

**GAMING POLICY
AND ENFORCEMENT BRANCH
INVESTIGATION DIVISION
FINDINGS:**

REPORT OF

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Suspicious Cash Transactions/ Money Laundering

File Review

River Rock Casino

Date of Report: February 22nd, 2012

BACKGROUND:

This report is being provided further to previous reports submitted regarding issues involving the extent and quantity of Suspicious Currency Transactions in Lower Mainland gaming facilities. Those previous reports have dealt with specific individuals and general trends as they were reported to and investigated by the Casino Unit of the Investigation and Regional Operations Division of GPEB.

All of the information contained in this and previous reports has been disseminated to the RCMP Integrated Proceeds of Crime Unit on a regular and ongoing basis.

A file review was recently completed of all Suspicious Currency Transaction (SCT) reports received from the River Rock Casino by way of Section 86 reports. A 36 day period (5 weeks) between January 13th, 2012 and February 17th was selected. This time frame captured the period before,

during and after Chinese New Year that began on January 23rd, 2012. The following information is the result of the review:

Number of Section 86 SCT reports received: 85

Dollar value of the suspicious \$20 denomination buy-ins: \$6,677,620

Dollar value of the suspicious \$50 denomination buy-ins: \$251,200

Dollar value of the suspicious \$100 denomination buy-ins: \$948,400

Total dollar value of all suspicious denomination buy-ins: \$8,504,060

Number of patrons involved in multiple suspicious cash buy-ins: 14

Total number of suspicious cash transactions reports generated by the patrons with multiple suspicious buy-ins: 74

Patron with the highest multiple suspicious buy-ins reported: 19

The total dollar value of the patron with the highest number of suspicious buy-ins: \$1,435,480

CONCLUSION:

The patrons involved in bringing these large amounts of suspicious cash into Casinos in British Columbia continues to be almost exclusively male persons of Asian descent. The game of choice continues to be baccarat. There are also several documented incidents where these patrons lose their bankroll and leave the casino, only to return a short while later (sometime within minutes) with another bag of cash, primarily in \$20 denominations and bundled in \$10,000 bricks held together by two elastic bands. As previously reported on and certainly the shared opinions of Police personnel involved in Proceeds of Crime investigations, these activities are highly indicative of involvement with loan sharks.

It is believed that Casino Service Providers including the River Rock Casino are in fact being diligent and forthright in expediently reporting

Suspicious Currency Transactions and other matters of wrongdoing via Section 86 reports.

There also appears to be an increase in the number of \$50 and \$100 denomination bills being presented during these Suspicious Currency Transactions. \$100 dollar denominations in particular are becoming more common as evidenced by the almost one million dollars reported as SCT during this review.

The one patron involved in the 19 SCT by himself, s.22 and several other patrons involved in the suspicious currency buy-ins, have active Player Gaming Fund Accounts that were either emptied and not replenished, or not used at all. All of them have had no difficulties acquiring large sums of cash used as buy-ins. One patron that was conspicuous by his absence during the course of this review was one s.22 previously reported on and a person who is generally believed to be the patron who brings the largest amount of cash into Lower Mainland Casinos annually. Almost all of the transactions s.22 is involved in are reported as a SCT. s.22 did not attend the River Rock Casino at all during the review period.

As noted, this review **only** involved the River Rock Casino in Richmond, B.C. and covered off **only a five (5) week period**. This venue is the largest and most active in terms of generating Section 86 reports in general, but also specifically generates the most Section 86 reports regarding SCT.

It was also determined that some of the patrons associated with the total of 85 SCT reports received during the review period, also did attend other Lower Mainland Casinos. In turn, they also generated other Section 86 SCT reports involving substantial quantities of suspicious cash. These additional Section 86 reports were not included in this review.

No procedural concerns were identified through this investigation.

Prepared by:	Approved by:
<i>Original Signed</i>	

FORWARD: 22 February, 2012

To: Executive Director, Investigations and Regional Operations, GPEB

As with previous reports, this report is again self explanatory. This report deals with a review of **ONLY ONE VENUE** undertaken over a **FIVE WEEK PERIOD** with some 85 Suspicious Currency Transactions involving more than 8.5 million dollars of suspicious currency more than 6.5 million of that currency being of the \$20 denomination variety. There is simply no question that a significant number of patrons are involved in, at very least, facilitating the laundering of suspicious currency. The \$20 bill continues to be the very predominant cash currency of choice in these transactions.

The River Rock Casino, although the most prominent of 5 major LMD casinos that have by far the most of Suspicious Currency Transactions occurring, would still only account for approximately 40% of all SCT reports and approximately 50% of all SCT monies reported.

As has been previously reported, again we have several of these patrons who do have Patron Gaming Fund accounts but choose not to use them. I do agree with Director Derek Dickson that the venues are duly reporting, as required, these Suspicious Currency Transactions via Section 86 reporting. I also believe, however, that these Service Providers have a much greater responsibility of due diligence and corporate citizenship and to the law and order of this Province and this country, of not taking or allowing this suspicious currency into their venues. Corporate banking institutions will not and do not take suspicious currency and we do not believe gaming venues should be any different.

It should also be noted that the incidents of Suspicious Currency Transactions reported by gaming venues continues to rise dramatically from year to year. In the fiscal year **2009/2010, 117 incidents** of Suspicious Currency Transactions were reported (non-reporting by Service Providers was certainly more of an issue then – our scrutiny on non-reporting issues has tightened up reporting considerably). In the fiscal year **2010/2011, 459**

reports were received. For the fiscal year **2011/2012** up to 15 Feb (**10 ½ months**) **653 reports** of Suspicious Currency Transactions have been reported (projected to be at least 750 incidents for the full year).

As noted, the RCMP IPOC Section has been fully apprised of our ongoing involvement in Suspicious Currency/Money Laundering issues within Gaming Facilities in British Columbia.

J. Schalk, Sr. Director
Investigations and Regional Operations
Gaming Enforcement

Forwarded 22 February, 2012

This 6 week review of the River Rock Casino suspicious currency reports clearly indicates that the flow of large volumes of cash into the Casino has not slowed and has in fact significantly increased. It is logical to conclude that without intervention it will continue to increase. It should be noted and reiterated that from my standpoint the large amounts of cash are reasonably expected to be organized crime profits that are primarily being supplied to asian gamblers through loan sharks. The various methods of repayment of these loans can be speculated but are unknown at this time. Another significant area of concern is that some of these gamblers have used or had access to PGFund accounts and those accounts were only used on brief occasions or not used at all. The removal of large amounts of cash obtained from loan sharks to be gambled in the casino environments in British Columbia is not happening. Alternate methods have/are being provided but the reports of suspicious currency transactions continues to raise significantly. This is of great concern to all investigators in this Division. I am of the opinion that BCLC and the Service Provider have a **much greater obligation to deter Money Laundering** than just report the suspicious transactions?

Larry Vander Graaf, Executive Director.

SCT/Money Laundering: One Year File Review

Recently there was an anti-money laundering cross divisional working group(X-DAWG) formed within the Branch to look at the issues surrounding money laundering in gaming venues within British Columbia, specifically casinos in the Lower Mainland. During the first of these x-dwg meetings it became apparent that a file review was going to be required to extract the information required to accurately expose the magnitude of the problem surrounding suspicious large cash buy-ins that continue to pour into the Lower Mainland casinos.

The time frame for this one year review was **August 31st, 2010 to September 1st, 2011**. The results are as follow;

Total SCT/ money laundering files: **543**

Total dollar amount: **\$39,572,313.74**

Top 3 venues;

River Rock Casino: 213	Total dollar amount: \$21,703,215.00
Starlight Casino: 140	Total dollar amount: \$13,540,757.00
Grand Villa Casino: 103	Total dollar amount: \$2,815,470.00

A further breakdown determined individual buy-in patterns;

308 over \$10,000

276 over \$20,000

230 over \$50,000

127 over \$100,000

19 over \$200,000