

**INTEGRATED ILLEGAL GAMING ENFORCEMENT TEAM  
PERFORMANCE REPORT**

**FOR**

**IIGET CONSULTATIVE BOARD**

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**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 - [REDACTED] Personal Information 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 - [REDACTED] 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 - Personal Information 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 [REDACTED] 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.

### **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.

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Integrated Illegal Gaming Enfc. Element File Stat Collection 2005-2006

	Apr05-Jun05	Jul05-Sept05	Oct05-Dec05	Jan06-Mar06	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
<b>LOWER MAINLAND</b>					
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
<b>TOTAL</b>	<b>20</b>	<b>20</b>	<b>26</b>	<b>38</b>	<b>104</b>
<b>INTERIOR REGION</b>					
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
<b>TOTAL</b>	<b>56</b>	<b>34</b>	<b>28</b>	<b>34</b>	<b>152</b>
<b>NORTHERN REGION</b>					
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
<b>TOTAL</b>	<b>35</b>	<b>22</b>	<b>20</b>	<b>17</b>	<b>94</b>
<b>ISLAND REGION</b>					
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
<b>TOTAL</b>	<b>55</b>	<b>37</b>	<b>18</b>	<b>32</b>	<b>142</b>
	<b>166</b>	<b>113</b>	<b>92</b>	<b>121</b>	<b>492</b>
<b>CLEARED</b>					
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
<b>TOTAL</b>	<b>170</b>	<b>117</b>	<b>89</b>	<b>117</b>	<b>493</b>

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**COMBINED I.I.G.E.T. File Stats for Fiscal Year 2006-2007**

	<i>Apr06-Jun30,06</i>	<i>Jul06-Sept30,06</i>	<i>Oct06-Dec31,06</i>	<i>Jan07-Mar31,07</i>	
	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>TOTAL</b>
<b>LOWER MAINLAND</b>					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
<b>TOTAL</b>	<b>36</b>	<b>18</b>	<b>25</b>	<b>18</b>	<b>97</b>
<b>INTERIOR REGION</b>					
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
<b>TOTAL</b>	<b>20</b>	<b>16</b>	<b>12</b>	<b>22</b>	<b>70</b>
<b>NORTHERN REGION</b>					
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
<b>TOTAL</b>	<b>22</b>	<b>16</b>	<b>14</b>	<b>20</b>	<b>72</b>
<b>ISLAND REGION</b>					
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
<b>TOTAL</b>	<b>50</b>	<b>25</b>	<b>15</b>	<b>20</b>	<b>110</b>
<b>PROSECUTIONS</b>	<b>128</b>	<b>75</b>	<b>66</b>	<b>80</b>	<b>349</b>
<b>CLEARED</b>					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
<b>TOTAL</b>	<b>105</b>	<b>65</b>	<b>62</b>	<b>47</b>	<b>279</b>

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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>	
	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>TOTAL</b>
<b>LOWER MAINLAND</b>					0
VGM	1				1
CG House	3				3
Illegal Lottery					0
Internet Gambling	1				1
Other	2				2
<b>TOTAL</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>INTERIOR REGION</b>					
VGM					0
CG House	2				2
Illegal Lottery	10				10
Internet Gambling					0
Other					0
<b>TOTAL</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>
<b>NORTHERN REGION</b>					
VGM	1				1
CG House	1				1
Illegal Lottery	8				8
Internet Gambling					0
Other	4				4
<b>TOTAL</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
<b>ISLAND REGION</b>					
VGM					0
CG House	7				7
Illegal Lottery	4				4
Internet Gambling	1				1
Other					0
<b>TOTAL</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>
<b>APPROVED</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45</b>
<b>CLEARED</b>					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
<b>TOTAL</b>	<b>174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174</b>

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