

INTERNAL MEMO



To: Len Meilleur, Executive Director, Compliance Division, GPEB

CC: Anna Fitzgerald, Director, Compliance Division, GPEB
Doug Mayer, Manager of Audit, Compliance Division, GPEB
Chris Knight, Regional Director, Northern Region, GPEB

From: Karen Roberts, Commercial Gaming Auditor, Compliance Division, GPEB

Date: August 16, 2016

Subject: COMM- 8604- River Rock "High Roller" Occupational Analysis

EXECUTIVE SUMMARY

A review was conducted to understand the occupational breakdown of the top "High Roller" patrons at River Rock Casino and the correlation of their stated occupation with the amounts of their buy-ins over the one year period of January 1, 2015 to December 31, 2015. The analysis consisted of three parts: a breakdown of high roller buy-ins and their stated occupations, analysis of Unusual Financial Transaction (UFT) reporting linked to occupation as a factor, and a check on the legitimacy of companies provided by high rollers to gaming facilities.

KEY OBSERVATIONS

The top occupations ranked by buy-in were:

- #1 was Real Estate with 135 patrons and \$53.1 M in buy-ins
- #2 was Business Owners with 86 patrons and \$38.5M total buy-ins for the year
- #3 Construction with 56 patrons and \$33.8M in buy-ins
- #4 Finance with 30 patrons and \$19.6M in buy-ins
- #5 Management with 54 patrons and \$18M in buy-ins
- #6 Housewife with 75 patrons, with \$14.3 M in buy-ins
- #7 Importer with 18 patrons and \$12.2M in buy-ins
- #8 Petroleum with 6 patrons and \$6.1M in buy-ins
- #9 Restaurant (Owners and Management) with 21 patrons and \$5.8M in buy-ins
- #10 Mining with 8 patrons and \$4.8 M in buy-ins

Also of note, Student was #17 with 36 patrons and \$2.3M in buy-ins.



Incident reports were reviewed to determine if occupation was a factor in the UFT reporting:

- 42 Housewives with buy-ins of \$50K or more had 495 transactions, and were directly involved in 87 Unusual Financial Transactions (UFTs), and indirectly associated in 39 UFTs (ie. they weren't the primary individual conducting the buy-in). Who the Housewives associated with was a prominent reason for being indirectly named in a UFT, in some cases it was the only reason.
- 9 Students with buy-ins of \$50K or more had 62 transactions, and were directly involved in 11 UFTs.
- There were 62 patrons with buy-ins of \$1M or more that had 1915 transactions, and were directly involved in 611 UFTs and indirectly in an additional 156 UFTs.

These patrons do not always work alone. It is not unusual for multiple patrons from different occupational categories to be involved in a single suspicious transaction. When a transaction is reported as an UFT in iTrak, one incident report is created and is associated with all the patrons involved in the suspicious transaction.

The legitimacy of the 52 companies listed by the top 62 patrons in their iTrak profiles were reviewed and testing was found to be inconclusive. There were 43 companies with Chinese names. The names of the companies given were the English approximations of the Chinese characters (names) and are inexact. We were unable to conclusively determine whether the companies exist or are large enough to support the patrons' buy-ins amounts.

CONCLUSION

Real Estate was the largest occupational group both in terms of number of patrons and Total Buy-ins. The most active of the high rollers did not try to avoid stating their occupation. Housewives and Students were more significant than anticipated with 75 patrons with total buy-ins of \$14.3 million identified as Housewives, and 36 patrons and \$2.3 million in buy-in identified as Students.

The most common reason for UFTs were for large cash buy-ins and buy-ins with a large number of small denomination bills. Patrons had UFTs attached to their SID# not only from direct suspicious activity on their part but also to being associated with other patrons engaged in suspicious activity. Occupation played a secondary role in that the occupations listed could either not support the level of play or could not explain the amount of small bills used.

Determining the legitimacy of companies listed by the top 62 patrons proved inconclusive due to not having the exact Chinese characters. Obtaining the characters of the companies given by the high rollers would help enable the determination of a company's legitimacy and determine whether the positions given could support the level of play.

INTRODUCTION

BACKGROUND

GPEB has the regulatory mandate and authority to ensure the overall integrity of gaming. Through its audit and investigative functions, GPEB monitors anti-money laundering (AML) strategies and other efforts to protect gaming from organized crime.

In 2015 a review was conducted to examine the volume of cash flowing through the high limit rooms at River Rock Casino. This information was used to determine to what extent patrons are buying in with smaller denomination bills and the associated risk of refining (colouring up). A second review was conducted in 2015 that analyzed BCLC's process for identifying and reporting unusual or suspicious currency transactions. Its objective was to further GPEB's understanding of what BCLC is deeming a reportable transaction and to quantify the number of reportable vs non-reportable transactions in the review period.

Through these two reviews data was obtained on patrons buying in at the River Rock high limit rooms. The data consists of information related to these individuals' occupations, related companies, gaming frequency, buy-in amounts, and unusual or suspicious transactions. From this we are able to perform an occupational based analysis of the patrons conducting large buy-ins at the River Rock Casino.

OBJECTIVE

The objective of this review is to understand the occupational breakdown of the "High Rollers" at River Rock Casino and the correlation of their stated occupation with the amounts of their buy-ins and the denominations used in cash buy-ins. This information will assist GPEB in identifying to what extent patrons are buying-in with amounts more than what their stated occupations could reasonably support and could indicate possible money laundering activities. The report will comment on the following:

- Occupations of the high rollers and the plausibility of their stated occupation generating sufficient income to cover buy-ins.
- How many UFTs were reported involving the subject group and whether occupation was considered in the reporting criteria of UFTs.
- Extracts from unusual financial transactions connected to high rollers, which may provide insight into their behaviors or provide additional information for GPEB to consider going forward.
- The legitimacy of the companies listed in the high roller subject id profiles. Many of the subjects in this group are Chinese nationals listing employment by Chinese companies, so it was unknown whether or not it will be possible to confirm the legitimacy of the organizations.

SCOPE and APPROACH

The scope of the report is limited to a review of the occupations stated by the “High Roller” patrons at River Rock Casino. The period of the review was January 1, 2015 – December 31, 2015.

The review will be conducted by:

- Reviewing cash buy-in information and stratify according to occupation to identify significant occupational groups and any correlation with buy-in amounts.
- Analyzing iTrak incident reports related to unusual or suspicious financial transactions, and determining if any relationships between UFT reports and occupation exist.
- Researching companies online using various search methods to determine their legitimacy and the probable income levels.
- Engaging in discussions (preliminary and throughout) with GPEB Manager of Intelligence Program for additional insight and feedback.
- Evaluating patterns or trends that emerge and discussing those internally where appropriate.

ANALYSIS (3 PARTS)

PART ONE – BASIC OCCUPATIONAL ANALYSIS

Information on the “High Rollers” buy-ins from the Player tracking sheets was compiled. The information included patron name, date of birth, position, company and buy-in information. The information was sorted and ranked by total annual buy-in amount. The occupations were standardized into groups. For example anyone in the real estate industry was grouped into “Real Estate”; anyone affiliated with the construction industry was put into “Construction”. Managers of various random companies that did not fall into a main industry was put into “Management”, general business owners were grouped together as “Business Owner” and other lower level employees and one off occupations were classified as “Other”. A significant number of patrons did not indicate their company or position so they were put into the “Not Stated” group. “Housewife” and “Student” were classified into their own groups as their buy-in habits were of particular interest. There were a few single occupations that were significant enough that grouping them with other groups would have skewed the result and were thus left on their own. From all the classifications we were able to get an overall picture of the occupational composition of the subject group. Unique Subject ID numbers (SID#) assigned to each patron were used to identify patrons and to count the number of patrons in each occupational group. The Not Stated group included patrons did not have a subject ID # assigned to them or couldn’t be positively identified as a patron with a SID# due to illegible handwriting on the Player Tracking Sheets, therefore not all transaction information about these patrons were available.

A total of 800 patrons were included in this analysis with Total Cash Buy-ins of \$243 Million.

