

**MINISTRY OF ATTORNEY GENERAL  
GAMING POLICY AND ENFORCEMENT BRANCH  
DECISION BRIEFING NOTE**

**PURPOSE:** For DECISION of the Deputy Minister's Committee on Anti-Money-Laundering

**ISSUE:** Addressing Dr. Peter German's recommendation that the provincial gambling regulator institute mandatory anti-money-laundering (AML) training for gaming workers.

**RECOMMENDATION:**

s.13

**SUMMARY:**

- Dr. Peter German recommended the gambling regulator be responsible for AML and institute mandatory AML training.
- BCLC is responsible for meeting federal AML requirements, such as reporting to the Financial Transactions Reporting and Analysis Centre of Canada (FINTRAC) and maintaining a compliance program with AML training for the industry.
- Proposed amendments to the *Gaming Control Act* (GCA)<sup>s.13</sup>

s.13

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**BACKGROUND:**

*Dr. Peter German's recommendation:*

- In his *Dirty Money* report, Dr. Peter German recommended the gambling regulator "institute mandatory training for front line gaming personnel, including VIP hosts, with consideration of a Play Right program" as part of the regulator have responsibility for AML. This shift in responsibility was part of German's overall proposed design for a new regulator.
- "Play Right" is not an existing, standalone program. A former Great Canadian Gaming Corporation Vice President, Communications, Howard Blank, proposed development of an AML training product to Dr. German based on the Serving It Right program for liquor establishment employees.
- The program was proposed to cover material currently in BCLC's AML training, as well as responsible gambling training (which BCLC provides in separate modules). The regulator would develop and maintain the program and ensure participation by all relevant industry participants.

- Liquor and Cannabis Regulation Branch (LCRB) manages the Serving It Right course and holds liquor establishments responsible if employees are found serving liquor without the training. LCRB developed the Selling It Right program for cannabis employees in collaboration with a contractor who now manages the program<sup>s.13; s.17</sup>

### *BCLC's AML training obligations and activities*

- As part of the PCMLTFA's required compliance program, BCLC must institute and ensure participation in AML training by BCLC's and gaming services providers' employees. FINTRAC's biennial examination of BCLC ensures implementation of BCLC's training program and assesses the program's adequacy.
- BCLC's online AML training course includes an overview of the PCMLTFA; requirements for reporting, record keeping, and BCLC's compliance program; customer identification; an overview of money laundering and terrorist financing activities; gambling's vulnerability to those activities; and indicators of suspicious transactions.
- BCLC requires all BCLC staff, as well as senior management and front-line employees of casino gaming services providers, to complete this online training course when hired and prior to engaging in gaming floor duties. Those at casino gaming facilities must complete the training annually, and BCLC staff biennially, with additional opportunities for training offered occasionally.<sup>1</sup> BCLC assesses gaming services providers' compliance with its compliance program, including AML training requirements for staff. BCLC can contractually withhold commissions from, suspend, or terminate a contract with a gaming services provider that does not comply.
- BCLC developed its training program internally, and internal resources administer and occasionally amend the training as needed. Training is only offered in English, but BCLC is considering training in additional languages.
- FINTRAC's 2018 review found that the content of BCLC's training program met its expectations. GPEB also conducted audits of gaming services providers' compliance with BCLC's source of funds policy (SOF) and found inadequacies in compliance and training which have been addressed.
- Some gaming services providers voluntarily require additional training of their employees. For instance, Great Canadian Gaming Corporation requires all site employees throughout Canada to complete an AML refresher course semi-annually.

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<sup>1</sup> Some staff – including BCLC's PlayNow.com Operations and Customer Support employees and Casino Service Provider Surveillance employees – receive specialized training according to their roles. Certain staff from BCLC's Legal, Compliance, and Security team must be certified Anti-Money Laundering Specialists by the Association of Certified Anti-Money Laundering Specialists.

## **DISCUSSION:**

- German intended AML training to become the new regulator's responsibility along with oversight of services providers' reporting directly to FINTRAC. However, the Minister decided BCLC will remain the reporting entity to FINTRAC.
- As the reporting entity, BCLC must continue to develop and maintain an AML training program to be compliant with federal regulations.<sup>s.13</sup>

s.13

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s.13

IGCO will be able to identify AML risks specific to BC's gambling industry, set standards to address them, and set and enforce expectations on how industry participants are trained to meet those standards. IGCO's standards would also address BC-specific legislated requirements, such as source of funds legislation and policy.

- s.13

- IGCO would set standards in consultation with BCLC, FINTRAC, and industry participants to ensure fit, efficiency, and comprehensiveness. All provincial requirements would be complementary to federal AML requirements.
- In other provinces, AML training is conducted by entities conducting and managing gaming, i.e. lottery corporations. In Ontario, the Ontario Lottery and Gaming Corporation develops and implements AML training as Ontario's casino reporting entity under the PCMLTFA. The Alcohol and Gaming Commission of Ontario (AGCO) monitors OLG's and sites' compliance with the PCMLTFA, which AGCO requires under the Registrar's Standards for Gaming.

## **INDIGENOUS PEOPLES CONSIDERATIONS:**

- One First Nation, Ktunaxa (Cranbrook), hosts and operates a gaming facility on its land. As a gaming services provider, it would be required – along with all other gaming services providers – to comply with BCLC's AML compliance program under the PCMLTFA and any standards for AML training IGCO's GM may set. The GM will consult Ktunaxa when developing standards that apply to them.

## **OPTIONS:**

s.13

s.13

**OTHER MINISTRIES IMPACTED/CONSULTED:**

- GPEB has consulted BCLC on this matter, and it is supportive of this recommendation.

**DATE:**

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Richard J. M. Fyfe, QC  
Deputy Attorney General

**RECOMMENDED OPTION APPROVED**  
or **OPTION \_\_\_\_ APPROVED**  
(whichever fits best for the options presented)

**DATE:**

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David Eby, QC  
Attorney General

**Prepared by:**  
Jillian Hazel  
Executive Director, Strategic Policy and Projects  
Gaming Policy and Enforcement Branch  
(778) 698-2223

**Approved by:**  
Sam MacLeod  
Assistant Deputy Minister and  
General Manager  
Gaming Policy and Enforcement Branch  
(778) 698-3850

**Ministry of Finance**

**BRIEFING DOCUMENT**

**To:** Honourable Selina Robinson  
Minister of Finance

**Date Requested:** January 6, 2021

**Date Required:** January 8, 2021

**Initiated by:** Chris Dawkins  
Executive Lead  
Finance Real Estate and  
Data Analytics

**Date Prepared:** January 7, 2021

**Ministry Contact:** Joseph Primeau  
A/Executive Director, Policy  
Finance Real Estate and  
Data Analytics

**Phone Number:** 778 698-4265

**Email:** Joseph.Primeau@gov.bc.ca

**Cliff #:** 478294

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**TITLE:** Timing for tabling various anti-money laundering (AML) legislation

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**PURPOSE:**

**(X) DECISION REQUIRED**

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**COMMENTS:** Several anti-money laundering initiatives are currently in progress.<sup>s.12;</sup>  
<sup>s.12; s.13</sup>

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**DATE PREPARED:** January 7, 2020

**TITLE:** Timing for tabling various anti-money laundering (AML) legislation

**ISSUE:** s.12; s.13

## **BACKGROUND:**

A report prepared by Peter German and released on March 31, 2018, identified money laundering in BC casinos. The report also indicated that there should be a closer look at money laundering in real estate and in money service businesses. Subsequently, the Attorney General asked Peter German to prepare a follow-up report on potential money laundering with real estate, luxury vehicles and horse racing and the Minister of Finance engaged Maureen Maloney, Tsur Somerville and Brigitte Unger (the Expert Panel) to review money laundering in the real estate sector and to present recommendations for changes to prevent and deter money laundering in the future.

Peter German and the Expert Panel released their final reports on money laundering on May 9, 2019. The Expert Panel made 29 recommendations, 10 of which are recommendations for regulatory improvements in BC.

Responses to the various money laundering reports are cross-government priorities with the Ministry of the Attorney General taking the lead on the responses to the German reports and the Ministry of Finance taking the lead on the responses to the Expert Panel report.

After the release of the reports, on May 15, 2019, the government launched a public inquiry (the Cullen Commission) into money laundering. The inquiry has a deadline of May 2021 to deliver a final report. Hearings began in spring 2020 and will continue throughout spring 2021. An interim report was published on December 10, 2020. A final report is due to be submitted to the government on May 15, 2021. At the time of publication of the interim report, the Cullen Commission indicated it would seek an extension for delivery of a final report. The extension will probably result in the release being delayed until fall 2021.

## **DISCUSSION:**

Work on two of the 10 recommendations for BC regulatory improvements commenced prior to the release of the report. The two that were commenced are related to beneficial ownership. On April 2, 2019, the *Land Owner Transparency Act* was introduced to establish Canada's first public registry of beneficial owners of property in BC. The

registry's establishment is a key recommendation of the Expert Panel. The Act came into force on November 30, 2020 and will be fully searchable in Spring 2021. On October 25, 2019, amendments to the *Business Corporations Act* requiring private businesses in BC to keep and maintain transparency registers of beneficial owners were introduced. The requirement became effective October 1, 2020.

Work on a third recommendation commenced soon after the release of the report and is now nearing completion. On November 12, 2019, government announced real estate would be regulated by a single regulator, the BC Financial Services Authority. Legislation to implement this recommendation is nearly ready for tabling, and implementation is expected before the end of 2021.

Legislative projects to address four of the seven remaining recommendations are underway:

s.12; s.13; s.14

s.12; s.13

The Cullen Commission has heard or will be hearing evidence related to each of these proposed measures.<sup>s.13</sup>



s.12; s.13

**OPTIONS:**

s.12; s.13

**RECOMMENDATION:**

s.12; s.13

**APPROVED / NOT APPROVED**

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Selina Robinson  
Minister of Finance

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Date

☒ **Complete**

Recommendation implemented,  
audit review pending

☐ **Closed**

Recommendation implemented,  
audit review complete with closing  
memo attached

## AML Project Completion Report

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**Recommendation 22:** That Player Gaming Fund accounts (PGF) be eliminated once responsibility for cash alternatives has transitioned to the Service Providers (SPs).

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### Description:

This recommendation was dependent on R20, that cash alternatives become the responsibility of the SPs, subject to their compliance with overarching standards. The Completion Report for R20 was accepted by the Anti Money Laundering Deputy Minister Committee (AML DMC) at the July 7, 2020 meeting. BCLC understands that since the release of the first German Report, the Anti-Money Laundering Secretariat (AMLS) and the Gaming Policy and Enforcement Branch (GPEB) met with Dr. German to address his original concerns related to patrons opening PGFs, playing little, and cashing out. GPEB noted for Dr. German that they did look into these concerns in great detail and could not find evidence of this. In addition, with the source of funds policy in place and new limitations, PGFs are one of the safest alternatives.

### Previous state:

In 2011, BCLC took steps to reduce the use of cash in gambling facilities to minimize the risk of money laundering as well as improve public safety while offering greater convenience for players.

BCLC developed PGF accounts into which casino patrons could transfer money from regulated Canadian and U.S. banks and credit unions, or add funds to their account via certified cheques, bank drafts, internet transfers, debit card transaction or verified win cheques. These funds would then be withdrawn for gambling, re-deposited for subsequent play or returned to the patron. A minimum deposit of \$10,000 was required to open a PGF account.

As per the BCLC Casino Standards, Policies and Procedures (CSPPs), PGF accounts and cash alternatives are the responsibility of SPs; PGF accounts are administered by the SP and are not BCLC accounts. SPs may choose to accept some or all of the authorized cash alternatives, as appropriate for the facility. As the reporting entity to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), BCLC must retain some level of oversight and therefore approves the types of cash alternatives SPs may choose to offer and approves SPs' related policies and procedures. For example, SPs are not permitted to accept bank drafts from money service businesses as BCLC has deemed them outside of its risk tolerance.

### Changes implemented:

In order to use cash alternatives, players must have a PGF account into which cash alternatives can be transferred. BCLC removed the requirement that a PGF account had to be opened with a minimum of \$10,000 and now allows each SP to set their own threshold based on the needs of their facility.

BCLC explored the use of credit by engaging EY to research external stakeholders (SPs, GPEB) views on credit, the use of credit in both gambling and other relevant industries, innovative credit models and products along with the risks and benefits of their implementations and safeguards to support player/customer health.

BCLC presented EY's initial findings to the AML DMC, which agreed that BCLC would not offer credit at this time due to potential player health implications as well as the liability risk to the province.

BCLC also subsequently presented an update on BCLC's procurement of an AML software solution which supports the creation of a digital wallet and that will result in enhanced money laundering and terrorist financing alerting scenarios which will allow BCLC to more proactively monitor for suspicious play.

**Rationale for considering recommendation complete:**

Given that PGF accounts are administered by the SP, are not BCLC accounts and SPs are free to choose which BCLC-authorized cash alternatives to offer at their facility, BCLC believes SPs are already responsible for cash alternatives and the current process need not change.

**Measurable outcomes of the change(s):**

SP adherence to CSPPs regarding the maintenance of PGF accounts will continue to be monitored and reviewed by BCLC for compliance.

As noted, the PGF deposit threshold has been removed and all SPs offering PGF accounts have removed the limit (River Rock, Parq, Starlight, Grand Villa, Cascades Langley, Elements Surrey and View Royal).

**List any further steps planned to monitor completion/compliance/effectiveness:**

BCLC is exploring options for account-based gambling solutions in order, in part, to further reduce the need for cash and increase capacity for transaction monitoring and analysis. Account based gaming will likely replace PGF accounts once the systems/process are in place along with agreements with SPs.

**Approval of completion:**

**Megan Harris, ED, AMLS:**

**Date:** January 11, 2021

**Sam MacLeod, ADM & GM, GPEB:**

**Date:** January 11, 2021

**BC Lottery Corporation:**

**Date:** January 12, 2020

**Deputy Minister's Committee:**

**Date:**

**Comments:**

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Withheld pursuant to/removed as

s.13 ; s.14

**From:** Groot, Jeff FIN:EX  
**To:** Hazel, Jillian GPEB:EX; Jennifer Sutherland (BCLC); Sims, Brian A PSSG:EX  
**Cc:** Woywada, Candace FIN:EX  
**Subject:** AML DMC recurrence  
**Date:** Wednesday, February 3, 2021 10:39:00 AM

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Hi folks – just a heads up that we’ve cancelled next week’s DMC due to lack of items and, looking forward, have shifted the cadence to every 6 weeks (down from every 3) through to June.

The next meeting is scheduled for Mar 2, so Candace will be doing the regular reach out closer to that point to canvass for agenda items.

Let me know if you have any Qs.

JG

**Jeff Groot**

Executive Lead

Crown Agencies Secretariat

C: 250.920.9203

**From:** [Groot, Jeff FIN:EX](#)  
**To:** [Woywada, Candace FIN:EX](#)  
**Subject:** RE: Update: AML DMC meetings & provincial AML strategy  
**Date:** Wednesday, February 3, 2021 10:50:00 AM

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Thanks for flagging.

And just to note, if it comes up in the future, I wouldn't characterize the change in schedule due to a reduction of work on the file, but instead due to the specific items that need to go to DMC not supporting a 3 week cadence at this point. I don't want to leave the (erroneous) impression with anyone that this change in schedule is due to any kind of shift in priority of government's commitment to moving the file forward.

Does that make sense?

Thx!

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**From:** Woywada, Candace AG:EX <[Candace.Woywada@gov.bc.ca](mailto:Candace.Woywada@gov.bc.ca)>  
**Sent:** February 3, 2021 10:46 AM  
**To:** Groot, Jeff AG:EX <[Jeff.Groot@gov.bc.ca](mailto:Jeff.Groot@gov.bc.ca)>  
**Subject:** FW: Update: AML DMC meetings & provincial AML strategy

Hi Jeff,

I realized that I had mistakenly neglected to reach out to Chris Dawkins and Joey Primeau at the FREDa unit about the change in AML DMC schedule. I reached out to them this morning and I'm sharing this with you so you are fully aware of what I've told them. As a note, I would say that I have a pretty good relationship with both Chris and Joey.

Cheers,  
Candace

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**From:** Woywada, Candace AG:EX  
**Sent:** Wednesday, February 3, 2021 10:43 AM  
**To:** Dawkins, Christina FIN:EX <[Christina.Dawkins@gov.bc.ca](mailto:Christina.Dawkins@gov.bc.ca)>  
**Cc:** Primeau, Joseph FIN:EX <[Joseph.Primeau@gov.bc.ca](mailto:Joseph.Primeau@gov.bc.ca)>  
**Subject:** Update: AML DMC meetings & provincial AML strategy

Hi Chris,

I hope all is well with you and you will have the chance to get out and enjoy the sunshine today.

I wanted to touch base with you about AML DMC meetings for the first half of this year. Due to the reduction of work being done on the AML file at this time, it's been decided to shift the AML DMC meetings to every 6 weeks. The next meeting is scheduled for March 2<sup>nd</sup>.

In an effort to help us plan ahead, I wanted to check in with you to see if there was anything your team would need or want to bring forward to the AML DMC for either discussion or decision through June. If you could flag the items and approximately when these would be ready to be brought forward, that would be very appreciated and helpful.

Separate from this, I also have the implementation of the provincial AML strategy on my radar and I may be reaching out to/your team in the next month or two about this. In part, I was hoping to have the chance to learn more about the future of the FREDA team. In particular, I know that some of the more significant elements of the provincial AML strategy are being led by your team and I am hoping to get a better sense from you on how we may go about assigning responsibility for the various pieces as well as creating working groups. This is still very much in its infancy as my focus is a still elsewhere for a little while, but I thought I would put it on your radar for when the time comes for us to re-engage with this.

If you have any questions/concerns I'm happy to discuss them.

Take good care,  
Candace

**Candace Woywada**

Senior Policy Analyst

CAS | **Ministry of Finance**

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