

Even a Decade ago BC's Dirty Money Scandal Was There to See

In 2009 a key police commander raised alarms and I wrote 34 stories. Why did so little happen?



Sean Holman / 17 Nov 2020 TheTye.ca

Sean Holman covered B.C. politics for 10 years and is now a journalism professor at Mount Royal University in Calgary.

Our journalism is supported by readers like you. [Click here to support The Tye.](#)



Then gaming minister Rich Coleman being interviewed in 2010 by Sean Holman about money laundering warnings. Fred Pinnock, former head of BC's illegal gaming enforcement team, had told Holman of 'a failure to target the criminal element' in gambling. Source: Public Eye.

“A failure to aggressively target the criminal element involved in the gambling business will have far reaching consequences down the road. Police agencies must find the resources to address this issue.”

That's what Fred Pinnock, the former commander of British Columbia's illegal gaming enforcement team, told me in 2009. Between then and now, Pinnock's warning became prophecy. It foretold the money laundering scandal that's now the subject of an inquiry by the Cullen Commission (<https://cullencommission.ca/>), where Pinnock recently made (<https://cullencommission.ca/data/transcripts/Transcript%20November%205,%202020.pdf>) headlines after disclosing he secretly recorded two conversations in 2018 with then solicitor general Kash Heed.

It remains to be seen whether those recordings will support Pinnock's suspicion that Rich Coleman knew about the criminality in casinos. The BC Liberal former gaming minister has denied (<https://theprovince.com/news/bc-politics/mike-smyth-i-am-not-soft-on-crime-coleman-insists-after-damning-casino-report>) turning a “blind eye” to such illegality.

Regardless, if more people had paid attention to Pinnock's first warning 11 years ago, as well as other reporting at the time, we might not have needed his tapes or the commission itself. Nor might we have needed ex-RCMP deputy commissioner Peter German (<http://assetforfeiturelaw.us/wp-content/uploads/2015/07/Pete-German-resume.pdf>) to prepare a 247-page independent review of money laundering telling (https://cullencommission.ca/files/Gaming_Final_Report.pdf) British Columbians in 2018 that their Lower Mainland casinos had become "laundromats for the proceeds of organized crime."

So, as the Cullen Commission continues its hearings, I'd like to share with you the story of how Pinnock first came to blow the whistle on the province's money laundering scandal, as well as the findings of the investigation that followed. It's a story that hasn't been part of the mainstream media's recent coverage of that scandal, just as some aspects of it weren't included in German's report. And it all began with an endnote.

'Playing ostrich'

Back when I was covering provincial politics as the founder and editor of the investigative online news service Public Eye, I routinely examined the annual audited financial statements for each of British Columbia's major public sector organizations and agencies. That's because I knew those statements often included newsworthy information the government had failed to announce. And, in July 2009, I found just such a piece of information on page 21 of the British Columbia Lottery Corporation's 2008/09 report (<https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/government-finances/public-accounts/2008-09/sup-e/bc-lottery-corporation-fs-2008-09.pdf>).

Amidst its endnotes, the 35-page report mentioned the corporation's funding agreement for the integrated illegal gaming enforcement team — which was supposed to look into everything from dog and cockfighting rings, to money laundering and loan sharking — had ended on March 31, 2009. Additional reporting revealed the team, which had cost the corporation \$6.5 million over six fiscal years, had been disbanded on April 1, 2009. That decision hadn't been publicized. And, when I asked the government and the RCMP about the reasons for it, I got differing responses.

The RCMP told (<http://www.publiceyeonline.com/archives/004086.html>) me the 12-member team was disbanded because of "funding pressures and other operational and investigative priorities." But Coleman's ministry, which included the gaming policy enforcement branch (<https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/laws-regulations-policies>) that regulates casinos and investigates wrongdoing in them, said much of the integrated illegal gaming enforcement team's work overlapped with local police. As a result, it was decided it would be more efficient for the ministry's gaming inspectors to work directly with those local forces rather than the team.

Those differing explanations led me to investigate further. And that eventually resulted in a cold call to Pinnock, who had retired from the RCMP and was then a managing partner with Lions Gate Investigations Group (<https://www.lgrmg.ca/>). The fact that Liberal MLA Naomi Yamamoto is his partner perhaps made what he told me even more surprising. In an interview (<http://www.publiceyeonline.com/archives/004373.html>), Pinnock, who was commander of IIGET between 2005 to 2007, said it was "obvious that highly-pedigreed gangsters" were frequenting the province's casinos "on a continuing basis. There's a ton of criminal activity being conducted in these places every day, including money laundering, loan sharking and other enterprise crimes."

Yet there hadn't been any big busts of that activity. That resulted in Pinnock questioning whether the "resources and mandate" of the gaming inspectors at Coleman's ministry, as well as British Columbia Lottery Corp., were "sufficient to effectively target the criminal activity going on within these environments." And he accused the RCMP of "playing ostrich" about the problems inside legal gaming facilities. "For the police not to have well-resourced law enforcement units dedicated to casino environments is very short-sighted in my opinion," he said.

It signalled a major scandal. But, in the days, weeks and months that followed, Pinnock's allegations didn't seem to get much traction in the news media or on the floor of the legislature. According to the Canadian Newsstream database, Rob Shaw, who was then at the Times Colonist, was the only newspaper reporter to write a followup on that story immediately after it broke — although I remember at least one broadcast journalist, CKNW's Sean Leslie, chasing it too.

For its part, the opposition NDP, which always seemed reluctant to investigate gaming scandals because of the party's own controversial history with that issue, asked just three questions about Pinnock's allegations during the latter half of that day's question period. Heed responded but seemed unaware Pinnock's team had been disbanded. When reporters scammed him the same day, B.C.'s then top cop said (<http://www.publiceyeonline.com/archives/004376.html>) the province had "quite a few" police units that "pay particular attention to casinos."

[MEDIA PLAYER]

So I kept investigating, finding other sources and filing freedom of information requests about the team's disbandment. Almost none of that work was picked up. But British Columbians following that investigation would have learned:

The consultative board for Pinnock's team had, in 2006, directed (<http://www.publiceyeonline.com/archives/004427.html>) it to focus on mid-level targets, such as illegal slot machines. After I found out about that direction, Coleman told me high-level targets were being "handled" by the integrated gang task force and the combined forces special enforcement unit. More recently, in his testimony before the Cullen Commission, Pinnock acknowledged his team, which experienced staffing issues, hadn't demonstrated it could tackle such targets and possessed insufficient resources and skills for such investigations. He described high-level targets as including loan sharks and money launderers.

In 2007, Pinnock prepared

(<http://www.publiceyeonline.com/archives/005198.html>) two business cases recommending an expansion of the team, with one including a three-year budget plan. In his testimony before the Cullen Commission, the former commander said his business cases would have “broadened” its mandate to investigate laundering and loan sharking in casinos and given it enough personnel to “properly address high and mid-level targeting.”

Ed Rampone, who was dismissed in April 2009 as the gaming policy enforcement branch’s casino investigations manager, believed the cost of policing those loan sharks outweighed their benefits. In an interview

(<http://www.publiceyeonline.com/archives/004614.html>) , Rampone explained those criminals were difficult to catch because most of them were Asian, creating cultural and language barriers that could block law enforcement officials. He also said an undercover agent would need to be a “fairly heavy better” to catch the loan sharks’ attention, spending thousands of dollars. And, even if that attention was caught, the agent would be dealing with one of the loan shark’s runners rather than the loan shark themselves.

Meanwhile, Rampone said, those police resources weren’t being used to nab “the guy who’s the drug dealer in your neighbourhood. And that’s the truth of it.” According to German’s report, two years after I spoke with Rampone, “some employees” in the gaming policy enforcement branch “recognized the reality that small time loan sharking had evolved into large-scale money laundering.”

British Columbia Lottery Corp. wanted to cut

(<http://www.publiceyeonline.com/archives/004398.html>) its funding for the integrated illegal gaming enforcement team two years before it was disbanded because of dissatisfaction with its outcomes. According to meeting minutes for the team’s consultative board, the corporation’s then president and chief executive officer Dana Hayden supported IIGET but felt it didn’t “fit” with BCLC’s mandate. Nor was she alone in that belief. According to a later government-commissioned review of the team’s effectiveness, which was prepared by public policy consultant Cathy Tait, concerns

(<http://www.publiceyeonline.com/archives/004911.html>) were raised about the “appropriateness” of the lottery corporation’s presence at the consultative board meetings “where confidential information regarding investigations is presented.”

A December 2007 report by the integrated illegal gaming enforcement team warned (<http://www.publiceyeonline.com/archives/004988.html>) “organized crime activity surrounding illegal gaming” would escalate if its strength wasn’t doubled. And, if it was disbanded, “mid and high level targets would conduct their illicit operations with impunity.”

A month later, Tait’s effectiveness review supported (<http://www.publiceyeonline.com/archives/004841.html>) that position. It concluded that disbanding the team would be “inappropriate” at that point, leaving a “void” which wouldn’t be

filled by another police agency. Instead, the review recommended preparation of a business plan for the team's "continuation and potential expansion." As a result, its consultative board agreed to extend IIGET's existence by another year.

By January 2009, the team had finished (<http://www.publiceyeonline.com/archives/005198.html>) the research needed to write a "five-year strategic plan," as well as a "final business case" that would have included short and long-term objectives and performance measures. Three months later, it was disbanded.

IIGET's disbandment also happened three months after the team prepared (<http://www.publiceyeonline.com/archives/005192.html>) a 36-page threat assessment for its consultative board, warning Hells Angels members had, in some cases, infiltrated the province's "legitimate gaming operations." That assessment, which I obtained via an access to information request, found known gang members were possibly participating in poker tournaments at casinos for money laundering purposes. It even included a censored section on "conflict of interest/potential corruption issues," which stated "the integrity of gaming in British Columbia" could be "impacted by the presence or influence of organized crime figures at B.C. gaming facilities."

When a partially unredacted version of the same assessment was later accidentally released (<http://www.publiceyeonline.com/archives/005205.html>) by the RCMP to the Vancouver Sun's Chad Skelton, it revealed the team was also worried Canadian casinos were "extremely vulnerable to money laundering" and "police managers have suggested that, because of other priorities and a lack of resources, at this time nothing is being done to investigate these situations."

Eleven years ago, 34 stories

All told my investigation that began with the endnote about defunding IIGET and a cold call to Fred Pinnock spanned 34 stories. More than a decade later, they are a reminder that key aspects of B.C.'s money laundering scandal were becoming visible.

The integrated illegal gaming enforcement team was quietly defunded and disbanded after it raised concerns about what was happening in the province's casinos and proposed expanding its work.

And what should have been even more surprising is that disbandment also happened after CBC journalists exposed (<https://www.cbc.ca/news/canada/british-columbia/suspected-money-laundering-at-b-c-casinos-under-reported-cbc-probe-reveals-1.738698>) British Columbia Lottery Corp. for "under-reporting suspected money laundering at the province's casinos for years."

Strangely, according to RCMP records presented at the Cullen Commission, investigating such money laundering had actually been part of the team's foundational mandate. However, Pinnock's predecessor, Tom Robertson, testified (<https://cullencommission.ca/data/transcripts/Transcript%20November%206,%202020.pdf>) IIGET wasn't actually set up to undertake those complex, intense and lengthy investigations on its own — which would have consumed much of its time and resources. For his part, German stated in his report that the team's "sole focus was on illegal gaming outside casinos" — something that helped the lottery corporation's "bottom line" by targeting the criminal enterprises competing with the province's casinos.

By the time Pinnock took over the team in 2005, that sole focus was his reality. Testifying before the Cullen Commission, he said, "The underlying messages from management to whom I reported was get along" with the gaming policy enforcement branch. And, during his tenure as

the team's commander, Pinnock alleged that branch "clearly did not want us entering those (legal gaming) environments. That message was made clear to me."

By contrast, one former branch member — Larry Vander Graaf, its executive director of investigations — testified last week that IIGET's members were "never, ever prohibited" from going into casinos. "I want to make that clear," he added. So, hopefully, the Cullen Commission will be able to provide some clarity on these two "clear" but differing accounts.

That inquiry may also help British Columbians understand Coleman's involvement in disbanding Pinnock's team.

When I first asked about the controversy in 2009, the gaming minister told (<http://www.publiceyeonline.com/archives/004380.html>) me he "brought (that team) back in" because he was concerned about its success. Later, Coleman said (<http://www.publiceyeonline.com/archives/004395.html>) that decision was made by a "decent majority" of the team's five-member consultative board, three of whom were from government if you include the lottery corporation's representative.

In my investigation, though, I found no board minutes mentioning such a decision, which appeared to me to have been made after its last recorded meeting. Instead, what I found was an email from the gaming policy enforcement branch's then general manager Derek Sturko that stated, "IIGET is being discontinued. The IIGET board knows," in response to a question from a colleague about whether the board needed to be told about the team's status. Confronted with this information, I pressed (<http://www.publiceyeonline.com/archives/004995.html>) Coleman about the issue in his legislative offices in May 2010.

[MEDIA PLAYER]

During that interview, Coleman maintained the consultative board made the decision to disband IIGET. Then, in what has become Public Eye's most viewed footage, the minister also told (<http://www.publiceyeonline.com/archives/004991.html>) me, "I had a team that wasn't working, that was costing taxpayers money. I decided to do it differently to get better results." When I asked him why I hadn't seen any business case or other documentation supporting that decision, the minister said, "I don't deal in paper. I take the information given to me. I sit down, discuss with people and then I communicate my decision."

But that's not Coleman's final word on this part of the story. Reached on his phone last week, the former gaming minister declined comment because he'll be testifying before the Cullen Commission in the next "three or four months."

Coleman added: "IIGET was closed because of the advice of the board of IIGET, not because of an individual decision by the minister.... All I did was implement what the request was." When I mentioned how his answers seemed to have changed over the course of my reporting, Coleman said, "The reality is you make the decision. But you made it at the recommendation of somebody else. So you can play it either way. The fact of the matter is it was at the recommendation of the people who ran IIGET."

As for the other questions I had for him, Coleman demurred but promised, "Someday, when we get past this, I will give you my honest unabridged opinion of all this."

To this day, I've often wondered what damage could have been prevented if more attention had been paid to Pinnock's warning, the controversy surrounding his team's disbandment, and early reporting by other journalists about British Columbia Lottery Corp.'s questionable response to money laundering in the province's casinos.

I have also wondered why Pinnock wasn't interviewed for German's report and why that report didn't include some aspects of the controversy surrounding IIGET's disbandment in its accounting of the team's demise. Perhaps it's because it wasn't a fault finding exercise?

But the bigger question is one that has been asked so many times before: Why did it take so long to fight casino money laundering in British Columbia? Hopefully, the Cullen Commission will be able to answer it. ■

Most Popular

Why Do So Many Christians Believe in Trump?

(/Culture/2025/10/01/Why-So-Many-Christians-Believe-Trump/)

What's Canada Doing about Residential School Denialism?

(/News/2025/10/01/What-Canada-Doing-Residential-School-Denialism/)

The Definitive History of Canada's Residential School

Shame (/News/2025/09/30/Definitive-History-Canada-Residential-School-Shame/)

Most Commented

BC Conservative Staffer Slams Truth and Reconciliation

Flag (<https://thetyee.ca/News/2025/09/29/BC-Conservative-Staffer-Residential-School-Denialism/>)

Why Do So Many Christians Believe in Trump?

(<https://thetyee.ca/Culture/2025/10/01/Why-So-Many-Christians-Believe-Trump/>)

New Green Leader Emily Lowan Vows to Challenge NDP

(<https://thetyee.ca/News/2025/09/24/New-BC-Green-Leader-Emily-Lowan-Challenge-NDP/>)

Most Emailed

The Case of Bella Coola's Heart-Pounding Home-Built

Highway (<https://thetyee.ca/Culture/2025/09/25/Bella-Coola-Heart-Pounding-Home-Built-Highway/>)

Raphael Lemkin Coined the Word Genocide. What Would

He Say Today?

(<https://thetyee.ca/Culture/2025/09/29/Raphael-Lemkin-Coined-Word-Genocide/>)

The Definitive History of Canada's Residential School

Shame (<https://thetyee.ca/News/2025/09/30/Definitive-History-Canada-Residential-School-Shame/>)