have unloaded their tainted cash. (A)

Project Example 3

This project culminated with the arrest on June 18, 2003 of 16 individuals involved in a loan-sharking network at the Casino de Montréal. A total of 59 charges were laid against the network's ring leader, including loan-sharking. Since November 2002, the network had lent almost \$3 million at interest rates in the neighbourhood of 600%, i.e. 10 times above the 60% limit established by law. The investigation identified 200 victims who had borrowed anywhere from \$1,000 to tens of thousands of dollars. In the wake of the arrests, investigators also questioned a security guard at the Casino de Montréal, along with a manager and waitress from one of the casino's bars. (U)

CASINOS AND FINTRAC REPORTING REQUIREMENTS

Bill C-22 (*Proceeds of Crime (Money Laundering) Act*) received Royal Assent in June 2000. Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) was officially created in July 2000. The statute was renamed the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) in December 2001. (U)

FINTRAC is Canada's financial intelligence unit (FIU), a specialized agency created to collect, analyze and disclose financial information and intelligence on suspected money laundering, terrorist financing activity and threats to the security of Canada. (U)

In recent years, Bill C-22 has considerably influenced regulations concerning casinos and money laundering by establishing five legislative requirements applicable to casinos in Canada: the obligation to report various suspicious transactions, record keeping, client identification, third party determination and implementation of a compliance regime. In 2006, Bill C-22, also known as PCMLTFA, was amended by Bill C-25 which modified the five legislative requirements noted above. (U)

However, while casinos will have to comply with these amendments, these new government-imposed measures appear to have done little to render casinos less attractive to money launderers. (A) Analysis of the situation reveals that these changes will likely do little to lessen the vulnerability of casinos to laundering operations, since aside from the obligation to report disbursements exceeding \$10,000, the changes in no way reflect the reality of the casino industry. (U)

OVERVIEW OF FINTRAC DISCLOSURES RECEIVED BY RCMP

Since July 23, 2002, the RCMP has received 62 disclosures from FINTRAC regarding suspicious financial transactions of possible relevance in money-laundering investigations at various casinos. An analysis of these disclosures indicates that most of the illicit funds passing through casinos for the purposes of laundering money are derived from drug trafficking and fraud operations. As illustrated in Table 9, FINTRAC has disclosed \$39.8 million in casino chip purchases and \$5.4 million in withdrawals to the RCMP since 2001. Table 10 identifies Ontario and Alberta as the provinces with the largest suspicious transaction amounts (\$12.9 million and \$14.4 million respectively). These amounts are relatively low considering total amounts reported by Canadian casinos to FINTRAC (see section 6.4.1). Municipal police departments, who have jurisdiction where most casinos are located, also receive disclosures concerning

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suspicious transactions at casinos. These disclosures are not necessarily sent to the RCMP if the RCMP is not involved in the investigation. (A)

Table 9: Total Amounts Disclosed by FINTRAC to RCMP (Suspicious Transactions and Large Cash Transactions) (A)

Year	Casino Chip Purchases	Withdrawals	Currency Conversions
2001		\$183,990	
2002		\$155,250	
2003	\$22,584,696	\$1,897,379	\$594,084
2004	\$12,152,520	\$856,643	
2005	\$4,792,205	\$2,066,000	
2006	\$322,670	\$287,000	\$19,500
Total	\$39,852,091	\$5,446,262	\$613,584

Table 10: Total Amounts Disclosed by FINTRAC to RCMP by Province (Suspicious Transactions and Large Cash Transactions) (A)

Province	Casino Chip Purchases	Withdrawals	Currency Conversions
Nova Scotia	\$4,118,550		
Quebec	\$3,509,845	\$2,866,680	\$19,500
Ontario	\$12,920,836	\$603,600	\$594,084
Manitoba	\$912,500	\$381,500	
Saskatchewan	\$21,300		
Alberta	\$14,441,405	\$62,660	
British Columbia	\$3,927,655	\$1,531,822	
Total	\$39,852,091	\$5,446,262	\$613,584

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SITUATION IN OTHER COUNTRIES

UNITED STATES

American casinos have been a staple of money laundering operations by OC since the 1960s. (U)

Overview of Industry

According to the December 2005 *US Money Laundering Threat Assessment*, in 2003 the United States was home to approximately 845 casinos and card clubs which generated over \$800 billion in annual revenue. Gambling is legal in 34 states and three jurisdictions (Puerto Rico, US Virgin Islands and Tinian). The industry is made up primarily of commercial casinos, tribal casinos, card clubs and racetracks. (U)

There are 567 federally-recognized Native American tribes in the United States. These tribes operate 411 tribal casinos in 28 states. (U)

According to the Financial Crimes Enforcement Network (FinCEN), most tribal casinos are small to medium-scale operations offering primarily slot machines. Commercial casinos, for their part, offer customers more gaming tables, as well as a broad array of financial services, such as bank accounts, electronic funds transfers, cheque cashing and currency exchange services. (U)

Legislation

Casinos in the United States are subject to a decentralized legislative framework and are regulated primarily by the state and tribal regulatory authorities. (U)

As defined in the *Bank Secrecy Act* (BSA) a “casino”: (U)

- is authorized to do business in the United States (U)
- is licenced by the state or a local authority (U)
- has gross annual gaming revenues in excess of \$1 million (U)
- is subject to the requirements of the *Indian Gaming Regulatory Act*, in the case of Native American casinos (U)

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Casinos must report cash transactions (received and disbursed) of or in excess of \$10,000 and suspicious activities involving amounts of \$5,000 or more. They must also comply with regulations governing record-keeping and the implementation/maintenance of compliance regimes. FinCEN works in cooperation with the Internal Revenue Service (IRS) and law enforcement bodies to ensure consistent application of the regime. (U)

In February 2003, the FBI's Indian Country Unit was created to identify problems generated by tribal casinos at the national level and commit resources thereto. The FBI indicated it was able to allocate only a very limited number of resources to offences being committed in this industry, which, paradoxically, is booming. (U)

It is feared that with the lack of resources, expansion of the industry and overlapping regulations, tribal casinos will become a breeding ground of large-scale criminal activities. (U)

Comparison to Canada

The low number of SARs sent to FinCEN by American casinos and card clubs from January 1, 1997 to December 31, 2005 raises the issue that the US faces similar compliance problems as Canada. (U)

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AUSTRALIA

Overview of Industry

There are currently 13 casinos in Australia. It is estimated that the industry (including hotels, restaurants, etc.) brings in an annual revenue of \$9.2 billion. In 2003-04, casinos generated revenues of \$3.277 billion. In the 2005-06 fiscal year, the casino in Sydney alone generated \$611 million in revenue. An Australian study conducted in 1995 on money laundering in casinos in that country estimated that \$1 billion AUD to \$4.5 billion AUD was laundered worldwide from the proceeds of Australian crime. That same year, AUSTRAC estimated the amount of tainted money brought into Australia from overseas for laundering at \$7.7 billion. (U)

Legislation

In 1987, following the recommendations of the Financial Action Task Force (FATF), Australia enacted anti-money laundering legislation. The *Proceeds of Crimes Act 1987* (POC Act) identified money laundering as a criminal offence. One year later, the Australian Parliament adopted the *Financial Transaction Reports Act 1988* (FTR Act), providing for the mandatory reporting of certain transactions to AUSTRAC. The FTR Act identifies casinos as cash dealers, in the same capacity as banks, requiring them to report to AUSTRAC all cash transactions of \$10,000 AUD or more, international funds transfers and suspicious transactions. In December 2006, the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) received Royal Assent. This new statute imposes a number of obligations on financial institutions, casinos and other reporting entities, including: (U)

- customer identification and verification of identity (U)
- record-keeping (U)
- creation and maintenance of compliance regimes (U)

In Australia, these statutes are enforced by both the federal and state police. Police authorities work in cooperation with federal agencies like AUSTRAC and the National Crime Authority (NCA). (U)

The FTR Act also targets tax evasion. The Australian Tax Office (ATO) has direct on-line access to the AUSTRAC database and makes the most queries on it. The ATO also has a broad range of powers it can use to combat tax evasion and

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money laundering in casinos. For instance, section 270 of the *Tax Act* authorizes the ATO to require, as part of an investigation, that a casino produce surveillance videos, audio recordings, documents, records, etc. (U)

Comparison to Canada

Despite the fundamental differences in terms of access to data, Australian casinos have essentially the same reporting requirements as their Canadian counterparts. (U)

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8. CONCLUSION

Over time, money-laundering activities can have a major impact on the economy and society, by causing economic distortions or instability, unfair competition, loss of tax revenues by the government, a greater need for law enforcement, increased social costs and more widespread corruption. (A)

Canadian casinos are vulnerable to money laundering since they deal in cash and handle tens of millions of dollars every day. Employee culture within the industry further antagonizes the problem since it is considered perfectly normal for clients to arrive night after night with anywhere from \$10,000 to \$50,000 or more in cash. (A)

This report contains information to the effect that casinos are being used as financial intermediaries and laundering facilities. Nationwide meetings confirmed the magnitude of the problem. (A)

Casino staff appear to care little about money laundering or the source of client wages. The primary objective of a casino is to generate revenue and maintain a good image. (A)

Even more surprising is the fact that willful blindness seems to be typical among security officials in terms of where clients get their funds and what kinds of offences are being committed on the premises. In fact, loan sharks known to security are present inside casinos, especially in high-roller sections. (A)

Organized crime, in the broad sense, is present in casinos, at several levels. OC members go to Canadian casinos on a regular basis to gamble. Many investigations have shown that criminal elements also use casinos to conduct illegal activities (e.g. loan-sharking). (A)

Casinos have implemented a long list of measures, but they still seem to lack the necessary resources to validate the legitimacy of winnings of all clients wanting to cash in chips or winning tickets. It is apparently easy to get a cashier's cheque in most casinos. (A)

Several financial transactions are now being done by machines. Currency exchange machines, self-redemption kiosks and bill acceptors now available on almost all machines eliminate the need for human contact, much to the benefit of money launderers. (A)

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All provinces have implemented mechanisms to ensure the integrity of the casino industry, but the fact remains that provincial governments are actually monitoring themselves. Regulators usually report to the same minister as does the Crown corporation in charge of managing casinos, which limits the autonomy of regulators and hinders the application of their recommendations. (A)

Compliance by members of the industry as a whole is a problem. Casinos usually content themselves with doing the absolute minimum as required by law. Based on FINTRAC data, casinos report on average less than one suspicious transaction per month. Some casino compliance regime officials admit sending no STRs to FINTRAC last year, claiming they lack the necessary resources to prepare such reports or that money is simply not being laundered in their establishment. (A)

Further amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* are one of the only ways to reduce the vulnerability of casinos to money-laundering schemes. (A)

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APPENDIX A

PROVINCIAL / TERRITORIAL ESTABLISHMENTS

NOVA SCOTIA

Commercial Casinos

HALIFAX CASINO

1983 Upper Water Street
Halifax, NS B3J 3Y5

Personal Information

SYDNEY CASINO

525 George Street
Sydney, NS B1P 1K5

Personal Information

QUEBEC

Commercial Casinos

CASINO DE CHARLEVOIX

183 Richelieu Street
La Malbaie, QC G5A 1X8

Personal Information

CASINO DE MONTRÉAL

1 Casino Avenue
Montréal, QC H3C 4W7

Personal Information

CASINO DU LAC-LEAMY

1 Casino Boulevard
Gatineau, QC J8Y 6W3

Personal Information

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ONTARIO Commercial Casinos

CASINO NIAGARA
5705 Falls Avenue
Niagara Falls, ON L2E 6T3
[Personal Information](#)

CASINO RAMA
5897 Rama Road,
PO Box 178
Rama, ON L0K 1T0
[Personal Information](#)

CASINO WINDSOR
377 Riverside Drive East
Windsor, ON N9A 7H7
[Personal Information](#)

FALLSVIEW CASINO RESORT
6380 Fallsview Boulevard
Niagara Falls, ON L2G 7X5
[Personal Information](#)

Charity Casinos

1000 ISLANDS CHARITY CASINO
380 Highway 2
Gananoque, ON K7G 2V4
[Personal Information](#)

BRANTFORD CHARITY CASINO
40 Icomm Drive
Brantford, ON N3S 7S9
[Personal Information](#)

CASINO SAULT STE-MARIE
30 Bay Street West
Sault Ste-Marie, ON P6A 7A6
[Personal Information](#)

CHARITY CASINO THUNDER BAY
50 Cumberland Street South
Thunder Bay, ON P7B 5L4
[Personal Information](#)

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POINT EDWARD CHARITY CASINO

2000 Venetian Boulevard
Point Edward, ON N7T 8G4

Personal Information

First Nations Casinos

GREAT BLUE HERON CHARITY CASINO

21777 Island Road
Port Perry, ON L9L 1B6

Personal Information

GOLDEN EAGLE CHARITY CASINO

Box 2860
Kenora, ON P9N 3X8

Personal Information

MANITOBA

Commercial Casinos

MCPHILLIPS STREET STATION CASINO

484 McPhillips Street
Winnipeg, MB R2X 2H2

Personal Information

CLUB REGENT CASINO

1425 Regent Avenue West
Winnipeg, MB R2C 3B2

Personal Information

First Nations Casinos

ASENESKAK CASINO

Highway 10 North
Opaskwayak – The Pas, MB

Personal Information

SOUTH BEACH CASINO

Lot 97, Brokenhead Indian Reserve 4
Scanterbury, MB R0E 1W0

Personal Information

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SASKATCHEWAN Commercial Casinos

CASINO MOOSE JAW

21 Fairford Street East
Moose Jaw, SK S6H 0C8

[Personal Information](#)

CASINO REGINA

1880 Saskatchewan Drive
Regina, SK S4P 0B2

[Personal Information](#)

First Nations Casinos

BEAR CLAW CASINO

PO Box 1210, Highway #9
Carlyle, SK S0C 0R0

[Personal Information](#)

NORTHERN LIGHTS CASINO

44 Marquis Road West
Prince Albert, SK S6V 7Y5

[Personal Information](#)

GOLD EAGLE CASINO

11902 Railway Avenue East
North Battleford, SK S9A 3K7

[Personal Information](#)

PAINTED HAND CASINO

30 – 3rd Avenue North
Yorkton, SK S3N 1B9

[Personal Information](#)

Exposition Casinos

EMERALD CASINO

2606 Lorne Avenue
Saskatoon, SK

[Personal Information](#)

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ALBERTA

Charity Casinos

BACCARAT CASINO

10128 – 104 Avenue
Edmonton, AB T5J 4Y8

[Personal Information](#)

CASH CASINO

4040B Blackfoot Trail
Calgary, AB T2G 4E6

[Personal Information](#)

BOOMTOWN CASINO

9825 Hardin Street
Fort McMurray, AB T9H 4G9

[Personal Information](#)

CASH CASINO – RED DEER

6350 – 67 Street
Red Deer, AB T4P 4Y9

[Personal Information](#)

CASINO BY VANSHAW

MEDICINE HAT LODGE
1051 Ross Glenn Drive SE
Medicine Hat, AB T1B 3T8

[Personal Information](#)

CASINO CALGARY

1420 Meridian Road NE
Calgary, AB T2A 2N9

[Personal Information](#)

CASINO EDMONTON

7055 Argyll Road
Edmonton, AB T6C 4A5

[Personal Information](#)

CASINO LETHBRIDGE

3756 – 2 Avenue South
Lethbridge, AB T1J 4Y9

[Personal Information](#)

CASINO YELLOWHEAD

12464 – 153 Street
Edmonton, AB T5V 1S5

[Personal Information](#)

DEERFOOT INN & CASINO INC.

11500 – 35 Street SE
Calgary, AB T2Z 3W4

[Personal Information](#)

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ELBOW RIVER INN CASINO

218-18 Avenue SE
Calgary, AB T2G 1L1

[Personal Information](#)

GOLD DUST CASINO

24 Boudreau Road
St-Albert, AB T8N 6K3

[Personal Information](#)

GREAT NORTHERN CASINO

10910 – 107A Avenue
Grande Prairie, AB T8V 7B2

[Personal Information](#)

PALACE CASINO

2710, 8882 – 170 Street
Edmonton, AB T5T 4J2

[Personal Information](#)

JACKPOT CASINO

4950 – 47 Avenue
Red Deer, AB T4N 6P8

[Personal Information](#)

SILVER DOLLAR CASINO

1010 – 42 Avenue SE
Calgary, AB T2G 1Z4

[Personal Information](#)

STAMPEDE CASINO

1801 Big Four Trail SE
Calgary, AB T2G 2W1

[Personal Information](#)

CENTURY CASINO & HOTEL

13103 Fort Road,
Edmonton, AB T5A 1C3

[Personal Information](#)

First Nations Casinos

RIVER CREE RESORT AND CASINO

300 East Lapotac Boulevard
Box 179, Enoch, AB T7X 3Y3

[Personal Information](#)

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BRITISH COLUMBIA Commercial Casinos

BILLY BARKER CASINO HOTEL

308 McLean Street
Quesnel, BC V2J 2N9

[Personal Information](#)

CASCADES CASINO

20393 Fraser Highway
Langley, BC V3A 7N2

[Personal Information](#)

BOULEVARD CASINO

2080 United Boulevard
Coquitlam, BC V3K 6W3

[Personal Information](#)

CASINO OF THE ROCKIES

7777 Mission Road
Cranbrook, BC V1C 7E5

[Personal Information](#)

EDGEWATER CASINO

311-750 Pacific Blvd. S.
Vancouver, BC V6B 5E7

[Personal Information](#)

GREAT CANADIAN CASINO – VANCOUVER HOLIDAY INN

709 West Broadway
Vancouver, BC V5Z 4H3

[Personal Information](#)

GATEWAY CASINO BURNABY

4320 Dominion Street
Burnaby, BC V5G 1B2

[Personal Information](#)

GREAT CANADIAN CASINO – NANAIMO

620 Terminal Avenue
Nanaimo, BC V9R 5E2

[Personal Information](#)

GREAT CANADIAN CASINO – VIEW ROYAL

1708 Island Highway
Victoria, BC V9B 1H8

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LAKE CITY CASINO KAMLOOPS

540 Victoria Street
Kamloops, BC V1Y 1P6

[Personal Information](#)

LAKE CITY CASINO – KELOWNA

1300 Water Street
Kelowna, BC V1Y 9P3

[Personal Information](#)

LAKE CITY CASINO – PENTICTON

21 Lakeshore Drive West
Penticton, BC V2A 7M5

[Personal Information](#)

LAKE CITY CASINO – VERNON

4801 – 27th Street
Vernon, BC V1T 5S9

[Personal Information](#)

RIVER ROCK CASINO RESORT

8811 River Road
Richmond, BC V6X 3P8

[Personal Information](#)

ROYAL CITY STAR RIVERBOAT CASINO

788 Quayside Drive
New Westminster, BC

[Personal Information](#)

TREASURE COVE CASINO

2005 Highway 97 South
PO Box 421
Prince George, BC V2N 7A3

[Personal Information](#)

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TERRITORIES

YUKON

Charity Casino

DIAMOND TOOTH GERTIES

P.O. Box 389

Dawson City, YK Y0B 1G0

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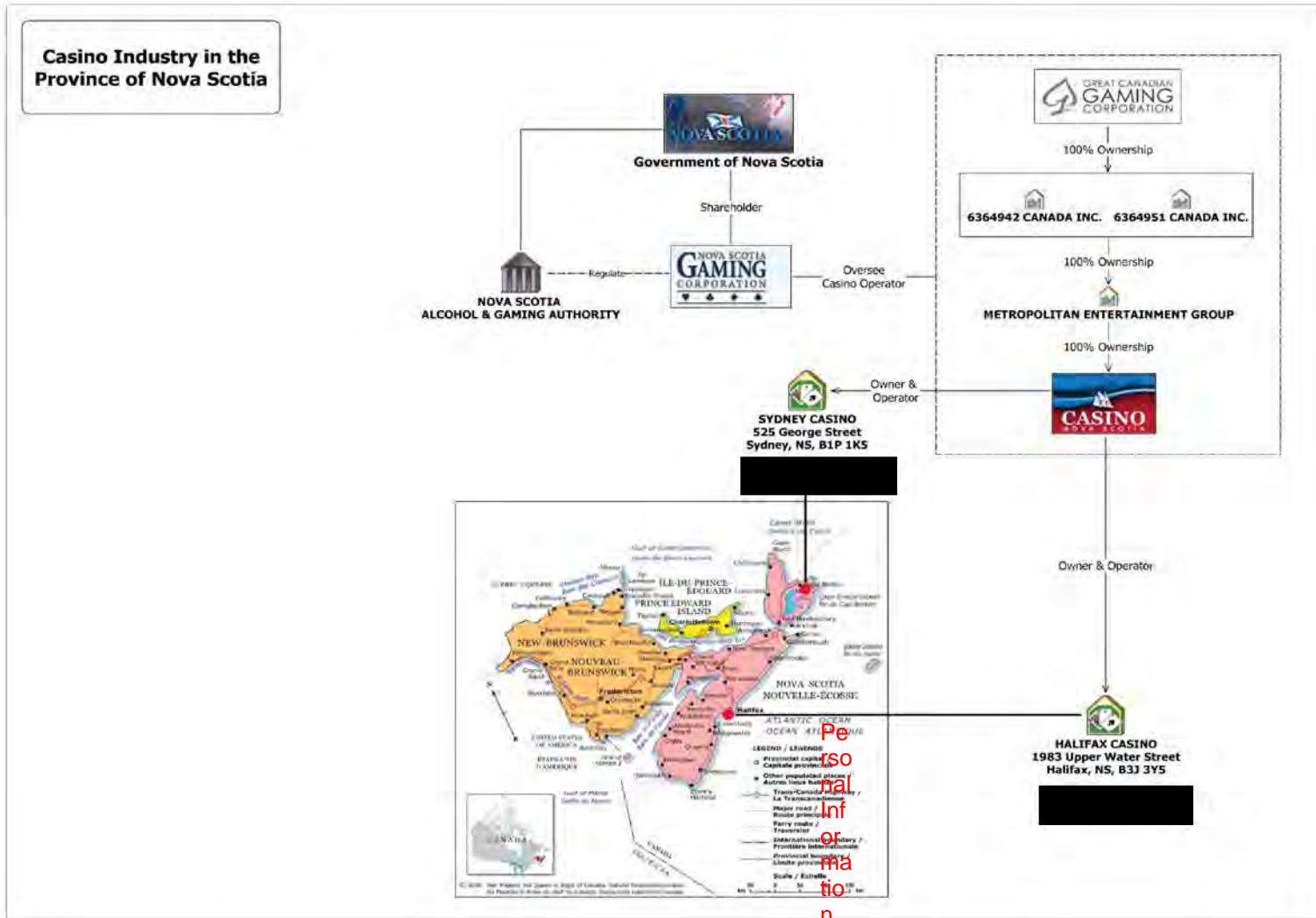
APPENDIX B

CASINO OPERATION DIAGRAMS BY PROVINCE / TERRITORY (U)

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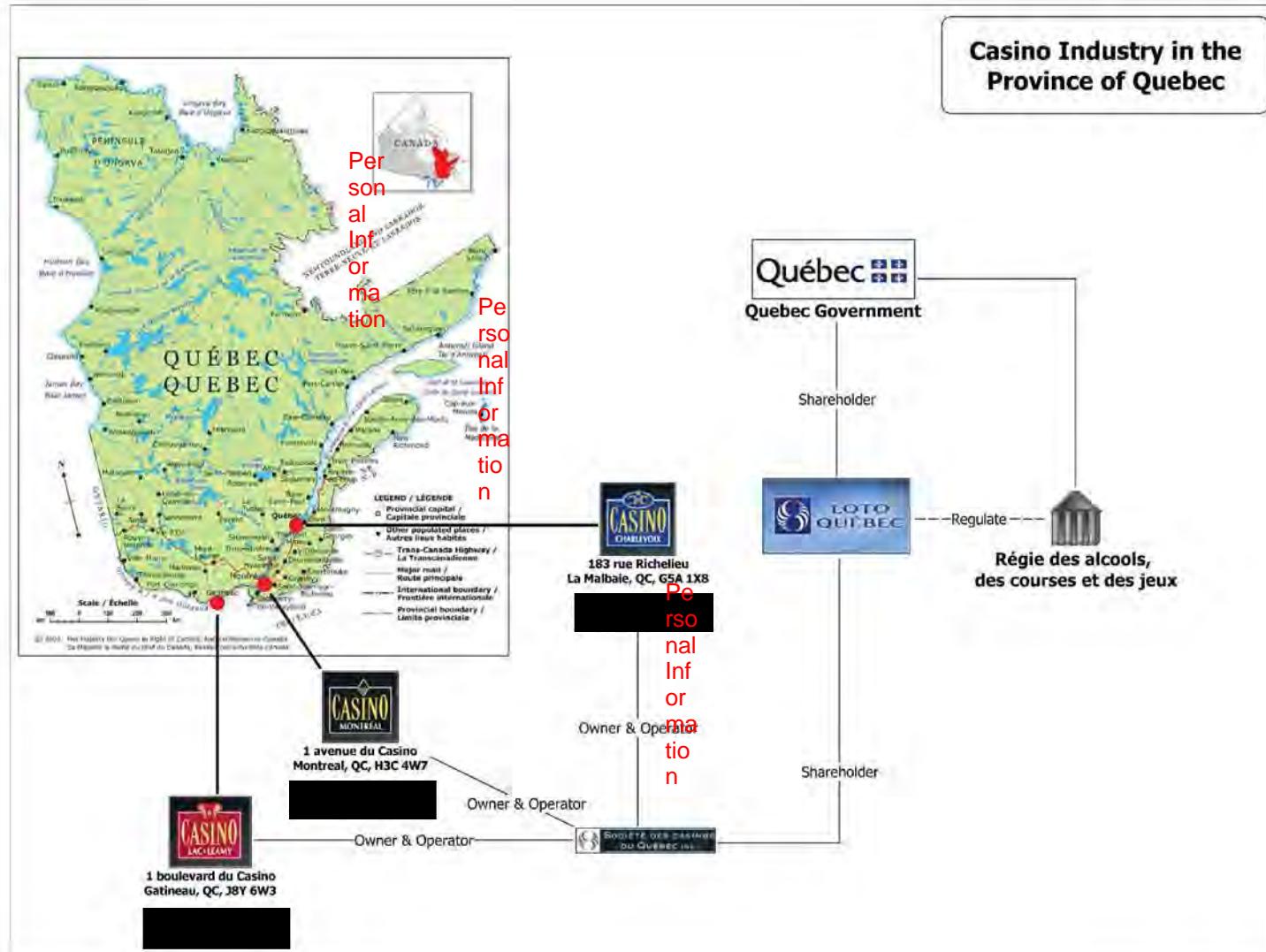


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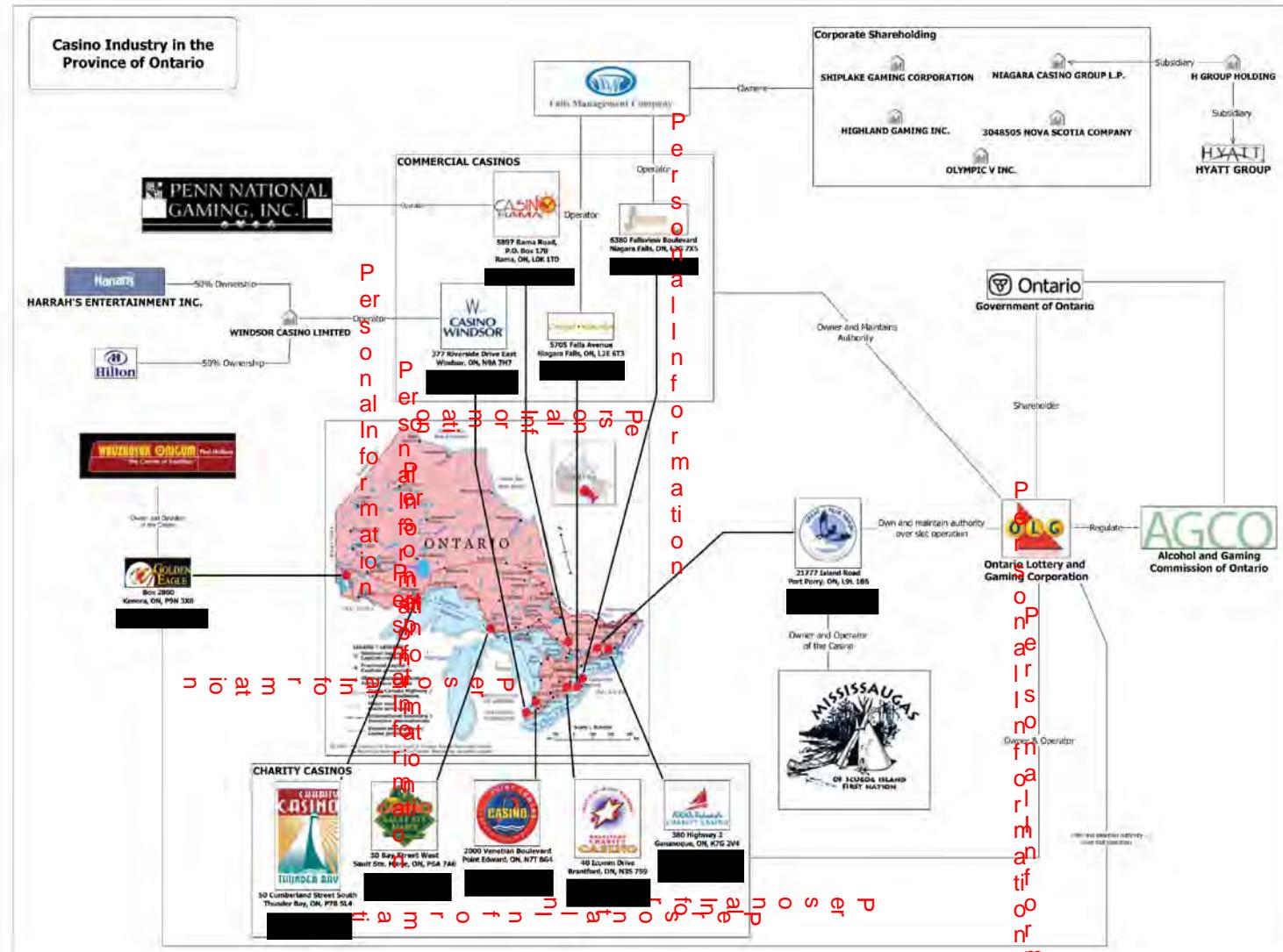
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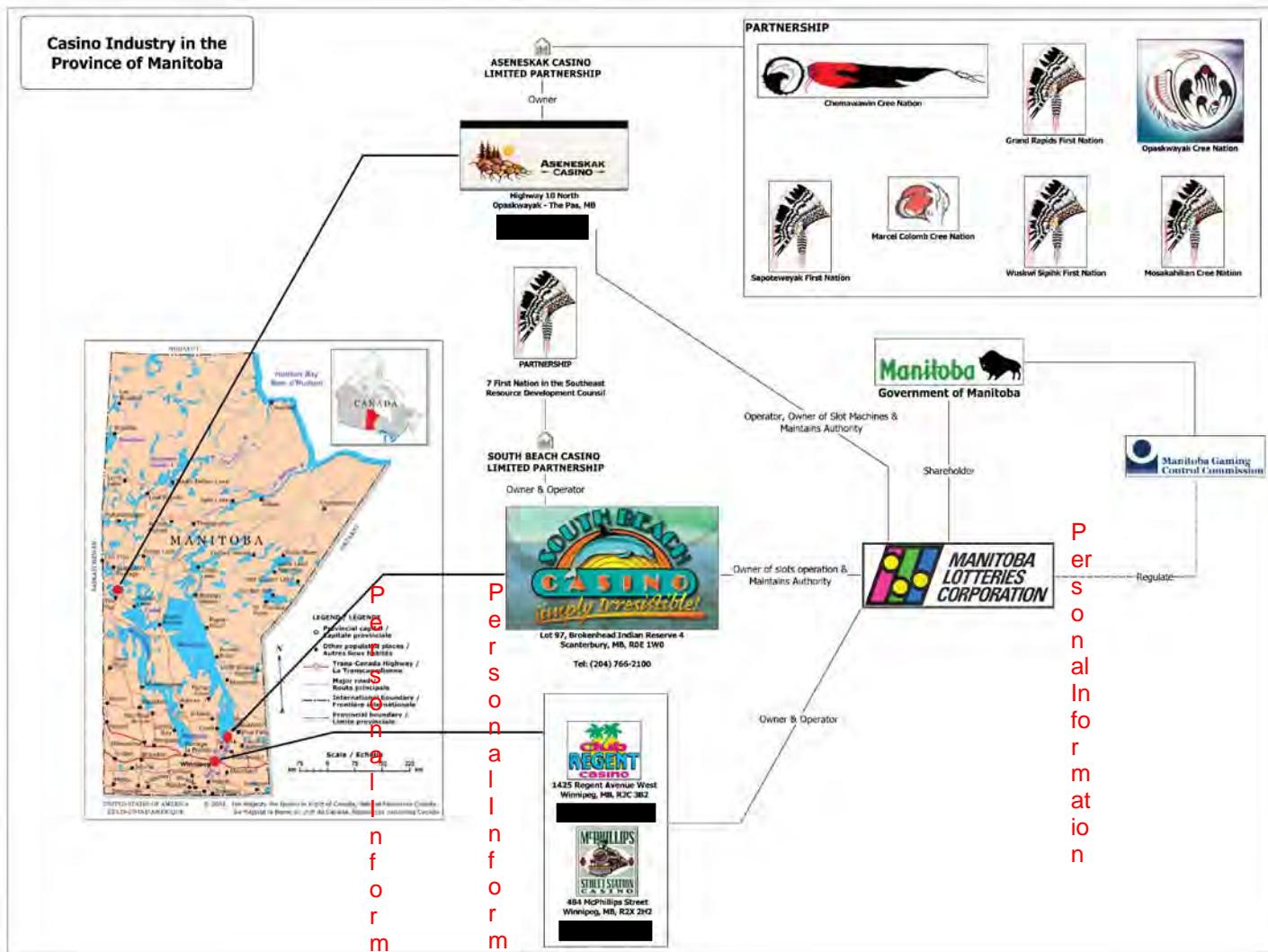
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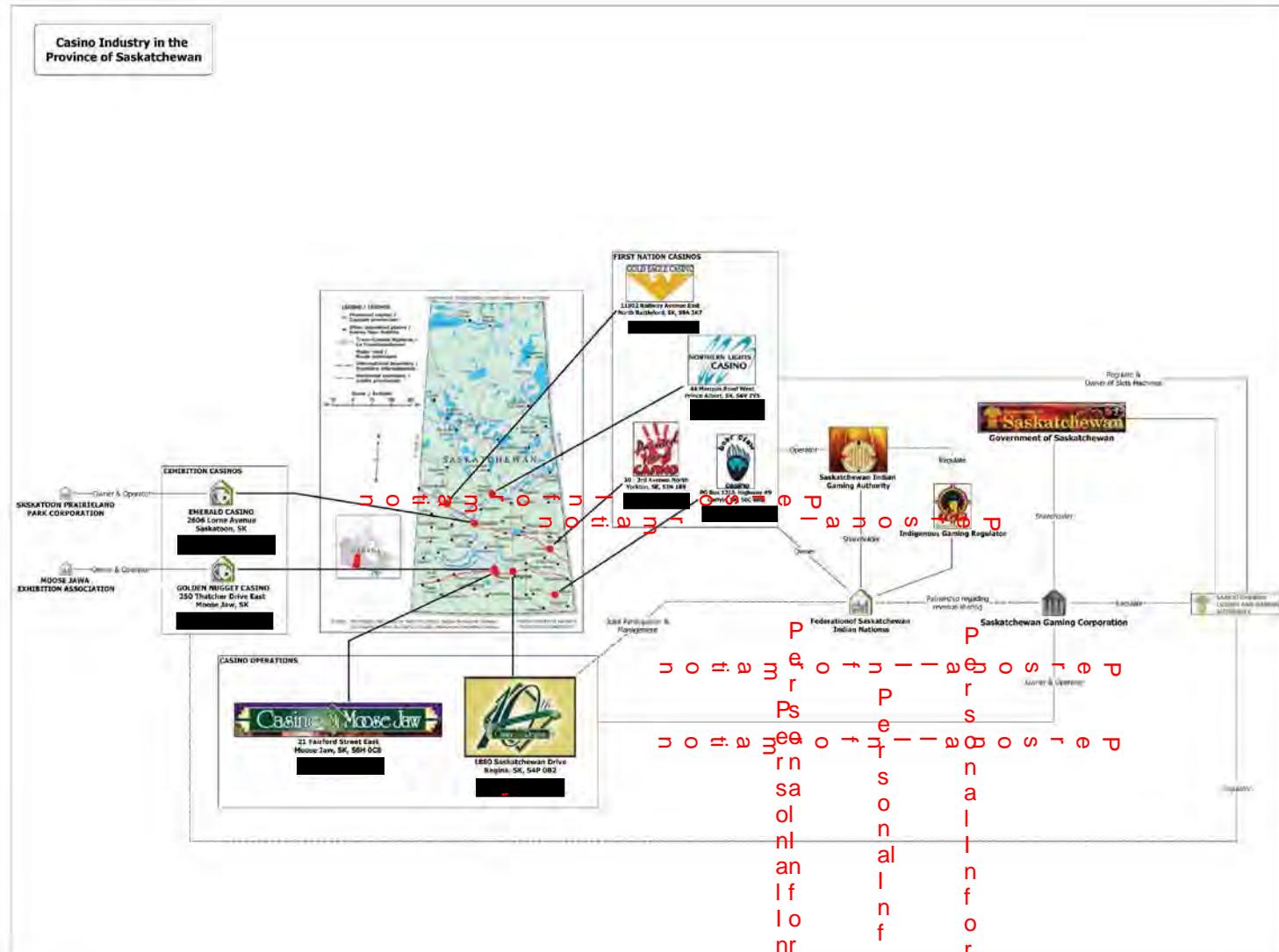
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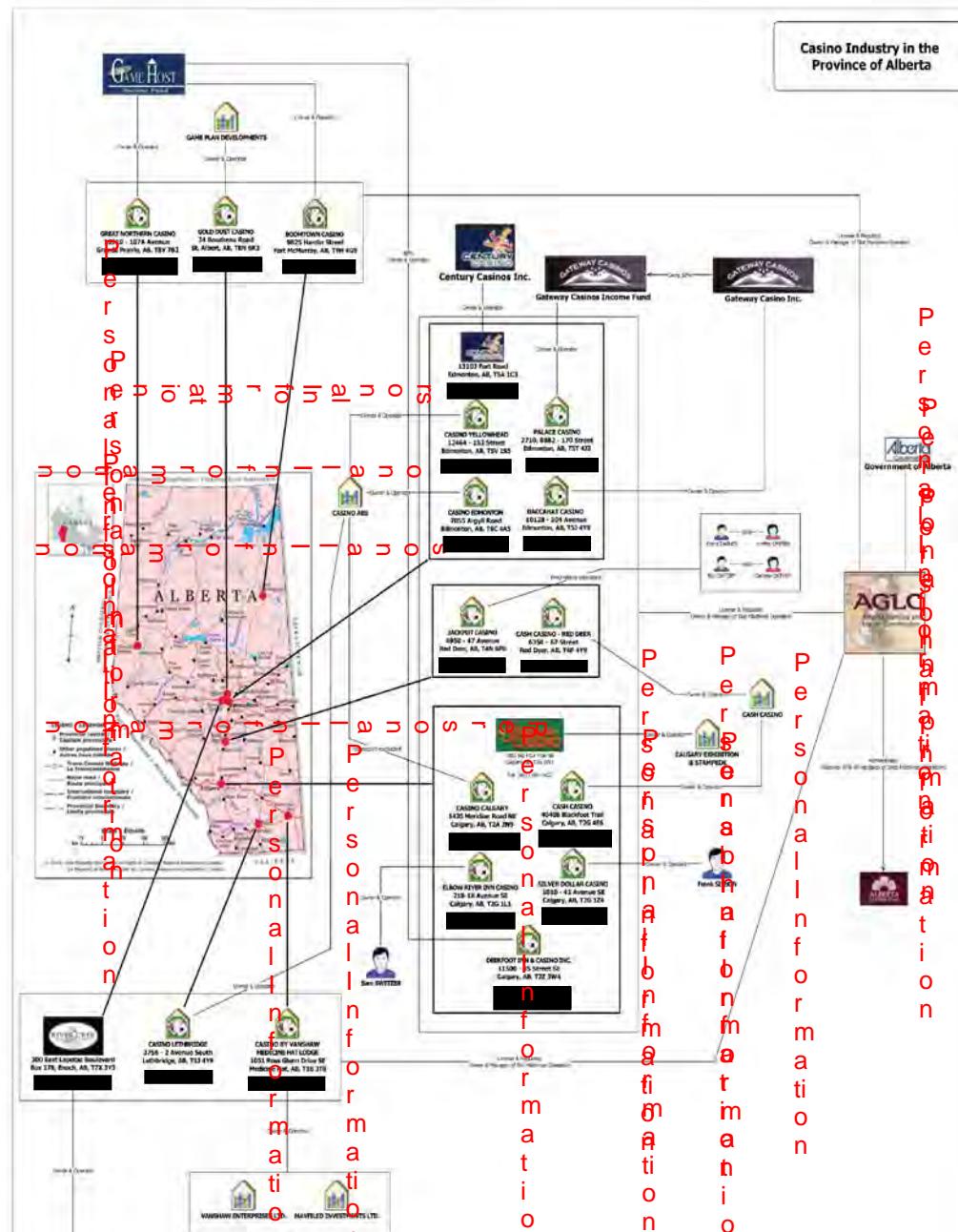
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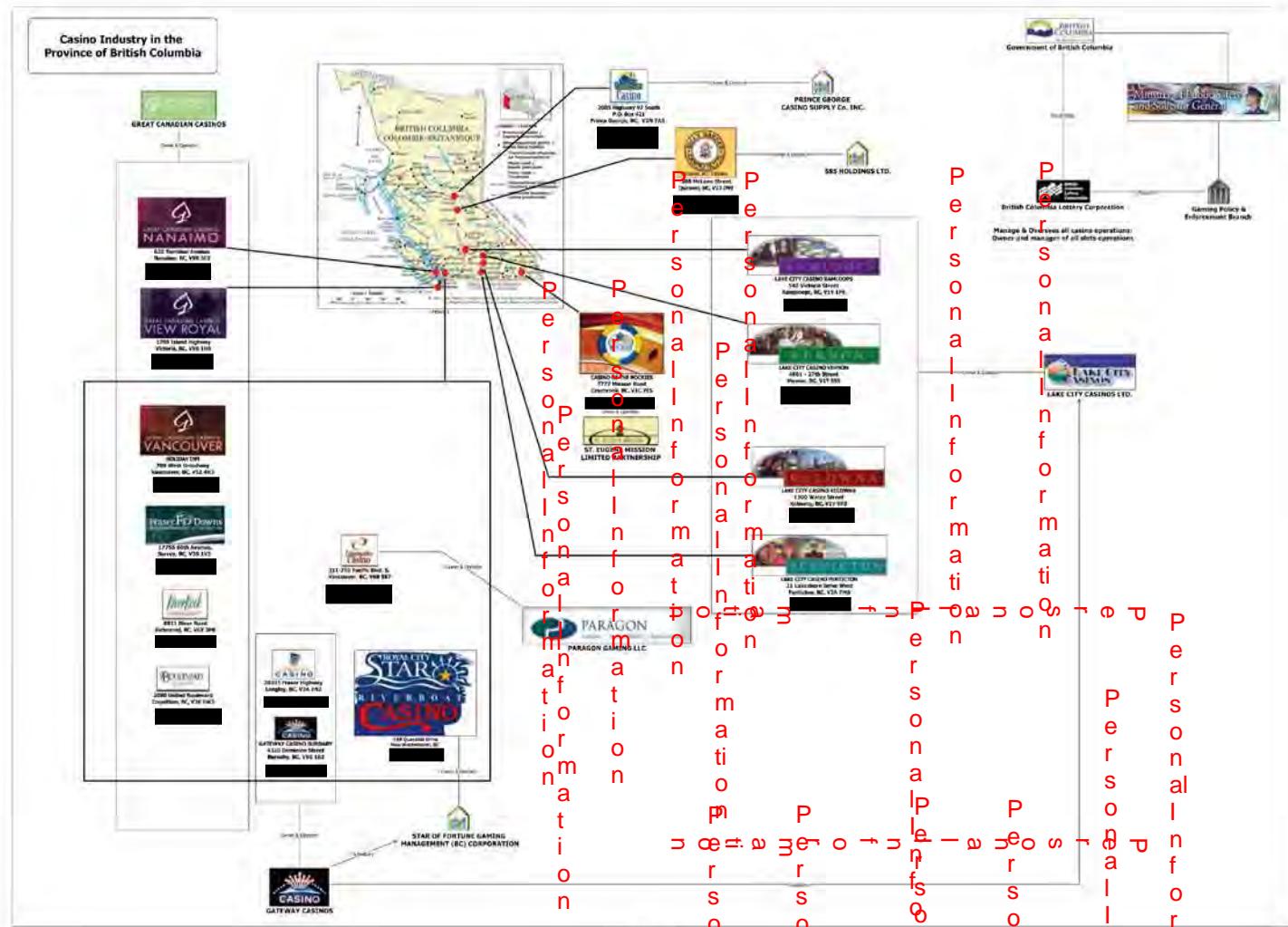


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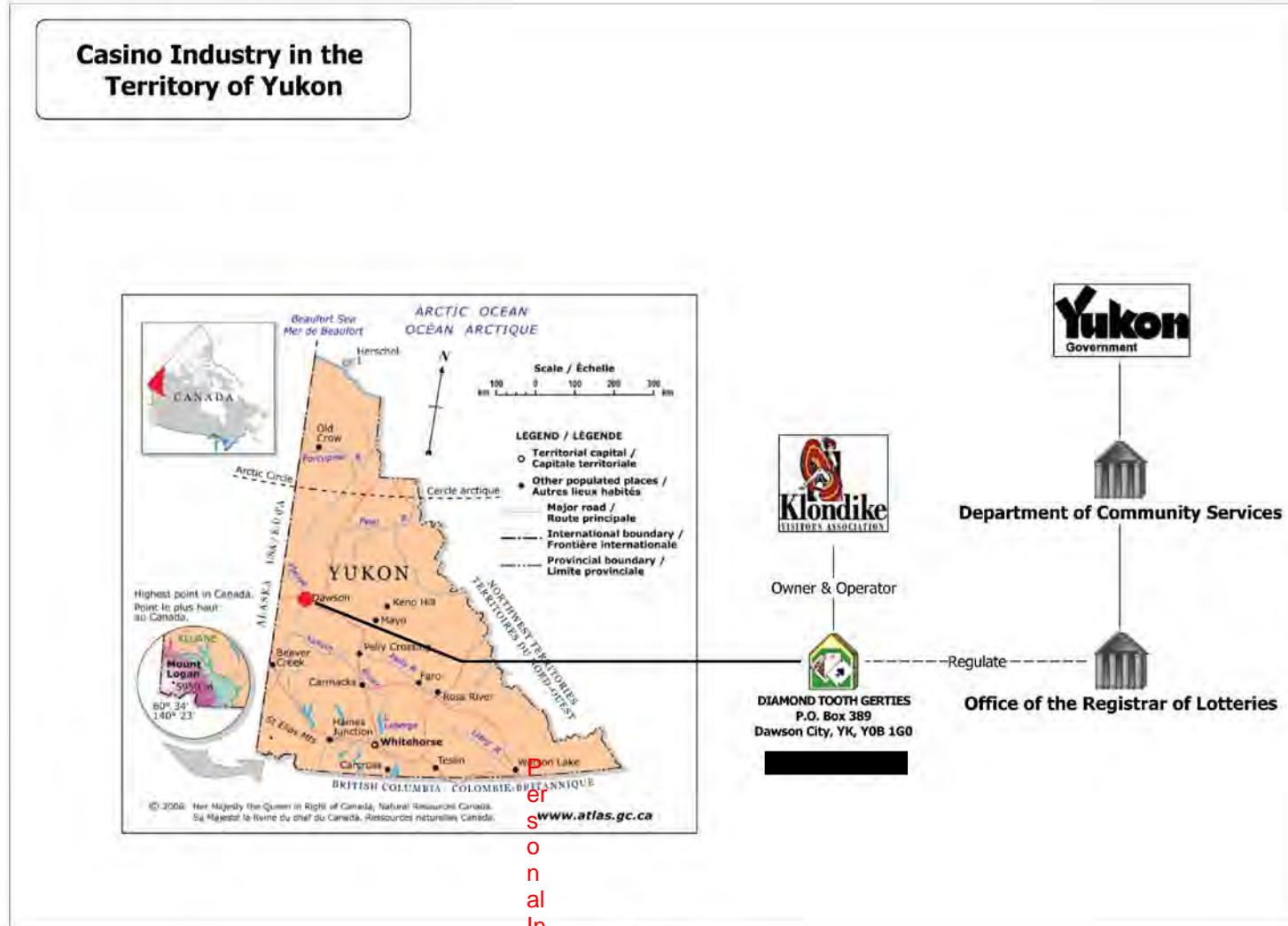


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APPENDIX C

LIST OF PROVINCIAL / TERRITORIAL GAMING REGULATORY AGENCIES (U)

PROVINCES

Newfoundland and Labrador:

- Department of Government Services and Lands
Trade Practices and Licensing Division
(<http://www.gov.nf.ca/gls/cca/tpl/>)

Prince Edward Island:

- Consumer, Corporate and Insurance Division
(<http://www.gov.pe.ca/pt/index.php3>)

Nova Scotia:

- Nova Scotia Alcohol & Gaming Division
(<http://www.gov.ns.ca/enla/agd/gaming.asp>)

New Brunswick:

- Lotteries Commission of New Brunswick
(<http://www.gnb.ca>)

Quebec:

- Alcohol, Racing and Gaming Control Commission
(<http://www.racj.gouv.qc.ca>)

Ontario:

- Alcohol and Gaming Commission of Ontario
(<http://www.agco.on.ca>)

Manitoba:

- Manitoba Gaming Control Commission
(<http://www.mgcc.mb.ca>)

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Saskatchewan:

- Saskatchewan Liquor and Gaming Authority
(<http://www.slga.gov.sk.ca>)

Alberta:

- Alberta Gaming & Liquor Commission
(<http://www.aglc.gov.ab.ca>)

British Columbia

- Gaming Policy and Enforcement Branch
(<http://www.pssg.gov.bc.ca/gaming>)

TERRITORIES

Nunavut:

- Department of Community and Government Services
(<http://gov.nu.ca/nunavut/english/department/cgt/>)

Northwest Territories:

- Municipal and Community Affairs
(<http://www.maca.gov.nt.ca>)

Yukon:

- Registrar of Lotteries
(<http://www.community.gov.yk.ca/consumer/lottery.html>)

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Table 18: Average Number of STRs Sent Annually to FINTRAC by Casinos in Eastern Canada (A)
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INTERNET SITES CONSULTED (U)

Atlantic Lottery Corporation, <http://www.alc.ca>

Australian Government: Australian Transaction Reports and Analysis Centre,
<http://austrac.gov.au>

Canada Casinos. Alberta Gaming Research Institute, University of Alberta,
http://www.abgaminginstitute.ualberta.ca/Canada_Casinos.cfm

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http://www.gamingfloor.com/Canadian_Casinos.html

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Casino Moose Jaw, <http://wwwcasinomoosejaw.com>

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Government of Saskatchewan, <http://www.slg.gov.sk.ca>

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<http://www.gs.gov.nl.ca/cca/tpl/lotteries.stm>

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Appendix Y

Extent and Scope of Illegal Gaming in British Columbia 2005 to 2008

Protected “B”



Extent and Scope of Illegal Gaming in British Columbia 2005 to 2008

**Prepared by Integrated Illegal Gaming Enforcement Team (IIGET) for
Chief Superintendent Dick Bent,
Deputy CROPS Officer, RCM Police “E” Division
and Chief Constable Brad Parker,
BCAMCP Representative of the IIGET Consultative Board
2009-01-05**

This assessment is based on information from recent criminal investigations, and as well, references source debriefings, other agency reports, media and open-source information; and where possible, has been corroborated through multiple and independent sources. Specific sourcing of information has been omitted on the basis of maintaining the confidentiality of operationally-sensitive information, and in accordance with RCMP policy relating to the dissemination of classified and / or confidential material.

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Extent and Scope of Illegal Gaming in British Columbia

Methodology

Illegal gaming and gaming related files in British Columbia occurring over a three year period, from 2005-11-01 to 2008-10-31, were researched. Files included those from Gaming Policy and Enforcement Branch (GPEB), National Crime Data Bank (NCDB), Automated Criminal Intelligence Information System (ACIIS), Police Records Information Management Environment (PRIME), Police Reporting and Occurrence System (PROS), Police Information Retrieval System (PIRS), and the Justice Information System (JUSTIN). Insight and file knowledge were provided by Cpl Randy MORTENSEN, IIGET; Cpl David AU, Richmond CIS; Mr John McDOUGALL , Mr Frank HENLEY, Mr Shaune BROWNRIGG, and Mr Joe SCHALK, all of GPEB. Open source references were also used.

Although many illegal gaming files surfaced by querying the appropriate gaming codes, some gaming related files have been missed because they were not coded as such. The time allotted for this report did not allow for an in-depth research of these files. A PRIME browse query of Vancouver PD files only, within the research period, for occurrences of the word “gambling” surfaced over 800 references. These may or may not pertain to illegal gaming or gaming related offences. As well, time did not permit analysis of the Integrated Gang Task Force Violence Suppression Bulletins for information relating to gang associated subjects frequenting Lower Mainland casinos.

Significant investigations, occurring outside the research period, have been included anecdotally, to demonstrate the extent and scope of illegal gaming in British Columbia in the past, and the potential for illegal gaming problems in the future.

Executive Summary

This report was produced at the direction of the Integrated Illegal Gaming Enforcement Team (IIGET) Consultative Board to provide some insight into the extent and scope of illegal gaming, as well as other gaming related criminal activities, within British Columbia. Because of sensitivity issues and Third Party Rule restrictions on some of the information, the unabridged document is only available to Chief Superintendent Dick Bent, Deputy CROPS Officer, RCM Police “E” Division and Chief Constable Brad Parker, BCAMCP representative. A Protected “A” version is available for the Consultative Board.

Third Party Rule

Extent and Scope of Illegal Gaming in British Columbia

The true extent of the problems associated with illegal gaming exceeds that which is documented in this report because offences of these kind are not necessarily reported to the police or other regulatory agencies. Victims of crimes associated to illegal gaming are often reluctant to call the police unless they feel they, or their families, are in danger. As well, when victims are involved in other criminal activities, it can be unclear whether violent offences perpetrated against them were specifically gaming related.

Illegal and legal gaming share some of the same issues, such as loan sharking and its associated crimes of extortions, assaults, kidnappings, and murders. An accurate figure for gaming related offences is not possible because, as mentioned previously, motives are not always apparent. However, during the three year research period there were four murders and one attempted murder of people who had some involvement in illegal gaming. Forty-seven individuals have been identified in suspected loan sharking activities.

Besides sharing some of the same criminal activity issues, illegal and legal gaming have been interlinked when, in some cases, casino staff have directed patrons to loan sharks or to common gaming houses. Some casino staff have also been known to act as card dealers in common gaming houses.

Other issues, more specific to legalized forms of gambling, include:

- attempted infiltration by Organized Crime figures
- counterfeit money passed through casinos and race tracks
- counterfeit pull-tabs
- counterfeit casino chips
- money laundering through casinos and race tracks

Historic information, included in the Organized Crime portion of this report, emphasizes the potential for serious problems regarding legal and illegal gaming in British Columbia. Specifically, illegal gaming can be a source of income for criminal organizations and, through the infiltration of legitimate gaming venues, they can also launder, and transfer money easily.

Bookmaking is believed to take place at Mixed Martial Arts events, at Sports / Social clubs, and in cafes, bars and billiard rooms. Bookmakers will also take bets by phone and anecdotal information indicates that they

V2: Informer Privilege

Extent and Scope of Illegal Gaming in British Columbia

V2: Informer Privilege Information, believed reliable, suggests that some organized crime figures are involved in bookmaking. There is not a lot of data, relatively, about bookmaking but it appears there can be a lot of money involved. One bookmaker is believed to take bets up to \$200,000. PII

There is a large Asian population in the Lower Mainland and it is feasible some could place bets using this market.

Another common illegal gaming offence has to do with Video Gaming Machines. These machines have been observed at sandwich shops, pubs, social clubs, cafes, and billiard rooms. Owners of these machines are alleged to share the proceeds of the machines with the businesses in which they are located. V2: Informer Privilege

Research has indicated that common gaming houses are the most prevalent illegal gaming offence in the province. While several of the reports relating to common gaming houses refer to licensing issues, most do not. There are some common gaming houses that are connected to / operated by Organized Crime figures, or which are frequented by gang members. Two of these locations were the scenes of violence - murder and attempted murder. One suspected common gaming house was the location of an arson.

The cost of illegal gaming to society includes the public safety concerns as mentioned previously, as well as those issues connected to problem gamblers, like domestic disputes, child neglect, and suicides. Cheating also occurs at both legal and illegal gaming venues. In addition, problem gamblers are vulnerable to the influence of their creditors and may commit criminal offences in order to pay debts, or to be forgiven debts. For example, media reports indicate that in August 2008, former jail guard, Edwin TICNE, was found guilty of aiding in the escape of Omid TAHVILI, a high level

V2: Informer Privilege

Extent and Scope of Illegal Gaming in British Columbia

drug dealer and the leader of a criminal organization, who was in the North Fraser Pretrial Centre awaiting sentencing for kidnapping and torture. TAHVILI had promised to pay TICNE \$50,000. At the time of the escape TICNE was alleged to be a pathological gambler and heavy drinker. It is unknown whether or not TICNE's gambling problem was the reason for his compromise but it may have been a contributing factor.

A search of the Justice Information System (JUSTIN) for gaming offences within the three year research period surfaced approximately forty-six charges. Of these, about twenty-four charges are still before the court. Sentences, for the charges that were dealt with, include Probation Order, Conditional Discharge, Forfeiture (no dollar amount given), and Fine (no dollar amount given). In a very recent case, involving the distribution of Video Gaming Machines, the individual charged received an Absolute Discharge, and his company was fined \$5,000. In addition, two subjects who were recently involved in cockfighting were also involved in previous cockfighting investigations. As well, two out of four locations where gaming equipment was seized in 1995 are still believed to be acting as common gaming houses. PII

PII The criminal element involved in running these operations may consider the consequences of any enforcement action as just the cost of doing business.

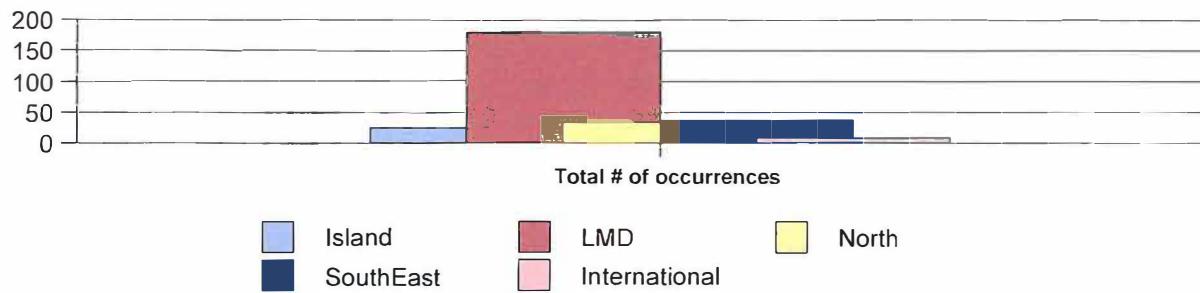
Extent and Scope of Illegal Gaming in British Columbia

Number, Location and Type of Illegal Gaming by District

Data, consisting of confirmed illegal gaming occurrences and source information concerning illegal gaming offences, was reviewed for the three year research period. There were 284 such occurrences. It was determined that the LMD District had the most occurrences in the province and Common Gaming House offences were the most frequently occurring offence in each District. 15 occurrences were associated to First Nations communities and 55 occurrences appeared to be regulatory issues . . . pubs or restaurants holding tournaments or raffles without a licence. Incidents of loan sharking or other gaming related offences were not included in this comparison. The following charts represent the number, type, and location of incidents, however they are not reflective of the complexity of subsequent investigations.

Occurrences of Illegal Gaming by District

2005-11-01 to 2008-10-31



Island	25
LMD	181
North	33
SouthEast	37
International	8

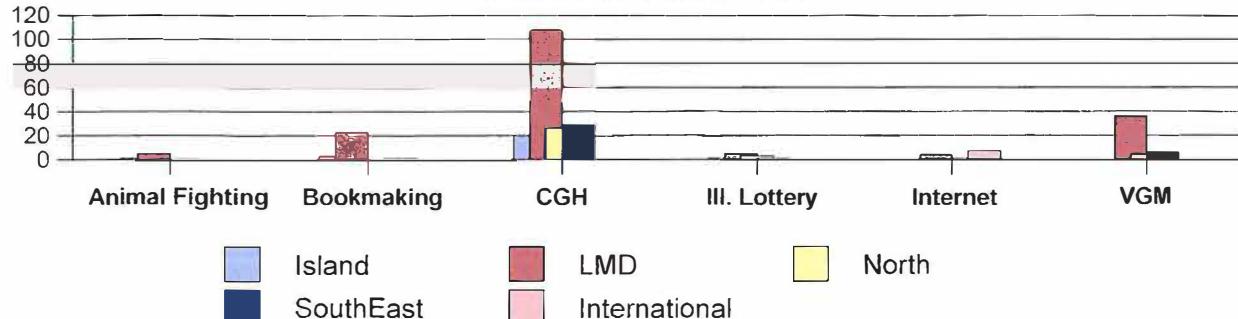
Third Party Rule

Protected “B”

Extent and Scope of Illegal Gaming in British Columbia

Types of Illegal Gaming by District

2005-11-01 to 2008-10-31



	Island	SouthEast	North	LMD	International	
Island	1	0	0	0	0	0
LMD	5	0	0	23	0	36
North	0	0	0	0	0	4
SouthEast	0	0	0	0	0	6
International	0	0	0	1	0	0

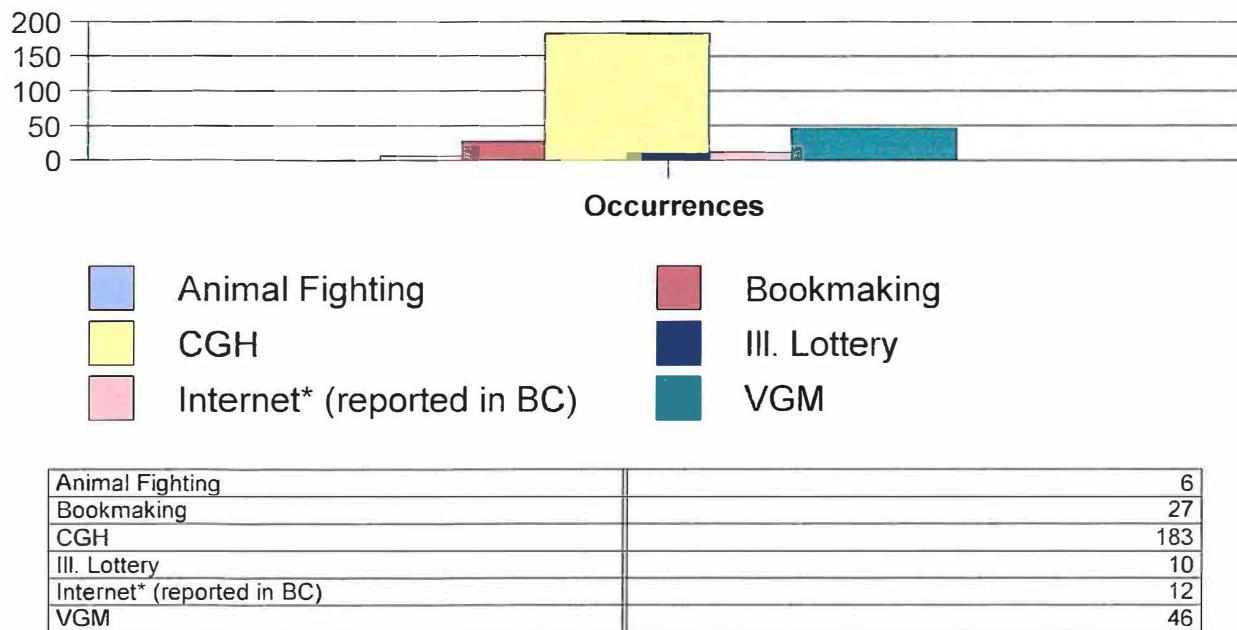
Third Party Rule

Extent and Scope of Illegal Gaming in British Columbia

Types of Illegal Gaming in BC

Types of Illegal Gaming in BC

2005-11-01 to 2008-10-31



Animal Fighting

During the three year research period there were six reports of confirmed or suspected animal fighting. Five of the reported incidents were located in the Lower Mainland District and one was from the Island District. They were equally divided between dog fighting and cockfighting. There are not many details on the dog fighting reports, but as a result of Project E-Pulp we have more knowledge about cockfighting.

IIGET is aware, from talking with members of the Southeast Asian community, that cockfighting is common and culturally accepted in their communities. The cockfighting rings are principally kept to facilitate betting and bookmaking. Cockfighting is organized

Third Party Rule

Extent and Scope of Illegal Gaming in British Columbia

locally by an unsanctioned association which has rules, regulations, recognized referees, officials and officers. In countries such as the Philippines and Vietnam, there is a nationally recognized organization which sanctions tournaments and certifies judges.

Reports indicate that some people involved in animal fighting are repeat offenders. Royland M. MINOZA, B: 1959-11-05, who surfaced during Project E-Pulp, was charged at Burnaby in 1998 for encouraging the fighting of animals. Media reports indicate that in 2001 SPCA officers seized forty-one birds from a suspected cockfighting ring at the same Burnaby address. Louie YIP, B: 1950-01-25, another subject who surfaced during Project E-Pulp, is believed to have also been involved in other complaints of cockfighting, one of which was alleged to be a cockfighting ring run by an organized group of individuals who had in excess of a thousand cockfighting roosters. Some of these birds were worth a thousand dollars each to the owners of the birds because of their fighting ability.

Project E-Pulp was a large joint operation, done in conjunction with the SPCA, investigating an illegal cockfighting ring in Surrey. Three Cloverdale farms were involved, two of which held five fighting pits. The farm at 4868 168th St, Surrey, appeared to be solely involved in raising birds for fighting at scheduled events. It was also determined that there was approximately one thousand fighting birds associated to this operation. Media reports describe the farm as covering several hectares, with a complex of large sheds, including holding areas for chickens. It is estimated to be worth \$1.6 million. On 2008-02-21 enforcement action was taken resulting in charges against several people and a major disruption to the activity. The SPCA took care of destroying the birds, and handling and documenting the evidence. Unfortunately the project did not result in the laying of illegal gaming charges as initially hoped due to a variety of factors. Charged with "building, making, maintaining or keeping a cockpit" are Jose ESTREMADURA, Edgar LITONJUA, Ricardo CABULLOS, Pastor COMIA, and Eduardo MUÑOZ. When these subjects were charged this offence was punishable on summary conviction and liable to a fine of not more than two thousand dollars, or to imprisonment for six months, or to both. However, this section of the criminal code has recently changed and subsequent charges can now be proceeded with by either summary conviction or indictable offence.

Bookmaking

PII

Extent and Scope of Illegal Gaming in British Columbia

PII

There is also a requirement to prove that the bookie is taking a cut.² A good bookmaker has to be able to “lay off”³ bets , and therefore has to have connections, making the operation an organized crime enterprise.

As mentioned previously, bookmaking is believed to take place at Mixed Martial Arts events, at Sports / Social clubs, cafes, bars and pool halls. These would include:

- V2: Informer Privilege
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-
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- Gramercy Grill
- V2: Informer Privilege
- V3: Ongoing Investigation
- V3: Ongoing Investigation V2: Informer Privilege
- V2: Informer Privilege
- V2: Informer Privilege
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-

Significant investigations, occurring outside the research period, have been included to

² - a “cut” is a commission or percentage charged by a bookmaker for handling bets

³ - An important factor required by the bookmaker is a source for laying off bets. This is to say that when the bookmaker has excessive action bet on one team and very little on the second team he will contact another bookmaking organization and lay off a portion of his action to this bookmaker in an attempt to balance his books. By keeping his books balance the bookmaker will not lose no matter who wins. Most bookmakers will have lay off contacts in other cities throughout the continent.

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Extent and Scope of Illegal Gaming in British Columbia

demonstrate the extent and scope of illegal gaming in British Columbia in the past, and the potential for illegal gaming problems in the future. The influence of Italian Organized Crime was seen in 2001 when Richmond resident Sarg KOONAR was identified as "Luc" on intercepts associated to a major "gambling / bookmaking" operation. The investigation surfaced bets, etc. of about \$4 million per week with the whole operation being driven by the RIZZUTO Organized Crime group out of Montreal. The number used by "Luc" was subscribed to by KOONAR and associated to KOONAR's residence in Richmond. The investigation resulted in charges of Quebec-based targets, however, local targets were not charged. It may be worthy to note that, at this time, "E" Division did not have a specialized gaming section.

Information from 2003 supported the fact that KOONAR was still involved in bookmaking, as well as his associates Andre OUELLETTE, B: 1940-03-19, and Steve DESFOSSES, B: 1974-07-10. Steve DESFOSSES is the son of Raymond DESFOSSES who is purported to have ties to many criminal organizations, including the RIZZUTO organization in Quebec. DESFOSSES and OUELLETTE have been criminally active together since the early 1970's. In 2003 there were specific references pertaining to OUELLETTE personally taking wagers. OUELLETTE was alleged to take large "lay off"⁴ bets from Tony RICCI, B: 1952-02-06, the owner of No 5 Orange. RICCI was reported to take bets up to \$200,000 but it was OUELLETTE that specialized in large wagers. He had apparently said he would accept a million dollar bet if he thought the gambler had that much money.

V2: Informer Privilege

V2: Informer Privilege

V2: Informer Privilege It is unknown whether Steve DESFOSSES is still involved in bookmaking or if the RIZZUTO organization is involved in BC bookmaking activities.

Other bookmakers, not yet mentioned, are believed to include:

- Gino PALMIERI, B: 1951-12-21
- **V2: Informer Privilege**
-

⁴ - An important factor required by the bookmaker is a source for laying off bets. This is to say that when the bookmaker has excessive action bet on one team and very little on the second team he will contact another bookmaking organization and lay off a portion of his action to this bookmaker in an attempt to balance his books. By keeping his books balance the bookmaker will not lose no matter who wins. Most bookmakers will have lay off contacts in other cities throughout the continent.

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V2: Informer Privilege

- [REDACTED]
- [REDACTED]
- Yu Zheng Jimmy SU, B: 1974-05-31
- Adrian FORMOSA, B: 1959-07-23
- Leslie ROZYLO, B: 1951-10-09

V2: Informer Privilege

- [REDACTED]
- [REDACTED]
- [REDACTED]

PII

PII

As there is also a

large Asian population in the Lower Mainland it is possible that some could place bets using this market.

Common Gaming Houses

Common gaming houses are the most frequently reported illegal gaming offence in the province. Of the 284 illegal gaming incidents that came to light during the research period, 183 involved common gaming houses . . . approximately 64%. Common gaming houses can be located anywhere - bars, restaurants, private residences, garages, or rented halls. Bookmaking also occurs in the back of some restaurants operating as common gaming houses. From the data collected it appears that within a twelve block section of Kingsway in Vancouver, there are at least nine addresses which are suspected of being common gaming houses. PII

Extent and Scope of Illegal Gaming in British Columbia

PII

The main issue concerning unlicensed gaming is the protection of the public. Common gaming houses can attract a criminal element and public safety is a concern. Twenty-five reports involved common gaming houses that were/are operated by Organized Crime figures, or which are frequented by gang members. Many of these are located in the back of restaurants and in addition to poker, bookmaking takes place, as well. Of particular interest are:

- ### V3: Ongoing Investigation

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Extent and Scope of Illegal Gaming in British Columbia

- V2: Informer Privilege

- Gino PALMIERI was reported to be hosting a private tournament style card game in the Coquitlam area. PALMIERI has both Hells Angels and Italian Organized Crime associates.
- David CHEUNG, is associated to Vietnamese gangs and the "Red Scorpions". He is running a gaming house/after hours club at 3207 1163 Heffley Cres, Coquitlam. CHEUNG admitted that he takes a rake from the poker winnings to help pay for the apartment. Members attending observed a poker table set up and there were no residential items. The apartment had obviously been set up for the purposes of parties and poker. A jar with several hundred dollars was seized and the cover charge on that night was \$5. The apartment was nicknamed "The Vapor Room".
- Bien Nho Café at 4884 Victoria Drive, Vancouver - There are several reports of card playing and gang associations. Hiep DO was shot and killed at this location on 2007-10-31. The motive is unknown.
- Richard BEZANSON, B: 1943-02-18, was believed to be operating an illegal gaming house at his home on Triumph St, Vancouver. Complainant said the house had a VGM and operated like a pub. The complainant also stated that the house was recently the target of a homicide on 2007-02-27, which coincides with the date of the BEZANSON murder.
- The investigation into an arson at a Langley garage determined there were gaming tables inside.
- Cliff TANG, who is well known to Asian Organized Crime investigators as a person associated to the manufacturing of counterfeit credit cards, V2: Informer
V2: Informer Privilege

V2: Informer Privilege

Protected “B”

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V2: Informer Privilege



PII



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Protected “B”

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Illegal Lotteries

PII

Most of them refer to unlicensed raffles,

PII

Internet Gaming

Recently, the Commonwealth of Kentucky, Justice and Public Safety Cabinet, put forth an order for the seizure and forfeiture of 147 internet domain names used to “promote, conduct and/or advance illegal gambling within the Commonwealth of Kentucky.”

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PII

In the historic case of Starnet, the accused plead guilty and so jurisdiction was not an issue.

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A recent media item reported that Internet games can also be rigged. The article stated that software running UltimateBet.com, one of the top 10 online poker sites, was able to be manipulated, allowing certain players to see their opponents’ cards. Players who weren’t winning noticed that certain players in the highest-stakes games were winning at astronomical rates. One player won \$300,000 in just 3,000 hands. Last year similar

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Extent and Scope of Illegal Gaming in British Columbia

allegations were leveled against AbsolutePoker.com. According to media articles, a small group of players, investigating claims of cheating, forced AbsolutePoker to admit that a cheater had cracked its software, and it refunded \$1.6 million to dozens of players. Media articles further state that AbsolutePoker and UltimateBet operate out of Costa Rica, run their games on computer servers housed on the Kahnawake Indian reservation near Montreal, and are licensed by a Mohawk tribe that does not answer to federal or provincial regulators.

PII

Bodog.com was a large Internet Gaming company investigated by IIGET in 2005. Calvin Edward AYRE, B: 1961-05-25, a former stock market manipulator (20 year trading ban issued by BCSC), is the principal behind bodog.com and its subsidiaries. This company is reported to have engaged in \$3.5 billion in e-commerce in 2004. Bodog had a portion of their operation in Vancouver, including Customer Service and Advertising.^{PII}

PII

PII

Subsequently, Crown Counsel advised that prosecution of bodog.com could be problematic because it does not accept bets that originate from Canada on their website. This exclusion rule is expressed in writing on their website and it is enforced through electronic mechanism (IP Scanning).^{PII}

PII

Pyramid Schemes

IIGET investigated one pyramid scheme over the three year research period. Platinum Choice had 3800 investors, or associates, selling online magazine subscriptions which totaled \$121,890. Investors also earned bonuses through pooled lottery tickets. The magazine subscribers paid an annual registration fee of \$25 and a subscription fee of \$24.95 every fourth week.^{PII}

PII

As a result of the investigation investors' accounts with Platinum Choice were closed down; Martin BLACKWELL was charged with fraud over \$5000, and Lotteries and Games of Chance. He was fined \$20,000 on each charge.

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Video Gaming Machines

Video gaming machines (VGMs) are the second most common type of illegal gaming offence reported in British Columbia. Of the 284 illegal gaming incidents that came to light during the research period, 46 involved video gaming machines . . . just over 16%. However, recent information suggests that in the larger centres, with some exceptions, VGMs are decreasing. This is likely due to the many casinos in the larger centres. Allegedly, it's very hard to make money on these now and many of the larger distributors have moved on. As mentioned previously in the Executive Summary, owners of these machines are alleged to share the proceeds of the VGMs with the businesses in which they are located.

V2: Informer Privilege

• V2: Informer Privilege

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- Peter JONES, B: 1954-04-27
JONES' activity as a VGM distributor occurred outside of the research period. However, he is worth mentioning here because in this case charges were laid and they have already been through court. JONES received an Absolute Discharge, and his company Ragman Billiards was fined \$5,000.

Extent and Scope of Illegal Gaming in British Columbia

Other Gaming Related Offences

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Cheat at Play / Horse Tampering / Odds Fixing

PII

PII

Most of these incidents occurred at casinos. Cheating is also a concern at common gaming houses, when the operators participate in the games. It was also reported in the media that it is possible to cheat on Internet games. The article stated that software running UltimateBet.com, one of the Top 10 online poker sites, was able to be manipulated, allowing certain players to see their opponents' cards. It also claims there were similar allegations against AbsolutePoker.com.

Some suspicious activity has been occurring in connection with BCLC Sports Action tickets. V3: Ongoing Investigation

V3: Ongoing Investigation

V3: Ongoing Investigation

V2: Informer Privilege

V2: Informer Privilege

ticket vendors used V3: Ongoing Investigation

V3: Ongoing Investigation

One of the BCLC Sports Action

V3: Ongoing
Investigation

However, a Provincial Court judge made a decision that the money had to be returned because authorities could not prove he had done anything illegal. We have still been unable to determine if there is cheating, odds fixing, or any illegal activities connected to these wins.

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Extent and Scope of Illegal Gaming in British Columbia

However, the drugging of race horses at Hastings Park Race Track in Vancouver was suspected in the early '90s. No further information is available and it is unknown whether these allegations were ever confirmed. A potential threat to horse racing could be from Organized Crime figures who are related to race horse owners. It's possible they could have some influence or access at race tracks.

Odds / Game Fixing is an important consideration, especially with the 2010 Olympics being held in Vancouver. There has been no confirmed reports on fixing games. However, in the '90s there were several media reports about the relationships of NHL players from the Former Soviet Union and Russian mobsters. The reports did not mention fixing games.

Open source / media information is where most of the information about odds / game fixing is found. Declan HILL, an investigative journalist, recently released a book called "The Fix". The book is mostly about soccer matches but he does mention that game fixing occurs at International events. In one of his interviews with a game fixer, HILL was told about the presence of fixers - he called them gamblers - at international tournaments. The game fixer said that they are found in every competition and claimed that it is done all the time in major tournaments . . . World Cup, Cup of Nations, etc. He stated further that the gamblers are Europeans and Asians and have a lot of money to bet on "these things".

HILL's book states that, in Singapore, in 1986, at an International tournament (the Merlion Cup) a group of players on the Canadian team had arranged with some gambling fixers to lose the semi-final to North Korea. HILL also talked to people who have claimed to fix Olympic games. One subject alleges that he fixed a game in the 1996 Atlanta Olympics: Tunisia versus Portugal. There was also information about Asian gamblers contacting the Ghana team at one of the Olympics so that they would lose to Japan. The author further states "The very least is that all parties, soccer officials, players and the fixers themselves agree that organized crime gamblers do regularly approach teams to fix games at international tournaments. They are able to do so easily, and sometimes they succeed. The question is, who is trying to stop them?"

According to HILL the 'early warning system" of using information from betting companies to monitor the gambling markets for fixes, would not be particularly effective at detecting all potential fixes. HILL claims that the amount of money bet on something like a World Cup Match is so great that you wouldn't be able to see many of the betting anomalies caused by fixing, especially if the fixers were helping the favourite team win.

Extent and Scope of Illegal Gaming in British Columbia

Media items documenting game fixing at Olympic events include:

- In 2002 Alimzan TOKHTAKHOUNOV, an alleged Russian crime boss was arrested in Italy on U.S. charges that he tried to fix the pairs and ice dancing figure skating competitions at the Salt Lake City Olympics. Italian police said that TOKHTAKHOUNOV may have contacted as many as six judges, and his alleged attempt to corrupt the games was widespread. He is accused of scheming to persuade a French judge to vote for the Russian pairs team and a Russian judge to vote in turn for the French ice dancing team. In exchange for fixing the event, the reputed mobster wanted a visa to return to France, where he once lived. Elena BEREZHNAIA and Anton SIKHARULIDZE won the gold medal by the slimmest of margins in pairs figure skating, defeating Canadians Jamie SALE and David PELLETIER. The judging scandal, the biggest in Olympics history, resulted in a duplicate set of gold medals being awarded to the Canadian pairs team.
- A 2008 media item states that China's badminton head coach has admitted ordering a player to throw a crucial tie at the 2004 Olympic Games. Two Chinese players, Zhou Mi and Zhang Ning, were drawn together in the semi-final tie. After watching Zhang win the first game, the coaching staff decided that she would have a better shot at winning the final against a non-Chinese opponent, rather than Zhou. So Zhou Mi was told not to work too hard and let Zhang into the final. The Chinese coach said he and the Chinese team had nothing to be ashamed of because it showed their patriotism.

According to the Canadian Press Newswire, the International Olympic Committee (IOC) acknowledged the threat of illegal gambling and match-fixing by setting up a special unit to check for suspicious betting patterns during the Beijing Game. The IOC signed with major betting companies to monitor any irregular gambling. They were also going to be working with Interpol on betting and general security issues. The 2010 Joint Intelligence Group is not looking into the illegal gaming aspect of the games as it is not a security issue. However, it might be appropriate to have our illegal gaming experts liaise with the special unit set up by the International Olympic Committee so that we can be proactive in protecting Vancouver's 2010 Olympics against illegal gaming activity.

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Conflict of Interest / Potential Corruption

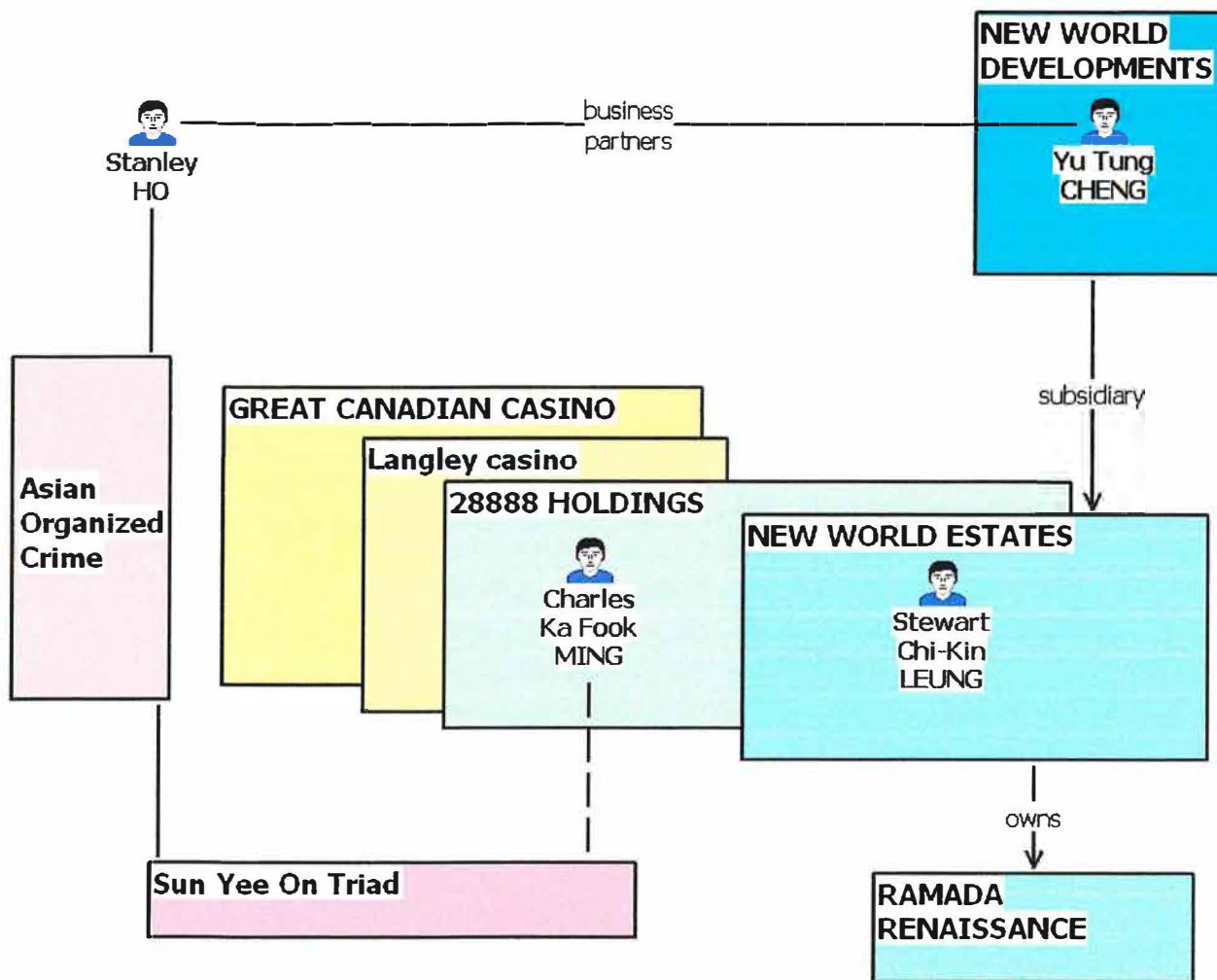
A conflict of interest or perception of corruption undermines the integrity of gaming in British Columbia and so this is a very important part of the report. As mentioned previously in the Executive Summary, casino staff have directed patrons to loan sharks or to common gaming houses. Some casino staff have also been known to act as card dealers in common gaming houses.

There was also a situation in 2006 where a conflict of interest was perceived. A competitor supplier of electronic bingo products alleged that the BC Lottery Corporation Director of Bingo had influenced the selection process in favour of a company employing her husband. There were conflicting opinions between Legal Counsel, Legal Services Branch, Ministry of the Attorney General, and the RCMP Commercial Crime investigator as to the likelihood of a conviction at this time with regards to a Criminal Code influence peddling prosecution. The RCMP Commercial Crime investigator was of the belief that the situation could be just as easily explained as merely technical breaches of conduct, acts of administrative indiscipline or administrative fault. In preparation for this report IIGET investigators recently followed up on the status of this file and were advised that the Solicitor General had asked that this decision be reviewed. The results of the review, at this time, are unknown.

Another area of concern is the circumstances surrounding Charles Ka Fook MING, B: 1934-11-05, his connections to the legitimate gaming industry, his Organized Crime connections, and the processing of his background checks.

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MING was the Chairman of Great Canadian Casino (GCC) until 2003-10-24. When GCC was first licenced in the early '90s information surfaced that connected MING to Asian Organized Crime through the Sun Yee On Triad. In 1993 GCC sold 20% of its Langley casino to MING. During the share transfer process MING's connections were investigated by the BC Public Gaming Branch (BCPGB). This involved a BCPGB representative, E.H. HINTZ, traveling to Hong Kong, at the applicant's expense, a normal procedure in approving gaming licences worldwide. HINTZ concluded that MING represented no risk and the share transfer took place. During this time New World Estates Ltd, owner of the Ramada Renaissance Hotel in Vancouver, made an application for a casino licence. A director of New World Estates, Stewart Chi-Kin LEUNG, B: 1938-12-21, was linked with MING in a BC company called 28888 Holdings Ltd. New World Estates was also identified as being a subsidiary of New World

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Developments of Hong Kong. The owner of New World Developments, Yu Tung CHENG was reported, at the time, to be the fourth richest man in Hong Kong. One of CHENG's business partners was Stanley HO, a wealthy Macao casino magnate. HO was found to have direct links to Asian Organized Crime by the US Senate Permanent Subcommittee on Investigations. On 1993-04-30 the BC Gaming Commission held a hearing to consider the casino licence applications for the Renaissance Hotel. The BCPGB representative, E.H. HINTZ, was present at the hearing but despite his knowledge of CLEU's findings concerning MING's connections to Yu Tung CHENG and Stanley HO, did not speak at the hearing. The casino licence was granted and New World was subsequently given permission to relocate MING's casino from Langley to the Renaissance Hotel. The BCPGP gaming investigator, E.H. (Al) HINTZ, retired as Director of Operations, Public Gaming Branch and went to work for Great Canadian Casino. At the time of this report HINTZ still shows, on their website as a Director of Great Canadian Gaming Corporation.

The integrity of gaming in British Columbia could also be impacted by the presence or influence or organized crime figures at BC gaming facilities. Although Robert (Bob) GREEN, a Hells Angels Nomad, was denied registration as a gaming worker so that he and his common law wife could be standard bred racing horse owners, he has relatives who are already involved in horse racing. GREEN's in-laws and his aunt have horses at Fraser Downs. GREEN's cousin, Leonard PELLETIER - also a criminal, is married to Cynthia PELLETIER who has a standard bred horse named "Twist My Rubber Arm". In September 2007 Leonard PELLETIER was in the paper as a victim of a gang style shooting. "A high-speed car chase in a quiet east Langley neighbourhood Tuesday ended with a black Hummer in a ditch and a spray of gunfire in a gang-style shooting just a few hundred metres from two schools. Police said the man driving the Hummer - Leonard Pelletier, an alleged Hells Angels associate, was taken to hospital with gunshot wounds." It is possible, because of their family connections, that GREEN and PELLETIER could have access or influence at BC race tracks.

Also, of interest, is that other attempts have been made by Hells Angels associates to become registered as gaming workers.

Another subject of interest is Salvatore (Sam) PALIDDA, B: 1946-11-03. PALIDDA, along with a partner, owns six or seven racehorses. There has been no new police information on PALIDDA for many years but dated information associates him to Italian Organized Crime. Other dated information indicates that PALIDDA owned a race horse at Exhibition Park; was a heavy gambler who patronized a number of illegal gaming houses, and had several thousand dollars out on the street in outstanding debts.

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Counterfeits

Counterfeits in the gaming industry can show up as money, casino chips, or altered pull-tabs. GPEB reports that since March 2008 they have had approximately forty reported incidents of legitimate pull-tabs that were altered, using a cut-and-paste method, to produce "winning tickets". There are suspects in these files but no apparent link to organized crime.

Additionally, since June 2008 there have been nine reported incidents where counterfeit money was passed through BC Lottery Corporation Self Service Terminals (machines where Keno, Texas Hold'Em, and Pacific Hold'Em tickets can be purchased), PII

The subjects producing the counterfeit \$20 bills are not necessarily the same subjects that are passing them through the BCLC terminals. A new type of BCLC Self Service Terminal is expected in the near future which should be able to address this problem.

Counterfeit casino chips have also surfaced. Several \$500 chips had been attempted to be cashed in at various gaming tables in the River Rock Casino. A total of forty-three fraudulent chips were passed within an hour and a half. All suspects stated that the chips were obtained from the tables where they were playing. To prevent this activity BC Lottery Corporation intends to use an electronic chip, to be used inside only the higher value casino chips, so that they could be instantly scanned for authenticity.

Fraud

Besides incidents of cheque frauds and embezzlement committed by people with gambling problems (see Cost to Society), there have been a few reports of telemarketing frauds, where victims are solicited by telephone or mail and are told they have won a lottery jackpot. They are then instructed to send their own money as an "advance fee" in order for the lottery winnings to be collected. The victims send money, but the lottery jackpot is never collected.

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Loan Sharking

As mentioned in the Executive Summary, our research identified forty-seven individuals who were involved in suspected loan sharking activities. This number includes “runners”, who act as a go-between the client and the actual loan shark. Anecdotally, some loan sharks are possessive of their “clients” and don’t like another loan shark to deal with them. They can also be involved in associated criminal activities such as money laundering and extortion.

V2: Informer Privilege

There are several PRIME files about loan sharks threatening their “clients” in order to get them to pay back money. However, as explained in the Executive Summary, victims of crimes associated to illegal gaming are often reluctant to call the police unless they feel they are in significant danger. Anecdotal information suggests that victims will sometimes contact the police as a way of buying more time with the loan shark.

Significant loan sharking rings are believed to be run by:

- Kim Muoi BANG, B: 1955-02-23

The BANG family is known for loan sharking in casinos and drug trafficking. Kim Muoi BANG and her husband Hung Nhan BANG, B: 1949-05-27) have been observed in the Great Canadian Casino on Broadway, and the Gateway Casino, along with a group of other individuals moving cash and chips on the gaming floor. Kim Bang has been involved as a loan shark for a number of years, and used to frequent the gaming places in Chinatown when she used to live in the area.

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**Extent and Scope of Illegal Gaming
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- Betty YAN, B: 1969-11-07

Information, believed reliable, indicates that Betty YAN aka "ah Tse", had one of the biggest loan sharking rings. **V2: Informer Privilege**

V2: Informer Privilege

V2: Informer Privilege They have a Porsche, a Mercedes and a Toyota Sienna. In 2007 they sold their Richmond home for \$2.680.000. **V2: Informer Privilege**
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- Bo Xiang LIANG, B: 1968-07-28, V2: Informer Privilege and his brother (believed to be Bo Xiong LIANG, B: 1967-10-27 V2: Informer sharks V2: Informer Privilege are alleged to be major loan sharks V2: Informer Privilege

V2: Informer Privilege

- Shue Teen WONG, B: 1931-06-10, was believed to be the resident loan shark at the Grand Casino on Marine Drive in Vancouver. He used the upper parking lot to conduct business - out of sight of the casino cameras. More current information suggests that he is now operating at the Edgewater Casino. Between 1970 and 1973 WONG was the Vancouver ring leader in a heroin smuggling operation, which used Scandinavian seamen as couriers, transporting drugs from Bangkok, Thailand to New York, San Francisco and Vancouver. WONG, a Canadian Citizen, was extradited from Canada to the USA to stand trial for his role in the \$117.5 million dollar narcotics supply system dubbed the Bangkok Connection. Seventy-one persons were charged with conspiring to import 300 lbs of heroin and 100 lbs of opium. WONG was described as the local ringleader who brought \$24 million dollars worth of heroin into Canada. He was acquitted on 1976-03-19 in New York. The reason WONG's past is worth mentioning here is that it shows he is/was a man of power with international connections. He probably has the ability to make very large loans and the connections to make sure he gets paid back with the appropriate amount of interest.

Extent and Scope of Illegal Gaming in British Columbia

V2: Informer Privilege

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Money Laundering

In June 2008 the RCM Police Criminal Intelligence Directorate, Criminal Analysis Branch produced a comprehensive report called Project Streak - Money Laundering in Casinos: A Canadian Perspective. The purpose of this report was to determine the vulnerability of Canadian casinos to money laundering and illicit organized crime activities. This document was very informative and had many points relative to the British Columbian situation. Particular points of interest were:

- Canadian casinos are extremely vulnerable to money laundering because they deal in cash and handle tens of millions of dollars every day.
- Organized crime is present in casinos at several levels. Members of organized crime regularly visit Canadian casinos to gamble. Many investigations have shown that members of organized crime also use casinos for criminal purposes (e.g. loan-sharking and money laundering) and that some of these criminal elements have successfully infiltrated the industry.
- Since 2003, FINTRAC (Financial Transactions and Reports Analysis Centre of Canada) has sent several disclosure reports to the RCMP on suspicious transactions involving casinos throughout Canada, with amounts totaling over \$40 million. Anecdotally, police managers have suggested that because of other priorities and a lack of resources, at this time, nothing is being done to investigate these situations.
- Self-service kiosks where patrons can cash in winning tickets or exchange currency, machines with bill acceptors, etc. are now available at many casinos.

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These new modes of operation make it easier for launderers to carry out refining operations⁵, obtain cheques and exchange currencies.

- When clients request a cheque at the time of cashing in chips or winning tickets from slot machines, no verification of any kind takes place. Casinos do not have the necessary resources to determine whether ticket amounts represent legitimate winnings.
- At present, casinos are under no obligation to report large cash transactions involving slot machines.
- Intentional losses can also be a way to launder money, using Roulette or poker. With Roulette accomplices simply agree to bet on red/black or even/odd numbers. Both players lose money during the game, but walk away essentially unscathed, after losing a nominal sum. With poker a specific player is pre-selected to win and receives a cheque for his/her total winnings. According to information received from an American law enforcement agency, some criminal organizations play online poker to pay for drugs. For instance, if a drug shipment is sent from Montreal to New York, the supplier and buyer play a game of on-line poker, with winnings subsequently redirected to the supplier as payment for the illicit shipment.

⁵ Refining often precedes the actual laundering of tainted money. A lot of criminal organizations have colossal amounts of cash, mostly small bills, in their possession. The purpose of refining is to decrease the bulk of large quantities of cash by exchanging small denominations for larger ones in order to more easily introduce the illegally-gained funds into the financial system. This preliminary step also serves to distance the dirty money from its illicit source by trading in bills that are often filthy, torn and sometimes contaminated for crisp new ones.

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All of the above noted information extracted from Project Streak comes with the following caveat:

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From a BC point of view we can corroborate that known gang members are often checked in casinos. Some gang members and associates have also been known to participate in legitimate poker tournaments. Their purposes for these activities may be just for entertainment but they could also be laundering money.

FINTRAC reports received here support the statement about large amounts of cash being processed through casinos.

- Nok SOUVANNARATH, B: 1961-07-01 was ordered deported in April 1995. He appealed the deportation order, but the appeal was dismissed and in January 1996 he was declared a danger to the public by the then-immigration minister. On 2007-08-10 he was arrested on 2007-08-10 on drugs and weapons charges. His spouse and two other family members were also arrested.

SOUVANNARATH's children are known associates of the UN Gang. FINTRAC reports the following suspicious transactions - from 2002-07-18 to 2002-09-14 SOUVANNARATH brought in a total of \$1,896,780 in cash to the Coquitlam casino and left with \$1,522,600 in cash/cheques. Another suspicious transaction was when Nok SOUVANNARATH and his brother Khasmene went into the bank and made a pre-payment of \$10,000 cash on Khasmene's mortgage. According to the Suspicious Transaction Report (STR), the source of funds were said to be gambling winnings of \$500,000 that the brothers said they would use to pay off the mortgage. Upon review of the mortgage file, it was discovered that Khamse had lied on his mortgage application in reference to his employment. According to the financial institution, Khamse SOUVANNARATH has been told that the branch would no longer accept cash deposits to which he agreed.

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Also in August 2002 Nok SOUVANNARATH deposited cheques totaling \$101,000 CAD drawn on the Great Canadian Casino Inc. On 2002-08-29 he withdrew \$30,000 in cash and purchased 2 bank drafts for \$50,000 and \$12,000 and the balance in his account was withdrawn using ATM facilities. During the period of August 2002 and August 2008 Nok SOUVANNARATH purchased over \$2.7 million in casino chips at Casinos in BC. Also, between February 2002 and April 2006 his spouse, Et SOUVANNARATH, purchased nearly half a million dollars worth of casino chips on behalf of Nok SOUVANNARATH.

- Bae Won GO, a resident of Langley, purchased casino chips with cash from 2003-03-19 to 2008-04-28 worth \$4,799,140.00 CAD and \$19,900.00 USD. Notably, from 2006-01-05 to 2008-04-28 purchases totaled to \$3,725,240.00 CAD and \$19,900.00 USD.
- Mi LI, B: 1964-01-14, purchased casino chips for a total of \$ 3,141,200.00 over a 5 year period. In 2008 (January to May) she made \$1,040,000.00 cash purchases of casino chips.
- Nakib AHMED is a "Professional Market Lending Specialist" employed by the Bank of Montreal in the Vancouver area. Financial transaction reports found in the FINTRAC database revealed that Nakib AHMED purchased casino chips with cash at four separate casinos in the Vancouver area in less than one year (February 2007 to January 2008) for \$4,939,022.50 CAD. In June of 2007, Nakib AHMED purchased casino chips worth \$3,287,675.00 CAD
- Paul Choy Onn CHU and Wendy CHU made casino chip purchases for a total of \$2,612,840.00. In a three month period Paul CHU purchased over \$1,000,000.00 of casino chips.
- Philippe Sy Pin LAM, B: 1954-05-31, had 179 weapons and 53,000 rounds of ammunition seized from his home in 1995. They included fourteen AR-15 and ten AK-47 assault rifles, twenty carbine-style assault rifles, eight Uzi machineguns, twenty-seven revolvers and twenty-five rifles. The guns were among more the \$2,000,000.00 (2 million) worth of property seized from his house. The FINTRAC database contains 285 large cash transaction reports totaling \$ 8,696,165.00 CAD and \$62,000.00 USD associated to LAM. There is also one suspicious transaction report concerning transactions totalling

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\$57,000.00 CAD. Transactions were made at Gateway Casino Burnaby; Royal City Star Riverboat Casino, New Westminster; River Rock Casino, Richmond; Edgewater Casino, Vancouver; and Starlight Casino, New Westminster.

Prostitution

Our research surfaced one prostitution file which was directly related to gaming. On 2006-08-17 the Vancouver Police Department executed a Search Warrant at a suspected Bawdy House (prostitution house) operating at 1431 West 52nd Avenue in Vancouver. Eight Malaysian females were found to be working at the house as prostitutes. One of the subjects indicated she had a gambling debt to pay off in Malaysia and was working in Canada to satisfy the debt. Anecdotal information indicates that in some cases, because of the stigma of prostitution, working girls will claim they were forced into prostitution because of gambling debts.

Thefts / Embezzlement

One incident of theft concerned a male stealing laptops and selling them to repay gambling debts of around \$10,000 which he had incurred over a 6 month period.

In another case, money and credit cards were stolen. The credit cards were used to make purchases, which were then returned and the money used at the casino.

There was also a report of a Canadian Tire employee who had been stealing money from the weekly deposits. The subject admitted she had a gambling problem and had taken the money, using it to buy lottery tickets and frequent the casino.

Another file of interest is an embezzlement of \$423,000.00 by the Financial Officer of Jordans, a retail carpet store. More information on this investigation is found in the Cost to Society segment of the report.

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Violence

Extortion

In one extortion file a victim borrowed \$500,000 from a loan shark in the River Rock Casino in Richmond to gamble. She was able to pay \$200,000 back to the loan shark by using her house as collateral to borrow money from the bank, but still owed \$300,000. The loan shark threatened her that if she could not come up with the money, her place of business and her house would be burnt down and that she would be killed.

Another victim of extortion borrowed up to \$100,000 on several occasions from a loan shark. The victim paid \$140,000 (due to the usurious interest assigned to the debt by the criminal) and advised he would have to go to China to get the rest of the money. Subsequently the victim's nephew was the recipient of indirect threatening remarks, a brick was thrown through the window of the victim's residence, and he was threatened that if he did not repay the debt, the loan shark would have his house burnt down and his son beat up.

In yet another file the victim had a gambling debt of \$15,000 of which he paid back a portion. The loan shark subsequently kept increasing the amount owed to \$30,000, then \$80,000, \$200,000 and then \$210,000. The loan shark advised that he knew everything about the victim and where he lived, making the victim fear for his and his family's safety.

Again, victims of a loan shark reported that they had borrowed approximately \$1,000,000 over two years for gambling. The debt and interest had been paid, however the loan shark had shown up at the door wanting to collect an additional \$8,000 for final payment. The loan shark suggested they sell their house if they couldn't pay.

Kidnapping

In May 2006, the eight year old daughter and six year old son of Dong Quang NGUYEN (mentioned previously in this report as a common gaming house operator) were abducted at gunpoint. One of the suspects, Hieu Thanh NGUYEN, B: 1981-01-01, has stated on a previous occasion that he makes his money from gambling at the local casinos. and information believed reliable V2: Informer Privilege

V2: Informer Privilege

A neighbour saw the children climb out of the trunk of a stolen vehicle and called police. They were recovered safely and one suspect was taken into custody.

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Another kidnapping involved victim Anthony GILL, B: 1950-04-11. He was abducted outside of his apartment complex, had a mask or bag placed over his head, and was repeatedly asked to produce \$30,000.00. He was threatened with death, beaten about the head with a handgun, and repeatedly stabbed while being driven to Coquitlam. Also, while enroute a shot was fired from the gun in an attempt to intimidate GILL further. Once in Coquitlam, GILL who had denied having \$30,000.00 to the suspects, was pulled from his vehicle and left on the side of Pipeline road; in a heavily wooded and uninhabited area along the roadway. The two suspects returned to GILL's apartment complex where they parked GILL's vehicle in its parking stall and then left the area. After walking about 1 km, he came across a house, awoke the owner who then called for the police and an ambulance. GILL eventually admitted to investigators that he was involved in illegal gambling activities and that this may be why he was targeted. Inside his home investigators found evidence that GILL was operating a "bookie" agency.

Murder

Santo SPITALE, B: 1960-09-17 was the victim of an attempt murder at the Café Roma in Vancouver on 2007-05-10. **V2: Informer Privilege**
V2: Informer Privilege Savash Hasan AKBAY, aka Turk, B: 1977-09-21, who was charged with this offence **V2: Informer Privilege**

Richard BEZANSON, B: 1943-02-18, was murdered on 2007-02-27 at his home in Vancouver. Although the motive for his murder is unknown, he was believed to be operating an illegal gaming house at his home which is alleged to have had a Video Gaming Machine, and was being operated like a pub.

James Po Ho CHEUNG, B:1962-04-15, was found shot to death in Vancouver in December 2007. He was the president and CEO of a Nevada based, and Costa Rican operated, internet gambling company called 777 Sports Entertainment Group. The motive for his murder is unknown. CHEUNG was also involved in other activities and investments schemes and is believed to have owed people money.

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Rong Lilly LI, B: 1965-02-26 went missing in May 2006 and was subsequently found murdered in September 2006. LI was a loan shark and the suspects thought that she would have money on her. One of the suspects is believed to have owed as much as \$70,000 to other loan sharks. After she was murdered it is alleged that the suspects found about \$2000 in casino chips and \$500 cash on her person, which they eventually lost at the casino.

Robbery

As mentioned above, murder victim LI was robbed and killed. In addition, Tracey WU,
V2: Informer Privilege was robbed after being at the casino. Four males held a gun to her head, rifled her car and stole her purse containing about \$700 cash and \$2 -3 thousand dollars worth of casino chips.

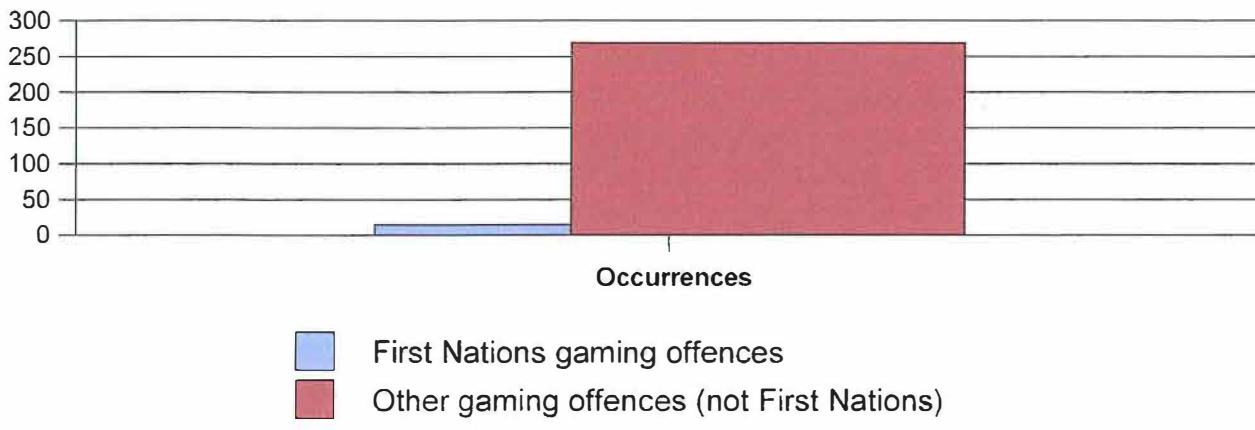
Extent and Scope of Illegal Gaming in British Columbia

Illegal Gaming Operators

First Nations

Illegal Gaming in BC

2005-11-01 to 2008-10-31



First Nations gaming offences	15
Other gaming offences (not First Nations)	269

Illegal gaming in First Nations communities does not appear to be a major issue in comparison to the amount of illegal gaming in the rest of the province. Over the three year research period there were only 15 reported occurrences associated to First Nations out of 284 total reported occurrences for the whole province . . . just over 5%. Most of the First Nations illegal gaming were incidents involving Common Gaming Houses.

In 2007 it was determined that the Campbell River band was conducting an illegal game of Texas Hold'Em poker. It was estimated that the game was making several thousand dollars each night, but investigators were unable to determine where the profits were going. A warning letter was sent to the band after the investigation and the game was

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shut down. No charges were laid.

Other illegal gaming of bingos, the sale of "pull tab" style tickets, and poker are being conducted in the New Hazelton area. Warning letters have been sent, but it appears the activities are continuing.

Anecdotal information supplied by Cranbrook RCM Police Aboriginal Policing suggests that young males have tried to run No Limit Texas Hold Em events in at least one First Nations community, and that an incarcerated aboriginal gang member had his released cell mate monitor his illegal activities including gaming concerns while he was in prison.

Mixed Martial Arts (MMA) fighting events are sometimes held on Reserves. Bets are believed to be made on the fights and the events attract a criminal element. On 2008-02-15 on the Musqueam Reserve in Vancouver, Timothy THURSTON, a trained Mixed martial Arts fighter was shot in the leg. Denis KANG and William MAHOOD came to his aid. All three subjects have associations to organized criminal organizations and/or criminal gangs. The victim was uncooperative, other than advising he used to be a bouncer and had, in the past, dealt with a number of unknown subjects believed to be gang members. The motive for the shooting is not known. However, it is not believed to be connected to illegal gaming.

Organizers of MMA events may be moving toward holding the events on Reserves because they are banned in some municipalities. MMA organizers in Ontario have set up the Grand River Athletics Commission and hold MMA events on the Six Nations Reserve. This is probably because Ontario has implemented a province-wide ban on MMA fights. In British Columbia municipalities have the power to permit MMA fights if they so choose. Vancouver City does not always allow MMA events and this may be why the above noted event was held on the Musqueam Reserve. The controversy surrounding gaming regulations on Reserves may also influence people holding illegal card games, in that they may choose to have their event on a Reserve, hoping to avoid law enforcement.

There is conflicting information regarding the support for gaming in First Nations communities. Some First Nations representatives believe it is their legal right to conduct commercial gaming activity on their land. They feel that the regulation of gambling on Reserves should be left to the First Nations and that provincial regulations should not apply. On the other hand, First Nations people who have been charged with running a Common Gaming House have not always been supported by their Band in funding a lawyer if the gaming activity was more for personal profit as opposed to the benefit of the community. There is also a third group that is agreeable to having

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gaming contracts with the Provincial government.

The British Columbia Lottery Corporation (BCLC) has indicated there is growing interest by various B.C. First Nations in offering legal gambling venues in their communities. Several communities are in various stages of discussion with BC Lotteries Corporation including; the Westbank First Nation (near Kelowna), the Osoyoos First Nation (in the south Okanagan) and the Shuswap (near Invermere).

Currently, there are two First Nations who have contracts for large-scale legal gaming with the British Columbia Lottery Corporation (BCLC). Chances Cowichan, a Community Gaming Centre, was opened on 2007-03-03 and is operated by the Cowichan Tribal Council. It includes 90 touch screen bingo terminals, the more traditional paper bingo, 74 slot machines, 1 electronic game and lottery products. The Klunaxa-Kinbasket Tribal Council operates the Casino of the Rockies in the St. Eugene Golf Resort and Casino on the St. Mary's Reserve in Cranbrook. The casino/resort incorporates the restored former St. Eugene residential school and has been in operation since 2002. It houses 15 gaming tables and 225 slot machines. The Cranbrook casino is considered a "best practice" area, yielding \$5,000,000 per year in gaming revenues for BC. However, the Band has a \$33,000,000 debt on the project and wants to sell the operation for a profit that the Band can re-invest in a more legitimate and risk adverse enterprise.

Although there is a lack of documented reports on gaming related crimes in connection to gaming in First Nations communities, anecdotally it is safe to assume that similar problems of addiction, loan sharks, money laundering, etc. exist, as they do in other communities. In the Cranbrook area, police have found Elders listed on pawn sheets due to gambling addictions. Drug traffickers have also been noted loitering around the St Eugene's Casino.

Gaming on First Nations land is a controversial issue. As mentioned previously, there are different opinions amongst First Nations individuals on who and how gaming should be regulated in their communities. Currently unauthorized gaming on First Nation Reserves has been initially handled in the same way as unauthorized gaming has been handled everywhere else in the province. Warning letters, education, and meetings are the first attempts to persuade the operators to conduct licensed activities. In the event that such a social regulatory approach fails, the police of jurisdiction lead all subsequent law enforcement action in relation to Criminal Code offences. However, in dealing with First Nations matters, District Officers and advisory NCOs consulted were unanimous in their assertion that the activity was minor in nature and that no significant organized crime and/or public safety issues had arisen. Enforcement action, at this time, risks

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jeopardizing ongoing negotiations between the Province and the First Nations Leadership Council on other matters of significance.

To date, the IIGET Consultative Board has supported IIGET's interaction and close involvement with the RCMP's "E" Division Aboriginal Policing Services to identify educational and/or community partnership solutions to the problem, as opposed to a "zero tolerance" enforcement policy. An operational decision was also made by the IIGET Consultative Board in 2007 to have First Nations Constables manage the issue. This has met with success in most areas of BC.

An effectiveness review of IIGET, completed in November of 2007, recommended to the IIGET Consultative Board that a political decision be sought from the Province, to provide clarity to IIGET with respect to its long-term role in enforcing gaming laws on First Nations lands. General discussions with the Attorney General's Branch have not yet led to an agreement in principle in regards to the potential for a prosecution on illegal gaming occurring on Reserves. As there is no justification for an enforcement action at this time, given the potential of such activity to jeopardize other important negotiations, it is recommended that this matter be addressed in a consultative manner with senior First Nations representatives at a future Deputy Commissioner's Advisory Committee meeting.

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Asian Organized Crime

Asian organized crime (AOC) figures are believed to be involved in illegal gaming activities of operating common gaming houses and bookmaking, along with other gaming related offences such as loan sharking, extortion, and money laundering. Because loan sharks will often have runners working for them, and bookmakers will have contacts to "lay off"⁶ bets, most of these operations meet the Canadian definition of organized crime.⁷

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There is a large Asian

population in the Lower Mainland and it is possible that Vancouver bookmakers could be a part of this market.

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⁶ - An important factor required by the bookmaker is a source for laying off bets. This is to say that when the bookmaker has excessive action bet on one team and very little on the second team he will contact another bookmaking organization and lay off a portion of his action to this bookmaker in an attempt to balance his books. By keeping his books balance the bookmaker will not lose no matter who wins. Most bookmakers will have lay off contacts in other cities throughout the continent.

⁷ The present legal definition is found within section 467.1(1) of the *Criminal Code of Canada*, which states a "criminal organization" means a group, however organized, that:

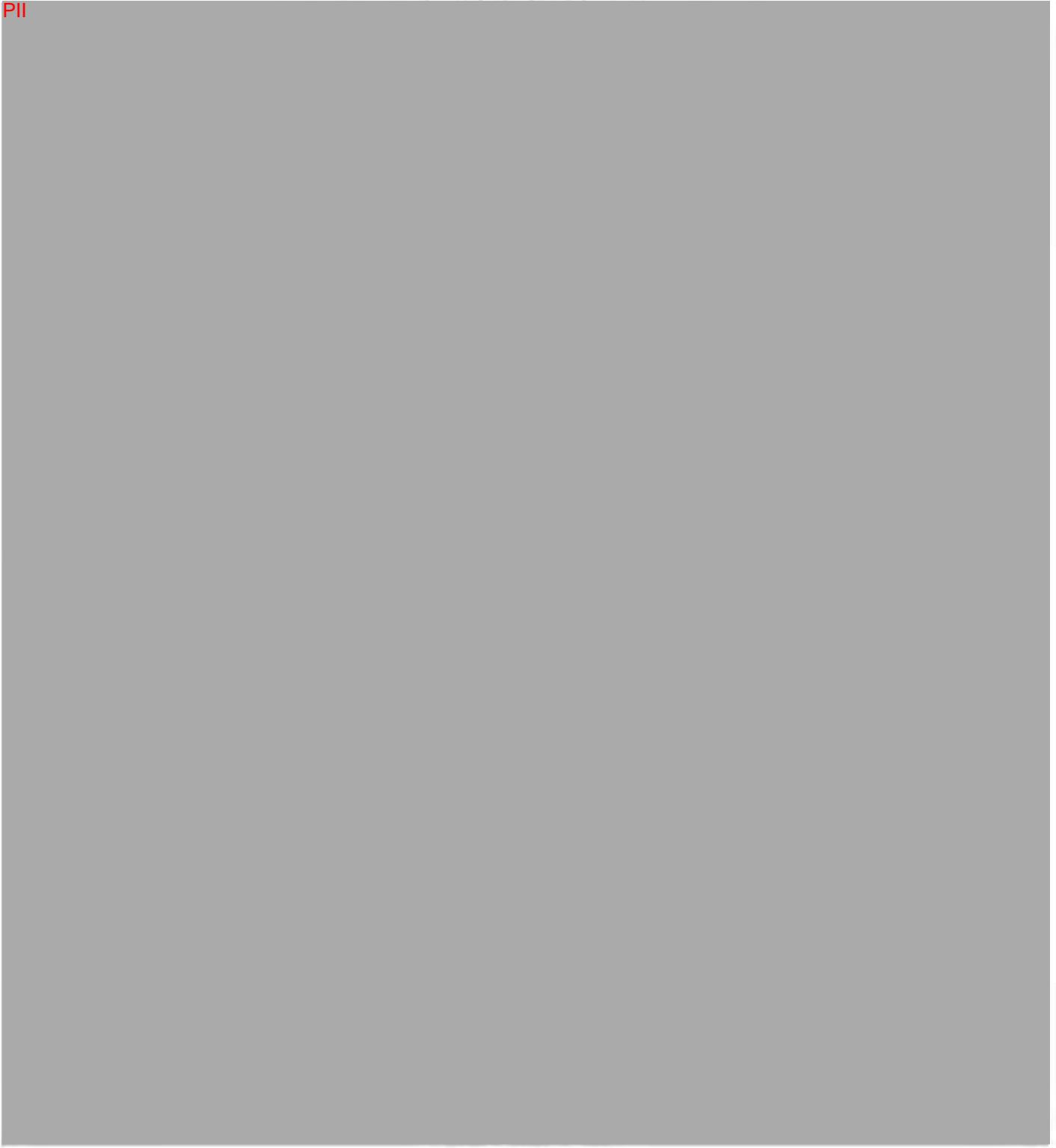
- (a) is composed of three or more persons in or outside Canada; and,
- (b) has as one of its main purposes or main activities the facilitation or commission of one or more serious offences, that, if committed, would likely result in the direct or indirect receipt of a material benefit, including a financial benefit, by the group or by any one of the persons who constitute the group. This does not include a group of three or more persons that has formed randomly for the immediate commission of a single offence.

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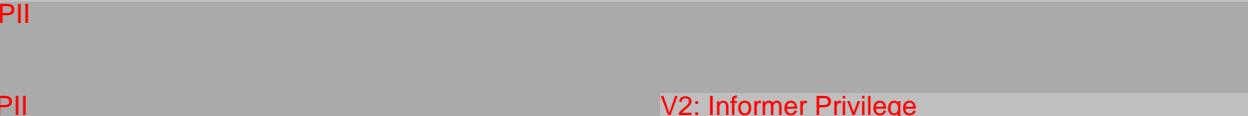
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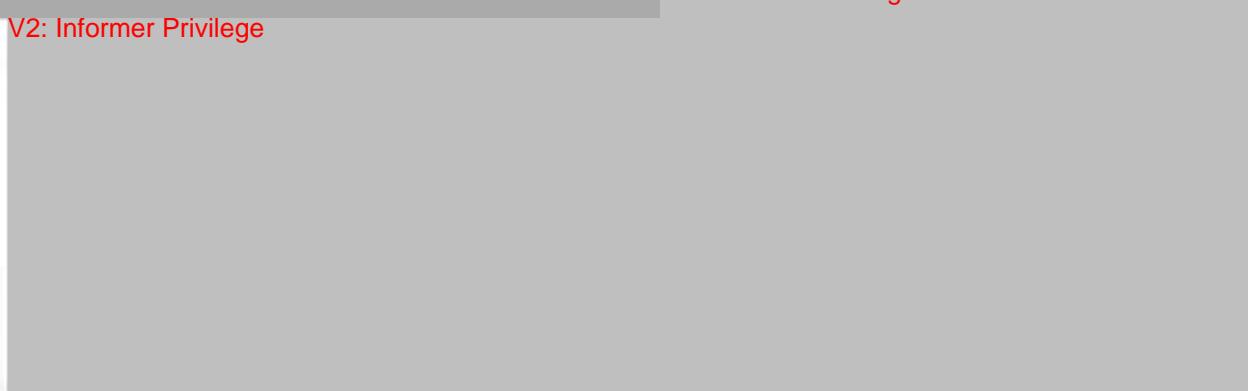
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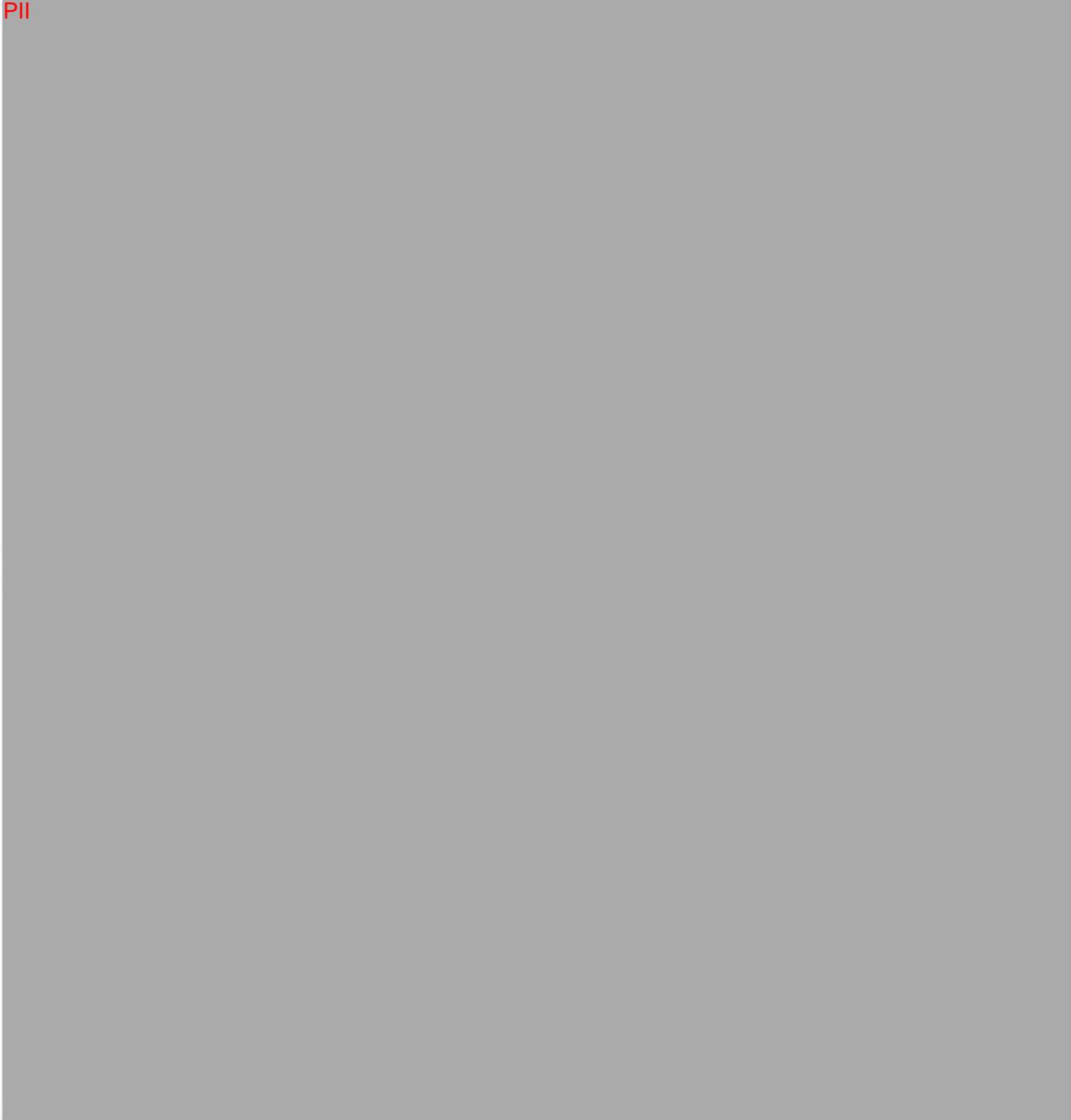


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Hells Angels

Members and associates of the Hells Angels are believed to run common gaming houses, operate as bookmakers, and may be involved in the illegal resale of lottery tickets. They have also attempted, succeeding in some cases, to infiltrate legitimate gaming operations.

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V2: Informer

V3: Ongoing Investigation



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V3: Ongoing Investigation

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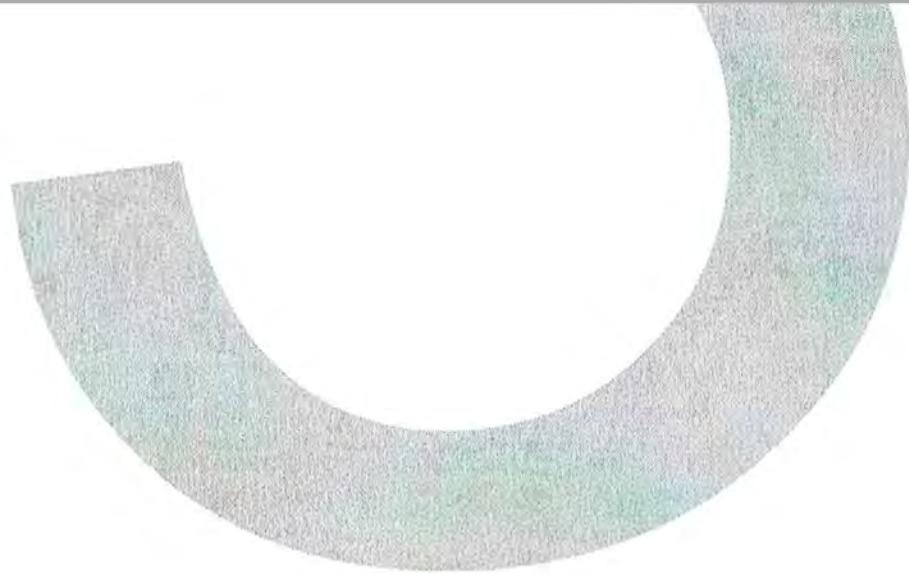
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Italian Organized Crime

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V2: Informer Privilege



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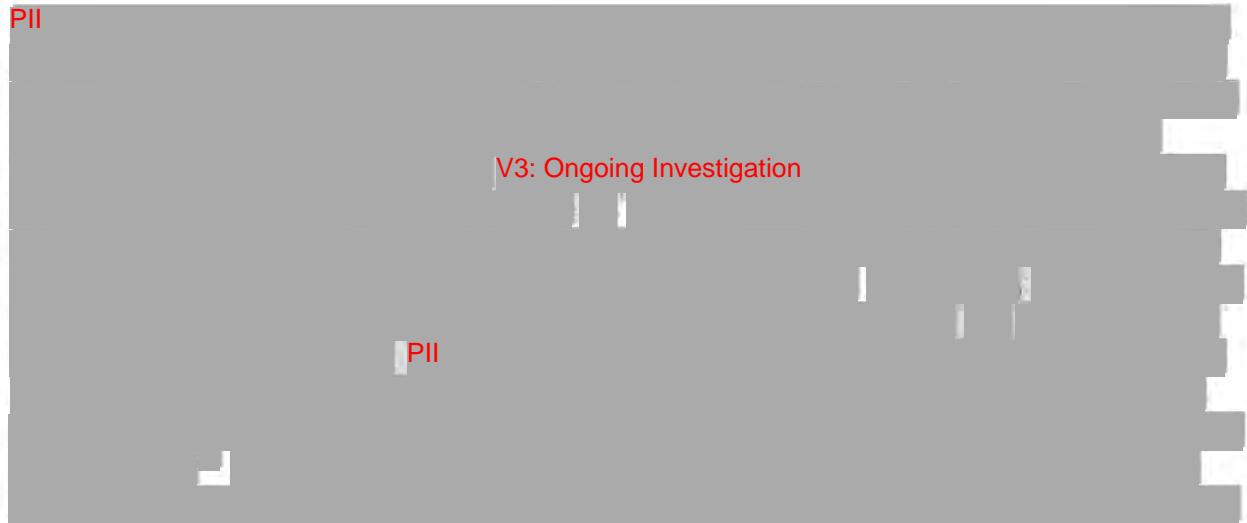


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V3: Ongoing Investigation

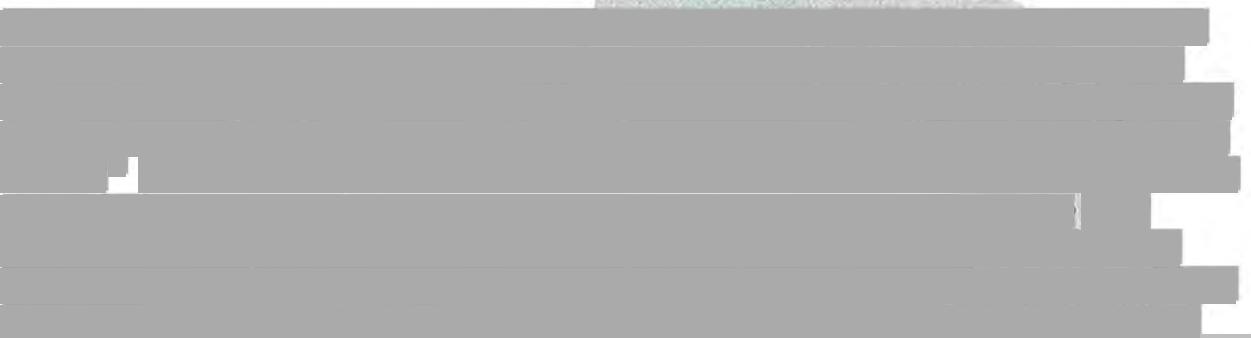
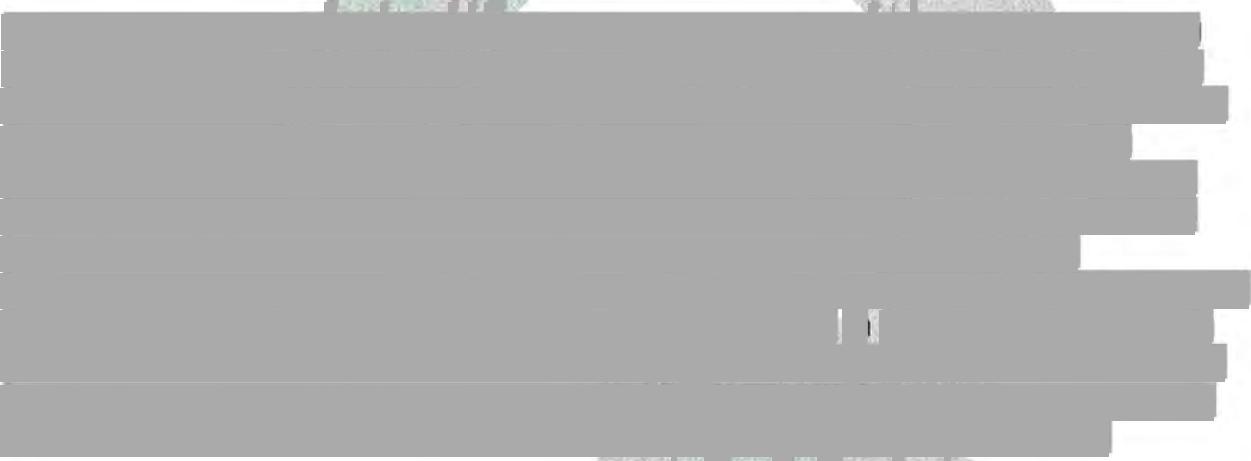
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Cost to Society

Again, this is a difficult area to measure. As it has been mentioned, offences motivated by gaming are not usually described as such in police data banks. Some public safety issues such as murder, kidnapping, robbery, and extortion have been reported in connection to victims' involvement in gambling. These offences have been documented in the Other Gaming Related Offences portion of this report.

The TAHVILI escape, as noted in the Executive Summary, was facilitated by a jail guard with an alcohol and gambling problem. This put the public at risk, as TAHVILI has been described as the head of an organized Persian crime ring, a drug dealer and a money launderer. He had been awaiting sentencing on numerous charges relating to the kidnapping and torture of a Surrey man and is also facing extradition to the U.S. on charges of running a telemarketing scam that victimized seniors.

The Graham McMYNN kidnapping is not believed related to illegal gaming. However, the kidnappers were assisted by Tunnie Nam VU, B: 1979-08-05, who leased a house for the purpose of holding the victim. In exchange, the alleged leader of the kidnapping plot, Anh The NGUYEN, B: 1985-09-06, promised to cover \$7,000 of VU's gambling debts.

The use of legitimate gaming facilities to launder money, helping criminals to prosper in their illicit activities, is a cost to society.

There is also a cost to society in calls for service for law enforcement agencies; not only financially but in time police officers spend on these files, keeping them unavailable for other calls. We were able to surface calls for service in ten family disputes which were related to gaming issues. Two incidents related to child neglect - a five year old was wandering back and forth on Kingsway in Vancouver while his father was in a common gaming house playing poker, and three children were left unattended at the Starlight Casino in New Westminster. Four calls for service were related to possible or potential suicides of people with gambling problems.

An example of how a gambling problem affected one person's life is the case of Amy BIRT who started winning a little on slot machines and saw it as a way to supplement her income. Then, when she lost everything and went through self-exclusion from the casinos, she turned to the internet gaming sites. BIRT had a good job as an Financial Officer at Jordans, a retail carpet store, but, because of her gambling problem, started issuing company cheques to herself and depositing them into her personal bank

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account. It is estimated that she defrauded Jordans for about \$423,000. BIRT was fired and pled guilty to Fraud Over \$5,000. Crown Counsel will be asking for a custodial sentence between 2 - 3 years but investigators believe that defense will request a conditional discharge.

Recommendations

The following recommendations are made for the consideration of the Consultative Board. Any or all of these recommendations would require significant financial support, and / or consultation with stakeholder groups and a renewal of the IIGET MOU to accomplish. All recommendations arose during our research and / or examination of best practices protocols in outer jurisdictions.

Recommendation #1- Use other charges such as Criminal Organization charges, Conspiracy charges, Proceeds of Crime legislation, or civil forfeiture in combating illegal gaming.

Recommendation #2- Use Revenue Canada to investigate offenders, to take the profit out of illegal gaming.

Recommendation #3- Use Immigration laws for deportation of certain offenders.

Recommendation #4- The continued use of the media for successful enforcement to serve as a deterrent, giving criminals a “heightened sense of risk”.

Recommendation #5- That IIGET be the central repository for all gaming related criminal information. At the present time gaming related criminal activities are investigated by the police of jurisdiction. This serves to fragment operational knowledge and is not in the best interest of intelligence led policing.

Recommendation #6- An annual or bi-annual data collection and illegal gaming threat assessment would be accomplished.

Recommendation #7- IIGET would follow a system similar to that of the Ontario Provincial Police (OPP) Organized Crime Section Illegal Gambling Unit, which is provincially funded and its specialized service is available to all police agencies in Ontario.

Recommendation #8- IIGET will take a leadership role in a province-wide co-ordinated

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enforcement initiative to combat organized crime elements engaged in illegal gambling.

Recommendation #9- Pyramid Schemes investigations will be undertaken by the RCMP Commercial Crime Section.

Recommendation #10- IIGET will receive an increase of resources, to include 25 investigators and a full time tactical /strategic analyst.

Recommendation #11- The RCMP Internet Section will undertake the Internet gaming investigations - or a person from that Unit is to be imbedded person within IIGET.

Recommendation #12- A designated Crown Counsel for IIGET will be identified.

Recommendation #13- A mandatory illegal gaming training component for recruits from the JIBC or Depot will be developed.

Recommendation #14- A dedicated IIGET component or liaison for the 2010 Olympics.

Recommendation #15- Police computer data bases will be amended to better categorize and capture illegal gaming activity.

Recommendation #16- FINTRAC reports be forwarded to the appropriate CIS Probe Teams for follow-up.

Appendix Z

March 13, 2009 ‘E’ Division Broadcast: Dissolution of Integrated Illegal Gaming Enforcement Team (IIGET)



To: All Members "E" Division
From: Criminal Operations Branch
"E" DIVISION BROADCAST

**Dissolution of
Integrated Illegal Gaming Enforcement Team (IIGET)**

Established in 2004 under the terms of a Memorandum of Understanding (MOU) between the Gaming Policy and Enforcement Branch (GPEB), Police Services Division (PSD) and the Royal Canadian Mounted Police (RCMP), IIGET was created due to a growing concern about the enforcement response to illegal gaming in British Columbia and acted within the regulatory framework of the Gaming Control Act.

IIGET was dedicated primarily to preserving the integrity of legal gaming in this Province and targeted illegal gaming activity such as; illegal lotteries, common gaming houses, the distribution of illegal video lottery terminals, animal fights, bookmaking, and internet gaming.

Other activities of the IIGET included; the education of partner agencies, the gathering and recording of intelligence and reporting on the scope and extent of illegal gaming provincially.

On 2009-02-18, given exigent funding pressures, criminal enterprise activity and/or other operational and investigative priorities, a decision was made *not to seek a renewal of the current MOU for the IIGET*.

Please be advised that effective April 1, 2009, the IIGET is to be collapsed and will cease to exist as a unit. As IIGET will no longer be in a position to take on illegal gaming investigations, the relevant "police force of jurisdiction" will now be responsible for illegal gaming investigations.

For matters relating to legal gaming venues within the Province, members may contact the British Columbia Ministry of Housing and Social Development, Gaming Policy Enforcement Branch (GPEB), Investigative Division, which will remain active and provide assistance in matters relating to their mandate. The contact phone number for GPEB is 604-660-0245.

Appendix AA

December 2009 Correspondence

From: "Begg, Kevin L SG:EX" <[Personal Information](#)>
To: [Personal Information](#)
CC: [Personal Information](#)
Date: 2009/12/17 1:19 PM
Subject: Re: Fwd: Media A-TIP - IIGET

Thanks for providing me with this overview of the A-TIP.

Kevin

----- Original Message -----

From: Craig CALLENS <[Personal Information](#)>
To: Begg, Kevin L SG:EX
Cc: AI MACINTYRE <[Personal Information](#)>
Sent: Thu Dec 17 12:50:18 2009
Subject: Fwd: Media A-TIP - IIGET

Kevin,

Below for your information.

Craig

C. J. Callens, C/Supt.
Deputy Criminal Operations Officer (Contract)
"E" Division
RCMP

[Personal Information](#)

>>> Wayne HOLLAND 2009-12-17 11:07 >>>

ISSUE - the dissolution of IIGET on March 13 2009 continues to capture the attention of a limited number of media, principally Sean Holman (Public Eye On-Line - Canwest News Service). Port Moody C/CST. Brad Parker has advised that he had recently been approached by Holman - in his capacity as an IIGET Consultative Board member, and had been asked questions on (1) the Teams dissolution, (2) the existence of a threat assessment on illegal gaming that had been accomplished by IIGET in 2008, (3) the existence of a business case for an expansion of the Team that had been produced in 2007, and lastly, (4) confirmation of the reason(s) for the Team being dissolved. A number of A-TIP requests have been filed by Mr. Holman to date.

BACKGROUND - the decision to dissolve the Team was not made by the RCMP, who were first made aware of the possibility of a dissolution of the Team at an IIGET Board meeting on December 16, 2008. At that time we were advised the decision to close the Team, if it came, may be coming as a result of direction from Treasury Board (perhaps as a budget reduction measure). A few weeks later, the decision was indeed made by the Ministry of Housing and Social Development, who is responsible for gaming enforcement. Mr. Holman has made renewed efforts to clarify the reason(s) for their decision. On that issue, RCMP media relations personnel have advised Mr. Holman that "the decision was due to funding pressures and other operational investigative priorities". and have always referred him to the proper Ministry for further information. The Ministry of Housing subsequently told Holman on July 22nd 2009 that the reason for the dissolution was that "IIGET's investigations overlapped with local police investigations. As a result, it was decided it would be more efficient for the ministry's gaming inspectors to work directly with those local forces rather than with the integrated team."

In short, they made no mention of budget considerations having been a driver for the Ministry's decision

to terminate the Team.

On October 28th 2009, Minister Rich Colman told Sean Holman that the reason for the dissolution "had nothing to do with funding pressures, because if there had been something said that this was being effective and we had received a business plan and those sort of things it would have been a total different discussion."

CURRENT STATUS - C/CST. Parker was non-committal to Mr. Holman, with regard to any specifics on the Team's dissolution. He recommends that a co-ordinated position and potential response be arrived at promptly, given that Mr. Holman is desirous of interviewing the former OIC and other past members of the Team. Further, Mr. Holman feels that Mr. Coleman has deceived him by alleging that budget reduction had not ever been a consideration in the closure of the Team (it had been), as well as Coleman's assertion that a business case had not been forthcoming with regard to a continuation and expansion of the Team (it had indeed been produced and submitted to the Board). Holman also believes that the RCMP had deceived him recently when he had A-TIP'd the RCMP for a copy of the illegal gaming threat assessment. He had been advised that "none had been done since 2000". Note: a data collection and illegal gaming threat assessment had indeed been done and submitted to EDCAS, who had provided the analyst for the initiative.

STRATEGIC CONSIDERATIONS - (1) Mr. Holman should be advised by RCMP media of the existence of the threat assessment, and allow him to A-TIP the document - it may be that Holman requested the wrong document and described the report insufficiently. Please be further advised that Holman has already requested the business case, and will have received it this week or next. Finally, he has also requested the effectiveness review done on IIGET prior to its dissolution (that report recommended the continuation of IIGET and even an expansion of the Team.) (2) A consolidated position should be arrived at with regard to our response, if any to any future articles Mr. Holman may disseminate, recognizing that the decision was not fundamentally supported or expected by the RCMP prior to 2008-12-16 and that Mr. Coleman's Ministry should be aware of what well may have been inadvertent and/or uniformed statements made by the Minister.

Inspector Wayne Holland
OIC - I.M.P.A.C.T. (Integrated Municipal Provincial Auto Crime Team)
#306-7485-130 Street, Surrey, B.C.
V3W 1H8

Personal Information

Appendix BB

Overview of the Report on the Integrated Illegal Gaming Enforcement Team (IIGET)
Effectiveness Review by Consultant Catherine Tait”

**Overview of the Report on the
Integrated Illegal Gaming Enforcement Team (IIGET)
Effectiveness Review
By Consultant Catherine Tait**

The Tait report was prepared for the Police Services Division of the Ministry of the Solicitor General and Public Safety and submitted in January 2008.

TIMELINE

2004/05	<ul style="list-style-type: none">▪ A memorandum of Understanding (MOU) was signed between the Police Services Division, GPEB, RCMP and BC Lottery Corporation in March 2004 (for a 3 year term) to create a specialized police unit dedicated to the investigation of illegal gaming.▪ Staffing of the RCMP positions (12) took almost a year; employees were subsequently sent to Ontario for a 2 week training course on illegal gaming investigations.▪ The focus of investigations were on common gaming houses and illegal gaming machines, and operations.
2005/06	<ul style="list-style-type: none">▪ Significant RCMP staff turnover took place, while GPEB positions remained stable.▪ Only 2 RCMP members were with IIGET since its inception (October 2004).▪ A full complement of staff was available for 3 months of the 3+ years of operations.▪ There were 4 incumbents and 1 acting staff member in the Staff Sergeant position over the 3+ years of operations.
2006/07	<ul style="list-style-type: none">▪ The Consultative Board directed GPEB investigators to focus on low-level investigations and the higher level targets were a focus of the RCMP investigators.▪ RCMP investigators focussed on one high-level case that was transferred to an American enforcement agency; no other "take downs" of illegal gaming occurred in BC that year.▪ RCMP efforts were re-focussed at the end of the year to mid level targets.
2007/08	<ul style="list-style-type: none">▪ IIGET was extended for one year and then terminated on April 1, 2009. RCMP staff reverted to detachments and GPEB investigations staff continued operations with available resources.

KEY ISSUES IDENTIFIED IN THE TAIT REPORT

The mandate was too broad: The mandate: to "*maintain the integrity of public gaming in British Columbia by enhancing the level of enforcement specifically targeting illegal gaming*"; and the objectives of **education & partnership, intelligence and enforcement**, were too broad to allocate the available resources adequately in order to

achieve the objectives. Performance evaluation of IIGET did not show dramatic results in meeting these objectives. Data was not managed or reported adequately.

Investigations - a lack of focus: Resources were used to target low risk compliance issues. The RCMP focus on a high level investigation in 2006 used the RCMP resources and did not bring results. IIGET's ability to tackle high level investigations was not demonstrated. Staffing issues and turnover further compromised investigations and knowledge transfer.

The cost to establish and resource the team: The MOU detailed partnership contributions that included 12 RCMP officers with support of GPEB staff. Direct and in-kind expenditures for IIGET totalled approximately \$6 million over 3 years:

- BCLC contributed \$3.7 M and had budgeted \$5.4 M
- Federal government (Public Safety Canada) contributed \$1.2 M
- GPEB contributed approx. \$1.1 M (in-kind contributions)
- The RCMP allocation was under spent by 23% and the GPEB allocation by 53%
- The Pinnock¹ business case that supported expansion requested \$4.2 M per year for operations (an increase of approximately \$2 M per year).

(See Appendix for a Summary of Issues)

IIGET PERFORMANCE AND RESULTS

1. Objective/activity: Education and Partnerships

- Planned to meet with police of jurisdiction and partner with Liquor Control and Licensing to inform of responsibilities to ensure illegal gaming does not occur – these activities were undertaken (meetings, presentations, e-mail newsletters to RCMP detachments, DVDs)
- Planned to work with charitable organizations to educate on the need to license lotteries and raffles. *It appears that this was not undertaken, nor were any educational campaigns directed to the general public. (However, the Pinnock business case refutes this statement and indicates that presentations were made to non-profit agencies on licensing raffles and events for charity.)*

Measures of success – the increase in number of reports of illegal gaming from the public, other organizations, law enforcement and other regulatory enforcement agencies

Issues:

- *There was no comparative baseline for this measure; the information on the reporting rate was inconsistent; and,*
- *The conclusion was that the education efforts should have been continuous and the number of reports received (on illegal gaming) should have been reported out consistently.*

¹ S/Sgt Fed Pinnock, RCMP, E Division, developed a business case to support the extension of the IIGET (July 2007) which is subject to a FIIPA request and will be partly released on April 1, 2010.

2. Objective/activity: Intelligence

- Planned to generate intelligence by marketing IIGET to police detachments and departments, other organizations that would report illegal gaming activity, as well as from informants, interviews, interrogations, etc.

Measures of success – IIGET's ability to give a more informed estimate and a more accurate picture of the extent of illegal gaming in BC, and to give an 18 month overview of the number of intelligence reports received or initiated.

Issues:

- *The Board did not feel this report was complete; that it did not provide information on the full extent of activities in BC.*
- *Additional reports provided an overview of the investigations underway, backlogged cases were not included.*
- *IIGET staff interviewed for the review indicated anecdotally there were highly visible forms of illegal gaming prevalent in regions – in the north, gaming on First Nations (FNs) reserves was said to be common, in the lower mainland slot machines were prevalent; internet gaming is widely and easily accessible; organized crime is suspected but none indicated knowledge of a direct link.*
- **Note:** Author's comment (p.19): "Nonetheless, a body of intelligence reports has now been accumulated by IIGET, and while the recent attempts to analyse these reports did not prove successful, analysis is necessary to understand the implications of the information that is available.""routine reporting of information regarding both [types] of investigation are underway, and the backlog of reports where investigations have not begun, would improve the Consultative Board's understanding of illegal gaming in the province."

3. Objective/activity: Enforcement

- Planned activities for the first 18 months included a focus on mid-level targets: possession and distribution of illegal slot machines and common gaming houses (with the objective of providing more experience and developing skills before the investigators pursued higher-level crimes). A division of responsibilities directed the GPEB investigators to enforce minor illegal gaming offences and support the RCMP leading more complex investigations. The Consultative Board directed IIEGT to re-focus on mid-level investigations in 2007.

Measures of success: (stated) measureable increase in gaming license requests and a measureable increase in the number of seizures and enforcement actions (note: base line data did not exist)

Issues - Results – GPEB Investigators:

- *Between January 2004 and June 2007, nearly 1,200 investigation files were opened by IIGET. Of those, 975 were opened by GPEB (724 related to lottery investigations); these could be considered low risk as many were concluded by either a verbal warning (57%); 24% were concluded as unfounded; 10%*

- were recorded as information for future use and 9% were recorded as administrative).
- GPEB also investigated reports of common gaming houses for IIGET and the number of investigations remained constant.

Issues - Results – RCMP Investigators:

- Between April 2005 and June 2007, RCMP investigators opened 184 illegal gaming investigations. Common gaming houses accounted for 51% of the investigations with illegal slot machines accounting for another 24%; there were 8 take downs of illegal gaming operation in 2005/06; none in 2006/07 and 8 in 2007/08.
- **Note:** Author's comment: the enforcement activity regarding licensing (illegal lotteries) indicates a continuing impact is not evident; data is suspect; enforcement action is not a good measure as charges or cases could collapse.

Date: March 31, 2009
Prepared by: Catherine Davidson
Phone: 250.952.6652

**SUMMARY OF ISSUES
EXTRACTED FROM THE CONSULTANT'S REPORT**

Interagency cooperation and integration:

- Agency and staff roles evolved since the MOU was signed; roles were not defined regarding GPEB assistance to the RCMP investigations.
- Co-location of staff was clearly a benefit; however, in the Burnaby regional office with the largest complement of staff, the RCMP and GPEB IIGET staff were in adjacent locations.
- The BCLC role and presence at the Consultative Board meetings was questioned as its limited vote to budget matters could compromise investigation matters or resources (voting on budgets and use of BCLC operational funds; confidentiality of investigations). The report further states: *"If the Consultative Board recommends the continuation of IIGET to the Solicitor General, it should also recommend restructuring funding arrangements"* and suggests a separate, independent budget for IIGET.

Investigations focus:

- With IIGET dis-banned, it is likely that GPEB enforcement staff could continue with mid to low level investigations.
- With IIGET dis-banned, RCMP IIGET members would not be investigating mid and high level targets; there is a backlog of mid-level targets.
- Mid-level targets could be taken on by police of jurisdiction.
- High-level targets (organized crime) could be investigated by the Co-ordinated Special Forces Enforcement Unit (E-Division indicated it is unlikely to focus on major illegal gaming investigations; their focus is on individuals.)

First Nations gaming:

- The report suggests that *"one very visible area of gaming activity is on First Nations reserves"*. The report states that *"IIGET staff report that First Nations gaming continues unabated and is highly visible"* and that: *"Both legal advice and political decision are required regarding the long term role of IIGET enforcing gaming laws on First Nations lands"* as *"past attempts to enforce against First Nations gaming have proven to be difficult and an operational decision had been taken to allow First Nation Constables to handle these issues."* (The Criminal Code applies and should be enforced; the report suggests that IIGET was ineffectual in dealing with First Nations gaming on reserves.)
- Presently, there are 3 provincially regulated gaming centres on First Nations lands including the Casino of the Rockies, Squamish Boardwalk Chances and Cowichan Chances Gaming Centre.

Resource issues:

- Scope and scale of investigations needed to be defined and adequate resources applied (cost benefit analysis)
- Focus and targets of investigations needed to be clearly defined
- Measurable performance indicators needed to be identified and a demonstrated progress toward the achievable objectives

- Management of data (capture, collection and maintenance) and the reporting function needed to be reviewed and re-aligned in order to identify appropriate allocation of resources to meet targets

Staff issues:

- High turn-over of staff; only 2 RCMP members were with IIGET since its inception (October 2004)
- There was a full complement of staff for 3 months of the 3+ years of operations
- There were 4 incumbents and 1 acting staff member in the Staff Sergeant position (NCO in charge of the unit)
- Staff that filled positions were new to illegal gaming investigations; training for new recruits is offered once per year in Ontario (two weeks training; cost?)
- GPEB employees did not experience the turn over and remained fairly constant; their knowledge retention was beneficial
- There was no procedures/orientation manual or background information for new recruits
- Recommended secondment positions with Vancouver Police Department for better access to knowledge, etc. however, many GPEB investigators are former police officers and police investigators

Appendix CC

Ministry of Housing and Social Development, Advice to Minister: Effectiveness Review
of IIGET

ADVICE TO MINISTER**CONFIDENTIAL
ISSUES NOTE**

Ministry of Housing and Social Development
Date: March 24, 2010

Minister Responsible: Hon. Rich Coleman

Effectiveness Review of IIGET

KEY FACTS REGARDING THE ISSUE:

- On November 16, 2007, an independent consultant submitted the draft report *Effectiveness Review of the Integrated Illegal Gaming Enforcement Team (IIGET)*. The report was prepared for the Police Services Division and the Ministry of Public Safety and Solicitor General.
- The report provides an assessment of the extent to which IIGET had achieved its objectives to date, as well as recommendations to improve the operation and performance of IIGET.
- The report makes three key recommendations for the IIGET Consultative Board:
 - Extend the term of the current MOU by one year to allow for the development of information needed by the Consultative Board to make decisions regarding resource levels.
 - Direct that a comprehensive business plan for the future of IIGET be developed for the fall of 2008. (The business plan was not created.)
 - If continued, restructure the funding for IIGET by removing BCCLC as a funder.
- The report states that discontinuing IIGET at that point seemed inappropriate. Discontinuing IIGET "would likely see enforcement by GPEB staff continue (as they are not funded through the IIGET MOU), but an end to the RCMP investigation of mid-level and (potentially) high level targets." (pg. 28).
- The report notes the potential for local police departments and detachments to take on mid-level targets, as was done prior to the establishment of IIGET, although these groups would not have the same specialised training. The report also notes the Co-ordinated Special Forces Enforcement Unit may target some of the same individuals that IIGET would target in high level investigations.
- IIGET remained active for more than a year after the report was produced. In February 2009, given funding pressures and other operational and investigative priorities, a decision was made to not seek a renewal of the IIGET Memorandum of Understanding. On April 1, 2009, IIGET ceased its operations.
- The B.C. Lottery Corporation was funding IIGET to a maximum of \$1.66 million per year.

ADVICE AND RECOMMENDED RESPONSE:

- **The Government takes all reports seriously – which is why we followed the recommendation to extend IIGET for one more year.**
- **We found that many of the matters IIGET investigated overlapped with matters investigated by local police.**
- **Therefore, in February 2009, a decision was made not to seek a renewal of the IIGET Memorandum of Understanding. On April 1, IIGET ceased its operations.**
- **The Province is ensuring resources remain available for the most effective programs serving British Columbians.**
- **Investigators from the Gaming Policy and Enforcement Branch continue to work with RCMP and local police on matters related to illegal gambling.**

Communications Contact: Paul Woolley 387-6489
Program Area Contact: Derek Sturko Cell 213-1171
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Minister's Office	Program Area	Deputy	Comm. Dir