

SYNOPSIS

ANTI MONEY LAUNDERING WORKING GROUP

Background

- Sep/Oct 2010 – FOI request on SCT in BC Casinos
- Early January/2011 – Release of information in media – reporting \$8 million in SCT in casinos (predominately \$20.00 bills) occurring in Summer 2010
- Sol. Gen. Coleman makes public statement – source of funds/wealthy patrons legitimately involved in gaming
- Minister Coleman orders review of AML strategies employed in gaming in BC – what policies, practices and strategies were in place – how could AML practices be strengthened

-
- Rob Kroeker, Director of Provincial Civil Forfeiture Unit – commissioned to do review of Anti-Money Laundering Measures at BC Gaming Facilities.
 - Review completed/reported on end February/2011?? – released to public until July.
 - Review Report gave following recommendations:

BCLC

- 1) Allow cash outs by using “not from gaming winnings” cheques
- 2) Adopt policy to diligently scrutinize all buy-ins for SCT
- 3) Align corporate view/training – what constitutes money laundering with that of enforcement (FINTRAC/Police/GPEB)
- 4) Develop steps to electronic fund transfer monies into PGFA which is compliant with AML requirements

GPEB

- 1) Adopt strategy that Audit/Registration/Investigations have supported integrated approach to oversight/compliance of AML practices
- 2) Develop annual unified plan (a/n units) setting out coordinated compliance objectives and priorities each year

General

- 1) Establish standing Senior Officials Committee on Gaming Integrity chaired by ADM Police Services and to include: CEO BCLC, ADM GPEB, Sr. Police officials(Vancouver/RCMP/Civil Forfeiture/Justice)
- 2) Create Cross Agency Task Force to gather intelligence and investigate SCT in BC casinos and report to Senior Officials Committee
- 3) Engage an independent firm with expertise in ML strategies and compliance to conduct best practices review of AML measures currently in BC gaming
(NAVIGANT – report Feb 29/2012)

GPEB's Anti-Money Laundering Working Group

- Made up of Chair – Bill McRae, ADM Doug Scott, Risk Management (1), ED Policy and (1), ED Audit and (2), ED Registration and (3), Director, Responsible Gaming (1), and ED Investigations and (2) (Joe & Derek)
- First met –early August/2011 – worked toward main goal of Working Group – “Stop money laundering in gaming by moving from a cash based industry as quickly as possible and scrutinizing remaining cash for appropriate action.” Further “ this shift will respect or enhance responsible gaming practices and the health of the industry”
- “Numerous” meetings – starting with weekly/then bi-weekly and including “Blue Sky” meetings
- Looked at what BCLC was doing/where they should go
- Looked at what GPEB doing/where they should go
- **REAL GOAL** – Drastically reduce the use of cash as the main source of exchange in transactions at casinos in British Columbia.

Initial Considerations:

- 1) Allow PGF accounts to be opened/replenished with a wider variety of financial instruments including: **
 - Certified, personal and casino cheques, money orders
 - Bank drafts, credit and debit cards
- 2) Allow international funds transfer from banks in USA and other international centres (Shanghai, Macau, Bangkok, Cayman Islands) that have Canadian sister bank affiliates (ie: Hong Kong Bank) into branches of Canadian Banks then into PGF or directly into PGF from International Bank and return money to same banks where money came from.
- 3) Allow patrons to have PGF account money transfer back to their bank account in DIFFERENT bank than where it came from. **
- 4) Accept EFT's from other Canadian financial institutions sources ie: credit unions and/or any other Canadian banking source. **
- 5) Deposits from banks/verified win cheques into PGF account on same day. **
- 6) Issuance of "safety cheques" stamped "Not verified win, Return of Funds Only". These can also be used as buy-ins at tables/cash cages.
- 7) If patron cashing out \$10 k or more, offer to open and deposit into PGFA.
- 8) Extend credit to patrons who qualify, to maximum threshold of \$100 k
- 9) Offer high limit players "VIP Card" that can be loaded with funds to pre-determined limit (extending credit based on banking info, etc.)
- 10) Use of "Trust Cash" or Global cash – purchase of chips on line and/or use of credit/debit card to get cash from terminal/person on site (for service fee)

** - "Quick Wins" – little concern/discussion and changes implemented

Other Considerations/Concerns:

s.13

Anti - Money Laundering Changes Made to Date

- **Lots** of suggestions/proposals from BCLC
- NAVIGANT did review/report on **BCLC compliance** of PCMLTFA (Proceeds of Crime(Money Laundering) and Terrorist Financing Act)
- Instituted easier access to PGF account from banks and other means/removed \$10,000 minimum limit
- Use of debit cards through debit machines/buy-in with cheques from Canadian casinos on first party basis allowed.
- Issuance of “safety cheques” to limit of \$5,000.
- Cheque Hold Payment/Marker – on site to cleared patrons who have had “due diligence” done by service provider.
- Credit card machines at casinos – Global Cash machines at most casinos
- “Return of Funds” cheques now being issued for “non verified wins”.
- More “due diligence” on patrons being done by Service Provider in submission of LCT or STR to FINTRAC?? ie: ID, employment, residence

Changes Still Being Considered:

s.13

NOT Happening:

s.13

J. Schalk, Nov. 30/12

AML STATS

	Jan. 1-Mar. 31 2012	Apr. 1-Jun. 30 2012	Jul. 1-Sep. 30 2012	Oct. 1-Dec. 31 2012	Jan. 1-Dec. 31 2012	Jan. 1-Mar. 31 2013	Apr. 1-Jun. 30 2013	Jul. 1-Sep. 30 2013	Oct. 1-Dec. 31 2013	Jan. 1-Dec. 31 2013	Jan. 1-Mar. 31 2014
TOTAL SCT FILES	345	243	329	256	1,173	231	300	301	380	1,212	
\$20 BILL SUBTOTAL	\$ 19,667,910	\$ 11,271,160	\$ 15,841,710	\$ 13,600,010	\$ 60,380,790	\$ 12,390,800	\$ 17,743,990	\$ 18,406,045	\$ 23,552,070	\$ 72,092,905	
Pct \$20s of Total	73%	75%	62%	65%	68%	60%	74%	67%	81%	71%	
TOTAL SCT VALUE	\$ 26,975,830	\$ 15,095,522	\$ 25,628,075	\$ 21,049,360	\$ 88,748,787	\$ 20,596,120	\$ 23,820,017	\$ 27,591,841	\$ 29,004,075	\$ 101,012,053	

As of January 21, 2014

A M L STATS

	Apr. 1-Jun. 30 2012	Jul. 1-Sep. 30 2012	Oct. 1-Dec. 31 2012	Jan. 1-Mar. 31 2013	Apr. 1, 2012 to Mar. 31, 2013	Apr. 1-Jun. 30 2013	Jul. 1-Sep. 30 2013	Oct. 1-Dec. 31 2013	Jan. 1-Mar. 31 2014	Apr. 1, 2013 to Mar. 31, 2014	Pct Change FY 2012/13 to 2013/14	Apr. 1-Jun. 30 2014
TOTAL SCT FILES	243	329	256	231	1,059	300	301	383	398	1,382	30.5%	427
\$20 BILL SUBTOTAL	\$ 11,271,160	\$ 15,841,710	\$ 13,600,010	\$ 12,390,800	\$ 53,103,680	\$ 17,743,990	\$ 18,406,045	\$ 24,267,170	\$ 29,340,342	\$ 89,757,547	69.0%	\$ 31,887,090
Pct \$20s of Total	75%	62%	65%	60%	64%	74%	67%	82%	78%	76%	17.3%	70%
TOTAL SCT VALUE	\$ 15,095,522	\$ 25,628,075	\$ 21,049,360	\$ 20,596,120	\$ 82,369,077	\$ 23,820,017	\$ 27,591,841	\$ 29,774,075	\$ 37,507,282	\$ 118,693,215	44.1%	\$ 45,299,615

As of July 15, 2014

Data Qualifiers

- 1. The total number of SCT files shown reflects the number of investigations for which dollar values and identities were found through investigations by Investigations and Regional Operations LMD.
- 2. The data contained in this report may vary when compared with previous reports produced by Investigations and Regional Operations Division, Gaming Policy and Enforcement Branch.
Where variances occur, the report produced at the latest date will reflect the most current data available.

June 1st to June 30th, 2014: 165 total SCT files; \$12,617, 720 in \$20 bills; total SCT value \$18,705,700 (67.5 %). This is by far the largest single month total for SCTs ever.

Vander Graaf, Larry P FIN:EX

From: Schalk, Joe FIN:EX
Sent: Tuesday, February 11, 2014 1:34 PM
To: McCrea, Bill J FIN:EX
Cc: Mazure, John C FIN:EX; Horricks, David FIN:EX; Pyatt, David E FIN:EX; Dickson, Derek FIN:EX; Schalk, Joe FIN:EX; Vander Graaf, Larry P FIN:EX; Meilleur, Len FIN:EX; VanderWerf, Neil FIN:EX; Lefler, Stephen C FIN:EX; Bell, Suzanne N FIN:EX; Van Sleuwen, Terri FIN:EX; Jomha, Robin FIN:EX; Fair, Susan P FIN:EX
Subject: FW: AML X-Dwg Update
Attachments: SCT Tracking By Qtr 2012 2014.pdf

Good Afternoon All:

Further to the message sent out by Bill McRae and the BCLC "Reducing Reliance on Cash" report that was attached, please also find the attached "Suspicious Currency Transactions" (SCT) spreadsheet showing the numbers associated with the reporting of Suspicious Currency over the past two (2) years.

You will note that more than 100 million in Suspicious Currency was reported over the past calendar year, again an increase of some 13.8% over the previous year. It is also important to note that over the past 3 months (Oct 1 – Dec. 31/2013) there was a dramatic increase in the average number of SCT files (Av. 286 files to 380 files for this period), overall SCT monies reported as well as a significant increase in % of \$20.00 bills (81%) of the total SCT monies being reported in the last quarter. We believe those numbers, coupled with reports from our Audit and Compliance Division in late 2013 are noteworthy.

As much as BCLC's report would show increases in the rise of other cash coming into Casinos in various new ways, it appears that these measures, intended to reduce or stop the flow of suspicious cash into our gaming venues, have in fact had little or no significant impact on the continuing escalation of Suspicious Currency coming into casinos in B.C.

Joe Schalk, Sr. Director,
Investigations and Regional Operations LMD
Gaming Enforcement
Gaming Policy and Enforcement Branch

ph: (off) 604-660-0271
(cel) 604-833-3691
Fax: 604-660-2030

This message is confidential and is intended only for the individual named. It may contain privileged information. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Any unauthorized disclosure is strictly prohibited. If you receive this e-mail in error, please notify the sender immediately and delete this e-mail from your system.

McCrea, Bill J FIN:EX

From: Schalk, Joe FIN:EX
Sent: Friday, July 18, 2014 10:36 AM
To: McCrea, Bill J FIN:EX
Cc: Van Sleuwen, Terri FIN:EX; Pyatt, David E FIN:EX; Meilleur, Len FIN:EX; Bell, Suzanne N FIN:EX; Horricks, David FIN:EX; Vander Graaf, Larry P FIN:EX; Dickson, Derek FIN:EX; Jomha, Robin FIN:EX; Leffler, Stephen C FIN:EX; VanderWerf, Neil FIN:EX; Mazure, John C FIN:EX
Subject: Re: AML X-DWG - 2014/2015 1st Quarter Suspicious Currency Stats
Attachments: SCT Money Laundering Stats - 1st Qtr - 2014-15.pdf

Bill:

As per your request of today, please find attached the SCT/Money Laundering spreadsheet which includes the SCT/ML stats for the 1st quarter of 2014/15. We just completed putting these stats together yesterday.

You will note that the number of SCT files and the total value of SCT currency reported over the past 3 months has again risen dramatically. Coincidentally, the number of SCT's and value of that currency for the past month, June/2014, is by far the highest month we have ever seen in past – and that includes months associated to periods coinciding with Chinese New Year's, a usually high frequency time of year for SCT's. These numbers for this three month period are now exceeding the numbers we had for a full year period just three years ago.

I have cc'd a copy of this spreadsheet to the entire AML X-DWG in anticipation of this being part of some of our discussions at our 11 August group meeting.

Joe Schalk

A M L STATS

	Apr. 1-Jun. 30 2012	Jul. 1-Sep. 30 2012	Oct. 1-Dec. 31 2012	Jan. 1-Mar. 31 2013	Apr. 1, 2012 to Mar. 31, 2013	Apr. 1-Jun. 30 2013	Jul. 1-Sep. 30 2013	Oct. 1-Dec. 31 2013	Jan. 1-Mar. 31 2014	Apr. 1, 2013 to Mar. 31, 2014	Pct Change FY 2012/13 to 2013/14	Apr. 1-Jun. 30 2014
TOTAL SCT FILES	243	329	256	231	1,059	300	301	383	388	1,382	30.5%	427
\$20 BILL SUBTOTAL	\$ 11,271,160	\$ 15,841,710	\$ 13,600,010	\$ 12,390,800	\$ 53,103,680	\$ 17,743,990	\$ 18,406,045	\$ 24,267,170	\$ 29,340,342	\$ 89,757,547	65.0%	\$ 31,887,090
Pct \$20s of Total	75%	62%	65%	60%	64%	74%	67%	82%	78%	76%	17.3%	70%
TOTAL SCT VALUE	\$ 15,095,522	\$ 25,628,075	\$ 21,049,360	\$ 20,596,120	\$ 82,369,077	\$ 23,820,017	\$ 27,591,841	\$ 29,774,075	\$ 37,507,282	\$ 118,693,215	44.1%	\$ 45,299,615

As of July 15, 2014

Data Qualifiers

1. The total number of SCT files shown reflects the number of investigations for which dollar values and identities were found through investigations by Investigations and Regional Operations LMD.
2. The data contained in this report may vary when compared with previous reports produced by Investigations and Regional Operations Division, Gaming Policy and Enforcement Branch. Where variances occur, the report produced at the latest date will reflect the most current data available.

June 1st to June 30th, 2014: 165 total SCT files; \$12,617, 720 in \$20 bills; total SCT value \$18,705,700 (67.5 %). This is by far the largest single month total for SCTs ever.

File Title

SCT Money Laundering Stats -
1st Qtr - 2014-15.pdf

To: McCrea, Bill J EMNG:EX
Subject: Re: AML Working Group Consideration

Bill:

LAS VEGAS REVIEW-JOURNAL

Posted date April 8, 2014 - 1:42pm **Updated** April 8, 2014 - 3:39pm

Casinos shudder over possible federal requirement to divulge source of high rollers' gambling funds

Copyright

Copyright

More Columns/Blogs
By HOWARD STUTZ
LAS VEGAS REVIEW-JOURNAL

Copyright

Page 13

Withheld pursuant to/removal as

Copyright

Obviously, the report a couple of weeks ago from the Gaming Summit and now this speech at the Global Gaming Expo has garnered a LOT OF ATTENTION and is being taken very seriously. When FinCEN Director Jennifer Shasky Calvery "told an audience at the Global Gaming Expo in Las Vegas that casinos could be subjected to the same requirements as banks and other businesses." And "Every financial institution, casinos included, should be concerned about its reputation," she said during a speech at the Sands Expo and Convention Center. "Integrity goes a long way." And "This is a serious issue that could radically alter the way that casinos do business," AGA President Geoff Freeman said in the statement.

I believe this should be an encouragement for BC to become a leader in this regard as well.

Again, my thoughts and for consideration as part of the AML Working Group.

Joe Schalk, Sr. Director,
Investigations and Regional Operations LMD
Gaming Enforcement
Gaming Policy and Enforcement Branch

ph: (off) 604-660-0271
 (cel) 604-833-3691
Fax: 604-660-2030

This message is confidential and is intended only for the individual named. It may contain privileged information. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Any unauthorized disclosure is strictly prohibited. If you receive this e-mail in error, please notify the sender immediately and delete this e-mail from your system.

ANTI MONEY LAUNDERING SURVEY

RECAP OF RESPONSES FROM OTHER JURISDICTIONS

ANTI MONEY LAUNDERING - SURVEY ON OTHER JURISDICTIONS

QUESTIONS:

Cash:

- Does your jurisdiction have stipulated reporting requirements by the venue to a regulator on wrongdoing occurring within gaming/a venue?

s.16

- Do your venues accept/take in 20K?, 50K?, 100K? over 100K in small cash denominations? (\$20.00 bills)

s.16

- If yes, what due diligence/information do you get from patron?

s.16

- Do you call/involve regulator or Police when this happens?

s.16

- Are enforcement/regulator/Police on site?

s.16

- How do patrons get large sums of money into venues in order to facilitate their play?

s.16

s.16

- Do you report/who do you report LCT and SCT's to?

s.16

- If there is a SCT, who/when/why/what decision is made to involve authorities?

s.16

Chips:

- Are value chips allowed to be taken out/brought into your venues?

s.16

- Are value chips allowed to be exchanged between patrons within the venue?

s.16

- Are patrons given cheques from the venue (verified win or other) when value chips cashed out with patron leaving venue?

s.16

- Are distinctions made between verified win cheques and/or cheques for cash out only

s.16

Credit:

- Are any form of wire transfers allowed/provided into or out of venues?

s.16

- If so, are they allowed from any foreign jurisdictions, Canadian jurisdictions only, American jurisdictions only, other?

s.16

- Are banks available or on the properties of Casino/gaming venues?

s.16

- Is Global Cash or other like opportunity to get cash available in the venue?

s.16

- Are personal cheques taken by venue from the patron?

s.16

- Is there any kind of credit allowed to be extended to patrons? Any limit?

s.16

- Do you use Player Gaming Cards for any purpose – how used?

s.16

Procedures:

- What policies/procedures are in place for the handling/reporting of large volumes of small denomination bills (\$20.'s) within your venues? (CSOP's, Audits, Regulator)

s.16

- What policies/procedures are in place to the handling/reporting of chips within your venues? (CSOP's, Audits, Regulator)

s.16

- What policies/procedures are in place to handle/control and reporting of credit/wire transfer within your venues? (CSOP's, Audits, Regulator)

s.16

- If you have/regulate E-Gaming, what AML procedures/policies are in place?

s.16

Additional Notes