

Affidavit #1 of M. Hiller
Sworn November 8th, 2020

COMMISSION OF INQUIRY INTO MONEY LAUNDERING IN BRITISH COLUMBIA

The Honourable Mr. Austin F. Cullen, Commissioner

AFFIDAVIT

I, Michael Hiller, with an address care of 2100-1040 West Georgia Street, Vancouver, British Columbia, SWEAR THAT:

1. I am a retired RCMP member and I was a casino investigator employed by the British Columbia Lottery Corporation (“BCLC”) until my retirement in 2019, and as such, I have personal knowledge of the facts and matters in this affidavit. Where I make statements in this affidavit that are not within my personal knowledge, I have identified the source of that information and belief. I believe that all of the information in this affidavit is true.
2. I swear this affidavit to provide evidence to the Commission pursuant to a summons issued to me pursuant to the *Public Inquiry Act*, S.B.C. 2007, c. 9.

I. Work History with the RCMP

3. I was a member of the RCMP for 28 and a half years. I spent my first eight years with the RCMP in Nelson, BC, with five years as Uniform General Duty Patrol, two years in plain clothes with the Sub-Division General Investigation Section, and two years in plain clothes with the Sub-Division Drug Section.
4. I then transferred to the RCMP Vancouver Drug Section. My first two years were spent with a joint Vancouver Police Department/RCMP street heroin enforcement team. The next 11 years were spent with the Unit 1 Team (later known as the Asian Narcotic Unit), which targeted major heroin importations and trafficking, and later included precursor drugs coming from China. My experience included being prominently involved in informant handling of Asian persons with knowledge of high-level heroin importing and trafficking. Information obtained from these informants included, to a much lesser

degree, information related to local loan sharking activities, which would be reported to the appropriate police units. From 2001 to 2005, I was the Sergeant in Charge of the RCMP Vancouver Criminal Intelligence Section, Asian Probe Team. This included continued involvement in handling Asian informants.

5. In July 2005, I became the RCMP's Bangkok liaison officer. In this position, I was responsible for liaising with law enforcement in Thailand, Cambodia, Laos, Myanmar, and Vietnam. I remained in that position until I retired from the RCMP in 2008.

II. Work History with BCLC

6. I joined BCLC as a casino investigator in February 2009 and was assigned to work at the River Rock Casino in Richmond. I was transferred to the Starlight Casino in New Westminster in March 2011, but returned to River Rock in 2014. I remained at River Rock until September 2014, when I was transferred to the Chances Community Gaming Centre ("CGC") in Courtenay. I continued as a BCLC investigator on Vancouver Island until my retirement in February 2019. During my assignment in Courtenay, I was also responsible for the Playtime CGC in Campbell River, Casino Nanaimo, and the Chances CGC in Port Alberni. Initially, I was also responsible for the Chances CGC in Duncan. However, approximately one year after I began my assignment in Courtenay, the Duncan CGC was assigned to another investigator.
7. After my transfer to the Vancouver Island facilities, I remained involved in investigating Unusual Financial Transactions ("UFTs") and submitting Suspicious Transaction Reports ("STRs") (described further below) for Lower Mainland facilities on an as-needed basis when the on-site investigators required assistance in processing the volume of work. This was something I was able to do remotely, because I had access to all of the relevant information through BCLC's incident reporting system (iTrak) and other technological resources.

III. Role as a BCLC Casino Investigator

8. When I first started as a BCLC casino investigator at River Rock in 2009, there were three other BCLC staff members assigned to River Rock with me: Jim Husler (a

compliance officer), and two other casino investigators, Rick Pannu and Don Merkel. I reported to Douglas Morrison (BCLC Manager, Casino Security and Surveillance) and Gordon Friesen (BCLC Assistant Manager, Casino Security and Surveillance).

9. By the time I was transferred to Starlight in 2011, Mr. Morrison had retired from BCLC, and I reported to Mr. Friesen as Manager and John Karlovcec as Assistant Manager.
10. I am aware that BCLC enters into operational services agreements with private sector entities which administer and carry on the day-to-day operations of gaming facilities (“Service Providers”). Incidents occurring at gaming facilities would come to BCLC’s attention through reports submitted by Service Provider staff on iTrak.
11. My main responsibilities as a BCLC casino investigator were to review transactions and other incidents occurring at gaming facilities, conduct investigations, and, where appropriate, report incidents to the appropriate persons and agencies.
12. Specifically with respect to transactions, my responsibility was to investigate potentially suspicious transactions and, where the circumstances required, file STRs with the Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”). I would also then share the content of STRs with law enforcement and the Gaming Policy and Enforcement Branch (“GPEB”). The transactions and other incidents that I and other investigators would investigate most often came to the attention of investigators by way of the iTrak reports being filed by Service Provider staff, although occasionally we learned of incidents in other ways, such as through direct observation, review of other types of documentation and reporting outside of iTrak, and conversations with Service Provider staff.
13. I investigated a wide range of incidents during my tenure as a casino investigator, from assault, fraud, and theft, to cash facilitation. As part of an investigation, casino investigators would notify law enforcement of any criminal or potentially criminal activity. Depending on the seriousness of the activity, casino investigators could recommend that a patron be barred from entering BCLC casinos for a certain period of time. Barring proposals would be made by the casino investigators, but the final decision

on a barring and its length would be made by managers, supervisors, or experienced casino investigators. Initially, when I started at BCLC, barring decisions were made by the Manager or Assistant Manager of Casino Security and Surveillance but over time, as BCLC departments reorganized, the people making barring decisions and their job titles changed. For example, after the BCLC Anti-Money Laundering (“AML”) Unit was created in 2013, barring decisions could be made by managers within the AML Unit or within the Casino Security and Surveillance department, depending on the reason for the barring. Experienced casino investigators could also approve barring requests from other casino investigators when an incident involved criminal offences or other inappropriate behaviour such as thefts, assaults, unattended children, slot machine vandalism, sexual assault, unruly behaviour, abusive language, etc.

A. iTrak Reports and Suspicious Transaction Reports

14. Many of the transactions I would review as a casino investigator involved large cash buy-ins. These transactions usually came to my attention through iTrak reports initiated by casino surveillance staff, which were originally called Suspicious Cash Transaction (“SCT”) reports and later renamed to be referred to as UFTs.
15. I viewed large cash buy-ins as suspicious in a number of different circumstances, such as where: a delivery of cash was involved; the buy-in consisted of a large sum of cash which was not typically available through financial institutions; large amounts of small denomination bills were involved; the buy-in consisted of bundles of cash bound with elastic bands; the player appeared not to have cash for a buy-in or had just lost all of their remaining chips, then went to the washroom in the company of another person and was then able to produce cash for a buy-in or chips to begin playing; the player lost their chips while gaming and then made a phone call following which a delivery of cash occurred; the cash buy-in involved an interaction with other persons who were known by BCLC investigators to have been involved in previous suspicious transactions; the player lost their chips while gaming, entered a vehicle that had just arrived, and, after driving a very short distance, returned to the casino a large amount of cash or with chips to continue playing.

16. Deciding whether a transaction required an STR to be filed was up to casino investigators based on their review of all relevant circumstances and consideration of the applicable indicators and guidelines from FINTRAC. There was no threshold regarding what size of cash buy-in would warrant the filing of an STR.
17. The iTrak reports submitted by Service Providers were typically relatively short and did not include all of the information a casino investigator would need to conduct a full review and determine whether an STR was required. These initial iTrak reports would include entries from casino surveillance staff about what they had observed and would sometimes also include entries from other casino staff recording their involvement in an incident or transaction. As an investigator, my job was to review the initial iTrak report and carry out a further investigation to determine all relevant information pertaining to the incident or transaction.
18. My investigation would include reviewing surveillance video footage saved by Service Provider staff and making my own notes about what I observed, such as whether the person in question had made a phone call, met with anyone, or received a delivery. I would sometimes ask casino surveillance to see additional video footage as well, and if it was relevant I would ask them to save that additional video footage in respect of the incident or transaction in question. My investigation would also include reviewing the related large cash transactions (“LCTs”) for the player, reviewing the cash denomination document produced by cage staff for the buy-in, reviewing incident reports from previous and/or subsequent suspicious buy-ins made by the player, and reviewing incidents involving other persons involved in this incident and/or associated with the player in question in order to understand the other person’s previous involvement in suspicious transactions.
19. Upon completion of my investigation, I would determine what further steps were required and take any necessary action. In the case of UFTs, I would determine if the incident was substantiated, meaning that an STR was required, or unsubstantiated, meaning that I determined that an STR was not required. My investigations and

conclusions would always be recorded in iTrak reports, typically by way of detailed supplemental reports attached to the original iTrak report filed by the Service Provider.

20. If an STR was required I would file it with FINTRAC and then also submit the results of my investigation to both law enforcement and GPEB. When I first joined BCLC, STRs were submitted through the FINTRAC website. Later, STRs were submitted to FINTRAC directly through iTrak itself. The information reported to FINTRAC in STRs was then also sent to GPEB by e-mail, with a copy being sent to law enforcement (the exact policing agency changed over time). Surveillance video footage was not copied or embedded into STRs, but was always saved and available if requested by any of the agencies to which I submitted my reports.

B. Liaising with Law Enforcement

21. When I first joined BCLC, I, along with fellow BCLC casino investigator Duncan Gray, was assigned to liaise with law enforcement due to my recent experience in policing. Mr. Gray had also worked with the RCMP and, during his later years in law enforcement, the Organized Crime Agency for BC.
22. As police liaison, I maintained contact with law enforcement units beyond the reporting described above, and would often pass on to them information about suspicious or criminal activity occurring within casinos.
23. For example, I had a meeting at River Rock with members of the Integrated Proceeds of Crime Unit (“IPOC”) in 2009. During this meeting, I took RCMP Staff Sergeant Rudy Zanetti and his team into the surveillance room at River Rock, showed them STRs and surveillance video footage, and then also showed them River Rock’s VIP room. The Director of Surveillance for Great Canadian Gaming Corporation (“GCGC”), Pat Ennis, was also present.
24. Following this meeting, IPOC expressed interest in receiving information from BCLC casino investigators so that it could investigate suspicious activity that we observed. I told them that I would work additional hours in order to assist them in this effort. However, I observed little follow through from IPOC following its expression of interest and the idea

of having police surveillance conducted at River Rock seemed to simply fade away over time. My understanding is that IPOC did not have enough members to undertake this new effort.

C. Speaking to Patrons

25. In my role as a BCLC casino investigator, I never personally interviewed a player about the source of the money they brought into the casino as part of my investigation. It was my understanding that our role as casino investigators was to review incident reports, collect information, and report any suspicious activity to FINTRAC, GPEB, and law enforcement so that they could continue the investigation. Interacting with players was not part of our role and I believe that I came to this understanding through conversations with fellow casino investigators Rick Pannu and Don Merkel when I first started as an investigator. I further believe that I came to this understanding through conversations with River Rock's General Manager, Rick Duff, who said that he did not want BCLC investigators speaking to VIP players about their cash buy-ins. I also knew that GPEB investigators had, under the *Police Act*, special constable status which allowed them to further investigate matters. This was authority that BCLC casino investigators lacked.
26. I do not recall any explicit BCLC policy that casino investigators could not speak to patrons directly and I do not recall any specific conversations with anyone from BCLC directing that BCLC casino investigators not speak to patrons in order to further our investigations. However, I never saw any of the casino investigators speak to patrons directly and I formed the impression that to do so was not part of my duties as a casino investigator.
27. The only time that I spoke to a patron directly was when a player would call the BCLC general customer service line to ask about a barring or when a player made some other complaint concerning their visit to a casino and wanted to speak to a BCLC investigator. In such cases, casino investigators would return those calls and, when appropriate based on the circumstances, we would usually advise the general manager of the casino that we were going to speak with a player before doing so.

IV. Expansion of Gaming

28. The workload at River Rock gradually increased during my initial assignment there as a BCLC casino investigator. I recall that, over time, there was an increase in the number of table games. Within that same time frame I remember BCLC implementing an early version of player gaming fund (“PGF”) accounts, as well as verified win cheques, the issuance of which reviewed in addition to our other duties. Moreover, the River Rock VIP area was under construction at that time and eventually expanded, which attracted more VIP patrons to the casino.
29. My observation was that VIP patrons who used the high limit VIP rooms at River Rock were primarily Chinese, and that they appeared to be very wealthy. At times I recognized Chinese persons in the VIP rooms from my previous work with the RCMP. My impression at the time was that most VIP patrons were wealthy businessmen from China who wanted to gamble for fun when they visited Vancouver for business or pleasure. They would typically buy in for large amounts and would very often lose most, if not all, of it. They appeared to me to be genuinely interested in gambling as a passion or a hobby.
30. When I moved to Starlight in 2011, I observed that it was not as popular or busy as River Rock – as a result, there was less cash and fewer table games there. Over time, the VIP area at Starlight was expanded significantly and table wager limits were increased. Despite these changes, Starlight never reached the same level of popularity as River Rock. While I believe it was second behind River Rock in terms of table games revenue, it was nowhere near equivalent to River Rock.
31. With respect to table wager limit increases, I remember that the tables manager at Starlight, Sam Oan, came to see me on March 1, 2013. He told me that he had learned that River Rock had received approval from BCLC to increase the table wager limit to \$90,000 on some games and asked me what Starlight needed to do to seek approval for a table wager limit increase. I was not aware of any such approval having been given by BCLC with respect to River Rock and was so confident that his information was inaccurate that I told him that BCLC investigators would have been advised if such a

change had been approved. I nevertheless told him that I would check and get back to him.

32. I immediately called a fellow BCLC investigator at River Rock, Steve Beeksma, and asked if he knew anything about a table wager limit increase at River Rock. Mr. Beeksma told me that he had seen some correspondence on the subject recently and that he would find it and forward it to me via e-mail, which he did. Attached and marked as **Exhibit "A"** (BCLC0016572, BCLC0016573, BCLC0016574, BCLC0016575) to this affidavit is a copy of the correspondence, with its attachments, between BCLC and River Rock on this subject. Attached and marked as **Exhibit "B"** (BCLC0016576) to this affidavit is a copy of subsequent correspondence between myself and Mr. Beeksma where Mr. Beeksma forwards the correspondence between BCLC and River Rock to me.
33. I was concerned that, at a time when there was so much discussion and uncertainty about the source of the large amounts of cash being used by VIP patrons to buy in, BCLC would approve such an increase in table wager limits for certain games. In my opinion, such an increase was going to benefit those persons who were supplying VIP patrons with these large amounts of cash, a proportion of which I always suspected were associated with organized crime.
34. After my return to River Rock in 2014, I noticed a significant change in my workload as compared to my first time working there, primarily due to the volume of SCTs/UFTs to be investigated and the associated STR reporting. When I returned to River Rock, there were three other BCLC casino investigators working with me: Duncan Gray, Steve Beeksma, and Jim Husler. This was the busiest time of my career with BCLC, as there were a lot more transactions to investigate and STRs to write (which is a time-consuming process) and a lot more VIP patrons than there had been before.

V. Monthly Investigator Meetings

35. BCLC casino investigators would meet typically once a month in person in the BCLC Vancouver office (investigators based outside the Lower Mainland would phone in). At the beginning, these meetings were typically attended by the Manager and Assistant Manager of Casino Security and Surveillance, all casino investigators, and quite often the

Director of Casino Security and Surveillance. Terry Towns, Brad Desmarais, and Robert Kroeker, all of whom served as Vice President of Corporate Security and Compliance during my tenure, would also occasionally attend for parts of these meetings, approximately two to three times a year. An administrative assistant would also attend to take notes. Once the AML Unit was created in 2013, the AML Manager, Daryl Tottenham, and AML Director, John Karlovcec, would frequently attend for part of the monthly investigator meetings. Attendance at these meetings then expanded in either late 2014 or early 2015 to include lottery investigators.

36. The purpose of these monthly investigator meetings was to discuss anything relevant to our work, including new policies being implemented, the training of casino staff, barring requests, and any other matters of significance, such as instances of chip passing, assaults, or counterfeit chips.
37. At these meetings, I consistently raised my concerns about the large amounts of suspicious cash coming into casinos. This occurred quite often during the earlier years of my tenure, though less often in the later years because I felt that management were well aware of my position and did not like hearing from me on this subject. I felt this way because, while they listened, they did not give me the impression that they shared my opinion. I was of the opinion that we should not accept this cash because it was possibly the proceeds of crime.
38. My impression was that the other investigators at the meetings agreed with me and also believed that it was suspicious that patrons were coming in with large amounts of cash in \$20 bills, bundled with elastic bands rather than with the currency straps typically used by banks, which are made of paper. I had several discussions on this subject with many, if not all, of my fellow casino investigators throughout my employment with BCLC. They were all very familiar with my opinion on this subject and I do not recall any casino investigator ever telling me that they disagreed with my opinion.
39. I voiced these concerns to my superiors at these meetings. This included, in the early days, Mr. Morrison and Mr. Friesen, as well as Mr. Towns. As time went on, my

superiors included Mr. Karlovcec, Mr. Tottenham, Mr. Desmarais, Kevin Sweeney, Ross Alderson, Robert Kroeker, Kris Gade, Bruno Gatto, and Joe Depaulo.

40. In the early years, my experience with Mr. Morrison, Mr. Friesen, and Mr. Towns was that they would listen to my concerns but not say much in response, apart from telling me that our job as casino investigators was to report any suspicious activity to FINTRAC, GPEB, and law enforcement, and that we could not simply start turning patrons away at the door based only on our suspicions. I believe that Mr. Morrison was also concerned about the cash coming into casinos, but I do not recall any specific conversations with him on this topic.
41. In the later years, Mr. Desmarais listened to my concerns but did not respond by saying that it was our job to only report suspicious transactions. I knew that he had his own opinions about potential sources of the cash coming into casinos. I also met with Mr. Kroeker about my concerns and he went on to establish cash alternatives, sourced cash conditions, and sought to involve the Combined Forces Special Enforcement Unit (“CFSEU”). Finally, I spoke to Mr. Alderson and Mr. Sweeney regarding my concerns when they visited River Rock together in 2014 – they already knew my opinion on the issue from past monthly investigator meetings. While they listened, they did not side with my opinion on that occasion or on later occasions.
42. At the monthly investigator meetings, we also discussed policies aimed at reducing the presence of cash in casinos, such as putting in place PGF accounts and return of gaming fund cheques. However, I believed that it would be difficult to get VIP patrons to make the switch away from cash, given my understanding that most Chinese players prefer to deal in cash, both as a result of their culture and because there were restrictions on how much currency Chinese nationals could take out of China on an annual basis.

VI. Working with GPEB

43. When I originally joined BCLC and was assigned to River Rock, I worked with Clay Brown and others from GPEB. The GPEB investigators responsible for River Rock when I returned in 2014 were Robert Barber and Ken Ackles, and I knew both of them from my time with the RCMP.

44. My relationship with GPEB was a good one. BCLC casino investigators would send GPEB reports about suspicious transactions. My understanding was that GPEB could potentially follow up on these reports and investigate further. GPEB investigators would come to our office at River Rock about once a week in order to maintain contact with us. We would typically have coffee together in the River Rock lobby on Fridays, and we often spoke about the volume of STR reporting. I was left with the impression that both Mr. Barber and Mr. Ackles believed the cash was coming into casinos was from organized crime.
45. I did not ask Mr. Barber or Mr. Ackles about what they were doing with the information we were providing to them or whether they were conducting any further investigations, and they never volunteered any information about what kind of follow-up they were doing. I felt that unless they volunteered such information, it was not appropriate for me to ask about their work.
46. My understanding was that my role was to provide information to GPEB and that they would investigate matters further if necessary. This understanding was based on conversations I had and meetings I attended with Mr. Towns, who stated that it was our job to report information and that it was law enforcement's job to act on it. Mr. Towns did not specifically state that it was GPEB's responsibility to act on the information we provided, but because GPEB investigators have special constable status under the *Police Act*, I believed that he was referring to both GPEB and police. BCLC casino investigators were not, however, privy to any information about what further steps GPEB investigators may have taken with respect to the information with which we provided them.
47. I observed that GPEB investigators frequently spoke to players when incidents involved vandalism to slot machines or thefts of slot machine tickets, wallets, purses, casino chips, or cell phones. GPEB investigators would also speak to patrons regarding other types of incidents, such as extensive violations of their voluntary self-exclusion agreements and possibly violations of BCLC barrings.

48. However, I am not aware of any GPEB investigators ever speaking to casino patrons regarding suspicious transactions. If they did, I was not privy to these conversations – I never asked them about any such involvement, nor did they volunteer such information.

VII. Working with Law Enforcement

49. In my role as police liaison for BCLC, I regularly received requests for information about certain casino patrons from IPOC. Through these requests, IPOC obtained information from BCLC about these patrons, such as the number of large transactions they had been associated with, the total value of their buy-ins, the total value of disbursements made to them, and the date of their first transaction.
50. Attached and marked as **Exhibit “C”** (BCLC0011168) to this affidavit is an incident report which documents an IPOC request I received from RCMP Sergeant Steve Reinhart. Attached and marked as **Exhibit “D”** (BCLC0011169) to this affidavit is an incident report which responds to a request for information I received from IPOC about a patron’s activities. These types of requests were relatively common and I was the person responsible for handling such requests when I was at Starlight between 2011 and 2013. Following the creation of the AML Unit in 2013, Mr. Tottenham took on responsibility for liaising with law enforcement regarding all matters relating to financial transactions. I remained the police liaison in respect of criminal matters until my retirement in 2019 and was available to assist casino investigators from non-law enforcement backgrounds in liaising directly with local law enforcement in their area regarding criminal matters.
51. During my tenure as a casino investigator, I never became aware of a police investigation that stemmed from our reporting suspicious transactions to law enforcement or from our other efforts to work with the police until such time when the AML Unit was able to get CFSEU involved in investigating cash facilitation to VIP players.
52. Attached and marked as **Exhibit “E”** (BCLC0011166) to this affidavit is an incident report I drafted regarding a River Rock patron suspected of loan sharking. The incident report details BCLC’s exchanges with the RCMP with regards to this patron, who was barred by BCLC and put on its “watch” list. To my knowledge, no police investigation or prosecution ever resulted from BCLC’s interactions with law enforcement on this matter.

53. Attached and marked as **Exhibit “F”** (BCLC0011250) to this affidavit is an incident report containing my description of an RCMP request for investigative information stemming from STRs prepared by BCLC casino investigators. The incident report also contains excerpts of communications between myself and Constable Miranda Law regarding the patrons who were involved in the transactions. To my knowledge, no police investigation or prosecution ever resulted from BCLC’s interactions with law enforcement on this matter.
54. I, along with various representatives of BCLC, GCGC, and Gateway Casinos, met with members of IPOC on several occasions between 2010 and 2014. I understand, however, that I am not permitted to disclose the details of the majority of those meetings.
55. I recall and am able to share that one such meeting with IPOC members was held on February 16, 2011 at BCLC’s offices. The BCLC attendees were Mr. Towns, Mr. Friesen, Mr. Karlovcec, and myself. Mr. Ennis, Carl Bolton, and Greg Pattison attended on behalf of GCGC’s Executive. Stan Wager and Glen Atkinson (Directors of Security and Surveillance for Gateway) and Dennis Amerine (Director of Compliance for Paragon (Edgewater Casino)) attended as well. Also in attendance were IPOC members Insp. Mike Arnold, Sgt. Diane Doyle, and Tracey (I do not recall her surname). The purpose and content of this meeting is documented in my notes, which are attached and marked as **Exhibit “G”** (BCLC0011940, p. 141). The next meeting was scheduled for March 30, 2011 (I was away on vacation at that time).
56. I also recall and am able to share that on June 19, 2014, I attended a meeting at River Rock with a number of CFSEU members. I believe the meeting was initiated by BCLC’s AML Unit – i.e. by Mr. Tottenham and Mr. Karlovcec. Both Mr. Tottenham and Mr. Karlovcec were in attendance, as was Mr. Ennis and Mr. Kroeker, who was then Vice President of Compliance and Legal for GCGC. I believe that Mr. Desmarais, who was then BCLC’s Vice President of Corporate Security and Compliance, also attended for a short period of time near the end of the meeting. The purpose of this meeting was to discuss CFSEU’s intention to begin a major investigation into alleged casino cash facilitators, which would include CFSEU engaging in surveillance within River Rock.

The purpose of and attendance at this meeting is documented in my notes, which are attached and marked as **Exhibit “H”** (BCLC0011943, p. 16).

VIII. Large Cash and Suspicious Cash Transactions

57. As a member of the RCMP, I completed the Proceeds of Crime Investigations Course in 1988 at the Canadian Police College in Ottawa and worked with proceeds of crime investigators during the course of major drug investigations. That was the extent of my experience with proceeds of crime investigations. I did not have any particular experience with money laundering from my days as an RCMP officer – my knowledge of organized crime was limited to drug trafficking. That being said, I sometimes needed to arrange to get cash from a bank as part of an investigation. To get an amount like \$100,000 in \$20 bills, I had to make arrangements with the bank a couple of days in advance.
58. Despite the fact that I did not have any significant experience with money laundering from my time with the RCMP, the large amounts of cash being brought into the casino by certain patrons concerned me. I observed some patrons bringing in large amounts of cash in \$20 bills, bundled with elastic bands. In reviewing surveillance video footage after the fact, I sometimes observed cash being delivered to patrons who were already at the casino. I sometimes also observed through my review of surveillance video footage suspected cash facilitators in the VIP rooms who were known to me as a result of my experience with the RCMP and whom I knew to be involved in drug trafficking. When I then observed, again through video surveillance review, suspicious interactions between these suspected cash facilitators and VIP players, I would submit barring requests in respect of the suspected cash facilitators for loan sharking/inappropriate behaviour. However, most of the cash facilitators at the casinos were at a lower level than those persons I knew from my experience in drug investigations and were therefore unknown to me.
59. While I had concerns about the volume of cash, as well as the manner in which it was bundled and being delivered, I always thought it might be possible that some of the cash was coming from legitimate sources such as money service businesses. This belief was based on my understanding that the patrons bringing in this cash were wealthy Asian

businesspeople who enjoyed gambling when they were visiting Vancouver. I knew from my former policing experience and my many visits to China, Hong Kong, and Macau that there were a lot of wealthy Asian business people who had access to very substantial amounts of money with which to gamble.

60. On May 10, 2010, while I was working at River Rock, a casino employee – who wished to remain anonymous – asked me whether a large cash buy-in for \$460,000 in \$20 bills was suspicious. I responded that it was. The casino employee then advised me that such a buy-in had occurred but that casino surveillance staff had not created an iTrek incident report in respect of the buy-in because they did not think it was suspicious. I asked the casino employee whether a large cash transaction report (“LCTR”) had been created regarding this buy-in and the casino employee responded in the affirmative. I then reviewed the LCTR, which confirmed that the buy-in had occurred on May 2, 2010, and sent an e-mail to River Rock’s surveillance manager, Dave Pacey, asking that the surveillance video footage of this buy-in be saved for my review. I reviewed this video footage on May 12, 2010.
61. On May 17, 2010, I met with Mr. Pacey in his office and he told me that he did not think the \$460,000 buy-in was suspicious because the patron frequently played at this level. Mr. Pacey asked me if there was a dollar threshold for reporting transactions as suspicious. I told him that I did not believe there was such a dollar threshold, that a transaction should be reported as suspicious based on the presence of suspicious indicators regardless of the amount, but that I would speak with my manager, Mr. Friesen, to confirm whether or not there was such a threshold. Mr. Friesen’s response to my inquiry was that there was no such threshold – if the circumstances of a transaction are suspicious, it should be reported, period. I do not know whether Mr. Friesen passed along my question to BCLC management, but I received an e-mail from Mr. Friesen on this issue several months later, in November 2010. This e-mail is attached and marked as **Exhibit “I”** (BCLC0008832, p. 7) to this affidavit.
62. Once I had reviewed the surveillance video footage and the iTrek incident that had been created by the Service Provider at my request, I asked Mr. Pacey to submit a s. 86 report

to GPEB. I later noticed that the s. 86 report submitted by Mr. Pacey indicated that while he did not find the patron's actions to be suspicious, he was submitting the s. 86 report because BCLC thought the amount of the transaction was suspicious. Attached and marked collectively as **Exhibit "J"** (BCLC0015835, BCLC0015836) to this affidavit is a copy of correspondence from myself to Mr. Pacey, attaching Mr. Pacey's s. 86 report, as well as further correspondence from Doug Morrison, GCGC's Director of Corporate Security, Surveillance, and Compliance, regarding this incident.

63. On another occasion, in March 2012, I came across a number of buy-ins conducted by a certain player while reviewing buy-ins as a result of a request made by IPOC. I investigated this player a little further and discovered that he had conducted three large buy-ins over a 24-hour period on January 22, 2009 for a total of \$902,200 – this was the largest buy-in I had ever seen. I further discovered that while the Service Provider had filed an LCTR with FINTRAC in respect of these buy-ins, they had not filed an iTTrak incident report at the time. While I understand that I cannot attach a copy of this LCTR to my affidavit, I have had the opportunity to review it and can confirm that the information I have provided above is accurate.
64. While researching this same player, I came across another series of four buy-ins he had subsequently conducted between February 4 and 7, 2009 for a total of \$589,100. I discovered that while the Service Provider had filed LCTRs in respect of these four buy-ins, they had once again not filed an iTTrak incident report. Again, while I understand that I cannot attach a copy of these LCTRs to my affidavit, I have had the opportunity to review them and can confirm that the information I have provided above is accurate.
65. While I did not prepare incident reports regarding these transactions upon discovering them several years after the fact, I believe I brought these reporting errors to the attention of Mr. Tottenham, who was the other BCLC casino investigator working at Starlight with me at the time. I also e-mailed my superiors, Mr. Friesen and Mr. Karlovcec, on March 30, 2012, notifying them of the player's large cash buy-ins. I do not know whether any further action was taken in respect of these transactions.

66. The buy-ins described above are the only large buy-ins of which I am aware where iTTrak incident reports were not appropriately filed by the Service Provider.

IX. Loan Sharking

67. In my affidavit, I will refer to “loan sharks” to refer to people whose primary purpose in attending a casino is to facilitate providing cash and/or chips to players who require access to cash and/or chips in order to continue gaming, and who display the typical characteristics of suspected loan sharks, such as loitering without engaging in gaming activities or passing chips and/or cash to players. I refer to these individuals as “loan sharks” even though they are typically only responsible for the delivery of the cash and/or chips and are likely not the actual lenders of the funds based on my experience in policing. I believe that these suspected lower-level loan sharks would also be tasked with collecting repayment of the loan, including any fees or interest owed. Whenever BCLC barred these suspected lower-level loan sharks from a casino, someone new would replace them in short order.
68. While I would not know what rate of interest was being charged by a suspected loan shark (or if interest was being charged at all), in my view charging an interest rate is what differentiates a person lending cash and/or chips to someone as a favour from a person lending cash and/or chips to someone as a business.
69. Loan sharking is often also referred to as “money facilitating” or “cash facilitating”. I agreed with BCLC’s eventual use of this terminology in place of “loan sharking” because identifying someone as a loan shark was difficult to do without information from the patrons who were using the services of a person we suspected was acting as a loan shark. I recall only a few instances where loan sharks were definitively identified to me by a patron, which occurred as a result of a complaint made by a patron to BCLC consumer services about a loan shark and requesting to be called back by an investigator, or due to a complaint made by a patron to casino security about a loan shark, which would then get included in the security officer’s iTTrak incident report.
70. I spent many years interviewing Chinese informants within the context of drug investigations during my time as an RCMP officer. During those interviews, there was

some mention of the practice of loan sharking. As a result of this experience, I was aware of major known or suspected loan sharks and knew that they had been banned from all casinos. However, I did recognize within the casinos a number of individuals whom I suspected of being associated with these known or suspected loan sharks, such as [REDACTED] [REDACTED]. I had read reports of [REDACTED] [PERSONAL INFORMATION] and her associates assaulting people who owed them money and I knew that she was barred from all casinos. However, it was often impossible to identify her associates – or other known or suspected loan sharks – and thus to pre-emptively bar them from casinos.

71. I nevertheless did my best to keep suspected loan sharks out of casinos. In 2009, when I first started as a casino investigator at BCLC, I took it upon myself to research and create a number of iTrek incident reports in an attempt to have five-year barrings imposed on a number of prominent suspected loan sharks. Two sisters were my first such attempt, and I researched numerous iTrek incident reports in support of my barring request for them. Over the years, I came to be known by BCLC's investigation managers and my fellow investigators for my pursuit of loan sharking prohibitions.
72. When I joined BCLC, most other casino investigators were submitting the detailed circumstances of their barring requests to our managers by e-mail instead of within the iTrek system. This made it difficult for me to thoroughly research patron histories within iTrek. I therefore asked my managers to require other investigators to submit their barring requests through iTrek incident reports instead of through e-mail, so as to facilitate better access to information about patrons. This became the standard practice for reporting the circumstances surrounding barring requests and for making such requests.
73. In 2012, while working at Starlight, I learned about a suspected loan shark named [REDACTED] [REDACTED]. I understood that Stone Lee, who was a BCLC casino investigator at River Rock, had requested a three year ban for Mr. [REDACTED] [PERSON] and that Mr. Karlovcec (our Assistant Manager) had approved a one year ban. Upon reviewing surveillance video footage after the fact, I observed Mr. [REDACTED] [PERSON] making cash drop-offs outside of Starlight during the course of his one year ban, so I submitted iTrek reports regarding these incidents – this caused Mr. [REDACTED] [PERSONAL] barring to be extended to five years. Attached and marked as **Exhibit "K"**

(BCLC0016529) is an iTrak incident report detailing this request for an extended 5-year barring.

74. In 2014, a confidential source whom I considered to be a reliable source of information told me that major loan sharks were operating in BC casinos, and that the vast majority of VIPs get the money they gamble with in Lower Mainland casinos from loan sharks. I was told that these loans, plus a commission, are repaid in China, and that good customers pay a lower commission. Immediately upon learning this information, I prepared an iTrak incident report detailing what I had been told and brought the incident report to the attention of Mr. Friesen and Mr. Karlovcec.
75. Later on, I would advise others at BCLC about this incident report, including Mr. Alderson, Mr. Sweeney, Mr. Desmarais, and Mr. Kroeker. For example, attached and marked as **Exhibit “L”** (BCLC0011943, p. 125) is a copy of my notes from March 23, 2015, indicating that I sent an e-mail to Mr. Desmarais about this incident report. Attached and marked as **Exhibit “M”** (BCLC0011096) to this affidavit is a copy of this e-mail to Mr. Desmarais, as well as our subsequent correspondence. None of these individuals ever added any supplemental entries to the report to indicate that they had reviewed it.

X. Cheque Issuance

76. It was BCLC policy and common knowledge among both BCLC casino investigators and Service Provider staff that no patron could buy in with a large amount of cash and leave with a cheque after little or no play. I never observed this taking place at any of the casinos at which I worked during my tenure as a BCLC casino investigator. The accepted practice, which was consistent throughout my time with BCLC, was that if a patron attempted to do this, Service Provider staff would give back to the patron the same bills which with they had bought in.

XI. Jonathan Manthorpe Presentations

77. I attended a presentation by journalist Jonathan Manthorpe on February 20, 2013. This presentation was held in a boardroom at BCLC’s Vancouver office, at one of the monthly

investigator meetings, which all BCLC casino investigators attended. I recall that Mr. Friesen introduced Mr. Manthorpe. I believe Mr. Karlovcec was also in attendance, but I cannot recall if Mr. Towns attended. While I don't have notes of the content of this presentation, I recall that it was related to cash entering Canada through the Vancouver airport and that Mr. Manthorpe suggested that this may be the source of the cash coming into Lower Mainland casinos. The date of this meeting and presentation is documented in my notes, which are attached and marked as **Exhibit "N"** (BCLC0011942, p. 26).

78. I remember that the figures in Mr. Manthorpe's presentation were in Canadian dollars. This seemed odd to me at the time because my understanding was that US dollars were the currency of choice globally. This prompted me to call a friend, Canadian Border Services Agency ("CBSA") investigator Colin McDouall, during a break to confirm that cash being seized at the Vancouver airport was more typically in US currency than Canadian currency. My contact at the CBSA confirmed that this was indeed the case and that of the \$12,000,000 in cash seized by the CBSA during the previous year, only about \$200,000 was in Canadian currency.
79. After my call with Mr. McDouall, Mr. Manthorpe's presentation continued and there was eventually a question period. I told Mr. Manthrope that the figures in his presentation referred to Canadian dollars, but that I had just inquired with a friend at the CBSA and learned that the majority of cash seized by the CBSA during the previous year had been US currency. I also shared with him the figures that had been conveyed to me by Mr. McDouall. I stated that, in my opinion, cash coming into Vancouver through the airport was unlikely to be the source of the cash being used in Lower Mainland casinos because US currency is rarely the currency used for substantial cash buy-ins. Mr. Manthorpe agreed that the figures were stated in Canadian dollars for the purpose of his presentation to BCLC.
80. I recall that on February 22, 2013, I spoke with Mr. McDouall. I do not recall anything about the meeting other than that we discussed the information presented by Mr. Manthorpe at the BCLC meeting described above. The date and content of this meeting is

documented in my notes, which are attached and marked as **Exhibit "O"** (BCLC0011942, p. 28).

81. I attended a second presentation by Mr. Manthorpe on December 3, 2013. This presentation was at an annual meeting of BCLC legal, investigation, and compliance staff. I recall that the presentation took place in a conference room at the River Rock Casino, and Mr. Manthorpe was introduced by Mr. Desmarais. My memory is that the presentation was an expanded version of the first presentation by Mr. Manthorpe that I had attended. I don't recall if I asked any questions on this occasion.
82. Attached and marked as **Exhibit "P"** (BCLC000128) and **Exhibit "Q"** (BCLC0008062) are copies of what appear to me to be a slide deck and presentation notes from a subsequent presentation given by Mr. Manthorpe on June 4, 2015. While I did not attend that presentation, the slide deck and presentation notes contain some information that is similar to the information I received from Mr. Manthorpe during his presentations that I attended on February 13, 2013 and December 3, 2013.

XII. BCLC Management

83. I recall a speech made by Michael Graydon, who was then BCLC's CEO, at an annual meeting of BCLC legal, investigation, and compliance staff on December 4, 2012. In his speech, Mr. Graydon expressed his disagreement with the way the media was portraying the issue of money laundering in casinos. While I agreed with Mr. Graydon that the media's portrayal of the issuance of verified win cheques was inaccurate, I noted that Mr. Graydon did not comment further on the reports of bags of cash coming in to casinos. I had hoped he would address these reports because, without further clarification, my impression was that he was implying that the reporting on the bags of cash was wrong. Attached and marked as **Exhibit "R"** (BCLC0011942, p. 10) to this affidavit is an entry from my notebook, indicating the date that this meeting and presentation took place.
84. The day after Mr. Graydon's speech the conference continued, and I recall I spoke to Mr. Towns, BCLC's Vice President of Corporate Security and Compliance, in private before the presentations started. I expressed to Mr. Towns my dissatisfaction with Mr. Graydon's speech failing to address the reports of bags of cash coming in to casinos. Mr.

Towns asked me how could VIP players be considered to be money launderers when they put all their money at risk and usually lose it when gaming. I took from his comment that his view was that VIP patrons were legitimately engaging in gaming and had provided legitimate business occupations, so they could not be laundering money. I expressed to Mr. Towns my belief that VIP players were legitimate gamblers who have legitimate business occupations, but that I also believed the suspected cash facilitators who were supplying the VIP players and there were people behind the suspected cash facilitators who were associated with organized crime, and that those people were involved in money laundering. Mr. Towns disagreed, saying that BCLC did not have proof of that and did not have the authority to investigate what occurred outside of casinos. I understood his point, and we ended our conversation by agreeing to disagree. I recall that Mr. Towns and I had previously had a similar conversation but I cannot remember precisely when.

85. Brad Desmarais joined BCLC as Vice President of Corporate Security and Compliance in February 2013. I knew Mr. Desmarais from my time with the RCMP and I understood him to be very knowledgeable about proceeds of crime. I therefore expected Mr. Desmarais to put in place more robust AML policies. However, contrary to my expectations, my opinion is that Mr. Desmarais tried to downplay the issue of money laundering in casinos by persons who were providing cash to VIP players and who were likely associated with organized crime. I felt that he did so by promoting alternative explanations for the large amounts of cash coming in to casinos. The Jonathan Manthorpe presentations are an example of this.
86. Mr. Desmarais also wrote a few articles that were posted on BCLC's internal website, "Yak", in which I believe he downplayed the issue of money laundering in casinos. Attached and marked as **Exhibit "S"** (BCLC0010321) and **Exhibit "T"** (BCLC0011743, BCLC0011744) to this affidavit are copies of two such articles that I recall.
87. Attached and marked as **Exhibit "U"** (BCLC0016564) to this affidavit is a copy of notes I made in response to the 2014 article written by Mr. Desmarais and published on Yak (Exhibit "T"). In these notes I included excerpts from the article and, below each excerpt, I explained why I disagreed with Mr. Desmarais' opinion as expressed in the article. This

Word document was attached to an e-mail I sent to my assistant manager, Bruno Gatto. Attached and marked as **Exhibit “V”** (BCLC0016563) to this affidavit is a copy of an e-mail between myself and Mr. Gatto in that regard, which Mr. Gatto appears to have subsequently sent to my manager, Kris Gade, copied to Kevin Sweeney.

88. In March 2015, Jim Lightbody, who was then CEO of BCLC, delivered a presentation at an annual meeting of BCLC legal, investigation, and compliance staff members in which he spoke with pride about increased table game revenues at casinos. Attached and marked as **Exhibit “W”** (BCLC0011934) to this affidavit is a copy of what I understand to be Mr. Lightbody’s speaking notes from this meeting. I have reviewed these notes and can confirm that they accord with my recollection of the content of Mr. Lightbody’s presentation at this meeting.
89. I recall being concerned and displeased that Mr. Lightbody did not, in the course of his presentation, mention the substantial increase in the number of STRs that BCLC casino investigators were filing, which I viewed as being related to the increase in table game revenues. In addition, I felt that Mr. Lightbody ought to have addressed the issue of money laundering in a more expansive way; my memory is that his comments implied that money laundering in casinos was a “misconception” and I felt that he ought to have provided additional nuance and context. The following day, I spoke privately with Mr. Desmarais about my concerns with Mr. Lightbody’s presentation.
90. In November 2017, Mr. Kroeker, who was then BCLC’s Chief Compliance Officer and Vice President of Legal, Compliance, and Security, told me in a phone conversation that Jerome Malysh wanted to speak with me as part of the preparation of Dr. Peter German’s report. I told Mr. Kroeker that I would be happy to speak to Mr. Malysh, but that I would be critical of how BCLC had handled cash buy-ins when I was a BCLC casino investigator in the Lower Mainland. Mr. Kroeker accepted this and encouraged me to simply tell Mr. Malysh the truth.
91. Attached and marked as **Exhibit “X”** (BCLC0005622) to this affidavit is a copy of correspondence between Mr. Kroeker, Mr. Malysh, and myself, whereby Mr. Kroeker

puts Mr. Malysh and I in touch and Mr. Malysh and I make arrangements for our meeting, which occurred on December 20, 2017.

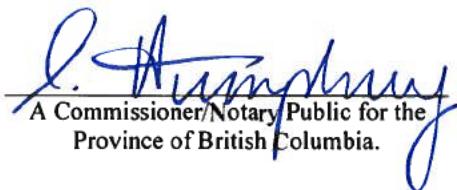
SWORN BEFORE ME at Vancouver,
British Columbia, on November 8th, 2020.

A commissioner for taking affidavits for
British Columbia

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MICHAEL HILLER

SUSAN J. HUMPHREY
Barrister and Solicitor
Hunter Litigation Chambers
Suite 2100 - 1040 West Georgia Street
Vancouver, BC V6E 4H1
Telephone: 604-647-4558

THIS IS **EXHIBIT "A"** TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.



A Commissioner/Notary Public for the
Province of British Columbia.

To: ALL- Casino Richmond Site Staff [REDACTED] **PERSONAL INFORMATION**
Cc: Steve Beeksm [REDACTED] **PERSONAL INFORMATION**; Stone Lee [REDACTED] **PERSONAL INFORMATION**; Bill
 Boyd [REDACTED] **PERSONAL INFORMATION**
From: Don Chow
Sent: Fri 2013-02-08 2:24:04 AM
Subject: FW: 2013-02-07-GCC - Table games VIP limit change Approval
2013-02-07-GCC - Table games VIP limit change Approval.pdf
Increased Limit.doc.doc
Parameters to high limit wagering.doc.doc

.....
 FYI

The Site has been approved for the max bet of \$10,000 in the Salon Prive effective today. I spoke with the GM and they are planning to start with this tomorrow.

Thanks,

Don Chow

Manager, Site Operations
 Casinos and Community Gaming Division, British Columbia Lottery Corporation
 River Rock Casino Resort
 8811 River Road, Richmond, BC
 V6X 3P8

T [REDACTED] C [REDACTED]
 PERSONAL INFORMATION

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

From: Bal Bamra
Sent: Thursday, February 07, 2013 3:03 PM
To: Don Chow
Subject: FW: 2013-02-07-GCC - Table games VIP limit change Approval

fyi

Bal Bamra
 Regional Manager
 Casinos and Community Gaming, BCLC
 2940 Virtual Way, Vancouver, B.C. V5M 0A6

T [REDACTED] M [REDACTED]
 PERSONAL INFORMATION

bclc.com

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

*Please consider the environment before printing this email.

From: Anna Rivera
Sent: Thursday, February 07, 2013 11:47 AM
To: Rob MacIntyre [REDACTED] **PERSONAL INFORMATION**
Cc: Serge De Iure; Jim Lightbody; Andrew Williamson; Bonnie Armand; Darren Jang; Danny Chang; Julianne Joe; Wendy Henning; Laird Robinson; Constance Ladell; Andrew Williamson; Bal Bamra; Gina Iandiorio; Gina Morin; Laurie Stewart; Paul Johnson; Tom Maryschak; Darlene Doyle [REDACTED] **PERSONAL INFORMATION**
Subject: 2013-02-07-GCC - Table games VIP limit change Approval

Hi Rob,

Please find attached approval letter.

Thanks,

Anna

Anna Rivera
 Operations Coordinator
 BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
 T [REDACTED] F 604 225 6422

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

February 7, 2013

BY EMAIL



Rob MacIntyre
Great Canadian Casinos
#350 - 13775 Commerce Parkway
Richmond, BC V6V 2V4

Dear Rob:

Re: Proposal for Table Games Private and High Limit Room limit trial

BCLC acknowledges receipt of your proposal on February 6, 2013 to move forward with the trial expansion of table limits in your High Limit and Private rooms at the River Rock Casino.

Based on your agreement to the terms and conditions for the trial, and your suggested house rules, you are approved to move forward with the trial commencing February 7, 2013.

Please work directly with the BCLC Regional Manager, and the BCLC Senior Product Specialist to implement the required changes.

Yours truly,

Serge De Iure
Director of Operations
Casino and Community Gaming

/ar

CC: J. Lightbody	A. Williamson	B. Armand	D. Jang
D. Chang	J. Joe	W. Henning	L. Robinson
C. Ladell	All- Casino RM's	Darlene Doyle	

2940 Virtual Way
Vancouver, BC V5M 0A6
T 604.215.0649
F 604.225.6424
bclc.com



February 6, 2013

Bal Bamra
Regional Manager, Casino Operations
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, BC
V5M 0A6

Re: Table Games Private and High Limit Room Limit Trial

Dear Bal,

River Rock Casino Resort is pleased to welcome the opportunity to trial test an increased maximum wager in the Salon Prive beginning February 8, 2013. The parameters set out in Serge De lure's letter dated February 4, 2013 assist in protecting the games. We support all of these initiatives and are currently in compliance with the applicable conditions.

A separate proposal outlining River Rock Casino Resort game operations will follow this letter. The key point in this supplemental letter is allowing the second player on a private table to stack their wager past \$10,000

Thank you for this opportunity to provide an increased limit to our VIP clientele.

Sincerely,

Rob MacIntyre
Director, Table Games
GREAT CANADIAN GAMING CORPORATION

cc. Walter Soo, Peter Goudron, Jim Wall, Danny Chang, Andrew Williamson, Darlene Doyle



February 6, 2013

Bal Bamra
 Regional Manager, Casino Operations
 British Columbia Lottery Corporation
 2940 Virtual Way
 Vancouver, BC
 V5M 0A6

Re: Increased Wager for High Limit Room Trial

Dear Bal,

River Rock Casino Resort would like to offer the increased bet limit to our high limit Salon Prive players. With the higher bet maximum comes higher volatility in game results. We do believe we have the volume of play to lessen the volatility but still feel it necessary to apply additional game procedures. Below are the procedures we would like to apply pending BCLC's final approval.

A. Increased Bet Limits

- Table Bet maximum- \$90,000 aggregate per round
- Player Bet Maximum- \$60,000

B. Table Bet Spread

- \$2,000 to \$60,000 for qualified Maximum Bet player
- \$100 to \$30,000 for other players on same game. Combined bets cannot exceed 30K if Maximum bet player is wagering 60K

C. Revised Rules of Play

- A qualified player may be permitted to stack a bet which exceeds \$10,000 onto one betting position provided it does not exceed \$60,000
- Additional player(s) may be permitted to stack a bet(s) which exceeds \$10,000 onto each individual betting position provided the total of all bets does not cause table aggregate to exceed \$90,000
- Initiating the play of \$90,000 table aggregate shall not occur in mid shoe.

D. Gaming Area

- The \$90,000 table aggregate / \$60,000 maximum player bet shall be restricted to the baccarat tables in the Salon Prive. Games numbers are MDB 13 to MDB 33 inclusive.

E. Time Period

- The \$90,000 table aggregate / \$60,000 player maximum shall be offered during the following periods.

- i. February 8, 2013 to March 31, 2013
- ii. September 13, 2013 to October 13, 2013 (pending BCLC approval)

F. Player Qualification

- Players requesting the option to wager up to \$60,000 per round must secure approval from Casino Management

- Casino Management shall grant or deny \$60,000 maximum player wager based on:

PGF Account Holder

- Player is verified to retain a minimum of \$500,000 on deposit
- If the PGF account balance is less than \$500,000 but player is verified to be in possession of River Rock Casino value chips which, when combined with the PGF account balance, equals to or exceeds \$500,000

Established Player/ Non-PGF Account Holder

- Player is verified to be an established River Rock Casino guest if he/she has been documented with an Annual Theoretical Win of \$250,000 in prior years (based on 60 hands x \$5,000 average bet x 1.26% HA x 66 hours annual play) and
- Player verifies possession of minimum \$750,000 River Rock Casino value chips

Unknown Player / Non-PGF Account Holder

- Player verifies possession of minimum \$1,000,000 River Rock Casino value chips

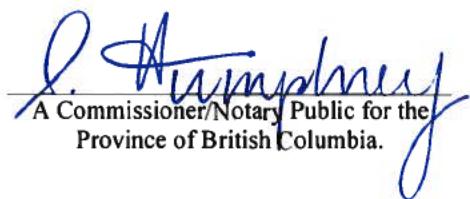
Depending on player reaction some requirements may be altered slightly. BCLC will be promptly notified of any changes.

Sincerely,

**Rob MacIntyre
Director, Table Games
GREAT CANADIAN GAMING CORPORATION**

cc. Walter Soo, Jim Wall, Danny Chang, Andrew Williamson, Darlene Doyle, Peter Goudron

THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

To: Steve Beeksma [REDACTED]
From: Mike Hiller
Sent: Fri 2013-03-01 6:12:49 PM
Subject: RE: 2013-02-07-GCC - Table games VIP limit change Approval

.....

thx

From: Steve Beeksma
Sent: March 1, 2013 10:12 AM
To: Mike Hiller
Subject: FW: 2013-02-07-GCC - Table games VIP limit change Approval

Here's what we got from our CSOM...the parameters detail RRCR's protocol regarding the \$60K per player, not to exceed \$90K per hand combined.

Steve Beeksma

Casino Investigations

BCLC, 2940 Virtual Way, Vancouver, BC, V5M 0A6

T [REDACTED] C [REDACTED]

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

From: Don Chow
Sent: Thursday, February 07, 2013 6:24 PM
To: ALL- Casino Richmond Site Staff
Cc: Steve Beeksma; Stone Lee; Bill Boyd
Subject: FW: 2013-02-07-GCC - Table games VIP limit change Approval

FYI

The Site has been approved for the max bet of \$10,000 in the Salon Prive effective today. I spoke with the GM and they are planning to start with this tomorrow.

Thanks,

Don Chow

Manager, Site Operations

Casinos and Community Gaming Division, British Columbia Lottery Corporation

River Rock Casino Resort

8811 River Road, Richmond, BC

V6X 3P8

T [REDACTED] C [REDACTED]
 PERSONAL INFORMATION [REDACTED]

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

From: Bal Bamra
Sent: Thursday, February 07, 2013 3:03 PM
To: Don Chow
Subject: FW: 2013-02-07-GCC - Table games VIP limit change Approval

fyi

Bal Bamra

Regional Manager

Casinos and Community Gaming, BCLC

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

T [REDACTED] M [REDACTED]
 PERSONAL INFORMATION [REDACTED]

bclc.com

Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and

community groups across B.C.

Please consider the environment before printing this email.

From: Anna Rivera

Sent: Thursday, February 07, 2013 11:47 AM

To: Rob MacIntyre **PERSONAL INFORMATION**

Cc: Serge De Iure; Jim Lightbody; Andrew Williamson; Bonnie Armand; Darren Jang; Danny Chang; Julianne Joe; Wendy Henning; Laird Robinson; Constance Ladell; Andrew Williamson; Bal Bamra; Gina Iandiorio; Gina Morin; Laurie Stewart; Paul Johnson; Tom Maryschak; Darlene Doyle **PERSONAL INFORMATION**

Subject: 2013-02-07-GCC - Table games VIP limit change Approval

Hi Rob,

Please find attached approval letter.

Thanks,

Anna

Anna Rivera

Operations Coordinator

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

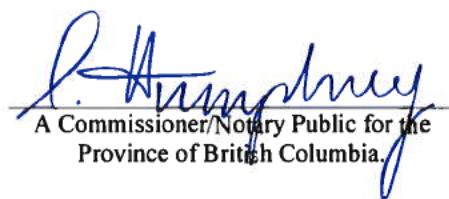
T **PERSONAL INFORMATION** F 604 225 6422

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

THIS IS EXHIBIT "C" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.



A Commissioner/Notary Public for the
Province of British Columbia.

Incident File Full Report**Incident File #IN20120025669**

Date/Time Occurred: [REDACTED] 9:13 AM
Day of Week Occurred: [REDACTED]
Date/Time Created: [REDACTED] - RCMP 9:14 AM
Date/Time Closed: [REDACTED] 9:34 AM
Closed By: mhiller

Record Creation Details

Department: BCLC Corporate Security
Owner: mhiller
Operator ID: mhiller
Operator Name:
Personnel ID:
Card Number:
Job Position:
Secondary Operator:

Location of Incident:

Property: Vancouver (BCLC)

Location:

Sublocation:

Details of Incident:

Daily Log #: DL20120497978

Type: Assistance To

Specific: Police

Category:

Incident Status: Closed

Synopsis: Assist IPOC

Checklist:

Narrative:

	Created On	Created By	Modified On	Modified By
[REDACTED] - RCMP	9:14 AM	mhiller		
Assist IPOC file	[REDACTED] - RCMP			
RE:	Redacted - RCMP			

Executive Brief:**Participants Involved:****Personnel**

Full Name: HILLER, Michael	Property: Vancouver (BCLC)
Role: Documenter	Department: BCLC

Subject

Full Name: [REDACTED]	Company: [REDACTED]
Role: Redacted - RCMP	

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20120025669****Supplemental Entries:**

SP20120066491 Attached by mhiller on [Redacted - RCMP] 10:15

Description IPOC Email Request:

From: Steve Reinhart <**PERSONAL INFORMATION**>
 Sent: [Redacted - RCMP] 12:51 PM
 To: Mike Hiller
 Cc: Colin BURSILL
 Subject: [Redacted - RCMP]

Mike,

We are conducting a Money Laundering / Proceeds of Crime investigation into the following individual:

[Redacted - RCMP]

[Redacted - RCMP] currently has \$279,540.00 in STR's, of which \$141,820.00 was in \$20.00 bills. In order to get a more accurate reflection of his activity we are requesting the following information:

- # of Large Cash Transactions
- Total value of buy ins
- Total value of disbursements
- Date of 1st transaction.

If you require anything further please advise. Thanks in advance.

S. (Steve) Reinhart, Sgt.
 NCO i/c Intel Unit
 "E" Div Integrated Proceeds of Crime
 Desk: [PERSONAL INFORMATION]
 Cell: [PERSONAL INFORMATION]

SP20120066492 Attached by mhiller on [Redacted - RCMP] 10:16

Description Email Response:

--
 From: Mike Hiller
 Sent: [Redacted - RCMP] 4:19 PM
 To: [PERSONAL INFORMATION]
 Cc: Colin BURSILL
 Subject: [Redacted - RCMP]

Hi Steve,

Here is the information that you requested regarding the casino patron [Redacted - RCMP]
 [Redacted - RCMP] The amounts are as of today's date.

Total # of Large Cash Trans = 178
 Total value of Buy ins = \$1,723,490.00
 Total value of Disbursements = \$1,716,730.00
 Date of 1st recorded transaction is [Redacted - RCMP]

Please note the BCLC caveat displayed directly below. The BCLC assistance incident is

Reporting Party:**Supervisor:**

Incident File Full Report**Incident File #IN20120025669**

SP20120066492 Attached by mhiller on [Redacted - RCMP] 10:16

SP2012006649
2 - Continued-

2012-0025669.

Please contact me if you have any questions regarding this information.

All attached documents and information, including photos, are the property of the British Columbia Lottery Corporation and our gaming "Service Providers". This information is provided to you for "investigational purposes only". It cannot be further disseminated or disclosed to any other agency without the consent of the British Columbia Lottery Corporation. Should the original documents be required for court purposes, a Production Order or Search Warrant is required and must be served upon the "Service Provider" in possession of said documents. A list of individuals to be named for that purpose is available upon request.

Regards,
Mike

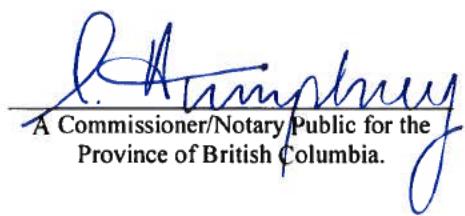
Mike HILLER
BCLC Casino Security Investigator
2940 Virtual Way, Vancouver, B.C. V5M 0A6
T [REDACTED] C [REDACTED]
[REDACTED]

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

Reporting Party:	Supervisor:
------------------	-------------

THIS IS EXHIBIT "D" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Incident File Full Report**Incident File #IN20120039812**

Date/Time Occurred: [REDACTED] 12:25 PM
Day of Week Occurred: Redacted - RCMP
Date/Time Created: [REDACTED] 12:26 PM
Date/Time Closed: [REDACTED] 12:35 PM
Closed By: mhiller

Record Creation Details

Department: BCCLC Corporate Security
Owner: mhiller
Operator ID: mhiller
Operator Name:
Personnel ID:
Card Number:
Job Position:
Secondary Operator:

Location of Incident:

Property: Vancouver (BCLC)
Location:
Sublocation:

Details of Incident:

Daily Log #: DL20120792129

Type: Assistance To

Specific: Police

Category:

Incident Status: Closed

Synopsis: Assist IPOC

Checklist:

Narrative:	Created On	Created By	Modified On	Modified By
[REDACTED - RCMP]	12:30 PM	mhiller		
Assist IPOC file	[REDACTED - RCMP]			
RE:	[REDACTED - RCMP]			

Executive Brief:**Participants Involved:****Personnel**

Full Name: HILLER, Michael	Property: Vancouver (BCLC)
Role: Documenter	Department: BCCLC

Subject

Full Name: Redacted -	Company:
Role: RCMP	

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20120039812****Supplemental Entries:**

SP20120101619 Attached by mhiller on [Redacted - RCMP] 12:33

Description IPOC Email Request

From: Eldon DRAUDE [REDACTED] PERSONAL INFORMATION
 Sent: [Redacted - RCMP] 9:50 AM
 To: Mike Hiller
 Cc: Colin BURSILL
 Subject: [Redacted - RCMP]

We are conducting a Money Laundering / Proceeds of Crime investigation into the following individual:

[Redacted - RCMP]

[Redacted - RCMP] has a number of Suspicious Transactions which total \$220,020.00, of which \$130,020 was in \$20.00 bills, or 6,501 bills. In order to get a more accurate reflection of his activity we are requesting the following information:

- # of Large Cash Transactions
- Total value of buy ins
- Total value of disbursements
- Date of 1st transaction.

If you require anything further please advise. Thanks in advance.

Eldon DRAUDE, Cpl.
 Admin NCO/Ops Review
 RCMP "E" Division
 IPOC Section

[PERSONAL INFORMATION] (W)
 [PERSONAL INFORMATION] (C)
 778-571-7577 (F)

SP20120102341 Attached by mhiller on [Redacted - RCMP] 00:00

Description Email Response:

From: Mike Hiller
 Sent: [Redacted - RCMP] 12:09 PM
 To: Eldon DRAUDE [REDACTED] PERSONAL INFORMATION
 Cc: Colin BURSILL
 Subject: [Redacted - RCMP]

Hi Eldon,

Here is the information that you requested regarding the casino patron [Redacted - RCMP]
 [Redacted - RCMP] The amounts are as of today's date.

Total # of Large Cash Trans = 235
 Total value of Buy ins = \$7,772,900.00
 Total value of Disbursements = \$3,499,791.50

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20120039812**

SP20120102341 Attached by mhiller on [Redacted - RCMP] 00:00

SP2012010234
1 - Continued-

Date of 1st recorded transaction is [Redacted - RCMP]

Please note the BCLC caveat displayed directly below. The BCLC assistance incident is 2012-0039812.

Please contact me if you have any questions regarding this information.

All attached documents and information, including photos, are the property of the British Columbia Lottery Corporation and our gaming "Service Providers". This information is provided to you for "investigational purposes only". It cannot be further disseminated or disclosed to any other agency without the consent of the British Columbia Lottery Corporation. Should the original documents be required for court purposes, a Production Order or Search Warrant is required and must be served

upon the "Service Provider" in possession of said documents. A list of individuals to be named for that purpose is available upon request.

Regards,
Mike

Mike HILLER
BCLC Casino Security Investigator
2940 Virtual Way, Vancouver, B.C. V5M 0A6

T [PERSONAL INFORMATION] C [PERSONAL INFORMATION]
[PERSONAL INFORMATION]

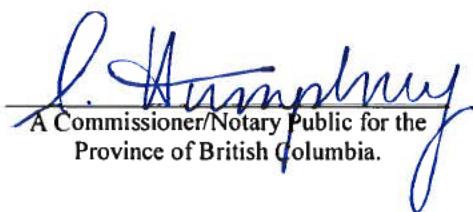
Connect with us :
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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

Reporting Party:

Supervisor:

THIS IS EXHIBIT "E" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Incident File Full Report**Incident File #IN20100038292**

Date/Time Occurred: [REDACTED] 3:35 PM
Day of Week Occurred: Redacted - RCMP
Date/Time Created: [REDACTED] 3:35 PM
Date/Time Closed: [REDACTED] 2:02 PM
Closed By: canastasio

Record Creation Details

Department: BCLC Corporate Security
Owner: mhiller
Operator ID: mhiller
Operator Name:
Personnel ID:
Card Number:
Job Position:
Secondary Operator:

Location of Incident:

Property: Richmond (BCLC)

Location:

Sublocation:

Details of Incident:

Daily Log #: DL20100771825

Type: Assistance To

Specific: Police

Category:

Incident Status: Closed

Synopsis: Assist RCMP Richmond

Checklist:

Narrative:	Created On	Created By	Modified On	Modified By
[REDACTED]	3:35 PM	mhiller		
RCMP file # [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Executive Brief:

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20100038292****Participants Involved:****Personnel**

Full Name:	HILLER, Michael	Property:	Vancouver (BCLC)
Role:	Documenter	Department:	BCLC

Subject

Full Name:		Company:	
Role:			
Full Name:	Redacted	Company:	Redacted - RCMP
Role:	- RCMP		
Full Name:		Company:	
Role:			

Ban/Watch Details

<u>Full Name</u>	<u>Ban/Watch</u>	<u>Start Date</u>	<u>End Date</u>
Redacted - RCMP	Removed Watch	Redacted	Redacted - RCMP

Type Of Ban: **Notes:**

Reason For Ban:

Identification:

Supplemental Entries:

SP20100089435 Attached by mhiller on [Redacted - RCMP] 15:39

Description Email exchange with Richmond RCMP regarding information from a recent loan shark victim :

From: Pak Yim [mailto:PERSONAL INFORMATION]
 Sent: [Redacted - RCMP] 8:02 PM
 To: Mike Hiller
 Subject: Loan Shark Suspect [Redacted - RCMP]

Hi Mike:

Just wanted to give you guys a heads up regarding a file we had involving this individual:

[Redacted - RCMP]

Summary:

On [Redacted - RCMP] a loan-sharking victim [Redacted - RCMP] reported that she borrowed \$18,000 cash in total at River Rock from a loan shark known to her as [Redacted - RCMP]. [Redacted - RCMP] She paid [Redacted - RCMP] back the entire sum on [Redacted - RCMP] [Redacted - RCMP] she received a phone call from [Redacted - RCMP] who she thinks is [Redacted - RCMP] saying that she still owed \$5,000. [Redacted - RCMP] threatened [Redacted - RCMP] for her to pay back \$5000. [Redacted - RCMP] is still not identified at this time.

PRIME shows that [Redacted - RCMP] is known to our IPOC section and to you guys as a possible loan shark. It seems like she's been banned from River Rock in the past. Are you able to confirm if the ban is

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20100038292**

SP20100089435 Attached by mhiller on [Redacted - RCMP] 15:39

SP2010008943
5 - Continued-

still in effect. If not, how do we go about getting her banned from the casinos.

Thanks~!!!

Pak

Cst. P. K. (Pak) YIM
 B Watch
 Richmond RCMP
 6900 Minoru Blvd.,
 Richmond, BC
 V6Y 1Y3
 Office: [REDACTED] PERSONAL INFORMATION
 Cell: [REDACTED] PERSONAL INFORMATION
 Fax: 604-278-6773
 Email: [REDACTED] PERSONAL INFORMATION

From: Mike Hiller
 Sent: [REDACTED - RCMP] 9:19 AM
 To: 'Pak Yim'
 Subject: RE: Loan Shark Suspect [REDACTED - RCMP]

Hello Pak,

The information from the complainant is interesting and it proves that [REDACTED - RCMP] is still in the loan shark business [REDACTED] was BCLC Barred for 2 years in [REDACTED - RCMP] from all B.C. casinos for continuous chip passing incidents (actions consistent with loan sharking).

I would be very interested to know [REDACTED] identity if she is ever identified and any information about her i.e. description and age, vehicles, whether she frequently hangs about the high limit rooms, would certainly be helpful so our casino investigations.

Mike HILLER
 BCLC Casino Security Investigator
 10760 Shellbridge Way, Richmond, B.C. V6X 3H1
 T [REDACTED] C [REDACTED]
 [REDACTED] PERSONAL INFORMATION

From: Pak Yim [REDACTED] PERSONAL INFORMATION
 Sent: [REDACTED - RCMP] 6:36 PM
 To: Mike Hiller
 Subject: RE: Loan Shark Suspect [REDACTED - RCMP]

Hi Mike:

Based on cell phone records we think [REDACTED - RCMP]

Is she known to you guys at all?

Pak

Cst. P. K. (Pak) YIM
 B Watch
 Richmond RCMP

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20100038292**

SP20100089435 Attached by mhiller on [Redacted - RCMP] 15:39

SP2010008943
5 - Continued-

6900 Minoru Blvd,
Richmond, BC
V6Y 1Y3
Office: [PERSONAL INFORMATION]
Cell: [PERSONAL INFORMATION]
Fax: 604-278-6773
Email:[PERSONAL INFORMATION]

From: Mike Hiller
Sent: [Redacted - RCMP] 1:38 PM
To: 'Pak Yim'
Subject: RE: Loan Shark Suspect [Redacted - RCMP]

Hello Pak,

The information you provided about [Redacted - RCMP] is very useful to us. [Redacted - RCMP] was unknown to us. I checked [Redacted] on our electronic file system (iTrak) and confirmed her identity is the same as related by you.

[Redacted] was prohibited from B.C. casinos for one year during [Redacted] as a result of a chip passing incident. I note that her incidents [Redacted - RCMP] do not indicate any involvement in loan sharking.

I have included your information about [Redacted - RCMP] in BCLC incident file 2010-0038292. The casino sites do not have access to our exclusive BCLC incident files

Thank you for your assistance in providing us with valuable information.

Regards,

Mike HILLER
BCLC Casino Security Investigator
10760 Shellbridge Way, Richmond, B.C. V6X 3H1
[PERSONAL INFORMATION] C [PERSONAL INFORMATION]
[PERSONAL INFORMATION]

---END OF EMAIL EXCHANGE---

SP20100089438 Attached by mhiller on [Redacted - RCMP] 15:44

Description The following email was sent this date to BCLC investigators to assist in determining [Redacted - RCMP] identity:

From: Mike Hiller
Sent: [Redacted - RCMP] 3:59 PM
To: John Karlovcev; Don Merkel; Steve Beeksma; Rick Pannu;
Murray Ross; Duncan Gray; Stone Lee; Tom Plante; David Slobodian; Brian Stephens; Philip
Humphries
Cc: Doug Morrison; Gordon Friesen
Subject: Loan Shark Info from the RCMP

Hello All,

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20100038292**

SP20100089438 Attached by mhiller on [Redacted - RCMP] 15:44

SP2010008943
8 - Continued-

BCLC 2010-0038292 refers to information received on [Redacted - RCMP] from the Richmond RCMP concerning a recent loan shark victim at River Rock. It identifies a present BCLC Barred suspected loan shark [Redacted - RCMP] who appears to be still in the business. A [Redacted - RCMP] [Redacted - RCMP] was the victim's direct contact for the loan at River Rock.

Please read incident 2010-0038292 and add a supplemental report if you have any information on the identity of [Redacted - RCMP].

Thanks,

Mike HILLER
BCLC Casino Security Investigator
10760 Shellbridge Way, Richmond, B.C. V6X 3H1
T [REDACTED] C [REDACTED]
[REDACTED INFORMATION]

SP20100100482 Attached by mhiller on [Redacted - RCMP] 13:54

Description Summary:

On [Redacted - RCMP] the Richmond RCMP advised via email the following information received from a loan shark victim named [Redacted - RCMP] identified the following [Redacted - RCMP] as loan sharks operating at the River Rock Casino:

[Redacted - RCMP]

Note Her identity was confirmed by the RCMP from cell phone records.

[Redacted - RCMP]

Circumstances:

[Redacted - RCMP] reported that she loaned \$18,000 from a [Redacted - RCMP] loan shark operating at the River Rock Casino. [Redacted - RCMP] said she repaid the money in full to [Redacted - RCMP] on [Redacted - RCMP] but then received a call from [Redacted - RCMP] on [Redacted - RCMP] told the victim that she still owed \$5,000.00 and made threats to the fact that it was to be repaid.

Comments:

[Redacted - RCMP] was BCLC barred for suspected loan shark activities at the time this incident occurred. [Redacted - RCMP] appears to still be operating off site. According to the victim's claim [Redacted - RCMP] works as a loan shark from the River Rock Casino. A review of their histories seems to confirm the victim's information.

I note that [Redacted - RCMP] entered the VSE program on [Redacted - RCMP] a day after this loan shark incident.

[Redacted - RCMP] was placed in the "Watch" category in iTrak as a result of this information.

The incident file is being closed.

Mike HILLER
BCLC Casino Security Investigator

Reporting Party:

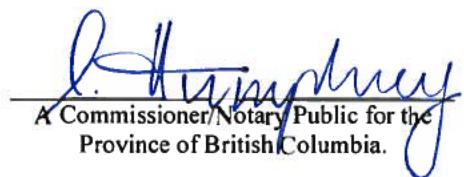
Supervisor:

Reporting Party:	Supervisor:
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Printed: 3/18/2020 6:02 AM

Page 6 / 6

THIS IS EXHIBIT "F" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWEORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Incident File Full Report**Incident File #IN20130056342**

Date/Time Occurred: [REDACTED] 3:03 PM
 Day of Week Occurred: Redacted - RCMP
 Date/Time Created: [REDACTED] 3:04 PM
 Date/Time Closed: [REDACTED] 3:09 PM
 Closed By: mhiller

Record Creation Details

Department: BCLC Corporate Security
 Owner: mhiller
 Operator ID: mhiller
 Operator Name:
 Personnel ID:
 Card Number:
 Job Position:
 Secondary Operator:

Location of Incident:

Property: Vancouver (BCLC)

Location:

Sublocation:

Details of Incident:

Daily Log #: DL20131075550

Type: Assistance To

Specific: Police

Category:

Incident Status: Closed

Synopsis: Assist RCMP Federal Serious and Organized Crime

Checklist:

Narrative:	Created On	Created By	Modified On	Modified By
[REDACTED]	3:07 PM	mhiller	[REDACTED]	[REDACTED]
Assist RCMP Federal Serious and Organized Crime File	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Executive Brief:

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20130056342****Participants Involved:****Personnel**

Full Name:	HILLER, Michael	Property:	Vancouver (BCLC)
Role:	Documenter	Department:	BCLC

Subject

Full Name:		Company:
Role:	Redacted	
Full Name:	- RCMP	Company:
Role:		

Supplemental Entries:

SP20130149598 Attached by mhiller on [Redacted - RCMP] 15:10

Description I received a telephone request from RCMP Cst. Miranda LAW of Federal Serious and Organized Crime. She inquired about the following 2 casino patrons in relation to a current money laundering investigation:

Redacted - RCMP

Cst. LAW advised she has reviewed 6 BCLC reports to IPOC (STRs) concerning the 2 a/n patrons. She stated that she would like to view the video footage concerning their involvement in 6 reported incidents. I reviewed all 6 incidents within iTrek as we spoke and determined that the video footage was saved at RRCR (5 incidents) and Starlight (1 incident) for each incident. Cst. LAW advised that at this point she would like a CD copy(s) of the video footage so that she could review same at her office for the purpose of investigation. She advised that she does not require the video footage for evidence purposes at this time. After her review is complete, she intends to return the CD copy(s) to myself.

I asked her to send me a formal request via email.

Mike Hiller
BCLC Casino Security Investigator

SP20130149601 Attached by mhiller on [Redacted - RCMP] 15:27

Description RCMP Email Request:

From: Miranda LAW [REDACTED] **PERSONAL INFORMATION**
 Sent: [Redacted - RCMP] 2:00 PM
 To: Mike Hiller
 Subject: [Redacted - RCMP] Suspicious Transaction Reports

Hi Mike,

Further to our telephone conversation, we are currently conducting a criminal investigation regarding the offence of money laundering based on Suspicious Currency Reports/Suspicious Transaction Reports previously forwarded to us by the BCLC.

We would like to please review the video surveillance associated with the Casino Incident Numbers listed below:

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20130056342**

SP20130149601 Attached by mhiller on [Redacted - RCMP] 15:27

SP2013014960
1 - Continued-

[Redacted -
FINTRAC]

Please let me know if you require any more information.

Regards,

Miranda

Cst. LAW

Federal Serious Organized Crime
Royal Canadian Mounted Police
"E" Division Headquarters
14200 Green Timbers Way
Mail Stop #809
Surrey, BC V3T 6P3
Phone: [REDACTED PERSONAL INFORMATION]
Fax: 778.290.6092

SP20130161637 Attached by mhiller on [Redacted - RCMP] 15:50

Description CDs were produced for the RCMP:

[Redacted - RCMP]

I sent email requests to the surveillance managers at River Rock and Starlight Casinos for CDs to be prepared for the relevant incidents at their locations.

[Redacted - RCMP]

A CD was obtained from the surveillance manager, Uros Savic, with video footage of [Redacted - FINTRAC]

[Redacted - RCMP]

Two CDs were obtained from the surveillance supervisor, Dejan Jankovic, with video footage of [Redacted - FINTRAC]

I met with Cst. Miranda LAW later that morning and turned over all 3 CDs to her. She will review the CDs and then return them to me for destruction.

[Redacted - RCMP]

The above noted CDs were returned to me by Cst. Law during a meeting at RCMP HQ. She conducted her review and has no further need for the CDs. I subsequently destroyed them.

Mike HILLER
BCLC Casino Security Investigator

SP20130163248 Attached by mhiller on [Redacted - RCMP] 11:50

Description I attended a meeting at RCMP HQ this date and met with Cst. Miranda Law and members of her team, the Federal Serious and Organized Crime - Group 1. The purpose of the meeting was to explain to the team how the casino operates in relation to LCTs and STR submissions, but especially to determine whether the iLPR system would be useful to their ongoing investigation. I

[Redacted - RCMP]

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20130056342**

SP20130163248 Attached by mhiller on [Redacted - RCMP] 11:50

SP2013016324
8 - Continued-

Redacted - RCMP

RCMP investigators are interested in our assistance by way of iLPR. Cst. Law will forward an iLPR request to me at a later date.

Mike HILLER
BCLC Casino Security Investigator

SP20140006547 Attached by bilboyd on [Redacted - RCMP] 07:45

Description On [Redacted - RCMP] the writer received an email from **Mike HILLER**, BCLC Casino Investigator, requesting a review of saved footage from incident [Redacted - RCMP]

The writer reviewed this footage and found the following:

Redacted - RCMP

Bill Boyd
BCLC Casino Investigator

SP20140008098 Attached by mhiller on [Redacted - RCMP] 14:52

Description Redacted - RCMP

From: **Mike Hiller**
Sent: [Redacted - RCMP] 2:42 PM
To: 'Miranda LAW'
Subject: [Redacted - RCMP]

Hi Miranda,
I checked our iLPR system and there is no record of [Redacted - RCMP] at any of the casinos. Just to confirm, [Redacted - RCMP]
Mike

From: **Miranda LAW** [mailto:[REDACTED PERSONAL INFORMATION]]
Sent: [Redacted - RCMP] 12:47 PM
To: Mike Hiller
Subject: [Redacted - RCMP]

Hi Mike,

Further to our conversation, please update your profile records on [Redacted - RCMP] to reflect that [Redacted - RCMP]

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20130056342**

SP20140008098 Attached by mhiller on [Redacted - RCMP] 14:52

SP2014000809
8 - Continued-

Please let me know if you have any questions.

Regards,

Miranda

SP20140011349 Attached by mhiller on [Redacted - RCMP] 12:17

Description RCMP requested a CD for Edgewater [Redacted - RCMP]
(see email exchange below)

The CD was obtained from Edgewater surveillance and turned over to Cst. Law today ([Redacted - RCMP]).
She will review it and then return it to me for destruction.

SP20140064396 Attached by mhiller on [Redacted - RCMP] 10:09

Description [Redacted - RCMP] Update / File Concluded

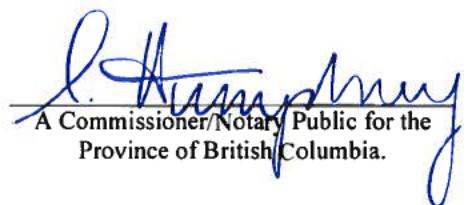
I received an email from Cst. LAW. She advised that [Redacted - RCMP]
[Redacted - RCMP] She advised that instead of returning the latest CD to me, that she would be destroying same.

No further BCLC assistance is required. The matter is concluded.

Mike HILLER
BCLC Casino Security Investigator

Reporting Party:	Supervisor:
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THIS IS EXHIBIT "G" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Tues

Date 2011-FEB-15

a.m. RRCR - Rich & I (Steve was off today).

Emails worked on.

Redacted - VPD

Weds.

2011-FEB-16

Edgewater - Tom + I .

IT work issues

1000 BCLC office ..

Proceeds meeting with RCMP IPOC +
Service Provider mgt.

March 30 - RRCR Next meeting
10:00 - 15:00

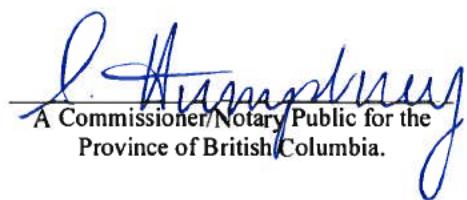
This meeting was attended by Terry Towns,
Gord, John, IPOC members Mike Arnold,
Dianne Boyle, Tracey, Pat Inness,
Greg Patterson, Carl Bolton, Star Wiggs,
Glen Atkinson, Dennis Amerine (Paragon)

1310 At RRCR - Met with GPEB Rob
Barber RE:

RRCR 2011-0006562 + 2011-0006727.

Page

THIS IS EXHIBIT "H" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

MOS 19 JUN

Thurs.

JUN 19 2014

Date

RRCR - Duncan + J.

Sites - RRCR, Cranbrook, Terrace + Br. Report.

CFSEU visit + money facilitation
presentation.John K, Daryl + myself, Pat Ennis +
Rob Kroches.

Redacted - FINTRAC

MOS I

Fri

JUN 20 2014

At RRCR - alone

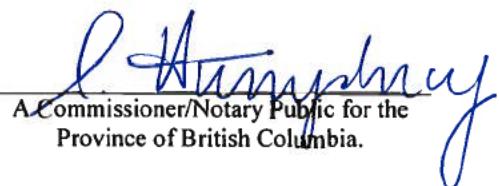
12:30 Start. 4.0 hrs today

(Remaining shift to be worked on June 22)

Okanagan sites, Cranbrook, Br. Report +
Terrace, RRCR - All checked.

Page |

THIS IS EXHIBIT "I" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Patrick Ennis

From: Gordon Friesen <PERSONAL INFORMATION>
Sent: Wednesday, November 03, 2010 6:14 PM
To: Rick Pannu; Mike Hiller; Steve Beeksma
Cc: John Karlovcec; Patrick Ennis; Patrick Ennis
Subject: Large Cash Transactions

Importance: High

Gentlemen

I had a conversation with Pat ENNIS today wherein he advised that GPEB Derek DICKSON had requested River Rock Surveillance notify them via Sec. 86 Report of any buy in of \$50,000 or more where conducted with \$20 bills. In our discussion Pat advised he would instruct his employees to open an incident report and put a brief note in it as to circumstances etc. Therefore, we would be advised and could monitor and/or investigate these transactions as required and add the necessary supplement(s). If in our investigation we feel it requires an SFT and report to Fintrac, we will file a report and change the drop down or request a change.

Should anyone have any questions please call me or discuss with Pat at any time.

Thank you!

Gord

Gord Friesen

Manager, Corporate Security & Surveillance

10760 Shellbridge Way

Richmond, B.C, V6X 3H1

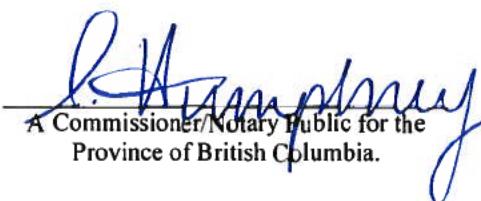
T PERSONAL INFORMATION

C PERSONAL INFORMATION

F 604 276 6488

E PERSONAL INFORMATION

THIS IS EXHIBIT "J" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.



A Commissioner/Notary Public for the
Province of British Columbia.

To: Steve Beeksma [REDACTED]; Rick Pannu [REDACTED]
From: Mike Hiller
Sent: Mon 2010-05-17 9:58:12 PM
Subject: FW: Further Request - RRCR 2010-0018409 \$460K Buy-in
Form 86 RRCR 2010-18409.doc

FYI.....Doug's follow-up.

Mike HILLER
BCLC Casino Security Investigator
10760 Shellbridge Way, Richmond, B.C. V6X 3H1
T [REDACTED] C [REDACTED]
[REDACTED]

From: Doug Morrison
Sent: May 17, 2010 1:40 PM
To: Mike Hiller
Cc: Gordon Friesen; John Karlovcev
Subject: FW: Further Request - RRCR 2010-0018409 \$460K Buy-in

Here is my email to Bolton and Ennis and Egli – addressing that very fact.

Doug

From: Doug Morrison
Sent: May 17, 2010 1:39 PM
To: 'Carl Bolton'
Cc: 'Patrick Ennis'; Terry Towns; Brian Egli
Subject: FW: Further Request - RRCR 2010-0018409 \$460K Buy-in

Carl – I guess it is with these types of activities when Dave mentions that it was only because 'BCLC found it suspicious' that it is being reported via 86 that leave me pondering!
I really have to question what on earth Dave is truly thinking about. Here we have an individual bringing in 2 bags full of \$20.00 bills into the casino and he and the rest of surveillance don't find this suspicious?

Honestly, where would you go to find \$460,000.00 in \$20 dollar bills? If you walked into a bank – they wouldn't accept this money – even if you had an account at the branch!

If GCGC and BCLC are going to weather the storm with FinTrac and FinTrac training – we need not just some of your staff but all of your staff on side with this legislation. I don't see that happening here with Dave Pacey and he's the surveillance manager.

Ultimately, how do we both defend a reporting system and validate these reports to FinTrac – when we see this type of non-commitment by first line senior staff.

Doug Morrison

From: Mike Hiller
Sent: May 17, 2010 8:55 AM
To: BCRRRC Surveillance Shift Managers; Dave Pacey

Cc: Rick Pannu; Steve Beeksma
Subject: Further Request - RRCR 2010-0018409 \$460K Buy-in

Dave,

I have attached the form 86 you sent on this incident as a reference for my comments here. The incident on May 2nd involved a LCT male [REDACTED] who brought in two large bags containing \$460,000 in \$20s. I read with interest your comments in the form 86, that "None of his actions while in the casino were suspicious, ie. loansharking or money laundering but it is just the amount of buy-ins that BCLC has found suspicious".

If this male brought two bags with that amount of money to a bank, the bank employee would surely find it suspicious, and the bank would be obligated to report the suspicious activity to FINTRAC (even if the denominations were \$100s). How is it that this sort of suspicious activity can change just because the male brought the money to a casino? I see nothing that differentiates the two scenarios. Surveillance should be the front line with this thing and it should have reported the incident as "suspicious activity" before the need for a BCLC investigator to request it. In the future I would expect that this type of buy-in is reported as "suspicious" activity.

Request:

Due to being busy, I didn't get to review the video footage until Wednesday afternoon. Unfortunately, I then didn't get a chance to check iTrak to determine whether this was one of the chip passing incidents involving [REDACTED] and his "Chinese friends" because I was away from River Rock for part of the end of the week. I just noticed this was not one of the chip passing incidents reported during the week or so where [REDACTED] was involved in "joint play/sharing his chips" with his friends. But I noticed during my review of the video that [REDACTED] came to the casino with the same 4 Chinese friends on May 2, and they were all waiting for him at MDB 28 while he conducted the \$460,000 buy-in. I would have expected that chip passing occurred as soon as [REDACTED] got the chips at the table. Please check with the surveillance operator who watched this "high limit play" and advise whether this did in fact occur.

Thank you,

Mike HILLER

BCLC Casino Security Investigator

10760 Shellbridge Way, Richmond, B.C. V6X 3H1

T [REDACTED] C [REDACTED]

[REDACTED]
[REDACTED]

Appendix B

**Gaming Policy and Enforcement Branch
Investigation Division**

SECTION 86 G C ACT REPORT

TO BE SUBMITTED WITHOUT DELAY.

Date: May 13th, 2010

Service Provider: GCC - RRCR

Location: 8811 River Road, Richmond B.C.

Occurrence: Several large buy-ins during the course of a week.

Date & Time of Occurrence: May 2,3 and 9th, 2010

Details: PERSONAL INFORMATION bought in on 4 different occasions with large amounts of various denominations of bills; for example ;\$460,000 in 20's on May 2,2010. None of his actions while in the casino were suspicious ie.loansharking or money laundering but it is just the amount of buy-ins that BCLC has found suspicious. RRCR Inc#10-18409

Police Called: Yes No

Attended: Yes No

Police Force:

File Number:

Investigating Officer(s) & Badge Number(s):

Submitted by: Dave Pacey

E-Mail PERSONAL INFORMATION

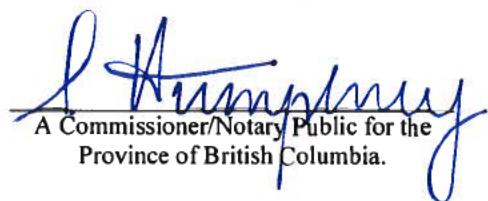
GPEB Registration #: 18830

E-Mail **PERSONAL INFORMATION**

Lower Mainland Regional Office, 408-4603 Kingsway Ave, Burnaby BC V5H 4M4
Page 2

BCLC0015836.02

THIS IS EXHIBIT "K" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.



A Commissioner/Notary Public for the
Province of British Columbia.

Incident File Full Report**Incident File #IN20120049710**

		Record Creation Details	
Date/Time Occurred:	10/25/2012 5:42 PM	Department:	Surveillance
Day of Week Occurred:	Thursday	Owner:	dandrews
Date/Time Created:	10/25/2012 5:56 PM	Operator ID:	dandrews
Date/Time Closed:	10/29/2012 6:28 AM	Operator Name:	
Closed By:	ilupu	Personnel ID:	
		Card Number:	
		Job Position:	
		Secondary Operator:	

Location of Incident:

Property:	Starlight Casino (GC)
Location:	Back of House-Starlight Casino
Sublocation:	Sierra Cage

Details of Incident:

Daily Log #:	DL20120989864															
Related Incidents:	IN20120051890															
Type:	Criminal Event															
Specific:	Suspicious Financial Transaction															
Category:																
Incident Status:	Closed															
Closing Remarks:	IL															
Synopsis:	150,000 in 20s <small>PERSONAL INFORMATION</small> (SID 71603) C170															
Checklist:	- Section 86 Form <small>Redacted - FINTRAC</small>															
Narrative:	<table> <thead> <tr> <th></th> <th>Created On</th> <th>Created By</th> <th>Modified On</th> <th>Modified By</th> </tr> </thead> <tbody> <tr> <td></td> <td>10/25/2012 5:56 PM</td> <td>dandrews</td> <td></td> <td></td> </tr> <tr> <td></td> <td>150,000 in 20s <small>PERSONAL INFORMATION</small></td> <td>(SID 71603)</td> <td></td> <td></td> </tr> </tbody> </table>		Created On	Created By	Modified On	Modified By		10/25/2012 5:56 PM	dandrews				150,000 in 20s <small>PERSONAL INFORMATION</small>	(SID 71603)		
	Created On	Created By	Modified On	Modified By												
	10/25/2012 5:56 PM	dandrews														
	150,000 in 20s <small>PERSONAL INFORMATION</small>	(SID 71603)														

Executive Brief:

Reporting Party:

Printed: 10/28/2020 6:37 AM

Supervisor:

Page 1 / 6

Incident File Full Report**Incident File #IN20120049710****Participants Involved:****Personnel**

Full Name:	HILLER, Michael	Property:	Vancouver (BCLC)
Role:	Documenter	Department:	BCLC
Full Name:	KILI, Buna Raluve	Property:	Starlight Casino (GC)
Role:	Info From	Department:	Cage
Police Contacted:	Taken From Scene:		Police Contacted Result :
Full Name:	ANDREWS, Dyan	Property:	Starlight Casino (GC)
Role:	Reporter	Department:	Surveillance

Subject

Full Name:	PERSONAL INFORMATION [REDACTED]	Company:
Role:	Other	
Full Name:	PERSONAL INFORMATION [REDACTED]	Company: Jiahe Financial
Role:	Other	
Full Name:	PERSONAL INFORMATION [REDACTED]	Company:
Role:	Other	
Full Name:	PERSONAL INFORMATION [REDACTED]	Company: Water Cube
Role:	Other	
Full Name:	PERSONAL INFORMATION [REDACTED]	Company: BoCheng Real Estate Dev Ltd
Role:	Patron	

Ban/Watch Details

Full Name	Ban/Watch	Start Date	End Date
PERSONAL INFORMATION [REDACTED] [REDACTED]	Removed Watch	3/28/2013	3/28/2013
Type Of Ban:	Notes:		
Reason For Ban:			
Identification: PERSONAL INFORMATION [REDACTED] [REDACTED]	Watch	5/ 8/2014	Permanent

Type Of Ban:	Notes:
Reason For Ban:	
Identification:	

Supplemental Entries:

SP20120126237 Attached by dandrews on Oct 25, 2012 18:00

Reporting Party:**Supervisor:**

Incident File Full Report**Incident File #IN20120049710**

SP20120126237 Attached by dandrews on Oct 25, 2012 18:00

SP2012012623
7 - Continued-

Description On the above noted date Surveillance received a call regarding a large buy in for [REDACTED]. The details are as follows.

[REDACTED] (SID#71603) arrived at the casino at 17:35 hours driving a Black Rolls Royce, BCP#666TSJ, along with [REDACTED] (SID#85160) as a passenger.

[REDACTED] and [REDACTED] proceed into the casino from the Upper Parking lot.

[REDACTED] is carrying a Similac bag and arrived at the Sierra Cage at 17:38 hours and handed over several bundles of what appeared to be all \$20 bills wrapped in rubber bands.

-The breakdown of cash was as follows:
 $7500 \times 20s = 150,000$

[REDACTED] received his chips at MDB2 18:00 hours as follows:
 130,000 in \$5000 chips (26)
 20,000 in \$1,000 chips (20)
 Total \$150,000

-Patrons [REDACTED] (SID#92524) and [REDACTED] (SID#38687) sat at the table with [REDACTED]

[REDACTED] played a few small hands.

-By 19:23 hours, [REDACTED] had lost all. There did not appear to be any irregular play.

-At 19:30 hours [REDACTED] is observed smoking on the patio near VIP.

-At 19:36 hours [REDACTED] leaves the casino via the front lobby, and is observed on a cell phone. He returns to his vehicle.

-At 19:40 hours [REDACTED] meets him at his vehicle..

-At 19:59 hours [REDACTED] and [REDACTED] return to the casino via the lobby and both go to the poker room.

-20:17 hours [REDACTED] and [REDACTED] leave the poker room and proceed to the upper parking lot.

-[REDACTED] and [REDACTED] meet with a male who appears to be [REDACTED] (SID#118418) registered to vehicle (BCP#561RRH) and [REDACTED] is observed retrieving a shopping bag from the rear driver side seat. There is an u/k person sitting in the passenger seat of the vehicle.

[REDACTED] and [REDACTED] are observed returning to the casino and at 20:19 hours.

[REDACTED] presents himself at the Sierra cage at 20:20 hours and hands over several bundles of cash wrapped in rubber bands. The cash totals \$150.000 in the following denominations:

1 x \$10	-	10
2247 x \$20	-	44,940
1395 x \$50	-	69,750
353 x \$100	-	35,300
TOTAL =		\$150,000

[REDACTED] receives his chips at MDB2 at 20:41 hours as follows:

\$145,000 x \$5,000 chips (29)
 \$5,000 x \$1,000 chips (5)
 TOTAL = \$150,000

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20120049710**

SP20120126237 Attached by dandrews on Oct 25, 2012 18:00

SP2012012623
7 - Continued-

[REDACTED] and [REDACTED] sit with [REDACTED] but do not play.

-Nothing irregular was observed.

-BY 21:10 hours, [REDACTED] has lost all.

[REDACTED] leaves the casino at 21:14 hours with [REDACTED] and [REDACTED]. [REDACTED] drives off property with [REDACTED] in his vehicle. [REDACTED] and [REDACTED] leave separately.

Form 86 sent.

EOR

Footage saved in Exports/Suspicious Financial Transactions/October12/12-49710 10-25-12 [REDACTED]
[REDACTED] 20s MDB2

SP20120126473 Attached by mhiller on Oct 26, 2012 10:39

Description

Report was reviewed. I will provide further comments once I review the video footage [REDACTED]
Redacted - FINTRAC

The video footage was reviewed this date with the assistance of the surveillance supervisor loan Lupu. The video footage supports what has been documented in the supplemental reports that were submitted.

Redacted - FINTRAC

2012-OCT-30

Redacted - FINTRAC I reviewed a portion of the video footage again concerning [REDACTED] picking up his buy-in money from the vehicle driven by [REDACTED]. This review was done with the assistance of the surveillance supervisor Danielle Folan. I confirmed that [REDACTED] was in fact the driver of a light colored Lexus SUV from which [REDACTED] retrieved a shopping bag containing the money for his 2nd buy-in. As per the report from surveillance, the license on the Lexus was BCL: 561 RRH.

Registered owner information has been requested for BCLs: 561 RRH and 666 TSJ.

Mike HILLER
BCLC Casino Security Investigator

SP20120126481 Attached by ilupu on Oct 26, 2012 11:09

Description

On October 26th, 2012 a copy of the incident and subject profiles was emailed to GPEB - MArk FORSHAW.

End of Report

SP20120128640 Attached by mhiller on Oct 31, 2012 00:00

Description

Redacted - FINTRAC Vancouver IPOC was also sent a copy of the circumstances (c.c. GPEB investigator Mark Forshaw and NWP Driescher).

Mike HILLER
BCLC Casino Security Investigator

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20120049710**

SP20120129488 Attached by mhiller on Nov 2, 2012 15:21

Description 5-Year BCLC Barring Request for [REDACTED] (m) (SID: 118418) for continued inappropriate behavior.
 Note On September 25, 2012, [REDACTED] was BCLC Barred for 1-Year for inappropriate behavior (see details below).

Starlight Incident 2012-0049710 Summary:

Note [REDACTED] was BCLC barred at the time of this incident.

On October 25, 2012, a high limit VIP player named [REDACTED] bought in for \$150,000 with \$20 bills at 17:35 hours. [REDACTED] brought his buy-in money to the casino in his vehicle just prior to his buy-in. By 19:23 hours, [REDACTED] lost all his chips. [REDACTED] subsequently used his cell phone and then waited at the casino.

At 20:17 hours, [REDACTED] and his driver went to the outside upper parking lot. [REDACTED] had just arrived and parked there driving a silver Lexus, BCL: 561 RRH. An unknown male was seated just out of view in the front passenger seat. [REDACTED] got out of the vehicle and stood beside the driver's side rear door as [REDACTED] retrieved a bag from the back seat of the Lexus. [REDACTED] carried the bag into the casino and bought in with the contents of the bag for \$150,000. The denominations were: 1 X \$10, 2,247 X \$20, 1,395 X \$50 and 353 X \$100 bills. [REDACTED] immediately got into the Lexus and drove away. [REDACTED]

Redacted - FINTRAC [REDACTED]

Starlight incident 2012-0043708

Note [REDACTED] was BCLC barred at the time of this incident.

On September 30, 2012, an Asian female patron complained to Starlight Security that an Asian male was following her in the casino. Security approached the unknown Asian male about the complaint. He refused to provide ID (but was subsequently identified as [REDACTED] by BCLC investigator Stone Lee). The unknown Asian male ([REDACTED]) told Security that his interest with the Asian female was the fact that "she defrauded him". Security advised him that he was not allowed to pursue the alleged fraud while on casino property, and he was advised to report it to police instead. Security then escorted [REDACTED] to his vehicle in the underground parking lot and noted he was driving a silver Lexus, BCL: 561 RRH.

Past History:**River Rock incident 2012-0043708**

On September 25, 2012, the BCLC Security Assistant Manager, John Karlovcec, approved a 1-Year BCLC barring for [REDACTED] for inappropriate behavior based on circumstances submitted by BCLC investigator Stone Lee. This was based on 10 incidents of suspicious activity since June 2012 involving [REDACTED] (see incident 2012-0043708 for complete details).

Comments:

[REDACTED] has violated the BCLC barring on 14 occasions since Sept 25, 2012.

[REDACTED] has continued his suspicious activity and I believe a substantial BCLC barring is warranted.

This date an email was sent to the BCLC Security Assistant Manager, John Karlovcec, to request a 5-Year BCLC Barring.

Mike HILLER
 BCLC Casino Security Investigator

SP20120130912 Attached by gfriesen on Nov 5, 2012 15:53

Description 2012NOV05 - I have reviewed the submission from BCLC Investigator Mike Hiller requesting a five (5) year barring on [REDACTED] for inappropriate behavior on Casino property. It appears he continues to facilitate and provide substantial loans to person(s) in a gaming facility. I note that this subject had been barred for one year in September of this year for similar activity but has elected to ignore this sanction. As such, I agree that he should be further barred from our gaming facilities for a period totaling five (5) years.

Reporting Party:

Supervisor:

Incident File Full Report**Incident File #IN20120049710**

SP20120130912 Attached by gfriesen on Nov 5, 2012 15:53

SP2012013091
2 - Continued-

(G.Friesen) Mgr.
Sec. and Surv.
BCLC

SP20120131607 Attached by usavic on Nov 7, 2012 00:00

Description At approximately 1010 hrs, on November 7, 2012 one DVD-R#12-07 containing the footage of this incident, was released to GPEB Director Derek DICKSON.

SP20120134280 Attached by mhiller on Nov 13, 2012 00:00

Description 2012-NOV-07 The following registered owner information was obtained:

BCL: 666 TSJ is listed to a black 2011 Phantom Rolls Royce 4drstdn
 Registered to [REDACTED] (m) DOB: [REDACTED] BCDL: [REDACTED]
PERSONAL INFORMATION, Vancouver, BC [REDACTED]

The iTTrak vehicle list was updated accordingly.

Mike HILLER
BCLC Casino Security Investigator

SP20120143214 Attached by mhiller on Dec 3, 2012 00:00

Description Consumer Services Complaint # 01335762 - I called Mr. [REDACTED] at [REDACTED] in relation to the a/n complaint to consumer services dated December 1, 2012.

Mr. [REDACTED] confirmed that he received the BCLC letter concerning his 5-Year BCLC prohibition and he wanted to know the reason. I advised him that since May 2012 he has been involved in over 10 instances of suspicious activity. He specifically mentioned that he was not in the Starlight Casino the date the letter mentions. I agreed that he was not inside the casino on that date, but I observed via video cameras that he delivered money to Mr. [REDACTED] in the casino parking lot that day. Mr. [REDACTED] stated that he works for Mr. [REDACTED]. I advised that the over 10 incidents of suspicious activity involved other casino patrons as well and he was BCLC prohibited for 5-Years for his overall activities at casinos since May 2012.

He understood my explanation and no further BCLC action is required.

These comments were also added to incident 2012-0051890.

Mike HILLER
BCLC Casino Security Investigator

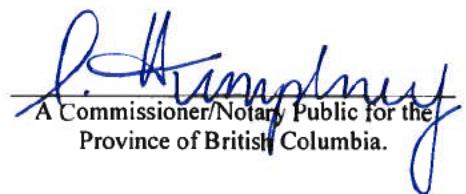
Reporting Party:	Supervisor:
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Printed: 10/28/2020 6:37 AM

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BCLC0016529.06

THIS IS EXHIBIT "L" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Fri Date ²⁰¹⁵ ~~2014-MAR-13~~

1600 off Duty .

AOL

Redacted – Not Relevant (Personal Information)

2014-MAR-17 to 2014-MAR-21

²⁰¹⁵
Mon 2014-MAR-23

1330 Counteray on Duty .

iTrish , errands etc .

2 ineligible wins

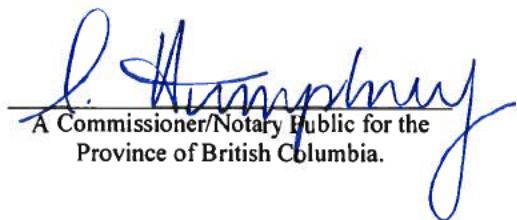
Consider 2015-15118 & 2015-15065

Email to Brad Sennars

RE: 2014-10680 .

2130 off Duty .

THIS IS EXHIBIT "M" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

To: Brad Desmarais [REDACTED] PERSONAL INFORMATION
From: Mike Hiller
Sent: Tue 2015-03-24 4:22:30 AM
Subject: RE: BCCLC Incident 2014-10680

.....
Hi Brad,

I look forward to seeing the results of the proposal to GPEB. I have no particular suggestions about lessening the reliance on cash beyond what I expect will be a proposal for a sort of Vegas-like chit system. However, we could improve on our current situation by returning \$20 bills to players who choose to buy-in with a multitude of \$20 bills. For years our major LMD casinos have been receiving huge amounts of \$20 bills from players for large cash table buy-ins. As long as the player puts the money at risk, the player has pretty much been guaranteed to be repaid with \$100 bills. This gives the appearance that we are more than willing to change \$20 bills for \$100 bills as long as the money was put at risk. The persons supplying such cash are doing well to have \$100 bills returned to them so easily. In my experience, \$20 bills are only returned to a player who buys in with \$20 bills, when there is little or no play, and then they try to cash out. Otherwise, there have been very few situations where \$20 bills have been returned VIP players. This is contrary to your Yak article where you seemed to have the impression that \$20 bills were being returned to players who choose to buy in with \$20 bills.

I wasn't surprised during our meeting in Kamloops to hear that we experienced greater profits last year from high stakes table games. This seems to be directly related to the increase in large cash buy-ins and STRs that I noticed for table games during the same period.

In reference to the above incident, all but one of the Asian persons mentioned in the report have been the targets of a series of major drug investigations since the 1990s. To my knowledge, [REDACTED] PERSONAL INFORMATION husband [REDACTED] was never the target of a drug investigation. However, he and [REDACTED] were well known to be closely associated to several drug targets. I believe the persons mentioned in this report are responsible for an abundance of cash being supplied to our VIP players. They, and likely many more like them, have connections with our Asian VIP players on both sides of the Pacific. The familiar names we know to be delivering cash to our casinos are merely runners who are easily replaced.

The interest rate charges mentioned are not high. But this likely amounts to loan sharking when the compounding increases. Especially for lower level players who cannot immediately repay their debts. But loan sharking is the lesser concern here. Players choose to borrow money, and it is common knowledge that pursuing such a charge is an extremely rare occurrence.

The volume of cash deliveries is a huge reputational risk. I don't have the answers for the changes needed, but returning \$20s for \$20s would be a start. I hope the new GPEB proposal will afford the resolve needed. BTW....The cash delivery situation is so much not part of my daily work now that I'm on the Island. Thank you for allowing me to express my thoughts.

Mike

From: Brad Desmarais
Sent: March 16, 2015 10:09 AM
To: Mike Hiller
Subject: RE: BCCLC Incident 2014-10680

Thanks, Mike. I do recall reading this before. As a point of law, of course, virtually none of "loans" would be considered a usurious interest rate in Canada and therefore would not be considered a "loan shark" contrary to the criminal code. Obviously the drug connection is a huge concern and we are attempting to engage a police response with respect to the main players in your report, and have been for some time. In the meantime we have imposed a "no cash play" ban for some players we can connect with those cash facilitators. I am resistant to branding all cash facilitators as dealing in the proceeds of crime, however. In my last life we encountered many underground bankers who used other sources of cash to facilitate funds transfers without resorting to the proceeds of crime. The purchase of real estate, luxury goods and cars using cash is accelerating in the LMD, not diminishing. Nevertheless, we are in the final stages of preparing a proposal to GPEB which I am

hopeful will reduce the use of cash in Casinos significantly. I would be very anxious to hear any suggestions you have regarding cash reduction as well!

Brad

Brad Desmarais

Vice President, Corporate Security & Compliance
(and) Interim Vice President, Human Resources
BCLC, 2940 Virtual Way, Vancouver, B.C. V5M 0A6
T [REDACTED] C [REDACTED] F 604 225 6488

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

From: Mike Hiller

Sent: Monday, March 09, 2015 4:17 PM

To: Brad Desmarais

Subject: BCLC Incident 2014-10680

Hi Brad,

This was the incident that I mentioned during last week's conference and that you asked me to send to you. Kevin and Bruno were provided a copy of it last year.

Mike

Mike HILLER

BCLC Casino Security Investigator

Courtenay, B.C.

C [REDACTED]

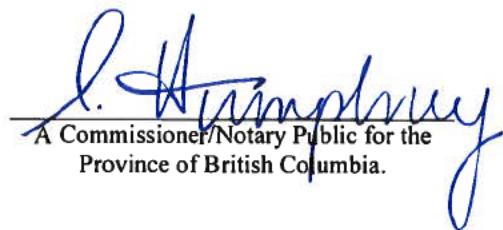
[REDACTED]
[REDACTED]
[REDACTED]

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

THIS IS EXHIBIT "N" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

UVB, 6837

Mon

Date

FEB 18 2013

At Edgewater - all day - Rich & Tom.
Caught up on email action.

Tues

FEB 19 2013

Came in for service.
At Starlight - Daryl & I.

Picked up unclaimed IDs from
Security for processing thru ICBC.
Master BCDC incident 2013-0000248

Assist IPac files

V2: Police
Investigative
Technique

Weds.

FEB 20 2013

At Starlight - Daryl & I.
BCDC Monthly Meeting at HQ.
Presentation by Jonathan Montague - Vcs Sun
p.m. at Edgewater, with Rich & Tom.

Thurs.

FEB 21 2013

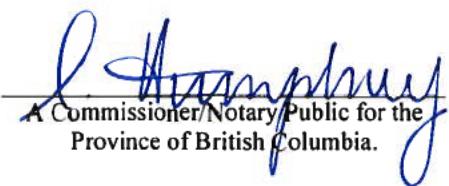
At Starlight - Daryl is off.

V3: Operational File - Current Status Unknown

①

Page 1

THIS IS EXHIBIT "O" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Thurs. Date FEB 21 2013

V3. Operational File - Current Status Unknown

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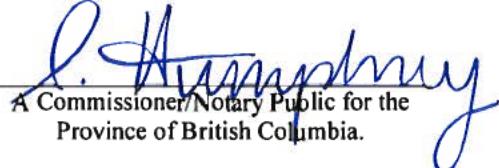
At Starlight.

V2. Police Investigative Technique

Spoke with Colin McDonald CBSA &
rec'd email from him
RE: Jonathan Martelope Presentation
& News Article.

Page

THIS IS EXHIBIT "P" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

Journey to the West

The Flight of Money out of China.

By Jonathan Manthorpe

AML Summit
June 4, 2015.

Background

- Since China's former Paramount leader Deng Xiaoping launched a form of marketplace economy 35 years ago, China has risen from being one of the globe's poorest countries to the world's second largest economy.
- But at the same time, and especially in the last 15 years, large amounts of the newly created wealth have been flooding out of China.

This raises three big questions

- How much money is being spirited out of China illegally?
- Why are China's wealthy hiding their money abroad?
- How are they getting their money past China's strict currency controls?

How much money is fleeing China?

- Five years ago the People's Bank of China estimated \$130 billion had left since the mid-1990s.
- In 2013 The Wall Street Journal reckoned that in the year to the end of September, 2012, \$225 billion had been exported illegally.

- A recent estimate by WealthInsight is that wealthy Chinese have \$670 billion stashed overseas.
- Boston Consulting Group puts that figure total at \$450 billion.
- Global Financial Integrity says in 2012 just under \$250 billion fled China and \$1.25 trillion over the previous decade.
- PBoC figures for the first quarter of 2015 show illegal outflow of \$80 billion, or an expected \$320 billion this year.

- Bain Consulting Group study found half “wealthy Chinese” had investments overseas.
- Another study said China’s wealthy like to keep 13% of their assets abroad.
- But bankers dealing with wealthy Chinese say it is closer to 40% and usually more.

- Wealthy Chinese also seek to emigrate or acquire a second passport.
- A 2012 study by consulting group Hunrun, working with the PBoC, found 60% of millionaires and billionaires are in the process of emigrating.
- A study published, briefly, last week by the People's Daily newspaper found over half of wealthy Chinese plan to emigrate.

Why are wealthy Chinese getting their money and themselves out of the country?

- They are the political and business elite who have benefited most from the economic revolution.
- They are either senior members of the ruling Communist Party or close to them through family or business ties.
- They ought to feel most secure.

- But, with the adoption of market economics the Communist Party has lost ideological legitimacy.
- It's right to rule now rests on continued economic growth and improvements in living standards.
- Economic reform has also created a new aristocracy, the widely despised Red Nobility.
- But there is no rule of law or other checks and balances to control this aristocracy.

- There can be little more economic reform without political reform.
- But the new President, Xi Jinping is set against the introducing the rule of law, or diminishing the Communist one party state.
- He is counting on sustaining the economy at a “new normal” of low growth.
- Xi is also increasing repression of dissidents and ever more vigorous censorship.
- China looks strong, but authoritarian states are brittle.

China's unsustainable social contract.

- Much of the wealth created in the last three decades is in the hands of a few families attached to the Communist Party.
- In some economic sectors, Red Nobility families have monopolies, like Russian oligarchs.
- The “Gini Coefficient” of inequity has been in the danger zone for years.

- There is much social unrest.
- Official numbers show 180,000 “mass incidents” a year.
- That’s just under 500 violent protests every day on average.
- Protests usually stem from abuse of power by party officials or their cronies.
- A common cause is theft of peasants’ land for development.
- A growing number of demonstrations are against unacceptable working conditions.

- Lethal pollution of air, land and water is an increasingly significant cause of unrest.
- Most underground aquifers, supplying 70% of China's drinking water, are polluted.
- The water in 75% of China's rivers is unsuitable for drinking or fishing.
- 30% of China's river water is too polluted to be used for agriculture or industry.
- Nearly 700 million Chinese drink water contaminated by human or animal waste.
- Up to a million people a year die of air pollution.

Accession of President Xi heightens stability concerns.

- Xi has destroyed consensus politics adopted after ravages of the Mao Zedong era.
- Xi is using his anti-corruption campaign to purge opponents in the party and the military.
- In this climate of insecurity, even very senior party officials are forging links abroad.

How is money being slipped out of China?

- The most trusted route is through family members abroad and has been used for hundreds of years.
- The largest volume now is through business networks.
- The most common way to get permission to send money overseas is through false invoicing.

- This may be through inflated expenses for overseas subsidiaries.
- It can be by asking for inflated bills for goods or services from foreign partners.
- Foreign partners are asked to safeguard the difference between the agreed price and the billed price.
- There are also complicated systems of export, re-import and re-export of manufacturing components.

- Hoarding assets overseas is easiest and safest for senior members of the Communist Party.
- The International Consortium of Investigative Journalists recently received files on tens of thousands of people with accounts in tax havens.
- Among them are 22,000 people from China and Hong Kong.
- The list includes close relatives of top Communist Party officials.

- A route that receives much public attention is through the casinos of the former Portuguese colony of Macau.
- Macau remains a separate administrative region of China and currency restrictions for mainlanders apply.
- But the volume of gambling in Macau is now seven times that of Las Vegas.
- It is relatively simple for mainlanders to get a line of credit in Macau casinos, usually through triads.

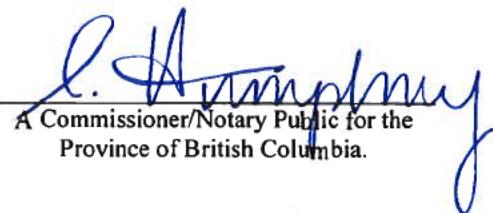
- Macau's casinos have no serious barriers to money laundering.
- Macau has many banks that specialize in moving money around the world quickly and invisibly.
- Hong Kong, a free port with skilled bankers, is only an hour away by high-speed ferry, half an hour by helicopter.

- The 2002 introduction of the China UnionPay credit card has greatly aided cash flight.
- There are now 3.53 billion UnionPay cards in circulation.
- Many retailers in Asia outside China give large cash advances on the cards and false purchase receipts.
- It is likely this is happening in Canada too.
- The PBoC is aware of the problem, but unwilling to crack down.

- For individual Chinese coming to Canada, a suitcase of cash is least problematic.
- They may have to bribe Chinese customs officials, but that is normal with all officialdom.
- Canada requires all visitors to declare money with them over \$10,000.
- Unless there is good reason to think the money is the proceeds of crime, they will probably be allowed to bring in more.
- And fines for failing to declare are minimal.

- While there is political uncertainty in China, the wealthy will continue to stash their assets abroad.
- The first step for Canada, I would submit, is to know what exactly is going on, and its implications for our country and institutions.
- Only then can the public and political leaders make informed decisions about what, if anything, can and should be done.

THIS IS EXHIBIT "Q" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

By Jonathan Manthorpe
The British Columbia Lottery Corporation
Vancouver
June 4, 2015.

Over the last 30 years or so we have become used to China's phenomenal growth from one of the world's most backward, peasant economies to its current position as the second largest economy, perhaps even the largest. China now aspires to be, and in many areas has already succeeded in becoming not only a premier manufacturing centre, but also a hub of technological innovation, a military power that challenges the reach of the United States, and a nation whose diplomatic and economic authority stretches around the world. Less obvious while all this has been going on and far less well understood is that just as foreign investment money has been flooding into China over the past three decades to fuel its economic miracle, money has also been flooding out. But in the last 10 to 15 years that flight has accelerated and money has been fleeing China at about double the rate of inward investment.

I'm going to do my best this morning to describe **how much** money is leaving China, **why** it's leaving China and **how** it's leaving China.

First, in describing how much money is being spirited out of China I want to draw a distinction between legal and illegal outflows. As we'll see a bit later, that distinction is sometimes hard to make because of the inventive ways some Chinese have found of exporting their assets. And, indeed, many cash-rich Chinese companies and individuals are making perfectly legitimate foreign investment. But I want to try to focus on the illegal flow of money because I suspect that's of most interest to the people in this room.

China has what are meant to be strict currency laws that allow overseas travellers to take the equivalent of only \$3,000 on one trip and a total of \$30,000 in a year. In theory, these

currency regulations are tight, but there are all sorts of hidden, corrupt or deceitful ways around them. This makes it very difficult to produce an accurate account of how much money is in flight and the range of estimates varies widely.

In the past, estimates from China's central bank, the People's Bank of China, have been some of the lowest guestimates of the illegal outward cash flows. In a report a few years ago the bank said it believed the equivalent of about \$130 billion has been siphoned out of the country since the mid-1990s. The bank reckoned these were the ill-gotten gains of the between 16,000 and 18,000 corrupt Communist Party officials, businessmen and others known to have disappeared abroad in that period. But by most other estimates, \$130 billion over about 20 years is well short of the reality. Indeed, in most of the last 15 years that amount has been disappearing every six months or even more quickly.

The Wall Street Journal newspaper estimated in 2013 that in the 12 months to the end of September 2012, wealthy Chinese illegally slipped \$225 billion out of the country, nearly double the flow of \$121 billion direct foreign investment into the country.

WealthInsight, a London-based, analytical company, recently estimated that wealthy Chinese have a total of nearly \$670 billion stashed offshore. Boston Consulting Group puts the total a bit lower at \$450 billion. There are difficulties with both these reports, not least because it is unclear who and what was being measured and how. What's the definition of a "wealthy Chinese" for example?

Some of the largest numbers, however, come from the Washington-based group that lobbies to close money-laundering loopholes, Global Financial Integrity. In a report issued at the end of 2012, this organisation estimated that the amount of money flowing out of China illegally had increased from \$176 billion in the year 2000 to \$603 billion in 2011. Over those 11 years the organisation estimated that \$3.79 trillion had been moved illegally out of China. This analysis illustrates the difficulties in putting a reliable number on the size of the money flight. The group re-examined its data and a few months later produced a new report, which includes, it says, more reliable data from Hong Kong about money being slipped into the former British colony and then re-exported back to China, ostensibly as "foreign investment." The group's new estimate for illegal capital flight from China in 2011 was \$151 billion and a cumulative total over the eleven years of \$1.08 trillion. But late last year Global Financial Integrity produced another analysis saying it believes the total illegal money coming out of China in 2012 was just under \$250 billion and that the outflow since 2003 has averaged \$125 billion a year for a total over the decade of \$1.25 trillion.

Statistics gathered by the People's Bank of China have now caught up with the other estimates of the fleeing cash. Last month the bank published financial flow data for the first quarter of this year. A couple of weeks ago the major French bank, BNP Paribas, put out a report analysing the People's Bank statistics. The French bank concluded that in the first three months of this year just over \$80 billion fled China illegally, for an expected \$320 billion for the whole of 2015. This is up from the \$244 billion flight last year that the French bank extrapolated from the Chinese government figures.

So the consensus is that around \$300 billion is being exported illegally from China every year and the traffic continues to grow.

The determination of wealthy Chinese to get their assets, and often themselves to safe havens overseas has been documented in studies in China for some time. A recent study by the Bain Consulting Group, a global management consulting firm, found that half of China's wealthy, defined as people with assets worth \$1.6 million or more, already have investments overseas. Another study found that China's wealthy like to have about 13 per cent of their assets abroad, though the anecdotal evidence from people who deal regularly with wealthy Chinese is that the percentage is much larger, closer to 40 per cent and probably even more than that.

As I mentioned, wealthy Chinese are often as eager to get themselves out of the country, or at least to acquire the right to permanent residence elsewhere, as they are to export their money. We know that Chinese would-be emigrants have for years dominated the waiting lists on immigrant investor programs in Canada, the United States, Australia and elsewhere. And in recent years ordinary immigrants from China have usually been the largest group of arrivals in those same countries. A much-quoted study in 2012 by the consulting group Hunrun, working together with the People's Bank of China found that 60 per cent of China's millionaires and billionaires are either in the process of emigrating or are determined

to do so. Couple of weeks ago a story appeared on the web site of the People's Daily newspaper saying a study had found over 50 per cent of "wealthy" Chinese are seeking to emigrate. The story was up on the site for only a short time before the censors moved in and it was erased.

Which brings us to the question **why**. Why are so many wealthy Chinese determined to get themselves and their money out of the country? These, after all, are the people who have benefited most from the economic revolution launched by former paramount leader Deng Xiaoping in the 1980s. These are either members of the ruling Communist Party elite or are close to them, either through family or business ties. They are the people who ought to feel most secure in the new China, yet they clearly do not. Well, I'm sure there are as many answers to that question as people involved. But there are also some clear common threads. Something to keep in mind, I think, are elements of the nature of China's political and economic culture that stretch back at least 2,500 years to the teachings of Confucius and probably back further still. Confucius held up the family as the essential unit of society. And the extended family remains both a defence against the threats of the outside world and an activist unit through which family members overcome adversity and thrive. What one might call the corporate family has survived despite the efforts of the last 65 years to create a society in which loyalty to the Communist Party outweighed all others. And as the Communist Party has abandoned egalitarian idealism, it is now presenting us with the somewhat bizarre spectacle of a country and economy dominated by a group of aristocratic

families. They are known as the Red Nobility and have carved up the Chinese economy so that particular families dominate particular industries and economic sectors. And as with all aristocratic systems, the Red Nobility has produced a new generation of Red Family princes and princesses who feel not only entitled, but also duty bound to continue their family's triumphs.

Another lasting element from Confucius' teaching is the concept of rule by a carefully nurtured virtuous elite. The idea that the emperor and his officials would rule with justice and benevolence because it was the right thing to do is delightful, but in China it has proved destructively naïve. One result of belief that the country would produce virtuous officials is that China has no embedded concept of the rule of law, to which the sovereign, whether it's the emperor or a political party, is also subject. It also has no administrative or judicial concept of checks and balances. The result is that the only way to change the administration in China is by revolution or some other upheaval when the current administration proves itself to lack virtue. And, inevitably, all Chinese administrations end up lacking virtue. China is, of course, not alone in that experience.

China's Communist Party is fast approaching the point where it no longer exhibits the virtue that gives it political legitimacy; when it loses what is still often called the Mandate of Heaven. The arrival in power of President and party boss Xi Jinping at the end of 2012 coincided with China's arrival at the point where it cannot progress without fundamental

political reform. But Xi and the party give every indication of being set firmly against those reforms. They want nothing to do with the introduction of the rule of law and an independent judiciary, removal of state monopoly in key areas of the economy, privatizing land ownership, or making the National People's Congress into a functional and representative parliament. Indeed, since the 2012 move to the fifth generation of leaders, Xi and the Communist Party have said again and again that their first priority is the continuation of the one-party state. Repression of dissidents, censorship, pre-emptive destruction of any individual or group that might grow into a viable opposition, have all been stepped up under Xi's rule. He has garnered more personal power than any Chinese leader since Mao Zedong and he has shown no hesitancy in using it. There are optimists who say Xi is just showing a hard face now in order to make it easier to introduce reform in the future. Well, perhaps, but there is an opposing school of thought which says that even if the Communist Party does try to implement serious political reform, it is already too late, and such efforts will cascade into social and political upheaval. Xi appears to be a decisive, imaginative and assertive leader, capable of firmly hanging on to the reins of power even as China battles with hugely difficult economic and social conditions. But as we know from the collapse of the Soviet Union and the more recent tumbling of regimes in the Middle East, while authoritarian regimes often appear very firm and strong, they are usually also extremely brittle. One tap on the glass in the right place and at the right time can shatter the entire façade and leave nothing but shards in the street.

Whatever China's political fate in the next decade or so, there is plenty of evidence on the ground that the current situation is unsustainable without dramatic restructuring. The reasons why the wealthy and those who are currently powerful may have doubts about how long their good times will role are everywhere to see. Most evident is social inequality and instability. The great wealth that has been created in the last three decades is concentrated in relatively few hands. These hands by and large belong to people either in or closely related to the upper echelons of the Communist Party. These relationships have allowed the accumulations of great fortunes usually through what we would consider corruption or patronage of one sort or another. And we know from some excellent work done by the New York Times and the Wall Street Journal newspapers using public records, that several of the families of senior leaders have virtual monopolies over various segments of the economy. The family of former Premier Li Peng, the man who officially declared martial law at the time of the Tiananmen demonstrations in 1989, controls most of the electrical power industry. The wife of the immediate past Premier, Wen Jiabao, controls China's gems market. The family of Zhou Yongkang, the recently retired head of China's security apparatus who is now under detention for corruption, controls much of China's oil and gas industry. In the course of the investigation of Zhou, many of his relatives, who held senior posts in the petroleum industry, have also been detained. The result is that the entire sector has stalled. This illustrates very well the sort of weakness and vulnerability that has been embedded in the Chinese economy with the emergence of the Red Nobility. Even the new president and Communist Party boss Xi heads a family financial empire of real estate in

China, Hong Kong, Europe and North America, estimated to be worth several hundred million dollars. The result of all this is one of the most unequal societies in the world. The “Gini Coefficient,” which is used to measure disparity, has been in the red zone denoting the risk of social upheaval for several years. And there is a lot of social upheaval in China every day. Until a few years ago the Chinese Academy of Social Sciences, the Beijing government’s main think tank, used to publish an annual account of the number of what it calls “mass incidents.” These are serious demonstrations or protests, which involve at least 1,000 people and which turn violent and therefore require the deployment of riot squads or the People’s Armed Police. The academy stopped publishing the figures when the number of incidents grew embarrassingly large. It is still possible to get hold of the numbers, however. For several years China has had about 180,000 “mass incidents” every year. That’s almost 500 riots a day on average. To put that in Canadian terms, that’s the equivalent of 13 Stanley Cup riots in towns and cities across the country every day. If we saw that in Canada, we’d know we had a serious social problem.

There are a number of common causes for these protests in China. They almost always stem from an abuse of power by local party or government officials. Most common in recent years has been the theft of peasants’ farmland by local officials on behalf of their cronies for commercial real estate development. This is both for officials to enrich themselves, but also to enable the municipality to pay for the services Beijing requires it provide, but for which the central government does not give taxing authority to finance. There is also a steady rise

of labour unrest. There have been more and more strikes in the manufacturing heartland of southern China and more and more of these incidents have turned violent. Most are rebellions against unacceptable working conditions, but workers have also taken to the streets on many occasions when employers have, for one reason or another, decided to walk away from their obligations, shut factories overnight and disappear with easily moveable company assets.

Another increasingly prevalent cause of protests is lethal air, water or soil pollution by local industries. A government study a few years ago found that even many of China's underground aquifers, which provide 70 per cent of the country's drinking water, are irredeemably polluted. The water in more than 75 per cent of rivers flowing through Chinese cities is unsuitable for drinking or fishing, and 30 per cent of river water throughout the country is too polluted to be used even for agriculture or industry. Nearly 700 million Chinese – over half the population – drink water contaminated with human or animal waste. China's former health minister, Chen Zhu, who is president of the Red Cross Society of China, recently published an article in the British medical journal, *The Lancet*. He estimated that between 350,000 and 500,000 deaths a year in China are caused by air pollution. However, another article in the same magazine published a year ago calculated that there were 1.2 million deaths caused by air pollution in 2010 alone.

What seems to have focussed concerns about the political stability of the country for many wealthy Chinese is the transition to the fifth generation of leaders since the Communists came to power in 1949. Unlike the Communist Party's internal consensus politics of the last couple of decades, which produced a succession of grey men, Li Peng, Jiang Zemin and Hu Jintao, there was a struggle for supremacy this time. This contest in the secret corridors of power burst out into public view in the most spectacular fashion with the dramatic flameout of the campaign for a place on the seven-member Standing Committee of the Politburo, the centre of power, by Bo Xilai, the charismatic party boss of Chongqing. Bo was a threat to Xi, and he is now serving a life sentence for corruption and abuse of power after a carefully crafted trial. Since then Xi has moved against Bo's supporters, most significantly the just retired former head of the country's security apparatus, Zhou Yongkang. Zhou was also a member of the Politburo Standing Committee, the innermost circle of power, and by overseeing his arrest while under investigation for corruption, Xi has underlined his own supremacy in the most forceful way possible. Since the death of Mao Zedong in 1976 there has been an unwritten rule in the party that Standing Committee members be allowed to enjoy peaceful retirements without fear of revenge over past grievances. Under Xi, that pact is now clearly broken. The purge of Bo and his allies has also been expanded into a massive anti-corruption drive, which is in reality a nationwide purge of Xi's opponents, or people who might become opponents. And Xi's purge has spread not just through the Communist Party, but also into the military where Xi is attempting to establish his personal authority over the senior officer corps.

The anti-corruption purge, and the Zhou Yongkang and Bo Xilai cases, are reminders to wealthy and well-placed Chinese – though they hardly need reminding – that in an authoritarian state without the rule of law you are never safe, however good your connections. If the political wind turns against you, you are finished and nothing can save you. All the more reason, then, to get money overseas and either acquire a second passport, or have close relatives who have foreign residency. A very good picture of just how powerful this imperative is came in a recent study by the Communist Party's much-feared Commission for Discipline Inspection, the equivalent of the Spanish Inquisition. It found that 91 per cent of the 204 members of the party's Central Committee, its third most important body after the standing committee and the Politburo, have close relatives abroad. More than that, the commission then looked at its own members and found that 88 per cent of them have close relatives who have emigrated and acquired foreign citizenship.

How, then, are they getting money out of the country?

There are many ways, some of which we know about and doubtless many others that have not been identified. The most trusted route, of course, is by private credit deals with relatives abroad. Those relatives may be formal emigrants or children studying at foreign schools, colleges or universities. Most western countries allow people with student visas to open bank accounts, buy property or other assets, and to open lines of credit. And in several western countries, student status is a route to citizenship.

However, by far the largest volume of money coming out of China travels through business networks. And the most common way of duping the Chinese authorities and getting permission to move money overseas is by false invoicing. For Chinese business people who have established subsidiaries abroad the process is pretty simple. They can simply inflate the expenses of running the overseas operation and thus move assets from home into foreign accounts. Acquiring a foreign company can also be useful a route. The seller may quietly agree to provide paperwork indicating a sale above the real price, and when the money arrives from China to set the excess aside for the Chinese buyer. Similarly, when buying goods and services abroad, the partner may be asked to provide false invoices indicating higher fees than the real price. There are also some complicated systems used by exporters involving counterfeit bills of lading, bribing customs officials, and the export, re-import and re-export of goods. During this shuffling back and forth, the stated value of the goods changes several times, and at the end of the process a lot of money ends up overseas. I am sure there are people in this room who have heard, as I have, stories from Canadian business people who have had to spend days rushing around to various banks getting large amounts of cash together. The Chinese partner has just called, is coming over to Canada at the weekend, and wants a slice of his nest egg available.

Of course, those at the top of the Communist Party food chain have the most reliable and secure routes available for exporting their wealth. A group called the International Consortium of Investigative Journalists recently received tens of thousands of confidential

files from two companies specializing in helping people establish trusts and companies in tax havens. Among the files from Singapore-based Portcullis TrustNet and British Virgin Islands-based Commonwealth Trust Limited were 22,000 involving clients from mainland China and Hong Kong. The list of names includes many of the Red Nobility. There's the brother-in-law of President Xi, the son of former Premier Wen Jiabao, the first cousin of former President Hu Jintao. In all, the list includes close relatives of at least five of the current seven members of the Standing Committee. For the rest, the list of people with assets stowed in the tax havens includes the heads of most of the major companies in China. Now, an interesting aspect of the reliance on offshore havens, according to some Chinese business people quoted by the journalists' consortium, is that it was forced on them by foreign business partners. Foreign businesses don't trust China's lack of the rule of law and the ability of officials to change existing or impose new regulations at whim. So they required their Chinese partners to establish corporate entities in more reliable jurisdictions. Be that as it may, according to the British Virgin Island authorities, 40 per cent of their offshore business comes from Asia, principally China.

One of the most colourful routes for getting money out of China, and perhaps the one that gets most public attention, is through the former Portuguese colony of Macau. Macau reverted to Chinese rule in 2000 and is now the world's largest gambling centre, with seven times the volume of business of Las Vegas. But Macau, like Hong Kong, remains a separate administrative region, and the same restrictions on the movement of currency apply as for

any foreign country. But for Chinese getting a line of credit to use in the Macau casinos is a relatively simple matter. It usually involves making a deal with the local triad criminal gang in China, who will provide credit in Macau in return for payment at home. The triads have centuries of experience of smuggling money in and out of China, and Macau presents few problems. The Macau casinos don't take any serious precautions against their establishments being used for money laundering, and it's a simple matter for a gambler to put part of his or her stake, or winnings, if any, into a local bank for transfer elsewhere. And the free port of Hong Kong with even more sophisticated global banking links is less than an hour away by ferry. The Reuters news agency has quoted local officials as estimating that about \$225 billion a year of Chinese money is channelled illegally through Macau. That, I think is wrong. The \$225 billion is about equivalent to the gross gaming revenue in Macau. A lot of the money passing over Macau's gaming tables has been illegally exported from China, but not all of it.

With its no-questions-asked banks, Macau has also become a favourite base for another way of spiriting money out of China. That is the Chinese-government backed China UnionPay credit card, which was first produced in 2002. There are now about 3.53 billion of these UnionPay cards in circulation, more than any other brand and nearly a quarter of the world's total. They have become an easy and almost risk-free way of getting money out of China. The system has become, so far as is known, most prevalent in Macau, though it is also happening elsewhere, and doubtless here in Canada too. Acquiescent businesses simply give

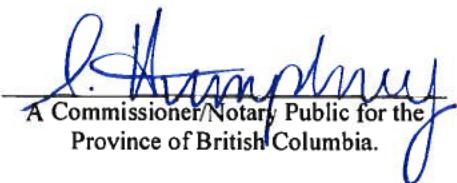
cardholders large cash advances while supplying receipts for fake purchases. The People's Bank of China is aware that misuse of the UnionPay cards is a problem, but the bank seems unwilling to crack down. Analysts speculate Beijing may be unwilling to endanger the economy of Macau by taking action against misuse of the cards. There's also the fact that UnionPay ATM terminals are following Chinese tourists to retail outlets around the world. They are part of Beijing's ambition to make the renminbi a global exchange currency. The Chinese leadership may feel misuse of the cards is a price worth paying to achieve the grand design.

But for an individual without overseas business partners or other network links, by far the easiest way to get money abroad is to put it in a suitcase and head for the airport. Chinese customs officials may have to be bribed, but almost every interaction with officialdom in China involves bribes, so this is not unusual. There can be problems at the destination, of course. Customs officers in some countries will simply confiscate undeclared cash. Here in Canada we take a much more relaxed view of these things, which is why we have become a favourite destination for travellers with suitcases of cash. If a passenger admits that they are bringing in more than the \$10,000 allowed, they will probably be permitted to do so unless the Border Services agent has good reason to believe the money is the proceeds of crime. And even if the passenger is not honest about carrying more than \$10,000 and the money is discovered, the penalties are not severe. A year ago The Wall Street Journal published a story after submitting an access to information request to the Border Services Agencies at

Toronto's Pearson and Vancouver's International airports. The newspaper was told that between April 2011 and early June 2012, customs agents found a total of \$13 million in undeclared cash in the luggage of travellers from China arriving at both airports. This represents 59 per cent of all the cash in excess of \$10,000 discovered by border agents at those airports in this period. I emphasize "discovered". There may be people in the room who have a better idea than I do of what proportion of undeclared money is actually discovered. There is an interesting contrast here with the United States. Over the same period, said the newspaper, the total amount of undeclared money seized in every international airport in the U.S. was \$8 million. Why the dramatic difference between two airports in Canada and all airports in the U.S.? Well, U.S. customs officials confiscate all undeclared money discovered. In Canada we don't. In all cases here the travellers were allowed to bring in the money after paying a small fine. In one case cited by the newspaper, a man carrying \$80,000 was given back his money after paying a \$2,500 penalty. That's a much better rate than the triads would have given him.

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THIS IS EXHIBIT "R" TO THE
AFFIDAVIT OF MICHAEL HILLER
SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


A Commissioner/Notary Public for the
Province of British Columbia.

900, 000

Mon

Date DEC 03 2012

At Starlight - Soryl & J.

Consumer Services Cen #

Mr. [REDACTED] PERSONAL INFORMATION

Called him see 2012-0051890

Redacted - FINTRAC

V3: Operational File - Current Status Unknown

Starlight - Soryl & J. Toys

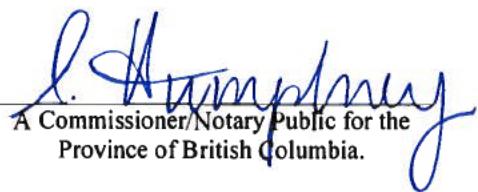
DEC 04 2012

Redacted - FINTRAC

p.m. Annual BCLC 2-Day Conference
At RRCR - conference down.
Presentations by CEO 'et al'
dinner & going away/retirement
farewell to VP Terry Toms.

Page

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ON THE 8TH DAY OF NOVEMBER, 2020.


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Annual Report

Business Analysis Centre of Excellence

Business Continuity

CASL Information

Content Innovation Center

Corporate Security

Corporate Strategy

Cyber Security - Information Security / Vulnerability Management

Dimensionally Led Project Management (DLPM)

Finance

Information Classification

Information Management

IT Change Management

Leading and Managing Change at BCLC

Legal Services

Privacy

Program Management Office (PMO)

Procurement

Records Management

Risk Management

Service Plan

Yes, and...

Was this page helpful? Yes No

MONEY LAUNDERING IN CASINOS? NOT REALLY

LinkedIn *LinkedIn Désinformatis*

May 21, 2013

Anti Money Laundering

One of the most talked about myths involving B.C. casinos is that money laundering is rampant. It must be, right? Look at all that cash! Where on earth could someone get thousands of dollars in currency if it wasn't from some nefarious deed, like drug trafficking? Well, the answer might surprise you. Before we get into talking about large cash and suspicious transactions we should take a step back and think about what exactly is money laundering.

Money laundering is one of the least understood criminal offences. It is also a criminal offence which is rarely prosecuted, at least in Canada, probably due to the technical nature of the offence and the very high evidentiary bar the police must meet before Crown Counsel will approve charges. In its simplest form, money laundering is usually broken down into three stages:

1. Obtain a benefit or profit directly from the commission of a crime;
2. Conduct a number of transactions calculated to confuse and distance the money trail from the original crime; and then
3. Spend or use the funds in a manner that does not bring suspicion because the money appears to be from a "clean" or legitimate source.

A critical component in the money laundering process is secrecy; it is not desirable to be identified or draw attention to yourself in any way.

So let's look at a casino; a patron walks through the front door with thousands of dollars in currency. S/he is picked up on multiple surveillance cameras. S/he approaches the cash cage and lays out a thick wad of currency. More photos at close range. Surveillance within the casino is often directed towards the individual at this point – more attention. Identification is obtained so the casino staff knows exactly who they are dealing with and then, out on the floor our patron goes – and loses almost everything s/he came in with. It doesn't seem very plausible that a casino would be regarded by any proficient criminal as a great place to launder money.

But what about all that cash, you ask? Surprisingly, cash transactions which are deemed "suspicious" are relatively rare outside Metro Vancouver. In 2012, BCLC reported 70,550 large cash transactions to the Financial Transactions Reports and Analysis Centre of Canada (FINTRAC) and well over 80 per cent of the total suspicious transactions were from the big five casinos in Metro Vancouver. Even casinos in other areas of the province with higher levels of crime (per capita) report few suspicious transactions. So why is that? We believe the answer is complex and we need to do more analysis before we can clearly answer that question, but it is clear that many factors are at play. Some of the more obvious issues may include:

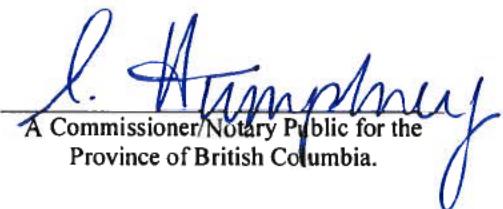
- The Canadian Border Services Agency reports that tens of millions in cash enter the country every year from seemingly non-criminal sources. There is no law against bringing in large amounts of currency into Canada, you simply have to declare it. Even if the currency is not declared most travelers simply have to pay a fine and be on their way. Fifteen million dollars entered Canada in this way last year at YVR alone. Many countries have "flight of capital" rules prohibiting citizens from removing large amounts of assets; sometimes the only way to export wealth is by hand-carrying currency. For example, reliable estimates put the flight of capital from China at well over \$200 billion.
- Some cultural groups favour the use of cash as opposed to other forms of funds transfer.
- Some legitimate businesses are still largely cash based, despite the proliferation of alternative payment forms; owners may choose to utilize that cash for gambling.

Whatever the case, Corporate Security and Compliance will be significantly increasing our analytical capacity and spending more time getting to know our customers. We need to understand why some customers favour large cash buy-ins; once we do that we may be able to help them seek alternatives where they can avoid carrying large amounts of currency on their person. Conversely, our increased analytical capacity will help us identify individuals who we may decide we just don't want to do business with or who are not welcome in our casinos.

Rest assured, BCLC has stringent anti-money laundering practices in place including reducing cash reliance in casinos through player accounts, gambling cheques, electronic transfers and stronger cash-in/cash-out policies.

Executive Corner

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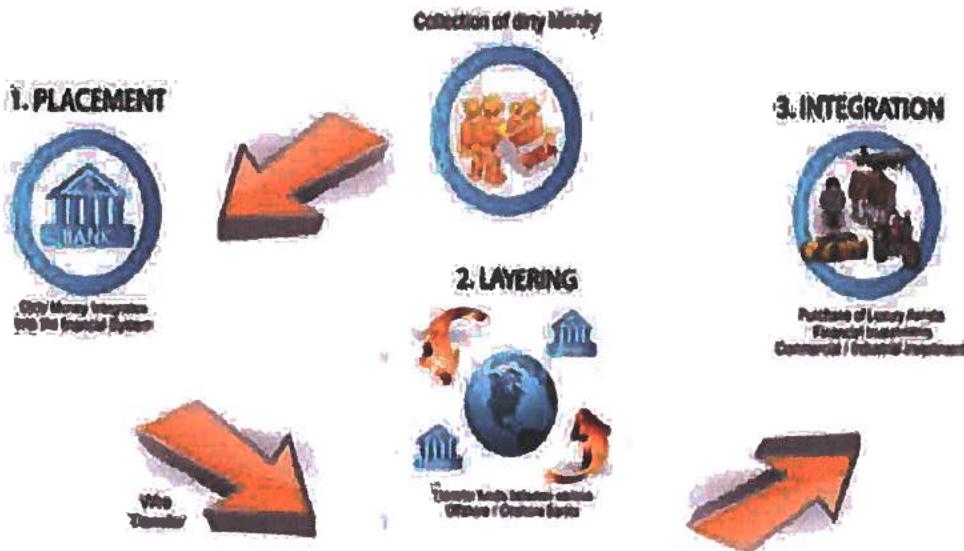
NEWS

PART I OF 2: SETTING THE RECORD STRAIGHT ON MONEY LAUNDERING IN BC CASINOS

Brad Desmarais
November 3, 2014

Executive Corner

A TYPICAL MONEY LAUNDERING SCHEME



Criminals try to compromise legitimate financial systems, and we know our gaming facilities are not immune. Security, integrity and safety are top priorities in our facilities. We work closely with our service providers, our regulators and police to ensure gaming remains safe and secure.

There have been recent media reports on suspicious financial transactions and alleged money laundering activities in our gaming facilities. I wanted to set the record straight and ensure you're all in the know, with this two part series on Money Laundering.

What is money laundering?

Money laundering is defined as taking the proceeds of crime (i.e. cash) and making them appear legal or having come from a legitimate source. BC Casinos have high levels of security and surveillance in addition to policies and procedures – all of which deter money laundering.

For example, if a player comes in with a large amount of cash and plays for a while, then decides to cash out their chips – they will receive cash back. This is not money laundering! Criminals do not want cash back. They want that cash converted into another form such as a cheque or money order so they can hide its true origins. Any cheque we issue is clearly marked as a verified win or as a "return of funds that are not gaming winnings". These types of cheques are of little use to a criminal who is trying to conceal their illegal funds.

There are three stages in the money laundering process:

Placement involves placing the proceeds of crime in the financial system.

Layering involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds.

Integration involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

What measures has BCCLC undertaken to prevent money laundering at BC casinos?

BCCLC has rigorous policies and processes in place to report suspicious activities related to potential money laundering.¹⁰⁶ For example, chip passing for commercial or criminal purposes is not allowed and can lead to barring. Cheques are only issued for verified wins and, on a limited basis, they are issued for a return of non-gaming funds – but in those cases they are clearly marked as such.

Players are not allowed to exchange small denomination bills for large denomination bills and, when a player cashes out, they receive the same denomination bills from their original casino chip purchase. In addition, casino chips may only be used at a single property. They cannot be redeemed at any facility other than where they were initially purchased.

When a player makes a transaction of \$10,000 or more (or multiple transactions that reach \$10,000) within a 24-hour period, they must provide current government photo identification. Casinos withhold payouts over \$10,000 until government identification is produced.

For players who use large amounts of cash, we do additional due diligence and determine that these individuals have the source of wealth to gamble in this manner. We also monitor these players more closely. When someone we don't know buys in with a large cash transaction and leaves with little or no play, we impose a 14 day "investigative ban" to give our investigators the opportunity to conduct a higher level of due diligence and interview the player. If a reasonable explanation isn't forthcoming, we impose a ban ranging from several years to life.

In 2011, the Province launched an Anti-Money Laundering strategy focused on reducing the reliance on cash, aimed at minimizing the opportunity for money laundering to take place through gaming facilities. Since then, there has been significant progress in providing traceable cash alternatives. In 2013/14, almost one quarter of funded play in BC gaming facilities was generated through Patron Gaming Funds accounts, debit and ATM transactions, and other non-cash instruments. The use of these alternative options continues to grow. The BCCLC Business Leadership program has taken on the issue of reducing cash in casinos and is working on a proposal which will be ready in February.

The media is reporting millions of dollars in suspicious transactions have taken place in BC casinos. What did BCCLC do about this?

Casinos are required to file a section 86 report to GPEB immediately whenever there is any conduct, activity, or incident that may be contrary to the Criminal Code, Gaming Control Act or Gaming Regulation.

BCCLC then reviews the incident and if substantiated must file a suspicious transaction report to FINTRAC within 30 days. Each of the incidents reported by the media were reviewed by BCCLC security who determined whether there were grounds for a suspicious transaction report to be filed to FINTRAC.

Generally, we file a suspicious transaction report if a player buys in with a large amount of small denomination bills or buys in for \$3,000 (CDN) or more and then cashes out after minimal play, or if there is any indication of potential money laundering or other unusual financial activity.

The information gathered and reports we file to FINTRAC contribute to an overall data and intelligence trail from a number of sectors that must file reports. FINTRAC and police use this data to identify patterns and potential criminal activity.

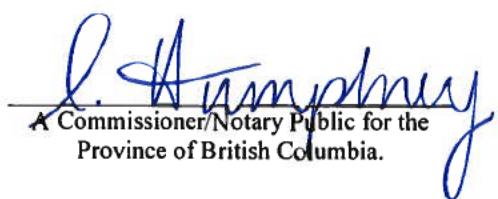
Where does all of this cash come from?

It's been reported that tens of millions of dollars come into Canada through YVR every year, mainly from China. It is not illegal to bring money into Canada if it's reported (although it may not be legal in China to take money out of the country). This is one source.

The other source may be the underground economy such as contractors or others who do business in cash. Finally, there are those who prefer to use cash and, until just a few years ago, there were few options to play with anything other than cash. We have made progress in moving players over to traceable, non-cash alternatives, but this will take time.

We're always looking for new ways to keep our gaming facilities safe. In Part II, I'll share with you two key projects we're working on now.

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Excerpts from the Yak article and comments:

For example, if a player comes in with a large amount of cash and plays for a while, then decides to cash out their chips – they will receive cash back. This is not money laundering! Criminals do not want cash back. They want that cash converted into another form such as a cheque or money order so they can hide its true origins. Any cheque we issue is clearly marked as a verified win or as a “return of funds that are not gaming winnings”. These types of cheques are of little use to a criminal who is trying to conceal their illegal funds.

The above example clearly illustrates that the VIP player cannot launder money in the casino without it being very obvious to everyone. I agree that the majority of VIP players who play with large amounts of cash have that money at their disposal, mainly due to their vast wealth overseas. However, the point is missed in that it is the VIP player's "access to cash" in Canada (the underground economy) where this becomes an AML issue.

Placement involves placing the proceeds of crime in the financial system.

Layering involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds.

Integration involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

Considering that we should suspect that most high-level Asian cash buy-ins are coming from the underground economy, does it not make the VIP player a "vehicle" for laundering money? Especially, since it is a likely scenario that the underground economy includes the criminal element who are trying to launder their money, and it is my understanding that most Asian players likely have an agreement to repay the money in Asia, where they can actually access their wealth. Supplying our VIP players with cash works to the benefit of the underground economy because they can rid themselves of bundles of cash and, in doing so, has moved their cash off shore when repayment occurs.

Players are not allowed to exchange small denomination bills for large denomination bills and, when a player cashes out, they receive the same denomination bills from their original casino chip purchase.

Unless something has changed regarding cash disbursements to VIP players since my arrival in Courtenay, it has regularly been the practise that when a VIP player buys in with a substantial amount of \$20 bills, that player will be repaid in \$100 bills if he/she played and put their money at risk. It has been my experience that repayment in \$20 bills only occurs when the player buys in with no play and then tries to cash out and receive \$100 bills.

In 2013/14, almost one quarter of funded play in BC gaming facilities was generated through Patron Gaming Funds accounts, debit and ATM transactions, and other non-cash instruments. The use of these alternative options continues to grow.

One quarter of funded play may be the statistic, and I certainly wouldn't know that statistic myself. But this encompasses ATM and debit use which mainly relates to the vast number of slot players and players at lower level table games. I find this statistic to be misleading since it is my impression that VIP cash buy-ins have escalated greatly over the past year or more.

Where does all of this cash come from?

It's been reported that tens of millions of dollars come into Canada through YVR every year, mainly from China. It is not illegal to bring money into Canada if it's reported (although it may not be legal in China to take money out of the country). This is one source.

The other source may be the underground economy such as contractors or others who do business in cash. Finally, there are those who prefer to use cash and, until just a few years ago, there were few options to play with anything other than cash. We have made progress in moving players over to traceable, non-cash alternatives, but this will take time.

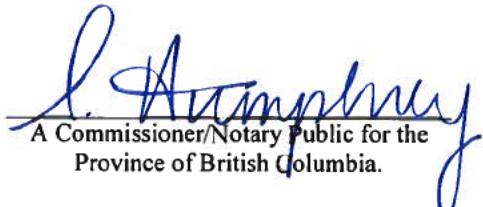
The reference to tens of millions coming to Canada through YVR is a direct reference to the Jonathon Manthorpe presentations and the information we received from our FOI request to CBSA. My question on this point is whether we properly researched the FOI information to know how relevant it is to the large amounts of cash showing up at the cage? (i.e. is this money mainly U.S. cash? / do the travellers transport cash in the same volume and/or denominations that show up at the cage?). The tens of millions of dollars may seem like

a lot, but when we consider the number of reports (travelers) and determine the currency involved, the FOI information we received may not show much relevance at all. It my understanding from discussing this with CBSA a few years ago that the money arriving at YVR was about \$15,000 per traveller, and the majority of the cash was U.S. currency. So I ask, how does this relate to our Asian VIP players who buy with several hundred thousand dollars with Canadian currency? I disputed this information during the first presentation several years ago in an email to Gord Friesen. It is my opinion that unless we have thoroughly researched the information received from the CBSA FOI request, that we would stop using this information as a reason for cash arriving at our cash cage.

The underground economy referenced above is where the criminal element lies when it comes to supplying money to our Asian players. The Yak article glides over this fact in my opinion.

Mike Hiller
BCLC Casino Security Investigator
November 7, 2014

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ON THE 8TH DAY OF NOVEMBER, 2020.


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To: Kris Gade [REDACTED] PERSONAL INFORMATION
Cc: Kevin Sweeney [REDACTED] PERSONAL INFORMATION
From: Bruno Gatto
Sent: Fri 2014-11-07 7:57:12 PM
Subject: FW: Yak Article
[Yak AML Article-Comments.docx](#)

.....

Hi Kris,
FYI.
Bruno

From: Bruno Gatto
Sent: Friday, November 07, 2014 11:51 AM
To: Mike Hiller
Subject: RE: Yak Article

Hi Mike,
Thanks for this. This certainly is a very complex issue. Best if I pass it on to Kris and Kevin.
Bruno

From: Mike Hiller
Sent: Friday, November 07, 2014 10:56 AM
To: Bruno Gatto
Subject: Yak Article

Hi Bruno,
I continue to be concerned about Yak articles, such as this one. Certainly I realize that BCLC is striving to get away from the large cash buy-ins which continually put us in the spotlight. The increased cash that I have noticed over the past 2 years hasn't helped our situation. However, the reality is that our major casinos continually receive suspicious cash, especially from high level Asian players. These articles come about without speaking to investigators who are on the front line. Maybe it's time for a frank conversation with investigators. I have attached my point of view regarding this article. I'll leave it up to you whether you want to pass it along to Brad, Kevin and Kris, but you certainly can from my prospective.

Mike
Mike HILLER

BCLC Casino Security Investigator

Courtenay, B.C.
[REDACTED]
C [REDACTED]

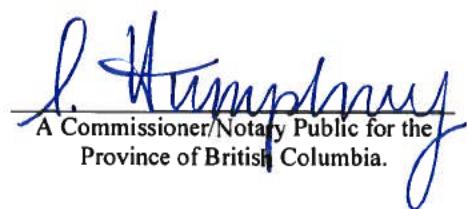
[REDACTED] PERSONAL INFORMATION

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

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Corporate Security & Compliance Divisional Meeting
March 5, 2015
Jim Lightbody Speaking Notes

Hi everyone – I'm glad to be able to join you today.

I want to start by saying thank you.

2014 was a year of resilience. We went through significant change and uncertainty at BCLC with cost containment and crown review. However, despite the external pressures and uncertainty, you demonstrated professionalism and leadership and continued to move our business forward. That's what resilience is all about and I thank you for that.

All in all, we've had a great year with a lot of highlights across the organization including the completion of the GMS installation, the Sportsbook pilot in Starlight Casino and the launch of Scratch & Win products at Costco. I know this team has played a huge role in the success of these projects, so thank you very much for your contributions.

Fiscal year-end is right around the corner and we are on track to surpass both our net income and revenue targets for this fiscal. Our Table Games strategies as well as the cost containment exercises we went through over the past year are the major contributors to this success. We've also seen huge growth in the Casino and Sports categories and Lottery has also picked up momentum in the last couple of months.

I know many of you are wondering why we still have to focus on managing costs despite having such strong financial results. I want you to know that without the exceptional results in our Table Games business, our cost containment would be one of the primary reasons behind our profit growth versus last year. The revenue we receive from Table Games is not something we can necessarily rely on long-term. So, while it is exciting to see our Table Games doing so well, we need to react with caution. This means we have to continue to focus on exercising effective cost management and executing our corporate strategy.

On that note, I'd like to take a few minutes to talk a little bit about our corporate strategy.

Corporate Strategy

Our strategy describes how we will achieve our vision, which is to have gambling be widely embraced as exceptional entertainment for adults.

The winning aspiration of our strategy is that we make it fun to be an adult. Everything within our corporate strategy is tied to this aspiration. If we aren't making it fun to be an adult, we are not winning.

Your winning aspiration in Corporate Security and Compliance is we make fun safe.

I love this because without the safety, security and integrity of our facilities and our games we are not making it fun to be an adult.

As you know, one of the key areas of focus within our Corporate Strategy is Reputation. And this group plays a huge role in building a positive reputation for BCCLC.

You do this by providing the expertise and support to ensure that our operations are legal and compliant, while fostering a safe and trusted gambling environment that protects players. You are also responsible for maintaining strong strategic relationships with our partners, vendors and stakeholders.

One example of how you are doing this is through the information sharing agreement that you now have in place with the RCMP. This has allowed us to work proactively with the RCMP to ban individuals from our facilities if they have engaged in criminal offenses, are a reasonable threat to the public, or belong to an organized crime association. The agreement has had a positive impact, and we have already had success in identifying and banning individuals outright from our gaming facilities.

Another area where this team has made progress is in our Anti-Money Laundering tactics. The work you are doing in conjunction with the Social Responsibility & Communications division is helping to change the conversation about BCCLC's commitment to Anti-Money Laundering (AML). There are a lot of misconceptions out there. If we all take the time to understand this

issue and explain it to others when we have a chance, we can begin to address these misconceptions, and ultimately change the conversation to a positive one.

In addition to helping BCLC build a strong reputation, this team is a strong contributor to our other strategic areas of focus – which include player experience and content, distribution and B2B – by ensuring we maintain our core value of integrity in any new games, channels or ventures we pursue.

Culture

One of the biggest impacts you can have on our corporate strategy is by helping us to create a culture based on customer focus, trust, collaboration and embracing change.

All of these words have great intentions behind them. But it's up to all of us to bring those words to life. Each of us – meaning all employees at all levels – need to look within ourselves and take accountability over our actions and behaviours.

In order to paint a clearer picture of what that means, I want to take a minute to describe the meaning behind our four cultural drivers.

Trust is about being candid and walking the talk.

Collaboration is about sharing resources, working together to solve problems and respecting each other.

Customer focus is about always acting with the customer in mind and maintaining good relationships.

Embracing change is about being open to new ideas and seeing challenges as an opportunity to grow.

You may have heard the saying "culture eats strategy for breakfast." To succeed, strategies rely on employees' everyday actions and decisions. Take customer focus for instance. If you

don't understand that customer focus is important, then you will be unlikely to focus on the customer which is precisely what our strategy relies on.

Innovation

In addition to a strong culture, we also need to build up our ability to innovate. Innovation is critical for us to sustain future success. As part of our corporate strategy, we must broaden and diversify our player base. Currently, we are too reliant on our core player and we need to find ways to attract the moderate as well as light and casual players. In order to do this, we need to focus on providing the new experiences and content that those players want. In order to do this we have to innovate and that means challenging the status quo. We also need the right resources and systems in place in order to be able to try new things.

Unfortunately, in times of cost-cutting and budget constraints, this something that often gets put on the back burner. However, your Executive team is acutely aware that in order to prepare for all of the challenges ahead – concentrated player base, reputation, growth – this is an area we need to focus on. Work is underway to figure out how we can improve our organizational competency around innovation.

In the meantime, I encourage you to bring forward to your manager any ideas you may have to improve our business.

People

The other key in executing our strategy is people. We're not going to get very far without you.

This is a time that we need to really focus in on our people. We need to work with you to develop your capabilities and nurture your career here at BCLC so that you can help us achieve our long-term goals.

I am committed to cultivating an environment of development, learning and succession planning at BCLC. This is something your Executive and Human Resources teams are working on. But I want to challenge you to make a commitment to this as well.

It's really important to me that we all take the time to develop a plan for ourselves – and if you're leading a team, make sure this is supported and encouraged, because that's how we'll keep growing, that's what will allow us to promote from within and that's what will allow us to become stronger as an organization.

Close

Everything I've talked about today is tied together. Here are the key takeaways:

We need to turn our strategies into action plans, by figuring out how to resource and strengthen our innovative capabilities.

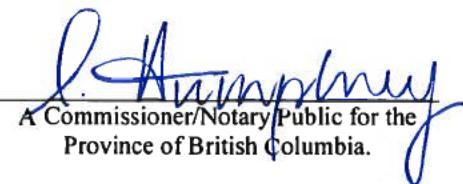
We all need to demonstrate our cultural behaviours of Trust, Collaboration, Embracing Change and Customer Focus to build a culture that supports our strategy.

We need to strengthen our people by listening to you and cultivating an environment that places priority on development.

If we do all of these things, we are positioned for a very bright future and I'm looking forward to taking this journey with all of you.

Questions

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SWORN BEFORE ME AT VANCOUVER, BC
ON THE 8TH DAY OF NOVEMBER, 2020.


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To: Mike Hiller [REDACTED]
Cc: Joseph Depaulo [REDACTED]; Bruno Gatto [REDACTED]; Rob Kroeker [REDACTED]
From: Kris Gade
Sent: Wed 06/12/2017 6:41:26 PM
Subject: RE: Set Up Meeting

Copy that...

Kris Gade, CAMS
 Manager, Investigations | Legal, Compliance, Security
 British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC, V5M 0A6

T [REDACTED] C [REDACTED]

[REDACTED]
 e Yes, and...e

[REDACTED]

bclc.com

We instill public trust by ensuring the highest standards of integrity in gaming

From: Mike Hiller
Sent: December-06-17 10:10 AM
To: Kris Gade <[REDACTED]>
Cc: Joseph Depaulo <[REDACTED]>; Bruno Gatto <[REDACTED]>; Rob Kroeker <[REDACTED]>
Subject: FW: Set Up Meeting

Hi Kris,

FYI....I will be meeting with Jerome Malysh on Dec 20th in Richmond. Otherwise, I'll be working from the BCLC office that day.

Mike

From: Jerome Malysh [mailto:[REDACTED]]
Sent: Wednesday, December 06, 2017 10:05 AM
To: Mike Hiller <[REDACTED]>
Subject: RE: Set Up Meeting

We can meet at 1000 hrs. The address is:

TCS Forensics Unit 125 - 3751 Jacombs Rd Richmond, B.C – the building is across the street / kitty corner from IKEA. Parking – you can use any stall number 120 or 125, or Visitors. The stalls immediately in front of the office door are usually open (125).

**Jerome Malysh, CPA CGA CFF
 CFE**

**MALYSH ASSOCIATES CONSULTING
 INC**
 Investigative & Forensic Accounting

T | [REDACTED]
PERSONAL INFORMATION

From: Mike Hiller [mailto:[REDACTED]
Sent: December 6, 2017 9:59 AM
To: 'Jerome Malysh' [REDACTED]
Subject: RE: Set Up Meeting

I will be working 8:00 to 4:00 that day, so anytime at your office will work for me.
Mike

From: Jerome Malysh [mailto:[REDACTED]
Sent: Wednesday, December 06, 2017 9:45 AM
To: Mike Hiller <[REDACTED]>
Subject: RE: Set Up Meeting

Great, Mike. Dec 20 will work for me, too. What time would you be able to start? I have an office in Richmond near Bridgeport & No 5 (Knight St Bridge)

*Jerome Malysh, CPA CGA CFF
CFE*

MALYSH ASSOCIATES CONSULTING
INc
Investigative & Forensic Accounting

T | [REDACTED]
PERSONAL INFORMATION

From: Mike Hiller [mailto:[REDACTED]
Sent: December 6, 2017 9:30 AM
To: 'Jerome Malysh' [REDACTED]
Subject: RE: Set Up Meeting

Hi Jerome,
My preference would be Wednesday Dec 20th at any time that day. Otherwise, you choose if it needs to be earlier. I have a commitment with the Nanaimo RCMP at the casino on Tuesday Dec 12th.
Mike

From: Jerome Malysh [mailto:[REDACTED]
Sent: Wednesday, December 06, 2017 8:47 AM
To: Mike Hiller <[REDACTED]>
Subject: RE: Set Up Meeting

Thanks, Mike. I had a meeting with Kroeker Monday in which he said he would authorize travel for you to come to Vancouver if need be. Would you mind coming over for a day? If so, what day would suit you? The only day I am not available is Dec 13..

*Jerome Malysh, CPA CGA CFF
CFE*

**MALYSH ASSOCIATES CONSULTING
INC**
Investigative & Forensic Accounting

T | PERSONAL INFORMATION [REDACTED]

From: Mike Hiller [mailto:PERSONAL INFORMATION]
Sent: December 6, 2017 8:40 AM
To: 'Jerome Malysh' <PERSONAL INFORMATION>
Subject: RE: Set Up Meeting

Hi Jerome,
I just got back from our annual Christmas visit to Ontario and have no other plans throughout December. I am usually at the Nanaimo Casino each Thursday, if that helps. But you name the time and place and I can easily adjust my schedule accordingly.
Mike

Mike Hiller, CAMS
Investigator, Courtenay, BC
BCLC Legal, Compliance and Security

T | C | PERSONAL INFORMATION [REDACTED]

• Yes, and... •

PERSONAL INFORMATION [REDACTED]

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From: Jerome Malysh [mailto:PERSONAL INFORMATION]
Sent: Monday, December 04, 2017 6:52 PM
To: Mike Hiller <PERSONAL INFORMATION>
Subject: RE: Set Up Meeting

Hi Mike I would like to arrange a meeting with you. Whats your schedule like this month?

**Jerome Malysh, CPA CGA CFF
CFE**

**MALYSH ASSOCIATES CONSULTING
INC**
Investigative & Forensic Accounting

T | PERSONAL INFORMATION [REDACTED]

From: Mike Hiller [mailto:PERSONAL INFORMATION]
Sent: November 23, 2017 8:20 AM
To: 'Jerome Malysh' <PERSONAL INFORMATION>
Subject: RE: Set Up Meeting

Okay

From: Jerome Malysh [mailto:**PERSONAL INFORMATION**]
Sent: Wednesday, November 22, 2017 4:45 PM
To: Rob Kroeker <**PERSONAL INFORMATION**>; Mike Hiller <**PERSONAL INFORMATION**>
Cc: Nicole Wu <**PERSONAL INFORMATION**>
Subject: RE: Set Up Meeting

Thanks for accommodating our request, Rob.

Mike: I will call later in the week to set up a time. ... jerome

***Jerome Malysh, CPA CGA CFF
CFE***

**MALYSH ASSOCIATES CONSULTING
INC**
Investigative & Forensic Accounting

T | **PERSONAL INFORMATION**

From: Rob Kroeker [mailto:**PERSONAL INFORMATION**]
Sent: November 22, 2017 4:42 PM
To: Mike Hiller <**PERSONAL INFORMATION**>; Jerome Malysh <**PERSONAL INFORMATION**>
Cc: Nicole Wu <**PERSONAL INFORMATION**>
Subject: Set Up Meeting

Mike and Jerome

This note is to put you in touch with one another and provide your respective email addresses. And to confirm that I have talked with Mike and he is aware Jerome will be in touch to set up a meeting date and place.

Regards,

Rob Kroeker
Chief Compliance Officer & VP Legal, Compliance, Security
British Columbia Lottery Corporation

2940 Virtual Way, Vancouver BC V5M 0A6
T **PERSONAL INFORMATION** | M **PERSONAL INFORMATION** | F 604.225.6488

•Yes, and...•

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

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